

| BUDGET POLICY | | | | |
|----------------------|-------------------------|----------------------------------|---------------|----------------------|
| Policy # | Origination Date | Responsible Office | Status | Approval Date |
| | | Business and Finance (Budget) | Draft | |

Reason for Policy/Purpose Update

The Budget Policy and Procedures Manual describe the general guidelines for the budget processes at Dillard University. The budget is the primary instrument of fiscal control and accordingly, contains all income and expenditures of the University. The University's strategic plan, which incorporates the enhancement and expansion of the physical, programmatic and administrative capacities of the institution, provides the framework for the annual budget process.

Included are the University's policies governing the preparation, approval and implementation of the budget, as well as the policies defining the budget's role.

Policy Statement

The Budget Office is responsible for the development and monitoring of the University's annual operating budget. The office prepares budget requests of the Board of Trustees and the annual spending plan. Analytical studies are conducted to support the planning and budget development processes and produces management information related to the University's operations.

The Budget Office offers the primary support for identifying, obtaining, allocating and maximizing resources needed to achieve the University's goals. We provide excellent customer service with efficient and productive methods for budget preparation, sound budget and management practices, financial planning that supports management decision making, and developing innovative solutions to challenging problems.

The University's budget expresses the funded programs and plans of the University for the budget year and the estimated income (by sources) necessary to finance these programs and plans.

Who Needs to Know This Policy

Apply to all divisions, departments and activities of Dillard University.

Responsibilities

1. Budget Committee (Senior Cabinet, Faculty Member, and Student Body President)

The University Budget Committee is an advisory body to the President charged with the following primary responsibilities :

- Advise the President on general budget policy issues that affect the University.
- Review division budget proposals and make recommendations to the President regarding budget allocations.
- Provide recommendations on the development of a campus budget planning process that is aligned with strategic priorities and division strategic goals.
- Recommends the operating budget to the President each fiscal year.

2. Budget Director

- Prepare the annual budget submission to the Board of Trustees
- Develop and monitor the University's annual budget
- Fulfill internal and external budgeting reporting requirements
- Process budget transfers and funding requests for new programs and new initiatives.
- Provide financial analysis for departments and the University.
- Link the operating budget with the University's strategic planning.

3. Departments

- Identifying resources needed to achieve the goals set forth in both departmental as well as University strategic plans.

Policy/Procedures

See Attached Procedures

Website Address(es) for this Policy

www.dillard.edu (In Process)

Contact(s)

Budget Office (504) 816-4561 bbadger@dillard.edu

Who Approves This Policy

Budget Committee

History/Revision Dates

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Preparation and Approval of University Budgets

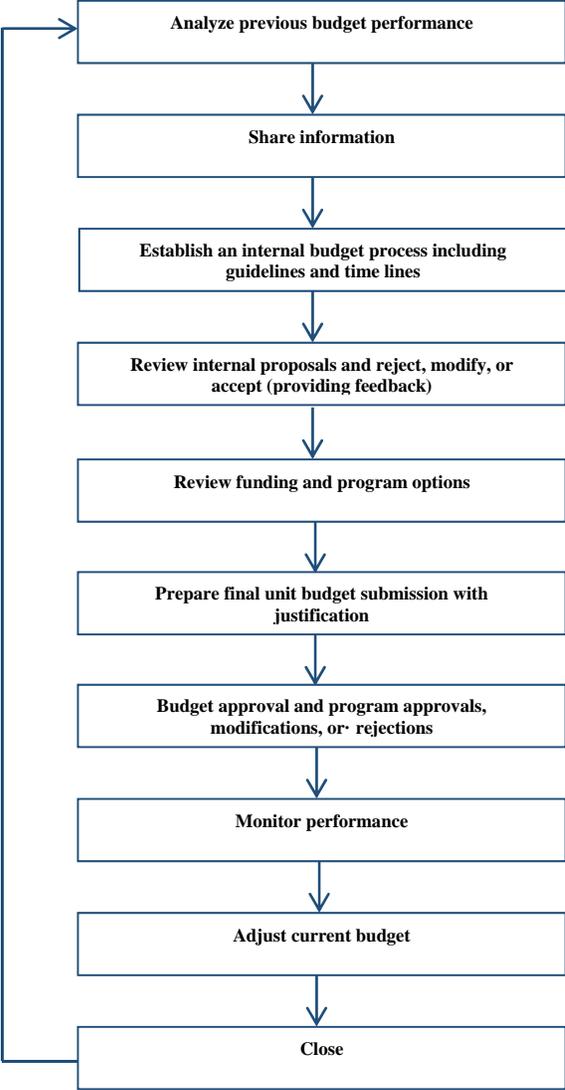
The Budget Office is responsible for the development and monitoring of the University's annual operating budgets. The Budget Office reports to the Chief Financial Officer of the University.

