

UNITED STATES BANKRUPTCY COURT MIDDLE DISTRICT OF NORTH CAROLINA



Court Unit Budget Management Organization and Plan

Honorable Lena M. James

Chief Judge

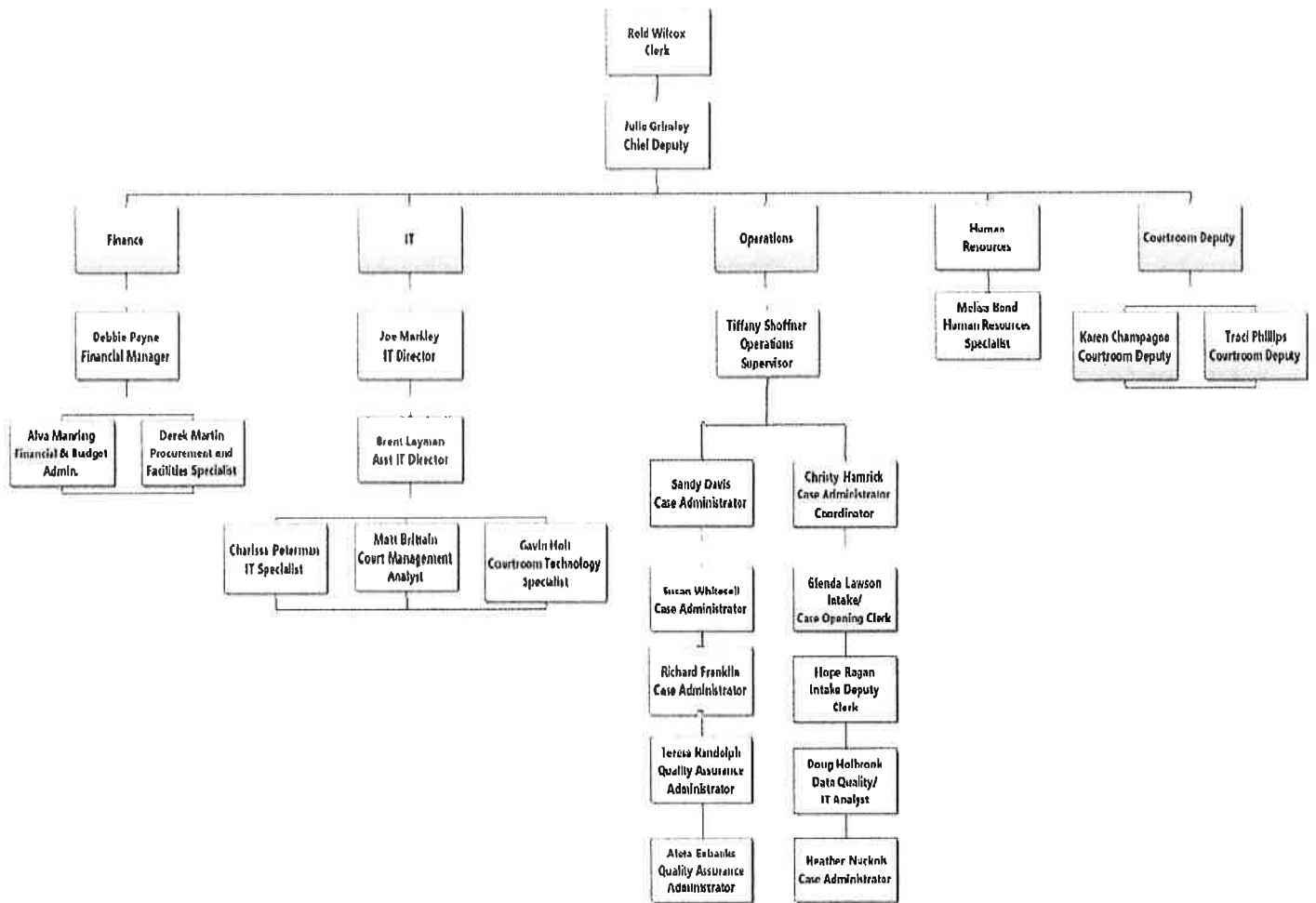
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I. Organizational Chart

