



## **School budgeting - what you need to keep in mind**

Its that time of the year again where schools start preparing their budgets for the 2017 academic year. We have developed some useful tips that schools could use while doing through their budgeting processes.

### **1. Understanding your school's strategic plan**

Strategy is vital. Any budget is the financial result of a plan. Make sure that your school has a detailed plan for the next year. This will ensure that you think of all your possible income and expenses and plan accordingly. Your school's strategy will include your planned growth in learner numbers, personnel requirements, school events and much more.

### **2. Ensure that you plan your budget**

Good financial practice means managing money and money related processes so the budget is aligned with the school's strategic plan. The better you plan your budgeting process, the more effective and accurate your budgets will be. Here is a few tips for budget planning that you must take into consideration while doing your panning:

- ***Do you have accurate prior year information available?***  
Most schools create budgets based on historic information. This is good for a base check but keep in mind that there might be new items on the budget list for the new year based on your plan. You must ensure that all the items as per your plan and strategy is covered in your budget.
- ***What budget categories are you going to create?***  
Budget categories should be carefully planned to ensure that you make provision for all the required budget items based on the strategy
- ***How are you going to capture your budget?***  
This can be in the form of Microsoft Excel or Google sheets. Some accounting packages and school administration systems also provide a budgeting tool that manages your entire budgeting process. It is advisable that schools make use of these software available to improve their budgeting completeness and accuracy.

- ***Who should be responsible for which budgeting items***  
You must create a sense of ownership for the specific budget items. For your school to effectively develop and manage your budget, it is important that you determine who should take part in the budgeting process. The people who should form part of the budgeting process are those personnel who will be responsible for the management of the budgeting items. This will include your administration staff, phase heads, marketing personnel, Sport and recreation management, etc.
- ***Do you have all the required information available***  
If you do not make sure that you use accurate information for budgeting, your budget will not be accurate and complete. The important information will include your learner forecasts which is normally taken from your school's administration software, personnel planning, school events, sports and recreation etc. Certain school administration software could help in ensuring that you have access to the information needed.

**3. Ensure that all relevant personnel are involved in the process and keep them responsible**

For the budget process and its management to be a success, it is important that those parties identified in the planning phase are also included in the development of the budget. Make them involved and give them the responsibility to drive the budget and also manage the budget items afterwards.

**4. Ensure you include all the relevant detailed budget items**

Schools have the tendency to take prior year and multiply it with an inflationary increase. For some budget items this can work but is never advisable. All budget items should be planned carefully according to the expectation for the next year and you should consider the variables that drive the budget item (example is number of personnel which is driven by learner numbers). Special consideration should be given to the following items that is critical for your budgets:

- ***Learner numbers*** - *Learner number forecast while ensuring you take into consideration of your waitlist and re-registered learners.*
- ***Exemptions*** - *Accurately calculate and allocate your exemptions for the next year if applicable.*
- ***Fee increases*** - *Determine your fee increases for the next year.*
- ***Personnel requirements*** - *Required number of based on number of learners forecasted and your administrative requirements.*

**5. Discuss the budget to your school's senior team so that they know what is planned for the year.**

Get your team's approval before it goes to the SGB. Once your budget is complete, make sure that you share your budget with the school's senior team so that they all understand where the school is heading in the next year. This will support ownership of the process and create a stronger team culture where.

**6. Lock the budget after sign off at the SGB meeting**

After the budget has been finalised and presented to the School's Governing Body, make sure that the budget is locked and cannot be edited. Certain software can ensure that budgets that have been approved cannot be changed.

**7. Manage the budget effectively**

It is critical that you plan how you will be managing your school's financial performance compared to that of the budget. This is a process that the school should do monthly and all the personnel that has taken ownership of certain budgeting items should provide feedback on the monthly variances between budget and actual. Specific financial software can support your school in the management of your budgets and actual results.

Principal+ Finance module is a cloud based financial system that fully integrates with our other +Modules. The Finance+ module has comprehensive budgeting management as part of the module. To read more about what Principal+ has to offer, refer to the following [link](#).

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