DEPARTMENT OF CORRECTIONS

Policy Number:	**104.100**
Title:	**Operating Budget**
Effective Date:	**12/5/23**

PURPOSE: To construct spending plans in a timely, consistent manner, in compliance with Minnesota Management and Budget directives.

APPLICABILITY: All department program and budget activity managers.

DEFINITIONS:

Annual operating budget process – the annual spending plan is prepared by financial services staff in compliance with the legislative intent and Minnesota Management and Budget directives. Input from program managers is utilized when appropriate. During the year, the annual spending plan may be modified to more accurately reflect the level of receipts and/or expenditures. Written requests from applicable program managers must be obtained to document the modifications.

Appropriation summary balance report – a document prepared by financial services staff that summarizes transfers between salaries and current expense budgets.

Biennial operating budget process – the biennial budget is prepared on a programmatic basis. The overall responsibility for the request lies with the Commissioner of Corrections, who ensures the request provides adequate resources for department programming, that the budget materials presented are sufficient and in compliance with Minnesota Management and Budget directives, and appropriate personnel participate in the budget process.

Budget activity manager – an employee having substantive responsibility for determining how and when department resources are collected and/or expended.

Budget status report – a document prepared by financial services staff that summarizes the incarceration and pre-release services; community supervision and post-release services; and organizational, regulatory, and administrative services account budget; expenditures; and obligations; and identifies surpluses and/or shortages.

Department monthly budget summary – a narrative document prepared by the department chief financial officer (CFO) highlighting the budget status for all incarceration and pre-release services; community and post-release services; and organizational, regulatory, and administrative services accounts.

Facility budget summary – a set of fiscal reports distributed by facility finance directors consisting of a budget narrative, budget summary, and any other reports required by the CFO. The reports are submitted to the department CFO and facility management teams by the 10th of each month (except for June, July, and August).

PROCEDURES:

A. Biennial operating budget process

1. On receipt of the biennial budget instructions from Minnesota Management and Budget (MMB), the department must coordinate the construction of the biennial budget.

2. Managers and supervisors must participate in the process as requested by the department.

3. The commissioner reviews and approves the budget document and coordinates participation in the budget process by agency personnel.

B. Annual operating budget process

1. On receipt of funding from the legislature and directives from MMB, the department chief financial officer (CFO) must coordinate the construction of the annual spending plan.

2. Designated budget activity managers must provide input on receipts and/or expenditures for the annual spending plan and modifications.

3. Financial services staff must prepare and monitor respective budgets in accordance with the established Facility Account Structure and Definitions (attached).

a) Facility process:

(1) Two to three months prior to the end of the fiscal year, designated financial services staff must review with individual budget activity managers the current status of the budget and the spending requirements for the upcoming fiscal year.

(2) The facility finance director must review the budget needs identified by facility budget activity managers with the facility executive teams and reconcile those needs to the facility's funding level. A signed copy of the final budget approved by the facility warden and/or executive team is maintained in financial services with other budget documentation and is retained per the retention schedule.

(3) The facility finance director or designee must prepare and enter in the state accounting system the expense budget documents for all salary and current expense budgets. Base budgets for the facility equipment and repair project account must remain whole unless central office approves a change.

(4) The facility finance director is responsible for the completion of the facility budget summary. Facility budget summaries are not required for May, June, and July. Completed documents must be submitted to the department CFO and facility management teams by the 10th of each month (except for June, July, and August). Original documents are retained at the facility according to the retention schedule.

b) Central office process:

(1) Two to three months prior to the end of the fiscal year, central office financial services staff must review with individual budget activity managers the current status of budget and spending requirements for the upcoming fiscal year.

(2) The financial services director must review the budget needs identified by budget activity managers with the department's executive management team and reconcile those needs to the agency's overall funding. A signed copy of the final budget approved by the deputy and or assistant

commissioner is maintained in financial services with other budget documentation and is retained per the retention schedule.

