BUDGETING

I. Purpose

Budgeting is an essential control mechanism for the effective management of any organization. In view of this, it is the purpose of this policy to provide clear and specific responsibility for proper budget management and control for the University of Arkansas System (System) governed by the Board of Trustees of the University of Arkansas. All funds available to the University will be budgeted on a fiscal year basis.

II. Submission of Budget

A. Campuses or units (such as the Division of Agriculture, Criminal Justice Institute, and System Administration) are to submit budgets to the President and Board of Trustees on an annual basis at a meeting designated by the Board prior to the start of each fiscal year.

B. On a quarterly basis, campuses or units will prepare a report comparing actual amounts to the budget in a format specified by the Vice President for Finance for the System. The report will include an Executive Narrative explaining budget adjustments and significant variances between actual and budgeted amounts.

C. The approval of a budget does not waive statutory, policy or other restrictions for expending funds.

III. Budget Controls

A. Control amounts will be established in the accounting system for campuses or units that will enable the Chief Financial Officer (CFO) to monitor compliance with authorized spending levels. Controls must include position control, which is a part of the personnel budget process. Control amounts must also be budgeted for transfers, both mandatory and non-mandatory, and the use of fund balances.

B. Each CFO of the campus or unit shall develop appropriate internal controls and procedures and insure that established control limits are not exceeded without prior approval by the head of the campus or unit or his/her designee.

IV. Budget Revisions

A. Upon approval of the annual budget by the Board of Trustees, these budgets become the basis of operations for each of the campuses or units.

As changes in the basic budget assumptions occur throughout the year (changes in enrollment, state forecasted general revenues, etc.), campuses or units may make budget adjustments to reflect those changes. However, any proposed material adjustment must be submitted to the President for review and approval. The materiality standards are as follows and represent cumulative adjustments during the fiscal year:

1. Revenues
   a. Tuition, Fees, State Revenues, Local Sales Tax: 10%
   b. All other revenues: 25%

2. Expenditures
   a. Compensation and Fringe Benefits: 5%
   b. All other expenditures: 10%

B. All budget adjustments (deemed both material and non-material) to the line items enumerated in the quarterly financial reports to the Board of Trustees will be explained in an Executive Narrative.

January 24, 2014