The Budget Office prepares the annual budget submission to the Board of Trustees; fulfills internal and external budgeting reporting requirements; processes budget transfers and funding requests for new programs and new initiatives; provides financial analyses for departments and the University. Dillard University receives more than half of its total support from student tuition and fees. Other sources of funds include private gifts and grants and miscellaneous sources. The Board of Trustees, the governing body of Dillard University, has general supervision over the University and its budget.

Budget Phases

Each fiscal year operating budget has eight distinct phases: setting institutional and department budget guidelines, developing the unit budget request, identifying the budget implications of that request beyond the budget fiscal year, approving the budget, monitoring budget performance, adjusting the current operating year budget, closing the fiscal year, and analyzing budget performance at the end of the fiscal year. Some of these phases occur simultaneously and some are sequential.

Figure 1.1. **Budget Cycle**



Budget Process

The University Budget Office initiates the detailed budget development process in the late summer each fiscal year. Budget schedules that include a timetable for submission of all budget documents are established at this time. Table 1.1 shows a typical budget schedule.

Figure 1.2. **Budget Schedule**

| | Institution | Department |
|---------------------|---|---|
| July | Begin new fiscal year | Begin new fiscal year Begin review of last fiscal year performance Begin conversations with departments/divisions |
| August - October | Develop budget guidelines Develop revenue planning assumptions | Clear issues with prior fiscal year Begin monitoring current fiscal year Review new proposals; check assumptions Review strategic plan |
| September - January | Meet with departments to review strategic plans | Adjust strategic plan as needed Continue to monitor current budget |
| October | Review prior year performance Approval of tuition, fees, and room and board rates for next fiscal year Approval of budget parameters for next fiscal year | |
| January | Faculty salary plans submitted | Continue to monitor budgets |
| February | Finalize and distribute budgets | Finalize new program proposals |
| March | Faculty/staff hiring plan due Division/Department budgets due to Budget Office Budget summary prepared for Trustees | Finalize budget request and new program proposals; check figures Submit budget Respond to questions regarding budget requests Prepare staff hiring proposals Continue to monitor current budget |
| April | Budget for next fiscal year approved by Trustees | Continue to monitor current budgets |
| May | Approved budgets for next fiscal year entered into Jenzabar | Continue to monitor current budgets Remind Divisions/Departments of closing deadlines and rules for current fiscal year |
| June | Budget reports distributed for upcoming fiscal year Closing process begins for new fiscal year | Continue to monitor current budgets Begin closing process |

At the close of the fiscal year (June 30th), the University is subject to an accounting and

financial audit by an external certified public accounting firm. The results of the annual audit are presented to the Board of Trustees. In addition to the audit, the Budget Office conducts a review of individual unit budgets, and the results are incorporated into the planning process for future fiscal years.

The budget is structured and controlled through the Jenzabar system. **Departments are responsible for not exceeding their budgeted allocations** and over-or-under expenditures from the budget trigger review processes that ensure close adherence to the University's resource plan.

Dillard University is committed to developing and operating within a balanced budget that supports the strategic goals of the institution. The budget is the financial plan through which the University's educational plan is executed. In developing this financial plan, the institution relies on substantial participation by vice presidents, deans, faculty, staff, and students. The implementation of the financial plan ensures integrity for the financial operations of the University.

The budget planning process at Dillard University is continual. The Budgeting office facilitates the budget planning process by providing estimates of revenues and expenditures, compiling, monitoring, and amending the budget document. During this process, the departments may have the opportunity to request amounts above the prior year base allocations, as well as reallocate existing funds within their base. Budget plans must support the important priorities outlined in the University's strategic plan. This enables the University to maintain continuing growth in enrollment and also facilitates the programmatic changes that are necessary to fulfill the shared vision that has been established for the future of the University. The following guiding principles are to be used while developing the operating budgets:

- Operating budgets will be developed with a long-term perspective and with reference to the University's strategic plan.
- Core academic programs will be protected in order to preserve the University's essential teaching and research activities.
- Streamlining of workflows, delaying implementation of projects and placing a greater emphasis on essential functions will result in streamlining efficiencies, thereby reducing the need for part-time assistance and providing opportunities to re-deploy vacant staff positions.
- Non-personnel expenditures will be managed efficiently, with particular emphasis on ensuring that activities with the highest priorities are adequately supported.
- Existing resources shall be reallocated to meet the highest priorities in each division.

