



Budgeting

The Cambridge University Finance System (CUFS) doesn't just look at actual amounts spent or received, but also what we *expect* to come in and go out to enable departments to budget and manage their finances. Within the General Ledger there are three separate types of transaction:

Actual transactions	A
Plan transactions	B
Encumbrances transactions	E

Therefore for each account you can view the Actual, Plan or Encumbrance version of the information you require.

Actuals These are amounts received or paid out of your departmental accounts (e.g. Suppliers invoices, sales invoices and receipts, donations received and salary payments made via the HR system).

The Plan This is a departmental budget for income and expenditure. It includes:

- The predicted amount of income and expenditure that will be transferred into the department's accounts from the Centre (the Chest Allocation);
- Any other predicted expenditure and income (for sources other than research grants) that the department have identified and added to their Plan.

NB, All Research Grants have budgets set by the Research Operations Office and are managed via the Grants module

Encumbrances show any balances which the University has committed to spend within the finance system. Usually these will be purchase orders which have been raised but not yet matched to a purchase invoice. These are often referred to as "*commitments*".



Chest Allocations by 'The Centre'

Most (but not all) departments have traditionally received each year an amount of money to support the core salaries and running costs of their department – this is known as “Chest Allocation”.

Departmental Key Contacts are notified of what their annual allocation will be and all accounting entries for these are entered and posted by Central Finance on the department's behalf. This is a three stage process

Stage 1: The total annual allocation is entered into the Plan as an income budget

All Chest allocations will normally be shown in the accounts against department's **general cost centre code (e.g. xxBA)**.

A budget for the annual income will be entered as a negative budget into the Plan using this cost centre, using the transaction code GPAA, against the appropriate source of funds

...AAAA ...	chest non-payroll
...ABAA...	stipends
...ACAA...	wages

E.g.

A £12k allocation for chest non-payroll would be coded in the Plan as expected income on account
U.xx.xxBA.AAAA.GPAA.0000 -£12,000

Stage 2: The corresponding annual expenditure budgets are entered into CUFS

As it is known what this allocated income will be used for a corresponding budget for expenditure is also entered in the Plan. With the exception of the pay/salaries the budgeted expenditure will appear in the plan using **transaction code EXZZ** (miscellaneous) but this time as a positive figure.

E.g.

The £12k allocation for chest non-payroll expenditure would be coded in the Plan as expected expenditure on account
U.xx.xxBA.AAAA.EXZZ.0000 £12,000

Stage 3: Each month the department will receive a share of the allocation

The Centre will credit the department with that month's share of the Allocation. Which will show as actual income in your departmental accounts against the transaction code GPAA.

E.g.

In April the department receives £1k of income from their annual £12k Allocation for chest non-payroll
U.xx.xxBA.AAAA.GPAA.0000 - £1,000



Making changes to the Plan

- The budget for the Chest Allocation is split over the 12 months (i.e. accounting periods) in the financial year. This is known as **'Phasing'** and it is to assist managers in monitoring their budgets on an ongoing basis.

Individual managers may want to allocate their budgets to accounting periods in unequal proportions to reflect real demands and trends but only School Finance Managers can do this via a budget journal.

- If a department wants these allocations to be posted differently (e.g. to different cost centres and/or transaction codes) they will need to contact their School Finance Manager.
 - You will be required to fill out a multi period journal spreadsheet found on the page below:

<https://www.finance.admin.cam.ac.uk/staff-and-departmental-services/forms>

The School Finance Manager will then enter a *budget* journal to adjust the Plan and arrange for the subsequent *actual* income journals to be posted to the correct account.

Non-recurrent grants (warrants)

- Non-Recurrent Grants (Warrants) are extra amounts of money that are approved by the centre or school often for one off activities/ reasons, e.g. building works.

The departments will still receive the documentation concerning the paperwork as they did before, but the Financial Planning & Analysis section will automatically do the budget adjustments in that current period (i.e. will not normally be phased).