

|  |
| --- |
| Budget Monitoring Procedure for Maintained Schools |
|  |

**Budget Monitoring Objectives**

Schools are required to complete this return at the close of Period 6 and Period 9 in order to comply with the statutory requirement that schools should submit regular budget monitoring returns to the Local Authority.

**Reconciliation**

A key part of Budget Monitoring is to reconcile your system to BWO. At year end your CFR returns are sent to the DFE. The council accounts, which include your BWO cost centres are also submitted and these are both checked to ensure that they match and if not, we will be asked to explain any differences. So, ensuring that schools’ FMS/Access accounts reconcile to BWO at period 6 and period 9 helps avoid issues arising at year end.

**Forecast**

Please be aware that we review the forecast at CFR code level only, so schools may choose to show forecast income/expenditure on one single ledger code for each CFR code. However, accuracy in predicting the year-end figures is essential so you may prefer to complete your forecast at individual, detailed ledger code level. Whichever way you choose, please do give very careful consideration to the anticipated income / expenditure to year end.

The spreadsheet will automatically highlight any CFR lines where there is a variance of >5% to budget or previous forecast and you are asked to complete the narrative column to explain these variances. This will provide useful information for your Head and Governors when reviewing the forecast and will also minimise LA queries.

**Timescale**

Each school will receive their own tailored return for their current cost centres set up on BWO in the first week of October and again in January. For example, if you have a separate cost centre for Behaviour funding you will receive two plans.

**Spreadsheet**

The spreadsheet consists of three tabs named as follows, where 41\*\*\* is your school’s individual number:

**Header\_41\*\*\***

* reconciliation and sign off sheet

**Summary\_41\*\*\***

* summary of your forecast by CFR code
* **DO NOT INPUT INTO THIS TAB** - all the details pull through automatically from the detailed forecast tab

**41\*\*\***

* detailed sheet where you input your forecast numbers

**Completing the return**

1. **Reconcile FMS/Access to BWO**

There are two methods of reconciling, as set out below, depending on the timing of your last imprest submission and whether your last imprest was processed in time to be included in the September (P6) or December (P9) BWO report

1. **If you submitted an imprest claim for inclusion in the P6 or P9 BWO report and have NOT written any cheques, done a BACS run or processed any income since:**
2. Don’t write any more cheques or do a BACS run
3. Do process salaries and any central payments/receipts onto FMS/Access in the usual way
4. BWO and FMS/Access should now be exactly in line
5. FMS: run the I&E report to Month 13, Proposed CFR and Fund Review
6. Access: run the I&E report to Month 13, Interim CFR, Trial Balance Management Report and Balance Sheet.
	* Don’t worry about it being to the last day of the month exactly, just make sure that you **RUN ALL 3 REPORTS AT THE SAME TIME**
7. When completing Part 1 of the Header tab (i.e. the reconciliation), there will be no adjustment to make for imprest amounts.
8. **If you submitted an imprest claim for inclusion in the P6 or P9 BWO report, but it WAS NOT PROCESSED IN TIME (i.e. the transactions don’t appear in the BWO report) and you have NOT written any cheques, done a BACS run or processed any income since:**

Follow steps (i) to (vi) exactly as above, then when completing Part 1 of the Header tab (i.e. the reconciliation) use the imprest amount in the relevant box, highlighted in yellow below (making sure it is the amount excludes both VAT and any capital)



1. **If you submitted an imprest claim for inclusion in the P6 or P9 BWO report, but it WAS NOT PROCESSED IN TIME (i.e. the transactions don’t appear in the BWO report) and you HAVE written cheques, done a BACS run or processed income since:**
2. Do process any outstanding invoices/income you have received
3. Run an imprest claim report from FMS/Access the next day (you can delete this from FMS/Access if you don’t want to send it in, this is what we call a **dummy imprest,** but do **KEEP A PAPER COPY**, as we need to see it)
4. Process salaries and any central payments/receipts onto FMS/Access in the usual way
5. FMS: run the I&E report to Month 13, Proposed CFR and Fund Review
6. Access: run the I&E report to Month 13, Interim CFR, Trial Balance
	* Don’t worry about it being to last day of the month exactly, just make sure that you run **ALL 3 REPORTS AT THE SAME TIME**
7. When completing Part 1 of the Header tab (i.e. the reconciliation). Use the dummy imprest amount in the relevant box, highlighted in yellow below (making sure it is the amount excludes both VAT and any capital) and include a copy of the dummy imprest FMS/Access claim report with your return



Run the required reports **at the same time** so that all figures match. If the reports don’t match the budget monitoring will be returned.

1. **Header Tab**



**Part 1: Reconciliation to FMS/Access**

The purpose of the reconciliation is to pick up any unexplained variance between BWO and FMS/Access. The sooner differences are identified, the easier it is to resolve them.

The reconciliation starts with the balance per FMS/Access, and then adjusts for any items which are included in the FMS/Access balance but are not in the BWO revenue report (i.e. capital, private funds and outstanding imprests).

FMS: The "**Represented by**" figure at the bottom of the I&E report should match the Fund Review “**Commitment**” plus “**Balance**” and CFR “**C/fwrd Closing Balance**”.

