Managing Your Budgets Guide

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1 What does this guide cover?

Your role as Budget Holder is essential in looking after the University's financial resources and delivering efficiency, economy and effectiveness: Value for Money.

This guide is to help Budget Holders (this includes delegated Budget Holders) understand how to manage their budgets effectively using the financial management reports ('reports') available in the Finance System in order to carry out regular and ad-hoc budget monitoring tasks and to ensure compliance with Financial Regulations and relevant policies.

The reports enable the Budget Holder to obtain an overview of their budgets as well as being able to 'drill down' to the transaction levels to gain an understanding of the use of resources within their responsibility. This aids budget monitoring, decision making and financial control, enabling any corrective action to be taken promptly to ensure that individual budgets, and ultimately the school or division stays on track and meets its agreed annual financial and other objectives. This can also help to identify potential risks and opportunities, focus on priorities and encourage a forward-looking approach.

It is assumed the Finance training modules have already been completed and that you are familiar with the Financial Regulations (see link below) and relevant policies.

UoS Financial Regulations Nov 2020 (updated Sept21)

Further practical guidance on how to run the reports and how to export data is available in the Managing your Budgets e-learning

Please see the appendices for the explanation of terms, frequently asked questions and links to key policies.

> **By the end of reading this guide you should:**
>
> ✓ Know how to carry out effective budget management.
>
> ✓ Know which financial management reports are available on the Finance System
>
> ✓ Understand the purpose of the reports and when to use them.
>
> ✓ Know how to get help

2 Who do I contact for further help?

If you have any questions after reading this guide please visit the Finance Website www.sussex.ac.uk/finance/ or contact the Service Desk financeservicedesk@sussex.ac.uk

3 Feedback and comments

We value your feedback and would be grateful for any comments on how to improve this guide. Please email financeservicedesk@sussex.ac.uk with your comments and feedback.

1 Budget Holder Responsibilities

The University Financial Regulations require Heads of School (HoS) and Directors of Professional Services (DoPS) to be responsible for the financial management of the areas or activities they control, and the proper and effective use of University funds in accordance with their approved budget. **They must ensure that day-to-day monitoring is undertaken effectively in order to:**

- Ensure that income and expenditure remain within their budget and that net expenditure within their units does not exceed funds available

- Ensure the propriety of transactions.

A Director of Professional Services or Head of School has overall responsibility for their area, however if you have been given delegated authority as a Budget Holder, you also have a responsibility to manage the delegated budget subject to the same requirements. This will include approving expenditure on behalf of the University in accordance with the **Financial Regulations and relevant policies.** A Budget Holder may have responsibility for research projects, School budgets, or Professional Services Divisional budgets. Within School Budgets, these principles apply equally to devolved codes.

The purpose of monitoring a budget is to ensure that resources are applied for the purpose that was agreed when the budget was prepared and expenditure remains within the amounts agreed (i.e. does not result in an overspend) unless an alternative approach has been authorised.

This means that you need to understand the objectives and priorities for the unit whose budget you are managing, that you are responsible for ensuring Requisitioners know what they can and cannot buy and to check that funds are available before expenditure is committed, that you are satisfied spend to date is accurate, commitments are up to date and forecasts reasonable.

The easiest way to do this and therefore prevent budget overspends is to regularly run reports from the Finance System and **take action** to resolve any issues or concerns at an early stage. With this knowledge, any risks or opportunities can be flagged and the implications taken into account to improve forward planning.

2 Financial Reports

Financial reports and e-mail prompts are routinely prepared by Finance or automatically generated and sent directly to Budget Holders on a regular basis for a specific purpose. In addition, there are a number of ad-hoc reports which Budget Holders can run themselves by logging in to the Finance System. The reporting options available to aid budget monitoring are currently as follows:

Automatically Generated Reports	Frequency	Produced By	Purpose
Management Accounts	**Monthly**	**Finance Business Partner**	Sent to all Heads of School/ Directors of Professional Services to provide an overview of total budget, spend to date and forecast for the resources for which they are responsible. The accounts are reviewed with the Finance Business Partner. In the case of overspends, the HoS/DoPS should identify any mitigation action needed to be taken to bring the overall forecast back within budget.
Purchasing Card Transactions Report	**Monthly**	**Finance**	Sent to Budget Holders to be reviewed and relevant action taken to account for the spend accurately; for example to add expenditure codes where required.
Outstanding Purchasing Card Tasks Report	**Monthly**	**Finance**	Sent Budget Holders to be reviewed and relevant action to taken to be taken promptly. This is a 'chaser' report and ideally all tasks would have already been completed. It is important to action the outstanding tasks as soon as possible to keep the information on the finance system up to date.
Items approved reports	**Monthly**	**Finance**	Sent to Budget Holders for review to check that only known items have been charged to your codes. Action is required to correct any errors.

Ad-hoc Reports: 3 Types	Frequency	Produced By	**Purpose**
Budget Reports	**As required**	**Self-run by logging in to the Finance System**	Shows the latest budget either to month end or year end. You should recognise the figures and if not it will need to be followed up with your Finance Business Partner.

Transaction Reports	**As required**	**Self-run by logging in to the Finance System**	Shows the details transactions to date
Commitment Reports	**As required**	**Self-run by logging in to the Finance System**	Shows purchase orders raised but not yet authorised and/or paid for i.e. committed spend.

Within each type of ad-hoc report, there are a number of individual reports which can be run depending on your query and your access rights.

Types of ad-hoc reports	Individual Reports	Use for
Budget Reports	**Committed Spend vs Budget**	You can use this report to see your actual and committed spend compared to your budget. For example; this could be used for year to date to review/understand any variance to budget or full year to review/understand what is yet to be paid/received. Consider status of spend i.e. actually paid for (transactions) for or committed but not yet paid for (commitments)
	Committed Spend vs Budget – Funds check	You can use this report to see your actual spend plus your committed spend compared to your budget by **only** looking at the funds available to spend. For example; could be used to identify how much budget is still available after your commitments have actually been paid before making a spend decision
Transaction Reports	**Detailed transactions -Non Payroll**	You can use this report to see a detailed listing of non-payroll transactions selected by account, subproject, project or cost centre. This can be used to check transactions are correctly coded or to identify what is missing.
	Detailed transactions - Payroll	You can use this report to see a detailed listing of salary payments made to individual staff selected by account, subproject, project or cost centre, or person code. This can be used to ensure staff are correctly coded. Availability depends on access rights.
	Requisition Details	You can use this report to see a detailed listing of requisitions selected by cost centre, project or sub-

		project. This can be used to find out more details about the requisition if required.
	Purchase Order Details	You can use this report to see a detailed listing and status of purchase orders selected by cost centre, project or sub- project. This provides information on all purchase orders, both open and closed so can be used to confirm whether a purchase order has been paid or not.
Commitment Reports	**Payroll Commitments**	You can use this report to see a detailed listing of payroll commitments selected by account, cost centre, project or sub-project. This provides an indicative payroll commitment but is not often used.
	Outstanding Commitments	You can use this report to see a detailed listing of non-payroll commitments selected by account, cost centre, project or sub-project. This can be used to check how much budget is already committed to be spent and whether the commitments are all still valid. Please advise the finance service desk of any commitments that need to be cancelled.

The most commonly used self-run reports are:

1. Committed Spend vs Budget
        3 versions available for users:
        (i) funds checker current year
        (ii) all codes current year
        (iii) any codes, any year
2. Detailed Transactions
3. Outstanding Commitments

It is recommended that you practice running each type of report to aid familiarity and understanding and help identify which report you find most useful.

3 Budget Monitoring Task Checklist

It is good practice to carry out budget monitoring on a regular basis but especially important a few days before month end and essential at year end. The task list below can be used as a prompt or reminder and identifies the most relevant report to use. Please note, this list is not exhaustive and there may be additional tasks for your areas that need to be carried out regularly.

