



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

October 2, 2009

MEMORANDUM

TO: Department Heads
All State Departments, Institutions and Agencies

FROM: Charles E. Perusse *Charles E. Perusse*

SUBJECT: Section 6.18 of Senate Bill 202 -- Information Technology Contracted Personnel

The purpose of this memorandum is to advise you of procedures and guidelines for compliance with Section 6.18 of Senate Bill 202 (Session Law 2009-451). The provision is to be implemented jointly by the Office of State Budget and Management (OSBM), Information Technology Services Procurement Office (ITPMO), and the Office of State Personnel (OSP). In addition, the Fiscal Research Division (FRD) of the General Assembly is a recipient of some of the reporting information. Attachment A is a copy of the provision for your reference.

1. Intent of the Section 6.18

This section places several restrictions on establishing, renewing, and reviewing contracts for information technology personal services, such as limitations on the duration of contracts, reporting requirements prior to renewing a contract, and review and approval by the Statewide Information Technology Procurement Office on all contracted information technology personnel. In addition, OSBM is authorized to terminate the funding for any information technology position that is filled without following defined procedures in this section.

Requests for contracts will not be posted or renewed for requirements that exceed twelve months prior to obtaining approvals required in Section 6.18(a). This includes **personal service contracts which shall not be used in lieu of the Short-Term Staffing Contract or converting contractor positions to state positions to meet ongoing operational needs of the agency.**

The ITS Enterprise Management Office (EPMO) and the Statewide IT Procurement Office will enter approved contract positions in the project portfolio management tool.

2. Monthly Reporting Required by Section 6.18

Beginning October 1, 2009, agencies are required to report **monthly** to OSBM, OSP, ITS, the Joint Legislative Oversight Committee on Information Technology and FRD. The report shall include detailed information about each contracted information technology position, including:

- Title and brief synopsis of the position
- How long it has been contracted, and the termination date of the contract
- The name of the person
- The position's salary or hourly rate, hours per year, and annualized cost
- The total annual cost for information technology contractors
- The total annual salary and benefits cost for filling the contract positions with State employees
- A determination of whether the information technology functions performed by contractors can be performed by State employees.

Agencies are asked to use Attachment B to submit this information. The report of contractors in place for the period as of October 1 is due no later than October 10th. Updates (shown as a different tab on Attachment B) each month will be due by the tenth of each month, and should include any contractors who were listed the previous month who are still engaged, as well as any new contractors that have been added. The spreadsheet should be submitted to:

OSBM, Sarah Porper, sarah.porper@osbm.nc.gov
Statewide IT Procurement, Patti Bowers, patricia.bowers@its.nc.gov
OSP, Don Nattress, don.nattress@osp.nc.gov
FRD, Karlynn O'Shaughnessy, karlynno@ncleg.net

3. Definition of Who Is Covered by Section 6.18

Please note that IT Contracted Personnel includes but is not limited to the temporary engagement by an agency of a person to do hourly paid IT work for a defined period of time that is directed, supervised or managed by the agency. In other words, agencies, departments and institutions shall report information for all:

- Personal services contracts
- Individuals hired through the IT Short-Term Staffing Contract, or
- Individuals hired through the previous IT Supplemental Staffing Contract, the Technical Services Contract and any other contract that was issued to replace contractors hired under the Short-Term Staffing Contract where services were required for longer than six months.

4. Conversion from Contractor to State Employee required by Section 6.18 (a) (6)

Agencies whose IT needs require continuing services that are now being provided by contractors must submit a plan to hire or train a qualified State employee to fill that position within 12 months of the hiring or renewal date. This plan must be submitted within 60 days of hiring a contractor. The attached template shall be used for this purpose. Please send the justification in advance of any budget revisions to:

Sarah.Porper@osbm.nc.gov

John.Leskovec@osbm.nc.gov

OSBM will route agency requests to OSP and ITS once it has completed its review and made its recommendations.

5. Contact Information for Questions Regarding this Process

Below is the contact information from OSBM, ITS, OSP, and FRD for questions regarding the implementation of this provision:

OSBM, Sarah Porper, 919-807-4775, sarah.porper@osbm.nc.gov

Statewide IT Procurement, Patti Bowers, 919-754-6661, patricia.bowers@its.nc.gov

OSP, Don Nattress, 919-807-4872, don.nattress@osp.nc.gov

FRD, Karlynn O'Shaughnessy, 919-733-4910, karlynno@ncleg.net

Thank you for your attention to this matter.

CP/jl

cc: Agency CIOs
Patti Bowers
Don Nattress
Sarah Porper