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Management
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THE
S T A N D A R D

FALL 2019

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The Start of a New Budget Cycle



Joe Morrisette
OMB Director

Although we are in the beginning months of a new biennium, we are already looking ahead to the next budget cycle. During the 2017-19 biennium, a new step in the budget process was implemented – strategy reviews were held with all executive branch agencies. Although the process was voluntary, it was encouraging that all elected officials, executive branch agencies and institutions of higher education chose to participate.

Although nearly all agencies conduct some form of strategic planning, this was the first attempt to incorporate strategic planning into the budget process. There were many successful outcomes as agencies brought forward ideas for innovation and change. However, because budget guidelines were issued in April 2018, immediately before the start of the strategy reviews in May and June 2018, some agencies used the strategy review process to focus on plans to meet the 2019-21 biennium budget guidelines rather than focusing on their vision for the future.

To ensure the 2021-23 budget cycle begins with a focus on agency strategy and vision, we will invite agencies to participate in the strategy review process much earlier in the budget cycle, beginning in January 2020. Conducting strategy reviews early in the budget cycle, before the issuance of executive budget guidelines, will help ensure the process remains focused on agency strategic plans, vision for the future and ideas for innovation. Having these aspirational discussions earlier in the budget cycle will also allow more time for the innovative ideas brought forward by agencies to be developed into proposals for inclusion in the 2021-23 executive budget.

Agencies should prepare for the strategy reviews by considering questions such as the following:

- Where do we want to go as an agency? If there were no constraints, what would be the ideal way for our agency's services and programs to be delivered and managed in the future?
- How do we get there?
- What is holding us back from achieving this vision?
- How can we redirect our resources from areas that provide little value to citizens to areas that provide high value and high return on investment?
- How can we become more efficient?
- How can we simplify and improve business processes?
- How can we automate processes?

These types of questions will allow the discussion to focus on innovation and reinvention, rather than the limitations of the budget. Strategy is the starting point for the new budget cycle as we focus on what is possible.



OMB Careers Website

The North Dakota Office of Management and Budget continues to upgrade and add features to the [Careers section of the OMB website](#). The latest new feature is a fourth slider on the main career page which features three unique or hard to fill positions.

HRMS has also worked with state agencies to streamline the job posting process. New protocols were also implemented concerning the job titles and the language in the job posting to facilitate the applicant's experience with the website.

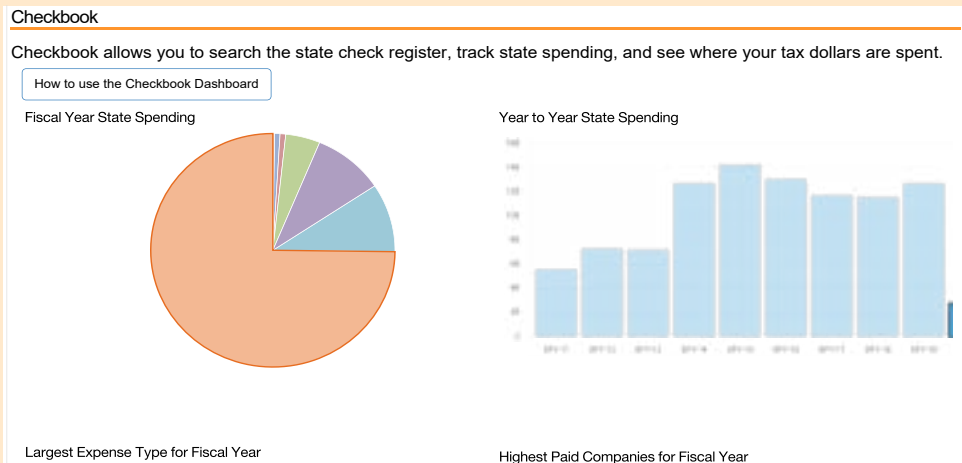
Director of Leadership and Learning

Molly Herrington, Director of Leadership and Learning, started her new position with HRMS on September 23, 2019. This position is responsible for implementing strategic initiatives that help engage and grow North Dakota leaders within state government through training and development opportunities. Her work will include the continued implementation of the Leadership Everywhere courses for all state employees, along with revamping current course offerings and implementing additional staff development opportunities.

