

CHAPTER V

FINANCIAL AND BUSINESS PROCEDURES

Section 5-1. Budget. The annual operating budget of the University System represents a primary instrument of fiscal control. It provides a firm estimate of resource availability and specifies the manner in which available revenues shall be allocated for effective support of goals and objectives. The general plan of the budgetary requests by the University System for the ensuing fiscal year shall be presented to the Board for final approval prior to presentation to the appropriate state agencies.

Following passage of the appropriation acts by the Legislature and approval by the Governor, the President shall submit a revised budgetary plan to the Board for approval, recommending those changes which are occasioned by legislative action.

After approval of such budgetary plan by the Board, a detailed budget shall be prepared in accordance therewith and distributed to the Board. The execution of the detailed budget shall be exercised by the President through the Chancellor concerned.

Section 5-2. Internal Budgetary Control. General policies for internal budgetary controls shall be established by the President. No obligation shall be entered into except on the authority of a general or specific budget approved by the Board. All appropriations shall lapse at the end of the fiscal year, June 30, unless otherwise especially provided by State statutes and/or the Board.

Adjustments within an approved budget entailing transfers between the principal categories (e.g., personal services, supplies and expenses, travel, and capital outlay; between income accounts only) of departmental budgets shall be made in accordance with policies established by the President. Budget adjustments entailing an overall increase or decrease in the total of the general University budgets and allocations from or additions to general University reserve accounts (restricted fund accounts, revolving funds, or gifts and grants-in-aid excepted) shall be made only on the authority of the President. All budget adjustments of restricted fund accounts, revolving funds, and gifts and grants-in-aid shall be in accordance with general policies established by the President.⁵

Section 5-3. Audit. Continuous audit shall be conducted of the transactions and records of all employees for the receipt and disbursements of funds; for the sale or purchase of materials, services, and property; for the keeping of accounts; and for the custody of property.

The Internal Auditor, under the direction and control of the chief business officer of the System Staff, shall review the business activities of the University System and shall assess the effectiveness of its records and insure appropriate accountability of University System resources.

Section 5-4. Execution of University System Contracts. All University System contracts shall be executed as follows:

- a. Contracts involving the purchase or sale of land, mineral rights, and other immovables; those involving significant University System policy; and major construction contracts shall be signed by the President only after approval of the Board or a specifically designated committee thereof.
- b. All other contracts may be executed on the authority of an official of the University System or of its various campuses as designated by the President unless directed to be otherwise executed by the Board or a specifically designated committee thereof.

⁵A summary of all budget adjustments, except those relating to restricted fund accounts, increasing or decreasing expenditure authorizations by allocation from or to the University Reserve accounts, or by changes in income accounts, affecting overall budgetary totals, shall be completely and regularly reported to the Board.

Section 5-5. Purchasing. No purchasing or contracting for goods and contractual services may be made except through specifically designated purchasing officials of the University System.

All purchase of goods and operating services are to be made in accordance with applicable State and Federal Laws, rules and regulations, as well as University System policies relative to purchasing.

Section 5-6. Travel. Travel at University System expense shall be made within the purposes for which funds are allotted and with the approval of the head of the department and the individual shall be reimbursed in accordance with University travel regulations, as prescribed by the President.

Section 5-7. Entertainment and Expenses of Visitors and Guests of the University System. Visitors and guests shall be reimbursed for costs of transportation only when such visitors and guests have rendered a definite service to the University System. Costs of entertainment of visitors and guests shall be drawn only from funds designated by the Board for such purposes.

Exception to this rule may be granted by the President or appropriate official designated by the President when entertainment and expenses are paid from restricted funds provided for such purposes.

Section 5-8. Custody and Control of University System Property. No one shall use for his or her own benefit or for any other personal purposes any University System property of whatever description; and no one shall be permitted to remove from the buildings or grounds any property belonging to the University System, unless approved by the President or appropriate official designated by the President.

Section 5-9. Use of University System Vehicles. All transportation equipment of the University System shall be used only on official business and shall be operated only by employees of the University System and others authorized by the President.

Section 5-10. Use of University System Facilities. The facilities and premises of the University System are for use in accomplishing its educational objectives and programs. The Board shall establish general policy under which permission shall be granted for the use of System facilities by departments and divisions of the University System, recognized campus groups, or non-University affiliated organizations. The administrative head of each campus shall prepare and file with the Office of the Board of Supervisors such detailed procedures as deemed desirable and necessary for compliance with the established general policy.

