

# SOUTHERN ILLINOIS UNIVERSITY

## EDWARDSVILLE

**WPG #14a:** Recent hiring of an Assistant Vice Chancellor focused on capital budget needs should be supported to provide oversight and leadership on this important factor to reduce budget overruns and safeguard aging PP&E throughout the campus.

**WPG #14b:** The University must establish a separate annual capital budget to begin formally addressing deferred maintenance, prioritize and seek appropriate funding and develop clear strategic plans plotting a path forward.

**Recommendation (14a & 14b):** The workgroup recognizes the University's significant deferred maintenance backlog of \$700M and strongly supports the establishment of a dedicated annual budget to begin addressing these critical infrastructure needs.

To inform this recommendation, the workgroup consulted with the Vice Chancellor of Administration and the former Director of Facilities Management. Based on their input, an annual deferred maintenance budget of \$10M is needed to make meaningful progress toward reducing the backlog. However, even a minimum annual investment of \$2M would begin to move the needle.

A facilities fee was instituted several years ago to address deferred maintenance projects and fund the 21st Century project to renovate core buildings on campus. The facilities fee generates between \$6M and \$6.5M in annual revenue. In recent years, the revenue has been utilized to cover utility costs, fund one position within Facilities Management, and pay for minimal deferred maintenance projects. Any remaining revenue has been saved for future projects.

The workgroup recommends establishing a Capital and Deferred Maintenance Budget within the facilities fee account. Additionally, the Vice Chancellor for Finance and Administration will present an annual plan of proposed capital improvement projects, including cost estimates, to Chancellor's Council. Upon confirming alignment with the University's strategic priorities, the Vice Chancellor will assess whether the facilities fee revenue is sufficient to fund the projects or if additional resources are needed. The University Budget Office will identify and coordinate any available supplemental funding.

To further support this effort, the workgroup recommends pursuing strategies to reduce utility costs, including renegotiating provider contracts and exploring alternative energy sources. For example, the installation of a new solar farm on campus is projected to save approximately \$757,000 in utility costs in its first year. The workgroup also recommends that utility costs be paid from other Facilities Management accounts to preserve the facilities fee revenue for its intended purpose.

Finally, the workgroup recommends that the Vice Chancellor for Finance and Administration develop a formal policy to guide the institutional planning, prioritization, and execution of deferred maintenance projects. The policy timeline should allow for all stages of the process to be completed prior to the beginning of the annual budget process.

**WPG #21a:** Implement both preventative and detective controls within the expenditure/encumbrance process to identify and prevent overspending.

**WPG #21b:** For departments and/or roles with budget responsibility or a history of overspending, consider incorporating budget performance requirements in employee evaluations. This should be balanced also with incorporating financial incentives for such employees who manage their budget responsibly and save the University funding while still delivering on their departmental goals aligned with the University mission.

**Recommendation (21a & 21b):** The workgroup recommends that the University Budget Office proactively identify units at risk of deficit spending and implement enhanced internal controls. To that end, the following detective controls are recommended to be immediately incorporated into the University Budget Office procedures.

#### **1. Budget Development and Submission Review**

During the annual budget development process, University Budget Office staff will flag all accounts projecting a negative ending cash balance or a planned net operating deficit. Units with such accounts will be required to submit a detailed justification and a “get-well” plan, approved by the respective Vice Chancellor area budget director, outlining how they intend to bring the account back to a positive position.

A summary of these negative balances, operating deficits, and associated justifications will be compiled by the Director of University Budget and Analytics and submitted to the Chancellor for review and approval.

#### **2. Ongoing Monitoring During Forecasting**

As part of monthly or quarterly forecasting, the University Budget Office will monitor accounts showing signs of projected overspending. Staff will promptly engage with the appropriate budget directors to develop corrective action plans. These plans may include restricting future expenditures, reallocating costs to other accounts,

and recommending that any open SPA requests be delayed or denied pending review by the Chancellor.

In addition to detective controls, the workgroup recommends the following preventative internal controls to minimize the risk of overspending:

### **1. Pre-Approval of High-Value Expenditures**

As part of the original budget submission, units must provide a list of all planned expenses over \$50,000. This includes both individual expenses and aggregated project costs expected to exceed that threshold. Each proposed expenditure must include:

- A clear link to a specific pillar of the SIUE Strategic Plan
- A brief justification aligning the expense with strategic priorities

These proposed expenditures will be summarized and submitted to the Chancellor for review and approval.

### **2. Purchase Requisition Oversight**

All purchase requisitions over \$50,000 will require approval from the University Budget Office. Budget Office staff will confirm that each requisition was included in the pre-approved list submitted during the budget process.

If a requisition was not included in the original list, the Budget Office will request additional details from the unit, including alignment with the Strategic Plan, and submit the request to the Chancellor for approval. Only after receiving this approval will the Budget Office authorize the requisition.

### **3. System Controls in AIS**

Administrative Accounting will explore the available spending control features within AIS. The goal is to identify and implement system-based controls that can further reduce the risk of overspending.

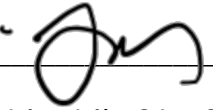
The University Budget Office will collaborate with Administrative Accounting to review and align auditing procedures for negative cash accounts.

Furthermore, the Fiscal Officer/Delegate Attestation Statement should be updated

to include language emphasizing accountability for sound budget and cash management practices.

The workgroup recommends that the Chancellor's Council establish a structured framework of incentives for units that adhere to or underspend their approved budgets, as well as consequences for units that exceed their budget allocations.

In addition, the Chancellor's Council should determine whether these incentives and consequences should be directed at individuals with budgetary decision-making authority or applied more broadly at the departmental or unit level, based on what will most effectively reinforce responsible financial stewardship.



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WPG #14a, 14b, 21a, 21b

Approved: James T. Minor, Chancellor

July 09, 2025

Date