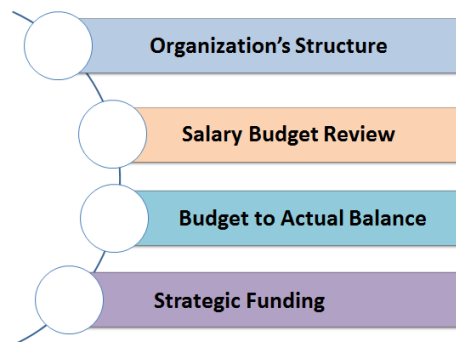




Key Budget Validation Considerations



Budget Validation Concepts

In UNL's annual budget cycle, Budget Validation is the focus of February and March. During this period, and prior to moving into Budget Preparation on April 1st, departments are asked to carefully review their current permanent budget and consider the following questions:

- Does your funding align with your vision for your department's future organizational structure?
- Are salary lines accurate and correctly placed?
- Are your budgeted funds aligned with your spending patterns?
- Can your budget be strategically adjusted to better serve your department?

Budget validation is the time to examine how your budget can best serve your department's future, and adjust your budget accordingly.

Review Your Organization's Structure

When thinking about how to manage finances in the future, it may be helpful to view your organization from a high level. Review how your organization is structured, and consider if your current budget structure is aligned with it.

- Will you be adding, eliminating or combining any departments or sub-programs?
- Are you planning to restructure an organizational unit or to whom the unit reports?
- Are you renumbering any cost objects?

These types of organizational changes may require corresponding changes in the structure of your financial and people management systems. Many of these changes will require approvals from senior leadership and the Board of Regents. When you are ready to proceed, Budget Office and Financial Accounting staff will help you to organize your budget structure to fit your organization.

Verify Salary Budget

Salaries and benefits represent the majority of UNL's operating expenses. Therefore, UNL's budget process is focused on making sure that funding for salaries is sufficient and properly categorized.

- Are your employees represented correctly on your current permanent budget? (Amount and FTE)
- Are there employees who are not currently permanently-funded, but who need to be in the coming year?
- For each employee, have you verified the accuracy of the five key budget fields: Position number, Fund Center, Commitment Item (G/L), Personnel number and Wage Type?

Please take time now to ensure that the details of each employee's salary data is accurate and that salaries are correctly categorized in your budget. The benefit will be better reporting to support your decision-making in the future.

Evaluate Spending Patterns

Please take a look at your past spending patterns.

- Is your budget in the same category (i.e., G/L or Commitment Item) from which you are spending?
- Did you overspend in one category and underspend in another?
- Most importantly, did you have enough funding to cover your expenditures?

When your funding categories are aligned with your spending patterns, your budget reports will be more accurate and will assist you to more easily and accurately manage your spending throughout the year.

If your budget did not cover your expenditures, it may be necessary to reduce spending or find additional funding sources, such as grants or temporary funding, to prevent future shortfalls.

Think Strategically About Your Budget

There are a variety of situations that pose unique challenges for your budget. Please consider:

- Will you receive funds from another unit to support your operation? (For example, will your Vice Chancellor be funding faculty start-up costs?)
- Will you need to fund any Capital or Plant Fund construction projects?
- Will you have any faculty or staff members retiring early with salary incentive paid through the Voluntary Separation Incentive Program (VSIP)?
- Does your department have a budget reduction, or "assigned minus," that you may need to permanently fund?
- Have you committed any funds to another department?

Strategically managing your budget, perhaps over a few years, may help you to effectively respond to these types of challenges.

How to Find Key Budget Information for Validation

Organizational Structure

To review your organizational unit's structure:

Login to Firefly and go to **SAP Logon**

> **Organizational Plan/Display Report** — Transaction code: PPOS_OLD

To review your financial reporting structure:

Login to Firefly and go to **SAP Logon**

> **Display Cost Center Group Report** — Transaction code: KSH3

Salary Budget Review

The purpose of the Salary Budget Review is to ensure that the details of each employee's salary data is accurate and that salaries are correctly categorized in your budget.

To review your Permanent Budget:

Login to Firefly, go to **Business Intelligence Reporting** and select: Budget > Current Year > **Permanent Budget**

⇒ Variable Entry Screen:

- Enter your Funds Center/Cost Object, click OK
- Select second tab "Permanent Budget Summary" and click Suppress Results

⇒ For each salary line, check the accuracy of:

- Position number
- Fund center
- Commitment item (G/L)
- Employee (personnel number)
- Wage type
- Perm budget amt (Salary amt)
- FTE

Submit corrections to the Budget Office on the "Budget Validation Changes" form found in

Firefly > Sapphire > Business Forms > UNL > Budget > Budget Validation Changes.

Budget to Actual Balance

Compare your budget to actual expenditures to ensure you have adequate funds for your operations, and those funds are appropriately placed in the budget categories from which you spend.

Login to Firefly and go to **Business Intelligence Reporting > Financial:**

There are three reports that may be helpful in reviewing Funds Center/Cost Object balances:

1. Summary Reports > **Summary by Fund Type** - enter your Funds Center(s)
⇒ Budget to Actual by Funds Center
2. Summary Reports > **Summary by Account Group** - enter your Funds Center(s)
⇒ Budget to Actual by Funds Center and G/L
3. Core Reports > **Salary Balances** - enter your Funds Center(s)
⇒ Budget to Actual by Position

UNL Budget Office 403 Canfield Administration

unlbudget@unl.edu

Phil 402-472-5243

Trent 402-472-5543

Theresa 402-472-0843