

## ***Chapter 10***

### ***BUDGET POLICIES***

#### **I. BUDGET AUTHORITY**

The president of the university is given responsibility by the Board of Trustees to recommend and manage the university's annual budget. The president assigns funding levels and management responsibilities to the vice presidents who work in cooperation with the vice president for financial affairs to manage the area budgets. The president reserves the right to make adjustments to budget amounts, policies, and procedures as necessary to achieve the financial goals set by the Board of Trustees and to meet the financial needs of the university.

#### **II. ACADEMIC BUDGET COUNCIL**

The Academic Budget Council is established by the faculty. This Council recommends to the vice president for academic affairs the allocations of operational budgets each year, including, but not limited to, such areas as equipment and individual professional development. The Academic Budget Council advises the vice president in times of budget emergency.

#### **III. THE CURRENT FUND EXPENDITURE BUDGET**

- A.** The Current Fund Expenditure Budget (CFEB) is a fiscal plan for distributing available resources among areas such as instruction, organized activity relating to educational departments, organized research, publicity and development, library, student services, operation and maintenance of the physical plant, general administration, staff benefits and general institutional expenses. It does not include expenditures and other deductions made in the loan fund, the endowment, and other non-expendable funds or the plant fund.
- B.** Percentage guidelines for each budget or group of budgets will be established.
- C.** Each budget proposal is initiated and planned cooperatively by the appropriate budget official and administrative officer. In the case of budgets of academic departments, the department chair and the school dean, if they are not already involved as a budget official, also participate in the preparation of the budget proposal.
- D.** The administrative officers combine their proposed budgets to form the proposed CFEB which is then studied and adjusted as necessary to conform to projected income. Any necessary adjustments may be relayed back to the budget officials and other concerned individuals for discussion.
- E.** The adjusted proposed CFEB is submitted to the president for preliminary approval. The CFEB in summary form is presented to the Board of Trustees for approval.

#### IV. IMPLEMENTATION OF THE CFEB

Each of the principal areas of the university—the Office of the President, Academic Affairs, University Advancement, Financial Affairs, and Student Development—has assigned to it a portion of the CFEB.

In turn the budgets of each of these major areas can be divided into two main groups, those budgets for the salaries of faculty and staff and those budgets providing activity support.

##### A. Salary Budgets

Detailed policy statements governing faculty, administrative support personnel, and staff employment, working conditions, and salary scales are described in the *Faculty Policy Manual*, the *Staff Handbook*, and the *Administrative Support Handbook*.

The vice president for financial affairs determines the salary of all administrative support personnel and staff personnel using the staff and administrative support scales. The vice president for academic affairs recommends the appropriate salary for all persons having faculty status. However, the administrative officers in each area include in their budgets the salaries or portions of salaries of all faculty members, administrative support personnel, and staff in their area.

##### B. Departmental General Expense

###### 1. Authorization of Charges Against a Budget

- a. Normally all charges against a budget must be authorized in writing by the budget official on the standard authorization form before a charge against a budget will be made by the Business Office.

A one-time authorization will serve for recurrent items such as telephone service and salaries of permanent employees. A budget official wishing to cancel such an authorization is to inform the controller in writing.

- b. A requisition form is to be used for all changes or additions in telephone service. After the Financial Affairs' Office has determined the amount of the charges for the changes or additions, the requisition will be returned for the signatures of the budget officer and the supervisory officer approving the expenditure.
- c. Routine physical plant maintenance work is normally charged against a physical plant budget. The need for such work should be reported to the environmental services office. Special projects, such as obtaining office furniture, are to be requested and approved through a normal requisition form indicating the budget that is responsible for the project.

###### 2. Securing Services or Materials on Campus

On-campus sources include the NNU Bookstore, the Copy Center, Media Services (including film orders), the Campus Post Office, student employment, telephone service, etc. No requisition form need be used in securing materials or services from the on-campus sources. However, the *account number* and *object number* of the budget against which a charge is to be made must be given. The signature of the person requesting the service or materials should also be given. Budget managers may give instructions to the managers of these services regarding access to the service by members of that budget unit.

However, in the case of significant on-campus expenditures, the faculty member

involved should consult with the appropriate budget official before committing budget funds. Each budget official should establish what she or he considers as a significant expenditure.

Submit all video and film rental orders directly to Media Services giving all necessary information including the name of the budget and budget account number to which the film order will be charged, but do not use the standard requisition form. This standard form will be filled out by the center.

Upon receiving the monthly or quarterly detailed ledger from the Business Office, the budget official should check all charges originating from on-campus sources. If any charge seems unreasonable, the Business Office personnel will assist in investigating the item and in case of error make corrections.

### 3. **Securing Services or Materials off Campus**

#### a. Expenditures requiring a requisition

Normally a requisition form must be filled out and processed through proper channels before services or materials are obtained from off-campus sources.

Normally all requisitions will be approved so long as the disposable balance is a positive number. When the disposable balance of a budget approaches zero, the administrative officer must receive authorization from the vice president before further off-campus spending may be allowed.

