

Financial Guideline 2014/2015 - 09

School Budgeting – Preparing for 2015-2016

Introduction

In accordance with the Articles of Management schools are required to prepare an annual budget each year and following agreement by the board of management to submit it to the school's Patron/Trustees for approval. Each Patron/Trustee will indicate to their school the date by which they wish to receive the budget. In general, this process should be completed by the end of May and the budget entered on the TAS accounts system. The FSSU does not require a copy of the school budget.

At this stage all schools should start the process of budgeting for the school year 2015-2016 particularly in the light of developments in the wider economy. The excel budget template available on the JMB website is a guide to preparing the necessary financial information.

See Appendix 1 on guidelines on how to use the budget template.

1. Issues for Consideration when Preparing the Budget:

Based on our experience in visiting schools, we would like to offer you the following points for your consideration which you may find helpful in drawing up the budget:

a) Critical aspects of school income

- Department of Education and Skills grants are fixed and the grant funding for 2016 will be announced in the Government Budget in October 2015.
- School generated income should be maximized. The critical areas are
 - School Administration charges
 - Bus income
 - Income for specific subjects e.g. Art, Woodwork and Home Economics.
 - Games income
 - Charges for photocopying
 - Transition year income together with the transition year grant should to cover all TY costs.
 - School Tours must always be self-financing and booked to bonded tour operators.
 - Ensure all school based enterprises/activities at least break even.
 - Rental of school premises – rooms, halls, sports facilities is a major source of income for some schools.
- Other Income
 - Voluntary subscriptions / income from parents
 - Fund-raising ideas for the next school year should be quantified.
- Donations: As all schools have charitable status, they can avail of the tax rebate where donations from parents and others are €250 or more in a tax year.
- **It goes without saying that in the current economic climate, collecting money for any of the above is going to become increasingly difficult.**

b) School Expenditure:

It is our view that in general school management must become much more decisive in controlling particular areas of school expenditure. Ideally, expenditure should only be incurred if a proper Purchase Order is sanctioned by the principal. **You must be prepared to say “NO” where requested expenditure is not in the budget.**

It is important to review all expenditure costs especially high cost items. For certain areas of expenditure schools must ensure they are fully compliant with Government Procurement. The SPU unit in the JMB can assist you with any queries you may have around procurement.

We identify the following areas in particular where much more rigorous control is required:

➤ **Education Costs**

- Avoid paying for **part time teaching hours** at all costs. Smaller schools in particular often try to employ part time teaching hours from their own resources in order to maintain the curriculum. In some cases this approach has got them into serious debt. All schools must try to manage the curriculum within the teaching allocation provided.
- As part of the process in drawing up the budget, **a specific and realistic financial allocation** should be allotted for every area of education expenditure / subject costs. The main areas which need attention include Science, Art, Home Economics, Woodwork, Technology and Transition Year.
- Every purchase must be approved by the principal in advance whether by means of a purchase order or by some other means.
- All activities should be self-financing where possible.

➤ **Repairs and Maintenance**

- Caretaking costs and cleaning costs must be closely monitored.
- Repairs, maintenance – keep to a minimum depending on age and state of buildings
- Heating and lighting costs: The cost of heating and lighting can be a major cost for schools. We would encourage all schools to take up the option of having an energy audit carried out.
- Insurance – ensure an annual review takes place.

➤ **Administration Costs**

- In - School computer administration system
- Postage and telephone
- Photocopying is a major concern in every school and the use of paper and machines needs to be kept under review.
- Advertising / PR and hospitality costs

➤ **Finance**

- Bank charges and fees: Approach your bank and negotiate.
- Leasing costs- especially for photocopiers

Conclusion

We are all well aware of the many pressures experienced by principals and school management in all areas of school life. Nonetheless, we cannot ignore the importance of prudent financial management which in some cases will be essential to safeguard the future viability of the school. If you are experiencing difficulty in balancing your budget, please contact us here in the FSSU and inform your Trustee/Patron. It is important that your budget is realistic.

Appendix A

Guidelines for Using the Budget Template

The budget templates are located at www.jmb.ie/budget-templates. Please select the DEIS or Non DEIS template as applicable to your school and download onto your computer. There are a number of excel sheets in the file.

The excel sheets are linked and the steps listed below will maximize its benefits. When you open the budget template you will notice that there are five excel sheets. Listed below are the steps that will help you complete each sheet.

1. Please complete the ‘School Budget Preparation Information’ sheet

2. Open sheet 1 - Budget Grant Calculation

Fill in your schools student and teacher numbers in the spaces allocated, this will calculate your schools grants.

Open sheet 2 - Income and Expenditure

(a) The Grant figures are linked to this spreadsheet and will link automatically from the Grant Calculation worksheet.

(b) Enter the remainder of the figures on the budget template based on current information and previous experience. Please note capital grants/income and capital expenditure should not be included on spreadsheet number 2.

(c) Budget Review - Each Income and Expense heading is then reviewed and amended taking into account inflation, wage increases, changes in school policies, etc.

3. Open sheet 3 - Opening Bank Position

Estimate what the balances on the Bank accounts should be at the 31st August 2016 using the template as a guide.

4. Open sheet 4 - Operating Cashflow

The summary cash flow sheet is linked to the other spreadsheets and calculates automatically.

5. Open Sheet 5 - Capital Budget

If your school plans to undertake any capital works in the coming year it is important to complete this sheet. Careful consideration should be given to each heading to ensure that this is as accurate as possible.