



Pennsylvania Gaming Control Board



Budget Process Overview and Guidelines

Purpose: To describe the budget process as it operates at the Pennsylvania Gaming Control Board ("PGCB").

The annual budget cycle consists of four major stages: preparation, approval, execution, and evaluation.

Preparation

The first step of the budget process is the receipt of the Budget Instructions from the Governor's Office of the Budget. The PGCB begins preparing its budget request starting in August in accordance with the direction and guidance provided in the Office of the Budget Instructions. Budget requests are prepared using computerized templates provided by the Office of the Budget. In developing the budget request, agency budget staff utilizes historical expenditure data, current complement information, and anticipated needs as identified by Bureau Directors, Agency executives, and the Office of Information Technology. The Operating budget is based primarily on historical data for line items including the costs of investigations, travel, office supplies, printing, etc. and contractual rates for categories such as real estate, vehicles, telecommunications, and office equipment. The limited variable costs in the Operating budget such as outside legal counsel, casino openings and expansions, and information technology expenses are budgeted annually based upon information provided by personnel with knowledge of these areas such as the Chief Counsel, Director of OIT or other Bureau Directors.

PGCB's Budget Manager will then present a draft proposal of the budget to the Executive Director and Chairman. Following discussion and input from the Executive Director and Chairman, a final proposed Agency budget is prepared and presented to the Board for approval prior to submission to the Office of the Budget. During the October through January time period, the Office of the Budget reviews the budget request and prepares funding recommendations for the Secretary of the Budget and the Governor.

The Secretary of the Budget makes recommendations to the Governor and the Governor then conducts reviews to make the final budget decisions. The Agency's recommended budget is contained in the Governor's Executive Budget, which is submitted to a joint session of the General Assembly by the Governor through his budget address in early February.

Approval

Upon receiving the Governor's Executive Budget, the appropriations committees of the House and Senate hold hearings to review requests for funds. In addition to supporting the budget request at these public hearings, the Agency also provides the committees with written material including a list of current and anticipated contracts, historical cost information, the distribution of funds by

major category (i.e. Personnel and Operating), justification for figures contained in the budget request, and justification for any significant changes in the budget from the prior year. These materials are prepared based on instructions provided by the committees.

The General Assembly makes its decisions on the budget in the form of an individual appropriations bill which contains authorized expenditure thresholds related to gaming regulation for the PGCB, Pennsylvania State Police, Office of Attorney General, and Department of Revenue. After passage by the General Assembly, the appropriations bill is presented to the Governor for final approval.

Execution

Following approval of an appropriation, agency budget staff allocates the approved budget to expenditure categories within the SAP accounting system. At this time, an Operating budget is also allocated to each Bureau in the Agency based upon historical trends and specific budget requests made by the Bureau Directors. Bureau budgets are typically level funded with the exception of one time expenses or in cases where additional funds are needed for Bureaus with increasing responsibilities such as those caused when a new casino has opened. Bureau Directors are responsible for operating within the resources allocated to them by agency budget staff.

The Personnel budget is managed Agency-wide and is not assigned to specific Bureaus. In addition, the budget for most recurring overhead expenses (i.e. real estate leases, office equipment leases, telecommunications, etc.) is assigned for oversight purposes to the Bureau of Administration and Financial Management.

Evaluation

Agency budget staff performs several recurring tasks throughout the fiscal year to ensure proper accounting and fiscal control, including:

- Preparing and distributing monthly SAP budget status reports to each Bureau Director. The reports include a summary of year to date expenditures and available budgetary balances, expenditure detail by vendor for the year to date, and expenditure detail by vendor for the month just completed.
- Reviewing detailed SAP expenditure reports to confirm the appropriate classification of expenditures by cost center and general ledger account. Staff prepare accounting adjustments to correct any errors identified.
- Presenting reports of monthly and year to date expenditures at public board meetings.
- Preparing quarterly billings to recover the costs of the Gaming Lab.
- Completing reconciliations to ensure revenue is appropriately accounted for and classified.
- Preparing monthly spending plans that identify expenditure details, anticipated expenditures, and projected year-end budgetary balances.
- Auditing monthly purchasing card transactions.
- Auditing investigative travel entries in the BIE billing database to ensure appropriate chargeback to applicants and licensees.