

Certificate in University Financial Management:
Budget Process & Management
Manual

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Overview

Overview:

Old Dominion University (ODU), as a public, state-supported university, is categorized as a governmental nonprofit public corporation. The corporation is under the control of the General Assembly of the Commonwealth. As a state agency, ODU

Visitors who serve as public trustees and have the overall responsibility and authority, subject to constitutional and statutory limitations, for the continuing operation and development of the institution as a state university.

The University can be compared to a large business in the private sector. It has multiple sources of revenue and has many types of expenses associated with the operation of its business. Examples of sources of revenue include tuition from students, state appropriations, grants from various sources, and Foundation (gifts) support. On the other side of the coin, like any

Education for Virginia (SCHEV) shares administrative responsibility for the program with the Virginia College Building Authority (VCBA) and the Department of Treasury to allocate appropriation to each Institution.

- Fiscal Year - A 12-month accounting period. The University's fiscal year begins July 1 and ends June 30.
- Fund - A self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations. In Banner Finance, a fund is a code describes the location of financial transactions. Each fund has attributes that specify its purpose, including its organization, program, and fund source. These attributes serve as mechanisms of budgetary control and facilitate financial reporting.
- Fund Balance The Fund Balance is the cumulative residual balance of Revenues less Expenses of the accounts maintained within the fund.
- Indirect Costs Costs generally applicable to an auxiliary enterprise that cannot be charged directly without effort disproportionate to the benefits receive. Auxiliary Enterprises units are required by the State to pay for the indirect costs of services received from E&G activities.
- Interdepartmental Transfer (IDT) A transaction where expenditures and/or revenues are reassigned to a different organization (budget) code and account code. IDTs are initiated by Departments and processed by the Office of Finance.
 - ∅ Interdepartmental Transfer Request (IDT) form An IDT form is required to make corrections or to properly allocate expenses and revenues. This form must be completed and signed by both budget units affected. The IDT form is forwarded to the Office of Finance for processing.
- NPS (Nonpersonal Services) Expense classification to include contractual services, supplies and materials that are recorded in account codes in the 5000 and 6000 series.
- ODS (Operational Data Store) This is the product used for Banner reporting using Insight.
- One-Time Budget An allocation that is non-recurring; one-time allocations are generally made to cover unexpected expenses or to fund short-term projects. Personnel-related expenses are generally not funded by one-time money. This budget.
- Organization (Org) Code - The terms "budget code" and "organization (org) code" are synonymous. It represents the five-digit

BUDGET ENVIRONMENTS

The University has two different budget environments which are significantly inter-related. The funding relationship between ODU and the Commonwealth of Virginia is referred to as the external budget process (external to the University). In the internal budgeting process, ODU assigns program responsibility and resources to units within the University.

The two different budget environments can be contrasted as follows: The funding relationship between ODU and the Commonwealth of Virginia is referred to as the external budget process (external to the University). In the external budgeting process, ODU presents its needs to the Governor and the General Assembly who determine what programs they will support and the funding type and amount of support those programs will receive. Furthermore, the General Assembly and the Governor determine when the money can be spent by appropriating money for specific fiscal years. After the legislative process appropriates resources to ODU, the internal budgeting process begins. In this process, ODU assigns program responsibility and resources to budget units/departments within the University. Budget Units authorized to expend the University resources often deal with a number of funding sources and multiple programmatic purposes. As such, resources cannot be commingled and must be separately accounted for.

VIRGINIA'S BUDGET PROCESS (External Budget)

Virginia has a biennial budget system, which means it adopts a two-year budget. The General Assembly approves a biennial Appropriation Act in even-numbered years and amendments to the Act in odd-numbered years. The Act authorizes all expenditures, position allocations, and capital projects by state agencies from the State Treasury. Thus, the state Appropriation Act determines how much money ODU can legally expend from the State Treasury. Developing the Commonwealth's budget is a process, which takes many months and involves many participants, from the public to state agencies to the legislature.

EVEN-YEAR BUDGET PROCESS:

- Executive Budget: State Agencies submit requests in the fall (of odd numbered years). State Treasury forecasts revenues. Governor develops a budget proposal and presents to the legislature in late December.
- 0 0 8 -year appropriation.
- Budget goes into effect July 1 of even-numbered year.