Access: The “**Surplus/Deficit**” figure at the bottom of the I&E report should match the Balance Sheet “**In Year Earnings**” and Trial Balance “**Subtotal**”.

1. **Adjust for Capital held on FMS/Access (this affects all schools except V.A.s)**

Using the figures from page 3 of the CFR report, enter the capital opening balance (negative), total capital income (negative) and total capital expenditure (positive). The balance will calculate automatically – make sure this agrees with CFR and check your entries if not.

1. **Adjust for Private Funds (only if these are kept on FMS)**

Using the figures from your fund review and CFR report, enter the private fund opening balance (negative), private fund income (negative) and private fund expenditure (positive). The closing balance will calculate automatically – make sure this agrees with your Fund Review and check your entries if not.

1. **Adjust for imprest amounts (if applicable)**

Depending on how you have reconciled FMS/Access and BWO you may or may not need to adjust for imprest amounts. See instructions above and adjust as required.

**Part 2: Details of estimated Carry Forward/Deficit**

1. The Anticipated Carry Forward (- negative) or Deficit (+ positive) at Year End and Carry Forward as % of Total Budget Income will calculate automatically. If your school’s carry forward balance includes money held on behalf of your cluster then the amount held and description should be entered in order to calculate the carry forward that just relates to your school.
2. The value and percentage of the Anticipated Carry Forward/Deficit after any necessary deduction will calculate automatically. If this balance exceeds 8% for Primary, Special schools and PRU’s or 5% for Secondary schools, an explanation MUST be provided in the box below. If you are forecasting a deficit a recovery plan will also be required.
3. Below this, are two boxes for information, which show the forecast variance (in £) to budget and to previous forecast.
4. Sign off - boxes are provided for the necessary signatures of the person completing the budget monitoring, the Head Teacher and The Chair of Governors. Once signed off please send in a PDF of the signed front sheet.
5. **Summary Tab**

This tab is a summary at CFR level of the information complete on the detailed Budget Monitoring tab. **No forecast changes should be entered on this tab**. Changes must be entered on the Budget Monitoring tab.

1. **Detailed Budget Monitoring Tab**

**Prepopulated data**

When you receive your template this tab, the following columns will be populated:

* **Budget** – your school’s budget plan as submitted to the LA
* **Actuals** – actual income and expenditure for the year to date, as per BWO (i.e. exactly what appears on your P6/P9 BWO monthly report)
* **Current Forecast** – in Period 6 this will be blank, but in Period 9 it will show the forecast that you submitted in Period 6

**Data to fill in**

* **New Forecast** – this column must be completed to show the total income you expect to receive and total expenditure that you expect to incur by the end of the financial year. The bottom line “Net Expenditure” should be the carry forward surplus or deficit that you are forecasting for year end.

**Points to note**

1. **Enter forecast numbers by ledger code** – please **DO NOT OVERWRITE THE CFR SUB TOTAL FORMULAE**. If you do not want to split out the income or expenditure for each CFR code by individual ledger codes, then enter the total amount for that CFR code on one single ledger code line.
2. **Brought Forward Budget”** **R9689\_I99** - the forecast on this line must stay the same as the budget amount. This is your closing carry forward from the previous year and cannot change.
3. **Reserves and Unallocated** **RZUNB or RZUNR** - there can be no actual or forecast amounts on these codes, they are for budget only, as the budget has to balance to zero. If forecast income exceeds forecast expenditure then the resulting Net Expenditure total will be a carry forward surplus – you cannot classify this amount as unallocated expenditure.
4. **Adding additional line** - if you want to forecast an amount on a ledger code which does not appear on your template (because you have no budget or actuals on that ledger code already), then you can do this at the bottom of the Budget Monitoring Tab. **Ensure you add the CFR code** in column H (in blue below) or the amount will not carry forward to the summary.



* **% Variance to budget and % Variance to current forecast** – these will calculate automatically once you complete the forecast.
	+ **In period 6 we are only concerned with variance to budget** (as there is no current forecast). If the variance on any CFR line exceeds 5% of budget the cell will go red – if it does, then please provide a note in column S explaining the reasons for the variance.
	+ **In period 9 we will look at the Variance to current forecast**. Again, if the variance on any CFR line exceeds 5% of the current forecast the cell will go red – if it does, then please provide a note in column S explaining the reasons for the variance.

***Submission of the return***

Once completed, the budget monitoring must be reviewed and approved by the Head Teacher and Governors. A complete return comprises of the Excel workbook together with your system reports (see below guidance) which should all be run at the same time:

**FMS Reports Required:**

* Fund Review
* Proposed CFR
* I&E report pages 4, 5 and 6
* FMS6 prints of the dummy imprest (if used)
* a scanned image of the signed Header sheet (this is required but can follow later if waiting for signatures would delay timely submission of the return)

**Access Reports Required:**

* Income and Expenditure by CFR Code Report (excel version)
* Balance Sheet report (excel version)
* Trial Balance report (excel version)
* Management report (excel version)
* Interim CFR report (excel version)

The return should be submitted to the Schools Finance Helpdesk by the deadline.

If you have any queries please contact the Schools Finance Helpdesk.