

## Financial Policy

Recommended to the University Council and  
Approved by the President on March 30, 2015  
Approved by the Board of Trustees on May 9, 2016

### Policy Purpose and Objectives

The primary responsibilities of the financial and business function of the Notre-Dame University are to:

- Maintain accounts and prepare reports which show the financial effectiveness of University activities and programs.
- Advise and help administrators accomplish the mission of the University through the best use of financial resources.
- Provide for the stewardship of funds.

### Policy Statement

All business and accounting of the University are to conform to US generally accepted accounting principles. The financial procedures given in this policy are intended to outline only the more relevant conventions which apply to University business and financial operations. They are not meant to include all the concepts, assumptions, conventions, principles, or rules upon which generally accepted practices are based.

### Financial Statements

Financial reporting is in line with US GAAP, which comprises the following:

1. Statement of Financial Position
2. Statement of Activities

Additional reports are prepared to provide relevant management information.

The University reports on its financial condition and fiscal results of current operations in three basic ways:

1. *Statement of Net Position*
2. *Statement of Changes in Revenues, Expenses, and Changes in Net Position*
3. *Statement of Cash Flows*

### Budget

The Budget Office, under the supervision of the office of the Vice President for Finance, shall provide efficient and productive methods for budget preparation, using sound budgeting and management practices, and financial planning that supports management decision-making, as well as developing innovative solutions to challenging problems. Major responsibilities shall include:

- Providing guidance in the preparation of the University unit budgets.
- Compiling and developing the University's preliminary Annual Budget.
- Completing internal and external budgeting reporting requirements.

Processing budget transfers and funding requests as appropriate to accomplish the Mission of NDU.  
Reviewing capital project requests and monitoring capital budget expenditures.  
Providing financial analysis for individual units and/or the University as a whole.  
Assisting in linking University budgets with the Mission and Strategic Plan of the University.  
Monitoring periodically the implementation of the Annual Budget and making the proper adjustments, when necessary.

*Appendix A* defines the procedures and scope of the Annual Budget.<sup>1</sup>

### **Internal Audit**

The Internal Audit function provides an independent appraisal of the University's operational activities to ensure:

1. The efficient and effective utilization of resources;
2. The obligation and expenditure of funds;
3. The safeguarding of funds, property, other assets and resources against waste, loss, unauthorized use, and misappropriation;
4. The proper recording, accounting, and reporting of revenues, expenditures, and transfers of assets, resources, or funds, to maintain accountability of resources; and
5. The appropriate management and proper use of funds.

### **External Audit**

The President, along with the Board of Trustees, is responsible for the appointment of the External Auditors. Once a year, the Board of Trustees will review the External Auditor's Report of the preceding year and approve corrective measures recommended by the President.

### **Signature Authority**

Authorized administrative officers may delegate authority to sign official financial documents to other responsible employees under conditions approved by the President. Such delegation does not relieve the administrative officers of the responsibility for any action taken.

Administrative officers and those employees authorized to sign for them must hand sign all documents. The use of rubber stamps, signature plates, or other mechanical devices to affix the signature is prohibited.

### **Banking Authorization**

The President and the Vice President for Finance are authorized by the Supreme Council to issue and sign checks and to initiate wire transfers.

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<sup>1</sup> The Appendix is not part of the Financial Policy.

## APPENDIX A: ANNUAL BUDGET PROCEDURES AND SCOPE

The objective of this Appendix A is to provide guidelines to assist Officers and/or Administrators in developing and managing the Annual Budgets of their respective unit(s). It aims to make thoughtful and intelligent predictions, regarding revenues and expenses that cater for capital planning, the creation of budgets, and financial management, which align with the overall objectives and strategies of the University; thereby, ensuring that the financial resources for operating the business are in place.

This Appendix A outlines the processes of preparation, approval, implementation, and reporting of budgeting. It also includes the University's governing principles (considerations) along with definitions of the role of the University Budget Office, and other University entities involved in the budgetary process.

### **General Considerations:**

The following considerations reflect the fundamental principles that guide all concerned parties in setting the Annual Budget:

#### Integration

The budget plan is an integral part of the University's plans. It's the expression of the optimal use of resources to meet short-term objectives and to move in the direction indicated by long-term plans. In other words, the University's plans, which incorporate the enhancement and expansion of the physical, programmatic and administrative capacities of the University, shall provide the framework for budget planning. Also, Annual Action Plans shall provide the framework for Annual Budgets.

#### Balance

In a balanced operating budget, revenues are expected to meet expenses.

#### Allocation of Resources

Necessary sources need to be identified and quantified.

#### Communication and/or Coordination

Intensive coordination and cooperation among the parties concerned are necessary to help develop a balanced budget.

#### Forecasting

Budget aggregates should cover the following year operation and planning.

#### Computation

Budget aggregates shall be computed in US Dollar.

#### Budget Records

Budget records shall comply with generally accepted accounting principles and procedures.

**Parties Involved:**

The parties directly involved in the budgeting process are the:

1. President
2. Vice President for Finance
3. University Officers and Administrators, except for advisors and assistants to the President
4. Budget Office
5. University Budgeting and Planning Committee (UBPC)
6. University Council (UC)
7. Board of Trustees (BOT)

**Procedure:****A. Preparation and Approval**

Step 1: On March 1<sup>st</sup>, the President shall issue a 'Budget Call Memo' addressed to all concerned University Officers and Administrators. The 'call' shall include guidelines and a brief description of the budgeting process.

