Managing a Budget

Conducted by the Budget Office

Corbin deNagy
Agenda

• Background
• OMNI Funds
• Designations
• Spending Constraints
• Correcting Deficits
• FAQ
• Resources
BACKGROUND
OMNI Organizational Structure

- **Departments** roll up to **Areas**
- **Areas** roll up to **Schools/Colleges***
- **Schools/Colleges** roll up to **Divisions**

**Examples:**

<table>
<thead>
<tr>
<th>Department</th>
<th>Area</th>
<th>School/College</th>
<th>Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>007010 (Football)</td>
<td>Men’s Athletics</td>
<td>Athletics</td>
<td>Central Administration</td>
</tr>
<tr>
<td>214000 (Chemical Engineering)</td>
<td>Chemical Engineering</td>
<td>College of Engineering</td>
<td>Academic Affairs</td>
</tr>
<tr>
<td>248386 (Living Only To See The Throne)</td>
<td>Student Allocations Committee</td>
<td>Student Activities &amp; Orgs</td>
<td>Student Affairs</td>
</tr>
</tbody>
</table>

* OMNI Schools/Colleges are not always academic
General Ledger Concepts

- **General Ledger (GL):** Where accounting transactions are recorded, contains actual (non-budgetary) financial information.

- **GL Accounts:** Classify balances on the GL
  
  **Examples:**
  - 112000 – Cash in Bank
  - 600501 – Investment Earnings-Interest
  - 741101 – Supplies Office

- **GL Journal Entries:** Record accounting transactions, must be in balance (Debits=Credits)
### General Ledger Concepts

<table>
<thead>
<tr>
<th>GL Account Type</th>
<th>OMNI Accounts</th>
<th>GL Account Examples</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>1XXXXX</td>
<td>Cash, Receivables</td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td></td>
<td>2XXXXX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>3XXXXX</td>
<td>Accounts Payable</td>
<td>Credit</td>
<td>Debit</td>
</tr>
<tr>
<td></td>
<td>4XXXXX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>6XXXXX</td>
<td>Interest Income</td>
<td>Credit</td>
<td>Debit</td>
</tr>
<tr>
<td>Expenses</td>
<td>7XXXXX</td>
<td>Salaries, Office Supplies</td>
<td>Debit</td>
<td>Credit</td>
</tr>
</tbody>
</table>

**Examples:**

- When a voucher is keyed
  - Debit Expense $500
  - Credit Payable ($500)

- When the payment is made
  - Debit Payable $500
  - Credit Cash ($500)
Commitment Control Concepts

• **Budgetary Accounts**: Classify balances on Commitment Control (KK)
  
  *Examples:*
  
  - 690500 – Budget Interest Earnings
  - 710200 – Budget Faculty
  - 740000 – Budget Expense

• **Budget Journals & Budget Transfers**: Record transactions to KK budget ledgers
  
  - Journals are used to increase or reduce budget
  - Transfers are used to transfer budget
Commitment Control Concepts

- **KK Ledger Group & KK Ledgers**: Where budgetary transactions are recorded

**Examples:**

<table>
<thead>
<tr>
<th>KK Ledger Group</th>
<th>KK Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC_EXP_GRP</td>
<td>CC_BUD – Expense Budget</td>
</tr>
<tr>
<td>For non-project expense</td>
<td>CC_ENC – Encumbrances</td>
</tr>
<tr>
<td>budgets</td>
<td>CC_EXP – Expense</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>CC_REV_GRP</td>
<td>CC_REV_BUD – Revenue Budget</td>
</tr>
<tr>
<td>For non-project revenue</td>
<td>CC_REV_REC – Revenue Recognized</td>
</tr>
<tr>
<td>budgets</td>
<td>CC_REV_COL – Revenue Collected</td>
</tr>
</tbody>
</table>
### GL & KK: What posts to each?

