 جامعة الشارقة UNIVERSITY OF SHARJAH	Policy Main Title	Fiscal Resources	Effective Date	1/10/2022
	Policy Subject	Financial Reporting and Analysis	Last Review date	4/10/2022
	Policy Number	FR-12	Next Review date	1/9/2025
	Responsible Entity	Finance Department	Approved By	Vice Chancellor for Administrative and Financial Affairs

Overview

Financial reporting and analysis function includes budgeting, forecasting and analytical review that shall support UOS in achieving its business strategy and monitoring its expenses. Financial reporting and analysis discipline combines in-depth analysis of both operational and financial data to help align business processes and strategies with financial goals, and to evaluate progress towards those goals.

Scope


The scope of the Financial Planning and Analysis includes the following processes:

- Budget Preparation
- Budget Transfer
- Supplementary Budget
- Budget Monitoring and Forecasting
- Reporting

Purpose

The purpose of this process can be determined by the following:

- Align Finance Function towards achieving the strategic objectives with a clear focus on aspects such as projected growth, macro-economic conditions, specific growth plans and planned initiatives.
- Develop accurate budget in accordance with each College/Department's functional requirements and ensure that the budget is prepared and approved within the defined timelines.
- Facilitate adequate monitoring and forecasting of the budget on an ongoing basis and prepare relevant, timely and accurate reports that highlight the deviations from approved budget and gather explanation for such deviation;
- Predict financial performance for the remaining quarters of the year as accurately as possible after considering changes in market and economic dynamics, irrespective of whether the resulting forecast achieves the approved budget or not; and
- Develop reports in a timely manner for internal and external Stakeholders.

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Abbreviations and Definitions

UoS: University of Sharjah

FP&A: Financial Planning and Analysis

DOA: Delegation of Authority

VCFA: Vice Chancellor for Finance and Administration

“Account”: refers to classification code as part of UOS’ Chart of Accounts to identify line items (such as assets, liabilities, revenue, expenses, etc.) within the Budget.

“Approving Authority”: refers to the Person/ Committee within UOS who is responsible for approving the activity. The full list of Approving Authorities shall be obtained from the DOA.

“Budget Calendar”: Comprises of a detailed sequence of steps on development and presentation of Budget, along with their respective timelines.

“Capital Expenditure”: as defined in Chapter 3 of this section.

“Contingency Budget”: Additional fund included under the Budget to cover any unplanned expenses.

“Contract”: is an arrangement / promise between the End User and Vendor concerning the supply of materials / services, over a specified period of time, on the basis of predefined terms and conditions.

“Chapter”: refers to a major classification of expenditures from a Budgetary and Accounting perspective. The University By-Laws define the 3 chapters are below:

Chapter 1: Salaries, wages and supplementary benefits that include remunerating the University faculty and administrative staff members their salaries, wages, cash and in-kind benefits

Chapter 2: Operational expenses that include University expenditures required for its regular activities.

Chapter 3: Capital expenditures that include capital items, which require use for more than one fiscal year and exceed the amount of AED 5,000.


“Delegation of Authority”: is the subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

“Exceptional Budget Overruns”: refers to budget overruns that are approved by UOS’ Finance Department.

“Hybrid Budgeting”: refers to an approach to budgeting that uses a combination of Incremental and Zero-based Budgeting.

“Incremental Budgeting”: refers to a type of budgeting where Budget preparation is based on additions/ deletions to previous years’ budget based on upcoming requirement.

“Journal Voucher”: is a document that contains essential information about an accounting transaction (such as unique identifying number, transaction date, description, amount, accounts impacted, etc.). It is

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written authorization to make a transaction entry.

“Operating Expenditure”: is an expense incurred through its normal business operations which are defined under Chapter 1 and Chapter 2 of this section.

“Revenue”: refers to money received by UOS from Students and other customers for services provided by UOS.


“VC Council”: refers to a Council of all Vice Chancellors within UOS.

“Zero-based Budgeting”: refers to a type of budgeting approach where Budget preparation happens without any reference to previous years’ budget.


Policy

Budget Preparation

1. The fiscal year of the University shall commence on 1st September and end on 31st August of the following year.
2. Finance Department shall be responsible for Budget Preparation in line with the approved Annual Strategic Plan and Departmental objectives. Furthermore, the Budget Preparation exercise shall be aligned with Procurement Planning and Manpower Planning exercises conducted by Procurement and Human Resource Teams respectively.
3. Budget Preparation shall be commenced by the Finance Department from beginning of February. The draft Budget shall be presented to the Board of Trustees for review and approved in accordance with the University By-laws by end of June.
4. A Budget Advisory Committee shall be formed to ensure active participation and provision of inputs from key stakeholders. Members of the Budget Advisory Committee shall include:
 - Chancellor (Chairman).
 - Vice Chancellor – Medical College.
 - Vice Chancellor – Academic Affairs.
 - Vice Chancellor – Research and Graduate Studies.
 - Vice Chancellor – Financial and Administrative Affairs.
 - Any other member at discretion of the Chancellor.
5. Compliance with the Budget Calendar timelines shall be strictly monitored, and delays shall be escalated to the Vice Chancellor for Financial and Administrative Affairs (VCFA).
6. UOS shall develop its Annual Budget based on the ‘Hybrid approach’, while anchoring to its historical data.

