THE UNIVERSITY OF **MEMPHIS.** | Office of Financial Planning

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BUDGET PROCEDURES

The Office of Financial Planning utilizes the Banner chart of accounts to allocate the budget across the university. The chart of accounts is a financial organizational tool that provides a complete listing of every account in the accounting system. These accounts are commonly referred to by the acronym FOAPAL, which stands for:

> F = Fund Code
>
> O = Organization Code (Org)
>
> A = Account Code
>
> P = Program Code
>
> A = Activity Code
>
> L = Location Code

Fund Code

A fund code is a six-digit self-balancing set of accounts segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations. The university budget is comprised of three main fund components determined by funding source:

Education & General (E&G)

Unrestricted fund accounts begin with a 1XXXXX. E&G is funded with unrestricted revenue such as tuition and fees, state appropriation, unrestricted sales and services, indirect cost recovery (IDCR), and all other unrestricted funds.

Restricted

Restricted fund accounts begin with a 2XXXXX. Funded with restricted revenue such as sponsored research, federal financial aid, and private gifts with donor stipulations.

Auxiliary Enterprises

Auxiliary enterprise fund accounts begin with a 3XXXXX. These are business-like operations that generate revenue from sales and services such as student housing, food services, bookstore, and parking.

A complete list of fund codes is located in the Banner ePrint Repository. Report FGRFNDH – Fund Hierarchy Report. The Finance Program Guide can also be used to search for a specific fund.

Organization Code (Org)

The organization code is a six-digit code that identifies a unit of budgetary responsibility and/or departments within an institution. It is normally designed to define "who" spends the money. Each organization code will be assigned a Financial Manager. The Financial Manager is designated with budget responsibility and authority to create and approve financial transactions in Banner.

A complete list of organization codes is located in the Banner ePrint Repository. Report FGRORGH – Organization Hierarchy Report. The Finance Program Guide can also be used to search for a specific organization code.

Account Code

The account code is a five-digit code that identifies objects, such as the general ledger accounts (assets, liabilities, control, fund balances) and the operating ledger accounts (income, expenditures, transfers).

With the exception of salary account codes, pooled accounts are used for budgeting purposes. Budget is allocated to the following pooled accounts:

Budget Pools

Employee Benefits Budget Pool	62000
Travel Budget Pool	73000
Operating Expense Budget Pool	74000
Utilities Expense Budget Pool	75100
Allocated Charges Budget Pool	75300
Departmental Revenues Budget Pool	75400
Capital Expense Budget Pool	78000
Scholarship and Fellowship Budget Pool	79000

Although the funds are budgeted in the account code pools, all actual expenditures are recorded in the detail account codes.

Query Results

Account	Account Title	FY17/PD14 Adjusted Budget	FY17/PD14 Year to Date
73000	Travel Budget Pool	13,980.00	0.00
73100	Individual Instate Travel	0.00	1,481.62
73200	Individual Out of State Travel	0.00	1,314.15
73400	Teams or Groups Out of State Travel	0.00	(500.00)
Report Total (of all records)		13,980.00	2,295.77

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Salary account codes contain the budget and actuals in the same account code.

Query Results

Account	Account Title	FY17/PD14 Adjusted Budget	FY17/PD14 Year to Date
61310	Support Clerical Salaries	28,532.00	27,861.71
Report Total (of all records)		28,532.00	27,861.71

A list of all authorized account codes and a description of each is located in the Finance Program Guide.

Program Code

The program code is a four-character designation that identifies a function and enables the university to establish a method of classifying transactions. Program codes follow the programs defined by the National Association of College and University Business Offices (NACUBO).

A complete list of program codes is located in the Banner ePrint Repository. Report FGRPRGH – Program Hierarchy Report. The Finance Program Guide can also be used to search for a specific program code.

Activity Code

The activity code is an optional designation and can be used to further define an object of expenditure.

A complete list of activity codes is located in the Banner ePrint Repository. Report FGRACTV – Activity Codes Report. The Finance Program Guide can also be used to search for a specific activity code.

Location Code

The location code is a six-character designation that identifies physical locations. This code is primarily used with the Fixed Asset module and is not used in the allocation of university budgets.

The Finance Program Guide can be used to search for a specific location code.

Index

The index is a six-digit code that maps to the FOPAL. The Index acts as a shortcut to speed data entry. It can define any combination of the FOAPAL element.

The Finance Program Guide is a useful resource for information on the chart of accounts, access to Banner, approval queues and Banner terminology.

Budget Controls

Responsibility for control of expenditures within budgetary limits rests with the Financial Manager. However, the details of carrying out this responsibility may be delegated to other personnel.

The amount allocated to each budget pool is the maximum amount that may be expended or obligated for payment during the budget period. The allocations are for use during current year operations. Any amounts not required for current operations may not be used.

Expenditures will be charged to the correct account and object classification based upon an objective determination of the charge without regard to the available budget balance. The Financial Manager is responsible for, and will take immediate action to correct, any over expended budget accounts. A budget revision can be processed to transfer funds to the proper account or budget control area.

Position Controls

Position control is a part of the personnel budget process. The number of authorized permanent positions is controlled within E&G and auxiliaries. Controls exist on the total number of positions and on the classification of those positions (administrative, faculty/academic, professional, and clerical/support). Positions are reported each year in the proposed and revised budget processes.

> **Base Position** Budget adjustments are to be completed on a NBAPBUD - Permanent Base/Future Year Position Budget Revision (BD02) form. More information on how to complete a Base Position adjustment can be found on the Financial Planning [FAQS](#) page.