<table>
<thead>
<tr>
<th>Transaction</th>
<th>GL</th>
<th>KK</th>
</tr>
</thead>
<tbody>
<tr>
<td>GL Journal Entries</td>
<td><strong>Everything</strong></td>
<td><strong>Some things</strong></td>
</tr>
<tr>
<td></td>
<td><em>Lines including cash, receivables, payables, revenues, expenses, etc. all post to the GL.</em></td>
<td><em>Only lines including non-property revenues and non-property expenses post to KK.</em></td>
</tr>
<tr>
<td>Budget Journals &amp; Budget Transfers</td>
<td><strong>Nothing</strong></td>
<td><strong>Everything</strong></td>
</tr>
<tr>
<td></td>
<td><em>GL Journal Entries are the only financial transactions that post to the GL.</em></td>
<td><em>Lines updating budget balances post to the appropriate KK budget ledgers.</em></td>
</tr>
<tr>
<td>Other – Purchase Orders, Travel Authorizations, etc.</td>
<td><strong>Nothing</strong></td>
<td><strong>Some things</strong></td>
</tr>
<tr>
<td></td>
<td><em>GL Journal Entries are the only financial transactions that post to the GL.</em></td>
<td><em>Encumbrances are established when purchase orders or travel authorizations are issued.</em></td>
</tr>
</tbody>
</table>
Education and General (E&G)

- OMNI funds 1xx (non-College of Medicine) and 2xx (College of Medicine and College of Engineering).

- Appropriated by the State Legislature.

- Includes General Revenue (primarily Florida’s sales tax), Student Tuitions and Fees, and Lottery.

- Spending must result in a direct, specific benefit to the university.
E&G: Tuition Differential

- OMNI funds 121 and 126
- Established in 2008-09.
- Rate for 2015-16 is $49.59/credit hour.
- Funds are allocated by the Provost.
- F.S. 1009.24, “the revenues from the tuition differential shall be expended for purposes of undergraduate education.”
Non-E&G: Auxiliary

• OMNI funds 3XX

• Primarily sales to University departments, students, faculty, staff, and others. Also includes some non-E&G student fees. Spending from an auxiliary should be consistent with its mission/purpose.

• Note: Surplus revenues from Market Rate Tuition auxiliaries (OMNI fund 325) may be used in support of non-auxiliary activities, but must follow E&G/auxiliary spending guidelines
Non-E&G: C&G

• OMNI funds 520-570

• From contracts and grants related to sponsored research.

• Spending must comply with all university and agency requirements, and must follow the terms of the contract/grant.

• Budget Office policies and procedures cover everything except sponsored research activities under the purview of SRA.
Non-E&G: Student Activities

• OMNI fund 610

• Primarily the Activity and Service (A&S) fee, along with some self-generated revenues from the FSU Flying High Circus, the Ogelsby Union, etc.

• A&S fee revenues are allocated by SGA and should be spent to benefit the student body in general. A&S fee revenue may not be spent on activities for which an admission fee is charged to students (except for SGA-sponsored concerts).
Non-E&G: Technology Fee

• OMNI fund 615

• From the technology fee paid by students. Spending should enhance instructional technology resources for students and faculty.

• Funding is distributed in three ways: (1) one-third to the colleges based on an allocation model that uses each college’s most recent total student credit hours; (2) one-third to the central IT organizations based on a similar model; (3) most or all of the final one-third to faculty or staff projects that enhance instructional technology.

THE FLORIDA STATE UNIVERSITY
Non-E&G: Vending

• OMNI fund 620

• Commissions from vending machines (over 250 on campus!).

• Funds are allocated from the President to the VPs and then to the colleges/departments.

• Spending must result in a general benefit to the university.
DESIGNATIONS
Designations

• **Dean, Director, Department Head or Chair (DDDHC)** – typically delegates budgetary responsibility, but holds ultimate responsibility for the fiscal soundness of a department.

• **Authorized Signer** – those designated to approve transactions.

• **Note:** Being listed as DDDHC or Budget Manager does not automatically make an employee an Authorized Signer.
Designations

• **Budget Manager:**
  - Serves as the official contact for the department on financial matters.
  - Ensures that departmental ledgers are reconciled to supporting documents.
  - Identifies and corrects invalid department-fund combinations.
  - Completes and submits required documentation.
  - Maintains departmental balances.
Designations

- Designations can be found via the Chartfield Values link in OMNI-Financials.
Designations

- Designations can also be found by running the query: `FSU_CF_DEPT_ALL_DESIGNATIONS`
Designations

• Departments may update the designations by using the *Update Existing Department ID Form* found on the Budget Office website ([http://budget.fsu.edu/Forms](http://budget.fsu.edu/Forms)).

