

STATE OF MISSISSIPPI DEPARTMENT OF EDUCATION	TOPIC: BUDGET PROCESS
EMPLOYEE PROCEDURES MANUAL	<u>SECTION: 12.0</u> <u>PAGE 1 OF 4</u> <u>EFFECTIVE DATE:</u> <u>MAY 1, 2000</u> <u>REVISION #2:</u> <u>JULY 1, 2011</u>

## GENERAL

The Budget office has the responsibility for coordinating the departmental budgets and ensuring budget authority exists prior to hiring new personnel and expending agency funds. In addition, this office handles many departmental support functions such as allocating direct charges to program areas, developing and implementing a departmental indirect cost plan, preparation and submission of the agency's annual fiscal year budget request and assisting offices with grant reviews and applications when necessary.

## STATE BUDGET PROCESS

The State of Mississippi provides funds to its agencies through a complex budgetary process. Each agency is required to submit a budget or budgets for its fund(s) two years in advance, (i.e. the 2013 budget must be submitted by August 2011). The requested budget(s) is submitted by the first of each August to both the Legislative Budget Office (LBO) and the State Department of Finance and Administration (DFA). The Governor and the Legislature rely on the reviews and assessments provided by these agencies when developing the budgets for all state agencies. During the legislative session (January through March or April), consideration is given to the agency budgets and they are enacted into law in the form of appropriation bills signed by the Governor. The provisions of these bills become the means for all agency expenditures for the approved fiscal year, which begins July 1. The budgets are entered into the Statewide Automated Accounting System (SAAS) where a complete system of general accounting for most state agencies is maintained by the DFA. Payments for agencies under DFA's jurisdiction are processed through SAAS; before issuing a warrant the transaction is pre-audited to ensure there is available budget authority. The approved budgets are the governing documents for all expenditures.

In order to comply with the state budgetary regulations and the imposed deadlines, the Department of Education begins its internal budget process each May. The departmental budgeting procedures are detailed below.

## INTERNAL BUDGET PROCESS

The Department of Education budgets and disburses funds by its offices and divisions. The Budget office maintains the budget by major object codes (i.e. personal services, commodities, equipment, etc.) But the offices must disburse their budgets by minor object codes.

Each May, the Budget office provides the current budget and the expenditures for the previous year to offices via e-mail. The budget form developed and required by LBO and DFA is on diskette, if needed. The submitting office must complete the form and provide narratives

STATE OF MISSISSIPPI DEPARTMENT OF EDUCATION	TOPIC: BUDGET PROCESS
EMPLOYEE PROCEDURES MANUAL	<u>SECTION: 12.0</u> <u>PAGE 2 OF 4</u> <u>EFFECTIVE DATE:</u> <u>MAY 1, 2000</u> <u>REVISION #2:</u> <u>JULY 1, 2011</u>

INTERNAL BUDGET PROCESS (continued)

describing the programs and budget justifications for all increases in major object categories. The Budget office will assist the office with their projections for new positions; charges for rent, telephones, State Personnel Board services, and computer services; and, indirect cost rates. In addition, the Budget office will provide assistance on how to use the computer software program utilized in the budget process. At the time the data is provided to the offices, a deadline for completing the budget process is established. The offices are required to submit their budgets by the due date.

The State Superintendent of Education and Mississippi Board of Education will review each budget and will discuss any amendments, etc. with the requesting offices. The Budget office will be responsible for reviewing the individual budgets as submitted by the office and approved by the State Superintendent of Education and combining them into five (5) comprehensive agency budgets as required by the Legislature. The final budgets for the agency will be submitted to the State Board of Education during its July meeting. Upon the Board's approval, the Budget office will finalize the budgets on the required regulatory agencies' forms and submit it by the August 1 deadline.

FISCAL YEAR BUDGET

The Budget office will allocate the agency funds to each office at the beginning of each fiscal year based on the approved Legislative appropriation and the office's request. The allocation is divided into equal amounts for expenditures for each half of the fiscal year. The budget allocation must be signed by the authorized individual and returned to the Budget office. The allocated amount indicated on the budget form will serve as the guidelines for all office expenditures.

