FACILITY ENGAGEMENT
Specialist Services Committee

Budgeting and Financial Planning Guidelines

Tools:

- AR submission package template (updated yearly)
- Financial statements (check with your financial administrator)
- Previous MSA work plan and budget
- FE Resources
    - Work Plan Template
    - Engagement Activity Intake Template
    - Project Plan Template
    - Budget Planning Template

Quarterly Planning

Estimated Times for Completion:

Time frame: Minimum quarterly in July, October, January, and March

Engagement activities are the heart of Facility Engagement work, though each organization approaches them differently. Best practice is to review all engagement activities at least quarterly. Review and completion timeframes depend on the total number of engagement activities and the number completed. The time required to complete quarterly reviews will decrease over time.

Key points:

- An MSA can allocate uncommitted budget to engagement activities only if it does not exceed the total available allocation.
- Engagement activities and their budgets should be reviewed at least quarterly to determine whether activities and spending are on track, free up unused funds, and adjust as necessary before new engagement activities are considered.

Steps:

1. Review engagement activity spending in FEMS, flagging those engagement activities whose spending is irregular (e.g. more/less than anticipated or stalled).
2. Follow up with the engagement activity lead for an update. This process can be as formal or as informal as it suits the MSA, but it should cover three key areas.
    a. Are the budget and work on track?
        i. Yes - proceed as normal
        ii. No - Overspending? Underspending? What needs to happen to remedy the situation?
    b. Have barriers and/or risks been identified?
    c. Are there any changes to the planned activity?
    d. If an engagement activity is to be closed, finalize it in FEMS and evaluate it. Update SEAT. Flag unused funds for reallocation in FEMS.

3. Make decisions and approve budget adjustments. Having up-to-date engagement activities and financial information is essential.
    a. MSA leadership should review the updated engagement activities and overall budget. They may decide to make budget adjustments (increase/decrease) and decisions (close, defer, or decline the request) regarding engagement activities. If the overall annual budget is projected to exceed the MSA's total available allocation, the MSA executive/working group must review the overall budget, including all engagement activities, and make decisions (e.g., adjust engagement activity budget allocations, reassign funds, curb spending).
    b. Based on MSA executive/working group decisions, re-allocate unused funds and update FEMS.
4. Engagement activity intake. Accept new engagement activity proposals if operational capacity and uncommitted budgets are available.
    a. Vet proposals based on alignment with MOU objectives, funding guidelines, MSA strategic priorities, feasibility, uncommitted budget, and health authority priorities (as appropriate). Consider adjusting the project budget and/or timeline if the engagement activity is projected to extend beyond March 31st. Accept/reject proposals.
    b. The MSA administrator confirms expectations, responsibilities, and timelines with the engagement activity lead.
    c. Set up approved engagement activities in FEMS and allocate budget for the current fiscal year.

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New Fiscal Year Planning

Estimated Times for Completion:

Timeframe: January - March

Setting strategic priorities, a work plan, and a budget are key steps to ensure MSAs can maximize their total available budget. These tools will help MSAs achieve their annual engagement goals, stay financially and logistically organized throughout the year, and stay within their total available allocation.

Steps:

1. MSA develops and approves strategic priorities for the next fiscal year. A formal long-term strategic planning session is recommended every 3-5 years. The results of this can inform annual strategic priorities. You may also wish to refer to previous annual strategic priorities.
2. MSA develops a work plan and budget based on strategic priorities for the next fiscal year. To ensure sufficient funding for your activities, try to develop the work plan and budget simultaneously. See the examples provided.
    a. Use your updated budget from the previous financial year/FEMS to see how much was spent on internal operating expenses, governance, and working group/committee costs. Identify engagement activities being carried over into the new financial year. Insert these into the draft budget for next year.
    b. Allocate a contingency of approximately 5% of your total available budget; consider assigning this as a separate engagement activity or building it into each engagement activity in FEMS and in your draft budget.
    c. Calculate the remaining budget available for new engagement activities based on your total available allocation. Review the MOU, funding guidelines, and health authority strategic priorities to guide your planning. Define and allocate budget to next year's engagement activities. Insert into the draft budget.
    d. Develop a work plan based on strategic priorities.
3. MSA leadership approves the work plan and budget for the next fiscal year. Based on the approved budget, update FEMS for the new fiscal year and allocate funds.

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Budgeting and Finance FAQs

1. **What is the recommended frequency of activity intake?**

   It is recommended that the intake of new engagement activities be considered quarterly. This practice allows MSAs to reallocate uncommitted budget from completed engagement activities and optimize financial control over their overall budget. When considering multi-year projects, determining the budget to allocate in each fiscal year is essential. Remember: Any activities that continue into future fiscal years will also be funded from funds available in those years.

2. **How will I know how long an engagement activity will take?**

   Seek advice from the project lead to determine how long their engagement activity will take. The project intake proposal form includes this key question for budgeting purposes. Completion timeframes for engagement activities may change from the initially proposed timeline; a quarterly review of activity progress is recommended.

3. **How much should I budget for an engagement activity?**

   The project intake proposal form includes this key question for budgeting purposes. You may also wish to search the SEAT database for a similar engagement activity and reach out to the MSA to see what was budgeted for. Key costs to consider are sessional, catering, meeting space, accommodations, travel, supplies, and contingency funding.

4. **Why should we have a contingency fund?**

   A contingency fund is cash reserved to address unforeseen circumstances or losses. Its role is to improve the MSA's financial stability by developing a safety net to address emergency needs and new high-priority issues as they emerge.

5. **What amount should I budget for contingency funding?**

   Consider any extenuating circumstances that may apply, and set aside approximately 5% of your total available allocation for contingency purposes.

6. **What process should be taken for engagement activities that take multiple years to complete?**

   If an engagement activity is expected to last beyond the current fiscal year, allocate only the amount required up to March 31st to FEMS, and note the remaining funding required in a separate document. If the carryover of an engagement activity's budget is unexpected, the MSA should develop a process to receive and vet carryover requests to the next fiscal year and budget. Ideally, any carryover issues are identified by the third quarter of the current fiscal year.

7. **What are the recommended steps to consider when engagement activities are over budget or not moving forward?**
    - What outcomes/milestones have been achieved so far (as stated in the project intake form) with respect to the entire project (progress of the project)?
    - Review the rationale for the cost overruns to determine whether they are reasonable.
    - How much more must be allocated to the engagement activity, and is there any uncommitted budget available?
    - If the activity does not appear to be progressing, consider closing it or deferring it to next year to free up funds for other activities in this fiscal year.

8. **What process should be taken if the overall budget has over-allocated funds?**

    Over-allocation should be avoided by adhering to annual budgets set at the beginning of a fiscal year. Strategies to accommodate any over-allocation should be discussed in leadership meetings. Actions could include freeing up funds, not accepting engagement activity proposals, and cancelling planned engagement activities.

9. **When should the budget be reported to the executives?**

    It is recommended that budget updates be reported monthly to the MSA executive and quarterly to the working group/advisory council. Ideally, quarterly meetings are held at the end of the month following quarter-end (e.g., the June quarter-end meeting held in mid- or late July) to allow for updated budgets and for MSA leadership to review materials and intake proposals in advance of the meeting.

10. **Reviewing my engagement activities and budget sounds like it will take a lot of my time. Why should we review quarterly, if at all?**

    The MSA executive is responsible for knowing how the Facility Engagement funding is being spent. Over time, the time required to review engagement activities, and the budget will decrease substantially.