



OPERATING BUDGET MANAGEMENT POLICY

The Harvey Mudd College Administration acknowledges its responsibility to provide an exceptional educational experience to its students while at the same time operating within the parameters of the Board Approved Annual Operating Budget. The Treasurer's Office's primary budget responsibilities include the allocation of resources, the development of the proposed annual Operating Budget, providing budget to actual projections, and the year-end review of the Operating Budget results.

The annual budget process is designed to allocate the necessary resources to the College's departments in order to meet the mission of the College. Program changes and requests for additional budget support, with budget justification notes, are prepared by individual President's Cabinet members and submitted to the Treasurer's Office, as part of the annual budget process.

Responsibility for day-to-day management of the Operating Budget will be conducted by the Assistant VP, Finance and Budget. Requests for line-item budget reallocations may be made by Cabinet members, department chairs, program directors, or principal investigators (as allowed under grant provisions). Reallocations of line-item budget accounts should reflect on-going redirection of program resources to meet the needs of the department, not for one-time or unexpected expenditures that occur infrequently. Cabinet members, department chairs, program directors and principal investigators (for grants and contracts) are responsible for using allocated budget resources to meet the needs of their programs without over-expending budgeted resources.

Monitoring of budget to actual activity occurs as part of the month-end reporting process.

The following procedures define budget overruns and describe how they will be monitored and managed:

- **Departments that have expended 10% or more above the department's prior year operating budget, adjusted for increases from the prior year (within a unit, in a similar period within a fiscal year) will be contacted by the Treasurer's Office** for a review of program activity.
- When contacted by the Treasurer's Office, **the Cabinet member, department chair or program director is responsible for responding to the request for program activity review within two weeks.** If no response is received by the end of the two weeks, the VP for Administration/Treasurer will meet with the President to determine the need to freeze accounts and/or purchase cards from departmental use. **Upon authorization by the President, the Treasurer's Office will communicate to the department suspension of accounts and/or purchase cards. Unfreezing the accounts and/or purchase cards will require written approval** from the President and the VP for Administration/Treasurer.

- **Any over-expenditures of operating budget resources** must be offset from other funding sources (i.e. discretionary funds) or by requesting **an approved budget variance in writing from the President and VP for Administration/Treasurer.**
- Requests for an approved budget variance should include general ledger unit for which the request is being made, amount of variance requested, reason for variance request and if there are any other identifiable funding sources that may help offset budget overages (e.g. other unit under-expenditures may be used to offset overages).
- Budget variance requests less than \$10,000 may be approved by the Assistant VP, Finance and Budget after review by the VP for Administration/Treasurer.
- Budget variance requests over \$10,000 but less than \$25,000 will be reviewed and approved by the VP for Administration/Treasurer.
- **Budget variance requests over \$25,000 will be approved by the President and the Treasurer.**
- **Material budget variances** (even with President and Treasurer's Office approval) **will be included in the Trustee Budget Committee meeting materials.**

With prudent use of budgeted resources, the college will be able to maintain strong financial health which will allow us to continue to provide the exceptional educational program that our students and their families, faculty, staff, and trustees hold as the mission of the college.