

## TECHNICAL INSTRUCTIONS - OPERATING BUDGETS

**Background**

As of April 1, 1993, the Treasury Board considers all departments to have implemented the Operating Budget (OB) regime. Accordingly, EAITC will be implementing OBs to the degree that departmental systems allow. For example, the department will not be devolving salary budgets to RC managers in the immediate future, in part because rotational employees are administered centrally. While OBs will provide managers greater flexibility, they are not a panacea for all problems nor a substitute for sound management practices.

**Definitions**

**Operating Budgets:** Commencing with the 1993-94 fiscal year, the department will have one budget for salaries (Canada Based and LES), foreign service allowances, overtime, and other operating costs. For 1994-95 and future years, minor capital will also be included. Managers should note that OBs exclude transfer payments i.e. Grants and Contributions, and Major Capital (Code Vote 051). Therefore, TB approval will continue to be required to transfer resources to and from these allocations.

Under the OB regime, if a manager moves resources between salaries and the balance of the OB, a transfer price will be applied (refer to the Transfer Price section for further explanation).

**Minor Capital:** Minor capital is defined as all capital that is not included as part of department's Long Range Capital Plan (LRCP funds are controlled centrally by MRD). Minor capital normally represents those budget allocations given to missions and headquarters for their capital requirements under code vote 050.

**Full Time Equivalent (FTEs):** One FTE is defined as any combination of periods of employment in a fiscal year that equal the employment of one person on a full-time basis throughout the year. This definition takes account of part-time, term, casual and job sharing types of employment but excludes contract employment.

Under the OB regime, person-year (PY) controls are being discontinued. There continues to be a requirement for reporting on the size of the Public Service which will now be accomplished using an "FTE" count.