Operating Fund Cash (Flow) Forecasting Tool

It seems obvious to anyone from a business background that a cash forecast is essential, especially in an organization with revenues and expenses that vary widely throughout the year. That is not always the case. There are a number of councils who stand to lose a large portion of their members in the next year. This will cause a major disruption in their operations and cash.

Our Polaris group was charged with finding a Cash Forecasting tool to assist local councils in better understanding the availability of cash in their operation. We have found and present here a Cash Management tool which may be helpful to all local councils. There are other tools available, this is one we like best.

This Cash Management tool uses queries from PeopleSoft to build a "historical analysis" of cash, revenues, and expenses which can be reviewed as a background for forecasting cash. The most important work of this forecasting tool will rely on Council management being able to understand their current revenue and expenses.

Once all data from the queries has been entered in the Historical Analysis worksheet, you will note there are formulas which create a "4-Year Weighted Moving Average" for cash, revenue, and expenses. This factors the current year and prior years with weighting to provide a fairer estimate of value. The "formula estimated" values provide yet another conservative view of expectations.

Current Analysis

When the Historical Analysis worksheet is complete, turn your attention to the "Current Analysis" worksheet. This is the most important part of this tool. Cash forecasting is best done for short periods of time. Intimate knowledge of each revenue and expense section of your council is necessary. The local council should know or be able to estimate the monthly expenditure of the following:

- Payroll & taxes
- Employee benefits
- Estimated accounts payable
- Registration fees
- Debt payments

In addition, the local council should be able to estimate amounts for accounts receivable and contributions receivable. Lastly, the local council should estimate the revenue expectations from fundraising, sales of goods, investment income, camping & activities.

The tool we have chosen to use is called "Example Cash Forecasting Workbook.xlsx" and can be downloaded from https://www.scouting.org/council-support/finance-impact/council-financial-management/cash-forecasting/

Detailed Instructions for building Historical Analysis:

1. Download "Example Cash Forecasting Workbook.xlsx" workbook from website
2. In PeopleSoft Financials, run five queries to build historical analysis worksheet
   a. LC_Trial_Balance for 2018 period 12
   b. LC_ACTUAL_SPREADSHEET_FIS_YR for 2018
   c. LC_ACTUAL_SPREADSHEET_FIS_YR for 2017
   d. LC_ACTUAL_SPREADSHEET_FIS_YR for 2016
   e. LC_ACTUAL_SPREADSHEET_FIS_YR for 2015
3. Paste value of each query into appropriate worksheets in the Example workbook.
4. Within each yearly "Actual" worksheet, separate the values for Cash, Revenue, and Expense for input into the Historical Analysis worksheet.
5. Total Cash and Expense values and copy/paste these values into the appropriate cells on the Historical Analysis worksheet.
6. Total Revenue values and paste into the appropriate cells on the "Revenue Reversal" worksheet. This extra step is needed as the values direct from PeopleSoft display as a "negative" value.
7. Locate the accounting period values for each cash account(s) on the LC_Trial_Balance for 2018. Total these values and paste into cell B10 of the Historical Analysis worksheet.