



Department of Education and
Early Childhood Development

A Guide to Budget Management in Victorian Government Schools

Financial Services Division



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Introduction

School councils are required to account for all monies under their control and to prepare appropriate statements of financial transactions. A vital part of this process is the development and monitoring of the approved annual budget.

Schools prepare an annual budget before a school year commences (planning), in order to manage financial performance during the year (control), and evaluate performance at the end of the year (evaluation). This three pronged approach will increase the likelihood of a school attaining its financial goals. Revenue and expenditure budgets are used to plan, control and evaluate the financial position of the school.

An Annual Budget is a financial plan for the school that is calculated from potential revenue and proposed expenditure for the coming year. In the case of revenue, this should include funds that are available from the current year to be carried forward, and potential revenue for the coming year. In total, these determine the spending potential of the school.

Budgets help ensure that school expenditure is controlled and that it does not exceed both:

- the amount the school plans to spend; and
- the amount of money that is available for the school to spend.

Successful financial management cannot be achieved without planning and monitoring the actual budget against the planned events to ensure targets are achieved.

Failure to effectively plan for future resource provision introduces a degree of risk in several key areas

of school management. The extent of the risk can be directly linked to the budget preparation and monitoring tasks. For example:

- If a school operates without an approved budget, potential risks include non-validation of the school strategic plan and the inability to monitor budget trends. The implications of this are that school council may not have the opportunity to confirm the school strategic plan priorities, programs and projects, thus, compromising the achievement of improved student outcomes.
- Poor financial management will introduce risks relating to actual income and expenditure varying from planned income and expenditure. This can lead to staffing instability; financial instability, inadequate fraud controls, poor commitment control, program curtailment, creditor discontent, and lost opportunities.

The planning, preparation and implementation of an approved budget will ensure everyone is working towards the same goal. This will, in turn, ensure that interpretation of reports is simplified and will provide school leaders with the comprehensive information they require to make informed financial decisions.

All schools must enter revenue and expenditure budgets onto CASES21 Finance.

When recording budgets, schools will enter revenue and expenditure budgets at both general ledger and sub program levels.

Expenditure budgets are to include budgets for recurrent (operating) expenditure as well as capital expenditure (assets with a value greater than \$5,000).

Communication to school council, coordinators and the school leadership team on budget and actual data is via a range of reports specifically tailored for the particular 'audience'.

In CASES21 Finance, the recommended budget-related reports are:

School council

- Operating Statement Detailed (GL21150)

School management team and school council finance committee

- Operating Statement Detailed (GL21150)
- Annual Subprogram Budget Report (GL21157)

Program co-ordinators

- Annual Subprogram Budget Variance Report (KGLSUB21003)
- Annual Sub Program Budget Report (GL21157)

There is no requirement to submit budget versus actual revenue and expenditure reports at sub program level to school council.

For more information on the CASES21 financial reports refer to the

- Operating Statement – A practical example and explanation, and
- Financial Reporting for Schools

These booklets are available from the CASES21 Finance Publications section of the Finance website located at:

<http://www.education.vic.gov.au/school/principals/finance/Pages/cases21.aspx>

The Budget Cycle

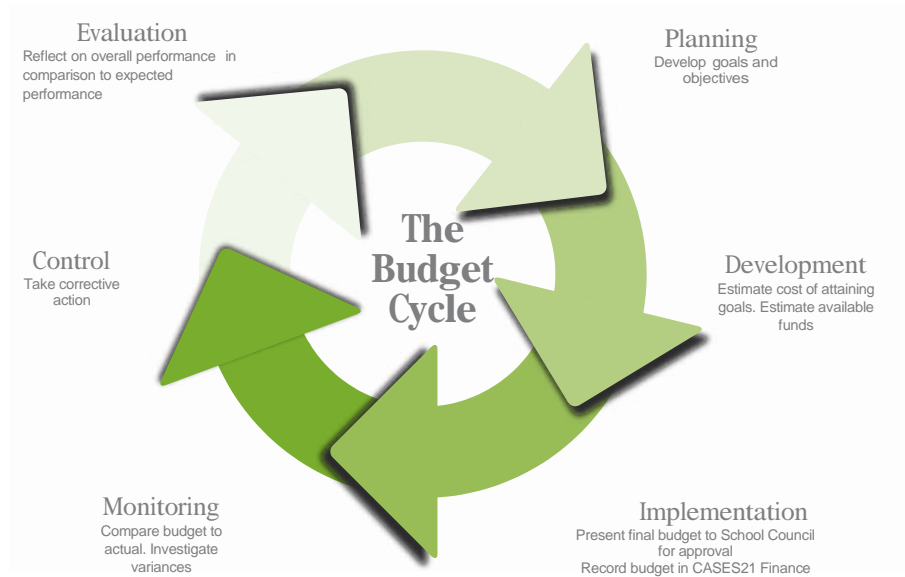
The budget cycle provides an overview of the budgeting process. It involves planning, controlling and evaluating the financial position of the school in a continuous improvement cycle that flows from one school year to the next.

The planning phase will incorporate the development of specific goals and objectives for the budget year. These goals and objectives will generally link back to the school's strategic plan and desired educational outcomes which will be the underlying drivers of the financial activity as outlined in the Annual Budget.

Budget development involves the estimation of available funds and submitting budget proposals by both internal and external stakeholders. Current year and historical financial data will provide valuable input to the development process.

