

November 2024

Budget Cycle | Procedure

Procedure Owner:	Finance Department
Procedure Approved By:	Jay SchwartzCoffey, CFO
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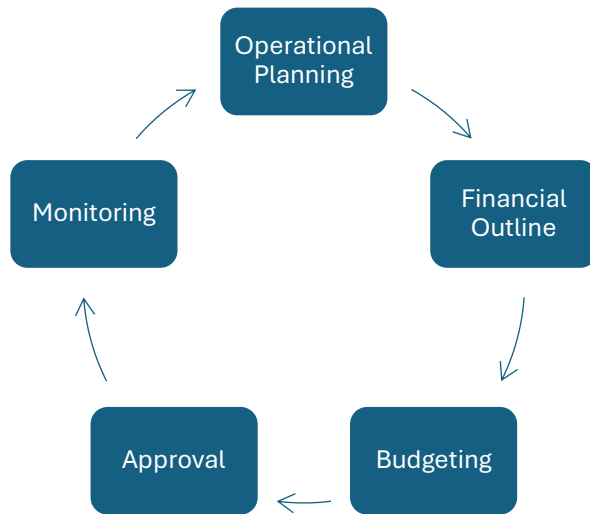
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I. Procedure Overview

Purpose of Procedure

This procedure outlines the development of the annual organizational budget.

II. Procedure



Phase	Timing	Goal	Deliverable	Stakeholders
Strategy Planning	Feb - April	Update strategic plans and priorities that will inform operational planning and budgeting priorities	<ul style="list-style-type: none"> The Office of the President produces key strategic priorities for upcoming fiscal year. These priorities are used by the FP&A team to determine potential budgeting priorities and investigate possible reallocation of resources 	President, EX, FP&A
Budget Plan Approval	April	Set budget timeline & priorities for upcoming fiscal year Set the focus of key budget process review and improvements	<ul style="list-style-type: none"> The EX approves the budget plan for the year and provides guidance to Finance on areas of focus or change in the upcoming budgeting process. The priorities may be informed by strategic planning, iterative 	President, EX, FP&A

		Set budget calendar and responsibilities	<p>improvements from prior year budget processes or spending patterns.</p> <ul style="list-style-type: none"> EX approval will include specific cross-functional budget focus areas, key constraints of considerations, and specific priorities or constraints for Finance to incorporate. 	
Operational Planning and Budgeting Kickoff	Early May	Kickoff Ops Planning and Budgeting Process.	The kickoff is a joint endeavor with the PMO to launch the annual operational and budgeting process. The Finance-related deliverables include communications, orientations, change management planning and training on the budgeting process.	PMO, FP&A, Training, Budget Owners & their designated associates
Financial Outline	Mid-May	To financially model the potential size and scope of the organization over the coming fiscal year and beyond and to get approval on size of budget to be built	<p>The Financial Outline sets the parameters of the budget by examining historic and future revenues and expenditures.</p> <p>Deliverables include:</p> <ul style="list-style-type: none"> Revenue trends and initial revenue forecasts. Multi-year models indicating upper, middle and lower bound pathways for revenues and expenses Establishment of baseline budget for the following fiscal year. Establishment of size targets for each department + Preliminary Position Control conversations with HR 	The Financial Outline is approved by EX and GOV, and endorsed by the Chair and Treasurer of the board.
Draft Budget	Late May	To produce a staff informed draft budget.	The FP&A team will distribute a budget packet that includes a budget target. Each team completes their budget packet and returns it by the deadlines, at which point the FP&A accumulates the submissions to create roll-up summaries and cross-functional review	FP&A, SD, Budget Owners, Budget Owners and their designated associates

			<p>analysis. Deliverables include:</p> <ul style="list-style-type: none"> • Project, award and or intervention breakdown of expenses • Personnel budget including models for cost increases, turnover/vacancy, benefits • Revenue budget by streams • Growth Requests / Cuts scenarios (depending on financial situation) 	
Budget Reviews	June	Ensure proposed budget is vetted and reviewed by appropriate leaders and stakeholders	<ul style="list-style-type: none"> • The FP&A team will support leaders in analyzing budget request, aligning their budget submissions with budget targets and ensuring budgets align with operational plans • Any targeted cross-functional reviews will also take place at this time. • Revenue forecasts will be analyzed and finalized at this time. 	FP&A, SD, Budget Owners and their designated associates
EX Decision Making	July	Present budget to EX and make key budget decisions, particularly around growth/cuts and ensuring strategic alignment.	<ul style="list-style-type: none"> • The EX will endorse the budget by examining substance of the budget and ensuring that it is prudent, strategic and sustainable. Deliverables will include decisions around priorities and growth as well as potential cuts or offsets. • Final budget revisions and organizational alignment. 	EX, Budget Owners, FP&A
Budget Approval	Aug - Sept	Approval of FY25 budget	<ul style="list-style-type: none"> • GOV endorsement of Budget • Audit Committee endorsement of Budget • Board Approval of Budget 	Board, Audit Committee, GOV, FP&A
Finalization and Distribution	Aug - Sept	Finalize and communicate budget	<ul style="list-style-type: none"> • After the EX approves the budget, the FP&A team finalizes the budget, including examining cash flow, restricted revenues and cash to accrual tie-outs. 	FP&A, PMO, Budget Owners, Budget Managers

			<ul style="list-style-type: none"> Budget files are prepared for teams, including updating relevant reporting systems and preparing donor materials for use by fundraising. Distributed budgets will include an explanation of changes made since initial submission by teams. Finally, a feedback mechanism is held to gather feedback and improve the budget cycle for the following year. 	
Monitoring	Ongoing	Ensure success of budget through monitoring and projections	Finance establishes and maintains financial analysis and projections throughout the year. Staff are expected to support essential budgetary processes through regular reviews and communication regarding spending needs and plans.	FP&A, Budget Owners, Budget Managers

III. Procedure Oversight

Governance

The **Finance Department** is the owner of this procedure and is responsible for reviewing, implementing, amending, and making recommendations for updates or changes to these procedures in alignment with the business needs of Water.org.

IV. Additional Resources

Contact for Support

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Related Documents

Budget Policy