

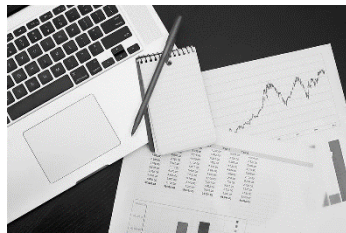
Florida State Association of PARLIAMENTARIANS



Budgeting: The Financial Plan

In any organization, money plays an important role in the health of the group in terms of enabling the mission and goals to be carried out. A very important element of the financial process is the budget.

A budget is simply a plan of action for accomplishing the organization's objectives—a plan expressed in financial terms. There is a direct link between the budgeting process and the group's ability to offer programs and services to members. Developing a budget, and then comparing actual financial performance with that budget, is one of the basic tools of effective management. It safeguards against over-spending, which can cripple an organization, and provides a clear record of accountability for members.



Effective budgeting allows a group to adjust its spending priorities, introduce new programs, set aside funds for the future, and comply with federal, state, and local tax codes. In summary, an effective budgeting process is essential to the ability to respond to members, deliver the right programs and services, and prepare for the future.

Once a budget has been adopted, only the adopting body, which may be the assembly, can modify or change the budget. Alternatively, the bylaws may provide the board of directors or the

finance committee the authority to amend the budget. Unless the bylaws specifically name another body, the authority for adopting and amending a budget rests with the membership.

Making a change to an adopted budget may be done by using the motion to *Amend Something Previously Adopted*. This motion requires (a) a two-thirds vote, (b) a majority vote when notice of intent to make the motion has been given, or (c) a vote of a majority of the entire membership. The bylaws may authorize a different vote to amend especially if this authority is given to a board or a committee. In many cases, a majority vote is indicated in the bylaws as the required vote to amend.

Because the budget is an estimate of expected revenue and anticipated expenses, it is not necessary to amend the budget merely because the income is less than hoped for or the expenses have gone over or under what was planned. It can actually be detrimental to do this as it makes understanding the actual outcome of planning more difficult to follow.

Good reasons to amend the budget might be to include a new category of expense or to add a line for revenue coming from a new source that was not in the picture when the budget was first developed.

The adoption of the budget does not authorize the expenditure of funds, only a motion can do this. The treasurer may be authorized to pay all items contained in the budget by a motion when the budget is adopted or a standing rule can be

adopted giving this authority. Without this authority, every expenditure must be authorized.

Robert's Rules of Order Newly Revised, 11th edition does not include specifics regarding budgets. It is assumed that an organization knows best how to adapt business practices to its specifications. The only references to a budget are in the basic format of the bylaws.

Article VI. Executive Board (or Board of Directors)

“A board may never alter a decision of the society's assembly (and an executive committee may never alter a decision of either the assembly or the board), even by a motion to Rescind or Amend Something Previously Adopted or by the adoption of a proposal which has been rejected, unless expressly authorized by the superior body or by the bylaws. Thus, for example, if it is desired that the assembly adopt an annual budget but that the board is empowered to alter it to deal with contingencies that may develop, the bylaws (or the budget resolution) must specifically confer this power on the board.” (RONR 56:41)



Treasurer and four other members shall be appointed by the President promptly after each annual meeting. It shall be the duty of this committee to prepare a budget for the fiscal year beginning the first day of April and to submit it to the Society at its regular meeting in March. The Finance Committee may from time to time submit amendments to the budget for the current fiscal year, which may be a majority vote.”

(RONR 56:65)

As the leadership of groups thinks about good financial management and sound budgeting procedures, it may also want to consider adopting standing rules or policies that will address many of the issues that may arise. These are some common questions that come up:

1. The treasurer is assigned the basic duty of accounting for all funds and is responsible for the expenditures. Who is responsible for budget control?
2. Under what circumstances may budget exceptions be granted and by whom?
3. What penalties are imposed for exceeding budget allocations?

The answer to these and many other questions is the responsibility of the organization and should be decided by the membership or delegated to the leadership to resolve.

Sample Bylaws Article VII. Committees

“Section 1. Finance Committee. A Finance Committee composed of the