Budget allocations can be entered into the CASES21 Finance system following school council approval of the Annual Budget (Nov/Dec) and in readiness for the first school council meeting in February. Always use the chart of accounts codes when developing the budget. This will ensure accuracy for data entry onto CASES21 Finance and will make the reports more meaningful to school council.

The school council, sub program coordinators and the school management team will monitor the budget against revenue and expenditure during the school year to ensure all expected revenue and expenditure is accounted for and that the schools finances are operating within the approved budget.



Discrepancies will be identified and corrective action may be required to increase or reduce spending or to re-evaluate programs and activities within the school. School council must approve any changes that are made to the Annual Budget, for example, if the school receives unexpected revenue not included in the original approved Annual Budget.

Evaluation of the school's strategic plan, goals and objectives along with the annual budget will provide information for planning and developing the Annual Budget for the following school year.

This cycle will continue from year to year.

Budget Development and Timelines

There are six stages in planning and developing a budget:

Stage 1 Development of a timeline for the Annual Budget process to enable the school to successfully meet its strategic plan objectives.

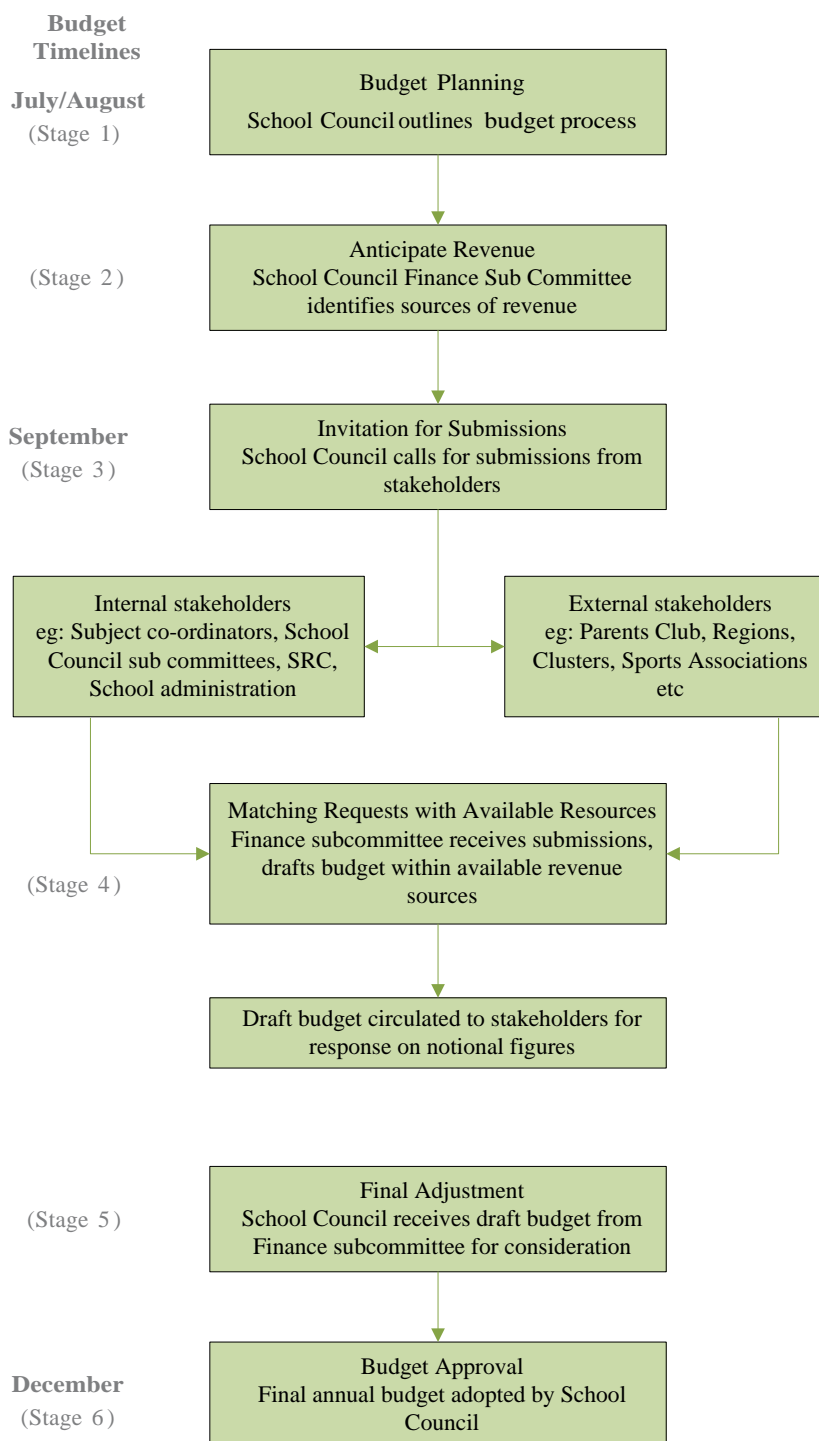
Stage 2 Estimation of anticipated revenue for the coming year and confirmation of other available funds such as carried forward funds.

Stage 3 Invitation to coordinators/clusters to make submissions for the allocation of funds.

Stage 4 Matching requests with the available resources.

Stage 5 Submission of final proposals to council for consideration and adoption.

Stage 6 Approval of the final budget by school council.



Clusters, Sport Associations etc

1. Stage One — Timelines for Developing the Annual Budget

The annual budget is the overall financial plan for the school for the following year and should be approved by school council no later than December of the current year.

