

Overview of an Effective Financial Management System

Webinar 2

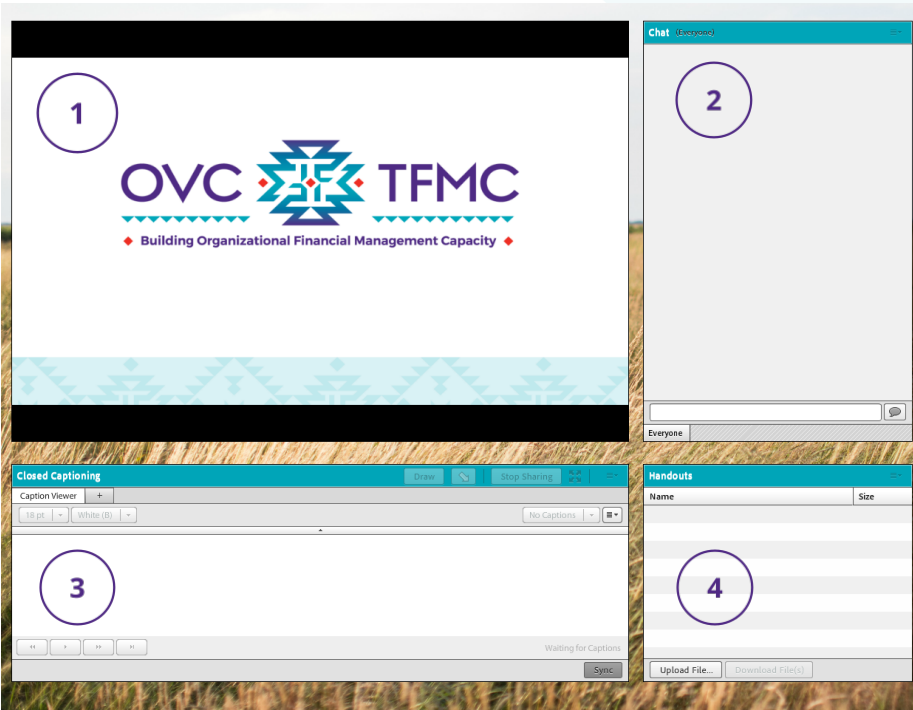
Presenters:

Tamara Fulwyler, MPH (Chickasaw), Financial Management Specialist

Brandy Brush, Lead Financial Specialist



Using Adobe Connect



1. Presentation
2. Chat
3. Closed Captioning
4. Handouts



Webinar Producer



- ◆ Kat Negron
- ◆ Webinar Producer
- ◆ Fairfax, VA



Webinar Presenters



- ◆ Tamara Fulwyler, MPH (Chickasaw)
- ◆ Financial Management Specialist
- ◆ Puyallup, WA



- ◆ Brandy Brush
- ◆ Lead Financial Specialist
- ◆ Olympia, WA



Webinar Objectives

By the end of this webinar, you will be able to—

- ◆ Identify various resources available for assistance with your financial management system
- ◆ Describe the purpose of an effective financial management system
- ◆ Explain basic financial planning, budgeting, and reporting processes
- ◆ State the need for and importance of internal controls and audits



OVC Tribal Financial Management Center





Training and Technical Assistance (TTA) Approach

- ◆ Individualized virtual and onsite TA sessions
- ◆ Virtual Support Center consults
- ◆ Webinars
- ◆ Peer-sharing web forums
- ◆ Regional workshops
- ◆ Learning circles
- ◆ Collaborative needs assessments



OVC TFMC Virtual Support Center (VSC)

- ◆ Provides OVC tribal grantees with financial grant management support and information
- ◆ OVC tribal grantees may submit questions and/or requests for technical assistance to the TFMC VSC



