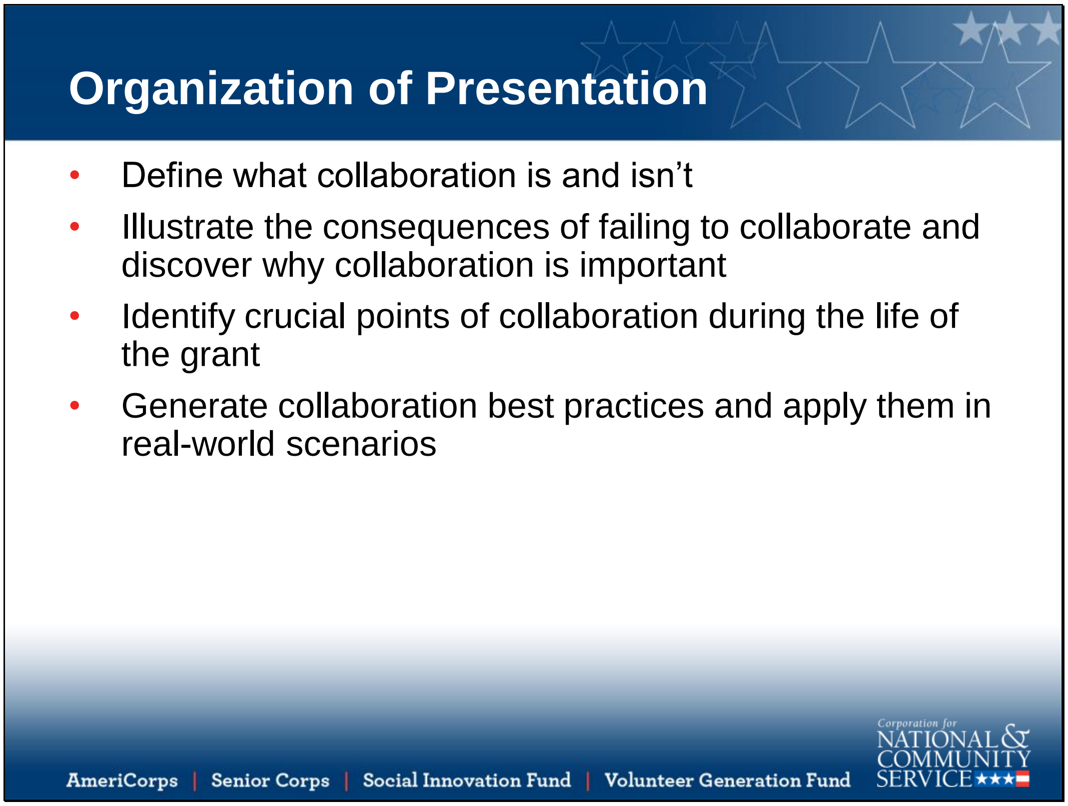
Workbook

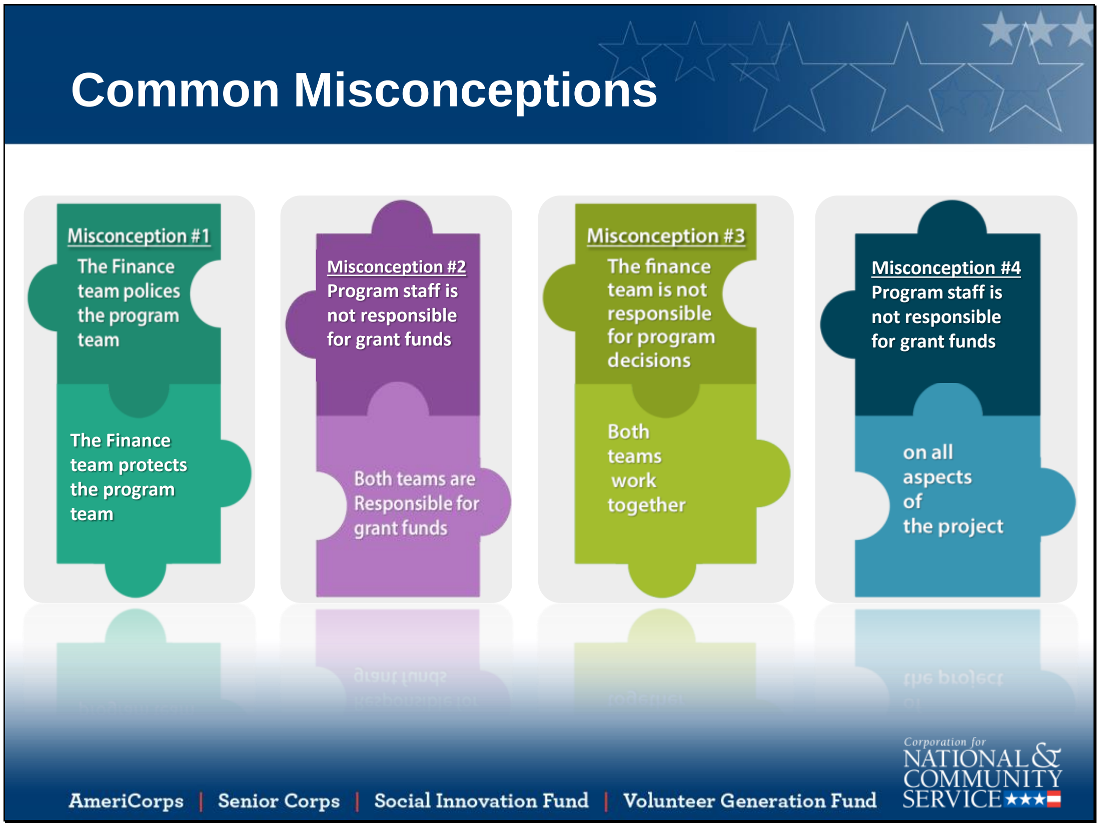
Effective Program and Finance Team Collaboration

Welcome to the "Effective Program and Finance Team Collaboration" workbook. This workbook focuses on how to promote communication and collaboration between your Program and Finance teams that work to support your CNCS grant. Applying these concepts will help keep your organization running smoothly by demonstrating the benefits of effective team collaboration and helping you avoid the pitfalls associated with over- or under-spending.



The sections of this workbook correspond with the Learning Objectives on the prior page. In the first section, we will define what we mean by collaboration between the program and finance staff. Next, we will illustrate the importance of collaboration by exploring common consequences when collaboration does not occur. In order to help you avoid these consequences, we will then identify crucial points of collaboration during the life of your grant and will conclude by detailing collaboration best practices and help you to apply them in real-world scenarios.

