

Complete Policy Title:
Operating and Ancillary Budgets Policy

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Board of Governors

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Responsible Executive:
Vice-President (Administration)

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POLICY

I. OBJECTIVES

The academic and operational plans and priorities of the University are implemented through the allocation of resources. This revised policy has been prepared with the following objectives in mind:

- i. encouraging initiative, responsibility, and planning by those responsible for individual budgets; *and*
- ii. ensuring that there are effective controls.

II. AUTHORITY

- A. Accountability for the effective management of the budget is delegated through the Board of Governors to the President and Vice-Chancellor. The President and Vice-Chancellor delegates responsibility for specific envelopes to other Senior Officers of the University. Through these officers, responsibility is delegated to Envelope Managers and then to Budget Unit Managers (Appendix A, or as subsequently revised and approved by the President & Vice-Chancellor).
- B. The operating budget of the University is recommended by the Budget Committee, a sub-committee of the University Planning Committee, to the President and Vice-Chancellor for onward transmission to the Finance Committee of the Board of Governors, for ultimate approval by the Board of Governors.

III. STRUCTURE

- A. The budget envelope is the core component of the University Budget, as the allocation of resources to an envelope reflects decisions about the funding level for the academic and/or operational plans of the several budget units which constitute the envelope.
- B. An envelope consists of one or more budget units. A budget unit typically represents a specific activity or area for which an individual is responsible. These budget units will also include all ongoing operations or activities which do not necessarily receive envelope funding.
- C. The structure of a budget allocated to a unit will normally identify: regular salary and fringe benefit funding (Roll I appointments); casual salary/wages funding (Roll III appointments); funding for all other expenditures; total funding available to the unit; income and cost-recovery budgets; and net expenditures.
- D. At the envelope level, net expenditures authorized by the Envelope Manager should equal the envelope allocation. See IV: A.3; B.4; and C.3 for further details regarding deficit accountability. During the development of the envelope fiscal budget, Envelope Managers will recommend a "salary savings target". This is an allowance for the net

savings in salaries resulting from turnover, vacancies, reclassifications, leaves, and salary changes during the fiscal year.

- E. Senior Officers, Envelope Managers and Budget Unit Managers may establish control measures in addition to those required under this policy in respect of areas or units reporting to them.
- F. The Director of Budgeting is responsible for the preparation of fiscal year projections which are critical to the financial operation of the University. Decisions which materially affect the budget at both envelope and budget unit levels must therefore be communicated to the Budget Office in a timely manner.
- G. The University has provision for making internal loans in those situations where a single expenditure in one year can provide savings in future years, and the use of this provision is encouraged for non-salary expenditures.
- H. Ancillary Operations will be administered within this policy.

IV. ACCOUNTABILITIES

A. Senior Officer

1. A Senior Officer must review and endorse the budget plan developed by an Envelope Manager prior to its submission to the Budget Committee.
2. Senior Officers must review the budgets and expenditure projections of all envelopes for which they are responsible at least twice in each year, normally at three and eight months. This also fulfils the requirements of the Ledger Reporting Policy.
3. Following the reviews at three and eight months, comprehensive budget projection reports are generated by the Budget Office for transmission to the Budget Committee and the Finance Committee of the Board of Governors. Senior Officers should communicate plans to address projected envelope deficits or unprecedented expenditure at any Finance Committee meeting.
4. Recruiting to faculty positions that is authorized by the Senior Officer must be governed by the Revised Policy and Regulations with Respect to Academic Appointment, Tenure and Promotion (1992); and must also adhere to the Principles Respecting Faculty Appointments (Appendix B, or as subsequently revised and approved by the President & Vice-Chancellor).
5. A Senior Officer may authorize the transfer of fiscal-year funds without limitation between or among envelopes in her/his area of responsibility; and may recommend the transfer of budgets between envelopes to the Budget Committee at any time. The Senior Officer may remove an accumulated surplus beyond 5% from an envelope,

which may be used by the Senior Officer, or applied to the University's central budget.

