



Better budgeting

9 – The monthly report

Now we come to the monthly budget report. It's a financial report, but we now know that the numbers reflect our activity, and the goods and services we've used.

First, the format of the report. It'll probably be divided into 3 themes:

- what's happened this month
- the year to date (YTD)
- a year end forecast

Ignore the year end forecast – unless you've done it, it's wrong!

The information for the month and YTD will probably be divided into actual; budget; and variance (the difference between actual and budget).

Start with the actual information for the month. Look at the individual transactions underlying the report.

Do they all belong to you? If not, you'll end up over budget because you're paying for someone else's costs!

Are they complete? Is anything missing? If so you'll be lulled into a false sense of security, but the costs will catch up with you eventually.

Do they all reflect goods and services actually received, at the expected price? We haven't talked about approving invoices, but you need a good process to check each invoice as it comes in.

Check your income as well as your costs.

It's useful to think about what you expect your numbers to look like before you get the report. That way things that "look wrong" stick out like a sore thumb. It's a powerful tool, and with practice you'll get good at it!

Finally, think about what financial information you need for this process, and where you'll get that information.

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