RHODES UNIVERSITY

BUDGET 2014

GUIDELINES

ISSUED BY RHODES UNIVERSITY

FINANCE DIVISION

29 JULY 2013

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CONTENT

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1.   INTRODUCTION

The Budget is the financial expression of strategic decisions made to achieve the Vision, Mission and Strategic objectives of the University. While a budget is an essential tool in meeting strategic objectives, the quality of the budget determines could determine the extent to which the objectives are met. The benefits of a quality budget include:

- The opportunity to step back and critically evaluate the application of scarce resources effectively
- Demands proactive management of the organisation by prediction of the future
- It serves as a tool for making decisions based on changing circumstances in the short-term
- It provides a basis to measure performance at different levels within the organisation
- It provides managers with a spending authority for the following financial year

In line with the principle of continuous improvement, refinements are evident each year. In particular, the following features need mentioning:

1.   Monthly phasing of Income and Expenditure
For Budget 2013 all university entities were required to submit a budget that was spread monthly across the year. This time round, for Budget 2014, only Support Divisions are required to submit their budget requests in a monthly format, i.e. income and expenditure must be entered in the month(s) in which they are expected to occur. This is essential for monitoring and reporting during the financial year. However, Academic Departments and Deans' offices have the option of submitting their budget requests either as an annual figure or spread monthly across the year. The choice depends on the department's or Dean's needs.

2.   Pre-populated historical figures in budget templates
In prior years Academic Departments and Support Divisions were required to enter historical figures in the budget templates. The exercise was time-consuming for the users and the results were inconsistent. For Budget 2014 the templates for both Academic Departments and Support Divisions contain pre-populated historical financial information. Hopefully this feature is enjoyed by users.

3.   Budgeting against GL Accounts
Up to and including Budget 2013, Academic Departments entered their budget requests against generic expense categories, despite actual expenditure taking place against General Ledger Accounts. Some engagement with departmental administrators revealed that they would appreciate it if budgets could be entered against GL Accounts. Form B for running grant requests now accommodates GL Accounts; users will see historical figures against GL Accounts and be able to enter budgets against them.

The budgeting process kicks off in July and this year culminates with the approval of the budget by Council in December. Budget requests should be realistic and reasonable to ease the review and refinement process. The process is transparent, and with it being the responsibility of the entire University, participation at the budget meetings is encouraged.

During this period demands will be placed on budget process participants to meet quality and time requirements. It is understood that these demands are placed on top of existing ones, and the Finance team will be on hand to provide support during the process.

With the above in mind, **good luck to all!**

Geoff Erasmus
Management Accountant

2. BUDGET PRINCIPLES

The budget and the budgeting process need to adhere to principles that comply and are in line with the University's Vision and Mission, as well as with its obligations to all stakeholders.

The budget principles are:

- **Balanced Budget**: Income must equal Expenditure. A budget deficit may not be planned for.

- **Zero-based budgeting**: The budget for each income and expenditure item must be developed and motivated anew for the new budget period. Competing budgets must be evaluated against each other, while budgets must reflect the levels of service offered at different expenditure levels.

- **Cross-subsidisation**: For strategic reasons operating units with a surplus will cross-subsidise units with a deficit.

- **Fairness, Transparency and Participation**: The budgeting process should allow for wide stakeholder input.

- **Accountability and Ownership**: Accountability for and Ownership of the budgeting process and the budgets should be clear.

3. KEY PARAMETERS

The parameters below are proposed keeping in mind the objectives that need to be achieved and the budget principles to be applied. As such, they may change with the finalisation of the budget.

		INCOME	Budget 2013	Budget 2014	COMMENT
RU BENCHMARKS	1	Block Grant Subsidy increase	8%	7.5%	Preliminary
	2	Student Fee increase	8%	8%	Preliminary
	3	Student Enrolments	7645	7861	
	3.1	Under-graduate	5329	5561	Proposed
	3.2	Post-graduate	2273	2255	
	3.3	Occasional	43	45	
		EXPENDITURE			
	4	Staff Cost : Income ratio	69.6%	68.0%	

