

Sage Solutions Transform Budgeting and Accounting Process

The Resource Center is a not-for-profit healthcare agency that serves individuals and families with disabilities in upstate New York. Like many nonprofits, The Resource Center relies on a number of funding sources. Medicaid reimbursements represent a significant source of support, as do government contracts for products assembled in one of two workshops staffed by The Resource Center's clients. Donations and agency grants are also key to building and maintaining new programs.

In order to deliver upon its mission, The Resource Center needed to reengineer its budgeting and cost allocation processes. "We had been relying on a cumbersome and time-consuming manual process that did not allow for sophisticated analysis and planning," recalls Joan Scalise, G/L supervisor.

"We have to compete hard for every dollar. Sage Active Planner not only saves us time and effort, but improves our ability to analyze and report on the performance of many of our programs."

Reengineering Inefficient Budgeting and Costs Allocation Processes

Prior to implementing Sage Active Planner, The Resource Center's annual budget process began in July with the creation of a Lotus spreadsheet for each of more than 200 cost centers. Each spreadsheet would contain a few years of historical data, as well as last year's budget and actuals.

Estimates were provided for the current budget year, and each departmental manager would then be able to make necessary adjustments. Budget data was reentered into a legacy system, with the budget cycle concluding in late December. "Our budgeting process was obviously time-consuming and involved a lot of manual effort. We were never certain how accurate the data was, and we were unable to do sophisticated planning and analysis," said Scalise.

Customer

The Resource Center

Company Type

Nonprofit

Industry

Healthcare

Location

New York

System

Sage Active Planner

Sage Allocations

Challenge

The Resource Center had been relying on a cumbersome and time-consuming manual budgeting process that did not allow for sophisticated analysis and planning.

Solution

Sage Active Planner and Sage Allocations were chosen for their ability to reduce time, effort and automate cumbersome and time-consuming manual processes that do not allow for sophisticated analysis and planning.

Results

Sage Allocations reduced the time required to process allocations from many days a month to about a day a month. Sage Active Planner shaved almost two months off the budget cycle.

In addition, the previous process for allocating expenses across the agency was also complex, consuming many days each month of manual data entry and rekeying. “It is important that we base allocations on nonfinancial data—those factors that drive our business, and help us compare and measure different programs with different characteristics,” explains Scalise. “For example, we use service units—a measurement of services provided—to drive revenue assumptions and allocate overhead expenses. With our previous tools, this was very difficult to achieve.”

An Integrated, Flexible Solution

With Sage Active Planner, templates in a format similar to Microsoft® Excel® called Plan Sheets, are created for each cost center. All Plan Sheets are linked, simplifying revisions, consolidations, and analysis. Both Sage Active Planner and Allocations are tightly integrated with the General Ledger database, which eliminates cumbersome downloads or uploads and ensures data accuracy.

The previous process required tedious manual updates to more than 2,000 individual line items, which then had to be rekeyed as journal entries to the General Ledger—an error-prone process that used to take four or five days.

“After the initial setup, we were able to base allocations on precise actual data. In addition, we can include nonfinancial drivers, such as units of service provided or headcount, as a percentage of payroll,” says Scalise. “So instead of allocating expenses based on best-guess calculations at the beginning of the year, we’re now able to adjust allocations monthly, for a much more accurate picture of performance. Today, we’re not only processing allocations in about a day, but we’ve shaved almost two months off the budget cycle.”

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