2011 April Forecast Guidelines

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HE - Australia Fee Paying
HE - International Onshore Income
HE Offshore Income
TAFE – State Operating Grants (SOG)
TAFE - Australia Fee Paying
TAFE - International Onshore Income
Other Student Fees and Charges, Commercial income, Donations and Bequests
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Introduction to the April Forecast

This is the first forecast for 2011 and provides an opportunity to highlight any variances to budget.

The April forecast will be a detailed exercise (with salary forecasting through PCP). The forecast by College will be reviewed by the College Senior Finance Manager and Pro-Vice Chancellor (PVC), with the appropriate adjustments made if required to reflect the most likely outcome.

Additional instructions for PCP, the Chart of Accounts and other specific matters are or will be available on the Financial Services Web site.
http://www.rmit.edu.au/fs

Responsibilities

PVC’s and Directors own the forecast.

School Finance Managers should consult with their Head of Schools who must approve the School forecast for submission to the College.

The key finance contacts for the development of forecasts are the College Senior Finance Managers:
SEH – Scott Roderick ex 52076
DSC – Kelvin Hoang 58237
Business – Joe Armocida ex 55651
Non Academic Area’s –David Breese ex 50655

For information on the Capital program contact Property Services Group – Leanne Enser

Additionally, members of the Budget & Financial Performance Management (BFPM) Team are also available to assist:
Sam Bakas ex 50628
Krista Barker ex 50665
Wayne Benton ex 50604
Rebecca Laoang ex 50687
Forecast Linkages and Methodology

Linkages:
- Strategic Planning
- Cash Forecast
- Budget planning for 2012

Methodology:
- Bottom up approach
- 4 months actual/8 months forecast
- Determine likely 2011 financial outcome
- Results reported by School/Group
- Identify where corrective action maybe required
General Forecast Information
Some specific, but not exhaustive, information to assist in preparing the 2011 April forecast is as follows:

Income:
The majority of income is derived from student enrolments and is determined by Stats & Reporting Unit (SRU) & Financial Services (FS) based on student load projections & published prices.
The forecast information is distributed via a set of schedules prepared by SRU & FS and becomes available in late April. It is the responsibility of the College/School to ensure that the SAP forecast reflects the data in the schedules provided.
Income falling outside these schedules is to be estimated by the College/Schools.

HE - CGS/RTS
Commonwealth income is distributed based on approved profile taught load, this information is provided to the College Senior Finance Managers who provide details to schools.
Key contacts for targets: Chris Van Zeyl 54288

Commonwealth Grants – Other
Please note that most of the Other Commonwealth Grants revenue is populated by central finance, however some specific grants are not. If you have any special grants please contact Rebecca Laoang to confirm whether it has been handled centrally.
Key Contact: Rebecca Laoang 50687

HE - Australia Fee Paying
Australian Fee Paying is calculated from the approved profile using the approved price list. The 2011 Forecast Profile will be distributed to College Senior Finance Managers in early May.
Key contact for fee-paying revenue: Krista Barker 50665 or Travis Walker 53558
**HE - International Onshore Income**

International Onshore Income is calculated from the approved profile, using the approved price list. The 2011 Forecast Profile will be distributed to College Senior Finance Managers in early May.

Key contact for fee-paying revenue: Krista Barker 50665 or Travis Walker 53558

**HE Offshore Income**

Offshore income estimates are prepared locally by the Academic Colleges. If latest estimates of 2011 offshore income differ significantly from that provided for the budget process, expenditure targets should be adjusted accordingly and Central Finance notified. Colleges must have working papers that support the income applied in the budget.

Key contact for Offshore revenue: College Senior Finance Managers

**TAFE – State Operating Grants (SOG)**

SOG income is distributed based on approved profile taught load, this information is provided to the College Senior Finance Managers who provide details to schools.

With the introduction of contestability for TAFE, Q profile is no longer funded, and in the 2011 budget it has been assumed that these places will be absorbed into P, L and AFP. Please do not forecast for Q profile.

For State revenue which falls outside of Director TAFE schedules, Colleges/Schools have responsibility for entering the forecast.

