

## Policy Name: Control Over Departmental Budgets

<b>Policy Title:</b>	Control Over Departmental Budgets
<b>Description:</b>	To outline the process of expenditure control for individual Departments at Marino Institute of Education
<b>Author (Position):</b>	Chief Financial Officer (Updated by the Financial Controller)
<b>Version:</b>	2
<b>Approved By:</b>	MIE Governing Body
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<b>Date of Next Policy Review:</b>	April 2027 (or as necessary)

## Control Over Departmental Budgets

### 1. General

#### 1.1 Departments

1.1.1 For financial reporting and control reasons, the overall budget of Marino Institute of Education (MIE) is devolved among a number of income/cost centres, which are referred to as departments. Each department captures income-related transactions, expenditure transactions, or both. These departments may be intended for a certain type of activity or expenditure (e.g. buildings maintenance expenditure is included in department 104), or for a specific project (e.g. separate department codes will be used for commissioned research or other projects).

1.1.2 The overall MIE budget comprises the sum of the income and expenditure of all these individual departments.

1.1.3 This Procedure applies to all staff who have responsibility for a departmental budget. These staff are referred to as department heads in this document.

1.1.4 A list of department heads is available from any member of the finance department. All staff should be familiar with the list of department heads, as the approval of the relevant department head is required before expenditure can be incurred for that department.

#### 1.2 Budget Preparation Process

1.2.1 The budgeting process involves submissions being made by department heads in April/May each year, in respect of the non-pay budget they are requesting for the following financial year.

1.2.2 Pay budgets are calculated and applied centrally, in the Finance Office, based on existing pay rates and any changes approved by the Finance Committee<sup>1</sup> and, subsequently, by the Governing Body<sup>2</sup>.

1.2.3 The non-pay budget submitted should have regard to expected requirements based on departmental priorities, actual cost for the previous year and any constraints indicated by the Chief Financial Officer (CFO).

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<sup>1</sup> See [Finance Committee Terms of Reference](#)

<sup>2</sup> See [Code of Governance](#) and [Matters Reserved for the Governing Body of MIE](#)

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1.2.4 After its collation, the budget is reviewed by the Finance Committee<sup>1</sup> and, once approved, is then submitted to the Governing Body<sup>2</sup>.

## **2. Control of Expenditure**

### **2.1 Control of expenditure prior to approval of the overall budget**

2.1.1 It is generally the case that the budget is still in the process of being collated or reviewed at the beginning of the financial year. In this event, department heads should ensure that caution is exercised in entering into financial commitments and should endeavour to defer significant expenditure items until such time as they are notified of the approved budget.

2.1.2 In the case of capital/fixed asset items e.g. furniture, equipment or other non-consumables, no purchase commitments should be made before the budget is approved. In the event of urgent expenditure needs for items of this nature, application should be made to the CFO giving full details, and adequate notice, in order that the need and urgency of the requirement can be assessed.

### **2.2 Control of expenditure throughout the financial year**

2.2.1 Financial reports will be issued to department heads on a quarterly basis to show their income and expenditure for the financial year to date. Department heads are responsible for ensuring that the budgeted expenditure for their department is not exceeded, and for adherence to Finance policies and procedures in relation to any expenditure incurred by them.

2.2.2 In coding invoices or other expenditure, the priority is to ensure that expenditure is recorded in the appropriate code for the nature of the expenditure – irrespective of whether budget has been provided for that code (see Section C below for the method of dealing with this event). Guidance should be sought from the Finance Office where the department head is uncertain of the code to use for a specific expenditure item.

2.2.3 Department heads should also ensure that no unnecessary expenditure is incurred – the existence of an approved departmental budget does not bestow the automatic right to spend the entire budget at the department head's discretion.

## **3. Budget Diversions**

3.1 As the financial year progresses, it is inevitable that the actual pattern of expenditure will not exactly match the departmental budget.

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- 3.2 The department head may wish to reallocate budget from one expenditure code to another, in order to more easily monitor the amount available for a certain activity or to cover expenditure in a particular code which had not been envisaged in the budget submission.
- 3.3 In some circumstances, it may also be considered appropriate to transfer an amount of budget from one department to another.
- 3.4 A budget diversion form has been devised to provide for the above situations, which should be completed and signed by the department head. This form (which is available on the shared folder 02 Finance Department/Claim Forms) constitutes a request to transfer budget between codes or between departments. The budget transfer is subject to approval by the CFO/Financial Controller.
- 3.5 Once approved, a budget diversion will be reflected in the financial reporting system.
- 3.6 Note that a budget diversion merely reassigns budget from one code to another – it does not permit the overall budget to be altered.

## **4. Capital Expenditure**

- 4.1 Capital expenditure items are requested as part of the budget submission. MIE's policy is that all capital expenditure items must be approved by the Finance Committee before any financial commitment is made. Authority is delegated to the President to approve expenditure that is included within the approved budget for the year. Department heads in all cases must contact the CFO in the first instance before committing to purchase any capital items. The CFO will seek the approval of the President and/or Finance Committee<sup>3</sup>, as appropriate.
- 4.2 The budget diversion form is also suitable for capital expenditure items. The need might arise where:
  - i. The amount required to purchase the item exceeds the approved budget;
  - ii. A requirement arises during the year for purchase of a capital item which was not envisaged in the budget.
- 4.3 As for other diversions, the completed form is subject to approval by the CFO. No expenditure commitments should be made in advance of approval.

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<sup>3</sup> See [Finance Committee Terms of Reference](#)

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- 4.4 In the event of capital expenditure being incorrectly coded to an operational code, coding may be corrected in the Finance Office.

**5. Related Documents**

- 5.1 [Finance Committee Terms of Reference](#)
- 5.2 [Code of Governance](#)
- 5.3 [Matters Reserved for the Governing Body of MIE](#)