

SOP- BUDGET MANAGEMENT**SOP ID:** LIU-F-B-1002**POLICY TYPE:** FINANCE**RESPONSIBLE OFFICIAL TITLE:** VP Finance and Treasurer**RESPONSIBLE OFFICE:** Budget Office**I. STANDARD OPERATING PROCEDURE****1. Purpose**

Each year, the Budget Office develops the LIU enterprise wide General Fund budget for the upcoming academic & fiscal year, which is subject to approval of the BOT. Once approved, this budget is communicated to all key constituents, and forms the basis of guiding & evaluating financial activities for the upcoming academic & fiscal year.

The University's comprehensive planning and budget management processes ensure that resources are adequate to support academic and administrative operations and are aligned with each other by first ensuring that they align with the LIU Mission, the LIU Strategic Plan, the LIU Master Plan, and the LIU Bylaws. The University has comprehensive planning processes, resources, and structures that are aligned to ensure sufficient resources necessary to fulfill LIU's mission and goals. The University's integrated planning and budgeting infrastructure ensures that all University constituencies collaborate toward this shared objective in both a "top-down" and "bottom-up" manner.

2. Scope

The scope of this SOP is the annual LIU enterprise wide General Fund budget management process, as performed by the Budget Office within the Finance Division.

To provide transparency and visibility into this key area, the intended audience of this SOP is all LIU students, faculty and staff members.

3. Prerequisites

The following list of prerequisites should **not** be considered all-encompassing

- Current LIU strategic plan document.
- Board approved LIU enterprise wide General Fund budget.

Current versions of the following documents:

- Reports containing the following information by department and account:
 - Original budget.
 - Revised/current budget.
 - Fiscal year to date actual expenditures.
 - Current obligations/encumbrances.

4. *Responsibilities*

The following personnel play key roles in execution of this SOP:

- Finance Division Key Constituents
 - **VP of Finance**-Overall executive sponsor; guides the budget management process; interfaces with senior leadership to ensure key priorities via revisions requested are reflected in the budget.
 - **Finance AVP/ Budget Director & Budget Office**-Overall process owner & manager; monitoring of all actual financial activity vs. approved budgets; reporting of budget status to key stakeholders; identification & escalation of budget issues; vetting & approval of all budget revision requests from other key stakeholders; validation the budget system (Currently **Peoplesoft Finance**) accurately reflects any approved revisions.
 - **Accounts Payable & Campus Financial Services**-Validate that budget funding is available prior to approving/processing requisitions and/or payment requests.

- Other Key Constituents
 - **President's Office**-Overall input as to additional budget revisions required.
 - **Division heads/Vice Presidents/Business unit owners**-Submit budget revision requests for their respective areas; adjust/revise revision requests based on feedback from the Budget Office, senior leadership, and faculty.
 - **VP's of Academic Affairs** -Provide direction and input regarding all academic related aspects of the budget.

5. *Procedure*

Overall, the budget management process occurs continuously throughout the year.

For each fiscal year, this process begins following approval of the budget by the B&F Committee and the full Board of Trustees, and the budget system is updated to reflect the approved budget (Currently **June**), as further documented in SOP LIU F-B-1001:Budget Development.

Specific activities related to personnel budget management are further documented in SOP LIU F-B-1003: Position Management.

All activities listed below are performed by the Budget Office, unless otherwise specified.

Budget review & monitoring

- After the budget has been approved, Budget reports containing the approved board budget are provided to Division Heads/Vice Presidents/Business Unit Owners for their respective areas.
 - These constituents have discretion to request budget revisions within their areas, based on changes in facts & circumstances from their initial budget proposals and reviews.

- Beginning at the start of the new fiscal year and continuing throughout the entire fiscal year, divisional, departmental, and other budget reports (containing budgeted and actual activity) are provided automatically by the budget reporting system (Currently **Crystal Reports**) on a regular basis.

- Report creation and distribution is managed by the Finance Division in conjunction with IT.
- On a regular basis, the Budget Office performs its' own budget reviews, activity monitoring, and creation of activity projections for the entire fiscal year.
 - Throughout the year, the Budget Office will contact appropriate constituents to request additional information and/or projections through the end of the fiscal year, for their respective areas.

Budget revision requests

- All budget adjustments/revisions occur at the individual department and general ledger account level, unless otherwise specified.
- These revisions, once approved by the Budget Office, will be processed and be reflected throughout the year as the “revised budget”.
- To maintain the board approved budget, all revisions must be overall monetarily neutral in nature (i.e. Increasing the budget of one department requires an offsetting decrease to another for the same amount).
- At any time during the fiscal year, Division Heads/Vice Presidents/Business Unit Owners/Deans/Departmental managers may submit budget revision requests to the Budget Office. Such requests should contain:
 - Departments to be increased.
 - Offsetting departments to be reduced/funding source.
 - Amount.
 - Rationale for the request.
 - Appropriate approvals/authorization from the Requesting Unit (As specified in the Approval Hierarchy section below).
 - The request should also be for departments within the requestor’s areas of responsibility/management.

Budget revision approval hierarchy

Based upon the total amount of the budget revision request, the following written approvals should be obtained. Budget revision requests will not be processed until all appropriate approvals have been received.

In emergency situations, approvals may be obtained subsequent to the budget revision, but should be obtained within five business days of such a revision.

Amount	Finance Approval	Requesting Unit Approval
\$50,000 or less	AVP & Budget Director	Dean/Director
\$50,001 to \$100,000	VP of Finance & CFO	VPAA/Unit VP
\$100,001 to \$500,000	VP of Finance & CFO	SVPAA/Unit VP
\$500,001 and above	VP of Finance & CFO	President

- Any revision request that will increase the budget without an offsetting reduction requires approval by VP of Finance & CFO, regardless of amount.

Budget revision review & processing

- As described above, the Budget Office will review the request for validity, funding/budget availability, and appropriate Unit approvals before proceeding with obtaining Finance Approvals.
- The Budget Office and/or VP of Finance, at its' discretion, may also initiate budget revisions.
- After all appropriate approvals have been received, the Budget Office will enter the approved budget revision into the budget system, and retain appropriate supporting documentation.

Allocations

- As appropriate, the Budget Office will evaluate/recalculate and adjust revenue and expense allocations.

6. References

- LIU policies & procedures.
- NACUBO accounting guidelines.

7. Definitions

B&F Committee-Budget & Finance Committee of the Board of Trustees.

BOT-Full Board of Trustees.

NACUBO-National Association of College and University Business Officers. NACUBO promulgates common financial standards & practices widely used by higher education institutions.

LIU-Long Island University or the University.

SOP- Standard Operating Procedure.

VP-Vice President.

VP-Vice President of Academic Affairs.

SVP-Senior Vice President of Academic Affairs.