Contact Us

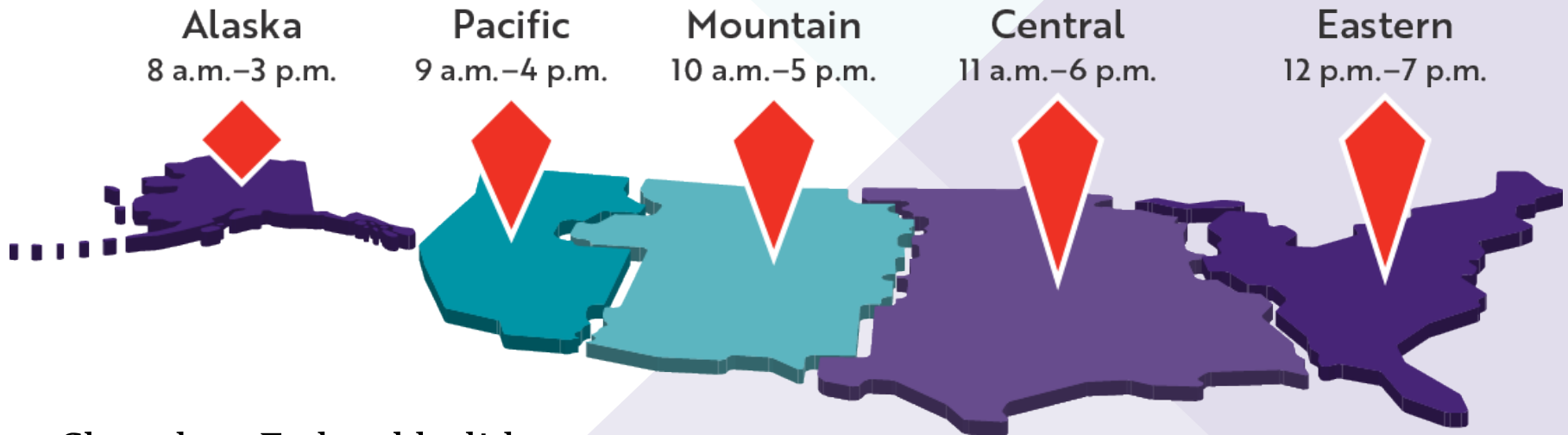
Email: TFMC@OVCTFMC.org

Phone: 703.462.6900



OVC TFMC Virtual Support Center (VSC)

Hours of Operation: Monday – Friday



Closed on Federal holidays



Our Promise: Cultural Humility

We begin with a commitment to develop an understanding of the community cultures, practices, and traditions of each tribal entity and a respect for community traditions, stories, and practices







What is an Effective Financial Management System?

An effective financial management system is a combination of methods and software, which tracks expenditures, income and assets to ensure accountability and compliance with DOJ grant requirements.





Key Elements of a Financial Management System

- 1.
- 2.
- 3.

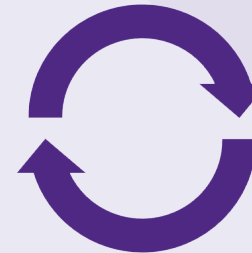
**Financial System
Planning**



**Budget
Development
& Monitoring**



**Financial System
Reporting**



**Internal Controls
& Audits**



Poll Question #1 – Financial Tasks

How many of you are doing some of this work right now?

Choose all that apply.

- ◆ Financial system planning
- ◆ Financial system reporting
- ◆ Budget development
- ◆ Internal controls and audits
- ◆ None currently





- 1.
- 2.
- 3.

Financial System Planning



Common Roles in Financial Management

- ◆ Council
- ◆ Chief Executive Officer (CEO)
- ◆ Chief Financial Officer (CFO)
- ◆ Program Managers
- ◆ Auditor