ODD-YEAR BUDGET PROCESS:

- State Agencies request amendments in the fall of even numbered years.
- Executive Amendments: Governor recommends amendments in December.
- Legislative Amendments: Legislature reviews and amends the budget.

For more detail, the process includes five distinct phases:

1. Agency budget preparation phase. State agencies analyze their programs and needs through a strategic planning process which includes a review of their mission and how well they are meeting their objectives. Based on this analysis, agencies prepare and submit their requests for funding to the Department of Planning and Budget (DPB). Agencies generally present their proposals to DPB in the early fall.
2. Budget development phase. DPB analyzes the budget requests of agencies to verify costs, confirm the need for services, investigate any alternatives for funding, and identify policy issues for the Governor's consideration. This analysis takes place during the fall. In the late fall, the Governor and his Cabinet Secretaries work together to prepare a proposed budget which reflects the Administration's priorities. The Governor submits his budget proposals to the General Assembly on or before December 20 in the form of the budget bill. He also distributes a budget document, which sets forth an explanation of his proposals.

3. Legislative action phase. The General Assembly convenes each year on the second Wednesday of January. Each chamber refers the budget bill to committees that hold public hearings and committee discussions. The committees propose amendments to the budget bill.

After the committees propose amendments, the amended budget bill is brought to the floor of each house, where other amendments may be made. Each passes its version of the amended budget bill, and the bills "crosse over" to the other house where it is again debated and voted on. Before the General Assembly adjourns for the session, a conference committee resolves any differences between the versions passed by the two chambers. The General Assembly then sends the budget bill to the Governor for his signature.

4. Governor's review phase. The Governor reviews the bill passed by the General Assembly. The Governor may sign it,

While OBFP provides budget planning worksheets to each member of Cabinet, they may institute their own internal processes for collecting budget requests and strategic initiatives from their respective staff.

Budget Hearings

Upon receipt of the completed budget requests, OBFP will compile the requests and make recommendations for approval of the requests. These recommendations are provided to the Vice President of Administration and Finance. The VPAF, OBFP and members of OBFP will meet with the various requesting divisions to go discuss recommendations, priority of request and discuss availability of resources.

Conclusion Budget Planning Phase

Final recommendations to be presented to the Board of Visitors for approval of the University fiscal year budget.

Phase II: Budget Implementation

Budget Guidance Memorandum

A budget guidance memorandum from the Vice President of Administration and Finance is provided to each Member of Cabinet. The guidance memorandum communicates:

- The approved budget request and the overall funding (Base or One-Time) to support each initiative, including any:
 - a. fee changes
 - b. position actions
 - c. re-allocations of existing funding
- Planning Assumptions
 - d. Indirect Cost Rates (for Auxiliary Services)
 - e. Employee Benefit Costs
 - f. Salary and Wage Increases
 - g. Enrollment Projections

Base Budget Roll

becomes the operating budget for the new fiscal year. This transaction will appear in the budget lines in Banner as a transaction type BD01.

This does not apply to ledger 5 and ledger 6 budgets or one-time funding. Ledger 5 and 6 budgets are loaded via budget adjustment (BD02 transactions in Banner) once final reconciliation is complete.

One-

E&G Banner Fund Codes Examples:

- Fund code 011001 = Commonwealth Education & General. This fund is supported by General and Non-

Gifts & Discretionary

2. Vice Presidential Area
3. College of Division
4. Department or Office
5. Budget Code/Org Code/Department

Several Banner inquiry forms, workflow/approvals, and Insight Reports utilize this organizational hierarchy to facilitate budget management and financial reporting. The table below provides a few examples of this structure:

Organization Codes/ Budget Codes are utilized to record budget and financial transactions in Banner and represent the lowest level of the fund/ledger structure. Within these organization codes the Revenue, Fund Transfers and Expenses are budgeted in account codes. Organization Codes are utilized in eVA, Banner and many other University systems. Organization Codes are all affiliated with a specific fund; however, an individual fund may have more than one Organization Code. Using the Club and Rec Sports Fund from the table as an example, you can see that there are multiple individual Organization Codes affiliated

BUDGET MANAGEMENT (minding the store)

After the base budget is developed, approved, loaded into the budget system to become the current operating budget, it cannot remain static. It will need to be changed and monitored as plans change or programs are added or deleted. To allow for these changes, there are procedures for adjusting the budget and guidelines for managing the budget. Policies, processes, and guidelines are necessary for managing budgets to ensure that Federal, State, and University policies are followed. In addition, it is imperative that appropriate levels of management stay abreast of material changes to the budget.