Schools should develop a timeline for their budget process that works back from the date the budget is to go to school council for final approval (usually November/December).

It is essential that everyone involved in the process is consulted in establishing the timeline, as it is these individuals who will have to meet the deadlines set. Existing committee dates and schedules also need to be considered.

Schools may want to split processes even further and nominate more specific dates for the completion of each task within each process. Once the timeline/process has been established, all participants should be informed.

1.1 Budget Planning and Awareness

Prior to developing the annual budget, it is important to give consideration to a number of areas which form part of a school's budget. Some of these areas include:

1.1.1 Student materials, service charges and voluntary contributions

Often it will not be possible to calculate exact amounts until such factors as actual enrolments are known.

The budget should be prepared based on the school's realistic enrolment estimates and historical collection rate for parent payments, and not the total amount invoiced to all parents.

For example, while a school may charge all families for a total of \$100,000 in parent payments (and the Operating Statement will reflect this full amount of charges), if a school knows that historically it only collects 80% of its charges, the school's revenue budget should only be \$80,000 (80% of \$100,000). Consideration should also be given to local factors which may affect the collection rate in particular years for example, drought (farming communities) or factory closures (rural or city).

School council should approve rates for parent payments to be charged for the following year.

These payments fall into three categories:

1. Essential education items
2. Optional extras
3. Voluntary financial contributions

To clarify the types of educational items or services parents may be requested to pay for under the Education and Training Reform Act 2006, refer to DEECD website 'Parent payments in Victorian Government Schools Policy' located at:
<http://www.education.vic.gov.au/school/principals/spag/management/Pages/parentpayments.aspx>

KLA coordinators should provide rationale for the student materials and services charges in their budget submission.

1.1.2 Fundraising activities/ Trading operations

Consideration should be given to the planning of fundraising activities/trading operations for the year. Some things to consider are:

- the school council policy for fundraising activities/trading operations.
- is the profit from the fundraising activities/trading operations going to be used for a specific program or project?
- will it be spent in the same year it is raised?

In relation to fundraising activities/trading operations the revenue budget is an estimate of the total funds that are expected to be raised whilst the expenditure budget will be the estimated costs of raising the funds.

Profit gained as a result of the fundraising activities/trading operations will form part of the sub program budget that has been identified to receive the funds, for example, school equipment, grounds maintenance etc.

1.1.3 School Cash Grant

The SRP Planner should be used to determine a realistic cash grant figure. Once the Indicative SRP is received the budget can be adjusted prior to approval by the school council.

1.1.4 Credit to Cash Transfers from the SRP

If the school has the potential to complete a credit to cash transfer during the year, and intends to do so, then it should be included in the cash grant revenue budget.

1.1.5 Cash to Credit Transfers to the SRP

If the school is going to process a cash to credit transfer, the amount of the transfer will reduce the Cash Grant revenue budget.

1.1.6 SRP Deficit

If the school has an SRP Deficit the cash grant in the following year will be reduced by that deficit amount. The amount of the deficit will reduce the Cash Grant revenue budget.

1.1.6 Cluster funds

While schools may hold funds on behalf of cluster group, the funds are part of the school's bank account and therefore must be noted as "committed funds" in the Financial Commitment Summary. As the holder of the funds, it is important that schools ensure that any potential revenue and expenditure relating to cluster funds is identified and documented as part of the budget process. This will ensure more accurate reporting for school council and cluster stakeholders.

1.1.7 Determine which sub programs will have carry forward funds

Unspent cluster funding is an example of funds that would be carried forward to the following year. Each school should have their own policy relating to unspent balances for sub programs which do not have a specific accountability requirement. Funds to be carried forward for sub programs should be considered when developing a school's annual budget.

1.1.8 Determine the funds for sub program budget 9499 – Revenue Control

Schools should use sub program 9499 – Revenue Control to enter revenue budgets approved by school council and to record actual revenue for the majority of the revenue sources.

The revenue sources in this instance would be funds that would normally be used for sub program expenditure and that would not have specific revenue reporting accountabilities attached.

For example, it is recommended that revenue related to a school's cash grant, subject contributions and interest received be budgeted for against 9499 – Revenue Control.

Program coordinators only need to be advised of the funding they have to spend for the year and an 'expenditure budget only approach' for the majority of sub programs can do this.

1.1.9 Determine the sub programs that have specific accountability requirements

Whilst it is recommended that schools use sub program 9499 – Revenue Control to record budgets and actual figures for the majority of revenue sources, some sub programs may have an accountability requirement for reporting revenue and expenditure. In this case both a revenue budget and an expenditure budget should be established for the particular sub program.

For example, trading operations (canteens, uniform shops etc), which will require a profit and loss statement to be prepared each year, may require both revenue and expenditure budgets to be entered at sub program level so that the relevant revenue and expenditure transactions can be monitored. The anticipated income will form the revenue budget and the cost of running the program will form the expenditure budget. The variance between actual and budget will be monitored throughout the year and the difference between the actual revenue and expenditure at the end of the year will determine whether there is a profit or a deficit for the program.

Other examples of sub programs that may have accountability requirements and therefore must have a revenue and expenditure budget are:

- funds held on behalf of a network cluster;
- camps and excursions where a school may wish to assess viability;
- Out of School Hours Care programs;
- Trading Operations.

It is suggested that schools minimise the number of sub programs for which they enter both revenue and expenditure budgets.

It is recommended that all sub programs that do not have an accountability requirement attached to them would only have expenditure budgets entered against them.

