

State of North Carolina



BEVERLY EAVES PERDUE
GOVERNOR

EXECUTIVE ORDER NO. 3

ON-SITE AND STATE-STATE PERFORMANCE MANAGEMENT AND ACCOUNTABILITY

WHEREAS, the citizens of North Carolina deserve excellent results from government programs and services; and

WHEREAS, the State should maximize efficiency and effectiveness when spending taxpayer dollars; and

WHEREAS, improving program and management performance requires commonly understood goals, clear measurement of the goals, and transparent reporting of progress; and

WHEREAS, G.S. §143B-10(h) requires departments to submit a plan of work that will serve as a base for development of budgets; and

WHEREAS, G.S. §143C requires the executive branch and grantees to report on program efficiency and effectiveness;

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, **IT IS ORDERED**.

The State of North Carolina shall establish a comprehensive performance and budget system that incorporates performance management and accountability techniques that include strategic planning, improvement of management functions, and a formal program review and accountability program. This system shall be developed following a review of best practices in other states and may include, but not be limited to, the following:

Section 1. Strategic Planning

Each department shall develop a strategic planning process and continually update a strategic plan in compliance with guidance from the Office of State Budget and Management (OSBM) and the Governor's Policy Office. Departments shall submit their plans annually to OSBM and

the Governor's Policy Office. The plans shall include clear, concise, and focused statements of at least the following:

- (a) The mission of the department.
- (b) The goals of the department.
- (c) The strategies for achieving department goals.
- (d) Measures that demonstrate how well the goals are being achieved.
- (e) A description of the department strategic planning process.

Section 2. Performance Tracking of Management Functions

Departments shall improve the performance of their core management functions, including, but not limited to, the following:

- (a) Financial Management
- (b) Procurement
- (c) Information Technology Management
- (d) Capital Planning
- (e) Human Resources
- (f) Customer Service
- (g) Strategic Planning, Performance Management and Budgeting

OSBM, in consultation with the Governor's Policy Office, shall set measurable goals for these functions.

Section 3. Program Performance

For each division, program, or service area administered in whole or in part by the department, the department shall:

1. Establish annual and long-term goals that support the department's goals and are clear, concise, focused and defined by objectively measurable outcomes,
2. Measure progress toward achievement of their priorities,
3. Efficiently use resources in making that progress,
4. Specify action items for achieving goals and assign a responsible party for each item, including local partners, and
5. Assist the Governor, through OSBM, in making budget recommendations to the General Assembly that are supported by objective performance information.

Section 4. On-site Accountability and Site Visits

- (a) In addition to the other requirements of this Order, selected agency programs and services may be subject to more frequent reporting and review of their goals and measures. A process for measuring, evaluating, and publicizing the progress of selected agency programs and services may be established to:

1. Facilitate and accelerate the achievement of program goals,
 2. Improve coordination and progress towards cross-cutting state goals, and
 3. Identify and remedy management problems or inefficiencies.
- (b) These reviews will take place in accordance with guidelines established by OSBM. Reviews may occur both during unannounced inspections of state facilities and through regular performance reviews with agency heads.
- (c) Reviews of departments and programs will include unannounced on-site inspections conducted by the Governor and by staff of OSBM and/or the Governor's Policy Office. At such inspections, agencies should be prepared to brief the Governor and staff on their implementation of and compliance with this Order and their progress toward their measurable goals and priorities.

Section 5. Scope of Executive Order

The Board of Governors of the University of North Carolina System, the State Board of Community Colleges, State Board of Education, the Administrative Office of the Courts, and each of the heads of the Council of State agencies are encouraged and invited to participate in this Executive Order.

Section 6. Effect, Implementation and Duration

This Order supersedes any previously issued order on the subject matter contained herein, is effective immediately, and remains in effect until rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twelfth day of January in the year of our Lord two thousand and nine, and of the Independence of the United States of America the two hundred and thirty-third.

Beverly Eaves Perdue
Governor

ATTEST:

Elaine F. Marshall
Secretary of State