



UNIVERSITY OF  
**TORONTO**  

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**MISSISSAUGA**

## Budget Management Document for Chairs/Directors

Budget, Planning & Finance

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# Introduction

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The Chair/Director of the Academic Unit is responsible for providing both Academic and Administrative leadership to the unit. In doing so, the Chair/Director oversees management of the Academic Unit's budget, makes budget decisions within the budget allocation and ensures all the Academic Unit's procedures are aligned with divisional and UofT policies and procedures.

This document focuses on several key areas related to divisional budget allocations, Academic Unit budgets and financial management. It will assist the Chair/Director in effectively leading the development of a financial plan, overseeing budgets and actuals, monitoring forecasts and communicating financial performance. The Chair/Director of the Academic Unit should review the [Annual Accountability Report \(AAR\)](#) to keep abreast of responsibilities pertaining to financial management for the role, as well as have regular meetings and work closely with the Department Manager/Business Officer to ensure they are kept well-informed of pertinent issues to budgets and other financial areas within the Unit.

## Divisional Budget Allocation

UTM receives its budget from UofT, who uses a variation of an RCM (Responsibility Centre Management) model to allocate budgets to the various divisions (faculties and campuses). All revenues are assigned to the division that generated them, and central (University-Wide) costs are charged to the revenue-generating academic divisions, even though this is not always an easy task for example, allocating UofT wide investment revenues or the cost of central information technology expenses. Tuition and operating grant revenues are allocated to the division in which the related student is registered. Costs are allocated to divisions based on drivers, such as student FTE or faculty FTE, which reflects the best basis on which the cost was generated. A committee with wide representation from divisions discussed the drivers at length when the model was introduced in 2007 and has since been revisited and adjusted by a similar group.

**The University Fund (UF)** – Each division contributes 14% of their revenue to this fund, with the Provost deciding the allocations. Since its inception in 2007, UTM has always contributed more than what was allocated back to UTM.. The amounts allocated back are at the discretion of the Provost, with consideration that some units at UofT will require a subsidy.

Effective and efficient budget management is key to the Academic Unit's successful operation, it requires planning, commitment and discipline to effectively use available financial resources.

- **Review Budgets:** Ensure accuracy and completeness, and provide feedback as well as reallocating budget line items if required. Contact your assigned Financial Officer at BP&F for any questions.
- **Develop a Financial Plan:** Work with the Department Manager/Business Officer to identify unit goals, priorities and objective for the upcoming fiscal year, and develop a financial plan to achieve them.
- **Monitoring Budgets and Actuals:** Monthly reviews should be performed to verify actual expenditures, and take necessary steps to decrease the variance between estimates and actual costs.
- **Awareness:** Better understand the Academic Unit's financial status by working with the Department Manager/Business Officer to develop, communicate and review both financial and non-financial reports/plans.
- **Compliance:** Ensure compliance to University and UTM policies, procedures and agreements.

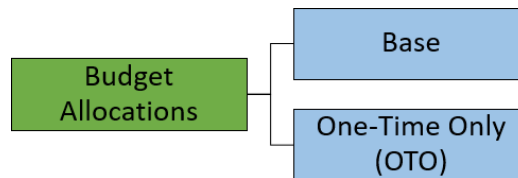
## Review Budgets

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At the end of April each year the base budget for the upcoming fiscal year is communicated to the Academic Unit from BP&F. The communication includes a detailed file outlining all changes and calculations, and is sent to the Department Manager/Business Officer and the Chair/Director.

The Chair/Director should work with the Department Manager/Business Officer to review base budget files to ensure accuracy and completeness, provide feedback and re-allocate any budget line items if required.

