



Policy

Policy Title: Financial Planning

Number: B3009

Policy Type: Board - Executive Limitations

Responsible: Vice President of Finance & College Operations

Related Policies: [B2001](#), [B2002](#), [B2203](#), [B3005](#), [B3006](#), [B3007](#), [B3008](#)

Linked Procedures: None

Related Laws: [ILCS 805/3-20](#)

Related Standards: Government Finance Officers Association (GFOA)

HLC Criterion: 2A & 5B

Policy Statement

The Board has a fiduciary responsibility to utilize, maintain, and protect College financial assets and provide resources for strategic initiatives aimed at the attainment of the strategic outcomes. As such, with assistance from the Board Finance Committee, the Board directs the President to implement policies, rules, guidelines, procedures, and practices to assist the Board with this responsibility. Further, the Board directs the President to ensure the College's financial assets are used in ways that support the College's mission and achieve the Board's Strategic Outcomes.

Finally, without limiting the scope of the above statements by the following list, the President shall not fail to:

1. Engage the Board Finance Committee in the development of a long-term financial plan for the College.
2. Allocate resources in ways that are aligned with achievement of the Board's Strategic Outcomes.
3. Operate with a documented, multi-year strategy that can be expected to achieve a reasonable interpretation of the Strategic Outcomes.
4. Permit planning that explains and justifies assumptions, and identifies relevant environmental factors.
5. Permit budgeting for any fiscal period or the remaining part of any fiscal period that is not derived from the multi-year plan.
6. Permit financial planning that omits credible projection of revenues and expenses, separation of capital expenditures and operational expenses, cash flow projections, prior year comparisons, and disclosure of planning assumptions.
7. Provide prior year comparisons for departments.
8. Provide less than the amount required to address critical deferred maintenance as a priority over new capital infrastructure.
9. Provide in the annual operating budget adequate provision for plant and facilities maintenance, electronic and institutional equipment, program and course development, staff development, and institutional research.
10. Allocate 4.5% of the total operating budget for plant and facilities maintenance.
11. Allocate 3.5% of the total operating budget for electronic and institutional equipment.

12. Permit financial planning that includes credible three-year pro-forma trends of revenues and expenses.
13. Permit financial planning without a projected five-year facilities master plan.
14. Permit planning that risks any situation or condition described as unacceptable in the “Financial Condition” policy.
15. Permit financial planning that does not provide the amount of operating funds determined annually by the Board for its direct use during the year to ensure Board advancement and competent governance of the College, such as costs of fiscal audit, Board development, Board and committee meetings, and Board legal fees.
16. Prevent the disbursement of funds that exceeds the annual operating budget revenue projection for more than two consecutive years.
17. Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve future Strategic Outcomes.
18. Submit an annual budget document that addresses the aforementioned factors.

Change Log

Date of Change	Description of Change	Governance Unit
03-07-22	Initial Adoption	Board of Trustees
06-15-23	Minor grammatical edits; Added monitoring expectations.	Board of Trustees
05-16-24	Board Reviewed, No Changes	Board of Trustees