FIN-022

Oversight of University and/or Medical Center Operating and Capital Budgets and Long-term Financial Plans

Effective Date Monday, June 8, 2009

Status Final

Last Revised Wednesday, September 6, 2023

Policy Type University

Contact Office Financial Planning & Analysis

Operations (Office of the Sr. Vice President for) Medical Center Budget Office

Oversight Executive
Vice President and Chief Financial Officer Senior Vice President for Operations
Chief Financial Officer of the Health System

Applies To Academic Division, Medical Center, and the College at Wise.

Table of Contents

Policy Statement
I. Responsibilities
1. Dean or Unit Head
2. Vice President
3. Financial Planning & Analysis and the Medical Center Budget Office
4. Vice President and Chief Financial Officer
5. Senior Vice President for Operations
II. Compliance with Policy

Reason for Policy

Guidelines are provided regarding responsibility for the University's and/or Medical Center's operating and capital budget and long-term financial planning processes in order to: (1) provide reasonable assurance of the integrity of funding processes; (2) manage available resources to a consistent standard of accountability; (3) support progress towards strategic goals; and (4) facilitate informed decisions around the investment of financial resources in operating activities and capital assets.

Definition of Terms

Capital Projects

Description

Represented by any project worktags with the default fund FD055 Capital Project Default; any acquisition of property, new construction; and improvements to property, plant, or equipment costing $3 million or more. (Some capital project worktags are used for capitalizable expenditures less than $3 million; these are not capital projects.)

Centrally Managed Funds

Description

Includes those fund sources managed by the Office of Financial Planning & Analysis, including restricted and unrestricted State, institutional Endowment Income and Gifts, and other institutional funds.

Decision Brief

Description A written summarization of any funding increase for all capital projects.

Worktags

Description

The financial data required to submit a financial transaction in the finance system, such as Cost Center, Project, Fund, Grant, and Spend category.

Fund Source

Description

A fund (a five-digit alpha-numeric field in the University's financial system, but not the Medical Center's accounting sy a pool of money differentiated by sources and constraints placed on the use of the resources. Examples include state vs. restricted, restricted expendable (earnings on endowment or gifts), unrestricted, etc. The type of funds is indicated in the defined in the table below:

Fund Source	Award Prefix	Definition
Agency	FDH082 Agency Funds (Local)	Funds on deposit with the University by ou agencies/organizations that are not a part o have a close relationship.
Auxiliary	FDH053 Auxiliary	Funds generated by an entity which exists services to students, faculty or staff and wh that is directly related, although not necess cost of the service. Examples are housing,
Endowment Income	FD024 Restricted Endowment Income Fund, FD007 Unrestricted Endowment Income Fund, FD011 Unrestricted Medical Center Endowment Income Fund, FD012 Unrestricted Medical Center Endowment Income Fund (State 03090	Funds from the distribution on the Univers

Facilities and Administrative Cost Recoveries	FDH054 F&A	Funds derived from recovery of facility an indirect costs from external research spons
Gifts	All GF accounts with the exception of those in endowed funds (income and principal)	Funds provided from donors to the Univers
Grants and Contracts	FDH056 Grants & Contracts	Funds derived from external sponsors who response to a proposal for specific instructi public service activities.
Local	FDH024 Local funds with the exception of those listed in other categories	Funds derived from earnings on short-term other (licensing, affinity card, etc.) revenue
State	FDH017 State Funds Operational, FDH020 State Funds Non-Ops	Funds derived from the state general fund revenues (of non-self-supporting programs activities.

General Funds

Description

General tax revenues that are appropriated by the Virginia General Assembly for the use of the institution.

Major Capital Projects Program

Description The capital project plan, updated annually and approved by the Board of Visitors.

Non–General Funds

Description

Resources which are earned or generated by the University such as tuition, F&A recoveries, grants and contracts, auxiliaries, or private resources.

Operating Plan

Description

A submission required by the Commonwealth of Virginia's Department of Planning and Budget that outlines the University's plan for expending appropriated state funds.

Six-Year Plan

Description

A plan required by the Virginia Higher Education Opportunity Act of 2011 and the Restructured Higher Education Financial and Administrative Operations Act of 2005 addressing the University's academic, financial, and enrollment plans.

Spending Authority

Description

The permission to make expenditures from a particular fund source for a specific period of time up to an established level, provided with the management of fund balances.

University and Medical Center Fund Summary

Description The University's and Medical Center's annual operating funds approved by the Board of Visitors.

Policy Statement

Vice presidents, deans, and department/activity heads must actively participate in the development of the operating and capital funds and financial plans for the University. Each has responsibilities as noted below.