Poll Question #2 – Financial Roles

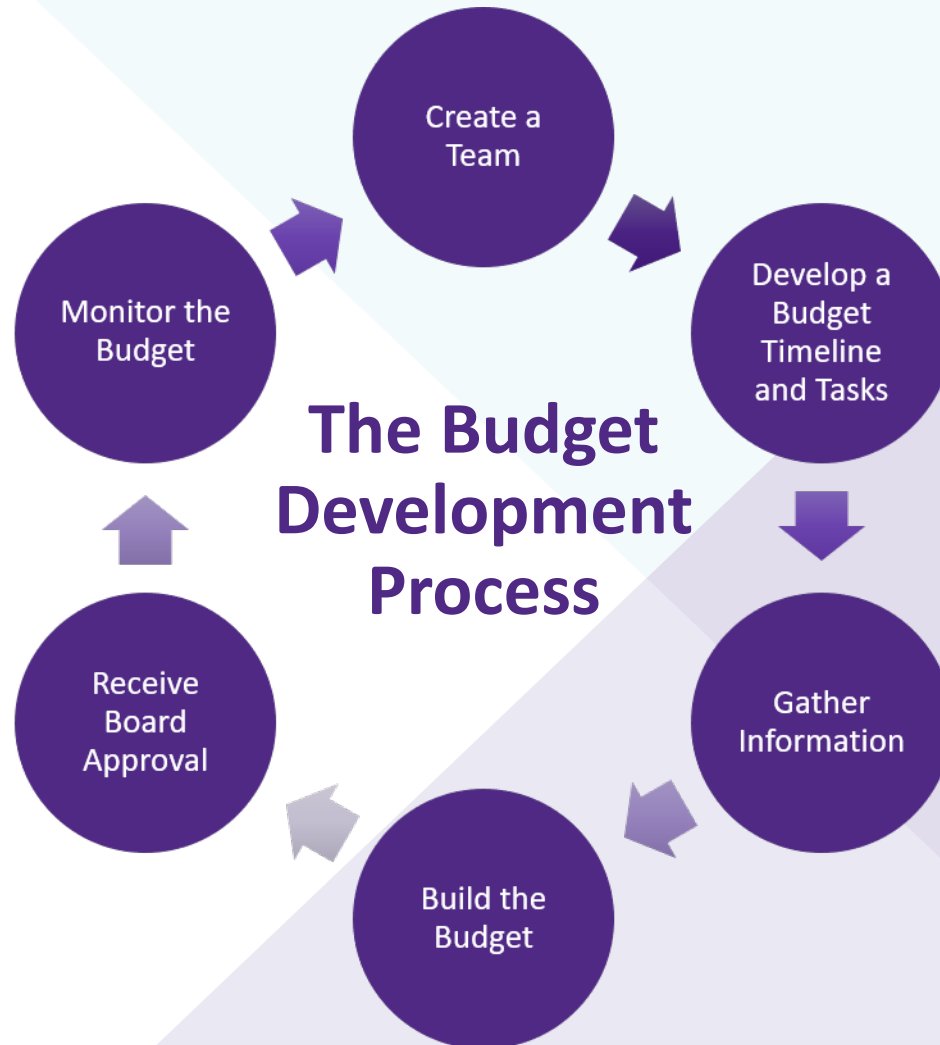
Which of these titles best describes your role?

- ◆ Council Member
- ◆ Board of Directors
- ◆ Chief Executive Officer
- ◆ Executive Director
- ◆ Chief Financial Officer
- ◆ Program Manager
- ◆ Other





Budget Development & Monitoring



Adapted from Week 5 of OVC TTAC Financial Management Training



Budget Monitoring



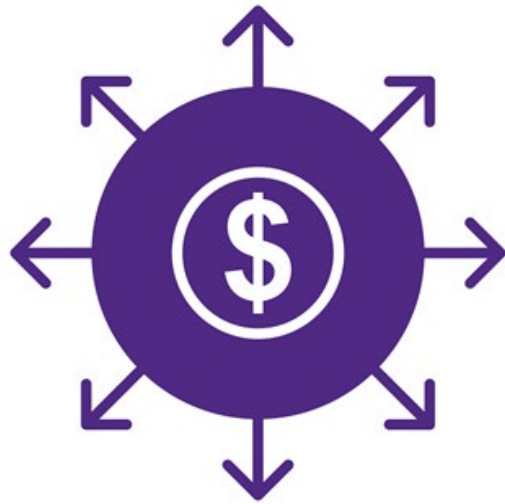


Poll Question #3 – Accounting Knowledge

How many of you are familiar with expenditure-to-actual budget reports?

- ◆ Yes, I am
- ◆ No, not yet
- ◆ I've been using them for years!





