Budget Oversight Procedures

Effective January 2026

Consistent with CSU Executive Order 1000, Sacramento State's Budget, Planning and Administration (BPA)is required to develop and submit an annual campus budget for review and approval by the Chief Financial Officer and the President. In addition, all self-support programs and auxiliary organizations are required to submit annual budgets for review and approval by the President, as part of the campus budget oversight process. Beyond budget submittal, BPA is responsible for ongoing financial oversight, including quarterly monitoring of budget-to-actual performance to ensure fiscal integrity and compliance with CSU requirements.

The following procedures detail BPA's current process for reviewing revenues and expenditures. Below outlines the BPA processes applicable to the following funds for which campus manages revenues and/or expenses:

- General Operating Fund (MDS01; CSU Fund 485)
- Athletics Instructionally Related Activities (IRA) Trust Fund (TNR01)
- Lottery Funds (CL004, CL007, CL010)
- Self-Support & Auxiliary Organization Funds

All other CSU funds not listed above are subject to quarterly budget to actual reviews in accordance with the CSU Budget Oversight Policy and Sacramento State Budget Policy by Division Vice Presidents.

General Operating Fund (MDS01) and Athletics IRA Trust Fund (TNR01)

In the campus's decentralized budget model, Division Vice Presidents are required to ensure oversight of budget to actuals reviews within their division for all CSU funds and with any budget management activities assigned to their division budget staff. Reporting to Business Planning & Administration is required quarterly as outlined below and includes General Operating Fund and Athletics IRA Trust Fund detail.

Sacramento State's General Operating Fund revenues (MDS01) are used for division salaries, benefits, and general office expenses and include allocations of State General Fund dollars from the Chancellor's Office, as well as tuition revenue collected by the University.

<u>State General Fund Revenue</u>
State General Fund dollars, largely made up of state tax collections, are appropriated each year by the State Budget Act to the California State University (CSU) system. Each year as part of budget development after the State Budget Act is finalized, the Chancellor's Office summarizes CSU budget sources as well

as revisions to campus revenues and expenditures through a series of spreadsheets that track final budget allocations for each campus.

Student Tuition Revenue

During budget development, BPA prepares an estimated budget of tuition revenue based on headcount projections received from Enrollment Management. The tuition revenue budget figure is finalized upon approval of the campus general operating budget by the President. Beginning in the Fall after Q1, BPA reviews actual tuition revenue collected compared to budgeted revenue. As the fiscal year progresses, BPA continues budget to actuals reviews at the end of each quarter, which in this case captures reviewing tuition collections detail after Q2, following Spring Census (Q3), and determining final revenue after Q4. Budget to actuals review during Q1, Q2, and Q3 also includes preparing updated fiscal year projections based on historical or current fiscal year trends. Tuition budget to actual reviews and projections are included in the quarterly summary memo provided to the Vice President of Administration and Chief Financial Officer (VP/CFO).

The campus Athletics IRA Trust Fund (TNR01) is funded by fees paid by students to provide support for essential educational experiences and activities that aid and supplement the fundamental mission of the University, which include athletic general operating expenses.

Quarterly Budget to Actuals Reviews

In the campus' decentralized budget model, divisions have autonomy over budget allocations, priorities, and implementation. To normalize division spending for the fiscal year and to comply with the CSU Budget Oversight Policy and Sacramento State Budget Policy, BPA requests divisions prepare and submit Q1, Q2, and Q3 projections for MDS01 and TNR01 that compare budget to actuals, including projected additional one-time revenues, using data as of September 30, December 31, and March 31 to anticipate June 30 year-end projections. The quarterly projection report is detailed to the program center and account code level. BPA completes a final Q4 expenditure review at the end of the fiscal year.

