



THE UNIVERSITY OF BRITISH COLUMBIA

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**2011/12**

# **Forecasting and Planning Guidelines**

(Vancouver Campus –Ancillary Units only)



## Table of Contents

<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>1</b>
<b>Building Your Plan</b> .....	<b>1</b>
<b>System Overview</b> .....	<b>1</b>
<b>Process Overview</b> .....	<b>1</b>
<b>Plan Preparation Schedule Overview</b> .....	<b>2</b>
<b>Plan Preparation Deadlines</b> .....	<b>3</b>
<b>Hyperion Planning Overview (FY12)</b> .....	<b>3</b>
<b>Forecast (FY11)</b> .....	<b>5</b>
<b>Planning (FY12)</b> .....	<b>6</b>
Planning Details by Account Type .....	7
Comments Specific to Each Fund.....	7
Other Planning Considerations .....	8
<b>Check List</b> .....	<b>9</b>
<b>Submission</b> .....	<b>10</b>
<b>Policies and Assumptions</b> .....	<b>11</b>
<b>Questions?</b> .....	<b>11</b>
<b>Glossary</b> .....	<b>12</b>

## Introduction

UBC prepares annual budgets for submission to the Executive Committee, Board of Governors and government. With the introduction of **Oracle Hyperion Planning**, these budgets will now be prepared in the same system that units will be able to use for their own forward planning on an ongoing basis. For the purpose of this document, the 2011/12 budget will be referred to as the Plan, and the 2010/11 projection as the Forecast; please see the glossary at the end of this document for other definitions.

The primary goals of the Plan are:

1. To provide a financial plan for unit level operations for the upcoming fiscal year
2. To provide a basis for the University's Forecast
3. To provide the Executive and Board with a consolidated view of the University's operations for the upcoming fiscal year;
4. To meet provincial government reporting requirements, which include analysis of the consolidated fiscal and quarterly financial Plan, Forecast and Actuals.

## Building Your Plan

This year, we do not anticipate the across-the-board funding cuts that have made recent annual budget processes so painful for everyone. At the same time, there are no new resources available to increase administrative unit budgets.

The general expectation, therefore, is that administrative units will manage inflationary pressures within existing budgets. This includes the M&P merit program (which is no longer centrally funded), M&P progress to mid-point, and non-salary inflation. Simply, this means that budgets must be balanced (no deficits), that no recurring expense can be funded with one-time funding and that any material carry-forward will need to be justified and approved.

## System Overview

UBC's planning software is Oracle Hyperion Planning version 11.1.1.3. Authorized users can access the system via their Campus Wide Login.

Oracle Hyperion Planning is a centralized, web-based planning and forecasting solution that integrates financial and operational planning.

## Process Overview

From October 2010 to January 2011, planning meetings with the Budget Committee will be set for Faculties, Administrative units and Ancillaries to review current year FY11 (2010/11) operations and the FY12 (2011/12) plan. Final recommendations will be made to the Executive in February and to Board in March.

Hyperion usually updates every month end close with information from the Actuals ledger, which replaces the forecast data entered for the month in question. In order to avoid figures in Hyperion changing in this way during the course of the budget process, the actual data for the months of October and November will not be updated to Hyperion until January, 2011.

Units can continue to use Hyperion as a planning tool throughout the current fiscal year for the 2010/11 year, but 2011/12 data will be frozen after the budget is submitted until April, 2011.

## Plan Preparation Schedule Overview

Below is a high level overview of planning activities throughout the FY12 process

October	<ul style="list-style-type: none"> <li>• Plan is uploaded with preliminary data</li> <li>• Faculties develop high level multi-annual plan</li> <li>• Faculty meetings with Budget Committee</li> </ul>
November	<ul style="list-style-type: none"> <li>• Units update FY11 Forecast and draft FY12 Plan in Hyperion</li> <li>• Submission deadline for Admin Unit Plans</li> </ul>
December	<ul style="list-style-type: none"> <li>• Admin. units meet with Budget Committee</li> <li>• Units update their Plan with information from the budget review meetings</li> <li>• Budget Office updates GPO Funding Allocation with information from meetings</li> <li>• Submission deadline for Faculty Plans</li> <li>• RTA, VPR and Budget Office prepare Research Plan for approval by Faculties</li> </ul>
January	<ul style="list-style-type: none"> <li>• Ancillary unit meetings with Budget Committee</li> <li>• Submission deadline for Ancillary Plans</li> <li>• Central Finance prepares Capital Plan, Endowment Revenue, Related Org and University Wide revenues Plan</li> <li>• Units to provide variance explanations for FY12 plan Budget Office Consolidates all funds (including Investment in Capital Assets &amp; Inter-Dept. Services.)</li> </ul>
February	<ul style="list-style-type: none"> <li>• Plan reviewed by Executives and budget office makes high level adjustments, if any.</li> <li>• Plan reviewed by Senate</li> </ul>
March	<ul style="list-style-type: none"> <li>• Plan Approved by the Board</li> <li>• Budget Office “Freezes” the Plan; this version remains fixed and available for variance analysis</li> </ul>
April	<ul style="list-style-type: none"> <li>• FY12 Plan becomes starting point for FY12 Forecast</li> </ul>
May	<ul style="list-style-type: none"> <li>• Approved carry-forward data is loaded to FY12 Forecast</li> </ul>