Key contacts for targets: Chris Van Zeyl 54288

**TAFE - Australia Fee Paying**

TAFE AFP is calculated from the approved profile using the approved price list, in conjunction with assistance from colleges in regard to Industry funding. This information is distributed to College Senior Finance Managers in early May.

Key contact for fee-paying revenue: Krista Barker 50665 or Travis Walker 53558

**TAFE - International Onshore Income**

TAFE INTON income is calculated from the approved profile, using the approved price list. The 2011 Forecast Profile will be distributed to College Finance Managers in early May.

Key contact for fee-paying revenue: Krista Barker 50665 or Travis Walker 53558
Other Student Fees and Charges, Commercial income, Donations and Bequests

Estimates of the above sources of income are prepared locally by the Academic Colleges. If latest estimates of 2011 income differ significantly from that provided for the budget process, expenditure targets should be adjusted accordingly and Central Finance notified.

Other income

Miscellaneous income (C/E 491200) is not to be used for forecasting or budgeting. Reimbursements from offshore partners previously shown against this C/E should now be shown in C/E 473101.

Contra income

The use of the Contra Accounts is discouraged by Financial Services.

Colleges should only enter contra income (e.g. for service teaching and Funds Transfer) after liaising and confirming with the organisational unit paying for the service and confirming the amount that will transfer between Colleges.

Organisational units should not assume that contra income will automatically be booked as a cost by the other side of the contra transaction, but must liaise and confirm with the other side and confirm that the expected amounts in the two respective budgets balance to zero (contra income is one org unit is balanced by an exactly equal expenditure in the other org unit).

College Senior Finance Managers should ensure any net balances at the College level are supported by confirmations from the other Colleges.
**Research Income**

IGS & RIBG reside in the R&I Portfolio as of 2009. R&I will inform Colleges of their allocations.

Key contact for research income: Arimi Rathee 54186

**Reciprocal revenue**

Research income which has a benefit flowing back to the grantor i.e. a reciprocal benefit, can be accrued into the following year as long as there is appropriate evidence e.g. contract, that there is a future benefit to flow. The research revenue budget must reflect the impact of the previous year’s accrual coming into the current year, and, the current year accrual of the revenue.

Example: $450k External Research Contract over 4 year period

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Rec’d (cash)</td>
<td>100</td>
<td>150</td>
<td>200</td>
<td>0</td>
</tr>
<tr>
<td><strong>Deferred Income A/C 241200</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007/8</td>
<td>(10)</td>
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<td>10</td>
<td>50</td>
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<tr>
<td>2009/9</td>
<td>(50)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011/10</td>
<td>(100)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>90</td>
<td>110</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Expenditure</td>
<td>90</td>
<td>110</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Profit &amp; Loss</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Revenue is adjusted to match expenditure through deferring income into the next period.

Note: Please do not forecast against deferred income C/E’s. Deferral C/E’s are to be used for recording of actual deferrals only.
Non-reciprocal revenue

Research income which has no benefit flowing back to the grantor i.e. a non-reciprocal benefit cannot be accrued as per AASB 1004. However, FSG will ensure that the timing differences these activities create in the profit and loss are negated through internal transfers of expenditure incurred or to be incurred to ensure no profit impact. This means the statutory accounts will be different to the management accounts by these amounts.

Example: Federal Government ARC Grant of $450k.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2011</th>
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<tr>
<td>Revenue</td>
<td>350</td>
<td>100</td>
<td>0</td>
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<tr>
<td>Salaries &amp; Other Expenses</td>
<td>250</td>
<td>150</td>
<td>50</td>
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</table>

**Exp Accrual a/c 558970**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>2007/8</td>
<td>100</td>
</tr>
<tr>
<td>2009/9</td>
<td>(100)</td>
</tr>
<tr>
<td></td>
<td>50</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>350</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Profit &amp; Loss</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: Expenditure is adjusted to match income through accruing expenditure into the next period.

Please note - do not forecast for credits to appear in ‘Finance, Legal & Other’ C/Es.

