

FLORIDA STATE UNIVERSITY



Managing a Budget

Conducted by the Budget Office

Katie Martindale – Associate Director, University Budgets

Outline

- ▶ Fundamental Concepts
- ▶ Budget Entities
- ▶ Rate & Salary
- ▶ Budget Manager Designation
- ▶ Resources for Budget Managers



General Ledger Concepts

▶ GL: Where accounting transactions are recorded

▶ GL Accounts: Classify balances on the GL

Examples:

- 112000 – Cash in Bank
- 600501 – Investment Earnings-Interest
- 741101 – Office Supplies Consumable

▶ GL Journal Entries: Record accounting transactions, must be in balance (Debits = Credits)

General Ledger Concepts

GL Account Type	OMNI Accounts	GL Account Examples	Increase	Decrease
Assets	1XXXXXX 2XXXXXX	Cash, Receivables	Debit	Credit
Liabilities	3XXXXXX 4XXXXXX	Accounts Payable	Credit	Debit
Revenues	6XXXXXX	Interest Income	Credit	Debit
Expenses	7XXXXXX	Salaries, Office Supplies	Debit	Credit

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

KK Ledger Groups & KK Ledgers: Where budgetary transactions are recorded

Examples:

KK Ledger Group	KK Ledger
CC_EXP_GRP For non-project expense budgets	CC_BUD – Expense Budget
	CC_ENC – Encumbrances
	CC_EXP – Expense
CC_REV_GRP For non-project revenue budgets	CC_REV_BUD – Revenue Budget
	CC_REV_REC – Revenue Recognized
	CC_REV_COL – Revenue Collected

Commitment Control Concepts

- ▶ Budgetary Accounts: Classify balances on KK

Examples:

- 690500 – Budget Interest Earnings
 - 710000 – Budget Salary Wages
 - 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

GL & KK: What posts to each?

Transaction	GL	KK
GL Journal Entries	Everything <i>Lines including cash, receivables, payables, revenues, expenses, etc. all post to the GL.</i>	Some things <i>Only lines including non-property revenues and non-property expenses post to KK.</i>
Budget Journals & Budget Transfers	Nothing <i>GL Journal Entries are the only financial transactions that post to the GL.</i>	Everything <i>Lines updating budget balances post to the appropriate KK budget ledgers.</i>
Other – Purchase Orders, Travel Authorizations, etc.	Nothing <i>GL Journal Entries are the only financial transactions that post to the GL.</i>	Some things <i>Encumbrances are established when purchase orders or travel authorizations are issued.</i>

Available Balance

What is the available balance formula?

For non-project expense budgets, the formula is:

BUDGET-ENCUMBRANCES-EXPENSE=AVAILABLE BALANCE

Example: If your budget is \$100, you have nothing encumbered, and you have \$20 in expenses, your available balance is \$80.

$$\mathbf{\$100 - \$0 - \$20 = \$80}$$

Available Balance

What is the impact of encumbrances and expenses?

Example 2: Using the figures from the previous example, when you issue a purchase order (PO) for \$50, encumbrances increase by \$50. This reduces your available balance.

$$\mathbf{\$100 - \$50 - \$20 = \$30}$$

Available Balance

What is the impact of encumbrances and expenses?

Example 3: Again using the figures from the previous examples, when you receive the PO and pay the invoice for \$50, the encumbered amount becomes an expense. This will have no impact on your available balance.

$$\mathbf{\$100 - \$0 - \$70 = \$30}$$

OMNI Organizational Structure

In OMNI:

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

Examples:

Department	Area	School/College	Division
008012 Women's Track	Women's Athletics	Athletics	Central Administration
042002 Utilities Electricity	Utilities	AVP Facilities	Finance & Administration
087001 FL Climate Center	Meteorology	College of Arts & Sciences	Academic Affairs
187016 Jazz Education	College of Music	College of Music	Academic Affairs

**Note: OMNI Schools/Colleges are not always academic!*

What is a Budget Entity?

- ▶ Budget Entity is a classification used to define resources. In short, it indicates funding sources.
- ▶ Funding sources may be:
 - Appropriated – Set aside by the State Legislature for specific purposes
 - Non-Appropriated
- ▶ At FSU, budget entities correspond to OMNI Fund numbers.

Spending Constraints

- ▶ When spending is limited by budget:
 - Departments should monitor *Available Balance*
 - “Budget Checking” in OMNI will prevent transactions from being processed without sufficient funds
- ▶ When spending is limited by cash, departments:
 - Should monitor their *Departmental Cash Balance*
 - May spend into a cash deficit, as there is no “Cash Checking” in OMNI
 - Are responsible for correcting any cash deficits caused by overspending

Examples of FSU Budget Entities

Budget Entity	OMNI Fund(s)	State Appropriated	Spending Constraint
Education & General (E&G)	1XX	Yes	Budget
E&G-College of Medicine	2XX	Yes	Budget
Auxiliary	3XX	No	Cash
Student Activities	610	No	Cash
Technology Fee Trust Fund	615	No	Cash
Vending	620	No	Cash
Athletics	630	No	Cash

More Information for Auxiliaries

- ▶ Visit the Budget Office website
<http://www.budget.fsu.edu/Auxiliaries>
- ▶ Register for Classroom Training Courses
<http://www.hr.fsu.edu/train/>
 - *Introduction to Auxiliaries* (BTBUD2)
 - *Auxiliary Rate Calculation* (BTBUD3)

Correcting E&G Deficits

To correct E&G Available Balance deficits:

- Transfer budget between departments and/or accounts
 - Budget cannot be transferred between different E&G funds
 - Salary conversions must be processed by the Budget Office
- Transfer expenses 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 transfers must be processed by Payroll Accounting
- If you need assistance, contact the Budget Office

Correcting Non-E&G Deficits

To correct **Non-E&G Cash deficits**:

- Transfer cash between departments and/or funds
 - E&G cash cannot be transferred to Non-E&G, and Vending cash cannot be transferred to a Non-Vending fund
 - Maintain reporting integrity (e.g., cash that truly belongs on Student Activities should not be transferred to cover an Auxiliary cash deficit)
- Transfer expenses between departments and/or funds
 - Maintain reporting integrity (e.g., Auxiliary expenses that belong on an Auxiliary should not be transferred to E&G)
 - Payroll transfers must be processed by Payroll Accounting
- If you need assistance, contact the Budget Office

Budget Errors

Budget Errors prevent financial transactions from posting.

Budget Error	To Correct
<u>Budget is Closed</u>	<ul style="list-style-type: none">• <i>Sponsored Research Only</i>: Contact SRAS• <i>All Others</i>: Contact the Budget Office
<u>Exceeds Budget Tolerance</u> <i>(The transaction did not pass E&G "Budget Checking")</i>	<ul style="list-style-type: none">• Follow procedures to increase E&G Available Balance
<u>No Budget Exists</u> <i>(The department-fund-account combination has not been activated in OMNI)</i>	<ul style="list-style-type: none">• <i>E&G Only</i>: If possible, perform a Budget Transfer to add budget to the combination• <i>Anyone</i>: Contact the Budget Office to request a <i>Zero Budget Journal</i>

Rate vs. Salary

- ▶ Rate: the annualized pay attached to a position (doesn't include fringe benefits)
- ▶ Salary: 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

- ▶ For the *Operating Budget*, the Budget Office calculates E&G Salary budgets by department, then books the budgets in OMNI.
- ▶ The Budget Office then manages E&G Salary throughout the fiscal year using a process called *Rate Allocation*, keeping control totals of Rate.
- ▶ For this reason, any Rate changes must go through the Budget Office.

E&G Salary Budgets

- ▶ Unlike Rate, Salary budget is not generally adjusted during the fiscal year.

Exception: In some cases, unused budget for Faculty (excluding benefits) may be converted to OPS, Expense, or OCO. These conversions must be processed by the Budget Office.

- ▶ Because the Budget Office manages E&G Salary, Budget Managers do not need to monitor E&G Salary budget or available balance. They do need to ensure that employees are paid correct amounts on the proper department-fund combinations.

Non-E&G Salary Budgets

- ▶ For the *Operating Budget*, the Budget Office generates Non-E&G *Position Reports* to show estimated Salary expenditures by department.
- ▶ These reports are sent to Budget Managers, and the *Salary Estimates* are displayed on the *Non-E&G Budget Request* screen in OMNI.
- ▶ Budget Managers may use these estimates to develop their Salary budget requests.

