

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

I. INTRODUCTION

Budget submissions for Behavioral Health providers for Fiscal Year (FY) 2007 are required to meet the City & State demands for detailed program information as well as to fulfill program objectives. The instructions are intended to assist the various staff members of provider agencies who must cooperate in preparing the required budget package of the Dept. of Behavioral Health (DBH). There are three (3) main parts comprising the instructions:

- 1) Standard Reporting Policies and Requirements
- 2) General Reporting Instructions, which apply to Behavioral Health (BH)
- 3) Budget Submission Requirements

The MH Rate Setting Package instructions and forms for Intensive Case Management, Resource Coordination are attached to BH budget memo. The MH Family Based Services Rate Setting Package has been mailed to those agencies that provide the service.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

II...STANDARD REPORTING POLICIES AND REQUIREMENTS

- A. Agencies are expected to budget to allocation and manage within their allocations during the fiscal year.
- B. Expenditure Summaries, Personnel Budget Schedules and other applicable support schedules are required for **all** Program Activities. Partial Hospitalization, Intensive Case Management, Support Coordination, Resource Coordination, and Family Based MH Services must also be reported on these forms. Residential PACs must be reported on Expenditure Summaries, and the BH Residential Expenditure Summary.
- C. A complete and detailed administrative budget will be required to support charges to our program, and to enable the DBH to further its efforts to standardize reporting and reduce the costs of these activities. The administrative budget should include:
- 1) An Expenditure Summary
 - 2) A Personnel Budget Schedule
 - 3) A Miscellaneous Item Detail and Budget Subsidiary Schedules, where applicable
 - 4) An Administrative Cost Distribution Schedule
 - 5) A Budget Narrative Form to provide a description of the administrative cost methodology.
- D. In preparing the budget, providers should be particularly attentive to the use of the appropriate program activity (PAC) names and codes, and to the reporting of appropriate service units. PAC names and codes must be reported as they appear on the allocation notice. Slot and unit of service reporting guidelines can be found in Attachments (BH).
- E. Retained Revenue Allowance (RRA)
- Inclusion of an RRA will not be permitted during the initial budget process. Advice regarding RRA invoicing privileges will be transmitted in the year-end reporting instructions.
- F. Occupancy and Related Party Transactions
- All occupancy expenses and related party transactions must be budgeted and invoiced in accordance with the provisions of the Title 4300 Regulations and the City Cost Principles and Guidelines. No waiver requests for Occupancy and Related Party transactions will be considered.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

G. Budget Variance Controls

General budget variance controls remain in force as specified in the following. Policies specific to behavioral health or mental retardation are included under the respective service section of the budget package. Requested changes to provider planning allocations must be displayed on the **Budget Variance Form** and, where applicable, explained on the **Budget Narrative Form**. Budget control policies for FY 2007 are as follows:

1. Unless negotiated with and approved by the DBH/MRS, a provider may not transfer funding authorized for a specific program activity to another program activity. Special conditions governing the transfer of funding are stipulated under Attachments (BH).
 2. Providers may transfer funding authorized for the Operating or Administration Expenditure categories to the Personnel Expenditure category at their discretion within a program activity.
 3. Once the budget is approved, providers may not transfer any funds authorized for the Personnel Expenditure Category within a program activity to the Operating or Administration Categories without prior approval of the DBH/MRS
 4. Revenue generated beyond the level budgeted within a program activity may be used to increase eligible expenditures of the program activity; however, increases of greater than 10% to the Operating or Administration categories must be negotiated with and approved by the DBH/MRS.
- H. The DBH/MRS will assume no liability for deficits incurred by a provider resulting from the inability to generate a budgeted agency contribution. The DBH/MRS will not make a commitment to fund an artificially increased expenditure level that results from the inclusion of nonexistent funds or unrealistic revenue estimates.
- I. Reporting of Fixed Assets, Repairs, Improvements and Renovations

The DBH/MRS, in accordance with the City's Cost Principles and Guidelines, requires that agencies detail their projected expenditures for fixed assets, repairs and improvements, and renovations. This information must be provided on the **Budget Subsidiary Schedule** by program activity. The detail for fixed assets, repairs and improvements, and renovations should be itemized for projected expenditures over \$500. Amounts under the \$500 threshold should be identified but not detailed. Please note that any projected expenditures for repairs, improvements and renovations that are to be sub-contracted must be properly documented. This documentation would include the name of the contractor, type of service being provided and the amount of the contract. If the contractor is unknown at this time, indicate this on the **Budget Subsidiary Schedule**. The contractor information must be submitted to and approved by the DBH/MRS before expending these funds.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

J. County Negotiated Fee-for-Service MA Programs

As in previous years, providers will be required to submit rate-setting packages in FY 2007 for Intensive Case Management (ICM), Resource Coordination (RC), Family Based Mental Health Services (FBMHS).

In addition to preparing the rate setting packages, providers must prepare and report budget information for these services in the same manner and detail as is required for all PAC's in the general budget.

K. Providers are required to identify all facilities for which a Continuing Participation Allowance (CPA) is being requested in FY 2007. Prior approval of the DBH/MRS is a prerequisite for inclusion of a CPA as an eligible and reimbursable expenditure.

L. The **Budget Narrative Form** was developed to provide a standard format for submitting narrative explanations and/or justification as prescribed in various sections of the general or specific form instructions. For example, the form is used to provide a narrative description of the methodology employed by the provider in distributing administrative costs among program activities, and to provide explanations and justification for requested budget transfers.

