



South Western Sydney Institute

INNOVATE EDUCATE

SASS REFERENCE GROUP – NIRIMBA

2015 SAM Seminar
Leading team readiness

Thank You & Introductions



HEAD TEACHER: VIVIEN GAZALEH

FACULTY: BUSINESS AND FINANCE

PHONE: 02 9682 0475

E-MAIL: vivien.gazaleh@det.nsw.edu.au

COLLEGE: SWSI

GRANVILLE COLLEGE OF TAFE

Financial Literacy and Decision Making



AGENDA

- The importance of Financial Literacy
- How the program meets the training needs of SAMs and SAOs (about the DEC Financial Literacy Programs 1, 2 and 3)
- Accounting fundamentals and terminology
- How to **lead your team to be SAP Finance ready**

The importance of Financial Literacy

Financial Literacy

It's no secret “Financial Literacy” is not an exciting topic



Financial Literacy

FINANCE = CHOCOLATE



Financial Literacy

“All managerial staff are accountable for the areas of responsibility under their control and must ensure that operating practices are consistent with the requirements of the accounting manual.

It is the responsibility of staff to ensure that they are aware of the financial policies and procedures before any action is taken.

Failure to comply with the accounting manual and associated policies may result in the breakdown of internal control, prevent the department including tafe and schools from satisfying its legal/statutory requirements and/or result in the loss of assets”

[HTTPS://PORTALSRVS.DET.NSW.EDU.AU/F5-W-](https://portalsrvs.det.nsw.edu.au/f5-w-68747470733a2f2f6465747777772e6465742e6e73772e6564752e6175$/finance/manuals/accountingmanual/accounting_general/introduction.htm)

[68747470733a2f2f6465747777772e6465742e6e73772e6564752e6175\\$/FINANCE/MANUALS/ACCOUNTINGMANUAL/ACCOUNTING_GENERAL/INTRODUCTION.HTM](https://portalsrvs.det.nsw.edu.au/f5-w-68747470733a2f2f6465747777772e6465742e6e73772e6564752e6175$/finance/manuals/accountingmanual/accounting_general/introduction.htm)

Financial Literacy

- **It's an important aspect of your role and responsibilities**
- **Principal, Teachers, Students, Parents, Government and Society**

Schools Finance System

The new schools finance system will support schools in managing all aspects of their finances in an effective and more efficient way using one online system.

Schools finance system will enable schools to:

- Purchase and pay for school supplies (Beginners)
- Manage school funding by budgeting and forecasting -Schools Budgeting and Planning Solution (Intermediate)
- Report on revenue and expenditure (Advanced)

SAP Finance for DEC

- SAP finance is a global accounting system used by all around the world
- The use of SAP finance in DEC will enable more accurate recording and reporting of ALL schools – consolidated view
- SAP finance has the functionality we currently don't have in OASIS – to give us more sophisticated management of our finances
- SAP finance used standard accounting concepts and terminology

DEC Financial Literacy Program 1, 2 and 3

About the Program

Targeted training to meet your specific needs

Preparing for SAP finance by understanding general accounting principles behind the new School Finance System

Focus on knowledge and skill and not assessments

No assessments or evidence of acquired knowledge and skill (as with a UOC). We're relying on you to tell us if you need more knowledge and skill

Two-day training

Each program is delivered over two days

Financial Literacy and Decision Making Programs

Beginners

- Daily finance processing and monitoring

Intermediate

- Planning and managing finances

Advanced

- Reporting and analysis for decision making

Financial Literacy and Decision Making Programs

SAP Finance	Program	Topics
Purchase and pay for school supplies	Beginners	<ul style="list-style-type: none">• Understanding revenue - RAM and SCS• Understanding expenses and consumption rules• Journal entries and transfers• Chart of accounts and GL accounts• Cost Centres• Monitoring costs and expenses

Financial Literacy and Decision Making Programs

SAP Finance	Program	Topics
Manage school funding by budgeting and forecasting - Schools Budgeting and Planning Solution	Intermediate	<ul style="list-style-type: none">• Budgeting process• Budgeting and forecasting for each cost centre• Monitoring allocation of funds and consumption of funds• Monitor costs and expenses against budget – variances and amend forecasts• Tax obligations

Financial Literacy and Decision Making Programs

SAP Finance	Program	Topics
Report on revenue and expenditure	Advanced	<ul style="list-style-type: none">• Managing cash flow• Assets and equipment• Financial measures and tools of analysis• Reporting tools• Interpreting financial data and decision making

About the Program

Three step process:

1. Theory & general understanding of accounting
2. How it's applied in DEC
3. How it's applied in the SAP finance system

Resources

1. USB

Presentation & resources

2. DEC intranet (SAP finance)

Fact sheets

Training modules

Glossary

3. Activities

Working examples

DEC Intranet

Our Intranet

NSW Department of Education and Communities

[DEC insight staff portal login](#)

