



BOARD OF TRUSTEES
UNIVERSITY OF PUERTO RICO

(Translation)

CERTIFICATION NUMBER 100
2005-2006

I, Salvador Antonetti Zequeira, Secretary of the Board of Trustees of the University of Puerto Rico, CERTIFY THAT:

The Board of Trustees of the University of Puerto Rico, at its regular meeting on Saturday, April 22, 2006, having considered the recommendations of its Laws and Regulations Committee, and with the endorsement of the President of the University of Puerto Rico, has agreed:

To approve the UNIVERSITY OF PUERTO RICO BUDGET REGULATIONS, which are incorporated and merged to this Certification.

To provide that these Regulations shall take effect upon approval of this Certification.

To repeal, as from the effective date of these Regulations, Certifications No. 112 (1984-1985), No. 2 (1986-1987), and No. 93-051 of the former Council on Higher Education, all previous budget regulations throughout the University System, and set aside any other policy, regulation, certification, rule, procedure, circular, guideline, or provision that is in conflict or contrary to these Regulations hereby approved.

IN WITNESS WHEREOF, I issue the present Certification, in San Juan, this 24th day of April 2006.




Salvador Antonetti Zequeira
Secretary



**UNIVERSITY OF PUERTO RICO
BUDGET REGULATIONS**



Table of Contents

Section 1. — Title	4
Section 2. —Legal Basis	4
Section 3 — Scope.....	4
Section 4 — Purposes and Grounds	4
Section 5 — Meaning of Words and Phrases.....	4
Section 6 — Preparing the Budget.....	4
Section 7 — University of Puerto Rico Budget Committee.	5
Section 8 — Budget Office of the Office of the UPR President.	6
Section 9 — Budget Office of the Institutional Units.....	7
Section 10 —Procedure for Drafting the Budget Document for the Fiscal Year.....	8
Section 11 —Accounting for the Budget Approved for the University	9
Section 12 — General Administration and Execution of the Budget.....	9
Section 13 — Internal Administration of the Budget Approved for the Institutional Units	10
Section 14 —Reports.....	10
Section 15 —Standards and Procedures. Construction.	10
Section 16 — Amendments.....	11
Section 17 — Severability.....	11
Section 18 — Effective Date.....	11
Section 19 — Repeal.	11



Section 1 — Title

This body of rules shall be known as the “University of Puerto Rico Budget Regulations.”

Section 2 — Legal Basis

These Regulations are adopted pursuant to the provisions of the University of Puerto Rico Act, Law No. 1 of January 20, 1966, as amended, and the General Regulations of the University of Puerto Rico.

Section 3 — Scope

These Regulations shall apply to the entire University System, as defined in Section 12.1 of the General Regulations of the University of Puerto Rico.

Section 4 — Purposes and Grounds

The purpose of these Regulations is to regulate, in a coordinated manner, the formulation, execution, control, and assessment of the integrated institutional budget, which is a key instrument to fulfill the educational mission entrusted to the University and to achieve its goals and objectives. Consequently, the drafting of the institutional budget must be guided by criteria of quality, efficiency, and institutional responsibility that allow for regular and periodic assessments. The institutional budget shall be directed toward the efficient and effective use of all economic resources, regardless of their source, as well as enhancing the financial strength of the University. In addition, the budget and its drafting must promote systematic planning and resource allocation processes based on programmatic priorities and projections, the diversity of its institutional units, and the coherence and articulation of the University as a system.

Section 5 — Meaning of Words and Phrases

The words and phrases used in these Regulations shall have the meaning established in the Law, the General Regulations of the University of Puerto Rico, and the Certification No. 90 (2002-2003), Reorganization of the Office of the President of the University of Puerto Rico, unless its context requires otherwise. Terms used to refer to a person or position include both genders.

Section 6 — Preparing the Budget

- A. The purpose of preparing a budget is to formulate a proposed integrated budget for the University System to be submitted by the President of the University for consideration and approval by the Board of Trustees, with the recommendations of the University Board. In drafting the budget, the budget proposals submitted to the President by the Chancellors in accordance with the University of Puerto Rico Act and the provisions of these Regulations shall be considered.



- B. The following shall participate in the process: the Budget Committee of the University of Puerto Rico, the Budget Office of the Office of the President of the University of Puerto Rico (hereinafter "Budget Office"), the Finance Office of the Office of the President of the University of Puerto Rico (hereinafter "Finance Office"), and the Budget Offices of the institutional units, which shall act as advisors to the bodies and officers authorized by law to formulate, recommend, consider, or approve the aforementioned integrated budget proposal.