Task	Frequency	Reason	Report to use	Action to take
Ensure finance system generated tasks are actioned E.g. Approvals required as advised by e-mail and/or checking 'Tasks' on finance system	As required	To ensure prompt processing to deliver smooth running of University finances and to meet Key Performance Indicators. This helps to ensures the information on the finance system is updated as soon as possible	Run relevant report e.g. Comm Spend v Budget to aid completion of task where necessary.	Log in to tasks on Finance System & take action as appropriate e.g. add a note to the finance system to explain how overspend would be funded
Ensure sales invoices raised	As required	To ensure prompt processing to deliver smooth running of University and to meet Key Performance Indicators	Comm Spend v Budget	Ensure invoices are raised for any income due to the University. Budget variances may highlight issues that need to be investigated. Follow up on any 'missing' income.
Ensure goods received notes actioned on receipt	As required	To ensure prompt processing to deliver smooth running of University and to meet Key Performance Indicators	Commitment Report	Review outstanding commitments and follow up with Requisitioner to 'GRN' as soon as goods received rather than wait for invoice received prompt
Purchase card tasks	Monthly	To ensure purchases made on cards are appropriate , correctly coded and authorised	Purchasing card reports are sent to Budget Holders	Purchase Card holder to be satisfied spend is relevant and coded for processing.
Review level of spend to	Monthly	To monitor spend and	Comm Spend v	Investigate

date v budget to date		take whatever action necessary	Budget report for relevant sub-project codes	variances prior to month end– both overspends and uncollected income - take action to correct errors before month end
Complete relevant reconciliations	Monthly or as directed by Finance	To agree the actuals are as expected and identify any errors or omissions. Also to highlight any risks or opportunities.	Transaction report	Compare and reconcile local records to the entries on the finance system. Liaise with Finance BP
Review commitments	Monthly	To check status of purchase orders and take relevant action	Commitments Report	Investigate mis-matches, chase up late/ missing invoices, request cancellation of incorrect commitments
Carry out any quarterly or annual tasks/returns as required	Quarterly/ Year End	To ensure required tasks are not over-looked	Comm Spend v Budget or Transaction Reports	Variances against budget may highlight tasks yet to be actioned, such as recharges.

Month- end reviews are part of effective monitoring, ensuring that the spend and income to date is accurate, appropriate and correctly accounted for. It is essential that budget variances are **fully understood** and any **corrective action** taken, for example:

- o Request mis-codings or errors to be corrected
- o Identify funding for potential overspends, request a virement where necessary and add a note to finance system to explain
- o Ensure sales invoices/ recharges are raised promptly
- o Ensure any old or unmatched commitments are cancelled
- o Advise Finance of any known missing income or expenditure i.e. to be accrued and invoices raised or identified (could be mis-coded elsewhere)

NB: Be careful not to mistake accrual journals for actual income or expenditure when reviewing spend to date. Accrual journals are accounting entries only, actioned by Finance for outstanding income or expenditure; the actual transactions are still to be processed e.g. sales invoices may still need to be raised.

4 How to Access Reports

The ad-hoc financial reports can be self-run by logging in to the Finance System. **Detailed guidance is provided in the Managing My Budget e-learning.** It should be noted that you will only see those reports for which you have been given access.

5 Understanding Reports

The reports, whilst specific to your enquiry, display the financial information in a consistent format with key fields having the same meaning. It you become familiar with the fields, it should make it easier to interpret whichever report you choose to run.

The majority of the reports will load the data you have access to automatically without the need for parameters.

Typical information included in reports:

A. **Commitments:** Commitments are items for which an obligation has been made and therefore the funds have been committed but not yet actually spent. This includes Requisitions, Purchase Orders yet to be actioned as 'goods receipted' (grn'd) or matched to an invoice. Registered Invoices where there is no Purchase Order, and Expense Claims submitted but not yet authorised. It also includes un-coded purchase card items.