[Home](#) | [Policies & procedures](#) | [School administration](#) | [TAFE & community education](#) | [Employee essentials](#) | [Department resources](#) | [Curriculum resources](#) | [The Buzz](#)

[Learning Management and Business Reform](#) > [Schools](#) > **[Schools Finance](#)**

Learning Management and Business Reform

Schools

Latest information

Student Wellbeing

Schools Finance

Schools Budgeting and Planning Solution

Student Management

Training →

FAQs

Announcements

Schools Finance

Schools Finance is a new online tool accessed through the DEC staff portal. It provides modern functions and when integrated with the Student Management tool enables schools to manage all aspects of a school's finances.

Currently schools use OASIS to invoice, receipt and expend funds as well as a variety of school-specific manual processes to complete financial management activities. The Schools Finance system will replace OASIS and allow schools to do much more than what OASIS let them do. It will be integrated with other new school systems such as Student Wellbeing, Student Management and the Schools Budgeting and Planning solution. It will also be integrated with the new HR/Payroll system when implemented in 2014.

Functionalities that the new finance system will enable schools to do include:

- Buying and paying for school supplies
- Managing how much school funding is available
- Revenue and expenditure financial reporting

Schools Finance glossary

This glossary provides definitions to the key terms in Schools Finance.

[Schools Finance glossary \(PDF 0.39MB\)](#)

Schools General Ledger (GL) Account Listing

The approved master list of the Revenue and Expenditure General Ledger (GL) accounts that schools will use in the new Finance system can be found [here](#)

Relevant Fact Sheets



NSW GOVERNMENT | Education & Communities

Schools Finance release for NSW Public Schools

Learning Management and Business Reform

September 2013

The Learning Management and Business Reform (LMBR) program will deliver updated processes, relevant training and modern technology systems to support the many aspects of teaching and learning in NSW Public Schools.

This includes the Schools Finance solution. Schools Finance is an online system that will support schools to manage their finances in an effective and more efficient way.

Schools Finance is being rolled out to the 229 Initial Implementation schools in November 2013 (Term 4) at the same time as Student Management.

Student Wellbeing was rolled out to the initial implementation schools in September 2013 (Term 3) and HR/Payroll will be implemented in 2014; completing the LMBR suite of systems for the 229 schools.

This brochure provides an overview of the new Schools Finance system.

Training Modules

Overview: Schools Finance training modules

FIN0005 - Forecasting	FIN0010 – Introduction to the SAP Portal	FIN0011 – Request for Creation and Changes to Supplier Master Data	FIN0012 – Manager Customer and Material Master Data	FIN0013 – Manage Sales Orders and Contracts	FIN0014 – Purchasing & Receipting
Module 1: Budgeting and Forecasting Process Overview Module 2: Detail Forecast Module 3: Forecasting Operating Programs Module 4: Forecasting Capital Programs Module 5: Funds Consumption and Availability Module 6: Reports	Module 1: Overview of the SAP Portal Module 2: Overview of the SAP Portal Module 3: SAP Portal Navigation	Module 1: Overview of supplier master data Module 2: Search for an existing supplier Module 3: Request for a new supplier Module 4: Request to edit existing supplier master data Module 5: Request to extend existing supplier master data Module 6: Manage and track your requests	Module 1: Commercial Sales and Master Data Module 2: Customer master data Module 3: Customer credit limits Module 4: Material master data	Module 1: Introduction to commercial sales Module 2: Process overview Module 3: Create sales order Module 4: Create contract with a billing plan Module 5: Create credit and debit memo	Module 1: Purchasing and Receipt Process Module 2: Create Shopping Cart Module 3: Track Status and Update Shopping Cart Module 4: Change/Cancel a Purchase Order Module 5: Receipt Processing Create Confirmation Module 6: Receipt Processing Cancel Confirmation Module 7: Troubleshooting Tactics
FIN0015 – Request for Downpayments and Prepayments	FIN0016 – Introduction to Managing Customer Collections (Basic)	FIN0017 – GR/IR Maintenance	FIN0018 – Introduction to Accounting Master Data (Basic)	FIN0019 – Request Change to Accounting Master Data	FIN0020 – Fixed Assets and Equipment (Schools)
Module 1: Overview of down payments and prepayments Module 2: Request down payment Module 3: Request prepayment	Module 1: Introduction to collection activities Module 2: Reports Module 3: Dunning Overview Module 4: Manage disputes Module 5: Manage refunds Module 6: Manage bad debts	Module 1: GR/IR Maintenance Overview Module 2: Resolve Goods Receipt and Invoice Variances Module 3: Reverse GR/IR Maintenance Document	Module 1: DEC Enterprise Structure Module 2: Financial Accounting Master Data Module 3: Controlling Master Data Module 4: Funds Management Master Data	Module 1: Change request process overview Module 2: Requesting cost centre changes Module 3: Requesting internal order changes	Module 1: Fixed Asset Accounting and Equipment Fundamentals Module 2: Create Asset and Equipment Module 3: Maintain Asset Module 4: Stock Take Module 5: Retire Asset

