

Client Agency Policy & Operations Manual

SECTION: 50 Budget Management and Reporting

NUMBER: SCS-50-010

TITLE: Budget Management and Reporting

EFFECTIVE DATE: 7-29-02

APPROVED: Signature on file with the State Controller's Division.

**PURPOSE and/or
RESULTS DESIRED:**

The purpose of this policy is to assure timely development and effective implementation of client agencies' biennial budgets.

AUTHORITY:

[ORS 291.015](#) Fiscal responsibilities of department; delegation of fiscal functions.
[ORS 291.238](#) Expenditures without allotment prohibited; expenditures from dedicated, revolving and trust funds.
[ORS 291.055 – 291.060](#) Agency Fee Restrictions.
[ORS 291.190 – 291.226](#) State budget; budget and tax expenditure reports.
[ORS 291.232 – 291.263](#) Allotments.
[ORS 291.305 – 291.307](#) Acts appropriating money or limiting expenditures.
[OAM 20.10.00.PO](#) Budgetary accounting and reporting.

APPLICABILITY:

Client agencies assigned and/or contracting for accounting, budgeting and financial reporting services with the State Controller's Division, DAS.

DEFINITIONS:

Agency Request Budget – A state agency's budget request identifies the current service level needs and includes the policy packages for consideration. The request is for staff, revenue, and spending authority for the next biennium.

Appropriation – Money the Legislature allocates from the General Fund. The appropriation will name a specific amount of money and a certain purpose.

Expenditure limitation – A spending limit set by the legislature directing state agencies how much money they can spend. Spending of appropriations, revenue, and other funds in excess of the expenditure limitation requires prior approval of the Legislature or Emergency Board.

Governor's Recommended Budget – The budget the Governor proposes for state government including specific programs and an amount of funding for each.

Legislatively Approved Budget – The budget adopted by the legislature. It is subject to amendment by the Legislative Emergency Board and special session of the State Legislature.

ORBITS – The statewide budget system, Oregon Budget Information Tracking System.

POLICY:

The biennial budget cycle consists primarily of preparation and implementation. Both components require accurate forecasting, knowledge of the budget process, and an understanding of the cash flows and spending limits of the client agency. This policy provides guidelines to follow when preparing and implementing a budget plan.

GUIDELINES:

I. Biennial Budget

- A. The State's budget is approved on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. The budget, as adopted by the legislature, may be amended by the Legislative Emergency Board or by special session of the State Legislature.
- B. The client agency head is responsible for ensuring all required budget documents are prepared and submitted in accordance with [ORS Chapter 291](#) and [OAM 20.10.00.PO](#).
- C. The client agency head is responsible for ensuring the legislatively approved budget is effectively executed.

II. Client Agency Budget Development

- A. Budget preparation is a long complex process; adherence to deadlines and timelines is critical. It is the client agency head's responsibility to ensure all reporting requirements and deadlines are met.
- B. Client agency budget development consists of three major cycles. The client agency must submit the appropriate budget documents for each sequence.
 - 1. **Agency Request Budget** lays out the policy and finances for the agency, requesting the Governor to recommend to the Legislature.
 - 2. **Governor's Recommended Budget** reflects the Governor's priorities and policies set forth in statute. Each client agency prepares a Governor's Recommended Budget to show the changes from the requested budget. The Governor's Recommended Budget is the budget the agency will support and present to the legislature.
 - 3. **Legislatively Approved Budget** is adopted by the State Legislature and is in effect for the ensuing biennium.
- C. Preparation for the budget cycle involves the following steps.
 - 1. **Identify program units.** Determine the major program and policy issues for the client agency. It must be decided if the program units from the last budget cycle are appropriate. Proposed program units must be submitted early in the budget process. It is essential that client agency heads consult with DAS Budget and Management Division (BAM) and the Legislative Fiscal Office (LFO) regarding program unit revisions.
 - 2. **Estimate revenues.** Include revenue from General Fund, Lottery Funds, Federal Funds, and Other Funds.
 - i. Fees established or increased administratively must be ratified by the legislature before becoming permanent in accordance with [ORS 291.055](#).
 - ii. Significant changes in expected revenues must be submitted to BAM early in the budget cycle.

3. **Ending balance needs.** Client agencies must ensure an adequate cash reserve to cover cash flow needs and contingencies. It is recommended an agency with stable cash flows have two to three months of cash for operating expenses in reserve. Individual client agencies should consult with BAM to determine ending balance needs.
 4. **Review expenditure categories.** Expenditure categories include personal services, services and supplies, capital outlay, special payments, debt service, capital improvements, IT projects, and nonlimited expenditures.
 5. **Current service level.** CSL is an estimation of how much it would cost to continue current legislatively approved programs into the next biennium. CSL is adjusted for inflation and reductions in services and spending.
- D. Budget documents should be produced at the lowest cost that yields a readable, informative document. DAS TPPS can help with layout and production issues to control costs. Budget documents must use the forms and formats as developed by DAS to ensure uniformity.
 - E. Consult with BAM and/or SCS to determine specific requirements and deadlines for individual client agency budget preparation.

III. Budget Implementation

- A. Client agency head is responsible to develop an allotment plan consistent with the approved budget.
- B. The allotment plan should take into account cash flow patterns (i.e. annual or quarterly government service charges, normal operating expenses, and large one-time expenditures).
- C. Regardless of amount appropriated to the client agency, spending cannot exceed allotment and expenditure limitations. Expenditures in excess of limitations require approval of the Legislative Emergency Board.
- D. Client agency head may be personally liable for expenditures not appropriated in accordance with [ORS 291.238](#).

IV. Resources

- A. Client agency heads and client agency staff involved in budget development and implementation are encouraged to attend related training.
- B. Review of budget documents from previous biennia may be a good resource, especially for new client agency heads and agency staff.
- C. Department of Administrative Services has other resources available to assist in the development and implementation of a budget.
 1. [Budget and Legislative Concept Instructions](#), DAS BAM.
 2. [Biennial ORBITS/PICS User Manual](#), Statewide Audit and Budget Reporting Section, BAM.
 3. [State Government Service Charges and Assessments Biennial Price List](#).
 4. [DAS Price List of Goods and Services](#).
- D. Client agency heads are encouraged to consult with the BAM analyst and SCS staff assigned to the agency with any budgeting concerns or questions.