

## 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](#) [Medical Center Budget Office](#) [Operations & State Government Relations](#)

### Oversight Executive

[Vice President and Chief Financial Officer](#) [Chief Financial Officer of the Health System](#)

[Senior Vice President for Operations and State Government Relations](#)

### Applies To

Academic Division The Medical Center The College at Wise

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### 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

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

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

Decision Brief: A written summarization of any funding increase for all capital projects.

## Worktags

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

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

<b>Fund Source</b>	<b>Award Prefix</b>	<b>Definition</b>
Agency	FDH082 Agency Funds (Local)	Funds on deposit with the University by outside agencies/organizations that are not a part of the University and do not have a close relationship.
Auxiliary	FDH053 Auxiliary	Funds generated by an entity which exists to provide services to students, faculty or staff and which is directly related, although not necessarily at the cost of the service. Examples are housing, dining, etc.
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 University's endowment.
Facilities and Administrative Cost Recoveries	FDH054 F&A	Funds derived from recovery of facility and administrative indirect costs from external research sponsors.
Gifts	All GF accounts with the exception of those in endowed funds (income and principal)	Funds provided from donors to the University.
Grants and Contracts	FDH056 Grants & Contracts	Funds derived from external sponsors who respond to a proposal for specific instructional or 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**

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

### **Major Capital Projects Program**

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

### **Non-General Funds**

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

### **Operating Plan**

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**

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**

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**

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 and State Government Relations* 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.

Questions about this policy should be directed to [Financial Planning & Analysis](#), the [Medical Center Budget Office](#), or [Operations & State Government Relations](#).

## 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.

## Applies To Text

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

## Policy Summary

This policy articulates the responsibilities of the Vice President and Chief Financial Officer, Chief Financial Officer of the President for Operations and State Government Relations, vice presidents, deans, unit heads, Financial Planning & Analysis, and the Budget Office for the funding processes including:

1. Developing and approving University and/or Medical Center operating and capital funds and long-term financial plans
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 capital plans

Responsibility for establishing spending authority (through management of fund balances) and monitoring and controlling 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 Commercialization
Gifts, Endowments, F&A Recoveries, Local Plant, State Plant	Associate Vice President for Financial Operations
Medical Center	CEO, Medical Center
Wise	Vice Chancellor for Finance & Operations, Capital

**Supersedes Policy Text**

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

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**Approved By** Policy Review Committee

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