

Making Use of Your Fringe Benefits and Indirect Cost Budgets

Two of the “widely ignored” parts of the GMS Accounting System are the Fringe Benefit and Indirect Cost budgets. Your fringe benefit and indirect cost line items on your Revenue and Expense reports are, of course, monitored for budget variance as is any other budgeted line item for your grants and contracts. If you ever discover, for example, that after the *third month* of a program year you are *75% spent* on your fringe benefits or indirect costs you need to have every tool available to assist you in figuring out why. One major tool for this is the individual budget(s) for your fringe benefits and/or indirect costs.

Fringe Benefits – if you are using the GMS Fringe Benefit Pool, when you are preparing your *individual program budgets* you should be making use of the fringe benefit rates that the system automatically provides you on your Fringe Benefit Analysis and Rate Computation. Make sure you use this method to create your program budgets rather than using individual employee costs *as this is how the system does the accounting!* Every fiscal year, as you prepare your fiscal year budget, you will calculate the amount of each fringe benefit based on the projected salaries for the year. The amount per fringe benefit should be entered into the Fringe Benefit Budget which will be reflected on the Fringe Benefit Rate Computation and Analysis every month. Please see the Help Manual for details on entering this budget information. Once this budget is entered into the system, your Fringe Benefit Analysis and Rate Computation will give you a comparative of actual costs to budget. This may supply you with important information such as an unexpected increase in health insurance costs and help you make any necessary budget adjustments.

Indirect Costs – if you have an indirect cost plan (either approved by a cognizant agency or just in house) the total indirect costs in this plan should be entered into an Indirect Cost Budget under General Ledger\Budgets PY. Similar to the fringe benefit budget comparative described above, should you find yourself over/under spent at any time during the year on your Revenue and Expenditure Reports, the budget comparative on the Indirect Cost Rate Computation and Analysis will help you understand why you are having the budget issue and how to adjust for it.