

UNIVERSITY OF MANITOBA PROCEDURE

Procedure:	ADMINISTRATION AND CONTROL OF OPERATING FUNDS
Parent Policy:	Administration and Control of Operating Funds Policy
Effective Date:	April 23, 2008
Revised Date:	February 6, 2014
Review Date:	February 6, 2024
Approving Body:	Vice-President (Administration)
Authority:	
Responsible Executive Officer:	Vice-President (Administration)
Delegate:	Comptroller
Contact:	Comptroller
Application:	All University Employees

Part I Reason for Procedure

- 1.1 The purpose of this document is to set out Procedures secondary to the Policy entitled “Administration and Control of Operating Funds”.

Part II Procedural Content

Definitions

- 2.1 The following terms have the following defined meanings for the purpose of this Procedure:
- (a) **“Unit”** refers to a faculty, school, academic support unit (for example, the Libraries) or administrative unit whose head reports to the President, Vice-President, Associate Vice-President or Vice-Provost. An academic department within a faculty or school is not a Unit as the term is used within this document.

- (b) **“Unit Head”** refers to the individual with supervisory authority over a Unit as well as the President, Vice-Presidents, Associate Vice-Presidents and Vice-Provosts. Regardless of how many signing authorities a unit may have, the operating budget is the responsibility of the Unit Head.
- (c) **“Signing Authority”** refers to any individual responsible for the control and administration of operating funds within a Unit but ultimately the responsibility is that of the Unit Head.
- (d) **“Operating Funds”** consist of:
 - (i) unrestricted operating funds (typically funded by Council on Post-Secondary Education (COPSE) grants and tuition fees); and
 - (ii) internally restricted funds (typically amounts funded by sources such as sales and service income, gifts for operating purposes and endowment transfers).
- (e) **“Baseline Budget”** or **“Baseline Funding”** refers to continuing budget amounts of the Unit.
- (f) **“Fiscal Budget”** or **“Budget Only”** or **“Budget Only Funding”** refers to current year only budget amounts.

Responsibilities of Unit Heads

- 2.2 Unit Heads are responsible for the budgetary control of their Units and are considered the primary signing authority for their Units.
- 2.3 Unit Heads may delegate the day-to-day administration and control of their operating budget to a business manager or administrative assistant and designate these individuals as alternate signing authorities.
- 2.4 Unit Heads are responsible to ensure that at all times during the year, and at the end of the fiscal year the expenditures in a Fund/Organization/Program (FOP) does not exceed the authorized budget for that FOP.
- 2.5 In instances where a research or special fund FOP becomes over expended or where non-compliant transactions have been charged against a research or special fund FOP, Unit Heads are responsible for providing an alternate budget source.

Reconciliations

- 2.6 Unit Heads are responsible to ensure that each FOP under their control is reconciled to supporting documents every month. The reconciliation process may be delegated to administrative support staff but shall be reviewed and approved by the Unit Head or delegated to the Business Manager each month. At the

discretion of the Unit Head, this process may be done at a minimum of four times per year including an end of year reconciliation.

- 2.7 The FOP reconciliation process shall normally include the following steps:
- (a) Maintain a file of source documents. Sufficient documentation must be maintained and recorded to show charges are approved and recorded accurately. (E.g. guest travel claims, appointment forms, time sheets, etc.) and each month reconcile the transactions in the FOP to the source documents.
 - (b) Identify and correct errors.
- 2.8 The reconciliation package should be retained for a period of seven years and made available to Financial Services or Audit Services upon request.

Carryover

- 2.9 The process for carryover of general operating funds is reviewed and, if necessary, revised on an annual or more frequent basis. Fiscal year-end balances in the general operating fund eligible for carryover are determined based on the actual expenditures, and if applicable, actual revenue recorded in the financial system compared to the final authorized budget, plus or minus any adjustments not processed by fiscal year-end. The current carryover process can be found under the “related documents” section under University Governance.

Budget Maintenance

- 2.10 All operating budget-funded permanent/continuing/ongoing positions require baseline funding equal to the annual salary of the position. Baseline funding is not required for leave replacements. Adjustments to the baseline and fiscal budget relating to staff turnover are to be initiated by the unit at the time of turnover. Baseline and fiscal budget funding must also be sufficient to cover staff benefits and payroll levy.
- 2.11 Sufficient fiscal budget funding must be in place for all positions funded through the unrestricted budget and internally restricted budget to cover actual and projected salary, benefit and pay levy costs for the entire fiscal year.
- 2.12 For positions funded by fiscal budget only in the unrestricted operating budget and for positions funded by internally restricted funds, Units are responsible for covering the costs of any type of salary, benefits and pay levy increases for a position.
- 2.13 All costs resulting from position reclassifications, promotions or extraordinary salary including benefits and pay levy increases must be funded from within existing resources and are the responsibility of the Unit. Adjustments to the baseline and fiscal budget are to be initiated by the Unit.

