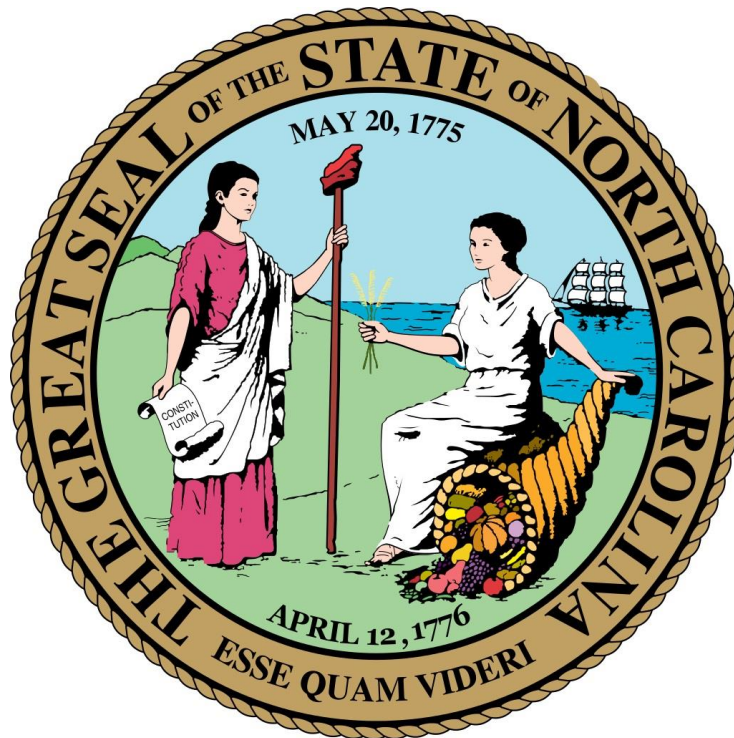


Status Report

State Budget Transparency Efforts

June 2018



Prepared by:

*Office of State Budget and Management, in consultation
with the Department of Information Technology*

INTRODUCTION

Section 37.2.(d) of Session Law 2017-57 requires the Office of State Budget Management (OSBM) in coordination with the Department of Information Technology (DIT), to submit a quarterly report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the progress of the budget transparency internet website development and implementation. This report covers activity from September 1, 2017 through June 30, 2018. For information on activity prior to that time period, please refer to the September 1, 2017, report previously submitted by DIT and OSBM (Attachment A).

BACKGROUND

Section 7.17 of Session Law 2015-241 directed the State CIO to establish a State budget transparency website to provide budget and expenditures for each State agency for each fiscal year beginning 2015-16 in coordination with the State Controller and OSBM. Additionally, the legislation directed the State CIO to coordinate with counties, and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective websites and to provide the data to the Local Government Commission (LGC) to be published, in a standardized format, on the State Budget Transparency website.

The law also required that the budget transparency website (1) be fully functional by April 1, 2016; (2) be user-friendly, searchable, and downloadable; (3) include budgeted amount and actual expenditures for each State agency or local entity budget code; and (4) include receipts and expenditures to and from all sources, including monthly vendor payments updated monthly. The General Assembly appropriated \$814,000 to the Office of State Budget and Management for FY 2015-16 and \$1,000,000 from the Information Technology Reserve Fund in FY 2017-2019 to fully implement the government transparency initiative to include the collection of all financial information from all State government agencies, public universities, community colleges, counties, and local school administrative units with the option for full local government participation.

STATUS OF IMPLEMENTATION

The following report views were added to the NC OpenBudget site:

- The *Statewide and Agency Contracts* report provides data on State contacts by Agency, category, commodity, vendor, bid number, bid title and amount details, including top 10 vendor award groupings. The reports allow a user to filter by fiscal year, agency, category and commodity class. The data includes information available in the NC Interactive Purchasing System (IPS) system.
- The *Statewide IT Contracts* report provides data on State Information Technology (IT) contacts by Agency, category, commodity, vendor and payments, including top 10 vendor award groupings. The reports allow a user to filter by fiscal year, agency, category and commodity class. The data includes Contract Award information available in the Department of Information Technology Purchases and Contract (SharePoint) system.
- *Transportation Contracts* report provides data on State transportation contracts by category, commodity, vendor and top 10 vendor award and vendor total amount groupings. The data includes information compiled in the NCDOT purchase and contract system.

