

AUBURN UNIVERSITY

Accounting for Line-Item Appropriations Policy

I. POLICY STATEMENT

This policy documents the proper manner to account for separately identified (line-item) state appropriations.

II. POLICY PRINCIPLES

Auburn University receives funding from the State of Alabama Legislature in the form of appropriations. This policy details the proper way to account for the spending of line-item appropriations.

III. EFFECTIVE DATE

October 1, 2013

IV. APPLICABILITY

This policy applies to all university units responsible for managing the spending of line-item appropriations.

V. POLICY MANAGEMENT

Responsible Office: Business Office (Budget/Financial- Budget Services and Controller's Office)

Responsible Executive: Associate VP Business and Finance

Responsible Officer: Associate VP Business and Finance or designee

VI. DEFINITIONS

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| Appropriation: | Funding received from the State of Alabama, identified in the annual legislative bill. |
| Line-item: | Appropriated funding, separately identified in the annual legislative bill, for a specific purpose. |
| Fund: | Designation in Banner Finance as the source of funds. |
| Org: | Designation in Banner Finance as the unit using the funds. |
| Encumbered Funds: | Anticipated expenditures, in which a requisition or purchase order has been executed. |

VII. POLICY PROCEDURES

Auburn University may receive state appropriated funding separately identified in the legislative bill. These items are referred to as line-item appropriations, with amounts and purpose detailed on specific lines in the legislation. Typically, the state appropriations legislation is passed annually by the Alabama Legislature and contains line item appropriations for each of the budgetary divisions of Auburn University – Auburn University Main Campus, Auburn University at Montgomery, the Alabama Agricultural Experiment Station, and the Alabama Cooperative Extension System.

The legislature may appropriate additional items. That is, the legislature has specifically identified some amount for a specific purpose or unit (division, college, school, department, program, etc.). Individual units are prohibited from lobbying the legislature for such line-item appropriations. Any requests for additional funding should be managed through the Executive Director Governmental Services. State appropriations received should be allocated by University administration in accordance with internal priorities.

All state appropriations are generally received monthly in Cash Management and recorded into a designated Fund/Org associated with each of the budgetary divisions. When specific line-items outside the divisional recurring appropriations result from the legislative budget process, such funds are recorded when received into a unique Fund/Org combination.

Spending of state appropriations is required in the year of allocation and no rollover of unused funds is allowed per state law. The university must ensure that unrestricted funds spent in each division are equal to, or exceed, the amount of state appropriations. Likewise, for additional line-item appropriations, expenses and encumbered funds (for purchase orders with outside vendors) must be equal to or exceed the amount of the appropriation. Failure to spend any line-item state appropriation in the year of appropriation will result in the request by the state for any unused funds to be returned to the state. Because of the requirement to spend and document such spending, once the designated Fund/Org has been established to track the spending, no transfers of budget are allowed from these funds. Budget Services and the Controller's office will work with each unit to ensure proper accounting when the funding is for multi-disciplinary research or use. If spending exceeds the appropriation, transfers of other unrestricted funds into the specified Fund/Org to cover budget deficits will be allowed.

In addition to financial records substantiating the expenses associated with the specific purposes, units receiving such line-item appropriations must document expected use of the money through a detailed budget as well as outcomes associated with the intent of the appropriation.

VIII. SANCTIONS

Unspent appropriations will be returned to the state. Expenditures not accumulated in the designated Fund/Org will need to be transferred to the designed Fund/Org using Salary Wage Transfers or Department Error Corrections.

IX. EXCLUSIONS

There are no exclusions to the policy.

X. INTERPRETATION

The Associate Vice President for Business and Finance, or designee, will interpret what the policy means and how to apply it.

ADOPTED: February 26, 2014