## Policy 406: Transparency of Financial Resource Management

Category: Fiscal Management

Covered Individuals: Administration

##### Approved: May 25, 2021

Procedure Approved: February 14, 2022

### **406.1 Policy**

Financial resources shall be managed in a transparent manner in accordance with policies approved by the institution’s Board of Trustees and governance structure(s), and applicable state and federal laws.

### **406.2 Procedure**

College of Eastern Idaho’s (CEI) proactive financial planning is designed to ensure financial sustainability in the short- and long-term. Its planning process is inclusive of many stakeholders who carefully consider how this growing college should evolve to meet our community's many needs. CEI uses its budgeting process to ensure availability of funds, realistic development of financial resources, and comprehensive risk management.

A mission-driven, balanced budget is the College’s biggest tool to support financial health. Per Board of Trustees (BoT) Resolution 21-01, Section 9, the budget is allotted according to the institution's mission priorities, and it must remain balanced. The Board of Trustees oversees the entire budgeting process, including the approval of the annual budget. The Board’s Finance Committee monitors monthly spending.

The budget is set by expected, ongoing expenses, like funding current personnel positions and facility maintenance. Funding constraints allow little discretionary spending on an institutional level. There are some variable funding avenues that allow greater proactive planning at the departmental level, and CEI actively pursues grants and donations to meet other needs. Because of these constraints, the College continually collaborates with its stakeholders to ensure that the mission remains at the center of every financial decision.

**Base Budgets**

At the inception of College of Eastern Idaho, a base budget was created for each department. These budgets were developed through analyzing prior year spending as well as expense projections from department managers, and projected growth. Personnel costs, operating expenses, and capital outlay make up each departmental budget. As a new department is created, a similar process takes place to build a new base budget.

**Budget Requests**

Each year, usually in October, the Vice President of Finance and Administration (VPFA) will call for annual budget requests. These requests allow individual department managers to request funds in addition to their base budget. Base budgets will be evaluated on a regular basis to ensure budgets are “right-sized” for each department as much as available funds will allow.

Each department aligns their request with CEI mission and Core Themes and how growth might affect them as they sculpt their individual budgets. The budget director meets with departments across campus to discuss their budgetary needs. Department managers submit budget requests with explanations of why their funding requests enhance the mission. They are invited to budgeting meetings to fully engage in the decision-making process.

Starting with a Department Manager or Dean, a budget request is created and prioritized according to need. Once completed, these requests are passed onto the VPFA and Vice President of Instruction and Student Affairs (VPISA) who compile all requests into a single prioritized request. At this time, the Budget Committee will meet and review the budget requests. The budget committee is made up of VPFA, VPISA, Budget Director, Director of Human Resources, and a Faculty Representative. The Committee may invite a dean or Department Manager to further explain their request.

The Committee analyzes each request and creates a complete prioritized list of requests all subject to need and projected revenue which is sent to the President’s Advisory Council (PAC.) This prioritized list of requests as approved by PAC is held until the spring when the Budget Director completes the budget development process. As funds are identified, requests will be incorporated into the budget based on priority.

**Annual Budget Creation**

The annual budget is broken down into two sections: revenues and expenses. Each of which is further broken down into individual line items:

Revenues:

Tuition and Fees

Out-of-District Fees

State Allocation – General Fund

State Allocation – Career and Technical Education

State Liquor Fund

Property Taxes

Interest on Investments

User Charges

Miscellaneous Revenues

Expenses:

Personnel Costs

Operating Expenses

Capital Outlay

Contingency Fund

CEI may also budget an amount to transfer into reserves if revenues allow. BoT Resolution 21-01, Section 9, requires Board approval for any spending request funded by reserves.

A draft version of the budget is reviewed by the President’s Advisory Council and the Board of Trustee Finance committee. The finance committee may recommend changes or they may recommend the budget be sent to the Trustees for review and approval. Once approved, the budget is presented to the Board of Trustees. The Board may also recommend changes to the budget. CEI may hold a budget hearing which allows the public an opportunity to comment, learn the College’s budget, and ask any questions. This meeting, usually in June, is when the Board will approve the budget. Once the budget is approved by the Board, it becomes final and remains unchanged throughout the rest of the fiscal year unless altered by the Board of Trustees.

**Contingencies**

CEI uses proactive budgeting~~.~~ The budget director develops and updates a multi-year budget projection, which considers different variables such as new capital projects, population/tuition growth, etc. The budget projection allows the College to prepare contingencies for troubling years where a budget deficit is likely to occur.

The budget may have a contingency fund, which is unallocated money. It is designed to ensure that CEI can handle enrollment variations. If enrollment/tuition and fees are higher than expected, the contingency fund supports the extra costs associated with the growth. To use the contingency funds, the budget director reports to the VP of Finance and Administration and PAC, and spending is approved by the BoT Finance Committee.

**Budget Monitoring**

The Controller, Budget Director, and VPFA monitor the budget. Each month, a college-wide budget vs actual report is created. This report is reviewed by the Finance Committee and Board of Trustees. Likewise, the Budget Director creates a budget vs actual report for each individual department. These reports are reviewed by each individual department manager. Department managers may request additional budget allocations as needed. These requests are approved or denied by President’s Advisory Council (PAC). If approved, the additional budget allocation is funded by the “contingency fund” as to not change the overall board-approved budget.

To ensure spending follows the allotted budget, the budget director provides monthly projected and actual reports to every manager and to the BoT Finance Committee. The financial records are updated each day, and any manager can see their account balance in real-time through Colleague/Self-Service.

 **Stakeholder Input and Transparency**

CEI’s Finance Department welcomes stakeholder input, and the College provides venues for stakeholders to understand and influence its budget.

**The Campus:** CEI's campus community receives an overview of college finances at in-service, which includes faculty and staff at all levels. The finance department offers smaller discussions across campus throughout the year so that employees can understand the budgeting process and its impact on their roles.

**The Administrators:** As stated earlier, the budgeting process is designed to get input and prioritize mission-driven spending.

**The Students:** CEI maintains a Student Senate, which provides a formal venue for asking for student input.

**The Community:** CEI’s Board of Trustees are duly elected community members. Their board meetings are open to the public and available via Zoom for greatest stakeholder participation. The Board’s decisions are published on CEI’s website.