

DAU 8-6 Budget Policy

Policy Code	Policy Name		
DAU 8-6	Budget Policy		
Responsible Executive	Current Revision Date	Next Revision Date	
- Finance Department	10/ 2023	10/2027	

1. Purpose of Policy

This Policy establishes a framework for effective and responsible budget management at DAU. Also, it ensures that the university's financial resources are allocated in a strategic, transparent, and accountable manner to support its mission, goals, and priorities. It provides guidelines and procedures for budget development, monitoring, reporting, and accountability.

2. Policy Scope

This policy applies to all departments, employees, and decision-makers involved in the budget management process at DAU, including senior management, finance and accounting staff, department heads, and budget holders. It covers all aspects of budget management, including budget planning, development, monitoring, reporting, and accountability.

3. Policy Statement

DAU is committed to sound financial management practices, including effective budget planning, development, monitoring, and reporting. The university recognizes the importance of aligning its budget with its strategic goals, priorities, and available resources, and ensuring that budget decisions are made in a transparent, accountable, and responsible manner.

The university strives to promote a culture of fiscal responsibility, efficiency, and effectiveness in all aspects of its budget management.

This policy provides guidelines for DAU budgetary processes. It clarifies the roles of Finance management in setting and approving the suggested budgets. This policy aims to formulating a budget that facilitates the implementation of the strategic goals of DAU, maintaining an annual balanced and transparent budget, and ensuring that the spending on different operating activities is within the available budget funds.

4. Policy Procedures

Budget Planning and Development

- The university shall develop an annual budget planning process that includes the identification of strategic goals, priorities, and resource requirements.
- The budget planning process shall involve input from relevant stakeholders, including department heads, budget holders, and the Executive Director, to ensure alignment with the university's mission, goals, and priorities.
- The budget planning process shall consider the available financial resources, such as revenues, grants, endowments, and other funding sources, as well as projected expenses, such as salaries, benefits, operating expenses, and capital expenditures.
- The budget planning process shall include a review of historical financial data, financial projections, and other relevant information to inform budget decisions.
- The university shall establish clear procedures for budget development, including the documentation of budget assumptions, estimates, and justifications, as well as the approval process for budget proposals.

Budget Monitoring and Reporting

- The university shall establish a system for monitoring budget performance on an ongoing basis, including regular review of actual financial results against budgeted amounts.
- Budget holders shall be responsible for monitoring their respective budgets and reporting any significant deviations from the approved budget to the financial department.
- The financial department shall provide regular budget reports to senior management and other relevant stakeholders, including variances between actual and budgeted amounts, explanations for significant variances, and any corrective actions taken.
- Budget reports shall be transparent, accurate, and timely accurate. They shall be communicated to relevant stakeholders in a format that is understandable and accessible.

Budget Accountability:

- Budget holders shall be accountable for managing their budgets in accordance with the approved budget and the university's financial policies and procedures.
- Budget holders shall seek appropriate approvals for budget modifications or reallocations and shall provide justifications and documentation for any changes.
- The financial department shall conduct periodic audits of budget utilization to ensure compliance with approved budgets and financial policies.
- Any deviations from the approved budget shall be documented and reported to the Executive Director, along with explanations and corrective actions taken.

Budget Review:

- The university shall conduct periodic reviews of its budget performance and effectiveness in achieving its strategic goals and priorities.
- The budget review process shall involve input from relevant stakeholders, including senior management, department heads, budget holders, and other key decision makers.
- Based on the budget review findings, the university may revise its budget allocations, reallocate resources, or adjust its budgeting processes to better align with its strategic goals and priorities.

Compliance:

- All university employees involved in the budget management process shall adhere to this policy and follow the established procedures and timelines.

Role and responsibilities of Finance Department in setting the DAU budget

The Finance Department will:

- Oversee and control the revenues and expenditures according to the approved budget and provides recommendations on budgetary amendments and revisions throughout the fiscal year.
- Prepare budget documents for monitoring and controlling the University's ongoing operations so that revenues and expenditures remain within the approved appropriations and the spending policies and procedures of DAU.
- Review the historical trends and analyzing performance reports to recommend the relevant spending levels.
- Prepare and analysis of performance reports related to budget implementation.
- Promote fiscal responsibility within DAU Community by providing technical assistance and analysis in planning, administering, and monitoring the budget process.
- Process of all personnel related requirements in conformity with the approved manpower budget and position allocations.
- Provide quarterly reports to outline actual performance against budget to the Chief Operation Officer for review and relevant directions.

