



Budget Control	
Responsible Official: Chief Financial Officer	Responsible Office: Budget and Financial Planning

Policy Purpose

This policy establishes internal control for proper university budget management.

Policy Statement

East Tennessee State University (ETSU) operates under the authority of the Board of Trustees and follows the fiscal policies set by that Board, the Tennessee Higher Education Commission (THEC) and the Tennessee Board of Regents (TBR). ETSU will follow all state and federal laws related to establishing and maintaining a system of internal control.

I. Annual Operating State Appropriations Request.

The University's annual operating state appropriations request will be made to THEC based upon their formula components.

II. Budgets.

Proposed Budgets, Revised Budgets, and Estimated budgets will be prepared and submitted pursuant to the guidelines provided by TBR.

The President and the Board of Trustees must approve the operating budget. TBR shall give final approval to the operating budget pursuant to state law. TBR will ensure the ability to satisfy both contractual obligations to the Tennessee State School Bond Authority and obligations to that authority's bondholders.

III. New Position Request.

A new position must be requested and approved through the proposed and/or revised budgeting cycles and subject to Position Controls. Vacant positions are to be repurposed between budget cycles when a position need arises.

IV. Management Reports.

The Office of Business and Finance prepares summary management reports for top level administrators to evaluate the current financial status of the University.

The President reports any institutional deficiencies or non-compliance with budget controls and guidelines to the Board of Trustees.

Authority: T.C.A. § 49-8-203 (a) (1) (C)

Previous Policy: 4:01:00:00

Defined Terms

Defined Terms have specific meaning within the context of this policy.

University	refers to the General Academic Campus (including Auxiliaries), College of Medicine, Family Medicine and College of Pharmacy.
Budgeting	is the process whereby the plans of an institution are translated into itemized, authorized, and systemic plan of operation, expressed in dollars, for a given period. Budgets are the blueprints for the orderly execution of program plans; they serve as control mechanisms to match anticipated and actual revenues and expenditures.
Unrestricted Funds	include revenues that are allocated to fund general university operations which include state appropriations, tuition and fees, recoveries from grants and contracts, and sales and services of other activities. These revenues support expenditures in the following programs: Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Physical Plant, Scholarships and Fellowships, and Mandatory and Non-Mandatory Transfers.
Auxiliaries	are self-supporting operations such as housing, food service, bookstore, parking services, post office, vending, and center for physical activities.
Restricted Funds	are required to be used in a specific way or for a specific purpose.
Plant Funds	are unexpended resources derived from various sources to finance the acquisition of long-term plant assets and can be used for capital projects such as major additions and/or renovations to University facilities.
Proposed Budget	the original budget prepared in the spring that is for the fiscal year to begin July 1 and is referred to as the "July Proposed Budget."
Revised Budget	is a revision of the July proposed budget and is normally referred to as the "October Revised Budget". It is prepared after actual fall enrollments and other estimated costs and closing balances are known.
Estimated Budget	the final budget submitted for the current year operations.
Position Control	the number of authorized permanent positions is controlled within unrestricted education and general accounts and auxiliaries.

Policy History

Effective Date:

12/21/2021

Revision Date:

Procedure (s)

I. Submission of Budgets.

- A. It is recognized that a budget is a plan and that circumstances may necessitate revisions or changes to the original plan from time to time. Department/Units submits:
1. Proposed Budget
 2. Revised Budget
 3. Estimated Budget
- B. The approval of a budget does not waive statutory, policy, or other restrictions for expending funds.

II. Operating Budgets.

- A. Level of Budget Control.
1. The Board of Trustees approves the budget control amounts for the major educational and general program classifications of Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Plant, and Scholarships and Fellowships where applicable.
 2. Auxiliary Enterprises are controlled on a profit or break-even basis.
 3. Additionally, control amounts are approved for educational and general transfers, both mandatory and non-mandatory. Funds transferred to other funds whether mandatory or non-mandatory are restricted in the other funds for the designated purpose. This restriction, however, does not prevent subsequent reallocations or transfers to other funds.
 4. All discretionary allocations of the fund balance are approved.
- B. Budget Revisions.
1. Revisions within Program Area.
 - i. Department/Units make budget revisions within a given program area at the campus level as needed.
 - ii. A Request for Budget Revision form is initiated by the department/unit, signed, and forwarded to the appropriate Vice President/President or their designee for approval.

- iii. Once approved, the Request for Budget Revision form is forwarded to the Budget Office for processing. Copies are e-mailed back to the originating department/unit when processed.
- 2. Revisions between Programs.
 - i. Department/Units make budget revisions between programs prior to the Spring Estimated Budget as needed.
 - ii. The request for revision is submitted in accordance with item B.1. above.
- 3. Revision of Overall Expenditure Total.
 - i. Budget revisions to one or more educational and general program areas that increase the overall educational and general budget are to receive prior approval of the President or his designee, if proposed at other than the three regular submission times.
 - ii. The request for revision is submitted in accordance with item B.1. above and includes the source of funding for the proposed revision.

III. Plant Fund Budgets.

A. Unexpended Funds.

1. General

- a. All funds added or transferred into the Unexpended Plant fund is controlled by specific project.
- b. Commitments or expenditures for any capital project is in conformance with all applicable state laws and requirements of the State Building Commission.
- c. All project budget revisions and the utilization of reallocated project balances are approved by the President or designee.

2. Extraordinary Maintenance

- a. Within the Unexpended Plant Fund, an account is established for extraordinary maintenance to be used for unusual or unanticipated maintenance needs.
- b. The annual budget includes a minimum balance in the extraordinary maintenance account. This minimum is greater of 0.1% of plant funds or \$150,000.
- c. All projects in the extraordinary maintenance account are approved by the President or designee.

B. Renewals and Replacements.

- 1. The resources set aside for renewals and replacements, as distinguished from additions and improvements to plant, are accounted for in this fund group.
- 2. The responsibility to replace auxiliary equipment requires a transfer of at least 5% of auxiliary gross margin to the renewal and replacement fund.

C. Retirement of Indebtedness.

1. The accounting for the accumulation of resources for interest and principal payments and other debt service charges relating to plant fund indebtedness are accounted for in this fund group.
2. Additions to this fund are set up in separate debt service accounts.

IV. Guidelines and Position Controls.

- A. Position Control is a part of the personnel budget process.
- B. Position Controls exist on the total number of permanent full-time and part-time positions at the institution and by classification of those positions (administrative, faculty/academic, professional, and clerical/support).
- C. These positions are approved by the Board in the respected budget period.

V. Legislative Controls.

Each budget year normally has unique guidelines and requirements depending on legislative and executive branch requirement which comes from the Tennessee Board of Regents.

- A. A schedule of these requirements is prepared each budget cycle.
- B. The institution ensures that all budget guidelines for a given fiscal year are incorporated into the budget and carried out operationally.

VI. Follow-up by Finance Staff.

- A. At the end of each fiscal year, the finance staff reviews the annual financial report of the University.
- B. Actual year-end amounts are compared to the Spring Estimated Budget as officially revised, which is the final approved budget for the year.
- C. Functional expenditures totals are analyzed for adherence to the approved control levels.
- D. The financial information is examined for compliance with all budget guidelines and/or Board policies in effect for the fiscal year just completed.

Procedure History

Effective Date:
12/21/2021
Revision Date:

Related Form(s)

https://www.etsu.edu/bf/budget/documents/request_for_budget_revision_banner.xls

<https://www.etsu.edu/bf/documents/newpositionrequest.xlsx>

Scope and Applicability