1.1.10 Budgeting for whole of school expenditure items

When developing the annual expenditure budget consideration should be given to consolidating certain types of expenditure into one single sub program. For example, the schools photocopying budget could be included in the administration sub program in a similar way to the electricity, gas, water or the telephone budgets.

1.1.11 Budgeting for capital expenditure

A decision should be made as to whether capital budget allocations (asset purchases >\$5,000) are to be provided to individual sub programs or consolidated in one sub program. It is recommended that capital budgets and capital expenditure are consolidated into one sub program in the general programs area for ease of administration and reporting.

2. Stage Two — Determine available funds

As part of this stage all available sources of funds should be identified including:

- surplus funds expected to be carried forward from the current year including funds held on behalf of external stakeholders such as cluster funds, or parents club;
- new revenue expected to be earned in the forthcoming budget year.

2.1 Funds carried forward from the current year

Estimates of funds to be carried forward to the New Year can be determined by the bank balances at the end of the year, less the schools cash reserve benchmark.

Bank balances can be estimated by the schools Cash Flow Budget or by determining expected receipts and payments for the remainder of the year. The Balance Sheet (GL21160) can assist in projecting short term liquidity.

For more information on the CASES21 Finance Balance Sheet refer to the *'The Balance Sheet – A practical example and explanation'* on the Finance website:

<http://www.education.vic.gov.au/school/principals/finance/Pages/cases21.aspx>

The Annual Sub-Program Budget Report (GL21157) and the Annual Sub Program Budget Variance Report (KGLSUB21003) can also assist by identifying unspent sub program budgets that may affect the bank balance at the end of the year.

The cash reserve benchmark is determined by the total expenditure for the year, less buildings and grounds, less asset write-downs divided by six. This formula will provide the cash reserve as an average of two months operating expenditure.

Carried forward funds will be identified as committed for future spending and will be incorporated in the indicative Financial Commitment Summary worksheet, prior to entry into CASES21 Financial Commitment Summary Report prepared at the end of the school year.

The worksheet can be located on the Finance website in the CASES21 Finance section under Proformas and Worksheets.

<http://www.education.vic.gov.au/school/principals/finance/Pages/cases21.aspx>

The committed funds will be included in the annual budget for the New Year in the areas identified on the Financial Commitment Summary report. For example, cluster funds carried forward will be identified in the cluster sub program budget.

The portion of these estimated carried forward figures that will be expended in the budget year will be incorporated into the individual expenditure budgets of relevant sub programs. They are not entered as revenue budgets into CASES21 Finance in the following year as the revenue was recognised when the funds were initially receipted into the school.

2.2 New funds to be generated in the budget year

Once the amount estimated to be carried forward has been established, the total new revenue for the coming year can be determined by:

- considering the current year's financial statements to assist with preparing estimates for the coming year in particular the Operating Statement – Detailed (GL21150) and the Sub program Budget Variance Report (KGLSUB21003) refer to the Financial Reporting for Schools booklet available from the Finance website.
- using the information gathered and decisions made (identified in Budget Planning and Awareness Section).
- ensuring all sources of funds and estimates for the forthcoming year have been identified.

Some examples would include:

- the indicative SRP, other grants provided by the department, grants from other commonwealth, state and local sources;
- fundraising events that may be scheduled;
- historic collection rates for subject contributions. For example, the school may raise family charges to the value of \$46,970 based on the school council approved rates. However, if the school's historical collection rates suggests that the school will only receive 80% of the value of the invoices raised the budget should only reflect this 80% as potential revenue and not the total 100%;
- where parent clubs participate in the process of developing the budget and in raising funds, these funds should be included in the annual budget.

2.3 Allocating new revenue across sub programs

This step in the budgeting process involves allocating how the expected new revenue will be budgeted and receipted across sub programs. It will also involve a school having to determine the funding that is to be set aside for future projects or is to be held in reserve pending formal submissions.

The majority of new revenue should be budgeted against sub program 9499 – Revenue Control and not against the individual sub programs. This is commonly referred to as the ‘big bucket’ approach.

Once these two important components of a school’s available funds have been determined, consolidating the information into one source will allow the school to clearly indicate the total amount of funds, and their breakdown, available to allocate for spending in the coming year.

Consideration should also take into account the timing of the expected new revenue. Identification of timing will assist with entering budget data into CASES21 Finance in the actual periods that revenue is expected. For example, the Cash Grant is received quarterly therefore the budget would be entered against each quarter, whilst revenue for school activities will be received throughout the year and for ease of reporting should be entered for the month in which charges will be raised.

A submission process involving program coordinators (where applicable) is the best way to establish a collaborative final budget for both new revenue and proposed expenditure.

3. Stage Three — Submissions

3.1 Invite submissions

Program coordinators should be advised that next year’s budget is being prepared and what the school council’s policies and priorities are to be for the year. This will assist them in assessing the needs of the planned educational programs. Often a joint meeting of the Curriculum and Finance Committees is held so that effective coordination of this occurs.

If required, program coordinators should be asked to submit sub program budget requests to the budget coordinator. All submissions should indicate what funding is required to cover both recurrent and capital expenditure. It should be noted that submissions should also reference educational outcomes and/or the linkages to the school strategic plan.

A date should be specified for all submissions to be received by the budget coordinator. This date should allow enough time for proper resource estimates to be prepared.

Consideration also needs to be given to general capital purchases that a school may wish to make either in the budget year or in the future. Funds should be allocated accordingly, or set aside in the case of future year capital purchases, to ensure these aims can be achieved.

