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WRITTEN BY Finance Committee		REVIEWED BY	AUTHORIZED BY

I. APPLICATION:

- PIHP Board
 CMH Providers
 SUD Providers
 PIHP Staff
 CMH Subcontractors

II. POLICY STATEMENT:

The Budget Process is a tool used to create stability and consistency regarding the planned distribution of funds to support agency operations. An effective budget, in conjunction with short-term and long-term program planning, allows for the maximum utilization of public funds to support clinical and clinical support programs.

III. DEFINITIONS:

Capital Budget: A plan that identifies the major asset items to be purchased and the sources of their funding.

Operating Budget: An overall plan for the coordination of current financial resources that identifies the expected availability and use of resources during a fiscal year/period.

IV. STANDARDS:

- A. Annual Budgets will coincide with the agency fiscal year from October 1st – September 30th.
- B. The CFO will, in collaboration with Region 10 CMH’s/SUD Providers, create an annual budget and summarize the annual budget submitted by Region 10 CMH’s/SUD Providers to be approved by the Board of Directors. The annual budget will be approved no later than one month before the start of the fiscal year.
- C. The CFO will present quarterly budget versus actual reports for the Board of Directors review and approval. Any midyear changes to each member budget will be requested at this time.
- D. The Board of Directors shall only adopt a final budget in which the revenue and expense projections are balanced or is shown to operate without a deficit.
- E. The CFO shall base budget activities on current and future Region 10 CMH/SUD projections,

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capital equipment purchases, program development and improvement recommendations, cost of living/consumer price indexing, and other relevant data.

- F. Individual CMH budgets shall be created and managed by the CFO, with input from the CEO, Management Team, and CMH Boards. Requested changes to approved budgets for each Region 10 CMH shall be proposed in consultation with the PIHP CFO and approved by the PIHP Board of Directors.
- G. The budgetary methodology will comply with generally accepted accounting principles (GAAP).

V. PROCEDURES:

CMH/SUD FUNDING

PIHP Board

- 1. Approves funding available for behavioral health care within the region, with funding sources identified as applicable.

Each CMH

- 2. Prepares an operating budget for their respective provider CMH, identifying the funding sources associated with each expenditure category (e.g. Medicaid, General Fund, MICHILD, ABW, Local, Grants, etc.).

PIHP CFO

- 3. Summarizes submitted budgets and compares the total of all Medicaid budgets submitted to total Region 10 projected amount available to pay for Medicaid covered services.
- 4. If the total of the reviewed Medicaid budgets is less than or equal to the amount designated for service provision, the budgets are submitted to the PIHP CEO for review.
- 5. If the total of the reviewed budgets is greater than the amount designated for service provision:
 - a) Notifies the member CMHs of the budget overage.
 - b) Provides CMH/SUD Finance Directors with a summarized analysis of the budget data submitted by all boards with a comparison to amount available for service provision.
 - c) Schedules meeting with the CMH Executive Directors/designee(s), the CMH/SUD Finance Directors/and the PIHP CEO/or designee(s).
- 6. Reviews revised budgets submitted by CMH's/SUD Finance Directors and forwards to PIHP CEO with recommendation(s).

PIHP CEO

- 7. Reviews submitted budget and accompanying recommendations.
- 8. Presents to PIHP Board for approval.

PIHP Board

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9. Approves or rejects submitted budgets.

PIHP CFO/Designee

10. Issues advances to CMH based on their respective budgets.

VI. EXHIBITS: N/A

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