M. These instructions are issued for use by providers in the preparation of budgets for BH program activities. Modifications to reporting requirements do not abrogate providers' responsibilities and obligations to maintain records and to comply with all other requirements as prescribed in the DPW 4300 Regulations, the DMH/MR Policy Manual, and the City Cost Principles and Guidelines. The detail used to develop the Fiscal Year 2007 budgets must be maintained in a comparable format to that used for general financial reporting to assure availability of this information upon request of the OBH/MRS or upon inspection on site.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

III. GENERAL REPORTING INSTRUCTIONS

A. Items Pertaining to Behavioral Health Services

1. Budget packages must be prepared separately for Behavioral Health with a cover letters.
2. Only program activities that have been authorized by the DBH/MRS, as specified on the allocation notice, should be reported in the budget. The sole exception is when a provider wants to establish a new program activity consistent with DBH/MRS goals and objectives as prescribed in Attachments “BH” and “MR”. The provider should contact their program analyst to secure approval and the appropriate PAC code.
3. Slots and units of service reported in the budget must conform to those prescribed in Attachment “BH” .
4. Providers must pay particular attention to the appropriate classification of personnel and associated expenses. The following directives should be followed in classifying personnel expenses:
 - a. Positions to be reported as direct staff on the **Personnel Budget Schedules (PBS)** are restricted to those staff that provide face-to-face services to a client and the immediate supervisors of these staff.
 - b. Second line supervisors or other support staff (support staff does not include administrative staff as defined in the following paragraph) are reported as indirect staff on the **PBS** and are included as personnel expenses within the program activity.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

- c. **For reporting purposes, Administration is defined as "general managerial functions or activities that are supportive to but not an intrinsic part of the provision of direct services."** These administrative functions or activities include executive supervision, personnel management, accounting, auditing, legal services, facilities management, purchasing, billing, community board activities, activities associated with management information systems (does not include maintenance of individual client case records), and clerical activities which are supportive to these administrative functions or activities. Since certain positions that are administrative in nature may not benefit all services that are provided by an agency, more than one distribution method for administration may need to be employed. This requires development of a multi-tiered administrative distribution methodology. For example, general managerial functions would be distributed to all program activities whereas positions such as billing personnel would be distributed, on an equitable basis, to only the PAC's that are applicable to the billing functions. In all cases, the budgeted expenditures for general administration and other more specific administrative distributions would be combined together and reported as total administration on the required forms (See Section V, B). The sum total of these costs cannot exceed the maximum 15% CAP of total eligible costs for each DBH funded program.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

5. Currently, the administrative charge to all programs (Residential and Non-Residential) is restricted to 15% of the total eligible costs budgeted for an individual program activity. This CAP should not be construed as a "standard" but rather as the maximum that will be allowed to be charged to any program activity funded by the DBH/MRS. Given the current funding constraints, in FY 07, it is our expectation that providers will move towards a proposed DPW cap on administrative costs.

All providers are required to submit a complete budget package in support of Administrative costs assigned to BH/MR services. This package must consist of the following:

- a. Expenditure Summary
- b. Personnel Budget Schedule (s)
- c. Miscellaneous Item Detail Schedules
- d. Budget Subsidiary
- e. Administrative Cost Distribution Schedule
- f. Budget Narrative Form with description of methodology employed in distributing administrative costs among services and activities.

If indirect costs are assigned by a parent institution, a description of the methodology by which these charges are allocated also must be provided. As with all indirect costs, these charges must be developed in accordance with the 4300 regulations and the City's Cost Principles and Guidelines.

6. All Fee-For-Service Programs should be presented on the Summary of Program Activities as follows: total budgeted fees reported under "Operating Expenditures" and projected program service fees and/or third party revenue under "Revenue". The difference between total budgeted fees and projected revenue is reported as the "Allocation".
7. Providers must insure that staffing configurations reflected on Staffing Pattern Schedules, Personnel Rosters, FTE's on the Summary of Program Activity, etc. are consistent and reconcile among all reporting forms.

**GENERAL BUDGET INSTRUCTIONS
PHILADELPHIA OBH/MRS
FISCAL YEAR 2007**

IV. BUDGET SUBMISSION REQUIREMENTS

As in the previous year, FY 2007 budget submissions must be organized as follows:

- A. Numbered Pages - Each budget page should be numbered at bottom center (by computer, typewriter, or manually) beginning with the **DBH/MRS FISCAL SUBMISSION FORM** as page one and running sequentially as indicated on the **Table of Contents** that follows. Attachments should be identified in alphabetical sequence, following the budget forms and schedules. Each attachment package is numbered separately.
- B. Sequential Sorting by PAC numbers - Each Budget form or sub-section, beginning with the **SUMMARY OF PROGRAM ACTIVITIES** is to list PACs within that form or section, sorted in ascending order of the **last four digits** of the PAC code. This will result in a sorting of PACs by cost center and in an ascending order of PACs within the cost center.
- C. Table of Contents - The Executive Director's cover letter to the Budget Submission should be followed by a single sheet **Table of Contents** as illustrated in the example that follows. This sheet and the Cover Letter will be the **only** un-numbered pages in the Budget Submission.
- D. An original and five (5) copies of the budget(s) must be **received** by the DBH/MR no later than Friday, May 5, 2006. **Cover letters accompanying the budget should be attached to all copies.**

Address all budget copies to:

Mr. Louis A. Sannutti
OBH/MRS Fiscal Administrator
Office of Behavioral Health/Mental Retardation
1101 Market Street, 7th floor
Philadelphia, PA 19107-2907

Hand deliveries should be made directly to the Fiscal Unit on the 10th floor