

**Office of the Director
Executive Office**

Budget and Financial Management Policy

Purpose - This Office of the Director (OD) policy establishes standard procedures and guidelines on formulating and executing operating budgets, and on general financial management. These procedures and requirements are in addition to the Congressional Justification of Budget Estimates developed annually between November and February in advance of the OD appropriation budget hearings, which is directed and controlled by guidelines issued from Congress, OMB, DHHS, and the NIH Office of Budget.

Scope - The policy applies to all OD organizations, whether they are financed from appropriated funds (AF), the management fund (MF), the service & supply fund (SSF), or a combination. Some offices or programs are exempt from certain requirements, as noted.

Section I - Budget Formulation

1. OD Appropriation Budget Retreat - Each spring an appropriation budget retreat will be held to provide organizations and senior leadership a forum for identifying, evaluating and discussing programmatic and operational matters, planned initiatives or expansions, and budgetary issues for the next and future fiscal years. Funding levels in the President's Budget will be used as a financial baseline. The information assembled and presented at the retreat will be kept for historical reference and for use in reaching fund allocation decisions.

Organizations or functions funded exclusively by the MF and/or the SSF will not participate.

2. Central Service Budget Requests - Each year, generally in the second quarter, organizations funded wholly or in part from the MF and/or the SSF will prepare budget requests and justifications for the coming fiscal year(s). These will be reviewed by, and in some cases briefed to, the OD Central Services Advisory Committee (CSAC), and used subsequently in the presentation to the Funding Advisory Review Board (FARB).

3. Budget Formulation System Inputs - In October all organizations, regardless of fund source(s), will develop detailed, object class level, operating budgets for the coming fiscal year. These will be conditional plans based on President's Budget funding levels, to include central service appropriations. These budgets will be updated as necessary after final approved funding levels have been provided, usually during the 1st or 2nd quarter. Organizations anticipating reimbursements that will finance salaries will prepare budgets for these funds also. The reporting mechanism will be the OD Budget Formulation System (BFS). As a general rule the operating budgets should be prepared at the highest practical level to minimize workload, but the

BFS can be structured to allow Program and Office Director's to develop them at whatever organizational or program level they desire. Organizations are encouraged to use these original budgets as baselines against which execution can be compared and analyzed.

Section II - Budget Execution

1. Funding Levels - Program and Office Directors will be issued initial approved budgets for all applicable appropriations as early as feasible each fiscal year. If an organization requires an increase to its initial budget during the execution year, they will be required to submit a Request For Additional Funds (see attached format) to the Deputy Director through the Executive Officer.
2. Obligation Projections - Organizations will prepare projections showing actual to date and planned obligations by month and by object class. The total will equal the approved funding level for each function. The initial projections will be due on the 10th workday of the month following issuance of approved levels, and final projections on the 10th workday of August. The projections should be reviewed and approved by Program and Office Directors.

Organizations or functions funded through the SSF that recover costs by billing customers through a rate structure are exempt from this requirement.

3. Formal Budget Review - In June organizations will review the status of their operating budgets to date and assess the outlook for the balance of the year. Participants will include, at a minimum, the Program or Office Directors, the administrative officer(s), and the assigned analyst from the Budget Office staff. The reviews will concentrate on identifying: 1/ if there are any operational or workload concerns, 2/ if adjustments to planned expenditures are necessary, and 3/ if there are projected or known shortfalls or surpluses.

Section III - Financial Management

1. Fund Availability - Program and Office Directors, with support from their subordinate staff and administrative officer (AO), will be responsible for validating, (a) current fund availability and, (b) affordability within annual funding levels, prior to initiating any action resulting in an obligation. If an organization incurs obligations in excess of an approved funding allowance at any time during the fiscal year, immediate action will be taken to remedy this condition. Corrective options include cancelling an obligation(s), transferring an obligation(s) to a different allowance where appropriate, or requesting additional funding. The budget office staff will monitor the status of allowances to assist in the timely identification of over-obligations.
2. CAN Control and Changes - AOs will make every effort to ensure that commitments and obligations are recorded against a valid and appropriate CAN. The budget office staff will monitor CAN activity to assist in detecting potentially incorrect transactions. If a transaction does get recorded incorrectly, the AO will initiate a CAN change as quickly as possible, as opposed to deferring adjustment until year end. Emphasis will be placed on corrections

involving large dollar amounts. All CAN changes will be prepared by the servicing AO and processed through the budget office to ensure that the actions are valid and cite the proper CAN(s). Except when adjustments are being made to correct the over-obligation of an allowance, CAN changes usually will be limited to amounts \$500.00 or greater.

3. CAN Structure - The number of CANs will be kept to a minimum, consistent with the organizational need for a sufficient number to ensure sound program management and a useful level of discrete accounting. Since holding down the number of active CANs reduces the likelihood of errors in recording obligations, the CAN structure will be reviewed annually by the budget office to identify CANs that can be deactivated or eliminated.

4. Reimbursements - Obligations will not be recorded against reimbursable CANs in advance of processing the intra/inter-agency agreements that create the budget authority. For this reason, organizations that have negotiated or anticipate reimbursement from another IC or an outside agency should coordinate with them prior to the beginning of, or early in, each fiscal year to complete the necessary documentation as soon as possible. Emphasis will be placed on intra-NIH reimbursements that finance OD payroll charges. Exceptions to this policy may be allowed in unusual circumstances.

Office of the Director
Request For Additional Funds
FY20__

No. _____

Organization: _____
Appropriation: _____
Current Approved Budget: _____
Current FTE Allocation: _____

Requirement Description:

Justification:

Impact If Not Funded:

This budget requirement is: One-Time _____ Recurring _____
Amount Requested Current FY: \$ _____ FTE(s) Requested (if applicable): _____
Amount Requested Future FYs (if recurring): \$ _____

Requesting Official: _____ Date: _____
Budget Officer: _____ Date: _____
Executive Officer: _____ Date: _____

Approving Official: _____ Date: _____

This request is: Approved _____
 Approved (Pending Fund Availability) _____
 Disapproved _____

Comments:
