

**Internal Policies and Procedures  
of the  
Utah State Board of Education**

**Policy #** 01-03

**Subject** Budget Policies and Procedures

**Date** 07/01/2020

**Policy Owner** Director of Finance

**Policy Officer** Deputy Superintendent of Operations

**Purpose:**

The Utah State Board of Education ("USBE", "Agency") has adopted these Budget Policies and Procedures ("policies" and "procedures") to ensure that:

- The overall budget process is performed in compliance with applicable State regulations and policies;
- Budget preparation is completed in a consistent and organized manner by the applicable internal and external deadlines.
- Budgets are prepared based on accurate information and thorough research and planning.
- Actual results are compared to budgets on a regular basis, a minimum of monthly, and that the budget is utilized in an effective manner as a useful tool.
- Budget transfers or modifications are consistently documented, properly approved and subsequently processed in FINET.

**Scope:**

These policies apply to all employees who are involved with submitting information for, preparing, or utilizing the USBE budget and for utilizing budget to actual report data throughout the fiscal year for monitoring and oversight purposes.

*Throughout this document, words like "must" and "should" are used. When the term "must" is used, no group or individual has the authority to deviate from the specific policy or procedure. The term "should" is used to convey that individuals are expected to follow the policy and procedures as written and are required to justify any deviations. Deviations should only occur when the specifics of the situation justify a reasonable departure from the recommended policy and procedures.*

**References:**

The following additional resources should be referenced in conjunction with this policy:

- [Utah Administrative Code, Title R25. Finance](#)
- [Utah Code Title 63J \(Budgeting\)](#)
- [Utah Division of Finance Policies](#)

**Definitions:**

The definitions below define standard wording referred to throughout the USBE Policies and Procedures and apply to all instances where a word/phrase is used.

- **Appropriation:** Funding authorized by the State for specific programs, assigned an appropriation code by the Division of Finance to represent a program funded within an

item of an Appropriations Act or a program funded through non-appropriated resources.

- Appropriation Budget: The budget established for each appropriation code. The appropriation budget consists of state appropriated funds, estimated revenues, beginning balances and transfers in/out. This budget is used by the Division of Finance to monitor spending.
- Balance Sheet Code: A code identified in the [USBE chart of accounts](#).
- Board: The USBE Board of Directors.
- Budget: An itemized summary of estimated or intended expenditures for a fiscal year along with estimated revenues.
- Department/Section: A Department or Section at USBE.
- Division of Finance: The same as “State Finance” – a division under the State of Utah’s Department of Administrative Services.
- Encumbrance: An obligation in the form of purchase order contracts or salary commitments which USBE charges to an appropriation and for which USBE reserves a portion of its appropriation.
- Financial Operations: The department at USBE responsible for accounting and financial functions.
- Fiscal Year: An accounting period of 12 months at the end of which the USBE ascertains its financial conditions. USBE’s fiscal year (FY) runs from July 1 through June 30.
- FPA: Fiscal Policy Analyst (a position in the USBE Fiscal Operations department).
- Function Code: used to describe the activity for which a service or commodity is acquired, as identified in the [USBE chart of accounts](#).
- Fund Code: used to identify the different governmental, proprietary, and fiduciary fund types, as identified in the [USBE chart of accounts](#).
- Line Item Code: A code assigned by the Division of Finance which generally represents an item of appropriation defined within the main Appropriations Act passed by the Legislature. Funding for a line item code may include supplemental appropriations.
- Object Code: Used to describe the service or commodity obtained as the result of a specific expenditure, as identified in the [USBE chart of accounts](#).
- Program Classification Code: used to classify expenditures and revenue by program for cost determination purposes, as identified in the [USBE chart of accounts](#).
- Revenue Classification Code: used to describe the source of funding received/receivable, as identified in the [USBE chart of accounts](#).
- Revenue/Expense Budgets: A detail budget which must be established for each revenue source/object code against which revenues or expenditures will be posted. The revenue/expense budgets can be established at the group or unit level, as determined by USBE.
- Utah Grants: The system used by the State of Utah to manage grants.

Refer to the State of Utah, Governor’s Office of Management and Budget’s [list of budget terms](#).

