

Browning's Budget

Topic: Budgeting/Forecasting/Standard Setting

Characters: Edward Saylor, Browning College controller
Albert Cauldron, aide to the controller

Browning College is a private Midwestern liberal arts college with a national reputation for quality and innovation in curriculum and learning design. Recent rumors hint at serious emerging financial problems, in sharp contrast with the institution's half-century of stable financial history.

Edward Saylor, Browning's controller, has scheduled a news conference for noon today. His objective is to get the financial problem rumors stopped by providing the news media with the necessary data and information. Mr. Saylor's aide, Albert Cauldron, discovers an interesting situation while preparing for the news conference: there are significant differences between the board-approved budget and the budget currently being used. In fact, the current budget includes approximately \$500,000 in additional expenditures that do not appear in the budget formally approved by the governing board.

"I don't want anyone else to get hold of this information, Albert," directs Mr. Saylor. "Get a copy of our actual operating budget, and substitute it for the one attached to the board minutes giving approval. No one will know. The board members can't remember details of the budget they approved. The public's perception is more important than those details, and I've got to deal with a perception problem at that news conference today."

Albert hesitates, starts to speak but is cut short by Mr. Saylor's directive: "OK, let's get to it!"

Author: Leo A. Ruggle, Professor, Department of Accounting, Mankato State University