



EAST TENNESSEE STATE
UNIVERSITY

Budget Control

Policy Name: Budget Control

Policy Purpose

This policy specifies internal control for proper University budget management.

Applicability

This policy applies to Insert Applicable Constituents (faculty, staff, students, visitors, third party vendors etc.).

Responsible Official, Office, and Interpretation

The Insert: Title of Department Head of Responsible Office is responsible for the review and revision of this policy. For questions about this policy, please contact Insert: Responsible Office. The Insert: Title of Senior Administrator over division (e.g. President, Provost, CFO, COO, CIO, VP of SLE, VP of Advancement) in consultation with the Office of University Counsel, has the final authority to interpret this policy.

Defined Terms

A defined term has a specific meaning within the context of this policy.

Auxiliaries

Are self-supporting operations such as housing, food service, bookstore, parking services, post office, vending, and center for physical activities.

Budgeting

Is the process whereby the plans of the 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.

Estimated Budget Position Control

The final budget submitted for the current year operations the number of authorized permanent positions is controlled within unrestricted education and general accounts and auxiliaries.

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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 for the fiscal year beginning each July 1st. Referred to as the “July Proposed Budget.”

Restricted Funds

Funds that are required to be used in a specific way or for a specific purpose.

Revised Budget

Is a revision of the July 1st 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.

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.

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East Tennessee State University (ETSU or University) operates under the authority of the ETSU 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 budgetary control.

1. Annual Operating State Appropriations Request.

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

2. 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.

3. 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.

4. 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.

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Procedures

1. Submission of Budgets

1.1. 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 submit:

1.1.1. Proposed Budget

1.1.2. Revised Budget

1.1.3. Estimated Budget

1.2. The approval of a budget does not waive statutory, policy, or other restrictions for expending funds.

2. Operating Budgets

2.1. Level of Budget Control

2.1.1. 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.

2.1.2. Auxiliary Enterprises are controlled on a profit or break-even basis.

2.1.3. 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.

2.1.4. All discretionary allocations of the fund balance are approved.

2.2. Budget Revisions

2.2.1. Revisions within Program Area

2.2.1.1. Department/Units make budget revisions within a given program area at the campus level as needed.

2.2.1.2. 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.

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2.2.1.3. 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.

2.2.2. Revisions between Programs

2.2.2.1. Department/Units make budget revisions between programs prior to the Spring Estimated Budget as needed.

2.2.2.2. The request for revision is submitted in accordance with item 2.2.1, above.

2.2.3. Revision of Overall Expenditure Total.

2.2.3.1. 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.

2.2.3.2. The request for revision is submitted in accordance with item B.1.above and includes the source of funding for the proposed revision.

3. Plant Fund Budgets.

3.1. Unexpended Funds

3.1.1. General

3.1.1.1. All funds added or transferred into the Unexpended Plant fund is controlled by specific project.

3.1.1.2. Commitments or expenditures for any capital project is in conformance with all applicable state laws and requirements of the State Building Commission.

3.1.1.3. All project budget revisions and the utilization of reallocated project balances are approved by the President or designee.

3.1.2. Extraordinary Maintenance.

3.1.2.1. Within the Unexpended Plant Fund, an account is established for extraordinary maintenance to be used for unusual or unanticipated maintenance needs.

3.1.2.2. 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.

3.1.2.3. All projects in the extraordinary maintenance account are approved by the President or designee.

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3.2. Renewals and Replacements.

3.2.1. The resources set aside for renewals and replacements, as distinguished from additions and improvements to plant, are accounted for in this fund group.

3.2.2. The responsibility to replace auxiliary equipment requires a transfer of at least 5% of auxiliary gross margin to the renewal and replacement fund.

3.3. Retirement of Indebtedness

3.3.1. 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.

3.3.2. Additions to this fund are set up in separate debt service accounts.

4. Guidelines and Position Controls.

4.1. Position Control is a part of the personnel budget process.

4.2. 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).

4.3. These positions are approved by the Board in the respected budget period.

5. 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.

5.1. A schedule of these requirements is prepared each budget cycle.

5.2. The institution ensures that all budget guidelines for a given fiscal year are incorporated into the budget and carried out operationally.

6. Follow-up by Finance Staff.

6.1. At the end of each fiscal year, the finance staff reviews the annual financial report of the University.

6.2. Actual year-end amounts are compared to the Spring Estimated Budget as officially revised, which is the final approved budget for the year.

6.3. Functional expenditures totals are analyzed for adherence to the approved control levels.

6.4. The financial information is examined for compliance with all budget guidelines and/or Board policies in effect for the fiscal year just completed.

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Applicable Forms and Websites

[New Position Request Excel File](#)

Authority and Revisions

Authority: TCA § 49-8-203, et seq.

Previous Policy: N/A

The ETSU Board of Trustees is charged with policy making pursuant to TCA § 49-8-203, et seq. On March 24, 2017, the Board delegated its authority to ETSU's President to establish certain policies and procedures for educational program and other operations of the University, including this policy. The delegation of authority and required process for revision to this policy can be found on the [Policy Development and Rule Making Policy webpage](#).

To suggest a revision to this policy, please contact the responsible official indicated in this policy. Before a substantive change to the policy section may take effect, the requested changes must be: (1) approved by the responsible office; (2) reviewed by the Office of University Counsel for legal sufficiency; (3) posted for public comment; (4) approved by either Academic Council or University Council; and (5) approved by ETSU's President.

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