Budgeting Process in DAU

The following section shows how DAU Finance Department do the Budgeting Process in detail:

- **DAU Budget Model and System**
The annual budget involves input from key constituencies including the top management, office managers, college deans and other responsible personnel in DAU. The Budget is finally approved by the Board of Trustees. The annual budget determination facilitates the achievement of short and long-term plans, and all estimates shall be based on clear and relevant assumptions that reflect both internal and external factors.
- **Budget Model**
To ensure effectiveness of the budget formulation process, DAU adopts the Zero-Based Budgeting Model wherein at the beginning of every budget planning period, the previous year's budget for each unit is cleared. Every part of the institution must request funding levels, and all spending must be re-justified. This allows a clear view of every single activity and spending needs to ensure transparency and compliance with the strategic priorities of DAU.
- **Budget Flexibility**
DAU 's budget is flexible, adjustments in the approved budgets according to changes in internal or external circumstances can be implemented to re-prioritize the needs of the working dynamic environment in DAU.
- **Initial Budget Proposal**
An initial budget plan shall include revenue and expenditure estimates developed by the college or office for the fall, spring and summer semesters and includes the following categories:
 - Operational Revenue Budget.
 - Faculty Members Budget.
 - Administrative Staffing Budget.
 - Other Operational Expenditure Budget.
 - Capital Expenditure Budget.
 - Other Operational Revenue Budget.
- **Contingency Reserve/ Funds**
 - DAU maintains a separate contingency fund to cover the costs of compensating and/or transferring students to other learning providers.
 - The contingency fund can be created to:
 - manage income and expenses for a specific activity outside the normal operating budget.
 - cover unbudgeted events or to fund strategic one-time investment.
 - The contingency reserve can be used to fund resolving temporary problems resulting from unexpected circumstances or events, but not structural financial issues.
- **Practicality of Budget Estimates**
 - All revenues from all colleges and other activities of DAU and expense shall be based on clear assumptions that reflect a systematic methodology of estimation of the major/ learning accounts. When these estimations are impractical for some incidents and activities in DAU such as: medical insurance, training, exemptions, other operating revenues, air tickets, these can be estimated based on the historical trends as percentages from the learning key accounts.
- **Control over Expenditures**
 - The ultimate responsibility for approving and controlling expenditures rests with the Finance Management.

- DAU operates in accordance with the set policies and procedures to ensure the full control over purchasing and manpower management.
- **Fund Transfer**
 - In case where financial allocations are insufficient to cover requested expenses, the respective unit can send a request to the Finance Management for transfer between different budget line items within the approved annual budget, while clarifying the motives for such a transfer.
 - Transfers can only occur within the same categories in terms of financial classification, such as operational, capital or manpower related expenses; avoiding any overlap between such categories, unless otherwise decided by the Executive Director.
 - The total value of transfer requests among expenditure items shall not exceed 25% of the total approved expense allocations.
 - In certain justifiable situations, budget funds can be transferred between different units (i.e., colleges, offices), if it is approved by the Chief Executive Director.
- **Budget Addition Requests**
 - Unless there is an ability to transfer between the budget line items of a specific unit as approved in the annual budget, the concerned college or office can submit a request for additional budget allocations to the budget while clearly stating the reasons for such additions.
 - The request will be carefully reviewed by the Finance Management, and a recommendation for approval is then submitted to the higher management if the request is found reasonable and implies circumstances which are out of control. The budget addition request can be approved by the Finance Management if the requested expenses generate an additional revenue not budgeted for (i.e., event or activity).
 - In case the additional expense does not result in generating additional revenue, then the request shall be approved by the Board of Trustees. Once approved, the requested additional funds shall be included in the supplementary budget and then passed to the appropriate office for execution.
- **Recruitment of Faculty Member**
 - Colleges/Offices fill appropriate staff Recruitment requests.
 - Requests for recruitment of faculty members are made based on the academic ranks and types of contracts as approved in the annual budget, using specific recruitment budget forms.
 - The Finance Management reviews these forms, approves the budgeted ones, and forwards them to the Office of Human Resources to proceed with the hiring process.
- **Administrative Staff Recruitments**
 - Requests for recruitment more than the budgetary limits require the approval of the Executive Director, provided that such requests are necessary and can be covered by other budget allocations (transfers).
 - Once approved, the request shall be incorporated in the supplementary budget forms and then passed to the Human Resources department for execution.

5. Related Policies/ Documents/ Forms

DAU 4-14 Conflict of Interest Policy
DAU 8-2 Financial Policy
DAU 1-10 Proactive Policy

6. Document History

Version	Issue/ Rev. Date	Updated Information/ Summary of Changes
1	10/2023	1 st issue of the policy