(3) Central office financial services staff must prepare and enter the expense budget documents in the state accounting system for all central office salary and current expense budgets.

(4) Central office financial services staff must complete the department budget status report by the 10th of each month (except for June, July, and August). Originals are retained in central office finance unit according to the retention schedule.

(5) The agency CFO and financial services staff must complete the monthly agency budget summary for the commissioner's executive team by the 20th of each month (except for June, July, and August). Originals are retained in central office finance unit according to the retention schedule.

4. Financial services staff must monitor and adjust spending plans during the year to more accurately reflect the level of receipts and/or expenditures. Written requests from applicable program managers must be obtained to document the modifications. Adjustment requests are retained in the appropriate finance department. The budget transfer protocol for the 1000 fund only is as follows:

a) To expedite sound management practices, finance staff may adjust budgets within salary lines 41000-41070, or may adjust current expense budget lines 41100-49010 within an established expense budget throughout the year. Unless authorized, finance staff may not adjust the overall total in salaries or current expense of the facility and/or program during the fiscal year. Transfers between salary and current expense between July 1 and the close of a completed fiscal year do not require completion of the transfer form or executive approval.

b) Prior to the annual purchasing deadline established for the fiscal year, budget activity managers must approve budget transfers of funds between expense budgets. Budget activity managers with authority over more than one expense budget retain the right to transfer between accounts under their management as long as the total salary or current expense amounts remain constant. To expedite year-end purchasing, finance staff may complete transfers between expense budgets without prior budget activity manager approval after the established purchasing deadline. Financial services staff must work with their respective management teams to provide monthly information regarding all budget transfers. Budget transfer documents are retained in the appropriate finance department.

c) Deputy/assistant commissioner or designee approval is required for any budget transfers between salary and current expense lines within or between expense budgets.

(1) At facilities, the facility finance director or designee must complete and sign the budget transfer request form, obtain the warden/designee's signature, and submit the form to the financial services director. E-mail requests and electronic signatures may be used to document transfer requests in lieu of the budget transfer request form. Original approved requests are retained in the finance office of the requesting location and/or

attached to the StateWide Integrated Financial Tools (SWIFT) budget journal.

(2) In central office, a financial services staff member must obtain the respective program manager's approval for the budget transfer and submit it to the financial services director for review. E-mail requests and electronic signatures may be used to document transfer requests in lieu of the budget transfer request form.

(3) The central office budget manager is responsible to obtain appropriate deputy/assistant commissioner approvals. Once approved, the financial services director must update the control documents and return the completed form to either the central office accounting officer or the facility finance director for input into the state's automated accounting system. If the transfer is not approved, the financial services director must notify the central office accounting officer or the facility finance director.

d) Each month, the financial services director must verify the central office and facility balances of salary and current expense and prepare a monthly summary of changes for the department CFO by the 15th of every month. If a variance exists between approved salary and current expense budgets, the financial services director must resolve the discrepancy.

INTERNAL CONTROLS:

A. Budget reports and transfer requests are retained by financial services according to the finance retention schedule, including signed copies of the final facility budget documents.

B. Original facility budget summaries and documents are retained by the facility finance unit.

C. Original approved requests are retained in the finance office of the requesting location and/or attached to the SWIFT budget journal.

REFERENCES: Minn. Stat. §§ 16A.095; 241.01
Statewide Financial Policies, Chapter 3

REPLACES: Policy 104.100, "Operating Budget," 9/4/18.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS: Facility Account Structure and Definitions (104.100B)
Facility Funding Structure and Definitions (104.100C)

APPROVALS:

Deputy Commissioner, Chief of Staff
Deputy Commissioner, Client Services and Supports
Assistant Commissioner, Agency Services and Supports
Assistant Commissioner, Facilities
Assistant Commissioner, Facilities
Assistant Commissioner, Health, Recovery, and Programming