Budget Unit Director Responsibilities

[University Policy #3001, Responsibility of Budget Unit Directors](#), applies to all individuals designated as Budget Unit Directors having fiscal responsibility for University budgets. Budget Unit directors are responsible and accountable for all budgetary and fiscal matters pertaining to their respective department/college or unit. In instances where a fiscal transaction directly benefits the Budget Unit Director (e.g.,

Central Services

Services such as telephones, mail charges, and photocopy charges are provided through central operations. As such, the costs are not invoiced, and the expense may appear in the budget sometime after the services are received. Forecasting is especially important to ensure accurate budget management. Telephone charges and mail charges generally have 12 months of charges.

Transfers

Fund transfers are accounting transactions that move cash from one fund to another and are classified as _____ and _____ transfers (like moving money from one checking account to another).

- Mandatory transfers are made based on a legal obligation such as the repayment of principal and interest on construction bonds.
- Nonmandatory transfers are made based on needs within the University and are done at agency discretion.

Fund transfers should be included in the budget process for approval. Requests to transfer cash after the budget process should be submitted to OBFP who will then contact General Accounting for additional processing.

Transfers should be managed closely. A determination should be made if a transfer, recovery or recording the transactions in the corresponding fund source best aligns with the intent of the transaction.

The two entries are necessary to balance the respective budgets involved and have a zero effect on the bottom line of each budget. The department receiving the cash in the transfer will see an increase to one of their expenditure budget pools or line items to represent the increased expenditure authority and see a decrease in a transfer line item to represent the transfer of cash into their budget/fund.

Position Actions

Requests for new positions and changes to an existing position should be proposed during the budget development process. Only those that are approved in the budget process are usually acted on during the fiscal year. Thorough justification is required if you feel a position should be reviewed during the year. The first step in the process is to contact Human Resources to obtain the appropriate documents to be submitted. The cost of out-of-cycle requests will be funded from existing resources available in the budget.

Position transfers - Positions may be transferred from one budget unit to another with approval of the Vice President when it does not materially change the level of effort in the operating plan. The Budget Office reviews the request and sends it to Human Resources.

Position recruitment - Before recruiting for a vacant faculty, faculty administrator or faculty professional position outside of Academic Affairs, the request must be reviewed and approved by the Provost. Use the "[Non-Academic Faculty and Administrative Position Allocation](#)" form for this purpose. The completed form is sent through the Dean or Director and Vice President to OBFP.

Attrition Funds - Attrition funds are the monies remaining from a vacant position after all payroll and termination costs have been satisfied (i.e., classified leave payout). The types of positions that generate attrition are E&G funded

Budget Units can reconcile budget information posted in the FGIBDST or FGIBAVL forms against internal records. Discrepancies from the Detail Transaction Activity Form (FGITRND) that cannot be identified once your budget is reconciled should be addressed through the Accounting Services Request (ASR) process.

Quick reference of all frequently-used [Banner Finance & Budget Forms](#) can be found on the Banner Training website.

For all Banner-related assistance or questions, please contact the Banner Hotline at: bannerhotline@odu.edu

Downloading Budget Information from Banner (into Excel)

Departments can download select budget data into Excel spreadsheets. This provides departments with another tool to more effectively manage budgets. This download process should not be confused with the Insight budget reports available via Insight (see next section). You can only download data for budgets to which you have Banner access. The [full documentation](#) about downloading to Excel can be found on the Office of Finance website (part of the Banner Finance training).

Researching Invoices

If you need to see if an invoice has been paid, you should research the invoice before calling the Accounts Payable processors. Please keep in mind that the date an invoice is posted in Banner is the date that the payment process begins and is not always the date the payment was sent to the vendor. If you have not completed the eReceiver in Banner - the payment process cannot begin. The completed eReceiver serves as payment authorization. (Refer to _____ for more information.) Procurement Services offers a thorough training on the eReceiving process for more information check the [Procurement Services Training Website](#).

