

# 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. In an effort to benefit all state agencies, OBM will continue to evaluate processes across agencies to determine if there are business activities common to all state agencies that can be provided by Ohio Shared Services. This allows Ohio to streamline its business transactions while eliminating costly, duplicative processes across state agencies. Redirecting common transactions to Ohio Shared Services allows state agencies to use scarce resources to focus on their core missions and higher priority needs. OBM will mature its financial management by working with state cabinet agencies to improve their fiscal integrity and financial discipline with proactive internal controls and process improvement support and oversight. The Internal Control and Audit Oversight Program will become fully implemented providing much needed information technology system audits, reviews, and expertise to maintain the security and integrity of the state's financial information databases. The Director of OBM is appointed by the Governor. The office employs 235 people. The sections within OBM deal with accounting, financial reporting, budgeting, shared services, coordinating the issuance of state debt, internal auditing of agencies, and administering the activities of the State Controlling Board.

More information regarding the Office of Budget and Management is available at <http://www.obm.ohio.gov/>.

## Agency Priorities

- Develop, implement, and monitor operating and capital budgets that support the Governor's strategic priorities.
- Reengineer business processes and leverage technology to increase efficiency and effectiveness of services.
- Explore, promote, and support shared services initiatives and standardization and consolidation of enterprise services to reduce costs and create efficiencies.
- Promote financial literacy and increased awareness of service offerings within state government and the general public.
- Continually improve the financial integrity and fiscal discipline of the State of Ohio by ensuring that all state fiscal resources are administered, monitored, and spent appropriately and according to the Ohio Revised Code, the Ohio Administrative Code, and enacted legislation and in compliance with governmental accounting standards.
- Review, process, and report the financial transactions of the state, including publishing the Comprehensive Annual Financial Report, which is the State of Ohio's official financial record, and the Schedule of Federal Awards in accordance with Generally Accepted Accounting Principles and direction of the Governmental Standards Board.
- Administer an internal audit program to ensure state fiscal resources are managed in a properly controlled financial environment, including reviews and analysis of the state's information technology systems to ensure the security of data.

## Funding Recommendation for 2014 and 2015

- GRF: Funding for fiscal year 2014 is \$4.7 million (or a 39.4% increase from fiscal year 2013). Funding for fiscal year 2015 is \$4.6 million (or a 3.0% decrease from fiscal year 2014).
- All Funds: Funding for fiscal year 2014 is \$28.1 million (or a 3.4% increase from fiscal year 2013). Funding for fiscal year 2015 is \$28.5 million (or a 1.2% increase from fiscal year 2014).

