Overview

Beginning in FY22, Clemson Budget Centers will be required to develop, load, and maintain operational budgets at the departmental level. While in the short-term the departmental budgeting guidelines are geared at “getting started,” over time the University aims to develop a departmental budgeting process that is capable of producing standardized financial reporting across each department.

The guiding principles outlined below are intended to be broad, but also based on common financial management practices. There will be nuances for each Budget Center as they work to align current budgeting practices to these guiding principles. Perfection is not expected. Revising a budget center focused approach to the departmental level will take time.

Guiding Principles

For FY22, the guidelines the Budget Office has established for departmental budgeting are as follows. This list is purposefully intended to be simple and high-level as we roll this process out.

- All operating departments should have a non-zero budget.
  Holding departments intended to receive and redistribute 100% revenues should establish a zero budget to facilitate those redistributions.
  Holding departments not redistributing 100% to departments should establish a typical budget in accordance with the guiding principles below.

- Department budgets should not be developed to have an overall deficit position. Deficits should only be noted in Funds 15 and 18 where base budget allocations are not reflected in a Budget Center’s budget revenues. The total of all fund 15 and 18 deficits should match the Budget Centers base budget allocations. Department budgets should be entered to limit budget amendments.

- Budgets should represent the revenues and costs departments generate and expend with a reasonable amount of certainty. This includes any revenue sharing agreements.

- Department budgets should align revenues and expenses in a manner that reflects a Budget Center’s All Funds Template.
  The Budget Office should be able to “drill down” to the departmental level in Hyperion and reconcile those values back to the Budget Center’s All Funds Template.

- Department budgets should be mindful of the alignment between revenues and expenses with respect to funding sources and uses.
For example, if a Lecturer generates department Fund 14 revenues by teaching, their compensation and benefits for that portion of their work should be expended on Fund 14. Fund 14 revenues generated would offset these costs.

Budget Office Audit

When the Budget Office receives a Budget Center submission, your Budget Analyst will review that submission to confirm transfers balance, the budget matches between Hyperion and the All Funds Template, among other things. These checks are consistent with the standard annual budget development checks.

Once the standard checks are complete, the Budget Analyst will extract your Hyperion data and pivot the outputs by department. The Budget Analyst will evaluate the data to confirm whether the departmental budgets adhere to the guiding principles noted above. In addition, the Budget Analyst will review the departmental budgets for other potential issues, including, but not limited to, the examples below.

Potential Issues/Defects:

- Revenue, including internal transfers, is not distributed across departments. In other words, the revenue budget for a department does not accurately represent where it is generally earned. Budget Centers have different internal revenue sharing agreements.

- Department budgets deficit position, excluding base budget allocations.

- Department budgets show the majority of expenses in Fund 15 (as an example) and large internal transfers from another funding source (e.g., Fund 14).

- Historical department financials indicate actuals have been present, but the budget extract out of Hyperion shows a radically different budget or no budget at all.

- The departmental budget is materially different from prior years and those differences are not a result of the department budgeting guidelines or an approved reorganization.

- Central allocated student fees, including ODE, Traditional masters, Traditional summer school, and ETAP revenue 4XXX budgets, are not loaded at the department budget.

The examples noted above do not reflect a comprehensive list. As we move through this first year of departmental budgeting, it is expected that these examples and the guidelines will continue to be refined over time.