

SUBJECT: GENERAL OPERATING BUDGET CARRY FORWARD

1. Purpose

The *University Act* of British Columbia requires that each university balances its operating revenues and expenditures at the end of each fiscal year. Unspent balances that potentially may carry forward from one fiscal year to the next are an important element in achieving an overall institutional budgetary balance. Therefore the purpose of this policy is to define operating budget carry forward funds and to set limits on their use and disposition.

2. Scope

Subject to the specific exceptions described below, this policy applies to all areas of the University.

3. Authority

Responsibility is delegated by the Board of Governors to the President for the establishment of appropriate regulations and procedures to ensure implementation of policy in the area of general financial management of the University, subject to regular due diligence reporting to the Board on statutory requirements and any activity involving liability or risk in financial management. Deviations from this policy must be approved by President's Executive Council.

The responsibility for implementation and administration of this policy rests with the Vice President Administration & Finance. The Director, Finance & Budgets reports to the Vice President Administration & Finance and is responsible for the day-to-day administration of this policy.

4. Definitions

4.1 Budget Manager

The position with authority to make expenditures from a budget. In the instructional areas of the University, the Program Chair or Dean would normally be the Budget Manager. In non-instructional areas, the Director or Manager would normally be the Budget Manager.

4.2 Carry Forward Funds

The positive or negative balance of the operating budget of a unit-controlled or centrally-controlled area at March 31 (the fiscal year end of the university).

4.3 Project Funds

Project funds are an allocation of funds for an approved project. Projects are normally approved by members of President's Executive Council, and normally do not recur annually. Budgeted one time events, such as external accreditation visits, are treated as projects.

4.4 Operating Budget

For purposes of the Carry Forward policy, "operating budget" includes revenues and expenditures in fund 10100 that are non-salary, non-capital, and non-project funds.

4.5 Unexpended or Over-expended Funds

These funds are equal to the positive or negative variance between total revised budget and actual annual activity.

5. Funds Eligible to be Carried Forward

- 5.1 Subject to Section 6 below, Budget Managers may at the end of each fiscal year carry into the next fiscal year 100% of unexpended operating budget as Carry Forward Funds.
- 5.2 Over-expended funds will be a first charge against existing carry forward funds, or if insufficient, will be a first charge against the operating budget in the next fiscal year.
- 5.3 Surpluses or deficits in centrally controlled units that are under the authority of President's Executive Council (e.g. University Operations, Board) will be carried forward in a central University account.
- 5.4 Funds that are earmarked to cover commitments outstanding at year end will be automatically carried forward at the end of the fiscal year and transferred to the unit's operating budget to cover the expenditure in the next fiscal year.
- 5.5 Those units which operate on a project basis (e.g., Regional Operations, Development Office) are generally exempt from the Carry Forward policy. These units may be given the opportunity to meet with President's Executive Council annually to negotiate carry forward balances on a project by project basis. The criteria for carry forward decisions in relation to such units will be ongoing need for a project and ongoing need for funds to support the project.

6. Restrictions on Carry Forward Amounts

- 6.1 The *University Act* requires that all universities have balanced operating budgets at the end of each fiscal year. This means that across all components of the university the accumulated carry forward balance must be positive or zero.
- 6.2 To achieve a positive or zero overall outcome the university must have the means to adjust centrally-controlled carry forward balances against unit-controlled carry forward balances.
- 6.3 If both the unit-controlled and the centrally-controlled Carry Forwards are positive at any year end then there will be no limits imposed on unit Carry Forward amounts.
- 6.4 If the central Carry Forward is in deficit in any fiscal year then the Carry Forward of all units with positive Carry Forward amounts will be reduced on a prorated basis according to the need to make up the central deficit. The percentage reduction in unit Carry Forwards will be determined at fiscal year end when all final balances are known and will be applied consistently across all positive balances.

7. Restrictions on Expenditures of Carry Forward Funds

- 7.1 Carry forward funds may be used for wages, operating or capital expenditures to advance the mission of the University subject to the conditions outlined below in 7.2 and 7.3.
- 7.2 No expenditures of carry forward funds are permitted which would create an ongoing funding obligation for the University.

- 7.3 No additional approvals are required for expenditures of carry forward funds other than those provided elsewhere in the University Policies and Procedures.

8. Obligations for the Use of Carry Forward Funds

Carry forward funds will not normally influence the allocation of operating budgets; however, they will be considered when allocating one time operational or project funds.