

ESTONIAN ACADEMY OF MUSIC AND THEATRE BUDGET REGULATIONS

1. GENERAL PROVISIONS

1.1. Status of the Regulations

These Regulations specify the procedures of compiling, approving, amending and implementing the budget of the Estonian Academy of Music and Theatre.

1.2. Budget content

1.2.1. The budget of the Estonian Academy of Music and Theatre ('the Academy') is the primary financial document of the Academy. No subsequent document or directive shall conflict with the budget. In case of a conflict, the principles specified in the budget of the Academy shall prevail. The budget can only be amended by a decision of the Council of the Academy.

1.2.2. The budget shall include all planned income and expenses of the Academy in a calendar year. Income and expenses shall be recognised on an accrual basis (except for investments in fixed assets).

1.2.3. The budget of the Academy shall be balanced.

1.2.4. The annual budget shall be compiled as an aggregate budget, which comprises the budgets of principal activity, research, targeted financing, grants and capital.

1.2.5. The aggregate budget shall reflect the income and expenses of the Academy, including all investments, loan repayments and loan servicing costs, grants and targeted financing. Expenses of the aggregate budget shall be recognised both by structure (as sub-budgets of academic, administrative and support units) and by types of expenditure.

1.3. Financial year

The financial year of the Academy begins on 1 January and ends on 31 December.

1.4. Budgetary income and expenses

1.4.1. Income of the aggregate budget includes:

- Income from the public operating subsidy for the provision of higher education;
- Income and grants from the state budget;
- Income and grants from targeted financing;
- Income from contracts for the provision of formal education and training;
- Income from other economic activities, incl. sale of services and goods and rental income;
- Financial income, incl. interest income and income from exchange rate changes.

1.4.2. Expenses of the aggregate budget include:

- Labour costs – salaries and public taxes on labour costs;
- Other staff expenses, incl. training costs and other benefits;
- Administration expenses, incl. office expenses, procured services, procurement of publications for the library, other printed materials and accessories, translation and communication services, development expenses;
- Mission expenses, incl. travel expenses, accommodation and daily allowance;
- Immovable property expenses;
- Vehicle expenses;
- IT expenses – procurement of IT hardware and software and IT development;

- Inventory expenses – procurement of required work and study tools;
- Expenses of teaching, concerts and research, incl. procurement of props, costumes and advertising;
- Other economic expenses – value-added tax and other expenses not listed above;
- Membership fees;
- Mediation of foreign aid;
- Grants and transfers;
- Financial expenses;
- Capital investments, servicing of loans.

1.5. Establishment of funds and reserves

The Academy can establish targeted funds and reserves for implementation of important projects and to cover extraordinary expenditure. The principles of revenue and expenditure of funds and reserves and the persons responsible for management of the financial resources shall be approved by the Council.

2. COMPILING A DRAFT BUDGET

2.1. The Rector's Office shall compile, and the budget committee shall review, the draft budget in accordance with the schedule established by the Rector.

2.2. When compiling a draft budget, the Rector's Office and the budget committee shall take into account the following:

- implementation of the budget of the preceding period;
- projected income by individual types of income;
- projected changes in income and in the distribution of income;
- the objectives of the development plan of the Academy.

2.3. Based on the information referred to in the preceding clause, the Managing Director shall calculate preliminary reference figures and shall present them to the heads of respective structural units (managers of sub-budgets).

2.4. Relying on the received reference figures and the action plan of the respective units, the managers of sub-budgets shall submit to the Rector's Office their proposals for sub-budgets.

2.5. After receiving the proposals from the heads of structural units, the Rector's Office shall prepare a draft aggregate budget, which shall be submitted to the Academy Council for review and approval. When reviewing the draft budget, the Council shall consider soundness of the income and expense projection, effectiveness of expenses and conformity of expenses with the development plan and with other regulatory documents of the Academy.

2.6. The draft budget shall be submitted to the Council members for review at least one week before the Council meeting where the budget will be discussed.

3. APPROVAL OF THE BUDGET BY THE COUNCIL

3.1. The budget shall be presented to the Council by the Managing Director on behalf of the Rector's Office.

3.2. If the review of the aggregate budget indicates that the budget does not conform to these Regulations, the review shall be suspended and the budget shall be sent back to the Rector's Office.

3.3. If the review is suspended due to the reason referred to in the preceding clause, the Rector's Office shall modify the draft to ensure compliance with these Regulations.

3.4. In case of any proposals to amend the draft budget by reducing income or increasing or reallocating expenses, the person making the proposal shall append calculations, showing potential sources for covering the expenses.

3.5. The budget shall enter into force at the beginning of the respective financial year,

irrespective of the time when it is approved by the Council.

4. INCURRING EXPENSES BEFORE APPROVAL OF THE BUDGET

4.1. If the budget of the Academy is not approved by the beginning of a financial year, expenses can be incurred, until approval of the new budget, on the basis of the approved budget of the previous year.