Let's get started!



To begin, let's explore some of the common misconceptions associated with collaboration.

<u>Misconception #1:</u> Often, members of the program team believe the finance team is there to police their actions, look over their shoulders and inhibit productivity by adding "red tape." In reality, the exact opposite is true. The finance team is there to protect the program team, assuring that they have the funding needed to accomplish the organization's goals.

<u>Misconception #2:</u> Members of both teams sometimes believe that program staff are not responsible for the grant funds. In fact, both teams are equally responsible for grant funds and will be held accountable if funds are not used or documented appropriately. Both program and finance team staff share this responsibility to assure that grant funds are used correctly.

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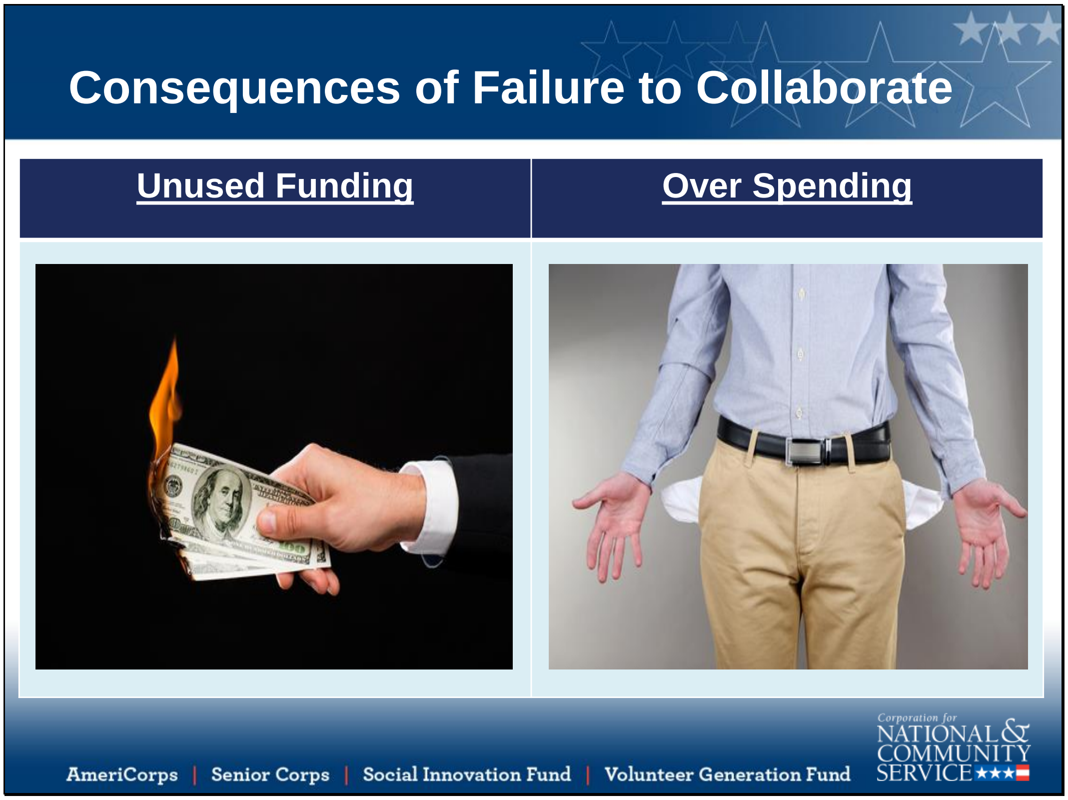
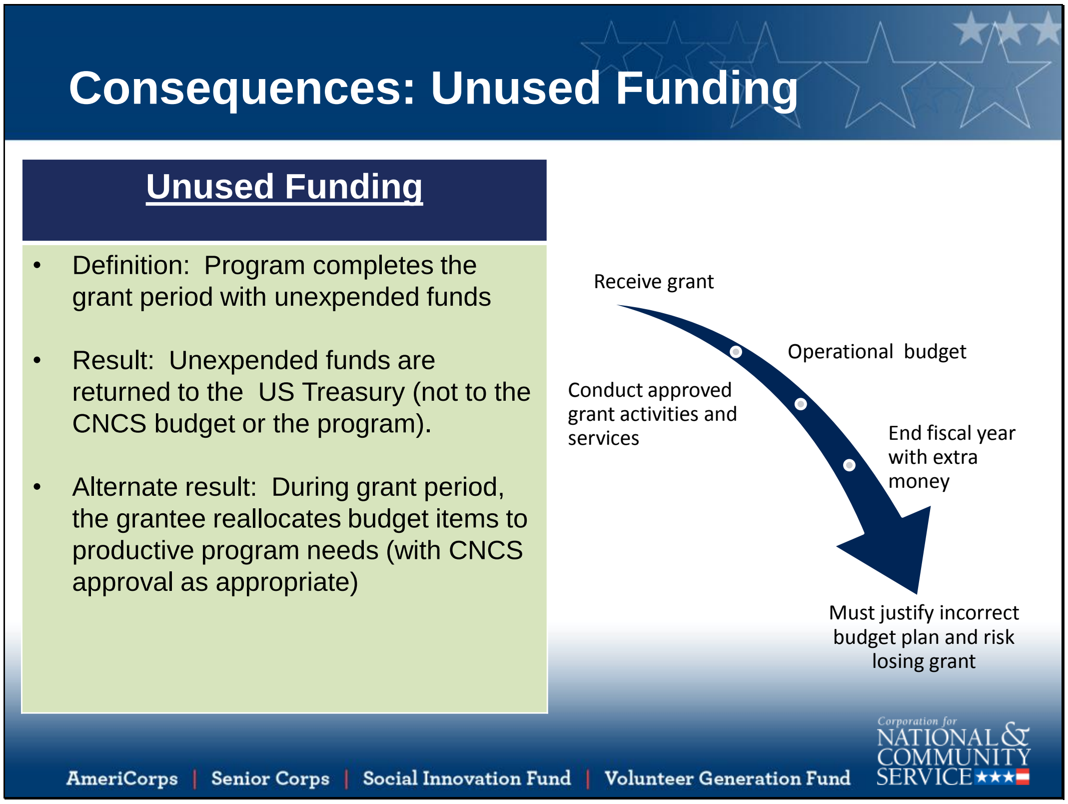
Misconception 3: Program team members may omit finance team members from decision-making processes, believing that the finance team members are merely there to process transactions and manage accounts. Similarly, finance team members might try to avoid responsibility for decisions for the same reasons. The reality is that the program and finance teams are one project team with shared responsibilities for all parts of a project. This is the essence of good collaboration.

Misconception #4: Finance team members sometimes do not involve the program team in budgeting, recordkeeping or reporting. Similarly, program team members might delegate these duties, believing them to be solely responsibility of the finance team. Again, however, the reality is that the program and finance teams must work together on all parts of a project, including budgeting, recordkeeping and reporting. Merely informing the other team of action is not enough, both teams must be involved and actively working together.

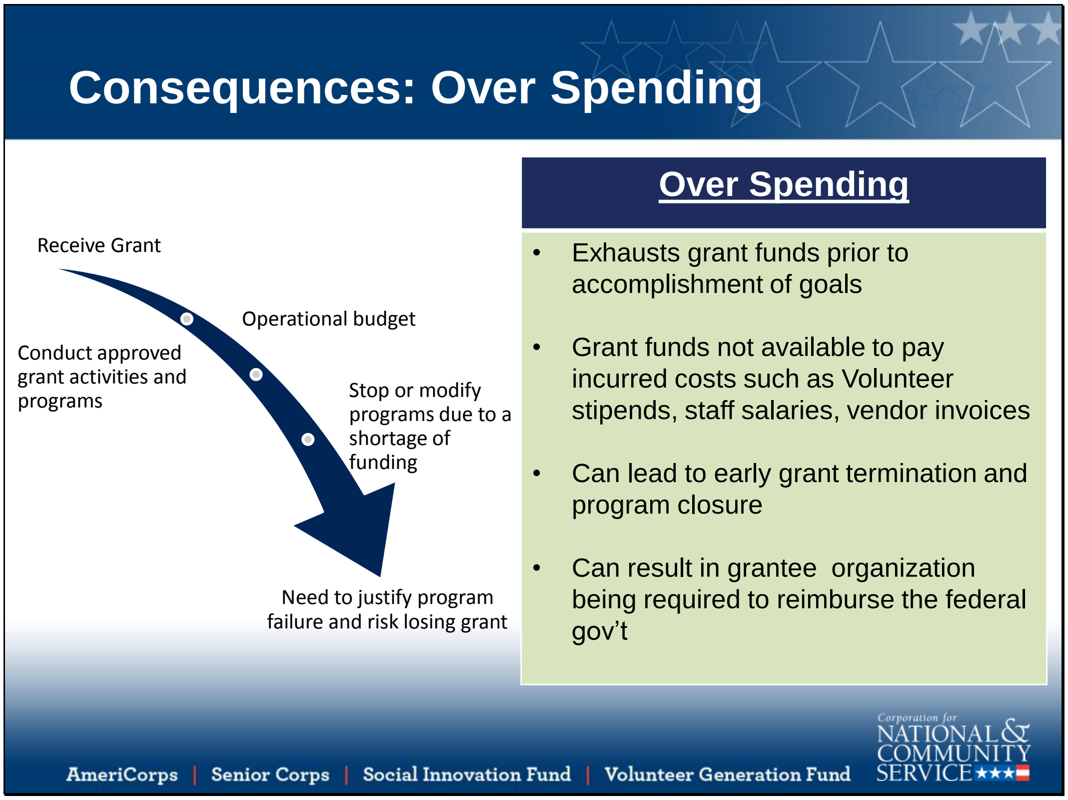


Many of the misconceptions result in collaboration failures. When collaboration fails, the result typically falls into one of two categories: unused funding, or overspending.

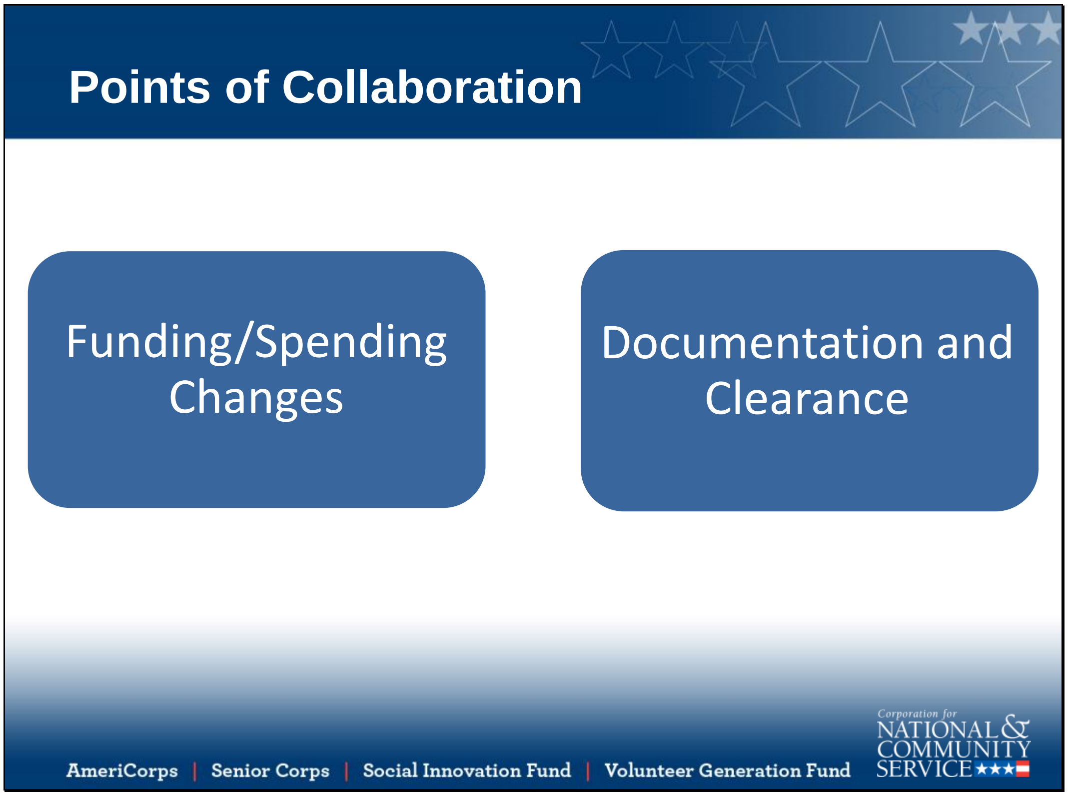


Excellent stewardship of public funds may result in unexpended funds at the end of the grant period. However, unexpended funds can also result from poor program and budget planning and execution. Whatever the cause of unexpended funds, at the grant close-out the correct action is to return those funds to the US Treasury.