Financial Management System Reporting



Financial Statements

Reported Items	Tribal Government and Non-Profit	For Profit Business
Assets/Liabilities/ Net Position	Statement of Net Position	Balance Sheet
Revenues/Expenses/ Change in Net Position	Statement of Activities	Profit & Loss
Revenues/Expenses/ Change in Net Position by Function	Statement of Functional Expenses	Cost Center Report



Statement of Activities

Illustrates positive and negative changes in net assets



**Midwest Plains Tribe
Statement of Activities
For the Period Ending September 30, 2019**

Revenues

Intergovernmental	\$	3,140,533
Program Income		236,754
Tribal Contributions		243,255
Investment Income		96,871
Total Revenues		<u>3,717,413</u>

Expenses

Personnel		1,163,959
Fringe Benefits		337,454
Travel/Training		338,891
Office Expenses		104,300
Contracts		660,692
Pass Throughs		961,440
Total Expenses		<u>3,566,736</u>

Change in Net Position \$ **150,677**



Statement of Net Position

Illustrates an organization's change in net position



Midwest Plains Tribe Statement of Net Position September 30, 2019

Assets

Cash	\$	5,757,236
Accounts Receivable		901,384
Investments		2,432,879,211
Equipment		156,789,341
Total Assets		<u>2,596,327,172</u>

Liabilities

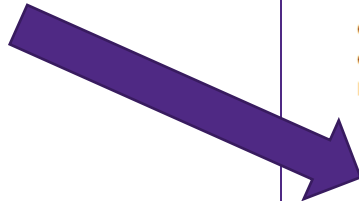
Accounts Payable		796,342
Deferred Grant Revenues		397,651
Wages Payable		157,923
Taxes Payable		59,008
Total Liabilities		<u>1,410,924</u>

Net Position, Beginning of Year		1,897,332,541
Change in Net Position		150,677
Net Position, End of Year	\$	<u>1,897,483,218</u>



Statement of Functional Expenses

Illustrates change in net position by program



Midwest Plains Tribe
Statement of Functional Expenses
For the Period Ending September 30, 2019

	General Fund	Dept of Interior	Dept of Justice	Dept of Health & Human Services	Other Governmental Funds
Revenues					
Intergovernmental	\$ -	1,097,069	1,475,141	568,323	-
Program Income	-	-	-	-	236,754
Tribal Contributions	243,255	-	-	-	-
Investment Income	96,871	-	-	-	-
Total Revenues	340,126	1,097,069	1,475,141	568,323	236,754
Expenses					
Personnel	121,241	382,637	462,037	76,864	121,180
Fringe Benefits	617	131,572	155,154	29,300	20,811
Travel/Training	76,977	75,111	80,887	25,509	80,407
Office Expenses	211	31,626	56,141	11,563	4,759
Contracts	-	69,123	195,922	395,647	-
Pass Throughs	-	407,000	525,000	29,440	-
Total Expenses	199,046	1,097,069	1,475,141	568,323	227,157
Transfer to General Fund	9,597	-	-	-	(9,597)
Change in Net Position	141,080	-	-	-	9,597
Net Position, Beginning of Year					
	1,897,105,384	-	-	-	227,157
Net Position, End of Year					
	\$ 1,897,256,061	-	-	-	227,157



Change in Net Position

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Change in Net Position

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Financial Statements

Midwest Plains Tribe Statement of Net Position September 30, 2019

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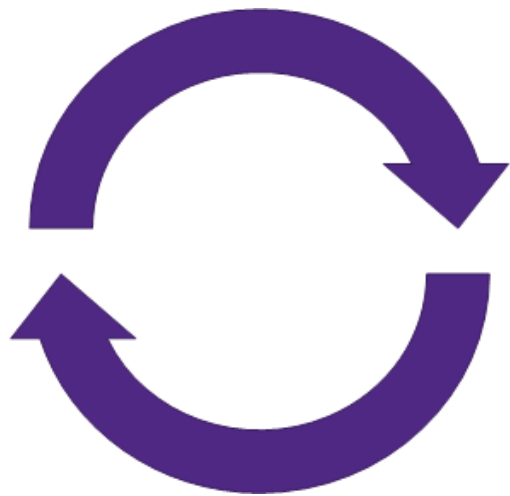


Poll Question #4 – Examples of Financial Reports

Have you seen any of the financial reports shown so far in your organization?