## Plan Preparation Deadlines

The deadlines for the University's Consolidated Budget have been established for the FY12 planning cycle in order to allow for Executive review of operations in February and to submit a budget to the Board of Governors in March 2011.

FUND	Departmental Plans Submitted	Admin Unit Plans Submitted	VP Level Plans Submitted
<b>Example</b>	D321000 – Budget Office	Comptroller's Office	VPFRO
<b>All Funds</b> (GPO, FFS,CS, SPP, END, AWD)		At least 1 week before submission date	2 days before meeting
<b>Ancillary</b>		At least 1 week before submission date	2 days before meeting

VPFRO office will schedule ancillary unit budget review meetings. Units will be required to submit to VPFRO office 2 days before the scheduled meeting a "Budget Review Template", an organizational chart, and a Powerpoint slide. Unit Heads should aim to review the financial template at least one week before submission to VPFRO.

It is important everyone complies with the deadlines outlined above because budgets cannot be promoted to each of the levels until the reviewer has received their entire portfolio. If one area is late it will cause a delay for the entire process.

Once units submit their plan, their FY12 data are frozen. FY11 data is not frozen, and is available throughout the year for planning. If changes are required based on the Budget Committee meetings, the data will be re-activated and units can then adjust and resubmit their plans. Adjustments to the GPO Funding Allocation will be made centrally.

## Hyperion Planning Overview (FY12)

### Accounts

In order to fulfill the University's reporting requirements, information is required at the alpha level only (e.g. SECPKG). This represents a summary view of the information, units have the flexibility to choose if they want to plan at the alpha account level (less detail) or at the FMS account level (more detail e.g. 681000). In order to utilize the tool better for unit planning purposes on an ongoing basis, and to enable units to explain variances more accurately in the future, planning at the more detailed level may be more appropriate if this can be accomplished within the timeframe.

Hyperion combines the accounts from the ALL\_ACCOUNTS tree in FMS (Financial Management System) with the alpha accounts which have been used for planning historically. This provides units with the flexibility to plan at a much more detailed level than in the past or to budget at a higher level where appropriate.

The complete listing is available in FMS: **Tree Manager>Tree Viewer>HYPERION\_ACCTS**

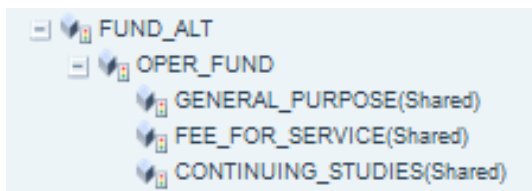
Not every account will apply to all departments. Some accounts, such as Deferred Capital Contributions, Endowment Revenue and Depreciation will be budgeted centrally, and these accounts are therefore not available to units in Hyperion

### ***Funds***

Hyperion includes planning for all funds that are part of the University's consolidated statements.

The complete listing is available in FMS: **Tree Manager>Tree Viewer>HYPERION\_FUNDS**

The system also allows for the preparation of reports according to the University's new Operating Fund:



Certain funds will be budgeted centrally: Capital, Research, Related Organization, Invested in Capital Assets and Interdepartmental Services. Units cannot access these funds in Hyperion.

### ***Entity***

Hyperion includes all departments included in the ALL\_DEPTS tree in FMS. The complete listing is available in FMS: **Tree Manager>Tree Viewer>ALL\_DEPTIDS**

### ***PG***

Hyperion includes all PGs found in FMS.

### ***Program Code***

Users can now choose to use Program Codes for planning purposes. Hyperion includes all Program Codes that exist in FMS.

## Forecast (FY11)

A Forecast folder exists within Hyperion. When planners first access the FY11 Forecast in November, the data from April to September (closed months) will be pre-populated with information from the Actuals ledger. Data from October to March are populated based on an average of April to September. This is a start point only: users will need to manipulate the open months' data to come up with their best estimate of FY11.

