1. **POLICY**
   Each chancellor shall submit an annual report to the Board of Governors through the President of the plan to use lapsed salaries in the fiscal year. This NCSSM policy implements UNC Board of Governors Policy 600.3.3, Expenditure of Funds Through Lapsed Salaries.

2. **GENERAL REGULATIONS**
   2.1. The Chancellor will determine how lapsed salaries will be used during each fiscal year. The Chancellor will consult with the Vice Chancellors about lapsed salary, and make the decision of how lapsed salaries will be used.

   2.2. The Chancellor reports the School’s plan to use lapsed salaries on a form to be supplied by UNC General Administration.

3. **PROCEDURES**
   3.1. All requests to use lapsed salary must be approved by the Chancellor in advance. An explanation of the request and supporting documentation is provided to the Chancellor, and an information copy is provided to the Vice Chancellor for Finance and Operations.

   3.2. After the Chancellor’s preliminary approval of the request, the Budget Officer prepares the NCSSM Management Flexibility Request Form with the documentation attached to be signed by the requesting Vice Chancellor, Vice Chancellor for Finance and Operations (CFO), and Chancellor. The form includes a brief description of the request, the budget codes impacted by the request, and approval signatures. A blank form is attached.

   3.3. After the NCSSM Management Flexibility Request Form has been signed, the Budget Officer or Director of Finance and Budget will make the appropriate budget transfer and notify the requestor that the request has been approved.