Financial Commitment Summary Guidelines
October 2019

Introduction

Department policy requires schools to complete a ‘Financial Commitment Summary’ to identify the intended use and allocation of funds held by the school that are in excess of the school’s Cash Reserve Benchmark.

It is important for schools to link all available school funds with educational opportunities that will benefit students, while at the same time retaining a safe level of cash to meet financial obligations as they fall due. The Financial Commitment Summary is therefore a reflection of the school’s short and long term plans, budget and cash flow projections.

All schools are required to complete the Financial Commitment Summary annually and from 2003 all schools have been required to submit their commitments information as part of the CASES21 Finance End of Year procedures.

The key component of the schools financial commitments allocation is the financial commitment summary in CASES21.

Schools input the data straight into CASES21 and provide a detailed breakdown of the financial commitments to be allocated within the commitment categories.

The Financial Commitment Summary Report in CASES21 will assist School council’s finance sub-committee to identify the school’s cash reserve and funds within each commitment category.

Identifying the intended purpose of these funds is an integral part of sound financial management practices.

1. Financial Commitment Summary

CASES21 Finance End of Year Procedure

The submission of the Financial Commitment Summary forms part of the CASES21 Finance End of Year Procedure. This process sends data electronically to the Department, as well as prints the Financial Commitment Summary report to be reviewed, authorised and submitted to school council. At End of Year rollover the report will be automatically saved to school’s CHESS P:\ drive.

When completing the Financial Commitment Summary, CASES21 Finance will automatically populate the total of all bank accounts held at the school.

The Benchmark for the Schools Cash Reserve (School Operating Reserve) provides for a safety net of available funds that schools are required to keep uncommitted to meet their day to day financial obligations. This amount is calculated automatically by obtaining the average of two months school calendar year recurrent expenditure (from a school’s Operating Statement GL21150) adjusted for expenditure on ‘Building Works (86504)’, ‘Ground Works (86505)’ and non-cash expenditure items such as ‘Asset Write Downs (89591)’.

The system calculated operating reserve cannot be reduced. Where the amount is higher than the bank account balance the school must be confident that there will be sufficient funds to meet their short term financial commitments.

The pre-populated total bank account balance amount, less the operating reserve amount, is the amount of funds that are to be committed by way of the Financial Commitment Summary. This allocation of committed funds could result in a deficit position which needs to be reported.

It should be noted that the final Financial Commitment Summary, and in particular the commitments expected to be realised in the next school year, should be included in the school’s annual budget for the following year.

The final Financial Commitment Summary, printed as part of the CASES21 Finance End of Year procedure, must be reviewed and signed by the principal and the school council president then tabled at school council.

The authorised Financial Commitment Summary should be included with the school’s financial statements that will be considered during the school’s financial audit.
2. Financial Commitment Summary categories

The various categories of expenditure that may need to be considered in the school’s Financial Commitment Summary as at December 31, are listed below.

101 Other recurrent expenditure (auto populated)
- Includes unpaid creditor invoices that have been processed in CASES21 but are due for payment early in the next school year, for example, telephone, gas or electricity accounts, Student/teacher diaries. (This figure can be located on the Balance Sheet (GL21160) in the Current Liabilities section under ‘Accounts Payable Control’).

102 Provision Accounts (auto populated)
- Funds held for the provision of Long Service Leave for staff paid through School Level Payroll. This figure should be recognised on the Balance Sheet (GL21160) and will automatically populate this field from the Balance Sheet.

103 Funds Received in Advance
- Banked receipts that have been allocated to next year’s charges (invoices) such as those relating to Educational items, Camps and Excursions. This is not the Balance Day Adjustments, it is the cash funds that have been banked that relate to the following years charges.
- Unallocated receipts such as those relating to Camps, Sports and Excursion Funds (CSEF), BPay Centrepay, etc.
- Funds held for bonds (Sundry Debtors) including funds held as security deposits, for example, facility hire.
- Funds that are Deposits Held (38003) including funds held for refundable deposits for locker keys, musical equipment hire and other loan arrangements requiring a deposit.
- Funds held in advance for professional development bookings that will be held in the next school year.

104 School Based Programs
- School based programs that are related to curriculum or specific program areas.

105 Beneficiary/Memorial Accounts
- List any funds that have been donated to the school, from a member of the school community, as a bequest or memorial on behalf of past students, family etc. This should be the balance held in the accounts 10090 – 10099 as appears on the school’s Balance Sheet (GL21160).

106 Cooperative Bank Account
- Cooperative loan funds expected to be spent in the next school year. This may include funds held in the Cooperative Account (10005) to administer the loan. This does not refer to any balance remaining to be paid on the Cooperative Loan (40001) as per the liabilities section of a school’s Balance Sheet (GL21160).

107 Funds for Committees/Shared Arrangements
- Funds originating from other schools e.g. sports association, principal networks or for joint use agreements that are conducted with a MoU between participating parties.
- School based programs that have a committee such as SRC or Parents Club.
- MARC/MACC funds held that will be spent in the next school year, or future years.

108 Repayable to the Department
- Funds that are required to be repaid to the Department by invoice. Not the following year’s reduction of SRP Cash funding (Term 3 and Term 4 – if applicable)

Short Term Maintenance and Capital Works

Commitments identified in this range should be reflected in the following year’s budget in CASES21 as this is the year that the expenditure should occur in.

109 Assets or Equipment Replacement < 12 months
- Funds held for new asset purchases that will be made for items >$5,000 in the next school year.
- Funds held for new equipment with a value <$5,000 that will be purchased to replace old equipment in the next school year.

110 Capital – Buildings/Grounds < 12 months (does not include cooperative account funds)
- Funds held for Buildings Works that have been committed to be completed in next school year.
- Funds held for Grounds Works that have been committed to be completed, in the next school year.
- Include School’s Maintenance System Projects, for Capital Buildings/Grounds works in the next school year.
- Funds held for planned building improvements in the next school year.
111  **Maintenance – Buildings/Grounds including < 12 months**
- Funds held for maintenance of buildings that have been committed to be completed in next school year.
- Funds held for maintenance of grounds that have been committed to be completed in the next school year.
- Includes School’s Maintenance System Projects, for maintenance of buildings and grounds in the next school year.

**Long Term Maintenance and Capital Works**
Commitments identified in this range will not be reflected in the following year’s budget on CASES21 as funds are to be expended in the future, they will be reflected in the Annual Master Budget.

112  **Asset/Equipment Replacement > 12 months**
- Funds held for asset purchases that will be made for items >$5,000 after the next school year.
- Funds held for new equipment with a value <$5,000 that will be purchased to replace old equipment after the next school year.

113  **Capital - Buildings/Grounds > 12 months (does not include cooperative account funds)**
- Funds held for Buildings Works that have been committed to be completed after the next school year.
- Funds held for Grounds Works that have been committed to be completed after the next school year.
- Includes Schools Maintenance System Projects, for Capital – Buildings/Grounds after the next school year
- Funds held for planned building improvements after the next school year.

114  **Maintenance - Buildings/Grounds > 12 months**
- Funds held for buildings maintenance that has been committed to be completed after the next school year.
- Funds held for grounds maintenance that has been committed to be completed after the next school year.
- Includes Schools Maintenance System Projects, for maintenance of buildings/grounds after the next school year.

**Comments Field**
The requirement to balance back to ‘0’ no longer applies and schools can accurately show a surplus in their held funds or report that they are over-committed by reporting a deficit. The Comments field is available to explain any details within the data and/or to briefly give a reason for the surplus or deficit.

If you require any further information please contact: schools.finance.support@edumail.vic.gov.au