

PROCEDURE

Series:	Fiscal Management	COA: FIN 1, 2, 5
		CFOP:
Procedure Name:	Budget Forecasting	
Procedure Number:	FM201	
Reviewed Date:	2/22/13, 10/22/15	
Revision #/Date:	(1) 08/11/14, (2) 9/2/14 (3) 08/11/2020	
Effective Date:	1/1/09	
Applicable to:	All BFP, CARES and NCFIE Staff	

SUBJECT: Budget Forecasting

PURPOSE: To establish a budget forecasting system whereby the agencies program and service delivery will be funded appropriately and viability of such services will be assured throughout the operating fiscal year.

PROCEDURE:

References

Policies/Procedures: GOV-202, GOV-203, GOV-207, FM-275
OMB Circular A-122
State of Florida, Department of Children & Families Expenditure Guidelines for Community Based Care Organizations
Budget Projection Tool
Budget Reallocation Form

Scope

Responsibility for the monitoring and daily management of the agencies budget line items may be delegated to various Supervisors, Managers, Directors, and Senior Directors under the direction of the Vice President of Operations and the Chief Executive Officer (CEO). Each responsible party will be tasked with maintaining their assigned budget line items and reporting deficiencies and subsequent solutions to the CEO on a routine basis. Monthly the Leadership Team will review and discuss significant agency budget variances and determine what action needs to be taken and by whom, if any.

Budget Monitoring and Correction

Monthly, the budget versus actual revenue and expense activity will be reported by the Chief Finance Officer (CFO) or designee appointed by the CEO in the absence of the CFO to responsible budget parties in the form of a consolidated Financial Statement of Activities and/or monthly Department Expenditure Reports. Under normal operations, this budget presentation will take place during the monthly Strategy Team meeting.

Staff will be accountable to manage and operate within their budgets throughout the year. When a monthly deficit is reported in the "MTD Variance" in excess of 10% of the "Monthly Budget" as reported in the Monthly Department Expenditure Report, the responsible budget party will analyze

the variance and provide a report to the CEO. When the deficit is the result of an external factor, review and discussion between the affected parties and the CEO occurs. Any budget line item revision required to be made after the above review will be reported to the Finance Department as outlined in procedure FM-275, Budget Revision Instructions, using the Budget Reallocation Form.

Please Note:

- The Budget Projection Tool may be saved as an individual document to be used by the responsible budget party to formulate various budget projections.
- Any budget revisions that result in the total expenditures to be in excess of the Board approved budget by \$50,000 or more, will require the CEO and their designee(s) to draft proposed solutions to be presented to the Board of Directors as outlined in GOV-207, Budget.

Mid-Year Budget Forecasting

[1] After the closure of each of the December's financial statements, mid-year budget forecasting will be initiated by the CFO or designee appointed by the CEO in the absence of the CFO. The CFO or designee appointed by the CEO in the absence of the CFO will use the Budget Projection Tool to calculate these projections.

[2] If a deficit is determined for any line item, the CFO or designee appointed by the CEO in the absence of the CFO will notify the senior executive team, including the CEO. The responsible budget party will be notified by their respective supervisor that a budget revision must take place. The responsible budget party will prepare their budget line item revisions as follows:

- The line item projected deficit must be addressed.
- The potential for changing costs, client service populations and other conditions are researched and are included in the budget revision.
- Each budget line item revision is reported as outlined in procedure FM-275, Budget Revision Instructions.
- Before the Budget Reallocation Form is submitted to the Finance Department, the responsible budget party must have submitted their work to their respective Officer (CEO, the CFO or designee appointed by the CEO in the absence of the CFO), for review and approval. The Budget Reallocation Form may also be required to be reviewed and approved by the CEO, at their discretion.
- Any budget reallocation must take in consideration prior budget corrections submitted prior to mid-year forecasting.

[3] All reviewed and approved Budget Reallocation Forms will be accumulated by the CFO or designee appointed by the CEO in the absence of the CFO for analysis. The completed and consolidated mid-year analysis will be forwarded by the CFO or designee appointed by the CEO in the absence of the CFO to the CEO for final review and approval. Once the mid-year projections are finalized, the CFO or designee appointed by the CEO in the absence of the CFO will make the corresponding line item budget reallocations. If surplus funds remain, the CEO and their designee(s) will draft a spend-down budget as appropriate. If the mid-year projections forecast of total expenditures are in excess of the Board approved budget by \$50,000 or more, the CEO and



their designee(s) will draft proposed solutions to be presented to the Board of Directors as outlined in GOV-207, Budget.

[4] Mid-year budget reallocations will be reported to the Board as soon as possible.

Funding Forecast

In addition to forecasting expenditure line items, funding trends are also forecasted. This is essential to identify any deficits in the various financial resources that fund the budget.

Any projected funding deficits will need to be reconciled with the Board approved budget. Any unreconciled funding deficits of \$50,000 or more will need to be reported to the Board for resolution. When such a revision to the budget is necessary, the CEO and/or their designee will present to the BOD alternative solutions to the deficiencies needing to be corrected.

In turn, any projected funding deficits will need to be addressed with the respective Funder, especially the State of Florida, Department of Children and Families. Corresponding Funder reporting forms will be completed as applicable by the CFO or designee appointed by the CEO in the absence of the CFO.

Forecast Monitoring

Both the budget expenditures and funding mid-year forecasts will be monitored monthly by the CFO or designee appointed by the CEO in the absence of the CFO. The Budget Projection Tool will be used to monitor the prepared forecasts. Any negative trend identified will be brought to the attention of the CEO and other applicable Officer(s) by the CFO or designee appointed by the CEO in the absence of the CFO as soon as possible. For budget expenditure line items, further corrective action will be determined by the responsible budget party and reported as outlined in the Mid-Year Budget Forecasting, sections [2] and [3]. For funding items, further corrective action will be determined by the CEO and their designee.

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:

A handwritten signature in blue ink that reads "Philip J. ScarPELLI".

PHILIP J. SCARPELLI
Chief Executive Officer
Brevard Family Partnership Family of Agencies

APPROVAL DATE: 8/25/2020