Greensboro and Winston-Salem Divisional Offices – January 2021



II. Roles and Responsibilities

Position	Duties
Chief Judge	<p>Delegated authority by the Director of the Administrative Office. The Chief Judge oversees the formulation and the management of the budget.</p> <ul style="list-style-type: none"> • Review and approve annual spending plans • Review and approve funding priorities of major projects • Review Status of Funds Reports once final annual budget is allotted • Approve Inter-Unit reprogramming and transfer of appropriated funds
Unit Executive	<p>Delegated authority by the Chief Judge to formulate, prepare, and manage the budget on a daily basis.</p> <ul style="list-style-type: none"> • Make budgetary decisions • Coordinate with other Unit Executives to fulfill court goals • Develop short and long term budget goals • Coordinate development of the annual spending plan to meet the budget goals of the unit • Meet regularly with the Judges to discuss Chambers' needs • Approve the final budget draft prior to submission • Oversee spending • Develop a system of local fund controls to ensure that fund allotments are not exceeded • Organize financial management reviews consistent with the guidelines for budget decentralization, all applicable statutes, policies, and guidelines • Establish and monitor a system of internal controls • Designated as procurement liaison officer • Perform or use contractor to conduct internal audit on a yearly basis • Approve reprogramming requests in JIFMS • Approve payment vouchers in JIFMS (Level 2) • Certify payroll on a bi-weekly basis

<p>Chief Deputy</p>	<ul style="list-style-type: none"> • Assemble and prepare the salary portion of the budget • Using iPPS, project salary expenses • Meet regularly with the Managers and the Clerk to determine the need of office • Aid in identifying budget deficiencies • Approve reprogramming requests in JIFMS • Approve payment vouchers in JIFMS (Level 2) • Disposal Officer • Serve as back-up to certify payroll on a bi-weekly basis • Serve as back-up to provide reports regarding personnel funds and expected lapse balances • Serve as back-up to reconcile payroll data on a bi-weekly basis in iPPS • Acts as Clerk's alter ego and can perform duties of Clerk in his absence
<p>Financial Manager</p>	<ul style="list-style-type: none"> • Aid in formulating the budget with the Clerk, Chief Deputy, Director of Information Technology, and Operations Supervisor • Prepare the budget for approval prior to submission • Prepare initial spending plan • Submit budget to the Administrative Office through the InfoWeb • Prepare and submit the Electronic Status of Funds Report (ESFR) through the InfoWeb as required by the AO • Meet regularly with the Clerk and Chief Deputy to determine deficiencies and spending profiles • Meet regularly with the Director of Information Technology to develop and manage the Information Technology Budget • Oversee spending and assure that all purchases adhere to Volume 14 of the <i>Guide to Judiciary Policy</i> • Monitor all obligations and expenditures to ensure that overspending does not occur • Approve all payment authorizations in JIFMS (Level 1) • Prepare all Inter-Fund and Inter-Unit reprogramming requests through the InfoWeb with the approval of the Clerk • Run reports quarterly to balance unliquidated obligations • Assist Clerk in updating the Internal Controls manual annually or as changes are made in budget, financial, and procurement procedures • Serve as back-up for Contracting Officer • Prepare and review monthly Financial Reports • Oversee Registry Accounts in the Court Registry Investment System (CRIS) • Serve as back-up to annotate payroll on a bi-weekly basis in HRMIS

