

School Financial Reporting – Is it as accurate, efficient and flexible as it could be?

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Biography:

Anthony spent the first part of his working life in banking, working as an operations manager and a consultant to various banks in London, Tokyo, New York, Munich and Frankfurt. In 2006, Anthony and his family moved to Australia and Anthony trained to become a teacher. Since 2008, Anthony has worked as a teacher and as school business manager and is currently the Business Manager at Trinity Lutheran College on the Gold Coast. Anthony studied Computer Science at the University of Greenwich, holds a Graduate Diploma in Education from UQ and is a Sloan Fellow of the London Business School, with a Masters in Management. Anthony is currently working on a Doctorate in Business Administration at QUT in the field of organisational decision making.

Kerryn has held the position of Business Manager in three very different schools: Good Shepherd Lutheran College, Noosaville; St Peters Lutheran College, Indooroopilly and Suncoast Christian College on the Sunshine Coast. Kerryn has completed a Bachelor of Business, a Master of Professional Accounting and is currently undertaking the CPA Program. Kerryn commenced as the System Business Manager for Lutheran Education Queensland in January 2012.

Abstract:

There are many users dependent of good quality financial reporting that is accurate and reliable. This includes Principals and Leadership Teams, Finance Committees, College Councils and Banks/Lenders.

To be meaningful and support wise decision-making, financial reports should be timely, consistent, free from error and prepared directly from the School's accounting information, with minimal adjustment.

This presentation will demonstrate how one school has simplified their financial reporting by making the most of both the accounting system and Microsoft Excel, recognising the power and limitations of each, in order to deliver accurate, efficient and flexible financial reporting in various formats to accommodate the needs of many users.

Specifically, this session will focus on:

- Financial Reporting – the needs of Management and Governance
- Type and nature of Financial Reporting depending on users
- Relative strengths and weaknesses of accounting systems and spreadsheets
- General Ledger structure and data integrity
- Automation and simplicity of reporting
- Budget holder subsidiarity

This presentation will be suitable for all preparers and users of Financial Reporting in Schools.

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SCHOOL FINANCIAL REPORTING –

IS IT AS ACCURATE, EFFICIENT
AND FLEXIBLE AS IT COULD BE?

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Why are we here?

- The most important gift we can give children is a good education.
- As School Leaders and Business Managers, one of the main ways we can contribute to this is strong financial management which contributes to ensuring sustainability.

Users of school financial reports

- Boards
- Finance Committees
- Principals
- Leadership teams / Department Heads
- Finance committees
- Banks/lenders
- System offices
- DEEWR

What do we do?



Types of financial reports

- Profit and Loss
- Balance Sheet
- Cash Flow
- Historical trends
- Future projections
- Tables
- Charts
- Graphs
- Exceptions
- Variances

All with varying degrees of detail and emphasis

Attributes of good financial reports

- ① Accurate
- ① Timely
- ① Flexible
- ① Drill down-able

How do we do this?

- ⦿ Varies from school to school depending on skills, knowledge and tools available
- ⦿ Some consistency of output may be needed
- ⦿ Today we are going to look at how Trinity prepares their financial reporting

