



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

January 14, 2011

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions, and Agencies

FROM: Charles Perusse *Charles E. Perusse*

SUBJECT: State Budget Manual Update

The Office of State Budget and Management (OSBM) has posted revisions to the State Budget Manual on the OSBM website at <http://osbm.nc.gov>. These revisions are detailed below and are listed in the appendix section of the State Budget Manual.

5.1.8 Third Party Lodging

Reimbursement for lodging in an establishment that is being rented out by a third party or an establishment treated as an apartment building by state or local law or regulation is not allowed unless approved by OSBM in advance. Requests for third party lodging must provide evidence of savings to the State. An exception may be granted by OSBM for requests that do not show a savings with sufficient justification to support the necessity for third party lodging. Third party lodging agreements are not allowed among family members.

In each case where third party lodging is being considered, the applicant must provide their budget officer and OSBM all details regarding the arrangement, including the amount to be charged, the length of stay, and contact information. A signed rental agreement and documentation of agency budget office and OSBM approval must be presented to receive reimbursement.

Universities, the North Carolina School of Science and Math, or any other designated special responsibility constituent institutions (SRCI) pursuant to G.S. 116-30.1 may authorize third-party lodging without OSBM approval if the institution develops an internal Third-Party Lodging Policy. This policy must be submitted and approved by OSBM prior to delegation of authority. Upon receipt of OSBM approval of the Third-Party Lodging Policy, the institution must make the policy available to all impacted campus employees. At a minimum, the policy must include the following:

1. Documentation required to show evidence of savings to the State, based on approved in-state and out-of-state lodging rates.
2. Guidelines for determining appropriate comparison hotels when requests exceed State lodging rates, but may still demonstrate evidence of savings to the State.

State Budget Manual Update Memorandum

Page 2

January 14, 2011

3. Criteria the campus will follow to grant an exception if the request does not provide evidence of savings to the State.
4. Requirement to gain advance approval and provide a signed rental agreement in order to receive reimbursement.
5. Prohibition of lease agreements with family members.
6. Statement identifying the Chancellor or the Chancellor's designee as the approval authority for all requests.

Improving the State Budget Manual is an ongoing process, and OSBM will issue updates to the Manual periodically. Users are encouraged to email their comments, suggestions, or questions about the State Budget Manual to Budget-Manual-OSBM@osbm.nc.gov.