

State of Ohio
Office of Budget and Management

Role and Overview

The [Office of Budget and Management](#) (OBM) ensures that the financial operations of state government are handled in a manner consistent with state laws and policies. OBM develops budgets; monitors, processes, and reports on financial transactions; and reviews and coordinates the financial policies and activities of state agencies. OBM provides financial management services and financial information to the Governor, state agencies, the legislature, municipalities, school districts, and other interested parties.

The director of the Office of Budget and Management is appointed by the Governor. As of the end of fiscal year 2005, the office will employ about 111 staff and have an annual budget of approximately \$13.4 million. The sections within OBM deal with accounting, financial reporting, budgeting, coordinating the issuance of state debt, and administering the activities of the state Controlling Board.

Executive Priorities of the Office of Budget and Management

- Develop, implement, and monitor the state's operating and capital budgets.
- Review, process, and report the financial transactions of state agencies.
- Select and successfully implement the Ohio Administrative Knowledge System for state government.

Summary of Budget History and Recommendations

(In thousands) BUDGET FUND GROUP	FY 2002	ACTUAL		ESTIMATE FY 2005	% CHANGE FY 04-05	RECOMMENDED			
		FY 2003	FY 2004			FY 2006	% CHANGE	FY 2007	% CHANGE
General Revenue Fund	3,364	3,321	2,349	2,560	9.0	2,227	(13.0)	2,481	11.4
General Services Fund Group	8,913	8,507	7,985	9,376	17.4	9,781	4.3	9,977	2.0
State Special Revenue Fund Group	3,260	2,648	1,724	2,357	36.7	2,262	(4.0)	2,273	.4
TOTAL	15,537	14,476	12,058	14,293	18.5	14,270	(.2)	14,730	3.2

(In thousands) OBJECT OF EXPENSE	FY 2002	ACTUAL		ESTIMATE FY 2005	% CHANGE FY 04-05	RECOMMENDED			
		FY 2003	FY 2004			FY 2006	% CHANGE	FY 2007	% CHANGE
Personal Services	8,381	8,013	7,493	8,163	8.9	8,784	7.6	9,186	4.6
Purchased Services	2,653	2,191	1,044	1,592	52.5	1,607	.9	1,631	1.5
Maintenance	3,712	3,394	3,346	4,394	31.4	3,652	(16.9)	3,766	3.1
Equipment	300	86	147	140	(4.4)	225	59.8	145	(35.6)
Subsidy	450	782	0	0	.0	0	.0	0	.0
Goods For Resale	39	6	2	3	83.8	2	(25.7)	2	2.5
Transfer & Other	3	4	28	0	(100.0)	0	.0	0	.0
TOTAL	15,537	14,476	12,058	14,293	18.5	14,270	(.2)	14,730	3.2

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PROGRAM SERIES 01: Budget Development and Implementation Services

This program series oversees the state's financial resources through preparation of the operating and capital budgets, coordination of state Controlling Board activities, and management of state debt.

Program 01.01: Budget Development

This program evaluates agencies' budget requests and prepares the Governor's operating and capital budget recommendations for submission to the Ohio legislature. Once budgets are passed, this program oversees agencies' allotment planning and monitors agencies' spending to ensure it is done in accordance with state law and does not exceed appropriations. This program also prepares economic forecasts and revenue estimates and issues a monthly financial report to the Governor.

What the Budget Buys:

- Funds the evaluation, implementation, and monitoring of state agencies' operating and capital budgets;
- Supports the preparation of economic forecasts and revenue estimates and the issuance of a monthly report analyzing economic trends, year-to-date state revenues and spending and the GRF balance;
- Funds National Association of State Budget Officers' (NASBO) annual membership dues;
- Supports a portion of the agency's internal administration costs; and
- Funds the preparation of the Governor's operating and capital budget recommendations.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-321	Budget Dev./Implementation	1,537,294	1,519,933
GRF	GRF	042-410	National Association Dues	27,089	28,173
GSF	105	042-603	State Accounting & Budgeting	874,341	923,317
TOTAL FOR PROGRAM				2,438,724	2,471,423

Program 01.02: Controlling Board

This program coordinates legislative oversight over certain capital and operating expenditures by state agencies and has approval authority over various other state fiscal activities. OBM staff act as President and Executive Secretary to the Controlling Board, and provide administrative support and oversight.