• Note: If changing the DDDHC, have the new DDDHC’s supervisor sign as the approver (#8 on the form).
Designations

• Budget Office policies and procedures cover everything except sponsored research activities under the purview of SRA.

• Our office maintains DDDHC, Budget Manager and Authorized Signer, while SRA maintains project personnel.

• Updates may need to be made through SRA along with Chartfield Values (see Sponsored Projects Personnel Change Form at http://www.research.fsu.edu/research-offices/sra/forms/)
SPENDING CONSTRAINTS
Budget

• **Budget** is the authority to spend.

• Prior to the start of each fiscal year, departments formulate an annual operating budget.

• Once approved, this budget is booked in the commitment control (KK) ledgers in OMNI.

• Each department’s spending is controlled by their budget*. That is, a department cannot spend more than they have budgeted on a particular department-fund-account combination.

*Excludes C&G (520-599) and Construction (800-899)
Spending Constraints

• For E&G and non-E&G (excluding C&G and Construction) departments, “Budget Checking” in OMNI will prevent transactions from being processed without sufficient funds at the department-fund-account level.

• Non-E&G departments must also have sufficient cash. These departments could spend into a cash deficit, as there is no “Cash Checking” in OMNI.

• Note: Having sufficient budget (authority to spend) does not mean the department has sufficient cash.
Spending Constraints

- E&G and non-E&G Budget Managers should monitor their Available Balance.

- Non-E&G Budget Manager should also monitor their Departmental Cash Balance.
### Spending Constraints

**Budget Errors** prevent financial transactions from posting.

<table>
<thead>
<tr>
<th>Budget Error</th>
<th>To Correct</th>
</tr>
</thead>
</table>
| **Budget is Closed**                | • Sponsored Research Only: Contact SRA  
                                | • All Others: Contact the Budget Office                                       |
| **Exceeds Budget Tolerance**       | • Follow procedures to increase Available Balance                            |
| *(The transaction did not pass “Budget Checking”)*** |                                                                             |
| **No Budget Exists**                | • If possible, perform a Budget Transfer to add budget to the combination. If not, contact the Budget Office. |
| *(The department-fund-account combination has not been activated in OMNI)* |                                                                             |
CORRECTING DEFICITS
Available Balance Deficits

• Available Balance = Budget – Encumbrances – Expenses

• There are a few ways to check available balance:
  o Budgets Overview
  o Budget Detail
  o OBI Available Balance

• Job aids located at http://budget.fsu.edu/Training-Resources.

• Three possible ways to fix an Available Balance deficit: Expense Transfer, Release Encumbrances, Budget Adjustments
Expense Transfer

• Expense Transfers are processed by General Accounting using the Departmental Online Journal Entry Form (DOL).

• Can transfer between departments and/or funds
  - Maintain reporting integrity (e.g., E&G expenses that belong on E&G should not be transferred to an Auxiliary)

• Payroll corrections are processed by Payroll using the Retroactive Distribution of Funding Form (RDF).
Release Encumbrances

• Go through your encumbrances to see if anything can be closed/cancelled:
  o Purchase Orders
  o Travel Authorizations

• Adjust funding sources to move payroll encumbrances to another department/fund, as appropriate.
Types of Budget Adjustments

- Annual operating budgets are estimates and may require adjustments so that departments may continue to spend as needed:

<table>
<thead>
<tr>
<th>Description</th>
<th>Type</th>
<th>Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Journals (Budget Office use only)</td>
<td>Recurring Original</td>
<td>Permanent, E&amp;G only</td>
</tr>
<tr>
<td></td>
<td>Non-Recurring Original</td>
<td>Temporary, Any</td>
</tr>
<tr>
<td></td>
<td>Recurring Adjustment</td>
<td>Permanent, E&amp;G only</td>
</tr>
<tr>
<td></td>
<td>Non-Recurring Adjustment</td>
<td>Temporary, Any</td>
</tr>
<tr>
<td>Budget Transfers</td>
<td>Recurring Transfer</td>
<td>Permanent, E&amp;G only</td>
</tr>
<tr>
<td></td>
<td>Non-Recurring Transfer</td>
<td>Temporary, Any</td>
</tr>
</tbody>
</table>
Budget Journals

• The most common budget journal is a non-recurring adjustment.

