



Budget Policy

1.1 Budget overview

Makerere University, as a statutory authority established under the *Universities and Other Tertiary institutions Act 2006*, is required to undertake planning, budgeting and reporting in accordance with the following legislation:

- the *Financial Accountability Act 2009* and
- the *Financial Management Regulations 2009*.

The University prepares and manages its budget in conjunction with the annual strategic planning process. The budget is based on estimates provided by each responsibility centre and its purpose is to deliver the approved plans of colleges, administrative units and institutes. Detailed accrual budgets are prepared as five distinct programs:

- **Operating** - revenue and expenditure of all units relating to teaching, support activities and central overhead commitments
- **Research and External Services** - research training and institutional grants schemes, research infrastructure (derived either from central allocations out of operating funds or from external sources) and external revenue for specific research, consulting, testing or continuing education projects
- **Asset Management** - the major building program, maintenance programs, University minor works, IT infrastructure program and library resource allocation
- **Central Financing** - central financing receipting and distribution.

A detailed definition of each of the above programs is provided in the University's [Financial Management Practice and Procedures Manual](#).

Program budgeting enables the University to monitor the source and application of funds provided from Government, donations, international and domestic fee-paying students, external service activities and commercial-like operations.

1.2 Integration of strategic planning and budget management

The University's Strategic Planning Package and the Budget Package are released in the second half of each year. The Vice-Chancellor and Executive Director, Finance and Resource Planning

meet with each responsibility centre to discuss plans for the future three years. Responsibility centres then develop their annual budgets based on their plans and discussions from these strategic planning meetings.

1.3 Roles and responsibilities

The Directorate of Finance and Strategic Planning is responsible for collating budgets received from colleges and administrative units and for preparing the final University-wide budget in January each year.

Finance and Planning Committee of Council is responsible for considering strategic budget issues, approving the budget framework, and endorsing the University's budget.

Council is responsible for approving the University's budget.

1.4 Budget cycle

Mak's financial year is based on the government of Uganda financial year, and the budget for the University is set within this time frame. The annual budget is developed on an annual basis incorporating anticipated revenue and expenditure for all activities of the organisation that have financial implications. The University's budget for the following year is completed by January each year and approved by Council at its January meeting.

Annual budgeting allows strategic analysis and decision making to be undertaken as part of the University's budget process. The budget is a detailed operational financial plan with the two out-years developed at a strategic level.

The budget is an integral part of the University's planning process and is achieved through the steps described below.

Step 1 - Development of Finance and Infrastructure Plan

Step 2 - Development of budget package

Step 3 - Development of draft programs and faculty / division / institute budgets

Step 4 - Budget signed off with Vice-Chancellor

Step 5 - Budget endorsed by Planning and Resources Committee and approved by Council

Step 6 - half year reforecast

Step 7 - Second half year reforecast (Second half Yr1)

Step 8 - End of Year Financial Reporting (First half Yr2)

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4.1.5 Corporate level budget development

In preparing corporate budget projections for inclusion within the University's Budget Package, the Division of Finance and Resource Planning is required to:

- determine the internal distribution of Commonwealth grant funding for both teaching and research grants;
- estimate revenue from fee-paying students and other income sources;
- identify existing and new strategic initiative funding; and
- review funding levels for University-wide overheads.

The development of the budget at the corporate level is detailed in the [Financial Management Practice and Procedures Manual](#).

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4.1.6 Load management and funding implications

Student load (EFTSL) projections underpin the internal distribution of Commonwealth grant funding for both teaching and research, along with the projections of income from fee-paying students, for the purpose of developing the University's budget at the corporate level.

QUT and the Australian Government enter into a three-year Funding Agreement, which outlines EFTSL by funding cluster and other arrangements for funding under the Commonwealth Grants Scheme. EFTSL is calculated for all academic organisational units. This is combined with load projections from other funding sources (international students, domestic fee-paying students etc) to gain a total load picture for the academic organisational unit and faculty.