Relevant Fact Sheet



Education &
Communities

Schools Finance Glossary of terms

LMBR – Supporting learning in schools



Accounting Fundamentals

Introduction to Accounting

***Financial activity* is the activity organisations undertake in the normal course and running of business, that is expressed in financial terms.**

Introduction to Accounting

Financial activity needs to be carefully recorded and managed to ensure the success of the business.

Accounting procedures and systems are used to record and manage the financial activities.

Basic Accounting Principles

Accounting is the process and system which an organisation *identifies, records, measures and communicates* financial activities in the form of financial data and information.

Basic Accounting Principles

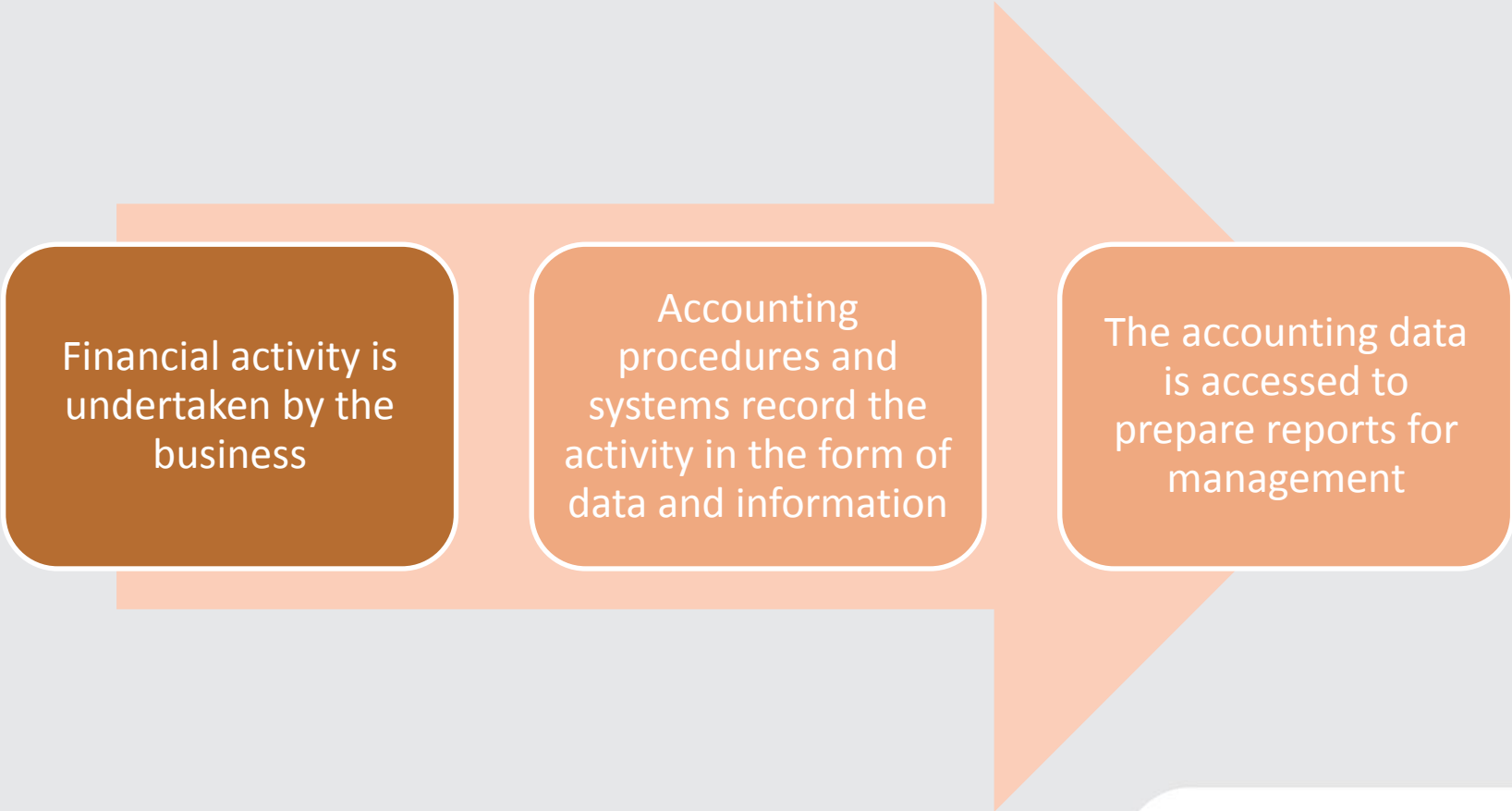
Accounting systems provide data in a form that can be used by management

Used in production of reports

Used in decision making

To meet regulatory purposes such as that required by legislation and evidence for auditing purposes.