Section 5-11. Sale of Goods or Services and Operation of Business Enterprises. No department or agency of the System shall make sale of goods or services for cash or on account, other than those of a nature recurring for the activity, or operate a business enterprise without the approval of the President or appropriate official designated by the President.

PROCEDURES FOR HANDLING COMPLAINTS OF UNREASONABLE COMPETITION FROM COLLEGES AND UNIVERSITIES:

The following procedures are intended to meet the letter and spirit of Senate Concurrent Resolution 125 of the 1985 Regular Session of the Louisiana Legislature:

1. Private business or industry complaints of unreasonable competition from a public college or university under the jurisdiction of this Board shall be submitted in writing to the campus head whose college/school/department/personnel/activity is allegedly competing unreasonably with the private entity. The campus head shall forward a copy of any complaint to the System President or executive director who shall then inform the Board members of the complaint. If, however, the complaint is initially given to the System President, executive director, or a Board member, the complaint shall be transmitted to the appropriate campus head to initiate the process.
2. The complaint shall contain specific incidents complained of with all particulars thereto. If documentation evidencing the alleged unreasonable competition is available, it shall be attached to the complaint.

3. The campus head shall communicate with the person or persons filing the complaint and with the personnel against whom the complaint is made. If the complaint is resolved to the mutual satisfaction of the campus head and the complainant, the campus head shall notify the System chief executive officer of the means and terms of the resolution. If the complaint cannot be resolved, within 45 days of receipt, to the mutual satisfaction of the campus head and complainant, the campus head shall submit the matter in the form of a report to the System President or executive director. The 45-day period may be extended by mutual consent of the campus head and the complainant.
4. In the event that the campus head is unable to resolve the matter, the President or executive director shall communicate with all parties. If the complaint is resolved to the mutual satisfaction of the System chief executive officer and the complainant, the System chief executive officer shall notify the campus head and the Board of the means and terms of the resolution. If the complaint is not resolved, within 30 days, to the mutual satisfaction of the President or executive director and the complainant, the System chief executive officer shall submit the complaint, his report, and the campus head's report, to the appropriate committee of the Board. The 30-day period may be extended by mutual consent of the System chief executive officer and the complainant.
5. For any complaint submitted to the appropriate committee of the Board through the proper channels, the committee shall afford representatives of the complainant and the institution the opportunity for a public hearing in which they may present their complaints and explanations. The President or executive director shall officially notify all parties of said hearing at least 30 days in advance. The hearing shall be held within 60 days of the committee's receipt of the System chief executive officer's report.
6. At the conclusion of the hearing, if there is no need for further investigation, the appropriate committee of the Board shall make a determination as to the validity of the complaint. Each case shall be decided on its merits. The committee shall issue within 60 days after the hearing a report containing its findings and recommendations. The report shall be subject to full Board approval.
7. The Board shall issue a final report within 45 days of the committee's action.
8. The Committee report and the final report of the full Board shall be transmitted to the complainant immediately upon issuance, with a copy forwarded to the Board of Regents for informational purposes only. Additionally, a copy of each campus or System head's report on the resolution of a complaint shall be forwarded to the Board of Regents for informational purposes only.

Section 5-12. General. Student religious centers located on a campus of the University System may be furnished heat, electricity, water, and gas, all at the expense of the campus, when they can conveniently be supplied by the campus utility distribution systems. This policy shall not apply to utilities required for air-conditioning and similar services.

Fraternity and sorority houses located on a campus may be furnished heat, light, water, and gas at cost by the campus, and when minor repair work is performed, it shall be furnished at cost.

Self-supporting auxiliary enterprises (designated as Restricted Fund Accounts) shall be charged with the cost of all utilities, equipment, repairs, and alterations to buildings incident to their operations.

Section 5-13. Financial Exigency. Anything in the Regulations of the Board of Supervisors to the contrary notwithstanding, if the Board of Supervisors finds that a condition of Financial Exigency exists at an institution, within an academic or other unit of an institution, or in the LSU System generally, then the furlough, layoff, or termination of tenured faculty, non-tenured faculty or other contract employees before the end of their contract term will be handled in accordance with the Financial Exigency policy set forth below. As used herein, the term "unit" means any identifiable component of the LSU System at any level of its organization which has an annual budget for the operation of such component.