Key contact for research forecasting:  
R&I – Arimi Rathee 54186  
BUS – Joe Armocida 55621  
DSC – Kelvin Hoang 58237  
SEH – Scott Roderick 52076
## Summary of Income responsibilities

<table>
<thead>
<tr>
<th>Revenue Item</th>
<th>Responsible</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGS &amp; RTS</td>
<td>Chris Van Zeyl</td>
<td></td>
</tr>
<tr>
<td>Other Commonwealth income</td>
<td>College &amp; School Finance Managers</td>
<td>PFM to coordinate with Rebecca to ensure no duplication e.g. invoices raised</td>
</tr>
<tr>
<td>SOG</td>
<td>Chris</td>
<td>Total SOG including all tagged funding</td>
</tr>
<tr>
<td>Other SOG</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>AFP – HE</td>
<td>Chris</td>
<td>Finance Managers to check, in particular multi-cohort pricing</td>
</tr>
<tr>
<td>AFP TAFE</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>INTON – HE</td>
<td>Chris</td>
<td></td>
</tr>
<tr>
<td>INTON-FS</td>
<td>Chris</td>
<td></td>
</tr>
<tr>
<td>INTON-TAFE</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>INTOFF</td>
<td>College &amp; School Finance Managers</td>
<td>Try to include GBDU in calculations</td>
</tr>
<tr>
<td>Fees Other – TAFE enrol</td>
<td>Chris</td>
<td></td>
</tr>
<tr>
<td>Fees other – OUA, distance, industry funded etc.</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>Research – IGS, RIBG, R &amp; I -</td>
<td>R &amp; I -</td>
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</tr>
<tr>
<td>Research Ext grants</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>Commercial, including donations</td>
<td>College &amp; School Finance Managers</td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>Sam</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>All</td>
<td></td>
</tr>
</tbody>
</table>
Expenditure

Salaries
Salaries will be forecast using PCP for the period 1st May to 31st Dec 2011. An appropriate position vacancy rate must be applied which reflects the likelihood of staff turnover.

Personnel Cost Planning (PCP)
PCP has access to, and draws upon, SAP HR data to calculate salary forecasts. Access to PCP is restricted to staff that budget salaries, reference should be made to PCP instructions available on the budget web site on use of this system.

Establishment
The staffing establishment maintained by Colleges for March 2011 (March Plan GD) will form the basis for the April Forecast, and will be called Plan Version GM.

The purpose of the Establishment is to properly reflect the approved positions that can be appointed into at any given time, irrespective of whether the position is occupied or vacant. All positions must be shown in the Establishment and reflected for the full financial period, i.e. May to December within PCP.

The following rules apply for position management:

- Unoccupied position - positions must not be delimited to a shorter period of time to represent vacancy saving. Refer Vacancy
- New positions – a new position can be reflected in the Establishment when it commences.
- Closing positions - positions ceasing to exist (removed permanently) should be delimited in the periods applicable.
**Vacancy**

At any given time across the University it is assumed not every budgeted position will be occupied due to staff turn-over or difficulties in finding staff to fill a position. This unused portion of the position budget is referred to as the vacancy and is reflected in the forecast as negative amounts (credits) within vacancy C/Es.

511850 - Vacancy – Salary
525500 - Vacancy – Oncosts

An appropriate vacancy saving should be included by each organisational unit. The rate used will depend on your org. unit’s circumstances. As a guide the average University wide vacancy rate is 6%. However each unit should remember that the vacancy rate must realistically reflect historical patterns and known movements.

**Salary Increase Assumptions:**

**Academic (HE) & General Staff:** EBA salary increases will be forecast centrally – therefore no action is required by School Finance Mangers or College Senior Finance Managers.

**TAFE Teaching Staff:** EBA salary increases will be forecast centrally – therefore no action is required by School Finance Mangers or College Senior Finance Managers.

**Academic promotions:** School Finance Managers should check that any academic promotions announced by the VC have been factored/costed into the PCP positions.

**Executive Bonuses:** College Senior Finance Managers and School Finance Managers should estimate these in the forecast.