If you cannot find the information you need, please contact your appropriate processor. You will need to provide:

1. The purchase order number (or UIN if payment was made to an individual)
2. The vendor name
3. The invoice number
4. And the date the eReceiver was completed in Banner.

You can check _____ to see if the invoice has been received and/or the eR28.e 612 7931(0 g0 G 141.26 Tm912 0 612 792 reW1

The Office of Finance is responsible for researching and resolving errors when University departments discover inappropriate or unidentifiable expenditures against their budgets. There are two mechanisms available to departments.

- The IDT process should be used when you know specific correction information.
- The Accounting Service Request (ASR) process must be used to initiate research when you cannot identify why the charge was made to your budget.

Interdepartmental Transfers (IDTs)

[Additional details](#) regarding this process may be found on the Office of Finance Website at:

This process may also be completed electronically by [requesting an Account](#) via the ITS website.

Master Signature List (Authorized Signature List)

Individuals must be on the Master Signature List in order to sign against budget codes for any purpose. The Finance Systems Manager in Data Control is responsible for maintaining the Master Signature List for Old Dominion University. To be added to the Master Signature List, please complete the [Master Signature List Request Form](#). The Budget Unit Director for the budget should approve the request. Please note that continuation sheets must be submitted with the signed approval page.

- If the person to be added to the Master Signature List is the budget unit director, someone higher in the organizational structure must approve the request.
- NOTE: Signature authority will only be granted to Old Dominion University employees.

Current users of the Master Signature List include the following:

- Bookstore
- Office of Budget and Financial Planning
- Procurement Services
- Technology Store
- Telecommunications
- Work Management (Facilities Management)
- Payroll
- Quick Copy
- Accounts Payable
- Mailroom

Designating a Budget Unit Director

Please note that adding an individual to the Master Signature List does not officially designate an individual as a Budget Unit Director (BUD). A separate request must be submitted to the Finance Systems Manager, Data Control, Office of Finance. In Banner, the system shows the main BUD of record.

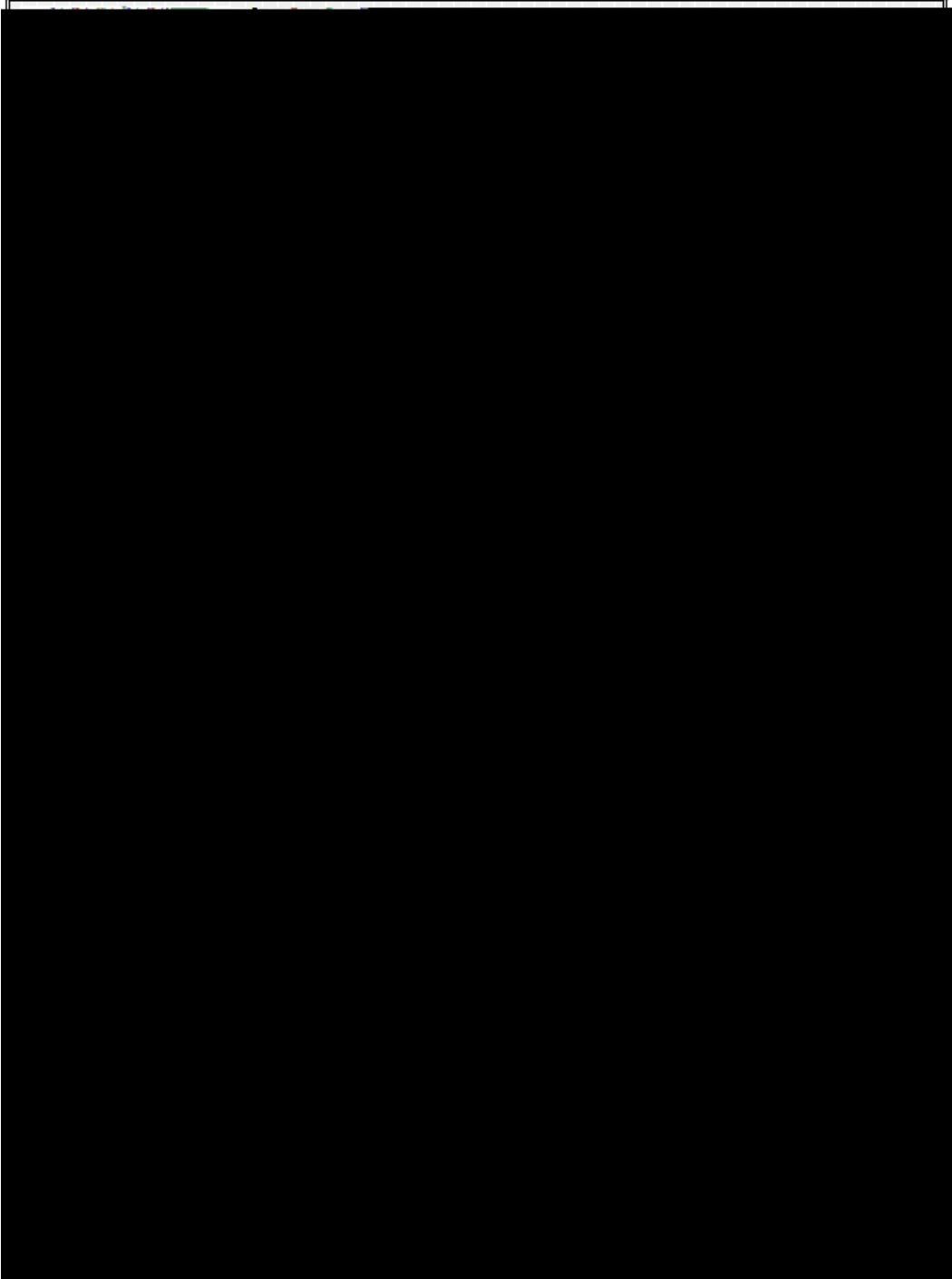
BUD Delegates - Budget Unit Directors may assign responsibility to Budget Delegates. These delegates will be able to approve all transactions/changes in the place of the main BUD, or responsibilities can be restricted to certain areas (i.e., Computer Account Requests). These delegates are maintained in MIDAS and are maintained by the Finance Systems Manager. Ultimate responsibility for departmental budgets rests with the main BUD.