**Academic Unit Budget Allocations:** There are two types of budget allocations.



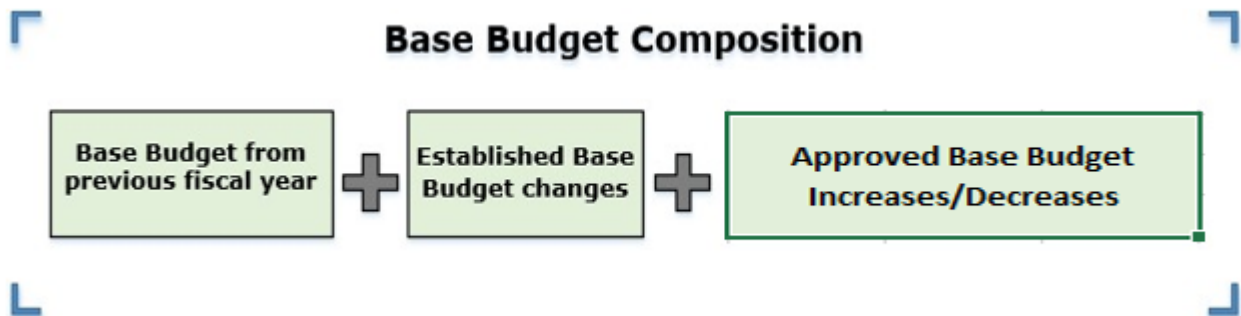
## Base Budgets

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The University of Toronto budget fiscal year is May 1st to April 30th. On May 1st each year, the Academic Unit receives a base budget allocation for the year which is allocated using an incremental budget approach. This means that the Academic Unit receives the previous year's base budget plus any increases or decreases.

The base budget is comprised of the following:

- Base budget from the previous fiscal year
- Plus any established base budget changes for UTM operating budgets (automatically made without a specific Dean's approval), such as:
  - ATB and PTR changes to salaries for existing faculty
  - Salary increases for appointed staff
  - Benefit increases established by U of T
- And any other base budget changes that have been approved

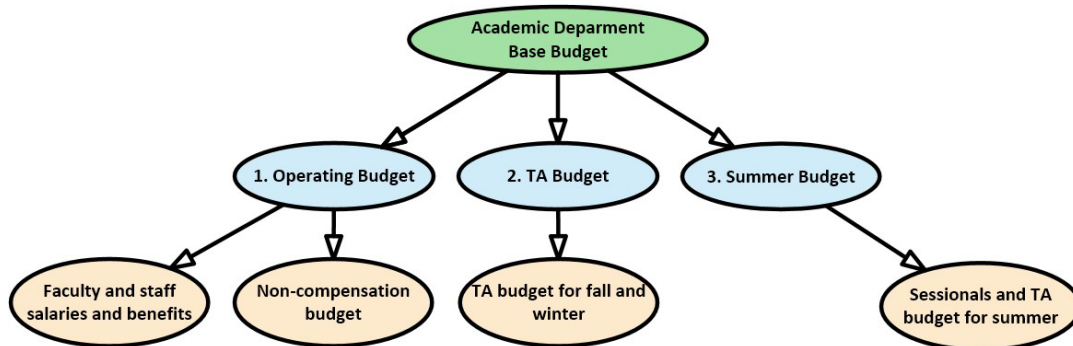


All budgets are set up using General Ledger (GL) codes that are used to sort, store and summarize transactions. Codes are used to identify the type of expenditure incurred for example academic salaries, administrative salaries, benefits, telephone, travel, etc.

## Base Budgets Types

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Most Academic Units have at least three different base budgets:



### 1. Operating Budget

Operating Budget is provided to the Academic Unit for Undergraduate teaching and learning, and the day to day operations of the unit. It includes funding for all appointed staff (faculty and administrative) salaries and benefits & Non-compensation budget such as:

- Operating Expenses i.e. office supplies, telephones, photocopying, etc.
- Autonomy Funds

#### **Autonomy Funds**

Effective May 1, 2019, the budget for autonomy funds was established for each unit and a new cost center had been created for this funding to easily track expenses for reporting purposes. Academic units are encouraged to use Autonomy Funds to pursue initiatives that enhance the quality of education and the overall student experience of undergraduate students. Units are encouraged to pursue initiatives designed to challenge student thinking, performance and growth.

This amount, unlike all other budget lines, is allocated with principles and guidelines as per the [Autonomy Funds Document](#) and allows the Chair/Director to make their own allocation to initiatives pursued, without the need to request funds from the Dean, as long as spending adheres to University policies. This budget line was implemented in response to requests by Chairs/Directors to have more autonomy in their operation. The Chair/Director should make a plan at the beginning of the year as to how these funds will be spent.

#### **Research Funding made available to the unit**

Each Academic Unit receives \$1,000 per full-time continuing faculty member, in base. This funding is distributed in a manner decided by the Chair/Director and made available to complement other research funding opportunities, including those available through the UTM Vice Principal, Research: [Internal Funding Competitions](#).

## **Work-Study Budget**

Each year, academic units receive a base budget allocation for costs related to the work-study program for undergraduate teaching needs. Any savings in the Work Study budget are NOT available to be spent on other costs. By the end of the fiscal year, any work study budget surplus will be transferred out of the unit. The Academic Unit is expected to use operating funds (including carryforward) to cover any overspending.