Budget Hearings

The purpose of the budget hearing is to provide a forum for explaining any budgetary changes requested in the proposed budget. The Budget Committee will conduct the budget hearings in late summer. Budget requests should be submitted to the Budgeting office at least five business days prior to the scheduled hearing. This gives the Budgeting office the opportunity to review requests and suggest changes or prepare division leaders for possible questions.

Budget Presentations

The division leader presents explanation for the budget requests during the formal budget hearing. Each division is also required to provide a brief narrative of budget highlights. All requests for new funds are to be based upon strategic goals for the University and divisional areas of responsibility. Each budget presentation should identify increases in personnel, capital, and operational funding that is absolutely necessary to continue the operations of the division.

Results of Budget Hearing

Following the conclusion of budget hearings for all divisions, the Budgeting office will compile the hearing requests for review by the Budget Committee. The Budget Committee reviews all requests for new funding with the President. Any approved new funding requests will be added to the budget proposal submitted to the Board of Trustees. Once approved, each Vice President will communicate the approved budget and Senior Administration's decisions on funded items. The Budget office will be available to assist each Vice President with this function.

Budget Execution

It is the responsibility of the assigned budget liaison of each division to ensure that expenses are made in accordance with the approved budget. Each budget liaison is responsible for executing appropriate documents (i.e., Purchase Requisition, Personnel Actions, etc.) to use funds provided in the approved budget. Routine budget reviews by designated budget liaison of each department/division are encouraged. Any discrepancies must be reported in writing, no later than one month following the occurrence, to the Budgeting office.

Budget Transfers

Through continuous monitoring of the operational budget, divisions may find the budgeted funds are not aligned with the pattern of spending. Budget liaisons may submit requests for budget transfers to their approval chain by use of the "Request for Budget Transfer" form. Transfer of operational budget funds within a department budget or division budget require the approval of the affected dean (if applicable), and the appropriate vice president. A clear and concise explanation must be provided on the description line before submitting the Budget Transfer form. Transfers from one organization or fund to another can be submitted by using the Budget Transfer Request form. Once completed, the form is signed by the budget liaison and approved by the department head or dean and vice president; the Budgeting office will complete the transfer.

Budget Reports

Budget reports are provided electronically via email monthly. Division leaders are encouraged to review these reports to ensure accuracy and proper usage of budgetary resources. The

Budgeting office monitors budget reports on a daily basis.

Budget Revisions

In the event that conditions require budgets to be revised by the University, the Budget Office will notify the appropriate division of the required changes. At such time division Vice Presidents will be given specific instructions concerning how to adjust organizational budgets.

Personnel

1. Full-Time and Part-Time Staff

Divisions are required to fund all full-time and part-time staff positions from their budget allocation. These include:

- newly authorized personnel;
- annual leave and/or final payments to employees such as lump sum vacation;
- payments for short-term disability and any leave replacements the unit chooses to make;
- authorized staff reorganizations (such as the reclassification of a position to a new title at a higher salary); and fringe benefit costs.

All staff position changes (e.g., reorganizations, reclassifications, and new positions) should be requested and approved during the budget planning period. A Position Reclassification form is required by the Budget Office for any positions being reclassified with the funding source identified for any increased costs. Requests for staff personnel position changes must be approved by the Budget Office and the Division of Human Resources and must include a funding plan as well as written justification.

Full-time and part-time salaries have fringe benefit costs associated with them. The budget allocation made at the start of the fiscal year covers fringe benefits. Funds from this expense category may not be reallocated for any other purpose. When personnel changes are requested during the year, the fringe benefit cost must be included in the funding plan submitted to the Budget Office.

Only base funds may be used to fund full-time positions. Contingency funds and one-time allocations cannot be used to fund full-time positions.

Except under limited exceptions, funds allocated for full-time personnel may not be used for non-personnel items, such as materials and supplies.

2. Fringe Benefits

Fringe benefits are an integral part of the total compensation program available to University employees. These benefits include contributions to life insurance, disability insurance, retirement plans, and health insurance programs. Any spending plan for personnel must include the cost of fringe benefits.