In addition, the following data updates and enhancements were implemented or are underway:

- Grants data feeds were updated to replace CRIS and NCGRANTS feeds with DOT EBS-GMS system (Enterprise Business Services – Grants Management System). This enabled the legacy CRIS and NC OpenBook sites to be slated for retirement.
- Historically Underutilized Businesses (HUB) Vendor Certification data was incorporated to enable HUB vendor payment spend reporting capability for the Department of Administration's Office of HUB.
- The *State Vendor Payments* Report will be expanded to include all fund types for all Agencies during the 2018 calendar year.

BUDGET STATUS

OSBM was appropriated \$814,000 in FY15-16 and DIT was appropriated an additional \$1,000,000 in FY17-18 to develop and implement the budget transparency website. The table below provides a summary of budget and expenditures to date for the project by fiscal year and source.

Total Budget and Expenditures by Fiscal Year and Source							
Source	Expenditure Category	Budget	FY15-16	FY16-17	FY17-18	Balance	
OSBM	DIT GDAC	\$ 550,000	\$ 550,000	\$ -	\$ -	\$ -	
	DIT Project Mgmt Svcs	\$ 264,000	\$ 50,160	\$ 122,751	\$ 14,978	\$ 76,111	
	Subtotal	\$ 814,000	\$ 600,160	\$ 122,751	\$ 14,978	\$ 76,111	
DIT	DIT GDAC	\$ 825,000	\$ -	\$ -	\$ 44,100	\$ 780,900	
	DIT Project Mgmt Svcs	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000	
	Subtotal	\$ 1,000,000	\$ -	\$ -	\$ 44,100	\$ 955,900	
Total	DIT GDAC	\$ 1,375,000	\$ 550,000	\$ -	\$ 44,100	\$ 780,900	
	DIT Project Mgmt Svcs	\$ 439,000	\$ 50,160	\$ 122,751	\$ 14,978	\$ 251,111	
	Subtotal	\$ 1,814,000	\$ 600,160	\$ 122,751	\$ 59,078	\$ 1,032,011	

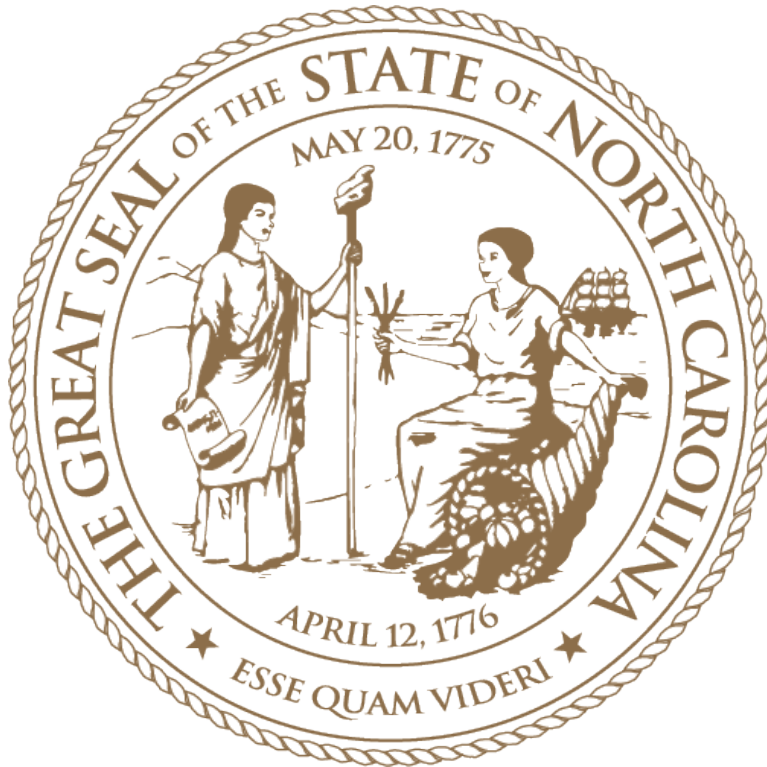
FUTURE IMPLEMENTATION PLANS

The inclusion of additional data systems and the transformation of financial data in to a user-friendly output will continue as a phased implementation. GDAC is expanding the team to support the outreach, data analysis and transformation of financial data from these systems.

