



# Buyer's Guide to Budgeting Software

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Discover how cloud-based software can streamline public sector budgeting



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Modern budgeting solutions will help successfully integrate critical stakeholders into the budgeting process.



Budgets allocate money for infrastructure, schools, public safety, and other critical services citizens depend on every day.

## Introduction

This guide is for any decision-maker involved in creating public sector budgets and evaluating software solutions that support and modernize the budgeting process.

We have listened to hundreds of municipal leaders and government agency personnel who have described the myriad issues that plague their annual budgeting processes. We understand the long nights spent reconciling spreadsheets and tracking down errors, and how this time would be better spent focusing on strategic priorities and effective communication. While a smooth process depends upon meaningfully involving all stakeholders – internal and external – in the budgeting process, managers are often left chasing dozens of departmental spreadsheets with little, if any, cohesive context or narrative.

These scattered efforts and lost time no doubt hamper the budgeting process, making a comprehensive budgeting solution your most valuable partner. Modern budgeting solutions streamline the process by facilitating inter-department collaboration and reducing redundant or additional clerical work. By taking advantage of the proper software, you can reduce the time spent on administrative tasks and refocus on achieving your strategic goals while software does the work of integrating relevant data.

*In this guide, you will learn:*

- The value of innovative software to all stakeholders in the budgeting process; and
- How to best evaluate and purchase the right budgeting software for your organization.

# What is a modern budgeting approach?

A modern budgeting approach saves time and improves outcomes by streamlining the process; facilitating collaboration; creating a single definitive source of accurate, real-time information; providing context behind the numbers; and preserving institutional knowledge sustainably. Modern budgeting software facilitates this approach in an efficient, cost-effective manner.

## Who benefits from modern budgeting software?

The short answer: every stakeholder in the budgeting process benefits from modern budgeting software. Moving beyond Excel or a legacy budget system benefits and empowers both internal and external stakeholders, facilitating a successful process and the ability to achieve acceptable outcomes.

### City and County Managers

Budgeting software helps government managers throughout the budgeting process in three ways:

- Managers have **instant, independent access to real-time budget information** without relying on staff to run reports, answer questions, or endure lengthy email exchanges. This self-service gives managers earlier, richer insights into fiscal realities and facilitates shorter, more productive planning meetings. A software solution's easy implementation and intuitive interface are key components of effective self-service.
- Managers can **gain citizen input and critical buy-in** by promoting transparency and sharing progress at key stages through budget milestone reports. Innovative software can actively engage your community while leaving you in control of the central narrative.



Effective budgeting software creates a single online workspace that facilitates collaboration and on-demand access to information.

- Finally, managers can **easily illustrate and communicate tradeoffs and decisions** – at both the summary and detailed levels – when presenting budget recommendations to elected officials and the public through visually appealing charts and graphics, as well as in constructing the city’s annual budget book.

## Finance Officers and Budget Teams

By utilizing cutting-edge budgeting software, finance teams gain the tools they need to manage a faster, more collaborative process. Finance officers enjoy expanded access that allows them to review all departmental proposals from a centralized location and make organization-wide changes. A single definitive budget and budget document should evolve in real-time, keeping everyone on the same page.

Because the most effective software is flexible enough to generate both summary or detailed reports, budget teams are freed from unnecessary clerical work and can instead focus on strengthening the collaboration borne out of wider input into the process. Additionally, authorized users should have the ability to securely access the software from any location at any time, without the constraints of local network settings or on-site hardware.

## Department Managers

Department managers gain the ability to obtain real-time information, while reducing staff time spent compiling spreadsheets, uploading data, and manually crafting reports. Effective software systems empower managers and their staffs to collaborate on budget proposals by providing for back-and-forth dialogue and the ability to attach supporting documentation. The software helps all personnel track the status of their proposals, while allowing individuals to comment on drafts in a central location.

## CIOs and IT Professionals

State-of-the-art budgeting software is easy to use. It is built with usability in mind, includes an intuitive interface, and does not require a drawn-out implementation process. Its ease-of-use reduces the burden on IT staff, particularly those responsible for running reports or training personnel on how to use budgeting systems. Furthermore, once a software solution is in place, the framework should hold for years to come and updates should be seamless, making each budgeting process repeatable with increased productivity and fewer headaches.

