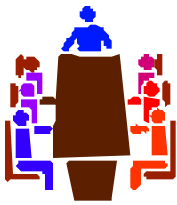


Budget Administration and Management Process

Organization



Expenditure Control and Approvals



Budget administration and management is the process of regulating expenditures during the fiscal year to ensure that they do not exceed authorized amounts and that they are used for intended, proper, and legal purposes. The management of the budget is accomplished in a variety of ways: reconciling budget transactions on an ongoing basis, controlling expenditures, tracking revenue receipts, monitoring projected financial status at yearend, reconciling suspense accounts, and reporting to the board and public on fiscal operations.

During the preparation of the budget, the document itself serves as the vehicle for planning and resource allocation decisions. After the board adopts the budget, it then becomes the major fiscal management tool for administering and controlling expenditures.

The decision-making authority is based on an organizational structure of primary and secondary budget managers and school improvement teams. All principals and cabinet members are primary budget managers. Principals may choose to establish assistant principals as secondary budget managers. Cabinet members may choose to establish central office administrators as primary or secondary budget managers.

All budget managers are responsible for assuring and maintaining the accuracy of account coding, spending funds appropriately, and adhering to timelines for recording and expending funds.

The finance division provides training during the year for budget managers. New budget managers may also visit the finance division to be trained individually. Additional classes are offered to provide instructions for entering data directly into the computer system, as well as how to navigate the financial system to inquire on accounts.

The overall spending and revenue plans are coordinated by the central office to maintain total expenditures within available revenues. District level coordination is also exercised over position control of months of employment in areas such as classroom teachers, instructional support, and non-instructional support. However, budgetary allocations to cost centers are provided in line item amounts and decisions on how to allocate these monies are made at the school site or departmental level.

For management control purposes, the budget is arranged into cost centers. There is one cost center for every school and for each cabinet member. Budget managers are responsible for the management of fiscal resources approved by the board for each of the cost centers. In areas of central monitoring of positions, the finance officer is the budget manager. Thus, every expenditure appropriation in the budget is assigned to a budget manager who is accountable for the proper expenditure of funds.

Encumbrance Control

Each budget manager is authorized to approve the expenditure of funds within their respective cost centers, provided that funds are expended in accordance with purchasing procedures and legal requirements. Primary budget managers must sign budget transfer requests and budget amendments. The finance department monitors comparisons between budget and actual expenditures to prevent against overspending.

Encumbrances are obligations in the form of purchase orders, contracts, or salary commitments chargeable to an appropriation and for which part of the appropriation is reserved. The purpose for the encumbrance of funds is to insure that obligations are recognized as soon as commitments are made. The financial system, therefore, recognizes actual expenditures as well as those that are planned or anticipated. This prevents the inadvertent overspending of the budget.

Encumbrances in the State Public School Fund and Federal Grants Fund lapse at fiscal year-end. The transactions are cancelled. Encumbrances in the Local Current Expense Fund and Capital Outlay Fund are carried over to the next fiscal year. These amounts are reserved in the fund balance and are appropriated at the beginning of the next fiscal year.

Transfers/Rollup Balances

The budget is a spending plan based upon a series of assumptions. Rarely will all of the actual expenditures equal the detailed budget estimates as adopted. Adjustments to individual items may become necessary. Funds can be transferred from one account to another within the guidelines of the particular funding source.

Budget transfers can be submitted by fax or email by the primary budget manager to the budget department. A copy of the budget transfer form is available to download on our internal website (<http://www2.wcpss.net/forms/>).

In order to improve efficiency and reduce paperwork, there are specific program codes that do not require a transfer of funds between accounts at the cost center level. The financial computer system will check available balances at the program code level rather than at the individual account level when payments are processed. Expenditures will be allowed as long as funds are available overall in the program. Individual accounts will be allowed to have a negative balance. We have expanded rollup balances wherever possible so that budget transfers will not be necessary.

School-based budgets

School based budgets will rollup to school number within program code. We will not process transfers within a program code.

Programs managed at a central level

Programs managed at a central level will rollup to the program code within fund. No transfers will be processed within the program code within each fund.

Amendments

**Management
Information and
Reporting**

Central Office local budgets

Funds will be monitored at level code within department within program. No transfers will be processed within the level code in each department. Central office departments are also gaining the use of lapsed salary dollars by moving to this type of rollup. Since the computer system is checking total funds for a level code within cost centers, the salary, benefit, and nonpersonnel line items are merged together. Likewise, if there is additional cost due to turnover in personnel, this must be absorbed within the budget.

Building Program

Funds will be checked within project. No transfers will be processed within project. This is a new rollup and should eliminate the need for many transactions. The advantages are less paperwork due to fewer transactions, faster processing, and budget reports become meaningful.

Budget transfers may be necessary in certain circumstances.

Primary budget managers submit budget amendments when new funds need to be added to the budget or if funds need to be removed from the budget. Revenues not included in the adopted budget must be approved for acceptance by the board of education.

The school system maintains an interactive, on-line budgetary control system that provides real-time data on individual accounts. The system also maintains a general ledger, payroll, and voucher system that provides detail historical transactions. Monthly summary and detail reports can be submitted by budget manager for their area of responsibility. Monthly reports are also provided to Wake County.

The information is important and relevant in evaluating the financial condition of the district. The reports produced from the computer system are designed to meet internal and external needs of the district. Reports are generated for revenue as well as expenditure accounts.

The district also prepares a Comprehensive Annual Financial Report (CAFR) to report the results of operations. The CAFR includes such reports as a combined balance sheet for all fund types and a combined statement of revenue, expenditures, and changes in fund balances for all governmental funds.

According to G.S. 115C-288: The principal shall maintain a copy of the school's current budget and school improvement plan, including any amendments to the plan, and shall allow parents of children in the school and other interested persons to review and obtain such documents in accordance with Chapter 132 of the General Statutes.