

CLAS Budget Reallocation Process Guide

Revised 7/13/10

Best Practices (attached – Appendix 1)

Definitions/explanations:

- **Budgeted accounts:** Those accounts that are either funded through state allocations or other (local) accounts that are budgeted in Advantage.
- **Appropriations:** State funds allocated to the College and then to the units through the yearly budget process.
- **Vacancy savings [temporary vs. permanent; tenured or tenure-track (TT) faculty retirements/resignations; leaves without pay (LWOP), buyouts, academic year sabbaticals (AY SAB)]:** Temporary savings are generated through temporary salary adjustment actions on a state appropriated fund source, such as AY sabbaticals, which generate 40% salary savings, and grant buyouts. Permanent savings are generated from retirements/resignations/reorganizations and are either swept by the deans for reallocation across a division (for TT faculty lines towards annual hiring plans) or within a unit (staff hires, reallocation of personal services to operations).
- **High demand vs. enrollment growth:** High demand is when instructional demands cannot be met from current academic unit resources. It may be a temporary situation based on unforeseen growth or other unit-specific factors. Enrollment growth is the permanent growth in FTE, whether in service or major courses, and should be planned for at the unit level (in consultation with the Deans' Office) and addressed by the unit's yearly hiring plan.

Enhanced Unit-level Authority and Responsibilities:

Beginning FY11, a greater percentage of summer and winter residuals funds as well as temporary vacancy savings resources will be managed at the academic unit level.

Chairs/Directors and unit financial staff will be tasked with the authority to plan for the use of these resources to meet instructional, operational and strategic needs. Effective management of these resources must take into account the following priorities:

- Meeting fundamental instructional needs, including service and major courses. Note that in most cases academic units will be expected to cover current year enrollment growth through the use of vacancy savings. There are no "high demand" funds from the Provost or the dean.
- Course coverage for faculty leaves (SAB, LWOP, separations, grant buyouts, medical or parental leaves). NOTE: vacancies due to TT faculty retirements/resignations are swept by the dean to cover the new faculty hires; therefore there are no temporary savings on

these lines. Also, on faculty LWOP, the unit will retain 50% of the savings; the remainder reverts to the dean.

- Commitments: Along with the greater percentage of summer/winter residuals being retained at the unit, the current commitments will also be shifted (except those made by a dean to directly support a chair or director; those commitments will be retained by the dean). New commitments by chairs and directors must take into account ongoing uses in order to ensure that there are sufficient unit funds to maintain the support.
- At a minimum, monthly reviews of state account balances, using , Super Reports, My Reports, Budget Position Control Reports, Advantage Detail of Funding Uses Reports, etc. Corrective action must be taken in a timely manner to ensure that accounts will not be in deficit at year-end.
- Project planned expenses – particularly non-encumbered personal services expenses (student wages) and ERE.

Vacancy Savings Restrictions:

- Vacancy savings may NOT to be used for permanent salary commitments (increases, new positions).
- Personal services CANNOT be in deficit at year-end. The unit will be responsible for covering any expenses that exceed the budget on the state account with other unit funds (local).
- Personal services allocations moved to operations cannot be moved back to personal services in that FY.
- Movement of funds from one employee class to another must take into account the impact on ERE expenses. ERE is budgeted, and any ERE expenses beyond the budgeted amount must be covered by other unit sources.

Unit Planning/Management Tools:

- Financial Status Reports: Financial status reports will be due to the appropriate dean and BOM Sr. after the close of first and third quarters each FY (October and April) each year. This will be used to project year-end balances as well as request the use of any anticipated (unencumbered) personal services balances. Note that balances will be swept by the dean after the March quarterly report unless **written** approval for the use of the funds has been given.
- Vacancy Savings Planner: (Appendix 2). This should be used to plan for the use of funds within the budget, and to balance on a monthly basis.
- Meetings: BOMs hold meetings with financial personnel from their division, the frequency of these meeting varies across the divisions; CLAS administrative meetings for the financial personnel across the entire college are on a quarterly schedule. The purpose of the meetings is to provide operational and policy updates, training, and

guest speaker presentations. . The meetings are an important source of information and attendance should be a priority.

Deans' Office Authority and Responsibilities:

- Oversight: Because responsibility for the overall CLAS allocated budget rests in the Deans' Office, that office is responsible for oversight of the overall budget. This means that The Deans' Office will review the unit state account balances on a monthly basis and request explanations of anomalies or plans to resolve deficit situations prior to providing reports to the deans.
- Appropriation transfers: Because the responsibility for state appropriations resides at the dean level, all appropriation transfers (A1 documents) will be done in the Deans' Office. The process for requesting an appropriation change is for the unit to submit a request via email to the BOM Sr. with justification of the purpose and documentation of availability of funds for dean approval.

