

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

BUDGET PLANNING AND MONITORING POLICY

PURPOSE

The policies and procedures in this document govern the budgeting process, monitoring of the budget, performance monitoring and the review and revision of the budget.

OBJECTIVES

1. To create a budget that features realistic and conservative expense projections.
2. To ensure that the annual budgeting process is performed timely and supports MERS financial and operational planning objectives (clarity on financial goals, alignment of objectives, and performance measurement) and processes.
3. To ensure that actual versus budget variances are monitored and that variances are explained and reported.
4. To ensure that expenditures made are in line with MERS objectives.
5. To ensure that budgets are reviewed periodically for relevance and revised.

POLICIES

Annual Budgeting

1. CFO is responsible for preparing annual budget.
2. Budget is prepared based on planned expenditures and capital outlay.
3. Annual budget for the next financial year is prepared by the June Board meeting of each year.
4. Annual budget is submitted to the Executive Director for review and Board of Trustees for approval.
5. Items to be included in the budget should include (but not limited to) the following:
 - a. Operating Expenses – personnel expenses, operating expenses, travel expenses, and professional services
 - b. Budget for capital expenditures – equipment or projects that are over \$5,000

Budget Monitoring

1. A document showing the budgeted expenses versus actual expenses is to be prepared monthly.
2. The variance analysis is prepared using the document in number 1.
3. All variances are footnoted and discussed with the Executive Director prior to the next Board meeting.
4. Reasons for variances are presented to the Board of Trustees to allow them to and decide if there is a need to revise the budget.
5. The Board of Trustees shall approve all budget revisions.

Budget Revision

1. The CFO will revise budget after Board of Trustees' approval.
2. The revised budget is only used after approval is given by the Board of Trustees.

MERS BUDGET PROCEDURES

DATES	TASK	LEADER RESPONSIBLE	NOTES
March			
1-31	Request from staff recommendations to be considered for inclusion in the budget.	CFO	Requests for specific training, programming changes, office expenses, staff education, etc.
BD Mtg	Notify Board that the budget process is beginning and request input.	Executive Director, CFO	
April			
1 - 7	Provide budget worksheets to Executive Director, Benefits Administrator, CIO.	CFO	Work sheets include prior year balances, current year end projections, continuing education requirements, subscriptions, and travel.
1 - 30	Research requirements and costs.	CFO, CIO, Benefits Administrator	Provide to CFO.
15 - 30	Review capital plan and expense requirements.	Executive Director, CFO	Ensure that all strategic initiatives with budget impact are included in budget process.
May			
1 - 5	Develop projections and budget.	CFO	Use work sheets, general ledger detail and account analysis, and information gathered by staff.
6-10	Present draft budget projections and details to MERS Executive Director.	CFO	Make requested changes.
BD Mtg	Present draft budget and narrative to Board for initial review.	CFO	
June			
1 st Week	Make changes (if any) to budget.	CFO	
1 st Week	Send final proposed budget to MERS Executive Director.	CFO	
2 nd Week	Circulate proposed budget to all board members.	Board Secretary	Approximately one week before board meeting.
BD Mtg	Board considers budget for approval.	Board Members	Budget is presented to the board by the Executive Director & CFO.

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