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Joe M. Allbaugh, Director Oklahoma Department of Corrections	Signature on File		

Budgeting Procedures

A budget is a formalized plan to allocate available resources over a fiscal year. The fiscal year begins July 1 and ends the following June 30. This involves the planned utilization of available funds to procure personnel (FTE), services, and goods to be used in the

accomplishment of assigned responsibilities, programs, goals, and objectives. (2-CO-1B-02, 4-APPFS-3D-21)

I. Budget Cycle

The budget cycle for the agency starts with developing a budget request detailing the financial needs for the next fiscal year. The budget request is then reviewed and analyzed by the Office of Management and Enterprise Services (OMES) in light of overall state responsibilities, programs, goals, objectives, and total funds available. The Governor's recommended budget is then developed and presented to the state legislature, which appropriates funds to the agency and other state agencies. Based on funds appropriated by the legislature plus other available funds, the agency develops a budget work program for planned expenditures in major categories during the ensuing fiscal year. The budget work program is submitted to OMES for their review and approval.

Once approved, the budget work program serves as the basis for the allotment of funds. The final phase of the cycle is the continuing review of actual expenditures against the budget work program and preparation, review, and approval of budget work program revisions. (2-CO-1B-01, 4-APPFS-3D-21, 4-APPFS-3D-23)

II. Budget Work Program Standards

The standards to be used for preparation of the budget work program are as follows:

A. Compliance with Instructions

Managers will comply with the policies, procedures, and instructions of the next higher authority. (4-4028, 4-APPFS-3D-22)

B. Staff Participation

Managers will involve staff at all levels in the preparation of their budget. (4-4028)

C. Budget Work Program Presentations

Managers will present their budgets to the next higher level of management to request funds to maintain their units' daily operations, for additional staff, for capital outlay items, and to fund long-range objectives and program development. (2-CO-1B-03, 4-4029, 4-ACRS-2A-03, 4-ACRS-7D-18, 4-ACRS-7D-19, 4-APPFS-3D-22, 4-APPFS-3D-23)

D. Goals and Objectives

Managers will incorporate planning, budgeting, and program management and ensure all are interrelated and linked with goals and objectives of the facility and the agency. (4-ACRS-7D-20, 4-APPFS-3D-21)

E. Community Services

Managers will request funds for purchasing community services to supplement or replace existing programs when community services are more cost effective for the same or a higher level of service. (4-4039, 4-ACRS-7D-26)

F. Position Control

The position budgeting report maintained by the central Human Resources Unit is the agency's position control for FTE. Budget work programs will correspond to the funded positions within the position budgeting report. (2-CO-1C-06, 4-4040, 4-4050, 4-ACRS-2A-03, 4-ACRS-7D-27)

G. Equipment and Space

During each budget cycle, managers will systematically review equipment needs and evaluate space requirements for their staff. Results of these reviews are to become an integral part of the budget work program.

H. Justifications

The agency director is responsible for the agency's budget work program and can only support those items, which are related to statutory requirements, goals, and objectives of the agency. (2-CO-1B-02) Therefore, managers will include adequate justification in their budget work program narrative and presentations that relate to their requirements.

I. Limitations

The agency operates under a budget authorized by law. This authorization often includes limitations on the number of FTE, professional services expenditures, personal services expenditures, federal fund expenditures, equipment expenditures, lease purchase expenditures, revolving fund expenditures, and revenues appropriated to the agency. (2-CO-1B-01)

III. Budget Requests

The budget request is the agency's detailed outline of estimated needs to accomplish assigned responsibilities during the ensuing fiscal year (62 O.S. §34.36). Each year prior to the deadline for the budget request submission, the Office of Management and Enterprise Services (OMES) issues detailed instructions and forms to all state agencies for the preparation of agency budget requests for the next fiscal year. The request must be submitted to OMES by October 1 (62 O.S. §34.36). This request covers the subsequent fiscal year which ends almost two years in the future. As such, it is recognized that it can only be an estimate; however, it should be an "educated and studied best estimate" based on agency responsibilities.

