

FINANCE AND DEVELOPMENT OFFICE RELATIONSHIPS



| Finance and Development Office Relationships: Self-Assessment | | | |
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| Please select the answers that best match the current state of finance and development relations at you organization. Once you have completed the assessment, refer to page 2 for FMA’s recommended practices. | | | |
| Communication | A | B | C |
| 1. The relationship between development and finance is best described as: | A collaborative partnership | A tug-of-war | Nonexistent |
| 2. Development staff’s understanding of accounting practices (e.g. why a pledge may be conditional) is: | Strong | Limited | Not necessary—finance handles the numbers and development crafts the case for support |
| Grants/Contracts Management | A | B | C |
| 3. The finance department becomes involved in the grant/contracting process: | When an RFP is being evaluated | When a budget is needed | Once the grant is awarded |
| 4. Tracking grants and releasing funds from restriction are performed by: | Finance with support from development | Finance | Development |
| Contribution Processing | A | B | C |
| 5. Checks from foundations, government agencies, and individual donors are sent directly to: | Finance | Development | Varies by type of donor |
| 6. Pledges, grants, and contributions received are recorded in: | An integrated finance and development system | One department’s system and then the information is uploaded into the other department’s system | Separately by the finance department and development department |
| Budgeting and Monitoring | A | B | C |
| 7. The development department’s involvement in the budgeting process is: | Substantial | Limited | Nonexistent |
| 8. Once the fiscal year is in full swing, the development department monitors the budget: | Regularly | Once mid-year or if a major change occurs | At year-end |

Finance and Development Office Relationships: Best Practices

If you answered “a” to all of the questions, congratulations—you have implemented FMA’s best practice recommendations! We encourage you to read the notes below describing why “a” choices will best support your organization’s financial health. If you chose “b” a few times, some of your practices may need a tune-up, and if you answered some questions with a “c”, we especially recommend reviewing the benefits of improved cross-department communication and trying out the recommended practices. Happy communicating!

Communication

1. The relationship between development and finance is best described as: **A collaborative partnership**
 - a. Working together can improve internal systems, project outcomes, and relationships with funders.
 - b. Trouble-shooting issues now will prevent redundant work and time spent fixing problems later.
2. Development staff’s understanding of accounting practices is: **Strong**
 - a. A clear understanding of accounting requirements allows development to fully evaluate opportunities and help ensure that the departments are reporting the same information.
 - b. This goes both ways—when finance understands development strategies, staff is able to track and report on grants more accurately.

Grants/Contracts Management

3. The finance department becomes involved in the grant/contracting process: **When development is evaluating an RFP**
 - a. When the finance team works on a grant from the early stages, it can support development in evaluating the opportunity’s full cost and fit with the organization’s funding picture.
 - b. Involving finance results in more accurate proposal budgeting, grant tracking, and reporting.
4. Tracking grants and releasing funds from restriction are performed by: **Finance with support from development**
 - a. These functions should be performed in the accounting software system.
 - b. Involving both teams safeguards against allocation and reporting errors.

Contribution Processing

5. Checks from foundations, government agencies, and individual donors are sent directly to: **Finance**
 - a. Checks must be deposited and booked in the accounting system as soon as possible for cash flow management and budget monitoring purposes.
 - b. Routing checks to one department minimizes the people handling each check and the risk of loss or fraud.
 - c. A scan or photocopy of the check and accompanying materials should be provided to development.

Finance and Development Office Relationships: Best Practices

6. Pledges, grants, and contributions received are recorded in: **An integrated finance and development system**
 - a. Recording in a single system is the best way to ensure that both departments have the same information.
 - b. If information is entered in one system and then transferred to another, record items in the accounting system based on coding from development.
 - a. If two systems are used, finance and development should reconcile records on a monthly basis.

Budgeting and Monitoring

7. The development department's involvement in the budgeting process is: **Substantial**
 - a. Incorporating development's knowledge of the anticipated timeline for receipt of funds and status of requests in progress can lead to a more robust budget.
8. Once the fiscal year is in full swing, the development department monitors the budget: **Regularly**
 - a. Development should weigh in with changes to its projections on at least a quarterly basis.
 - b. If development only reviews the budget-to-actuals at year-end opportunities to respond to challenges and opportunities could be lost.