



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**  
**Employment First State for Individuals with Disabilities**

ROY COOPER  
GOVERNOR

CHARLES PERUSSE  
STATE BUDGET DIRECTOR

September 25, 2020

MEMORANDUM

TO: Senator Phil Berger, President Pro-Tempore of the Senate  
Representative Tim Moore, Speaker of the House of Representatives

FROM: Charles Perusse, State Budget Director *Charles Perusse*

SUBJECT: Department of Administration Deviation Consultation

The Office of State Budget and Management (OSBM), as required by G.S. 143C-6-4(b)(3)(b1), must consult with the Joint Legislative Commission on Governmental Operations when a department's certified budget is expected to be exceeded by more than three percent (3%).

Please see the attached report regarding the Department of Administration's State Parking System.

If you have any questions, please contact me via email to [charles.perusse@osbm.nc.gov](mailto:charles.perusse@osbm.nc.gov).

**REQUEST TO DEVIATE UNDER G.S. 143C-6-4:**

(b1) Prior consultation with Governmental Operations is required when the overexpenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%) prior to authorizing the overexpenditures.

**DEPARTMENT:** Administration  
**FISCAL YEAR:** 2020-2021  
**Date:** 9/23/2020  
**Budget Revision #:** 12-0019

GASB 1200 - Special Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
24100	\$ 38,027,996	\$ 1,140,840	\$ -	\$ (1,140,840)
24102	\$ 575,688	\$ 17,271	\$ -	\$ (17,271)
24105	\$ 4,377,706	\$ 131,331	\$ -	\$ (131,331)
54100	\$ -	\$ -	\$ -	\$ -
64100	\$ 10,681	\$ 320	\$ -	\$ (320)
64115	\$ -	\$ -	\$ -	\$ -
74103	\$ 2,071,602	\$ 62,148	\$ 2,000,000	\$ 1,937,852
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
<b>Fund Type Total</b>	<b>\$ 45,063,673</b>	<b>\$ 1,351,910</b>	<b>\$ 2,000,000.00</b>	<b>\$ 648,090</b>

**JUSTIFICATION FOR REQUEST:**

G.S. 143C-6-4.(b1) requires reporting an overexpenditure that would cause a department's total requirements for a Fund to exceed the department's certified budget by 3% for a fiscal year.

The State Parking division is requesting to use fund balance to cover the costs of the purchase and installation for PARCS' (Parking Access Revenue Control System). This is an Emergency request.

The current PARCS system is failing and the vendor can no longer obtain parts and provide full support. Here are some of the issues they have been experiencing:

They first received a recommendation to disable the offline credit card acceptance feature. Since there was no change, a short while later, we were told without question that this feature needs to be disabled.

- \* Had to turn off/disable the offline credit card approval for the entire system.
- \* The Parking scan net server hard drive has been filling up and the system can't buffer credit card transactions.
- \* The Readers are not vending at the employee gates (ID file is losing programming).
- \* The Validators are not functioning properly (returning tickets and not reading them). They needed to replace a "new" exchange transport (actually refurbished from the City of Raleigh due to no parts available).
- \* Gates are getting stuck and/or going up and down on their own. Loops locking up and service dump on the omega controller needed.
- \* The Scanned tickets reporting shows "no scan response". Credit cards were not being processed for 6 days as they were troubleshooting. Needed to replace a modem since there was no LAN connection. NCDIT needed to get involved.
- \* Tickets not printing or coding time or fee. Logic dropped. Ticket splitter not taking tickets into the burster (needed to reinitialize the SST CPU

board.

- \* Hang tags not working. They do not have the ability to activate or deactivate hang tags, resulting in loss of revenue. Ones that have an expired hang tag can continue to use their hang tag even though they haven't paid. They are now acting as collection agents for their payments or hang tag return.
- \* Daily reconciliation reports not available. No answer other than the system can't handle large amounts of data and will malfunction.
- \* They are not compliant with PCI DSS (Payment Card Industry Data Security Standard) Compliancy. They run a very high risk of being fined. The PCI DSS is a set of requirements mandated by credit card companies intended to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. This is required by credit card companies and State Parking's environment is not secure. The acquiring banks will most likely impose a fine of \$5,000 - \$100,000 per month for PCI compliance violation, as they will receive the fine from the payment brands.

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**Instructions: REQUEST TO DEVIATE UNDER G.S. 143C-6-4**

**1. Department**

Enter the department/agency name.

**2. Fiscal Year**

Enter the current fiscal year.

**3. Date**

Enter the current date.

**4. Budget Revision #**

Enter the budget revision number for the overexpenditure request from the IBIS system.

**5. Budget Code**

Enter all of the agency budget codes for the requested fund type only (general fund, special fund, etc.)

**6. Certified Requirements**

Enter the current certified requirements for the budget code as reflected on the BD 701 report.

**7. 3% Deviation Threshold**

This is calculated as 3% of the Certified Requirements. These figures will be calculated automatically for each budget code.

