

# **Diocese of La Crosse Unified Catholic School Systems Accounting Policies and Procedures Manual**

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## ***Chapter Four: Budgeting Process***

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### ***A. Policies***

It is the policy of the Diocese of La Crosse Unified School Systems that each system operates under an annual budget. This budget is to be prepared and approved by the Dean and the Finance Committee prior to the beginning of the fiscal year. Policy also requires that the budget be balanced which includes a minimum \$100,000 payment for outstanding loans or Accounts Payable balance to St. Ambrose Financial Services, Inc. Catholic School policy 7101 requires each school to develop a 5-year strategic plan and update it yearly. Two components of the strategic plan are enrollment and finances. A “bottom up” approach to budgeting is recommended. This means that budgeting should start at the building level, adding school administration costs, and finally combining at the Central Office. This type of budgeting allows input at all levels and usually results in a more accurate and realistic budget. In addition, employees are more likely to operate within a budget they help create.

### ***B. Procedures***

A budget can be prepared in a variety of ways, either manually or electronically using a spreadsheet in Excel. Using a spreadsheet is recommended as it minimizes errors and allows for flexibility during the preparation process. The following procedure can be used when preparing a budget.

1. Several months prior to the end of the calendar year (October or November), conduct a meeting with all Principals and department heads to discuss the budgeting process. Areas of responsibility, the types of expenses to be budgeted, and the timetable should all be discussed.
2. Give a **Budgeting Worksheet** to each person responsible for a budget. The budgeting worksheet should list each general ledger account for which the person is responsible, the year to date balance, and perhaps an annualized amount for convenience. It should contain space after each account in which s/he can enter the budget amount.
3. Prepare a spreadsheet which lists all general ledger accounts. Each school within the System should have its own column. The administrative costs of a Central Office are entered in a separate column. It is helpful if the spreadsheet is formatted similarly to the financial statements.
4. As budgets are received, enter the amounts into the spreadsheet.
5. Review the budget in total and make adjustments as required.
6. The budget should be reviewed and approved by the school Principals, the Controller, the President, the Dean, and the Finance Committee. The preliminary budget is due mid-February to the Coordinator of Finance for the Unified School Systems. Refer to the Diocese of La Crosse Unified School System and Parish School Governance book “President’s Authority”.

### ***C. Budget Amendments***

Budget amendments are rare and should only be considered if a substantial change in operations has occurred (i.e. school closing). In the case of a substantial change, it is a good idea to update the budget to more accurately reflect expected financial results. If the budget is not amended, errors or trends that would normally be caught in the monthly review are hidden or explained away because of the substantial change in operations. Updates to the budget must be submitted and approved by the Coordinator of Finance for Unified School Systems. To update a budget, create a copy of the original budget and make the changes. Keep the original and write “revised” and the date of the budget revision.

