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Canada

# **Carry-Forward of Capital Funds - TB Circular 1987-53**

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# Carry-Forward of Capital Funds - TB Circular 1987-53

## Circular NO.: 1987-53

DATE: November 19, 1997

TO: Deputy Heads and Heads of Agencies

SUBJECT: Carry-Forward of Capital Funds

### Summary

Under certain circumstances, departments may carry forward into the next fiscal year up to 5 per cent of any capital vote in estimates. For 1988-89, the maximum to be carried forward per vote will be \$25 million. This will increase to \$50 million for 1989-90 and to \$75 million thereafter.

In keeping with the government's move towards Increased Ministerial Authority and Accountability, the Treasury Board has approved the attached Interim Policy on the Limited Carry-Forward of Capital Funds.

Enquiries about this policy should be directed to your department's program analyst, Program Branch, Treasury Board Secretariat.

Gérard Veilleux  
Secretary

## Interim Policy on the Limited Carry-forward of Capital Funds

### Interim Policy Statement

It is the interim policy of the government to give departments flexibility in managing capital funds by allowing them to carry forward limited amounts of these funds into the next fiscal year.

### Objectives

1. To increase ministerial authority and accountability.
2. To improve cash management.
3. To enhance expenditure management in departments and agencies.
4. To increase value for money in contractual arrangements.
5. To improve administration.

### Application

The interim policy applies to departments and agencies that have separate capital votes in Main Estimates. It does not apply to Crown Corporations.

### Authority

Treasury Board Minute No. 805946 (July 15, 1987)

### Accountability

Deputy Heads of Departments and Agencies are accountable to the Treasury Board for the implementation of this policy.

### Policy Details

1. Departments and agencies with separate capital votes in Main Estimates may, in certain circumstances, carry forward up to 5% of a capital vote from one fiscal year to the next, to a maximum of \$75 million.
2. The maximum of \$75 million per capital vote will be phased in over three years. A maximum of \$25 million for any given vote can be carried forward into 1988-89, \$50 million into 1989-90, and \$75 million thereafter. The maximum cannot be increased by unspent moneys carried forward from previous years, and cannot exceed 5% of the capital vote.
3. With the agreement of the Secretary of the Treasury Board, the amount to be carried forward to the next fiscal year will be placed in a frozen lapsing allotment in the current year.
4. The policy is not intended to carry forward amounts that would normally lapse. Carry forward proposals must be related to specific capital plans, objectives and results and must be justified in relation to the principles outlined in this interim policy.
5. The attached Appendix describes the procedures for implementing this policy. Except for proposals already included in the 1988-89 Multi-Year Operational Plans, departments are expected to use this interim policy rather than include

similar proposals in their MYOPs.

## Evaluation

This policy will be evaluated within three to four years, at which time its continuation will be considered.

## Enquiries

Enquiries should be directed to your department's Program Analyst, Program Branch, Treasury Board Secretariat.

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## Appendix A - Implementation Procedures

1. By December 15 of each year, Deputy Heads must write to the Secretary of the Treasury Board requesting that frozen lapsing allotments be established in the current year equal to any amounts they wish to carry forward into the next fiscal year. they should explain clearly the circumstances surrounding the lapse, demonstrate the need to carry moneys forward, and explain how these would eventually be spent.
2. Once the proposal is approved by the Secretary of the Treasury Board, the amounts to be carried forward will be placed in frozen lapsing allotments for the current fiscal year, and the department will be so advised.
3. Under this interim policy, the department is then authorized to included these amounts in a Supplementary Estimate for the following fiscal year. (i.e. in the overall Supplementary Estimates package signed by the Minister as set out in Chapter IX of the Policy and Expenditure Management System Manual.)

## Appendix B - Background

1. The Ministerial Task Force on Procurement concluded that annually lapsing appropriations contributed to inefficiencies in the management of major Crown projects and, consequently, to a waster of government funds. The task force indicated that some form of multi-year funding might introduce a degree of flexibility to alleviate the concerns raised in their report.
2. Accordingly, Cabinet commissioned the President of the Treasury Board, in consultation with the Ministers of Defence, Transport and Finance and with the advice of the Comptroller General, to report to the Treasury Board on: "ways and means of establishing multi-year, non-lapsing authorities for specified major Crown projects or capital acquisition programs".
3. An interdepartmental committee assessed the conclusions of a study of Multi-Year Funding Options for Capital Programs and developed a recommendation to establish a limited carry-forward mechanism providing funding flexibility for certain capital programs. This committee was chaired by the Office of the Comptroller General and included senior officers from the Treasury Board Secretariat, the Department of Finance and departments with major multi-year project responsibilities.
4. At its meeting of July 15, 1987, Treasury Board considered and approved, on a pilot basis, a policy to establish a limited carry-forward of capital funds.