

13.2.c

Financial Documents: Annual Budget

The member institution provides the following financial statements:

- c. an annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.

For applicant and candidate institutions, including an applicant seeking separate accreditation from a current SACSCOC-accredited institution, the institution provides the financial information, including audit requirements, specified in the SACSCOC's policy entitled "Accreditation Procedures for Applicant Institutions."

Judgment

Compliant Non-Compliant Not Applicable

Narrative

Budget Development – General

The University of South Carolina annually prepares a balanced operating budget. The university's [budget](#) development process is a comprehensive planning effort representative of the vision of the university to provide research, teaching, and service for the citizens of the State of South Carolina. The process involves participation from the department level throughout all system institutions. The budget is developed to enhance our academic reputation, benefit our students, and contribute to the economic and societal health of the State of South Carolina.

Budget Development – External

The external budget planning process involves the South Carolina Commission on Higher Education, the Governor, and the General Assembly of the state of South Carolina.

The state budget process begins with a state agency's submission of budget requests to the Governor. The budget package includes the "base budget," special program requests, capital requests, proviso requests, a schedule of expenditure reductions that would be implemented in response to a state general funds reduction, and a statement of efforts by the state agency to reduce cost and burden to the businesses and citizens of the state of South Carolina. For higher education, public institutions submit their requests through the Commission on Higher Education (CHE), which in turn submits a request to the Governor on behalf of all institutions. The CHE does not have the authority to change the requests submitted by the institutions, but the CHE must recommend funding levels for special program requests and set priorities for capital projects. Although accredited jointly, individual budget requests are submitted for Columbia, Lancaster, Salkehatchie, Sumter, and Union.

The CHE's recommendations provide input for the Governor and the General Assembly. If the House and the Senate approve differing versions of the appropriations bill, a conference committee is formed to present a compromise package to the full General Assembly. Following ratification of the conference committee report, the bill goes to the Governor, who may exercise line-item vetoes, which the Legislature may override by a two-thirds vote. The General Appropriations Bills for FY2018, FY2019, and [FY2020](#) are available on the [South Carolina Legislature website](#).

Budget Development – Internal

Although the state provides budget guidance to the university, the state does not specify expenditures at an operating level but provides a lump sum state appropriation. Under the guidance of the Board of Trustees, the university establishes priorities and creates a comprehensive budget to meet those goals and to control expenditures. The university's President determines budget allocations under the advice of the Budget Update Group comprised of the Vice President for Academic Affairs and Provost (Provost); Senior Vice President for Administration; Chief Operating Officer (COO); Vice President for Finance and Chief Financial Officer (CFO); and Vice President for Student Affairs and Vice Provost.

The internal university budget process begins each January with a review of the tuition revenue and requests for new funding initiatives. The Budget Update Group reviews all unit budgets and assesses the impact of trends in enrollment, and state appropriations budget decisions considering the university's mission. The offices of the Provost and CFO's Budget Division review academic unit blueprints prepared by each academic dean and staff. They conduct meetings with each unit to discuss detailed current and future funding needs, relationship of needs to university strategic plans, and they review tuition and fee requests. The President holds budget meetings with the deans of the regional Palmetto Colleges campuses and Chancellors of the three comprehensive institutions as well as institutional support units such as Information Technology, Student Affairs,

Athletics, Facilities, and Finance.

The Board's [budget approval](#) authority is provided in the South Carolina Code of Laws ([S.C. Code of Laws, Title 59 Chapter 103 Section 35](#)). The Board of Trustees approves the annual academic tuition and fee schedule ([S.C. Code of Laws, Title 59 Chapter 112](#)). Additionally, the Board has authority over property and facilities ([S.C. Code of Laws, Title 59 Chapter 117 Section 60](#)).

Upon approval of the annual operating budget in June, the Board of Trustees delegates authority for budget execution to university administration ([USC Board of Trustees Bylaws, Article IV Section 1, Item J](#)). The approved budget becomes an important tool for the deans, directors, and staff accomplishing the objectives and goals established for the academic year, as is evidenced in the budget reports for FY2018, FY2019, and FY2020.

The Board of Trustees recognizes revenue and expenditures are reasonable estimates and reviews progress throughout the year. For effective monitoring, university Administration and Finance Division provides the Board with quarterly updates comparing budget to actual and prior year performance and explanations of significant variances. Supplemental schedules of revenue and expenditures are available by budget unit and by campus. Regularly, Administration and Finance Division personnel in the Budget Office, Office of the Controller, and Bursar's Office provide financial reports to the President, Budget Update Group and budgetary units. The Budget Office monitors and analyzes financial operations on a monthly basis through a series of internal reconciliations and review of selected financial data. Budget shortfalls require discussion and remediation plan with the Budget Office as well the Provosts Office for Academic Units.

Within the university, the responsibility of budgetary control rests at the unit chair or director level. Each unit budget manager receives electronic monthly financial reports that show the budget allocation (original and revised), the actual expenditures (current month and fiscal year), the open commitments (summarized and detailed), and the available balance. The university's Finance Intranet system provides electronic access to monthly and year-to-date statements previous fiscal years' data. In addition, each budgetary unit has on-line, real-time access to its budgetary status to ensure budgets are not exceeded.

Sources

-  [Board of Trustees Bylaws \(Page 13\)](#)
-  [Code of Laws - Title 59 - Chapter 103 - State Commission On Higher Education](#)
-  [Code of Laws - Title 59 - Chapter 117 - University Of South Carolina](#)
-  [June 21, 2019 BoT Meeting Minutes](#)
-  [SC Legislature website](#)
-  [State Appropriations Act 2019-2020](#)
-  [UofSC Budget Documents](#)