Salary ‘creep’ (e.g. due to incremental progression) does not need to be calculated as this is automatic calculated by PCP.
**Casual Salaries**
The forecast for casual salaries should take into consideration any increases in Establishment that may reduce the need for this expense.

A casual budget template can be used to calculate the casual forecast; this can be downloaded from the Financial Services Web site.

**Executive Salaries**
As per past practice with Executive salaries, the Total Employment Cost (TEC) details will need to be obtained from Paul Danaher in People & Culture.

PCP will only access data associated with salaries and should be confirmed with the information provided. Non-salary items cannot be entered through PCP and should therefore be entered directly into planning within SAP ECC6.0.

**Scholarships**
Scholarship payments must not be budgeted using PCP.

A schedule must be kept detailing how the scholarship forecast was derived, and the amount entered direct into planning, CO module. Scholarship payments are a non-salary item and budgeted against the following C/E:

581200 – Scholarship Allowances

**Overtime & Allowances**
The forecast for overtime should take into consideration any increases in Establishment that may reduce the need for this expense.

**Long Service Leave**
All costs associated with LSL entitlements are recorded in Uni-wide. Therefore colleges are not required to forecast for LSL. However costs of backfilling staff whilst on LSL must be forecast for. The salary component of a staff member on LSL will continue to be charged to the organisational unit, therefore there are no forecast savings when a staff member takes LSL.

**Annual Leave**
Annual leave must be managed effectively to maintain both health and safety as well as forecast efficiently. All leave which is incurred should be taken and this assumption must be reflected in the forecast (i.e. no annual leave expense may be forecast for). Staff taking Annual Leave during the year must be charged against the position they occupy. The provision for revaluation of annual leave must not be forecast by Colleges as this expense is taken up and managed centrally by FSG.
Maternity Leave

In line with University policy, maternity leave will be forecast for centrally in Uni-wide. Colleges should ensure their positions within their school/group are not allocated to the Maternity leave internal order. Doing so would understate the salary forecast within the school/group and overstate the maternity leave forecast centrally.

On-costs

The on-costs to be applied in 2011 can be found on the HR website at:
http://www.rmit.edu.au/browse;ID=hg7q5q87e7s6

Note regarding the confidentiality of staff information.

It should be noted that the information provided by PCP is confidential and must not be distributed. To ensure privacy of staff information the following must be adhered to:

- No separate records to be kept outside of SAP
- Access to data restricted to Finance Officer and Manager of each School/Group
- Working papers must be locked in a secure location when not being used
- Working papers detailing salaries must be destroyed
- Log out of SAP - PCP when not in attendance.

Key contact for PCP: Sam Bakas 50628
**Other operating expenditure**

It is important to know what expenses relate to the current reporting year. RMIT accounts are prepared on an accrual basis, and therefore requires us to book expense when RMIT is legally obligated to pay for an item consumed in the year.

In addition large strategic accounts such as VC’s Strategic and Teaching & Learning Investment Funds require full commitment of funds over the year. These accounts are normally fully acquitted at the end of each year, so using the current position to estimate the forecast for year end may not be relevant.

Every attempt must be made to ensure the spread of non-salary spend across the C/E’s is a reflection of anticipated spend. Please avoid pooling costs in ‘miscellaneous’ C/E’s.

**Research Expenditure**

Research expenditure should be forecast in line with the Reciprocal & Non-reciprocal revenue principles, continuing to maintain the split between operating and capital expenditure.

Finance staff must ensure that Research expenditure is forecast to the correct internal order type, i.e. R030 Research External, R040 Research Internal or R050 Research Centrally Allocated.

**Key contact: Wayne Benton 50604**
Forecast Phasing

Introduction
Correct phasing of the forecast is vital for measuring actual performance against forecast as the year progresses. Income and expenditure must therefore be accurately allocated to the months of the year.

How to phase on SAP

The SAP system facilitates the phasing of income and expenditure via the “Distribution Key” (“DK”) function which allows the income and expenditure to be allocated according to either:

- The pattern of income and expenditure in previous years; or
- Other pre-specified patterns stored within SAP.