FISCAL MANAGEMENT

Transparency Website

OMB has made enhancements to the [transparency website](#). The site now incorporates YouTube videos that provide instruction on how to use each of the various finance dashboards (e.g. checkbook, state revenues, employee compensation, etc.). Financial information for all state agencies on the PeopleSoft system and all of Higher Education and be found on the transparency website.



In-State Lodging Rates

Effective October 1, 2019 the [GSA rate for lodging in North Dakota](#) will be \$96. This means the maximum amount that can be claimed for in-state lodging is 90% of the GSA rate, or \$86.40 plus applicable taxes. This rate is for ALL cities in North Dakota and is effective for travel after October 1, 2019.

PeopleSoft Reporting

If agencies would like reports that currently are not available in PeopleSoft, contact Toby Mertz at 701.328.4885, to discuss development of customized reports generated out of COGNOS. Toby can meet with individual agencies to review reporting requirements and obtain the desired information for a customized report or dashboard.

PeopleSoft Financial Upgrade

Testing has begun on the Financial upgrade to PeopleSoft. Completion of this upgrade is scheduled for late 2019 or early 2020. More details will be provided to agencies as the go-live date draws closer.

RISK MANAGEMENT

Risk Management Fund Update

Following the loss of sovereign immunity in 1994, the North Dakota Legislature established the Risk Management Fund, a self-retention fund designed to address state third-party liability. Responsibility for administering the Fund and addressing claims brought against the State was assigned to the Office of Management and Budget. This legislation, together with subsequent amendments, is codified in Chapter 32-12.2 of the North Dakota Century Code.

The Risk Management Fund is funded through annual contributions from all state entities, based upon an actuarial review that is undertaken every two years by outside independent actuarial professionals. Contributions are dependent on the size of the state entity, number of employees, number of owned or leased vehicles, and the entity's past loss history.

Since its inception, the Risk Management Fund has incurred over \$9 million in indemnity obligations and over \$5 million in claims and litigation costs for more than \$14 million in total paid and reserved losses. Approximately 42% of claim costs are driven by the operation of motor vehicles by state employees. Of these losses, approximately 22% percent involve improper backing and 19% involve rear ending another vehicle. Although a fairly large number of claims, approximately 34%, involve debris thrown from snowplows, trucks and other vehicles, costs associated with these claims only represents about 8% of total motor vehicle liability claim costs.

General liability claims account for approximately 58% of total costs incurred. Of these, employment practices liability continues to incur a disproportionate share of the total costs incurred in relation to the num-

ber of claims filed. The State does not receive large numbers of employment practices liability claims, but they are tremendously costly to defend. Prison litigation also continues to drive substantial costs to the Fund.

The Risk Management Division uses claims information for funding and contribution decisions as well as for loss control purposes. This information is also provided to each state entity to assist in efforts to reduce claims overall. Through the adoption of best practices and taking other remedial measures, the cost of financing the overall risk arising from state operation can be kept low.

Risk Management Seminar

OCTOBER 9-10, 2019

The Risk Management Seminar will be held at the ND Heritage Center October 9-10. The first day will be dedicated to ergonomic training focusing on tailoring an employee's workstation to their specific needs. An update on the status of the Risk Management Fund and State contracts guidelines will take place the morning of October 10. In the afternoon, keynote speaker Fran Sepler will discuss how scandals can occur within any organization and how to prevent them. Ms. Sepler will also present detailed information on how best to conduct a workplace investigation, with practice tips and recommendations on how to address challenges that frequently arise. To register, contact Diane Waliser, drwaliser@nd.gov.

