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RPM 7.20: Budgets and Fund Balances

Regents of the University of New Mexico

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Subject: BUDGETS AND FUND BALANCESApplicability

This policy applies to budget management and use of fund balances for Current Unrestricted funds at the University of New Mexico with special emphasis on Instruction & General funds.

Policy

The Board of Regents has a fiduciary responsibility to ensure effective, efficient management of funding provided to the University to fulfill its mission of education, research, and public service. Budgeting involves all segments of the University and is a continuous process designed to ensure the best use of available funding. Budget management requires short-term and long-range planning, and involves setting up program priorities, requesting funding, allocating available funds to various programs and projects, preparing and maintaining the budget, and reporting on the use of funds and intended use of any unexpended funds.

Reporting and Review of Fund Balances

At the end of each fiscal year departments responsible for Current Unrestricted funds will submit a budget use report to the cognizant vice president. The report will include beginning balances, new revenue, expenditures, transfers, and ending balances for the fiscal year just ended. In addition, the report for Instruction & General funds will include the ending fund balances as a percentage of the budget for each department. The Budget Office will submit a comprehensive report on fund balances to the Board of Regents at their November meeting. This information will be reported University-wide for Instruction & General, Student Social and Cultural Development, Research, Public Service, Financial Aid, Auxiliary Enterprises, Athletics, and Independent Operations.

Allocation of Fund Balances

It is critical to the fiscal integrity of the University that adequate central reserves be available to address unexpected and/or critical needs of the University; therefore, the Regents may transfer a percentage of annual savings in Instruction & General fund balances to a central fund. The Regents will determine how these funds will be allocated in support of the mission of the University. This process provides an incentive to budgetary units to build balances for future use, while also recognizing that cost savings throughout the University need to be available to address institutional priorities. An exception to this policy may be granted if a department submits a plan for use of its fund balance to the cognizant vice president for approval. If approved by the cognizant vice president, the plan must then be submitted to the Regents for final approval.

Deficit Balances

If a department anticipates a year-end deficit, the deficit will be covered by the next higher-level responsible administrator or the department's budget will be reduced by an amount sufficient to cover the prior year's deficit. Exemption from this process requires written approval from the cognizant vice president.

Implementation

Every department with a negative fund balance that existed on or before June 30, 2005, must submit a deficit reduction proposal by March 31, 2006, for review and approval by the cognizant vice president. The proposal will include a plan for phased reduction of the deficit. The President shall adopt administrative policies and procedures for implementing this policy.

References

RPM 1.1, "Responsibilities of the Board of Regents."