

What are effective organization budget development practices?

- ▶ Build a diverse budget team by choosing various team members from different areas of your organization, such as the Director, a Financial Manager, a Program Manager, and a board representative.
- ▶ Write a budget timeline with scheduled tasks, including:
 - ▶ Start of the budget process
 - ▶ Completion of a draft budget for review
 - ▶ Budget approval request from the governing body
 - ▶ Budget monitoring and adjusting
- ▶ Link your budget to your organization's mission and objectives.
- ▶ Create budget worksheets and reports everyone in your organization can understand and use.

How is an organization's budget created?

An organization can create a budget using the following steps:

- ▶ Start by realistically estimating (on the low side) income from all sources: grants, contracts, leases, fees-for-services, fundraising, etc.
- ▶ List all known expenses, such as salaries, payroll taxes, rent or mortgage, and lease/contract payments. Estimate (on the high side) fluctuating costs, such as utilities, insurance, telephone expenses, the annual audit, etc. Then, list the items needed to achieve programmatic and entity goals, such as office supplies, client support materials, outreach materials, etc.
- ▶ Total income and expenses, and compare the two numbers.
- ▶ If income exceeds expenses, plan extra activities or purchase additional or special items during the budget year if possible.
- ▶ If expenses exceed income, plan for additional income-generating activities or reduce flexible expense line items.



What are effective organization budget monitoring practices?

- ▶ The **Fiscal Manager** prepares accurate and timely budget-to-actual reports of income and expenses by program and provides the reports to Program Managers and organization leadership at least monthly.
- ▶ The **Program Manager** reviews budget-to-actual reports and adjusts plans at least monthly to keep the numbers on track for balancing at the program year's end.
- ▶ The **Executive Director** reviews budget-to-actual reports for programs and the overall entity and reports any significant differences that might require a budget modification to the board for review and approval.

Resources

- ▶ [DOJ Grants Financial Guide](#)
- ▶ [OJP Budget Detail Worksheet](#)

The **Office for Victims of Crime Financial Management Resource Center (OVC FMRC)** offers culturally humble, trauma-informed training and technical assistance to support OVC human trafficking and discretionary grantees. OVC FMRC services focus on enhancing financial management capacity.

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