Planners can make high level adjustment to their Forecast by setting the PG dimension to "PG\_Default" rather than modifying the Forecast for each individual PG.

Once Forecast is updated, the ending FY11 balance will flow to the Plan as a forecasted carry forward balance. Units should not adjust forecast data between the submission of the FY12 Plan for unit Head approval and submission of the financial template to VPFRO as this may cause an imbalance in the financial template between the closing carry forward in the Forecast and the opening carry forward in the Plan .

In January 2011, the months of October and November in the Forecast will be replaced with actual data. At that time, the FY11 forecast data which was used for the Budget Review will no longer be available. As Forecast data changes over time, it is advisable that units print a hard copy or save a version in excel prior to plan submission. This will create a history and enable unit to go back and analyze changes.

## Planning (FY12)

To ease the planning process, data has been pre-populated into numeric account fields of each unit's Plan. Please note that this data is a starting point only and should be updated based on each unit's best estimate of the activities for the upcoming year. Units also have the option to delete the preliminary data and start with a blank Plan (with the exception of salary information which is linked to the Position Management System). This data forms the starting point for your planning activities and it is based on the following:

### **Operating Fund (GPO, FFS, CS), Specific Purpose**

Account Category	Basis
Faculty GPO Funding Allocation – Vancouver Campus	Faculty Funding Model – Initial PAIR Estimate *
Administrative Unit GPO Funding Allocation	Recurring Funding *
Revenue	Same as Forecast: Apr-Sep: FY11 Actuals data Oct – Mar: average of Apr-Sep
Salaries & Benefits	Based on Position Management System
Non Salary Expenses	Same as Forecast: Apr-Sep: FY11 Actuals data Oct – Mar: average of Apr-Sep

\* Funding may be adjusted based on review of Budget Committee. When required, these adjustments will be made by the Budget Office; users will not be able to adjust the GPOF allocations. GPOF allocations will be based on the recurring allocation according to the October 31, 2010 Bolt-on details (Faculty funding per the model will match the October 31 Bolt-On details). Planners will not have the ability to move funding allocations within Hyperion

### **Endowment Fund**

Endowment non salary expenses will be pre-populated for April to September with FY11 Actuals ledger data and for October to March with an average of FY11 April to September Actuals ledger data. Salaries & benefits data are pre-populated based on Position Management system data. Users cannot change the END spending allocations.

### **Ancillaries**

Ancillary plans non salary expenses are pre-populated for April to September with FY11 Actuals ledger data and for October to March with an average of FY11 April to September Actuals ledger data. Salary & benefit data are pre-populated based on Position Management system data.

### **Awards**

Award plans non salary expenses are pre-populated for April to September with FY11 Actuals ledger data and for October to March with an average of FY11 April to September Actuals ledger data. Salary and benefit data are pre-populated based on Position Management system data.



## **Planning Details by Account Type**

### ***Salary Costs***

For FY12 planning purpose, users should review their existing positions in Workforce Module to ensure that the correct employees are listed and that the salary expense details are correct. Hyperion is populated with hire data for full-time, non-pooled positions and position data for pooled or part-time positions (see Position Management training guidelines for more information).

Users are encouraged to make all changes within Position Management as there is no direct link from Hyperion Planning back to Position Management System.

Within the plan, the numeric accounts for salary costs will reconcile to Position Management data and these fields will be read-only. Users can make high level adjustments to their future salary costs within the Plan by using the using the alpha planning accounts (SALFAC, SALSTF, SALSTD, BENEFT)

### ***Benefits***

Benefit percentages are defined within the Position Management System. These will be carried over to the Hyperion Planning system automatically for existing positions.

## **Comments Specific to Each Fund**

### ***General Purpose Operating***

#### ***Funding Transfers***

To preserve the pre-populated budget data and avoid confusion, there will be no further recurring budget transfers processed between units. However, recurring transfers within the same faculty/unit and any fiscal transfers between units are allowed after October month end.

#### ***Revenues***

Starting FY12 fiscal year, units are allowed to budget revenues within the GPO fund. For more information please refer to [Revenue in GPOF](#) memo.

### ***Fee for Service (FFS)***

Units should not plan any items related to ISI in the FFS fund as these activities are now part of GPO. Carry-forward ISI balances as at April 1, 2010 will remain within Fee for Service.

### ***Endowment***

Endowment spending allocation for FY12 is based on information available in August 2010. Actual spending allocations for FY12 will be based on the market values as of December 31, 2010 therefore there will be differences between the planned and actual spending allocation resulting from market value differences on those dates. If this results in a material change in the Endowment Spending Allocation the Budget Office may update the Plan accordingly.

