Best Practices Guide

International Association of Chiefs of Police

Smaller Police Departments
Technical Assistance Program

Budgeting in Small Police Agencies

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Best Practices Guide for Budgeting in Small Police Agencies

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The best police chiefs are never satisfied with the status quo and are always seeking ways to improve themselves and their departments. They also realize money is the fuel that runs their organization.[1] To accomplish their goals, department heads must have sufficient funding. This funding is received through the budgeting process. If the department fails in the budgeting process, it is likely to fall short of meeting its goals later in the year. However, few officers climb the organizational ladder in aspiration of working with a budget. It requires the chief to step our of their "comfort zone" of operational procedures and into the administrative and political environment.

In smaller communities, the city council or city manager are likely to develop the budget with little or no input from the department. When fewer people are involved in the process, it is easier to compile a budget. But this technique centralizes control of the operations outside the department and does not help address the needs of the community.

The purpose of this guide is to is to remove some of the 'mystic' associated with the developing a budget. It is designed to help leaders of smaller police departments take an active role in obtaining funding for something they know a lot about, running a police department.

The remainder of this guide will focus on reviewing the budget cycle; developing a personnel budget; projecting the capital or long-term expenditures; forecasting operational or short-term costs; budget cutting techniques; approaches to budget justification; and execution.

Developing a budget is an art, not a science. There is no "one best way" to develop a budget. There are different types of budgets and each community does things a little different. What works in one may not work in another. Regardless of the technique used, budgeting serves as the funding process for department operations. The budget can also be viewed as a:

> Planning document - It is the funding document for what the organization plans to accomplish during the next year.
>
> Political document - It is a financial expression of our values.
>
> Living document - The conditions and events impacting the department change. The organization must be flexible and respond to these conditions.

Developing a budget is defined as a process of estimating revenues and expenditures, comparing the two, and making adjustments until they balance.[2] Unlike personal budgets, redundancy is built into the public funding process to ensure accountability. To facilitate this process, local governments subject themselves to a budget cycle. The budget cycle is a year-round process consisting of four phases. Two or more of these phases may

be occurring simultaneously. These phases include: executive preparation, legislative review, execution, and the audit.

Executive Preparation

This phase marks the beginning of a new budget year. In most communities, budget analysts will provide department heads and elected officials with a budget calendar. This calendar will provide a time line for the development of the budget. It is important to never underestimate the time required to develop the department's budget proposals. Once projections are formulated, they are placed in the format that has been established by the funding authority. This ensures uniformity between agencies as well as administrative ease for cross comparison. Budget hearings are held with each agency to review and analyze projected expenditures.

Legislative Review

During this phase, the proposed budgets for all of the departments, including the police, are presented to elected officials. Final additions and/or deletions are made by the elected body before the budget is approved and funds are appropriated for expenditure.

Execution

Also known as the fiscal year, this is the period the agency spends the appropriated funds. The fiscal year defines the beginning and ending funding dates of agency services. Typically, this period lasts from July 1st until June 30th of the next calendar year.

Audit

This is the final stage of the budget cycle. During this period, accountants review each department's expenditures to ensure funds were appropriately spent.

Personnel Services Budget

The personnel budget comprises 75 - 80% of the department's total budget. While it accounts for the largest portion of funds, the personnel section is, in many ways, the easiest to project.

The first step in developing the personnel budget is to ensure the department's manpower allocation is accurate. If the department does not have enough officers and support staff, it will not be able to achieve its mission. At the same time, having too many officers will severely impact the governing authority's overall budget. This may lead members of the community and the governing authority to question the need for the officers and lose faith in the leader's ability to responsibly use the taxpayer's money.

Many factors affect the staffing levels of a law enforcement organization including the community conditions and service requirements, operational philosophy, and budgetary considerations. If the department has never completed an analysis of its staffing allocation, one should be conducted.

In an effort to substantiate the need for current or enhanced staffing levels, many administrators use mathematical equations to project the number of officers needed. Even though most formulas are regarded as being unbiased and objective, extraneous variables prevent any method from providing a "perfect" estimate. Each method has different limitations in its ability to forecast the number of officers needed. When making these calculations, it is important to provide accurate and objective estimates. There may be a tendency to inflate the time spent on calls or the amount of activity. Failure to provide accurate, justifiable, and objective projections can sabotage the department's credibility and efforts to effectively address the staffing needs. To ensure an unbiased report is completed, some agencies have relied upon outside "experts" or consultants to complete these studies.

