

Category Number	750
Category Name	Budgeting
Procedure Number	1
Name of Procedure	Enter Budget into QuickBooks
Effective Date	7/1/2007
Supersedes	N/A
Responsibility	POSC or Parish
Applicability	POSC or Parish
Source Document	Business Administration – Best Practices
Related Forms	QuickBooks reports, Annual Budget

- I. Purpose:
 Ensure that the annual budget is entered into QuickBooks by month and within the appropriate classes for meaningful review of actual vs. budgeted results on a monthly basis.

- II. Definitions:
 Budget-Final approved budget authorized by the pastor and obtained from the Vicariate Administrative Consultant after review and consultation.

- III. Policy:
 The Finance Council at each Parish is responsible for reviewing and discussing the monthly 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.

- IV. Procedures:
 - A. Obtain approved parish budget from VAC or directly from Pastor.
 - B. With assistance from the Parish, determine the proper distribution of the annual budget amounts by month within each of the applicable classes.
 - C. Before entering the budget:
 - a. Print and review the prior year profit & loss by month to ensure the current year distributions are reasonable in light of the actual results for the prior year and any anticipated changes for the new fiscal year.
 - b. Each class code must be entered separately. Schedule A-1 of the budget can be used for church class codes 10, 20, 30 and 40. Schedule B-1 of the budget can be used for school class codes of 50, 60 and 70.
 - c. Certain income and expense amounts may be distributed evenly over the 12 months such as Sunday Collections, Other Utilities, etc.
 - d. Other amounts must be budgeted in the specific months in which the event and our 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.

- e. Payroll expenses including Salaries, Employer Paid Health Insurance, FICA and Fringe Benefits should be recorded throughout the year as you anticipate making payment. 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 of the annual salary and related expenses while the other months should have only 2/26 of the annual amount. Also, school salaries and related expenses may be paid over fewer than 26 periods and should be budgeted accordingly.
 - D. Under the Planning and Budgeting Menu, select Set-Up Budgets, Create New Budget for Profit & Loss Statement
 - E. Under additional criteria, select class.
 - F. When determining how to create your budget, it is recommended that you select create budget from scratch.
 - G. Budgets should be entered at a sufficiently detailed level to effectively manage the budgeted expenses compared to the actual expenses. 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 standard chart of accounts. If the budget is entered at a consolidated level, it may be difficult to generate meaningful comparisons from the accounting software. Additional research and analysis may be necessary.
 - H. After entering the budget for each class, you should compare the budget reports by class with the annual budget to ensure that the QuickBooks information agrees with the final budget. The QuickBooks Budget Overview report can be used for this purpose. Any differences should be resolved and the information edited in QuickBooks, if necessary.
 - I. If significant (>\$10,000) reforecasts are completed and approved by the Pastor. They should be submitted to the VAC for review prior to submitting to the Budget and Analysis Department of the Pastoral Center. 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 – Business Administration – Best Business Practices