Auburn School District

Budget Monitoring Process

The purpose of this document is to provide guidance on how to monitor budgets including reviewing account activity and making corrections.

Overview

A budget is a plan for spending money. Budget Managers (a staff person with responsibility for a budget) create a budget or plan for spending money and implement the plan while monitoring the budget on a consistent basis. Thoughtful planning and continual monitoring supports Auburn School District's Strategic Plan specifically *Foundation 4: Innovative Systems & Structures, Priority 1. Fiscal stewardship and alignment of resources to support the strategic plan*. The period covered by the District's budget is September 1 through August 31. Sometimes projects, grants, or programs have a fiscal period that differs, and it may be necessary to prepare budgets for these grants over multiple fiscal years. The current year's budget shall include only the estimated expenditures for the fiscal year being budgeted.

Schools have operating budgets and may receive additional grant funding directly from grantors or through the district such as innovation funds from the Department of Technology (DoT) or Title I or Learning Assistance Program (LAP) from the Department of Student Learning (DSL). Departments also have budgets and may oversee a variety of grants. Each Budget Manager is responsible, within the limitations of the approved budget, laws, policies, procedures, and appropriate grant rules, for the timely, reliable planning and implementation.

Each grant has its own set of rules and regulations governing the grant. Auburn School District must comply with the most restrictive rules and regulations. Budget Managers should attend applicable training offered by the Washington Office of Superintendent of Public Instruction (OSPI), granting agencies, and the District. Budget Managers are responsible for keeping budgets up to date in OSPI grant systems.

Annual Budget Creation

The Business Office and Human Resources will establish and communicate the budget process and timeline annually. The budget will be reconciled and adjusted during the first four months of the budget year.

- September will concentrate on staffing and will be led by Human Resources.
- October will center around reconciling the student full time equivalent (FTE) as of October 1 to the budget approved by the School Board. Business Office staff will work with Budget Managers. Budget Managers should notify the Business Office immediately of changes to grant funding including significant impacts created by enrollment decreases/increases (more than a few students).
- November - Human Resources will finalize staffing and submit the S275 by the due date.
- December – the Business Office and Budget Managers will review and finalize the reconciled budget. An update of the reconciled budget will be shared with the Board.

The budget should be prepared by the person(s) with responsibility to manage the activity, program, grant, or location. It is important to keep adequate documentation of basic assumptions used to prepare the budget.

Budget Management

Good management of budgets includes frequent monitoring of received revenues and spending related to the established budget. Good management of budgets include taking action to keep budgets up to date in Qmlativ through budget revisions. Posting expenditures as quickly as possible is a prerequisite for good management.

Monitoring the budget is important to ensure that the financial, operational, and capital plans that were developed and approved as part of the budget processes are being implemented. Budget monitoring is crucial to enforce accountability related to spending. In addition, regular, comprehensive monitoring of the budget ensures accuracy and demonstrates transparency by sharing findings from this regular monitoring.

Budget Managers are responsible to understand the requirements of their programs and/or grants including:

- Allowable grant use.
    - Grants expenditures must comply with grant requirements.
    - Federal grants typically include additional purchasing requirements and time and effort reporting.
- What types of activities must occur (grant deliverables).
- What teacher/teaching activities are required.
- If carryover is allowed.
- Start and end dates.
- Reporting requirements.

Spending Funds

A budget is intended to be spent on the students during the current school year. It is important to plan early and order items closer to the beginning of the year rather than near the end of the school year. Ordering near the end of the year may result in items not arriving on time to be charged to the current year and/or inadequate time for invoices to be processed to the correct year.

To support adequate budget review, the budget and expenditures must be posted to the correct accounting codes. Program, Activity, Location, and Object codes are required by the state and must be used appropriately. Auburn School District's Account Codes are posted on the District's website – click here. The Washington Office of Superintendent of Public Instruction's (OSPI) Accounting manual can be found here.

A purchase order (PO) is a legally binding document issued by the purchaser (Auburn School District) to a seller (supplier/vendor) when purchasing goods and services. The PO serves as a reference point for both parties to set prices, product, and scope of services. All terms are communicated and agreed upon. POs are created from purchase requests entered in Qmlativ. Qmlativ routes the requests through an approval process which includes Budget Manager approval and approval of contract language, and compliance with District policy and procedure and state and federal laws.