## The Executive Recommendation will fund the following objectives:

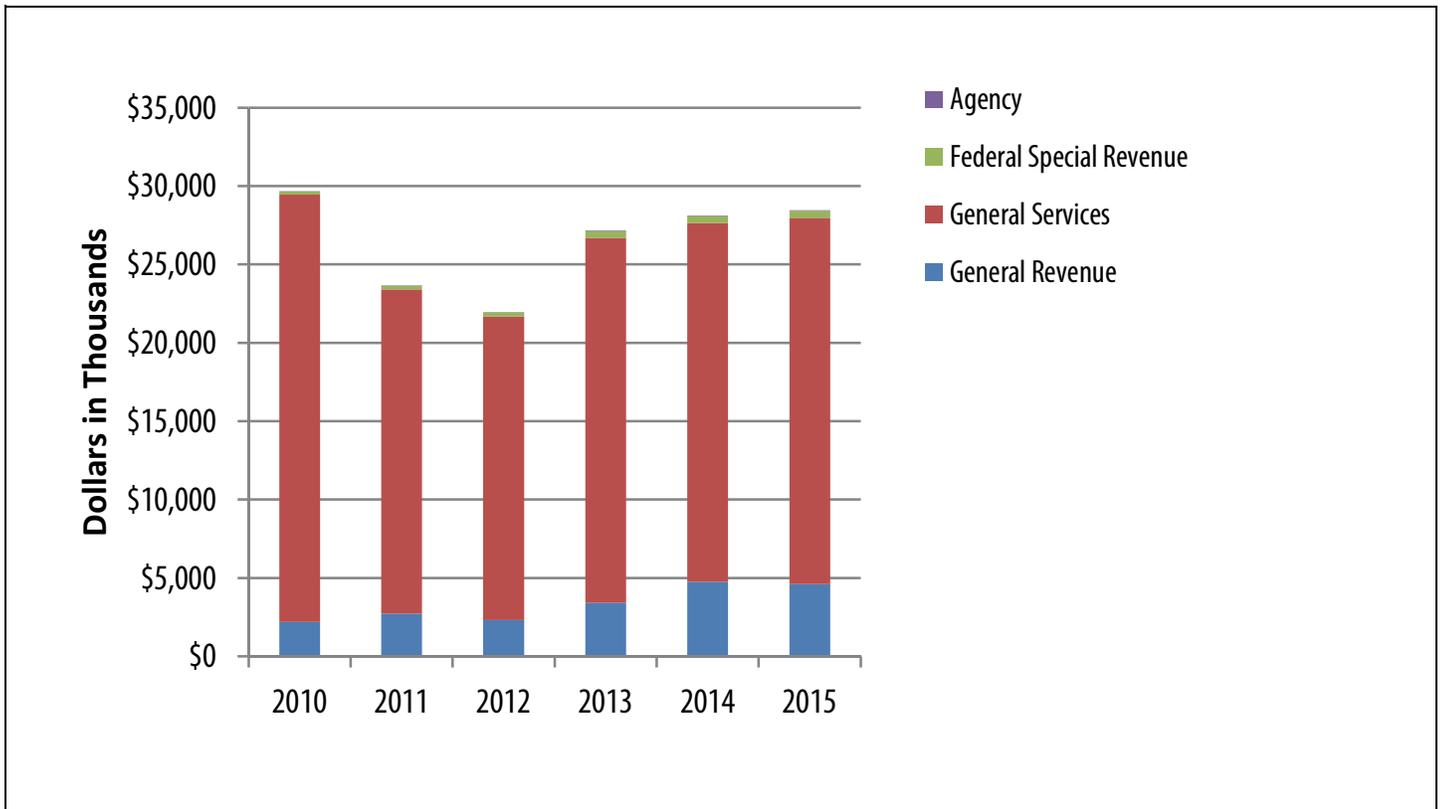
- Fund a coordinated, multi-program approach to enhance and improve the fiscal discipline of the State of Ohio through sound financial management, planning, oversight, policy analysis, and training.
- Fund the evaluation, implementation, and monitoring of state agencies' operating and capital budgets.
- Support the preparation of economic forecasts and revenue estimates and issuance of a monthly report analyzing economic trends and General Revenue Fund revenues and spending.
- Fund all necessary state accounting functions including appropriations management, expenditure control, vendor management, electronic data interchange, account reconciliations, and financial reporting.

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- Fund centralized, back-office services for accounts payable, travel and expense reimbursements, and vendor management, increasing payment processing from 189,000 to 324,000 transactions per year.
- Fund a coordinated and comprehensive audit management program to analyze risk management, internal controls, and governance processes of 22 cabinet-level agencies.