BUDGET REVISIONS

During the fiscal year, there may be a need for an office to request a revision to its budget in order to shift funds from one category to another or to request additional funds. There may also be an occasion to have excess funds deleted from the office's budget. Any time a budget revision is needed, the initiating office must submit the request to the Budget office on a "[Budget Form](#)", a copy of which is provided as Section 12.1. The form must contain the amount of the requested revision by major object in the first column and the new total budget should be reflected in the second column. There are two (2) such columns for each six month period in the budget year. If the budget revision is to request additional funds, then an explanation is necessary. The explanation should be provided on the lower portion of the form below the Authorized Office Signature. The appropriate signatory authority must sign & date the revision

STATE OF MISSISSIPPI DEPARTMENT OF EDUCATION	TOPIC: BUDGET PROCESS
EMPLOYEE PROCEDURES MANUAL	<u>SECTION: 12.0</u> <u>PAGE 3 OF 4</u> <u>EFFECTIVE DATE:</u> <u>MAY 1, 2000</u> <u>REVISION #2:</u> <u>JULY 1, 2011</u>

BUDGET REVISIONS (continued)

request & submit it to the Budget office for approval. The requesting office cannot expend funds requested until the Budget office has approved the revision. The requesting office will be notified via phone or email that the revision has been processed in SAAS. Once this notification has been received, the funds may be expended.

QUARTERLY BUDGET REVIEWS

The Budget office will review, on a quarterly basis, if needed, each office's or division's budget(s). The review provides an opportunity for the Budget office and the office to meet and determine if revisions may be required, if charges have been coded to the wrong budgets, to explain any new procedures, to solve any problems which may have been detected, and to plan the next year's budget process. The Budget office may contact Superintendent's Management Team (SMT) members to schedule these quarterly meetings. The SMT member may attend, send representatives, or attend with representatives, as he or she chooses.

INDIRECT COSTS

Expenditures may be either direct or indirect and must be accounted for as such. Direct expenditures are those which may be attributed to a specific program area or grant. For example, an employee's salary can be directly charged to a U.S. Department of Agriculture grant if he or she spends 100% of the time working on the School Lunch Program. A charge which is considered indirect would be one for any service or expenditure which cannot be directly attributable to a specific program area but which provides a service to the program. The services provided by the Accounting office would be an example of an indirect charge center; this office is responsible for the program expenditures and accounting for program funds, but it also performs similar services to the entire Department.

The Department of Education has determined that Budget, Accounting, MIS, Procurement, Policy, HR, and portions of Information & Legislative Support, Research & Statistics, and Internal Accountability/Program Monitoring offices perform service functions for the entire agency. Therefore, these offices and their respective positions are included in the agency's indirect cost plan. This plan must be submitted to the federal approving agency annually. The approving agency approves a standard rate for these services to be equitably applied to all grants and contracts which allow an indirect rate. The plan is submitted for the following year based on the prior year's actual expenses; therefore, the 2011 indirect cost is based on actual expenses from 2009. The expenditure data is obtained from the audited financial statements for the Department.

STATE OF MISSISSIPPI DEPARTMENT OF EDUCATION	TOPIC: BUDGET PROCESS
EMPLOYEE PROCEDURES MANUAL	<u>SECTION: 12.0</u> <u>PAGE 4 OF 4</u> <u>EFFECTIVE DATE:</u> <u>MAY 1, 2000</u> <u>REVISION #2:</u> <u>JULY 1, 2011</u>

### BUDGETING FOR FEDERAL GRANTS

Program offices should contact the Budget Office prior to submitting a grant for federal funds to a federal or state agency to ensure it includes the indirect costs at the current approved rate. Each federal grant for which an application is made must include indirect cost. In addition, the Budget office can ensure matching funds are identified and available, and personnel costs are accurately reflected.

The grant application process is described in detail **in** Section 18.0 of this manual.