



**DEPARTMENT OF CORRECTIONS  
Business & Finance**



<b>Title:</b>	<b>Fiscal Accountability</b>	<b>DOC Policy: 30.5.1</b>
<b>Effective:</b>	<b>12/7/11</b>	<b>Supercedes: 7/1/99</b>
<b>Applicability: All functional units</b>		
<b>Directives Cross-Reference: None</b>		
<b>Attachments: None</b>		

**I. PURPOSE**

The purpose of this procedure is to establish a fiscal accountability system for managing the financial resources of the Department of Corrections.

**II. POLICY**

**A. General**

The department shall comply with the Department of Administrative Services allotment system pursuant to ORS 291. Each Assistant Director, functional unit manager, and cost center manager within the Department of Corrections is responsible and accountable to manage the financial resources within their areas of responsibility in a cost-effective and prudent manner. Specific responsibilities are as follows:

1. Each Assistant Director shall see that a quarterly budget plan is developed for each functional unit in consultation with functional unit managers, cost center managers, and the Planning and Budget Office of the Office of the Director.
2. Monitor expenditures and allotments on a monthly basis using Department of Corrections financial status reports.
3. Manage personal services costs for post coverage and post relief using the Department of Corrections standards.
4. Identify and verify unanticipated expenditures and savings and develop recommendations to address these issues.

**B. Identification of Cost Center Managers**

1. Each functional unit manager will specify the managers who are responsible for cost center budgets.
2. The functional unit manager will transmit the list of managers, by cost center, to the Assistant Directors of the respective divisions and update the listing as needed. A copy of this list, along with signature authority form, will be sent to the Administrator of the Fiscal Services.

### **C. Quarterly Allotments**

1. Quarterly budget allotments will be developed by the Planning and Budget Office of the Office of the Director in consultation with functional unit managers and the Assistant Directors of the respective divisions.
2. The Planning and Budget Office will prepare Department of Administrative Services Form 1, Report of Quarterly Allotment, for approval by the Director and transmittal to the Department of Administrative Services.

### **D. Monitoring Allotments and Expenditures**

1. Each functional unit will establish, with assistance from the Planning and Budget Office, procedures to monitor expenditures monthly to ensure that expenditures do not exceed budgeted levels for each category of expenditure.
2. The Planning and Budget Office will meet with the functional unit managers quarterly, or more often as needed, to review quarterly allotments and expenditure reports and to provide technical assistance.

### **E. Reporting and Forecasting**

1. The Planning and Budget Office will prepare a monthly management report for each division comparing monthly allotments and expenditures based on functional unit anticipated expenditure patterns.
2. Each superintendent, program manager, and division administrator will review the monthly expenditure comparison report and submit a report detailing unanticipated expenditures, if any, to the respective Assistant Directors monthly, with copies sent to the Planning and Budget Office.

### **F. Identification and Scope of Unanticipated Expenditures**

1. Unanticipated expenditures are defined as costs incurred that are not funded within the legislatively-authorized budget. Examples are:
  - a. Workload increases due to inmate/offender population growth above budgeted levels, or statutory changes.
  - b. Budgetary issues, liabilities and shortfalls that develop subsequent to approval of the biennial budget or extraordinary inflation changes that occur during the biennium.
  - c. Revenue shortfalls that result in unfunded liabilities and require changes in funding sources.
2. Superintendents, program managers, and division administrators will review unanticipated expenditures with their Assistant Director. Unanticipated expenditures will be classified as follows:
  - a. A one-time issue that will be addressed within the functional unit or division.

- b. An issue that cannot be addressed within a functional unit or branch due to its magnitude; or
  - c. An issue with department-wide impact that should be addressed at the department level.
3. The Planning and Budget Office will verify the amount of any unanticipated expenditures.

**G. Actions to Resolve Unanticipated Expenditure**

1. The superintendent, program manager, or division administrator will identify proposed actions to address unanticipated expenditures at the functional unit or division level. If unable to resolve:
2. The superintendents, program managers, or division administrators will review with the respective Assistant Director and the Planning and Budget Administrator the actions that would be required to address the unanticipated expenditure within the branch. If unable to resolve:
3. The Assistant Director will review unanticipated expenditures and proposed actions to resolve the issues with the Director and executive staff. The Director will make the final decision regarding which unanticipated expenditures will be addressed on a department-wide basis or incorporated into a request for additional funding from the Emergency Board. This decision will be based on the nature and magnitude of the problem and the impact of actions that would be necessary to address the problem within the department.
4. Functional unit managers will be informed in writing of decision regarding these matters, with copies sent to the Planning and Budget Office

**H. Actions Regarding Unanticipated Savings**

1. Functional unit managers shall identify and review unanticipated savings with their division administrator or Assistant Director.
2. Unanticipated savings are defined as cost savings or revenue increases that occur for the following reasons:
  - a. One-time revenues or revenues that exceed budgeted levels.
  - b. One-time reductions in administrative or program expenditures.
  - c. Expenditure reductions resulting from achievement of operational economies and efficiencies.
  - d. Expenditure reductions due to delays in program phase-ins.
  - e. Expenditure reductions due to actual caseloads/workloads below budgeted levels.
  - f. Cost savings due to contracts below projected amounts.

3. Unanticipated savings that are not required to address unanticipated expenditures, as described above, shall be reserved and reviewed by the respective Assistant Directors with the Director of the Department of Corrections, to determine proper allocation of the unanticipated savings.
4. Priority will be given to retention of savings resulting from operational economies and efficiencies within the unit(s) that achieve the savings.
5. The Planning and Budget Office will verify the amount of the unanticipated savings.

### **III. IMPLEMENTATION**

This policy will be adopted immediately without further modification.

Certified: \_\_\_\_\_  
Birdie Worley, Rules Coordinator

Approved: \_\_\_\_\_  
Mitch Morrow, Deputy Director