<p>Budget, Purchasing, & Finance Administrator</p>	<ul style="list-style-type: none"> • The U.S. Bankruptcy Court, MDNC, uses the JFinsys Accounting System and CR-ECF as the cash register system. Using these systems, the Budget, Purchasing, & Finance Administrator handles the day to day financial operations of the Court: • Daily Cash Receipt Journals including credit card reconciliation • Oversee Bank Deposits • Oversee Daily Cash Drawer Reconciliation • Process Trustee Payments • Process Unclaimed Funds Payments • Prepare Monthly Financial Reporting • Serve as Contracting Officer for the court and sign purchase orders • Research purchases and obtain bids when procurement thresholds are met • Serve as back-up for Financial Manager
<p>Director of Information Technology</p>	<ul style="list-style-type: none"> • The Information Technology Department operates under a separate budget. The Director of Information Technology assists the Financial Manager in formulating and managing that budget • Assist in formulating the information technology budget • Assist in overseeing the information technology spending
<p>Human Resources Specialist</p>	<ul style="list-style-type: none"> • Annotate payroll on a bi-weekly basis in HRMIS • Reconcile payroll data on a bi-weekly basis using iPPS • Provide reports regarding personnel funds and expected lapse balances • Serve as back-up to assemble and prepare salary portion of budget • Serve as back-up to project salary expenses using iPPS

III. INTRODUCTION

The primary goal of budget decentralization is to improve the efficiency and effectiveness with which available funds are managed, to minimize delay, and to streamline the daily operations of the Bankruptcy Court. The primary purpose of this document is to outline the organization, structure, and execution of the Court's operating budget. It is also sound business practice, as well as an excellent training tool for new personnel, to have written financial operating procedures in place.

IV. DELEGATION OF AUTHORITY

The Director of the Administrative Office of the U.S. Courts has delegated to all Chief Judges the authority to execute the budget, including the authority to obligate allotted funds and to procure property for the Court pursuant to Volume 1 of the Guide to Judiciary Policy. Should Inter-Unit reprogramming or transfer of appropriated funds become necessary, the Chief Judge must approve such transfers. The Chief Judge of the U.S. Bankruptcy Court for the Middle District of North Carolina has delegated certain authority to the Unit Executive as detailed in the Delegation of Procurement Liaison Officer (PLO). The Financial Manager prepares, submits, and monitors the budget subject to and with the oversight of the Unit Executive.

To facilitate the budget operations of the Court, the Clerk of the Bankruptcy Court has delegated to the Chief Deputy the authority to reprogram funds and to expend appropriated funds on behalf of the Court in the absence of the Clerk. This includes approving payment vouchers in JIFMS by applying the second level approval.

Both the Financial Manager and Budget, Purchasing, & Finance Administrator have completed the Contracting Officer's Certification Program (COCP) Levels 2 and 3. The official Contracting Officer for the Court is the Budget, Purchasing, & Finance Administrator, but the Financial Manager can serve as a substitute when needed for the continuing operations of the Court.

V. PLANNING, DEVELOPMENT & PRESENTATION

a. CALENDAR OF EVENTS

The U.S. Bankruptcy Court submits budget reports and/or actions on a timely basis, as directed by the Administrative Office. These reports correspond with the Court Budget Operating Manual (CBOM) and the schedule of Recurring Reports as set forth by the Administrative Office. The calendar of events is attached. (see Attachment A).

b. BUDGET FORMULATION RESPONSIBILITIES

The Unit Executive is, by designation, the Financial Officer of the Bankruptcy Court. He will review and approve all day-to-day budget decisions and requests. If he is uncertain of any budget aspect within the Unit, he will confer with the Chief Judge to obtain direction.

At the direction of the Unit Executive, the Financial Manager is responsible for assembling and preparing the expense portion of the budget, which includes any prior year historical spending priorities or zero-based/non-recurring events that may impact the Court in the upcoming fiscal year. With the implementation of Allotment Simplification, only event driven funding requests need be submitted in response to the annual Budget Call.

For zero-based/non-recurring events spending requests, the Financial Manager prepares a detailed written justification for review by the Unit Executive for approval prior to its entry into InfoWeb for submission to the Budget Division of the Administrative Office.

The Chief Deputy will be responsible for assembling and preparing the salaries portion of the budget. Using the iPPS system, the Court's salary requirements necessary to operate during the upcoming fiscal year are projected, taking into consideration all forecasted personnel actions. This information is submitted to the Budget Analyst at the AO through the InfoWeb.