## ***Capital***

Capital funds will be planned centrally for major capital projects. Units will continue to plan minor capital purchases within other funds on a cash basis in their respective units.

## **Other Planning Considerations**

### ***Interfund Transfers***

Within Fund Plan, Hyperion allows interfund transfers between different funds. The system allows users to initiate transfers out only; so users must ensure proper communication to the other parties such that funding can be transferred in as they expect. Hyperion enables the interfund transfers by way of business rule. When the rule is run, it will automatically ensure that both sides of transfers are in balance. These details are necessary in order to reconcile the transfers to \$0 during the consolidation process. The transfer rule must be completed by an authorized user from the unit moving the funds 'out' and will be posted to both units' Plans once the receiving unit accepts the transferred funds. Interfund transfers are for planning purposes only; these funds will not be transferred in PeopleSoft FMS. To make the university budget more transparent, recurring interfund transfers should be replaced with changes to budget allocations where appropriate.

### ***Cost Recoveries***

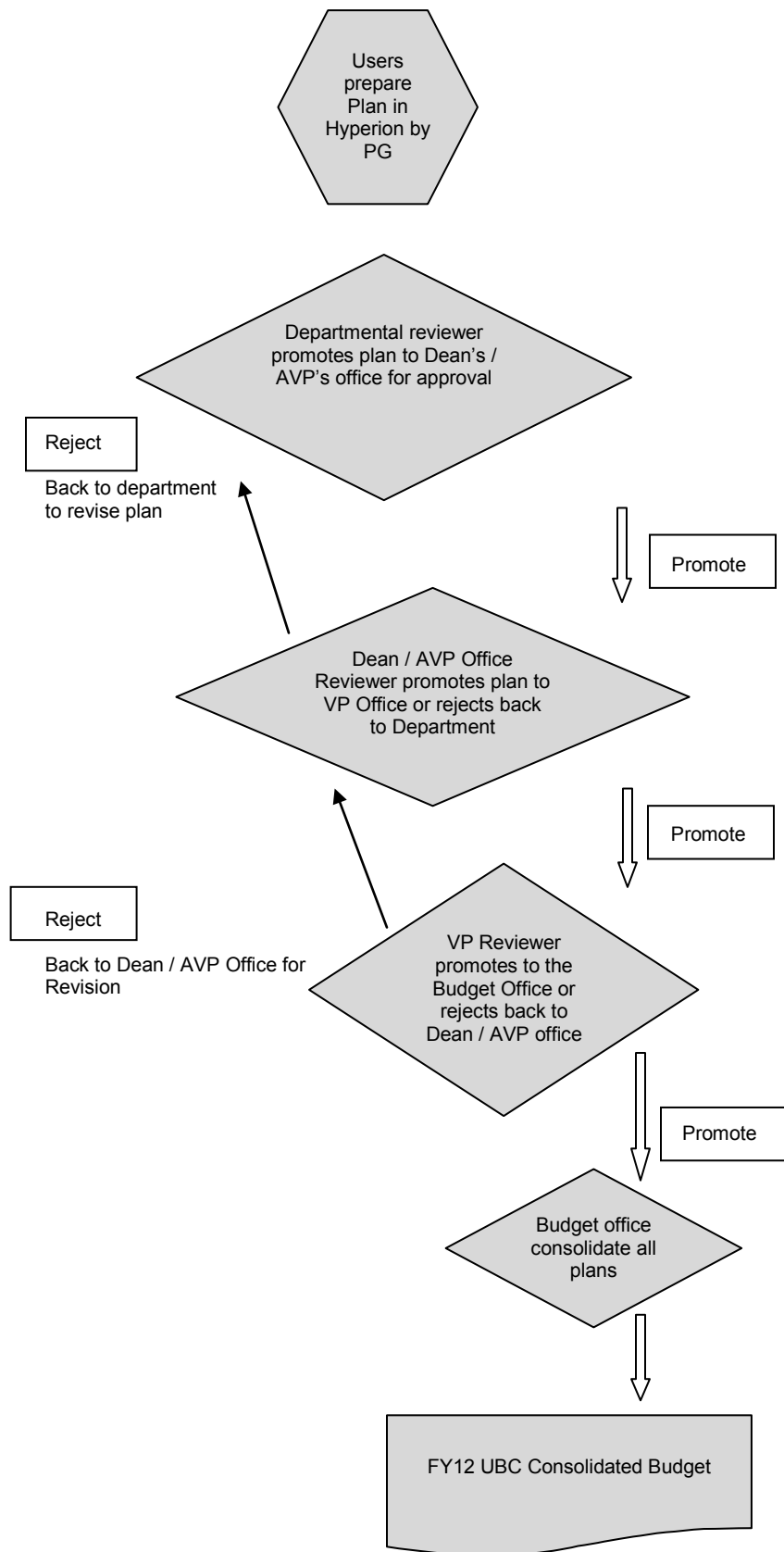
All costs should be budgeted against the DeptID / Fund / account category that you are anticipating they will be expensed to by fiscal year end. All accounts should be planned net of any cost recoveries. For example: If you normally charge courier costs to 123456 / G0000 / 12G34567 / 64xxxx and then re-allocate the courier expenses to other PGs prior to fiscal year end, you should not plan these expenses under 123456 / G0000 / 12G34567, but rather under the PGs where the costs will be expensed.

