

Budget Management Guidelines

The Carleton operating budget reflects the values of the college by allocating dollars to specific initiatives. It is the financial expression of institutional goals and objectives. Individual departments are encouraged to manage their budgets in the same way: reflecting the values and goals defined by the department. Budget managers and financial analysts can be successful in their role by discussing, evaluating, analyzing, planning and collaborating with others to use their budget dollars thoughtfully, intentionally & strategically.

To support that success, let's start with a few facts specific to budgeting at Carleton and then move into strategic budgeting and intentional spending.

We'll focus on individual budgets in this guide; for more information on how the budget is developed at the college level, please visit the [Budget Office](#) website.

Budgeting at Carleton

- A. **FISCAL YEAR:** Carleton's fiscal year is July 1 – June 30; budgets are intended to cover expenses incurred during this period of time. (Note that the fiscal year is named for year in which it ends: FY2024 = July 1, 2023 – June 30, 2024)

- B. **RESPONSIBILITIES:** The budget manager and financial analyst responsibilities include:
- Making sure individual charges are correct
 - Ensuring the budget is not overspent
 - Following the college spending policies as shared on the [Business Office](#) website
 - Informing others about available budget resources, budget progress, or concerns

Two key responsibilities {

- Reviewing budgets on a regular basis, at least monthly
- Planning ahead for how the budget will be used (more details below)

- C. **DEPARTMENT BUDGETS:**
- Consist of two parts that are not interchangeable: Student Employment and Operating Budgets
 - Budgets are allocated to Cost Centers (often similar to departments) and Programs (sub-sets of Cost Centers)

- D. **STUDENT EMPLOYMENT:**
- Budgets are distributed annually by the Budget Office
 - The Budget Office will ask for department requests in February and notify departments of their budgets in April for the fiscal year starting in July
 - Student work during the terms and breaks are paid from the same budget
 - Student employment budgets cannot be used for other expenses; unspent balances do not carry over
 - Departments that forecast a budget overage should contact the Budget Office by mid-year to request a review and/or additional budgeted hours
 - Find more information on the [Budget Office website](#)

- E. **OPERATING BUDGETS:**
- Operating budgets are fungible, meaning you can use the total Cost Center budget within any of these six categories:

- | | |
|-----------------------------------|------------------|
| 1. Professional Services | 4. Supplies |
| 2. Building Occupancy & Equipment | 5. Travel |
| 3. Meetings & Entertainment | 6. Other Expense |

- Actual expenses should be charged to the category that most closely matches the nature of the expense
- Departments that forecast a budget overage in any of their Cost Centers should contact their division Vice President for advice about managing anticipated expenses
- Requests for department operating budget changes are managed by division Vice Presidents, typically mid- fall term. *Requests for technology, facilities or classroom changes are managed via a separate request process, typically introduced via campus email mid- fall term*

F. COMPENSATION:

- Employee compensation is managed by the college and is not part of department budgets
- If a department pays an employee stipend as part of its programming (ex: an honorarium or stipend for workshop participation), the department must be able to cover the expense from their operating budget
- These stipends are included in the Workday budget reports by selecting the “Include Compensation” check box

G. FACULTY DEVELOPMENT ACCOUNTS (FDA):

- Certain faculty members are assigned individual FDA for their professional development spending. Budgets are assigned by the Provost’s Office
- Each individual is responsible for managing their FDA budget
- Some faculty may have additional balances associated with their FDA such as start-up accounts or internal grants awarded by the Provost’s Office
- Overspending is not allowed without prior permission from the Provost’s Office
- Unspent balances at year-end automatically carryover (details below)
- Find more information in the [campus handbook](#) (eligibility, process) and the [Business Office website](#) (guidelines for spending, documentation, etc.)