B. **Payroll Commitments:** Future payroll costs based on current staffing and salary scales.

C. **Actual Spend To Date:** Authorised invoices, expenses and payroll expenditure. This also includes all journals and recharges but excludes commitments as these have not yet been paid. Please note, accrual journals are accounting entries for which the actual payments or receipts may still need to be actioned e.g. good received not invoiced (i.e. Accrued income does not necessarily mean the sales invoice has been raised)

D. **Total Expected Spend (A +B+C).**

E. **Budget:** Your budget according to your selection criteria/access.

F. **(Over)Under Budget (E-D)**: Overspend or remaining budget. (Often referred to as "Funds Checking")

GLOSSARY/TERMINOLOGY   **APPENDIX 1**

TERM	DEFINITION
Committed Spend	Commitments are items that have been committed to but not yet spent/authorised. *(See Expenditure Commitments below for Commitment Types)*
FY	Full year – the complete financial year (1 August to 31 July).
GRN	Goods Received Note.
Historical Items	Invoices from suppliers that have been paid.
Invoice No / Invoice Number	The unique invoice number on an invoice from a supplier.
Open Items	Invoices from suppliers that have been authorised but not yet paid.
Order No / Purchase Order Number	A unique number given to each purchase order issued by the Finance System.
Payroll commitments.	Future payroll costs based on current staffing and salary scales.
Purchase Order	Created when the Requisition has been authorised in the finance system
Registered Invoice	Invoices from suppliers that are awaiting authorisation.
Requisition	The formal request to create a Purchase Order. This is subject to authorisation by relevant approver.
(Over)/Under Budget	Overspend or remaining budget. This is the portion of your budget that remains unspent.
Trans No / Transaction Number	A unique number given to each transaction entered in the Finance System.
Virement	Budget transfer – subject to formal request and approval (see Virements Guide)
YTD	Year to date (From the start of the financial year, 1 August, to the period selected).

FREQUENTLY ASKED QUESTIONS (FAQ's)   APPENDIX 2

1) **Q: Why do I need to look at the finance system? Why can't finance send me reports?**

   A: Effective budget monitoring is essential to financial controls and as Budget Holder, you are best placed to know whether the actual income and expenditure coded to your areas is correct. Ad-hoc self-run reports enable you carry out regular reviews and address any issues as they arise rather than have to wait for a monthly report.

2) **Q: Why can't I review the Monthly Statements/ Management Accounts on the Finance System - i.e. without having to wait for them to be sent from the Finance Business Partner?**

   A: The Monthly Statements can only be released when all the period end entries have been actioned and the overall position of the University reconciled to ensure they give an accurate position for each School and Division and therefore need to be controlled by the Finance Department.

   They are a complex set of reports which pull together and summarise different financial reports and for different periods into one statement, namely:
   - the Year to Date information,
   - the Original Full Year Budget information and
   - the latest Full Year Forecast (note: the latest forecast might be historical)

3) **Q; Why aren't the figures within the first few columns on the report – i.e. why the need to scroll across the page to see the numbers?**

   A: This is the way the Unit 4 reporting module has been configured and unfortunately it cannot be changed. The reports can be exported to an Excel spreadsheet to manipulate the data and columns hidden or deleted for presentation purposes, if required.

4) **Q: What action should I take if there is an overspend/ potential overspend against my budget?**

   A: Action required: Run relevant report to review all spend to date and check correct (e.g. correctly coded). Review commitments & known outstanding spend compared to available budget. Establish reason for overspend, correct any errors and identify/agree offsetting underspends elsewhere. Ensure your Finance BP is aware of how any overspend will be funded. It may be necessary to request a budget transfer i.e. a virement. See Virement Policy for further details. Ensure explanatory notes are added to the Finance system.

5) **Q: How much money do I have left?**

   A: To view your available funds, you can run a committed spend vs budget report, this report will show you the remaining uncommitted funds.

6) **Q: Which report do I use to see how much money I have?**

   A:To view your available funds, you can run a committed spend vs budget report, this report will show you what funds you have left after all actual and committed spend has been taken into account.

7) **Q: I have raised a requisition and I don't know where it's gone for approval?**

   A: To see where your requisition is in workflow, you can run the workflow enquiry – requisitions report. This will show you who the task is with. This report can be found in the Purchasing menu under Requisitions, you just need to search on your requisition number.

8) Q: Has my invoice been paid?

A: To see if your invoice has been paid, please check the Invoice Enquiry report. This can be found under Reports > Purchasing Reports. Enter your Purchase Order number in the relevant field and Search. This will return the results of any invoices registered against this purchase order, if it has been paid, this will show in the Paid date column.

9) Q: I used the wrong sub project on a purchase order. Can I change it?