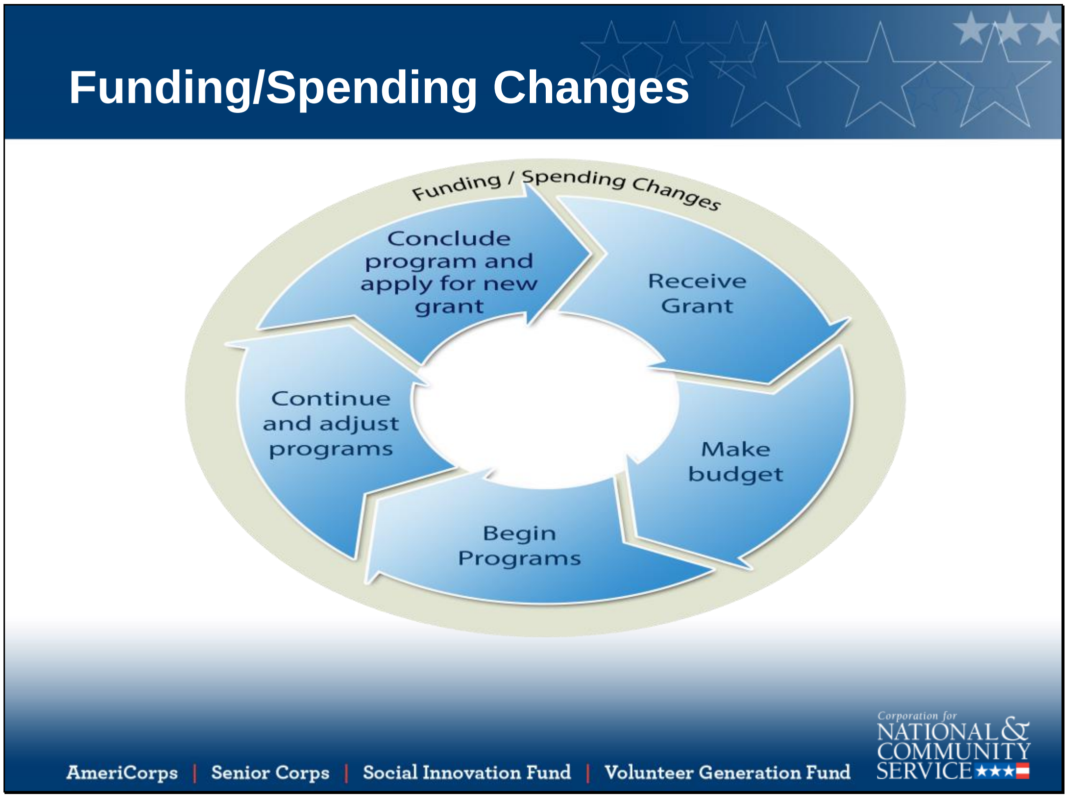
Good collaboration between program and financial teams includes regular review of program performance against budget execution for the purpose of assuring that adjustments to plans and operating budgets are made to maximize program outcomes. Not using funding fully effectively negatively impacts the current program, and may put the organization at a disadvantage during the next grant cycle based on performance and budget control. The program and finance teams should communicate continuously to identify cost savings and opportunities to reallocate funding to productive needs within the program.



Under spending is a serious problem, but over spending is also a serious consequence that can result from poor collaboration. In the event that a lack of communication about the program costs and available budget leads to overspending, serious consequences can occur for your program, the grantee organization, volunteers, and staff. In extreme cases, the lack of funding may require your programs to shut down entirely. In less extreme cases, the valuable services your program provides to the community may be altered or not delivered altogether. To avoid these kinds of situations, the program and finance teams need to continuously collaborate to judiciously review and, if appropriate, reallocate resources.

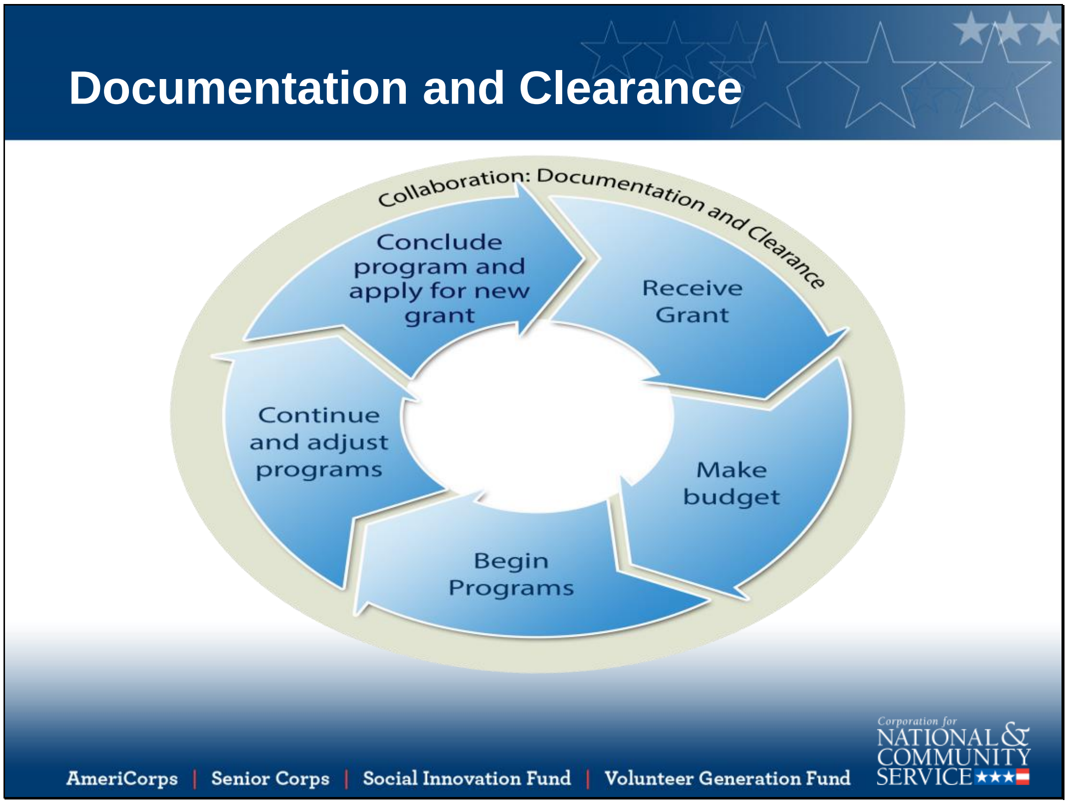


Now that you have a good understand of what collaboration is and why it’s so important to the health of your organization, the question becomes, “When and how can I implement or improve collaboration efforts in my program”? The next two pages address this question, explaining the two major areas where collaboration should ideally take place between the program and finance teams.



