

# THE STANDARD



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# Fiscal

## FISCAL MANAGEMENT

The **American Recovery and Reinvestment Act (ARRA)** was signed into law by President Obama on February 17, 2009. Just under \$600 million has been allocated to North Dakota. The Budget staff worked to incorporate these federal stimulus funds into appropriations bills for the respective agencies.

- The Department of Transportation is receiving the largest allocation at \$176 million. DOT has already sent out a number of RFP's for road projects as 50% of these funds must be obligated (contracts signed) within 120 days of February 17.
- The Department of Public Instruction will receive the second largest amount at \$152 million. The Department of Human Services will receive \$113 million and the Division of Community Services is receiving \$68 million namely in energy programs.
- Other agencies receiving funds include the Department of Health, Job Service North Dakota, Department of Corrections,

Office of the Attorney General, Water Commission, Housing Finance Agency, Adjutant General, and Council on the Arts.

ARRA requires extensive transparency and accountability. North Dakota's website to report all spending is up and running at [www.nd.gov/recovery/](http://www.nd.gov/recovery/). Information will continually be added to the website.

### The American Recovery and Reinvestment Act (ARRA) was signed into law by President Obama

**Direct Deposit of Wages:** To provide more efficient, reliable service to employees; the State of North Dakota will be transitioning employees to direct deposit of wages during the next biennium. The first phase; effective for the pay period beginning July 1, 2009; will require all **new** employees hired by the State to have wages paid with direct deposit in a financial institution of the employee's choice. The second phase; effective for the pay period beginning July 1, 2010; will require all **new and current** employees of the State to have wages paid with direct deposit in a financial institution of the employee's choice. By delaying the requirement for current employees for a year will provide time for an employee to

establish a checking or saving account in a financial institution of his/her choice. For an employee's convenience, the Bank of North Dakota has offered to assist any employee with establishing a new checking or savings account.

**Change to Mileage and In State Lodging Rates:** Rates for mileage and in state lodging were changed during the past legislative session. Both of these changes will take effect August 1, 2009. Senate Bill 2064, Section 1d allows the Director of the Office of Management and Budget to establish an in state lodging rate not to exceed ninety percent of the rate established by the United States General Services Administration, (GSA), plus applicable state and local taxes. At the time of this writing, ninety percent of the GSA rate for lodging in North Dakota is \$63. The General Services Administration may periodically change the rate for lodging and OMB will adjust the in state lodging rate accordingly during the biennium. Please refer to OMB Fiscal Policy 505.

Senate Bill 2064, Section 7, 1c changes the mileage reimbursement to that established by the United States General Services Administration. At the time of this writing the rate was 55 cents per mile, however, the GSA may change the rate several times during the biennium. Please refer to OMB Fiscal Policy 511.

**Risk Assessment and Internal Controls:** Various regulations and legislation have increased management's responsibility for fraud risk. Because of this, each state agency needs to periodically perform a fraud risk assessment of their agency. OMB has prepared a fraud risk assessment guideline and a sample risk assessment to assist agencies with their assessments. Part of the risk assessment is to determine the internal controls in place to prevent fraud and the effectiveness of the controls. OMB has also prepared

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# HRMS LEGISLATIVE UPDATE SUMMARY

**HB 1015 State employee compensation.** Compensation adjustment for regular state employees are to vary based on documented performance and equity and are not necessarily to be five percent annual increases for each employee.

**HB 1029 State employee service awards, employer-paid tuition, and employer-paid professional organization membership and service club dues.** Agencies will need to report this information to OMB, who will submit a summary report to the Legislative Council.

**HB 1030 State employee performance bonus program.** A state employee may receive a \$1000 max bonus each fiscal year as opposed to each biennium. Under special circumstances, HRMS may approve bonuses to more than 25% of an agency's staff; these exceptions must be reported to the budget section.