If the community is experiencing dramatic changes in the population or workload, an analysis should be completed on an annual basis. Otherwise it should be done every three years. This process will ensure the department has adequate staff to address the needs of the community and allow administrators to strategically plan for the future needs of the department.

Once the staffing levels have been established, the department should compare its salary and benefits package to other agencies in the surrounding area. Studies have shown money is not a motivator, but absence of money is a de-motivator. This is particularly true when staff perceive officers in nearby jurisdictions to be considerably more compensated for similar responsibilities. Therefore, it is important for the department to keep pace with the pay schedule in its labor market. To obtain this information, a salary survey should be conducted. Many states collect and maintain this information but, the accuracy of the data may be questionable. Some jurisdictions mail surveys to collect this information. This technique is dependent on survey questionnaires being comprehended and returned by the respondent.

Another popular technique is for agency personnel to conduct a telephone survey of agencies in a 30 - 40 mile radius. If the department is losing staff to a particular agency, such as a larger department or the state police, it should be included in the survey. When collecting the information, comparisons should be made of positions with similar job responsibilities, not rank. For example, a shift commander may be sergeant in one department and a lieutenant in another. When completed, the results should be presented in a table for comparison. It should include the base rate of pay, insurance, and other benefits for each community by position. The survey should also identify if the department works eight, ten, or twelve hour schedules and if the surveyed communities have other programs such as take-home cars, recruitment bonuses, educational incentives, and shift differentials.

In states with collective bargaining, the staffing and salary may be part of the union contract. Regardless, this information is important to have during negotiations.

Traditionally, staff turnover has been considered a cost of doing business. Since these expenditures do not appear as a line item, little attention has been given to the cost of losing an experienced employee. The development of the knowledge, skills, and abilities to be an officer occurs at substantial cost to the local government. These skills make officers attractive candidates for many employers, public and private. Because of this, many smaller agencies have become "training grounds" for larger agencies. Comparing the cost of turnover with the cost to retain seasoned employees allows an agency to project the cost savings by reducing its turnover. This information may provide significant justification for adjustments in compensation costs.[3]

To calculate the cost of personal services, the following information must be completed. The information to complete this computation may be obtained from the community's payroll department and personnel department.

Base Salary

Merit or Longevity Increases

Cost of Living Increases (Percentage of base, merit, and longevity increase)

FICA 7.5% of salary with increases (if applicable)

Worker's compensation (Percentage of salary with increases)

Retirement

Health/Dental/Life Insurance

Overtime

Other compensation related benefits specific to the community

TOTAL

Cost of living increases may be part of a collective bargaining agreement or linked to the Consumer Price Index. Other communities may make a political compromise in deciding adjustments to be made.

Overtime can be projected in the same manner as the short term or operating budget. It is important for supervisors to closely monitor overtime. The use of overtime is a highly leveraged expenditure and costs 50% more than regular staffing. An assessment of its usage may identify the need for staff transfers, schedule adjustments, or increased staffing levels. The National Institute of Ethics suggests false claims of overtime is a leading cause for discipline actions against officers. To prevent this, any claims should be approved by the immediate supervisor.[4]

In an effort to control costs, some agencies require staff to take compensation time in lieu of overtime pay. In some cases, it may be more cost effective to pay overtime than to give compensation or "comp" time. First, FLSA allow an employee to accumulate 480 hours comp time. Second, comp time not taken within the "work period" must be compensated at 1 ½ times the normal rate. Third, it must be compensated at the highest rate of pay. If the officer is promoted, he must be given the time off at the higher rate of pay. If he is demoted, he must be paid while taking the comp time at the higher rate of pay.

Monitor Sick Leave. Like overtime, the use of sick leave requires close review by supervisory staff. Covering positions for persons who have called in sick costs the department 250% of the budgeted amount. The person who called in sick is being paid and another officer is paid overtime to cover the vacancy. Accurate records of sick leave must be maintained and monitored for any trends. For example, officers accrue eight hours sick leave a month and work 12-hour shifts. The first month, the employee doesn't take any time off. The second month one day (12 hours) is taken leaving a balance of four hours. The next month the officer takes another day off. Another pattern to watch for is the same days of the week or times of the month being taken. Several studies have indicated abuse of sick leave is precursor of misconduct and a problem employee. Because of this, persons who use high levels of sick leave should be confronted and efforts taken to reduce the use of sick leave.

