

Financial Management

D/U Annual Meeting

April 16, 2015



Bureau of Child Care Food Program

Florida Department of Health

Financial Management

∞ Overview of Topics:

- Requesting Prior Approval of Expenses
- Budget Amendments
- September Accrual





Requesting Prior Approval of Expenses

Requesting Prior Approval of Expenses

- ☞ Costs must be approved by DOH prior to expending the requested funds.
- ☞ If the sponsor's existing budget needs to be amended to revise costs, **the budget amendment request must be approved by DOH prior to expending requested funds.**
- ☞ In other words, costs should not be claimed if they are not listed in your approved budget. You must request approval of expenses prior to claiming.



Requesting Prior Approval of Expenses



Why? That's a little inconvenient.

∞ It's possible:

- The cost may not actually be allowable.
- Additional documentation or justification may be required to approve the cost.
- The specific type of cost may need to go on the *Supplemental Budget for Special Cost Items* in addition to the budget.

Requesting Prior Approval of Expenses

- ∞ It's also required by the USDA. See page 16 of the FNS Ins.796-2 Rev 4.

guarantee that any particular cost item within a budget line item will be allowed, or that the budget line item will be funded.

agency and approved in advance of expenditure.

E Prior Approval. The phrase “prior approval” is used in this Instruction to identify costs that must be specifically identified by item and amount during the budget submission process to permit the State agency to fulfill the regulatory requirements of §226.6(f), §§226.7(b)(g)(m) and §226.10, as applicable; and to permit the institution to fulfill the regulatory requirements of §226.6(f) and Part 226, Subparts D and E, as applicable. Including the item as part of a larger entry on a line item in the budget without identifying the specific cost item and amount is not sufficient and will not meet the requirement for sufficient disclosure. When these cost items and amounts are properly disclosed, approval of the budget meets the requirement for prior approval unless the State agency specifically disallows the cost in writing. Costs requiring prior approval include costs identified in the 2 CFR Part 225, 2 CFR Part 230, or 48 CFR Part 31 as generally allowable costs, but, due to limitations imposed by CACFP statutory, regulatory and policy considerations, may not be allowable Program costs.

Each cost must be identified by item and amount.

F Specific Prior Written Approval. The phrase “specific prior written approval” is used in this Instruction to identify costs that are not allowed unless the State





∞ Budget Amendments

Budget Amendments

- ☞ **4 budget amendments** may be submitted per year.
 - Use them! But use them wisely.
 - Don't neglect to amend your budget when it's needed.
 - What is the reason for needing the amendment?
 - Staffing changes
 - Contracted service changes
 - Follow-up to a review
 - Think holistically.
 - Are there any other areas or items in your budget that need to be updated?



Budget Amendments

- ∞ The deadline date for the last budget amendment of the fiscal year is August 31st, however **please submit earlier, when possible.**
 - Begin monitoring your budget closely in June.
 - Use the sponsor earnings report to identify changes that need to be made.
 - Consider your budgetary needs for the remainder of the year.
 - Try to avoid having to work on an amendment for the current fiscal year and your renewal budget for the coming fiscal year at the same time.

Budget Amendments

- Remember that the budget revision process can be extensive depending on the changes that need to be made.
 - Submit as soon as possible! **Please don't wait until the last minute**, or after you have already implemented changes, to request approval.
 - Keep in mind that you should allow time for the amendment request to be reviewed and revised as needed before approval.
 - Double check your work.
 - Send the required supporting documentation.
 - Refer to Section 5.1 of the *Procedure Manual for Sponsors of Day Care Homes* and 5.2 of the *Procedure Manual for Sponsors of Unaffiliated Centers*.
 - Call your DOH financial specialist to discuss any unique costs or circumstances that impact your budget.



September Accrual

September Accrual

- ☞ Costs may be reported on:
 - An **accrual basis** – costs are recorded when they are incurred/when the service was provided.
 - A **cash basis** – costs are recorded when they are paid/received.
 - A **modified accrual basis** – certain expenses are reported on a cash basis while others are reported on an accrual basis.

- ☞ You are welcome to use your preferred accounting method to record costs.

September Accrual

☞ HOWEVER:

- Costs must be treated consistently throughout the year.

And

☞ You **MUST** accrue costs for the **final** claim.

- This will typically be the final month of the Federal fiscal year, September.

☞ For the September claim:

- All costs reported should be through **September 30**.
- This will require your finance staff to prorate bills that cross September and October.

September Accrual

Prorating bills that cross September and October

☞ **For example:**

☞ Your telephone bill covers service dates

9/15/2015 - 10/14/2015

Only the prorated portion for September should be used to calculate the CCFP portion of the cost.

September Accrual

Service Dates: 9/15/15 - 10/14/15



16 days in September

\$260 cost / 30 days

= \$8.67 per day

x 16 days for September

= \$138.67 for September



Total Cost: \$260

NOTE: This is the proration for September but it still needs to be ALLOCATED for the CCFP

September Accrual

- ⌘ All costs should be prorated as needed to ensure that the September claim covers through September 30 and that no September costs are included in the October claim.
- ⌘ Also double check that no October costs are included in the September claim.
 - For example: Service dates 9/4/15 – 10/3/15
 - Those three October days should not be included when the September claim is calculated.
 - But don't forget to add them to the October claim calculation!