**HB 1031 State recruitment and retention bonus programs.** Defines hard-to-fill occupations.

**HB 1113 State employee complaint appeals.** Requires agencies to have grievance procedures and allows probationary employees to appeal discrimination or retaliation.

**HB 1181 Job protections for volunteer emergency responders of the adjutant general's office; relating to public service job protections for volunteer emergency responders.** Effective 3/24/09, this law will prevent discrimination in hiring practices for the volunteer emergency responder. The employee acting as a responder may not be terminated or demoted because of absence from work during the emergency.

**HB 1341 Legislative Council study of a state employee tuition reimbursement pool program.** During the 2009-10 interim, the Council will study the feasibility of an OMB appropriation for a state employee tuition reimbursement pool program.

**HB 1510 Veteran's preference. Notification to a veteran that (s) he was not selected for a position must include specific information.** HRMS has proposed a sample letter for agencies to use.

**SB 2061 Provide for HRMS to study workforce recruitment and retention and report to the Legislative Council.** HRMS shall conduct a study to evaluate steps to recruit employees and retain employees in state government nearing retirement.

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# FACILITY MANAGEMENT

While you are enjoying a walk through the Capitol grounds this summer and fall, you will become aware of four projects that will be completed during the third or fourth quarter of 2009. These projects are located throughout the grounds and include the following:

- The correction of the misspelled names and the addition of two new blank panels on the All Veterans Memorial. This project will consist of the removal and replacement of each panel. The names of 21 North Dakotans killed during the Global War on Terrorism were added to the memorial on November 10, 2008.
- The redesign of the existing plaza and installation of a new canopy system at the entrance of the Heritage Center. This project will also include a new cul-de-sac to be located between the Heritage Center and the Liberty Memorial Building. This new cul-de-sac will allow more convenience to those dropping off individuals at either building. The existing book drop will also be relocated to the center of the cul-de-sac making it easier for individuals to return checked out items to the State Library.
- The redesign, removal and replacement of the north, south and east entrances to the State Office Building as well as the redesign of the north and south parking lots and the



addition of a new west parking lot surrounding the State Office Building.

- The reconstruction of the entire Judicial Wing parking lot. This project will consist of two phases.

The west half of the parking lot will be removed and replaced prior to the east half commencing. The newly designed parking lot should provide an additional 32 parking spaces.

We have a very busy events schedule for this summer and fall.

The events commence with our July 4th symphony and fireworks display and end with the annual Veterans Day memorial event on November 11th. The following is a list of other events that you can enjoy during the next few months:

- Capitol Shakespeare Play located east of the Capitol mall on July 22 – 26 from 5:00 -10:00 pm nightly.
- Capitol A'Fair on Saturday, August 1st from 10:00 – 5:00 pm and Sunday, August 2nd from 12:00 – 4:00 pm.
- Autumn Fest Parade on Saturday, September 12th from 8:00 – 1:00 pm.
- Take back the Night on Monday, October 5th from 6:30 – 10:00 pm on the Capitol mall and Memorial Hall.

For a complete list of the events  
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**SB 2143 Administrative adjudication of discriminatory practices.** Employees must exercise their internal grievance process to completion before commencing an action specified in this legislation.

**SB 2267 Whistleblower protection for public employees.** An employee claiming reprisal may appeal to HRMS. An employee may file a complaint with the Labor Department. The Legislative Council will study the state's whistleblower protection laws during the interim. ●

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internal control guidelines to assist state agencies in their assessment and determination of how to prevent fraud. The fraud risk assessment and internal control guidelines have been published on Fiscal Management's web page <http://www.nd.gov/fiscal/policies/>. ●



occurring at the Capitol please visit our website at [www.nd.gov/fac](http://www.nd.gov/fac).

It is that time of year for agencies to either commence or complete lease negotiations for renewals, new or additional office space. If you have completed this process, please forward a fully executed copy of your agency's lease agreement for our files.