Basic Accounting Principles



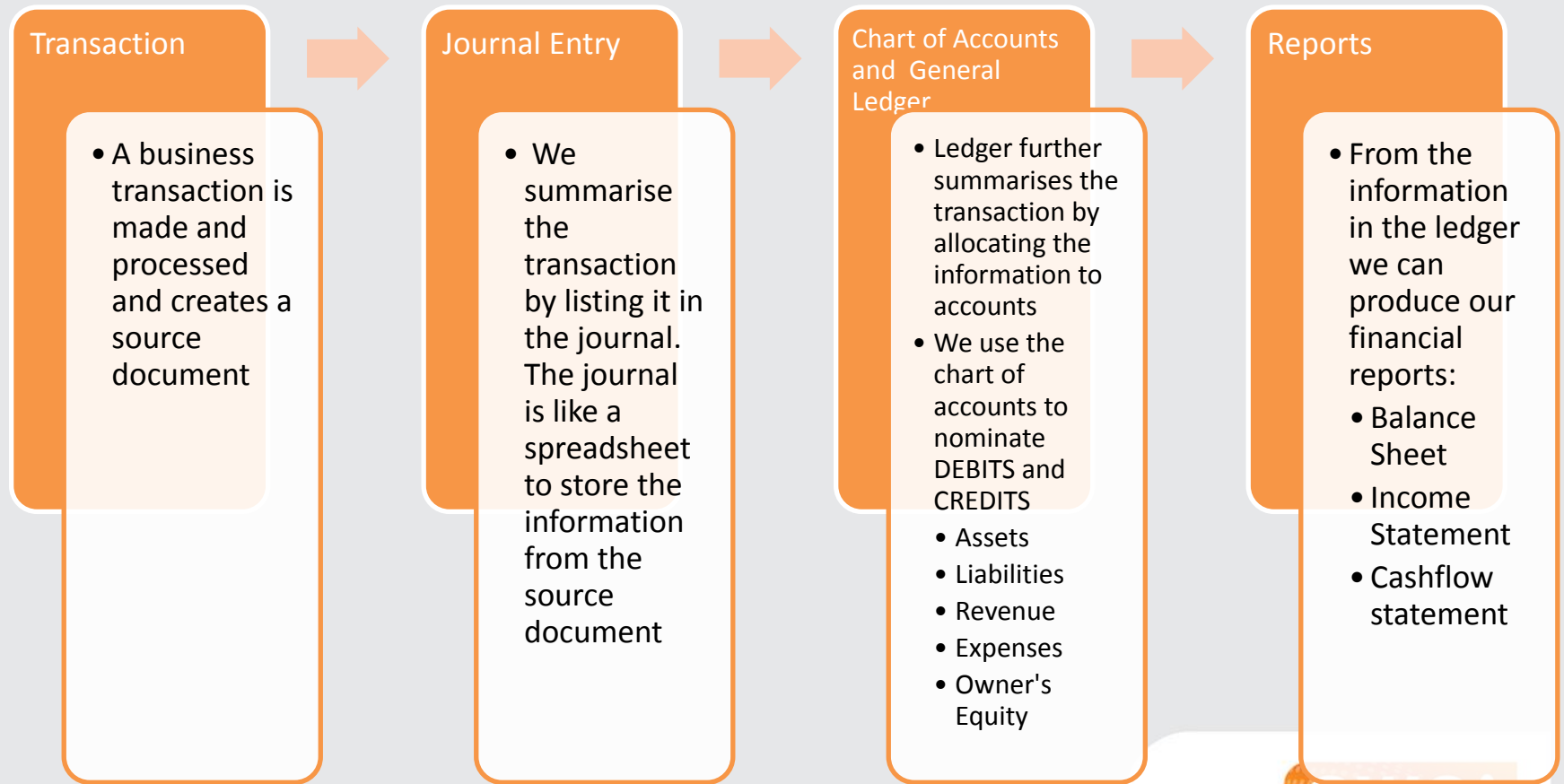
Financial activity is undertaken by the business

Accounting procedures and systems record the activity in the form of data and information

The accounting data is accessed to prepare reports for management

Basic Accounting Principles

Accounting System



SAP Finance

Leverage new and more effective ways to handle market volatility, changing regulations, and increased pressure on margins.

