



STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER  
GOVERNOR

KRISTIN WALKER  
STATE BUDGET DIRECTOR

May 30, 2024

MEMORANDUM

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*  
State Budget Director

SUBJECT: Deviation Requests from the NC Department of the Secretary of State

Pursuant to G.S. 143C-6-4 (b1) prior consultation with Governmental Operations is required when the over expenditure 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 over expenditures.

The Department of the Secretary of State (SOS) is requesting to deviate in Budget Code 23200, budget fund 201508 (Information Technology) in order budget available fund balance for expenditures related to the Information Technology KB5 Modernization project that exceed the certified requirements for the fiscal year.

The deviation request is outlined below:

- **Budget Code 23200**– Request to utilize available fund balance to budget for expenditures and anticipated expenditures in budget fund 201508 (Information Technology) in the amount of \$727,317 (\$268,330 on budget revision 12-0020 and \$458,947 on budget revision 12-0014) in order to close out the fiscal year. Expenditures related to the project and implementation exceed the certified budget for the fiscal year by more than three percent (3%).

Please see the attached Deviation Exception Request Form for more details.

If you have questions or concerns, please contact the SOS CFO, Wendy Pendergraph, [WPendergraph@sosnc.gov](mailto:WPendergraph@sosnc.gov) or OSBM budget analyst, Hallee Haygood, [hallee.haygood@osbm.nc.gov](mailto:hallee.haygood@osbm.nc.gov).

CC: Jennifer Neisner, OSBM

**REQUEST TO DEVIATE UNDER G.S. 143C-6-4(b)(3)(b1):**

*(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:** Secretary of State  
**FISCAL YEAR:** FY 24  
**Date:** 15-May-24  
**Budget Revision #:** 12-0020

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
23200	\$ 2,402,040	\$ 72,061	\$ 268,330	\$ 196,269
63201	\$ 516,338	\$ 15,490	\$ -	\$ (15,490)
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
<b>Fund Type Total</b>	<b>\$ 2,918,378</b>	<b>\$ 87,551</b>	<b>\$ 268,330.00</b>	<b>\$ 180,779</b>

**JUSTIFICATION FOR REQUEST:**

The purpose of this request is to budget fund balance of a fund that was created solely for the purpose of the Modernization project for the SOS Knowledge Base program in Biennium 21-23. Money was certified into this two-type fund pursuant the NC General Assembly Joint Conference Committee Report on the Current Operations Appropriations Act of 2021 (F165-297 Database Upgrade) for the purpose of expending on project expenditures in order to update the Secretary of State's in house knowledge base system used to support the ongoing business and collection of data throughout the office. All project expenditures have been obligated for the purpose of the KB5 Modernization and no additional funding has been certified and/or budgeted for the fiscal year. Therefore, fund balance is being budgeted into obligated expenditure lines.

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

**1. Department**

Secretary of State

**2. Fiscal Year**

FY 24

**3. Date**

5/15/2024

**4. Budget Revision #**

12-0020

**5. Budget Code**

23200, 63201

**6. Certified Requirements**

\$2,918,378.00

**7. 3% Deviation Threshold**

\$87,551.00

**8. Amount of the Overexpenditure Request**

\$268,330.00

**9. Amount Over Deviation Threshold**

\$180,779.00

**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.**

**REQUEST TO DEVIATE UNDER G.S. 143C-6-4(b)(3)(b1):**

*(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:** Secretary of State  
**FISCAL YEAR:** FY 24  
**Date:** 15-May-24  
**Budget Revision #:** 12-0014

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
23200	\$ 2,402,040	\$ 72,061	\$ 458,947	\$ 386,886
63201	\$ 516,338	\$ 15,490	\$ -	\$ (15,490)
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
<b>Fund Type Total</b>	<b>\$ 2,918,378</b>	<b>\$ 87,551</b>	<b>\$ 458,947.00</b>	<b>\$ 371,396</b>

**JUSTIFICATION FOR REQUEST:**

The purpose of this request is to budget fund balance of a fund that was created solely for the purpose of the Modernization project for the SOS Knowledge Base program in Biennium 21-23. Money was certified into this two-type fund pursuant the NC General Assembly Joint Conference Committee Report on the Current Operations Appropriations Act of 2021 (F165-297 Database Upgrade) for the purpose of expending on project expenditures in order to update the Secretary of State's in house knowledge base system used to support the ongoing business and collection of data throughout the office. All project expenditures have been obligated for the purpose of the KB5 Modernization and no additional funding has been certified and/or budgeted for the fiscal year. Therefore, fund balance is being budgeted into obligated expenditure lines.

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

**1. Department**

Secretary of State

**2. Fiscal Year**

FY 24

**3. Date**

5/15/2024

**4. Budget Revision #**

12-0014

**5. Budget Code**

23200, 63201

**6. Certified Requirements**

\$2,918,378.00

**7. 3% Deviation Threshold**

\$87,551.00

**8. Amount of the Overexpenditure Request**

\$458,947.00

**9. Amount Over Deviation Threshold**

\$371,396.00

**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.**