		CPI	Actual 2012	Actual 2013	COMMENT
ECONOMIC INDICATORS	5	Headline	5.7%	5.5%	STATSSA June 2013
	6	Eastern Cape	5.3%	4.9%	STATSSA June 2013
	7	Tertiary Education	9.7%	8.8%	STATSSA June 2013
		EXCHANGE RATES			
	8	Rand/US Dollar	8.21	10.05	Ave till June 2013
	9	Rand/Euro	10.54	12.10	Ave till June 2013
	10	Rand/Pound	13.01	14.24	Ave till June 2013

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4. TIME-TABLE

DATES	TIME	ACTIVITY	ACCOUNTABLE	VENUE
29-Jul-13	09h00	Budget Committee Meeting	All	Council Chamber
29-Jul-13	16h00	Budget Packs made available via Finance website (TopList)	Finance	
30-Aug-13	16h30	Due date for return of Budget Requests from Budget Holders	Departments / Divisions / Units	
10-Oct-13	09h00	Budget Committee Meeting - 1st review of draft budget	All	Council Chamber
25-Oct-13	14h15	Fees Schedule presented to Senate for comment	Finance	Council Chamber
29-Oct-13	09h00	Budget Committee Meeting - final review of draft budget	All	Council Chamber
14-Nov-13	11h00	Budget presented to F&GP	Finance	Council Chamber
5-Dec-13	10h30	Budget presented to Council for approval	Finance	Council Chamber
12-Dec-13	12h00	Advise Departments/Divisions/Units of budget allocations	Finance	
1-Apr-14		Spending against Academic Capital Grants Commence	Departments	

5.   BUDGET REQUESTS

5.1.   FEES

The Fees schedule must be completed by all academic departments and should include all fees that could be raised on a student account. Examples of fees that could be included are:

- Hand-out charges
- Computer usage
- Field trips

Form A Schedule of Fees 2014 must be completed and submitted to Ms Debby Wolhuter at d.wolhuter@ru.ac.za on or before 30 August 2013.

5.2.   STAFF COSTS

The development of the Staff Cost budget will be co-ordinated by the Human Resources Division. All staffing requests for 2014, including Student Assistance, Graduate Assistance and Temporary staff costs, should be done in line with the procedure outlined in the HR Division request that was sent out at an earlier stage. Liaise with Mrs Adrienne Tait at a.tait@ru.ac.za in this regard.

5.3.   ACADEMIC RUNNING GRANTS

Academic Running Grants refer to expenditure required for the day-to-day running of an academic department or Dean of a faculty.

It includes, amongst others:

- Stationery and Printing
- Consumables
- Telephone
- Consultancy Fees
- Travel
- Entertainment/Functions and Events (budget this separately from supplies and services or general)
- Small Capital items below R3,000, may include heaters, fans, etc.

It excludes Staff Costs, Capital Equipment above R3,000, Research Activity costs, Conference and related travel costs.

The file **"Form B Department Running Grant 2014.xlsm"** must be completed by **Academic Departments and Faculty Deans only**. Instructions on how to develop this budget is in the file.

Submit the completed file to Mrs Sonia Kivitts at s.kivitts@ru.ac.za on or before 30 August 2013.

5.4.   INSTITUTES AND UNITS GRANTS

Institutes and Units request a running grant from the University budget. All grant requests must include detail of the following: actual income and expenditure for 2012, a forecast of income and expenditure for 2013 and a forecast of income and expenditure for 2014. In all instances, indicate funds carried forward from one year to the next, and the amount of the grant required. A letter of motivation must accompany all requests.

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5.5. COMMUNITY ENGAGEMENT AND INTERNATIONAL OFFICE GRANTS

The units of Community Engagement and International Office receive running grants from the University's central budget. These grants are separate from the staff cost budgets that are developed by the HR Division.

Requests for running grants must be submitted using the file **Form F CE & IO Running Grant 2014.xlsm**. Instructions on how to develop this budget is in the file.

Submit the completed file to Mrs Sonia Kivitts at s.kivitts@ru.ac.za on or before 30 August 2013.

5.6. SUPPORT DIVISION EXPENDITURE

Support Division Expenditure refers to expenditure required for the day-to-day running of a support division.

It includes, amongst others:

- Stationery and Printing
- Consumables
- Telephone
- Travel
- Consultancy Fees
- Entertainment/Functions and Events (budget this separately from supplies and services or general)
- Small Capital items below R3,000, may include heaters, fans, etc.

