# School Cash Reserve Benchmark

Guidelines for the treatment of school cash reserves – July 2022

### Introduction

Local decision-making has strengthened the capacity of Victorian government schools to manage their own affairs and to serve their communities in a flexible and responsive way.

A school’s Strategic Plan is the school’s key planning document. This provides the platform for a school council to establish clear links between the educational needs of students, the programs necessary to meet those needs, as well as the resources required to deliver successful outcomes. A transparent budgetary nexus between programs and cash resources is also of fundamental importance in relation to school Strategic Plan goals.

The annual budget of each school reflects the school’s education priorities and represents the catalyst for integrating student needs, programs and resources at the local level. Budget decisions, within the framework of the school Student Resource Package, establish the key directions of the school in the current and future years. Important resource management decisions also flow from the budgetary processes.

### School reserves

A key issue for schools is ensuring a level of cash reserves is maintained to meet unplanned budget variations. It is as important to have cash available to meet financial obligations when they fall due to schools as it is to business.

As outlined above the critical question for many schools is the level of funds that should constitute the safety net to meet unplanned budget variances of one type or another. This together with the cash that is required to pay normal financial obligations as they fall due.

A school’s cash reserve benchmark is calculated automatically and cannot be altered. It’s calculated by obtaining the average of two months of a school’s calendar year recurrent expenditure excluding expenditure related to building and grounds works, and asset write downs.

It is important for schools to link all available school funds with educational opportunities that will benefit students while also retaining safe levels of cash to meet financial obligations as they fall due. In this context, the Department expects that schools with cash reserves in excess of the benchmark will work towards adoption of the benchmark at the earliest practicable time.

The identification of the committed and uncommitted elements of school reserves will be beneficial for school councils in their planning processes. It should also enhance the transparency and accountability of decisions taken in respect of cash funds held by schools in the form of bank balances.

### Process

Every school is required to complete a ‘Financial Commitment Summary’ annually as part of the CASES21 Finance End of Year Procedures.

Detailed instructions for completing the Financial Commitment Summary are included in [Section 11 - End of Year of the CASES21 Finance Process Guide](https://edugate.eduweb.vic.gov.au/Services/bussys/cases21/Pages/C21-User-Guides.aspx?RootFolder=%2FServices%2Fbussys%2Fcases21%2FUser%20Guides%2FC21%20FINANCE%20Business%20Process%20Guides&FolderCTID=0x0120004C9E15E0B526674E861484BC0480850D&View=%7B31E75C2F%2DBBFF%2D4EF3%2DA1D3%2DEE7303B14FD9%7D) and the [Financial Commitment Summary Guidelines](https://www.education.vic.gov.au/Documents/school/principals/finance/FinancialCommitmentSummaryguidelines.pdf).

The ‘Financial Commitment Summary’ must be tabled at school council for approval and be included with the school’s financial statements that are required for audit purposes.

Schools without any short/long term commitments, where the accumulated funds reflect the school operating reserve only, will still be required to table the completed form at school council.