MANAGEMENT BUDGET GUIDANCE

In this packet you will find the Management Budget for your URIC, and the information below provides some reminders and guidance on the utilization and impact of Management Budgets. Management Budgets continue to be a “key component that reflects all financial activities and presents the budget at a higher level than the budgets we have been using” and are used for “implementing spending limits at the management budget level to ensure a predictable financial outcome” as noted from the May 2018 Provost communication.

Below are some key points that may help URICs understand and adapt to this new budget model:

- **Authority to Spend**
  - The Management Budget drives the budget authority to spend funds
  - Under this model, the spending authority requires **both** the available funds exist and that all expenses fit within the overall spending authority provided by the Management Budget, examples to illustrate:
    - A larger than expected carry-forward on a gift, does not mean there is more spending authority
    - A new and unanticipated revenue does not automatically increase spending authority
    - Spending authority may exceed the available funds if budgeted revenue falls short, but this does not mean that chart strings can be spent into deficit solely on having available budget authority
  - If there are major shifts in anticipated revenue or expenses, we encourage URICs to contact Joe Boes and Anne Martin in the Office for Research to discuss the implications on the budget
  - Adding spending authority requires Budget Office approval, even when funds are available

- **Management Budget Categories**
  - “Operating Funds” Budgets are defined as all activity on Fund Codes: 110, 171, 172, 300s, and 400s
  - “Recharge” Budgets on the Management Budget include all activity on Fund Code: 160
  - “Cost Sharing” and “Sponsored” are included in the budget as provided to URICA, but these amounts do not entail any restriction to spending authority, but URICs will complete Quarterly Projections for these categories

- **Management Budgets and NU Financials System**
  - “Operating Funds” budget will appear in up to two places, which align to the two subset columns in green:
    - Within the designated chart string where the OR Provided URIC Operating budget is provided
    - This is new for FY20, and will allow units to monitor performance as compared the Annual Report budget provided and is the first subset column shaded in green
    - On a budgetary department ID (typically ending in “03”) on a 110 fund and is the second subset column shaded in green
  - “Recharge” budget will appear on the individual 160 fund chart strings for relevant URICs
  - “Cost Sharing” does not translate into the NU Financials system, but URICs will be expected to forecast cost sharing
  - “Sponsored” does not translate into the NU Financials system

- **Relevant Reports for Monitoring**
  - The Cognos reporting system contains some key reports that can help URICs monitor their performance against their budget, and URICA encourages staff to become familiar with monitoring these reports regularly
  - GL068 Financial Summary: Presents expenses summarized by Chart String
  - GL077 Income Statement: Summarizes activity at a high level, to monitor against the Operating Management Budget ensure that all department codes in the area are included (including underlying Centers and the “03” where the budget “Operating Funds” budget)

- **Quarterly Projections (aka Forecasting)**
  - Northwestern will continue to conduct quarterly projections, which is largely expected to align with the GL077 Income Statement report categories
  - Guidance from the Office of Budget and Planning including the “Income Statement Template” are available online.

OR and URICA greatly appreciate the efforts and contributions of the URICs toward the financial and budget management that is required under Northwestern’s budgeting and projection processes. The funding environment continues to be a challenge, and will continue to require working in close partnership with URIC staff.

Thank you so much for your partnership, understanding, and commitment to the financial stewardship of your URICs that allows Northwestern to pursue the research and academic endeavors critical to our mission!