## Elected Officials

Elected officials want to make the best possible decisions when considering the reallocation of public resources. With a modern budgeting solution, these officials can track the budget's process along the way, explore department proposals, and understand managerial decisions and tradeoffs. They can even see the “what if” impact of paths not taken. When a final budget recommendation is made, effective software systems allow officials to drill down into the details and to feel confident about the decisions and accompanying justifications. This enables officials to speak to constituents with accuracy and certainty.

## Citizens

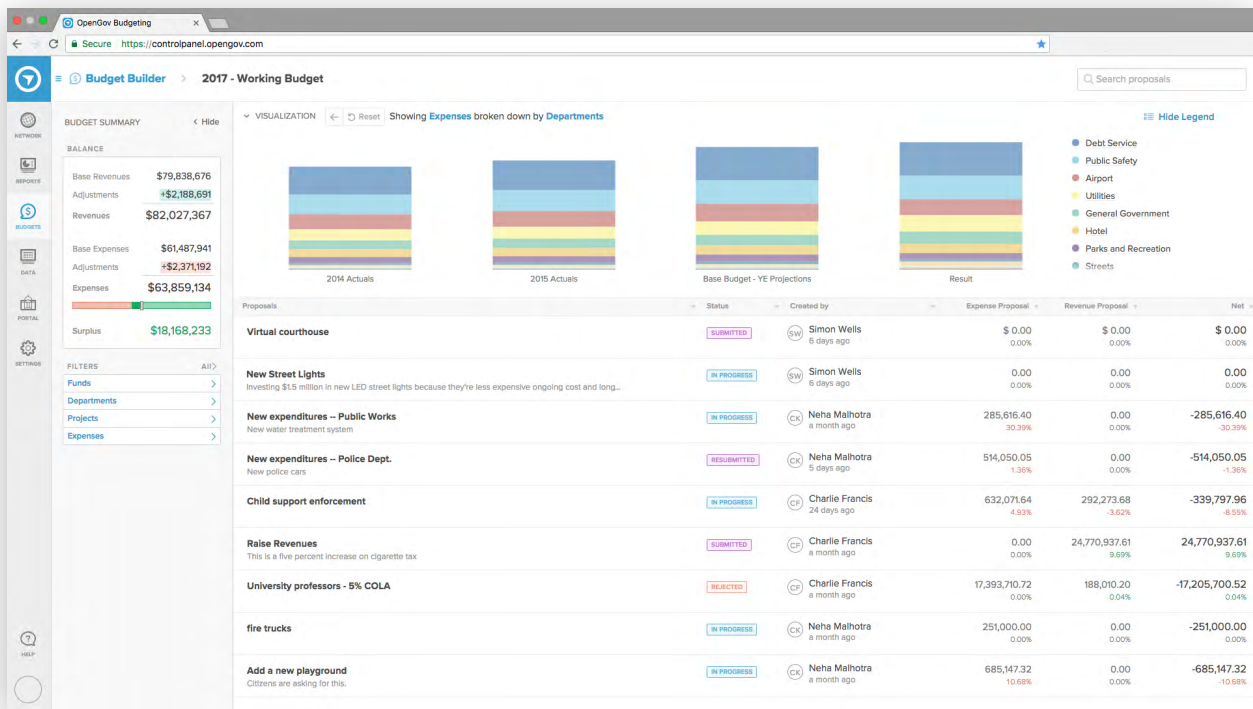
Transparency and communication are cornerstones of effective, trusted governance. Budgeting software should enable organizations to easily share information about their financial history and budget process, while also providing a mechanism for soliciting public input. During public hearings and information sessions, presenters can utilize the software to dynamically illustrate financial information at all levels of detail, something that increases understanding and helps build public support. Modern solutions also provide citizens with instant access to the information most relevant to them, often eliminating the wait that accompanies ad hoc requests for information entirely. Furthermore, citizens have access to interactive, up-to-date financial information and can have confidence in its accuracy.

## Evaluating budgeting software

Selecting the appropriate budgeting software is a proven way to reach a meaningful solution for your organization. As you evaluate the available options, use the following five criteria as a guide.

