I. SCOPE AND APPLICABILITY

These policies provide guidance in implementing the operating budget for FY 2005.

The execution policies apply to all general, special, federal (excluding extramural) and revolving funds appropriated to UH M_noa, including prior year balances. Expenditure of these funds is subject to the applicable policies and procedures specifically stated herein and to specific policies and procedures that may be issued by the UH President and the Governor.

The policies and guidelines are subject to modification should the Governor or the President change existing or implement new policies. The M_noa Budget Office will issue revised guidelines and instructions to implement such changes.

II. GENERAL STATEMENT OF POLICY

Budgets are plans which reflect the allocation of resources to M_noa programs in order to achieve the academic and research priorities of the campus set forth in the strategic plan. Once authorized, the implementation of budgets should conform to budgetary decisions, reflect efficient cash flow, and comply with statutory requirements.

Program managers (deans and directors) should manage programs within budget allocations. Unanticipated needs or opportunities requiring additional resources are to be funded from within the approved allocation. Internal reallocation and rebudgeting are expected of all managers.

III. APPROPRIATIONS AND ALLOCATIONS

A. Appropriation Requirement

Expenditure of funds must be made in conformance with the purposes for which they are appropriated. Programs should carry out such purposes effectively and efficiently. Appropriations serve also as a limit of expenditure. At no time should the total expenditures of the campus exceed appropriations.

B. Allocations
Programs must plan operations and expenditures for the fiscal year within allocation ceilings approved by the Chancellor. Total expenditures and total filled positions at any given point in time during the year must not exceed the approved allocations unless specifically authorized by the Chancellor.

IV. ANNUAL EXPENDITURE PLANNING

A. Expenditure Plans

Expenditure plans are required for each appropriated fund. These plans should be entered in the Budget Level Summary (BLS) system. The Mnoa Budget Office will prepare summaries and forward them to the Chancellor or the Chancellor’s designee for approval. Planned expenditures of carryover balances from previous years that have been approved by the Chancellor should be incorporated into the BLS expenditure plans.

B. Variance Reporting

The expenditure plans should be updated quarterly to reflect actual expenditures and amendments to the planned expenditures for subsequent quarters. Any variance in total expenditures for a quarter exceeding 10% of the planned amount should be explained.

C. Web-Based Expenditure Control

The BLS system will be able to provide program and means of financing (MOF) totals, enable online approval of changes to program allocations/expenditure projections, and provide Level V expenditure control to ensure that programs do not expend in excess of their allocations. These modifications to the system are in response to the findings and recommendations contained in the Legislative Auditor’s report on the special and revolving funds of the University.

Expenditure control will be implemented at the levels currently entered in the BLS system: by school/college for general, tuition special and RTRF; and by specific fund for all other non-general funds. The control will be by total allocation, not by character of expenditure.

V. MAJOR EXPENDITURES

Any planned expenditure or commitment which exceeds $250,000 requires the prior approval of the Chancellor. Such expenditures must not be parceled.

VI. FUND BALANCES
A. Research and Training Revolving Fund

FY 2004 balances may be carried over as follows:

1. Funds which are encumbered or for which a written commitment (i.e., a bona fide offer letter) has been made. A copy of the commitment and any subsequent changes to the commitment should be submitted to the Vice Chancellor for Research and the M_noa Budget Office.

2. Uncommitted/unencumbered funds up to $250,000 as a contingency reserve. Any amount over this cap must be justified.

On June 30, 2005, unexpended and unencumbered funds may be carried over in accordance with Executive Policy E.5216. However, more specific policies and instructions will be issued for the campus once the system policies are finalized.

B. Tuition and Fees Special Fund

FY 2004 balances may be carried over as follows:

1. Funds which are encumbered or for which a written commitment has been made may be carried over into the next fiscal year. A copy of the commitment and any subsequent changes to the commitment should be submitted to the M_noa Budget Office.

2. Uncommitted/unencumbered funds up to 2% of FY 2004 GF/TSF expenditures as a contingency reserve. Any amount over this cap must be justified.

On June 30, 2005, unencumbered and unexpended funds may be carried over to FY 2006 consistent with this policy.

C. Other Non-General Funds

For other appropriated special and revolving funds, there is no cap on the carryover of FY 2004 balances. Expenditure of these balances in excess of the approved ceilings must be authorized by the Chancellor.

Proposed expenditures of carryover balances must be included in the approved expenditure plans for each means of financing. If balances are being expended, the purpose of the expenditures should be noted in the comments section of the BLS. Expenditures may be grouped in large categories, such as student help, equipment, etc., provided that no single expenditure exceeds $250,000. Single expenditures which exceed this threshold should be identified and explained.
VII. RESERVE FOR CONTINGENCIES

A tuition and fees special fund reserve will be managed by the Chancellor for contingencies. The amount of the fund will be equal to 2% of FY 2004 GF/TFSF expenditures. Any request for funding from this reserve will be considered only after the requesting unit’s operating reserve has been expended or encumbered.

VIII. AUGMENTATIONS FOR UNBUDGETED REQUIREMENTS

Requests for augmentation from the TFSF and RTRF may be made to the Chancellor, subject to the following:

A. Requests shall be for FY 2005 only. Multi-year commitments may be considered under special circumstances; e.g., a federal grant which, as a condition of award, requires an up-front commitment for the duration of the grant.

B. All requests shall be submitted under the signature of the respective dean or director. Requests shall be submitted to the appropriate vice chancellor (VC for Academic Affairs and/or VC for Undergraduate Education for instructional programs, VC for Research for research institutes, etc.) for review and recommendation. Requests approved by the vice chancellors will be forwarded to the Chancellor for consideration. The review by the vice chancellors shall be based upon programmatic/academic merits and overall benefit to the campus.

C. In addition to justification of need, the request must clearly state why program fund balances cannot be used for the requested purpose and why funds cannot be reallocated from within the program’s existing allocation. As applicable, a business plan may be required.

The forms for the submission of requests and business plan are attached.

IX. POSITION CONTROL

Requests for reallocation of position counts from the Chancellor’s pool will be considered only if the program has no existing vacancies which can be internally reallocated.
X. SUBMISSION/UPDATE REQUIREMENTS

Programs shall revise current FY 2005 expenditure plans in the BLS during the next open period after the close of the quarter. The plans shall be updated to reflect actual expenditures, revise expenditure projections and include adjustments that may have been made to the allocation (reductions, augmentations, or transfers). For non-general funds other than the TFSF/RTRF, if an increase to the allocation is required as a result of higher expenditures due to workload increases, generation of revenue above the initial projections, etc., approval must be obtained from the Chancellor before the funds can be expended.