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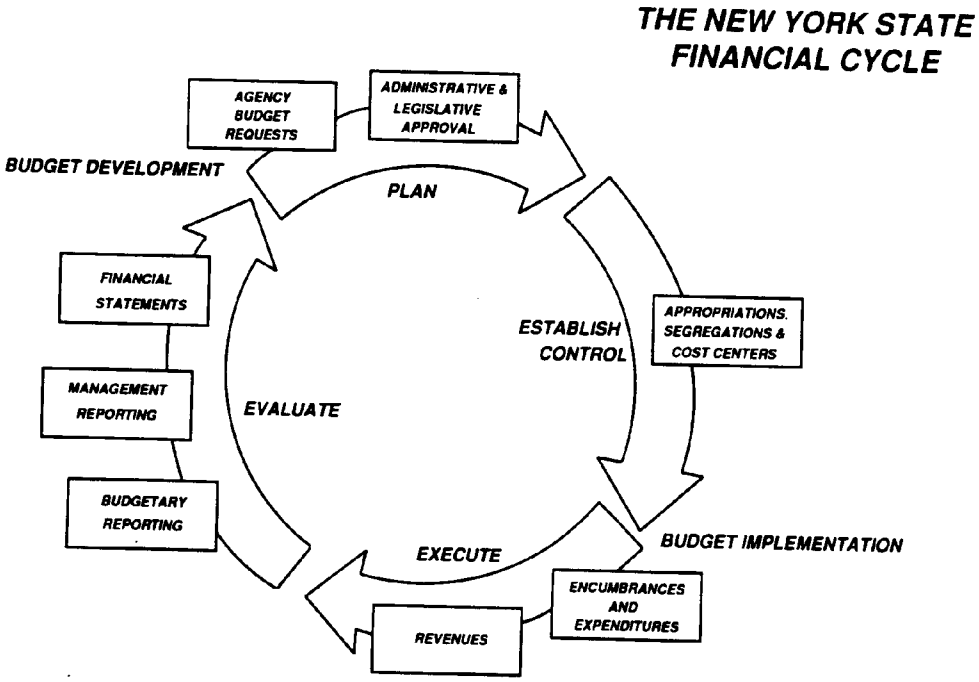
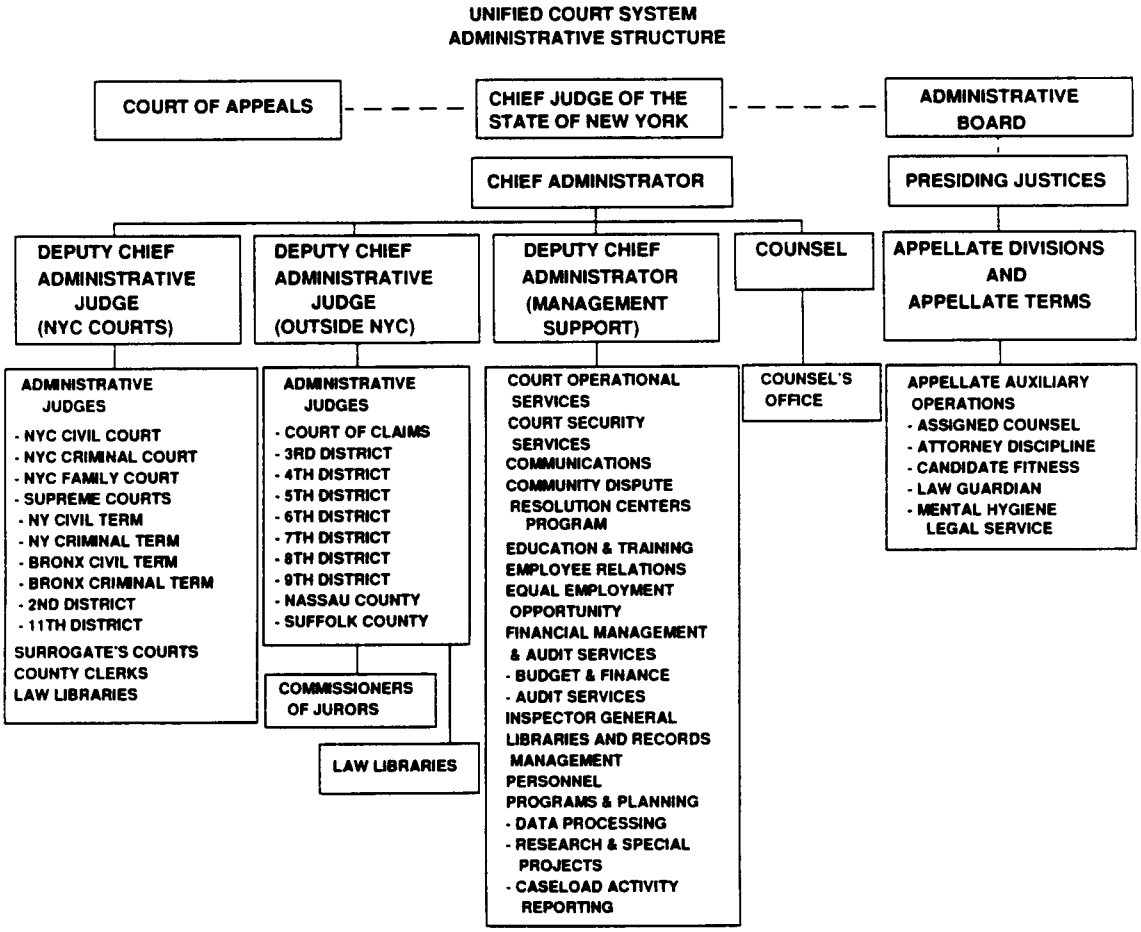
1.000 New York State Financial Cycle



