

RHODES UNIVERSITY

COUNCIL CONTROLLED BUDGET 2015

GUIDELINES

ISSUED BY RHODES UNIVERSITY

FINANCE DIVISION

1 AUGUST 2014



RHODES UNIVERSITY
Where leaders learn

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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 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 and improvements in the budgeting process are evident each year. This year's budgeting process features a step change in the way that budgets are submitted, laying the foundation for future enhancements for more efficient and effective budgeting. For the first time at Rhodes University, running grant requests and expenditure budgets will be captured by Departments, Divisions and Institutes; that means that no Excel spreadsheets need to be completed and sent to the Finance Division. At the end of this document detailed instructions are available.

Your attention is drawn to the following:

Disaggregation of accounts

There may be accounts within Departments and Divisions that are named *Supplies & Services*, *General*, *Miscellaneous*, etc. In the case that any of these accounts constitute a relatively large amount of expenditure, they need to be analysed to identify groups of expenditure types for which new accounts should be opened. This will assist in improved financial analysis and planning.

The internal and external economic challenges have been expressed at the first Budget Committee meeting and at a senior leadership forum; these challenges, among others, include a stressed economic environment, high Higher Education inflation, staff remuneration levels and the maintenance of our infrastructure. While these challenges require budget requests to be realistic and reasonable, they also create the opportunity to be innovative in applying scarce resources in the most efficient and effective manner.

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. 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.

RU BENCHMARKS	INCOME		Budget 2013	Budget 2014	Budget 2015
	1	Block Grant Subsidy increase	8%	7.5%	6%
	2	Student Fee increase	8%	8%	TBD*
	3	Student Enrolments	7645	7861	TBD*
	3.1	Under-graduate	5329	5561	TBD*
	3.2	Post-graduate	2273	2255	
	3.3	Occasional	43	45	
	EXPENDITURE				
	4	Staff Cost : Income ratio	69.6%	67.0%	67.0%

ECONOMIC INDICATORS	CPI		Average 2012	Average 2013	Jun '13 – Jun '14
	5	Headline	5.6%	5.7%	6.6%
	6	Eastern Cape	5.3%	5.0%	6.8%
	7	Tertiary Education	9.7%	8.8%	9.4%
	EXCHANGE RATES				
	8	Rand/US Dollar	8.21	9.65	10.69
	9	Rand/Euro	10.54	12.83	14.65
	10	Rand/Pound	13.01	15.21	17.82

* TBD: To be determined

4. TIME-TABLE

DATES	TIME	ACTIVITY	ACCOUNTABLE	VENUE
1-Aug-14	16h30	Budget Packs made available via Finance website	Finance	
4-Aug-14	12h00	Detailed instructions for capturing budgets into PROTEA available	Finance	
29-Aug-14	16h30	Due date for return of Budget Requests from Budget Holders	Departments / Divisions / Institutes	
13-Oct-14	09h00	Budget Committee Meeting - 1st review of draft budget	All	Council Chamber
24-Oct-14	14h15	Fees Schedule presented to Senate for comment	Finance	Council Chamber
30-Oct-14	09h00	Budget Committee Meeting - final review of draft budget	All	Council Chamber
13-Nov-14	11h00	Budget presented to F&GP	Finance	Council Chamber
4-Dec-14	10h30	Budget presented to Council for approval	Finance	Council Chamber
11-Dec-14	12h00	Departments/Divisions/Units advised of budget allocations	Finance	
1-Apr-15		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 2015 must be completed and submitted to Ms Debby Wolhuter at d.wolhuter@ru.ac.za on or before 29 August 2014.

5.2. STAFF COSTS

The development of the Staff Cost budget will be co-ordinated by the Human Resources Division. All staffing requests for 2015, 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
- Photocopy charges
- Consumables
- Telephone
- Consultancy Fees
- Travel & Subsistence
- Functions and Events / Entertainment
- Rentals
- Protective clothing
- Repairs & Maintenance
- 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 budget for academic running grant must be captured in PROTEA. Once the budget is captured in PROTEA, reports can be run out of PROTEA and into an MS Excel document. An Excel file named **Budget 2015 Academic_Institute_Unit Running Grant.xlsm** is available for reporting and analysis of the departmental budget. Detailed instructions are available in a separate document.