Personnel Grants. Many departments have made use of personnel grants in recent years. It is recommended before the department applies for these funds, staff review the grant application guidelines for retention requirements. A department representative should bring the application to the attention of the governing body and receive their approval for the application. Any retention requirements should be included in the council minutes. This is important because when the grant expires persons in elected positions may have changed and some analysts may try to eliminate the positions. It will be necessary to provide a copy of the grant and the minutes of the meeting to indicate the authority approved the continued use of funds.

Capital Budget

The capital budget allows the community to make long term plans regarding the purchase of expensive items. Some capital expenditures, such as purchase of land or renovation to buildings do not occur every year. The risk of error is much higher for these decisions. The separate process assures that major decisions are fully considered before they are approved and funded.[5] A capital improvement program provides a plan for the addition, replacement or improvement of assets. It also includes the cost to support these purchases and a schedule of replacement in the next three to five years. By scheduling these purchases, the community can provide for the orderly replacement of major equipment and avoid peaks/valleys in the expenditures. This allows the community to balance the costs with potential revenues. For example, the department has ten patrol cars. Instead of purchasing all ten cars in one, the replacements are spread over five years. This will allow the orderly replacement of two cars a year and the budget is easier to balance.

To be included in the capital budget, items must have all three of the following characteristics:

Tangible Asset (Something you can touch/feel)

Have a life expectancy or useful life of more than one year;

Exceed a minimum cost threshold established by the governing authority ($500 - $5000).

The capital improvement program includes the following areas:

Land, Buildings, and Improvements to Systems

Motor Vehicles

Office Equipment

Machinery and Tools

Computer Equipment (including some software and supplies).

An easy way to develop the capital improvement program is to:

1. Inventory all of the department's equipment that meets the guidelines for inclusion.
2. Identify the life expectancy for each item. This can be determined by researching with the manufacturer, talking with other personnel on staff, and reviewing the list provided by the Internal Revenue Service.
3. Establish an estimated replacement cost for each item.
4. Place the items that will need to be replaced in the next five years on the schedule with the associated costs.
5. Include additional equipment or enhancements on the schedule.

Justifying Capital Expenditures

Make or save Money. When requesting expenditures in the capital improvement program, the department must be able to articulate a legitimate need for the equipment. If the department can describe how the purchase will make the community money or save money, the budget analyst is more likely to approve the request. There are some ethical issues that must be considered when law enforcement officials are being used to "make" money. For instance, do not attempt to justify speed detection devices as a way to increase revenue for the community. However, the department may more easily demonstrate how the community will save money by making staff more efficient and effective with the equipment. For example, the use of a computer or a computerized Report Management System may allow officers to record more information and return to the streets faster. Some agencies, have effectively used increased accountability, reduced maintenance costs, and quick response from off-duty in the event of an emergency as a justification for a take home car program.

It is cheaper to spend the money this year. The department may demonstrate the cost to the community for the purchase is less this year than it will be in the future.

Safety. The issue of safety may be used as a good justification for capital purchases. For instance, the radio system has numerous "dead spots" where officers cannot communicate with the dispatcher. This would be a good justification for additional towers or the implementation of a new radio system.

A neighboring jurisdiction experienced a tornado. Fortunately, no one was hurt, but complaints arose afterwards that citizens had no warning of the tornado. In addition, the chief noted the number of trains carrying hazardous materials was just as dangerous and the potential for an accidental spill was very great. As

a result, the governing authority implemented a program to install emergency warning sirens to cover the entire city.

Prioritization of funding. Some communities establish a rank order of priorities for capital expenditures such as

1. Legislative requirements
2. Hazards to staff/public
3. Economic advantage
4. Increased improved service
5. New Service or Convenience.[6]

The prioritization of expenditures may vary with each community. However, knowing these priorities and linking the request to the highest available justification, may increase the likelihood of approval. Recognize competition for these funds is often tight and the requests may be postponed for a more pressing issue in another area of the community.

Grant Funds. Grants and asset forfeiture funds are considered one-time revenue sources. It is not fiscally prudent to use these funds to make operating expenditures. The next year, the supplies will need to be purchased and there is no funding to make the purchase. In addition, most state and federal guidelines forbid the use of these funds to supplant or replace existing funds. For this reason, grants and asset forfeiture funds are good source to enhance the department's capital improvement program. These are a one-time revenue source for one-time expenditures. The replacement of the addition to the program can be schedule years down the road.

