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Budgeting Procedures	ACA Standards: 2-CO-1B-01, 2-CO-1B-02, 2-CO-1B-03, 2-CO-1B-04, 2-CO-1C-06, 5-ACI-1B-05, 5-ACI-1B-06, 5-ACI-1B-08, 5-ACI-1B-15, 5-ACI-1B-16, 5-ACI-1C-03, 4-ACRS-2A-03, 4-ACRS-7D-18, 4-ACRS-7D-20, 4-ACRS-7D-26, 4-ACRS-7D-27, 4-APPFS-3D-12, 4-APPFS-3D-13, 4-APPFS-3D-21, 4-APPFS-3D-24		
Scott Crow, 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 plan involves the anticipated utilization of available funds to procure full-time employees (FTE), services, and goods to be used to accomplish assigned responsibilities, programs, goals, and objectives. (2-CO-1B-02, 5-ACI-1C-03, 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) regarding overall state responsibilities, programs, goals, objectives, and total funds available. OMES then develops the governor's recommended budget and presents it to the state legislature, which appropriates funds to the agency and other state agencies. The agency develops a budget work program for planned expenditures in major categories during the ensuing fiscal year based on the legislature's appropriated funds and additional funds. The agency submits its budget work program to OMES for review and approval. (5-ACI-1B-08)

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 the preparation, review, and approval of budget work program revisions. (2-CO-1B-01, 4-APPFS-3D-21)

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 next higher authority's policies, procedures, and instructions. (5-ACI-1B-04)

B. Staff Participation

Managers will involve staff at all levels in the preparation of their budget. (5-ACI-1B-04)

C. Budget Work Program Presentations

Managers will present their budgets to the next higher-level management to request funds for maintaining their unit's daily operations, additional staff, capital outlay items, long-range objectives, and program development. (2-CO-1B-03, 5-ACI-1B-05, 4-ACRS-2A-03, 4-ACRS-7D-18, 4-APPFS-3D-22)

D. Goals and Objectives

Managers will incorporate planning, budgeting, and program management and ensure all are interrelated and linked with the 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. (5-ACI-1B-15, 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, 5-ACI-1B-16, 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. (4-APPFS-3D-12, 4-APPFS-3D-13)

H. Justifications

The agency director is responsible for the agency's budget work program and can only support those items related to the agency's statutory requirements, goals, and objectives. (2-CO-1B-02) Therefore, managers will include adequate justification in their budget work program narrative and presentations related to their requirements. (4-APPFS-3D-24)

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 for assigned responsibilities to accomplish the next fiscal year. (62 O.S. § 34.36.) Each year before the deadline for the budget request submission, OMES issues

detailed instructions and forms to all state agencies to prepare agency budget requests for the next fiscal year. The agency must submit the request to OMES by October 1. (62 O.S. § 34.36.F.) This request covers the subsequent fiscal year, which ends almost two years in the future. OMES recognizes 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

The chief Financial Officer (CFO), with input from the division managers and other division heads, will prepare an agency operating budget request based on a plan approved by the agency director. (4-APPFS-3D-22) With input from the division managers and other division heads, the CFO will also prepare the agency’s capital outlay budget request per state law and [P-150500](#) entitled “Eight Year, System-wide Capital Improvement Program.”

B. Agency Director’s Approval

After review, the CFO will submit the agency’s budget request to the agency director for approval.

C. Board Approval

After the agency director’s review and approval, the CFO will present the agency’s budget request to the Oklahoma Board of Corrections (OBOC) for approval.

D. Submission to Office of Management and Enterprise Services

After the OBOC approves the agency’s budget request, the agency will submit it to OMES per their instructions and as stated in the Statewide Accounting Manual, Chapter 4: Budgeting. The statutory annual deadline for all agency budget requests is October 1.

IV. Budget Work Program

Budget work program preparation starts with developing 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 Oklahoma Department of Corrections (ODOC) must set forth plans to spend 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. OMES must approve agency budget work programs before accepting the agency allotment request, encumbrance documents, or claims against the funds available for that fiscal year operations. (62 O.S. § 34.51.) (5-ACI-1B-08)

A. Agency Instructions

The CFO will forward detailed budget work program instructions that the agency director has approved to each unit to prepare and submit their budget work programs.

