



<b>SUBJECT:</b> <b>Program Budget Allocation Control and Revisions</b>	PAGE <u>  1  </u> OF <u>  5  </u>
	NUMBER: <b>23-BUD-06</b>
<b>RULE/CODE REFERENCE:</b> ORC 5120.09	<b>SUPERSEDES:</b> 23-BUD-06 dated 02/16/10
<b>RELATED ACA STANDARDS:</b> 4-4025, 4-4028, 4-4030; 2-CO-1B-04; 2-CTA-1B-01, 1B-03; 4-APPFS-3D-21, 3D-22, 4-APPFS-3D-24; 2-1029 to 2-1033	<b>EFFECTIVE DATE:</b> <b>January 19, 2017</b>
	<b>APPROVED:</b> 

**I. AUTHORITY**

This policy is issued in compliance with Ohio Revised Code 5120.01 which delegates to the Director of the Department of Rehabilitation and Correction the authority to manage and direct the total operations of the Department and to establish such rules and regulations as the Director prescribes.

**II. PURPOSE**

The purpose of this policy is to establish responsibility, procedures, and documentation for the budget allocations and to provide a rationale for making allocation revisions. The primary objective is to provide the highest possible level of service to Ohio citizens without adversely affecting the Ohio Department of Rehabilitation and Correction's (DRC's) financial condition. This requires a periodic and systematic report of program allocations and expenditures in order to evaluate current program objectives, as well as to provide a framework to allow for budget appropriation revisions at all levels.

**III. APPLICABILITY**

This policy applies to all staff involved in the budget process and all business offices within the Ohio Department of Rehabilitation and Correction (DRC).

**IV. DEFINITIONS**

**Allocations** - The DRC's detailed, internal plan for spending at the program level.

**Appropriations** - The final legal basis of state spending authority, as set by the Ohio General Assembly or Controlling Board.

**Equipment** - Defined by the Office of Budget and Management as meeting criteria to qualify as a '530' account code expenditure. If the per unit cost of an item is \$1,000 or more, it shall be coded as equipment.

**Program Administrator** - The individuals responsible for managing a budget which is necessary for the delivery of a programmed service which may include managing directors, regional directors, deputy directors and bureau chiefs. For the purpose of this policy, the institution's regional director is the Program Administrator that will represent their institutions during budget development.

## V. **POLICY**

It is the policy of the Ohio Department of Rehabilitation and Correction (DRC) that the program budget allocation process supports the program objectives through an integration of planning and budgeting in accordance with the Office of Budget and Management. Managing officers should have maximum flexibility within principles of sound fiscal management to dispense resources necessary to meet program objectives.

## VI. **PROCEDURES**

### A. **Responsibility**

1. The Ohio Revised Code, section 5120.09, designates the Division of Business Administration as having the responsibility for initiating and overseeing the allocation of the DRC's budget appropriations. The Division of Business Administration chief has the responsibility for establishing the guidelines and submitting a finalized allocation plan for the DRC to the Office of Budget and Management.
2. The budget allocation of the DRC is the approved plan for financing the Institutional Operations, Parole and Community Services, Administration, and Debt Services program series for the fiscal year beginning July 1 of each year. The operating budget allocation is prepared prior to the beginning of each fiscal year and is approved by the Division of Business Administration chief in advance of its implementation.
3. Managing officers have the responsibility to ensure the operating budget allocations are administered in accordance with the final approved program budget request and within the statutory requirements set by the State of Ohio.
4. Managing officers are responsible for the coordination of all budgetary matters involving programs within their respective jurisdictions. Furthermore, each office is charged with the responsibility of ensuring the objectives within the overall mission of the program are accomplished and are realized with the resources provided for that purpose.

### B. **Internal Budget Process**

1. The DRC's internal budget allocation process is conducted during the second half of each fiscal year for the purpose of submitting the budget allocation to the Office of Budget and Management. The process begins with the Division of Business Administration chief's annual budget allocation memorandum which sets forth the general guidelines and procedures.
2. Following receipt of the budget allocation memorandum, managing officers are responsible for preparing a budget allocation request for submission to the Division of

Business Administration chief. Managing officers may meet with the Division of Business Administration to discuss their budget priorities and changes to operations.