> **Limited Position** Budget funding is to be completed annually on a Temporary Current Year Position Budget Revision (BD04) form.

Budget Revisions

Adjustments to the approved budget can be made using a budget revision. There are two types of budget adjustments:

> **Base** – Each year the same allocation is made to an account if there have been no base budget revisions submitted to change it. If a Financial Manager or delegate wants to permanently change the budget allocation, a base budget revision is submitted to the Office of Financial Planning.

> **Current Year** – To temporarily change the budget allocation, a current year budget revision is submitted to the Office of Financial Planning. Because this type of budget adjustment is temporary, the allocation will return to the original account the next fiscal year.

An online budget revision (BD4) is the most common type of budget adjustment. The online budget revision form is available through the MyMemphis portal. However, certain budget revisions are

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required to be submitted on paper. The following budget adjustments must be completed using a paper budget revision:

1. Base budget
2. Revenue
3. Carry Forwards
4. Single position account codes
5. Transfers between fund codes
6. Transfers between organization codes (if security does not grant to all orgs)
7. Plant funds, projects, renewal & replacement

Form BD04 is used to request a current year (temporary) budget revision that is required to be on paper (see paper budget revision requirements above).

Form BD02 is used to request a base (permanent) budget revision.

Instructions concerning the preparation of budget revisions and the forms are available on the Office of Financial Planning and Analysis website.

Approval of Budget Revisions

All budget revisions will need proper approvals before being completed. The following list explains approval requirements for the various types of budget revisions:

Department Heads (Financial Manager)
Current year shifts to, from and among supplies and expense objects, stores for resale, departmental revenue, and group salaries for accounts under the same department head.

Establishing "cost sharing" accounts where the sponsored project budget has already been approved in accordance with other University requirements. Must be approved by the Grants and Contracts Section of the Accounting Office.

Revisions within restricted accounts, if permitted by the sponsor.

Deans/Directors Approval Required
Revisions shifting current year budgets among or between departments or activities not under the same department head, but within the same dean/director area.

Revisions to the current year, which include travel, equipment, revenue accounts (not departmental revenue) and transfers to the fund groups.

Providing budgets equal to actual expenditures, where separate budget holding accounts are maintained (such as fee remissions, summer instructors, part-time instructors and graduate assistants).

All shifts within the area involving group salaries for part-time instructors, summer instructors, supplement pay (overload and extra compensation) and graduate assistants.

Providing increased revenues and expenditures when revenues are at least equal to expenditures and there is a normal direct relationship between revenues and expenditures.

Provost or Vice President Approval Required
The permanent shift of base budget within the Provost or Vice President's area.

Current shifts among or between accounts under different Deans/Directors within the Provost or Vice President's area.

Increases or shifts in the salary level of professional/administrative positions (non-faculty) or the upgrade of salary levels in the classifications/compensation plan provided they are consistent with the University General Compensation procedure. Applies to Budget Revisions only, not to personnel actions.

Re-budgeting of lapsed salaries.

President (Or Delegate) Approval Required for:
The creation of new, regular personnel positions on one-year appointments that will increase the total position count.

The establishment of a new activity or a major change in the scope of an existing activity.

The commitment of additional funding in future years.

Any shift of funds among or between Provosts or Vice-Presidential areas of responsibility.

All revisions affecting individual salaries or personnel positions not specifically delegated to other levels.

The Office of Financial Planning is responsible for reviewing all paper budget revisions to ensure that the revision contains all of the required approvals, is accomplishing the intent of the revision, and is properly prepared. Online budget revisions will be reviewed through the authorization queue in Banner.

The Vice President for Business and Finance will review all budget revisions that need the President's approval and route for signature. No budget revision should be routed to the President's office without the Vice President for Business and Finance approval.

Salary Lapse

Funds from unfilled E&G positions are lapsed periodically. The current policy for distribution of salary lapse is:

- Faculty lapse

- 100% to the college
- Staff lapse
  - 15% to the division
  - 85% held centrally for university priorities
  - Exception – Police Services and Physical Plant retain 100%

Carry Forward

At the end of each fiscal year, departmental accounts should have positive budget balances; however, in some instances, negative budget balances exist. The balances are the net of revenue, salary, travel, operating, and equipment account codes. With the exception of salary and benefits, a department may carry forward a positive balance and up to five percent of a negative year-end balance. Positive account balances within a budget unit must be used to offset any negative account balances exceeding five percent or $5,000.

Conferences, institutes, and other self-supporting activities that have a designated fund balance will not automatically carry forward. The respective budget unit must initiate a budget revision to re-budget the prior year balance.

The Office of Financial Planning will coordinate with designated and special funds such as Student Activity Fees, Technology Access Fees, Special Academic Course Fees, and Physical Plant Projects in Progress on the processing of appropriate budget entries.

It is the responsibility of each budget unit to direct funds to cover negative account balances that exceed the five percent ($5,000) limit.

The Office of Financial Planning is responsible for the calculation, reporting, and transfer of carry forward funds between fiscal years. The carry forward transactions will be posted in the departmental accounts under account code 74000 with document number reference CBxxxxx. Processing will normally occur after year-end balances are finalized in September. A summary report of the carry forward amounts by department will be distributed to the Provost and Vice Presidents.

The President's Council retains the right to change the carry forward policy in response to changes in the university's financial environment. Changes can include, but are not limited to, carry forward impoundment and reductions.

Note: Additional information is available on the Financial Planning FAQs page