- ◆ Raise your hand if you have you seen any of the financial reports shown so far in your organization





Internal Controls & Audits



Internal Controls Items to Ensure Sound Financial Management





Cash Management

**Cash means
money in the
bank.**





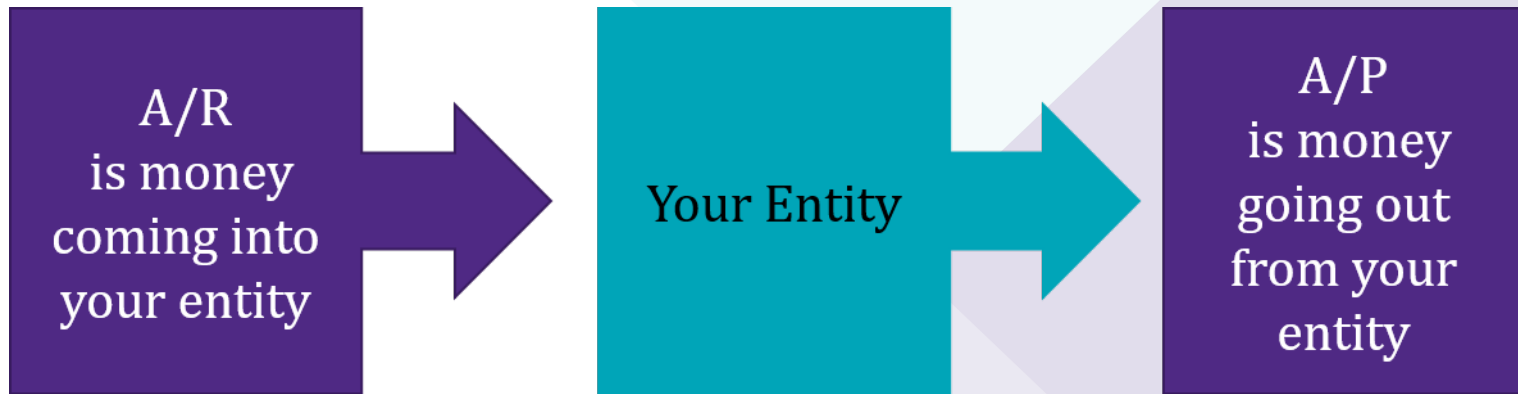
Cash Flow Projections

Watching cash flow and safeguarding funds are major management tasks.

Cash Flow Projection	January	February	March	April	May	June	July	August	September	October	November	December	Yearly Budget
Revenues													
VSSA FY18	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
VSSA FY19	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	420,000
CTAS Purpose Area 6													0
FVPSA			750			750			750			750	3,000
State VOCA	2,500			2,500			2,500			2,500			10,000
Total	87,500	85,000	85,750	87,500	85,000	85,750	87,500	85,000	85,750	87,500	85,000	85,750	1,033,000
Expenses													
Salaries	55,338	55,338	55,338	55,338	55,338	55,338	55,338	55,338	55,338	55,338	55,338	55,338	664,056
Benefits	19,368	19,368	19,368	15,250	19,368	19,368	15,250	13,913	19,368	19,368	19,368	19,368	218,728
Rent	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	3,250	3,250	3,250	34,500
Insurance	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	13,200
Telephone	975	975	975	975	975	975	975	975	975	975	975	975	11,700
Internet	387	387	387	387	387	387	387	387	387	387	387	387	4,644
Office Supplies	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Program Supplies	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	5,750	6,000
Total	86,168	86,168	86,168	82,050	86,168	86,168	82,050	80,713	86,168	86,668	86,668	86,668	1,021,828
Cash on Hand	0	1,332	163	255	5,195	4,027	3,608	9,058	13,346	12,927	13,759	12,091	
Income	87,500	85,000	85,750	87,500	85,000	85,750	87,500	85,000	85,750	87,500	85,000	85,750	
Expenses	86,168	86,168	86,168	82,050	86,168	86,168	82,050	80,713	86,168	86,668	86,668	86,668	
Cash Flow Balance	1,332	163	255	5,195	4,027	3,608	9,058	13,346	12,927	13,759	12,091	11,172	



Accounts Receivable and Accounts Payable





Cash Flow Problems

- ◆ Money not yet released by the funder
- ◆ Funds are late
- ◆ Funding in process
- ◆ Applied for payment late
- ◆ Waiting on payment for reimbursing costs already paid
- ◆ Waiting for revenues from a planned event
- ◆ Waiting for a fundraising appeal

Adapted from Week 5 of OVC TTAC Financial Management Training (edited by T. Fulwyler)



Poll Question #5 – Cash Flow

Does your organization prepare cash flow projections?