• Example: An auxiliary receives an unplanned contract which brings in additional revenue and requires increased budget to allow spending.

• The department would request additional budget from the Budget Office who will review the request and post the journal.
Budget Journals

- The Budget Office will not increase budget:
  - If the department has sufficient budget available
  - Without justification (e.g., new contract brings in additional revenue and requires increased spending)
  - If the department will not have sufficient cash to warrant additional budget

- Contact the Budget Office if you believe you need a budget adjustment.
Budget Transfer

• Overview of Budget Transfers

• Departmental Guide to Budget Adjustments

• Located at http://budget.fsu.edu/Training-Resources.

• Getting the role (Note: Being a Budget Manager does not automatically grant Budget Transfer access)
Budget Transfer

• Some budget transfers must be posted by the Budget Office (refer to Overview of Budget Transfers).

• To facilitate a quick turnaround, departments are encouraged to attach any supporting documentation (e.g., memos or emails) to the budget transfers in OMNI.

• Departments are encouraged to use the “Notify” button to let the Budget Office know that the transfer is ready to be posted. (Send notification to budget@admin.fsu.edu.)
Budget Transfer

- Need to transfer $5,000 to clear deficit in 133010-320-710200:

<table>
<thead>
<tr>
<th>Line</th>
<th>Ledger</th>
<th>Budget Period</th>
<th>SpeedType</th>
<th>Fund</th>
<th>Dept</th>
<th>Account</th>
<th>Set Options</th>
<th>Currency</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CC_BUD</td>
<td>2016</td>
<td></td>
<td>320</td>
<td>133010</td>
<td>740000</td>
<td>Set Options</td>
<td>USD</td>
<td>-5000.00</td>
</tr>
<tr>
<td>2</td>
<td>CC_BUD</td>
<td>2016</td>
<td></td>
<td>320</td>
<td>133010</td>
<td>710200</td>
<td>Set Options</td>
<td>USD</td>
<td>5000.00</td>
</tr>
</tbody>
</table>

Totals

- Total Lines: 2
- Total Debits: $5,000.00
- Total Credits: $5,000.00

Generate Budget Period Lines
Budgetary Accounts

- **Unallocated Balance** (999001)
  - For E&G-Carryforward funds (126, 140, 240, 241)
  - Difference between July 1 Carryforward balance and budget expenditures

<table>
<thead>
<tr>
<th>July 1 CF Balance</th>
<th>Budgeted Expenditures</th>
<th>Unallocated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>$45,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>July 1 CF Balance</th>
<th>Budgeted Expenditures</th>
<th>Unallocated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50,000</td>
<td>$55,000</td>
<td>$(5,000)</td>
</tr>
</tbody>
</table>
Budgetary Accounts

- **Addition to Fund Balance** (999002)
  - For non-E&G funds (3xx, 7xx, 510, 6xx)
  - Result of budgeted revenues exceeding budgeted expenses

<table>
<thead>
<tr>
<th>Account</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$10,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>$8,000</td>
</tr>
<tr>
<td>Addition to Fund Balance</td>
<td>$2,000</td>
</tr>
</tbody>
</table>
Cash Deficits

- OMNI Financials
- Main Menu
- Reporting Tools
- Query
- Query Viewer
- Query Name: FSU_DPT_LEDGER_SUM_W_CF

- One way to fix a cash deficit: Expense Transfer
Expense Transfer

- Expense Transfers are processed by General Accounting using the Departmental Online Journal Entry Form (DOL).

- Can transfer between departments and/or funds
  - Maintain reporting integrity

- Payroll corrections are processed by Payroll using the Retroactive Distribution of Funding Form (RDF).
Correcting Deficits

• Budget Managers should monitor their available balance (E&G and non-E&G) and cash balance (non-E&G only) at least weekly.