### **2. TA Budget**

Includes funding for TAs for fall and winter terms. Refer to the [TA Rationale Approval & Funding Process](#) document for more details on new course approval process, course change approval process and deadlines for approval requests.

Unspent TA budget is transferred out of the Academic Unit's account at the end of April. The Academic Unit is expected to use operating funds to cover any overspending that is not due to increased enrolments, except for any specific funding approvals from the Dean's office. The Chair/Director should work closely with the Department Manager/Business Officer, and are recommended to proactively plan, monitor and submit any necessary approval requests to the Dean's Office to avoid overspending.

### **3. Summer Budget**

Includes funding for Sessional and TAs for all summer sessions offered, if there are any.

Any surplus in the summer budget is transferred out of the Academic Unit's account at the end of September. The Academic Unit is expected to use operating funds to cover any overspending that is not due to increased enrolments, except for any specific funding approvals from the Dean's office. The Chair/Director should work closely with the Department Manager/Business Officer, and are recommended to proactively plan, monitor and submit any necessary approval requests to the Dean's Office to avoid overspending.

## **One-Time Only Budget (OTO)**

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In addition to the base budget, units may receive OTO budget allocations throughout the year for items such as:

- Project funding from the Dean or Provost
- TA budget top-up, normally as a result of enrolment growth over the previous year
- Priority funding
- Equipment funding
- Sessional funding
- Other specific arrangements that are short term in nature

**Sessional Funding** - Academic Units require both appointed faculty and limited term appointments to meet course demands. Every year, each Academic Unit finalizes a course timetable and requests funding for courses that are not taught on load by appointed faculty as a part of the workload policy. Any savings from Faculty leaves (research/study, phased retirement, secondments etc.) are netted against funding for sessional lecturer hires. This information is submitted to Budget, Planning & Finance by the 3rd working day of August.

### **UTM Office of the Dean – Funding Opportunities**

There are various [Annual Funding Opportunities](#) available through the Office of the Dean.

## **Carryforward**

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Academic Units may have unspent budget from the previous year or “carryforward” (sometimes referred to as Operating Reserve).

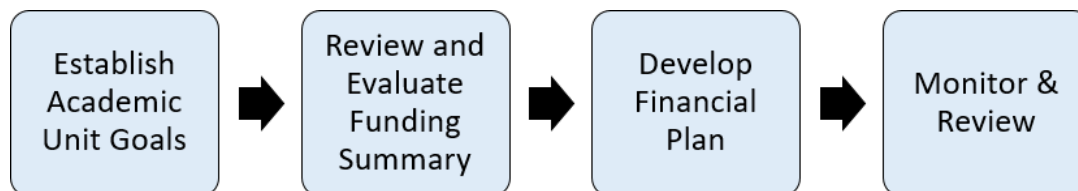
Effective April 2020, UTM Dean’s Office implemented a [Carryforward Limit Policy](#) for all Academic Units to plan for the new institutional policy on carryforwards. As of May 1, 2024 the carryforward limit policy is 1.5% of a units base budget.

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## Funding Summary & Financial Plan

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Developing a financial plan includes the following steps:



### 1. Establish Academic Unit Goals

Goal-setting is perhaps one of the most important parts of financial planning. The Chair/Director of the Academic Unit should work closely with the Department Manager/Business Officer to identify Unit goals, priorities and objectives. This will enable the Academic Unit to determine the most suitable course of action to be taken to meet the Unit's financial needs.

### 2. Review and Evaluate Funding Summary

Introduced in 2019, at the beginning of each fiscal year, BP&F will provide the unit with a Funding Summary, a document that provides a summary of unit's base budget (operating, TA, and summer), carryforwards, trust accounts, GEF and PI accounts. The purpose of the document is to provide a budget overview that can be used by the Chair/Director and Department Manager/Business Officer to help plan budget allocations and developing a Financial plan as well as identifying areas that need monitoring (such as research accounts which the unit could be responsible for if there is overspending).

### 3. Develop a Financial Plan (optional but recommended)

Once the Academic Unit has received their Funding Summary, they should proceed to make a Financial Plan (i.e. how to allocate funding for the fiscal year). The Chair/Director will need to determine what initiative/priority each funding type will be spent towards. This will also ensure that the Chair/Director is aware how much can be spent on various priorities and that funds do not build up.

The approach/method used to create a financial plan is at the discretion of the Chair/Director in consultation with their Manager/Business Officer.