All personnel responsible for budget formulation, execution, and reporting shall conform to all the rules and regulations set forth in the *Guide to Judiciary Policy, Volumes 13 and 14; Budget Decentralization Guidelines; Current Budget Call Instructions* and the *Court Budget Operating Manual*, when executing any budgetary actions or decisions.

It has been the practice in the District that each Unit Executive manages and maintains that Unit's particular budget. It is also the practice for the Unit Executives to meet on a periodic basis to discuss any district-wide events that may impact Unit funding. If any funding deficiencies are identified during the fiscal year, it is the responsibility of the Unit Executives to devise a plan to address such a shortfall. In addition, these periodic meetings produce forecasts and spending expectations for future years.

c. COORDINATION WITH OTHER UNITS

The Budget Analysts/Financial Administrators of each of the Units coordinate any Inter-Unit budget or spending actions. The Analysts/Administrators will ensure that all proper procedures and requirements set forth in the Allotment Guidelines are met before final submission to the Budget Division.

d. PRIORITY RANKING AND DETERMINATION

Long range budget requirements should be anticipated and requested in the Budget Call to cover Court operations for the upcoming fiscal year. The Unit Executive, with aid from the Chief Judge

and all Court Managers, will have identified these funding goals prior to submission of the Budget Call.

Short range goals will be prioritized by considering current year funding and also will be based on the availability of allotment surpluses within the budget. Certain spending goals are set at the initial receipt of the Unit's budget. Any additional surplus funding that arises in a fiscal year will be used for authorized Court programs and initiatives, unforeseeable tenant alterations, building projects, and joint ventures with other Units within the District. Surplus funds will be returned to the Budget Division of the AO, after all budget sensitive needs have been satisfied and absent the need for any Inter-Unit or Inter-Fund reprogramming.

e. SPENDING PLAN REVIEW AND DECISION PROCESS

When the initial allotments are received for the fiscal year, the Financial Manager will prepare the spending plan to analyze the minimum spending requirements for the Court. After the final allotments are received, the spending plan is revised and reviewed by the CUE, Chief Deputy, Director of Information Technology, and Operations Supervisor. In the event of a continuing budget resolution, the Unit Executive will ensure that the unit spending does not exceed the rate of spending of the previous fiscal year, as directed by the AO.

At the outset of the fiscal year when allotments are available in JIFMS, the Financial Manager will ascertain whether the basic operating costs for the Court can be met. The Financial Manager will identify and report any funding deficiencies to the Unit Executive. At this time, the Unit's spending plan may have to be revised to allow for such deficiencies or defer to other Units for surplus funding to cover the financial shortfall. If all available District options are exhausted and a resolution to the financial crisis has not been achieved, by directive from the Unit Executive, the Financial Manager will submit supplemental requests to the appropriate allocation holders at the AO, based on the needs of the Court.

Throughout the fiscal year, budget items are reviewed and discussed as needed at the weekly management meetings. The Unit Executive communicates at periodic intervals with the Bankruptcy Judges to discuss Chambers' budgetary needs. These discussions are conducted for the purpose of reviewing the current budget, projecting the Court's needs for the current budget year, and anticipating needs for the future. All procurement decisions in the Bankruptcy Court are made within the confines of the current budget, emphasizing the need to obtain the best value for the government and the ability of that particular purchase to withstand public scrutiny, commonly referred to as passing the "newspaper test."

VI. BUDGET EXECUTION

a. FINANCIAL STATUS REPORTS

The Financial Manager checks the balances in JIFMS on a monthly basis to ensure accuracy. The unliquidated obligations are checked on a quarterly basis to ensure that they are legitimate outstanding expenses. The balances on the Electronic Status of Funds Report (ESFR) are checked against the spending plan to ensure that expenses do not exceed the budget.

b. FINANCIAL SYSTEMS USED

The Court uses JIFMS, and all purchasing and budget transactions are maintained within this system in accordance with all GAO policies and procedures.