Our solutions can help you get an integrated view of your finance functions, tap into real-time performance insights, and close the books quickly and accurately.

Plus, improve financial results and return on capital employed while reducing the risk of non-compliance.

[Http://www.Sap.Com/solution/lob/finance.Html](http://www.Sap.Com/solution/lob/finance.Html)

Accounting Terminology

SAP Finance for DEC

Accounting terminology now in SAP Finance and replaces existing terminology:

Chart of accounts

General ledger accounts (previously Sub-dissections)

Cost centres (previously Dissections)

Journals

Income and expenses

New funding sources and terminology

Consumption rules

Basic Accounting Terminology

Revenue – money coming into the business from its transactions.

Expenses – costs that a business will incur as a result of their normal course of business.

Opex – operating expenses

CAPEX – capital expenses (over \$10,000 for DEC)

Basic Accounting Terminology

Assets **are owned by the business:**

Current assets – are converted to cash within 12 months

Non-current assets – will last longer than 12 months

Liabilities **are debts owed by the business:**

Current liabilities – that need to be paid within 12 months

Non-current liabilities – that can be paid after 12 months and into the next accounting period

Owner's/shareholder's Equity - is the owner's contribution to the business.

Financial Reports

REVENUE
EXPENSES

Statement of Financial
Performance (Profit and Loss)

ASSETS
LIABILITIES
EQUITY

Statement of Financial
Position (Balance Sheet)

Basic Accounting Terminology

Accounts – is the group name given to the type of transactions.

All transactions of that type will be recorded as entries under this account name.

Basic Accounting Terminology

Chart of accounts – is a list of all the different types of accounts where the company will record all of its financial transactions. Each account is given a unique code or number.

Basic Accounting Terminology

General ledger – is the database that holds all the company's accounts and summarises the information for each account. Represents the nature and type of transactions in categories assets, liabilities, revenue and expenditure required for financial statements.

Basic Accounting Terminology

Journals – a journal is a record of a transaction undertaken by a business. It is the process of summarising transactions into groups and record it in the accounting system. There are different journals for each type of transaction.

Double Entry Accounting

Double-entry accounting **is the process that shows the *affect of a transaction on the business***

A transaction will result in at least two *corresponding* impacts on the business:

- 1. To show an account has changed by an increase**
- 2. To show an account has changed by a decrease**

The *double-entry* has two sides known as:

Debits

Credits

Cost Centre

Cost Centre – an area of the business for example a department or division in which allocation of funds and expenses are recorded for. The purpose of a cost centre is to enable budget accountability and reporting in a particular area of responsibility

Cost Centre

- Creation of cost centres helps us to understand the divisions within our school that contributes to the profitability of the school
- Cost centres will help with the budgeting and monitoring process
- Monitoring costs and expenses will be easier in SAP.
We need to develop an action plan

Cost Centre

Example of Cost Centres:

Cost centres allocated by subject or key learning area (KLA)



	Education Delivery	Administration	Staffing	Deductible Gift Recipient
Default	Education Delivery	Administration and Office	HR Staffing	
Standard	English	School Operated Canteen		Bld-Library-Special School DGR
	Mathematics			
	Science	College Administration and Office		
	Technology			
	Human Society and its Environment			
	Creative and Performing Arts			
	Personal Dev Health and Physical Ed			
Additional	Any additional cost centres that are not part of the standard list can be added subject to approval.			

Legend

☐ Cost Centre Grouping

☒ Cost Centre

← BACK

NEXT →

NSW DEPARTMENT OF EDUCATION AND COMMUNITIES

WWW.DEC.NSW.GOV.AU

15

Additional Terms

Internal Orders - are used for managing costs within a cost centre where there is a requirement for further granularity of information, eg Managing local activities/excursions.

Additional Terms

WBS - A work breakdown structure
(WBS) is a hierarchical structure of a project which is made up of WBS elements. It is the basis for organisation and coordination of a project.

School Planning

School Planning



Education &
Communities

Public Schools NSW

Strong Partnerships for a better future

Quality Teaching is essential to the success of our students

Our vision

A highly skilled, educated, vibrant and inclusive NSW, where all people achieve their potential, build social and economic prosperity, participate

Priority Action Areas

Leadership & management

Our schools require excellent leaders who will demonstrate instructional leadership with efficient management practices that

Our outcomes

In early childhood

All children will receive high quality early childhood education and care to give them a great start in life and at school

SAP Finance

Table Of Contents
Slide Title
Course Introduction
Glossary of Terms
Introduction to Budgeting and...
Module Objectives
What is budgeting? (1/2)
Why is budgeting importa...
Budgeting Approaches: In...
Focus: Top Down Budgeti...
Focus: Bottom Up Budgeti...
Focus: Hybrid Budgeting ...
Focus: Hybrid Budgeting ...
Accounting Master Data: Ref...
Module Objectives
Accounting Master Data: ...
General Ledger Accounts...
Cost Centres: Refresher

What is budgeting? (1/2)

Budgeting is the process of planning for how a school's annual allocation of funds will be spent across staffing, operating expenses and capital expenses.