Section 7 — University of Puerto Rico Budget Committee

- A. Composition: The University of Puerto Rico Budget Committee (hereinafter "Budget Committee") shall comprise the Director of the Budget Office as Chair, the Vice Presidents of Academic Affairs and Technology and Research, the Finance Director of the University, the Director of the Office of Physical Development and Infrastructure, and up to three (3) additional members appointed by the President of the University.
- B. Powers and Duties: The Committee shall have the following powers and duties:
1. Advise and assist the President in all matters concerning the preparation of the integrated budget, including the substantive or procedural content of the corresponding guidelines and circular letters on budget issues that may be issued from time to time.
 2. Propose budget policy provisions and the procedures derived therefrom, as well as budget circular letters to ensure that a budget is drafted:
 - a. Following the criteria of quality, efficiency, and institutional responsibility that allow for regular and periodic assessments and guided by a culture of assessment and the rules established for such purposes.
 - b. Based on the institutional plan adopted by the University of Puerto Rico as the guiding strategy for development.
 - c. Weighing financial and economic factors that impact its sources of income and the availability of resources, as well as the capacity to generate new income from external and internal sources. This process will also consider, among other things, the number of students served, the nature of and its activities, the faculty, and the strengthening of services each unit offers.
 - d. Promoting the efficient and effective use of all economic resources, regardless of their source, to bolster the financial strength of the University.
 - e. Ensuring that the allocation of resources is made systematically in service of programmatic priorities and projections, physical and technological infrastructure projects, the diversity of its institutional units, and the coherence and articulation of the University as a system.
 3. Consider and discuss income and expense projections the Director of the Budget Office prepares for each fiscal year based on the estimates of income from the various sources of institutional income, as well as their revisions.



4. Make recommendations on any alternative, measure and suggestion that may lead to an efficient distribution of fiscal resources.
5. Maintain effective communication with the Chancellors on budgetary issues and, specifically, regarding their budget proposals.
6. Discharge any other task as required by the President of the University.

Section 8 — Budget Office of the Office of the UPR President

- A. Composition: The Budget Office of the Office of the UPR President is headed by the Budget Director and is composed as determined by the Board of Trustees in Certification No. 90 (2002-2003).
- B. Powers and Duties: The Office shall have the following powers and duties:
 1. The basic function of the Budget Office is to advise the President on the formulation, control and assessment of the budget for the University.
 2. Study and analyze, in coordination with the Finance Director, the resources available to the University for the annual budget for operational expenses, including internal resources and federal and private funds.
 3. Consider the income and expense projections for each fiscal year based on the estimates of income from the various sources of institutional income, as well as their revisions.
 4. Review the permanent improvement programs included in the institutional development plan at the programming and schematic and preliminary plans stages in terms of their budgetary impact on operations and make recommendations to the President accordingly.
 5. Study and make recommendations to the President on the budgetary impact of proposed activities, including the creation, modification or evaluation of academic programs, student and administrative services, as well as matters concerning institutional planning or any other matter that may have a fiscal impact.
 6. Recommend an annual integrated budget proposal to the President of the University based on the study and analysis of available resources, as well as the budget proposals submitted by the Chancellors according to the recommendations of the Budget Committee. In drafting the integrated budget, the Budget Director shall ensure that it is in line with the purposes, objectives and basis of these Regulations and with the budget policy established.
 7. Prepare the budget documents to be submitted to the bodies and officials that are authorized by law to formulate, recommend, consider, or approve the integrated budget, and to the pertinent government branches.
 8. Prepare and submit to the President medium and long-term operational expense budget projections by main program and by institutional unit.



9. Integrate and coordinate with the units the preparation, execution, and administration phases of the integrated budget.
10. Prepare and issue circular letters on budgetary issues.
11. Discharge any other task as required by the President of the University.

