

NWF Health Network Policy & Procedure

Series: 1300: Financial Management

Policy Name: Financial Planning and Budgets

Policy Number: 1307

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Policy

It is the policy of NWF Health Network, Inc. (NWFHN), 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 (CFO) and reported to the Chief Executive Officer (CEO).

Procedure

- A. NWFHN prepares financial forecasts/budgets annually for the purpose of managing financial resources on a current and year-to-date basis. The budget report serves as the plan to coordinate and manage the network's financial resources, provides the basis for performance evaluation and renders the ability to take corrective action in the event actual revenue and expense do not match budgeted revenue and expense.
- B. During the last quarter of the fiscal year the CEO and other staff of the organization designated by the CFO will meet with key stakeholders from the network to acquire input for the following year's budget report. These key stakeholders will include:
 1. Network providers and subcontractors.
 2. Department of Children and Families (DCF).
 3. Community advocates for child welfare.The CEO will convey the input from the key stakeholders to the Board of Directors. This input will be considered as the CEO and the Board of Directors set priorities for the use of resources in the next fiscal year.
- C. The budgets are prepared, in collaboration with the Accounting and Budget and Compliance staff, starting at the program and funding level. The CFO or designee(s) will provide necessary direction, information and training to staff responsible for preparing budgets as necessary.
- D. Budgets are prepared to meet the overall mission of the Agency.
 1. The program priorities of the Agency are considered.
 2. The anticipated funding is reviewed.
 3. Direct and indirect costs to operate the program are analyzed through prior year actual trends and future projections.
 4. The potential for changing costs and conditions are researched and are projected in the budget.
- E. 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 CEO, the CFO and other relevant sources available including, but not limited to, the most current annual cost report, state planning documents, state contract awards, and current cash collections.

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- F.** The budget report shall be prepared on an annual basis and adjusted accordingly.
 - 1. The line item expenditures shall be compared on a current and year-to-date basis to the budgeted line item amount.
 - 2. The CFO or designee will review variances between expenditures and budgeted amounts for reasonableness and appropriateness.
 - 3. A reconciling summarized report is then prepared for distribution to the CEO, the Finance Committee and Board of Directors.
- G.** Budget details are prepared individually by program or department and by funding sources, then consolidated for the organization utilizing current and historical data.
- H.** The annual budget report is reviewed by the CFO, approved by the CEO and submitted to the Finance Committee for review.
 - 1. The Finance Committee presents the budget report to the Board of Directors for approval. Upon Board approval, the budget report becomes the organization's Provisional Budget.
 - 2. Management will use the Provisional Budget in operating the organization until the DCF releases the organization's Approved Operating Budget (AOB).
- I.** After receiving the AOB, the CEO and CFO will submit a revised working budget to the Finance Committee at the next committee meeting.
 - 1. The revised budget report will incorporate any changes made necessary by differences in revenue on the AOB and projected revenue on the Provisional Budget.
 - 2. The Finance Committee will review the revised budget report and present it at the next Board of Directors meeting.
 - 3. Upon Board approval, the revised budget report will replace the Provisional Budget as the agency's working budget.
- J.** Once the budget is approved, it is monitored on a monthly basis by the CFO. Budgets versus actual revenue and expenses are reported to the CEO, Finance Committee and Board of Directors on a bi-monthly basis at regularly scheduled meetings.
- K.** Trends are reviewed in order to forecast and budget for future contracts, billing and fee changes.