

 <p style="text-align: center;"><b>Policy for: Budgeting and Planning</b></p>	Document Number	
	Effective Date	12/18/2014
	Revision Date	
	Drafted or Issued By: Fiscal	Date: 12/04/2014
	Approved By: Board of Directors	Date: 12/17/2014
	Board Secretary	
Signature: _____		

**Purpose:**

This policy is a guide to clarify authority, requirements and guidelines for budget management, preparation, content and timeframes.

**Specific Requirements:**

- The Cooperative Endeavor Agreements (CEAs) between the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, Louisiana State University Health Sciences Center in New Orleans (LSUHSC) and the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (LCRC) which allows for the transfer of funds to LCRC, require LCRC provide annual comprehensive budgets by July 30, with a copy to the legislative auditor, showing all anticipated uses of the appropriation, and a plan showing specific goals and objectives to be accomplished by the use of the funds, including measures of performance. The requirement is consistent with the language within the Preamble of the annual House Bill 1 (HB1).
- The CEA further stipulates that funds shall be expended for the purposes set forth in Section III - "Scope of Services" in accordance with the budgets prepared by LCRC.
- LCRC has two CEAs with LSUHSC; specifically Cancer Research (599470) and Cessation (599454).
- The Operating Agreements between LCRC and each institution which receives operating funds from LCRC require the submission of a proposed "Annual Operating Budget" for Personnel and other expenditures for utilization of LCRC funds on a fiscal year basis of July 1 to June 30.
- As a contractual deliverable, LPHI, after consultation with the Steering Committee, shall be responsible for the development of an annual comprehensive program plan and budget to be submitted and approved by the Consortium showing all anticipated uses of funds, a plan showing specific goals and objectives for the use of such funds, including measures of performance.

- Pursuant to Act 814 of 2010, the Board of the LCRC is required to file certain disclosure documents and information on an annual basis, including Budgets, Summary Statement of Actual and Budgeted Expenses, and a Summary of Fund Balance. Filings are due no later than October 31 of each year.

**Scope:**

This policy applies to all program and administrative components which receives annual operating funds from LCRC via adoption of an annual budget. This policy does not govern capital projects.

**Responsibility:**

The Board of Directors of the Louisiana Cancer Research Center (LCRC) has the duty and power to adopt and oversee implementation of a budget process which approves annually, the use of funds appropriated to LSU Health Sciences Center in New Orleans (LSUHSC) for LCRC operations and program development, in accordance with its cooperative endeavor agreements and stated objectives. The board is responsible for adopting the comprehensive budgets, goals, objectives and indicators, (including any supplements and amendments), as prescribed and on a timely basis.

Program Directorship and the Administrative Officer(s) are responsible for the preparation of comprehensive budgets presenting financial plans, goals, objectives and indicators for each budget year. Program directors and Administrative Officer(s) shall ensure compliance with the provisions of this policy.

**Definitions:**

**Administrative Officer** – LCRC Corporate Officer hired by the Board and having actual or apparent authority to contract or otherwise act on behalf of the corporation. **Ad hoc Reports** – reports generated for a particular purpose, meeting individual information requirements, and developed upon request.

**Adopted Budget** - The annual budget approved or amended by resolution of the Board.

**Approved Budget** – The budget that the Finance Committee recommends to the Full Board for adoption.

**Allocation** – Means by which the Board determines how resources are spent, on how the total available funds are distributed

**Appropriation** -The authorization by ordinance or resolution of a spending limit for expenditures and obligations for specific purposes. Funds for LCRC are currently appropriated to LSUHSC and transferred to LCRC

**Balanced Budget** - A budget in which anticipated revenues plus “unreserved” and “undesignated” fund balance usage is equal to or greater than anticipated expenditures.

**Budget** - The complete estimated financial plan for a fiscal year.

**Budget Justification** - An amplification or clarification of the budget whereas line items for which funds are requested are explained. Budget justifications are submitted with the budget as a separate narrative document or included as narrative within the budget document.

**Budget Manager** – Participate in and/or responsible for managing the budget on behalf of a recipient of LCRC funds.

**Budget Request** -The document with its accompanying explanations, in which the financial requirements of a budget component are stated and presented and requests appropriations.

