

Methodist University Budgeting Policy and Procedure

Purpose

The budget is the financial plan of action through which programs administered by the University are financed. The foundation of all budgeting is the mission statement of the University and its associated goals that implement the mission. The University budgets on an annual basis with adjustments made as necessary. A detailed budget is prepared and administered upon approval of the governing board.

Development

While budgeting is truly a year-round activity, its development can be broken down into various stages. The process begins with individual program review. Each department within the University reviews and evaluates the effectiveness of their program with respect to the mission and strategic plan of the University. During this planning stage, meetings are held between the Budget Committee of the University and some program directors to discuss these reviews and identify opportunities for program enhancements. Budget requests are then submitted to respective Vice Presidents for approval and then forwarded to the Vice President of Business Affairs for inclusion in the first draft of the budget. The Budget Committee meets several times to project revenues for the ensuing year and to determine departmental funding levels in balancing the budget. The budget is adopted by the governing board at its May meeting, as a preliminary annual budget, effective July 1. This preliminary budget is revised when enrollment figures for the fall semester have been confirmed and is approved by the board in October as the final budget. After spring enrollment numbers are determined, if needed, the budget is revised to accommodate any variance in projected enrollment numbers.

Administration

Each program administered by the University is divided into various departments, each headed by a department chair/manager responsible for budget compliance. All expenses incurred by the University are requested at the departmental level. Expenditures for academic departments are approved by the respective Department Chair and Dean of the School. Additionally, the Academic Dean approves academic department expenditures exceeding \$500. Expenditures for nonacademic departments are approved by the respective department manager. Any expenditures exceeding \$5,000, whether academic or nonacademic, are approved by the Vice President for Business Affairs. Expenditures are recorded in the general ledger at the departmental level, providing comparison with budgeted amounts. Each department is tasked to operate within its individual budget.

If during the budget year, a determination is made that budgeted funds within a department are not sufficient to fulfill the mission/program of the department, a request can be made for additional budget funds through the completion of a "Request for Additional Budget Funds". If approved by the President, the Controller's Office will make the necessary budget adjustments.

Reporting

Daily and month-end budget reports are transmitted from the Controller's Office to the McNet online budgeting report system, which is accessible only on campus. Reports are listed by functional area, and are available to authorized viewers based on their security assignments.

- Summary Expenditure Budget Report – This report presents actual expenditures for the current month, and compares total expenditures for the year with annual budgeted amounts along with any encumbered expenses. A percentage of the remaining budget is also provided.
- Detail General Ledger Report – This report reflects actual expenses incurred by general ledger code for each department.
- Negative Variance Report – This report is circulated to any and all departments who have exceeded their departmental budgets. Department chairs are responsible for documenting explanations for overall departmental deficits, as well as detailed explanations for individual line items exceeding \$100.00 over budget. The explanations are discussed with and approved by the appropriate Vice Presidents and forwarded to the President for his review. The reports are then kept on file in the Controller's Office for use with the next year's budget planning.