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7. Budget Owners (i.e., Department Directors and College Deans) shall be responsible for filling up the Annual Planning Report (APR) template reflecting the Budget details for the upcoming years, including their requirements and assumptions undertaken.
8. Revenue shall be budgeted taking into consideration the following (but not limited to) parameters:
 - Annual Strategic Plan and Sustainability objectives.
 - Fee List for each revenue stream, which are adjusted each year based on fee review and benchmarking exercise.
 - Number of expected customers (students, trainees, tenants, etc.), estimated based on historic trend analysis.
 - List of new initiatives and on-going projects for Research Center.
9. Expenses shall be budgeted as follows:
 - Relevant inputs covered in the Annual Procurement exercise shall be integrated in coordination with the Procurement Team;
 - Manpower cost shall be provided by the Human Resources Team as part of the Annual Manpower exercise;
 - IT Team shall be responsible to provide Technological software and hardware expenses;
 - Respective Department/ College shall be responsible to provide expenses associated with new initiatives and committed costs.
10. Financial Planning & Analysis Team shall be responsible for ensuring the following:
 - Completeness of data inputs in the APR template;
 - Alignment with Annual Strategic Plan and Departmental objectives;
 - Recommendation of Fees based on the benchmarking exercise;
 - Alignment with the external economic environment; and
 - Adequacy and reasonableness of assumptions provided for Budget line items.
11. The Annual Budget shall consist of:
 - Budgeted Revenue;
 - Budgeted Operating Expenditure;
 - Budgeted Capital Expenditure;
 - Budgeted Balance Sheet;
 - Budgeted Cash Flow Statement;
 - Projected Budget cost to be incurred for more than a year; and
 - List of current and new projects.
12. A 'Contingency Budget' shall be determined by the Budget Advisory Committee for each Chapter to cover unplanned operational and administrative expenses relating to the UOS' activities.


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Budget Transfer

1. Budget transfer occurs in the following scenarios:
 - Unplanned activities, not included in the Annual Budget, which are critical to UOS' operational needs.
 - An expenditure related to a budgeted line item under which sufficient funds are not available.
2. A 'Budget Transfer Form' along with the justification for transfer shall be required in case of Chapter-to-Chapter transfers. Transfers from Contingency Budget shall only be requested in case budget overruns at the PR approval stage.
3. Exceptional Budget Overrun request shall only be processed after ensuring the required budget amount is within the overall UOS approved budget limit.
4. Budget transfer from one account to another account shall require approval as per the DOA.

Supplementary Budget

1. Supplementary Budget shall only be pursued where Budget Transfer is not possible and shall require approval from the President of UOS and Chairman to Board of Trustees.
2. Supplementary Budget preparation shall follow the same procedures as the preparation of the Annual Budget for the University.
3. Supplementary Budget may be requested due to the following reasons:
 - During a budget monitoring and reporting, it is deemed that the available Budget is insufficient for smooth operations of the University; or
 - A new project is initiated, which was initially not planned and requires additional funds.
4. Any request for an additional Budget shall be adequately supported by a 'Business Case', which shall include the following key elements:
 - **Strategic context:** Need/ requirement for the budget and how it fulfills UOS's strategic objectives.
 - **Economic Analysis:** Estimated costs to be incurred and the expected value which shall be generated.
 - **Resource Requirement:** Additional resources (apart from financial) required for the fulfillment of the need/ requirement (such as support from other departments).
5. Supplementary Budget shall be utilized only for the purposes specified during the conceptualization and approval phase.

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Budget Monitoring and Forecasting

- Budget monitoring shall be exercised at a Fund, Department and Account pool level and shall take place at the PR approval stage.
- FP&A Team shall generate Budget Utilization Report on a monthly basis to monitor the actual revenue and expenses.
- In addition, monthly meetings shall be conducted with Research Department to discuss external grants received and project timelines, and further evaluate project milestones for existing projects.
- Quarterly Forecasts shall be developed based on information available at the time of preparation, including historical data, commitments, expected income and expenditure, and current economic and market scenarios.
- Assumptions and parameters utilized in the preparation of the forecast shall be clearly defined and documented.
- FP&A Team shall review the Forecasts at University/ College/ Department level for the below key elements, analyzing the qualitative drivers causing adverse or favorable movement of Budget variances:
 - Revenue
 - Operating Expense
 - Capital Expenditure
 - Projects related expenses
- On an annual basis, FP&A Team shall generate the Budget Variance Report at the end of each year to identify variances above 10% of the Budgeted value.
- In addition, FP&A Team shall also generate the following periodic reports for Management and External Stakeholder review:

#	Report Name	Reporting Frequency
Internal Reports		
1	College/ Business Unit Performance Report	Quarterly
2	Vice Chancellor portfolio level reporting	Quarterly
External Reports		
3	Ministry of Education Reports	Annual
4	Reporting for Ranking bodies	Annual
5	Reporting for Accreditation Committee	Annual (Jan-Apr)
6	Ad-hoc reports requested by UOS Management/ External Stakeholders	-