

REGULATION MONTGOMERY COUNTY PUBLIC SCHOOLS

Related Entries: DAA, DBA
Responsible Office: Superintendent of Schools
 Instruction and Program Development

Fiscal Responsibility and Control

I. PURPOSE

The annual budgetary appropriations (operating and capital) and special grants are the basis for the financial operation of the school system. To insure that adequate fiscal responsibility and control are maintained for school system funds, this regulation establishes procedures to prevent the overexpenditure of budget appropriations, provides for the change or movement of positions and/or budgeted funds, designates account managers and fixes their responsibilities, and provides a reporting process for the control of expenditures.

II. DEFINITIONS

A. *A transfer within the operating budget* is defined as the movement of funds or positions from the stated use identified by the object of expenditure or between categories in the annual operating budget adopted by the Board of Education and funded by the County Council.

Examples:

Transactions	From Account	To Account
Movement of a secretarial position and related funds from the secretarial account of the Division of Maintenance to the secretarial salary account of an elementary school	09-323-1-40	02-121-1-40
Movement of supply funds in the Department of Information to the additional equipment account in the same office	01-641-3-30	01-641-5-40

A transfer within the capital budget is defined as the movement of funds or positions from the authorized stated use, identified as the project, to another project or to unliquidated surplus.

- B. *Reassignment of funds within the operating budget* is defined as the movement of funds or positions in which utilization is in accord with the stated use described by the object of expenditure in a category. Reassignment can be used to accommodate the reorganization of an operation unit when funds and positions continue the stated use.

Examples:

Transactions	From Account	To Account
Movement of funds from the professional salary account of the Director of Budget Planning and Development to the secretarial salary account of the same office.	01-221-1-02	01-221-1-40
Movement of a secretarial position and funds from the secretarial salary account of the Division of Systems Development to the secretarial salary account of Division of Data Processing Operations	01-362-1-40	01-363-1-40
Movement of supply funds from an elementary school to the supplies account of a senior high school	03-121-3-03	03-141-3-03

Reassignment of funds with in the capital budget is defined as the movement of funds within a project.

- C. The term *supplemental* refers to funds and/or positions which are in addition to those provided for in the Council approved budget.

D. The *Account Number Structure for the operating budget* is as described below.

Digits: 1 – 2-3 – 4-6 – 7-8 – 9-11 – 12-13 – 14-17
 X XX – XXX– XX – XXX – XX – XXXX

Digit Explanation

1	Fiscal Year
2-3	State Category, Fund, Type (Administration, instruction, etc.)
4-6	Office, Department, Division, etc. (Elementary, secondary, middle, maintenance, transportation, etc.)
7-8	Major Object of Expenditures, etc. (Supplies, equipment, salary, contractual services, other)
9-11	Sub-object of Expenditures, etc. (Instructional, textbooks, library books, etc.)
12-13	Administrative Areas (01-03)
14-17	Schools, Supported Projects, etc.

E. The *Account Number Structure for the capital budget* is as described below.

Digits: 1 – 2-3 – 4-6 – 7-8 – 9-11 – 12-13 – 14-17
 X XX – XXX – XX – XXX – XX – XXXX

Digit Explanation

1	Fiscal Year
2-3	State Category, Fund, Type (Expenditure, revenue, fund balance)
4-6	Cost Classification (By type, facility level, fiscal year)
7-8	Cost Classification (By contractor, architect, inspector, other cost)
9-11	Construction Project Sequence (Original facility, first addition, second addition, etc.)
12-13	Administrative Areas (01-03)
14-17	Construction Project Facility Number (School Number)

III. PROCEDURES

A. General Information

The superintendent is responsible for preventing the overencumbrance of the number of positions and the overexpenditure of the appropriation as contained in the approved operating and capital budgets and the approved budgets for supported programs.

B. Operating Budget Appropriation

1. General

- a) Following final adoption of the operating budget by the Montgomery County Council, the director of Budget Planning and Development advises the superintendent of all changes and modifications at the earliest date possible. When reductions in a budget occur, the superintendent, in consultation with the Administrative Team, identifies specific areas to effect the changes after which the superintendent submits recommendations to the Board of Education for adoption of a revised budget. The Department of Budget Planning and Development is responsible for the preparation of the notification by the superintendent to the County Executive and the County Council of the revisions approved by the Board of Education.
- b) The Division of Accounting will survey each primary account manager in April/May to assure the correctness of the account structure. Account number changes, after the final chart of accounts is established in May, can be made only by completing MCPS Form 210-1: *Request for Authorization for Movement of Operating Budget Funds*.

