

In Business for You

Workstream Description

Budgeting

Nonprofit Model 21.3

2021-11-30



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About this document

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Context

Unit4 has developed the **Nonprofit Model** (NP Model), which is the approach to deliver out of the box capabilities embedded in the software based on best practices for Nonprofit organizations. It is supported by additional database configuration, documentation and an iterative delivery model.

Workstreams

The NP Model consists of several workstreams. For each of these workstreams, documentation is available that describes the supplied capabilities. The following workstreams are available:

- Finance (mandatory)
- Budgeting
- Asset administration
- Procurement
- Sales
- Human Resources
- Payroll
- Travel & Expenses
- Project Cycle Management
- Award Management
- System Administration
- Volunteer Management

The workstreams setup is predefined based on the process scoped for the solution. In the personalization phase, the information specific from the customer is configured. Unit4 ERPx is a highly flexible and agile solution that can easily be adapted to support different system setups and processes.

Intended audience

This documentation's intended audience is the organization's Finance department, familiar with all the financial department processes from data collection to reporting. Readers are not required to know all the details of the budgeting processes. However, some knowledge of financial and budgeting basic concepts would be advantageous for reading this documentation.

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Budgeting

Introduction

This documentation describes the Budgeting workstream. Budgeting provides support for the business processes for Operational budgeting and forecasting. The Operational budgeting process allows for creating a cost center budget per GL account, currency and amount. Next to a predefined configuration of these processes, the solution consists of a standard set of inquiries and reports and predefined tailorable stationery output. The described structures and processes are based upon the software capabilities supplied with Unit4 ERPx.

