
Budget Carry Forwards

Resource Planning & Budgeting (RPB) Team

Guideline

1.0 Purpose

- 1.1 Budget carry forwards should be considered by Faculties and support departments in the achievement of their priorities. While budget carry forwards do not impact the allocation of ongoing operating budgets, they may be considered by Vice-Presidents, President and Board of Governors in the allocation of one-time priority funding or contingency amounts.

2.0 Applicability

- 2.1 Fredericton Campus
- 2.2 This guideline applies to general ledger units that are funded by the Fredericton Campus operating budget, (i.e. identified by Funds 10, 11).
- 2.3 This guideline applies to general ledger units specifically used for positive budget carry forward balances, (i.e. identified by Fund 13).
- 2.4 It is expected that Ancillaries' general ledger units (coded to Fund 12) are excluded from this guideline as their annual results are deposited or written off to the bottom-line of the University. Budget carry forwards do not normally result in these general ledger units.

3.0 Definitions

- 3.1 **Account Status** is a determination by the Resource Planning & Budgeting Team as to whether a general ledger unit is subject to the normal definition and calculation of budget carry forwards, or whether it is an Exception requiring special consideration.
- 3.2 **Budget carry forwards** (subject to the following) are defined as year-end differences between actual and budgeted items in Fund 10 or 11 (operating budget) general ledger units:
 - 3.2.1 Revenue variances are reflected as non-salary items;
 - 3.2.2 Inter-fund transfers may be treated as salary or non-salary as identified by their specific object coding;
 - 3.2.3 **Salary** variances are calculated first.
 - 3.2.4 Positive **salary** variances are surrendered to the relevant Vice-President and are not permitted to carry forward in the unit¹.

¹ Exception accounts *may* be able to carry forward (net) positive salary variance in whole or in part.

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- 3.2.5 Negative **salary** variances (over-expenditures) will result in a first-call on any positive **non-salary** variance in the general ledger unit.
 - 3.2.6 If insufficient positive non-salary exists in the general ledger unit, the resulting (net) negative **salary** variance is essentially converted to **non-salary**. The resulting negative (**non-salary**) balance represents a liability to be recovered from the unit.
 - 3.2.7 After the application of the above, the net positive or negative non-salary variance is considered to be the **budget carry forward** for the general ledger unit.
 - 3.2.8 Non-salary budget carry forwards shall normally be returned to the Department.
 - 3.2.9 There may be outstanding encumbrances which do not currently appear in the Financial System (Datatel). Faculties and support departments are responsible for ensuring adequate carry forward balances are maintained to cover outstanding purchase orders (those not entered into Datatel by year end) or other commitments. Such should be communicated to the RPB Team prior to the annual finalization of budget carry forwards. Note that **only** purchase orders entered into Datatel by the end of a fiscal year are automatically set up as encumbrances in the next fiscal year and would be considered in the calculation.
 - 3.3 **Budget Envelope** (as defined by the Resource Planning & Budgeting Team) is a notional allocation of Departments to a single manager either due to their similarity, inter-relationship or common accountability to university management.
 - 3.4 **Budget Portfolio** (as defined by the Resource Planning & Budgeting Team) is a notional allocation of Budget Envelopes to a single manager to provide clear accountability to university management.
 - 3.5 **Department** (as defined by our financial general ledger) is a collection of general ledger units having the first three-digits in common. This is often associated with the various activities of one unit or function.
 - 3.6 **Exception** general ledger units are subject to a modified calculation of budget carry forwards. Each exception has been developed under a unique set of circumstances and is entitled to a varying level of carry forward. Exceptions must be approved and documented by the Resource Planning & Budgeting Team.

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4.0 Implementation: How budget carry forwards appear in the Financial System

- 4.1 Operating (Funds 10 and 11) budget carry forwards in Funds 10 and 11 are calculated after the close of each fiscal year (April 30) and not finalized until the audited financial statements are signed (approximately July).
- 4.2 Operating (Funds 10 and 11) budget carry forwards calculated in each general ledger unit will be accumulated by Department.
- 4.3 Within Department, budget carry forwards will be accumulated by Account Status (i.e. normal or Exception).
- 4.4 Where a Department's 'normal' accounts net a positive budget carry forward, the balance will be posted in appropriate budget carry forward object codes to the Department's (XXX799) account in Fund 13.
- 4.5 Where a Department's Exception accounts net a positive budget carry forward, the balance will be posted in appropriate budget carry forward object codes to the Department's (XXX798) account in Fund 13.
- 4.6 Positive budget carry forward balances may be transferred in whole or part between general ledger units in the same Budget Envelope or within the Budget Portfolio at the discretion of the Envelope Manager/Portfolio Manager (i.e. Dean of a Faculty or Director of a service department.) The Portfolio Manager is ultimately accountable for the creation and use of such carry forward balances.
- 4.7 A Portfolio Manager/Envelope Manager is authorized to expend all or part of accumulated positive budget carry forwards prior to the end of a fiscal year.
- 4.8 Each Portfolio Manager/Envelope Manager will be responsible for the provision of an annual budget and narrative which outlines a high-level budget for the positive budget carry forward deposited to Fund 13. Budget plans will include the broad categories of current year academic-salary, non-academic salary, supplies and capital as well as a multi-year contingency (not to exceed 10% of the annual operating budget).
- 4.8 Budget carry forward amount may be expended on one-time salary or non-salary expenditures until depleted.

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- 4.9 Negative budget carry forwards are not permitted in Fund 13. In any case where a Department's normal or Exception accounts net a negative budget carry forward, the balance will be posted to the Fund 13 amount and an immediate transfer will be processed from the department's main operating account to resolve this. Without further action, this will result in a reduction of available funds in the current year's budget.
- 4.10 It is not permitted to incur expenditures or deposit revenues directly against budget carry forwards or general ledger units within Fund 13. Like "trust" accounts, expenditures and deposits should be made in an operating (Funds 10 and 11) or other account and then reimbursed via claim and communication with the Resource Planning & Budgeting Team.

5.0 Interpretation and Questions

- 5.1 The Vice-President Fredericton office is located in Room 105 of Sir Howard Douglas Hall. Questions concerning this policy may be directed to budgethelp@unb.ca.