The annual operating budget includes the cost of fringe benefits. Accounts are charged their share of the cost of providing these benefits based on actual expenditures for salaries.

3. New Position Requests

All new position requests must follow Division of Human Resources procedures. Departments must include all appropriate documentation, including: job description, Personnel Action Approval Form, justification and funding plan. The Budget Office will ensure that the position has been approved and appropriate funding exists.

4. Temporary Staff

The use of temporary service employees may occur if a full-time position is vacant while the search process is occurring, or to support a special project. They work a certain number of hours and are paid an hourly rate. Please refer to procedures for the hiring of temporary staff issued by the Division of Human Resources. The Budget Office requires adequate funding for temporary employees or student assistants.

Scholarships, Tuition Waivers

Undergraduate Scholarships and Waivers

Undergraduate scholarships and waivers are awarded through the Financial Aid office. The Financial Aid office is responsible for submitting an annual budget to the Budget Office, detailing the number of recipients and the dollar value for the various scholarship and waiver programs.

Faculty, Staff Tuition Waivers

Tuition waivers for faculty and staff members are handled through the Division of Human Resources. It is considered to be a fringe benefit expense of the University.

Note: All financial awards, either stipends or remitted tuition and fees, cannot be used for other expenditure categories.

Establishment of Accounts

If it is determined that changes to the attributes of an existing account need to be made (e.g., new account title, department) or a new cost center needs to be established because a department is expanding or adding a new program, an “*Account Request*” form must be completed by the department.

The department must include the proposed title, department, division, source of funds, a brief description of the program and the period the program will be active. If the program is not

supported by operating funds, a budget should be attached identifying the source of revenue and the fee schedule used to determine the projected revenue.

After the form has been approved by the division Vice President, it is submitted to the Budget Office for authorization and forwarded to the Controller's Office for processing.

BUDGET ACCOUNTS STRUCTURE

Dillard University conforms to the FASB (Financial Accounting Standards Board) guidelines of generally accepted accounting principles and practices.

For internal purposes, the principles of fund accounting are being utilized. Fund accounting is the method of classifying resources into categories according to the purpose of use. Each fund is self-balancing and has separate assets, liabilities and a fund balance. The fund groups currently being utilized by the University are an Operating Fund, Loan Fund and Plant Fund.

Operating Funds

Operating funds (10-50, 70) are revenues generated by University operations and the related expenditures from performing the primary objectives of the institution. These will be used for such purposes as general operations, support of instruction, research, public service and auxiliary enterprises.

Operating funds are classified as being either unrestricted or restricted. Unrestricted funds are those accounts which do not have external restrictions with regard to their use, and are for general operations of the University. Fund balances of unrestricted operating funds are classified of financial position as unrestricted net assets. Restricted funds are from external sources, such as donors or external granting agencies, and are restricted for specific purposes. Fund balances of restricted current funds represent net assets held for specified operating activities that have not yet been used and are classified of financial position as temporarily restricted net assets.

Loan Funds

Loan funds (60-62) are maintained separately to manage the accounting for student loans. These awards may result either from selection by the institution or from an entitlement program. Fund balances of loan funds represent net assets available for lending. The portion of the fund balances representing net assets temporarily restricted by donors are classified as temporarily restricted. Amounts used for loans that have not been restricted by donors, are classified as unrestricted net assets.

Plant Funds

Plant funds (80) include the University’s investment in property, plant and equipment, and resources to fund capital projects and acquire long-term assets.

Internal Account Structure

The internal account numbering system is based on an eleven-digit account number (i.e., 10-10-100-6002). The first two digits indicate the fund type:

| FUND CODE | DESCRIPTION |
|-----------|--------------------------------------|
| 10 | UNRESTRICTED FUND |
| 20 | RESTRICTED FUND |
| 30 | FEDERAL GRANTS |
| 50 | ENDOWMENT FUND |
| 80 | PLANT FUND |
| 90 | AGENCY FUND |
| 94 | HURRICANE KATRINA |
| 95 | DILLARD UNIVERSITY APARTMENT LIMITED |
| 99 | GENTILLY GARDENS APARTMENT, INC. |

The second two digits represent the function, roughly corresponding to balance sheet or income statement category.