ERE:

- ERE budgeted on state accounts cannot be used for any other purpose.
- FY10 is considered the base year for ERE allocations. Budget changes for FY11 cannot exceed the FY10 overall budget plus any new allocations for hiring, promotions, or other purposes.
- Any personnel changes that move funds among employee categories must also take into account the impact on ERE expenses. The ERE budget cannot be in deficit and additional funds may need to be transferred to the ERE budget line from Vacancy Savings to fund the difference.

Tuition Remission

- Funds are allocated to the College for tuition remission (for state-funded grad lines) and FY10 is the base year. There will be no additional allocation to the College for tuition remission beyond tuition increases; departments that choose to reallocate funds for additional graduate assistant hires beyond the existing state budget will be responsible for the attendant tuition expense. Note that, like ERE, tuition remission funds cannot be reallocated to a different purpose if they are not used. These funds will NOT be allocated at the unit level.

Best Practices: A Resource Guide for Chairs and Directors

Understanding Fiscal Responsibilities

The purpose of this guide is to provide a brief overview of responsibilities and expectations of staff in lead financial positions in CLAS departments, and was developed at the request of chairs and directors. This guide was researched and written by the staff in the Office of Budget and Financial Services, College of Liberal Arts and Sciences and approved by the Deans. Questions should be directed to the Assistant Dean for Budget and Financial Services or any of the Business Operations Managers in the Dean's Office. We hope that if you find this information relevant you will use these guidelines as a starting point for communicating your expectations and evaluating performance.

Some of the responsibilities listed below are defined by ASU Policies; others represent essential functions and best practices. We recognize that there is variation in responsibilities across departments, driven by size, supervisory responsibilities, and sheer numbers (accounts and resources) and as such want to reiterate that this is provided as a guideline.

Minimum job expectations for unit financial managers:

- ✓ Process and/or approve all documents in the University Financial System (Advantage).
- ✓ Reconcile all accounts monthly to ensure accuracy of charges to accounts, status of documents, and account balances.
- ✓ Review financial reports for accuracy of expenditures and codes on all accounts and take appropriate action to make corrections.
- ✓ Maintain financial records in an up-to-date and orderly manner. Records should be organized for ready accessibility and in a way that is easily understandable by anyone who would require access in the event of an audit or the absence of the record keeper
- ✓ Be familiar with routine policies and procedures – both University and CLAS – and be aware of (and use) on-line resources such as policy manuals for guidance related to the non-routine. It is also important to regularly review resources for updates to policies and forms
- ✓ Attend CLAS Administrative Staff meetings – both the CLAS Administrative Staff meeting and the Divisional Staff Meetings. The purpose of these meetings is to provide updates on CLAS and University policies and procedures. As well, special guests are frequently invited to provide training or information on special topics
- ✓ Manage purchasing cards. This includes regularly using the on-line tool PaymentNet to review account activity and correct expense codes; reconcile statements; ensure compliance with policies and procedures and avoid prohibited transactions; provide audit oversight at manager level for unit cardholders. NOTE: It is not appropriate for staff to provide final audit review on a supervisor's p-card statements. In these cases the secondary reviewer should be in the Dean's Office.
- ✓ Manage all aspects of department payroll. This must include monthly reconciliation of payroll; review of payroll records using MyReports (a web tool); reviewing the Budget Position Control Report monthly for payroll expenses versus budget; be timely in taking corrective action when payroll problems are discovered or brought forward for resolution.
- ✓ Where applicable, manage subordinate financial staff and ensure employee understanding of policies and procedures. Hold regular unit staff meetings to disseminate relevant information on financial and payroll matters to appropriate department staff.
- ✓ Provide regular management reports to chair/director and others, as deemed appropriate.

Chairs and directors are ultimately responsible for the management of department financial resources. A basic understanding of financial staff roles and responsibilities, and at least minimal oversight are essential. Staff should also be able to count on your support in carrying out their responsibilities within the bounds of University policies.

Please let us know if we can provide any additional information or assist in any way. A large piece of our jobs is to assist unit staff by providing training, advice and counsel, and updated information. We are willing and available to help in any way that you might find useful.

Additional resources are listed below.

CLAS Budget and Financial Services website

<http://clas.asu.edu/budget>

Org Manager Responsibilities

<http://www.asu.edu/aad/manuals/fin/fin203.html>

Business Manager Responsibilities

<http://www.asu.edu/aad/manuals/fin/fin210.html>

Financial Controls

http://uabf.asu.edu/financial_controls

Control-D Reference Guide for accessing Month-End Reports

http://www.asu.edu/fs/advantage/xferdocs/controld_adv_web_reports_ref_guide.pdf

Advantage/Interface Calendars

http://uabf.asu.edu/advantage_calendars