The Financial Cycle is the process through which the Unified Court System manages its resources, while providing a forum for the just and timely resolution of matters brought before the courts. It is an on-going process requiring the cooperation and efforts of all segments of the Judiciary --judges and nonjudicial employees working in courts, court-related agencies and administrative support units. The Financial Cycle consists of two major phases--budget development and budget implementation. The budget development phase includes the evaluation and planning stages; the budget implementation phase includes the control and execution stages of the Financial Cycle.

The administrative structure of the Unified Court System and its respective components, all of which play a role in the Financial Cycle, is illustrated below:



1.100 Budget Development - Planning

Budgeting is the act of planning for an organization's functions and activities for a specified period of time to meet its objectives, stated in terms of the amount of funding required to carry out those functions and activities. The Judiciary Budget Request is a formal statement of the methods by which the Judiciary will meet its objective in the coming fiscal year. The budget as presented to the Legislature is a public document, closely scrutinized by members of the Legislature, the Governor, the press and the public. It is essential, therefore, that budget preparation receive a high priority by judicial and nonjudicial personnel to insure that the plan of action set out for the upcoming fiscal year is a all-inclusive and as accurate as possible.

There are two levels of responsibility for budget preparation relative to the operations of the trial courts. First, each court and agency is responsible for preparing its own budget request for each fiscal year. Second, the Office of the Deputy Chief Administrative Judge in New York City and the Offices of the District Administrative Judges have been designated as review agencies and make recommendations on the budget requests for the courts and agencies for which they are responsible. Please refer to Part III of this manual for complete instructions relative to the Judiciary's annual budget process.

1.200 Budget Implementation - Establishing Control

With the passage of annual budget appropriation bills by the New York State Legislature, preliminary certificates of segregation are issued by the Office of Financial Management & Audit Services (OFMAS). Allocations, which are more specific distributions of segregated amounts at the court/agency (cost center) and object of expense level, are then developed by OFMAS in consultation with the district/administrative offices. These expenditure control mechanisms - appropriations, segregations and cost centers - constitute the basic framework for internal control over the Unified Court System's resources. In conjunction with other administrative and fiscal controls such as the Authorized Schedule of Positions, Budget Management Plans and Three Year Plans, these mechanisms work to ensure that resources are allocated and expended in a manner that is consistent with established priorities.

1.300 Budget Implementation - Execution

Once organizational and program priorities have been established, resources have been allocated and controls put in place, the execution stage of the annual Financial Cycle commences. In this phase, plans are executed resulting in the processing of expenditures and the collection of revenues. As part of this process, encumbrances are established in the form of contracts and purchase orders. Procurement and disbursement activities are controlled through UCS administrative policies and procedures, as well as rules and regulations promulgated by the Office of the State Comptroller (OSC). Expenditure limits are controlled by appropriations, segregations and cost center allocations and can only be adjusted with the approval of the Office of Financial Management & Audit Services. The revenue process includes the collection, recording, reporting and transmittal of statutory or court-ordered fees, fines and penalties. The procedures applicable to the processing of revenue within the Unified Court System are contained in Part IV of this manual.

1.400 Budget Development - Evaluation

Evaluation is an essential component of any system or process. Through evaluation, an organization reviews its success in fulfilling its primary goals or mandates relative to the resources that are available. The evaluation process serves as a basis for the possible reallocation of limited resources to other programs or priorities. In the Financial Cycle, plans or budgets are reviewed relative to actual expenditures and revenue collections. Monitoring of expenditures via fiscal reports and Budget Management Plans assures that spending limits are not exceeded and allows for comparison of actual revenues to projections. Reports and other management tools necessary for the evaluation stage are generated by the State Comptroller's Office and from various UCS computer applications. The evaluation stage, while continuous, signals the commencement of another annual budget period. Thus, the Financial Cycle begins again.