

Kids Central, Inc. System of Care Policy & Procedure

Series: Finance, Accounting and Contracts

Policy Name: Financial Planning and Budgets

Policy Number: 900

Origination Date: 08/23/06 **Revision Date:** 10/22/09

Authority: 216.141 F.S., 216.023 F.S.

Policy:

It is the policy of the organization that a budget will be prepared and adjusted on an annual basis and expenditures will be tracked accordingly. Any variances between actual expenditures and budgeted amounts will be reviewed by the Chief Financial Officer or designee.

Procedure:

1. The budget report will be prepared annually for the purpose of tracking expenditures on a current and year-to-date basis to the budgeted line item. The budget report serves as the plan to coordinate and manage the network's financial resources
2. During the last quarter of the fiscal year the Chief Executive Officer and other staff of the organization designated by the Chief Executive Officer will meet with key stakeholders from the network to acquire input for the following year's budget report. These key stakeholders will include:
 - a. Network providers and subcontractors.
 - b. Department of Children and Families.
 - c. Community advocates for child welfare.

The Chief Executive Officer will convey the input from the key stakeholders to the Board of Directors. This input will be considered as the Chief Executive Officer and the Board of Directors set priorities for the use of resources in the next fiscal year.

3. A line item budget report shall be prepared that is based on historical data, the most current projections of deviations from the historical data through input from the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and other relevant sources available including, but not limited to, the most current financial statements, state planning documents, state contract awards, and other funding sources.

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4. This budget report shall be prepared on an annual basis and adjusted accordingly. The line item expenditures shall be compared on a current and year-to-date basis to the budgeted line item amount. The Chief Financial Officer or designee will review variances between expenditures and budgeted amounts for reasonableness and appropriateness.
5. A capital purchases budget shall be prepared and monitored monthly by a listing of capital expenditures by date, vendor, description, amount, and department if applicable.
6. Budget details are prepared individually by program or department and by funding sources, and then consolidated for the organization utilizing current and historical data.
7. The budget report is reviewed by the Chief Executive Officer and Chief Financial Officer and submitted to the Finance Committee in June for review. The Finance Committee presents the budget report to the Board of Directors at the Board's June meeting. Upon Board approval, the budget report becomes the organization's Provisional Budget. Management will use the Provisional Budget in operating the organization until the Department of Children and Families releases the organization's Schedule of Funds (SOF).
8. Within 30 days of receiving the SOF, the Chief Executive Officer and Chief Financial Officer will submit a revised budget report to the Finance Committee. The revised budget report will incorporate any changes made necessary by differences in revenue on the SOF and projected revenue on the Provisional Budget. The Finance Committee will review the revised budget report and present it at the next Board of Directors meeting. Upon Board approval, the revised budget report will replace the Provisional Budget as the agency's Operating Budget.
9. Once the Operating Budget is approved, it is monitored on a monthly basis. Budgets versus actual revenue and expenses are reported monthly. A budget to actual variance analysis will be provided to the Finance Committee at least quarterly. This analysis will include explanations of any actual revenues or expenditures that have variances of 10% or more from their budgeted amounts. Variances between budgeted and actual revenues and expenses will be used to determine if additional adjustments to the Operating Budget are needed throughout the remainder of the fiscal year. The Chief Executive Officer and Chief Financial Officer will submit any requests for Operating Budget adjustments to the Finance Committee for review. The Finance Committee will present the revised Operating Budget at the next Board of Directors meeting and upon Board approval the Operating Budget will be updated. This process will repeat as frequently as necessary to manage available resources throughout the fiscal year.

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10. Despite ongoing efforts to manage resources, sometimes factors outside of management's control, such as unexpected contract funding arriving near the end of the fiscal year, leave a large amount of funding available with a short period of time to plan for its use. In order to help ensure these funds are spent in an efficient and planned manner, the Board of Directors may approve a contingency spending plan to pre-authorize unbudgeted expenditures that are contingent to specific conditions described in the plan. The contingency spending plan will list descriptions of the items to be purchased, spending limits and budget conditions necessary to implement the plan. The Chief Executive Officer and the Chief Financial Officer will submit the contingency spending plan to the Finance Committee for review no later than the committee's April meeting. The Finance Committee will present the plan for approval at the next Board of Directors meeting. If implementing the contingency spending plan becomes necessary, the Chief Executive Officer will notify the Chairman and the Treasurer of the Board of Directors as soon as possible. Salary increases and bonuses must be approved through the Operating Budget process and cannot be approved through a contingency spending plan.
11. Trends are reviewed in order to forecast and budget for future year's contracts and expenditures.

Approved By:

Cynthia A. Schuler, Chief Executive Officer

Date