



BFA Administrative Detail: #30 – 2

Resolution of Year-end Deficits

1.0 PURPOSE

To ensure effective fiscal management of university resources while meeting operational needs of divisions.

2.0 BACKGROUND

As operating units continue to grow and institutional financial flexibility remains limited, the charge of divisional budget officers becomes increasingly critical to ensure that operating expenditures do not exceed approved annual operating budgets. The Vice Presidents meet quarterly to review general operating funds budget to actual and variances reports. This directive will assist the divisions in resolving any deficits prior to the end of each fiscal year close. Additionally, this directive addresses steps that will be taken in the event a deficit cannot be resolved before fiscal year end close.

3.0 OVERVIEW

All funds (appropriated, capital, auxiliary, self-support, etc.) shall be spent in accordance with university, state and system policies. Authority to spend funds brings with it the responsibility for effective fiscal management. All divisions should meet operating needs within their available approved annual budget. Any deficits should be cleared in a timely manner.

Operating budget deficits may be carried forward from one fiscal year to the next, but only under rare and extraordinary circumstances and approved by the Vice President for Finance & Administration. Additionally, if a deficit carry forward is approved, an authorized deficit resolution plan shall be developed to document the steps to be taken by the division to resolve the established deficit.

Deficits that are not cleared in a timely manner consistent with a deficit resolution plan may result in adjustments equal to the deficit in the following fiscal year's budget to clear the outstanding deficit.

4.0 CITATIONS AND LINKS TO APPLICABLE STATE LAW, CSU POLICIES, ETC.

CSU Executive Order 1000, delegates authority and responsibility to the President for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity. The campus Chief Financial Officer shall be the primary campus financial officer in respect to administration of these delegations of authority and responsibility ensure that expenditure commitments do not exceed available resources and that budget plans are fiscally sound and sustainable. <http://www.calstate.edu/eo/EO-1000.html>

Also see, CSU Channel Islands Fiscal Services Budget reports <http://www.csuci.edu/budget/financial-reporting.htm>

5.0 PROCEDURES

Division budget officers are responsible for monitoring financial activity and for reporting deficits to their appropriate Vice President or administrator. All university areas are required to operate within their approved budget allocations. The divisional budget officer is responsible for resolving any deficits prior to the close of the fiscal year end. Any deficits that remain at fiscal year-end close and have an approved deficit resolution plan in writing will be carried forward into the next fiscal year.

Monthly Close: As part of the university monthly close process, Fiscal Services will prepare reports for all university funds. These reports shall reflect available balances in each fund – self-supporting fund and for general operating budgets by division/department. Each division shall ensure that these reports reviewed in a timely manner by fiscal managers within their division. Any discrepancies from this monthly review shall be communicated as soon as possible to Fiscal Services. During the quarterly financial review meetings with the Vice President for Finance & Administration and Associate Vice President for Finance, the divisional Vice President and budget officer shall be informed of their current budget position to discuss the financial outlook for their area(s) through the end of the fiscal year.

Reports:

General Operating reports include:

- Beginning base budget for expenditures and revenue
- Any permanent base budget adjustments
- Any system-wide allocation transfers (one-time in nature)
- Campus one-time expenditure allocations
- Any university-wide transfers (between divisions or departments within the same division)
- Actual expenditures to date
- Percentage calculation that indicates the percent of the fiscal year budget expended. This percentage should be at or less than number of months the fiscal year has transpired. For example, if 6 months has transpired, approximately 50% would reflect expended; if 9 months has transpired then approximately 75% of the annual budget would be expended.

This report is available within 15 business days of the close of the month on the fiscal services website. Fiscal Services will monitor all General Fund budgets at a division level. Each divisional budget officer will be responsible for individual programs/departments within their respective division. For Self-Support Budget reports, these include beginning balances, current year expenditures, current year revenue and balance available. If the balance available is negative, a plan must be immediately implemented to rectify the deficit.

Deficit Resolution Plan:

In the situation that a deficit results at the end of the fiscal year in a division, a deficit resolution plan shall be submitted in writing to the Vice President for Finance & Administration. Upon approval, a notification will be sent to the division and Fiscal Services. All deficit resolution plans must be submitted no later than 15 days after the end of the fiscal year. If this is not received, Fiscal Services will reduce the current fiscal year budget effective August 1.

The plan must include the following information

- Date of the Request
- Name of Division
- Name of Division contact person (include phone and email)
- Explanation for why the deficit occurred
- Proposed business plan for clearing the deficit. This should include as much detail as possible including historical perspectives and future projects, so that the plan is presented in the context of actual operating results. It must also include your analysis of the cause of the deficit and rationale for how it can be eliminated through decreased expenditures or increased revenue.
- Proposed timeline for clearing the deficit
- Signature of Vice President

The Vice President for Finance and Administration will review the request and provide a response within 10 business days of submittal. Approved deficit resolution plans will be monitored by fiscal services and reviewed quarterly for compliance.

6.0 DEFINITIONS

Deficit: The amount by which expenditures exceed a budget allocation or revenue available in a specified fiscal period.

General Operating Budget: General Fund appropriations and Student Tuition Fee revenue, these are funds beginning with GDXXX.

Self-Supporting Budget: Budgets supported by revenues generated from sources other than student tuition fees and state appropriations. These types of budgets include parking, student housing, extended university, grants & contracts, miscellaneous fees, capital project management etc.

7.0 CONTACTS

For further information, please contact:

AVP for Finance missy.jarnagin@csuci.edu X3282

University Budget Analyst tracy.cole@csuci.edu X3280

REVISION TRACKING

Author: M. Jarnagin, AVP Finance
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Revision History

Revision Date	Revised By	Summary of Revisions	Section(s) Revised

Review / Approval History

Review Date	Reviewed By	Action (Reviewed, Recommended or Approved)
10/24/12	Y. Trinidad, VPFA	Approved