| FUNCTION CODE | DESCRIPTION |
|---------------|---|
| 01 | ASSETS |
| 02 | LIABILITIES |
| 03 | FUND BALANCE |
| 04 | REVENUE |
| 05 | INCOME |
| 10 | INSTRUCTIONAL PROGRAMS |
| 11 | OTHER SPONSORED PROGRAMS |
| 40 | ACADEMIC SUPPORT |
| 50 | STUDENT SERVICES AND ACTIVITIES |
| 60 | INSTITUTIONAL SUPPORT & GENERAL & ADMIN |
| 70 | OPERATION AND MAINTENANCE OF PLANT |
| 80 | STUDENT FINANCIAL ASSISTANCE |
| 88 | MANADATORY TRANSFER - DO NOT USE!!! |
| 90 | AUXILIARY ENTERPRISES |
| 99 | INSURANCE FUNDING REQUIREMENT |

The third three digits indicate the cost center. The last four digits of the account number are the object code. This is used to identify the type of revenue or expenditure, such as tuition revenue or office supply expense.

The University's Financial Records System allows expenses to be budgeted at different levels of detail. For example, an account might have a separate budget for each equipment code, but one single budget to cover all materials expense. Another account might have several salary budgets based on category (faculty, staff, etc.). Budgets are used to reflect a range of object codes that are supported by a single budget appropriation.

Glossary

Account: *A formalized grouping of revenues or expenditures, presented by pool level object codes and minor object codes. Within object codes the account reflects fiscal year budget, actual expenditures, encumbered expenditures and the available balance within pool object codes and in account total.*

Account Number: *A systematic numeric classification of University ledger accounts.*

Accrual Basis Accounting: *The most commonly used accounting method, which reports income when earned and expenses when incurred, as opposed to cash basis accounting, which reports income when received and expenses when paid.*

Accrue: *To record revenues when earned and to record expenditures as soon as they result in liabilities for benefits received, although the receipt of cash or payment of cash may take place, in whole or in part, in another accounting period.*

Accrued Expense: *An expense that is incurred, but not yet paid for, during a given accounting period.*

Accrued Revenue: *Revenue earned during the current accounting period but which is not to be collected until a subsequent accounting period.*

Allocate: *To divide a lump-sum appropriation into parts which are designated for expenditure by specific organization units and /or for specific purposes, activities, or objects.*

Amortization: *The gradual elimination of a liability in regular payments over a specified period of time. Such payments must be sufficient to cover both principal and interest.*

Annual Operating Budget: *This is the financial plan of the University's activities for a fiscal year. It represents the summation as well as the details of divisional and departmental plans.*

Asset: *Any item of economic value owned by an individual, institution or corporation.*

Audit: *An examination and verification of financial and accounting records and supporting documents by a professional, such as a Certified Public Accountant.*

Auxiliary Enterprises: *Activities of the University, which furnish a service to students, faculty or staff on a fee basis. The fee is directly related to, but not necessarily equal to, the cost of the service. Examples include residence halls and stores.*

Balance Sheet: *A quantitative summary of the University's financial condition at a specific point in time, including assets, liabilities, reserves and equities of a fund.*

Base Change: *A permanent change in the projected budget base for the next fiscal year.*

Book Value: *The value of an asset as it appears on a balance sheet, equal to cost minus accumulated depreciation.*

Budget: *An itemized forecast of income and expenses expected for a given period and the proposed means of financing them.*

Closing: *A periodic reconciliation of accounting transactions made at the end of an accounting period. On an annual basis, all temporary accounts related to revenues and expenses are transferred to permanent accounts for financial purposes.*

Contingent Liabilities: *Items which may become liabilities as a result of conditions that are undetermined, such as guarantees, pending law suits, judgments under appeal, unsettled disputed claims, unfilled purchase orders, and uncompleted contracts.*

Cost Accounting: *The process of identifying and evaluating activity or operation costs for a specific purpose.*

Current Assets: *A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year.*

Current Funds: *Resources that are expended for operating purposes during the current fiscal period. Current funds are classified as unrestricted, internally designated, or restricted.*

Current Liabilities: *A balance sheet item, which equals the sum of all money owed and due within one year. Also called payables or current debt.*

Current Revenue: *Revenues of the University that are available to meet current fiscal year expenditures of the current fiscal year.*

Debt Service Requirement: *The amount of money required to pay the interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to a debt service fund for term bonds.*

Depreciation: *The allocation of the cost of an asset over a period of time for accounting purposes: a decline in the value of a property due to general wear and tear or obsolescence.*

Direct Costs: *Costs incurred by a division or department that are related to current academic and administrative activities.*

Division: *A major organizational component under the direction of a University vice president. A Division may be comprised of several departments and accounts.*

