

## **205-03 BUDGET CONTROL AND MONITORING—PROCEDURE**

### **1. PURPOSE**

The adopted budget is the financial plan that the College will use to monitor financial activity. The purpose of budget control is to ensure that actual expenditures do not exceed the adopted budgeted expenditures.

### **2. PROCEDURE**

#### **1. Budget Controls**

The College maintains budgetary controls by line item of the approved budget. An encumbrance accounting system is maintained by the College to accomplish budgetary control. Open encumbrances are not reported as reservations of fund balance at year-end, but are liquidated (lapse at year-end). Encumbrances are re-established at the beginning of the next fiscal year as an obligation against the current year's adopted budget.

#### **2. Budget Managers Responsibilities**

Budget managers have delegated authority for budget management based upon their employment classification. Budget managers must be classified at either Administrative or Professional Technical level. In addition to creating annual budgets for their assigned organizational detail code budgets, budget managers are responsible for approving pro-card statements, requisitions, personnel action forms (PAFs), budget adjustments, and travel forms, as well as regularly monitoring their budgets.

#### **3. Budget Status Reports**

The budget office is responsible for developing and issuing Budget Status Reports.

##### **a. Budget Status Reports by Organizational Detail Code (Banner)**

The Budget Office prepares a monthly Budget Status Report by organizational detail codes out of the Banner system and sends the document to all budget managers. Budget managers are required to review the report by line item and research any anomalies. If corrections need to be made, they need to contact the Business Office as soon as possible to make corrections.

##### **b. Budget Status Report for District Governing Board Meetings**

The Budget Office prepares Budget Status Reports for the board meetings that include an all funds summary and a two-year general fund analysis. The all funds summary compares revenue and expenses year-to-date to the adopted budget and shows the percentage of budget received or expended year-to-date. The general fund summary compares revenues and expenses year-to-date compared to budget and percentage received or expended year-to-date for the current and prior year. An explanation is provided for significant variances.

4. Budget Adjustments  
Changes in current operating conditions may require the reallocation of resources within an organizational budget code or across various organizational codes. If needed, budget adjustments require appropriate approvals and are processed through the Budget Office. Budget adjustments are for temporary internal management purposes and do not modify the formally-adopted budget. The total budget may be decreased, however, the total budgeted expenditures may *not* be increased.
5. Budget Performance Analysis  
Following the close of the fiscal year, the College prepares a budget-to-actual report for the District Governing Board. An explanation is provided for significant variations between budgeted and actual amounts. An examination of differences in the budget compared to actual performance is used in evaluating future budgets.
6. Expenditure Limitation  
For the Purpose of the expenditure limitation report, the District budget shall be reduced to an amount equal to actual expenditures, once actual expenditures have been determined by the annual audit conducted on the District's financial statement. Any other modifications to the approved District budget must be via formal District Governing Board resolution.

### **3. BACKGROUND**

1. References: Uniform System of Accounting and Financial Reporting for Arizona Community Colleges and Government Finance Officers Association
2. Revision history: 03/11/2015 (new)
3. Legal review: none
4. Sponsor: Business and Administrative Services

Approved by College Council: 03/11/2015

**COCONINO COMMUNITY COLLEGE**