

1 **Rule 3-406. Budget and fiscal management.**

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3 **Intent:**

4 To ~~develop and maintain~~accomplish the ~~policies and programs~~mission of the judiciary through
5 sound fiscal management.

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7 To provide ~~for~~ sound fiscal management ~~through the coordinated and cooperative effort of~~
8 ~~central and local authorities within the judiciary.~~ by financially supporting both existing programs
9 and creating new programs that enable the Courts to effectively provide an open, fair, efficient
10 and independent system for advancement of justice under the law.

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12 To maintain accountability for appropriated funds, and to maintain a balanced budget.

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14 To cooperate with the Governor and the Legislature in managing the fiscal resources of the
15 state.

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17 **Applicability:**

18 This rule shall apply to the management of all funds appropriated by the state to the judiciary, as
19 well as grant funds used by the judiciary.

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21 **Statement of the Rule:**

22 (1) **Fiscal ~~offices and programs and program directors established.~~** For purposes of fiscal
23 management, the judiciary is divided into offices (which generally provide services to other
24 areas within the judiciary) and programs. ~~(which generally provide services to court patrons).~~
25 Each office and program budget is managed by a ~~program director~~budget manager who has
26 approval authority from the Administrative Office's finance group ("AOC Finance") to authorize
27 disbursements. This approval authority is granted based on AOC Finance's periodic review to
28 ensure adequate separation of duties (as defined by generally accepted accounting principles)
29 for each budget manager. The budget manager is designated by the state court administrator
30 and approved by their designee. AOC Finance periodically reports to the Budget and Fiscal
31 Management Committee- ("BFMC") on the adequacy of separation of duties. The budget of a
32 geographic division shall be managed by the court executive subject to the general supervision
33 of the program director.

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35 (2) **Budget management.**

36 (2)(A) **Responsibility of the ~~council~~Council.** The responsibility of the Council is to:

37 (2)(A)(i) cooperate with the Governor and the Legislature in managing the fiscal
38 resources of the state;

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40 (2)(A)(ii) assure that the budget of the judiciary remains within the limits of the
41 appropriation set by the Legislature; and

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(2)(A)(iii) allocate funds as required to maintain approved programs and to assure a balanced judicial budget.

(2)(B) Responsibility of the state court administrator. It is the responsibility of the state court administrator to:

(2)(B)(i) implement the directives of the Council;

(2)(B)(ii) ~~direct the management of~~manage the judiciary's budget, ~~including recommendations to reduce or redirect allocations;~~ and

(2)(B)(iii) negotiate on behalf of the Council the position of the judiciary with the executive and legislative branches.

(2)(C) Responsibility of ~~the administrative office.~~AOC Finance. It is the responsibility of ~~the administrative office~~AOC Finance to:

(2)(C)(i) ~~clear all warrants and other authorizations for the~~ensure timely payment of all accounts payable ~~for the availability of funds;~~

(2)(C)(ii) monitor all expenditures and collections versus budget;

(2)(C)(iii) provide monthly ~~expenditure financial~~ reports ~~by court to court executives, program directors to budget managers,~~ the state court administrator, ~~Boards of Judges~~the BFMC and the Council; and

(2)(C)(iv) develop a manual of procedures ("Accounting Manual") to govern ~~the payment of accounts receivable,~~ accounts payable, trust accounts, the audit thereof, and the audit ~~thereof of administrative procedures generally.~~ The procedures shall be in conformity with generally accepted principles of budgeting and accounting and budget management shall, at a minimum, conform to the requirements of this rule and state law.

(2)(D) Responsibility of the ~~program directors.~~budget managers. Within their respective ~~programs~~areas of responsibility, it is the responsibility of the ~~program directors~~budget managers to:

(2)(D)(i) comply with the directives of the Council and the state court administrator;

(2)(D)(ii) administer the reduction or redirection of allocations;

(2)(D)(iii) monitor all expenditures and collections versus budget;

84 | ~~(2)(D)(iv) supervise and manage court budgets in accordance with the manual of~~
 85 | ~~procedures~~Accounting Manual; and

87 | ~~(2)(D)(v) develop recommendations for fiscal priorities, budget requests to be~~
 88 | ~~funded by the allocation of funds, and the reduction~~Legislature and changes to
 89 | ~~programs or redirection of offices that create efficiencies that reduce or redirect~~
 90 | allocations.

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 92 | **(2)(E) Responsibility of court executives.** Within their respective courts, it is the
 93 | responsibility of court executives to:

94 | ~~(2)(E)(i) comply with the directives of the Council, the state court administrator,~~
 95 | ~~and the program director or designee~~, and to consult with the presiding judge and
 96 | the individual judges of that jurisdiction concerning budget management;

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 98 | ~~(2)(E)(ii) develop work programs that encumber no more funds than may be~~
 99 | allocated, including any reduction in allocation;

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 101 | ~~(2)(E)(iii) amend work programs as necessary to reflect changes in priorities,~~
 102 | spending patterns, or allocation;

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 104 | ~~(2)(E)(iv) credit and debit accounts that most accurately reflect the nature of the~~
 105 | planned expenditure;

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 107 | ~~(2)(E)(v) authorize expenditures;~~

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 109 | ~~(2)(E)(vi) prepare warrants and other authorizations for payment of accounts~~
 110 | payable for submission to the ~~Administrative Office~~AOC Finance;

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 112 | ~~(2)(E)(vii) monitor all expenditures; and~~ revenues to budget for variances; and

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 114 | ~~(2)(E)(viii) develop recommendations for fiscal priorities, budget requests to be~~
 115 | ~~funded by the allocation of funds, Legislature and the reduction~~changes to
 116 | ~~programs or redirection of offices that create efficiencies that reduce or redirect~~
 117 | allocations.

