DC | HEALTH
GOVERNMENT OF THE DISTRICT OF COLUMBIA

FINANCIAL FORECASTING

HIV/AIDS, HEPATITIS, STD, AND TUBERCULOSIS ADMINISTRATION

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Overview:

- Definition and Purpose
- Budgeting vs. Financial Forecasting
- Steps of Financial Forecasting
- Resources and Tools
- Outcomes

What is Financial Forecasting?

Financial forecasting:

Estimates the sub-recipient's future financial outcomes by examining historical data, planned activities and anticipated service delivery, if applicable.

Purpose:

Financial forecasting allows the sub-recipient to anticipate results based on previous financial data. Track whether the sub-recipient meets their financial goals as outlined in the budget. Help to minimize the need for budget modifications throughout the budget period.

Budgeting vs. Financial Forecasting

- Budgeting provides an outline by line item of the expected cost of expenditures for the delivery of planned services the agency wants to achieve for a grant period.

- Financial Forecasting estimates the cost of expenditures for the delivery of planned services within the defined budget period.

Steps of Financial Forecasting

To effectively forecast the expenses in the grant, it should accurately reflect the grant program objectives, make estimates and projects based on your institution's financial historical data, and be properly allocated based on the grantor's policies and regulations, including all direct and indirect projected expenses and the forecast of the salaries making sure the staff is not overcommitted within all your funding sources. To accurately forecast all your revenue and expenses, the forecasting should include any projected program income and other funding sources of support.

- Decide on a time frame for the forecast
- Gather all past financial documents, resources, tools, and necessary paperwork around the time frame
- Document, monitor, and analyze the data
- Request and make relevant changes to the budget (i.e., budget modifications (based on the awarding agencies' budget modification policy), Award amendments, and/or reprogramming request)

Resources and Tools for Financial Forecasting

- Spending Plan
- Categorical Budgets
- Expenditure Reports
- Report Card Calculation Sheet
- Redesign Capacity Assessment Tool (RCAT)
- Purchase Order (Fiscal Year)

Outcomes of Financial Forecasting

- Minimize the need for budget modifications or award amendments
- Favorable outcomes on the RCAT
- Allows the awarding agency to decide on funding based on actual deliverables and outcomes
- Allows sub-recipients to plan next steps better
- Allows sub-recipients to create accurate budgets

Why is Financial Forecasting Important?

- Financial forecasting is important because it sets sub-recipients up for success. Most stories of success begin with a well-laid plan. Don't ignore the benefits of financial forecasting just because you're too busy, it's too complicated, or any other excuse.
- Financial forecasting and adherence to budgets result in more efficient operations and increase the probability of obtaining program results while still maintaining compliance and within the parameters of local and federal policies and regulations. Efficient financial forecasting for grants begins at the pre-award stage and provides a framework for achieving the goals and objectives of the award and serves to effectively communicate the project's framework consistently to all stakeholders involved in the process. Financial forecasting should be an integral part of your fiscal and financial best practices.
- Financial forecasting allows you to make more informed business decisions rooted in facts and data.

Financial Forecasting

Budgeting and forecasting are the same?

TRUE or FALSE

Financial Forecasting

FALSE

Budgeting provides an outline by line item of the expected costs of the expenditures the agency wants to achieve for a grant period.

Financial Forecasting estimates the cost of expenditures for the delivery of planned services within the defined budget period.

Financial Forecasting

Financial Forecasting is important.

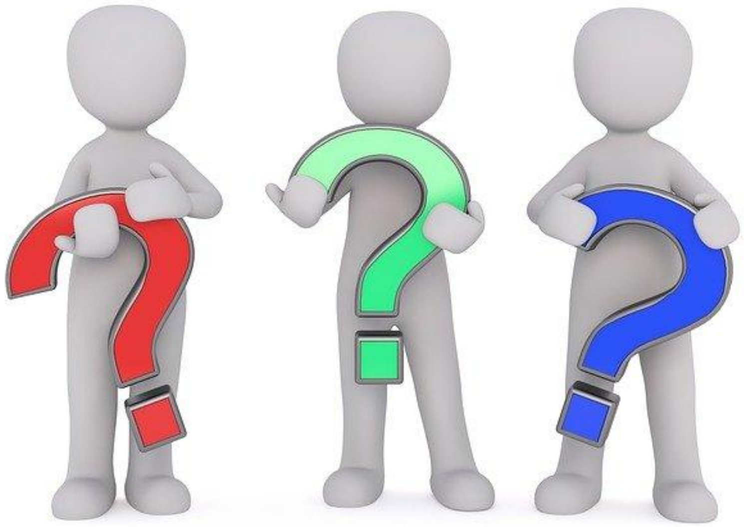
TRUE or FALSE

Financial Forecasting

TRUE

Financial forecasting is important because it sets sub-recipients up for success. Most stories of success began with a well-laid plan. Don’t count off the benefits of financial forecasting just because you’re too busy, it’s too complicated, or any another excuse.

Questions



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