H. CARRYOVER:

- Some positive year-end budget balances are carried forward into the next fiscal year
- The budget carryover process provides flexibility and encourages responsible management of college budgets between fiscal years (ex: saving over several years for a large purchase)
- Not all Cost Centers are eligible for carryover, and some rules and calculations may apply to others; to find details about a Cost Center, use the Workday report ‘Extract Cost Center’ and find the Carry Over type in the Worktags column:
 - *Standard* = All non-compensation expense + department paid stipends + transfers
 - *Fee Excess* = Standard + additional revenue booked to cost center
 - *All In* = All expense including compensation and student work + transfers + revenue
 - *Not Eligible* = Carryover not allowed
 - *Others* = A handful of Cost Centers have a calculation specific to their budget usage.
Contact the [Budget Office](#) for more information
- Regardless of the carryover type, Student Life and External Relations divisions choose to consolidate all eligible balances into a joint division account, not available to individual cost centers
- Carryover is assumed but is not guaranteed by the college: if the college ends the fiscal year in a deficit, the carryover process may be changed at the discretion of the President’s Cabinet
- Carryover is calculated and announced after the fiscal year has been closed and the financial statement audit is complete, typically by mid-September

I. SUPPLEMENTAL BUDGETS

- **GIFTS:** Carleton has more than 1,300 separate gift funds, the majority of which have specific spending restrictions from donors
 - Endowed gifts provide perpetual on-going support (“pooled” in Workday), restricted gifts provide temporary or one-time support (“non-pooled”)
 - Each Gift is assigned a unique ID in Workday to allow for reporting and tracking
 - When possible, departments should spend from Gift funds before spending other budgets
 - Carleton has a legal obligation to spend donor designated gifts on a timely and accurate basis. To fulfill this obligation, Gift Managers are responsible for approving transactions that match the Gift’s restriction, and planning for the use of Gift income
 - Spending restrictions are summarized in Workday: click on the name of the Gift and find the ‘Restrictions’ section. For questions or clarification of Gift restrictions contact the [Stewardship Office](#) or the Business Office
 - Unspent balances at year-end will automatically carry over to the next fiscal year, typically posted by mid-September
 - Additional donor reporting may be required for certain Gifts; reporting is coordinated by Stewardship, the Grants Office or the Provost’s Office, depending on the Gift.
Demonstrating the impact of the gift often encourages future support
- **GRANTS:** Individual faculty or staff are occasionally awarded an external grant to accomplish a specific individual or institutional objective
 - Each Grant is assigned a unique ID in Workday to allow for reporting and tracking
 - The Principal Investigator assigned to the Grant (“Grant Manager” in Workday) is responsible for reporting and managing the Grant budget
 - Find more information on the [Business Office website](#) or the [Grants Office](#) website
- **AGENCIES:** Carleton occasionally manages temporary budgets for non-college funds (non-profit with a significant Carleton connection or a higher education collaborative initiative)
 - Acceptance of agency accounts is at the discretion of the Business Office and requires their approval prior to receiving funds or committing to the responsibility. See the [campus handbook](#) for additional details
 - Each Agency is assigned a unique ID in Workday to allow for reporting and tracking
 - The Agency Manager is responsible for approving transactions that match the designated purpose
 - Unspent balances at year-end will automatically carry over to the next fiscal year, typically posted by mid-September

J. REPORTING: Access your available balances and transactions in Workday

- Current and historical budget information is available to budget managers and financial analysts in Workday
- Find your accounts in Workday by following the instructions in this [Workday article](#) or by using the Workday report ‘Role Assignments for Worker Position’
- Each type of budget is accessed through a different Workday report (department operating, gift, grant, FDA, agency) and/or through the [Budget Reporting dashboard](#)
- Instructions for using the various reports can be found in the Workday Help App or by searching “What’s my balance” in Workday

- Two key resources {
- For budget report questions, or for account access in Workday, contact the [Budget Office](#)
 - For questions about specific transactions posted in Workday, or for corrections to errors found in reporting, contact the [Business Office](#)