Where the school is coordinating funds for a cluster/association, a submission should be completed by the group to enable a sub program budget to be created for reporting purposes.

A proforma issued to staff will assist in completing a budget submission. Proforma’s may not be required in smaller schools where the budget process is not as involved and programs do not require coordinators.

Where submissions are required, some guidance should be given to coordinators by providing expenditure codes and descriptions. These should be based on the chart of accounts codes the coordinators use for the current year’s budget.

A copy of the budget variance reports from the current year will be useful as they will provide a guide as to the type of expenditure the sub program typically utilises.

A sample submission proforma is available in *Appendix 2* of this document, it represents one example of a budget submission which could be used to facilitate the collection of budget submissions from all who participate in the budget process.

The proforma should identify any carry forward funds (only if applicable) and include a list of expenditure by code and description. The codes could be pre populated based on the previous year’s submission and/or a comprehensive copy of the expenditure codes can be provided.

Note. Coordinators submitting budgets for sub programs with a specific accountability associated with the funding should provide estimates for revenue as well as expenditure.

These revenue estimates would be incorporated into the annual revenue budget of the school.

3.2 Consolidate submissions

The school budget management committee/school council finance committee will consolidate submissions and make final adjustments to sub program requests in line with available revenue.

A well prepared annual budget will ensure a complete picture of school funds, displaying how much the school holds (to be carried forward), how much will be received (new revenue), how much will be spent (expenditure) and how much will be carried forward for future projects.

4. Stage Four — Matching Requests with Available Resources

This stage brings together all funds held by the school, anticipated revenue for the budget year and proposed expenditure. It will then become clear whether there are adequate resources available to meet the requests made.

The available funds must be greater than or equal to expected expenditure. This means that the Annual Master Budget must not be in deficit.

Note. If funds held and anticipated revenue are not sufficient for the year's expenditure needs, the school council must determine whether additional revenue can be raised or what proposed programs/events will need to be cut back, deferred or cancelled.

The determination of this will have to take into account that certain funds may be held for specified purposes and cannot be used to subsidise other programs/events. For example, cluster funds, program coordinator funds, parents clubs.

4.1 Prepare annual budget

Once the total available expected funds have been established, and the submissions have been received, the annual budget can be prepared.

A key point for schools to note is that the total funds accounted for in a school's annual expenditure budget (recurrent, capital and future projects) should equal the total amount of funds available to be distributed (carry forward funds plus new revenue).

This is to ensure that all revenue, including funds that are allocated to future budget periods, are considered and reported to school council

However, only funds that are to be received or expended in the budget year are to be entered as budgets onto CASES21 Finance.

Appendix 1 provides an example of an "Annual Master Budget 20XX" for a school.

In the example it should be noted that new revenue is not recorded against English, Phys Ed and Admin. The revenue has been broken down by GL Account against sub program 9499 – Revenue Control as recommended.

It should also be noted that in the last section "Plus Sub Programs holding funds not to be spent during the budget year" the \$153,500 is made up of new revenue and carried forward funds that are not to be spent and will not have budgets entered on the CASES21 system, but are included on the annual budget so that all funds are accounted for.

4.2 Recurrent expenditure

Recurrent expenditure relates to items purchased that are associated with the day to day running of the school, are of an ongoing nature and are purchased for the current year.

Expenditure budgets should reflect the nature of the expense and therefore it is imperative to use the correct general ledger codes.

For example: purchasing consumables for classroom use, payment of utilities, buildings and grounds maintenance etc.

When a school is part of a community cooperative that has a cooperative loan, the principal and the interest are to be included in the Annual Master Budget. The interest portion of the payment is expensed and therefore will form part of the expenditure budget. The principal portion decreases the liability and would be included in the master budget but not entered in CASES21 budgets.

4.3 Capital expenditure

Capital expenditure relates to asset purchases with a value greater than \$5,000 that will be of benefit to the school beyond the current school year.

Funds set aside for the purchase of capital items should also appear as part of the school's annual expenditure budget, but only amounts that are to be spent in the current year are to be entered into CASES21 Finance.

It is recommended that capital expenditure budgets and actual expenditure are processed against one school defined sub program within the General Purpose (930) program area rather than across many individual sub programs.

This will reduce the administrative burden attached to allocating capital expenditure against individual sub programs and may even result in the elimination of perceived sub program ownership of assets

5. Stage Five Final adjustments to the budget

When the final adjustments to the budget have been made and it has been established that there will be sufficient funds to cover all proposed expenditure, the budget can be submitted to school council for approval.

6. Stage Six — Approval of the Annual Budget by School Council

Once the school's annual budget has been finalised, it is recommended that detailed budget information be provided to each member of school council for approval.

In approving, and therefore adopting the annual budget, the school council must ensure that:

- the budget has been prepared using the agreed collaborative processes;
- the school has sufficient resources to meet the budgeted expenditure;
- the budget reflects the school's policies and priorities as reflected in the school strategic plan;
- when implemented, the budget will meet all DEECD and legislative requirements.

Once approved, a copy of the school annual budget should be distributed to each member of the school council and a copy filed for audit purposes

The revenue and expenditure budgets can then be entered into CASES21 Finance.

An initial review and adjustment should be made to the budget early in the budget year to reflect the confirmed SRP budget.

Any amendments to the approved budget must be presented to school council for authorisation and a copy retained for audit purposes.