# POLICIES

## I. General Budget Policies

1. All employees who are involved in the budget preparation, approval and monitoring processes are responsible for reading and understanding the policies and procedures presented below, as well as the applicable State policies. USBE budgets are useful tools to help aide in planning and to monitor results.
2. The policies below were written to be in compliance with the following State policies and should be referred to in conjunction with the use of the State of Utah Accounting Policies FIACCT 03 (Budgets). Reference should be made to the [Utah State Auditor guidance](#), which provides a resource checklist for Utah agencies to use in adopting an annual budget.
3. The USBE follows the Utah Division of Finance Policies and Procedures. The detailed policies below are meant to supplement those policies; however, in all cases, they are at least as strict as State policies while providing more guidance for employees to aid in compliance.
4. Delegation of Authority: Delegation of approval authority, is permitted, unless specifically prohibited within this policy. The delegation must be done in writing, include the delegator, the person being delegated to, and the approval authority being assigned. The written request of delegation must be submitted to Financial Operations for pre-approval by the Superintendency, and if approved, for inclusion on the Delegation List. All delegations included on the Delegation List are reapproved annually.

## II. Budget Funding Requests Policies

1. Each Section is responsible for participating in the process of preparing their Section's Business Case Forms. The Section must consider the USBE Strategic Plan and Strategic Budgets and Section goals during this process.
2. All Business Case Forms are due to Financial Operations no later than June 30<sup>th</sup>, for the following fiscal year.
3. All Business Case Forms must be reviewed and approved by the Deputy Superintendent of Operations.
4. A Budget Requests Summary is presented to the Board at the August Board meeting, and must be formally approved, as documented in the meeting minutes.
5. Once all formal approvals have been obtained, the Business Case Forms must be entered into the Governor's Office Budget Prep System prior to the State's October deadline.

## III. Section and Program Budget Preparation Policies

1. Assigned Section personnel must participate in the Section and Program Budget preparation process.

2. All Section and Program Budgets must be formally approved by the Board, as documented in the meeting minutes.

**IV. Appropriation Unit Budget Preparation Policies**

1. Appropriation Unit Budget information provided by the State Division of Finance must be reviewed and verified by Financial Operations. The Finance Director is responsible for designating this responsibility and for overseeing it to ensure that the State's April deadline is met.

**V. Revenue and Expense Budget Policies**

1. Information for the Revenue and Expense Budgets is provided by the State Division of Finance. The Finance Director is responsible for delegating the authority for the preparation of these budgets and for overseeing it to ensure that the State's April deadline is met.

**VI. Budget Monitoring Policies**

1. Budget Managers will be assigned to each Section, and they are responsible for working with each Section to monitor budget-to-actual information real-time, down to the transaction level.
2. On a monthly basis, Section Accountants will run a monthly Budget-to-Actual Report, by Section and by Program. These reports must be reviewed with the Department Directors and Budget Managers. The review must be documented and saved.
3. The Finance Director will present Budget-to-Actual Reports to the Board each month, and their review will be documented in the meeting minutes.

**VII. Budget Amendments Policies**

1. For transfers between Programs, a Budget Transfer Request form must be completed. This form must be completed and approved at the Section-level and approved by the Finance Director or designee. If the transfer is over \$100,000, it must also be approved by the Deputy Superintendent of Operations.
2. Budget amendments are used when a Section identifies a need for additional funding during the fiscal year. The Section must assess where funding can be obtained from, and then complete a Board Memo for presentation at an upcoming Finance Committee meeting and then Board meeting. If the request is approved, the approval will be documented in the meeting minutes and the change is processed by the Finance Manager or designee.

## PROCEDURES

### I. General Budgeting Procedures

1. During the preparation of all budgets detailed below, those responsible for budget preparation and approval must research and consider any legislative performance metrics that have been developed and placed on the use of specified funds.