A: Unfortunately, once the requisition is authorised and become a Purchase Order, no changes can be made. If the invoice has not yet been matched against the order, you will need to have the Purchase Order cancelled and re-raise it under the correct sub-project code. If the invoice has been registered, you will need to request a recharge.

10) Q: What are recharges and why there are on the report?

A: A recharge is when one subproject is debited to credit a different sub-project. The details of why the recharge has taken place should be shown in the transaction description.

11) Q: Why does income sometimes comes into the budget and sit on an account code yet not show up on Funds Check report? It is confusing if not visible.

A: Income codes do not show on the Funds Check reports, to view income, you will need to run the committed spend vs budget – all accounts report.

12) Q: What is the difference between the Committed Spend vs Budget reports?

A: There are different versions of the committed spend vs budget report. All accounts looks at all the accounts that have had transactional activity, funds check only looks at accounts attached to the funds check function – accounts where general expenditure occurs, and all years allows the user to change the year they are viewing so, they can look at previous years transactions.

13) Q: When looking at a Committed Spend vs Budget report, why is it best to look at one financial year at a time and not to be viewed over a period of years?

A:Budgets are loaded at the start of each financial year, if you view multiple years at once, your available budget will not show the correct amount as it is looking at budgets loaded over several years rather than the current one.

14) Q: On the Committed Spend vs Budget report, is the total at the bottom right corner the total amount to be spent?

A: The figure in the bottom right corner shows what available or what has been overspent. If the figure is in black and a positive amount, this is what is available on your budget, if the figure is in black and is a minus amount, this is what the overspend on your subproject is.

15) Q: Why is there a difference between the amount to spend on the various Committed Spend vs Budget reports?

A; There are different versions of the committed spend vs budget report. All accounts looks at all the accounts that have had transactional activity, funds check only looks at accounts attached to the funds check function – accounts where general expenditure occurs, and all years allows the user to change the year they are viewing so, they can look at previous years transactions.

To see what you have available to spend, run the funds check version of committed spend vs budget.

16) Q: What report do I run to find out all the transactions made to a sub project code, over the last * years?

A: You will need to run the detailed transaction report to show all transactions and enter the 'from' and 'to' dates as required.

17) Q: Why can't I have reporting access to a sub project code? (This is usually because access is wanted to a GENERAL code and it's only available at project code level).

A: Reporting access is given when it is agreed that there is a business need. The access is not freely given because of the sensitive data that may be held on the system.

18) Q: Why is there still a balance outstanding on a PO, when I have GRN'd it?

A: If there is still money outstanding on your PO, it may mean that an invoice has not yet been registered against it or that the invoice received was not for the full amount that was committed on the PO. Please request the remaining sum be cancelled if appropriate.

19) Q: Why is there a large balance on my sub project code, but when I enter a requisition, it states that there are no funds or it is overspent?

A: When raising a requisition, the system will only look at budget available on the funds check codes (general expense codes). Although there may be budget available on salary codes, this has generally been earmarked for a different use so, the system will not take this into account.

20) Q: What does the credit mean? What is the amount in red?

A: If a transaction is showing as a minus figure in red, this is a credit on your account. Usually this is income received or a credit note which has been registered. This means that funds have been put into your sub-project.

21) Q: What is the difference between the Non-Research and Devolved/Personal/Student folders?

A: Non-research reports are general school or PS sub-projects, Devolved/Personal/Student folders are for sub-projects set up for a certain staff member or student, such as devolved funds or incentive funds.

22) Q: Who do I contact to have access to the Research report?

A: For queries regarding Research reports, please contact the Research Finance office.

23) Q: Why does my report include the accruals and prepayments? – including 9* codes

A: These codes are used by finance for 'behind the scenes' activity.
If you can see 9* codes, you are running your report to include all accounts. To narrow your search criteria down to something that is more relevant to you, use the funds check report.

24) Q: My budget has lost almost £1000 over- night......please would you be able to let me know where this money has gone since I was over £600 in credit at the start of the week and haven't purchased anything that expensive?

A: Please run the Detailed Transaction Report

25) Q: How do I know which budgets are included in the Funds-Checker report?

A: Please enquire via Finance Service desk who can advise.