If none of the pre-specified distribution keys accurately distribute income or expenditure, forecasts must be phased manually (i.e. amounts manually entered on a month-by-month basis).

A list of distribution keys and descriptors can be found at the Finance Web site.

Phasing income

- Operating Grant – Commonwealth and State Government
- HEFA Research – APAs and HEFA Research – Int’l PG Awards (in UniWide forecast only)
- Commonwealth Accommodation & Education Scholarships

The above income must be phased based on the number of calendar days in each month (use distribution key ZZ01).

- Specific Grants – Commonwealth and State Government

These capital grants must be phased in the month/s in which the related expenditure will occur and should be fully acquitted in the year in which funding is received where this is a condition of the grant. This income must therefore be manually phased (use distribution key 0 and phase manually).

- Australian Competitive Grants, Other Public Sector Research Income, Industry and Other Research Income and Cooperative Research Centre Funding

Research grant income should be manually phased to match the pattern of expenditure that will be incurred by the project (use distribution key 0 and phase manually).
• RTS, IGS and RIBG
The above income must be based on the number of calendar days in each month. This will then better match the pattern of receipt of this income from the government. Distribution key ZZ01 will apply this phasing.

• Fee discounts/waivers
These should be phased in line with tuition fee income – see the next section. Use distribution key 0.

• Tuition fees – HE Australian fee paying PG & UG
Income should be phased evenly within each semester and split between semesters after factoring in mid-year student attrition & commencements. Income and load in a semester is comprised of:
  - Returning: Load/income of students returning from the previous semester (i.e. after attrition)
  - Commencing: Load/income for students commencing in the semester
Where mid-year intakes or mid-year drop offs are not significant, the phasing can be equal instalments across the year.

• Tuition fees – International Onshore PG & UG (HE) & TAFE
Income should be phased evenly within each semester and split between semesters after factoring in mid-year student attrition & commencements. Income and load in a semester is comprised of:
  - Load/income of students returning from the previous semester (i.e. after attrition)
  - Load/income for students commencing in the semester
Where mid-year intakes or mid-year drop offs are not significant, the phasing can be equal instalments across the year.

• Tuition fees – Offshore
Income should be phased evenly within each semester and split between semesters. The income should be forecast in the period which the teaching activity takes place.
<table>
<thead>
<tr>
<th>Month</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>One twelfth of full year forecast (reversing in Feb), written-down in the light of student acceptance (demand) data if necessary</td>
</tr>
<tr>
<td>February</td>
<td>Two twelfths of full year forecast (reversing in March), written-down in the light of student acceptance (demand) data if necessary</td>
</tr>
<tr>
<td>March</td>
<td>2011 semester one income* posted from the AMS to SAP, divided by two (i.e. for the first three months of the year) (reversing in April)</td>
</tr>
<tr>
<td>April</td>
<td>Semester one income posted from the AMS to SAP, divided by six and multiplied by 4 (reversing in May)</td>
</tr>
<tr>
<td>May</td>
<td>Semester one income posted from the AMS to SAP, divided by six and multiplied by 5 (reversing in June)</td>
</tr>
<tr>
<td>June</td>
<td>Final semester one income posted from the AMS to SAP (for the first 6 months of the year)</td>
</tr>
<tr>
<td>July</td>
<td>Semester two income posted from the AMS to SAP, divided by six (reversing in August)</td>
</tr>
<tr>
<td>August</td>
<td>Semester two income posted from the AMS to SAP divided by six and multiplied by two (reversing in September)</td>
</tr>
<tr>
<td>September</td>
<td>Semester two income posted from the AMS to SAP divided by six and multiplied by three (reversing in October)</td>
</tr>
<tr>
<td>October</td>
<td>Semester two income posted from the AMS to SAP divided by six and multiplied by four (reversing in November)</td>
</tr>
<tr>
<td>November</td>
<td>Semester two income posted from the AMS to SAP divided by six and multiplied by five (reversing in December)</td>
</tr>
<tr>
<td>December</td>
<td>Final semester two income posted from the AMS to SAP (i.e. for the last 6 months of the year)</td>
</tr>
</tbody>
</table>