B. Envelope Manager

1. An Envelope Manager must develop and submit to the Senior Officer a fiscal year budget, and such other plans and models as may be required. The Envelope Manager is responsible for developing this budget based on current commitments and the parameters provided each year in the Budget Development Guidelines.
2. The Envelope Manager may reallocate either funds or budgets within the envelope among budget units in that envelope.
3. The Envelope Manager is responsible for maintaining an up-to-date fiscal projection for the envelope. This will be used when a faculty or staff position is added or altered, and for reporting to the Senior Officer, normally at three and eight months.
4. An Envelope Manager may not recommend or make any continuing appointment, either academic or non-academic, if a deficit in the envelope is projected at the end of the fiscal year. However, in certain circumstances if a deficit is projected, a commitment may be made to a contractually-limited appointment. No commitment to an appointment either contractually-limited or continuing can be made unless the appropriate procedure has been followed (Appendix C, or as subsequently revised and approved by the President & Vice-Chancellor).
5. In cases where there have been repeated deficits at the budget unit level, the Envelope Manager is responsible for reviewing the management and adequacy of the unit budget, and for ensuring that a plan is developed for avoiding a recurrence.

C. Budget Unit Manager

1. The Budget Unit Manager is responsible for monitoring, controlling, projecting and planning resources in the context of direction received from the Envelope Manager.
2. The control procedures for Faculty Professional Development Allowances are the responsibility of the Budget Unit Manager and are attached as Appendix D.
3. Deficits at the budget unit level are permissible only with the prior express approval of the Envelope Manager.

Appendix A: Budget Accountability Structure

SENIOR OFFICER: The President & Vice-Chancellor, or a person reporting to this position.

ENVELOPE: A discrete segment of the University Budget, which contains the budget of one or more operating units.

ENVELOPE MANAGER: The position which is accountable for the management of the resources within the envelope. Envelope Managers maintain current financial projections for the envelope, which are reviewed with the Senior Officer.

BUDGET UNIT MANAGER: The position which is accountable for the management of the budget of a Unit.

Appendix B: Principles Respecting Faculty Appointments

These principles have been derived from Directions II: Report on a Summer Strategic Planning Session, and have been further articulated by the President, Provost and Faculty Deans in an agreement dated October 15, 1996. This agreement became effective October 1, 1996 and will govern appointments in the 1996/97 (i.e., appointments beginning July 1, 1997), 1997/98 and 1998/99 academic years. The agreement will be revisited at the beginning of its third year to assess whether any changes to the protocol are warranted.

A. CONTRACTUALLY LIMITED APPOINTMENTS

As long as a Faculty Dean has sufficient funds within the faculty envelope, the Faculty Dean can authorize recruitment to a contractually limited position. The Provost shall be informed by the Dean and shall continue to monitor the appointment process.

B. TENURE-TRACK APPOINTMENTS

1. Tenure-track appointments require approval from the Provost and the President. The agreement identifies two streams of faculty appointments. The two streams differ in terms of the source of funds that support the appointment and the process used for selecting the department/area in which the appointment is made.

Stream 1 Appointments

- Stream 1 appointments are supported by funds in the Faculty Envelope.

- The selection of the Department or area to receive Stream 1 appointments is driven largely by the Faculty Dean, although final approval for these tenure-track positions lies with the Provost, who reserves the right to approve, amend or reject the request of the Faculty Dean, on fiscal and/or academic grounds.

Stream 2 Appointments

- Stream 2 appointments are supported by funds accumulated centrally (e.g. the 1% reallocation fund) and allocated to Faculties during the annual reallocation exercise.
 - Although Stream 2 positions support cross-Faculty, multidisciplinary priority areas, these appointments will be made in specific Departments, or two Departments if a joint appointment is considered most appropriate. Final approval for all Stream 2 tenure-track appointments lies with the Provost.
2. Once approval of a tenure-track appointment is granted, the department has two years to fill the position before requiring a review of the availability of the position by the Dean, Provost and President. In most cases, the department will likely be given an additional year to recruit a candidate.

Appendix C

[Authorization for Commitment to A Regular Faculty or Staff Position Governed by the University Operating Budget Policy](#)

[Appendix D: Control Procedures for Professional Development Allowances](#)