

Annual Budget – Guidelines 2009

1.0 Introduction

The purpose of this document is to inform you on the processes and timing for compilation of the Budget and Funding requests to support your 2009 Goals, and Business Plans. These advices are to be passed to your line managers as needs dictate.

A Budget usually consists of 2 major themes –

- **Breakthrough and/or Continuous Improvement Initiatives, and**
- **Maintenance of Current Business (doing what we do well)**

The process for 2009 requires that “Breakthrough and/or Continuous Improvement Initiatives” be evaluated and considered as ‘possible’ options for funding prior to submission of your business Maintenance funding requests.

1.2 Breakthrough and/or Continuous Improvement Initiatives. These initiatives position the University to make a substantial step change, significantly enhancing the University’s portfolio over and above what it currently does and how it currently does it. Therefore enabling the University to achieve the key elements in its strategic plan, which for CDU is the Futures Framework – 1st in 5 in 10. Breakthrough and /or Continuous Improvement initiatives may be funded if they add significant value immediately or over time by, for example, altering/improving/adding an operation or project to University operations. An academic unit may have 1 or 2 Breakthrough initiatives. It is possible that a particular breakthrough initiative may in some way involve more than one delivery unit.

Continuous Improvement Initiatives position the University to make significant improvement/efficiencies to existing processes and functions that cannot be funded within the Maintenance budget.

Breakthrough and/or Continuous Improvement Initiatives tend to fall into 2 categories—those achieved within the short term (2009 to 2010) and those with a longer ongoing operational impact and/or taking time to reap the rewards.

Initially Breakthrough and/or Continuous Improvement Initiatives will be assessed as to whether they are indeed “substantial activities” and consistent with the Futures Framework – phase 1. If deemed as a possible initiative by this first assessment further information – phase 2 will be sought including: Investment required over what periods/likely benefits. This assessment will not be restricted to the impact in 2009. It is accepted that the investment in a new activity/project may take more than one year to result in a net gain to the University’s operation and may impact on several business units. Following the Phase 2 analysis Breakthrough and/or Continuous Improvement Initiatives will be prioritised in accordance with available funding and potential impact.

Funded Breakthrough and/or Continuous Improvement initiatives will result in additional funds flowing to relevant units.

1.3 Maintenance of Current Business is the day to day task of servicing the existing business and planned growth in the context of an ever demanding need for improvement. This includes growth generated through normal marketing promotion and business activities. The University would generally not expect maintenance budgets to grow more than the agreed salary increases for salary items, agreed staff increases for predicted growth in student load and a small indexation for non-salary items (around 2%). As in previous years the budget for academic units will be dependant on likely student load profile (taking account of trends in student numbers over recent years), moderated to take account of national teaching load norms, national research productivity norms and external funds from Business Development. In previous budgets “Ongoing Maintenance” was referred to as Recurrent.

Any request for funding beyond what can be reasonably justified on student load profile will require an investment plan presented against the same assessment criteria as the breakthrough proposals.

Requests for budget/allocations and other expenses specifically for research, and business development activities, must provide evidence of income sources.

2.0 The Budget Process

2.1 Timing

2.1.1 Breakthrough and/or Continuous Improvement Initiatives.

Phase 1

15th August 2008. Initial submissions, signed by respective DVC, PVC, Exec Director, Dean or Director VET to be provided to Director Strategic Planning Projects and Review (SPPR) for assessment.

Phase 2

8th September. Director SPPR to post on the web a listing of projects endorsed for further development. This further development will be undertaken in conjunction with the CFO and Director SPPR. This will be an iterative process with the final agreed listing of projects available for inclusion in overall budget by end of September.

Breakthrough and/or Continuous Improvement Initiatives can include operational and capital funds. For the process regarding capital see item 4 below.

2.1.2 Maintenance of Ongoing Business

1st August

Academic and Core Business units in conjunction with FAS staff begin to build their business plans and supporting expense budgets.

8th September

Academic and Core Business areas to be provided with projected potential moderated student load. This data will provide the base to firm up the level of teaching resources needed. The overall funding requests from the academic units will also recognise;

1. Research where research grants etc have been obtained and/or are known to be received
2. Business development activity where contracts exist and/or are anticipated. This includes Fee for Service

For non academic units the funding resource sought will recognize the minimum level of service required to meet the needs of clients.

2.2 Budget Tools/Assistance

The overall budget/funding request will be prepared using the COGNOS tool. Actual and budgets for 2008 are loaded and these may provide some guidance when preparing costs for 2009. It is expected that the Management Accountants, FAS Budgeting and Business Systems Staff and Senior Finance Officer Alice Springs will act as core support to assist Heads of Academic Units and other Officers, responsible for development of business plans and resultant funding requests (budgets). The Faculty Executive meetings will act as a core communication conduit to facilitate this process.

2.3 Full Time Equivalents – FTE

As is customary your planned teaching staff requirements will be benchmarked against National norms. In the case of Core Business Support areas the FTE will be based on staff required to provide the minimum service required by customers.

The University would generally not expect maintenance budgets to grow more than agreed salary increases for salary items and a small indexation for non-salary items (1-2%). As in previous years the budget for academic units will be dependent on likely student load profile (taking account of trends in student numbers over recent years), moderated to take account of national teaching load norms and national research productivity norms.

2.4 Casual Staff

Casual staff needs are to be clearly identified within the funding allocations sought. COGNOS will automatically calculate applicable cost using the FTE and grading allocated. Each position number against which such staff will be employed should be endorsed. Casual staff requests are to be within the overall 'norm' staffing.