- ◆ Yes
- ◆ No
- ◆ Not sure

If yes, what is the biggest benefit your organization gets from preparing them?

Reply in the chat box.





Audits

- ◆ Maintain detailed and auditable records
- ◆ Review federal grant requirements
- ◆ Performed by an independent contractor





Be Audit Ready



- ◆ Keep receipts for ALL transactions
- ◆ Use a “separation of duties” process for all expenditures
- ◆ Have real-time timesheets
- ◆ Properly record all income and expenses

Articulate



Audit Issues



- ◆ Misappropriation of funds
- ◆ Commingling of funds
- ◆ Real-time timesheets



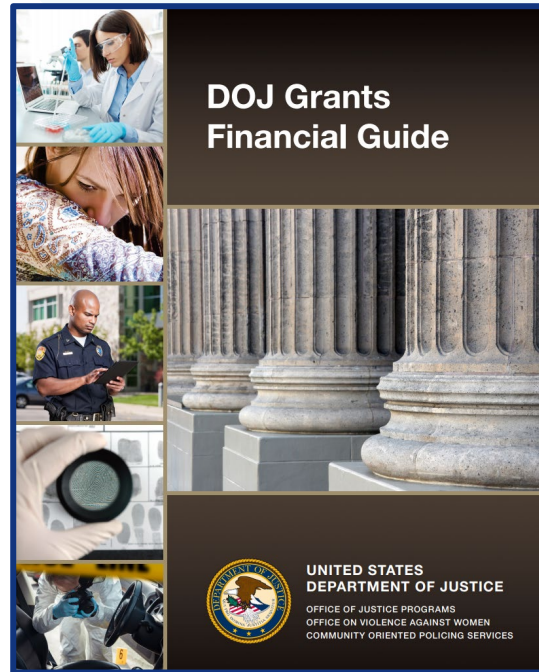
Common DOJ Audit Issues

- ◆ Procedures not documented
- ◆ Special Conditions not met
- ◆ Accounting system not adequate
- ◆ Reports not filed on time
- ◆ Suspension and debarment
- ◆ Subrecipient monitoring





DOJ Grants Financial Guide



<https://www.justice.gov/ovw/file/1030311/download>



Webinar Objectives

Now that you have attended this webinar, you will be able to—

- ◆ Identify various resources available for assistance
- ◆ Describe the purpose of an effective financial management system
- ◆ Explain basic financial planning, budgeting, and reporting processes
- ◆ State the need for and importance of internal controls and audits



Questions and Answers

Submit your questions via the Chat Box.



OVC TFMC Webinars for 2020

- ◆ Direct and Indirect Costs
- ◆ The Federal Financial Form SF-425
- ◆ Budgets
- ◆ Purchasing Procedures



References and Resources

- ◆ **Federal Audit Clearinghouse** <https://harvester.census.gov/facweb/>
- ◆ **The Wallace Foundation** <https://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/pages/default.aspx>
- ◆ **National Minority Aids Council** <http://www.nmac.org/wp-content/uploads/2015/04/financial-Management.pdf>
- ◆ **DOJ Grants Financial Guide**
(https://ojp.gov/financialguide/doj/pdfs/DOJ_FinancialGuide.pdf)
- ◆ **NAFOA Financial Reporting and Information Guide for Tribal Governments and Enterprises** (no published date or edition)
- ◆ **TTAC – Financial Management** (5-week) webinar series
https://www.ovcttac.gov/views/TrainingMaterials/NVAA/EMS/dspNVAA_EMS_ScheduleGoalsObjectives.cfm



Resources

- ◆ **Financial Policies & Procedures Guides**
 - ◆ Organizational Budgets
 - ◆ Functional Expense Allocation
 - ◆ Internal Controls/Separation of Duties
 - ◆ Financial and Tax Reporting
 - ◆ Records Retention
 - ◆ Supplanting
- ◆ **Calendar for Mapping Financial Management Activities**
- ◆ **Webinar I – Post-Award Grant Management**
 - ◆ Cash Disbursement
 - ◆ Grant Adjustment Notice (GAN)
 - ◆ Post Award Grant Requirements (responsibilities and roles)
 - ◆ Single Audit
 - ◆ Accounting Software



Chokma'shki



Contact Us

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