

Liberty Healthcare Corporation and Affiliates (Liberty) Standard Operating Policies

Title:	Operating Budget Management	Effective Date:	08/20/2020
Author:	Shirley Greenlee	Last Review Date:	03/21/2021
Location:	All Locations	Last Revision Date:	03/21/2021
Functional Area:	Accounting/Payroll		

POLICY

The policy governs the budgeting process, performance monitoring and the review and revision of budgets. The objective is to ensure the annual budgeting process is performed timely and supports the financial and operational planning objectives and processes; to ensure that actual versus budget variance is monitored and that significant variances are explained and reported; to ensure that expenditures are made in line with program objectives and to ensure that budgets are reviewed periodically.

PROCEDURE

Once an award of a new contract is received, the Contract Manager will work with a representative from the Finance Department to develop an operating budget. The internal pricing budget used during the RFP process will serve as the starting point for the development of the operating budget. The operating budget's fiscal year will be defined by the terms of the contract. Upon its completion, the operating budget will be approved by the Contract Manager and Controller and will be saved along with the pricing budget in the Financial folder in the Operation's Contract files and uploaded into Sage 100.

All program expenditures are to be made in accordance with Standard Operating Procedures and must be approved by the Program Director who is responsible for managing within the operating budget. It is the responsibility of the Contract Manager to ensure expenditures are made in accordance with program objectives and the approved operating budget. On a monthly basis, the Contract Manager will receive financial results which includes an actual versus budget comparison for the month and fiscal year-to-date. The Contract Manager is to be informed timely of any program developments which will have a significant impact on overall budget results.

On a quarterly basis, Operations and Finance Management will convene to review actual versus budget results. The Contract Manager is responsible for explaining significant variances and anticipated future financial results for the program. While it is not unusual for actual expense line items to vary from the assumptions at the time the contract budget is developed, the gross margin should equal or exceed the benchmark set by the internal pricing budget.

Two months prior to the end of each contract year, the Contract Manager will work with a representative from IT and a representative from the Finance Department to update the operating budget for the next contract fiscal year. Upon its completion, the operating budget will be approved by the Contract Manager and Controller and will be saved in the Financial folder in the Operation's Contract files and uploaded into Sage 100.

Approved By: _____

Revision History

Version	Date	Author	Summary of Changes
#1	08/20/2020	Shirley Greenlee	Policy Created
#2	03/21/2021	Shirley Greenlee	Policy reviewed with the following changes: replaced VPO with Contract Manager The last paragraph re-worded