

Managing the Finances

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School Income



How does it work?



Operations Grant

- Set annually based on a number of factors including:
 - roll
 - decile rating
 - type of School
- Paid in 4 instalments- Jan/April/July/Oct
- Detailed description of each item available at:
<http://www.minedu.govt.nz/NZEducation/EducationPolicies/Schools/SchoolOperations/Resourcing/ResourcingHandbook/Chapter1/OperationalGrantComponents.aspx#base>
- Funding calculator is available for a school to calculate its grant at:
<http://www.fundingcalc.minedu.govt.nz/>

Other Income



- Other MoE income:
 - ORS funding
 - ESOL funding
 - PB4L
- Other Govt funding e.g. CYF
- International students
- Donations, Fundraising, PTA
- Grants
- Activity Fees
- Trading/Facility Hire
- Interest

Attendance Dues



- Attendance dues are a charge payable to the Proprietor
- They are not a donation and are not tax deductible
- Attendance dues can be spent on
 - Attendance dues administration
 - Projects
 - Lease/rental payments
 - Insurance
 - Building warrants of fitness
 - Agency/service agreements
 - Debt servicing

Income- key points



All money received by boards, whatever the source, automatically becomes public funds and boards are accountable for all expenditure.

Locally raised funds and international student income are still public funds and boards are accountable for the expenditure from these sources.

Trusts and Associated Parties

Fundraising

School Property

How does it work?



Ownership



For state integrated schools capital works (including land, buildings & building alterations & additions) are the responsibility of the Proprietor. They are not assets on the schools balance sheet.

If the Board wishes to make a “cash” contribution towards property projects, then approval from the Proprietor & Ministry of Education.

If Board funds are used to create capital works assets, those assets belong to the proprietor. These capital works assets will not be eligible for integration and the board will be responsible for ongoing maintenance.

School Staffing



How does it work?



Staffing

Entitlement Staffing:

- formula driven, derived from year level rolls
- provisional staffing is set for the following year and sets the minimum level of entitlement staffing
- Ministry of Education pays these staff directly through teachers payroll
- teaching staff only

Board of Trustees Staffing:

- funded from the operations grant and other school income
- Includes administration, property maintenance, teacher aides and teaching staff

Banking staffing allows boards flexibility to manage their annual staffing entitlement by moving teaching staff between teachers salaries and operations grant.

School Payroll



Teachers salaries
(paid by Moe)

Board salaries
(paid from the school's bank account)

Banking Staffing



- Funding mechanism for paying teaching staff
- Entitlement based on school roll, plus additional staffing such as beginning teachers or ORS
- Entitlement is an FTTE, not a dollar value
- Teachers can be moved between Teacher Salaries and Bulk Grant during the year
- Can under and overuse during the year but a nil balance at year end is the goal

Banking Staffing Report

(00000) EXAMPLE SCHOOL

BANKING STAFFING REPORT

PAGE 1

JFMOEFTC (A) UPDATE RUN PAY DAY: 20/04/11 PERIOD:2402 AS AT PERIOD ENDING 19/04/11 PRINTED ON 18/04/11 AT 21:06:58

EMPLOYEE	23	24	25	26	ADJ	01	02	TOTAL
121212 TEACHER ONE EXAMPLE				0.70	-	0.20	0.20	1.10
131313 TEACHER TWO EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00
141414 TEACHER THREE EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00
151515 TEACHER FOUR EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00
161616 TEACHER FIVE EXAMPLE	-	-	0.28	-	-	-	-	0.28
171717 TEACHER SIX EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	3.50	8.50
161616 TEACHER SEVEN EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00
171717 TEACHER EIGHT EXAMPLE	1.00	1.00	1.00	1.00	-	1.00	1.00	6.00

Entitlement staffing usage for period	6.00	6.00	6.28	6.70	-	6.20	8.70	39.88
Entitlement for period	6.16	6.16	6.16	6.16	-	6.16	6.16	36.96

Ministry adjustment for period	-	-	-	-	-	-	-	-
Automatic adjustment for period	0.16	0.16				-	-	0.32
Difference for period	-	-	-0.12	-0.54	-	-0.04	-2.54	-3.24
Estimated \$ value of staffing	\$0	\$0	-\$295	-\$1625		-\$1723	-\$7975	

Required average staffing	6.16	6.16	6.15	6.13		6.13	6.12	
Level to finish year with zero balance (FTTE)								

School Expenditure

How does it work?