### II. Budget Funding Requests Procedures

1. In anticipation of the Legislative Session, the fiscal year (i.e. July 1<sup>st</sup> through June 30<sup>th</sup>) budget process will officially start in May of the previous year. For example, in May 2019, the budget planning process began for the January 2020 Legislative Session, which is related to the fiscal year 2021 (July 1, 2020 through June 30, 2021).
2. Business Case Form Preparation: The first step of the budget preparation process is for each Section to complete a Business Case Form. These forms are distributed by the Governor's Office in May. This is to request funds that are outside of each Section's base budget, which is already known and is budgeted for later in the process. The Fiscal Policy Analyst (FPA) compiles and writes the Business Case Forms.
  - a. The FPA works with each Section to complete their Business Case Form. The FPA is responsible for ensuring the Sections effectively create their budget for the additional funds and complete a supporting narrative to support the funds request. Each Section should consider the following when preparing their Section-specific additional budget requests and the related narratives:
    - i. The overall USBE Strategic Plan and Strategic Budgets;
    - ii. Goals of the Section for the upcoming and future fiscal years; and,
    - iii. The prior fiscal year Section goals and whether or not those goals were archived.
3. All completed forms are stored on the USBE shared drive and are due to Financial Operations no later than June 30<sup>th</sup>.
4. Business Case Form Review and Approval: Once all Sections complete the Business Case Forms for additional funding requests, the forms are reviewed by the Deputy Superintendent of Operations. Any changes that need to be processed or questions that need to be addressed are done so in coordination with the FPA.
  - a. After all Business Case Forms are completed, the Superintendency then reviews them during one of their regular meetings. The Superintendency determines if new budget requests should proceed to the Board or identify alternative means or sources of funding. This review is formally documented and maintained with the support for the budget process.
5. Budget Requests Summary
  - a. The FPA prepares the Budget Requests Summary document, based on the reviewed Business Case Forms. A presentation is prepared for the August Board meeting and must include the following:

- i. The amount being requested by each Section;
  - ii. What the requested funds will be used for;
  - iii. Where each request falls in the USBE Strategic Plan and how it supports the plan; and,
  - iv. The overall Budget Requests Summary.
- b. The USBE Board reviews the Budget Requests Summary presentation at the August board meeting and makes decisions on which requests should be kept or removed. These decisions are documented and approved in the board meeting minutes.
  - c. Following the Board approval, the funding needs are formally prioritized by Management, based on the importance of the related purpose of the funds, the input from the Board, and other deciding factors and any input on the prioritization of funding requests.
  - d. The Finance Director maintains a Budget Requests Tracker throughout the Legislative Session.
6. Budget Prep System
- a. The FPA enters all completed, approved and prioritized Budget Case Forms into the Governor's Office Budget Prep System ("Budget Prep") prior to the October deadline set by the State. These worksheets are used by the Governor's Office of Management and Budget (GOMB) to assess anticipated revenues, base budgets and new funding requests in order to assist the Governor with the preparation of budget recommendations.
7. Legislative Session:
- a. The Legislative General Session begins the 4th Monday in January, and the Governor's Office releases the recommended budgets no later than 30 days before Legislature convenes. The Legislative Session occurs at the State level between January and March (45 calendar days).
  - b. The Finance Director is responsible for delegating tasks such as running numbers and responding to requests.
  - c. USBE will be notified of what Bills passed, which requests were funded, and the resulting final appropriations received.
  - d. If USBE believes there were any errors in the process or has any significant concerns regarding unfunded requests, they are discussed with the Legislative Fiscal Analyst for resolution.

### III. Section and Program Budget Preparation Procedures

#### 1. Section Meetings:

- a. The Administrative Assistant of Financial Operations will setup budget meetings with each Section within the last two weeks of the Legislative session. The meetings will include the following for each Section:

- i. Section Accountant
- ii. Section Budget Managers
- iii. Section Director
- iv. Others at the discretion of the Section

2. Section-Specific Budget Development:

- a. At these Section budget meetings, the process will begin of developing the Section's budget for the next fiscal year, based on the base budget and final appropriations from the State. The Section-specific budget development process should consider, at a minimum, the following key factors:
  - i. What is already in place (funded) and working well;
  - ii. What are the Sections personnel levels and needs;
  - iii. Which programs are in place and what new programs are being initiated; and,
  - iv. What are the Section's overall needs to support their goals?
- b. The Section-specific budget is entered into an Excel spreadsheet by the Finance Director, on a detailed, line item basis.
  - i. Narrative language should include concerns, anything that we need clarification (intent language, performance measures).
  - ii. Shows all appropriations and extra funding. No revenue outside of grant revenue is considered in the initial appropriations.
- c. All Section budgets are due to be presented to the Finance Committee by April, then to the full USBE Board by May. The budgets are presented in a summarized format.

3. Program-Specific Budget Development:

- a. After the USBE Board approves the Section-specific budgets, USBE Financial Operations builds out the initial program budgets with personnel costs and fixed costs and provides the information to the program directors for further development.
- b. The information is then entered into the Utah Grants to build out the Program budgets, at the detailed program level, which are due no later than June 30th.

**IV. Appropriation Unit Budget Preparation Procedures**

1. Appropriation Unit

- a. The State Division of Finance creates the appropriation unit budgets after the Legislature has appropriated funding.
- b. The State Division of Finance sends USBE Finance a spreadsheet (Appropriation Budget Form) with appropriated funding amounts.
- c. The Finance Director, or designee, reviews and verifies the line items for accuracy

and ensures they match with USBE records.

