

Category Number	750
Category Name	Budgeting
Procedure Number	1
Name of Procedure	Enter Budget into QuickBooks
Section	1
Effective Date	11/27/2013
Supersedes	Enter Budget into QuickBooks, 7/1/2007
Responsibility	Parish Business Manager or POASC
Applicability	AOC Parishes and Schools
Source Document	AOC-Business Administration – Parish Best Practices for Internal Controls, Policy Book V – Temporal Goods
Related Forms	QuickBooks reports, Annual Budget Workbook, related Budget Workbook instructions

I. Purpose:

Ensure the locally approved annual budget is entered into the QuickBooks reporting file by month and within the appropriate classes and accounts for meaningful review of the actual vs. budgeted results on a modified accrual basis. This is also required as part of the submission of the annual parish budget to the Pastoral Center, beginning with Fiscal Year 2015.

II. Definitions:

Locally approved annual budget – budget authorized by the pastor, principal and finance council for submission to the Pastoral Center.

QuickBooks reporting file is the QuickBooks company file used by the Parish and/or School for all their required reporting to the Pastoral Center.

Modified accrual basis – (a) Expenses should be budgeted as expected to be incurred (assumption that invoices will be entered into QuickBooks and reflected as an expense in the year to which they relate); (b) Payroll expenses should represent 26 pay periods for the annual budget. Partial period payroll accruals will not be required; (c) Tuition and Other Receivables should be budgeted on a net collectability basis.

III. Policy:

The Finance Council at each Parish is responsible for reviewing and discussing the budget and management of income and expenditures at least once each quarter. Additionally, the Finance Council must monitor actual results as compared to budget on a regular basis (at least quarterly) and discuss reasons for variances, including plans to address them.

IV. Procedures:

- a. Complete budget workbook worksheets for key income and expense accounts as required by budget instructions and checklist provided by Pastoral Center.
- b. Enter budget by month, class and account into QuickBooks utilizing budget worksheets and prior year profit & loss by month.
 - 1) Enter budget by account, class and month from completed budget workbook.
 - 2) Each class code must be entered separately. Schedule C-1 of the budget workbook can be used for a summary of operating income and expenses in church class codes 10, 20, 30 & 40. Schedule S-1 of the budget workbook can be used for a summary of operating income and expenses in school class codes 50, 60, 70 & 75.
 - 3) Certain income and expense amounts may be distributed evenly over the 12 months such as Sunday collections, Other Utilities, etc.
 - 4) Other amounts must be budgeted in the specific month in which the event and/or collection will occur. For example, Christmas collections should be budgeted in December and January rather than throughout the year. Another example may be the summer fundraiser where the expenses and income should be budgeted in the summer months instead of spreading the results evenly over 12 months.
 - 5) Payroll expenses including Salaries, Employer Paid Health Insurance, FICA and Fringe Benefits should be recorded throughout the year in accordance with the payroll calendar. In other words, assuming a bi-weekly payroll (26 payrolls in a year), there are typically two months where there are three payrolls instead of two. As a result, the salary related expenses in those two months should represent $3/26^{\text{th}}$ of the annual salary and related expenses while the other months should have only $2/26^{\text{th}}$ of the annual amounts. Also, school salaries and related expenses may be paid over fewer than 26 pay periods and should be budgeted accordingly.
 - 6) Under the Company tab, select Planning & Budget, then select Set-Up Budgets, Create New Budget for Profit & Loss Statement.
 - 7) Under additional criteria, select Class.

- 8) When determining how to create your budget, it is recommended that you create budget from scratch.
- 9) The standard chart of accounts was designed to provide categories for tracking and management of revenues and expenses. The budget should be entered at the same level of detail as the chart of accounts is maintained by the parish or school throughout the year. If the budget is entered at a consolidated level, it would be difficult to generate meaningful comparisons for the readers of the financial statements who need to make decisions regarding the ongoing operations of the parish and/or school.
- 10) After entering and saving the budget for each class, the QuickBooks Budget Overview Report should be run, reviewed for completeness and accuracy, including Extraordinary and Capital income and expenses, and exported to the budget workbook for submission to the Pastoral Center via the hosted network.
- 11) Update budget in QuickBooks for any changes determined and communicated during the review by the Pastoral Center (Vicariate Administrative Consultant or OCS representative).
- 12) If significant (>\$10,000) reforecasts are completed and approved by the Pastor and Principal, they should be re-submitted to the VAC and OCS for review. The updated budgets should be reflected in QuickBooks and comparisons from that point forward should be made against the revised forecast.

V. References and Related Policy:

- AOC – Parish Best Practices for Internal Controls