### 4. Monitor and Review

As the Academic Unit undergoes a continuous series of changes; fluctuations in enrolment, new programs, and unforeseen expenses – all of these may result in changes to the unit's goals. Hence, it is important that the financial planning process is not undertaken only once a year, but the Chair/Director and Department Manager/Business Officer should constantly monitor and review the Academic Unit's financial status vis-à-vis Unit goals to ensure the former is on track – and suitable – to meet the latter.



# Monitoring Budgets and Actuals

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## Monthly Reconciliations

Each month, the Chair/Director of the Academic Unit and Department Manager/Business Officer are required to sign off (completed by placing a signature & date) on the Monthly Reconciliations, including FIS Statements and Payroll Distribution. Department Manager/Business Officer is also responsible for completing the following and informing the Chair:

### 1. Reconciling the Statement of Accounts

The Department Manager/Business Officer should review the transactions and ensure:

- **Accuracy** – the transaction was made in the correct amount
- **Completeness** – there are no transactions missing (not recorded or posted to the wrong account) and all transactions recorded match existing source documents held in the unit
- **Adherence to policy** – this is normally done before the transaction is entered into the Financial Information System (FIS)

### 2. Review Payroll Distribution Report

The report should be compared to the source document (i.e. offer letter and/or time sheet) and revised budget to ensure the following:

- Academic Unit stays within budget
- Correct transfers were received for each employee
- Any variances are identified and addressed

### 3. Review Management Reports

The Department Manager/Business Officer should review the following reports:

- Financial Transaction Exception Report
- New Hire/Termination Report
- List of Payments
- Payroll Exception Report
- Cheques Payable to Person Processing Payment
- Monthly Principal Investigator Report (PI Accounts)
- Status PI Monthly Review by PI (PI Accounts)

## Forecasting

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An essential element of strong financial management at the Unit is the ongoing monitoring of revenues and expenses. Department Manager/Business Officer is to prepare the forecast, three times annually, using UTM-wide template and instructions provided by BP&F and review with the Chair/Director. The purpose of a Forecast is:

- To project Revenues & Expenses for the fiscal year and estimating an accurate financial position for the Academic Unit as at year end.
- To review Actuals against Budget and identify variances.
- To make optimum use of funds available while avoiding deficits during the fiscal year.
- To address areas of negative variances and improve Unit efficiencies.

The Forecast consists of two **components**:

- **Compensation:** This is the primary component of the unit's base budget, therefore Department Manager/Business Officer should complete a Payroll Reconciliation prior to preparing the forecast to ensure correct funding is provided as well as confirming charges and commitments to the account are correct. The Chair/Director should review the reconciliation and be informed of any variances.
- **Non-Compensation:** Ensure that all planned/expected expenses have been captured in Actuals, Commitments or have been forecasted. This will enable the Department Manager/Business Officer, as well as the Chair/Director, to review the accounts and identify areas of over/under spend and also paint a clear picture to review and question any of the budget lines.

### Savings throughout the Year

Operating budgets may experience savings, some of which are available to the Academic Unit, to be used for other purposes, depending on the source:

- **Academic Compensation:** These are **NOT** available to be spent on other costs, as they are netted against the unit's sessional funding request.
- **Administrative Compensation:** Savings remain with the Academic Unit to fund replacements or overtime costs, and can also be spent for other purposes.
- **Non-Compensation Expenses:** Savings remain with the Academic Unit but are subject to the carryforward limit policy.

### Forecast Timelines

<b>Deadlines</b>	Q1 – July 31 <sup>st</sup>	· Operating & Summer accounts to be submitted	
		· Due 10 business days following month end	
		(approximately 15 <sup>th</sup> August)	
	Q2 – October 31 <sup>st</sup>	· Operating & TA accounts to be submitted	
		· Due 10 business days following month	end
		(approximately 15 <sup>th</sup> November)	
	Q3 – January 31 <sup>st</sup>	· Operating & TA accounts to be submitted	
		· Due 10 business days following month	end
		(approximately 15 <sup>th</sup> February)	

It is essential for Department Managers/Business Officers to monitor the accounts on a regular basis outside of the forecast period to ensure accuracy and completeness. This will make the forecast cleaner as well as allow the Chair/Director of the Academic Unit to assess the accounts throughout the year and identify areas where additional funding is required (through submission of proposals) or reallocation of budgets in the plan.