- Income posted by the AMS to SAP changes monthly, with the largest amounts posted in March and July. Smaller adjustments to the income then occur in most months, due to changes in student enrolment.
- Tuition fees – International Onshore – Foundation Studies (FS)
  This should be phased according to the anticipated activity for 2011. Distribution key 0 allows for manual phasing of this income.
- Full fee paying VET Award Fees
  Some of this income is invoiced via the AMS, other through SAP invoicing by Schools. AMS generated income follows the distribution pattern of tuition fee income described earlier, and any income invoiced directly by Schools should be phased based on when the teaching activity/expenditure will occur. Either of distribution keys 0 or 1 will apply.
• Industry funded student places
Some of this income is invoiced via the AMS, other through SAP invoicing by Schools. AMS generated income follows the distribution pattern of tuition fee income described earlier, and any income invoiced directly by Schools should be phased based on when the teaching activity/expenditure will occur. Either of distribution keys 0 or 1 will apply.

• Enrolment Fees (VET)
As students are enrolling throughout the year, the approach for this income is to phase it evenly across the year (i.e. distribution key 1).

• Open Universities Australia (OUA)
OUA funds are receipted quarterly, based on 4 semesters in the year. Income should be phased in accordance with the teaching activity & expenditure.

• All other income - teaching related (includes Other Tuition Fees)
As a rule, all other income should be phased to match the timing of the activity and related expenditure. Distribution key 0 will allow this phasing. For example, donations that fund student scholarships should be phased according to the timing of the scholarship expenditure.

• All other income
  - Non-teaching related (includes Charges; Product Sales; Fees for Service; Donations and Bequests; Investment Income; Sale of Property. Plant & Equipment; Other income, Internal Income/Sales)
Income such as material fees can be phased and accounted for in the month in which receipt is expected, unless there is related expenditure that it should be matched against.

As a rule, all other income (e.g. consulting, rental income) should be phased to match the timing of the activity and any related expenditure. Apply distribution key 0.

**Phasing salaries & Oncosts**

*Ssalaries – fixed term and continuing (Academic and General)*

*Salary allowances, work cover, payroll tax, superannuation*

The above expenditure is phased based on the number of working days (including public holidays) in each month. There are 260 working days in 2011, and PCP uploads a phased budget into SAP, so no manual phasing of the above is required.

*Vacancy Savings Account*

There are two considerations for phasing the Vacancy account. If the established positions have a Jan 01 start date but are expected to be filled later in the year, then the vacancy needs to reflect this. I.e. a greater vacancy earlier in the year.

If the established positions have a start date around the same time as the positions are expected to be filled, then the vacancy phasing should be even.
History tells us that vacancies are always higher in the earlier months, therefore a review of recent years vacancy trends should inform the phasing process.

**Casuals – academic and general**
This expenditure may be phased based on the number of pay periods in each month. In 2011 each month has two pay periods, except for June and December which each have three. PCP will load casual budgets but manual phasing or phasing via the appropriate distribution key is required.

**Overtime**

**Travel per diem – general & academic, Honorariums**
This expenditure appears in the accounts as it is paid (i.e. SAP does not accrue it), so the phasing should reflect the pattern of actual payment i.e. the pay periods in which payment is made. The pattern of expenditure in previous years is a guide to the timing of these payments (i.e. when they occur during the year) but remember that the number of pay periods in a month is different year to year. In 2011 the months of June and December each have 3 pay periods.

**Phasing non-salary expenditure**

As a rule, non-salary expenditure should be phased based on usage or activity. For example PC leasing is paid quarterly by the University, but the cost is incurred, and should therefore be phased, on a monthly basis.

If the amount budgeted is not large and therefore not subject to accrual, the cost may be phased based on when the expenditure occurs.

**Scholarship phasing**

This expenditure generally appears in the accounts as it is paid to the students, and because it is paid via the payroll system the phasing should reflect the number of pay periods in each of the months.

**Phasing of capital expenditure**

Capital expenditure should be phased according to when the asset will be received (i.e. when the expenditure will appear in the accounts).