



Aboriginal Management Training

Budgeting





Understanding Budgets

Budgets – Their Purpose

- To forecast or plan revenue and expenses of a program or for an organization as a whole
- To allow program managers to plan their activities
- To allow an organization to allocate overall resources
- To secure funding
- To plan for future cash flow needs



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Overall Process

- Identify roles & responsibilities
- Develop a work plan
- Identify goals & objectives
- Gather & prepare required info
- Prepare a draft budget
- “Fine tuning” the budget
- Approval of final budget
- On-going monitoring, evaluation & reporting



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Roles and Responsibility

- Program managers determine their wants and needs in relation to work plans
- Program managers develop budgets for their programs
- Administration reviews and makes recommendations
- Administration prepares overall budget
- Governance approves



Budgeting Guidelines

- Be as specific and detailed as possible
- Document the assumptions you are using
- Analyze uncertainties and options
- Allow for contingencies
- Consider what can be added or deleted if necessary



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Revenue

- What are your potential revenue sources
- What is the nature of the funding
- How much can you expect
- When will you receive it
- Document expectations and assumptions
- Be specific and detailed
- Consider revenue deferred in prior years



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Expenditures

- List all expenditures by GL codes
- Analyze each account – what is included
- Will the expenditure be required next year?
- Will it be higher, lower, or the same?
- Document the details and your assumptions



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Evaluation and Approval

- Review on an overall basis – is it reasonable and achievable?
- If there is a budgeted surplus/deficit – is it allowed? What can be added or deleted?
- Initial approval by Finance
- Overall approval by Governance
- Approval by funding bodies may be required



Monitor Your Results

On a monthly and quarterly basis:

- Compare actual to budget.
- Identify variances and get explanation
- Project to the end of the year.
- Plan corrective actions





Actual to Budget Variances

- The difference between what you budgeted and what you spent.
- Analyze why the variance occurred
- Unanticipated expenses, over-expenditure, additional program work done
- What will the year-end result be?
- What corrective action can be taken



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Corrective Action

- To address budget variances
- Can money be re-allocated from other lines
- Is there additional funding available
- What expenditures can be cut?
- What approvals are necessary?
- Take the necessary action!