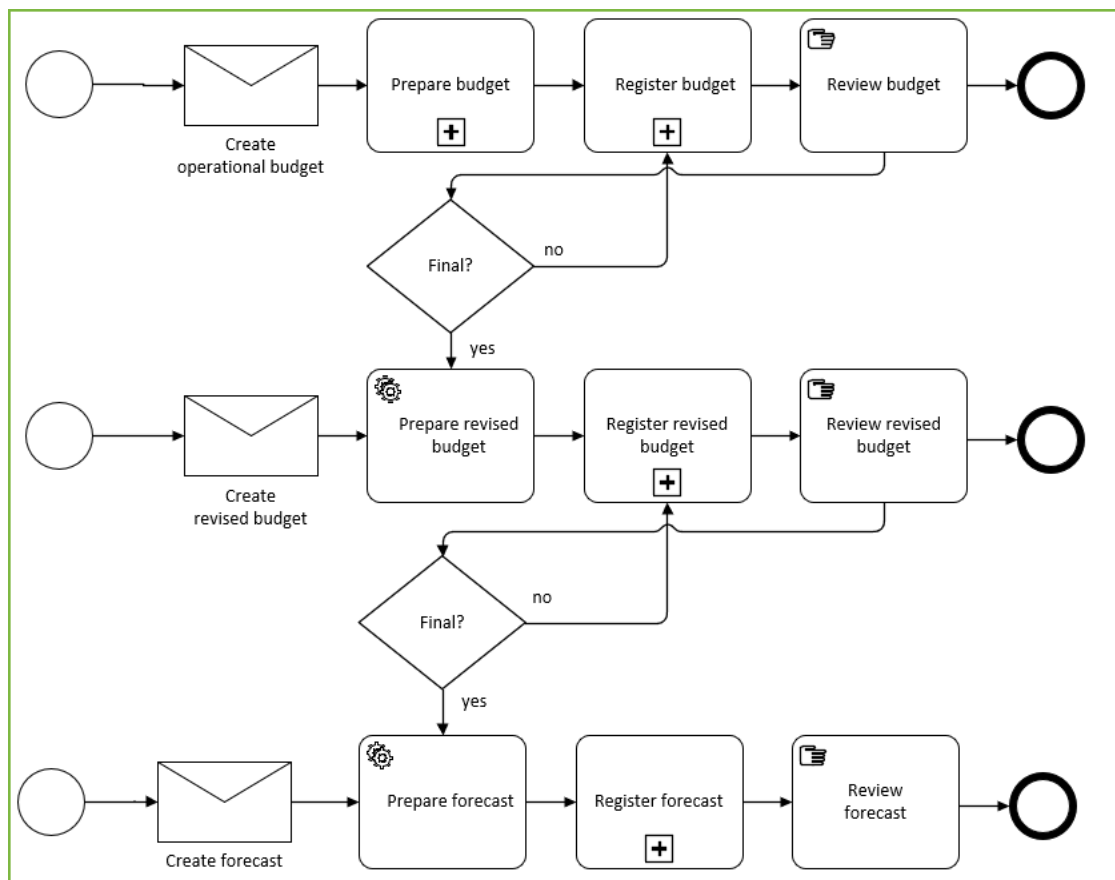


Figure 1 - Operational budgeting process

The Budgeting workstream is part of the core scope of the Nonprofit model (NP model). However, some specific processes and/or requirements are not included in the core implementation level. For those, there is a reference in the chapter that identifies it as an Addition.

FP&A business planning (Addition)

The NP model comes with an out-of-the-box FP&A business planning capability. It supports the multi-year business planning process in Nonprofits capturing different income streams as grants, sponsorships, donations and local income. These income streams can come from ERPx or external sources such as Fundraising applications and Grant management solutions.

Expenditure for different cost categories is included, from personnel, travel expenses, procurement and administrative expenses. Both project expenditure as well as overhead expenditure can be captured.

The solution allows comparison of income and expenditure to find gaps in funding. It offers a full set of comprehensive reports and analytics for the business planning process.

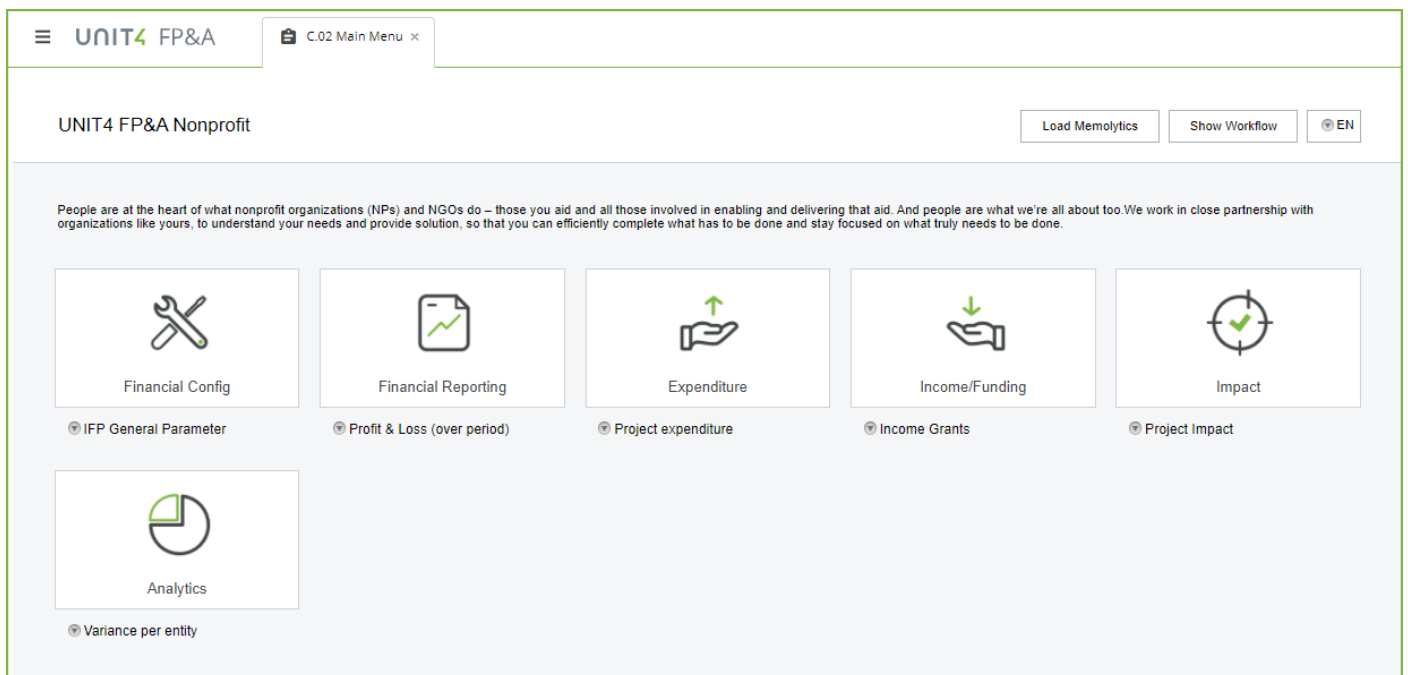


Figure 2 - FP&A business planning

The FP&A business planning capability is fully integrated with the ERPx backend retrieving all master data (e.g. chart of accounts, reporting structures, legal entities, projects, and cost centers). The data models are aligned, and replication takes place using REST APIs.