Update Budget Unit Director

Sometimes the Budget Unit Director for an area changes; it is important to remember that these newly appointed Budget Unit Directors must be loaded into Banner. To change the BUD for your area, please complete the [BUD Change Request Form](#).

[7dW*ñBTñ BUD.](#)

FORM EXAMPLES:



**OLD DOMINION UNIVERSITY
INTERDEPARTMENTAL TRANSFER REQUEST**

(ODUN.COM) # CREDIT (ODUN.COM) CHARG

CONTACT THESE CONTACT THESE

Authorized Signature Authorized Signature

Accounting Distribution for Charge Accounting Distribution for Credit

Accounting	Charge	Accounting	Credit

Additional accounting distribution sheets attached

Original Charge – attach supporting documentation

FOR OFFICIAL USE ONLY FOR ADMINISTRATIVE USE ONLY

ACCOUNTING SERVICE REQUEST FORM (ASR) revised 07/18/2013

Research and document activity (attach appropriate screen prints from Banner)

Departmental Use – complete all sections – *incomplete forms will be returned.*
The ASR process is used for researching activity.

Ordinary corrections must be submitted using an Interdepartmental Transfer (IDT) form.

Department			Date
Telephone #/e-mail			Contact Name
regarding the research requested.			Provide full details
Original Doc # in Banner	Dollar Amount	Notes to assist research	Fiscal Year

Provide full details regarding the research requested.			Action Documented
Original Doc # in Banner	Dollar Amount	Notes to assist research	Fiscal Year

- Return the completed ASR form to the Office of Finance, 400 University Ave., Room 1000, ODU, Durham, NC 27706. Fax to 919.684.3111.
- For questions about the ASR process, please contact the Office of Finance at 919.684.3111 or visit our website at www.odu.edu/finance.
- Questions about the ASR process may be referred to DataControl@SR@odu.edu or 919.684.3111.

**** Office of Finance Use Only Below This Line ****

Response Section -- completed by department assigned to resolve/research.
Name of Responder
Name of Person Requesting
Requester's ID
Requester's Title
Requester's Department
Requester's Phone
Requester's E-mail
Requester's Fax
Requester's Address
Requester's City
Requester's State
Requester's Zip