As part of the **Local Schools, Local Decisions (LSLD)** reform, the **Resource Allocation Model (RAM)** has been introduced to standardise funding across schools.

The **Schools Budgeting and Planning Solution (BPC)** has been designed to support this new financial model.

This is a tool to assist with the budgeting process and is available to:

- School's Finance Committee
- School cost centre owners.



Note: The School's Finance Committee could consist of the Principal alone, or the Principal and representations of the school including:

- Deputy Principals and executive staff
- School Administrative Managers (SAMs)
- Business Managers.

← BACK

NEXT →

School Planning

- Planning is key and should involve as many stakeholders as possible
- Budgeting process follows best practice
- Budgeting approaches - alternatives to suit our needs
- Schools budgeting and planning solution
- Management of the process

Budgeting

1. Identify the budgets required to be implemented by the organisation

2. Identify the people within the organisation to assist in the development of the budgets

3. Implement the budget management process using resources and a communication programs

4. Monitor actual results versus budgeted expectations and implement the contingency plan to correct variances

5. Report on outcomes and recommend future improvements

Budgeting

Slide Title
Course Introduction
Glossary of Terms
▼ Introduction to Budgeting and...
○ Module Objectives
○ What is budgeting? (1/2)
○ Why is budgeting importa...
○ Budgeting Approaches: In...
Focus: Top Down Budgeti...
○ Focus: Bottom Up Budgeti...
Focus: Hybrid Budgeting ...
○ Focus: Hybrid Budgeting ...
▼ Accounting Master Data: Ref...
○ Module Objectives
○ Accounting Master Data: ...
○ General Ledger Accounts...
○ Cost Centres: Refresher

Why is budgeting important?

Budgeting allows a school to strategically plan for the year ahead and to effectively manage staff and resources.

The Schools Budgeting and Planning Solution provides an overview of where resources are required and an estimate of a school's likely year-end position.

The benefit of this is that if schools are aware of their likely year-end position early in the school year, it gives them an opportunity to make decisions on how to best utilise any budget surpluses identified e.g. purchase additional teaching materials.

← BACK

NEXT →

Budgeting

Budgeting Approaches: Introduction

There are three approaches to budgeting which are supported by the Schools Budgeting and Planning Solution. These include: **Top Down** , **Bottom up** and **Hybrid** budgeting.

These **three** approaches are examined in detail on the following pages.

Top Down Budgeting

- The Finance Committee manage detailed budgets for cost centers.

Bottom Up Budgeting

1. The Finance Committee sets high level budget allocation by cost centre
2. Cost centre owner builds detailed budget in line with allocation from Finance Committee.

Hybrid Budgeting

Collaborative effort between the Finance Committee and cost centre owners to manage detailed budgets for each cost centres.

[< BACK](#) [NEXT >](#)

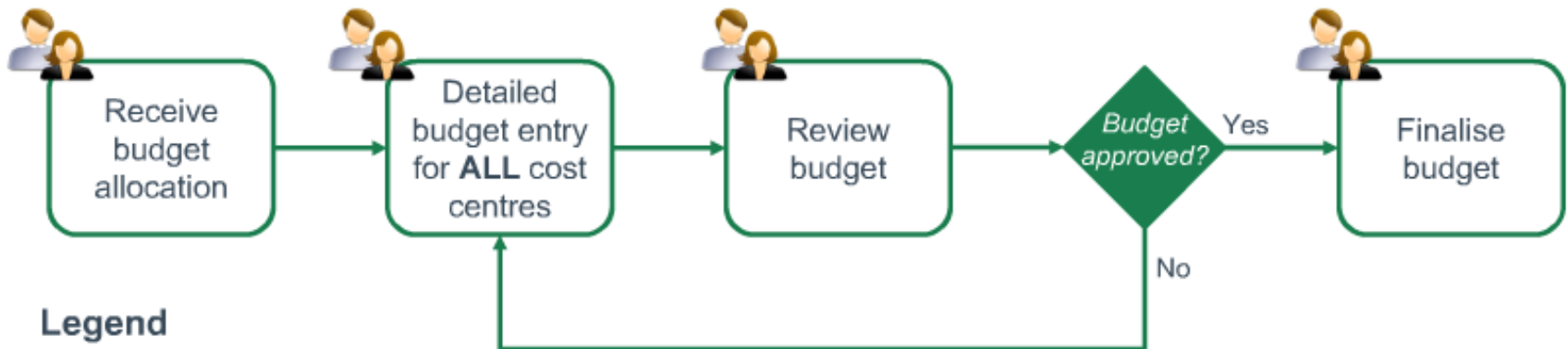
Budgeting

Focus: Top Down Budgeting

Top down budgeting occurs when the Finance Committee estimates a budget allocation to each cost centre based on a high-level budget view e.g. \$20,000 to the school canteen, \$10,000 for a Year 6 Camp.

