

**HACKETTSTOWN REGIONAL MEDICAL CENTER  
ADMINISTRATIVE POLICY MANUAL**

**BUDGET PROCESS**

<b>Effective Date:</b>	<b>06/1993</b>	<b>Policy No:</b>	<b>FI04</b>
<b>Cross Referenced:</b>		<b>Origin:</b>	<b>Budget Department</b>
<b>Reviewed Date:</b>	<b>09/04, 09/07, 04/10</b>	<b>Authority:</b>	<b>Chief Financial Officer</b>
<b>Revised Date:</b>	<b>04/10</b>	<b>Page:</b>	<b>1 of 2</b>

**PURPOSE**

To plan for and control hospital resources.

**POLICY**

To safeguard the operating portion and assets of the hospital, it is necessary to prepare and live within the Operating and Capital Equipment Budgets established by the hospital. Preparation of the budget involves certain assumptions which must be made and the input of each operating department must be obtained.

The Budget/Reimbursement Department has the responsibility for developing the hospital budgets which is approved by the Finance Committee of the Board of Directors. The Board has the ultimate authority for approving the budget.

The annual Operating and Capital Equipment Budget is prepared based on the fiscal year established by the Board of Directors.

**PROCEDURE**

**Operating Budget**

Preparation of the Operating Budget will begin in September, utilizing actual data for the previous eight months. Utilization projections and management assumptions in addition to actual historical data will be distributed to the operating departments.

Departmental input will be obtained and adjustments to proposed figures will be indicated. This process should be completed within a few weeks. The worksheets will be reviewed by the department manager with their administrative director and then will be forwarded to the budget department for review with the CFO.

Meetings will then be established with each department manager and administrative director by the budget department for discussion and revision of figures.

After review of each budget area, the full Operating Budget will be compiled for presentation to the Finance Committee of the Board of Directors.

The budget process with approvals by the Adventist HealthCare Board of Trustees should be completed by the end of January of the following year.

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Capital Equipment Budget

Capital Equipment worksheets will be distributed to every department manager, administrative director and medical staff. The worksheets are completed for equipment items needed for the following fiscal year.

Completed worksheets are forwarded to the budget department for review and compilation. The completed list will then be re-evaluated by each administrative director and priorities indicated. The list will then be edited by members of administrative council and the final approved list completed when the operating budget is approved.