

BUDGET PROCESS POLICY

Policies and Procedures: D-III-a

Budget Overview

Budgets are plans, controls, commitments, fiduciary enablers, and performance measures. The budget represents ongoing programs and commitments as well as new initiatives. It focuses on operational needs but also includes capital needs. The budgeting process is integrated with the planning process to help unit coordinators (i.e., budget heads) to develop budgets that are consistent with their unit objectives as well as the strategic goals and objectives. The process is conducted on an annual basis and begins each fall semester by having budget heads complete their unit-level plans. Budgets are then developed for the next year based on preliminary results from the current unit-level plan as well as results from the previous year's unit-level plan. As a part of the process, budget heads also develop project proposals for new projects that will require additional funding. These new projects, if funded, will be incorporated into the next year's plan. The new projects must also be tied to one or more strategic goals. Budgets, along with project proposals, are reviewed by supervisors, deans, the vice presidents, and the President. Projects are selected for funding based on the degree to which they are related to the strategic goals and objectives and on whether they are supported by appropriate data. All approved projects and the proposed annual budget are submitted to the Board of Trustees for approval—generally in August.

Budget Process

The formal budgeting process follows the planning time line posted to the Institutional Effectiveness web site. The process is a combined effort of the Executive Vice President, the Vice President of Instruction, the Vice President of Program Development, the Vice President of Student Services, and the Senior Director of Institutional Effectiveness and Planning.

Each step in the process is associated with specific form(s) provided on the college's intranet ("L" drive). Specific guidelines for completing each set of forms are described below.

Step 1-Development of Unit Plan

Each campus unit (led by the budget head) develops a unit plan. After reviewing available data and the college's strategic plan, each unit completes a brief planning form. The unit level planning form contains eight items: purpose, objectives, measures, measurement procedures, strategies, strategies implemented, results, and possible actions. Unit plans include at least three objectives along with several strategies for each objective. Unit coordinators (budget heads) retain a copy of the unit's plan and submit additional copies to their supervisor and to the Office of Institutional Effectiveness and Planning.

Step 2-Budgeting

Budget changes can be made within a department's different object codes as long as the total departmental budget remains equal to or less than the current year budget. Justification must be provided for increased costs of regularly budgeted items, and any new activities requiring an increase in a department's budget are developed as projects (See Step 4.)

Departments will complete the standard budget-planning forms for regularly budgeted items.

Form 3-Student Wages

Form 4-Services and Supplies

Form 5-Travel

Form 6-Equipment (Technology requests should not be completed on this form)

Form 7-Other Accounts

Departments also complete the optional **Form 8-Facilities Improvement** if requests are made for facilities improvement. One copy is forwarded to the supervisor and a second copy is sent to the Director of the Physical Plant. This information is submitted on "paper" only and is not

included in the departmental budgets. Activities involving new programs or services are submitted as projects.

Requests for new positions are included in the “New Personnel” section of **Form 2**, and reductions in positions are noted on the list of current salaries received and are forwarded to the Business Office, with a copy to the supervisor. The Business Office will enter all salary information. Access to make budget changes ceases on the date information is scheduled to be submitted to supervisors.

When the unit coordinator has completed budget development and entered data into the computer, a printout of expenditures, plus the detailed planning documents, is forwarded to the next level supervisor by the designated date. A master set of all supporting budget breakdowns will be retained in the office of the appropriate Vice President or the President after the budget has been approved by the Board of Trustees.

Step 3—Required Technology

Form 10—Maintenance/Contract/License Agreement Request Form is completed for maintenance contracts or licensing agreements for hardware and/or software products and is forwarded to the Senior Director of Internal Audit/Technology. A copy is also sent to the unit coordinator's immediate supervisor.

Step 4—Project Proposals

Departments review their unit plans to determine whether new projects are needed to support the unit's current or foreseeable objectives. Projects are only submitted if additional monies are needed to support the project.

Two forms, **Form 1-Planning Worksheet** and **Form 2-Resource Requirements for New Projects**, are completed for each project. Because amounts identified on **Form 2** are for new projects, they will be considered separately from regular amounts and are not added to the computer-generated worksheet or the Budget Module at this time. If a project involves technology-oriented equipment (e.g., computer, printer), **Form 9—Technology Request Form** is completed. This form requires detailed information on the equipment to be purchased.

Step 5-Review of Budget

In the spring, unit coordinators (budget heads) review their original budget submission after reviews by deans, the vice presidents, and the President.