What the Budget Buys:

- Funds the administrative functions of the Controlling Board.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-321	Budget Dev./Implementation	198,669	202,119
TOTAL FOR PROGRAM				198,669	202,119

Program 01.03: Debt Management

This program coordinates the bond sales of all state bond issuers, reviews certain bond documents to ensure they are complete and accurate, keeps track of all debt service payments, projects future state debt service needs, and informs bond rating agencies of the state's debt and overall financial situation. This program also provides administrative support to the Ohio Public Facilities Commission, one of the state agencies authorized to issue debt.

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What the Budget Buys:

- Supports the management of functions related to the state's indebtedness including: coordinating all state bond issuances, reviewing certain bond documents, tracking current debt service payments and projecting future payments, and interacting with bond rating agencies; and
- Funds the administrative functions of the Ohio Public Facilities Commission.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-321	Budget Dev./Implementation	197,627	204,484
TOTAL FOR PROGRAM				197,627	204,484

PROGRAM SERIES 02: Financial Accounting Services

This program series manages the state's accounting operations and publishes the state's financial reports.

Program 02.01: Accounting Operations and Processing

This program oversees and maintains the state's Central Accounting System (CAS) and reviews and processes fiscal transactions on behalf of state agencies. This program enters agencies' appropriations in the CAS and exercises control over spending to ensure that appropriations are not exceeded, and maintains the state's vendor database. This program also supports the agency's information technology needs.

What the Budget Buys:

- Funds the state accounting section functions, including entering appropriations in the Central Accounting System (CAS), maintaining and controlling spending within legally established appropriations, maintaining the state's vendor database, calculating and distributing quarterly interest, providing assistance to state fiscal personnel through training programs and help desk activities, and completing a monthly reconciliation between CAS, the Auditor of State, and the Treasurer of State; and
- Supports the management information services (MIS) section functions, including CAS maintenance, network administration, database management, programming, and the production of monthly and ad hoc reports to state agencies, the governor's office, and the public.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GSF	105	042-603	State Accounting & Budgeting	7,238,792	7,353,766
TOTAL FOR PROGRAM				7,238,792	7,353,766

Program 02.02: Electronic Commerce

This program manages the state's payment card, electronic data interchange, and electronic revenue programs to facilitate electronic payment for certain goods and services or electronic receipt and processing of revenue. This program also prepares and files the Statewide Cost Allocation Plan annually with the federal government.

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What the Budget Buys:

- Supports the management of the state payment card, electronic data interchange (EDI), and electronic revenue programs; and
- Funds preparation of the Statewide Cost Allocation Plan (SWCAP).

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GSF	105	042-603	State Accounting & Budgeting	576,193	586,199
TOTAL FOR PROGRAM				576,193	586,199

Program 02.03: Financial Reporting

This program compiles and publishes the Ohio *Comprehensive Annual Financial Report* (CAFR) which is prepared in conformity with Generally Accepted Accounting Principles (GAAP), and the annual Ohio *Budgetary Financial Report* which presents the state's financial statements on a budgetary basis of accounting. This program also compiles the state's Schedule of Federal Awards and coordinates the annual statewide GAAP audit conducted by the Auditor of State.

What the Budget Buys:

- Supports preparation and publication of the Ohio *Comprehensive Annual Financial Report* (CAFR) and the *Ohio Budgetary Financial Report*;
- Funds the reconciliation and verification of the annual year-end closing of the state accounting system (CAS);
- Coordinates the state's compliance with the Federal Cash Management Improvement Act; and
- Supports the compilation of the state's Schedule of Expenditures of Federal Awards, as required under the Federal Single Audit Act and the coordination of agency corrective action plans.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-412	Audit of Auditor of State	55,900	58,700
GSF	105	042-603	State Accounting & Budgeting	867,071	884,159
TOTAL FOR PROGRAM				922,971	942,859

Program 02.04: Internal Accounting Control Program Oversight

This program coordinates the state's Internal Accounting Control Program (IACP) to ensure accounting controls exist to provide reasonable assurance of accountable government. This program offers ongoing training to agencies on internal control procedures, annually assesses each agency's approach and methodology to completing their IACP review, and offers suggestions for improvement.

What the Budget Buys:

- Funds the review and monitoring of state agencies' internal accounting control plans;
- Provides ongoing training to state agencies on internal control procedures, as well as specific technical guidance and on-site consultations;
- Supports the annual Agency Review Evaluation Subprogram (ARES) assessment; and
- Provides technical and administrative support to the Ohio Internal Audit Committee (OIAC).