Personnel



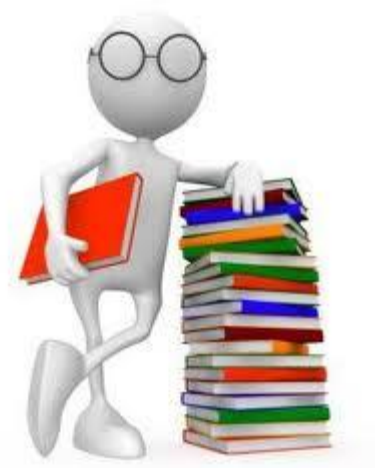
- Board funded teachers above entitlement
- Relieving teachers (8 day exception)
- Teacher aides
- Specialist staff e.g. library, SE, ESOL
- Administration staff
- Caretaker, cleaners & other property staff
- Staff expenses



Property Management

- Repairs and maintenance
- Cyclical Maintenance- painting
- Caretaking & cleaning materials and contracts
- Heat, light and power
- Grounds maintenance
- Rates
- Vandalism & security

Curriculum



- Costs for delivering the curriculum other than staffing.
Including:
 - teaching resources
 - specialist programmes costs
 - technology operations
 - ICT

Administration



- Insurance, accountancy, audit
- Office and staff consumables
- Stationary, photocopying
- Board of Trustees fees and costs
- Communications
- Depreciation
- Other administration expenses

Trading/Activities



- Separate activities where you match income and expenditure. Clearly shows the surplus or cost of that activity. For example:
 - Stationary
 - Sport/Choir
 - Red Cross
 - School Camps
 - Swimming Lessons

School Budgets

How does it work?



Budgeting



Budgeting is a process under which we project activities of the school and estimate the revenue we will receive and the costs likely to be incurred. Needs to align with the Boards strategic plan.

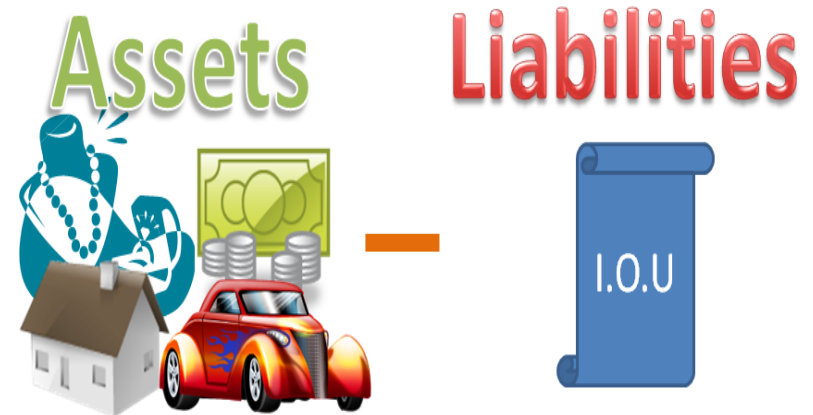
Budgeting involves:

- review of last years actuals (possibly last 2 years)
- specific goals or activities for this year?
- assumptions/basis of calculation (\$xx per hour x 20 hrs pw x 40 weeks + 8% HP)
- several drafts before the final budget
- budgets need to be “phased”

All amounts are GST exclusive

Capital Expenditure (CAPEX) Budget

Statement of Financial Position



Financial Position

Current Assets - Current Liabilities = Net Working Capital

Non Current Assets

Non Current Liabilities

Equity



Financial Governance



Monthly Financial Reporting

Key Monthly Documents for the Board :

- Summary monthly accounts
- Commentary on key variances
- Cash flow forecasting
- Banking Staffing report & SUE report



Key Issues



- Conflicts of Interests
- Associated Parties
- Delegations
- Segregation of Duties
- Internal controls
- Board Policies
- Accounting for shared funds
- International students and other funds in advance

Financial Information for Schools Handbook - FISH

Developed by the Ministry of Education to help Boards of Trustees, Principals, administrators and accountants working in and with schools.

Purpose is to provide information and encourage best practice in financial governance, financial management and reporting

Can be found at:

<http://www.minedu.govt.nz/NZEducation/EducationPolicies/Schools/SchoolOperations/SchoolFinances/FinancialInformationForSchoolsHandbook.aspx>

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