Benefits of this Approach:

- Finance Committee have an end-to-end view of their budget which enables them to plan expenditure according to the priorities of their school.



Legend



Finance Committee



Cost centre owners (eg head teachers)

← BACK

NEXT →

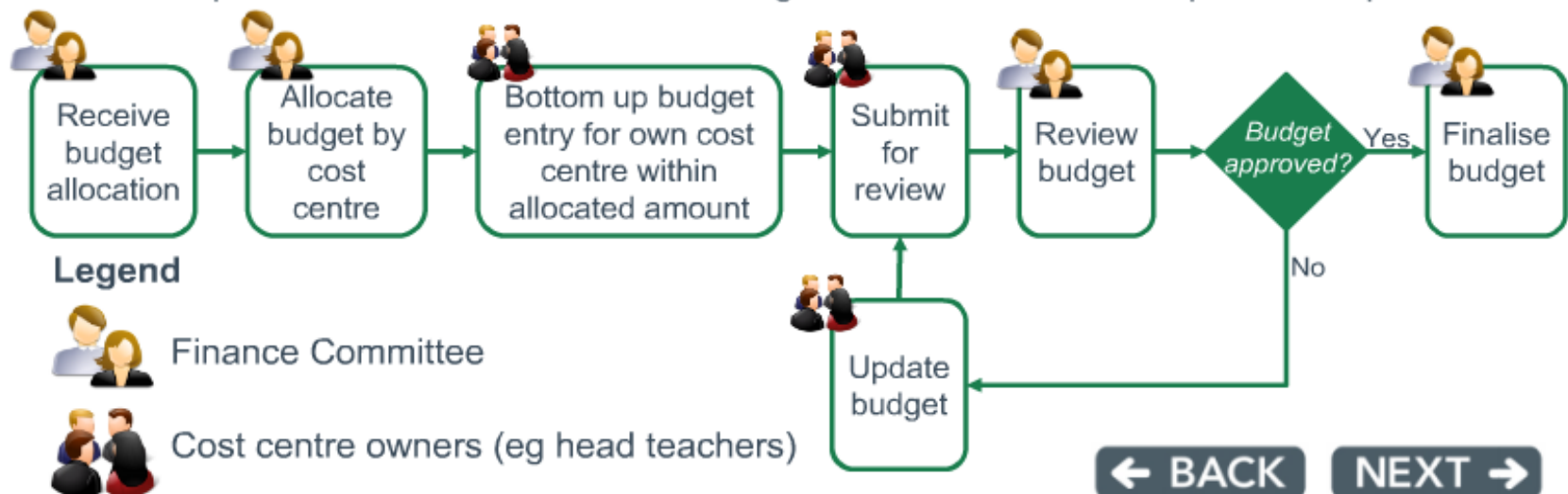
Budgeting

Focus: Bottom Up Budgeting

Bottom up budgeting occurs when the Finance Committee has delegates budgeting responsibility to a cost centre owner. The cost centre owner then provides detailed estimates based on specific activities e.g. a science head teacher purchasing supplies for their classrooms.

Benefits of this Approach:

- Cost centre owners are responsible for the financial management of their own budget
- School staff are upskilled in budget preparation and financial management
- Principal and cost centre owners have a granular level of detail on planned expenditure