B. Facility, Region and Unit Level Preparation and Submission (5-ACI-1B-05, 4-ACRS-7D-18)

1. Each facility, region, and unit of the agency will prepare a budget work program following the instructions issued by the CFO, supplemental instructions given by the division managers, and Section I. of this procedure.
2. Each facility, region, 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 division/unit head will review budget work programs from their facility, region, and units and prepare a regional budget work program. The review will be per instructions issued by the CFO and this procedure.
2. Each division/unit head will submit their budget work program directly to the next higher management level by the specified date.

D. Review by Director

1. The agency director or designee will review budget work programs from divisions and units reporting directly to the agency director per this procedure.
2. After review, the agency director or designee will forward the budget work program to the CFO.

E. Preparation of Agency Budget Work Program

The CFO will prepare the agency's operating budget work program based on the region, division, facility, region, and unit budget work programs reviewed 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. The CFO will make these modifications per the agency director's priorities.

F. Capital Outlay Budget Preparation

The CFO will prepare the agency's capital outlay budget work program based on the region, division, facility, region, and unit budget work programs approved by the agency director.

Modifications will normally be necessary to bring the agency's capital outlay budget work program within the statutory limits established by the legislature. The CFO will make these modifications per the agency director's priorities.

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

Upon completion, the CFO will submit the agency's budget work program to OMES.

H. Distribution of Budget Work Programs

The CFO 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.) deposited with the State Treasurer are not available for contractual or expenditure purposes until the agency has submitted a written request to allot the budget work program (BWP). The OMES director must approve this request before funds are made available to the agency. (62 O.S. § 34.42. and 62 O.S. § 34.51.) The allotment is a budgetary control over the obligation and expenditure of funds. The approved request to allot creates an "available budget" in the accounting system and is the agency's authorization to encumber and expend funds.

OMES will allocate cash to satisfy an appropriation of general revenue funds to the agency monthly, generally at 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, OMES will reduce each agency's monthly allocation 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 CFO will prepare and submit the request to allot for the agency based on the budget work program per OMES instructions.

B. General Revenue and Special Fund Cash Allocations

Upon notification of cash allocation from OMES, the CFO will allocate the cash by fund among the various units of the agency as approved by the agency director.

VI. Budget Work Program Revisions (2-CO-1B-04, 5-ACI-1B-06, 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, used to move monies from one fund and account to another, require approval from sources external to the agency. For example, moving general revenue operating funds from one institution to another requires an external revision.
2. External revisions are subject to 62 O.S. § 34.52. Transfers into or out of a particular fund and account are limited to specific percentages of the original budgeted amount in that class funding. The OMES director may approve transfers of up to 25 percent of the original budgeted amount subject to a 12-calendar day review period by a joint legislative committee. The Contingency Review Board may approve transfers above 25 percent but not exceeding 40 percent of the originally budgeted amount. Per OMES procedures, neither the OMES director 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 generally originate from a division head. The CFO or an agency-designated request officer will prepare the revision and, with approval of the agency director, submit it to OMES according to instructions issued by OMES.
4. After approval of external budget work program revisions, the CFO or an agency-designated request officer will notify affected units of the detailed changes in their budget work program.

B. Internal Budget Work Program Revisions

1. The agency may approve internal revisions within the agency.

Examples of internal revisions 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, it is an internal revision if the fund/account numbers and sub-activity do not change.

2. Internal budget work program revisions 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. Internal budget work program revisions originate from the unit head, and the affected division head responsible for the unit, and the CFO approves the revisions.
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 P-120100 entitled "Management of State Funds and Assets"

Policy Statement P-150500 entitled "Eight Year, System-wide Capital Improvement Program"

OMES Statewide Accounting Manual, Chapter 4: Budgeting, August 2020

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

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

Oklahoma Constitution, Article X Section 1 and Section 23

<https://oklahoma.gov/omes/services/budget.html>

VIII. Action

The division head is responsible for compliance with this procedure.

The chief Financial Officer 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: OP-120102 entitled "Budgeting Procedures" dated February 9, 2021

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