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BUDGETS AND FORECASTING

Section	Finance		
Approval Date	08.06.2009	Approved by	Directorate
Next Review	27.05.2020	Responsibility	Director of Finance and Business Improvement
Last Reviewed	27.05.2016	Key Evaluation Question	6

PURPOSE

To set financial targets for income, operating expenses (opex), staffing costs (pays), and capital expenditure (capex) for all budget units (cost centres) for the following financial year.

To agree EFTS provision per course/programme within the Institute's EFTS cap and category allocations.

To provide a forecast of NMIT's expected full year EFTS and financial results for the current financial year.

DEFINITIONS

Budget	Fixed financial and non-financial target for a financial year per cost centre for income, opex, pays, capex and EFTS
Capital Expenditure (capex)	Expenditure on items which have an economic life of more than one year and a cost of more than \$500. This may include a group of items which make up a "set" and internally manufactured items which meet the above criteria. All capex purchases require an approved business case prior to order. Inclusion of an item in the budget does not constitute the authorization to purchase the item.
Centralised Costs	Costs incurred by more than one cost centre that are budgeted within a single cost centre, e.g. NMIT vehicles.
Centrally Calculated Costs	Costs calculated centrally by Finance but allocated to individual cost centres, e.g. international commissions, salary costs.
EFTS Projection	Estimated full year EFTS reflecting latest data.
Live Budget	Revised financial and non-financial target for a financial year that reflects latest known data and assumptions.
Operating Expenditure (opex)	Expenditure, other than capital expenditure, staffing costs, and contractors incurred in the day to day operations of NMIT.
WLSS Database	Database detailing planned teaching and non-teaching time.

RESPONSIBILITIES

Director of Finance & Business Improvement	<ul style="list-style-type: none"> ▪ Coordinate the annual budget process. ▪ Manage NMIT's budgeting software. ▪ Prepare centrally calculated costs. ▪ Provide guidance to budget managers when completing annual budget and live budget packs. ▪ Distribute approved budget packs to budget managers. ▪ Distribute financial and non-financial performance reports to Directorate, Managers (Programme Areas), and support team leaders. ▪ Attend scheduled review meetings with budget managers. ▪ Regularly review NMIT's live budget throughout the year and update it to reflect latest known data and assumptions.
Budget Managers	<ul style="list-style-type: none"> ▪ Complete annual budget packs within specified timeframes. ▪ Complete capital expenditure request forms for all capital expenditure items ▪ Update live budget packs on a regular basis to reflect latest known data and assumptions. ▪ Attend budget/live budget review meetings as required. ▪ Manage costs within agreed budget/live budget.
Review Team	<ul style="list-style-type: none"> ▪ Review and challenge draft annual budgets. ▪ Sign off annual budget for submission to Council. ▪ Regularly meet with budget managers to review actual performance against budget/live budget.
Council	<ul style="list-style-type: none"> ▪ Approve annual budget.

TIMEFRAME

The Director of Finance and Business Improvement sets the annual budgeting schedule at the start of each academic year. An indicative timeframe is shown in the next section.

The live budget is updated regularly throughout the financial year.

PROCEDURE

ANNUAL BUDGET	
August	<ul style="list-style-type: none">- Budget managers complete budget packs for next academic year (January - December)- Budget managers agree EFTS programme by programme with Director of Finance and Business Improvement- Budget managers complete capital expenditure requests for all capital expenditure items
September	<ul style="list-style-type: none">- Budget managers and Director of Finance and Business Improvement present budgets to Director of Learning, Chief Executive and Chief Operating Officer. Amendments made to budgets as required- Review team signs off individual cost centre budgets- Individual cost centre budgets consolidated into Institute budget.- Review team signs off Institute budget
October	<ul style="list-style-type: none">- Council reviews Institute budget- Amends budget as required
November	<ul style="list-style-type: none">- Council signs off Institute budget
December	<ul style="list-style-type: none">- Director of Finance & Business Improvement prepares and distributes approved budget packs to budget managers- Director of Finance and Business Improvement advises budget managers which capital expenditure requests have been approved.

BUDGET REVIEW

Once the annual budget has been agreed by Council, it becomes the 'measure' or 'target' to compare the actual results to.

Financial performance reports are prepared and distributed on a regular basis to Council, Directorate, Programme Area Managers and Business Support Managers/Team Leaders as appropriate.

Regular review meetings involving (as required) budget managers, Managers (Programme Area), the Director of Finance and Business Improvement, Chief Operating Officer, and Chief Executive are held.

LIVE BUDGET

The live budget is a copy of the annual budget which budget managers and the Director of Finance and Business Improvement regularly update during the financial year to reflect the latest data and changes to assumptions. This provides a forecast of NMIT's financial result for the financial year.