Forecasting Operating Expenditures (Short-Term Budget)

Once the personnel and capital budget estimates have been developed, the last section is the operating budget. The operating budget funds the day-to-day supplies (fuel, paper, latex gloves), services (vehicle repairs, telephones, maintenance contracts), and equipment (uniforms, ammunition) necessary for the organization to function. Most of the same functions of a police organization are repeated each year. Therefore, this year's budget gives the department a good starting point for estimating next year's costs. So, the first step to developing an operating budget projection is to identify the current fiscal year's budget as a baseline for each area.

In the second step, officials determine if the department is going to initiate any new programs, make major adjustments to current operations, or reduce levels of service delivery. The department's strategic plan can be very helpful in clarifying the adjustments needed.

The third step is to determine how much it will cost to provide these services. Many administrators simply make incremental adjustments to each area or line-item such as three percent. While this approach may be appropriate in some situations, these adjustments should not be done arbitrarily. As the department assesses the operating costs, staff should critically evaluate their procedures. Efforts should be made to determine if there are more cost effective procedures. This process is often overlooked, but it is essential to making conscientious use of the public's money. As a profession we cannot expect to throw more money at the same problem to get the same results. Administrators should ask what does the agency need and what can it eliminate? Are there areas the department can fund at lower levels? Is the organization performing work that serves no function? What areas does the department really need additional funds to accomplish its goals?

Fourth, make adjustments in the budget projections.

Finally, document what the funds will be used for, how the estimates were developed, and why the department needs the funds. This documentation does not need to be a formal report. Clean notes listing the calculations and assumptions used to make the projections are sufficient. This documentation will provide much of the justification needed during the upcoming budget hearings.

Budget Cutting Techniques

As discussed earlier, developing a budget involves reconciling estimated budget revenues and expenditures until the two balance. Therefore, some budget cuts are inevitable and cannot be avoided. In his study of the budgeting process, Arnold Meltsner noted analysts are likely to cut funding requests in several ways. Each of these techniques may be observed during budget reviews.

Cut all request for personnel increases. Staffing is a highly leveraged expenditure. As a general rule, when a department receives additional staffing, they are seldom reduced. In an effort to control costs, these increases will be cut. In communities where there is a true need for increased staff, the ability of the department to provide effective services may be affected.

Cut equipment viewed as luxuries. Each community has items the elected officials feel are luxuries and unnecessary, such as cellular phones and leather chairs. Awareness of these idiosyncrasies allows the department to work around them and save valuable political capital.

Use precedent - cut items that have been cut before. If the request has been cut before with little impact on the department's operations, future requests will likely be cut again.

Recommend repair and renovation, not replacement. It is a common technique to postpone new purchases by repairing current equipment. This approach is particularly feasible if the agency has a good maintenance program. If the department has a regular replacement schedule, postponement may impact purchases for several years. As a result, the department may be forced to expedite the replacement schedule in future years.

Recommend a study to defer the costs. While studies may sometimes be used as a stall technique, they also provide important information for making rational decisions regarding the cost and need for the requested funds. Most elected officials do not like feeling "forced into" purchasing decisions. If a budget request is for equipment or supplies personnel genuinely need, officials should feel confident in its approval after the study. Therefore, it is important to anticipate the study being requested and not wait until the last minute to recommend the purchase.

Cut all costs by a fixed amount (i.e. 5%). Across the board reductions give the perception all agencies are equally sharing the burden of the budget cuts. However, other departments may not be run as efficiently and have more fat to cut. In addition, few other departments provide services 24 hours a day, 365 days a year.

Cut departments with a bad reputation. Agencies that do not enjoy strong community support may experience difficulty in defending requests. In addition, if the department head has a reputation of making unreasonable requests or does not have the confidence of the budget analysts, they are more likely to have their budget requests cut. Unfortunately, legitimate requests may be eliminated.

Don't cut when the safety of staff or the public is involved. The primary purpose of government is to provide for the public safety. This is critical for law enforcement administrators to remember. If a "legitimate" risk to the staff or the public health and safety can be demonstrated the request will likely be approved. To demonstrate this, the staff should conduct a risk analysis to identify the possibility of threats and the probability of each threat occurring. Then a cost-benefit analysis can be conducted to determine the most cost effective way to address the potential threat.