A. Preparation of Agency Request

Finance and Accounting will prepare an agency operating budget request based on a plan approved by the agency director, which includes input from the division managers and other division heads. The chief of Business Services will prepare a agency capital outlay budget request, which includes input from the division managers and other division heads in accordance with state law and [P-150500](#) entitled "Eight Year, System-wide Capital Improvement Program."

B. Agency Director's Approval

Upon review by the director of Business Services, the agency budget request will be submitted to the agency director for approval.

C. Board Approval

The agency budget request will be presented to the Board of Corrections (BOC) for their approval annually.

D. Submission to Office of Management and Enterprise Services

The agency budget request will be submitted to OMES after it has received approval by the Board. The statutory deadline for all agency budget requests is October 1 of each year.

IV. Budget Work Program

Budget work program preparation starts with the development of detailed plans to expend monies that have been appropriated or are available in agency revolving funds for the operation of the agency during the next fiscal year. The Department of Corrections (ODOC) is required to set forth plans for expenditure of available funds in a budget work program (62 O.S. § 34.42).

OMES provides each agency with budget work program formats and detailed instructions shortly after the governor has completed action on appropriation bills. Agency budget work programs must be approved by OMES prior to acceptance of the agency allotment request, encumbrance documents, or claims against the funds available for that fiscal year operations. (4-4032)

A. Agency Instructions

The chief financial officer will forward detailed budget work program instructions that have been reviewed by the director of Business Services and approved by the agency director and the director of Business Services to each unit for the preparation and submission of their budget work programs.

B. Facility, District and Unit Level Preparation and Submission (4-4029, 4-

ACRS-7D-18)

1. Each facility, district and unit of the agency will prepare a budget work program in accordance with the instructions issued by the chief financial officer, supplemental instructions issued by the division managers, and Section I. of this procedure.
2. Each facility, district, and unit will submit a budget work program directly to the next higher management level by the date specified.

C. Division Level Preparation and Submission

1. Each regional director/director of Probation and Parole Services/division head will review budget work programs from their facility, district, and units and prepare a regional budget work program. The review will be in accordance with instructions issued by the chief financial officer and this procedure.
2. Each director/regional director/division head will submit their budget work program directly to the next higher management level by the date specified.

D. Review by Director

1. The agency director or designee will review budget work programs from divisions and units reporting directly to him. The review will be in accordance with this procedure.
2. After review, the budget work program will be forwarded to Finance and Accounting.

E. Preparation of Agency Budget Work Program

Finance and Accounting will prepare an agency operating budget work program based on the region, division, facility, district, and unit budget work programs reviewed by the director of Business Services and approved by the agency director. Modifications will normally be necessary to bring the agency budget work program within the statutory limits established by the legislature. These modifications will be made in accordance with the agency director's priorities.

F. Capital Outlay Budget Preparation

The director of Business Services will prepare an agency capital outlay budget work program based on the region, division, facility, district and unit budget work programs approved by the agency director.

Modifications will normally be necessary to bring the agency capital outlay budget work program within the statutory limits established by the legislature.

These modifications will be made in accordance with the agency director's priorities.

G. Submission to the Office of Management and Enterprise Services (OMES)

Upon completion, the agency budget work program will be submitted to OMES.

H. Distribution of Budget Work Programs

The chief financial officer will forward a copy of each unit's approved budget work program to the appropriate unit head.

V. Request to Allot

Funds (e.g., general revenue, special, revolving, federal, etc.) that are deposited with the State Treasurer are not available for contractual or expenditure purposes until they have been requested in writing by the agency when the request is made to allot a budget work program (BWP). The director of the Office of Management and Enterprise Services must approve this request before funds are made available to the agency (62O.S. Sections 34.42, 34.51). The allotment is a budgetary control over the obligation and expenditure of funds. The approved request to allot creates "available budget" in the accounting system, and is the agency's authorization to encumber and expend funds. The request to allot is based on the agency's budget work program.