**C. The Allocations Request**

1. Allocations are finalized based on historical spending, priorities and anticipated changes to operations along with available appropriations.
2. Equipment requests with budget amounts must be itemized by appropriation line item and program with detailed justification provided at submission. Budget equipment requests shall be summarized and sent to the program administrator for review and approval. Those items submitted during the annual budget allocation process and approved via email or signed off by the Program Administrator shall be added to the institution's equipment budget line.
3. Adjustments may be made at this time to bring the budget allocation requests into alignment with the DRC's budget appropriation.
4. Upon approval by the Division of Business Administration chief, the approved budget allocation for all programs shall be submitted to the Office of Budget and Management in the form of the allotment budget journal.

**D. Departmental Records**

Each department's business office shall develop and maintain financial procedures that will facilitate accurate and effective budgetary control of departmental expenditures. Upon request, the Division of Business Administration shall advise and assist departments in compiling acceptable departmental financial records.

**E. Budgetary and Fiscal Control**

1. The budget of each program shall be divided into the following ten (10) account categories:
  - a. Payroll;
  - b. Purchased personal services;
  - c. Supplies and maintenance;
  - d. Equipment;
  - e. Subsidies and shared revenue;
  - f. Goods and services for resale;
  - g. Capital;
  - h. Judgments, settlements, and bonds;
  - i. Debt services; and
  - j. Transfers and non-expense items.
2. The appropriations for each purpose are the maximum amounts that can be expended or obligated for payment during the period covered by the budget. Any amounts not required for current operations cannot be transferred to the subsequent fiscal year.

Allocations are subject to independent budgetary control and any balance in one allocation may be transferred to another account category if justification for the additional allocation is warranted and is subject to approval by the Office of Budget and Management.

3. The managing officer shall be responsible for the control of expenditures within budget allocations. However, the details of carrying out this responsibility can be delegated.
4. Managing officers are responsible to ensure their operations are administered in accordance with the approved budget appropriation and within the statutory requirements set by the State of Ohio.

**F. Departmental Budget and Expenditure Report**

1. The Division of Business Administration shall provide each managing officer with a detailed Departmental Budget and Expenditure Report as requested.
2. The Department Budget and Expenditure Report consists of three-sections; (1) program allocation and expenditure information, (2) program personnel status information, and (3) budget analysis information.

**G. Budget Allocation Revisions**

1. Managing officers have the authority to submit budget allocation revisions within each program. The budget allocation is flexible, in that once approved, it can be modified to fit the changes necessary to comply with unanticipated expenditures. Budget allocation revisions fall into one of the following two categories and require approval as indicated:
  - a. Budget Allocation Transfer: The movement or redistribution of funds available to a managing officer.
  - b. Budget Allocation Adjustment: A request for additional budget allocations by a managing officer based upon changed circumstances.
2. The Budget Adjustment Request (BAR) Form (DRC2303) shall be used to request budget allocation transfers or revisions for all institutions. Examples of budget revisions that require the appropriate use of the Budget Revision Form (DRC2303) are as follows:
  - a. Transfer from one account category to another account category to cover necessary expenditures not anticipated at the time of the original budget allocation and is subject to approval by the Office of Budget and Management.
  - b. Request for establishment of a budget for a new activity.
  - c. Request for additional funds due to urgent needs not apparent at the time of the original budget allocation.

3. The Budget Adjustment Request (BAR) form (DRC2303) is designed to facilitate revision of the financial database budget system. Budget allocation revisions shall be submitted by fund, appropriation line item, program, account category, department, and fiscal year. Justification for the request shall clearly define the purpose of the revision and detailed justification on new equipment requests must be included on the BAR request. The form shall be completed and distributed as follows:
  - a. Institutions: Requests for budget revisions shall be signed by the originator and forwarded to the managing officer/designee for review and approval. For BARs that include a new equipment request not included on the fiscal year budget submission, approval either via signature or via email of the program administrator must be attached to the BAR. In cases of urgency, an email containing the information may be sent to the authorized address; however, should be followed up with the approved BAR as soon as possible.
  - b. Operations Support Center/Adult Parole Authority Regions: Requests for budget revisions shall be submitted via email to the email address listed above to include all areas on the BAR: Fund, ALI, Program, Account, Fiscal Year and as many details in the justification as possible. These emailed BARs are subject to approval by Program Administrators at OSC or the APA but not required prior to submission.
  - c. The only authorized submission format is via email to [DRC.BAR@odrc.state.oh.us](mailto:DRC.BAR@odrc.state.oh.us) . If you have not heard a status from OSC Budget Planning and Analysis within three (3) business days, please follow-up via telephone.

**Related Department Forms:**

Budget Adjustment Request (BAR)                      DRC2303