4.2. Any additional expenses, which were not foreseen in the budget of the previous year but are based on adopted decisions or concluded contracts, shall be incurred on the basis of a Rector's order.

4.3. In exceptional circumstances, the Rector has the right to make short-term changes in the use of budgeted funds.

5. AMENDMENT OF THE BUDGET

5.1. Transfer of balances to the next financial year

Any balances remaining at the end of a financial year shall be used to increase investments of the Academy.

5.2. Amendments to the distribution of allocations in the principal activity budget

Any amendments to the distribution of allocations in the principal activity budget shall be approved by the Council of the Academy, unless the reallocations are only made within the sub-budgets. The Academy Council shall have the right to reallocate expenses between structural units in the following cases:

5.2.1. Reallocation is required as a result of public legislative amendments;

5.2.2. Reallocation is required by internal procedure regulations of the Academy;

5.2.3. Reallocation is required due to modification of the development plan of the Academy;

5.2.4. Reallocation is required due to objective circumstances that cannot be resolved within the limits of the sub-budgets alone;

5.2.5. Reallocation is requested by managers of the sub-budgets based on mutual agreements to amend the sub-budgets;

5.2.6. Reallocation is required due to new circumstances occurring in the course of a financial year, indicating a need to modify the sub-budgets.

5.3. Supplementary budget

The Rector can submit to the Council a draft supplementary budget in order to increase or decrease the budgeted expenses/income or to cover unexpected expenditure. A draft supplementary budget can also include amendments to the use of expenses specified in the main budget.

6. BUDGET IMPLEMENTATION AND REPORTING

6.1. Income budget implementation and responsibility for implementation

6.1.1. Budgeted income shall be accounted on an accrual basis. The accounts can be adjusted at regular intervals, depending on actual receipts.

6.1.2. The Rector shall be responsible for income from state-commissioned education and from the provision of training services.

6.1.3. The Vice Rector for Academic Affairs and Research shall be responsible for the receipt of income from contracts for the provision of formal education and education based on individual programmes.

6.1.4. The Managing Director shall be responsible for the receipt of income from economic activities (rental, sale of services and goods).

6.2. Expense budget implementation and responsibility for implementation

6.2.1. Generally, budgeted expenses shall be accounted on an accrual basis.

6.2.2. Separate accounts shall be kept on the implementation of each sub-budget.

6.2.3. A dedicated sub-budget shall be opened in accounting to account for projects.

6.2.4. The manager of each sub-budget shall make sure that no overrun of expenses occurs during implementation of the current budget. In case of an overrun of expenses, the Rector's Office shall have the right to suspend the settlements in the respective sub-budget. The accounting department shall notify the manager of the sub-budget of the suspension of settlements.

6.3. Budget income deficit

6.3.1. If the actual income in a financial year is lower than the budgeted income, the Rector's Office and the budget committee shall reduce expenses by the same amount.

6.4. Budget implementation accounting

6.4.1. The accounting department shall keep accounts of budget implementation in accordance with the procedures established at the Academy.

6.4.2. The accounting department shall monitor the progress of budget implementation on a monthly basis and shall make sure that the respective information is available to the Rector, the Vice Rectors and the managers of the sub-budgets. The information on implementation of budgets shall be made available by the 20th day of the month following the reporting month. An annual report shall be made available by 30 April of the following year.

6.4.3. In order to facilitate monthly monitoring of budget implementation, the managers of the sub-budgets shall submit all documents concerning budget implementation to the accounting department by the 5th day of the following month.

6.5. Budget implementation report

6.5.1. After the end of a financial year, the accounting department shall prepare an aggregate budget implementation report by 31 March of the year following the financial year in question and shall submit the report to the Rector.

6.5.2. The Rector shall submit the budget implementation report to the Academy Council for approval. The Academy Council shall adopt decisions regarding budget implementation.

7. LOANS

7.1. Overdraft facility

7.1.1. Overdraft facility is a short-term loan raised to balance income and expenses.

7.1.2. The requirement and amount of an overdraft facility shall be decided by the Academy Council, based on a proposal by the Rector.

7.1.3. An overdraft facility shall be raised by entering into a loan contract.

7.1.4. An overdraft facility contract shall be signed by the Rector on behalf of the Estonian Academy of Music and Theatre.

7.2. Budgetary loan

7.2.1. Budgetary loan is a long-term loan raised to balance income and expenses. Budgetary loans shall be used to finance investments.

7.2.2. The requirement and amount of a budgetary loan shall be decided by the Academy Council, based on a proposal by the Rector. The Academy Council shall approve inclusion of a budgetary loan in the budget of the Academy.

7.2.3. A budgetary loan shall be raised by entering into a loan contract or a financial lease contract.

7.2.4. A budgetary loan contract shall be signed by the Rector on behalf of the Estonian Academy of Music and Theatre.