It excludes Staff Costs, Capital Equipment above R3,000, Conference and related travel costs.

The file **"Form E Support Division Expenditure 2014.xlsm"** must be completed by **Support Divisions only**. Instructions on how to develop this budget is in the file.

Submit the completed file to Mrs Sonia Kivitts at s.kivitts@ru.ac.za on or before 30 August 2013.

5.7. CAPITAL EQUIPMENT

5.7.1. FURNITURE AND EQUIPMENT

Furniture and Equipment specifically relate to all capital items for general use. While furniture is self-explanatory, equipment includes a wide range of items, amongst others:

- Video and Electronic Equipment
- Workshop Machinery
- Shredders and Binding Machines
- Electronic desk calculators
- Kitchen Appliances
- Vehicles and Trailers
- And more

It excludes:

- Computer Equipment
- Data and Overhead Projectors
- Teaching and Scientific Equipment
- Heavy-duty staplers, punches and related equipment – should be budgeted under stationery

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- Fitted items such as built-in shelves, fitted carpets, air-conditioners, etc. – requests for these items must be submitted to the Infrastructure & Operations Division during the budget year (2014) as and when required.

The file named "**Form C Furniture & Equipment 2014.xlsx**" must be completed by all who request these items. The instructions for on how to complete the file are in the file. Note that you do not need to provide amounts or quotations since they will be provided by the Buying Office. If you need any assistance you can contact Ms Merril Prinsloo on ext. 8136.

Submit the completed file to Ms Merril Prinsloo at m.prinsloo@ru.ac.za on or before 30 August 2013.

5.7.2. ACADEMIC CAPITAL EQUIPMENT

Academic Capital Equipment includes equipment that is used specifically in to facilitate teaching and learning. Examples of such equipment are:

Musical instruments and equipment
Data collectors/loggers
Laboratory equipment
Video and Photographic equipment
Software Licence renewals of teaching programs
Data and Overhead projectors

It excludes:

Furniture and general equipment
Computer Equipment

The file named "**Form D Capital Equipment Grant 2014.xlsx**" must be completed by Academic Departments and submitted to Mr Rodney Bridger at r.bridger@ru.ac.za.

5.7.3. COMPUTER EQUIPMENT

Computer Equipment includes applications for upgrade computers, new desktop and laptop computers, printers/Multi-function Printers, monitors and related IT equipment.

Each department and division must complete the relevant application forms that must be submitted to the IT Division. These forms will be available on Thursday, 1 August 2013. The forms must be completed by 30 August 2013.

The link named "**IT Capital Equipment 2014**" will appear on the Finance – Budget 2014 web page on 1 August 2013 and will take you to the relevant forms that need to be completed. The forms are self-explanatory and easy to complete. For further assistance contact Ms Chantelle Ferguson at c.ferguson@ru.ac.za.

5.7.4. 4/5 YEAR ROLLING PLANS FOR CAPITAL EQUIPMENT

Departments that have 4/5 Year Rolling Plans for Capital Equipment should meet with Ms Desiree Philipson (Director: Finance) to discuss further requirements. Requests must be submitted by 30 August 2013.

6.   CONTACTS

NAME	POSITION	RESPONSIBILITY	E-MAIL	EXT
Ms Desiree Philipson	Director: Finance	Budget Process Owner	d.philipson@ru.ac.za	8123
Mr Geoff Erasmus	Management Accountant	Budget Co-ordination	g.erasmus@ru.ac.za	7541
Ms Ingrid Ford	Ass. Financial Accountant	Budget Support	i.ford@ru.ac.za	8634
Mrs Sonia Kivitts	Administrator & Secretary to Director: Finance	Budget Administrative Support	s.kivitts@ru.ac.za	8123
Mr Rodney Bridger	Senior Buyer	Equipment Budgets	r.bridger@ru.ac.za	8137
Ms Merril Prinsloo	Buyer	Equipment Budgets	m.prinsloo@ru.ac.za	8136
Ms Tracey Chambers	Support Manager - IT	Computer Equipment Budget	t.chambers@ru.ac.za	8288
Ms Debby Wolhuter	Assistant Accountant	Fees	d.wolhuter@ru.ac.za	8165

END

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