

NOTES FROM FASIG MEETING 15 FEBRUARY 2007

AGREED APPROACH TO BUDGETS AND USE OF DETAIL CODES

LEVEL OF DETAIL FOR BUDGETARY CONTROL

- In order to meet the University's requirements for budgetary control and in year monitoring, expenditure budgets should primarily be managed at the highest reporting level as per the VCEG reporting layout eg staff costs (academic, other and provisions), staff related costs, student expenses and other non-pay costs
- Within these categories, there are a number of sub-groupings eg staff training, travel, consumables etc. These are the primary categories for coding actual expenditure and for internal financial management purposes will be the headings used for budgetary control.
- It is not generally appropriate to manage budgets at individual detail code level as this will lead to excessive use of budget virements to try and match budgets to actual expenditure. Budgets can be set on one detail code in a sub-category (see recruitment costs below) and the budget monitored across a group of detail codes.

CODING OF ACTUAL EXPENDITURE

- Coding of actual expenditure to detail codes must be appropriate and consistent. Expenditure must never be coded to an incorrect category simply because a detail code in the correct category has not been opened (a new process will be established to fast track opening of detail codes).
- The correct use of detail codes applies to externally funded activities as well. Codes may need to be grouped to match sponsor categories, in order that actual expenditure is still categorised correctly eg the sponsor category of consumables may cover a variety of headings such as telephone, postage etc - the correct analysis should still be made when expenditure is entered on Aptos.
- Recruitment costs **MUST** be coded to the following specific detail codes:

| | |
|-------|---------------------------|
| 79021 | Advertising costs |
| 79022 | Interview expenses |
| 79023 | Relocation expenses |
| 79024 | General recruitment costs |

The budget can be coded to 79024 and the detail codes managed as a group. It is not necessary to provide a budget for each detail code, or to vire the budget from 79024 when actuals are incurred.

- Coding of costs such as travel, accommodation and subsistence should, where appropriate, follow the type of activity (eg training, conferences, external examiners, visiting lecturers) rather than the main classification of travel, accommodation and subsistence. For example, in the same way that postage and delivery associated with purchases is charged to the same code as the purchase itself, travel costs incurred in getting to a training course should be coded to training to reflect the whole cost in

undertaking the training. This enables budgets with common activity cost drivers to be managed more effectively. However, for externally funded projects (eg research, other specific grant funding) it will probably be more appropriate to code travel as travel in order to align with sponsor reporting requirements.

- Books and periodicals MUST be coded to detail codes beginning 41*. This is to ensure that all library and related expenditure is classified correctly for external reporting purposes (this category of expenditure is relevant to league tables).
- The cost of internally provided hospitality MUST be coded to 72100. This will be the standard detail code used for recharges from Hospitality Services Kinetic system. Use of this detail code ensures that there is no double counting of internal income and expenditure.
- Premises costs are mainly coded to detail codes beginning 45*. The use of 78010 should be discontinued.

NETTING OFF INCOME AGAINST EXPENDITURE

- Income is generally coded to detail codes beginning 0*. Income should not be netted off expenditure codes except in exceptional circumstances. This would include occasions where payments have been made which should not be accounted for as University costs eg refund of private expenditure paid by the University, refund of overpayments.
- If a third party reimburses legitimate University expenditure, the detail code 08730 should be used for the reimbursement. This ensures that costs are shown gross and any funding streams are shown separately.

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