

Annual Operating Budget Policy

Effective Date: January 2007

Policy Statement

The Board of Trustees of the University require that senior management [1] submit the proposed operating budget for the coming academic year for approval at the Trustees' annual meeting in June, and [2] report updates on the actual operating results against budget at regularly scheduled meetings during the year.

The Consolidated Operating Budget (COB) is presented to the Trustees for their approval. The University's chart of accounts is divided into Budget Units, which BUs parallel the span of control of various vice-presidents, deans and department chairs. Per a schedule, determined by the Office of Management and Budget, every vice-president, dean and department chair with responsibility over one or more BUs is required to submit both an Original Budget and a Current Estimate (regular updates during the year).

Reason for the Policy

Prudent fiscal management of any complex business entity requires the use of budgets to efficiently allocate resources and manage ongoing operations.

Primary Guidance to Which This Policy Responds

The policy provides one element of the information Trustees utilize in their deliberations and provides tangible proof of sound management practices to the University's outside auditors.

Responsible University Office and Officer

The Vice-President for University Budget and Financial Planning is charged with responsibility for the development work on this policy and the accompanying procedure, as well as maintenance and inquiries that may arise regarding the policy.

Under the direction of the Vice-President for University Budget and Financial Planning, the Office of Management and Budget develops and administers this policy and procedure and is accountable for the accuracy of its subject matter, issuance, and timely updating.

Revision History

First Issuance:

Who is Governed by This Policy

Every vice-president, dean and department chair with responsibility over one or more BUs.

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Who Should Know This Policy

Every vice-president, dean and department chair with responsibility over one or more BUs, departmental administrators and finance staff, senior administration officials and the entire staffs of the Office of Management and Budget (OMB) and the Medical Center's Office of Budget and Finance (CUMC OBF).

Exclusions & Special Situations

None

Policy Text

This policy requires actions in two areas: [1] the submission of the proposed operating budget for the coming fiscal year (Original Budget) and [2] regular updates on the actual operating results during the year (Current Estimate).

Procedure

The Office of Management and Budget provides guidance as to the specific procedures needed to comply with the Policy. The data for both the Operating Budget and the Current Estimate is collected in the Budgeting Tool module of FinSys, the University's financial web portal. Standardized COB reports are available in the Management Reporting section of the Data Warehouse, also in FinSys. The current procedure is included as Appendix I section of this Policy and may be changed as needed at the discretion of the OMB.

Timetable

The Office of Management and Budget provides an annual Budget Year Calendar establishing a timeline for compliance with the Policy. Specific details include the type of action or deadline, the applicable sector or budget area, the target due date and the item description. A sample calendar is included as Appendix II of this policy and may be changed or updated as needed at the discretion of the OMB.

Approval

The Original Budget as presented in both the Budgeting Tool and FAS is the Operating Budget as approved by the Trustees. Once approved, these values do not change. A manager must use the Current Estimate field to present his/her ever-evolving outlook for the actual results of the current fiscal year.

Responsibilities

The vice-president, dean or department chair is ultimately responsible for the accuracy of the COB, verifying that the COB report represents the expected results of their Budget Unit(s), and explaining variances to the satisfaction of OMB, senior management, or the Trustees.

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Definitions

10 Digit Account – the lowest unit of accounting data contained in the Consolidated Operating Budget or FAS. The ten digits include a combination of a six digit General Ledger account and a four digit account control code, or a combination of a six digit Sub Ledger account and a four digit subcode.

Budget Unit – A major group of financial data that typically aligns with a Department or School within FAS and that sits under the responsibility of a single financial manager.

Budgeting Tool Module – A module within FinSys used to enter and hold the Consolidated Operating Budget.

Current Estimate – A projection of the expected financial results for the entire fiscal year prepared at some during the fiscal year.

Direct Sources and Uses - Revenues or expenses that flow between the University and an external party.

FAS – The financial accounting system that holds legal records of the financial activity of the University.

Final Results – The summary in the COB of all sources and uses for a fiscal year. The final results provide the bulk of the financial information presented in the Statement of Activity in audited financial statements.

FinSys – The University's web portal for financial accounting and management systems.

Indirect Sources and Uses – Revenues or expenses that flow between different segments of the University financial structure.

Management Unit – A subdivision within a Budget Unit representing a smaller group of financial data that typically aligns with a Sub-Department or Department within FAS and sits under the responsibility of a single financial manager.

Original Budget – A plan for the financial activity of the University for the upcoming fiscal year that is developed by senior management and approved by the Trustees.

Roll-up Category – A subtotal of the financial results of a group of two or more Budget Units into a financial subtotal that provides a meaningful measure of financial health of that group.

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http://www.columbia.edu/cu/administration/policylibrary/policies/omab/omab_001.html

Appendix

Include:

- I. Procedure
- II. FY 2007 Budget Year Calendar
- III. Budget Summary Report

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