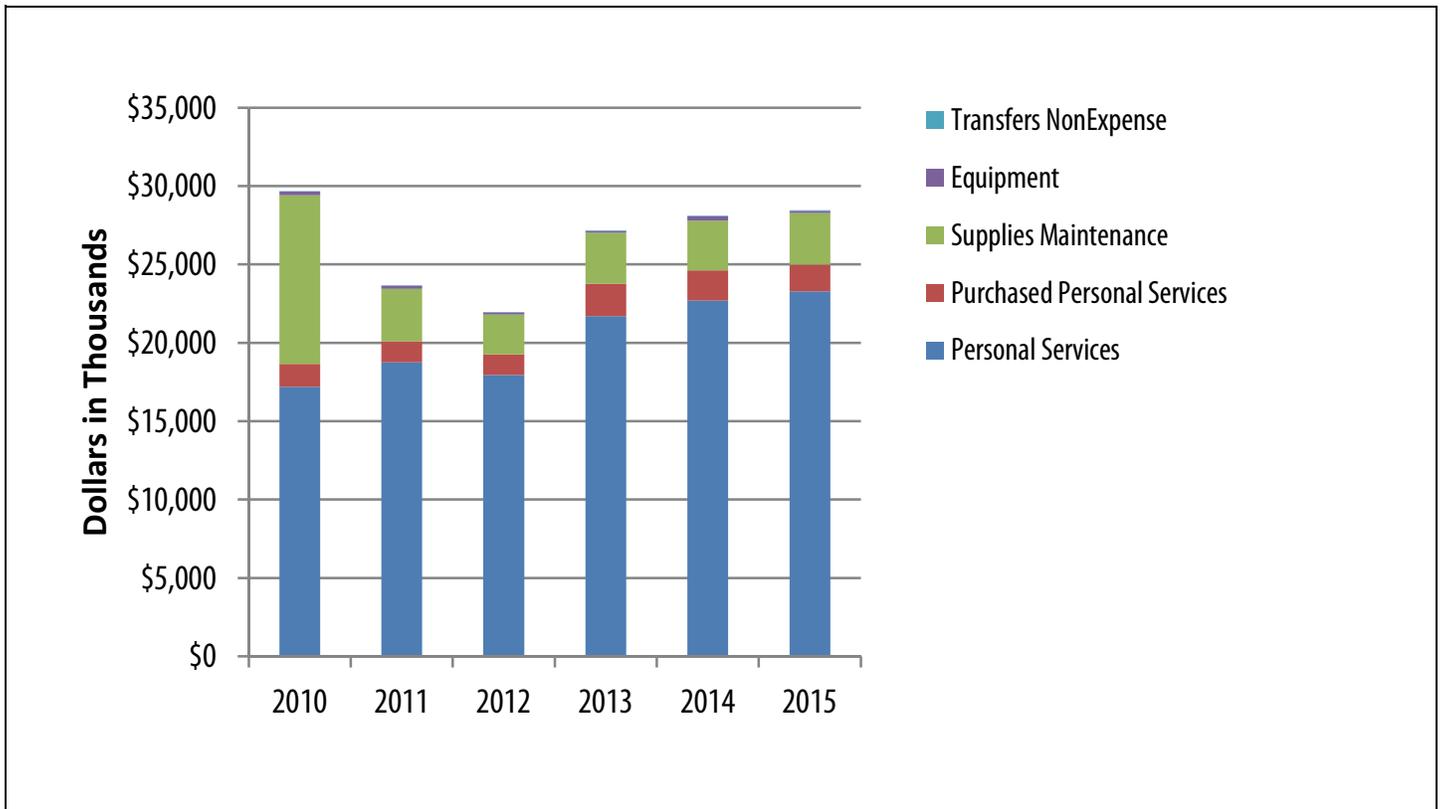
Budget Fund Group Information



- OBM's General Services and total expenses dropped in fiscal years 2011 and 2012 because the Department of Administrative Services (DAS) no longer bills OBM for its share of operations for the state's enterprise resource planning system, OAKS. Instead, OAKS is now supported by an agency payroll charge.
- OBM's General Services and total expenses increase from fiscal years 2012 to 2013 because of continued implementation of OSS, as more agencies transition their back-office functions to existing services provided by OSS. In addition, OSS begins in fiscal year 2013 to add three new service lines (accounts receivable, eCatalog, and pre-collections).

(in Thousands)	Actual			Est.	% Change	Recommended			
Budget Fund Group	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
General Revenue	2,198	2,717	2,312	3,402	47.2%	4,742	39.4%	4,601	-3.0%
General Services	27,258	20,691	19,364	23,291	20.3%	22,898	-1.7%	23,376	2.1%
Federal Special Revenue	188	232	263	439	66.7%	439	0.0%	439	0.0%
Agency	21	22	12	49	293.7%	40	-18.4%	40	0.0%
<b>Total</b>	<b>29,665</b>	<b>23,662</b>	<b>21,952</b>	<b>27,181</b>	<b>23.8%</b>	<b>28,118</b>	<b>3.4%</b>	<b>28,456</b>	<b>1.2%</b>

Expense Account Category Information



- OBM's Supplies & Maintenance and total expenses dropped in fiscal years 2011 and 2012 because DAS no longer bills OBM for its share of operations for the state's enterprise resource planning system, OAKS. Instead, OAKS is now supported by an agency payroll charge.
- OBM's Personal Services and total expenses increase from fiscal year 2012 to fiscal year 2013 because of continued implementation of OSS, as more agencies transition their back-office functions to existing services provided by OSS. In addition, OSS begins in fiscal year 2013 to add three new service lines (accounts receivable, eCatalog, and pre-collections) and adds some employees accordingly to handle the additional volume of business.