Considerations

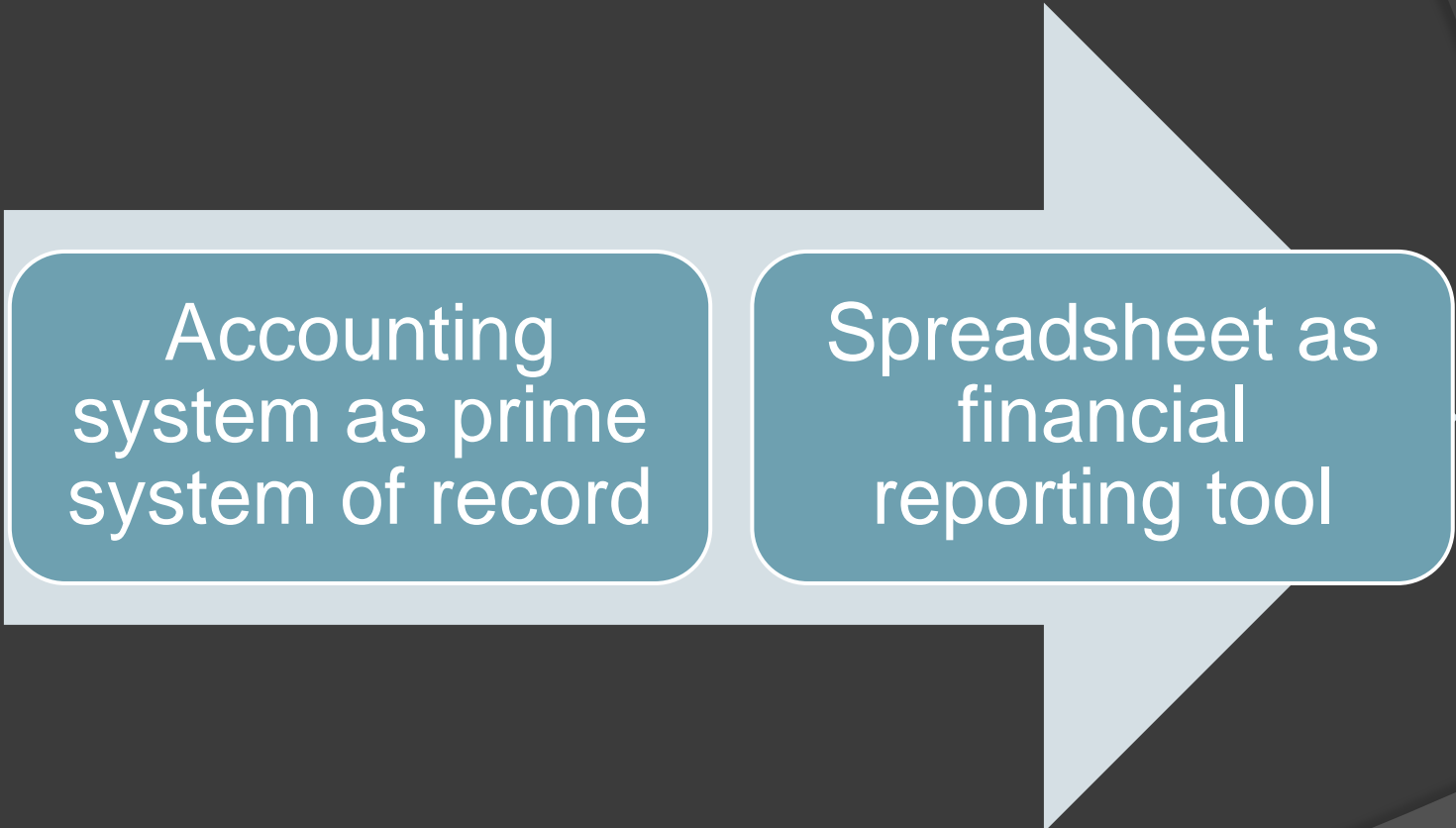
- ⦿ What skills do we have and where?
- ⦿ How much time do we have?
- ⦿ What tools are available to us?
 - Synergetic
 - Crystal Reports
 - Excel

	Accounting System	Spreadsheet
Advantages	<ul style="list-style-type: none"> • Multiple users at the same time • Coded calculations that are unlikely to be corrupted • Easy to audit • Built in controls to avoid typing errors 	<ul style="list-style-type: none"> • Easier for non-IT staff to understand and maintain • Easy to change – add new types of data • Easy to add charts, graphs, images • Easier to consolidate information from different sources
Disadvantages	<ul style="list-style-type: none"> • Data and reports can be inflexible or require IT skills to change • Harder to include charts, graphs, images • Difficult to consolidate information from different sources 	<ul style="list-style-type: none"> • Single user at any one time • Formulae that are easily corrupted • Difficult to audit • Subject to typing errors • Time consuming

Over-coming the weaknesses in spreadsheets without losing the benefits

- Use of a single point of data entry
- Standard use of rows and columns
- Cross-checks where possible
- Standard use of formulae
- Relational database tools in Excel
- Use of VLOOKUP and SUMIFS (not = A1+B2+C3)

At Trinity



Accounting
system as prime
system of record

Spreadsheet as
financial
reporting tool

Demonstration of Trinity approach



Accuracy, Efficiency & Flexibility

- Follow rules that make a spreadsheet as accurate as the accounting system
- Reports produced immediately and can be easily provided to anyone
- Changes can be made on-the-fly, if required

Take away gift

- ◉ Simple spreadsheet model with a few accounts and a BS, PL and cashflow
- ◉ ACLE Dropbox
- ◉ Anthony.Vassallo@tlc.qld.edu.au

Perceived limitations of Excel

- ⦿ Double handling of data
- ⦿ Risk of transcription errors
- ⦿ Single user
- ⦿ Time consuming to build and test
- ⦿ Complex formulas that are difficult to audit
- ⦿ Easy to make errors in formulas
- ⦿ Easy to make erroneous changes
- ⦿ Highly personalised depending on author
- ⦿ Not relational – difficult to link common elements

Conclusion

Benefits for preparers + Benefits for users

= Quality Financial Reporting



Improved Decision Making

