

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PUBLIC HEALTH SERVICE
INDIAN HEALTH SERVICE**

Refer to: DFM

ALBUQUERQUE AREA INDIAN HEALTH SERVICE CIRCULAR NO. 96-05

**DECENTRALIZATION AND MANAGEMENT OF BUDGETS TO THE
SERVICE UNITS**

Sec.

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1. **PURPOSE.** The purpose of this circular is to establish policy for the Albuquerque Area Indian Health Service (AAIHS) for decentralization of budgets which includes specific line item budgets to the Service Units. This policy will delineate responsibilities to meet this objective and define the methods and procedures for funds control management.

2. **BACKGROUND.**

Historically, budgets have been centralized and managed at the Albuquerque Area Office with the program directors and/or officials held responsible and accountable for these budgets. Based on recommendations of the Indian Health Design Team to shift responsibilities to the lowest organization level, it is the intent of the AAIHS to decentralize these specific budgets to the Service Units.

3. **POLICY.** The policy of AAIHS is to ensure that Service Unit Directors (SUD) and Health Center Directors are held responsible and accountable for the administration and management of funds that are allocated for specific budgets and to ensure that these resources are directed to meet specific program guidelines. With the exception of those funds administered under P.L. 93-638 which will continue to be managed by the Division of Health Care System, Albuquerque Area Office.

Only recurring dollars, with the exception of those dollars that are required to support the Area Office positions and/or Area functions will be allocated to the Service Units. Non-recurring dollars will remain under the specific budgets at the Albuquerque Area Office.

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Funds made available as the result of decentralizing will not be used to offset any funds currently provided by the Service Units for services that are on going. When positions funded by specific program dollars become vacant, the SUD and Service Unit Program Representative will jointly make the decision to fill the position, in consultation with the Area Program Officer, through 1) normal recruitment procedures 2) a direct service contract, and 3) or a personal services contract. Each Service Unit is responsible for spending all funds allocated for the purposes intended by Congress and IHS. Any identified surplus funds not spent or obligated by the end of the third quarter will revert back to the individual Area Program as non-recurring funds for the current fiscal year.

The specific budgets are: Hospital and Clinics, Direct Operations, Public Health Nursing Program, Dental Program, Mental Health/Social Services, Health Education, Community Health Representative, Substance Abuse Program, Facilities Support, Maintenance and Improvement, Quarters and Contract Health Services.

The above policy is in accordance with IHS Circular 95-19, entitled "Administrative Control of Funds Policy" dated October 20, 1995.

4. **DEFINITIONS.**

- a. **Area Office Program Officer:** The person responsible for administration and management of program funds within the Operating Plan Authority (OPA).
- b. **Advice of Allowance:** An official notification and allocation of funds available for spending within a specific OPA.
- c. **Commitment Register:** Internal control log used to record all commitment of funds for budget activity and to ensure that the OPA is not exceeded.
- d. **Line Item Budgets:** Breaking down particular spending objects into a number of separate "line item" appropriations. Each line item budget is available only for a specific object described.
- e. **Non-Recurring Dollars:** Funds allocated to Area, Service Units and Contractors that do not constitute a permanent or continuing commitment. Funds are allocated on a non-recurring basis if the funds or program activity are not expected to continue in subsequent years or to reimburse fluctuating and unpredictable expenses.

- f. **Operating Plan Authority (OPA):** A practical means of allowing obligation of funds below the allowance level and is issued by allowance holders on the basis of a detailed operating (spending) plan.
- g. **Operating Plan Authority Holder:** The person who receives an OPA allocation and in this capacity acts for and is responsible to the allowee. These responsibilities includes:
 - ⊗ Administering the funds according to the stated purpose of the operating plan.
 - ⊗ Conforming to the limitations of law or other restrictions specified by the allowee. The operating plan holder is subject to administrative discipline for any violation of the terms of the operating plan.
- h. **Service Unit/Health Center Program Representative:** The program officer or Administrative Officer, who is designated responsible for the management of individual budget program funds at the Service Unit/Health Centers level within the OPA.
- I. **Recurring Dollars:** Funds are designated as recurring if it is likely that appropriations will be continued in the next year and the program, by its purpose and design, will be operated continuously to ensure maximum effectiveness. The cumulative sum of recurring allocations is called the recurring base.

5. **RESPONSIBILITIES.**

- A. AREA DIRECTOR (OPA Holder)
 - 1. Administer the IHS funds in accordance with the intended purpose of the allowances and conform to any limitations of law or other restrictions as mandated by Congress.
 - 2. The implementation and/or execution of the IHS Administrative Control of Funds Policy and the Decentralization and Management of Budgets to the Service Units within AAIHS.
 - 3. Assure the OPA for the AAIHS is properly issued.