The first area for collaboration is funding and spending changes. It is critical that there be clear and regular communication between the program and finance teams regarding the program spending and program budget so that both parties have a shared understanding of what is being spent in the context of the funding available.

To understand this fully, consider the following examples. The program team decides not to hire for a position that was budgeted for. In an ideal collaboration environment, the program team communicates this decision to the finance team so that both groups can work together to decide what to do with the funding not required for the position. Alternatively, if the finance team reviews the budget and finds that funding is being spent faster than expected, the finance team should communicate that observation to the program team and discuss where reductions or efficiencies can be implemented. In the graphic above, collaboration is occurring throughout the grant cycle as illustrated by the grey area that surrounds the grant cycle.



The second area for collaboration is in documentation and clearance. In documentation and clearance processes such as criminal history checks, timekeeping and documentation of purchases, the program and finance teams need to be in sync to assure the program side is completing and documenting all the necessary checks that the finance team needs to accurately report on the program and prove its compliance with grant regulations.

For example, consider a program team that is struggling to fill out purchase orders that they view as burdensome and unnecessary. Asking the finance team for help can provide context and perhaps, alleviate their problems. In this case, the finance team should explain that the purchase order demonstrates that program purchases were made with the authorization of all necessary parties. In effect, this protects the individual making the purchase and the program.

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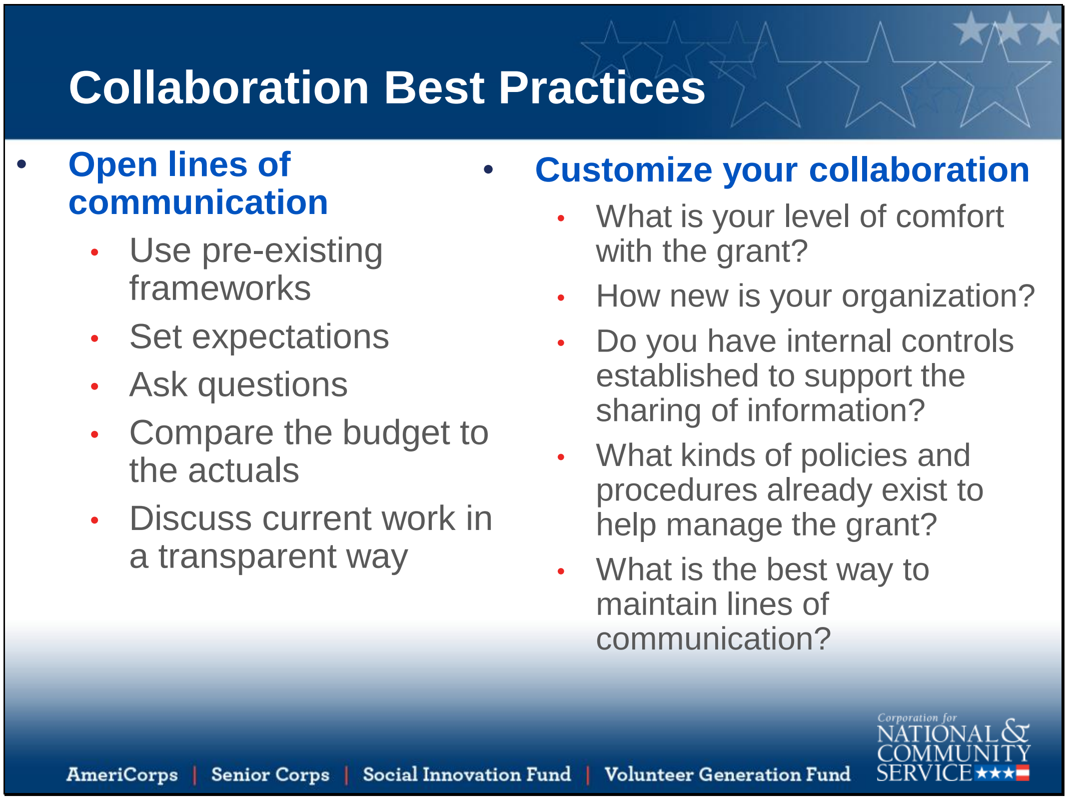
In this case, the finance team and program team can also discuss changing the purchase order process. There are typically many different options that programs have available. By combining the program team’s knowledge of practical limitations and the finance team’s expertise in different reporting methods, a solution can be found that meets everyone’s needs. Collaboration and problem-solving like this should be occurring throughout the life of the grant, but especially in the beginning stages and as soon as any problem is identified.



Since collaboration should be occurring throughout the life of your grant, establishing processes to promote the process is crucial. Regular meetings, standardized timekeeping practices, authorization of transactions and cash receipt procedures can significantly reduce the effort it takes to maintain effective collaboration and communication between teams. If you are interested in hearing about these procedures in more detail, make sure to review the CNCS workbook on *Establishing Effective Policies, Procedures and Management Controls* available on the National Service Knowledge Network.

In addition to effective procedures, there are some best practices to keep in mind to promote collaboration within your organization. The key to all of these best practices is open and constant communication between the finance and project teams. These open lines of communication will allow you to set expectations, ask questions of your colleagues, compare the budget to the actual expenditures and discuss your work in a transparent way.