Point out areas for manager or legislative attention. The budget analyst may know they cannot cut some of the department's requests during their review. But, the request may be pointed out to elected officials for them to question the need for the proposed funding and to make a final decision regarding its approval.[7]

During budget review hearings, it is critical to ensure that cuts are made where the department can absorb the loss. To accomplish this, a detailed review must be made of the operational expenditures and rank order each request according to the following criteria:

1. Urgent and necessary for legal purposes/code compliance/mission
2. Necessary
3. Desirable, but not necessary.

It is recommended the department have a list of areas where the budget can be reduced. On many occasions, budget analysts may try to cut an area the department does not feel comfortable. To address this, the staff must know in advance the consequences for any potential cuts. As a compromise, the staff may propose cuts be made in other areas they feel are more appropriate or can offset the loss. For example, the agency may have a maintenance contract that covers the repairs for radios. Upon analysis of the cost of the contract compared to the cost of repairing the radios as they malfunction, it is determined the contract could be eliminated. The department can offer to drop the contract. At the same time, additional funds should be included in the other area of the budget to cover the repairs.

Justification for Requests

As the department goes through the budget review process, the chief should be ready to justify each proposed expenditure in the budget. A variety of techniques could be used to justify the projected expenditures and this list should not be considered to be exclusive.

Be prepared. Don't get caught off guard. Know what the hot issues are and have a response ready when they surface. As projections are developed, an analysis of previous expenditures must be completed to determine what needs to be continued, eliminated or improved. If department personnel go to budget hearings without good justification for the proposed expenditures, they will have a difficult battle. Arbitrary or unsubstantiated increases will likely be eliminated. If the department is expected to make the formal budget presentation it should be rehearsed. This rehearsal should preferably be done before persons who are unfamiliar with the department's operations and will ask pointed questions. During the presentation, use high quality visual aids.[8]

Mandates. Agencies are mandated to comply with local, state, and federal regulations such as minimum training hours, collective bargaining agreements, and the FLSA. The chief should be able to list these requirements and the associated costs.

Safety Issues Making an affirmative link between proposed requests and officer/public safety, will greatly increase the chances the proposed expenditures will survive budget cuts.

Higher Costs Areas such as fuel prices are volatile. The uncontrollable increases will require budget adjustments.

Training A rule of thumb, the department gets ten dollars returned for every dollar invested in training. It is one of the most important activities an agency can do to develop staff to meet the future challenges of the community.

Improvement in Methods Every year, police chiefs across the country are hear the phrase "Do more with less". Perhaps we need to focus on doing different with less. Examine each function of the department to

identify redundancies or activities that have no real purpose.[9] Improvements can occur through changes in operational procedures, reorganization, or the implementation of equipment to make staff more effective such as computers. Involve the staff in this process. Many times, the personnel closest to the problem have the best ideas of how to improve the operations.

Politics One of the most common reasons some agencies fail to receive requested funding for operations is the elected officials do not know or understand the department's problems. Everything done in government falls somewhere on the political spectrum. It is not recommended the chief become involved in the campaigns of local officials. But, he cannot work in a vacuum and must be able to maneuver in the political environment. Oftentimes, the elected officials have a different perspective of the department. Take time to listen to their concerns. At the same time, explain the department's problems and what it needs to serve the community. Working together, the chief and elected body can improve the service delivery of the department.[10] Otherwise, the chief may become the scapegoat for the department's failure to address these issues.

Demonstrate cost effectiveness of expenditures This technique is particularly beneficial with capital expenditures. A budget is like an eco-system. A change in one area may impact another. For example, it may cost more to repair a vehicle or computer and maintain it for another year than it costs to lease or purchase a new one. Accountants understand this concept very well. The chief should be able to explain how an expenditure will save money for the community.

Alternative funding sources Departments that make use of funds such as grants and asset forfeiture funds, are more likely to receive authorization for the expenditures. It should be noted state and federal regulations often forbid the use of these funds to supplant or replace existing funds.

Take a positive attitude. Officers look to the chief for how they should respond to attacks on the budget. Periods of retrenchment are not permanent and should be viewed as a challenge. It is an opportunity to trim the fat, build teamwork, and work on a common cause. If this period is faced as a challenge to be overcome, most of the staff will support the department's efforts. As a result, the organization will become leaner, stronger, and more productive. A negative response may give staff the perception they are aboard a sinking ship and compound problems for the organization.

Develop a strategic plan. If you don't know where you are going, you won't ever get there. Many states require local governments to develop a strategic plan. Some departments have begun to conduct community surveys. These surveys help to identify operational issues the community would like to have addressed and the public's perception of the department's service delivery. This information along with comments from staff, elected officials, and the public during planning sessions can be very beneficial to identifying the department's weaknesses and improving the quality of its service delivery. This process will also help develop a realistic schedule to addressing areas to be improved. The goals and objectives developed during these sessions should be linked to the budgetary expenditures.

