

## Guidelines for the Administration of the Operating Budget

### Context:

The university has developed a consolidated balanced budget for fiscal 2015/16 despite the constrained fiscal environment. A number of factors have contributed to the financial challenges KPU faces including:

- ***Ongoing Reduction in Government Funding in 2015/16:*** This will be the third year of progressive reductions to the university's base operating grant.
- ***Enrollment Declines:*** A number of areas are working on initiatives to address and resolve these issues.
- ***Tuition Limit Policies and Inflationary Increase in Expenses:*** Although the Provincial tuition limit policy caps annual domestic tuition fee increases at 2%, the university has observed inflationary cost pressures in excess of this limit, putting pressure on other operating resources.

To ensure the success and long-term financial sustainability of the university, all KPU stakeholders are reminded of the importance of being fiscally responsible in how we manage our funding allocation and spend funds. As the university strives towards achieving a small, annual year-end surplus, there continues to be increased oversight and scrutiny of public post-secondary institutions in the Province. It is incumbent on all senior managers during this time of growth, change and strained resources that the fiduciary control and responsibility for the operating budget is shared by those that have been granted the authority to manage their unit's operating budget.

These guidelines and procedures shall remain in effect throughout the **2015-16** fiscal year, unless changes are required as a result of unforeseen circumstances. Should such a situation arise, every effort will be made to inform signing authorities in advance of the effective date of change. During the course of the fiscal year, these guidelines and procedures will be reviewed. If, as a result of the review, desired changes are identified, they may be made by an amendment to this document and communicated to signing authorities by e-mail.

Throughout this document, the term "unit" refers exclusively to a Faculty, school, academic support unit (for example, the Libraries) or administrative unit whose head reports to the President, Provost and Vice-President, Academic or Vice-President, Finance and Administration. The term "signing authority" refers exclusively to any individual responsible for the control and administration of operating funds within a unit. The signing authority is responsible for the control and administration of operating funds, but ultimately, the responsibility is that of the unit head who is considered the primary signing authority.

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### **Fiscal 2015-16 Guidelines for the Operating Budget:**

The following are the Operating Budget guidelines that are in effect for the **2015-16** fiscal year:

#### **Financial Responsibility and Authorization:**

1. Deans, Associate Vice-Presidents, Vice-Provosts, Deputy Provost, Executive Directors, Directors and Managers (reporting to the President, Provost and Vice-President, Academic or Vice-President, Finance and Administration) are responsible for the budgetary control and maintenance for their units, and are considered the primary signing authority for their unit. The day-to-day administrative control of their operating budget may be delegated to a business manager or administrative assistant, however final accountability remains with the senior officer.
2. Deans, Associate Vice-Presidents, Vice-Provosts, Deputy Provost, Executive Directors, Directors and Managers of Academic or Administrative Units may delegate the day-to-day administrative control of their operating budget to a business manager or administrative assistant and designate these individuals as alternate signing authorities; however, final accountability remains with the senior officer. Delegation of signing authority is limited to the delegation of ORG's only. Signing authority limits are a function of an individual's position. These limits are defined by the communication provided August 2012 and will remain in effect until such time that a new, formalized Signing Authority Policy and Procedures have been established.
3. It is a faculty/unit's responsibility to ensure that their consolidated Funds/Orgs are not in a deficit position at year-end.
  - a. Should a Non-Operating Fund/Org inadvertently be in a negative position at year end, 100% of the deficit will be carried forward to the next fiscal year.
  - b. An unauthorized Operating Fund deficit is not acceptable for either salary or non-salary budgets. Any spending in excess of the total authorized fiscal operating budget of a unit will be
    - i. Deducted against positive carryover generated in the unit's Revenue Generating or Initiative Funds; or
    - ii. Treated as negative carryover in the following year.
4. Academic and Administrative Unit Heads are responsible for ensuring that spending patterns in 2015-2016 and thereafter remain the same as in prior years. This means that there is an expectation that the % spent against budget remain relatively stable.
5. All budget transfers from a unit's Operating budget **to another** Fund Type (e.g. Capital, SPF, RG, etc.) require the approval of the Vice-President, Finance and Administration or designate.
6. All requests to transfer expenses between Funds/Orgs are to be reviewed and approved by Financial Services. Wherever possible, the expenses should be coded to the appropriate Fund/Org/Acct when the expense occurs.

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7. Ongoing and One Time Only budget funds may be transferred **within the unit operating budget** at the discretion of the Deputy Provost, Dean, Associate Vice-President, Executive Director, Director or Managers of an Academic or Administrative Unit, with the exception of any position funding if those funds are 'earmarked' relative to accountable outcomes.

### **Salary and Benefit Budget Guidelines:**

1. Units are required to maintain sufficient ongoing budget for all positions funded through the main operating budget (Fund 100) covering salary and benefits required for the fiscal year.
2. Unit heads are responsible for covering the cost of increases due to reclassifications or extraordinary salary increases from within existing non-salary budgetary resources.
3. Ongoing funding (prorated when applicable) to cover contractual increases, i.e. increases that have been agreed to in collective agreements, will be allocated at the beginning of a fiscal year in the Unit's main operating budget (i.e. Fund 100).
4. Units should maintain as much budget flexibility as possible by managing vacant positions. Funding may be retained in the unit's budget based on Vice-President Finance and Administration and Vice-President Academic approval of the unit's demonstrated need/justification outlining the benefit and use of the savings e.g. backfilling positions with auxiliaries. Otherwise, savings as a result of vacated positions during the current fiscal year will be transferred to a central pool on a pro-rated basis. Note: Funding for these positions will be immediately adjusted on a pro-rated basis. If/When the vacancy is approved to be refilled, pro-rated funds would be returned to the divisional unit.
5. Vacant positions (Administration, staff and faculty) may be advertised or filled only on the recommendation of the AVP/Dean/Director and approval of the appropriate Vice-President. This approval must be obtained prior to posting.
6. Positions that are deemed to be redundant will be transferred to a central pool for reallocation as required.
7. New ongoing positions may only be created if ongoing funds are reallocated from existing budget and require the permission of the Provost and Vice-President, Academic, the Vice-President Finance and Administration or the President. In the event that a new position is created, the Unit is responsible for identifying the budget source on the Position Request Form (PRF). In addition, there must be consultation with Human Resources to ensure the appropriateness of new position's fit within the university.
8. Conversion of non-salary budget to new positions must be approved by the appropriate VP. The unit must justify that the funding is not or will not be required for non-salary expenses as part of the budget process.

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### **Other Operating Budget Allocations:**

1. Financial Services, where applicable, will transfer PD allocations and other collective agreement allocations, to the respective PD funds early in the fiscal year.
2. Sufficient budget funding must be in place for all non-salary expenses such as scholarships and bursaries funded through the main operating budget to cover actual and projected costs for the entire fiscal year.
3. Carryover of Operating funds will only be granted in special circumstances and all written requests will be reviewed and approved by the Vice-President Finance and Administration.

Academic and Administrative Unit Heads should also refer to the Kwantlen Polytechnic University Policies and Procedures which provides additional information as well as the various collective agreements. Should questions arise which are not covered in this document (or by a collective agreement or University policy or procedure), signing authorities should consult with Financial Services, Human Resources or the appropriate Vice-President.