Cash to satisfy an appropriation of general revenue funds will be allocated to an agency on a monthly basis, normally at the rate of approximately 1/12th of the total annual appropriation (Oklahoma Constitution, Article X, Section 23). Should general revenue cash collections fail to meet the monthly cash requirements, each agency's monthly allocation will be reduced according to the ratio of the agency's appropriation to total appropriations.

Regardless of fund type, allotment must be sufficient to cover encumbrances, and cash must be sufficient to cover expenditures. Thus, both cash and allotment are required to expend funds.

A. Request to Allot

The chief financial officer will prepare and submit the request to allot for the agency based on the budget work program. The request to allot will be prepared and submitted in accordance with instructions from OMES.

B. General Revenue and Special Fund Cash Allocations

Upon notification of cash allocation from OMES, the chief financial officer will allocate the cash by fund among the various units of the agency as approved by the director after recommendation by the director of Business Services.

VI. Budget Work Program Revisions (2-CO-1B-04, 4-4030, 4-APPFS-3D-21)

State statutes and agency procedures recognize that there will be occasions when adjustment of funds between accounts, line items of an appropriation, account (object) codes, or cost centers will be required to maintain maximum efficiency and effectiveness.

A. External Budget Work Program Revision

1. External revisions require approval from sources external to the agency. External revisions are used to move monies from one fund and account to another. For example, moving general revenue operating funds from one institution to another requires an external transfer.
2. External revisions are subject to the 62 O.S. § 34.52. Transfers into or out of a particular fund and account are limited to certain percentages of the amount originally budgeted in that class funding. Transfers of up to 25 percent of the originally budgeted amount may be approved by the director of the Office of Management and Enterprise Services subject to a 12 calendar day review period by a joint legislative committee. The Contingency Review Board may approve transfers in excess of 25 percent, but not exceeding 40 percent of the originally budgeted amount. In accordance with OMES procedures, neither the director of the Office of Management and Enterprise Services nor the Contingency Review Board will approve transfers after June 10 of the fiscal year to which the transfer relates. Transfers of funds will be made so that the annual allotment for the fund and account as a whole does not change after all adjustments are made.
3. External budget work program revisions will normally be originated by a division head. The chief financial officer will prepare the revision and with approval of the director submit it to OMES in accordance with instructions issued by OMES.
4. After approval of external budget work program revisions, the chief financial officer will notify affected units of the detailed changes in their budget work program.

B. Internal Budget Work Program Revisions

1. Internal revisions may be approved within the agency. Examples of this type of revision include moving funds from one account code to another within a fund/account and sub-activity or from one institutional cost center to another cost center within the same class funding and agency. Generally, if the fund/account numbers and sub-activity do not change, it is an internal revision.

2. Internal budget work program revisions are revisions that involve the transfer of funds within the fund/account and sub-activity group. They do not change the overall funding, and do not need approval from OMES. This type of revision will originate from the unit head and will be approved by the regional director or administrator responsible for the unit, the chief financial officer, and the director of Business Services.
3. Internal budget work program revisions will include only the following types of revisions within a sub-activity:
 - a. Transfer from one account (object) code to another account (object) code within a unit/cost center (e.g., from Account (Object) Code 34 (food) to Account (Object) Code 33 (laundry supplies)).
 - b. Changes within different agency departments within the same activity.

VII. References

Policy Statement No. P-120100 entitled "Management of State Funds and Assets"

Policy Statement No. P-150500 entitled "Eight Year, System-wide Capital Improvement Program"

Procedures Manual, Office of State Finance, August 2014

62 O.S. § 34.36, 34.42, 34.51 and 34.52

62 O.S. § 45.1 et. seq. (Oklahoma Program Performance and Accountability Act)

Oklahoma Constitution, Article X Section 1 and Section 23

<http://www.ok.gov/OSF/Budget/index.html>

VIII. Action

The division head is responsible for compliance with this procedure.

The director of Business Services is responsible for the annual review and revisions.

Any exceptions to this procedure will require prior written approval from the agency director.

This procedure is effective as indicated.

Replaced: Operations Memorandum No. OP-120102 entitled "Budgeting

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