### 1. Is the budget request workflow intuitive?

Intuitive budget request workflows empower people from across the organization to participate in the budget process without losing the coordination that moves the process forward. Former municipal finance director Mike McCann shares a story that illustrates this point's importance:



Budgeting software should be easy to use to foster collaboration and save time throughout the process.

“As the Great Recession worsened, it began to eat into revenue sources long considered stable and dependable. Those used to traditional budgeting processes had difficulty adjusting to new demands for efficiency and rapid change in a context of increasing pressure. It was a challenge to continue to deliver essential services with decreasing resources.

In searching for policy solutions, we found that we gained valuable, new perspectives, and indeed, solutions, when we heard directly from personnel affected by leaky roofs, reduced hours, or obsolete technology. Their ability to prioritize and defend budget requests led us to the workable efficiency we sought.”

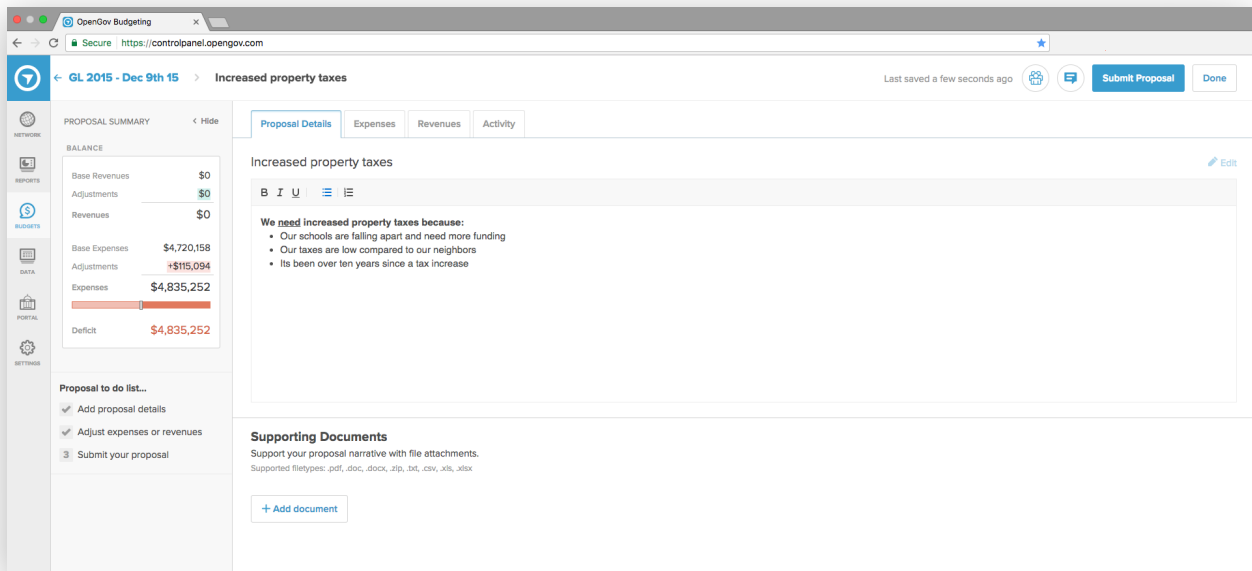
For a proposal system to facilitate a coordinated, collaborative process, it should provide an intuitive workflow for the critical tasks of framing, building the proposal, and reviewing proposals.

## Framing the Proposal

With little work, budget teams should be able to establish base budgets that take into account initial organization-wide changes, such as adjustments for inflation and negotiated salary changes or establishing a zero-based budget. This foundational alignment is a necessary step before departments begin submitting individual proposals, and it eliminates the need for manually merging changes and maintaining a number of separate department-specific documents.

## Building the Proposal

Budgeting software should let users pull selected division or department accounts onto a single-screen display, through which they can easily select and modify revenue sources and expenses. For projects with multiple funding sources, such as grant projects, staff should be able to easily select multiple revenue accounts. Managers should have the ability to add staff as needed to a proposal to facilitate valuable feedback from knowledgeable personnel. A comment area should encourage and enable discussion about proposals, while a workflow history should allow users to follow proposal's changes and status.



Budgeting software should have an intuitive workflow for building proposals.