7. Recording revenue and expenditure budgets in CASES21 Finance

Refer to **Section 6: Budgets** of the CASES21 Finance Business Process Guide relating to entering revenue and expenditure budget.

8. Monitoring and Reporting

Regular monitoring of actual against budget

Regular monitoring is important to ensure all expected revenue and expenditure is accounted for and within budget. This will involve comparing actual figures to budget figures to assess performance against expectations. Variances can be identified, investigated and reported. Corrective action can then be taken if required and amendments minuted at school council.

As indicated earlier, this process is simplified if the majority of revenue is recorded against sub program 9499.

The key report to use in monitoring budget versus actual revenue and expenditure is the Operating Statement – Detailed (GL21150).

This report provides a comparison, both on a monthly and year to date basis, of revenue and expenditure at the general ledger level.

More information on analysing the CASES21 Finance Operating Statement (GL21150) can be found in the publication 'Operating Statement - A practical example and explanation' located on the Finance website.

This report, in conjunction with the Balance Sheet (GL21161), should be provided to school council on a regular basis.

Monitoring cash flow

A cash flow budget is a useful means of estimating and monitoring the cash available to the school throughout the year.

To estimate the cash flow, the difference between the budgeted receipts and payments for each month is calculated. It is essential that the projected bank balance is always positive.

The CASES21 Finance Cash Flow Statement (GL21151) is an excellent resource for analysing a school's cash flow on a monthly basis. The actual figures when compared with those projected will clearly show problems in the cash flow and signal the need for caution and possible action.

The preparation of this type of budget, which complements the normal revenue and expenditure budgets, although somewhat time-consuming in preparation and maintenance (monitoring), provides the school council with a valuable tool in the financial control of the school's operations.

Schools must plan to always have sufficient cash available to cover payments.

A school council is required to develop and monitor a cash flow budget if it holds investments.

Refer to the School Investment Policy Guidelines on the Finance website.

Monitoring Sub Program Budgets

Whilst the Operating Statement is the key report for school council to use for monitoring actual versus budget, the sub program budget reports will allow the school to determine which sub programs are operating within their allocated expenditure budget.

Monitoring revenue at sub program level will be simplified if the majority

of revenue is budgeted to 9499 Revenue Control and the number of other sub programs with a revenue budget is limited to those that either have accountability requirements or require a profit and loss statement to be prepared.

Coordinators can monitor the actual spending against individual budgets by using the Annual Subprogram Variance Report (KGLSUB21003) or the Annual Subprogram Budget Report (GL21157).

Budget revision process

The Annual Master Budget should be reviewed in April, July and October and then reconciled with the budget entries in CASES21 to determine any variances that may have occurred during that time.

Adjusting budgets during the year

During the year it may become necessary for schools to make adjustments to their annual revenue and expenditure budgets, for example, when the confirmed SRP budget is received it may be necessary to increase or reduce the annual budget accordingly as enrolments may have changed.

When a budget adjustment is required, clear documentation must be kept to record the change.

This means that not only should the revenue and expenditure budgets be updated on CASES21 Finance, but the spreadsheets detailing a school's annual budget development should also be updated.

The updated annual budget, highlighting the adjustments, should be provided to school council for approval and to ensure that the current budget position of the school remains transparent for all key decision making bodies.

Adjustment to budgets should be made in any instances where unanticipated revenue is received or expenditure is incurred where provision for these items has not previously been made in the school's annual budget **and the amounts are of a significant or material nature.**

For example

- If additional revenue (unanticipated grant with an accountability requirement) is to be spent in the current year the sub program revenue and expenditure budgets in both the school's annual budget and CASES21 budgets will be required to be adjusted.
- If the additional revenue relates to a project in a future year the annual master budget must be updated to reflect both the revenue and expenditure. The CASES21 Finance revenue control budget (9499) must also be updated to reflect the revenue received in the current year. However, the expenditure budget in CASES21 would not be updated as the funds are to be spent in a future year.

It is recommended that schools develop a method of variance reporting that explains significant or material variations to school council on a regular basis.

9. End of Year procedures

As schools reach the end of the school year they will need to take steps to ensure that the figures that are included in their annual financial reports are accurate and relevant to the current year. This will assist in providing the most meaningful information possible for evaluation and review purposes. This can be done by:

- writing off any family or sundry debtor amounts that are not expected to be collected;
- cancelling any creditor orders that are no longer valid; and
- performing balance day adjustments for items that do not relate to the current year.

Schools that have raised journals during the year to move revenue to the Provision for Non Recoverable Subject Contributions account will need to reverse the journals prior to entering credit notes. Refer to **Section 1: Families** of the CASES21 Finance Business Process Guide for detailed instructions on this process.

Also refer to the relevant sections of the CASES21 Finance Business Process Guide for assistance with writing off debts against specific areas.

For example, go to **Section 1: Families** for assistance with writing off family invoices or **Section 2: Sundry Debtors** for writing off sundry debtor invoices.

NOTE: Appropriate documentation and authorisation of journals and family or sundry debtors amounts that are not expected to be collected is required and should be retained for audit purposes.

Processing Balance Day Adjustments

Specific items that may be processed in the current calendar year but should be recognised in the following calendar year (for example, subject contributions, camp deposits etc) can be processed as balance day adjustment journals.

This will ensure that a more accurate picture of current year revenue and expenses is reported against budget. These journals will allow the items to remain on the CASES21 Finance system, but reports will be altered (by moving relevant revenue and expenditure to the following year).