- 2.14 Sufficient fiscal budget funding must be in place to cover actual and projected costs for the entire fiscal year for all non-employment payments to individuals (such as fellowships, scholarships and bursaries) funded through the unrestricted operating budget and internally restricted budget.
- 2.15 It is the responsibility of the Unit Head to obtain prior approval from the Vice-President (Administration) to use operating funds for renovations or the purchase of equipment with a total cost exceeding \$100,000.
- 2.16 Due to the variable nature of revenues associated with internally restricted funds, Unit Heads are responsible for monitoring changes in actual or anticipated revenues and for initiating requests for budget additions and/or reductions in a timely manner to ensure sufficient funds will be available to cover anticipated expenses.
- 2.17 Baseline and fiscal budget funds may be transferred within the Unit at the discretion of the Unit Head, adhering to the Interfund transfer rules, provided that baseline funds are not removed for academic positions that are controlled through The Academic Position Management Policy (APMP) Please refer to APMP guidelines on the Vice-President (Academic) and Provost website.

Responsibilities of Financial Services

- 2.18 Financial Services will stop transactions from being processed, where feasible, if sufficient funds are not available.
- 2.19 Financial Services will notify Unit Heads of any areas of concern with regard to the operating budget. In the event the Unit Head does not take corrective action, Financial Services will notify the Vice-President (Administration) who will take appropriate action which may include placing the Unit in a spending freeze.
- 2.20 Baseline and fiscal funding to cover scale increases, annual increments, step increases, merit increases, anomalies and resulting benefits and pay levy increases will be transferred from central reserves for baseline funded positions in the Unit's unrestricted operating budget (i.e. Fund 110). These fiscal amounts will be prorated where applicable to match the actual amount required to the end of the current fiscal period. For positions that are not fully baseline funded, baseline and fiscal amounts transferred will be prorated accordingly. There will be no transfers for increases, positions funded within the internally restricted funds or positions in the unrestricted operating fund that are fiscal budget funded only. Unit heads are responsible for covering the cost of increases due to reclassifications, promotions or extraordinary salary increases from within existing resources.
- 2.21 Pooled and individual travel and expense allocations, where applicable, will be transferred beginning in August. Funds authorized for transfer from central reserves (moving allowance funds, research study leave travel and expenses

etc.) will be processed by Financial Services on receipt of approved expense claims.

Related Guidelines for the Administration and Control of Operating Budget

2.22 Guidelines and process for the following are available on the Financial Services website:

- (a) Budget Transfers
- (b) Carryover
http://umanitoba.ca/admin/vp_admin/media/Carry-over_Process_-_2012-13_Year-end_Balance.pdf
- (c) Indirect Cost of Research
- (d) Monthly Operating/Grant Report Reconciliations
- (e) Fund Predecessor Definitions and Inter-fund Transfer Rules

Part III Accountability

- 3.1 The Office of Legal Counsel is responsible for advising the Vice-President (Administration) that a formal review of this Procedure is required.
- 3.2 The Comptroller is responsible for the implementation, administration and review of this Procedure.
- 3.3 All University employees are responsible for complying with this Procedure.

Part IV Review

- 4.1 Governing Document reviews shall be conducted every ten (10) years. The next scheduled review date for this Procedure is February 6, 2024.
- 4.2 In the interim, this Procedure may be revised or repealed if:
 - (a) the Vice-President (Administration) or Approving Body deems it necessary or desirable to do so;
 - (b) the Procedure is no longer legislatively or statutorily compliant;
 - (c) the Procedure is now in conflict with another Governing Document; and/or

- (d) the Parent Policy is revised or repealed.

Part V
Effect on Previous Statements

- 5.1 This Procedure supersedes all of the following:
 - (a) all previous Board of Governors/Senate Governing Documents on the subject matter contained herein; and
 - (b) all previous Administration Governing Documents on the subject matter contained herein.

Part VI
Cross References

- 6.1 This Procedure should be cross referenced to the following relevant Governing Documents, legislation and/or forms:
 - (a) [Administration and Control of Operating Funds Policy.](#)