Section 9 — Budget Office of the Institutional Units

- A. Composition: The Chancellors shall determine the composition and organization of the Budget Offices of their units, in accordance with current regulations.
- B. Powers and Duties: The unit Budget Offices shall have the following powers and duties:
 1. The basic function of the unit Budget Offices is to advise the Chancellor of the unit on the formulation, control and assessment of the budget for the University.
 2. Prepare, for the consideration of the Chancellor, a consolidated operational budget based on the priorities and programmatic projections identified in accordance with the current planning instrument of the University of Puerto Rico and pursuant to budget circular letters on income and expenditures provided by the Budget Office of the University of Puerto Rico and the estimate of external resource secured by the unit.
 3. Be proactively in collaborating and communicating with the Budget Office to achieve the programmatic goals of each unit with the clearest and most up-to-date information on available resources and to make adjustments as required.
 4. Lead efforts to ensure that the proposed integrated budget is fully in line with internal planning and meets development expectations and service levels in accordance with projected financial resources. Likewise, carefully consider the proposals and recommendations of the schools, departments, and other divisions. Study, analyze and determine the costs of each program, according to their immediate and future needs.
 5. Study and analyze, in coordination with the Finance Director, the resources available to the unit for the annual budget for operational expenses, including internal resources and external funds from governmental, federal, and private funds.
 6. In collaboration with the unit's Finance Office, establish the accounts of each budget unit to enable them to comply with their work program and ensure that budget transactions are analyzed in accordance with established standards, rules and regulations.
 7. Draft, analyze and communicate the results of the projections of expenses periodically to the Chancellor and submit recommendations to address any situation in accordance with current regulations.
 8. Submit analyses and recommendations on fiscal issues to the Chancellor or designated official regarding the implementation of new academic programs or the



- evaluation of existing programs, research activities, as well as physical or technological infrastructure projects.
9. Design and draft reports and special studies with using statistical methodology to analyze economic issues quantitatively or qualitatively.
 10. Evaluate programs, activities, or units, in terms of economics, efficiency and effectiveness, and submit reports to the Chancellor or designated official.
 11. Discharge any other task as required by the Chancellor of the unit.

Section 10 — Procedure for Drafting the Budget Document for the Fiscal Year

- A. The Director of the Budget Office shall establish a work program and schedule to draft the budget for the following fiscal year, in accordance with current budgetary policy and regulations. Said program will provide the following:
 1. Preparing the income and expense projections for the next fiscal year based on or before April 30, based on estimates of income from the various sources of institutional income and the confirmation of government revenue from the Management and Budget Office, as provided in these Regulations.
 2. Producing a report on the results of the budget operation for the past fiscal year. This report shall be submitted on or before July 30 of each year.
 3. The means of communication among participants preparing the budget with respect to identifying needs and priorities to be addressed in the budget.
 4. The schedule of activities for the preparation of the proposed budget to be carried out during the fiscal year and the results to be obtained at the end of each stage.
 5. The officers, offices, and individuals responsible for performing the various tasks, providing information, accountability, and necessary activities.
 6. Time periods, deadlines and other considerations of time, form, or method necessary to perform the work.
- B. The Chancellors of the units shall prepare a consolidated operational budget based on the priorities and programmatic projections identified in accordance with the current planning instrument of the University of Puerto Rico and pursuant to budget circular letters on income and expenditures provided by the Budget Office, the estimate of internal and external resource secured by the unit, the number of students served, the nature of the research, faculty and services, and activities conducted. The Chancellor of the unit shall submit the proposed budget to the Budget Office, which shall forward it to the Budget Committee on the date established in the work schedule.
- C. An integrated Draft Budget will be prepared based on the estimated income and expenses for the fiscal period and on the data and information generated as programmed, which will integrate the budgets of the University units based on institutional planning standards, the institution's obligations, the calibration of relevant economic scenarios and the updating of available financial resources.



- D. The President shall submit the Draft Budget for the consideration of the University Board so that it may formulate such recommendations as deemed pertinent.
- E. The Budget Office will prepare the final draft of the budget taking into consideration the recommendations of the University Board.
- F. The President shall submit the Final Draft Budget for the consideration and approval of the Board of Trustees.
- G. The Board of Trustees, after due consideration, shall approve the budget of the University before the beginning of the fiscal year concerned.

Section 11 — Accounting for the Budget Approved for the University

- A. The Budget Office in coordination with the Finance Office will prepare the corresponding documents to create the accounts and the accounting for budget allocations in accordance with the budget approved by the Board of Trustees, which shall take effect July 1 of each year. Accounting for the allocations must be completed in July of the fiscal year concerned.
- B. The institutional units will record the budget allocations in their accounting books following the programmatic plan as provided in the certification issued by the Board of Trustees on the approved budget.
- C. The units will use electronic systems and programming acquired to standardize the accounting of all their operations, so that all transactions are gathered in an, quick, efficient, and updated database, available to all authorized users.