September Accrual

- ☞ Maintaining the accrual accounting method for the final claim is required for compliance with the CCFP guidelines.
- ☞ Failure to do so will be counted as a **finding** during a review.
- ☞ If you do not have financial staff present today then please communicate the importance of accruing costs for the September claim.

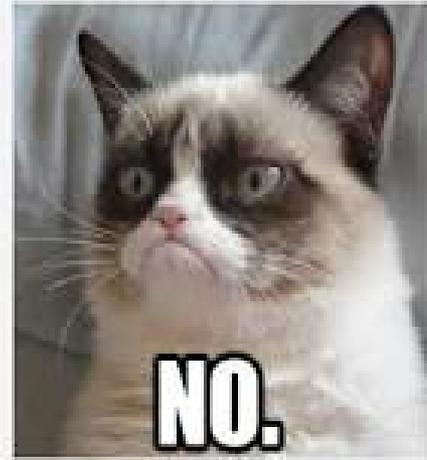


∞ To Recap

Recap

☞ The DON'Ts

- Charge costs prior to getting them approved and added into your budget.
- Wait until the last minute to request a budget amendment.
- Forget to accrue costs for your final monthly claim.

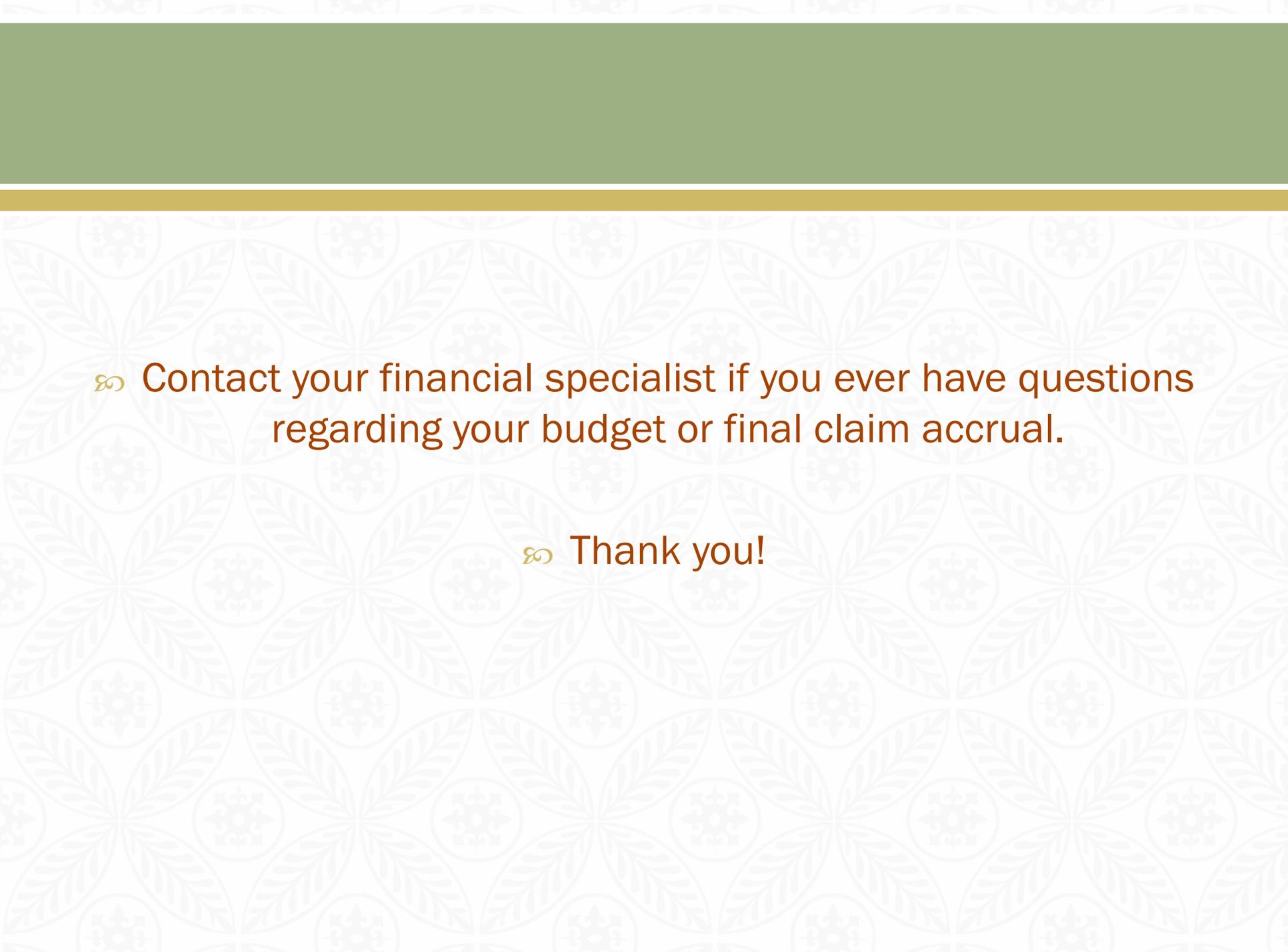


Recap

☞ The DOs

- Request approval for costs not included in your budget.
 - Contact your financial specialist
 - Submit a budget amendment
- Submit budget amendments timely.
- Use the accrual accounting method for the final claim.
 - Prorate costs to ensure that all of September (through September 30) is being claimed in September, and that no October costs have been included in the September claim.





☞ Contact your financial specialist if you ever have questions regarding your budget or final claim accrual.

☞ Thank you!