

Policy 117

**Budget Controls and Delegated  
Authority Policy**

Section: 100 – General Administration  
Responsible Executive: Executive Director  
Responsible Department: Executive Office  
First Effective Date: May 14, 2010  
Last Reviewed: March 2018  
Next Scheduled Review: June 2020

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**1.0 PURPOSE**

- 1.1. To provide the framework for board review of budgets including both expenditures and revenues, and translates into financial terms the programs and priorities of the Cal Poly Corporation (“CPC”), and to provide some flexibility for management for reallocation of budgeted capital expenditures and unbudgeted expenditures for efficient operations.

**2.0 BACKGROUND**

- 2.1. The annual budget is the financial plan for each CPC business unit (including commercial units and cost centers). The annual operating budgets will be based on a fiscal year, which shall be from July 1 to June 30. The Board review and approval of annual budgets each spring for the upcoming fiscal year provides the framework for both expenditures and revenues, and translates into financial terms the programs and priorities of CPC. Upon approval of the budgets by the Board of Directors, the Board shall submit CPC’s annual budget to the President of the University for approval. All Operations are expected to operate within their budget allocations.

**3.0 POLICY**

- 3.1. Day-to-Day Responsibility. Upon final approval of the budgets, the Board of Directors delegates the day-to-day authority for financial transactions to the Executive Director and authorizes the Executive Director to direct expenditures and to conduct activities in accordance with the spending plans and policies.
  - 3.1.1. The Executive Director may delegate authority to appropriate CPC management and staff.
  - 3.1.2. The business units are defined as the operations that submit separate budgets for review and approval by the Board.
- 3.2. Redirection of Variable Costs from One Budget Category to Another. The Executive Director may need latitude in redirecting approved budget funds for operating costs within a business unit. As the Executive Director deems financially prudent, the Executive Director may redirect expenditures and funds within Variable Costs categories within a business unit.
  - 3.2.1. The Executive Director may delegate this authority to appropriate CPC management and staff.
  - 3.2.2. Variable costs categories include costs that vary with increases and decreases in operations, and examples include supplies, purchased services, materials, and non-permanent labor costs.
  - 3.2.3. Fixed costs categories include costs that remain relatively constant regardless of the volume of the operations, and examples include rent, utilities, depreciation, insurance, interest on loans, and permanent salaries.

3.3. Reallocation of Capital Expenditure Funds.

3.3.1. The Executive Director may authorize reallocation of capital expenditure funds up to \$100,000 per fiscal year within each business unit's budget.

3.3.2. The Board of Directors must approve reallocations of capital expenditure funds in excess of \$100,000 cumulatively per fiscal year within each business unit's budget.

3.3.3. The Board of Directors must approve all transfers between business units.

3.4. Spending Authorization for Unbudgeted Expenditures.

3.4.1. For unbudgeted capital and/or variable costs expenditures within each fiscal year:

3.4.1.1. The Lead Financial Administrator may authorize such expenditures up to \$25,000 for a business unit; and

3.4.1.2. The Lead Financial Administrator may authorize such expenditures between \$25,000 and \$100,000 for an Operation, with approval of the Executive Director.

3.4.2. The Board of Directors must approve requests for unbudgeted capital and/or variable costs expenditures that:

3.4.2.1. Exceed \$100,000, or

3.4.2.2. Are to be expended on fixed operating costs, such as a project, with capital expenditures and other types of expenditures, or

3.4.2.3. Are additional requests for unbudgeted expenditures within a fiscal year if \$100,000 has already been authorized from all operations to date.

3.4.3. All expenditures must be in compliance with CPC financial policies and procedures.

3.5. Reporting. The Executive Director shall report to the Board of Directors at its next regularly scheduled meeting any:

3.5.1. Reallocations of capital expenditures; and

3.5.2. Authorizations for unbudgeted expenditures for capital expenditures and variable costs for all operations.

#### **4.0 DEFINITIONS**

4.1. None.

#### **5.0 PROCEDURES, GUIDELINES AND FORMS**

5.1. The Executive Director or his/her designee is authorized to establish written management guidelines consistent with and in implementation of this policy statement.

#### **6.0 COMPLIANCE**

6.1. All auxiliary units, departments and personnel and any authorized personnel with funds held by CPC must comply with this policy.

#### **7.0 REFERENCES AND RELATED POLICY**

7.1. Governmental Accounting Standards Board rules

#### **Technical and administrative change updates**

*7-26-12 for title and organization structure changes.*