B. SERVICE UNIT DIRECTOR/HEALTH CENTER DIRECTORS

1. The overall administration and management of the specific program funds, ensuring adherence to program guidelines.
2. The development and approval of an annual operating plan with the Area Office, Service Unit and Health Center specific program representatives.
3. Ensure that line items program funds are not reprogrammed.
4. Accountable as the approving official for the expenditures of funds to meet program requirements.
5. The maintenance and appropriate format of the Commitment Registers (see Exhibit I) which allows monthly reconciliation with current financial reports and monthly status of funds report.
6. All expenditure of funds as the authorizing official (see Exhibit II).
7. The monthly reconciliation of line item budget commitment registers and monthly meetings with Division of Financial Management (DFM) Albuquerque Area Office.
8. The year-end closeout of the line items budget accounts, assuring that all funds are appropriately obligated, de-obligated, and any deficits are liquidated using Service Unit resources.
9. Designate an individual and alternate that will be responsible for maintaining the commitment register for each specific budget.
10. Designate an individual that will be the Funds Available Certifying Official for each specific budget.

C. AREA PROGRAMS OFFICERS

1. Identify program objectives and provide technical assistance and guidance to the Service Units.
2. Identify the base amount necessary to adequately maintain Service Unit programs in consultation with SUD's and Service Unit/Health Centers representatives.

3. Review and concur on the annual service unit operating plans for line item program expenditures.
4. The administration and management of non-recurring dollars area wide.
5. Assure that periodic program reviews include the financial integrity of line item budgets at the Service Unit.

D. DIVISION OF FINANCIAL MANAGEMENT

1. Issue OPA to the Service Units/Health Centers for each line item budget upon receipt of written request from Area Program Officers. The OPA will include any specific project identification or initiative on the advice of funds to the Service Units.
2. Ensuring that allowances are properly and accurately recorded into the Health Accounting System.
3. Periodically review and monitor the OPA's issued to the Service Units to ensure that they do not exceed the authorized OPA's amounts.
4. Notify the appropriate management officials (Area Director, Chief Medical Officer, Executive Officer, SUD's) of any potential and/or over obligation of funds regarding all budgets.
5. Notify management of any impropriety regarding management of funds.

6. **PROCEDURES.**

A. AREA DIRECTOR

1. Ensure that the performance plan of each SUD includes an element requiring that all specific programs funds be spent as intended by Congress.
2. Ensure that appropriate corrective action is taken in regard to any over obligation or misuse of funds.

B. SERVICE UNIT DIRECTOR

1. The SUD's and line item program representatives will jointly develop an annual operating plan for the Service Unit based on recurring dollars, and any anticipated need for non-recurring funds.

2. Annual operating plans will be submitted to Area line item programs for review and concurrence.
3. The OPA received from DFM, will be distributed to the line item programs at the Service Unit upon receipt.
4. Designate in writing the Funds Available Certifying Official. A copy of the designation letter shall be provided to the DFM, Internal Audit Branch (IAB) and Area Program Offices.
5. Designate in writing the individual and alternate responsible for establishing and maintaining a commitment register for each line item program. A copy of the designation letter shall be provided to the DFM and IAB.
6. Review and assure that all commitments are accurately recorded and obligated in the financial reports, i.e., Allowance Status Report, SHR-111M; Weekly Status of Funds Report, SHR- 540E; Open Documents, SHR-424. (see Exhibits III, IV, V.)
7. Assure that monthly reconciliation of line item budget commitment registers are completed by designated individuals using the 111M (see Exhibit III). Any discrepancies found should be resolved and appropriate documentation submitted to DFM for corrective action.
8. Monitor commitment registers to ensure that they do not exceed their OPA.
9. Ensure that a monthly status of funds report is submitted to the Budget Officer, DFM on a monthly basis.
10. Review and monitor the year-end closeout of the line item budget accounts at the Service Units. Ensure that all funds are appropriately obligated, deobligated and all deficits are liquidated.
11. Maintain a line of communication with the line item programs in regard to program objectives and financial resources.

C. AREA PROGRAM OFFICERS (Line Item)

1. In the initial year, Area Program Officers will determine the base budget amounts to be allocated to the Service Units. Thereafter, those dollars will become the recurring base for the Service Units with adjustments as mandated with the appropriations or a change in workload when used to determine resource allocations.

2. Area Program Officers will offer consultation and technical assistance to the Service Units on the management of line item program funds.
3. Review annual operating plans to ensure that funding requests are within the recurring base amount. This should be done to address additional funding and/or surplus.
4. Periodically review and monitor the Service Unit commitment registers to ensure that funding is sufficient to meet program guidelines and appropriateness of expenditures.
5. Identify the allocation of non-recurring dollars based on program initiatives.

D. DIVISION OF FINANCIAL MANAGEMENT

1. Implement and maintain an appropriate system for subdividing the Area allowances through the issuance of OPAs.
2. Prior to the distribution DFM will provide training to Service Units regarding appropriate expenditure of specific line item funds as deemed necessary.
3. DFM will issue OPAs specifically identifying each line item budget.
4. Dissemination of OPA to the Service Units in a timely manner as allocation of funds are received from IHS Headquarters.
5. Monitor financial reports to assure that OPA allowances are properly reflected in the financial reports.
6. Monitor allowances using the monthly status of funds reports to identify any overobligation of funds.
7. Reports any over obligations of funds to management officials in writing. In addition, notifies the Service Units in writing of any potential over obligation of funds.
8. Informs management officials on the status of funds on a monthly basis.

7. **EFFECTIVE DATE.** This circular is effective upon date of signature and shall remain in effect until cancelled or superseded.

A handwritten signature in black ink, appearing to read 'D. Dupree', with a long horizontal flourish extending to the right.

Dorothy Dupree
Acting Area Director