



RUTGERS POLICY

Section: 40.1.3

Section Title: Budget Management

Policy Name: Budget: Control (Legacy UMDNJ)

Formerly Book: 00-01-50-05:05

Approval Authority: Senior Vice President for Finance and Treasurer

Responsible Executive: Vice President for University Budgeting

Responsible Office: University Budgeting

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Revisions: N/A

Errors or changes? Contact: obrs@rci.rutgers.edu

1. **Policy Statement**
The policy covers Rutgers University employees who are employed within Legacy UMDNJ positions
2. **Reason for Policy**
To establish Budgetary controls for State appropriated funds in the UMDNJ Banner System
3. **Who Should Read This Policy**
All Rutgers employees who review and maintain budgets within the Banner System at Legacy UMDNJ Schools/Units
4. **Related Documents**
N/A
5. **Contacts**
The Vice President for University Budgeting
6. **The Policy**

40.1.3 Budget: Control (Legacy UMDNJ)

- A. Legacy UMDNJ is mandated by statute to remain within its budget appropriation, therefore, it is necessary for all Legacy UMDNJ faculty and staff members who have budget responsibility to exercise firm control over their areas. The Legacy UMDNJ Budget Manual contains the current list of the Legacy UMDNJ Budget Organization Units and identifications of responsible individuals. Proper control responsibility starts at the cost center supervision level, and passes up through the organization. In this way the President and the senior administration assures judicious use of appropriated funds.

- B. The approved Governor's Budget is broken down into program elements for each (organizational) unit. Adherence is required by current state policy only to each unit's total expense on appropriation dollars, revenues, and positions budgeted, and to the agreed-upon goals and objectives of each unit. Within this framework each unit is free to prudently budget its dollars as it sees fit among its cost centers and object code expense within its costs center.

Each Unit is expected to live within its annual working budget in total for both dollars and Full Time Equivalent (FTE's). The University expects each department of each Unit to live within its annual dollar working budget. Prior approval by the Department of Higher Education and the Office of Management Studies and Budget is required for:

1. transfers between units
2. increasing a unit's FTE's beyond the number in the approved budget;
3. increasing a unit's expense appropriation beyond budget utilizing any excess (over budget) general service income or hospital service income.

In all cases, approval requests to the cognizant cabinet officer, etc. will be made in writing by the President or (his designee: Senior Vice President for Finance and Treasurer) after determination of desired action.

- C. When there are changes to the existing working budget involving:

1. transfers between organizational units;
2. transfers between departments of the same unit;
3. decreases or increases in departments resulting from decreasing or increasing a unit's total working budget as mandated.
4. The following level of approvals are required:

Type

Approval

- i. Transfers between units

Dean or Administrator of each unit, and Associate Vice President for Resource Management and President (or designee-Senior Vice President for Finance and Treasurer) and DHE/OMB

- ii. Transfers between departments for the same unit involving:

10% or more of the initially approved working budget of the transferring department

Dean or Administrator and Associate Vice President for Resource Management and President (or designee-Senior Vice President for Finance and Treasurer)

Less than 10% of the initially approved working budget of the transferring department

Dean or Administrator with a complete set to Director of Budget

Type

Approval

iii. Transfers within a Department of a unit involving:

20% or more of the major object code of that department's initially

Dean or Administrator and Associate Vice President for Resource Management and President (or designee-approved working budget- Senior Vice President for Finance and Treasurer)

Less than 20% of the major object code of that department's initially approved working budget

Dean or Administrator with a complete set to Associate Vice President for Resource Management

iv. Decreases or increases in departments resulting from decreasing or increasing a unit's total working budgets mandated

Dean or Administrator and Associate Vice President for Resource Management and President (or designee-Senior Vice President for Finance and Treasurer and, where appropriate DHE/OMB

5. Mechanics of Changes to the Working Budget

The role of the Associate Vice President for Resource Management in the preceding process is twofold:

- to record for information purposes all transfers not requiring the Senior Vice President for Finance and Treasurer approval and to then route them into the accounting systems.
- to forward to the President (or Senior Vice President for Finance and Treasurer and Cognizant Cabinet Officer if necessary) all transfers requiring his approval, and into the accounting system, if approved.

