

Carryforward Policy

Q: *What is the carryforward limit policy?*

A: Effective April 2024 (fiscal year 2023/24), the accumulated carryforward limit for Academic Units at UTM will be 1.5% of the Unit's base budget. If the carryforward is over the 1.5% limit, the overage will be transferred from the Unit's CFC (funds center) prior to fiscal year end. The Unit can submit a plan directed to Aisha Sharif in the Office of the Dean outlining how the overage amount will be spent. Upon approval of the plan, the UTM Office of the Dean, will notify Azeem Yazdani in Budget Planning & Finance to initiate the transfer of funds back to the Unit's CFC.

Q: *How is carryforward defined in this policy?*

A: Carryforward in this policy refers to the sum of Free Balance and any Manual Reserve at fiscal year-end.

Threshold Calculations

Q: *How is the 1.5% carryforward limit calculated?*

A: The carryforward limit is 1.5% of the "Net Expense Budget" for the current fiscal year. For example, if the CFC has a Revenue budget of \$250,000 and an Expense budget of \$5,000,000, the "Net Expense Budget" for the fiscal year will be \$4,750,000 (\$5,000,000 - \$250,000). Therefore, the carryforward limit will be \$71,250 (\$4,750,000 x 1.5%) at the end of that fiscal year.

Q: *Is the carryforward limit calculated by the individual CFC's or by department?*

A: The limit is calculated at the individual CFC level, for accounts subject to the carryforward limit policy.

Exclusions

Q: *Which accounts within the Academic Unit's portfolio will be excluded from the 1.5% carryforward limit policy?*

A: The following accounts with base budgets are excluded from the carryforward limit policy:

- Self-Funded accounts
- CRC accounts
- Deregulated Fees accounts

Accounts that do not have a base budget (GEF Accounts, PI Accounts, etc.) are automatically excluded from the carryforward limit policy.

Q: *Are there any exclusions within the applicable CFC accounts when calculating if the CFC is over the 1.5%?*

A: Faculty Start-up and Phased Retirement funds that are committed as Manual Reserves within accounts subject to the carryforward limit policy are excluded from the calculation.

Purchase Orders / Manual Reserves

- Q:** *The Unit's CFC has open purchase order commitments but the goods and/or services will not be received until the following fiscal year. How will I ensure that I have funding for commitments already in place?*
- A:** Purchase orders are **excluded** from carryforward overage calculations, and any potential carryforward overage transfers from the Unit's CFC will not impact the purchase orders committed while waiting for goods and/or services to be received.
- Q:** *How are manual reserves being treated?*
- A:** Most manual reserves are included in carryforward overage calculations. They are added to the free balance carryforward to assess whether the CFC is over the 1.5% limit. There are some manual reserves which are excluded from the calculation, such as Phased Retirement funds and Faculty Start-up funds.
- Q:** *What if the carryforward overage amount calculated over the 1.5% limit is higher than the free balance carryforward at fiscal year end?*
- A:** UTM Budget, Planning & Finance will communicate the overage to the Unit, and will also notify the Unit of any manual reserves that need to be released in order to allow the transfer to be processed.

Timelines

- Q:** *When will the 1.5% carryforward limit policy come into effect?*
- A:** The 1.5% carryforward limit policy comes into effect for fiscal year 2023/24. Any potential carryforward overage transfers under the new 1.5% policy will be processed in April 2024.
For fiscal year 2022/23, the current carryforward limit policy remains status quo at 3%.
- Q:** *Will the Unit be notified of any potential carryforward overage (i.e. funds in excess of the threshold amount) transfers?*
- A:** A notification will be sent to the Academic Unit from UTM Budget, Planning & Finance in the first week of April informing them of any projected carryforward overage, with a second notification being sent once the carryforward overage transfer has been processed prior to fiscal year end.
- Q:** *When will the carryforward overage transfer be processed?*
- A:** The carryforward overage transfer is processed several days prior to AMS (Administrative Management Systems) year end closure. The exact date of any potential carryforward overage transfer will be noted in the notification sent by UTM Budget, Planning & Finance.
- Q:** *What if the Unit has received external funding or grant revenue within a CFC subject to the carryforward limit policy close to fiscal year end, and this has pushed the CFC over the 1.5% limit?*
- A:** In these scenarios, please contact your Financial Officer at UTM Budget, Planning & Finance.

Overages

Q: *The Unit had a plan to allocate the unused carryforward currently within the CFC for initiatives in the upcoming years. Who should the Academic Unit submit the carryforward overage plan requesting funds to?*

A: The Unit can submit a plan to the UTM Office of the Dean (cc: UTM Budget, Planning & Finance) outlining how the carryforward overage amount will be spent. Upon approval of the plan by UTM's Office of the Dean, funds will be transferred back to the Unit's CFC.

Q: *Is it permissible for the Unit to allocate any portion of the unused carryforward currently within the CFC to PI Accounts?*

A: No, unless you have prior written approval from the UTM Office of the Dean for the purpose of processing an internal revenue/expense recovery. If movement of funds is needed from the Unit's unused carryforward to a PI account, a budget transfer pre-approved by the UTM Office of the Dean is required. If any transfers are deemed ineligible, the journal entry will be reversed and the 1.5% carryforward threshold calculation will be re-calculated to include these funds.

Q: *Is there a deadline for the Academic Unit to submit a carryforward overage plan?*

A: The Unit may submit a carryforward overage plan between May 1 – July 31 of the following fiscal year. Following submission of the plan, UTM's Office of the Dean will provide a decision to the Unit and UTM Budget, Planning & Finance by the first Business Day in September.

Contact

Q: *Who can I contact for any specific questions regarding the carryforward limit policy?*

A: For any specific questions regarding the carryforward limit policy, please contact your Financial Officer at Budget, Planning & Finance and/or the Office of the Dean (Aisha Sharif).