2. Responsibilities of Account Managers

- a) The deputy superintendent designates annually the primary account managers as soon as possible after receipt of the account code plan and chart of accounts from the director of financial services. Generally, the primary account managers will be the associate superintendents in accordance with their program responsibilities. In budget categories which include a variety of accounts, the deputy superintendent designates account responsibility in keeping with the specific program responsibility of the associate superintendent.
- b) The primary account manager is responsible for the submission of budgetary requests as part of the annual budget development process. Procedural details are included in the Budget Guidance Document issued annually by the Department of Budget Planning and Development. In addition, the primary account manager is responsible for the solvency of all accounts assigned through the life of the appropriation.

- c) The primary account manager may designate a secondary account manager for an account to assist in the control and administration programs. The secondary account manager may be an area associate superintendent, a principal, a department or division director, or in the case of supported programs, the project director. While the secondary manager initiates a request for a reassignment or transfer of a position or funds, the request must be approved by the appropriate primary account manager prior to submission to the Department of Budget Planning and Development.
- d) The associate superintendent for supportive services will review operating accounts monthly and report any anticipated problems to the superintendent and deputy superintendent. The primary account manager will be notified of the problems relating to programs in his area of responsibility.

3. Movement of Positions and/or Budget Funds

a) Transfer of Positions/Funds

- (1) The transfer of funds and the transfer of positions between categories must be recommended by the superintendent to the Board. If approved, a funds transfer request is submitted by the superintendent to the Montgomery County Council for action. All requests for such transfers are developed by the primary account manager of the program and submitted to the Department of Budget Planning and Development. The Department of Budget Planning and Development insures that all transfer actions are in compliance with Board of Education policy and *The Annotated Code of Maryland, Education*, and that appropriate follow through is effected to obtain action by the County Council and notification to the County Executive.
- (2) In addition to the requirements of *The Annotated Code of Maryland, Education*, transfers of funds and transfers of positions within categories may be made upon recommendation of primary account managers with approval from:
 - (a) Deputy Superintendent of Schools up to \$10,000 within a primary account manager area

- (b) Superintendent of Schools up to \$10,000 between primary account manager areas
- (c) Board of Education for all amounts over \$10,000

These transfers do not require approval or action by the Montgomery County Council.

(3) Reporting Transfers

A report on budgetary transfers of funds shall be prepared by the Department of Budget Planning and Development and reported monthly to the director of accounting and the staff assistant to the Board of Education for transmittal to the Board of Education, County Executive and County Council. In addition, a list of supplemental positions is also transmitted.

b) Reassignment of Positions/Funds

- (1) Reassignments required to implement approved changes in an organizational unit in which the positions and/or funds are used for the originally stated use in the budget require approval by the superintendent
- (2) Reassignment of positions and/or of funds over \$10,000 required approval by the deputy superintendent
- (3) Reassignment of funds up to \$10,000 within an object when the reassignment is between sub-objects, may be approved by the primary account manager
- (4) Reassignment of positions or funds within a sub-object are without limitation as to positions or amount and are approved by the primary account manager

c) MCPS Form 210-1: *Request and Authorization for Movement of Operating Budget Funds*, is prepared and transmitted as follows:

- (1) The operating unit receiving the positions or funds prepares the form and the resolution when Board or both Board and Council approval is required

- (2) The primary account manager initials the appropriate accounts
- (3) The budget officer reviews, signs, and forwards for approval
- (4) The appropriate level personnel (superintendent, deputy superintendent, primary account manager) acts on the request
- (5) The reviewing official returns the form to the Department of Budget Planning and Development for distribution

4. Movement of Personnel and/or Action Expenditures

- a) MCPS Form 210-1 *Request and Authorization for Movement of Operating Budget Funds*, is required to adjust budget and accounting records (see 3.c.) for procedure.
- b) MCPS Form 447-9: *Position Action Request*, is required to update records of the Department of Personnel Services and Division of Payroll. (Procedures are contained on the form.) In addition, a memorandum to the director of payroll from the primary account manager receiving the positions or funds is required in order to adjust salary and wage charges.
 - (1) In the case of a budgeted position being transferred or reassigned, the primary account manager of the receiving unit submits MCPS Form 447-9, with an approved copy of MCPS Form 210-1, to the Department of Personnel Services. The Department of Personnel Services updates the position control and personnel master files and provides the Division of Payroll information to update their files.
 - (2) Adjustments to actual salary and fringe benefit expenditures are prepared by the Division of Payroll and forwarded to the Division of Accounting after authorization is received from the Department of Personnel Services.