A printed copy of the MS Excel budget report must be signed by the relevant head(s) and forwarded to Mrs Sonia Kivitts in the Finance Division; this can be scanned and e-mailed to s.kivitts@ru.ac.za.

5.4. INSTITUTES AND UNITS GRANTS

Institutes and Units request a grant from the University budget. The request for a grant must be captured in the budgeting module of PROTEA. Income, expenditure and transfer information must be captured to enable a proper evaluation of the request. Generally only the Retained Income account into which the grant is transferred is used to capture this information.

Once the budget and grant request are captured in PROTEA, reports can be run out of PROTEA and into an MS Excel document. An Excel file named **Budget 2015 Academic_Institute_Unit Running Grant.xlsm** is available for reporting and analysis of the Institute's and Unit's budget and grant request. Detailed instructions are available in a separate document.

A printed copy of the MS Excel budget report must be signed by the relevant head(s) and forwarded to Mrs Sonia Kivitts in the Finance Division; this can be scanned and e-mailed to s.kivitts@ru.ac.za.

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.

The request for a grant must be captured in the budgeting module of PROTEA. Income, expenditure and transfer information must be captured to enable a proper evaluation of the request.

Once the budget and grant request are captured in PROTEA, reports can be run out of PROTEA and into an MS Excel document. An Excel file named **Budget 2015 Academic_Institute_Unit Running Grant.xlsm** is available for reporting and analysis of the unit's budget and grant request. Detailed instructions are available in a separate document.

A printed copy of the MS Excel budget report must be signed by the relevant head(s) and forwarded to Mrs Sonia Kivitts in the Finance Division; this can be scanned and e-mailed to s.kivitts@ru.ac.za.

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
- Photocopy charges
- Consumables
- Telephone
- Consultancy Fees
- Travel & Subsistence
- Functions and Events / Entertainment
- Rentals
- Protective clothing
- Repairs & Maintenance
- 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 budget for divisional expenditure must be captured in PROTEA. Instructions on how to capture this budget is at the end of this document. Once the budget is captured in PROTEA, reports can be run out of PROTEA into an MS Excel document. An Excel file named **Budget 2015 Divisional Expenditure Budget.xlsm** is available for reporting and analysis of the departmental budget.

A printed copy of the MS Excel budget report must be signed by the relevant head(s) and forwarded to Mrs Sonia Kivitts in the Finance Division; this can be scanned and e-mailed to s.kivitts@ru.ac.za.

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
- Replacement of fitted carpets and items related to maintenance.

The file named “**Form C Furniture & Equipment 2015.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 Merrill Prinsloo on ext. 8136.

Submit the completed file to Ms Merrill Prinsloo at m.prinsloo@ru.ac.za on or before 29 August 2014.

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 2015.xlsx**” must be completed by Academic Departments and submitted to Mr Rodney Bridger at r.bridger@ru.ac.za.

5.7.3. COMPUTER EQUIPMENT AND SOFTWARE

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

Each Department and Division must send their requests for computer equipment per e-mail to the Information & Technology Service (I&TS) Division by 29 August 2014. The following information is required in the e-mail:

- A brief motivation expressing the need for new IT equipment or software
- A description of the item required
- An explanation for why this item is requested instead of another, e.g., a tablet vs a laptop vs an iPad
- The purpose for which the item is required

The detail above enables the I&TS Division to provide advice as to what equipment or solution is most suitable for the purpose of the equipment.

Staff is welcome to contact Tracey Chambers on Ext. 8290 to discuss their requirements.

5.7.4. 4 YEAR ROLLING PLANS FOR ACADEMIC CAPITAL EQUIPMENT

Departments that have 4 Year Rolling Plans for Capital Equipment should meet with Ms Desiree Philipson (Director: Finance) or Geoff Erasmus (Management Accountant) to discuss further requirements. Requests must be submitted by 29 August 2014.

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 Merrill 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
Mrs Waldette Lombard	DD: Infrastructure & Ops	Infrastructure requirements	w.lombard@ru.ac.za	8142

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