Purpose

The purpose of this Policy is to ensure that the University meets its obligations in terms of the Financial Management Act, Tertiary Education (Amendment) Act and the Australian Accounting Standards (AASB). It is to provide the framework for preparing the annual budget, recognising brought forward balances, forecasting the University’s annual financial position at the end of the budget year and provide an overview of the management reporting processes and defining the key timeframes in which reports are produced.

Scope

This Policy relates to both the top level budgeting, forecasting, brought forward balances and management reporting undertaken by the Finance Directorate as well as all Portfolios and Faculties, commercial areas and regional campuses.

Forecasting is a projection of the University's annual financial position to the end of the financial year. Reports are issued monthly by the Financial Planning and Budget area to accountable budget holders. These highlight the current spend to date and information on any variations to the BAC approved budget. The reports provide a useful point of discussion, highlighting significant variances and form the basis of any corrective action steps required in order for the financial position to be improved.

It is University Policy that brought forward balances are restricted specifically to research grants, contracts, consultancy and other restricted special purpose funds with a current valid contract.

The University’s financial year, is 1 January to 31 December.

Legislative Context

Federation University Australia Act 2010
Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Budget</strong></td>
<td>A budget is an organisational plan in financial terms. The financial document is used to estimate future income and expenses. A budget can also serve as a plan for action for achieving quantified objectives, standard for measuring performance and a device for coping with foreseeable adverse situations.</td>
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<td><strong>Brought forward balances</strong></td>
<td>A balance which is entered in a general ledger at the start of a year (1 January) and represents the net balance of income less expenditure for a fund, at the end of the preceding year (31 December).</td>
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<tr>
<td><strong>Forecast</strong></td>
<td>Is a projection about the year end position, based on a number of factors including the use of historical data and current information and knowledge. It is developed in conjunction with the financial planning and budget team on a monthly basis for budget holders during the year.</td>
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<tr>
<td>Monthly Management Reporting</td>
<td>Management reporting is a detailed report of the actual year to date position and a full year forecast. It includes a Profit and Loss statement, cash flow statement and Balance Sheet.</td>
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Policy Statement

*Budget*- An annual budget (for a calendar year) must be prepared by the University in accordance with Section 8 of the University of Ballarat Act 1993, as amended by the University of Ballarat Amendment (Federation University Australia Act 2013. This section of the Act outlines the University's requirements in respect of the University budget. The University’s annual budget is to be prepared and presented to Council for approval.

Each budget unit (Portfolio or Faculty also referred to as a department or project) for both operating and research activities (where applicable) must prepare an annual budget in line with the framework document and guidelines.

Unless specific approval has been granted to over spend in a given year, areas are not allowed to spend more than their agreed budget.

*Brought Forward Balances*- At the commencement of the new financial year, balances from all funds that have received approval will be brought forward. Expenditure budgets should be developed in accordance with the University’s budget timetable which directly relate to the carry forwards to ensure that expenditure and income is matched.

*Forecasting*- Forecasts are prepared on a monthly basis both at a consolidated University level and cost centre level. A forecast should be based on all available information at the time of preparation, including historical data, commitments and expected income and expenditure. At the consolidated University level the Financial Planning and Budget team is required to prepare monthly reports and produce a forecast which aims to monitor the University’s performance against the approved budget (top down process). This is reported on a regular basis to both internal and external committees (being the Budget Advisory Committee and Finance Committee).

All budget units are required to analyse their monthly reports and provide financial forecasts.

Reports are aimed to be circulated to budget units within 10 days of the month end. It is the responsibility of budget managers (in conjunction with School Business Managers) to conduct variance analysis and provide comments highlighting any major change to the forecast from the budget. However, more importantly it is necessary to develop any cost mitigating plans should any budget overspends be expected.

*External Management Reporting*- Financial Management Reports are prepared on a quarterly basis to Finance Committee for noting of the year to date position along with a full year forecast.
Risk Analysis

Consideration will be given to allocating sufficient financial resources to areas which have particularly complex issues. Any issues or concerns surrounding budgetary control are mitigated by the processes and monitoring we have in place. We ensure that every area of spending within the University receives regular monitoring reports. External reporting ensures challenge and vigour to the University’s financial position.

Supporting Documents

Budgeting, Forecasting & Management Reporting Procedure

Responsibility

Responsibility for implementation:
Directors of Sections, Deans of Faculties and Business Managers

Responsibility for implementation, monitoring and compliance:
Chief Operating Officer/Chief Financial Officer
Associate Director - Financial Planning and Budget
Deputy Vice Chancellor Corporate & Student Services

Implementation and Communication

The Budgeting, Forecasting & Management Reporting Policy will be communicated throughout the University via:

1. Announcement on the FedNews website;
2. ‘Recently Approved Documents’ webpage to alert the University-wide community of the approved Policy;
3. Information/Training Sessions; and/or
4. Inclusion in the University's online Policy Library;
5. Distribution of e-mails to relevant University Staff and Stakeholder.