

BUDGET PLANNING POLICY ERJ 2.1.2

INTRODUCTION

The Board of Edmund Rice Justice Aotearoa New Zealand Trust is responsible for overseeing the budget of the organisation and for ensuring that the organisation operates within a responsible, sustainable financial framework.

In line with this responsibility, the Board of Edmund Rice Justice Aotearoa New Zealand Trust conducts a budget planning process each year as part of its annual business planning.

PURPOSE

This policy is designed to set out the process for compiling, monitoring and reviewing Edmund Rice Justice Aotearoa New Zealand Trust's annual budget.

POLICY

The Board of Edmund Rice Justice Aotearoa New Zealand Trust conducts a budget planning process each year as part of its annual business planning.

The organisation operates under a budget that must be flexible in responding to unforeseen events, including possible reductions in cash flow. The annual operating budget must therefore be regularly monitored and reviewed.

AUTHORISATION

Chair

19th May 2014

Edmund Rice Justice Aotearoa New Zealand Trust

Policy number	ERJ 2.1	Version	2
Drafted by	Paul Robertson	Approved by Board on	
Approval Body	ERJANZ Trust Board	Scheduled review date	March 2016

BUDGET PLANNING PROCEDURES ERJ 2.1.2

RESPONSIBILITIES

The Board of Edmund Rice Justice Aotearoa New Zealand Trust has ultimate responsibility for overseeing the budget of the organisation and for ensuring that the organisation operates within a responsible, sustainable financial framework.

It is the responsibility of the Board to prepare all budgets and review budgets.

PROCEDURES

Preparation of the Budget

In August each year, the Financial Administrator starts preparing the budget estimates as part of the Business Plan for the financial year. The process includes:

- considering operational costs;
- setting payroll costs; and
- estimating income.

The initial budget estimates are based on the current expenditure projections to end of year, relevant wage increases, revisions to awards/contracts, and any expected increase on operating expenses such as power, telephones, etc. The Finance Committee shall be provided with information about how cost increases will be absorbed or will lead to increases in service charges.

The Financial Administrator will present the draft budget for discussion at a September Board meeting. The Board may accept the estimates as presented or may request variations, within the context of the Business Plan. A detailed report denoting reasons for decisions should be attached to the draft budget for discussion.

The Financial Administrator will then revise the draft and present the amended draft budget at the next available Board meeting, usually in September. Once adopted by the Board, this becomes the official operating budget Edmund Rice Justice Aotearoa New Zealand Trust for the following financial year, and all Board members and employees must work within the financial limits stated or implied by this document.

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Monitoring and Reviewing the Budget

The Financial Administrator is responsible for monitoring the organisation's expenditure, reviewing the actual and budgeted expenditures, and reporting on the progress of such expenditure.

Financial reports will be prepared each month showing the year-to-date expenditure and its variation from the budget estimates, and indicating any increases or decreases in funding. A detailed commentary should be attached to Board reports detailing reasons for variations and recommendations for corrective action should that be required.

The Financial Administrator will indicate what effect any variations will have on the budget projections and provide this information to the EO and the Board. The Financial Administrator will also report on any other financial matters that may be related to the Business Plan.

Once adopted by the Board, the Amended Budget will become the new operating budget for the remainder of that financial year.

RELATED DOCUMENTS

- Edmund Rice Justice Trust Business Plan
- Edmund Rice Justice Trust Investment Plan

AUTHORISATION

Chair

15th May 2014

Edmund Rice Justice Aotearoa New Zealand Trust