K. SPENDING & APPROVALS

- Budget managers will be prompted to review and approve transactions for their accounts through their Workday inbox; managers should check Workday a weekly basis
- Managers should review all [worktags](#) before approving transactions to ensure the expense is recorded to the correct account
- Some manager responsibilities may be delegated to others; see more information in [Workday](#)
- Both financial analysts and managers may initiate transactions; instructions for paying supplier invoices, submitting expense reports, and reconciling credit cards are found in [Workday](#)
- Managers and financial analysts should ensure that all transactions follow the college spending policies, found on the [Business Office](#) website
- The Business Office [Accounts Payable](#) website contains a useful list of information on supplier setups, payments, and other policies

L. BUDGETING OPTIONS:

- Collaborating: If two departments identify an opportunity to collaborate on a project or expense, managers can contact the Business Office (or Provost's Office, for academic departments) to authorize moving funds between two accounts – or – expenses may be split through the Workday expense report / supplier invoice process
- Configuring: Departments may request new Workday Programs for use with their Cost Center to manage ongoing programming that would benefit from separate financial reporting. New accounts are created by the Business Office
- Access: Cost Center managers may request view access for additional members of their department in order to share the budget results and transactions with others. Access requests are managed by the Budget Office

Planning (*before the fiscal year*)

1. Identify your department operating budget
 - a. Operating budgets are assigned to Cost Centers and Programs; plan for each separately
 - b. Find your Cost Center and confirm your access in Workday
 - c. Use the Workday report 'Departmental Budget vs Actual (Summary)' to verify the budget (or if you prefer a different view, additional reports can be found on the Budget Reporting dashboard)
2. Define what costs your department incurs each year, which may include:
 - a. Fixed costs (expenses that do not change based on participation or department operations; like an annual membership fee or a speaker honorarium)
 - b. Variable costs (expenses that change based on the number of participants or on the volume of work involved; like meals or printing expense or book purchases)
3. Calculate how much you have left over for other discretionary expenses: budget (1) minus annual department expenses (2)
4. Define goals or plans for your department, considering:

- a. This fiscal year vs. longer-term
 - b. In terms of maintain, grow, innovate – and/or – in terms of need to have, nice to have, ideal
5. Forecast the costs that go along with your goals
- a. Identify a cost for each goal, noting whether or not costs are one-time or on-going
 - b. Note whether a goal or project will impact your student work budget
 - c. Think about any non-financial costs of your goals (effort, time, space, student impact) and whether or not the goals are realistic
 - d. Think about which goals might require saving funds over multiple years (special event, speaker, professional development, new equipment)
 - e. Identify which goals to pursue this fiscal year, based on available funds
6. Plan for how expenses will be spent by term or by month

Analyzing *(during the fiscal year)*

7. Review budgets in Workday on a monthly basis
- a. Make sure individual charges are correct
 - b. Make a note of charges that you expect to see but do not
 - c. Contact the Business Office with questions
8. Compare spending to your plan
- a. Look at the balance remaining for the rest of the year
 - b. Do you have enough money to complete your plan on schedule?
 - c. Are you spending too quickly?
 - d. Are you spending outside of your set goals?
 - e. Were your cost estimates off?
9. Adjust your plan if needed to account for actual spending
- a. X cost more than we thought, and now we won't plan to do Y this year
 - b. We found separate funding (endowment/restricted gift or grant) for Z and now we can move ahead with A this year

Evaluating *(after the fiscal year)*

10. Year-end transactions
- a. Watch for year-end announcements and timelines from the Business Office
 - b. Confirm that all supplier invoices and expense reports associated with the fiscal year have been submitted and processed in Workday (generally by the second week in July)
 - c. Review year-end transactions when prompted (generally the third week in July)
 - d. Ensure that all actual and pending transactions are correctly posted
 - e. Communicate year-end adjustments to resolve deficits to the Business Office, or the Provost's Office for academic departments, (generally by the end of the third week in July)
11. Compare your actual spending to your plan
- a. Do you need to make adjustments to multi-year projects?
 - b. Do you need to make adjustments to fixed or variable costs for next year?
 - c. Does your actual spending impact your plan for next year?

Strategic budgeting (and intentional spending) is the means to accomplishing your department goals and objectives. It is an opportunity to plan for success!