

THE STANDARD



ND OFFICE OF MANAGEMENT AND BUDGET

DIRECTORS

Joe Morrisette
 Director of OMB
 701-328-4904
www.nd.gov/omb/

Sherry Neas, Director
 Central Services Division
 701-328-1726

John Boyle, Director
 Facility Management
 Division
 701-328-2471

Jeff Larshus, Director of
 State Financial Services
 Fiscal Management Division
 701-328-4902

Becky Sicble, Interim Director
 Human Resource
 Management Services Division
 701-328-4735

Tag Anderson, Director
 Risk Management Division
 701-328-7584

REINVENTING GOVERNMENT IS A KEY STRATEGIC INITIATIVE FOR GOVERNOR BURGUM

Why is this topic so important that the governor would name it as a major initiative of his administration? Reinvention is defined as “the action or process through which something is changed so much that it appears to be entirely new.” If your perspective is that everything in state government is as efficient and effective as it can be, you may not see the need to reinvent government. However, if we look objectively at every program and every work process with a mind that is open to change, we can begin to see opportunities for improvement. And isn't it true in all things? There is always room for improvement.



Joe Morrisette
 OMB Director

This initiative is not meant to diminish the good work that goes on every day in our state government. In many ways, North Dakota state government is a model for other states to emulate. We are small and efficient and made up of dedicated, hard-working staff. All of us set out to do the best we can for our agencies, for state government, for our customers and

clients, and ultimately for the taxpayers of our great state. However, as a government made up of over 70 individual agencies and institutions, each with its own unique mission, we have not developed a culture that has encouraged agency collaboration and cooperation. We have, for the most part, each worked independently to accomplish our agency's mission and purpose. It takes a change in thinking and a new mind-set to look across agencies and find opportunities to work together.

As we begin the process of developing the 2019-21 biennium budget, we are implementing a new process—strategy reviews. The strategy reviews are optional, but we are appreciative that every executive branch agency has opted to participate. Through the strategy review process, we have created an opportunity for dialogue and discussion at the beginning of the budget process. Agencies have fully engaged in this process and come with a willingness to share their mission, their successes, their failures, and their vision for the future. Agencies have come to the table with exciting new ideas and opportunities for collaboration and cooperation.

The strategy reviews are merely the first step in the budget process. It will

Reinvention continued on page 2

Reinvention continued from page 1

take a considerable effort over the next several months to fully develop initiatives from the ideas brought up through the strategy review process. However, I am confident this effort will result in many important initiatives that truly reinvent the work we do and the way we do it. I am grateful for the opportunity to be part of this process, and appreciate the work and cooperation of the dedicated people across state government who are willing participants.



RISK MANAGEMENT PURCHASES CYBER INSURANCE

Pursuant to N.D.C.C. 32-12.2-19 passed during the 2017 Legislative Session, Risk Management facilitated the purchase of Cyber Insurance covering all state governmental entities, with the exception of the Bank of North Dakota, which maintains a separate policy. The recently purchased insurance provides both first-party and third-party liability coverage resulting from a data breach or other covered cyber incident. The policy limits are \$5 million with no sub-limits and a \$350,000 deductible that will be paid and met through the Risk Management Fund. The most recent actuarial review of the Risk Management Fund has taken into account N.D.C.C. 32-12.2-19 and the purchase of Cyber Insurance in calculating recommended Risk Management Fund contributions for the 2019-21 biennium.

As with all commercially purchased insurance, promptly reporting incidents that could give rise to liability under the policy is critical. The State has an obligation to report all privacy data breaches and other covered cyber incidents to the insurance carrier as soon as possible, except incidents that could potentially impact less than 500 individuals and where the costs are expected to be less than \$25,000. As with other incidents that give rise to potential liability, any data breach or other cyber incident should be reported immediately to the Risk Management Division. [See Report an Incident or Accident](#). The Risk Management Division, in conjunction with the State's IT professionals, will evaluate and provide any required notice to the insurance carrier.



FIRST FAMILY MOVED INTO NEW RESIDENCE AND FORMER GOVERNOR'S RESIDENCE DEMOLISHED

The first family relocated to the new governor's residence during the month of March. At that time, Facility Management and State Surplus Property employees disassembled and removed items that will be made available for purchase. The items will be offered to state agencies and political subs first. It is anticipated that items from the former governor's residence will be available for public purchase in late June. State Surplus Property has the items on display at their warehouse located at 1278 Hemlock Street, Bismarck. State Surplus Property hours are 8 a.m. to 4 p.m. Monday through Friday.

The contractor worked during the month of April to remove the hazardous materials from the former residence to ensure it was ready for demolition. The demolition occurred on Friday, May 18 and removal of the debris took about eight days. The contractor will regrade the front and backyards of the former residence. The only items yet to be completed are the landscaping and hydro seeding of the entire site.



Demolition -- Friday, May 18



Weather permitting, all remaining exterior work should be completed at the new residence by the end of July, resulting in a 23-month project. The final cost of the project will be just under the spending authority of \$5 million.

FISCAL MANAGEMENT



FISCAL YEAR END DEADLINES

The fiscal year end is fast approaching, which means dates to remember for end of the year business. The last day to process June business will be July 26 at 5:00 pm.

The accounting system will be NOT be available Friday July 27 and should be available sometime on Monday July 30. More details will be provided to agencies in June.



