

Step-by-Step Budget Process

A budget is a useful planning tool that reflects a chapter's program, mission, and strategic plan.

The budgeting process should begin at least three months before the end of the fiscal year (June 1) to ensure that the budget is approved by the start of the new fiscal year.

Questions to Consider

Below are a few questions to consider before, during and after the budgeting process.

- Does our strategic plan align with National's?
- Is our financial plan consistent with our strategic plan and our annual goals?
- Do we have sufficient reserves?
- Are any specific expense areas rising faster than their sources of income?
- Besides the chapter rebates, what other avenues of revenue do we have?
- Are there any new expenses that need to be included in the budget that were not previously included?
- Are we regularly comparing our financial activity with what we have budgeted?
- Are our expenses appropriate?
- Do we have the appropriate checks and balances/control mechanisms to prevent errors, fraud, and abuse?
- Are we meeting guidelines and requirements suggested by National?

Step 1: Planning the Process

- Identify who will coordinate the budgeting process and which board members and committee(s) need to be involved; (i.e. Finance Committee)
- Agree upon definitions, rationale and document formats
- Set timelines and key deadlines; (e.g. board initial review and board approval)
- Determine and schedule any training or key meetings. (i.e. Regularly scheduled meetings to review finances only.)

Step 2: Communicating about the Process

- Clearly communicate responsibilities, expectations and deadlines to everyone involved;
- Explain and distribute forms

Step 3: Programmatic Goal Setting

- Get board agreement on goals and assumptions
- Prioritize program or meeting delivery goals
- Determine chapter financial goals (e.g. reduce meeting expenses, increase vendor revenue)
- Clarify annual goal from the strategic plan goals

Step 4: Information Gathering & Development

- Research and gather information about income and expenses based on program goals
- Review previous and current year's income and expense
- Forecast end of the year and analyze and be able to understand variances
- Construct budget details by program with rationale
- Communicate regularly to avoid duplication of effort and to share information

Step 5: Compilation and Revision

- Have one person compile all information
- Agree on who has authority to make decisions regarding changes
- Determine how many unknowns there may be (i.e. registered meeting attendees)
- Review for consistency and redistribute to everyone involved
- Leave plenty of time for review and revisions

Step 6: Committee Review

- Have the Finance Committee review a draft budget
- Be sure to allow enough time between committee meetings and the final approval deadline to address questions and recommendations and make revisions

Step 7: Final Approval

- Distribute information to the board prior to the board meeting, including draft budget, program goals, key definitions, rationales and other supporting information
- Have program committee make an informative presentation to the board based on the opportunities, challenges and resources behind the budget numbers
- Have the finance committee or treasurer present the budget proposal to the board

Step 8: Implementation and Management

- Communicate budget, program goals and timelines for the next year to the board and your membership
- Review actual income and expense compared to the budget on a monthly basis
- Update and revise the budget as there are changes during the year. Depending on the significance of changes, the board may need to approve revisions

Budget Cycle