Cost Center Number: *A systematic numeric classification of the University's organizational structure by department and account.*

Encumbrances: *Contingent liabilities in the form of purchase orders, contracts, or salary commitments charged and reserved in an object code to reflect the amount of these liabilities in the accounting system and attempt to prevent overspending.*

Endowment Funds: *A fund group used to record donations to the University requiring that the principal is invested and only the interest income is expendable. Interest income earned on these funds is returned to the campus and expended in the current funds group.*

Expenditures: *Expenditures are recorded when liabilities are incurred. If the accounts are kept on the accrual basis this term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlays.*

Expenses: *Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges that are presumed to benefit the current fiscal period.*

FASB: *Financial Accounting Standards Board.*

Fiscal Agent: *Person or persons fiscally responsible for an account.*

Fiscal Year: *A twelve-month period of time to which the annual budget applies and at the end of which the University determines its financial position and the results of its operations. The Dillard University's fiscal year begins July 1.*

Fixed Assets: *Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.*

FRS (Financial Reporting Systems): *A mainframe computer software system, which supports the Accounting, Budgeting, and other University financial management functions. The system provides on line compatibilities for entering and uploading financial data and viewing ledger accounts as well as generating both standard and custom reports.*

Fund: *A fund is a segregation of resources established to control and monitor those resources for the purposes of carrying on specific activities or attaining certain objectives in compliance with legal/administrative requirements.*

Fund Balance: *The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and available appropriations for the period.*

Fund Group: *Any one of the University's five major funds--Current Fund, Loan Fund, Endowment Fund, Plant Fund, or Restricted Fund.*

GASB: *Government Accounting Standard Board*

Grant: *Funds provided by an outside private or governmental source, the acceptance of which creates a contractual agreement between the parties. The University agrees to use the funds for the purposes specified subject to the conditions of the grant.*

Historical Cost: *The amount paid, or liability incurred, by an accounting entity to acquire an asset and make it ready to render the services for which it was acquired.*

Investments: *Assets held for the production of income in the form of interest, dividends, rentals, or lease payments.*

Ledger: *A formalized grouping of 'Accounts', which relate to specific programs or activity, for example Ledger 1- groups revenue accounts, Ledger 2- expenses, and Ledger 3- revenue and expenses.*

Liabilities: *Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.*

Line-Item Budget: *A detailed expense or expenditure budget, classified by object code within each account.*

Long-Term Debt: *Debt with a maturity of more than one year after the date of issuance.*

Municipal Bond: *A bond issued by a local governmental unit.*

NACUBO: *National Association of College and University Business Officers.*

Net Income: *A term used in accounting to designate the excess of total revenues over total expenses for an accounting period. Not-for-profit entities do not recognize such excesses as "income, " but designate amounts as transfers or increases in fund balances.*

Non-Tenure Track Position: *A permanent, full-time faculty position in which the incumbent is not eligible for tenure considerations.*

Object Code: *Detailed designations of expenditures that sub-divide accounts.*

Operating Revenues: *Income derived from the day-to-day operations of the University as a result of the core transactions that include teaching, research and providing services.*

Plant Funds: *A fund group maintained to account for: (1) the acquisition of physical properties to be used for institutional purposes, (2) funds set aside for the renewal and replacement of institutional properties, (3) funds for retirement of indebtedness on institutional properties, and (4) funds expended and invested in institutional plant properties.*

Principal Investigator: *A faculty member and an author of a proposal with the scientific or technical expertise to carry out the proposed activity and the client who receives service and support from the institution.*

Requisition: *A request, usually from one department to the purchasing officer or to another department, for specified articles or services.*

Revenues: *Current year income which has accrued from tuition and fees, auxiliary enterprises, federal grants, contracts, gifts, investments, endowment, indirect cost recovery, or similar sources.*

Revised Budget: *A change in the budget from the approved July 1 annual budget.*

Temporary Faculty Position: *A full-time faculty position that is temporary for one semester or one year and is not part of the College or School's permanent faculty base. The incumbent is not eligible for tenure considerations based on this employment.*

Tenure Track Position: *A full-time faculty position in which the incumbent is eligible for tenure consideration at some future date or has been given tenure status.*

University Funds: *Categorized as restricted fund, in that the use of the funds is designated by the University rather than through an external agency.*

Zero-Based Budget: *Budgeting method in which all expenditures must be justified each year, not just amounts in excess of the previous year.*