For more information on Balance Day Adjustments (BDA's) refer to **Section 10: Balance Day Adjustments** of the CASES21 Finance Business Process Guide.

It should be noted that BDA's can be processed prior to the end of the year.

For example, if a school collects camp money from students in November that relate to a camp that will occur in the following year, the BDA can be done immediately.

This will ensure that the correct revenue for the year is reported on the Operating Statement and the revenue will appear as Revenue in Advance on the Balance Sheet until the reversal is processed in the following year.

This revenue in advance figure would need to be adjusted for any credit notes relating to this type of revenue issued in the current year.

10. Start of new school year

Once the CASES21 Finance End of Year Procedure is complete and the system has been rolled over to the new school year, BDA's will have to be reversed.

Refer to **Section 10: Balance Day Adjustments** of the CASES21 Finance Business Process Guide for guidance on the process involved.

When the current year budgets have been entered and family invoices have been produced, schools may consider recording some of the revenue, as potentially non recoverable, to the provision account.

This can be done as soon as all invoices are generated and the amount of potential non collection is established. Refer to **Section 1: Families** of the CASES21 Finance Business Process Guide – Expected non recoverable subject contributions for further information.

During the year, the provision should be reviewed. Based on the review, it may be decided that the provision account should be increased (if it is expected that a greater proportion of debt will not be collected) or decreased (if it is expected that previously uncollectible amounts will now be collected). Refer **Section 1: Families** of the CASES21 Finance Business Process Guide – Reviewing the provision for details of the process to be followed.

11. General Budget Information and Enquiries

Resources listed below – can be located on the Finance Website

<http://www.education.vic.gov.au/school/principals/finance/pages/default.aspx>

CASES21 Finance Policy and Guidelines

Finance Manual for Victorian Government Schools

CASES21 Finance Business Process Guide **Section 6: Budgets**

Proformas and Worksheets

Annual Master Budget Spreadsheet

Budget Submission Proforma Blank

Budget Submission Proforma Approved

The Annual Subprogram Budget Variance Report (KGLSUB21003) is available from the **CASES21 Finance system**

Enquiries

DEECD Service Desk

Service Gateway:
<http://servicedesk.education.vic.gov.au>

Email:
servicedesk@edumail.vic.gov.au

Service Desk:

Phone: 1800 641 943

12. Appendix 1: Annual Master Budget 20XX

Brought Forward from previous years (Used for Budget Preparation Only – Not to be entered as revenue)

	Totals	4016 Instr Music	4101 English	4206 Phys Ed	7001 Admin	7101 Before/After School Care	8320 Central Aust.	9101 Regional Initiatives	9304 School Council Initiatives	9350 Contingency	9351 Capital	9499 Revenue Control
Carried Forward Funds	\$2,800					\$2,000	\$800					
Committed Funds	\$169,750	\$66,300						\$52,300	\$33,650		\$17,500	
Cash Reserve	\$10,000									\$10,000		
Total Estimated Brought forward	\$182,550	\$66,300	\$0	\$0	\$0	\$2,000	\$800	\$52,300	\$33,650	\$10,000	\$17,500	\$0
Plus proposed New Revenue												
Government Provided Funds NEW Revenue												
70001	Cash Grant	\$61,934										\$61,934
70080	Other DEECD Grants	\$21,714						\$10,000	\$6,114		\$5,600	
71002	Before/After School Care Grant	\$7,560				\$7,560						
Locally Raised Funds												
73002	Interest Received	\$1,000										\$1,000
74001	Subject Contributions	\$37,576	\$33,500									\$4,076
74101	Fundraising Activities	\$6,000							\$6,000			
74103	Commission	\$300										\$300
74201	Hire of School Facilities/Equipment	\$51,900	\$46,000									\$5,900
74202	Canteen Lease	\$1,100										\$1,100
74301	Camps/Excursions/Activities	\$10,500					\$10,500					
74401	Before/After School Care	\$9,500				\$9,500						
Total Estimated Revenue (NEW)		\$209,084	\$79,500	\$0	\$0	\$17,060	\$10,500.00	\$10,000	\$12,114	\$0	\$5,600	\$74,310
Total Estimated Funds		\$391,634										
Proposed Recurrent Expenditure												
80070	Teachers (include Specialist)	\$60,000	\$60,000									
80071	Casual Relief Teaching Staff	\$16,600		\$3,600	\$5,000			\$8,000				
86102	Photocopying	\$5,000				\$5,000						
86104	Class Materials	\$12,560		\$2,500	\$3,000	\$2,060		\$5,000				
86203	Reference Materials	\$7,900		\$2,400	\$3,500	\$2,000						
86302	Telephone	\$7,250				\$2,250	\$5,000					
86403	Leased/Hired Equipment	\$11,360	\$2,500		\$4,860	\$4,000						
86406	Audio Visual Equipment <\$5,000	\$600										\$600
86452	Electricity	\$10,000				\$8,000	\$2,000					
86502	Contract Cleaning	\$24,500				\$21,500	\$3,000					
86505	Ground Works	\$45,764			\$0	\$0			\$45,764			
86802	Insurance	\$9,300	\$2,100		\$1,700	\$500	\$5,000					
89302	Camps/Excursions/Activities	\$22,300	\$2,500		\$2,000			\$17,800				
Total Recurrent Expenditure		\$233,134										
Proposed Capital Expenditure												
26210	Furniture and Fittings >\$5000	\$5,000										\$5,000
26215	Plant & Equipment >\$5000											
Total Proposed Expenditure		\$238,134	\$67,100	\$8,500	\$20,060	\$41,250	\$19,060	\$17,800	\$13,000	\$45,764	\$0	\$5,600
Plus Sub Programs holding funds - Not to be spent during the budget year.												
		\$153,500	\$66,300					\$49,300		\$10,000	\$17,500	
			\$10,400									
Total Estimated Funds		\$391,634										