Non-E&G Salary Budgets

- ▶ Once *Operating Budget* requests are approved and booked in OMNI, Non-E&G budgets are not generally adjusted.
- ▶ Like E&G, Non-E&G Budget Managers do not need to monitor Salary budget or available balance. They should, however:
 - Monitor their *Departmental Cash Balance*
 - Ensure that employees are paid correct amounts on the proper department-fund combinations

Budget Office Reports

- ▶ For E&G, three reports are periodically created and distributed to OMNI Schools/Colleges:
 1. *Allocation Reports* (separate Faculty & Support Staff)
 2. *Position Reports* (separate Faculty & Support Staff)
 3. *Support Staff Rate Pool Reconciliations* (which reconcile Allocation Reports to Position Reports)

- ▶ Non-E&G *Position Reports* are created and distributed to Budget Managers:
 1. Around June of each year for use in developing budgets
 2. As requested

More Rate & Salary Information

Visit the Budget Office website for more on:

- Rate & Salary
- Fringe Benefits
- In-Unit & Out-of-Unit Classifications

<http://www.budget.fsu.edu/Positions-Rate>

Budget Manager Designation

- ▶ Budget Manager Definition
 - Use the *Update Existing Department ID* form to update
 - Departments can have only one OMNI Budget Manager
- ▶ Budget Manager Responsibilities
 - Serve as the official contact
 - Ensure that departmental ledgers are reconciled
 - Maintain departmental balances
 - Identify and correct invalid combinations
 - For Non-E&G, enter operating budgets

Budget Manager Designation

- ▶ Identifying the Budget Manager
 - *ChartField Values* screen
 - OMNI Query: FSU_DPT_DDDH_BUD_MGR

- ▶ Authorized Signers
 - Use the *Update Existing Department ID* form to update
 - *ChartField Values* screen
 - OMNI Query: FSU_DPT_AUTHORIZED_SIGNERS

- ▶ Ultimate Responsibility

OMNI Financials

Helpful screens under *Commitment Control*

- Review Budget Activities (View Budget, Encumbrances, Expense, and Available Balance)
 - *Budget Details* – One budget at a time
 - *Budgets Overview* – A range of budgets
- Enter Budget Transfers

Visit <http://www.budget.fsu.edu/> for detailed job aids.

OMNI Financials

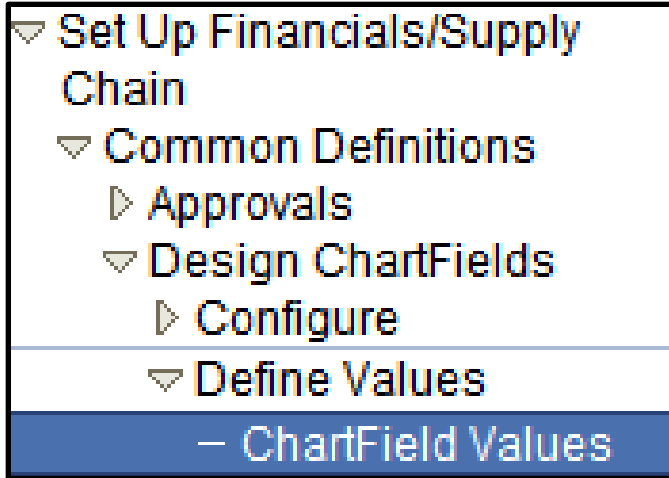
Helpful screens under *Commitment Control*

Enter Budget Transfers

- Why would a budget transfer be necessary?
- What budget can be transferred?
- Who can perform budget transfers?

Visit <http://www.budget.fsu.edu/> for detailed job aids.

