

Budget management procedure

1. Purpose and application

The University's Budget management procedure determines the procedure for drawing up, agreeing on, approving and controlling the budget at Biznesa, mākslas un tehnoloģiju augstskola “RISEBA” (hereinafter referred to in the text as – the University or RISEBA).

2. Terms and abbreviations used

Responsible staff member	the staff member, who has been designated by order of the Rector as responsible for specific budget items and carrying out the actions set out in this procedure
Management Group	the University's management team, which includes the Rector, the Vice-Rector for Academic and International Affairs, the Vice-Rector for Research and Development, the Director of Finance and the Head of Real Estate Development Department.
Board	University founder's board

3. General provisions

3.1. RISEBA's annual budget for the calendar year consists of the University's planned income and expenditures. The budget period is 1 year, starting on 1 August and ending on 31 July.

3.2. In the process of drawing up the University's budget, the following basic principles are followed:

- 3.2.1. the forecast is based on the continuity of the University's activities;
- 3.2.2. the objectives set out in the RISEBA Strategy for 2022-2027 are taken into account;
- 3.2.3. the actual metrics for previous years are taken into account;
- 3.2.4. foreseeable changes in prices and services are forecast;
- 3.2.5. include forecasts regarding the introduction of new study programmes or other paid services, the implementation of projects, and the execution of contractual services (i.e. procurements) and other new activities;
- 3.2.6. spending forecasts for capital investments in the University's infrastructure are included;
- 3.2.7. foreseeable structural changes within the University are incorporated;
- 3.2.8. foreseeable changes in laws and regulations are incorporated;
- 3.2.9. in drawing up the budget, potential operational risks are taken into account and the precautionary principle is applied.

3.3. Two methods are used in planning the university's budget:

3.3.1. the top-down method - the Director of Finance, with the involvement of the heads of the relevant structural units, prepares a plan for total tuition fee revenue, as well as for expenditures related to total staff remuneration in accordance with the approved number of staff positions (rates) during the reporting period and for other expenditures not included in Paragraph 3.3.2.

3.3.2. the bottom-up method - the responsible staff member prepares a detailed revenue and expenditure plan for his or her structural unit or the process for which he or she is responsible. During the

preparation of the plan, the responsible staff member consults with staff in his or her structural unit, and the heads of structural units involved in the activities/processes, etc. Before submitting the revenue and expenditure plan to the Director of Finance, it is submitted for approval to the responsible member of the Management Group.

3.4. The University's budget revenues consist of: revenues from tuition fees and other paid services, revenues earmarked for special purposes (projects, co-financing, etc.), deductions from projects to cover the University's centralised expenditures, revenues from contractual services (including procurements), rental revenues from immovable and movable property, donations and gifts, etc.

3.5. The number of students recorded as of 1st of October in IS UNIMETIS (data used by the Central Statistical Bureau Republic of Latvia) is used for tuition fee revenue planning, which is adjusted for each study programme and form, taking into account:

- 3.5.1. an estimate of the number of students enrolled during the reporting period;
- 3.5.2. an estimate of the decrease in student numbers during the reporting period (dropout);
- 3.5.3. an estimate of the number of graduates during the reference period.

3.6. All study programme tuition fee revenues are aggregated and included in the revenues of the respective study field, the revenues of the study field are aggregated and included in faculty revenues, faculty revenues are aggregated and included in the University's total revenues.

3.7. Funds earmarked for specific purposes, donations and gifts are used in accordance with the purposes for which the funds have been allocated and in accordance with the approved cost estimate.

3.8. The Management Group assesses and approves the number of staff positions (rates) and their total remuneration for the reporting period, including taking into account the enrolment results and the strategic goals of the University's development.

3.9. Financial resources for the development of scientific activity and artistic creativity are planned as a certain percentage of total tuition fee revenue or as a certain amount. The percentage sum or amount are determined annually by the Management Group. In addition, funding from projects and contractual services (including contractual research) may be used to develop scientific activities.