13. Appendix 2 Sample Blank Submission Proforma

Budget Submission 20XX

Sub Program Name & Code: 4101 English
Sub Program Coordinator Name: Margaret Evans

Total Estimated Carried forward	\$0
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Instructions

Please ensure you use the attached general ledger expenditure codes and descriptions when preparing your budget request. The top section is to be used for consumables and the lower section is to be used for equipment >\$5,000

Proposed Recurrent Expenditure			
Code	Description	Request	Approved
80071	CRT's		
86104	Class Materials		
86203	Reference Materials		
86302	Telephone		
86303	Internet		
86403	Leased/Hired Equipment		
86452	Electricity		
86502	Contract Cleaning		
86505	Ground Works		
86802	Insurance		
89202	Technical Support – General		
Total Proposed Recurrent Expenditure		\$0	\$0
Proposed Capital Expenditure (If Applicable)			
26210	Furniture and Fittings >\$5000		
26215	Plant & Equipment >\$5000		
Total Proposed Capital Expenditure		\$0	\$0
Total Expenditure			\$0
Notes:			

14. Appendix 3: Sample Approved Submission Proforma (number 1)

Budget Submission 20XX

Sub Program Name & Code:

4101 English

Sub Program Coordinator Name:

Margaret Evans

Total Estimated Carried forward	\$0
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Recurrent Expenditure			
Code	Description	Request	Approved
80071	CRT's	\$4,000	\$3,600
86104	Class Materials	\$2,500	\$2,500
86203	Reference Materials	\$3,000	\$2,400
86302	Telephone		
86303	Internet		
86403	Leased/Hired Equipment		
86452	Electricity		
86502	Contract Cleaning		
86505	Ground Works		
86802	Insurance		
89202	Technical Support – General		
Total Recurrent Expenditure		\$9,500	\$8,500
Capital Expenditure (If Applicable)			
26210	Furniture and Fittings >\$5000	\$5,000	
26215	Plant & Equipment >\$5000		
Total Capital Expenditure		\$0	\$0
Total Expenditure			\$8,500
Notes:			
English submitted a request for \$5000 furniture & equipment (26210).			
This amount was approved – but will form part of the School Assets Subprogram (9351) budget.			
Refer to Proforma (number 3)			

15. Appendix 4: Sample Approved Submission Proforma (number 2)

Budget Submission 20XX

Sub Program Name & Code: 7101 Before/After School Care

Sub Program Coordinator Name: John Smith

Total Estimated Carried forward	\$2,000
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New Revenue			
71002	Before/After School Care Grant	\$7,560	
74401	Before/After School Care	\$9,500	
Total Estimated Revenue (NEW)			\$17,060
Total Estimated Funds Available			\$19,060

Recurrent Expenditure			
Code	Description	Request	Approved
80071	CRT's		\$0
86102	Photocopying		\$0
86104	Class Materials	\$3,000	\$2,060
86203	Reference Materials	\$2,500	\$2,000
86302	Telephone	\$6,000	\$5,000
86303	Internet		\$0
86403	Leased/Hired Equipment		\$0
86452	Electricity	\$2,000	\$2,000
86502	Contract Cleaning	\$3,000	\$3,000
86505	Ground Works		\$0
86802	Insurance	\$5,000	\$5,000
89202	Technical Support – General		
Total Recurrent Expenditure		\$21,500	\$19,060
Capital Expenditure (If Applicable)			
26210	Furniture and Fittings >\$5000		
26215	Plant & Equipment >\$5000		
Total Proposed Capital Expenditure		\$0	\$0
Total Expenditure			\$19,060
Notes:			

16. Appendix 5: Sample Approved Submission Proforma (number 3)

Budget Submission 20XX

Sub Program Name & Code: 9351 School Assets

Sub Program Coordinator Name: Jane Smith

Total Estimated Carried forward	\$17,500
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New Revenue			
70080	Other DEECD Grants	\$5,600	
Total Estimated Revenue (NEW)			\$5,600
Total Estimated Funds Available			\$23,100

Recurrent Expenditure			
Code	Description	Request	Approved
80071	CRT's		
86102	Photocopying		
86104	Class Materials		
86203	Reference Materials		
86302	Telephone		
86303	Internet		
86406	Audio Visual Equipment	\$1,000	\$600
86452	Electricity		
86502	Contract Cleaning		
86505	Ground Works		
86802	Insurance		
89202	Technical Support – General		
Total Recurrent Expenditure		\$1,000	\$600
Capital Expenditure (If Applicable)			
26210	Furniture and Fittings >\$5000	\$5,000	\$5,000
26215	Plant & Equipment >\$5000		
Total Capital Expenditure		\$5,000	\$5,000
Total Expenditure			\$5,600
<p>Notes: \$17,500 Carried forward from last year is committed for specific Capital Replacement and is set aside for 20XX. \$5,000 requested by English sub program this was approved and included in the Capital expenditure budget</p>			

Financial Services Division

<http://www.education.vic.gov.au/school/principals/finance/Pages/default.aspx>