OMNI Financials



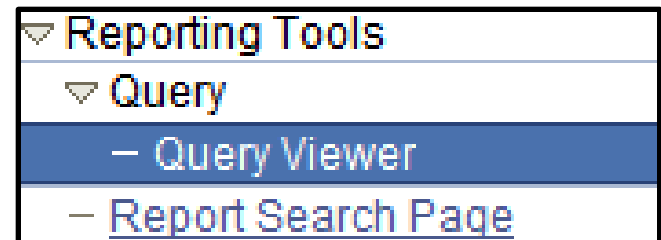
▶ *ChartField Values* screen

View information on OMNI:

- Departments
- Funds
- Accounts

▶ Helpful screens under *Reporting Tools*

- Query Viewer Visit <http://control.vpfa.fsu.edu/> for more information on OMNI queries.
- Report Search Page – View OMNI Departmental Ledgers

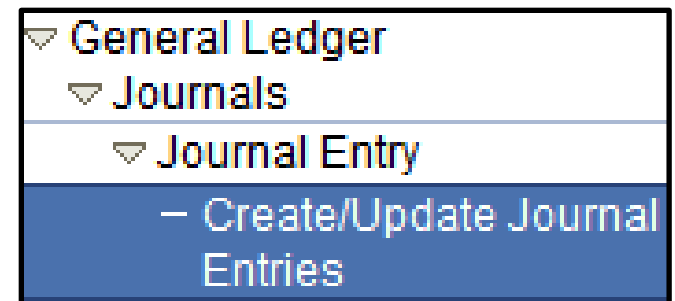
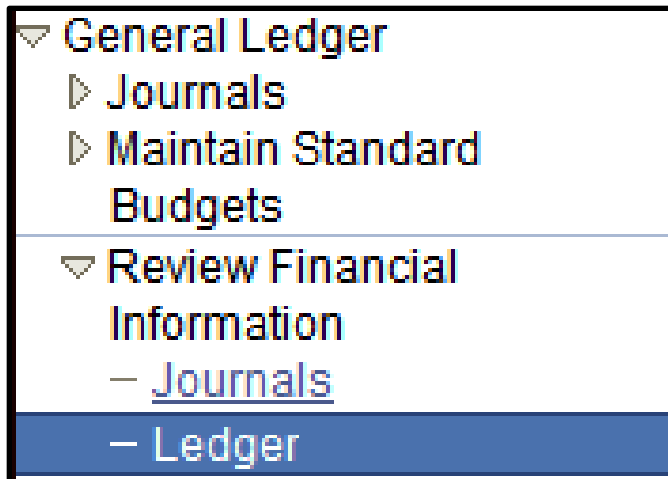


OMNI Financials

Helpful screens under *General Ledger*

▶ *Create/Update Journal Entries*

View GL Journals



▶ *Ledger* screen

View GL Account balances

OBI Reporting

- Human Resources (HR) Reports
 - *HR - GL Detail* – Shows detail of expense that posts to the GL from Payroll journals by employee
- Financial Reports
 - *Available Balance Report*
 - *Financial & Budget Position Report*
 - *OBI Departmental Ledgers*

Visit <http://omni.training.fsu.edu/OMNI-BI-Reporting> for access to OBI training materials.

Essential Websites

- ▶ *Budget Office:* <http://www.budget.fsu.edu/>
 - Important Announcements
 - Budget Office Staff
 - Financial Reports & Data
 - Auxiliary Information and Forms
 - Positions & Rate Information and Forms
 - FSU Department ID Form
 - Budget Manager Responsibilities
 - Job Aids
 - Frequently Asked Questions and a Glossary of Terms

- ▶ *Controller's Office:* <http://control.vpfa.fsu.edu/>

Essential Websites

- ▶ *Enterprise Resource Planning (ERP):*
<http://www.erp.fsu.edu/>
- ▶ *Human Resources:* <http://hr.fsu.edu/>
- ▶ *OMNI Training:* <http://omni.training.fsu.edu/>
- ▶ *Purchasing Services:* <http://purchasing.fsu.edu/>
- ▶ *Sponsored Research Accounting Services (SRAS):*
<http://www.research.fsu.edu/sras/>

Classroom Training Courses

- ▶ Budget Office Courses
 - *BTBUD1 – Managing a Budget*
 - *BTBUD2 – Introduction to Auxiliaries*
 - *BTBUD3 – Auxiliary Rate Calculation*
- ▶ Visit <http://www.hr.fsu.edu/train/> for:
 - Course Schedules
 - Registration Instructions

The End!

- ▶ Thank you for attending!
- ▶ Questions or comments?
- ▶ Please complete a course evaluation!
- ▶ Katie Martindale
645-7164
kmartindale@fsu.edu