The ESFR is produced using JIFMS data and is submitted through the InfoWeb as required by the AO.

c. PROGRAM SPENDING REVIEWS

One of the responsibilities of the Unit Executive in managing the Unit's budget is to control funds through proper recording and regular reviews of status reports. It is the Unit Executive's responsibility to ensure that anticipated obligations do not exceed the total operating budget.

Monthly BOC reconciliation is done in both the Salary & Expense Fund and the Judiciary Information Technology Fund (JITF) to monitor spending plan goals. This would include all unliquidated obligations as well as expenditure forecasts.

Modifications to current unliquidated obligations are updated and future expenditure projections are made by straight line calculations and based upon prior years' spending histories. The results are then reported to the Unit Executive to discuss any deficiencies that may impact current year funding levels. If deficiencies exist, alternatives to the spending plan are made at the direction of the Unit Executive.

d. REPROGRAMMING PROCEDURES

1. Intra-Fund Reprogramming

The Unit Executive may reprogram funds in an operating budget, without dollar amount restrictions from any reprogrammable BOC within a fund (either 092000, 51140E or 51140X), except those BOC's identified in the Court Budget Operating Manual under "Reprogramming Prohibitions and Restrictions."

The Financial Manager and the Budget, Purchasing & Finance Administrator will recognize the need to reprogram funds based on spending plan reviews and can reprogram funds up to \$2,000. Reprogramming transactions exceeding \$2,000 must be approved in JIFMS by the Unit Executive or Chief Deputy.

2. Inter-Fund Reprogramming

Inter-Fund reprogramming (between 092000, 51140E, 51140X) is done at the directive of the Unit Executive. While the Administrative Office's approval is not required to reprogram funds into the JITF, Court units must notify the AO, through the InfoWeb, of this reprogramming. Approved transactions will automatically post to JIFMS.

All reprogramming transactions out of the JITF require approval of the AO. The Court will enter its request to the Budget Division through the InfoWeb. The Budget Division will then update its system at the fund level and notify the Court unit of the transaction. Approved transactions will automatically post to JIFMS.

3. Inter-Unit Reprogramming

Inter-Unit reprogramming is done at the directive of each Unit Executive after approval is received from the Chief Judge. This reprogramming action also requires approval and processing by the AO. The Financial Manager notifies the Budget Division of the transaction through the InfoWeb. The Budget Division then enters the necessary transaction to transfer the funds and the approved transaction will automatically post to JIFMS.

e. SUPPLEMENTAL REQUESTS

Supplemental funding requests will be submitted only when all local funding options have been exhausted (e.g., Intra-Unit, Inter-Fund, Inter-Unit). The Financial Manager will submit the request through the InfoWeb at the direction of the Unit Executive. The Unit Executive will review and approve all supplemental requests prior to submission to the Budget Division at the AO. These requests will be accompanied by a detailed written justification to assist the allocation holder in identifying the importance of the request.

f. PERSONNEL PROJECTION SYSTEM

The InfoWeb Pay Projection System (iPPS) is a budgeting tool designed by the AO to assist Court units in managing their personnel compensation allotment funds. The iPPS database contains basic employee information (name, employee ID, date of hire, current grade, step, salary, etc.) and a record of the most recent actions affecting pay. For planning purposes, the Court uses iPPS to project personnel costs for the current year and the next year, to calculate allotment balances, if any, and to create different payroll scenarios. To ensure accuracy, the Court reconciles the iPPS data

with the bi-weekly payroll reports provided by the AO. The bi-weekly payroll amounts are automatically posted to JIFMS by the AO.

The Human Resources Specialist matches the iPPS dollar amounts and names against the amounts and names in the bi-weekly AO produced payroll reports as a part of her bi-weekly reconciliation of the payroll data. Any discrepancy between the reports is researched and reported to the appropriate AO department or otherwise corrected in JIFMS. Generally, any discrepancies in dollar amounts are no longer present in subsequent bi-weekly reports.