FACILITY MANAGEMENT

Events

Many special events are scheduled throughout the capitol complex this fall and winter. These events begin with the annual Trick or Treat at the Governor's Residence on Halloween Day, and end with the New Year's Window Lighting on the evening of December 31. Other events that may be of interest include:

- Veterans Day Ceremony
- Decorating the State Christmas Tree
- Governor's Official Tree Lighting Ceremony
- Capitol Tower Window Tree Lighting: the window tree

lighting will begin immediately after the Governor's official tree lighting and end on December 30.

For date, time and location of these events, as well as all events scheduled on the capitol complex, visit [OMB website](#).

Projects

Multiple projects around the capitol grounds are in various stages of completion with all projects scheduled to be completed by December 21. The most visible of these projects is the [replacement of the south entrance sign](#).

Independent Contractor or Employee?

Does this common agency scenario sound familiar? A state employee resigns or retires and the agency has a small salary budget and wants to use operating dollars to “do a contract” with the former employee to keep up with the work and train in the new person. Is this really an independent contractor situation or a temporary employment situation?

When determining if a relationship with an individual is that of an employer-employee or an independent contractor, the state and Internal Revenue Service examine two key elements: the level of control exercised over the worker and whether the individual has a previously established independent business.

- Hiring temporary employees subject to state and federal requirements and labor laws. Contracting with independent contractors is subject to procurement requirements.
- Hiring temporary staff using a professional staffing agency and agencies are using a contractor to provide temporary staffing. The selection of the staffing agency is subject to procurement requirements.
- Agencies planning to rehire an employee who retired under NDPERS should be aware that there are limits to the number of hours and weeks the person can be employed.

The OMB State Procurement Manual has information about Independent Contractor vs. Employee. You can also contact the OMB Human Resources Management Services representative assigned to your agency.

1099 User Group Meeting

OMB Vendor Registry will host a 1099 User Group Meeting on Wednesday, December 4 starting at 9:00 am in the Capitol Pioneer Room. A meeting invitation will be sent to agency 1099 Maintenance Users.

A Picture is Worth a Thousand Words

OMB Surplus Property is a great program intended to save government money. When surplus property, provide as much detail as possible, including photos. Agency personnel use a program called AssetWorks to report their surplus property and photos can be uploaded there or emailed to surplus@nd.gov.

How to Get What You Need: Procurement Planning

Procuring goods or services can be a daunting task but OMB can help. Procurement is simply a process of getting information to make good purchasing decisions. A goal of procurement is to get the right goods and services at the right time, right place and right price. Government entities must also comply with the laws and rules related to procurement.

Government procurement emphasizes competition. Many vendors want to compete for the opportunity to do business with the state. The dollar value of the purchase determines what level of competition is required. The entire contract must be considered, including renewals, extension, consumables, and on-going services.

The state has a “micro-purchase” process for purchases valued under \$10,000. Make sure the price is fair and reasonable. Capitalize assets \$5,000 and over. Use a purchasing card whenever possible and rotate which vendors you use.

Buying complex, strategic, and high-dollar goods and services requires a more detailed procurement process. Define what you need and do market research to see who sells it. Issue a solicitation to obtain information and pricing from vendors. The evaluation process considers value and pricing analysis to reach a decision about what is the right solution.

At the beginning of the biennium, agencies should consider their needs for big-ticket goods, services and technology. OMB has a State Procurement Officer assigned to help your agency. Get procurement involved early to help you plan a procurement strategy to meet time requirements. Contact OMB State Procurement at 701.328.2740 for assistance.

With a Little Help from My Friends

Doing more with less means working smarter. Central Duplicating provides a full line of printing and mailing services. Getting ready for a conference? Send your documents to Central Duplicating. The printing and finishing staff will assemble professional looking meeting materials, folders, and binders for you. Need to update letterhead, business cards, brochures, and other documents to include the new BeLegendary branding? Your friends at Central Duplicating can help.