

**WASHINGTON STATE UNIVERSITY  
EXECUTIVE POLICY MANUAL**

Executive Policy #1  
Revision Approved July 10, 2007

## **Policy on Budget Responsibility**

### **SUMMARY**

This policy describes specific actions to be taken by unit administrators to prevent overspending. Annual reports to the President are required.

### **POLICY**

Budgets are allocated to individual units throughout the University to be managed by the unit administrators. Vice presidents, deans, directors, principal investigators and other administrators have both the authority and the responsibility to manage the budgets of the units they administer. Decisions to commit funds for personnel, equipment, laboratory and office supplies, telephone rental, or other resources are largely determined by the unit administrators.

Most budgets are soundly managed and solvent. Deficits in even a few accounts, however, can cause serious problems for the entire institution. The following policies are designed to prevent overspending.

1. Every administrator is responsible for all budgets within her/his area. Overdrafts are considered a serious personnel issue.
2. Areas are encouraged to maintain flexibility by holding reserves, by budgeting adequately for non-salary items, and (for academic areas) by using some temporary faculty.
3. When budget reductions or reallocations are made, units are encouraged to eliminate positions through attrition or reassignment of employees to vacant positions. Even when budgets are stable or growing, areas should review priorities for possible reallocation when vacancies occur.
4. Once budgets are set, area administrators are expected to cover all contingencies that occur within their areas.
5. "Spending an account into the red" is not acceptable unless the overdraft is guaranteed in writing from another account.
6. Training is available to administrators and their staffs on the use of on-line tools to track budgets.
7. Central offices will not process IRIs, purchase orders, and personnel actions on overdrawn accounts without approval of a vice president.
8. Periodically the Budget Office projects year-end balances for all areas. Projected deficits are reviewed with the areas in question to identify any additional information that might modify the projections, then forwarded to the appropriate vice presidents and the President. Areas are asked for plans to correct projected over-spending.

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9. Any area completing a fiscal year with a negative balance is required to submit a written plan through the appropriate vice president to the Budget Office showing how the deficit is to be resolved and any debt repaid.
10. An area that has a deficit or is projected to have a deficit in any fund type is prevented from establishing a new position without a detailed written plan approved by the Budget Office showing how the deficit is to be resolved and the specific source of funds for the new position.