## Reviewing proposals

The budget team should be able to set a deadline for proposal submissions. As it reviews proposals, the team should have the ability to approve requests or return them to the requestor with feedback. This coordinated approach combines the collaborative nature of decentralized input with the controls necessary to ensure the budget accomplishes the organization's overall strategic goals.

## 2. Does the budgeting software provide a single source of information?

Governments often struggle with tracking information throughout the budget process — from dozens of Excel sheets to numerous supporting documents. Modern budgeting software creates a single database for budget information across the organization. This enables any stakeholder to access a budget's status and any pending proposals. When evaluating budget software for its ability to consolidate information, the following features are key:

### Consolidated Proposal Information

Instead of combing through email chains, spreadsheets, and printouts to find proposal information and supporting documents, budget teams and managers should be able to access all relevant information from a single location associated with the request. This saves time, paper, and headaches.

### Narrative and Itemization

A true “end-to-end” budgeting solution should both enable users to annotate overall proposals and individual line items when

building proposals, as well as easily integrate budget data into the budget book when it is being drafted. This adds essential context to financial figures beyond what is possible in a spreadsheet.

Modern budgeting solutions should allow for itemization on proposals, maintaining an audit trail of adjustments as well as the ability to restore older versions and attach supporting documents as needed. With one central, definitive source for budget information, the numbers and comments will always be up to date. In addition, the associated narrative effectively tells your story.

### **3. Does the budgeting software reduce clerical work and save time?**

During budget season, municipalities and agencies often spend hundreds or even thousands of hours reconciling spreadsheets, generating status reports, retracing steps, and hunting down errors. Cutting-edge budgeting software saves staff time and facilitates the focus strategic planning and goals.

Specifically, effective systems reduce clerical work by automatically displaying a budget's status in real time. In seconds, budget analysts and managers can see whether or not the budget is balanced, and staff members no longer need to collect worksheets from across the organization and manually update records.

These automatic updates also save time when council members or other officials make line-item changes. Instead of having to rerun calculations or generate new charts and tables, users can remove line items with the click of a button and watch their numbers and reports update instantly.

## 4. Does the budgeting solution integrate with reporting and transparency systems?

Budgets don't exist in a vacuum. Decision-makers rely on decades of historical financial performance and previous budgets to inform their decisions. During and after the budget process, reports need to be shared with management, staff, and citizens. To optimize information-sharing, a budgeting solution should offer the following functionalities:

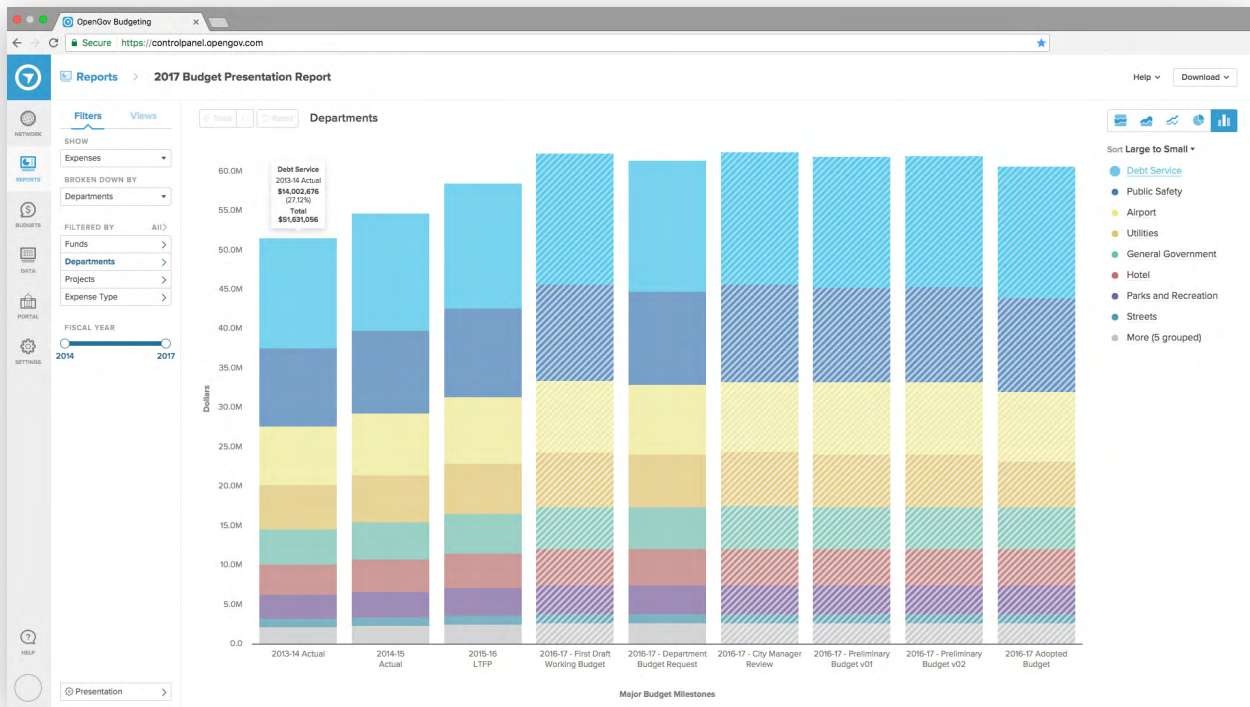
### **On-Demand Access to Financial History**