Step 6—Submission of Progress Report

Form 11—Progress Report on Prior Year Projects is completed for each approved project. This form requires information regarding the progress of the project. This form is submitted to the next level supervisor and must be reviewed before a new project can be considered.

Step 7—Final Budget Recommendation

With input from unit coordinators (budget heads), the vice presidents make budget recommendations to the President who makes the final recommendation to the Board of Trustees.

Purchasing

The Board of Trustees typically approves the budget in August, and spending begins as of September 1—the first day of the college's fiscal year (September 1 – August 31). With approval from the President, expenditures may be made during the summer months if the expenditure is being made for the new fiscal year and if there is a certainty that the item will be approved by the Board. Budget heads should be familiar with the following policies to follow purchasing policies and guidelines: Purchasing Policy (D-X); Purchasing Ethics Policy (D-X-a); and Budget Administration Policy (D-III-b).

Purchasing Process

All funds disbursed by the college are processed by the Business Office. Purchasing begins with the completion of an on-line requisition which describes what goods are needed, who will be providing the goods, and includes authority to purchase. The Business Office turns the requisition into a purchase order which is sent to the vendor. Once the purchase order is created, an "encumbrance" for the amount of the purchase is charged against the department's budget. This encumbrance is deducted from the account balance. Once the item is received, the budget head (and others if purchase is outside limit of budget authority) approves the invoice immediately and sends the invoice to the Business Office. (NOTE: Failure to quickly facilitate the invoice can cause purchasing problems for other departments and can result in the college's not being able to complete further purchases with that vendor.) The Business Office removes the encumbrance for the requisition and charges the actual cost of the item to the account balance. The Equipment Acquisition, Disposition, and Inventory of Equipment (C-II) policy is followed for items that are inventoried. Items that are valued for \$5,000 or more are placed on the college's capital equipment list. Items that are valued at \$1,000 or more become part of the college's inventory, but these are not included in the audit as part of the capital list.

Budget Monitoring

Budget heads are responsible for following purchasing policies and for monitoring their budgets on a monthly basis. Reports available on the Colleague Financial System which should be accessed monthly include:

1. **GLBA**—budget to actual which provides a comparison report of budgeted amount to the actual expenses or revenue posted.
2. **GLSA**—budget report that compares the allocated budget to the total actual expenses posted plus outstanding encumbrances; and
3. **GLBS**—a report which shows each actual transaction posted for a selected period of time.

These reports must be monitored monthly to be sure that all charges made to the account are correct. The Business Office provides training for these and other financial reports.

The budget head is responsible for determining that the expenditure can be made within budgeted amounts. In the event a request for expenditure is submitted to the Business Office that exceeds the budgeted amount, the department head will be notified to initiate a budget amendment request. The budget amendment request must be submitted before further purchases can be charged against the budget line item.

Budget Correction/Amendment Forms

When accounts have been incorrectly charged, the budget head completes a Correcting Entry to General Ledger form and submits it to the Business Office for processing.

Adjustments among budget categories (travel, equipment, services and supplies, etc. — except salary accounts) may be initiated by budget heads at any time during the fiscal year providing that budget overruns do not occur within the Vice President's or President's span of control. Monthly reports of transfers will be forwarded to the Vice Presidents and the President for review. The budget head will use the Budget Amendment Request form.

Budget Revision

Budget overruns that affect the bottom line of the institutional budget require Presidential approval and become part of the formal budget revision process. Additionally, budget heads have an opportunity to review their original budget submission and to make changes after submitting the original budgets if their changes impact their departmental bottom line. Departments submit departmental operating changes, and the Business Office, in cooperation with the Human Resources Department, identifies salary savings. They work with budget heads to evaluate approved salary and/or position changes. Salary savings typically is one of the primary sources of revenue to fund other areas requiring additional resources for unforeseen events. This revision typically occurs in February although other budget revisions may be made

upon recommendation of the President. The Vice Presidents review all budgets and may request adjustments if projected revenues are insufficient to fund all requests. The Vice Presidents will make final recommendations to the President who recommends the revised budget to the Board of Trustees.

End of Year Spending

Budget heads are notified during the summer months that spending has ended for the current fiscal year without approval from the Vice Presidents or the President. This practice has historically been implemented to ensure that the college ends the year "in the black" and also to be sure that all purchases can be received and utilized before year end.