Section 12 — General Administration and Execution of the Budget

- A. The administration of the University of Puerto Rico budget shall be governed by standards of responsibility and accountability in the use of public funds and other sources.
- B. The institutional units shall refrain from authorizing or incurring expenses and commitments that exceed the limits of the Integrated Budget approved by the Board of Trustees for said unit.
- C. The administration of external and non-university funds will be governed by standards set forth in current institutional regulations and by the fiscal and programmatic parameters established by the agencies, donors, and the purposes for which they were created.
- D. Transfers of funds between programs or lines of expenditure will be considered internal transfers to be approved by the units, except when limitations are specified in the provisions on the administration of the annual budgets, as approved by the Board of Trustees.
- E. The President of the University is authorized to transfer amounts from the legislative appropriations for student financial assistance from one unit to another when required.

**Section 13 — Internal Administration of the Budget Approved for the Institutional Units**

- A. The Chancellors, having consulted the Administrative Board, shall establish such internal regulations as deemed convenient for the administration of the budget approved by the Board of Trustees for their unit, which shall be consistent with these Regulations.
- B. The Chancellors and the Administrative Boards of the institutional units shall refrain from approving actions that entail a recurring budgetary commitment for the next fiscal year without the authorization of the President of the University, who shall evaluate the justification therefor. Under this provision, the following actions, among others, shall not be permitted:
1. Creating regular positions from economies generated in each institutional unit.
 2. Creating regular positions with non-recurrent budget allocations.
 3. Actions through which the salaries approved for University staff are modified without an approved budget allocation.
 4. Using allocations for vacant positions to create new regular positions without eliminating the position associate with that budget allocation.
 5. Dividing one position into two or more positions when such division entails a budget projection for the next fiscal year.
 6. Creating new positions without identifying the proper budget allocation.
 7. Granting promotions and reclassifying positions without identifying the recurrent funds required to cover the proposed action.
 8. Reducing budget items approved exclusively to cover employer contributions to the Retirement Systems, Federal Social Security, Medicare, State Insurance Fund, Employee Healthcare, and maintenance or upkeep of facilities.
 9. Reducing budget allocations to expense items to be incurred.

Section 14 — Reports

- A. Each unit shall submit a cumulative report on the status of approved budget allocations by item of expenditure to the Budget Office each quarter.
- B. The Director of the Budget Office shall establish the other reports the institutional units must submit to the Budget Office, the nature and content thereof, the dates or periods in which they must be submitted, and the forms and methods for such purposes. The standards shall provide that these reports from the units shall include the necessary budgetary adjustments to meet the general provisions established by the Board of Trustees for the administration and execution of the budget for each fiscal year.

Section 15 — Standards and Procedures Construction. Unforeseen Situations.

- A. Standards: The President of the University of Puerto Rico or authorized representative may issue the necessary standards and procedures or amend those in force to put into practice the



provisions of these Regulations, enable compliance, and ensure the standard application and administration of the same.

- B. Construction: The President of the University of Puerto Rico shall be responsible for construing the provisions of these Regulations and the standards and procedures adopted pursuant to these Regulations, as well as for deciding any disputes in connection with such provisions or with unforeseen or specific situations concerning the drafting, administration, and assessment of the budget.
- C. Unforeseen Situations: The President of the University may suspend the application of the provisions of these Regulations in the event of force majeure, such as natural disasters or when needs and conditions that make it unavoidable, or unforeseen situations that limit, disable or make it impossible to comply with the provisions concerned. The President shall inform the Board of Trustees of the action taken.

Section 16 — Amendments

These Regulations may be amended or repealed by the Board of Trustees, on its own initiative or on recommendation of the President.

Section 17 — Severability

The provisions of these Rules are severable. If one or more sections were held to be invalid, it shall not affect the remaining provisions that can be given effect independently from those declared invalid.

Section 18 — Effective Date

These Regulations shall take effect upon approval by the Board of Trustees.

Section 19 — Repeal

The following are repealed upon the effective date of these Regulations: Certifications No. 112 (1984-1985), No. 2 (1986-1987), and No. 93-051 of the former Council on Higher Education, all previous budget regulations throughout the University System, and set aside any other policy, regulation, certification, rule, procedure, circular, guideline, or provision that is in conflict or contrary to these Regulations.