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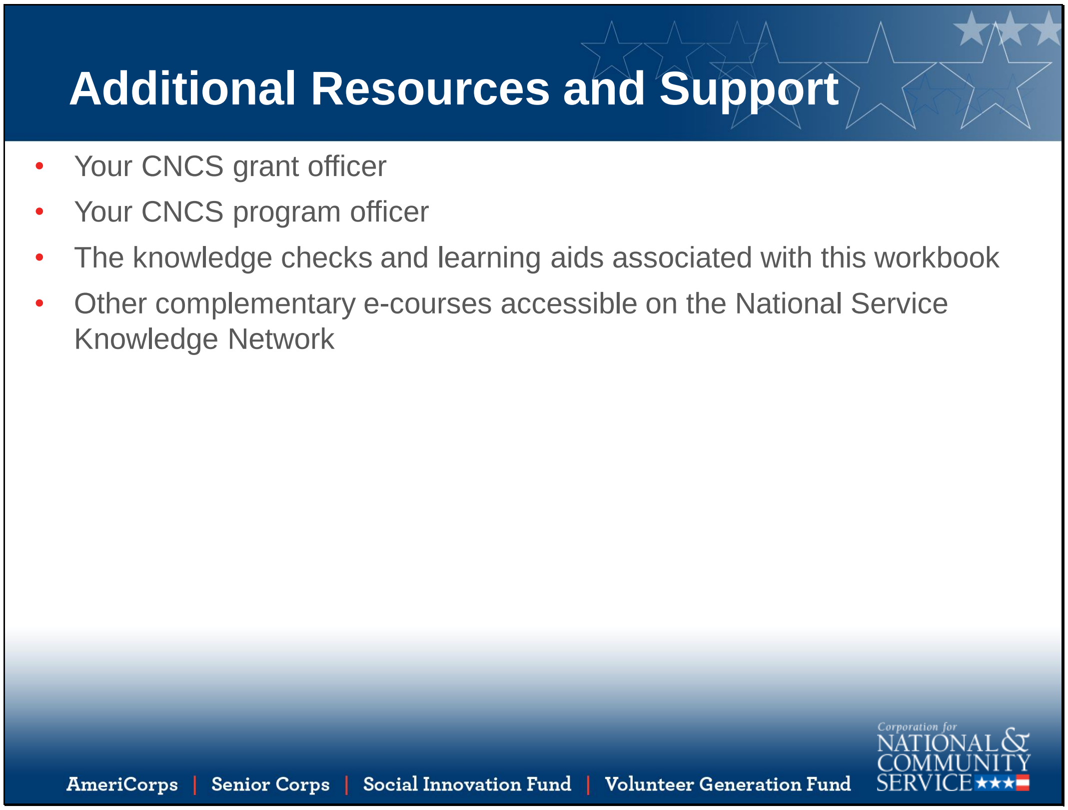
In most cases, these lines of communication already exist. Don't feel like you need to invent an entirely new process. Meetings and existing internal reporting mechanisms can be modified and improved to fit your collaboration needs. Remember, it is important to tailor the way you collaborate depending on how your organization functions. If you are dealing with a grant for the first time, more frequent, more formal collaboration may be needed. The same can be said for organizations that may not have internal controls or policies and procedures already in place to support communication. For some smaller organizations, communication may flow informally and naturally because the program and finance teams interact constantly. For other organizations, more formal meetings may be required to keep the lines of communication open. The first step to customizing how collaboration works in your organization is to collect ideas from program and finance teams about how best to accomplish this with minimal additional activities or layers of reporting.



For additional support, don't hesitate to reach out to your CNCS grant and program officers. You can also explore the other complementary eCourses and learning materials accessible on the National Service Knowledge Network. For your continued development and in support of the material in this workbook, there are knowledge checks and a learning aid in the appendix to this workbook.

Knowledge Check # 1: Question

How should the Federal Financial Reporting (FFR) form be submitted?

A. The finance team asks the assigned program staff to complete the FFR.

B. The Finance team copies the assigned program staff when the FFR is submitted

C. Two weeks before the FFR is due, the finance team asks the assigned program staff to review the FFR to assure accuracy.

D. The finance team schedules a meeting to discuss the FFR, but the program team does not respond and the FFR is not submitted.

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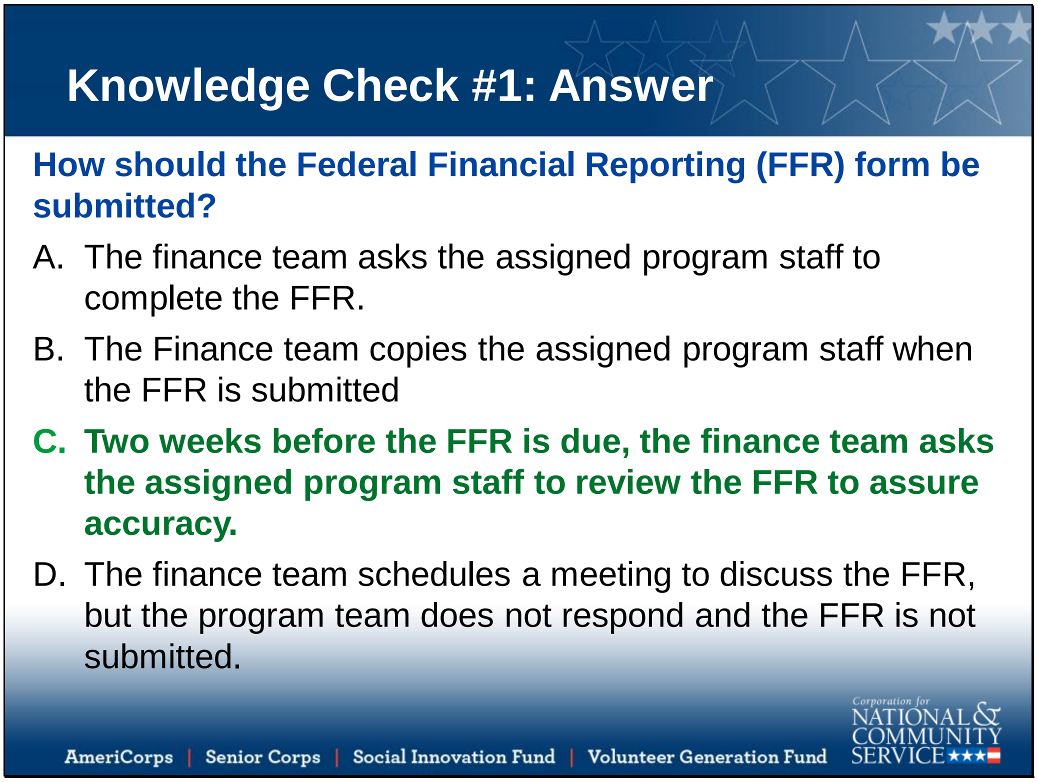
Let's check your knowledge to make sure you have a firm grasp on the concepts discussed in this workbook.

