Fundamentals of Effective Program Budgeting and Reporting

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We all would rather go to the Dentist!

Budgeting can be a tedious and daunting task for those not fully comfortable with numbers BUT budgeting is a critical step in planning and controlling your day-to-day operations. It is also a time-consuming, multi-layered, and complex process that should get the attention it deserves!

Great, but why do we do it?

Align program goals with grant goals

Assure f**iscal solvency and service Delivery**

Tool for reporting and monitoring – an effective budget and an effective fiscal system go hand in hand!

Checks and balances

A mathematical tool for seeing the future!

Not yet convinced?

Planning tool for multiple funding streams

Compliance with Funding Source(s) Requirements

Tracking changes and shifts in spending

Program Improvement

A mathematical tool for seeing the future!

Well, since you asked…

In it’s simplest form, a budget contains the following:

-Revenue by source

-Expenses by category

-Difference between the two (if any)

But of course, they are never that simple!

And, what if I have multiple funding sources?

Most programs today have multiple funding sources – this complicates matters even more!

- You need to consider:

  Work Loads

  Shared costs/salary allocations

  Indirect charges (allowable)

  Foreseeable cost increases

Oh, and can we change it if we want?

Budgets are spending plans and, as with all plans, subject to change. Whether you are allowed to change that plan and how often is up to the *FUNDING SOURCE*.

Most fiscal offices will not allow changes to budgets in their systems without an approved amendment from the funding source!

Yeah so, how do I set one up?

Agency Chart of Accounts – your account code structure defines how your agency's internal system for organizing it's fiscal information

xx – xx – xx – xxxx

Program

Grant

Year

Object (revenue or expense)

Your fiscal office should be able to help you with tools, forms and templates that align the agencies system to the funding source's reporting requirements!

Cool! Now how to we monitor it?

Monthly Statements – the good and the bad

Your fiscal office should be able to provide a monthly statement on each of your grants.

You need to look at these faithfully to determine that spending is going along as planned.

These statements are not accurate! Bills always come in after the fact and payroll is not always posted on the same schedule (you need to clarify how many weeks of a fiscal year are remaining in payroll before you do any projections using monthly reports).

What should I look for?

What to Look for on Monthly Statements

Where do you stand in the year (look at the year-to-date column)?

- If you are 3 months into a 12-month grant, you should be approximately 3/12 (25%) through your funds—especially on regularly occurring items such as rent and telephone.
- This will be a little different if you have peaks and valleys in your programming—for example, the Head Start is a 12-month grant, but does most of its programming during the school year, so it will spend less than 25% of its funds during Jul-Sep.

Anything I don’t recognize as normal?

What to Look for on Monthly Statements

1. Do any of the most recent month’s charges look odd? Do you usually spend $300 on the phone bill? Did you really buy $500 in food this month?
2. Has any new category been created that you didn’t ask Fiscal to create?
3. Have you been charged for anything now that you’ve never been charged for before?

So, that’s done. Is it over yet?

Budgeting is not just an internal tool – your funding source will require that you report your efforts in both narrative and budget form! However, we all know that the funding sources expense categories may not align directly to your agencies.

Your fiscal office should be able to help you with tools, forms and templates that align the agency’s fiscal system to the funding source’s reporting requirements!

Is that your final answer?

- Effective Program Budgeting, Monitoring and Reporting is a joint effort of program supervisory staff and fiscal office staff.

- Ask for what you need! And if you don’t understand, ask again!

- Nothing damages that relationship faster than “blaming”!

What’s all this gobbly-gook the CFO is always spouting?

General Ledger: the financial books of the agency (not to be confused with your budgets)

Accounting equation: Assets = Liabilities + Equity

Fiscal Year: Generally a twelve month period in which spending can occur– your grant FY may differ from your agency’s FY

FTE: Full-time Equivalent

Depreciation: cost of capital asset over its useful life (can be non-reimbursable or reimbursable)

Allocation: Distribution percentages across grants/contracts.

Journal entries: adjustments or standard entries recorded in the General Ledger

Standard entries: repetitive entries made monthly (i.e.: depreciation, rent)

Distribution tables: table of percentages that charge grants for certain expenses (i.e. photocopy, telephone)

Capital asset: Equipment costing over X and having a useful life of more than one year

Fund Accounting: Accounting practice of non-profit organizations that requires us to track by account

GAAP: Generally Accepted Accounting Principles

FASB: Financial Accounting Standards Board