Develop confidence and trust. Trust is the glue that binds us together. This is done by developing a reputation of making reasonable budget requests. Padding found in one area of the budget may be assumed to exist in other areas. As a result, legitimate funding requests may be cut. Officials must know when a request is made by the chief, the proposal has been fully researched, all of the alternatives explored, and the recommendation is in the best interest of the staff and the community.

Use the Media Too often we unnecessarily distance ourselves from the media. Brave men and women in police departments across the country are making great sacrifices to serve their communities. Yet this service is going unrecognized by the community. Working with the media will help to spotlight officer's efforts and will build public support for the department's operations.

Economic Development More communities are starting to realize public safety is an issue of economic and industrial development. As businesses look to locate and expand their operations, they examine the quality of life in the community. The ability of the department to address citizen's fear of crime can influence the perception of the community as a whole.

Write the Justification. Some communities require a written justification accompany the department's proposed budget. Even when they are not required, written justifications are a good way to help the staff to develop their argument for the requested funds. The justification should identify the need, problem or program to be addressed, the additional personnel and resources needed, and the expected results.

Budget hearings can sometimes become very emotional. The department personnel are faced with many challenges and are concerned about receiving sufficient funding to meet them. At the same time, budget and elected officials are faced with the responsibility of making hard decisions regarding cutting costs or raising taxes. During these meetings, staff members should never demonstrate anger or indignation toward an elected official. In addition, department representatives should never argue with members of the elected body. It demonstrates a lack of restraint and projects an unprofessional image. In the long run the entire department will suffer.[11]

Budget Execution

After the governing body approves the department's budget, funds are appropriated and staff are expected to provide law enforcement services within the projected costs. This process is budget execution.

Budget execution is much like firing a weapon. The sight alignment and trigger squeeze are correct but, rounds are grouped to one side at the seven yard mark. This may not cause much concern. But if the shooter does not take corrective action, he will miss the target from 15 or 25 yards. The same is true with a police budget. If the line item is two percent over budget after the first month and no corrective action is taken it may be 24% over at the end of the year. While a two percent over budget does not seem like much, it can have a significant impact for the entire community. Two percent of a $500,000 budget is $10,000.

In order to stay on target with the budget, the department's expenditures must be monitored on a monthly basis. To do this, the department should receive a statement of expenditures and appropriations from the community's finance department. This statement will have several columns to identify the appropriations, month-to-date expenditures, year-to-date expenditures, remaining balances, and percentage of expenses.

The difference in the budgeted amount and the expenditures is referred to as variance. An easy way to track the progress of the budget is to compare the percentage of expenditures for each area with the portion of the fiscal year that has passed. The percentage of funds that have been spent is calculated by dividing the amount spent (expenditures) by the budgeted amount. For example assume the department was budgeted $1,200 in a particular category or line item and has spent $300. So 300 is divided by 1,200 resulting in .25 or twenty-five percent.

Compare this percentage to the portion of the fiscal year that has passed. Three months divided by 12 months equals .25 or one fourth of the year. In this illustration, the department is on budget. If the expenditures was less than the portion of the year that had passed the department would have been under budget and vice versa.

When an area is identified as being over budget, a reason for the cost overrun must be determined. Assuming expenditures have been charged to the proper line item or section variance in the budget is always caused by one of three factors:

Price: The department is paying more or less than was expected for the supplies or services.

Volume: The organization has experienced an increase/decrease in the amount used. Reaction to seasonal activity or large isolated expenditures such as insurance premiums or bulk purchase of fuel can cause dramatic fluctuations in a line item.

Efficiency of Operations: The department is operating more/less efficiently that expected.

After the analysis is completed, describe in writing the reason for the variance, and the corrective action to be taken to bring the section in line with the budget. Officials should also make a separate notation as a reminder for when the next year's budget projections are being developed.

As the fiscal year progresses, each department head is expected to attend periodic budget reviews. The purpose of these meetings are to track how each department, and the community as a whole, are progressing with the budget. During these meetings, being aware of the variance and having an explanation ready demonstrates the department is monitoring itself.

SUMMARY

Mastering the budgeting process is critical for the success of the police organization. Budgeting is not a complicated process. However, it is a learned skill that requires ingenuity, creativity, attention to detail, and good communication skills.

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