a. Transfers between units

All requests for transfers between units require initial approval by the Dean or Administrator of each unit. The Associate Vice President for Resource Management will prepare Request for Budget Transfer Form, and will forward to the units for signature. Upon their return, the Associate Vice President for Resource Management will send them to the Senior Vice President for Finance and Treasurer for his signature before forwarding to DHE/OMB. When DHE/OMB notifies the Associate Vice President for Resource Management of approval, he will in turn notify the unit's Business Office which will implement the transfer.

b. Transfer between departments of same unit - 10% or more of budget

All requests for transfer between departments of the same unit involving 10% or more of the transferring department's budget should be prepared by that unit's business Office on Request for Budget Transfer Form with Dean or Administrator approval and sent to the Associate Vice President for Resource Management. The Associate Vice President for Resource Management will forward to the Senior Vice President for Finance and Treasurer and notify the Business office to implement the transfer when approval has been granted.

c. Transfers between departments of same unit - under 10% of budget

All requests for transfers between departments of the same unit involving less than 10% of the transferring departments budget should be prepared by that unit's Business office on a "Request for Budget Transfer Form" with Dean or Administrator approval and sent through the Associate Vice President for Resource Management who will record the transfer and route it to the accounting system.

d. Transfers within a department - 20% or more of major object code

All requests for transfers within a department involving 20% or more of its transferring major object code should be prepared by the Business Office on the "Request for Budget Transfer Form" with Dean or Administrator approval and sent to the Associate Vice President for Resource Management. The Director will forward to the Senior Vice President for Finance and Treasurer and will notify the Business Office to implement the transfer when approval has been granted.

e. Transfers within a department - 20% of major object code

All requests for transfers within a department involving less than 20% of its transferring major object code should be prepared by the Business Office on a "Request for Budget Transfer Form" with Dean or Administrator approval and sent through the Associate Vice President for Resource Management who record the transfer and route it to the accounting system.

f. Changes in Unit's total working budget

All requests for decrease or increase in unit's total working budget will be in response to mandated changes as directed by the Senior Vice President for Finance and Treasurer to the affected unit. The unit's Business Office should prepare the changes on the "Request for Budget Transfer Form" with Dean or Administrator approval and send it to the Associate Vice President for Resource Management. The Associate Vice President for Resource Management will forward to the Senior Vice President for Finance and Treasurer. Upon approval, the Associate Vice President for Resource Management will notify the Business Office.

It is recognized that occasions may arise where the President's and DHE/OMB's approval is required but the delay in obtaining it could cause missing a deadline in entering transfers into the accounting system. In such instances, the Associate Vice President for Resource Management, will use this discretion and may authorize implementation of the change subject to the President's and possibly DHE/OMB's approval. Should there be subsequent disapproval, the Associate Vice President for Resource Management will request the Business Office to make the appropriate reversal.

6. Enforcement of the Working Budget

a. Department

No department may add personnel or make other commitments without the written approval of the Dean or Administrator where such action would result in exceeding the year's FTE, salary or non-salary budget for that department. Before granting such approval, the dean or Administrator must obtain funds through the transfer mechanisms described in the preceding paragraph 5, "Mechanics of Changes to the Working Budget".

b. Unit

No unit may add personnel or make other commitments without the written approval of the Senior Vice President for Finance and Treasurer where such action would result in exceeding the year's FTE, salary or non-salary budget for that unit. This will precipitate a request for transfer as described in the preceding paragraph 5, "Mechanics of Changes to the Working Budget".

7. Controls by the State

a. Prior approval by the DHE and the Budget Bureau is required for:

- transfer between units;
- increasing a unit's FTE's or expense appropriations beyond the Budget;
- utilizing any excess over budgeted general service income;
- hospital service income.

b. Approval requests to DHE/OMB are to be made in writing by the President or Senior Vice President for Finance and Treasurer.

8. Each month Financial Statements, Budget Comparison Reports, and detailed Department Transaction Reports are issued for comparison of actual expenditures to that which was budgeted.

a. Budget Comparison Reports compare "actual" vs. "budget" by Department for each unit. Distribution is internal. These reports, plus accompanying narratives to respective managers highlighting items requiring corrective action, are a prime device for monitoring expenses. Managers are expected to reply in writing citing reasons for exceeding budget and remedial action planned.

b. Department Transaction Reports are internal only and distributed to department heads showing their detailed expenditures by object code vs. budget.