# CAPITAL BUDGET CARRY FORWARD PROCEDURES

**Purpose:**

e. If at any time the University's available capital funding resources are found to be insufficient to fund the approved Ten-Year Capital Plan (TYCP), reforecasting the TYCP and deferral of some projects might be necessary.

f. The Capital Budget Carry Forward Procedure forms part of the Asset Investment Policy.

## 2. No Carry Forward of Funding for Group One Recurrent Programmes

The Asset Investment Policy states in relation to Group One projects that; "*funding allocated in any one year must be spent in the year it is allocated and is not intended to be carried over to the next year*". The DVC US may at their discretion allow the carry forward of Group One budgets. The rationale for restricting the carry forward of recurrent programme funding is:

a. Restricting the carry forward of prior years' funding does not restrict the completion of any work in progress as projects can continue across financial years. However, portfolio owners must operate within the funding envelope allocated for the current financial year (i.e., the total amount spent on any Group One programme in any financial year must not exceed the annual approved budget). This is regardless of prior year project budget allocations or the year the project commenced.

b. Restricting carry forward of Group One funding limits the uncontrolled growth of an uncommitted fund and provides an incentive to plan and achieve annual objectives.

c. Unspent Group One funding will not be automatically carried forward. The retained funding may be reallocated to other project/s that are better aligned with the University's strategic direction, and or give the flexibility to address funding shortfalls in other areas.

## 3. The Procedures

a. In January of each year, after completion of year end accounting, the University finalises the previous year's project expenditure to date, new capital commitments and capital funding sources including net surplus, depreciation, asset sales and external revenue sources against budget.

b. This confirms the amount of budget available to carry forward for projects and programmes. Unspent funding in any year for approved Group Two, Three and Four projects will be carried forward, subject to constraints with available funding that may arise. Funding may be brought forward into the current financial year or re-phased into out years, consistent with contractual obligations, project milestones and available financial resources.

c. Group Three and Four projects that are not fully approved are subject to reforecasting, rather than accumulating carry forward budgets.

d. External funding provided for specific Group Four projects will only be used for those projects and will not be reassigned.

e. Delays in delivery/cash flow of Group Two and Three projects may allow other programs in subsequent years to be brought forward: this is achieved by reforecasting the Ten-Year Capital Plan rather than the carry forward of budgets.

f. Annual expenditure and total expenditure to date is compared with annual and project budgets and out-year forecasts. This process determines the balance of any unspent prior year's budget to be carried forward.

g. A carry forward budget proposal is prepared for the Chief Financial Officer and sent to the DVC US for approval. Once approved this is distributed to sponsors, directors, and project managers.

h. Capital reports including any carry forward budgets are updated from the February month end report to SLT and Council, and during the remainder of the financial year.

## Related procedures / documents:

University Accounting Policies
Asset Investment Policy
Business Case Policy
Delegations of Authority Policy
Financial Monitoring and Control Policy

## Document Management Control:

Prepared by: Chief Financial Officer
Authorised by: DVC University Services
Date issued: October 2022
Last review: October 2022
Next review: January 2028