

Subject: Budget Adjustment Process	Author: Susan I. Howarth
Effective Date: July 1, 1974	Last Review Date: November 11, 2011
Last Revision: November 11, 2011	Revised By: Martyna Warren
Contact Name: Susan Howarth	Contact Email: swingr01@louisville.edu
Approved By: Michael Curtin	Page 1 of 4

A. General Information

After the University's operating budget is finalized and approved by the Board of Trustees, it may be adjusted throughout the fiscal year via the budget adjustment process. This process is the University's official approval vehicle whereby budgets approved by Budget and Financial Planning (BFP) are allocated, and sometimes reallocated, between the various organizations, programs, accounts and expenditure categories to meet University and unit objectives.

Inherent in the budget adjustment approval cycle are policy guidelines and procedures which serve to set the framework for decision making. The budget adjustment process stems from a specific set of policies which dictate how funds are to be accounted for and budgeted. These policies are periodically reviewed and updated as the University's needs change. The University has procedures in place that provide a standardized structure to the adjustment process. The following sections describe the important policies and procedures of the budget adjustment process at the University of Louisville.

There are two different types of budget adjustments that a unit may request to adjust its operating budget:

1. Budget Revision Request (BRR) – May only be completed using the online BRR form
 - a) Request for new general fund support,
 - b) Request for new general funds offset by either projected revenue or departmental expense credits,
 - c) Request to budget cost share or sponsored programs,
 - d) Request to budget cash balances,

2. Budget Transfer Request (BTR) – May be completed using the online BTR housed in PeopleSoft Financials
 - a) Transfer of funds between Colleges, Schools or Divisions (CSD) within the VP/Dean unit,
 - b) Transfer of funds between programs or accounts within a CSD.

B. Budget Revision Process

A Budget Revision is an adjustment to the University's operating budget that changes the bottom line of the overall general fund budget. There are two major categories of budget revisions, (1) requests for additional allocation of new general funds and (2) requests for a budget increase offset by an increase in revenue or departmental expense credits.

Budget revision requests must be thoroughly justified and are understood to be endorsed by the unit's dean or vice president prior to the form's submission to BFP. Approvals for new funds ultimately require the approval of the President, Provost or their designee.

In selected instances, over-realized revenue—the amount of actual dollars realized above the original budgeted amount—or credits may be used to justify an increase to the unit's budget. The units may also request to budget cost share, sponsored programs and cash balances on the BRR.

Such requests always require programmatic justification and supporting backup documentation. They routinely require financial analysis and are carefully evaluated by the Policy and Budget Analyst assigned to the unit.

C. Budget Revision Request (BRR) form

Requests to adjust the general fund operating budget for new funds must be made on a Budget Revision Request (BRR) form.

When requesting a budget increase, a unit prepares and submits an electronic BRR form, which is available on the VPF website. Upon completion, the BRR form is forwarded as an email attachment to the originating unit's assigned Policy and Budget Analyst in Budget and Financial Planning.

All budget revision requests are printed and analyzed by the Policy and Budget Analyst assigned to that particular budgetary unit. A recommendation is made by the analyst based on an analysis of the unit's overall budget situation, taking into account program impact, financial and policy implications, and consistency with the University's strategic plan.

The budget analyst will:

- a. Verify that the requested budget revision is appropriate to accomplish the intent of the originator.
- b. Review and evaluate the Description/Justification section for content, clarity and completeness.
- c. Analyze the request for conformity to University policies, and alignment with University's strategic plan.
- d. Submit a recommendation for approval or disapproval based on the merits of the case.

The Vice President for Finance is the delegated authority for approval or disapproval of any BRR up to \$100,000. Requests for funds in excess of \$100,000 always require approval by the President or Provost.

If approved, a copy of the signed BRR is sent to the unit indicating the approval status and conditions of approval, thus closing the feedback loop. If not approved, an explanation of the disapproval is similarly noted on the form and returned to the unit. If the BRR is not approved at any step along the way, it is so noted and returned to the originating unit.

The BRR form is customarily prepared by persons within a unit who are assigned responsibility for budgetary decisions. On occasion, the BFP staff will initiate a BRR form when the situation warrants but will not routinely prepare these forms for units.

Detailed instructions on the Budget Revision Request Form are included in the Budget Revision/Budget Transfer training manual (located on the BFP website). You will note that the form has sufficient space to record up to nine lines of transactions. If more than nine lines are needed, a BRR with continuation pages should be used. This form also is available on the BFP website. If you need additional assistance, please call your Policy & Budget Analyst in Budget and Financial Planning.

D. Budget Transfer Process

A unit (CSD) may find it necessary to reallocate funds to cover anticipated expenditures. Such reallocations may be made within the same program or to another program within their division. The Budget Responsibility Matrix outlines the rules regarding budget transfers by program type. Budget transfers may be initiated only by those who have expenditure authority over the funds. This is an inherent responsibility of budget control and not a delegated one.

A budget transfer is defined as the reallocation of University funds with no change in the overall University budget. That is, the requested budget increase amount is directly offset by a corresponding budget decrease amount. A characteristic that distinguishes a budget transfer from a budget revision is that the University's bottom line revenue and expenditure budgets remain unchanged by a Budget Transfer. Revenue adjustments, departmental credits or fringe benefit decreases are permitted on the Budget Transfer form.

Though most budget transfers are considered to be routine in nature, units must verify that the information on the BTR form is correct and that the funds slated to be decreased are indeed available for transfer. All transfers must adhere to the University's budgetary policies.

E. Budget Transfer Request (BTR) – If using the Self-Serve On-Line form

A request to reallocate funds within a unit is made using the Peoplesoft Financial on-line Budget Transfer Request. To transfer funds, the originator creates and posts a journal, carefully following the instructions provided in the Budget Transfer Training Manual located on BFP's website. To gain access to the online BTR, the unit's budget coordinator must request system access using the Request for System Access form located on the VPF website.

A transfer of funds can be made on a one-time basis, affecting only the current fiscal year. The unit may not enter a Continuing Annual Requirement (C.A.R.) amount journal in

PeopleSoft Financials. A C.A.R. budget transfer is a permanent transfer that adjusts the general fund budget in subsequent fiscal years and can only be made during the budget development process.

The Budget Transfer Training Manual, located on the BFP website, provides instructions for completing the form. If you need additional assistance, please call your Policy & Budget Analyst in the Office of Budget & Financial Planning.

All other requests must be submitted using an electronic [BTR form located on BFP's website](#).