When combined with a management reporting platform, budgeting software preserves institutional knowledge so that users can seamlessly examine prior years' budgeted and actual revenues and expenditures. For example, a Police Chief can easily explore a decade of her department's expenditures to assess costs associated with vehicle fleet maintenance.

Even after the budget is approved, department staff should still utilize the system throughout the year to actively monitor their actual spending against their budgeted allowances. The most effective software should allow teams to export each new budget directly into an internal reporting solution for ongoing fiscal management and day-to-day decision-making.

### **Data Exporting to the General Ledger**

Modern budgeting software should empower budget teams to instantly share the budget's status with internal or external stakeholders. Effective systems feature an export function that publishes the draft or final budget to the General Ledger. From there, staff, managers, elected officials, and citizens can explore the budget in a reporting or transparency module and can provide feedback. When a budget is finalized, it should be easy for personnel to export data to the financial system and complete journal entries.



When merged with management reporting, budgeting software gives governments an integrated tool to analyze previous years' financials when building a budget.

### Communication Throughout the Budget Process

Any quality budgeting solution should operate with effective communication as a core goal. Showing your budget to the public, both during and after the budgeting process, allows citizens to see exactly how their tax dollars are being spent and strengthens their trust in the process. Integrating budgeting with transparency solutions dramatically reduces the time required sharing information with the public, and an informed public is more likely to understand and support adopted budgets.

## 5. Does the solution help automate budget book creation?

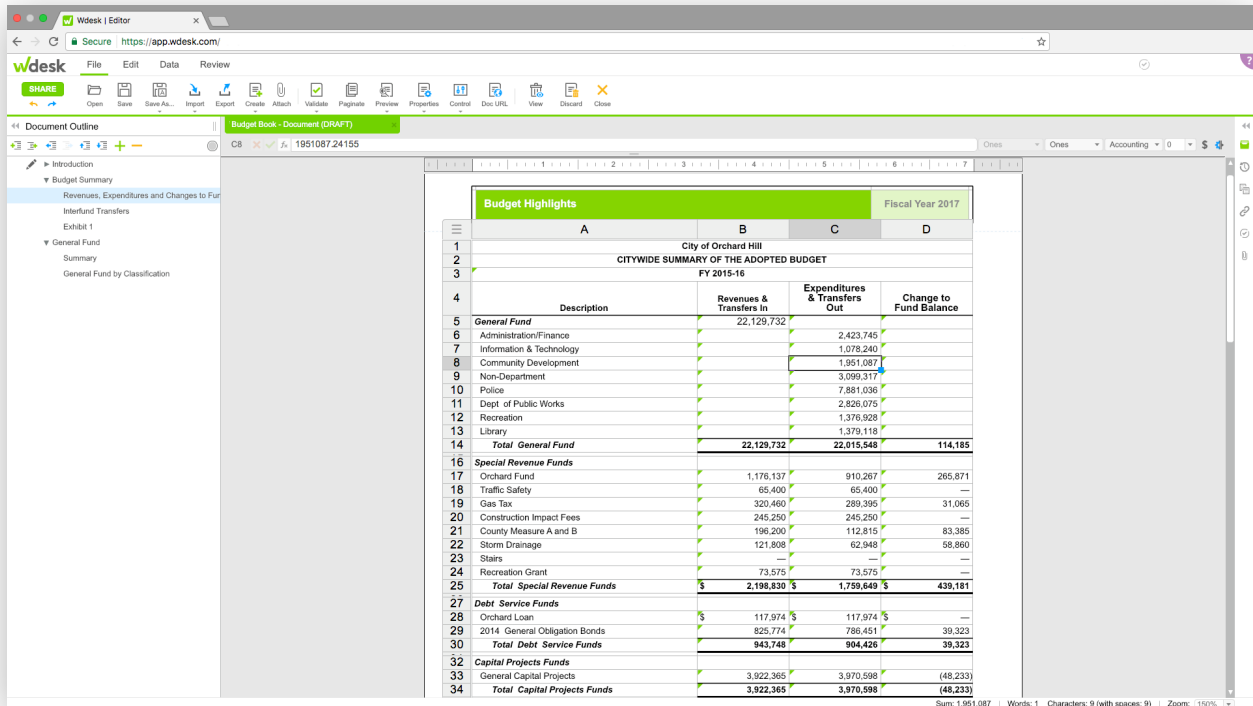
After successfully establishing and approving the budget, organizations publish their accompanying budget books that include narratives and additional insights. Yet, despite structural, layout, and content similarities year-over-year, the typical process of authoring the budget book usually requires starting the document from scratch. To streamline the process of communicating your budget narrative to stakeholders, a budgeting solution should meet the following criteria:

### **Single Online Workspace**

Budgeting software should eliminate the headache of conflicting versions of the budget document by consolidating the process of drafting, revising, and publishing in a single online workspace. This makes the process more collaborative and helps to ensure data integrity as the budgeting process moves forward and evolves. The interfaces should feel familiar to users working within word processing and spreadsheet environments, while providing the benefits of an online system, including a detailed audit trail of changes, automatic backups, and easy real-time iteration. It should eliminate the need for sending individual documents back and forth by email.

### **Automatic Data Updates**

A complete budgeting solution will eliminate the need for duplicated work and manual data updates as the budget and budget book are being developed, even in tandem. When budget amounts and totals are updated or revised, those figures should update automatically – in whatever documents they appear. By relying on a single source of budget data, an effective budgeting solution will prevent the need to manually update information time and time again, and it will improve the accuracy of information across documents.



Developing the annual budget document should save time by automatically updating information, reducing errors, and eliminating the need for separate documents.

## Reusable Document Template

Just as budgeting software should eliminate the need to update individual figures repeatedly throughout the budgeting process, it should also eliminate redundancies year over year. Once data is linked, the same data template can be used annually to facilitate the development of the budgeting document. This results in a significant portion of the document becoming automated, saving time that can be reallocated to high-priority tasks.

## Conclusion

An effective and modern budgeting process drives the work of government at any level. An organization's ability to meet its strategic goals by allocating resources accordingly can be dramatically improved by employing an end-to-end cloud-based budgeting solution. Such software solutions improve the ability to integrate all necessary stakeholders in the budgeting process, from elected officials to department heads to staff to the citizens whose core services are directly impacted. With increased transparency, citizens can better understand government spending and provide informed input. With summary and line-item details available on demand, elected officials can speak to the budget and make policy decisions with a deep understanding of the data and accompanying confidence. And at the staff level, managers and their teams – those who draft the budget and implement its related programs – can shed redundant administrative work and spend more time on moving programs forward and achieving success.



OpenGov is the leader in government performance solutions: easy-to-use cloud software for better budgeting, improved reporting and operational intelligence, and comprehensive transparency and open data. OpenGov solutions give governments the right tools and relevant data for more informed decision-making and better outcomes for the public.

Over 1,400 public agencies in 48 states are part of the growing OpenGov network. Founded in 2012, OpenGov customers include the State Treasurer of Ohio, the city of Minneapolis, MN; Maricopa County, AZ; and Washington, DC. OpenGov is backed by top investors Andreessen Horowitz, 8VC, and Thrive Capital and has headquarters in Redwood City, CA.

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