The Business Office will forward invoices as they arrive, together with standard charge authorization forms, to the budget official for his approval. These forms are to be checked and returned to the Business Office.

If the invoices are received with a shipment and the invoice is approved and sent to the Business Office, a copy of the invoice will be sent to the budget official for his or her records.

A telephone confirmation by the budget official is satisfactory for items on an invoice listing purchases from several departments.

#### b. Expenditures not requiring a requisition

Purchases made in person and amounting to less than \$50 may be made by a faculty or staff member if the following procedures are followed:

- (1) The purchase has the authorization of the budget manager.
- (2) The purchase is charged. Make sure that the following are given: (a) the name of the university; (b) the budget name; (c) a P.O. number from the Office of Financial Affairs; and (d) your name. Any off-campus charge requires a purchase order number assigned by the Business Office.
- (3) If you pay with cash from your personal funds, take the sales slip to the Business Office for a refund. (If the purchase is over \$10 the Business Office will notify the budget official.)

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(4) If you need to make a cash purchase and want cash in advance you may obtain the necessary money from the Business Office. This money is charged to your personal account until you bring in the necessary sales slip.

(5) Any expense reimbursement to a faculty member is to be verified with appropriate receipts or credit card charge forms.

#### **4. Supplemental Policies for the Academic General Expense Budgets**

a. The academic departmental budgets should be limited to "maintenance and operation." Supplies and replacement equipment (the latter being defined as "items replaced on a regular basis") will be considered maintenance and operation. Supplies will be defined as those items having a life expectancy of less than three years or a value of less than \$200.

b. Departmental maintenance and operational budgets may not be overspent. In the event an unexpected and unusual budget need develops, the budget official may submit a special request to the area vice president.

c. The Academic Budget Council must approve the recommended academic departmental general expense budget before adoption.

d. The Academic Equipment Fund will be established by the Academic Budget Council. Budget officials must submit their equipment requests for school approval. The requests will then be considered by the Academic Budget Council in relation to the school's priorities. Equipment priorities will be established the spring term of the year prior to the need.

e. Professional membership dues and travel expense for full-time faculty will be funded through the faculty professional development budget within budget limitations. Each faculty member is encouraged to participate in appropriate professional organizations related to his field of study. Each department or academic area should be aware of regional and national trends. Attendance at regional organizational conferences, professional workshops, or other kinds of enrichment activities is necessary for each faculty member. Part-time faculty, teaching fellows and adjunct instructors are generally not included in this plan.

### **V. PROTECTED FUNDS**

Three funds are used for faculty development: Faculty Development I, Faculty Development II and Sabbatical Leave. Each year Faculty Development I funds are transferred to the School budgets for individual faculty development activities and support. Faculty Development II and Sabbatical Leave funds are maintained in the vice president for academic affairs' office. These funds are not to be used for other purposes and are not to be overspent. Any surpluses left in these lines at the end of the fiscal year may be kept into the following year.

Any school that has a surplus in its overall budget may transfer part or all of such a surplus into the Faculty Development I line for the next year. No unit with a deficit may transfer funds from other operations categories into the Faculty Development I line.

### **VI. SPECIAL POLICIES**

## A. Travel Expenditures

1. NNU faculty or staff may requisition a travel advance to cover estimated expenses of official trips that they expect to pay out in cash for motel, meals and other expenses.
2. The request should include the dates of the trip, an itemized estimate of expenses, the budget to be charged, and should be signed by the budget official and the supervisory officer. Mode of transportation should be the most economical in terms of both time and money.
3. A check for estimated expenses will be issued to the employee personally as a travel advance and charged to his or her personal account in the Business Office until cleared on his or her return by invoices and an accounting covering actual expenses to be charged to the appropriate budget account.
4. Normally the advance will be issued no more than one week prior to the departure. Checks are written each Thursday by the Business Office. The university has made arrangements with a local bank for major cash advances to be converted to travelers' checks for the safety of the responsible party. This would be especially necessary where a single individual is carrying a cash advance for an official university group or team.
5. The accounting covering actual expenses should be turned in within one week after a person returns from a trip. *In any event the accounting for any prior trip should be completed before a travel advance is issued for a subsequent trip.*

Appropriate accounting for travel advances must include receipts and/or complete explanation of expenses relating to university funds. Expended airline tickets must be turned into the Business Office with other receipts. In the case of business mileage, the mileage should be reported based on odometer readings and the nature of the business or specific trips should be described in the reconciliation process. Normally, approved business mileage should be reported and claimed on no longer than a one academic term basis. Specific lengthy trips should be covered by policy 1, 2 and 5, and accounted for immediately following each trip and reconciled before an additional trip is taken.

6. Some persons prefer not to go through the extra step of requesting a travel advance and instead charge major official trip expenses to a personal charge card and cover minor expenses with personal cash. By filing an accounting promptly they have the reimbursement check from the university in time to cover the expense charged to their personal credit card. All expense reimbursements must be verified by appropriate receipts or credit card charge forms. Expended airline tickets are to be included in this accounting.