2.5 Calculating Salary Budget

The process for determining your salary budget for 2009 involves the following processes:

- Review the staff as listed in COGNOS as at end of July 2008 and confirm those which are to be based on norm assessments. These are your 2009 base staff.
- Identify any new/additional staff required due to changes/growth in business needs and load these in the New Staff Cube of COGNOS. The entries are to be identified by notation "additions due to changes/growth in business needs or CGBN." Provide suitable substantiation under separate cover using format supplied.
- New Staff who are replacements for existing ones are to be noted in the current staff section. No substantiation required.
- Staff positions to be given up due to reduction in load are to be noted, but regradings are a separate process.
- Load your casual staff needs. Any changes from the 2008 approved staff norm will need to be justified by suitable cover clearly identifying reasons/justifications.

2.6 Identification of Staffing Resources across the Five Core Business Areas

For 2009 Academic and Non Academic units will be required to identify the staff resource allocations to the five core business areas, namely, teaching and learning, research, community and access, business development and corporate services. The allocation is to be on the basis of individual staff member's and at this time is to be undertaken utilising a spreadsheet adopting the format as attached. The allocation will be in decimal fractions of an FTE e.g. 0.3 or 0.15 etc.

2.7 Calculating Operational Budget and Overheads.

Undertake a careful review of actual to date and project same to year end. Identify any known variations (increases/decreases) necessary to meet projected business needs for 2009 and extrapolate accordingly. Undertake a full review to determine if increase is within the guidelines. If it is no further action is required. If in excess of guidelines a substantiation analysis with reasons will be required.

2.8 Specific Expenditure Items

2.8.1 General Expenditure Items

- Domestic/International Travel.
To be identified in your plans.
- Staff Development.
Costs including travel and associated to be identified using recently advised new breakdown and line code items.
- Motor vehicle Costs.

To be broken down into running costs (fuel, repairs where applicable) and central lease costs.

- Unique Costs.
Those which are particular to the area or cover a unique function, excluding overheads.

2.8.2 Overhead Expenditure Items

In conjunction with the management accountants FAS has identified that a very high proportion of costs incurred by academic units are contained within a grouping of cost codes but not identified as a major cost item. This process does make it difficult for management to identify function costs. To minimise this impact FAS has identified a small number of functional costs which will be referred to and budgeted as

Academic overheads. These are;

- Payments to Open Universities Australia
- Curriculum Licences
- Placements
- Research Training Scheme
- Computer Laboratories

The listing above is not exhaustive and may be added to as required. Corporate Services units have a number of unique overheads which are not included within the items listed above and those units will continue to budget for these items as in previous years. In the financial accounts these overheads will be represented by named "Activities" and therefore include the full range of natural accounts.

2.8.3 Charge Backs

For those non academic units that plan to back charge other units for services they provide or costs they incur an outline of the guidelines behind such back charging is required to be forwarded to the Chief Finance Officer by 31 July 2008. This will then be discussed and if appropriate passed on to users to facilitate compilation of budget costs. (Commercial Units are excluded from this requirement, for example Printery and the Bookshop).

3.0 [Other Sources of Income](#)

All Other Sources of Income are to be recorded in the COGNOS Revenue and Expense Cube using the appropriate natural account and sub accounts. To assist with reconciliation would you kindly provide details on the proforma provided. Please note no profile AHC or EFSL based funding is to be included in your income as this is accounted for centrally.

4.0 Capital Bids

4.1 Definition of Capital

A purchase or creation of physical assets or group of physical assets making up a homogenous unit where the value exceeds \$10,000.

This includes the upgrade/creation/extension of facilities i.e. buildings, major and minor site works, essential infrastructure. A capital asset is expected to provide ongoing benefit through its use and to have a useful life exceeding one year.

4.2 [Bid Process-Capital](#)

Bids for capital funds are to be made using the pro-forma provided. This proforma should also be used to cover the capital component of Breakthrough and/or Continuous Improvement, Initiatives. Capital bids should not include the up keep or repair or maintenance of site infrastructure. The majority of this is funded through Corporate. If clarification is required refer to the Chief Finance Officer. Please note that bids for single items costing \$50,000 or more must include a cost benefit justification.

This is simply a statement of the \$cost versus the \$benefit to be derived as a consequence of the investment and the resultant pay back period.

Please prioritise your categorised capital bids using a numeric rating of 1 to ? with 1 being the highest priority. Capital bids will not be accepted unless the required cost benefit justification is supplied and priority given.

4.3 Process for Allocation of Capital Funds

The Vice Chancellor and VCMG will make the allocations taking into account;

- Value adding potential
- Occupational health and safety issues
- Statutory requirements
- Strategic goals and objectives
- Priority rankings and pay back periods

5.0 Other

5.1 Organisational Chart

Please include with your plan documentation a copy of your 2008 officially approved organization chart showing hierarchy, current positions and any additional positions sought.

5.2 Timeline for Completion

The completed maintenance budget including capital bids and any required supporting plans and worksheets must be available to FAS by 26th September at which point any agreed funding for Breakthrough and/or Continuous Improvement Initiatives will be loaded. FAS will then work with the Academic and Non Academic units on refinement towards sign-off by the Vice Chancellor no later than 30th October to facilitate forwarding to Council for final consideration in November.

Copies of your plans and funding requests will be passed by Finance and Asset Services to Ross Springolo, Director, SPPR.

If help or clarification on any aspect is required please telephone Chief Financial Officer, Ken Suter, Budget and Costing Officer, Jason Horton or Senior Manager Management Accounting, John Sullivan.