

BUDGETING PROCESS POLICY #155

Policy Administrator:	Executive Director or designee
Authority:	Section 89900 of the Education Code and Section 42400 of Title 5 of the California Code of Regulations
Effective Date:	11/20/14
Updated:	02/21/19 (approved 03/21/19)
Cross References:	

Policy Statement: It is the policy of the CSU Fullerton Auxiliary Services Corporation to develop an annual operating and capital budget for the activities of the organization.

Purpose: Budgeting is a critically important part of managing the ASC and is directly related to meeting organizational goals and objectives. The budget is management’s commitment to develop present and future organizational activities; to ensure that expenditures do not exceed available resources; and that the budget plans are fiscally sound and sustainable. This policy establishes the preparation, adoption, monitoring and management of the ASC annual budget process and applies to all general, enterprise and building funds.

Preparation & Adoption.

1. Requests for budget information will be sent annually to all project directors responsible for preparing operating and capital budgets and forecasts. The budgets will then be submitted to ASC’s Financial Services division.
2. Budget submitted will include:
 - A. A detail of revenues and expenses anticipated, set forth on a monthly basis;
 - B. Request for capital expenditures;
 - C. Requests for new staff positions;
 - D. A forecast of current year revenues and expenditures; and
 - E. If necessary, each budget proposed and submitted must be accompanied by a narrative explanation (justification) of material fluctuations in budget amounts from prior years.

After appropriate revisions are complete, a compilation of all department budgets is created, and a draft of the ASC budget, as well as individual departmental budgets, is presented to the Executive Director for discussion, revision and preliminary approval. The final draft is then submitted to the Executive Committee, and finally to the entire Board of Directors for adoption. Upon approval by the Board of Directors, the ASC administration shall submit its annual budget for approval to the President of the University.

Public Relations Fund. As stated in Policy 111, the President of the University, if deemed appropriate, shall include a request for community outreach as part of the annual budgeting

process. The request is submitted to the ASC Board of Directors for approval. Upon approval, ASC gifts to the University will be based on funding available from the prior year's earnings, after requirements for capital spending, reserves and debt service are considered. The amount of the gift will be presented, in total, to the University President for distribution.

Capital Expenditure: Capital expenditure budgets approved by the Board are effective for a three (3) year period. After three (3) years, unused capital spending budgets are not considered available and expenditures must be resubmitted for Board approval.

Monitoring Performance. It is the policy of ASC to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process. On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Financial Services division and distributed to each director and department head.

Budget Modification: After the budget has been approved by the Board of Directors and adopted by the ASC, reclassification of budgeted expense amounts within a single department may be made by the directors with approval. Also, reclassification and any budget modification resulting in an increase in budgeted expenses, or decrease in budgeted revenues, can be made only with approval of the Executive Director.

As the ASC engages in capital ventures and other unanticipated opportunities, it is likely that unanticipated expenses will occur. The Executive Director is authorized to expend funds which have not been previously approved in the fiscal operating budget. Such expenditures must be reported to the Board of Directors, and the Executive Committee, at their next regularly scheduled meeting. These unanticipated expenditures cannot exceed \$100,000 per quarter without prior approval of the Executive Committee or the Board of Directors. ASC administration is required to submit budget modifications with detailed information to the Executive Committee, the Board of Directors and the President for these types of unanticipated expenditures.

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