For agencies that would appreciate some assistance in this endeavor, please do not hesitate to contact us at 328-2471. We have been very successful in the past assisting agencies with their lease negotiations and continue to offer this service to all agencies. ●

## WELLNESS IS WORKING IN OMB

During May, forty-one percent of OMB employees participated in the agency's second annual exercise challenge. The exercise challenge is meant to inspire people to become healthier by getting outside and enjoying the many different types of gardening, sporting, and recreational activities with family and friends. A potluck was held on June 3 to recognize those who walked the most steps and celebrate everyone's efforts at becoming healthier. ●

# CENTRAL SERVICES DIVISION

**Central Supply and State Surplus Property** will be closed for inventory July 1-2, 2009. Thank you for your patronage during the 2007-2009 biennium!

**Electronic Waste Recycling Program and Service Charges for Unsaleable Property (SB 2131)** OMB State Surplus Property is established in statute to manage property that is surplus to the state's needs. Agencies are required to report their surplus property to OMB, and State Surplus then transfers the property at fair market value to other state agencies, political subdivisions, eligible nonprofits, and the public.

Sometimes State Surplus Property receives property that cannot be sold because it is obsolete or in poor condition. The state then incurs costs to properly dispose of that property. Electronic waste is surplus, obsolete or non-working electronic equipment, such as old computers, printers, copiers, fax machines, televisions, and radios. Last year, the city landfill stopped accepting electronic waste. Senate Bill 2131 was enacted that gives OMB State

Surplus Property the authority to establish a program for the recycling and disposal of surplus property determined to be unsalable and to assess and collect service charges from the agency from which the property was received to cover direct and reasonable costs.

Agencies can help reduce e-waste. Sometimes computers are stored for years, and those obsolete computers must be disposed of as electronic waste. There is a market for the state's surplus Pentium IV computers with at least 512 MB RAM. When your agency replaces computers, please report the old computers promptly to State Surplus so the computers can be reused by another entity—a school, city, or eligible nonprofit.

OMB is currently negotiating a contract with a certified electronic waste recycler. In the next months, State Surplus will provide agencies with more information about the procedures and fee schedule for this program. Questions? Contact Alan Brinkman, State Surplus Property Manager, at 701-328-9667.

# RISK MANAGEMENT

Overall required agency contributions to the Risk Management Fund for the 09-11 biennium dropped to \$2,649,997 from \$3,454,383 in just the prior biennium. Actuarially determined contribution rates continue to decline in large part due to the loss control efforts of individual agencies. The adoption of proactive loss control practices and effectively managing risk in agency operations and contracts results in direct savings to the State as well as increases public and state employee safety. Agencies that have implemented effective loss control and risk management practices should be commended for their efforts.

There were no direct changes to the administration of the Risk Management Fund this past legislative session. However, there

were a few bills or provisions that may have some indirect impact. These include:

- House Bill 1122 broadens what may be subject to a contractual limitation of liability under N.D.C.C. 32-12.2-15.
- House Bill 1104 clarifies that otherwise exempt risk management records remain exempt even where copies of the records are retained by an agency.
- Senate Bill 2256 modified N.D.C.C. 32-12.2-13 to prohibit contractual indemnity agreements between a political subdivision and the State.
- Section 15 of House Bill 1015 clarifies that the Risk Management Fund may assume responsibility for vehicles that are rented or leased by the State for more than thirty days.

There were also no direct legislative changes to the Risk Management Workers Compensation Program, although there were many changes to workers compensation laws in general. The Risk Management Workers Compensation Program continues to participate in the authorized deductible program and facilitates the cross agency return-to-work program. Significant savings to the State have been realized from the establishment of the Risk Management Workers Compensation Program. With continued focus on returning injured state employees to work and through the guidance of an anticipated comprehensive actuarial review of the Risk Management Workers Compensation Fund, these savings can hopefully continue well in to the future.