The Human Resources Specialist also checks the budget category codes in the AO payroll reports for accuracy during each reconciliation and provides reports to the Chief Deputy regarding personnel funds and expected lapse balances.

Balances shown in iPPS are reconciled monthly with BOC 1100 in JIFMS by the Financial Manager.

The Chief Deputy utilizes iPPS to manage BOC 1100 funds. She uses the scenarios feature to develop hiring and promotion alternatives and to project salary expenses, which she compares to outstanding personnel fund balances.

g. EXTERNAL REPORTING

The U.S. Bankruptcy Court for the Middle District of North Carolina currently submits several monthly reports to the AO. These required reports help analyze financial management/spending patterns on a national level. The report that relates to the Court's spending is the ESFR.

The ESFR is submitted through the InfoWeb to the AO each month unless otherwise directed. Transmissions are made by the Financial Manager no later than 10 business days after the end of the reporting period. The ESFR contains end of year projected obligations, current unliquidated obligations, and current year expenditures. The Financial Manager also generates an Excel spreadsheet that includes estimated projections for the balance of the fiscal year.

The ESFR is a direct reflection of the Court's spending plan and is consistent with the spending goals identified at the beginning of the fiscal year.

VII. FUND CONTROLS

a. BUDGET AND OBLIGATING AUTHORITY

Procurement responsibilities are maintained by the Contracting Officer (Budget, Purchasing & Finance Administrator with Financial Manager as the backup) including signing all purchase orders. The Contracting Officer, Financial Manager, and Property and Facilities Specialist have the

authority to prepare Purchase Orders and the responsibility of recording such obligations into the funds control systems (JIFMS). The Financial Manager is responsible for monitoring all obligations, unliquidated obligations, and expenditures to ensure that overspending does not occur. In addition, these individuals are responsible for ensuring that proper procurement regulations and accounting practices are followed and comply with the guidelines outlined in the financial management resource materials listed below:

1. Volumes 13 and 14 of the *Guide to Judiciary Policy*;
2. *Court Budget Operating Manual (CBOM)*;
3. *Budget Decentralization Guidelines*;
4. Current year *Budget Call* guidelines;
5. *Principles of Federal Appropriation Law*;
6. Other policy memoranda and letters from the Administrative Office.

b. EXPENDITURE OF FUNDS

The Court does not have disbursing authority. Payments against appropriated funds, general authorizations, and deposit funds are made by the US Treasury. The financial system of record for all expenditures is JIFMS. Payment authorizations are entered, verified, and approved by the Bankruptcy Court Financial Department. Payment authorizations may be entered by the Procurement and Facilities Specialist. The Financial Manager reviews payment vouchers and enters the first level approval in JIFMS. The Clerk or Chief Deputy then reviews the payment vouchers and supporting details and enters the second level approval in JIFMS. The checks for the payment authorizations are then processed by the U.S. Treasury.

c. INTERNAL CONTROL DOCUMENTS AND SELF AUDIT

The Court has an Internal Controls Manual from which it operates. At least annually, the manual is updated to conform with the financial management reference materials identified above. These are updated as procedures change and/or personnel duties are re-assigned. Previous versions are retained to reference the changes. These updates are the responsibility of the Financial Manager, under the direction of the Chief Deputy and the Clerk. **This document and its attachments will become a part of the Internal Controls Manual for the U.S. Bankruptcy Court, Middle District of North Carolina.**

As prescribed by the Guide, the Clerk or designee performs an annual self-audit. The Court or designee uses the AO's Excel-based Self-Assessment Tool (SAT) to evaluate typical areas of audit concern including separation of duties, procurement, collections, receipts, deposits, disbursements, deposit funds, registry funds, non-appropriated funds, systems, property management, payroll, and

time and attendance. The self-audit results and corrective actions taken are documented and retained until the next cyclical audit.

d. APPROVAL AUTHORIZATIONS

The following is a summary of the approval process for the U.S. Bankruptcy Court for the Middle District of North Carolina.