**Budget Year** - The ensuing twelve month fiscal year period from July 1 to June 30.

**Capital Project** - A capital project is defined as land and land improvements, buildings & building improvements, and infrastructure (roads, bridges, etc.) which benefits more than a single fiscal period and meets a certain dollar threshold specified in the capital asset policy. Currently LCRC capital projects are funded by the State of Louisiana through a capital outlay grant.

**Cooperative Endeavor Agreement (CEA)** - Those agreements that Article VII, §14, of the Louisiana State Constitution authorizes, for a public purpose, among the state and its political subdivisions or political corporations, and with the United States or its agencies, or with any public or private association, corporation, or individual.

**Contingency** - An appropriation of funds to cover unforeseen events and emergencies, which may occur during the budget period. The Board must authorize the use of any contingency appropriations.

**Designated Fund Balance** - That portion of the fund balance designated for tentative future plans, including but not limited recruitment, emergencies, and other contingencies.

**Emergencies** - Events requiring unbudgeted expenditures caused by an act of God, or the public enemy, or some contingency that could not have been reasonably foreseen at the time of adoption of the budget.

**Executive budget** - The document submitted to the legislature at each regular session, presenting the governor's recommended complete financial plan for each year.

**Extension** - An additional period of time authorized beyond the end of a fiscal year to spend out budgeted funds . Allows previously allocated funds to be spent after the end of a fiscal/budget year.

**Fiscal year** - The twelve (12) month period of July 1 through June 30 to which the annual budget applies and at the end of which LCRC determines its financial position

**Fund** - A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities or balances, and changes

therein are recorded and segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund balance** - The balance of residual equities available to carry into subsequent years' budgets consistent with the basis of accounting determined for budget purposes.

**FTE** - Full-Time Equivalent position. A position converted to the decimal equivalent of a 40 hour work week or 1.0 FTE.

**Goal** - A general purpose toward which the efforts of an organization or program activities are directed.

**Governing body** - The LCRC Board of Directors in which the budgeting powers are vested.

**House Bill 1 (HB)1** – The general appropriations bill which contains appropriations for ordinary operating expenses.

**Objective** - A specific and measurable target for achievement which describes the exact results sought, which is expressed in an outcome-oriented statement that may reflect effectiveness, efficiency, or quality of work and which may be either numeric or non-numeric.

**Objects of Expenditure Classification** – Classification by expenditure types and accounts.

**Performance Indicator (Indicator)** - A statement identifying an activity, input, output, outcome, achievement, ratio, efficiency, or quality to be measured relative to a particular goal or objective in order to assess performance.

**Program Directors** – Scientific and other programmatic leadership having the actual or apparent authority to set goals and agendas, and having express budget authority. LCRC Co-Directors and Associate Directors.

**Proposed Budget** - The budget as recommended; prior to acceptance and approval by the Finance Committee

**Recommended Budget** -The budget as recommended for approval by the Finance Committee to the full Board

**Recurrent Budget** - A recurrent budget is an itemization of all anticipated recurring costs and income for a future period. The items in a recurring budget represent expenses and receipts with a high degree of regularity and predictability. An excess of recurring income over recurring costs represents cash available to meet nonrecurring expenses. Similarly, an excess of recurring expenses over recurring income represents a shortfall that must be made up from nonrecurring sources of income.

**Reserve** - That portion of the fund balance that is segregated for a specific future use.

**Statutory Dedication** - Revenues dedicated by Legislative law or the Constitution

**Supplemental Budget** - A budget adjustment to fund unexpected needs or to spend revenues not anticipated at the time the regular budget was adopted. LCRC supplemental budgets

process is used to authorize use of reserve funds and is approved during the regular budgeting or a period thereafter.