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GSF	105	042-603	State Accounting & Budgeting	224,688	229,248
TOTAL FOR PROGRAM				224,688	229,248

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PROGRAM SERIES 03: Governmental Services

This program series provides financial management services to other governmental entities and coordinates the state's Enterprise Resource Planning System initiative in coordination with other governmental units.

Program 03.01: Financial Planning and Supervision Commissions

This program assists municipalities and school districts in fiscal emergency to develop plans to overcome their financial difficulties. The OBM Director, or his designee, serves as a member of each financial planning and supervision commission established upon the occurrence or declaration of a fiscal emergency.

What the Budget Buys:

- Funds staffing required by Chapter 118 and Chapter 3316 of the Ohio Revised Code regarding the declaration of the existence of fiscal emergencies in any local unit of government or school district.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-321	Budget Dev./Implementation	210,296	217,350
TOTAL FOR PROGRAM				210,296	217,350

Program 03.02: Ohio Administrative Knowledge System (OAKS)

This program, in conjunction with the Department of Administrative Services, Auditor of State, and Treasurer of State, is assessing the state's current central administrative computer systems and exploring the possibility of implementing an Enterprise Resource Planning (ERP) System. OAKS potentially will integrate five major statewide business functions including capital improvements, financials, fixed assets, human resources, and procurement and replace several existing legacy systems.

What the Budget Buys:

- Supports state employees, project management consultants, supplies, and equipment needed to maintain the OAKS project management office.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
SSR	5N4	042-602	OAKS Project Implementation	2,262,441	2,272,595
TOTAL FOR PROGRAM				2,262,441	2,272,595

Program 03.03: Gubernatorial Transition

This program pays the transition costs of the Governor-elect. A new Governor will be elected in November 2006. The General Assembly is required by law to make an appropriation for this purpose.

What the Budget Buys:

- Funds the payroll and other reasonable expenses of the Governor-elect during the period of transition between governors.

FUND GROUP	FUND	ALI	ALI NAME	RECOMMENDED	
				FY 2006	FY 2007
GRF	GRF	042-435	Gubernatorial Transition	0	250,000
TOTAL FOR PROGRAM				0	250,000

LINE ITEM SUMMARY - Budget and Management

FUND	ALI	ALI TITLE	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 RECOMMENDED	% CHANGE	FY 2007 RECOMMENDED	% CHANGE
GRF	042-321	Budget Dev./Implementation	2,207,656	1,985,238	2,225,924	2,476,760	2,143,886	(13.4)	2,143,886	.0
GRF	042-401	Office of Quality Services	525,281	475,676	35,003	0	0	.0	0	.0
GRF	042-402	OAKS Project Implementation	64,365	0	0	0	0	.0	0	.0
GRF	042-406	Attorney Indemnification	2,500	4,191	0	0	0	.0	0	.0
GRF	042-407	CSU Deficit Reduction	449,983	781,814	0	0	0	.0	0	.0
GRF	042-409	Commission Closures	3,671	0	0	0	0	.0	0	.0
GRF	042-410	National Association Dues	25,500	26,300	26,300	27,089	27,089	.0	28,173	4.0
GRF	042-412	Audit of Auditor of State	46,000	48,000	62,110	55,760	55,900	.3	58,700	5.0
GRF	042-434	Financial Planning Commissions	38,675	0	0	0	0	.0	0	.0
GRF	042-435	Gubernatorial Transition	0	0	0	0	0	.0	250,000	.0
TOTAL General Revenue Fund			3,363,631	3,321,219	2,349,337	2,559,609	2,226,875	(13.0)	2,480,759	11.4
105	042-603	State Accounting & Budgeting	8,875,637	8,502,645	7,984,879	9,375,862	9,781,085	4.3	9,976,689	2.0
4C1	042-601	Quality Services Academy	37,458	4,429	0	0	0	.0	0	.0
TOTAL General Services Fund Group			8,913,095	8,507,074	7,984,879	9,375,862	9,781,085	4.3	9,976,689	2.0
5N4	042-602	OAKS Project Implementation	3,260,124	2,647,985	1,724,168	2,357,145	2,262,441	(4.0)	2,272,595	.4
TOTAL State Special Revenue Fund Group			3,260,124	2,647,985	1,724,168	2,357,145	2,262,441	(4.0)	2,272,595	.4
TOTAL Office of Budget & Management			15,536,850	14,476,278	12,058,384	14,292,616	14,270,401	(.2)	14,730,043	3.2