Upon submission of the forecast by the Academic Unit, **Budget, Planning & Finance will perform the following:**

- Review submitted forecasts for accuracy and completeness
- Request additional details, supporting documentation, and analysis as required
- Provide feedback to Department Manager/Business Officer and Chair/Director. This is usually sent out within 10 business days from the deadline set for Department Manager/Business Officers, approximately 28th of the following month

## Other Financial Areas

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### 1. Progress Through the Ranks (PTR)

PTR is an annual merit-based award to recognize each faculty and librarians individual contribution to teaching, research, and service. PTR is the only source of promotional increases for faculty members and librarians, and is based on the assumption that each individual's rate of promotion through the ranks is a function of that individual's cumulative merit over time. This [process](#) includes:

- Dean's Office sends annual letter
- Faculty members complete annual activity reports in April
- Chair/Director completes ranking in May and submits to the Dean's Office
- Budget, Planning & Finance completes calculations of actual PTR award dollar amounts and histograms in June
- Department Manager/Business Officer oversee distribution of letters (written by Chair/Director) including histograms
- Budget, Planning & Finance transfers funding to the Academic Unit's budgets in July.

### 2. Advertising & Search Costs Recovery

UTM Dean's Office will reimburse the Academic Unit a maximum of \$7,500 per search for Tenure and Teaching stream faculty, and a maximum of \$3,000 per search for CLTA. Department Manager/Business officer should submit recovery journal entry in January or as soon as the individual search is completed, as this will be free up funds for other unit needs. UTM Supplemental guidelines for the Search & Hiring process can be found [here](#) and a fuller set of guidelines can be found on the [Academic Administrators Procedures Manual](#).

### 3. New Faculty Hires

PI accounts for new hires cannot be set up until a valid work permit is received & the PI commences employment at UTM. As soon as the PI account is set up, startup funding will be transferred as per the offer letter. Funding for the new hire's salary and benefits will be transferred to the Academic Unit's budget in the month the new hire begins employment. The cost of a new computer will be reimbursed up to the limit set annually by the Dean's Office, with expenses over the limit expected to be purchased using PERA/UTFA funds.

### 4. Category 5 and 6 Ancillary Fees

Category 5 and 6 Ancillary fees can be charged for fieldtrips, materials and other items, but not in excess of the related cost. These fees must be approved in order to be assessed. If the fees are not updated and approved, changes to them will not be implemented. Updates are normally due to the Dean's Office by early December therefore Academic Units are recommended to prepare for any changes they are planning in advance.

### 5. Staff Vacations (Funding)

UTM divisional approach is that there is no transfer of funding for accrued vacation days between units at UTM. This approach is due to the large amount of work that is required to do transfers for the volume of staff changes within UTM. On an individual, short term basis there may be a small impact to each individual unit; however, in the long term, it is expected that each unit will be on both the giving and receiving ends of these situations and have a zero net impact.

## 6. Research Overhead and Indirect Cost of Research

There are three different variations of research overhead with different purpose, calculation and allocations:

- **Contract Research Overhead** - is charged to all sponsor organizations other than tri-council and CFI such as provincial governments, private and not-for-profit organizations, which provide funding for research.
- **Infrastructure Operating Fund (IOF)** – these funds are provided by Canada Foundation for Innovation (CFI) to cover a portion of the operating and maintenance costs of a CFI-funded project to ensure optimal use of the infrastructure. The majority of infrastructure projects approved and funded by CFI are eligible to receive IOF.
- **Research Support Fund (RSF)** - provides partial support to universities and their affiliates for the indirect costs of research associated with eligible Tri-Council awards (i.e. NSERC, SSHRC, CIHR). Institutions must spend their funds during the fiscal year in which they were awarded.

## Awareness

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The Chair/Director of the Academic Unit, working closely with the Department Manager/Business Officer, should have an understanding of the unit's financial status, and develop a financial plan which meets the Unit's goals, objectives and priorities, while ensuring these are monitored and reviewed with any necessary revisions made to the plans during the fiscal year.

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|------------------|---|
| <b>Annually</b>  | <ul style="list-style-type: none"><li>• Identify and establish plans and goals</li><li>• Review Base Budgets and Funding Summary</li><li>• Develop Financial Plan</li></ul> |
| <b>Quarterly</b> | <ul style="list-style-type: none"><li>• Review Quarterly Forecasts</li><li>• Identify if plans and goals need revising</li><li>• Review Financial Plan</li></ul>            |
| <b>Monthly</b>   | <ul style="list-style-type: none"><li>• Review and Sign off on Monthly reports</li></ul>  |

## Policies, Process & Procedures

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[UofT Guide to Financial Management](#)

[UofT Procurement Policy](#)

[Academic Administrative Positions: Funding Approval & Confirmation](#)

[TA Intercampus Travel](#)

[TA Rationale Approval & Funding Process](#)