The challenge with each new data source is to understand each data system, how the data is collected and quality issues. Careful consideration will be made to ensure protected data (e.g. HIPAA, FERPA, PII, etc.) has been redacted appropriately.

The DIT GDAC team is restructuring to support a multi-tiered approach to identify the data, apply integration rules where appropriate, and make it easily consumable and transparent. The GDAC Financial Transparency team will be dedicated to support the development of a public portal that accurately depicts the budget and expenditures for all funds and all State Agencies, public universities, community colleges, counties, and local school administrative units.

N.C. Department of Information Technology State Budget Transparency Efforts



Report to the Joint Legislative Oversight Committee on Information Technology

Eric Boyette
State Chief Information Officer
N.C. Department of Information Technology
September 1, 2017

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INTRODUCTION

Section 37.2.(a) of Session Law 2017-57 requires the State Chief Information Officer (State CIO) to report to the Joint Legislative Oversight Committee on Information Technology about the status of efforts to effectuate State budget transparency websites as originally required by Section 7.17 of S.L. 2015-241. According to S.L. 2017-57, this report must include an explanation of coordination with county governments and local education agencies and account for the use of \$814,000 appropriated in Fiscal Year 2015-16 for implementation of the mandated transparency requirements.

This report will provide the Committee with an update on work of the Department of Information Technology and Office of State Budget Management (OSBM) to execute on this important transparency initiative. Additionally, it will outline the status of the delivery as of August 30, 2017, and some of the detailed reports and views that are publicly available on the budget transparency website.

BACKGROUND

Section 7.17 of Session Law 2015-241 directed the State CIO to establish a State budget transparency website to provide budget expenditures for each State agency for each fiscal year beginning 2015-16 in coordination with the State Controller and OSBM. Additionally, the legislation directed the State CIO to coordinate with counties, cities, and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective websites and to provide the data to the Local Government Commission (LGC) to be published, in a standardized format, on the State Budget Transparency website.

The law also required that the Budget Transparency website (1) be fully functional by April 1, 2016; (2) be user-friendly, searchable, and downloadable; (3) include budgeted amount by State agency or local entity budget code; and (4) include receipts and expenditures to and from all sources, including monthly vendor payments. The General Assembly appropriated \$814,000 to the Office of State Budget and Management for FY 2015-16 to implement the provisions of this section.

STATUS OF TRANSPARENCY EFFORTS

To meet the objectives defined by legislation, the Department of Information Technology's Government Data Analytics Center (GDAC) and Digital Services team partnered with OSBM to deliver the budget transparency initiative. Digital Services provided a modern web site platform

that delivers a consistent brand and easy-to-use interface on its Digital Commons platform. The GDAC provided data integration and data quality validation services, as well as reporting and data visualization capabilities.

DIT developed an implementation plan that prioritized and balanced the schedule constraints, resource limitation, and data availability by initially focusing on State financial transparency. The project team met with external partners, including the Local Government Commission and the Department of Public Instruction (DPI), to determine data availability, ascertain challenges to incorporating local data, and to identify options for meeting the requirements of the statute in the short term. The project team determined that the best short-term solution was to ensure that the State's budget transparency website linked to the Local Government Commission's financial analysis tools available on the Department of the State Treasurer's website and to financial reports on Local Education Agencies' expenditures on the Department of Public Instruction's website.

The approach recognized the need to comply with confidentiality and privacy laws, such as the health information privacy requirements under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) through data cleansing techniques. For example, DIT replaced names with "Benefit Recipient" for individuals receiving payments from accounts associated with medical or other benefit assistance payments. The approach also included agency interaction and sign-off to validate rules and proper display of information.

DIT is also leveraging the budget transparency foundation and data integration efforts to support Historically Underutilized Business (HUB) reporting, Hurricane Matthew recovery efforts, direct pay analysis, as well as several other use cases. The State's budget transparency initiative must accommodate current and future use cases to demonstrate transparency to leadership and citizens.

PHASED IMPLEMENTATION

The State defined a phased implementation plan that was iterative and focused on developing a strong foundation while providing the ability to integrate additional data sources that become available. The planning phase of the initiative identified the available data assets, critical success factors, and resources. The focus of the first phase of implementation was to integrate the State's data assets and linking the already rich information published through the Local Government Commission financial analysis online tools. This implementation method

supported the development of a strong foundation and allowed us to deliver the budget transparency website by April 1, 2016.¹

To date, the State has delivered four releases focused on State budget and spending, Governor's 2016-2017 proposed budget, grants, and vendor payments. DIT will add additional reports and views during the fall 2017 implementation, including State contracts and additional Department of Transportation contracts and vendor payment information. This will allow the State to sunset the NCOpenBook site and consolidate transparency sites into one website that is easier for citizens to navigate.

