MOTLOW STATE COMMUNITY COLLEGE

POLICY

Category
BUDGETARY CONTROL PROCEDURES – 4:01:00:00
Approval
Leadership Council Approved: November 4, 2016
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Responsible Parties: Vice President for Finance & Administration & Comptroller

I. PURPOSE

In an effort to assure adequate control for the obligating and disbursing of funds both for individual budget accounts and by functional areas, the following procedures are developed.

It is not the intent to allow any single budgetary account to become overdrawn; however, the greatest emphasis will be concentrated at the functional area as opposed to the individual accounts within a functional area.

It is understood that price increases, unexpected equipment failure, and other unanticipated purchases will necessitate that certain budgetary adjustments be made throughout the year; however, under no circumstance should a budget be allowed to reach an overdrawn status without the prior approval for the obligating of funds in excess of the budgeted amount.

II. BUDGETARY PROCESS

The budget process works in a cycle and is a continuous process extended throughout the entire year.

A. Proposed Budget

After the General Assembly has adopted a state budget, the Tennessee Board of Regents (TBR) provides each Institution under its jurisdiction, including Motlow State Community College, (MSCC) with the funding level that has been approved which is compiled based on the outcomes funding formula (sometimes this information is not available until the Revised Budget is prepared). Guidelines are provided for the preparation and submission of a proposed budget including specific instructions regarding certain expenditure categories i.e. salary administration, travel, required reserves, etc. or unusual appropriation items such as longevity pay. Motlow College's proposed budget is submitted to the TBR for their review and approval around mid-May.

B. Revised Budget

Each institution is required to submit a Revised Budget as of October 31 each year. The Revised Budget is an opportunity for recognizing revenue changes that may be occurring and to adjust any budgetary account for prior year encumbrances and/or any expenditure that was not anticipated in the original budget. Specific guidelines for the preparation and submission of the Revised Budget are provided by the TBR.

C. Current Estimate

The final step in the budget cycle is the current estimate that is developed using actual yearly data as of March 31 each year. Expenditures as well as revenues for each budgetary account are reviewed, and the actual amounts as of March 31 are combined with the estimated amounts for the balance of the fiscal year. At this point, the year-end balance is estimated.

III. BUDGET CONTROLS

A. Monthly Expenditure Review

1. Budgetary Heads

Upon completion and approval of the Proposed Budget document, the Vice Presidents will be provided with the approved budget for his/her area. As budgets are revised throughout the year, any changes will be communicated by the Vice Presidents to the appropriate personnel. It is the responsibility of each Vice President, in conjunction with their direct reports, to establish whatever controls they deem necessary for maintaining the available balance in each budgetary account for which they are responsible. This is a continuous process that is to be accomplished as goods or services are being requisitioned as opposed to the actual disbursement of funds.

2. Self-Service Banner

With the use of Self Service Banner, budgetary accounts can be reviewed at any time. Budgetary Heads at a minimum are to verify the amounts reported and reconcile any difference with Business Office personnel.

3. Vice Presidents and President

Budget Revisions will be prepared by the appropriate Vice President and require the approval of the President before they are recorded by the Comptroller. It is understood that certain unanticipated expenditures will occur throughout the year and may be verbally authorized; however, a written budget revision must be processed through Banner in order to effect a budget change. A budget transfer from one account to another may be affected within a functional area as provided above.

B. Revenue Reports

At least on a quarterly basis, the Vice President for Finance & Administration will review the report for any revenue pattern that is not consistent with the budget projection. The Revised Budget submitted as of October 31 each year is an opportunity for adjusting original budgeted projections, and the Current Estimate that is made as of March 31 each year provides the mechanism for adjusting any programmed expenditures in the event the projected revenues are not being realized.

IV. BUDGET REVISIONS

A. Transfer of Budgeted Amounts from one Object to another within a Budgetary Account
It is recognized that in the budget preparation, certain items of expenditure may be considered in one object category and the actual disbursement made may be classified in another area. (An example would be equipment items less than $5000 which are budgeted as supplies, but due to a sensitive nature may be classified as equipment for control purposes.) In cases such as this, the Comptroller may affect a transfer between object codes without requiring formal budget revisions.

B. Transfers between Budgetary Accounts within a Functional Area

It is recognized that due to the nature of our programs and activities, some unanticipated situations will occur throughout the year which will require that certain changes be made in individual budget accounts. It is assumed that in most of these instances, funds will be available within the same functional area to accommodate such needs either due to a change in priorities or the deferment of a purchase. In such cases, the appropriate Vice President will discuss with the President the need for an adjustment, and upon his approval, the Vice President may then authorize that such funds be obligated; however, it is the responsibility of the Vice President to prepare a written Budget Revision which will be signed by the Vice President and approved by the President. Upon receipt of the Budget Revision, the Comptroller will affect the budget transfer in Banner which will be reflected in the next monthly Expenditure Report. Budgetary transfers are kept to a minimum with two opportunities to make transfers at the Revised and Current Estimate Budget cycles. If funds are not available within the functional area, the President must receive approval from the Chancellor of the Board of Regents prior to the obligation of such funds.

C. Transfers between Functional Areas

In the event a situation should arise that would require a change in the total budget of any functional area, the President will advise the Chancellor of the Board of Regents and no obligation will be made which would result in exceeding the amount budgeted for a functional area without such prior communication and approval.

D. Impoundments and Required Reserves

In addition to the budgetary controls outlined above, the Board of Regents may require that certain reserves and impoundments be made to accommodate program reductions in the event revenues do not materialize at the State level as originally projected.

A special reserve for Extra-Ordinary Maintenance for unanticipated cash outlays and several Renewal and Replacement accounts for the purchase of motor vehicles, computers, and other equipment have been established as budgetary control measures.