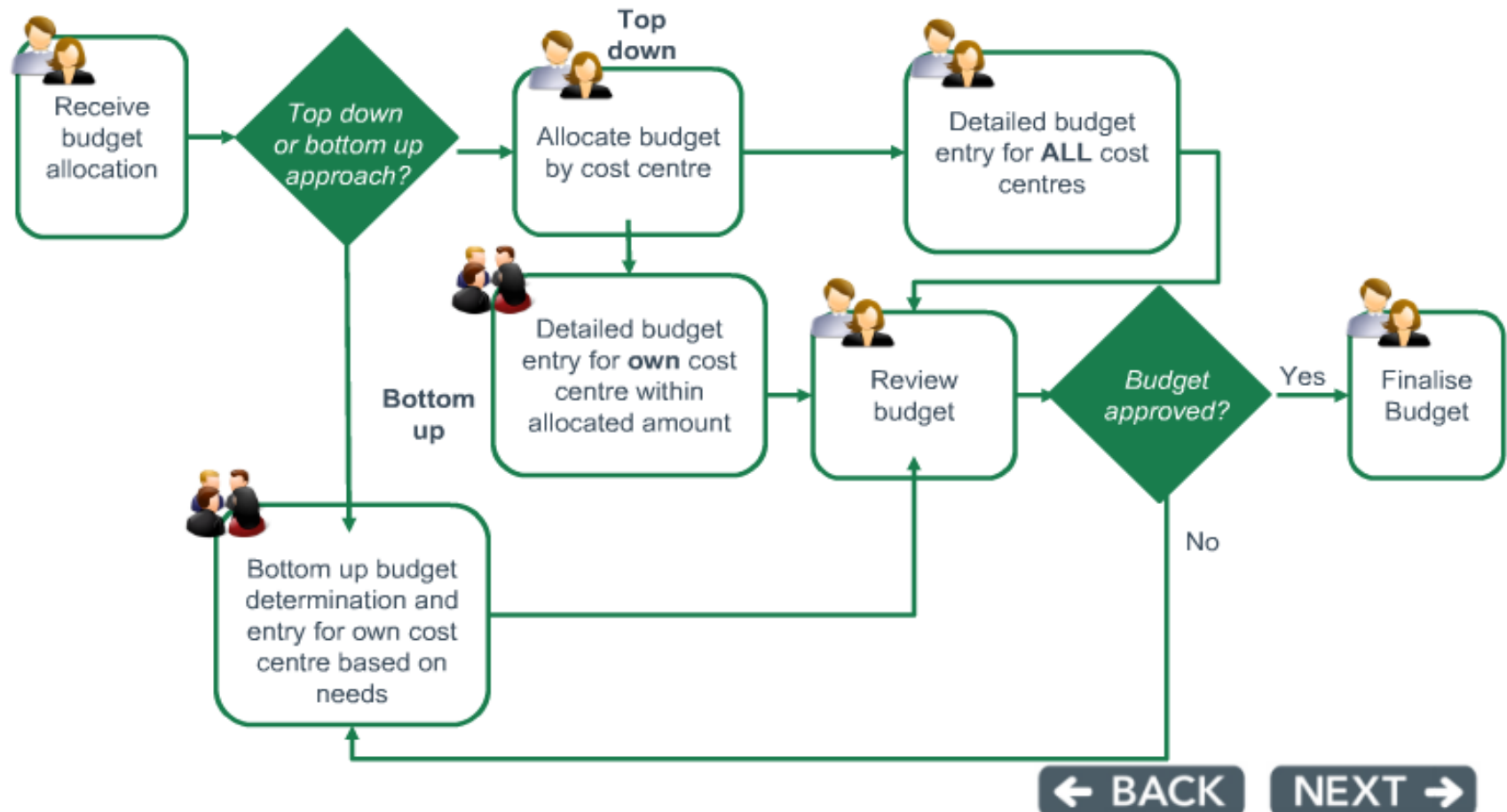
← BACK

NEXT →

Budgeting

Focus: Hybrid Budgeting Approach (2/2)

This is an overview of the hybrid approach to the budgeting process.



Activity

**What budgeting approach would
suit your school?**

SAP Finance

Forecasting Fundamentals

The following are important terms related to forecasting at DEC.

School Budget

The budgeting process will start as early as October of the preceding year. Schools will do top down or bottom up budgeting of their expenses and expected revenues.

Actuals

Actuals (actual revenue and expenditure) will be available for comparison with budget to prepare forecasts.

Variance

The difference between total year (actuals + forecast) and the budget. The variance is the basis to make any adjustments to the forecast for the remainder of the year.

Forecast

Forecasting processes support all activities relating to monitoring and reviewing planned target and performances against actual results on an ongoing basis in order to make the management able to make the right decision.

SAP Finance

Table Of Contents
Slide Title
Budgeting and Reporting (...)
Course Introduction
Glossary of Terms
Top Down Budgeting Proc...
Estimate Schools Funding
Allocate Staff Cost
Top Down Budgeting
Estimate Programs
Consolidate and Review B...
Finalise Budget
Course Summary
Additional Reference Mate...

Overview of Reports

Budget Summary report

- Summarises various components of the budget.

Monthly Spread report

- Provides an overview of budgeted revenue and/or expenditure by month.

HR Permanent Staff Budget report

- Provides an overview of the HR permanent staff budget.

← BACK

NEXT →

Lead your team to SAP Finance Readiness

SAP Readiness

Confidence **in your current abilities and knowledge of school finances.**

SAP Readiness

Collect **information on SAP**

Finance and maintain a reference point.

SAP Readiness

Create a school plan and SAP
Finance rollout action plan

SAP Readiness

Communicate **expectations and changes** to all stakeholders

THANK YOU