

CLA 2020 Policy on Budget Variances

I. General

It is the responsibility of the CLA Budget & Finance Committee to propose an annual budget to the CLA Board of Representatives, no later than August 1, 2019. The CLA Treasurer will present the proposed annual CLA budget to the Board of Representatives for adoption at or before its Annual Meeting.

II. Budgeted Expenditures

In most circumstances, once the budget has been approved by the Board of Representatives, requests to expend funds do not require additional authorization of the Board. In some limited circumstances, certain line items of the budget may be approved with the understanding that additional approval would be required before expending the funds or before expending the funds beyond a specific amount. If CLA creates any such items requiring special approval, it shall ensure that the Treasurer, Executive Director and CFO have a list of these line items requiring specific approval.

III. Unbudgeted Operating Expenditures

Organization-Wide Variances

With respect to organization-wide expenses:

Unbudgeted operating expenditures for a particular project, activity or department are subject to the following authorizations:

- Unbudgeted operating expenditures of less than \$25,000 are subject to authorization by the Executive Director and shall be reported to the Treasurer and to the Board in its next regular financial report;
- Unbudgeted operating expenditures between \$25,000 and \$75,000 require the approval of the Executive Director *and* either the Treasurer or the Board Chair, and shall be reported to the Board of Representatives at its next meeting;
- Unbudgeted operating expenditures in excess of \$75,000 are subject to review by the Budget & Finance Committee and require the approval of the Board of Representatives.

Unbudgeted operating expenditures over \$100,000 in the aggregate (either in a single project, activity or department or among various projects, activities and departments) require the approval of the full Board. For example, if the Executive Director approves four variances, each resulting in a \$25,000 increase, the fifth variance, regardless of amount, would require Board approval.

Management has the authority and discretion to reprioritize spending without further approval, provided that total expenditures do not exceed the Board-approved budget. If the anticipated expenditures exceed the adopted budget, the excess is subject to the variance provisions outlined above.

Section-Specific Variances

Consistent with paragraph 3 of the Budgeting Principles found in the 2020 Budget Policy approved by the Board on April 23, 2019, if a Section wishing to incur additional expenses has sufficient reserves to cover the expenditure, then a section may increase expenses up to \$25,000 or 5% the Section's approved budget, whichever amount is lower, without further approval. Such expenses shall be reported to the Executive Director and the Budget & Finance Committee of the Board.¹

If the Section does not have sufficient reserves to cover the expenditure, then:

- Unbudgeted operating expenditures of less than \$10,000 are subject to authorization by the Executive Director and shall be reported to the Treasurer, and shall be reported to the Board of Representatives in the next regular financial report;
- Unbudgeted operating expenditures between \$10,000 and \$25,000 require the approval of the Executive Director *and* either the Treasurer or the Board Chair (neither of whom shall approve an expense requested by her or his own section), and shall be reported to the Board of Representatives at its next meeting; and
- Unbudgeted operating expenditures in excess \$25,000 are subject to review by the Budget & Finance Committee and require the approval of the full Board of Representatives.

Subject to the variance provisions outlined above and other CLA policies, Sections have the autonomy and discretion to reprioritize spending without further approval provided total expenditures do not exceed the Board-approved budget for the Section or the variance allowed by the policy, in other words, once the overall Section budget has been approved by the Board of Representatives, Sections may reprioritize expenditures from one activity to another without further financial approval.

¹ In the unlikely event that a proposed expenditure raises concerns with respect to legality, propriety, relation to CLA'S mission, threat to CLA's tax exempt status, failure to adhere to CLA policy, or other extraordinary circumstance, nothing in this policy shall preclude the Board or its designees from taking appropriate action, including forbidding such activity.