

CORPORATE BUDGET MONITORING GUIDE-LINE NOTES

Contents	Page No.
Objectives	1
Timetable	1
Process	1
Materiality	2
Points to Note	3
Reminder	4

CORPORATE BUDGET MONITORING GUIDELINE NOTES

Objectives

1. To forecast any important differences from the Budget indicated by actual income and expenditure levels in the period covered by the exercise.

Timetable

2. The monitoring reports will be based on financial information from the Financial Information Systems at the report date. The following transactions will be included in the reports:-

Journal Requests: All authorised requests received within three working days prior to the month end

Cash Receipts: All cash received up to the last day of the month (Items received in Bank accounts/Posting returns will take several days to reach the ledger and may appear after the reports are run)

Receivables: All day book sheets received by the Friday before the last Tuesday in the month

Payables: All certified invoices/vouchers received by the Friday before the last Wednesday in the month

Payroll: Run for report month

(Note postings will continue to occur after these dates. On-line enquiries may be used if more detailed or later information is required).

The Timetable for report dispatch requires that for some periods the reports will be run before the end of the month, allowance will need to be made for this when interpreting the above.

Strategic Management Team agreed the detailed timetable on the 23rd May 2006.

Heads of Service received their copy on the 13th June 2006.

Process

3. The monitoring will cover all revenue income and expenditure with a separate section for Employee costs which are monitored separately.

HEADS OF SERVICE

will receive a summary report covering budgets for which they are the 'managing agent'.

This report is contained in a spreadsheet distributed by e-mail.

will co-ordinate the completion of the summary report with projections and comments and present them to the head of their department to an agreed deadline.

STRATEGIC MANAGEMENT TEAM

will receive summary reports from Corporate Services - Finance.

will receive the Service Unit summary reports with out turn forecasts from Heads of Service (deadlines to be agreed within departments).

will complete the Summary report based upon the information supplied by their Heads of Service.

will forward a completed copy of the department summary to Corporate Services - Finance (to enable the preparation of a General Fund Summary position) and to the Strategic Management Team in accordance with the timetable to enable the information to be considered.

CORPORATE SERVICES - FINANCE

have input the approved budgets held on the financial systems in accordance with client instructions (budget input forms),

will distribute financial reports,

will provide support to budget holders to enable the completion of the reports where requested.

will provide support to members of SMT in completing the summary forms if required.

will collate the department forms to provide a General Fund summary position for the Strategic Management Team.

Materiality

4. The budget monitoring process should complement existing monitoring arrangements at budget officer level and provide a format for reporting variations with financial (and service) implications to Departments heads and the Strategic Management Team.
5. The objective should be to use the financial information systems to quickly identify significant variances from profiled expenditure to date (i.e. the difference between what you expected to have spent and what you have spent) and where further investigation may be required.
6. **It is recommended that specific attention be given to lines that are projected to vary from the budget by more than £10,000 by the end of the financial year.**
7. An explanatory narrative is required for variations greater than £10,000 with details of how any overspends will be mitigated in line with the cash limited budget.

8. Where, following analysis of your budgetary reports and supporting records, no significant variances are identified, projections may be shown at the budgeted level and no further action is required.

Points To Note

9. You are reminded of your obligations for budgetary control and specifically the requirement to spend within your estimate as set out in section 3.13 of the Financial Regulations.
10. The reports reflect posted income and expenditure only. Be aware of payments yet to be made or income to be charged.
11. No adjustments are required to management costs or asset rental charges, as these variations will be monitored on the Employee Costs and overhead accounts.
12. Where major budget variances are expected to occur it would be appropriate to identify any impact on service provision and the need for the Executive to be notified with details of actions required to keep within the cash limited budget.
13. Feel free to use any dedicated FIS reports and other local monitoring arrangements in addition to the distributed report. You should always be able to reconcile local records to the accounts where these are used.

Reminder

14. The aim of this process is to identify any areas of significant variations over **£10,000** and to forecast any areas of likely under/over spends at the year-end.
15. Clear analysis of your budget provision combined with accurate budget profiling should assist this process.

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