## **B. Agency Accounts**

The appropriate budget official shall in consultation with his supervisory officer request from the vice president for financial affairs and the vice president for academic affairs approval to establish an agency account.

Normally, agency accounts will be identified with an existing academic subdivision and existing academic budget officers.

The request to establish and use agency funds should include a proposal explaining the project and a proposed project expenditure budget. These funds will not be authorized to simply carry balances without specified approval of both the vice president for academic affairs and the vice president for financial affairs.

By means of such an account the Business Office will act as agent or trustee for the department or activity concerned. Agency accounts should be used when a department or school needs to order and sell to students supplies or materials which cannot be handled conveniently through the bookstore. All expense and income items for such an account will be recorded by the Business Office on an account sheet separate from the normal budget sheet. When materials or supplies are ordered a number is issued for the agency account. This code number, together with the name of the budget, is used for requisition blanks. When an agency account is settled the net profit or loss (plan not to have losses) may be transferred to the sponsoring budget by means of a budget adjustment form.

## **C. Policy on Special Gifts and Restricted Income for General Expense or Salaries**

When gifts designated for special departments, schools or activities are received by the university and when it is the clear intent of the donor that the gift is to be used for enrichment of the program of the department or activity, the funds will be held in a restricted account for use by the department when properly authorized requisitions or transfer authorizations are submitted to the Business Office. Any gifts or grants from foundations or other sources requiring reports in any detail of how their gifts or grants are spent are to be assigned a specific special budget account number. This account number is to be used on the standard requisition form and in identifying invoices to be charged against a particular grant.

These restricted funds dedicated to a particular department or area of the university and made available either on an annual or an endowed basis, shall have their usage governed by the following policies.

1. The normal administrative approval system shall be used to control the expenditure of these funds.
2. Preference should be given to large, significant projects that would not be feasible using normally available current funds. Examples of suitable projects would be educational equipment, book collections for the library remodeling or construction of new physical facilities, or payment of all or part of a faculty salary.
3. If the annual income amount available is greater than \$5,000, the allocation of the funds shall receive attention from the president and the appropriate administrative officer at the time of the planning of the annual budget.
4. If the annual income amount is less than \$5,000, the budget official and supervisory officer, in consultation with other appropriate persons or groups such as the department chair, school dean, and vice president for academic affairs, shall determine how the fund is used.
5. In any case these special restricted funds shall be transferred before expenditure to an

appropriate regular budget, e.g., the Academic Salary Budget, the Academic Facilities General Expense Budget, or the like.

#### **D. Deviations Within Budgets**

Although the funds approved for a budget should be spent according to the general plan described in the original budget proposal, budget officials may in consultation with other involved persons approve the use of funds within a budget for purposes other than those originally planned. For example, funds requested for operating expense may be used for equipment.

#### **E. Sale of NNU Property**

1. When a department having custody of a particular item of NNU property decides that the interests of the department could be served best by selling this property, a "Proposal for Sale of NNU Property" form should be obtained from the office of the Business Manger for approval.
2. All proceeds from the sale of departmental property will normally revert to the department budget, but all income such as tuition, gate receipts, receipts from plays, etc. should be placed in the university general fund.

Capital items represent funds that have been assigned to a particular area for carrying out the area's functions. If these items are sold, the money received should be used for the purchase of other capital items or for other appropriate use within the department. For buildings involving Federal Academic Facilities Grants and Loans (Fine Arts, Library, Science Lecture Hall, Wiley Learning Center, Physical Educational Building), special requirements for sale and replacement of all original equipment must be complied with.

However, in the case of a loss of function, e.g., the discontinuance of a department or an area, the sale money for any equipment from that department or area should go into the general fund.

3. Special cautions regarding the sale of government surplus items

The Idaho Surplus Property Agency has set for the following rules:

- a. All surplus items must be kept at least four years before they may be disposed of.
- b. Surplus items must have been in use during the four years. Use is difficult to define, but the agency director has stated that setting on a shelf for four years is not use, but use in one experiment per year would be considered use.
- c. After four years of use the university may sell or transfer any item to any person except where the item is a restricted item or the original acquisition cost is more than \$2,500.
- d. The surplus agency will notify the school at the time of acquisition if any item is restricted.
- e. All surplus items are to be used. If they cannot be used, both of the following steps are to be taken.
  - (1) Report inability to use the item to the surplus agency director.
  - (2) Return the item to the surplus agency if requested.

**F. Off-Campus Entertainment**

This policy refers to entertainment at meals or other functions at university expense. The use of university funds to purchase meals or similar forms of entertainment shall normally be limited to cases in which resource persons, clients or other persons not employed by the university are involved. The purpose of the entertainments shall be to advance the objectives of the university.

Reports submitted requesting reimbursement for such entertainment shall include: the date of the event; the names of persons involved; a summary of business discussed; and a receipt or voucher for the expense.