Quarter 1 – Quarter 3

For the Q1 – Q3, BPA pulls budget, revenue, and expense actuals from Cognos or FDW and prepares projection templates for each division. The templates include standard formulas to assist divisions in projecting revenues and expenses [including All University Expenses (AUEs)], for the remainder of the fiscal year. Divisions are instructed to review the formulas and outcomes and adjust as necessary based on their programmatic knowledge. Specifically, Divisions are responsible for overseeing budgeted university funds, and ensuring that:

- Year-to-date revenue sources and expenditures are consistent with budget plans to expend within existing annual allocations,

- Resource shortfalls and/or expenditure overruns are identified and addressed as soon as possible, and
- Incurred deficits are actively resolved through corrective action plans.

Throughout the fiscal year, Division Vice Presidents must monitor resources and expenditures to determine whether the financial status is on target or is changing. If significant changes are detected, the underlying reasons for the changes must be identified.

As part of the standard quarterly submittal process, each VP must sign and approve projections and any corrective actions they will take in the event their division projects a deficit.

BPA reviews divisions' projections, consolidates all VP submissions for the VP/CFO, and prepares a summary memo to the VP/CFO for the general operating fund. BPA retains electronic copies of the final division project reports and the consolidated memorandum at N:/aba/bpa/fiscal year/Projections.

If a division projects a deficit that cannot be addressed within a division, a corrective action form is required to be completed. The Corrective Action Form will be signed by the VP, reviewed by BPA, and sent to the VP/CFO. The VP/CFO reviews requests for deficit resolution plans, including one-time funding requests, and provides a recommendation to the President, who will then approve an appropriate course of action. The VP/CFO can authorize one-time campus reserves allocation for amounts up to $250,000. Amounts higher than that threshold requires the President's approval and must be authorized by the President or by the President's Chief of Staff.

<u>Quarter 4 Fiscal Year-End Reporting</u>
At the end of the fiscal year, BPA completes a final review of division revenues and expenses, including AUEs, to identify any carryforward balances or deficits. The year-end review is conducted at a division level. BPA reports final year-end balances to the VP/CFO via email. Following discussions with the VP/CFO, the President determines the amount of funds divisions may carryforward to the next year and/or how to cover any final division deficits, i.e. use reserves or reduce division carryforward balances. Presidential decisions are documented internally by BPA and are applied to year-end close and carryforward planning. BPA saves an electronic copy of the final year-end analysis at N:/aba/bpa/py fiscal year/Carry Forward & Cass Review/YE Carry Forward.

<u>Benefits Expenses Revenues and Budget to Actuals Reviews</u>
It is Sacramento State's practice for BPA to budget for benefit expenses annually during budget development in a central pool funded by MDS01. This ensures that mandatory benefit expenses are accounted for and earmarked at the beginning of the fiscal year.

To account for expenditures, each month as part of the month-end close processes, BPA allocates budget to cover actual division benefit expenses. Budget to actual reviews will occur after Q1, Q2, and Q3, and to calculate final balances after Q4. During the Q1, Q2, and Q3 budget to actual reviews, BPA reviews actual benefit costs and prepares a projection through the fiscal year-end based on historical or current fiscal year trends. Quarterly benefits pool projections are included in the quarterly memo sent to the VP/CFO and retained on the BPA shared drive at N:/aba/bpa/fiscal year/Projections.

Lottery Funds (CL004, CL007, CL010)
Like State General Fund dollars, Sacramento State's Lottery Fund allocation is contingent on receiving a CSU Lottery Fund appropriation by the State Budget Act and is provided to the campus by the Chancellor's Office as part of annual budget development. Historically, Sacramento State's Lottery Fund allocation has been less than $3 million.

<u>Quarter 1 – Quarter 3 Budget to Actuals Reviews</u>
BPA requests projections at Q1, Q2 and Q3, using data as of September 30, December 31, and March 31 to anticipate June 30 year-end projections.

