

Mid Year Review “Q & A”

Questions & Answers for Reporting and Identifying Mid Year Variances

1. What is the purpose of the mid-year review?

The mid-year budget review is the first phase of the annual expenditure and revenue forecast. As is the case each year, the mid-year budget review is an opportunity for budget developers to present information that has changed significantly since the current budget was finalized. For example, significant enrolment shifts or new circumstances may suggest adjustments to approved budgets are required. This is an opportunity for the budget developer to review the actual to date revenue and costs in their budget, project the final budget required to the end of the year, and compare this to their approved budget. Reviewing variances by individual budget lines and summarizing the impact to the entire department or division will determine whether the current approved budget will suffice for the remainder of the year.

2. Do I need to make a presentation to the President and VPs?

If you have identified negative variances that cannot be covered by positive variances in your budget and you need a significant adjustment to your budget you may attend or be asked to attend the President/VPs meetings. You will be expected to submit a rationale for budget adjustments. It is expected that budget developers will be able to absorb and manage minor variances.

3. What is a budget variance?

A budget variance is any Projected Actual that differs from the total of the current Approved Budget plus any approved budget adjustments. (Adjustments may include approved Schedule 5 items and carry forward appropriations and some salary settlements.) This could result in a positive variance (projected actual lower than approved) or a negative variance (projected actual higher than approved).

4. What are some examples of budget variances?

Salary variance - resignation of an employee and the delayed hire of the replacement could result in a one-time positive variance.

Non-Salary variance - Cost of postage was increased unexpectedly and the increase was not included in budget, resulting in a negative variance. This negative variance may be covered by under expenditures in another non-salary account (e.g. equipment).

Revenue variance - Total revenue based on number of students enrolled in a program is lower than originally planned due to a decrease in students registered. This is a negative revenue variance.

5. How do I identify budget variances?

You are encouraged to use the on line budgeting screen (BUDDE) to identify your variances. The on line budgeting screen includes a “Projected Actual” column for the current year, which is to be filled in by the budget developer for each budget line. The total projected amounts for the year should be recorded for all budget lines whether different or not.

The “Projected Actual” represents what you expect the total amount will be for the year ending April 30. The amounts in the “Actual Including Encumbrances” column and the “% Expended” column are good tools to use for this purpose. The advantage of using the on line process is that the “Actual” totals reflect the actual to date rather than a point in time. If the Projected Actual differs from the current Approved Budget, you have a variance.

The “Comment” column may also be filled in with information that the budget developer deems important to him and/or Finance. These comments may be useful to the budget developer as they remain on the system for viewing until the end of year budget review. (Note: The “Requested Budget” column is not completed at this time, but will be used during the next year’s budget development.)

6. How do I report budget variances?

Variances can be reported in any format, as long as sufficient detail of the amount and nature of the variance is explained. Variances can be reported on the on line budgeting screen as explained in question 5. However, details do not need to be submitted as Finance has on-line access. For the President and VPs, executive narrative and financial summaries are very helpful in explaining the nature of the variance and request.

7. How are budget variances covered?

Most individual budget accounts will have either positive or negative variances. You will need to summarize the impact of all the variances to determine if you have a budget shortfall on a departmental or divisional basis. Budget developers may use a positive variance in one budget account or department to cover a negative variance in another.

8. What do I need to do if I anticipate a balanced budget?

Communicate to Finance by emailing Karen Epp and confirming, to the best of your knowledge that your current approved budget will suffice for the remainder of the current year.

9. Can I submit a new Schedule 5 (additional budget request) at this time?

The mid year budget review process is not a second call on Schedule 5s. However, new budget requests due to unforeseen circumstances are normally submitted at this time in an executive summary or similar report.

10. Do I need to re-submit Schedule 5 and 7 requests from the spring budget development process that were not approved?

Resubmission of these requests is not necessary, as they may be revisited at this time. However, please notify Finance of any changes to your requests in terms of priority or dollar amount.

10. Do I need to do a budget transfer?

Budget developer’s are encouraged to move budget money from the line with a positive variance to cover another with a negative variance. This helps in “automating” the tracking of budget variances. For example, it would not be necessary for the budget developer to remember that the excess budget funds in one account are earmarked for another purpose and should not be spent.

11. When do budget transfers need to be approved?

Generally speaking, all significant budget reallocations should be reviewed and approved by the appropriate Vice-President. One-time salary budget savings or positive variances can be transferred for one-time non-salary budget expenditures or negative variances without Vice-President approval, unless they are a significant amount. However, the reverse (movement of one-time non-salary savings for one-time salary expenditures) requires specific Vice-President approval.

12. How do I make budget transfer adjustments?

If your current budget will suffice and your budget transfers are within your department/division, send a Budget Transfer Form to Karen Epp with the pertinent transfer information.

If your current budget will not suffice and you have requested a budget adjustment, budget transfers will be made by Finance once the President and VPs approve them.

13. What if I have other questions?

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