5. Supplemental Funds

In order to receive and expend supplemental funds, the primary account manager must prepare a resolution for action by the Board of Education and the County Council and notification to the County Executive. A draft of each resolution must be cleared with the Department of Budget Planning and

Development and the Division of Accounting and then be submitted to the appropriate associate superintendent. Immediately following Council approval of the resolution, the primary account manager prepares MCPS Form 210-1 which permits the supplemental appropriation to be entered into the accounting records.

6. Control of Operating Budget Expenditures

The control of operating expenditures is the responsibility of each primary and secondary account manager. In cooperation with the account managers an analysis of the overall fiscal solvency of accounts is made monthly by the Department of Financial Services. As necessary, conferences will be scheduled with primary and/or secondary account managers to consider action necessary to effect account balance solvency. The associate superintendent for supportive services is informed by the director of financial services each time there is a projected deficit in any category with an accompanying recommendation to correct the situation.

C. Capital Budget Appropriation

1. Account Managers

The associate superintendent for supportive services is designated as the primary account manager for the capital appropriation. The primary account manager may designate secondary account managers to assist in the control and administration of programs, except for authorization and approval of reassignments or transfers.

2. Transfer of Funds

a) General

Transfer of capital funds will be originated and distributed by the Division of Construction and Capital Projects on the MCPS Form 280-72 series: *Distribution of Capital Appropriation*. A resolution for Board and Council approval will be prepared by the Department of School Facilities.

b) Interproject Transfers

(1) All interproject transfers must be acted upon by the Board and approved by the County Council. The primary account

manager is responsible for insuring that all transfer activity is in compliance with Board policy and The Public School Laws of Maryland and that appropriate follow through is effected to obtain County Council approval of action requested.

(2) All interproject transfers shall be made through the unliquidated surplus capital account.

c) Intraproject Transfers

(1) Transfers of \$10,000 or more may be approved by the superintendent.

(2) Transfers under \$10,000 may be approved by the primary account manager.

3. Control of Capital Expenditures

Control of capital expenditures will be by the director of the Division of Construction and Capital Projects through use of the following reports:

a) Statement of Transactions (monthly)

b) Capital Budget Report (monthly)

c) Daily Account Balance Listing

d) Fund Balance Report

e) Encumbering and Liquidation of Capital Projects

D. Special Grants or Appropriations

1. Account Managers

a) The deputy superintendent designates a primary account manager for all special grants or supported programs.

b) The primary account manager is responsible for the supported program and for (1) insuring that the accounts are solvent, (2) implementing the program in accordance with the terms of the

program grant and the County Council appropriation restrictions, and (3) preparing and/or reviewing all reports to the granting agency.

- c) The primary account manager may designate, with the approval of the deputy superintendent, secondary account managers (project directors) to assist in the control and administration of programs. The project director functions in a similar manner and has similar responsibilities as other secondary account managers. (See MCPS Regulation DDA-RA, *Projects Financially Supported Through Federal, State, or Private Agency Grants or Other Grantors*, for responsibilities of project directors.)

2. Movement of Funds and/or Positions

Authority and limitations of transfers for supported programs shall be the same as those for other operating budget appropriations except that they will be confined to the terms of the grant. (see item IV.B.4.a) and b).)

E. Other Fiscal Control Responsibilities

1. The director of the Department of Personnel Services shall insure that a position control system is established and that a position exists for all newly hired personnel.
2. The director of financial services prepares quarterly financial reports from July through December 31, and monthly financial reports from January 1 through June 30, to the superintendent and Board on the status of the operating budget. To the fullest extent possible the report will contain analytical comments about such items as levels of revenue and expenditures and trends which may lead to substantial overexpenditures if not corrected.

Administrative History: Formerly Regulation No. 210-1, revised October 1982; reprinted April, 1988.