

FACILITIES POLICY AND PRACTICE GUIDELINES

Budget Management and Controls

1. PURPOSE: To establish routine management practices and controls for the Facilities Division Operating Budget.
2. SCOPE: This policy and practice guideline applies to all Facilities Division Directors and Managers.
3. BACKGROUND:
 - A. The Facilities Operating Budget is organized into a series of BANNER ORG's within the FUND (1UT000) with which Facilities operates. Within each ORG a series of accounts and sub-accounts provide a breakdown of revenue and expense categories into manageable elements. Annually, the Division prepares an operating budget. Once approved, this operating budget becomes the "Approved Budget" in BANNER and does not change during the fiscal year. Facilities may make budget adjustments to reflect operational requirements. Such adjustments are reflected in BANNER as the "Adjusted Budget."
 - B. Generally, the ORG structure in BANNER is aligned with the organizational structure within the Division. That is, for each ORG, there is a responsible manager. This alignment allows the individual manager to know what their budget is and to be able to easily access BANNER reports that reflect year-to-date execution.
 - C. The Division Senior Leadership Team accepts that operating budgets are only plans and that exigencies do occur in our business. For that reason, the Leadership Team will monitor budget progress and expects responsible managers to exercise good judgment in making spending decision, but is ready to make budget adjustments as and when necessary to deal with unforeseen requirements.
 - D. Budget adjustments will only be done with the knowledge of the responsible manager.
4. POLICY AND PRACTICE:
 - A. Budget adjustment authority.
 - 1) A responsible manager may, within the ORG for which he or she is responsible and with the concurrence of his or her Director, reallocate budget amounts within similar accounts provided that the total revenue or expense budget for the ORG does not change. For example, the budget for direct material may be reduced and the budget for contractor services increased by the same amount within the same ORG.
 - 2) The responsible Director may, with the concurrence of the Assistant Vice President (AVP), reallocate budget amounts within the group of ORG's for which he or she is responsible and may reallocate budget amounts among dissimilar accounts. For example, the overtime budget in one ORG may be reduced and the student labor budget in another ORG increased by the same amount. Another example would be decreasing the OS labor budget to offset an increase in supplemental vendor services.

- 3) The AVP will, budget pressure permitting, hold a general contingency which may be allocated to meet emergent needs.
- 4) Budget Management.
 - a. Revenue and Expense budgets for the FUND must always balance. However, revenue and expense budgets for each ORG should ALWAYS reflect our execution plan and may not, nor need not, be in balance. It is far more important that at the ORG level, our budget reflects how we intend to operate.
 - b. Account Deficiencies.
 - i. Each BANNER account has a unique six character account number (e.g., 711106, 71C500, etc.) The available balance (that is, the amount shown in the adjusted budget, less year-to-date expense and current commitments) for any individual account should, but is not required to, remain positive.
 - ii. Exigencies do occur and it is not uncommon for an individual account within an ORG to have a negative balance. However, as a matter of good budget management practice, individual managers should strive to maintain a positive available balance for a family of accounts within the same ORG, that is, the subtotal for the group of accounts with the same first three characters (e.g., the group of accounts that start 718xxx or 71Cxxx.)
 - iii. By USNH policy, the available balance for the account group with the same first two characters (e.g., 71xxxx, 74xxxx) MUST remain positive. When an account group with the same first two characters in an ORG has a negative balance, all further attempts to make new commitments or to process payments are rejected by BANNER for non-sufficient funds. To process payments or allow new commitments requires an override. Responsible managers must identify non-sufficient fund situations to their Director and action must be taken, either by withdrawing planned spending, cancelling previous commitments, or making budget adjustments.
 - c. Tracking Budget Changes.
 - i. The Business Service Center will maintain a log of all budget changes, and/or modifications, and include this log as part of the monthly financial reports provided to Managers and Directors if so requested. Each budget adjustment will be accompanied by a formal Budget Change Request Form (BCRF) as to allow a proper audit trail of approvals and justification.
- 5) Budget Reporting
 - a. Within three to five business days from month end, the Business Service Center will distributed budget variance reports to all Directors and Managers. The primary purpose of this activity is to provide relevant information to the Director and Manager as to allow them to a) validate the year-to-date revenues and expenses incurred, and 2) to seek a budget update toward the year-end forecasted budget variance for the current fiscal year. It is the expectation that each Director will operate within their authorized operating budget, prioritizing available budget monies between ORGs as may be required. If however, due to mitigating circumstances this can not be achieved, the Director is expected to immediately approach the Senior Leadership Team seeking financial relief and/or propose recommendations for corrective actions.

Approved: April 24, 2006