Multi-year budgeting

The multi-year budget allows for the definition of the organization’s strategic direction and funding initiatives and expenditure on a multi-year basis and on an aggregated level.

Register a multi-annual budget

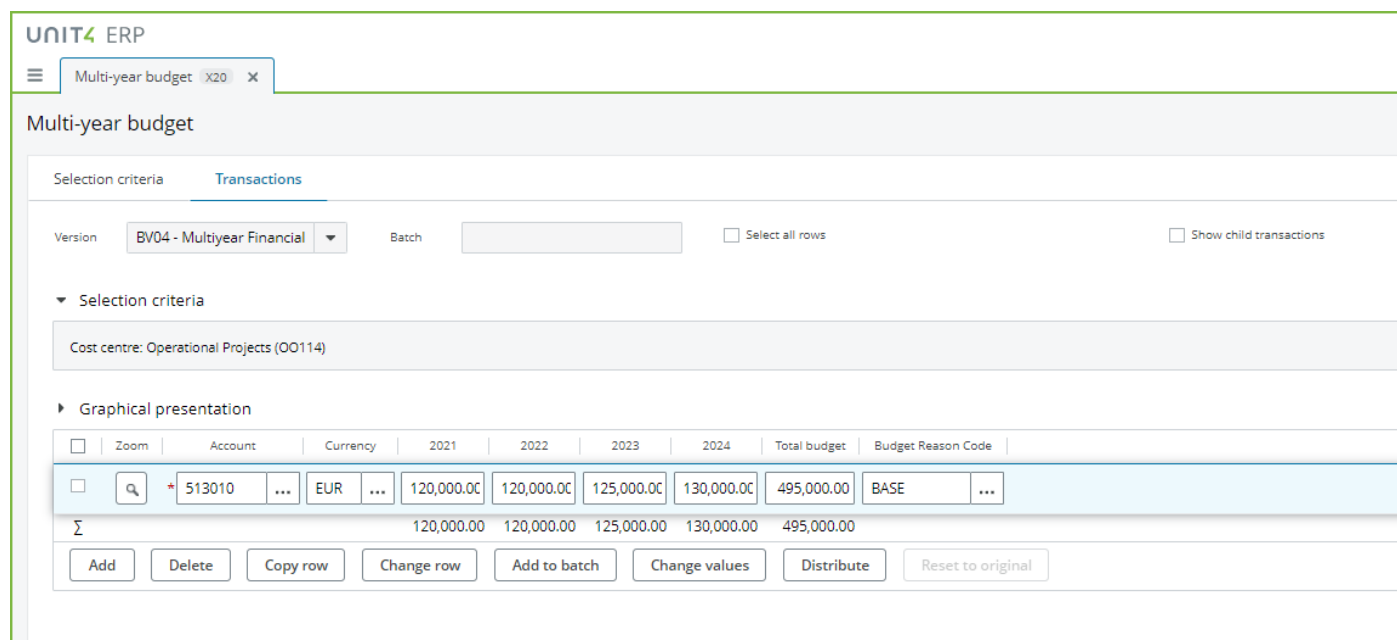


Figure 3 - Multi-year budget entry

The best practice approach chosen in the solution is to have a multi-year budget version for the coming 3 years. This budget is entered per cost center, account and budget amount.

Operational budgeting

Operational budgeting is the process that allows a company to estimate its finances for a future period and plans its operations accordingly. The user will be enabled to plan and budget in different horizons, with different versions, create the budget with data based on figures from different sources, revise it, run simulations to see the impact of changes, and inquire on every budget transaction.

The current year of the multi-year budget is used as a basis for operational budgeting on an annual basis. The operational budget has a bottom-up perspective per organizational unit (cost center) and specifies the annual budget in monthly periods per GL account defining the budget amounts in company currency.

