

Finance

Budget Office

Mission: Develop and monitor annual spending plans consistent with the agency's mission and mission and priorities, while ensuring funds are spent in compliance with the authorizing language.

Brief overview of budget office:

The Central Budget Office is comprised of a budget director, and several budget liaisons for the agency's cost centers. The central budget office has oversight of spending for operating, trust, and federal funds. The budget director is responsible for ensuring funds are expended for their intended purpose (language established in appropriation acts), the agency is funded at a level consistent with the services required to carry out its' mission, and reporting shortfalls and/or surpluses to the CFO with recommendations on how to correct the situation. Throughout the year, the budget office is dealing with two budget cycles, the first being the internal budget cycle, and the second being the state budget building process. The internal budget cycle represents the current year of available funds, how those funds are allocated to the department cost centers, and then monitoring spending by cost centers. The state budget building process uses current year spending to predict maintenance funding for the subsequent fiscal year, plus any agency initiatives. The budget office has a requirement to immediately respond to state oversight agencies (EOAF, HWM and SWM) requests for information. A delay in responding to information requests could result in a loss of funds for the agency.

Risk Factors:

1. Ensuring agency has adequate funding to carry out mission

It is the responsibility of the DCR budget office to work with the DCR staff, the Governor's Office for Administration and Finance, and the House/Senate Committees on Ways and Means to advocate for funding to carry out the DCR mission. Each year, Massachusetts develops a budget. The budget development cycle begins for the subsequent fiscal year in September and ends in June. This process takes up a great deal of time, and requires constant communication with the budget analysts from ANF, SWM and HWM. Failure to respond to analyst requests could result in decreased funding, or unclear initiatives.

The DCR is a decentralized department that has operations varying from Cape Cod to the Berkshires. Coordinating agency spending requests can be difficult, and ensuring that all needs are accounted for is a priority of the budget office.

2. Avoiding over spending and significant under spending

Because the DCR is a decentralized department, there is the potential for over spending, or under spending of cost center budgets. The department has in excess of 20 cost centers, 23 operating accounts, and 90+ capital accounts that need to be monitored to ensure the department does not spend in excess of allotments, and does not waste unaccounted funds.

3. Adjusting department expense budgets timely

The DCR has a diverse mission. Therefore, the budget structure must accommodate quick changes in mission priorities. For example, a park could have funds set aside for hand tools and flowers in the spring. However, in the fall a storm could topple trees and flood the park. Therefore, funds must be transferred, in a timely fashion in order to cope with the immediate need, and be able to pay vendors in a timely fashion. If expense budgets are not properly adjusted, vendors, who responded to an emergency could not get paid for a long time, and then would be less likely to respond to a future emergency.

4. Developing internal spending plans

In order to best utilize the department's operating dollars, internal spending plans are developed, so each region can have a reasonable idea of what funds are available, and can manage to ensure there are no significant deficiencies or surpluses. To establish region and bureau level expense budgets, the department must have an internal spending plan process. During this process, cost centers are given a standard format, and a set amount of time to request funding for the upcoming fiscal year.

Policies and Procedures to Mitigate Risk:

1. Ensuring agency has adequate funding to carry out mission:

In order to mitigate the risk of not having funding for carrying out the agency mission, the DCR has implemented the following:

- **Established a Budget Department:** The agency utilizes a budget department that has the responsibility of developing spending plans, working with ANF, HWM and SWM. The department is headed by a budget director, and has four budget analyst direct reports to work with the divisions/bureaus within DCR to address the agency needs/priorities.
- **Standard Internal Spending Plan Process:** Each year in May, the DCR works with agency cost centers to establish maintenance spending requests. These requests are then utilized to compare to budget recommendations for the fiscal year that will begin in July. The cost centers are given a standard application and time frame for completing their requests. The application contains current year reports for encumbrances and payments that can be utilized to predict the subsequent year's spending. See Part 4 of this section for more detailed information regarding the internal spending plan process. By using the

current year's maintenance requests, the budget office can develop a maintenance spending projection for the spending plan process that will begin in August. Additional initiatives follow a separate process.