With the FY 2017-18 appropriation to further support the development of the budget transparency, DIT and OSBM will develop a plan to support the budget transparency initiative with the identified local partners by the end of September 2017.

IMPLEMENTED REPORT VIEWS

The State budget and spending report provides a series of views of the North Carolina Accounting System (NCAS) and the Integrated Budget Information System (IBIS). The *Committee* report view provides data on Statewide spending sorted by General Assembly Appropriations Committee structure, which represents the major budget areas of State Government. The view provides a snapshot of either the budget or actual expenditures for a single fiscal year. Budget and actual data reflects total expenditures from both appropriated and receipt-based sources.

The *Agency* report view provides data on Statewide spending sorted by agency within a particular Committee. The view provides a snapshot of either the budget or actual expenditures for a single fiscal year, based on the selections made on the Committee view. Budget and actual data reflects total expenditures from both appropriated and receipt-based sources.

The *Budget Code* report view provides data on Statewide spending sorted by budget code within a particular agency. The view provides a snapshot of either the budget or actual expenditures for a single fiscal year, based on the selections made on the Committee view. Budget and actual data reflects total expenditures from both appropriated and receipt-based sources.

¹ See <http://openbudget.nc.gov>.

The *Fund Code* report view provides data on Statewide spending sorted by fund code within a particular agency budget code. The view provides a snapshot of either the budget or actual expenditures for a single fiscal year, based on the selections made on the Committee view. Budget and actual data reflects total expenditures from both appropriated and receipt-based sources.

The *Account* report view provides data on Statewide spending by major category of spending for a particular fund code. The table at the bottom of the report also displays the detailed account within each spending category. The view provides a snapshot of either the budget or actual expenditures for a single fiscal year, based on the selections made on the Committee view. Budget and actual data reflects total expenditures from both appropriated and receipt-based sources.

The *State Grants* report view provides data on state financial assistance awards and payments to non-state entities. Financial assistance includes grants, cooperative agreements, non-cash contributions, food commodities or direct appropriations. It does not include student financial aid recipients, individuals receiving public assistance (Medicaid, SNAP, etc.), or local government entities within North Carolina. Data included in this view is sourced from North Carolina's Online Grant Reporting and Information Resource (NCGrants) and Community Resource Information System (CRIS).

The State Vendor Payments Report provides data on state payments to vendors and recipients for operational costs (e.g. contracted services, supplies, property, equipment, etc.) and public aid (e.g. grants to local governments and nonprofits). The reports allow you to filter vendor payments by agency or by vendor. The data only includes payments that are processed through the North Carolina Accounting System (NCAS). For certain programs and accounts, vendor names have been replaced with descriptive terms to minimize risk of exposing information that may be protected by privacy laws. For example, individuals receiving public assistance payments are shown as "benefit recipient" and recipients of legal settlements are shown as "legal settlement recipient." This initial release includes vendor payments distributed by the general fund. The Department of Information Technology is displaying vendor payments from all fund types and we are currently planning expanding this transparency for all agencies.

FY15-16 APPROPRIATION

The State allocated \$814,000 in FY 15-16 to develop and implement the budget transparency website. Funds distributed to the GDAC were to engage a technology partner to assist with data integration and development of the data visualizations. Project management funds were used

to support project management activities and oversight through the DIT Project Management Office. The other DIT services funds were budgeted to construct the budget transparency website and integrate the data visualizations on a modern web platform through the Digital Commons service. DIT was able to deliver the current capabilities for the website technology and services at no cost to the project.

Expenditure Category	Budget Estimate	FY 2016	FY 2017	Total	Balance
DIT GDAC	\$ 550,000	\$ 550,000		\$ 550,000	
DIT Project Management Services	\$ 95,000	\$ 50,160	\$ 122,751	\$ 172,911	\$ (77,911) ²
Other DIT Services and Contingency	\$ 169,000				\$ 169,999
Total	\$ 814,000	\$ 600,160	\$ 122,751	\$ 722,911	91,089

² Additional project management invoices will follow; this balance will decrease accordingly.