



UMEÅ UNIVERSITY

RULES FOR FINANCIAL MANAGEMENT

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¹This document has been translated from Swedish into English. If the English version differs from the original, the Swedish version takes precedence.



UMEÅ UNIVERSITY

Table of contents

Rules for financial management	1
1. Description	2
2. Background.....	2
3. Rules	2
3.1. Key principles	2
3.2. Responsibility and authority	3
3.3. Budget.....	3
3.4. Financial follow-up and forecast.....	4
3.5. Final accounts.....	4



UMEÅ UNIVERSITY

1. Description

This document describes the main principles of financial management at Umeå University, as well as managers' responsibility and authority in financial matters. They also detail what the responsibility for budget, financial follow-up, forecasting and final accounts entails.

2. Background

The University Board introduced and established rules for financial control at Umeå University in 2007. Since then, the rules have been revised in 2012, 2015 and 2019. The purpose of the rules is to clarify responsibilities and authority in financial matters and contribute to improved financial control.

These rules use the term “responsible manager” (Sw. *ansvarig chef*), which corresponds to the heads of the following organisations: faculties (dean), departments (head of department), units (director), centre (director), Internal Audit Office (audit director), Umeå University Library (library director), Umeå School of Education (director), University Administration (university director), administrative offices (head of office), sections (head of section) or faculty office (head of faculty office). The term “department” is used to refer to all organisational entities at the University mentioned above.

The work environment, collaboration, student and sustainability perspectives have been taken into account in these rules. Accessibility and international perspectives are incorporated into financial management at Umeå University, but are not deemed to have an effect on this document. The document may in the long run affect gender equality. Consequently, it is important that the gender equality perspective is always taken into account in matters of financial control at all levels of Umeå University.

3. Rules

3.1. Key principles

Financial control at Umeå University is based on four key principles:

- **Legal framework:** Acts adopted by the Swedish Riksdag and ordinances adopted by the Government
- **Targets:** Financial targets set by the University Board
- **Resources:** Available resources derived through appropriations, grants, remits and similar
- **Efficient use of resources:** Ensuring resources are used efficiently, with as large a share as possible spent on conducting high-quality education and research.

The University must do everything in its power to make use of the available resources each year to conduct high-quality education and research.



UMEÅ UNIVERSITY

Umeå University's target is for its accumulated agency capital to account for a certain percentage span of the University's annual costs in each branch of activity. What level this should be at is stipulated in the University's budget instructions and in the three-year budget.

3.2. Responsibility and authority

According to the *Rules of procedure for Umeå University*, the Vice-Chancellor answers to the University Board and is in charge of all matters that do not by law fall under the responsibility of the University Board, and as long as the University Board has not decided otherwise. The Vice-Chancellor can delegate certain matters, as stipulated in *the Vice-Chancellor's decision-making and delegation procedure for Umeå University*.

The *Rule regarding manager responsibility and authority to dispose of the university's funds* states that Umeå University is obliged to decide which employees have the authority to control financial resources at the University. This is in line with provisions set by the Swedish National Financial Management Authority. Such authority must be established in a delegation of authority, after which a list of the individuals who have this authority must be drawn up and kept up to date by the Financial Office.

Each department at Umeå University is a financial unit for which results are returned, and for which the responsible manager is financially liable. Their financial liability covers all revenue and costs, regardless of how the organisation is funded. This means that the responsible manager has a principal financial liability for all activities funded through appropriations, fees or other reimbursements and grants. Project managers for internally or externally funded operations have a subordinate financial liability in those cases.

The responsible manager is in charge of ensuring the available resources are used each year, and of avoiding a negative or overly positive agency capital.

They are also in charge of ensuring their department follows the University's internal financial administrative rules and the University's decision-making and delegation procedures.

The responsible manager is supported by their superior manager when it comes to questions on compliance with rules and other provisions at Umeå University. In case of recurrent or serious violations, the superior level is always responsible for taking actions if the subordinate manager fails to do so.

Responsibility for a department's finances requires planning and follow-up.

3.3. Budget

The responsible manager is in charge of drawing up an annual budget proposal, covering the department's entire revenue and costs for the upcoming year, and making financial plans for the following two years. The budget proposal must be coordinated with the department's operational plan to ensure there is financial room to conduct the planned activities.

The budget must be adapted to the department's current financial situation and used as a guiding tool to achieve the department's financial and operating targets. The budget must be based on both historic information and whatever information is available for the upcoming year, and must be achievable within the year it pertains to. If the agency capital exceeds the established target levels,



UMEÅ UNIVERSITY

a negative budget should be drawn up. If the department has a negative agency capital, a positive budget should be drawn up. Departments should, in the comments to their annual budget, analyse their agency capital and describe how they plan to use it.

The nearest superior manager should be consulted before any budget decisions are made. When targets and funding do not align, funding will limit which targets can be achieved. This means that financial deviations must be handled within the department.

The budget must be adopted in accordance with the *Vice-Chancellor's decision-making and delegation procedure for Umeå University* and any relevant delegations, and after co-determination, according to the applicable cooperation agreement and the *Rules for student influence at Umeå University*.

The budget must follow the University's instructions and be adopted no later than on the date specified in the instructions.

3.4. Financial follow-up and forecast

The responsible manager is obliged to follow up the department's financial performance at established forecast intervals – currently every four months. They are also obliged to ensure there are no major discrepancies in the financial statements of the different branches of activity.

Follow-up must be based on the annual budget and concern the entire department's financial performance, i.e. all revenue and costs. Follow-up must include a forecast of the entire year's costs, revenue and financial performance. If a department forecasts a significant deviation from the budget, the responsible manager must immediately explain the deviation and take action, unless it is evident that no further measures are required. This applies to both forecasted surpluses and deficits. To achieve Umeå University's target to spend as large a share as possible of the annual available resources on high-quality education and research, it is vital to adjust potential surpluses.

Financial follow-up and forecasting must otherwise follow established instructions, with reports sent to the nearest superior.

The responsible manager must follow up externally funded activities in particular, to prevent any unjustifiable surpluses or deficits. If a surplus does arise in an externally funded project after the project has ended, the responsible manager must decide how to use the remaining funds, based on the conditions set by the funding body. The responsible manager must, in consultation with the project manager, ensure externally funded activities are conducted in line with the University's rules and the conditions set by the funding body.

3.5. Final accounts

Each year, the responsible manager is in charge of drawing up the final accounts of the department's entire revenue and costs. The final accounts must be established in accordance with the *Vice-Chancellor's decision-making and delegation procedure* and any relevant delegations. Final accounts must follow the directions from superior levels and be established no later than on the date specified therein.