2. Avoiding over spending and significant under spending

In order to mitigate the possibility of over spending and/or significant under spending, the agency has taken the following steps:

- Monthly Meetings with Cost Centers: The DCR budget office has implemented a monthly meeting where cost centers fiscal technicians meet agency wide, come together to meet to discuss new policies/procedures, and review their current spending.
- Expense Budgets for All Operating Accounts: New in FY07, the DCR is expense budgeting all of the agency operating accounts. Based on annual spending plan maintenance requests, the budget office creates an expense budget for each cost center for any appropriation the aforementioned is authorized to expend funds in. The expense budgets, found on MMARS at BQ84 for object class accounts and BQ83 for non-object class accounts allow cost centers to know what their spending limits are within each appropriation.
- Payroll Database: The DCR has developed a payroll database that uses information from the CIW, combined with comptroller source system reports to project annual payroll at the close of each pay period. These projections can be compared to the estimates generated at the beginning of the year to anticipate excess/shortfalls in payroll spending, which will reflect how lower object class spending occurs.
- Expense Budget Database: New in FY07, the DCR has developed a database to track spending by cost center by expense budget. The information is pulled from the CIW, and creates single source reports for cost centers to monitor their expense budget obligation ceilings, encumbrances, and expenditures. Much of the information mirrors the MMARS BQ84 and BQ83 screens. In addition to the expense budget information, there are standard reports on encumbrance information at a document, accounting line, and commodity line level, as well as expenditure reports at the object, vendor, and document level. The expense budget database is located under the W drive, and is updated twice a week.

3. Adjusting department expense budgets timely

In order to account for all budgeted funds, the department has expense budgeted all operating accounts. This will help to add transparency and a clear line of what a cost center's budget for the year is. MMARS is the official record of the Commonwealth; therefore, spending plans loaded on MMARS reflect cost center budgets. The DCR has established five steps to ensuring expense budgets are processed in a timely manner. The five basic steps are: 1. Clear Line of Communication; 2. Standard

Format for Request; 3. One Person Process Changes with a Backup Identified; 4. Notification to Requestor of Change; 5. Documentation of Changes.

- **Clear Line of Communication:** The DCR central office finance staff has developed a standard protocol for communication. All requests for information and assistance must follow a chain of command. Business Managers from the field may only contact their designated Budget Liaison in Boston. Those Liaison's are the direct link to the central budget office. All expense budget requests must come from the field Business Manager to the central Budget Liaison. Currently there are four liaisons:
 - State Parks—Claire D'Angelo
 - Urban Parks and P&E—Marian O'Brien
 - Bureaus—Lisa Defeo
 - Administration—Cheryl Brooks
- **Standard Format for Request:** In the new database for expense budget monitoring, there is a form for requesting an expense budget modification. The request must follow the protocol below:
 - Field Business Managers enter request in Expense budget database using the form. The form asks for the unit that is being amended, the object class the funds are transferring from and to, and the reason for the transfer.
 - The central Budget Liaison reviews the request, and verifies there are sufficient funds in the appropriation object class, and approves/denies the transfer request.
 - The Budget Director reviews the request and works with ANF if an object class transfer is required, or processes the transfer.

The form will allow persons to track where the approval process is at all times. The budget office allows a 5 business day period for the transfer to occur. If the transfer requires immediate attention, the field Business Manager may call the central Budget Liaison. However, the general rule will be to use the database and allow for a 5 business day turnaround time. All transfers must be a zero sum transfer amount. Transfers requesting additional funds, will be dealt with on a case by case basis, and use a different form.

- **One Person Process Changes:** All expense budget modifications will be processed by the budget director, and the one Budget Liaison will be identified as the backup for times when the Budget Director is unavailable.
- **Notification to Requestor:** If an expense budget modification request is denied, the business manager will provide an explanation for the denial in the expense budget database. Once the modification is approved, it will go to a historical log of approved modifications once MMARS is updated to reflect the change.
- **Documentation of Changes:** By having all operating accounts expense budgeted, there will be a historical record of cost center beginning budgets, and modifications throughout the year available on MMARS. The expense

budget database will provide a story to the modifications. Therefore, it will aid in creating spending plans, and giving explanations to oversight agencies if spending patterns differ substantially in one year.