3.10. Financial resources for the activities of the Student Council are planned in the amount of not less than one two-hundredth of the University's annual budget. The Student Council uses these funds to carry out the tasks and functions referred to in the *"Student Council Regulation"*.

4. Drawing up and approving the draft budget.

4.1. The Director of Finance prepares and the Rector issues an order indicating the staff members responsible for budget items. The Order instructs the staff members responsible to prepare and submit to the Director of Finance completed budget forms for the processes/departments which they are responsible for, indicating planned income and expenditures and the planned level of investment in the University's infrastructure.

4.2. The order referred to in Paragraph 4.1 regarding the start of drawing up the budget and the completed budget forms, is sent to the responsible staff members.

4.3. On the basis of the information received, the responsible staff members prepare and submit to the Director of Finance the requested information by the deadline specified in the order. Prior to submission, the responsible staff member conducts consultations and agrees on the information prepared with the responsible member of the Management Group.

4.4. Taking into account the basic budgeting principles set out in Paragraph 3.2 and based on the completed budget forms submitted and all the available information, the Director of Finance prepares

the University's overall draft budget. During the preparation of the draft budget, the Director of Finance may consult with the responsible staff member, heads of the structural units involved in activities/processes, the responsible member of the Management Group or the Board regarding changes expected in the study programme portfolio during the planned period, implementation of existing and new projects, and planned activities of various types, etc.

4.5. The Management Group reviews the draft budget. If corrections to the draft budget are necessary, it is returned to the Director of Finance for clarification and/or corrections to be made. After the necessary clarifications and/or corrections have been made, the Director of Finance submits the draft budget to the Management Group for a repeated review. After a positive decision, the draft is forwarded to the Board for approval.

4.6. The Board reviews the draft budget. If corrections are needed, the project is returned to the Director of Finance for clarification and/or corrections to be made. After making the necessary clarifications and/or adjustments, the Director of Finance submits the draft budget to the Board for approval.

4.7. The draft budget is reviewed, assessed and approved before the start of the budget period. If no draft budget has been approved at the start of the budget period, a provisional or technical budget is in force, which sets the budget at the same level as the budget for the previous period, i.e. no expenditures are covered that were not incurred during the previous budget period. The Rector may, with the prior approval of the Board, order the payment of expenditures related to new initiatives and activities, including investments, not implemented during the previous budgetary period.

5. Implementation and control of the budget

5.1. After the budget has been approved, the Director of Finance prepares and the Rector issues an order regarding the implementation and control of the budget items. The Order designates the responsible staff members, who are responsible for the implementation and control of the corresponding revenue and expenditure items approved in the budget and for the efficient use of the financial resources allocated.

5.2 The implementation and control order referred to in Paragraph 5.1 is sent to the staff members responsible.

5.3. All actual income and expenditures are applied to the budget of the relevant structural unit. The responsible staff members may adjust the use of the structural unit's budget within the limits of the funds allocated, coordinating any significant changes with the Director of Finance.

5.4. Budget amendments or transfers between structural units are made by the Director of Finance, taking into account the current situation and the need for changes. The Director of Finance may propose changes to the budget to the university's Management Group, in order to assess the situation and decide on any required amendments to the budget.

5.5. In the event of any overspending in relation to the budget expenditure plans or revenue shortfalls in relation to budget revenue plans, the Director of Finance together with the responsible staff member clarify the reasons for the budget discrepancies and agree on a solution to the situation, if necessary, also can consult with the heads of the structural units involved in the activities/processes. Significant discrepancies in the execution of a budget item are reported to the Management Group and the Board.

5.6. The Accounting Department will prepare and send operational financial data regarding actual income and expenditures to the Director of Finance, the Rector and the Board no later than the 25th date of each month.

5.7. The Director of Finance monitors cash flow sufficiency on a monthly basis.