• The Budget Office contacts Budget Managers with departments in an available balance and/or cash deficit at the beginning of every month.
FAQ
Reconciling Beginning CF Budget

<table>
<thead>
<tr>
<th>Budget Entity</th>
<th>Accounts</th>
<th>Funds Kept by Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;G</td>
<td>OPS</td>
<td>June 30(^{th}) Encumbered Balance + Available Balance</td>
</tr>
<tr>
<td></td>
<td>Expense</td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special Categories</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carryforward</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salary</td>
<td>$0 – Excess funds are swept to the University Central Reserve</td>
</tr>
<tr>
<td>Non-E&amp;G</td>
<td>Cash</td>
<td>June 30(^{th}) Fund Balance</td>
</tr>
</tbody>
</table>

• Job aid available at [http://budget.fsu.edu/Training-Resources](http://budget.fsu.edu/Training-Resources).
Chartfield Values

• Can unused department IDs be inactivated or deleted?
  ○ Answer: At this time, we are unable to inactivate department IDs. We cannot delete department IDs because we must retain historical records.
Chartfield Values

- Can more than one Budget Manager be listed?
  - Answer: OMNI only allows for one person to be listed.
Rate vs. Salary

- **Rate** is the annualized pay attached to a position (doesn’t include fringe benefits)

- **Salary** is rate plus fringe benefits

Example:

- An employee’s Rate, or annual pay, is $30,000
- The University pays an additional $8,400 for the employee's health insurance, retirement, etc.
- The Salary budget for the employee is $38,400
E&G Salary Budgets

- No longer managed by the Budget Office outside of OMNI

- Position Budgeting & Rate Management maintained in Hyperion

- Budgets in OMNI will need to be adjusted as changes occur (e.g., pay increases, positions transferred between departments, etc.)

- Handled by “School Managers,” who typically work in the Dean’s Office.
Training

• The Budget Office offers two other courses:
  o BTBUD2 – Introduction to Auxiliaries
    o For Budget Managers and other fiscal personnel. An introduction to Auxiliaries, including how to create a new auxiliary, classification of different auxiliary types, policies and procedures, rate methodology, audit expectations, and record retention requirements. Other topics covered include a timeline of important dates, overhead assessments, and available resources.
  o BTBUD3 – Auxiliary Rate Calculation
    o For budget managers and fiscal personnel who prepare University auxiliary rate calculations. This class covers regulatory framework for a rate calculation, Basic concepts for calculating a rate, an example of an auxiliary rate calculation along with reconciliation of expenses and an allowable cash balance worksheet using University financial records, documents and resources, and models for estimating auxiliary revenue hourly, cost plus and cost plus fixed.
Job Aids

- Can be found at http://budget.fsu.edu/Training-Resources
  - Budget Details
  - Budgets Overview
  - Identifying Invalid Combos
  - BI Available Balance Report
  - Overview of Budget Transfers
  - Departmental Guide to Budget Adjustments
  - Salary and Benefits Calculator
  - Wages and Benefits Calculator
Queries

- **Designations**
  - FSU_CF_DEPT_ALL_DESIGNATIONS
- **Available Balance**
  - FSU_BUD_AVAIL_BAL_DIM
- **Budget Adjustments**
  - FSU_BUD_JRNL_NO_TYPE_PROMPT
  - FSU_BUD_JRNL_W_TYPE_PROMPT
- **Non-E&G Cash Balance**
  - FSU_DPT_LEDGER_SUM_W_CF
## Budget Adjustment Definitions

<table>
<thead>
<tr>
<th>Bd Hdr Status</th>
<th>Definition</th>
<th>What does it mean?</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>Posted</td>
<td>Transfer was posted</td>
</tr>
<tr>
<td>N</td>
<td>None</td>
<td>Transfer saved, but not processed</td>
</tr>
<tr>
<td>S</td>
<td>Security Error</td>
<td>Invalid access to one or more department/fund/account - Contact the Budget Office</td>
</tr>
<tr>
<td>E</td>
<td>Error</td>
<td>Varies - Contact the Budget Office</td>
</tr>
</tbody>
</table>

The table above illustrates the budget adjustment status definitions. Each status (P, N, S, E) corresponds to a specific outcome of the transfer process.
The End

• Questions?

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