## Check List

Below is a listing showing what users should do before submitting the plan for approval.

- Discuss with Dean/AVP on strategic direction of your unit
- Review your unit's Position Management data
- Are there duplicate positions within Position Management?
- Update, add, or delete employee's positions as required to maintain Position Management. All vacant positions from current activities/funding should be added to position Management.
- Include all approved new positions within Position Management. All not approved new positions should be added Hyperion Workforce Module.
- Review current year data, is it going as per FY11 plan? Update the FY11 Forecast as required
- Review possible forecasted carry-forwards
- Update FY12 plans, including interfund transfer out
- Accept pending interfund transfers if appropriate
- Review Hyperion Basic mode's task list to ensure all planning items are covered.
- Request approvals
- Review plan acceptance. If the plan is rejected, make changes as per approver's request

# Submission



## Policies and Assumptions

Below is a list of Assumptions for FY12 plan:

- [5 year planning assumptions rates](#)

## Questions?

Should you have any questions regarding

- central GPO funding, please forward them to: [budgets.support@ubc.ca](mailto:budgets.support@ubc.ca)
- System related, please contact Claude Rivard (604) 822-0424 or [budget@finance.ubc.ca](mailto:budget@finance.ubc.ca)
- Other planning related questions, please contact Ruth Chan (604) 827-4496 or [rchan@finance.ubc.ca](mailto:rchan@finance.ubc.ca)

## Glossary

<b>Plan</b>	The Plan is the unit's best estimate of the unit's operations for the upcoming fiscal year. The plan is prepared and approved before the beginning of the fiscal year.
<b>Forecast</b>	The Forecast is an updated estimate of the unit's operations for the current fiscal year. This includes actual data for the months that are already closed. Theoretically, on the first day of the year the Forecast is equal to the Plan and on the last day of the year the Forecast is equal to the Actuals; in the interim, our revisions are consistently improving our estimate of how the current year will end.
<b>FY11</b>	Fiscal year 2010/11 - the current fiscal year
<b>FY12</b>	Fiscal year 2011/12 - the upcoming fiscal year
<b>GPO Funding Allocation</b>	This represents the unit's central allocation of the University's GPO revenue. GPO Funding allocations are loaded to the Central Ledger in PeopleSoft FMS by central finance and are represented in the Allocation column of nQuery Ledger Summary reports.
<b>Endowment Spending Allocation</b>	The Endowment Spending Allocation represents, the funding available to be spent in a given Endowment PG based on the University's Endowment Management Policy.
<b>Carry forward</b>	A carry forward is a surplus or deficit remaining from prior year. All carry forward surpluses require Board approval.
<b>Forecasted Carry forward</b>	A forecasted carry forward represents the available surplus or the deficit projected for the end of the current year.
<b>Operating Fund</b>	The Operating Fund is a combination of General Purpose, Fee for Service, and Continuing Studies funds.
<b>Task List (Hyperion)</b>	A listing of all outstanding items to complete the planning process. The task list may contain instructions, due dates, completed dates and alerts. (Basic mode in Hyperion allows users to complete their Plan by navigating through the tasks)
<b>Entity</b>	It is the same as a Department from FMS system. In Hyperion Planning system, an entity has a prefix with a "D" e.g. D321000. An entity is any academic or other organizational unit that has defined fiscal, administrative and planning responsibility.
<b>Position Management</b>	A Human Resources system which captures all employee data by position.
<b>Workforce Planning (Hyperion)</b>	A series of forms in Hyperion Planning specifically designed for the planning of salary and benefit expenses.
<b>Central</b>	Operations are managed by specific department on behalf of UBC. A central entity will start with "D9" or "D69"