- a. **Definition of Financial Exigency.** A condition of financial exigency shall exist whenever the financial resources of a campus are not sufficient to support the existing programs and personnel of the campus without substantial impairment of the ability of the campus to maintain the quality of its programs and services. Financial exigency may result from a reduction in financial resources or from the failure to receive increases in financial resources sufficient to maintain quality. Evidence of financial exigency may include, among other factors, reduction of state appropriations, faculty and staff salary levels substantially below national and regional averages, significant loss of personnel or inability to attract new personnel apparently due to inadequate salary and other support, and substantial threat of deterioration of facilities due to lack of resources for maintenance.
- b. **Board of Supervisors Action.** The Board of Supervisors, in the exercise of fiscal responsibility, may decide to declare financial exigency with respect to the System as a whole, to one or more institutions of the System, or to any unit or program within an institution. Reasonable efforts shall be made to insure that students affected will be allowed to complete their programs, within the limits of budgetary restraints, at the institution or by transfer to another institution.

A declaration of financial exigency shall represent a determination by the Board of Supervisors, upon recommendation of the Chancellor and President, that the financial condition of a unit, institution or system has reached a crisis in which the entity must carefully re-examine its priorities and reduce programs or personnel or both to effect a cost savings sufficient to alleviate the financial exigency.

The determination of financial exigency affecting the System or any institution or within an academic or other unit of an institution shall be the sole responsibility of the Board of Supervisors, but the Chancellor of an institution, after consultation with representative faculty members and approval by the President, may request such a determination by the Board. A request for the declaration of a financial exigency at any level before the institution level must originate at the institution. When such determinations are made, this policy, along with any implementing procedures, will take precedence over those applicable Board policies which govern normal operating procedures.

Implementation of a declaration by the Board of Supervisors of financial exigency shall be developed with the understanding that action taken will be consistent with the basic mission of the System to provide the best possible education, research and public service.

- c. **Implementation of Declaration of Financial Exigency.** Upon a declaration of financial exigency by the Board of Supervisors, the Chancellor at each institution, after consultation with faculty and staff, and approval by the President, shall determine whether furloughs, layoffs or terminations are required and which employees will be affected. This determination shall be made in accordance with procedures established by the President, which will give primary consideration to the maintenance of a sound and balanced educational program that is consistent with the functions and responsibilities of the institution.

Faculty and other employees under contract who are furloughed, laid off, or terminated before the end of their contract terms for reasons of financial exigency shall, whenever possible, be notified at least ninety (90) days in advance of the date of the furlough, layoff, or termination. The notice of furlough, layoff, or termination shall be delivered personally or by certified mail, with return receipt requested. Notice shall be complete upon delivery or mailing. This notice shall include, in writing, a statement of the conditions requiring furlough, layoff, or termination, a general description of procedures followed in making the decision and a statement of the employee's right to respond orally and in writing to a designated official or committee of the institution and to review by the Chancellor within the time specified in the notice as to the reasons for the furlough, layoff, or termination. The employee(s) shall also have the right, upon written request within twenty (20) days from the date of notification of the final decision of the Chancellor, to apply in writing to the Office of the LSU System President for a review of the decision.

The term "furlough" as used in this policy, is defined as temporary leave without pay for any employee, including tenured faculty members or non-tenured faculty or other contracted employees, before the end of their contract term. The term "layoff," as used in this policy, is defined as the temporary dismissal of any employee, including tenured faculty members or non-tenured faculty or other contracted employees, before the end of their contract term. Layoffs may lead to eventual termination. Layoffs or terminations may occur within an academic unit or other unit of an institution without a net loss of faculty members or other personnel at the institution; that is, layoffs or terminations in some academic or other units may occur with simultaneous authorization of new positions for different duties in academic or other units, depending upon the needs of such units.

- d. Approval Required.** Anything in the regulations of the LSU Board of Supervisors to the contrary notwithstanding, if the Board of Supervisors declares financial exigency, either at an institution, within an academic or other unit of an institution, or in the System, as provided in section (b) above, program modifications or discontinuances recommended by the institution and approved by the President must be approved by the Board of Supervisors. With respect to the implementation of such program modifications or discontinuances upon a declaration of financial exigency, decisions with respect to furlough, layoff, or termination of any tenured faculty, non-tenured faculty, or other contract employee before the end of their contract term must be approved by the Chancellor and the President, and the decisions are final upon approval of the President. Review of such decisions by the Board of Supervisors is at its sole discretion.
- e. Termination of Financial Exigency.** Financial Exigency shall terminate at the end of the fiscal year in which it was declared.

