

1.0 POLICY

Grant MacEwan University shall prepare operating and capital planning budgets that align with its mission, vision and strategic directions.

2.0 RATIONALE AND GUIDING PRINCIPLES

2.1 Purpose

The purpose of the budget is to ensure annual budgets and long-range financial forecasts provide direction and authority for University expenditures, revenues and financial commitments that support the University's strategic plan.

2.2 Rationale and Guiding Principles

2.2.1 The use of prudent budget practices and a clearly defined budget framework facilitate the achievement of the University's strategic goals.

2.2.2 Principles of accountability and transparency support the budget process.

3.0 SCOPE AND DEFINITIONS

3.1 Scope

This policy applies to any MacEwan employee responsible for creating, managing, monitoring and reporting on budgets.

3.2 Definitions

3.2.1 **Budget officers** are the designated employees, within each faculty, school, division or department, who are responsible for creating, managing, monitoring and reporting on the budget within their areas.

3.2.2 **Budget owners** are the officers or other assigned management personnel accountable for their functional areas adhering to approved budgets.

3.2.3 **Capital budgets** are the plans to finance major long term cash intensive projects that provide benefits to the university for more than 1 year (e.g., facilities, equipment, buildings). Capital assets are defined in policy D3100 Capital Asset Management.

3.2.4 **Executive Leadership Team (ELT)** is represented by the president, vice presidents, deans and selected officers of the University.

3.2.5 **Employee complement means** the approved full time or part time continuing positions at the University.

3.2.6 **Officer** means the president, vice presidents and equivalent positions, deans, directors and equivalent positions.

3.2.7 **Operating budgets** are the estimated annual revenues and expenditures for each faculty, school, division and/or department as well as the University as a whole.

4.0 REGULATIONS

- 4.1 Each faculty, school, department and division shall prepare and manage budgets and financial projections annually; these shall be prepared and managed aggregately for the University.
- 4.2 A two-year budget with an additional three-year financial projection shall be prepared and updated annually. Budgets and financial projections shall support the financial sustainability of the University.
- 4.3 Annual budget and financial review processes shall be established to ensure effective management of financial resources and to support the timely preparation of annual business plans and long-term strategic plans of the University.
- 4.4 The Executive Leadership Team (ELT) of the University shall provide guidance to the annual budgeting process to assist in aligning the budget with the strategies and objectives of the University and to ensure coordination of annual business plans and financial resources. ELT shall review and provide recommendations on key budget assumptions, expenditure requirements and resource opportunities for the University and shall recommend a budget plan to the President.
- 4.5 Advisory committees shall be established to provide University-wide input and feedback on the development of the University budget and financial forecasts and to assist in the development of annual budgets that support University strategic directions. Advisory committees shall:
 - 4.5.1 Assist in the development of budget planning principles and priority establishment processes
 - 4.5.2 Review and provide input on the development of operating and capital budgets and help to assure budgets are strategically aligned with the University's plans and priorities
 - 4.5.3 Review and advise on budget assumptions and drivers
 - 4.5.4 Review and provide feedback on potential funding sources (internal and external) and provide input on additional opportunities to be considered
 - 4.5.5 Provide guidance and recommendations to assist in the development of the annual operating and capital budgets
 - 4.5.6 Participate in the development of University funding and resource allocation models
 - 4.5.7 Review and provide input on other issues as requested by senior administration
- 4.6 The Audit and Finance Committee of the Board shall review the University's consolidated budget; it shall submit its recommendations to the Board for approval.