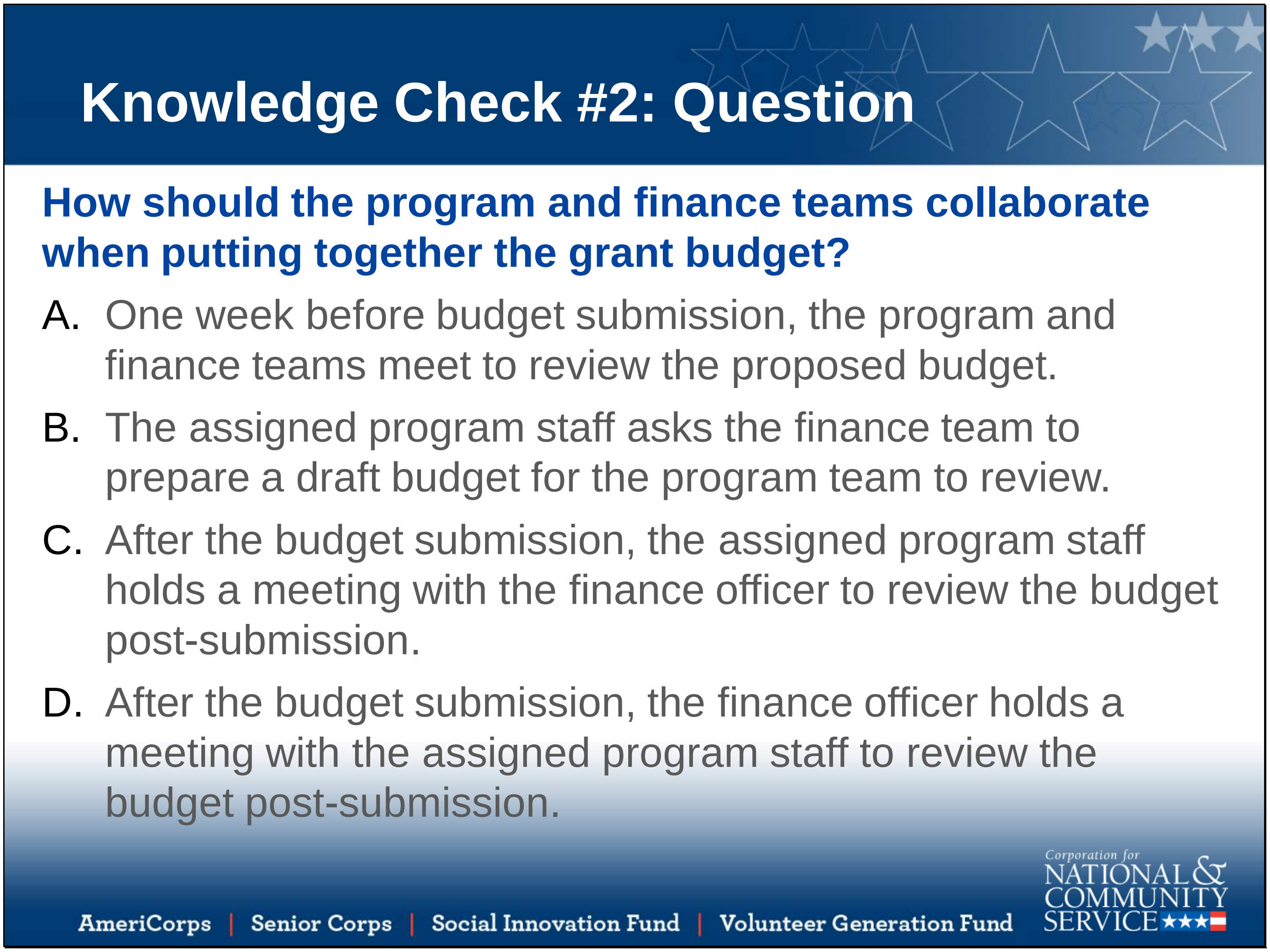
An organization must periodically submit a Federal Financial Report (FFR) on its expenditures, available funds balance and other fiscal matters. How should the FFR be prepared for submission? What would be the best method to collaborate on this task?

Take a moment to examine the question and the answer options. When you're ready, turn to the next page for the correct answer.



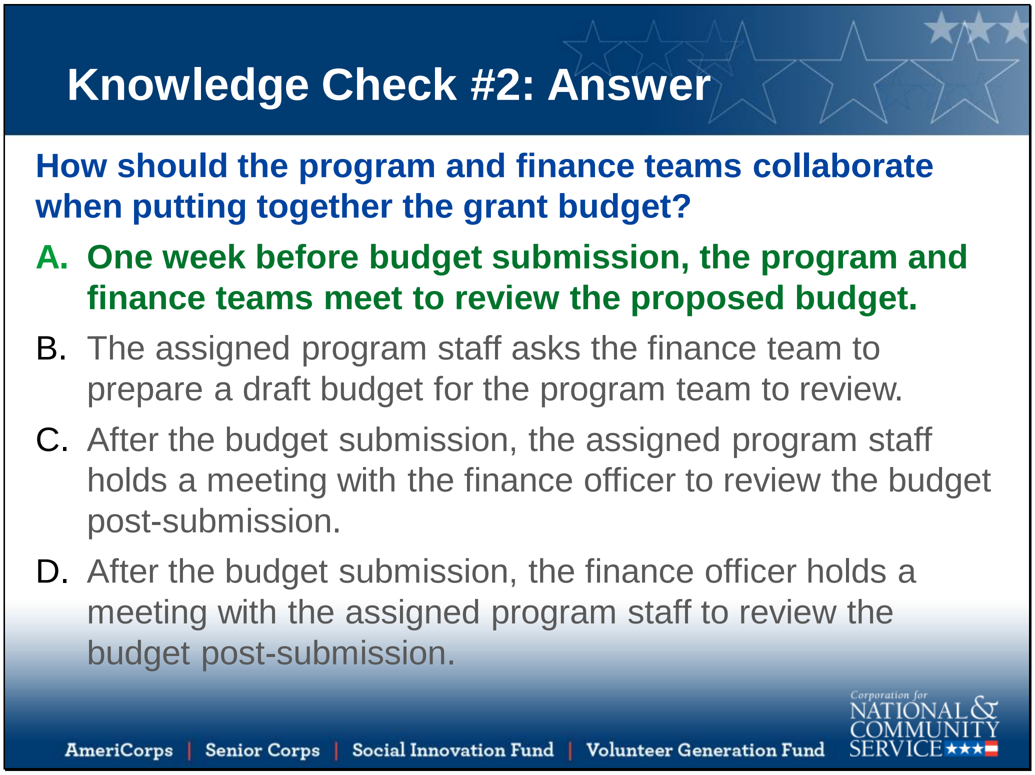
Option C is the best response because both teams review and agree on the information before the FFR is submitted. Option C also fosters communication between the teams and creates opportunities to discuss other points of collaboration. Option B would be acceptable, but is certainly not the best option, since it reduces collaboration and prevents the assigned program staff from reviewing the FFR before it is submitted.