Quarterly, BPA pulls budget, revenue, and expense details from FDW or Cognos and prepares templates for divisions. Division templates are sent out to provide a projection of expenses for the remainder of the fiscal year. BPA also reviews all lottery funds for miscoded or inappropriate charges. When items are noted that need to be corrected, BPA emails applicable reports to the appropriate division or program. Divisions are requested to correct any miscoded expenses as soon as possible. It is standard practice for the appropriate Division Vice President to sign the projection and identify any corrective actions that will be taken if expenses are projected to exceed budget. BPA reviews the division submissions, consolidates them into one summary report, saves the report and backup data at N:/aba/bpa/fiscal year/Projections/Lottery, and forwards the summary report to the VP/CFO.

<u>Quarter 4 Fiscal Year-End Reporting</u>
At the end of the fiscal year, BPA completes a final review of lottery fund expenses, potential miscodings, and inappropriate charges. Any miscodings or inappropriate charges are noted for correction in the next fiscal year to divisions, as determined by BPA. The year-end review is conducted at a division level and consolidated into one summary report. BPA reports final year-end balances to the VP/CFO via email and saves the report and backup data at N:/aba/bpa/fiscal year/Projections/Lottery, and forwards the summary report to the VP/CFO.

Self-Support and Auxiliary Organization Funds
Self-support and auxiliary organizations manage their fiscal processes and procedures. The processes below outline annual budget submissions, quarterly reviews and year-end reporting, apply to the following self-support and auxiliary organizations:

- Associated Students, Inc. (ASI),
- Capital Public Radio (CPR),
- College of Continuing Education (CCE),
- Student Health, Counseling, and Wellness Services (SHCWS),
- Union WELL, Inc.,
- University Enterprises, Inc. (UEI),
- University Housing Services,
- University Transportation and Parking Services (UTAPS), and
- University Foundation at Sacramento State (UFSS).

Annual Budget Submissions

Before the start of a new fiscal year, the VP/CFO requests organizations to submit their proposed budgets, along with a completed Proposed Budget Submission Checklist Form by email to BPA for review. After BPA review, each budget, email submittal, and checklist is packaged and sent to the VP/CFO office. The VP/CFO can then further assess and comment on the budgets prior to the organizations seeking formal budget approval through their respective boards or Vice Presidents and can advise the President of any fiscal concerns.

The California Code of Regulations, Title 5, Chapter 1, Subchapter 6, Article 1, Section 42402 requires the President to review and approve auxiliary budgets in a time and manner specified by them.

Copies of the budgets, checklists, and emails are saved by BPA at N:/aba/bpa/fiscal year/Projections.

Quarter 1 – Quarter 3 Budget to Actuals Reviews

Campus self-support and auxiliary organizations submit actual revenue and expenditure reports and projections to BPA by email using data as of September 30, December 31, and March 31 to anticipate June 30 year-end projections. The organizations also provide fiscal reports generated from their accounting systems (FDW for self-support organizations) that tie to their actuals, and self-support and auxiliary organizations must also submit completed Quarterly Revenue and Expenditure Update Checklists, designed to help identify items of fiscal concern for all users in a uniform fashion.

Upon receipt, BPA reviews budget to actuals, fund balances, and variance calculations; and evaluates checklist responses. After BPA reviews self-support and auxiliary projections and checklist responses, BPA emails the VP/CFO office copies of the program projections, email submittals, and checklists which include BPA notes for the VP/CFO and saves electronic copies of these documents at N:/aba/bpa/fiscal year/Projections.

If desired, the VP/CFO can call meetings with the executive directors of the auxiliaries or leaders of self-support organizations to discuss projections, budget, and any other topics of interest to the parties.

Quarter 4 Fiscal Year-End Reporting

Following the end of the fiscal year, organizations submit final year-end budget to actual reviews for BPA review. If there are year-end concerns, the VP/CFO, AVP, and organization representatives meet to review and discuss the final year-end data in comparison to the new fiscal year budget. Analyses are saved at N:/aba/bpa/fiscal year/Projections.