Step 2: By April 15, each unit shall submit through their respective VP to the Budget Office (BO) a preliminary budget proposal including both the operational and capital budgets with a brief narrative of budget highlights, i.e. historical analysis which compares the prior year's actual results to budgeted forecast; along with the next five year budget summary.

Step 3: Upon checking and reviewing each unit's budget proposal with the concerned Officer and / or Administrator, the BO shall submit to the VPF 'the preliminary consolidated unit budget proposals' before April 30.

Step 4: Before May 15, the VPF shall submit the preliminary consolidated University Annual Budget (compilation of all University unit proposals) to the University Budget and Planning Committee (UBPC).

Step 5: After reviewing the budget accounts, checking forecasted expenses and revenues, and carrying out risk analysis, the UBPC, chaired by the VPF, shall approve the consolidated University Annual Budget Proposal and submit it to the University Council (UC) before May 30.

Step 6: The UC shall revise the budget against the University's Mission, and Goals and Objectives of the Strategic Plan. By June 15, The President (Chair of the UC) shall forward the reviewed budget proposal to the Board of Trustees (BOT) for deliberation and approval.

Step 7: The BOT shall carry out a comprehensive review of the proposed budget, and communicate its decision to the President by July 15. Once the budget is approved, the President will announce it to the concerned units, and in particular the BO, which shall upload the approved budget data into the Financial Records System (Intranet).

B. Implementation:

Salaries

The Business Office disburses salaries and fringe benefits, as per internal rules and regulations without the request of the units concerned. (Requests for overtime, extra work compensation, salary deduction etc. shall follow the procedure of the respective unit.

Non-Salary Expenses

The Budget Office should clear all non-salary expenses, i.e. whether a budget for such items exists or not.

• *Furniture and Equipment*

All specific furniture and equipment related to a particular unit should be requested with a defined deadline for reception, as per the procedures under PUR102 GENERAL PURCHASING and PUR103 PROJECT PURCHASING These requests go through the Budget Office (electronic copy), which shall approve the availability of the allocated amounts for such expenses in the approved Annual Budget. If cleared, the request shall be forwarded to the Purchasing Department, which is charged with contacting suppliers

The Receiving Committee shall receive the goods and check for quantity and quality, as per the PUR104 RECEIVING AND INSPECTION. In cases involving verification of technical specifications, an expert shall be summoned to provide expert opinion, i.e. lab technician, computer programmer, etc.

Once cleared, the goods shall then be transferred to the unit concerned and a signature shall be obtained upon reception.

• *Travel*

All travel requests shall be managed under the G&A103 TRAVEL AND ENTERTAINMENT procedure.

• *Consumables (office supplies, catalogues... etc.)*

All consumables shall be requested, according to the Procurement Department procedure.

C. Reporting:

University units shall abide by their budgeted allocations, and over-or-under expenditures from the Budget trigger review processes that ensure close adherence to the University’s Resource Plan.

A budget summary shall be made available for review by the units concerned on the University Intranet, which contains:

Description	Voted Budget (\$)	Year to Date amount (\$)	Remaining Balance (\$)
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At the end of each academic year, the Budget Office shall prepare a detailed report on the budget execution and the necessary comments on any variance and reasons for such variance.

At the close of the academic year (August 31), the University shall be subject to an accounting and financial audit by an external certified public accounting firm. The results of the annual audit shall be presented to the BOT.

In addition to the audit, the Budget Office conducts a review of individual unit budgets, and the results shall be incorporated into the planning process for future academic years.

**Revision History:**

<b>Revision</b>	<b>Date</b>	<b>Description of Changes</b>	<b>Requested By</b>
0.0	1/1/2007	Initial Release	

**Note:**

All data records, data collection, check lists and reports shall be maintained on appropriate documents and forms, tailored for budget processing in the Budget Office; these include:

- a. Financial forecast checklists
- b. Reviewing meeting minutes and reports
- c. Forecast financial statements.

**Requests for Supplemental Funding**

Requests for supplemental funding can be made during the internal Budget process for proposed projects or planned initiatives.

A request can also be made during the academic year for unplanned projects or initiatives. When such additional funds are requested, the unit must submit a proposal to the Budget Office justifying the expense.

The approval of a supplemental budget request is subject to the availability of funds, and the approval of the concerned parties; UBPC, UC and the BOT, when necessary.

**Document ID**

Document ID	<b>Annual Budget</b>	Print Date <b>mm/dd/yyyy</b>
Prepared By	<b>Preparer's Name / Title</b>	Date Prepared <b>mm/dd/yyyy</b>
Reviewed By	<b>Budget Office.</b> _____ <b>/ VPF</b>	Date Reviewed <b>mm/dd/yyyy</b>
	<b>UBPC.</b> _____	<b>mm/dd/yyyy</b>
	<b>UC.</b> _____ <b>/ President</b>	<b>mm/dd/yyyy</b>
Approved By	<b>B.O.T</b>	Date Approved <b>mm/dd/yyyy</b>

**Annual Budget Process  
(Action Steps)**

	<b>Who</b>	<b>What</b>	<b>When</b>
<b>Step 1</b>	President	Budget Call	March 1
<b>Step 2</b>	University Officers &/or Administrators	Preliminary unit budget proposal	April 15
<b>Step 3</b>	Budget Office	Preliminary consolidated unit budget proposal	April 30
<b>Step 4</b>	VPF	Preliminary consolidated University budget proposal	May 15
<b>Step 5</b>	UBPC	Consolidated University budget proposal	May 30
<b>Step 6</b>	UC	Reviewed budget proposal	June 15
<b>Step 7</b>	B.O.T	Budget approval	July 15

## Budget Development (Flow Chart)