**Unreserved/undesignated fund balance** - Fund balance available for future use

**Working Capital** - The minimum fund balance required for a fund to meet cash flow requirements.

**Policy Statement:**

The budgeting process includes long range planning as well as planning for the current operational and programmatic needs of LCRC. To accomplish LCRC's mission, plans, goals and objectives are developed annually that receive funding and support through the budgeting process. Although, long range plans are created, budgets, goals, objectives and indicators of LCRC are adopted for each fiscal year beginning July 1 and ending June 30, consistent with the State of Louisiana's budget year. LCRC's primary source of funds is derived from a statutory dedication; specifically LCRC receives percentages of a sales tax on tobacco as a statutory dedication .

**The following general guidelines apply:**

- The LCRC Board considers various priorities but collective goals of LCRC when allocating resources
- The budget shall not commit LCRC to providing programs or levels of service that cannot be reasonably sustained in light of reasonably projected future resources
- Expenditures are budgeted based on reasonable estimates and actual costs where available
- Expenditures for Scientific Programs are budgeted in accordance with the approved budget guidelines
- A greater than 10% budget variance shall be flagged for Finance Committee review and possible rebudgeting
- LCRC's facilities and administrative costs are funded by tobacco tax proceeds to the extent no other means of financing exists

**Procedures:**

In preparing its annual budgets, the following applies:

- The Administrative Officer of LCRC oversee the preparation of recommended, balanced budgets for the ensuing year beginning with a process that begins in April of each year.
- The total budgets must be balanced. Expenditures cannot be greater than the total anticipated spendable resources
- Revenues and expenditures are segregated by programs, sub-programs, and by objects of expenditures
- All expenditures must be classified by objects of expenditures consistent with the State of Louisiana
- The Board of LCRC authorizes budget allocations
- Each program director or administrative officer will prepare proposed balanced budget proposals for presentation to the Finance Committee
- The Administrative Officer will cause to be prepared corresponding figures for three total years to be presented with the budget proposals as follows:
  - The last completed fiscal year, using audited figures
  - The current year
  - The ensuing budget year

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- All FTEs to be funded in the ensuing budget year will be detailed in the budget proposals or by separate schedule
- All non-personnel costs (other operating and equipment costs) shall be included in the budget proposals
- The Finance Committee reserves the right to request additional data per budget proposals necessary to make informed decisions
- Prior to a recommendation for adoption of the budgets, the LCRC Finance Committee shall review the proposed budget and revise, alter, increase or decrease the items as it deems necessary in view of the needs of the various priorities and in view of anticipated revenues.
- After all Finance Committee recommended changes to the budgets, and by agreement of the Finance Committee, the Finance Committee shall make recommendations to the Board for approvals no later than the regularly scheduled July meeting of the Board.

The adoption of the budget shall be made formal and official by the Board through adoption of resolutions authorizing the following:

- A Resolution to summarize and adopt the budget by programs
- A Resolution to set the expenditures limits in the adopted budget, which include limits for all budget components and expenditure totals no greater than the appropriated revenue
- A Resolution to adopt the goals, objectives and indicators for each program

The budget must be adopted and submitted to the LSU Health Sciences Center as transferring agency and to the Louisiana Legislative Auditor's Office (LLA) no later July 30 of each year

### **Supplements and Amendments:**

There are conditions whereas the LCRC Board may amend or supplement a budget

- **Amended Budgets**
  - Budgets will be amended due to appropriation changes. A plan for budget amendments will be recommended by the Finance Chair and/or Committee on an as needed basis
  - Budgets may be amended to transfer/reallocate budget amounts between sub-program components and/or objects of expenditure classifications in circumstances where expenditures exceed a variance threshold or where changes in funded activities are required. The Board may delegate the authority

to the Administrative Officer to amend budgets that do not require financial increased to the total budget(s).

- **Supplemental Budgets**

- Approval of a supplemental budget authorizes expenditure of additional funds above and beyond the annual recurrent budget.
  - Supplemental budget(s) may be adopted to allow for use of reserves designated for specific purposes.
  - Supplemental budgets may be adopted for one unforeseen expenses that occur, such as response to an emergencies not covered by some other mechanism such as insurance.
  - Supplemental budgets may be adopted when necessary to avoid or correct an adverse condition impacting the health, safety, or welfare of occupants, employees or visitors to the Center.
- A summary of supplemental budget approvals shall be maintained by the Administrative Officer.
  - The Administrative Officer shall notify the Finance Committee and/or Board when , whereas the use of undesignated fund balances of more than 5% will be required to fund current year expenditures.
  - Detailed fund balance reports shall be provided on a minimum semiannual basis.