PURCHASING CARD REBATE

The state's purchasing card program had just over \$119,000,000 of total spend for the 2017-18 contract year. The state received a total of \$1,870,902 in rebate with the General Fund receiving \$569,237. The rest of the rebate was allocated between the colleges and universities, 11 counties, 63 school districts and 3 cities and boards. OMB is planning a p-card user conference in the fall. More details to be provided later this summer.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

- ***Need help completing a CAFR closing package?*** CAFR training will be offered this fall and will coincide with the due dates of the closing packages. Details including dates, times and locations for training will be emailed to CAFR contacts in July. Training will be conducted one-on-one and on a first-come basis, so bring your questions and the information needed to complete your closing package.
- ***New GASB standard relating to financial reporting for post employment benefits other than pensions to be implemented in 2018.*** GASB 75 will require a new liability for other post employment benefits to be reported in the CAFR. Agencies that will need to report this new liability will be contacted with further information after fiscal year end.
- ***2017 CAFR received GFOA award.*** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its CAFR for the fiscal year ended June 30, 2017. This was the 26th consecutive year that ND has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

CENTRAL SERVICES



DELEGATED AUTHORITY AND TRAINING

OMB State Procurement has a team of professional procurement officers who are experts in procurement practices and have the ability to purchase for state agencies. State law allows OMB to delegate purchase authority to agency heads. OMB has had a Procurement Officer Training Certification Training Program since 2002. State employees who have delegated purchase authority to buy goods and services must attend the corresponding level of training.

The purchasing thresholds are increasing on July 1. This is a good time to think about who is doing the purchasing for your agency. If you have employees that do not frequently purchase, they may not be as proficient in procurement laws, rules and guidelines. "Procurement" is like any other discipline—the more you know and practice, the better you get. This may be a good time for your agency to think about a strategy for procurement. How many employees does your agency need to make purchases? At what levels do those employees need to be certified?

Each agency has an [assigned OMB State Procurement Officer](#). Feel free to call your assigned State Procurement Officer or Sherry Neas at 701.328.1726 to visit about delegated authority and training. Visit the OMB website for more information about the threshold change and training requirements.

CENTRAL SERVICES

PURCHASING THRESHOLDS CHANGING



OMB and NDUS have agreed to synchronize procurement bidding thresholds for goods and services. This is the first step toward sharing additional resources, such as on-line systems, purchasing guidelines, templates, training, and statewide contracts. **On July 1, 2018, the new thresholds will go into effect. NDUS employees must follow SBHE policies and NDUS procedures.** State Agencies, excluding Higher Education institutions, must follow administrative rules, and OMB guidelines.

Purchasing Thresholds (July 1, 2018)		
Level	Competition Requirements	Documentation Maintenance Requirement
Level 1 "Micro" Purchase Less than \$10,000	Obtain at least one fair and reasonable quote. Note: Equipment and software must be added to inventory if \$5,000 or greater. (NDCC § <u>54-27-21</u> Fixed Asset Minimum Reporting Value) OMB: Rotate vendors solicited on an equitable basis (NDAC § <u>4-12-08-02</u>) OMB: State agencies (excluding Higher Education institutions) must submit printing purchase requests \$5,000 and over to OMB State Procurement.	Alternate Procurement form not required if multiple quotes not solicited NDUS: Documentation Not Required OMB: Document vendors solicited, quotes received, and award determination.
Level 2 Small Purchase At least \$10,000 but less than \$50,000	Solicit informal quotes/bids or proposals from at least three vendors, or post to SPO Online with appropriate state bidders list. May send to additional vendors. OMB: ITD must review IT purchases over \$25,000.	Documentation is required. Alternate Procurements required if competition is not solicited from at least three vendors. The form is not required if 3 vendors are solicited and fewer than three bids or proposals are received.
Level 3 Informal Written Purchase At least \$50,000 but less than \$100,000	Solicit informal bids or proposals using SPO Online with appropriate state bidders list. May send to additional vendors. OMB: ITD must review IT purchases over \$25,000.	Documentation Required Alternate Procurement form required if: <ol style="list-style-type: none"> 1. Competition is not solicited. 2. SPO Online is not used. 3. OMB: Competition is limited.
Level 4 Formal Purchase \$100,000 and over	Must be purchased using formal sealed bids (Invitation for Bid) or Request for Proposal (RFP). Solicitations must be posted using SPO Online with appropriate state bidders list. May send to additional bidders. OMB: ITD must review IT purchases over \$25,000.	Documentation is required. Alternate Procurement required if: <ol style="list-style-type: none"> 1. Competition is not solicited, or competition is limited. 2. SPO Online is not used. 3. OMB: Competition is Limited.

SAVE TIME AND MONEY – USE STATE SOURCES OF SUPPLY

What would you do with an extra \$28,000? This could be your dilemma if you worked with the State Procurement Office (SPO) and used one of the many state contracts. West Fargo Public Schools contacted SPO and saved \$28,000 by using the state contract for janitorial paper products.

State agencies and institutions can save time and money by using [state sources of supply](#). Purchase directly from:

- Rough Rider Industries
- OMB State Contracts
- OMB Central Duplicating
- OMB Central Supply
- OMB State Surplus Property
- Information Technology Department
- Other Government Entities
- Work Activity Centers