

FY17 Quarterly Flash Forecast Submission

Instructions

Introduction

Campus is launching a new Quarterly Forecast process to help campus leadership more accurately assess if we're on track to meet our FY17 budget target. For the FY17 Quarterly Flash Forecast, divisions are expected to reallocate their own resources to help achieve their key strategic objectives.

As part of this forecast cycle we will be introducing new terminology to identify the type of work needed from the divisions for updates to their plans. When developing the Operating Budget last spring we asked divisions to create a full, bottoms-up build of their financial outlook. This type of planning will now be called "Full" as in "Full Budget or Forecast". At other times and typically with the quarterly forecasts, we will begin to request material modifications to an existing plan. This type of planning will be called "Flash" as in a "Flash Forecast".

The Quarterly Flash Forecast is an opportunity to update your division's forecast with material changes identified in the Quarterly Reporting variance process. The Quarterly Flash Forecast will update leadership on how the campus is performing against its financial goals and help inform planning for the remainder of the year and the FY2017-18 Operating Budget. The expectations for this forecast are that it will provide a realistic update to the FY2016-17 plan, it will be completed as efficiently as possible, and it will incorporate any adjustments needed to meet performance targets. An overly conservative forecast could trigger cost cutting measures and an overly optimistic forecast could cause the University to miss its financial targets and trigger external consequences.

Instructions

1. **Update:** Update your FY17 Forecast Working version with any material insights provided from your Quarterly Reporting variance analysis.
2. **Develop Action Plan:** Develop an action plan for any corrective actions needed and update your FY17 Forecast Working version accordingly. The purpose of a forecast is to make decisions and take actions early enough to achieve the desired outcomes.
3. **Communicate:** Discuss any material changes not previously approved by the Finance Committee with AVC-CFO Rosemarie Rae before finalizing your FY17 Forecast submission.
4. **Finalize:** Review and finalize your FY17 Forecast in CalPlanning by the deadline. Update the required Smart View trend and variance reports and summarize material changes using the Summary of Changes Narrative template to include with your submission. Divisions with Budget Improvement Targets included in their Budget Allocation letters will also need to include detailed plans on how they will achieve the target.
5. **Submit:** Submissions are due to Financial Analyst Maya Woodson Turman (mwoodson@berkeley.edu) by close of business on the due date.

Reminders and Considerations

- **Flash Forecast:** This is not a budget rebuild exercise, but rather an update to your in-year plan.
- **Composite Benefit Rate (CBR):** We will automatically update your FY17 Forecast for the actual approved CBR which will allow you to consider the impact of this change on your plan.
- **Consider Materiality:** The Forecast and Operating Budget are plans used to inform strategic decisions and should not be used to recreate actual activity dollar-for-dollar. Adjustments to your FY17 Forecast should only be made for major initiatives that may impact strategic decisions within the division or will impact the ability for the campus to meet its financial goals.
- **Level of Adjustments:** As the FY17 Forecast will be used to inform strategic decisions, adjustments should be recorded at the appropriate level of the organization for which the decisions will need to be made or realized and where the fiscal responsibility lies (e.g. if fiscal responsibilities lies with the department manager who is located at the L4 or L5 level, then adjustments should be captured at that level).
- **Adjusting for Seasonality:** If material variances related to seasonality were identified in your Quarterly variance analysis, we expect each division to adjust their FY17 Forecast to account for that seasonality by quarter, in the most efficient way possible. Historical seasonality should be reviewed for appropriateness based on proper accounting treatment.
- **Accrual Based Accounting:** Timing for the recognition of revenue and expenses should be based on when the revenue is earned and the expense is incurred (e.g., to the extent that tuition revenue is associated with a specific time period and/or crosses fiscal periods it should be accrued or deferred accordingly).

Forecasting Tools and Guidelines

- To assist you with updating your FY17 Forecast, we are sharing tools developed in our office and by your colleagues.
- Detailed guidelines outlining assumptions and information specific to the FY17 Quarterly Forecast are also available online.
- To help understand the timing of Scenarios and Versions related to the FY17 Forecast throughout the year a timeline has been included on the Budget Process webpage.