

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.

Budget Development

We are currently operating under two budget development models where various departments on campus go through a zero-based budgeting process to develop their new year budgets while other departments are budgeted incrementally. Each department will complete zero-based budgeting for the first time before Fall 2019 and will repeat the process in 3-5 years. Upon completion of each budget cycle, the budget will be presented to 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.

Budget Development Process

Each year roughly 20% of our campus departments will be required to complete the zero-based budgeting exercise to aid in the development of their new year budgets. All other departments will be budgeted incrementally from year to year until it is their turn to complete the zero-based budgeting exercise.

Changes to the budget based on the approved zero-based budget or any approved budget request will only happen if:

1. Requests are approved for inclusion in the budget by the Senior Management Team and Cabinet
2. Resources are available to fund the approved initiative.

Zero-Based Budgeting

The Zero-Based Budgeting process will require each department to take a deep dive into their planned initiatives and look at each initiative in terms of purpose, prioritization, and cost. This exercise should require the budget manager to do a full re-evaluation of the department's budget and serve as a tool for the department and administration to both identify areas of inefficiencies as well as identify areas where additional investments are needed. The planning for this exercise should be an ongoing effort, but department managers are only required to complete the worksheets at the start of the Spring semester before the new budget cycle. At all other points in the year, if an urgent budget need is identified, department managers can complete the request for additional budget funds on the MyMU portal as described in the Incremental Budgeting section.

Incremental Budgeting

The incremental budget process is an ongoing effort where individual program managers review and evaluate their funding needs regularly or as needed and when warranted submit a *Request for Additional Budget Funds* on the MyMU portal. This form can be submitted at any point in time and be submitted for a budget request for any year for the next five years. Budget requests are either approved or denied by the School Deans or respective department manager and area Vice President or Cabinet representative. The Controller's office will provide the Senior Management Team and Administrative Cabinet with a list of all approved budget requests for consideration for inclusion in the budget.

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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 \$3,000. 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. 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 Dean, area Vice President and the President, the Controller’s Office will make the necessary budget adjustments.

Maintenance

Each department is expected to stay within their board approved departmental budget. Departments do have the ability to reallocate budget funds from one line item to another during the year to keep the budget as accurate as possible. Capital (equipment that costs greater than \$1,000) and major one-time purchases must be requested and approved during the preliminary budget process. Your standard operating budget should NOT be used to purchase capital items. Please plan your capital and major one-time expenditures far in advance and include them in your budget requests during the preliminary budget process. If a capital or major one-time expenditure need should arise during the year, you will be required to obtain pre-approval from your Academic Dean or Department manager, area VP, the Associate VP for Business Affairs, and in some cases, the President.

Reporting

Budget print reports and the budget management tool can be found on the MyMU portal under the controller’s tab in the Accounting and Budgeting section. Reports are generated by department and are available to authorized viewers based on their security assignments.

Budget Print Reports:

- Budget Report (with 5 year history) – This report presents the current year budget, current year actuals (excluding encumbrances), and 4 years of historic actual data for comparative purposes.
- Budget to Actual Report– This report presents the current year budget, current year actuals, current year encumbrances, current year variance, percent of budget remaining, and 2 years of historic actual data for comparative purposes

Budget Management Tool:

- Department Budget Worksheets are broken out in an interactive tool that provide more detailed data about transactions that make up actual summarized amounts. This tool will only show the current year budget, current year actual amounts (including encumbrances) and current year variance.