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4.1.7 Budget development and approval

Budget development

As part of the strategic planning and budgeting process ([A/2.2](#)) faculties, divisions and institutes prepare and submit, for detailed review, their proposed annual teaching program budget, along with research-related budget submissions, for the coming financial year and two out-years.

The Division of Finance and Resource Planning liaises with the sponsors of the other budget programs to support budget development within the specified timeframes. Upon completion, all budget programs are consolidated into the University's 'consolidated budget' for the triennium.

Budget approval

From a management perspective budget approval authority lies with:

- Specific levels of management within organisational units who have authority to approve draft budgets throughout the budget development process.
- Executive deans of faculty / heads of division / institute directors who will review and approve their proposed budget prior to submission to the Planning and Budget Department , Division of Finance and Resource Planning.
- The Executive Director, Division of Finance and Resource Planning, who is charged with consolidating the budget at the corporate level.

Written approval from the Vice-Chancellor is required for budget transfers from the central contingencies to the Division of Finance and Resource Planning.

The University's consolidated budget is submitted through Vice-Chancellor's Advisory Committee to Planning and Resources Committee for review and endorsement, prior to formal submission to QUT Council for approval.

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4.1.8 Budget reforecasting

In the first half and second half of each budget cycle the University will undertake a complete review of its financial performance against the first year of the approved budget. This review is of all budget programs, with the budget to be reforecast to reflect the anticipated outcome for the year. The purpose of this review of annual revenue and expenditure estimates is to make appropriate adjustments for material movements in performance, which result in a major increase or decrease to the overall estimated financial position of the program or activity.

In addition, faculties, divisions and institutes will undertake a formal review of their Operating Program and Faculty Funded Research budget forecasts in the first half and second half of each year. The reforecasting process will involve negotiations between faculties / divisions / institutes and the Division of Finance and Resource Planning regarding budget increases / decreases in revenue estimates, along with material movements in anticipated expenditure performance. Any budget adjustments will occur prior to the end of the first half and end of the second half of the year respectively.

The Division of Finance and Resource Planning will liaise with the sponsors of the other budget programs to incorporate changes in revenue and expenditure performance.

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4.1.9 Budget reporting

Under the *Financial and Performance Management Standard 2009*, QUT is required to report on its budget at least once every three months. The University's budget reporting includes:

- Submission of Annual Budget
- First half reforecast report
- Second half reforecast report
- Financial Outcome Report.

Monthly management reports are also prepared by the Division of Finance and Resource Planning for submission to Vice-Chancellor's Advisory Committee and Planning and Resources Committee.

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4.1.10 Budget adjustments

Allowable budget adjustments fall within the following three categories:

a) Material Budget Adjustments

These adjustments represent significant movement in revenue and expenditure forecasts, which impact on the bottom line of the organisational area and/or budget program. These adjustments are allowed at budget reforecast time only and are subject to negotiation between the Division of Finance and Resource Planning and the relevant area.

b) Non-material Adjustments

These adjustments are budget neutral as they have a nil impact on the bottom line of the organisational area and/or budget program. These adjustments are allowed between the months of January and December.

c) Allocations to Internal/Collaborative Projects

At budget development time organisational areas are required to identify faculty / division / institute internally funded initiatives within the Operating Program. The allocation of these funds to individual projects is allowed between the months of January and December.

Further details are provided in the [Financial Management Practice and Procedures Manual](#).

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4.1.11 Specific budget policies

The [Financial Management Practice and Procedures Manual](#) details specific budget policies for application within QUT, including:

- Accrual Budgeting
- Administration Cost Recovery

- Asset Management Program Recovery
- Asset Management Plan - Capital Program Drawdown Facility
- Capital Project Budget Approval
- Capital Budgets
- Australian Government Support and HECS-HELP Funding
- Cost Attribution Policy for Research Training Scheme (RTS) and Institutional Grants Scheme (IGS)
- Devolved Overheads
- Internal Transactions
- International College Fee Revenue
- Long Service Leave
- Performance Pool
- Retained Funds
- User Charging