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 119 | **(2)(F) Process.** After the legislative general session the ~~BFMC and~~ state court
 120 | administrator shall consider all sources of funds and all obligated funds and develop a
 121 | recommended spending plan that most closely achieves the priorities established by the
 122 | Council at the prior annual planning meeting. The ~~state court administrator~~BFMC shall
 123 | ~~review~~present the recommended spending plan ~~with the Management Committee and~~
 124 | ~~present it~~ to the ~~Judicial~~ Council for approval.

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 126 | **(3) Budget development.**

- 127 | **(3)(A) Responsibility of the Council.** It is the responsibility of the Council to:
- 128 | (3)(A)(i) establish responsible ~~fiscal priorities~~ budget requests to be funded by the
 129 | Legislature that best enable the judiciary to achieve the goals of its policies;
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- 131 | (3)(A)(ii) develop the budget of the judiciary based upon the needs of
 132 | organizations and the priorities established by the Council;
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- 134 | (3)(A)(iii) communicate the budget of the judiciary to the executive and legislative
 135 | branches; and
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- 137 | (3)(A)(iv) allocate funds to the ~~geographic divisions of courts~~ budget managers in
 138 | accordance with priorities established by the Council.

140 | **(3)(B) Responsibility of the juvenile, district, and appellate boards (“Boards”).** It is
 141 | the responsibility of the Boards to:

- 142 | (3)(B)(i) develop recommendations for ~~funding priorities~~ budget requests to be
 143 | funded by the Legislature; and
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- 145 | (3)(B)(ii) review, modify, and approve program and office budgets for submission
 146 | to the ~~Council~~ BFMC.

148 | **(3)(C) Responsibility of the state court administrator.** It is the responsibility of the
 149 | state court administrator to:

- 150 | (3)(C)(i) negotiate on behalf of the Council the position of the judiciary with the
 151 | executive and legislative branches; ~~and~~
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- 153 | (3)(C)(ii) implement the Council’s fiscal priorities and allocation of funds; and
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- 155 | (3)(C)(iii) ~~work with the BFMC and the Boards of judges to manage the judiciary’s~~
 156 | ~~budget, including recommending (1) budget requests to be funded by the~~
 157 | ~~Legislature and (2) changes to programs or offices that create efficiencies that~~
 158 | ~~reduce or redirect allocations.~~

160 | **(3)(D) Responsibility of ~~the administrative office~~ AOC Finance.** It is the responsibility
 161 | of ~~the Administrative Office~~ AOC Finance to:

- 162 | (3)(D)(i) develop a schedule for the timely completion of the budget process,
 163 | including the completion of all intermediate tasks;
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- 165 | (3)(D)(ii) assist ~~program directors~~ budget managers and court executives in the
 166 | preparation of budget requests, including those funded by the Legislature; and
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- 168 | (3)(D)(iii) compile the budget of the judiciary.

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170 | (3)(E) Responsibility of the ~~program directors~~ budget managers. Within their
171 | respective ~~programs~~ areas of responsibility, it is the responsibility of ~~program~~
172 | ~~directors~~ budget managers to review, modify, and approve budget requests.

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174 | (3)(F) Responsibility of court executives. Within their respective courts, it is the
175 | responsibility of court executives to:

176 | (3)(F)(i) work closely with presiding judges, judges, and staff to determine the
177 | needs of the organization; and

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179 | (3)(F)(ii) develop arecommendations for budget requests that adequately and
180 | appropriately meets those needs.

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182 | (3)(G) Process.

183 | (3)(G)(i) Each Board ~~of Judges~~, each court and committee and each department
184 | of the A ~~administrative~~ O ~~office of the courts~~ may develop, prioritize and justify a
185 | budget request to be funded by the Legislature. The courts shall submit their
186 | requests to the appropriate Board ~~of Judges~~. The committees and the
187 | departments of the Administrative Office ~~AOC~~ shall submit their requests to the
188 | state court administrator.

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190 | (3)(G)(ii) The state court administrator shall deliver to the Boards the
191 | Administrative Office requests and the Boards shall consolidate and prioritize the
192 | requests from the courts ~~and the requests originated by the Board. The state~~
193 | ~~court administrator shall consolidate and prioritize the requests from the,~~
194 | committees and departments. AOC Finance shall consolidate all of the Boards'
195 | prioritized lists for review by the BFMC.

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197 | (3)(G)(iii) The ~~state court administrator~~ BFMC shall review and analyze all
198 | prioritized budget requests and develop a recommended budget request and
199 | funding plan. The ~~state court administrator~~ BFMC shall review the analysis and
200 | the recommended budget request and funding plan with the Council.

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202 | (3)(G)(iv) At its annual planning meeting the Council shall consider all prioritized
203 | requests and the analysis and recommendations of the ~~state court~~
204 | ~~administrator~~ BFMC and approve a prioritized budget request and funding plan for
205 | submission to the governor and the legislature.

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207 | **(4) General provisions.**

208 | (4)(A) Appropriations dedicated by the Legislature or allocations dedicated by the
209 | Council shall be expended in accordance with the stated intent.

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211 | (4)(B) All courts and the Administrative Office shall comply with the provisions of state
212 | law and the ~~manual of procedures~~ Accounting Manual.

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214 | [\(4\)](#)(C) Reductions in allocations, reductions in force, and furloughs may be ordered by
215 | the state court administrator with notice to the Council. In amending the work program to
216 | reflect a budget cut, reductions in force and furloughs shall be used only when
217 | absolutely necessary to maintain a balanced budget. If reductions in force are
218 | necessary, they shall be made in accordance with approved personnel procedures. If
219 | furloughs are necessary, they should occur for no more than two days per pay period.

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221 | **Effective:** ~~5/1/2020~~[May 1, 2023](#)