(in Thousands) Expense Account Category	Actual			Est.	% Change	Recommended			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 12-13	FY 2014	% Change	FY 2015	%Change
Personal Services	17,192	18,761	17,943	21,702	20.9%	22,693	4.6%	23,285	2.6%
Purchased Personal Services	1,451	1,325	1,316	2,071	57.3%	1,931	-6.8%	1,697	-12.1%
Supplies & Maintenance	10,772	3,355	2,544	3,237	27.3%	3,153	-2.6%	3,284	4.2%
Equipment	228	197	136	122	-10.1%	301	146.2%	150	-50.2%
Transfers & Non-Expense	22	22	12	49	293.7%	40	-18.4%	40	0.0%
<b>Total</b>	<b>29,665</b>	<b>23,662</b>	<b>21,952</b>	<b>27,181</b>	<b>23.8%</b>	<b>28,118</b>	<b>3.4%</b>	<b>28,456</b>	<b>1.2%</b>

**Program Series 1: Budget Development and Implementation Services (8000A)**

This program series oversees the state's financial resources through the Budget Development and Implementation Program (8000B) by preparing the operating and capital budgets, directing agency allotment planning, monitoring agency spending, assisting in policy development, preparing economic forecasts and revenue estimates, and issuing various financial management reports; the Controlling Board Program (8005B) by coordinating State Controlling Board activities; and the Debt Management Program (8010B) by managing the state's general obligation debt.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	42321	Budget Development and Implementation	2,192,936	2,420,858	10.4%	2,408,168	-0.5%
GRF	42409	Commission Closures	50,000	304,000	508.0%	155,000	-49.0%

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Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	42423	Liquor Enterprise Transaction	500,000	0	-100.0%	0	0.0%
1050	42603	Financial Management	2,134,465	2,193,358	2.8%	2,181,415	-0.5%
<b>Total for Budget Development and Implementation Services</b>			<b>4,877,401</b>	<b>4,918,216</b>	<b>0.8%</b>	<b>4,744,583</b>	<b>-3.5%</b>

#### Program Series 2: Financial Accounting Services (8020A)

This program series manages the state's accounting system and operations, administers expenditure controls and policies and publishes the state's financial reports through the Accounting Operations and Processing Program (8020B). It also includes the Office of Internal Audit Program (8040B) to systematically evaluate and improve state agencies' risk management, internal controls, and governance processes.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	42321	Budget Development and Implementation	38,550	40,385	4.8%	41,395	2.5%
1050	42603	Financial Management	11,397,487	11,866,917	4.1%	12,269,671	3.4%
SEHO	42604	Forgery Recovery	49,000	40,000	-18.4%	40,000	0.0%
<b>Total for Financial Accounting Services</b>			<b>11,485,037</b>	<b>11,947,302</b>	<b>4.0%</b>	<b>12,351,066</b>	<b>3.4%</b>

#### Program Series 3: Governmental Services (8050A)

This program series provides financial management services to state agencies through the Ohio Shared Services Program (8055B), which delivers standardized, consumer-centric solutions such as fiscal processing, vendor management, and contact center services. Through the Financial Planning and Supervision Commissions Program (8050B), OBM also serves on commissions that assist municipalities and school districts in fiscal emergency to develop plans to overcome their financial difficulties. Additionally, this program series funds the Office of Health Transformation (OHT) Program (8065B) that will strategically redesign Medicaid policies across all of the state's federal Medicaid recipient agencies.

Fund	ALI	ALI Name	Estimated	Recommended			
			FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	42321	Budget Development and Implementation	121,680	241,946	98.8%	247,920	2.5%
GRF	42416	Office of Health Transformation	499,252	484,486	-3.0%	498,571	2.9%
GRF	42425	Shared Services Development	0	1,250,000	0.0%	1,250,000	0.0%
1050	42603	Financial Management	8,462,966	0	-100.0%	0	0.0%
1050	42620	Shared Services Operating	0	8,837,518	0.0%	8,924,830	1.0%
5N40	42602	OAKS Project Implementation	1,296,000	0	-100.0%	0	0.0%
3CM0	42606	Office of Health Transformation-Federal	438,723	438,723	0.0%	438,723	0.0%
<b>Total for Governmental Services</b>			<b>10,818,621</b>	<b>11,252,673</b>	<b>4.0%</b>	<b>11,360,044</b>	<b>1.0%</b>

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Appropriation Line Item Analysis for Fiscal Years 2014 and 2015

Line Item Restructuring Analysis

In order to improve the visibility of day-to-day operational expenses for the Office of Shared Services (OSS), OBM will separate funding for the office to appear in its own line item. This new line item is 042620, Shared Services Operating. In addition, a GRF transfer to the OAKS Project Implementation Fund (Fund 5N40), which supported OSS's project team that develops new lines of service and transitions agencies to OSS service, will end. Instead, the OBM budget now includes a direct GRF appropriation for this cost, with no net impact on the GRF. This new line item is 042425, Shared Services Development.