**8. Amount of the Overexpenditure Request**

Enter the amount of the overexpenditure request. This figure should represent the amount requested on the budget revision.

**9. Amount Over Deviation Threshold**

This is the total amount of the current request over the 3% Threshold. This figure will be calculated automatically. If the figure is not greater than zero, no consultation is required.

**10. Submit the completed form to your Budget Analyst in the Office of State Budget and Management for consultation with the Joint Legislative Commission on Governmental Operations.**



# OPERATING BUDGET REVISION - 7251 REALIGN - USE FUND BALANCE FOR PARCS PROJECT

Status: Submitted\_To\_OSBM

Fiscal Year: 2020-2021

Status: Submitted To OSBM

Department/Agency: Department of Administration

BRU: Department of Administration

Budget Code: 74103 - Administration - Internal Service - Special

Title: 7251 Realign - Use fund balance for PARCS project

Journal Entry Number: N/A

Reference Number: 12-0019

Revision Type: 12

Effective Date: 09/15/2020

Approval Date: 09/24/2020

Recurrence: Non-recurring

Included in Base Budget: No

Ibis ID: X2XK

Statutory: No

Special Provision: No

Lapsed Salary: No

One-time Salary Change: No

Carry Forward: No

New Grant: No

Change to Existing Grant: No

Over-realized Departmental Receipts: No

Realignment: Yes

Program Restructure: No

Other: No

**Justification:** The State Parking division is requesting to use fund balance to cover the costs of the purchase and installation for PARCS' (Parking Access Revenue Control System). This is an Emergency request.

The current PARCS system is failing and the vendor can no longer obtain parts and provide full support. Here are some of the issues they have been experiencing:

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\* The Scanned tickets reporting shows "no scan response". Credit cards were not being processed for 6 days as they were troubleshooting. Needed to replace a modem since there was no LAN connection. NCDIT needed to get involved.

\* Tickets not printing or coding time or fee. Logic dropped. Ticket spitter not taking tickets into the burster (needed to reinitialize the SST CPU board).

\* Hang tags not working. They do not have the ability to activate or deactivate hang tags, resulting in loss of revenue. Ones that have an expired hang tag can continue to use their hang tag even though they haven't paid. They are now acting as collection agents for their payments or hang tag return.

\* Daily reconciliation reports not available. No answer other than the system can't handle large amounts of data and will malfunction.

\* They are not compliant with PCI DSS (Payment Card Industry Data Security Standard) Compliancy. They run a very high risk of being fined. The PCI DSS is a set of requirements mandated by credit card companies intended to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. This is required by credit card companies and State Parking's environment is not secure. The acquiring banks will most likely impose a fine of \$5,000 - \$100,000 per month for PCI compliance violation, as they will receive the fine from the payment brands.

Historically, we have been able to use the cash balance for projects that are in the Internal Service Funds but with the recent development of the new definition of appropriation, it was not appropriated for FY20-21.

The Deviation request is attached.

**Requirements**

Fund Code	Cost Center	Account Number	Account Description	Amount (2019-20)	Amount (2020-21)	Annualized Amount	Authorized Budget (2019-20)	Authorized Budget (2020-21)
7251		534539	OTHER EQUIPMENT	\$0.00	\$2,000,000.00	\$0.00	\$1,212.00	\$1,300.00

**Summary**

	Amount (2019-20)	Amount (2020-21)	Annualized Amount
<b>Total Requirements</b>	\$0.00	\$2,000,000.00	\$0.00
<b>Total Receipts</b>	\$0.00	\$0.00	\$0.00
<b>Change in Fund Balance</b>	\$0.00	(\$2,000,000.00)	\$0.00

**Budget Overview**

Requirements						
Fund Code	Account Number	Account Description	Amount (2019-20)	Amount (2020-21)	Authorized Budget (2019-20)	Authorized Budget (2020-21)
7251	534539	OTHER EQUIPMENT	\$0.00	\$2,000,000.00	\$1,212.00	\$1,300.00
<b>Fund(7251)Totals</b>			<b>\$0.00</b>	<b>\$2,000,000.00</b>	<b>\$1,212.00</b>	<b>\$1,300.00</b>

**Attachments**

Name	Type	Size	Date	Uploaded By
12-0019.docx	application/vnd.openxmlformats-officedocument.wordprocessingml.document	479210 Bytes	9/15/20	Joy Hultgren
Parking Deviation request FY20-21 for PARCS.xls	application/vnd.ms-excel	57856 Bytes	9/24/20	Joy Hultgren

**AUDIT INFORMATION**

Created by Joy Hultgren on 09/15/2020 08:10 AM
Submitted by Prentice Hunt on 09/21/2020 11:23 AM
Returned by Mercidee Benton on 09/22/2020 11:29 AM
Revised by Joy Hultgren on 09/23/2020 11:51 AM
Submitted by Prentice Hunt on 09/24/2020 13:59 PM