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## Policy on Budget Process and Accounting Controls

Title:	Budget Process and Accounting Controls
Policy number:	POL 063
Approval(s) required	Academic Senate <input type="checkbox"/> Board of Trustees <input checked="" type="checkbox"/> Both <input type="checkbox"/>
Date of Senate approval if required	
Date of Board approval if required	(13/03/2024)
Effective date of implementation	(14/03/2024)
Frequency of review required	
Replacing or superseding information	None
Revision number	New
Responsible Office	Finance
Accountable Officer	Vice President, Finance (VPF)
Related legislation, regulation, policy, or policies	Budget Principles
Appendix/Appendices	None

1. Authority  
The Board of Trustees.
2. Purpose  
This policy provides clear and specific responsibility for proper management and control of the operating budget for University of The Bahamas (UB or University).
3. Scope  
This policy applies to all units and departments within the University.
4. Definitions  
None
5. Policy Statement  
UB operates under the authority of a Board of Trustees (Board) and follows the fiscal policies and procedures set by that Board. The University develops budgets for three (3) types of funds: unrestricted, restricted, and capital. In the case of restricted funds, the budget is developed in accordance with the terms of the MOU or gift agreement that governs that funding. In the case of unrestricted and capital funds, the University shall develop budgets to:
  - A. ensure that authorized spending levels and anticipated financial commitments are within available resources;
  - B. implement Board directives related to budget; and
  - C. comply with legal, regulatory, and contractual requirements governing the proper use, budgetary control, and financial reporting of University funds.

### **5.1 University Budget**

The University budget covers a fiscal year from July 1 through June 30 of the following year. Detailed budgets are submitted to the Board in the spring of each year for approval at the third quarterly Board meeting. At the fourth quarter meeting, a final budget is presented for approval by the Board. When approved by the Board, the budget goes into effect on July 1 of that year. Upon final approval, notification of the approved total allocation for the fiscal year is given to administrative heads along with approved salaries for all budgeted positions. It should be noted that the approval of a budget does not waive statutory, policy, or other restrictions for expending funds.

The University Budget is developed as follows:

- A. VPF prepares the six-month budget-to-actual with notes on expenditures, revenues and projections for the remainder of the fiscal year. The presentation will include a summary of trends, risks and expectations for the upcoming fiscal year.
- B. President convenes senior executives for an Initial Budget Review entailing:
  - Consideration of the Strategic Plan and any other changes with financial implications;
  - Feedback on the presentation from VPF regarding current fiscal budget performance;
  - Unit-by-unit analysis of budget performances for the current fiscal year; and
  - Unit budget requests from each senior executive for the upcoming fiscal year.

- C. VPF prepares a consolidated draft budget inclusive of revenues and expenses for the next fiscal year for all units based on submissions by senior executives.
- D. President reviews consolidated draft
- E. President submits draft budget to the Board for approval.

## **5.2 Budget Allocations**

The University budget is divided into various organizational codes, which generally constitute a department or activity. For budget control purposes, each organizational code is considered separately. Each code is assigned to the person responsible for that unit, although any higher-level official in the same organizational line may also approve or disapprove budget actions for an organizational code. The amount allocated for each code is the maximum amount planned to be spent (or obligated) during the period covered by the budget.

Although some funds are budgeted in account code pools, actual expenditures are always recorded by detailed account classifications. Responsibility for ensuring that all expenditures remain within the amounts budgeted rests with the administrative head of the unit to which funds have been allocated.

## **5.3. Monthly Reports**

During the second week of each month, the VPF or designate will provide budget reports and salary reports to administrative unit heads. These reports should demonstrate that:

- A. budget revisions have been entered through the Financial Clearance process;
- B. expenditures listed were properly chargeable to the account; and
- C. budgets have not been over-expended.

## **5.4. Budget Revisions**

If it is necessary, the budgetary head may request revisions in the department's budget. Such requests for revision will be channeled through the relevant Vice President or the President as required and will be acted upon by the VPF once approved.

## **5.5 Budget Overdrafts**

The over-expenditure of a budgeted account or position number is not recommended. It is the responsibility of the budgetary head to control funds allocated to them and to ensure that over-expenditures do not occur. Immediate action should be taken to correct any over-expenditure.

## **5.6 Fiscal Year Closing Procedures**

- A. Requisitions for purchases should be made such that bids may be secured and purchase orders issued to insure delivery prior to June 30.
- B. Prompt submission of expense items:
  - The designated personnel in each department must ensure all invoices, payrolls, cash items, and travel accounts are turned in promptly at the close of the fiscal year.
  - Outstanding purchase orders, on which delivery has not been made before June 30, will remain encumbered. Funds for payment of these outstanding purchase orders will be automatically carried forward to the next fiscal year.
- C. Budget balances remaining at June 30 will be carried over to the next fiscal year as instructed by the President. .

**5.7 Indebtedness Guidelines**

The University maintains a process for the yearly payment of long-term bond redemption.

**5.8 Guideline and Position Controls**

The number of authorized permanent positions is controlled as part of the budget process.

**5.9 Fiscal Year-End Review**

- A. At the end of each fiscal year, the actual year-end amounts will be compared to the final approved budget for the year.
- B. Functional expenditure totals will be analyzed for adherence to the approved budget.
- C. Financial information will be examined for compliance with all budget guidelines in effect for the fiscal year just completed.
- D. The President shall report any institutional deficiencies or non-compliance with budget controls and guidelines to the Board.

6. Procedures: None

**Appendices:** None