To illustrate changes in funding levels due to this restructuring, estimated fiscal year 2013 spending in the following table is converted from the previous line-item structure to the current line-item structure.

			Estimated	Recommended			
Fund	ALI	ALI Name	FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	042425	Shared Services Development	\$1,296,000	\$1,250,000	-3.5%	\$1,250,000	0.0%
1050	042603	Financial Management	\$13,526,489	\$14,060,274	3.9%	\$14,451,088	2.8%
1050	042620	Shared Services Operating	\$8,467,578	\$8,837,519	4.4%	\$8,924,830	1.0%

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Fund	ALI	ALI Name	Actual			Estimated	Recommended			
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	% Change	FY 2015	% Change
GRF	042321	Budget Development and Implementation	1,832,925	2,179,161	2,012,298	2,353,166	2,703,189	14.9%	2,697,483	-0.2%
GRF	042409	Commission Closures	0	0	30,214	50,000	304,000	508.0%	155,000	-49.0%
GRF	042410	National Association Dues	30,448	31,361	0	0	0	0.0%	0	0.0%
GRF	042412	Auditor Of State Audit	41,625	38,992	0	0	0	0.0%	0	0.0%
GRF	042416	Office of Health Transformation	292,925	252,558	259,858	499,252	484,486	-3.0%	498,571	2.9%
GRF	042423	Liquor Enterprise Transaction	0	0	0	500,000	0	-100.0%	0	0.0%
GRF	042425	Shared Services Development	0	0	0	0	1,250,000	0.0%	1,250,000	0.0%
GRF	042435	Gubernatorial Transition	0	215,414	9,647	0	0	0.0%	0	0.0%
<b>Total General Revenue</b>			<b>2,197,923</b>	<b>2,717,486</b>	<b>2,312,017</b>	<b>3,402,418</b>	<b>4,741,675</b>	<b>39.4%</b>	<b>4,601,054</b>	<b>-3.0%</b>
1050	042603	Financial Management	26,107,447	19,645,572	18,384,364	21,994,918	14,060,275	-36.1%	14,451,086	2.8%
1050	042620	Shared Services Operating	0	0	0	0	8,837,518	0.0%	8,924,830	1.0%
5N40	042602	OAKS Project Implementation	1,150,379	1,044,944	922,419	1,296,000	0	-100.0%	0	0.0%
5Z80	042608	Office of Health Transformation Administration	0	0	57,278	0	0	0.0%	0	0.0%
<b>Total General Services</b>			<b>27,257,826</b>	<b>20,690,516</b>	<b>19,364,061</b>	<b>23,290,918</b>	<b>22,897,793</b>	<b>-1.7%</b>	<b>23,375,916</b>	<b>2.1%</b>
3CM0	042606	Office of Health Transformation-Federal	188,228	231,649	263,144	438,723	438,723	0.0%	438,723	0.0%
<b>Total Federal Special Revenue</b>			<b>188,228</b>	<b>231,649</b>	<b>263,144</b>	<b>438,723</b>	<b>438,723</b>	<b>0.0%</b>	<b>438,723</b>	<b>0.0%</b>
5EHO	042604	Forgery Recovery	21,485	22,182	12,445	49,000	40,000	-18.4%	40,000	0.0%
<b>Total Agency</b>			<b>21,485</b>	<b>22,182</b>	<b>12,445</b>	<b>49,000</b>	<b>40,000</b>	<b>-18.4%</b>	<b>40,000</b>	<b>0.0%</b>
<b>Grand Total Office of Budget and Management</b>			<b>29,665,462</b>	<b>23,661,833</b>	<b>21,951,667</b>	<b>27,181,059</b>	<b>28,118,191</b>	<b>3.4%</b>	<b>28,455,693</b>	<b>1.2%</b>