- d. The Finance Manager emails the State Division of Finance confirming verification of the information received for Appropriation Unit Budgets, which are then loaded into FINET.
2. For the State Division of Finance, appropriation unit budgets (separate budgets for each established appropriation unit) are required, and it is the level at which the State Division of Finance and the Legislature monitors spending.
    - a. The Finance Director delegates the authority for the review of these budgets.
    - b. These budgets are due in April for the fiscal year beginning the following July 1st.
    - c. Appropriation Budget Forms must be completed through FINET in order to submit the original appropriation unit budgets developed for review, approval and entry into FINET. The finalized forms can be viewed utilizing the Appropriation and Allotment Budget (BQ31) table.

**V. Revenue and Expense Budget**

1. Detailed Revenue and Expense Budgets
  - a. USBE must prepare detailed revenue and expense budgets for each Revenue Source code and Expenditure Object code against which revenue or expenditure transactions might post, and upload to FINET for the State Division of Finance to track. Information is received from the State Division of Finance to begin the process.
    - i. Revenue and expense budgets must be coded with the same fund, agency and appropriation unit as their related appropriation budget.
    - ii. The total of all expense budgets linked to a given appropriation budget must equal the total of that appropriation budget.
    - iii. The total of all revenue budgets linked to an appropriation budget must equal the amount entered as collections for that appropriation budget.
  - b. The Finance Director delegates the authority for the preparation of these budgets once the spreadsheet is received from the State Division of Finance in March. These are developed using historical knowledge of program spending and meetings with Sections to discuss upcoming projects.
  - c. The “spreadsheet upload template” must be used to upload all revenue and expense budgets into FINET in April, per the deadline given by the State.

**VI. Budget Monitoring**

1. Budget Managers are assigned to each Section, and they are responsible for monitoring the budget to actual real-time, at the transaction level. They review all transactions ensuring the accuracy of the appropriation, Section, unit, Program and object code. Any inaccurate transactions are researched at the time they are entered into the system, and the Budget Manager will work with the appropriate personnel to correct them, if needed.

2. When a Purchase Requisition is submitted, the purchase is compared to the specific budget line item to ensure that it falls within the budget amount and purpose.
3. Month-End
  - a. Each Section Accountant will run monthly Budget to Actual Reports, by Section and by Program (or as requested). These reports are reviewed, in detail, with the assigned Department Director and assigned Budget Managers during regularly scheduled monthly meetings.
  - b. The review of Budget to Actual Reports must be documented (i.e. meeting notes) by the Section Accountants and saved on the USBE shared network drive.
4. Board Meetings
  - a. The Finance Director will provide the same Budget to Actual Reports (by Section and by Program) to the USBE Board during regular monthly Board meetings. The Board's review is documented in the meeting minutes.

## VII. Budget Amendments

1. Program to Program Transfers
  - a. Sections can complete a Budget Transfer Request form to process a transfer between one Program and another that are both within the Section budget. Once the form is completed, it must be properly approved by the Finance Manager before the transfer can be processed:
    - i. Up to \$100,000: Approved and signed off by the Section and the Finance Director or designee.
    - ii. Over \$100,000: Approved and signed off by the Section, the Finance Director or designee, and the Deputy Superintendent of Operations.
  - b. Once all approvals are obtained, the Budget Transfer Request form is scanned into either the Utah Grants or FINET, and the transfer is processed by the Finance Manager.
2. Budget Amendments
  - a. If a Section identifies a need for additional funding during the fiscal year, they would perform the following:
  - b. Assess whether there is funding they can use from the same line item category that can be moved from a different appropriation or program. Line items that are set by Legislation may not be moved.
  - c. Once a source is identified, the Section would prepare a Board Memo to be presented at the next Finance Committee meeting and then to the Board. The Board Memo is submitted through Civic Clerk (system). If the request is approved, it will be documented in the Finance Committee and Board meeting minutes and the change will be processed by the Finance Manager or designee.

3. Appropriation Budget Modifications

- a. If directed by the Legislature, the State Division of Finance will notify USBE Financial Operations of any changes to the Appropriation Budget.
- b. Financial Operations will determine if a new program budget is needed or just an increase to an existing budget and process a BGAA (Budget Appropriation and Allotment) transaction in FINET.