# Financial Commitment Summary Guidelines

Department policy requires schools to complete a ‘Financial Commitment Summary’. This identifies 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. This should be done 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 as part of the CASES21 Finance End of Year procedures.

In completing the Financial Commitment Summary, schools will input data straight into CASES21, providing a detailed breakdown of the financial commitments to be allocated within each of the commitment categories.

At End of Year rollover, the Financial Commitment Summary report will be automatically saved to school’s CHESS P:\ drive. A copy will be printed for subsequent review, authorisation and submission to School Council.

The Financial Commitment Summary Report (GLBANK 21002) in CASES21 will assist School Council’s finance sub-committee to identify the school’s cash reserve and funds allocated within each commitment category.

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

## 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. Being part of this process, the Financial Commitment Summary data will be sent electronically to the Department.

Key elements of the Financial Commitment Summary are the total of all bank accounts held at the school, and the Schools Cash Reserve (School Operating Reserve). Both figures will be automatically populated in the Financial Commitment Summary.

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. This helps meet their day-to-day financial obligations. This amount is calculated automatically by obtaining the average of two months school calendar year recurrent expenditure. (This comes 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 School Operating Reserve cannot be altered. Where the Operating Reserve amount is higher than the bank account balances the school must be confident that it will have enough funds to meet short term financial commitments.

The pre-populated total bank account balance amount, less the Operating Reserve amount, represents the amount of funds that are available to be committed by way of the Financial Commitment Summary. It should be noted, however, in some instances the allocation of committed funds could exceed the funds available to be committed, thereby resulting in the school reporting a deficit position.

In the interests of transparency and full disclosure, funds allocated in the Financial Commitment Summary, should be included as part of the school’s annual budget for the following year. This includes funds committed to be spent beyond the next budget cycle.

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. It then must be 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.

## 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)* in the Current Liabilities section as Provision for Long Service Leave.
1. **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 figure, but rather the funds that have been received / 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. For example, sports association, principal networks or for joint use agreements that are conducted with a MoU between participating parties.
	+ School based programs 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 years 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 these funds are earmarked for expenditure within the next 12 months.

**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 entered on CASES21 as these funds are to be expended beyond 12 months. They will however be reflected in the Annual Master Budget as Future Years Spending.

**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’ in the Financial Commitment Summary no longer applies. 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@education.vic.gov.au

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