When a PO is created, the value of the PO is encumbered. An encumbrance sets aside, or reserves, a portion of the budget representing a commitment to pay for the services, or goods listed on the PO. Future payroll expenses are also encumbered. The purpose of encumbrances is to keep

budgets from being overspent by providing a clear record of commitments to purchase goods/services and to help avoid unexpected price increases. It is important to keep encumbrances up to date by entering purchase requisitions for all commitments such as awarded contracts and all known purchasing needs. Keeping encumbrances accurate includes closing purchase orders that are complete and/or no longer needed.

Detailed management of payables is also required. Vendors often send invoices to various offices such as Budget Manager offices, schools, departments, and the Business Office. It is imperative that invoices are forwarded to the Business Office immediately. Upon receipt, invoices should be reviewed and, when correct, authorized for payment.

An approved Pay Authorization Request (PARs) is required prior to an employee working extra hours. Timesheets should be verified by a Budget Manager and submitted to Payroll as soon as the time has been worked.

Changes During the Year

Changes may occur to the original budget plan during the year. In addition, new grants and/or carryover amounts may be received.

- Budget amendment: A budget amendment is used to reallocate the budget to support changing needs during the fiscal year. To spend money from an account code, a budget needs to be available in that account code. For example: If the original budget included $20,000 of services and the current needs are to spend $5,000 on services and $15,000 on supplies, a budget amendment is needed to move $15,000 of budget out of services and into supplies to allow purchases from the supplies account. Budget amendments are submitted through Qmlativ. If a grant is involved, the Budget Manager is responsible to work with the grantor for budget revisions.
    - Expenditures must be coded to the account codes defined by the State of Washington. Auburn School District account codes meet the State's requirements. Auburn School District's Account Codes are posted on the District's website – click here. The OSPI Accounting Manual can be found here.
    - Expenses are not to be charged to an inappropriate account code because there is not enough budget in the right account code.
- New grants/carryovers: Budget Managers are to email the Business Office Grant Technician, and the Executive Director of Business Services when new grants or carryover are received. Include the following information:
    - Amount
    - Award letter or similar documentation.
    - Funding source – documentation from the grantor stating if the funds are local, state, or federal.
        - If federal, the grantor should provide the Assistant Listing Number (ALN).
    - The activity, object, and location combinations for expenditures.

After the email is received, the Business Office will add budget to the appropriate budget holding account. Then, the Budget Manager is to enter a budget amendment into Qmlativ to fund the accounts according to the established budget.

NOTE: Award letters/contracts can only be signed by the Associate Superintendent of Business & Operations or the Superintendent.

Monthly Review

In addition to ongoing monitoring of the budget, Budget Managers are responsible for ensuring that the charges against their budget are complete and accurate. The Business Office posts journal entries and payroll adjustments to the prior month up to the first two weeks of the new month. After the 15th of the new month, Budget Managers should run reports for the prior month to monitor the accuracy of budget expenditures.

- Complete a review of all transactions, including payroll expenditures, for the prior month.
- Ensure that any journal entries, staffing, and payroll adjustment requests made in the prior month were completed. If a request was not completed, contact accounting for journal entries, human resources for staffing, and Payroll for payroll requests.
- Prior to the end of the month, submit journal entry requests, and payroll adjustments for any charges that are not correct.
- Review encumbrances:
    - Email requests to Purchasing at Purchasing@auburn.wednet.edu for all purchase order increases needed which should cover expenditures through the end of the fiscal year.
    - Email requests to Purchasing to close all purchase orders that have had all invoices paid and/or are not needed.
    - If there are encumbrances for purchase orders where the goods or services have been received (the invoice has not been posted), make sure all receiving approvals are complete. If the District has not received an invoice, contact the vendor for the invoice and forward the invoice to the Business Office.
- Make sure the current spending plan will spend the funds before the end of the year.
- Ensure that no grant recovery will occur, and all minimum expenditures are met.
- Complete all applicable time and effort documentation. Remember if salary adjustments were made, time and effort documentation may need to be redone. Auburn School District's time and effort documentation can be found here on the Business Services Training/Documents page of the District's website.

Closing Out the Year

The District's fiscal year ends August 31. The District continues to post items to August for approximately the first five weeks of the new year to ensure the expenditures are recorded in the year received. The Business Office will communicate the cutoff date each year. Completing thorough monthly reviews and completing all corrective action will help make the year-end close out as smooth as possible.

- Conduct the final monthly review and ensure all corrections are completed accurately.
- Make sure all invoices for goods and services received are posted.
- Make sure all time and effort documentation is accurate and complete.