I. **Responsibilities:**
   1. Each ***Dean or Unit Head*** is responsible for the funds owned by their organization. These responsibilities include, but are not limited to:
      - Allocating funds among reporting units by evaluating the needs of all reporting units and to re-allocating among units to meet University priorities.
      - Distributing funding reductions among reporting units by evaluating the needs of all reporting units and distributing differential funding reductions as needed to protect the core mission of the University.
      - Requesting and prioritizing funding needs – both capital and operating – of reporting units during the annual funding process.
      - Reviewing, approving, and forwarding to their respective VP periodic operating funds and capital budget submissions.
      - Maintaining annual expenditures within the available funds for each respective operating unit. Overall fund deficits among a school/department are expected to be cleared by year-end at the major business unit (MBU) level in accordance with FIN-033: Maintaining Fund Balances.
      - Assigning managers to complete monthly reconciliations in accordance with FIN-023: Reconciling Unit Accounting Records to verify expenditures do not exceed available funds.
   2. Each ***Vice President (VP)*** is responsible for:
      - Allocating funds among reporting units by evaluating the needs of all reporting units and re-allocating among units to meet University priorities.
      - Distributing funds and funding reductions among reporting units by evaluating the needs of all reporting units and distributing differential funding reductions as needed to protect the core mission of the University.
      - Requesting and prioritizing funding needs – both capital and operating – of reporting units during the periodic budget development processes.
      - Reviewing, approving, and forwarding annual operating funding and capital budget submissions to Financial Planning & Analysis (FP&A).
      - Maintaining annual expenditures of reporting units within the approved available funds for each respective operating unit. Overall fund balance deficits among a VP's units are expected to be cleared by year-end at the MBU level in accordance with FIN-033: Maintaining Fund Balances.
   3. ***Financial Planning & Analysis*** and the ***Medical Center Budget Office*** are responsible for:

- Overseeing the development of the annual University Budget, the annual tuition proposal, and general fund funding requests.
- Developing instructions, schedules, templates, and submission procedures which are promulgated to each VP, including the EVP for Health Affairs and the Vice Chancellor of the College of Wise:
- Allocating the total from state fund sources not to exceed the sum of appropriated state general funds plus estimated tuition and other non-general funds from centrally managed funds to each unit.
- Establishing state restricted designated worktags for any restricted appropriations from the state (for example, research initiatives or financial aid) in order to facilitate compliance with such restrictions.
- Submitting an Operating Plan to the Department of Planning and Budget that reflects the sum of appropriated state general funds plus estimated tuition and other non-general funds.

4. The ***Vice President and Chief Financial Officer*** is responsible for reviewing and submitting to the Board of Visitors, through the President, the University's Annual Budget Summary, including tuition and fee rates.
5. The ***Senior Vice President for Operations*** is responsible for:
    - Overseeing the development of the University's Six-Year Plan and the Major Capital Plan, as well as the execution of the Major Capital Projects Program.
    - Submitting to the Board of Visitors, through the President, and the Commonwealth of Virginia the University's Six-Year Plan, Capital Plan, and capital budget requests.
    - Coordinating the notification to the Governor and Chairs of the Senate Finance and House Appropriation Committees, in accordance with any applicable enacted state budget, of non-general fund capital projects approved within the Major Capital Projects Program.
    - Managing the annual review and revision of the University's Major Capital Projects Program, including the business/financing plans for each major capital project, and presenting the full Program to the Board of Visitors.
    - Approving decision briefs regarding capital project budget increases and coordinating Board of Visitors approval of any budget increases in excess of 10 percent.

II. **Compliance with Policy:**
Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination in accordance with relevant University Policies.

Direct questions about this policy to Financial Planning & Analysis, the Medical Center Budget Office, or the Office of the Senior Vice President for Operations.

Related Information

UVA's Capital Program
Financial Planning & Analysis: Budget Management

Major Category Finance and Business Operations

Next Scheduled Review Sunday, September 6, 2026

Revision History

Updated 9/6/23; Added Med Ctr information 7/12/18; Updated 5/3/18.

Policy Summary

This policy articulates the responsibilities of the Vice President and Chief Financial Officer, Chief Financial Officer of t
President for Operations, vice presidents, deans, unit heads, Financial Planning & Analysis, and/or the Medical Center B
processes including:

1. Developing and approving University and/or Medical Center operating and capital funds and long-term financial p
2. Establishing spending authority (through management of fund balances).
3. Monitoring and controlling expenditures against the fund balances with guidance from the approved operating and

Responsibility for establishing spending authority (through management of fund balances) and monitoring and controllin
operating and capital budgets for other fund sources within the University's financial systems is delegated accordingly:

Area/Type of Funding	**Delegated To**
Grants and Contracts	Executive Director of Sponsored Programs
Intellectual Property	Assistant Vice President for Commercializatio
Gifts, Endowments, F&A Recoveries, Local Plant, State Plant < $1M, Agency	Associate Vice President for Financial Operat
Medical Center	CEO, Medical Center
Wise	Vice Chancellor for Finance & Operations, Co

Supercedes Policy Text

III.A.1 Budgeting and Budgeting Process; III.A.2 Budgetary Control; XIII.D.2 Facilities Management Capital Budget Program.

Approved By Policy Review Committee

Approved Date Monday, June 8, 2009