

Section 6: Budget Management

6.1 Overview

An annual budget is a comprehensive financial plan for the school that is calculated from potential revenue and proposed expenditure for the coming year. It is used to plan the course of future events in a school and assists a school council in monitoring actual events against its initial plan and evaluating performance at the end of the year.

The school council has responsibility for the school budget and for seeing that it is developed in a way which ensures that funds expected to be available are put to the best use in terms of the school's strategic plan and its educational policies and priorities. It is through the school budget that cash resources are directed into activities that enable clearly identified school goals to be met.

Inadequate and ineffective oversight of financial performance and budgets may result in programs and expenses not being appropriately controlled and monitored. Budget variance analysis is required to ensure financial issues are addressed in a timely manner and errors or irregularities detected.

6.2 Budget development

6.2.1 Mandatory policy (Must do):

Sequence Number	Information	
6.2.1.1	Develop an indicative cash budget (revenue and expenditure) based on the Indicative SRP and estimates of other revenue and expenditure. Include capital if capital projects.	
6.2.1.2	Have the indicative cash budget approved and minuted by school council prior to the end of the year preceding the budget year. For example, the budget for the 2019 year to be approved by end of 2018 year.	
6.2.1.3	Enter the indicative cash budget (both revenue and expenditure) into CASES21 prior to the first meeting of school council in the budget year.	
6.2.1.4	Review and update the indicative cash budget once the Confirmed Student Resource Package (SRP) is released.	
6.2.1.5	Have any changes to the budget approved and minuted by school council.	

Sequence Number	Information
6.2.1.6	Update the budget in CASES21.
6.2.1.7	Ensure that the budget entered into CASES21 reconciles with the budget approved by school council.
6.2.1.8	Develop a cash flow budget for the budget year.
6.2.1.9	Have the cash flow budget approved and minuted by school council.

6.3 Budget monitoring

6.3.1 Mandatory policy (Must do):

Sequence Number	Information
6.3.1.1	Each meeting present reports to finance committee/school council to enable review of budget to actual performance.
6.3.1.2	Each meeting review actual performance against budget and identify any variances.
6.3.1.3	Undertake analysis of variances where appropriate.
6.3.1.4	Retain evidence of the review, the results of any analysis and any action undertaken. Minute the discussion at the finance committee and school council meeting.

Legislative requirements

Legislation

The advice in this section was based on requirements outlined in the following legislation:

- *Education and Training Reform Act 2006* – Part 2.3 – Government School Councils
- *Education and Training Regulations 2017* – Part 4 – Government School Councils and Parents Clubs
- *Financial Management Act 1994*
- Standing Directions of the Minister of Finance 2018 under *Financial Management Act 1994* - Section 4.1 Planning and managing performance

Definitions

Item	Definition
Budget Year	The year that the cash budget is developed for. The period including January – December.
CASES21	CASES21 (Computerised Administrative System Environment in Schools) is the software package provided to Victorian Government Schools to support school administration, finance and central reporting.
Indicative budget	Budget based in indicative (predicted) enrolment figures in the SRP.
SRP	Student Resource Package – Main funding mechanism for schools comprising two components. Credit – used for central salaries and Cash – used for school based expenditure.
Variance Analysis	Investigating the budget and actual figures to determine why a variance arose.

Additional resources

- [A guide to Budget Management in Victorian Government Schools](#)
- [CASES21 Finance Business Process Guide Section 6 - Budgets](#)
- [School financial guidelines](#)
- [School Policy and Advisory Guide](#)

Version and revision control record

Date	Version	Approver	Next Review
01/2019	1.2	Chief Finance Officer - Financial Services Division	01/2020