Position	Authorized Approvers
Chief Judge	<ul style="list-style-type: none"> • Travel Vouchers - reviews and signs travel vouchers for his/her Chambers and Unit Executive (each Judge reviews and signs travel vouchers for his/her chambers) • Inter-Unit Transfers
Clerk of Court	<ul style="list-style-type: none"> • Budget Reprogramming • Travel Vouchers (Level 2 in JIFMS) • Payment Authorizations (Level 2 in JIFMS) • Travel Advances • Bi-Weekly Payroll certifications
Chief Deputy	<ul style="list-style-type: none"> • Budget Reprogramming • Travel Vouchers (Level 2 in JIFMS) • Payment Authorizations (Level 2 in JIFMS) • Travel Advances • Bi-Weekly Payroll certifications
Financial Manager and Budget, Purchasing, & Finance Administrator	<ul style="list-style-type: none"> • Payment Authorizations (Level 1 in JIFMS) • Travel Vouchers (Level 1 in JIFMS)
Contracting Officer	<ul style="list-style-type: none"> • Signs purchase orders • Enters into contracts for court

VIII. Attachment A

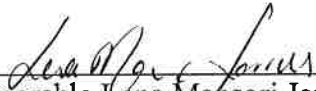
a. CALENDAR OF EVENTS

Activity	Frequency	Due Date (if applicable)	Purpose
Technical Appeals to Annual Allotments	Annually	Window for submission is announced after the final allotments are issued and courts are given a specific period of time to submit on the InfoWeb	To request reconsideration of initial allotments due to mathematical or application of formula errors
Electronic Status of Funds Report	Submitted as required by the AO	Transmitted monthly or as required by the AO	To monitor budget execution
Supplemental Budget Requests	Annually	Dates are given on the Budget Update and Planning Calendar available on the InfoWeb, but the window is generally from April to July	To request additional funds to meet local court unit requirements (Emergency requests may be submitted at any time).
Court Operating Budget Call (Salaries and Expenses)	Annually	As directed by the AO	To develop estimates of court resource requirements for approval by the Judicial Conference

Activity	Frequency	Due Date (if applicable)	Purpose
Spending Plan for current budget year	Periodically reviewed as needed	Initial spending plan done within 4 weeks of receiving final allotments and then on-going for remainder for the fiscal year	To develop a spending plan for the current year
Inter-Fund and Inter-Unit Reprogramming Report	As needed but generally on an annual basis	Dates are given on the Budget Update and Planning Calendar available on the InfoWeb - generally late August or early September	To request authority and/or report reprogramming between court units or between appropriation funds
Voluntary Return of Allotments	On-going	As directed by the AO	To return funds in excess of local requirements.
AO274 Statement of Accountability and Transactions	Monthly	1st working day after close of accounting period	To facilitate consolidated reporting to Treasury.

Activity	Frequency	Due Date (if applicable)	Purpose
AO274-S Statement of Accountability of Transactions Supplemental with supporting documentation provided in EDW Payment Details Report and JIFMS Payment Status Report	Monthly	7th working day of the month.	To reconcile and validate disbursements associated with payments certified in JIFMS.
AO 183, AO183A and AO 183B Reconciliation of Deposit, Registry and Unclaimed Funds	Monthly	7th working day of the month.	To reconcile individual balances on the subsidiary ledgers with the total balance report to Treasury.
Self-Assessment	Annually	On-going	To ensure integrity and accuracy of financial and budgetary transactions.
Reconcile iPPS	Bi-Weekly	Each pay period	Verify balances in payroll account with AO.
Unliquidated Obligation Report	Quarterly	On-going	De-obligate funds

Revised: June 9, 2021



Honorable Lena Mansori James
Chief Bankruptcy Judge

7/20/2021
Date



Reid Wilcox, Clerk
United States Bankruptcy Court
Middle District of North Carolina

6/9/21
Date