



## **BOV Policy # 10 (2014) Financial Oversight and Reporting**

**Policy Title:** Financial Oversight and Reporting Framework

**Policy Type:** Board of Visitors

**Policy No:** BOV Policy # 10 (2014)

**Approval Date:** May 9, 2014

**Responsible Office:** Division of Finance and Administration

**Responsible Executive:** Vice President for Finance and Administration

**Applies to:** University Community

### **POLICY STATEMENT**

[The Bylaws of the Norfolk State University Board of Visitors Article 1 – Section 2 Powers and Responsibilities \(2017\)](#) establishes the Board’s responsibility for ensuring that the mission, priorities, and goals of Norfolk State University are visible in and expressed through its budget. The Bylaws further require that the Board provide input and ensure that the budget reflects the priorities developed in the strategic planning process in conjunction with the President and Administration. The Board’s Finance and Administration Committee supports the Board’s responsibility for the budget process and for institutional accountability and fiscal efficiency in general.

The Board of Visitors approves the University’s annual budget and periodically reviews the status of the budget’s execution. This policy establishes the framework for the Board to provide input early and often, receive the budget for review and approval, and outline the presentation of the budget in a consistent format to facilitate the Board’s review and understanding of the information presented.

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### DEFINITIONS

**Budget:** a plan for allocating resources; a plan specifying how resources—financial and human resources—shall be allocated or expended during a particular period, which may be on a fiscal year basis as specified by the Commonwealth of Virginia.

**General Fund:** funds primarily derived from direct general taxes paid by individuals and businesses in Virginia. Used for a variety of government programs, the Governor and General Assembly determine the amount of general funds in the annual state budget. The Board of Visitors is vested with the power to control and expend these funds and any appropriation provided by the Commonwealth.

**Non General Fund:** state revenues not designated as General Funds which are set aside for specific purposes (e.g., tuition and fees). Such funds must support higher education in general; federal grants must be used for specific activities.

**Strategic Plan:** a broadly-defined plan approved by the Board of Visitors aimed at creating a desired future for the University.

**University Budget Committee:** consists of 20 members representing all areas of the University with responsibility for reviewing the budgets submitted by the vice presidents/senior managers responsible for holding open meetings with the university community, and submitting a report recommending to the President and Executive Cabinet the allocation of University resources.

**University Community:** includes all Board of Visitors members, administrators, faculty, staff, students, student employees, contractors, agents, visitors and volunteers of Norfolk State University.

### CONTACT

The Vice President for Finance and Administration officially interprets this policy. The Vice President for Finance and Administration is responsible for obtaining approval for any revisions required by BOV Policy # 01 (2014) *Creating and Maintaining Policies* through the appropriate governance structures. Please direct policy questions to the Vice President for Finance and Administration.

### FINANCIAL OVERSIGHT AND REPORTING FRAMEWORK

#### Budget Development and Approval

The Vice President of Finance and Administration shall ensure that the budget development process for the University meets two requirements: (1) the budget development process is preceded by a planning phase and process; and (2) the budget plan reflects the University's mission, priorities and goals as expressed in the approved Strategic Plan.

The internal budget development process shall engage members of the University community through its designees on a University Budget Committee. The Committee's membership and the internal budget process is provided in the [Operating Budget Development Process](#).



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The operating budget shall incorporate all sources of funds to include state general funds, non general funds and local funds. A separate capital outlay budget may be presented. The budget presented to the Board of Visitors for approval shall include the current year budget along with the proposed budget for the following year using the [Budget Schedule Template](#) with sufficient detail to reflect the funding allocation by major functional area of the University.

A preliminary annual University budget shall be presented at the spring meeting of the Board pending the approval of the Commonwealth’s budget by the General Assembly and Governor. See [Operating Budget Development Process](#). The Board of Visitors shall review the preliminary budget, provide budget input, and set tuition and fee rates at the spring meeting or as soon as practicable. The final budget is presented and approved during the annual May meeting following the Governor and General Assembly’s final action on the Commonwealth Budget or as soon as practicable. See Table 1 below.

Table 1 Budget Timeframe

Timeframe	Responsible Person	Action
<b>January/February</b>	President VP Finance and Administration	Prepares preliminary budget
<b>March</b>	President VP Finance and Administration	Submits preliminary budget to Board’s Finance and Audit Committee
<b>Spring BOV Meeting</b>	Finance and Audit Committee Chair	Provides feedback, presents preliminary budget to Board for approval
<b>April (or upon final General Assembly and Governor action on Commonwealth Budget)</b>	President VP Finance and Administration	Prepares final operating budget and submits to Board’s Finance and Audit Committee
<b>May BOV meeting or following final budget presentation</b>	Board’s Finance and Audit Committee Chair	Reviews final operating budget and presents to Board for approval.

### Tuition and Fees

The *Code of Virginia* § 23.1-1301 establishes the Board’s authority to fix the rates charged to students for tuition, fees and other necessary charges. The Administration shall provide preliminary tuition and fee charges for Board consideration and input prior to the March meeting in a format mutually determined upon by the Administration and the Board’s Finance and Audit Committee Chair.



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### Financial Reporting

Core Requirement 2.2 of the [Principles of Accreditation \(2012\)](#) for the [Southern Association of Colleges and Schools Commission on Colleges](#) require that the board function as an active policy-making body for the institution with ultimate responsibility for ensuring that the financial resources of the institution are adequate to provide a sound educational program. To accomplish this Core Requirement, the Board shall receive quarterly reports reflecting the status of the University's revenues and expenditures against the approved budget for the most recent month-end at least seven days prior to each regular board meeting. See [Budget Schedule Template](#). The Administration may present additional financial analyses as necessary or requested.

### Annual Audited Financial Statements

Financial statements prepared by the University shall be presented to the Board's Finance and Administration Committee using Generally Accepted Accounting Principles in advance of the Board's December meeting of the full Board. Such financial statements shall be audited by the Auditor of Public Accounts ("APA") for the Commonwealth of Virginia.

Upon completion of the audit, the audited financial statements shall be presented to the full Board by the APA or alternatively, presented to the Finance and Administration Committee chair or designated member(s) of the Committee with a discussion of the audited financial statements, management letter findings (if any), and any required disclosures.

Copies of any and all audits completed (or electronic versions, if available) for units of the University and its affiliated foundations, to include the federally required Single Audit shall be provided to the full Board.

### **PUBLICATION**

This policy shall be widely published or distributed to the University community. To ensure timely publication and distribution thereof, the Responsible Executive or Office will make every effort to:

- Communicate the policy in writing, electronically or otherwise, to the University community within 14 days of Board approval;
- Submit the policy for inclusion in the online Policy Library within 14 days of Board approval;
- Post the policy on the Board's Website; and
- Educate and train all stakeholders and appropriate audiences on the policy's content, as necessary.

Failure to satisfy procedural requirements does not invalidate this policy.



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### **REVIEW SCHEDULE**

- Next Scheduled Review date: September 2020
- Approved date: May 9, 2016; September 15, 2017
- Revision History: 07/22/2016; 05/19/2015; 05/09/2014
- Supersedes: *None-New Policy*

### **RELATED DOCUMENTS**

[Code of Virginia § 23.1-1301 Control of funds; rules and regulations; appointment, etc., of president, faculty and staff](#)

[Board of Visitors Bylaws](#)

[Operating Budget Development Process](#)

### **FORMS**

[Budget Schedule Template](#)