

# LUTHER COLLEGE

## POLICIES AND PROCEDURES

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Department:	Administrative Services
Subject:	Budget Development and Reporting
Date Issued:	September 27, 2005
Updated and Reviewed By:	Finance & Administration Team – February 17, 2022
Approved By:	Senior Leadership Council – February 23, 2022

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### **I. Policy**

Budget Center Directors across campus work with their Cabinet representatives to develop departmental budget requests. The Cabinet, with input from the College Resource Council, compiles the operating budget to be submitted by the President to the Board of Regents for approval. Budget Center Directors are responsible for monitoring and approving all activity within their department's budget.

### **II. Scope**

This policy applies to all departments at Luther College.

### **III. Terms and Definitions**

- Cabinet – the executive team led by the President.
- College Resource Council – the College Resource Council shall consist of the President of the College as chairperson; the Provost (who shall chair meetings in the absence of the President); the Vice President for Finance and Administration; three tenured members of the faculty, nominated by divisions and elected by faculty, who shall also serve as representatives to the Board of Regents; one faculty representative from the Faculty Interests Committee; two appointed staff who have budget center responsibility; and one appointed member—nominated by the faculty and staff—who holds a position at the college with expertise directly related to diversity.
- Budget Center Director – the appointed department head or department manager who is responsible for monitoring the department's allocated budget.

### **IV. Procedures and Guidelines**

#### **A. Budget Timeline**

- Luther College budgets on a fiscal year that runs from June 1 to May 31. The budget development timeframe varies from year-to-year. However, the general process is as follows.
- In September, the Vice President for Finance and Administration and the Vice President for Enrollment Management develop a comprehensive fee increase proposal that is informed by cost increases, market positioning in relation to peer institutions, and strategic goals for a robust student experience.
- The College Resource Council and Cabinet review the budget parameters and cost increases to recommend the comprehensive fee increase to the President.
- The Board of Regents approves a comprehensive fee for the following academic year in October.

- In February, the Cabinet leads a collaborative process to construct operating expense and revenue budget requests specifically for the following year. Budget Center Directors are asked to prioritize activities based on departmental and institutional goals, and endowment spending allowances and restricted gifts should be incorporated into strategic operating plans.
- The Cabinet reviews consolidated operating budget requests, along with plans for centralized budgets such as enrollment revenue, financial aid, compensation, and capital renewal, and adjusts requests to construct a preliminary budget for the following year.
- The College Resource Council reviews budget reports and provides feedback throughout the budget construction process.
- The Board of Regents approves the preliminary budget at the May Board meeting.
- During September and October, fall budget adjustments are made to the approved budget for changes based on additional information gained regarding major budget parameters such as enrollment, financial aid, and compensation.
- The Board of Regents approves the final budget at the October Board meeting.

#### B. Budget Center Director Responsibilities

- Review budget reports monthly. The Office for Financial Services sends out a message informing Budget Center Directors when all activity related to a month has been posted.
- Verify that transactions are valid, amounts are accurate, and appropriate account numbers are used. Correction requests including the account number, date, transaction number, and the amount of the transaction involved should be sent to the Office for Financial Services.
- Transactions should be charged to the “user” of the expense and to the proper expense category – regardless of the funding source.
- Budgets may be transferred from one account line to another to help fund a transaction. If a departmental budget is overspent in total, determine where budget can be transferred from to cover the deficit balance. Budget transfer requests should be sent to the Office for Financial Services.
- The Vice President for Finance and Administration and the Associate Vice President for Finance perform quarterly, comprehensive budget reviews.

#### C. Budget Reporting

- Luther College financial data is maintained in the Colleague software system.
- The primary budget management and reporting tool is the Finance Query function available on Norse Hub.
  - The web address for Norse Hub is <https://norsehub.luther.edu/>.
  - Instructions for Finance Query can be found on the [Technology Help Desk web page](#).
  - Finance Query allows access to activity from the current year and the five previous years.
  - Finance Query reports can be exported into Excel.
- Budget Center Directors with reporting needs that are not met by Norse Hub should contact the Office for Financial Services to discuss potential alternative reporting solutions.

### V. Confidentiality and Record

General ledger data is stored on secure, Luther servers and backed up daily to an offsite, disk-based backup system. Paper and electronic transaction documentation is kept by the Office for Financial Services and maintained for seven years before confidential destruction.