UNIVERSITY OF SOUTHERN QUEENSLAND

2011 to 2012 ORMP Carry Forward Policy

Carry forwards are the budgeting mechanism which allows organisational units (excluding USQ Research Centres & Business Units) to retain unspent restricted funds into future years.

In continuation of existing arrangements that have been in place since 2008, for the year ended 31 December 2011 the following principles shall remain applied to all organisational units (excluding USQ Research Centres and Business Units) carry forward balances:

Restricted Funds[1]

Note - Where funds fall outside of the restricted list below or have past sunset periods, organisational unit management (e.g. Director, Dean) cannot override policy, however they could choose to invest their unit's 2012 budget as substitute funds.

- Restricted funds which include specific Commonwealth and externally contracted funds for example - research funds and scholarship funds;
- Capital Expenditure approved as part of the Capital Asset Management Plan and ICT Portfolio Plans;
- Vice Chancellor's discretionary funds;
- Vice Chancellor's and Corporate Strategic Initiative funds;
- Senior Executive Group approved investments (e.g. Untied external funding). Funds must be spent by the end of the following year;
- USQ (Corporate) Staff Awards. Funds must be spent by the end of the following year;
- USQ (Learning & Teaching) Staff Awards, Citations, and Fellowships that have been awarded through the USQ Learning & Teaching Committee approved process. Funds must be spent by the end of the following year;
- Consultancy and Professional Development monies earned as per the HR Policy. Funds must be spent by the end of the following year.

[1] *Please refer to your Management Accountant for interpretation if required.*

End of Year Balances at 31 Dec 2011 *(excluding Research Centres & Business Units)*

The new 2012 university budget model introduces and embeds a proportional funding matrix to align fiscal planning and budget outcomes. This includes clear identification of "Investment" and "Distribution" categories within the organisational allocations. In concert with this introduction, the current carry forward policy is discontinued for the year ended December 2012 and new carry forward categories are applied as part of the fiscal matrix within the budget model.

Surpluses

For the year ended 31 December 2011, no Organisational Unit surpluses will be carried forward into 2012.

Deficits

Prima facie, all deficits are the responsibility of the organisational unit in which they are incurred and will carry forward as a first charge against its future income/funding. Unit managers will be responsible for rectifying their deficit position. Corrective action could be implemented by Senior Executive if an organisational unit incur persistent deficits (2 or more consecutive deficits).

Research Centres & Business Units

Research Centres

Research centres are funded through the budget model, and in principle, operate autonomously to other University organisational units. They have the ability to preserve and operate on retained operating surpluses.

The following principles apply –

- Grant and contract income only, which is work in process, is treated as restricted funding;
- Any residual operating funds (including any profit / residual funds from grant and contract work not to be returned to providers) are allowed to be retained; and
- All other funding held in general (including personal PD, awards etc.) projects will be treated as per Organisational Unit carry forward principles.

In the situation of a deficit position, Research Centre Directors are responsible to rectify. Corrective action should be implemented by Senior Executive if centres incur persistent deficits (2 or more consecutive deficits). This may involve a review of the centre and result in a plan of action or structural change to rectify the situation. Persistent deficits will also be discussed as part of the process of performance reviews of Centre Directors.

The Pricing, Costing and Income Distribution policy [Inset URL[2]] is to be applied to all income generated from 1 January 2012 and will determine the applicable overheads, contributions and distributions applicable.

[2] *The DRAFT Pricing, Costing and Income Distribution policy is anticipated to be approved in parallel with 2012 Budget.*

Business Units

USQ Business Units are specifically excluded from the carry forward process. They operate autonomously to the Departments and Faculties, but have Target Surpluses set through the Budget Model process to meet. These surpluses are set at a minimum to offset annual Capital Asset Investment. Annual capital investment is to be managed through the Capital Asset Management Plan. Strictly by negotiation through the annual budget process, these surplus funds can be accumulated to a maximum of 3 years.

In the situation of a deficit position, Business Unit Managers are responsible to rectify. Corrective action should be implemented by Senior Executive if unit incurs persistent deficits (2 or more consecutive deficits). This may involve a review of the unit operation and result in a plan of action or structural change to rectify the situation. Persistent deficits will also be discussed as part of the process of performance reviews of managers.