

Policy Name:	Operating Budget Management		
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Policy Statement

Each year, an operating budget for the University's fiscal year ended March 31 is prepared by the Office of Finance and Administration with input from all Budget Managers and the Budget Advisory Committee. It is reviewed by Senior Management and recommended to the Finance and Physical Resources Committee for approval by the Board of Governors.

The University's annual operating budget is a centrally administered budget and is a commitment of resources to accomplish the mission of the University. The annual operating budget is balanced on a cash basis and is provided for the consideration of the Board of Governors, which has the authority and responsibility to approve the University's annual budgets.

Reason for Policy

The responsibility for the financial administration of NSCAD University rests with the Board of Governors and is carried out through the Finance and Physical Resources Committee of the Board. Financial planning and control must be carried out by means of budgets, reporting and internal control systems and other means as the Board may deem fit.

The President, with the assistance of the Vice President, Finance and Administration and the Vice President, Academic and Research, the AVP University Relations and the AVP Student Experience and Registrar (Senior Management) is responsible to the Board of Governors for the administration of the various financial plans, objectives and management of the finances of the University.

In order for Management and department heads to have flexibility in managing the affairs of the University, it is important that all employees with budgetary responsibility adhere to the following policy with respect to operating budget management.

Policy Applies to

- All areas of the University

Who Should Read this Policy

- All managers with budgetary responsibilities

- Directors, and division heads
- Board of Governors

Contacts

- Vice President, Finance and Administration
- Controller

Definitions

- Fiscal Year: The University's financial year is a twelve-month period from April 1 to March 31
- Operating: Includes all of the unrestricted revenues and expenses of the University
- Budget Manager: A faculty or staff member responsible for a departmental budget
- Cash Basis: Includes all capital expenditures paid with operating funds and principal payments on debt

The Policy

1. Process
 - 1.1 The budget planning process for the fiscal year begins in the fall and culminates in March with final approval of the budget by the Board. The process is a continuous one with modifications made as new information becomes available. The budget is constantly monitored and compared to actual results throughout the year in order to provide funding for the changing requirements of the University. The budget process encourages budget managers to take a longer-term view to financial planning. The budget process includes multi-year academic plans and multi-year financial forecasts. Resources are allocated to initiatives that are financially sustainable.
2. Responsibility for Budget Line Items
 - 2.1 Budget Managers areas are responsible for managing budget line items in their respective departments.
3. Budget Management
 - 3.1 Every expenditure in the University is organized by functional cost center. The University only makes financial commitments when a reliable source of funding has been established. In no case may a functional department exceed its budget in total, even though there may be approval for exceeding the budget on a given line item within the department.
 - 3.2 A degree of fiscal conservatism is built into the budget and underlying assumptions in order to reduce the risk of year end deficits. The budget includes an appropriate level of contingency provisions to provide for unexpected cost increases or shortfalls in revenue.
 - 3.3 All employees with budgetary responsibilities are expected to monitor their budget responsibility areas actual results against approved budget on a regular basis via the University's budget online management tool. Any discrepancies are to be brought to the attention of the Controller. Training and setting up of new users on University's budget management tool is coordinated by the Controller.
 - 3.4 One-time or short term-funds should only be used to finance one-time or short-term activities.
 - 3.5 There shall be no re-allocation of funds or expenditures between salary and non-salary line items within a

functional cost center. This includes the student salary line. Also there should be no reallocation of funds designated for capital assets from non-space funding approvals.

- 3.6 Ancillary operations are accounted for separately from core University operations. As a minimum, ancillary operations are self-sufficient, therefore, not requiring the use of University operating funds. This includes allocation of costs for administrative overhead and space. Strategic targets for contributions beyond self-sufficiency will be assessed for each ancillary operation within its specific mandate.
- 3.7 There shall be no increase in any employee's compensation costs or the total complement of employees without specific prior approval from the Vice-President, Finance and Administration; Vice-President, Academic Affairs and Research and the President. Approval for continuing positions is only granted when a continuing source of funding is secured. Please refer to the Hiring and Compensation Change Authorization Form for all hires and changes to compensation.
- 3.8 There shall be no increase in sessionals, temporary appointments, limited term appointments, RPTs or ICAs outside of the respective annual budget line allocation without specific prior approval from the Vice President, Finance and Administration, Vice President Academic and Research and the President.
- 3.9 The University budget is approved by the Board of Governors and is based on a defined number of permanent positions. Budgets for permanent positions are developed each budget cycle using a workforce planning approach. The Senior Management Team must spend University funds in the context of this budget and has no authority to fill permanent positions that are not provided for in the budget. Nevertheless, where in the President's opinion it is in the interests of the University to fill such a position, the President may authorize the advertisement of the position provided either a) there is external funding for the position for a reasonable period of time or b) the Finance and Physical Resources Committee is satisfied that adequate continuing funding is in place to support the position.
- 3.10 Expenditures for consultants, software, cell/smart phones, legal services, audit fees, and capital assets (equipment, furniture, technology hardware) all must have prior approval from the Vice-President, Finance and Administration and Vice-President, Academic Affairs and Research. Expenditures for NSCAD University paid cell/smart phones must be coordinated through the Director of Computer Services.
- 3.11 Notwithstanding the above, Chairs, Directors and Managers can overspend on some non-compensation operating budget lines as long as it is balanced out with under-spending on other non-compensation operating budget lines.
- 3.12 If the University experiences a revenue shortfall during the year due to lower than anticipated enrolments or a reduction in rental income, ancillary income or government grants, there is an expectation that Budget Managers will not expend their full allocated budget and the departmental budgets may be reduced during the fiscal year.
- 3.13 Any annual operating budget surpluses above the required Operating Reserve Target can be used to fund one-time non-recurring expenses, the policy on Operating Reserve shall apply.

4. Finance and Physical Resources Committee Oversight
 - 4.1. The University is not to exceed its budget in total without the expressed permission of the Finance and Physical Resources Committee of the Board.
 - 4.2. The Finance and Physical Resources Committee meets regularly to review the financial statements of the University and monitors performance against budget and prior year. The Chair of the Finance and Physical Resources Committee presents these financial results at the Board of Governors meetings.