Budget Management

D3200

- 4.7 The Board of Governors is the approval body for the final University consolidated budget.
 - 4.7.1 The Board of Governors must approve any changes, subsequent to the final consolidated budget, that would result in a change to the annual operating results.
- 4.8 Funding requests made outside of the annual planning and budget process shall be submitted for review through the executive officer responsible for the area making the budget request to the executive officer responsible for University Services. Funding from contingency or other available funds may be approved on a one-time basis. Ongoing commitment to funds beyond one-time funding shall be submitted through the annual planning and budget process.
- 4.9 The officer responsible for University services is responsible for the oversight of this policy and is accountable to the President for development and implementation of a sustainable budget that supports the strategic goals of MacEwan.
- 4.10 The officer responsible for the position of chief financial officer is responsible for administration of this policy, oversight of the annual budget planning process and for ensuring the University remains within authorized budget levels.
- 4.11 The department responsible for budgeting and resource planning is responsible for:
 - 4.11.1 planning and coordinating the consolidated operating budgets, assisting faculties, schools, departments and divisions in preparing their budgets, and monitoring and reporting on budgets; and
 - 4.11.2 coordinating strategic budget development through the ELT financial planning and budget committee, which advises and makes recommendations to the ELT on University budgetary matters.
- 4.12 The budget owners for each division, faculty, school and/or department are responsible for management of the budget within their areas, for ensuring expenditures fall within the limits of approved budgets and for monitoring performance against budget.
- 4.13 All employees are responsible for prudent and efficient management of budget resources.
- 4.14 In consultation with and under the direction of the appropriate budget owners, budget officers are responsible for the preparation and completion of annual operating budgets that reflect operational requirements of the University.
- 4.15 Responsibility for compliance with MacEwan policies and procedures extends to all members of the MacEwan community. Non-compliance may create risk for MacEwan and will be addressed accordingly (see clause 4.5.1 "Respect for the

law and University governance" of the University's policy D1200 Code of Conduct - Employees for additional guidance).

Operating Budget

- 4.16 Operating budgets shall be established to support the annual operating activities of the University and to ensure the University can conduct its operations in an effective and efficient manner.
- 4.17 The basis of operating budget begins with core teaching and learning activities of the institution and includes necessary administrative and support functionality. Operating budgets should ensure sufficiency of all activities required to effectively deliver the University's core service, ensure compliance with all regulations and laws applicable to the university, and minimize costs and risks.
- 4.18 Operating budgets and forecast shall capture a minimum of five years of operating and budget assumptions, and further if necessary, to assist in the development of a long-term sustainable financial plan. This shall include two years of approved operating budgets and a minimum of an additional three years of financial forecasts.
- 4.19 Operating budgets shall reflect renewal of programming and services to ensure re-allocation of resources to high priority programs and services.
- 4.20 Operating budgets and forecasts shall be reviewed regularly for variances to actuals to identify any concerns or opportunities, which would be addressed by senior administration.
- 4.21 The department responsible for University human resources is responsible for maintaining approved, employee complement information. This information is the basis for determining the salary budget for each department or division. Changes to continuing complement levels must be approved through the annual planning and budget process.
- 4.22 Term faculty, casual or part-time staff, and contracted staff requirements shall not require specific approval but shall be managed as part of departmental budgeting processes. Commitments to non-continuing resources shall not create a commitment to continuing positions without approval through the annual planning & budgeting process.
- 4.23 Variances to budget are accumulated as part of the University's unrestricted net assets. Allocation of net assets (restricted reserves) for future purposes must be approved through the annual budget process.

Capital Budget

- 4.24 The capital budget shall align with the acquisition, maintenance, replacement & retirement elements of policy D3100 Capital Asset Management.
- 4.25 The department responsible for budgeting and resource planning is accountable for the completion and management of the capital budget.

- 4.26 The capital budget shall align with strategic directions of the University and shall support ongoing and proposed operating elements of the University's strategic plan and budget.
- 4.27 Capital budget proposals shall include operating impacts, such as amortization, to ensure full acquisition and replacement costs are accounted for in alignment with the University's capital asset replacement model.

FACT SHEET

Relevant Dates

Approved: 2010.05.20
Next Review: 2016.04

Source

2010.05.20 This is a new operational policy approved by Board Motion 01-05-20-2009-10

2011.04.14 Revisions approved by Board Motion 01-04-14-2010/11.

Accountability:

Office of Accountability: Vice President, University Services
Office of Administrative Responsibility: CFO and Associate Vice President, University Services
Approved By: Board of Governors
Contact Area: Budget and Resource Planning
Authority:

Related and Associated Matters

Associated Policies & Procedures: D1200 Code of Conduct – Employees; D3000 Financial Management; D3100 Capital Asset Management

Associated Guidelines/Manuals, Forms:

Related Topics:

Related Policies: D3400 Cash Management; D4210 Endowments (draft in progress)