Keep in mind that option B would be acceptable, but is certainly not the best option, since it limits collaboration and prevents the assigned program staff from reviewing the FFR before it is submitted. C is the best response because both teams have input to the FFR before it is submitted. Not only that, but option C also fosters communication between the teams and creates opportunities to discuss other points of collaboration. Options A & D are unacceptable.



When putting together a grant budget, what is the best way for the program and finance teams to collaborate?

Take a moment to examine the question and the answer options. When you're ready, turn to the next page for the correct answer.



Option A is the best response, because both teams review and have input to the budget before it is submitted. C is also an acceptable response, but prevents the finance officer from having input to the submitted product.

Option B is acceptable, but is not the best option. This approach achieves input from both teams, but using a collaborative, or shared, development process would achieve stronger teamwork. Option A is the most collaborative process and most likely to achieve a high quality product and future teamwork.

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Option C is acceptable, but is not the best option. Although the teams meet and discuss the budget, the finance officer does not have input to the budget before it is submitted. Budgets and funding allocations can change throughout the life of a grant, so it’s always best to have an accurate, agreed upon budget from the beginning. Option A is the best way to achieve this goal.

Option D is acceptable, but is not the best option. Although the teams meet and discuss the budget, the assigned program staff does not have input to the budget before it is submitted. Budgets and funding allocations can change throughout the life of a grant, so it’s always best to have an accurate, agreed upon budget from the beginning. Option A is the best way to achieve this goal.

Learning Aid: Worksheet

Instructions:

After reading each scenario use the table provided to identify gaps in collaboration, consequences of these gaps, and appropriate collaboration actions that could have been taken to prevent these results.

Scenario 1:

An educational organization recently received a CNCS grant to support an after-school program that provides academic support to underprivileged neighborhood children. Many of the tutors who staff the program are volunteers, but a team of part-time managers of the after-school program serve on the organization's payroll. It is these managers who plan the budget for the after-school program, factoring in their salaries as well as the rent required for the school building, purchases of educational materials and purchases of a daily snack provided to the children – the snack serves as an incentive to boost attendance.

The managers of the program submit their budget in August after approval by the organization's finance team. As soon as the school year starts, however, it is clear that the demand for the program is straining the budget. Many more students than expected show up to the program and the program managers buy more snacks to accommodate all the children. The managers take on more volunteers, but can't find enough help to meet the tutoring need and started staffing the program themselves full-time – straining the personnel budget. The managers also buy more school supplies than they had originally forecasted in order to meet demand.

By early October, it is clear to the program managers that they need to amend their budget. Unfortunately, however they are concerned that the immaturity of their program puts them in a weak position to ask for more money from their parent organization. They are afraid that their overspending will result in the cancellation of the grant.

The after-school program exhausts its grant funding by mid-November. The program is stopped, and the program managers are not paid. Worst of all, the children who benefited from the program no longer have the safe after-school environment or support structure for their academic work they clearly needed. Because of these failures, the parent organization fails to receive grant funding for the next academic year, despite having support from the local community to demonstrate a dire need.

CONSEQUENCES OF OVERSPENDING	HOW TO AVOID CONSEQUENCES

Scenario 2:
A charitable institution has received a CNCS grant to operate several soup kitchens in several low-income neighborhoods in Detroit, Michigan for the past five years. Each soup kitchen is managed separately by an on-site site director. Because the soup kitchen all receive funding from the same grant, site managers submit financial reports and receive budgetary constraints from a centralized financial office. Site managers have no say in their budget and must work within the constraints placed upon them by the financial office.

During one year, all of the soup kitchens struggled to operate within budget. The financial downturn meant that demand for their services were high and they found that they had to turn people away or risk overspending their budgets.

As the economy recovers, however, some sites remain busier than others. Many sites have increasingly less demand for their services – They are not using as much food and have found that they have to hire less staff. Some of these sites even spend the extra money to spread awareness of their efforts in the neighborhoods in an attempt to help more people, but they still end the year with extra funding. However, because they are accomplishing their goals, these sites do not communicate their excess funding to the central financial office.

Still, in certain neighborhoods many people are still out of work and depending on the organization's soup kitchens. These soup kitchens are still turning people away, struggling to operate under the tight budgetary constraints enacted during the financial downturn. Frustrated that they have no voice in the budgeting process, and discouraged at their inability to alleviate the suffering they see in their neighborhoods, they maintain a stony silence with the financial office. They submit the required forms, but give no indication that funding is not meeting their needs.

At the end of the fifth year, the entire grant budget has not been spent and the unused funds are returned to the Treasury. Many of the site managers in struggling neighborhoods quit to find better working environments. The central financial office is still unaware of the budgeting imbalance.

CONSEQUENCES OF UNDERSPENDING	HOW TO AVOID CONSEQUENCES

Learning Aid

Scenario 1:

CONSEQUENCES OF OVERSPENDING	HOW TO AVOID CONSEQUENCES
• Sample Responses ○ Employees lose income ○ Program is cancelled ○ Children do not receive the service	• Sample Responses ○ Collaborate with finance team who will have ideas about how to re-allocate spending ○ Reduce or eliminate snacks, since attendance is not low ○ Limit overspending of budget despite the evident need. Operating a small, successful program is evidence that more money is needed in future – this will help justify future grants, perhaps for increased funding ○ Finance team might be able to convince the parent organization to reallocate funding

Scenario 2:

CONSEQUENCES OF UNDERSPENDING	HOW TO AVOID CONSEQUENCES
• Sample Responses ○ Hunger not alleviated in certain neighborhoods ○ Site managers quit ○ Grant funds not used effectively and wasted	• Sample Responses ○ Central financial office should allow sites to submit budgetary requirements at the beginning of each year ○ Sites should review spending and report financial need or excess. ○ Budget should be reviewed more often in order to ensure that it aligns with current environment ○ Financial office could try to put some representatives on-site