A Resolution to amend a budget(s) is required to formally amend or supplement budget(s). The resolution must summarize the revisions for each budget and identify the sources of financing the revisions.

Budget revisions due to appropriations changes must submitted to LSUHSC and the Legislative Auditor's Office accordingly.

**Budget Monitoring:**

- An official record of budgets and expenditures shall be maintained in the LCRC Administrative Office and financial system.
- The Administrative Officer shall administer and monitor the budgets and provide the Board with financial statements and budget-to-actual comparisons, at minimum on a quarter annual basis. The budget-to-actual comparison shall show at all times the unexpended balance for each budget.
- The Administrative Officer shall provide information on tax collections, updates and trends.
- The Administrative Officer shall also provide warnings of any issues that may result in corrective actions, including amendments to budgets. Notices should be provided to the budget manager immediately and to the Finance Committee and/or Board at the next scheduled meeting



- The Finance Committee shall recommend an action needed.
- The board is responsible for adopting all amended budgets on a timely basis.

**Schedule:**

The following calendar shall be used as a guide to develop budgets. An annual calendar will be distributed.

DATE	EVENT
On or before February 28	Mid-year actual are made available. First of series of end of year projections prepared and presented to Budget Managers, Finance Committee and others planning for the budget of the next year.
On or before April 30	Executive Budget published; Projected appropriations level received and distributed to Administrative Officers and others
On or before April 30	Operating expenses for administration, facilities and operations are projected
On or before April 30	<ul style="list-style-type: none"> <li>• Administrative Office distributes reminders, procedures, templates, calendar needed for budget development</li> <li>• Programs prepare preliminary budget projections, goals objectives and indicators</li> </ul>
On or before May 30	<ul style="list-style-type: none"> <li>• Board authorizes allocation of funds for each all budget components</li> <li>• Allocations amounts are distributed to each budget unit</li> <li>• First Drafts of budgets are submitted to the Administrative Office</li> </ul>
On or before June 30	Preliminary budgets are presented to the Finance Committee
On or before June 30	<ul style="list-style-type: none"> <li>• Appropriations are final.</li> <li>• Budget allocations are adjusted if needed to align with appropriations.</li> </ul>
On or before July 30	<ul style="list-style-type: none"> <li>• Budgets are approved by the Finance Committee</li> <li>• Budgets are adopted by the Board</li> <li>• Budgets are submitted pursuant to CEA requirements</li> </ul>
On or before October 31	Budgets are upload to State’s Board and Commissions

### **Reporting and Monitoring:**

- Status updates on objectives and activities shall be presented at each Board meeting
- At the end of each semi-annual period, a semi-annual report shall be created with updates on the progress of goals and objectives, and a financial status report. Each report shall be submitted to the Board and/or designated Committee for review
- Each semiannual report shall be submitted to LSUHSC as a CEA requirement.
- An annual report of program activities and initiatives shall be created on a calendar annual basis. The annual report shall be submitted to the Board for review. The annual report shall be submitted to the Joint Legislative Committee on the Budget et al by February 1 each year, as a CEA and statutory requirement.
- The Finance Committee and/or Board reserves the right to request “ad hoc” reports and/or updates on an as needed basis

### **File Maintenance:**

- The original adopted budget, budget adoption instrument, budget amendments, supporting schedules, resolutions, and correspondence related to the budgets are to be retained at the Central Administrative Office.
- Each budget manager is also responsible for maintaining a copy of his/her individual approved budget.

### **Policy Exception:**

This policy makes no provisions for budgeting fund balances or designations of balances thereof. Emergencies will be funded out of previous years undesignated fund balances where available. Working capital is funded with a combination of previous fund balances and advance (seed) fund requests.

### **References:**

CEA – LSUHSC 599470  
CEA – LSUHSC 599454  
Agreement - LPHI  
Act 41, FES 2002 (SB 73)  
Act 814, 2010  
HB1 Preamble, 2010 forward Budget &