Annual Budget

**Purpose:** The intent of the following policy is to describe the CDS process resulting in the establishment of an annual budget.

**Policy:** It is the policy of CDS to develop an annual budget that ensures resources are being appropriately allocated for the mission, goals, and objectives of the organization to be met. The budget shall be monitored to ensure compliance through management meetings and written management reports on a regular basis.

# **Procedure and/or Process:**

## Budget Development:

1. The COO, Comptroller, and DSM will provide a projected annual budget to the CEO for approval.
2. The Comptroller will base the projected annual budget on the previous year’s expenses along with any anticipated increases or decreases in operating expenses within program areas of operations. Additionally the COMPTROLLER, DSM, and COO will project the revenue on previous year’s earnings and any additional information from CDS funding sources.
3. The Comptroller will include any anticipated increases or decreases in expenses within program areas of operation.
4. The Comptroller will calculate Administrative Over/Head by:
5. Subtracting the total administration expense from the total company expense.
6. Unallowable Administration expenditures (Interest, Depreciation, employee luncheons, employee awards etc.) are removed.
7. The remaining Administration expense is divided by the total department expense and take to 6 decimal places.
8. Each departments total expense is then multiplied by the % obtained in Step 3 above.
9. The total distributed Administration expense is added by Department together, resulting in the total allowable Administration expense.
10. The COO will submit to the DSM proposals for spending increases and decreases based on input from the CDS strategic plan.
11. The DSM will compile the results of all submissions and develop a draft of the budget for the next fiscal year.
12. The draft budget will be presented to the Senior Management Team (CEO, COO, Comptroller, DSM) prior to the beginning of the next fiscal year for review, feedback, and revision.
13. The DSM will make the final adjustments following the review, feedback, and revisions.
14. Following final approval, the final budget for the fiscal year will be distributed to EMT to ensure an organization-wide awareness of the financial plan for the next fiscal year.
15. The COO, DSM and program directors will work in cooperation with appropriate administrative personnel in developing plans to earn the estimated revenue by payer source and stay within allocated expenses.
16. The actual and budgeted expenditures are to be analyzed on a regular basis and significant variances between actual and budgeted expenditures are resolved to ensure total costs do not exceed the amounts budgeted for the grant period.
17. Budget revisions may be necessary when a specific line item is overspent or projected to be overspent and will be adjusted with input from Program Directors when deemed relevant.
18. If contractually required any significant budget revision and any associated programmatic change will be submitted to the funding source for approval.
19. Budget Monitoring:
20. All program/department directors will be responsible for operating within the assigned approved allocated budget amounts.
21. Line items cannot be overspent unless resources can be identified and revision is completed through the identified procedures.
22. Revenues connected to federal, state, and local sources that have historically been interrupted or lacked consistency will be monitored closely.
23. All purchasing and hiring will be monitored closely; along with personnel costs related to fringe benefits and cost of living raises.
24. In cases where funds require spending in specific areas the Comptroller will be responsible for ensuring that the special requirements of funding are completed as specified by the funding source.
25. The program/department line item budgets will be updated monthly and distributed to all program/department directors no later than 20 days after the first of each month.
26. A revenue and expense statement will be provided to the Budget and Finance Committee and Board of Directors on a monthly basis for review and discussion.