4. Developing internal spending plans

The internal spending plan process begins in May, and has a target completion date of July 1st. The following are the X steps in the process for developing the spending plan: Develop Calendar; Develop Guidance Letter; Develop Application; Develop Standard Reports; Provide Training on Application and Reports; Requests Developed and Submitted; Requests Reviewed; Maintenance Compared to Lower of Conference Appropriation Amounts; (Preliminary) Expense Budgets Loaded in MMARS.

- Develop Calendar: In May, the CFO and the Deputy Commissioner of A&F develop a time table for the agency for developing and submitting spending plans. The calendar is then shared with DCR senior staff, so that staff time is dedicated for responses for information.
- Develop Guidance Letter: The CFO develops a guidance letter to agency spending plan managers that describes the “rules of engagement” for the process. Generally, managers are directed to submit requests for maintenance funding levels, and consider shifting of responsibilities among cost centers. The letter also notifies cost centers that a process for initiatives will be held later in the year if funding is available.
- Develop Application: In early May, the CFO and budget director review the application used in the previous year (Microsoft access), and make necessary improvements/additions to it. Improvements and additions can include adding columns, adding standard reports, working with IT to update it, etc. Then the CFO works with IT to have the database located on the R: drive under the applications section.
- Develop Standard Reports: In the middle of May, the CFO with the assistance of the Budget Office develops standard encumbrance and payment reports for cost centers to utilize while developing their year end spending estimates and subsequent year funding requests. The reports generally capture all encumbrances in operating accounts, at the document level, and all spending by vendor and object.
- Provide Training on Application and Reports: The guidance letter is followed up by an email to cost center finance managers notifying training sessions on the application. Each cost center manager is encouraged to attend. The training session is an hour in length, and covers the following:
 - How to use the application—The application is in Microsoft access format. It combines information that is downloaded directly from the CIW with information that cost centers are required to predict for the end of the year. There are a series of reports built into the application as well. The reports track encumbrances, balances, and payments. These reports are designed to assist the cost centers in predicting their final spending

estimates, and developing maintenance estimates for the subsequent fiscal year.

- Requests Developed and Submitted: The last week of May, and/or the first two weeks of June are utilized by the cost center managers to develop their maintenance requests. Once they develop their requests, they must meet with their budget analyst to review the request for adherence to the procedures established in the guidance letter.
- Requests Reviewed: The last two weeks of June are utilized by the budget staff to approve maintenance requests. The requests are reviewed by the budget director with budget liaisons, to ensure maintenance funding is requested.
- Maintenance Compared to Lower of Conference Appropriated Amounts: The budget director reviews the maintenance budget roll-ups to the lower of the conference committee appropriations. If maintenance funding is more than the lower of the authorizations, a percentage cut of all expense budgets is made. If maintenance funding is less than the lower of the authorizations, a process for determining cost center initiatives is begun.
- Preliminary Expense Budgets Loaded: Once the maintenance to conference comparisons are completed, expense budgets are loaded on MMARS and cost center managers are notified. Once a GAA is passed, if expense budgets were cut, and the appropriation was increased, the expense budgets are modified to accommodate the increase.
- A final meeting is set with the Commissioner to describe maintenance funding levels, any opportunities for initiatives, and any shortfalls in maintenance funding. The Commissioner has the authority to redirect funds after the Budget Office has made recommendations.

Appendices

Standard Forms:

Standard Applications: MMARS, CIW, Budget Building Database, Expense Budget Database, EOAF Platform, EOAF Budget Language Database

Standard Transactions: BGTS, (Allotments, Object Class Transfers, Expense Budget Setup/Modifications)

Additional Procedures not covered in Risk Factors