Budget versions

A predefined set of 2 budget versions is configured to store the different versions of your operational budget. These versions are used to store the budget transactions in different reporting columns to compare the initial budget with the revised budget and later with the forecast. All versions have a yearly timeframe distributed in 12 calendar months.

Register initial operational budget

A budget entry process is provided to enter an initial operational budget per cost center and per account. The operational budget transactions are entered per GL account, cost center (organizational unit), currency and budget amount. A reason field is provided to define the nature of the budget transaction. An Initial budget transaction inquiry is available, allowing reporting on all transactions in this version of the operational budget.

As the last step in the process, the budget is copied to the Revised Operational Budget, in which changes might take place.

Reason code

A budget reason code is used to indicate the type of transaction. It allows enquiring on the reasons for entering or amending transactions. Predefined reason codes are:

Reason code	Description
ADIN	Additional Income / Grant
BASE	Base
EFFS	Efficiency Savings
GROW	Growth
INFL	Inflation
PAYA	Pay Awards
SERC	Service Changes
SERD	Service and Demographic Pressures

Manual entry of a budget

The transaction entry screen allows entering individual budget transactions by entering the GL account and amount. It offers selection criteria to select a cost center first, which is then populated in every transaction automatically. The budget amount is equally divided across the 12 monthly periods, but the user can zoom into the period amounts and amend this distribution.

Transaction entry

Selection criteria
Transactions

Version BV01 - Operational Initial I
Batch
 Select all rows
 Show child transactions

▼ Selection criteria

Account: *

▶ Graphical presentation

	Zoom	Cost centre	Account	Budget	Currency	Budget Reason Code
<input type="checkbox"/>	<input type="checkbox"/>	* OO106 ...	* 411010 (Incom	10,000.00	EUR ...	BASE ...
Σ				10,000.00		

Add
Delete
Copy row
Change row
Add to batch
Change values
Distribute
Reset to original

▼ Period value

Period	Budget
202001	370
202002	370
202003	370
202004	370
202005	370
202006	370
202007	370
202008	370
202009	370
202010	370
202011	370
202012	370

Figure 4 - Operational budget entry

Excel upload of a budget

An initial budget can also be created by importing budget transactions from Excel using a customized Excel Postback to extract data, transform it and upload it. The solution provides an Excel template with the budget structure and identifies the version to which data is transferred. This helps avoid mistakes when entering budget lines (e.g., Account number) .

Lock and copy of the budget

When the budget is final, further changes can be locked by freezing the budget version. The solution provides this lock by reducing the user access for inserting, updating, and deleting transactions and leave it only open with read-only access. The initial budget is now manually copied into the revised budget version for further amendments.

Register revised budget

This process describes all the steps to perform the reallocations and changes to the budget through the fiscal year. The process starts with the identification of the need to adjust the Operational budget. Then it is needed to enter the reallocations and amendments by adding new transactions in the revised budget version. The process ends when all transactions are final, and there are no more changes to the revised budget. To keep track of the changes, a budget reason must be entered.

The revised operational budget has the same timeframe as the initial budget having 12 monthly periods. The revised budget version is only available for inserting new transactions and does restrict updating or deleting transactions. This allows the budget's full history to be kept in this revised budget, including initial and revised transactions.

Operational Forecasting

The Financial Forecasting Process will enable the company to project its future estimate based on past results. This process will allow the company to transfer results from different sources to income and costs. The process begins with generating the forecast for the current year based on importing the actual and revised budget figures. When both sources are transferred into the operational forecast, the forecast amount can be captured and amended by the user due to changed/new insights. By saving the forecast, it can be reported on. The forecast can be compared with actuals, base, and revised budget in enquiries, and the variances can be calculated.

Forecast registration

In this solution, the forecast is done yearly. The timeframe used for this is 12 monthly periods. The level of detail for capturing forecast is by cost center, currency and amount.

Once the data is saved in the operational forecast version, the user can use the automatic forecasting tool to automatically calculate the forecast values. Three forecast calculation methods are provided:

- Keep original budget values by consolidating the actual and budget values
- Adjust to meet the original total budget by recalculating the budget values to meet the budget baseline
- Adjust to keep percentage variance by recalculating the values to keep the variation difference in percentage between budget and actuals per period

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