

CF OPERATING PROCEDURE
NO. 55-4

STATE OF FLORIDA
DEPARTMENT OF
CHILDREN AND FAMILIES
TALLAHASSEE, May 1, 2016

Financial Management

BUDGET MANAGEMENT

1. Purpose. This operating procedure describes the requirements and responsibilities to ensure the management and spending of the Approved Operating Budget (AOB) fall within the budget authority provided to Program Offices, Regions, and Mental Health Facilities. This operating procedure also establishes guidelines for the approval of actions needed in order to make changes to existing budget authority within the AOB based on policy decisions for operational implementation during the fiscal year.
2. Scope. This operating procedure applies to the Chief of Staff, the Deputy Secretary, Assistant Secretaries, Regional Managing Directors, Program Directors (headquarters), Mental Health Facility Administrators, the Chief Financial Officer (CFO), and the CFO Group (Budget Analysts).
3. Authority. Sections 216.181, 216.292, 216.311, Florida Statutes (F.S).
4. Explanation of Terms.
 - a. Approved Operating Budget (AOB). The budget/funds appropriated in the General Appropriations Act (GAA) beginning July 1 of each fiscal year stepped down to a policy level. The AOB is the assignment of appropriation amounts to program activities based on the most likely predicted expenditures based on historical patterns, trends, and policy decisions for the fiscal year.
 - b. Budget Amendment. The reallocation of agency budget/funds between budget entities, appropriation categories, program components, and program activities to accomplish a need that is of greater importance than the need that would be satisfied if the budget/funds remain as allocated in the AOB. There are two types of budget amendment:
 - (1) External Budget Amendment. An amendment that transfers budget (including FTE) between budget entities and/or categories. This action must be approved by the Executive Office of the Governor (EOG), the House of Representatives, and the Senate. The timeline for processing this type of amendment varies based on the transfer type, which is set by sections 216.181 and 216.292, F.S.
 - (2) Internal Budget Amendment. An amendment that transfers budget between program components within the same budget entity, category, program activity, or location (Program Office, Regions, and Mental Health Facilities). The timeline for processing this type of amendment is minimal and does not require external approval.

OPR: ASB

DISTRIBUTION: X: OSES; OSGC; ASFM; ASGO; Chief of Staff; Deputy Secretary; Assistant Secretaries and direct reports; Headquarters Program Offices; Regional Managing Directors; Mental Health Facility Administrators.

c. Trend/Spending Reports. Reports produced monthly (or as needed) that reflect Department policy and operational decisions. These decisions are represented by expenditure and obligation data in departmental information systems (FLAIR, PeopleFirst, and MyFloridaMarketPlace) compared to the AOB that is created based on leadership-approved allocation methods.

(1) Trend Reports identify operational and policy trends including staffing, purchasing, contracts, overtime, on-call, GAA directives (proviso), and specific funding requirements (such as federal grant requirements). The reports represent how the policies approved in the AOB are being carried out and whether current policies require budget adjustments to continue policy implementation.

(2) Data integrity is key to the reporting quality of Trend/Spending Reports. Data is extracted from departmental information systems and assumes that expenditures and obligations are accurate and represent policy and operational decisions based on approved allocation methods per the AOB. This policy is linked to section 216.181(13), F.S., which states: "Each state agency and the judicial branch shall develop the internal management procedures and budgets necessary to assure compliance with the approved operating budget."

d. Program Activity. Captures the cost of a programs budget/expenditures based on approved Cost Allocation Plans (CAP) that are visible in FLAIR. The program activity is also known as Other Cost Accumulator (OCA).

5. Budget Management (Six Step Process).

a. **Step 1: Policy Allocations**.

(1) The AOB is allocated to Program Offices, Regions, and Mental Health Facilities based on policy methodologies developed during the AOB process and approved by Executive Leadership.

(2) Once the AOB is allocated, the budget is linked to the following oversight groupings as it pertains to statewide budget management, ownership, and oversight:

(a) Regions: Assistant Secretary for Operations.

(b) Program Offices: Assistant Secretaries.

(c) Mental Health Facilities: Assistant Secretary for Substance Abuse and Mental Health.

(d) Office of the Secretary: Chief of Staff.

b. **Step 2: Operational Planning**.

(1) Operational spending plans are developed by local offices (Regions, Program Offices, and Mental Health Facilities) based on prior fiscal year spending patterns and current fiscal year needs in order to use the allocated budget to carry out the mission and goals of the Department. The plans continue the AOB step down method from a policy guide to an operational plan.

(2) During the planning phase of this process budget obligations generated in departmental information systems should not create deficits when compared to the AOB.

(3) A Program Office, Region, or Mental Health Facility must seek approval before over-obligating their budget that was allocated July 1st.

(4) It is the responsibility of the local office to have a process in place to ensure data integrity and budget ownership. This policy will be visible in the monitoring phase of the process. This policy is linked to section 216.311, F.S, which states:

(a) “No agency or branch of state government shall contract to spend, or enter into an agreement to spend, any moneys in excess of the amount appropriated to such agency or branch unless specifically authorized by law, any contract or agreement in violation of this chapter shall be null and void.”

(b) “Any person who willfully contracts to spend, or enters into an agreement to spend, any money in excess of the amount appropriated to the agency or branch for whom the contract or agreement is executed is guilty of a misdemeanor of the first degree, punishable as provided in s.775.082 or s.775.083.”

c. **Step 3: Monitoring.** Data analytic tools (Trend/Spending Reports) are created that provide visibility on the implementation of operational planning and policy decisions at the local and statewide level. Budget analysts use these tools for local office presentation purposes and decision making by local leadership teams. Budget analysts provide additional information or computations as needed based on information received from the Program Offices, Regions, and Mental Health Facilities that enhance the quality of the decision making process (Step Five).

d. **Step 4: Reporting.**

(1) Based on monitoring data coupled with field and headquarters communication, risk factors are presented to the Chief of Staff, the Deputy Secretary, Assistant Secretaries, and the CFO to provide visibility on possible budget deficits or known projected surplus balances that are material.

(2) Annual Trend/Spending Report timeline provides visibility on budget presentations/meetings dates.

(3) On a monthly basis, the Budget Office notifies the Deputy Secretary or appropriate Assistant Secretary of deficits that do not have an action plan to remedy the situation. Surplus balances that are deemed material will also be presented to the Deputy Secretary or appropriate Assistant Secretary for possible repurposing.

e. **Step 5: Decision Making.**

(1) Based on reports (as described in Step 4), decisions are made that require two types of action: **Budget Amendment or Non-budget Adjustment.** The appropriate Assistant Secretary approves implementation of either of these actions.

(2) A budget amendment requires a statewide approach linked to the structure of the GAA.

(3) Prior to requesting an external budget amendment, the Department must demonstrate that all budget balances have been analyzed for each program. The analysis must provide visibility of year to date expenditures and obligations linked to Department priorities that result in an outcome of insufficient budget to support the need of a program and appropriated per the GAA.

(4) If an external amendment is recommended, the approval of the Secretary or his designee is required.

(5) If an internal amendment is recommended that is moving funds between programs, the approval of the Secretary or his designee is required.

(6) A non-budget adjustment varies based on the individual issue. Examples include, but are not limited to: fixed cost, travel, purchases (direct orders), and overtime.

f. **Step 6: Implementation.** Following the decision-making process and budget action or non-budget adjustment, the implementation of policy and operation needs will move forward and will be monitored during the fiscal year using the Six Step process.

BY DIRECTION OF THE SECRETARY:

(Signed original copy on file)

SCOTT STEWART
Assistant Secretary for
Administration