

Slide Title and Transcript

Chat Resources

Budgets

**Producer** Welcome to the fourth webinar in our OVC Tribal Financial Management Center training series. We’re glad you could join us today.

Budget management is an important part of being successful as a federal grantee. This webinar will give you an overview of guidance on how to do that.

Using Adobe Connect

**Producer** Here's a quick overview of Adobe Connect, the platform we are using today. Let’s cover what we’ll be using in today’s session.

Make sure your audio is connected by looking at the speaker icon at the top of the screen. If your audio is working, it will be bright green. Also, you'll notice an icon in that same menu with a person raising their hand. Take a moment to raise your hand by selecting it. (PAUSE) Great! You may be asked to raise your hand during today’s session, so use that button to do that.

The slides for today's presentation are located on the left side of the screen. To the right of that pod, you'll see the Chat Pod/Attendee Chat. Type in a quick hello to the group to make sure you can post in that pod. (PAUSE) Great! Thanks for posting in the chat pod – please use it to ask a quick question before our Q&A or if you are prompted by the presenters to comment.

If you need technical help during today’s webinar, please type a message to Lydia Goodner, today's Technical Specialist, in the Chat Pod. As with all technology, we may experience a momentary lapse in the webinar session. If that does happen, please be patient and remain on the line. The webinar should resume shortly in the event of a lapse.

The closed captioning pod, located on the bottom left side of the screen, provides closed captions should you need that service today.

Finally, we do have several handouts associated with today's session, so use the pod in the lower right corner of the screen to download the handouts referenced during today's session. Additionally, the slides from today's session and a recording will be available after the session. We'll have more details about accessing those items at the end of today's session.

Webinar Producer

**Producer** I'd like to now introduce our presenters for today's webinar –Sheree Hukill and Tamara Fulwyler will be today's presenters, so Sheree, I'll hand the presentation over to you and let you and Tamara introduce yourselves.

## Webinar Presenters

- Tamara** Welcome everyone! Chokma!/Greetings! This is Tamara. I bring three experiences that help me understand how to share this information with you today. I've served as the executive director of a regional victim service agency. I served as the Chief Financial Officer for a tribal entity. And I've been a grant/project reviewer for federal agencies funding victim services projects. I'm calling from the Puget Sound area of Washington state. The traditional lands of the Salish people. I recognize the ancestors of the Puyallup Indian Tribe and thank their leaders today for their stewardship of our land and waters. Now, to my colleague in Oklahoma.
- Sheree** Greetings from the boundary of the Cherokee and Osage Nations within the geographic boundaries of Oklahoma! I am so humbled and honored to serve as the Director of the OVC Tribal Financial Management Center and work with some of the most amazing professionals who are dedicated to supporting tribal victim services programs. Over the past three decades, my professional journey has included providing direct legal services for victims, managing civil legal assistance programs and a tribal coalition, as well as serving as a peer reviewer for numerous federal- and state-funded grant projects. Some of the most rewarding experiences in my career have come from facilitating webinars on financial management and leadership, providing in-person presentations and workshops on numerous topics, and overseeing strategic and sustainability planning for tribal and rural communities. Along the road, I have had the opportunity to learn from and share life with many amazing women, such as my co-presenter today, Tamara Fulwyler. Tamara, tells us a bit about your journey . . .

## Webinar Objectives

- Tamara** Yes, I did while you were offline, Sheree. First, hopefully I think everyone has heard from both of us. Kat is our producer and online. It looks like we are getting our participants online.
- So, I will go ahead and review the webinar objectives. By the end of the presentation today, we hope that you will be able to identify three resources to help with budgets. Describe the difference between project and tribal entity budget. Hopefully you will be able to list five good budget development practices and, also, identify the major components of a budget policy. We will be going through the six steps of the budget development process; you will be able to list those. We are then going to help you identify the resources for a budget Grant Adjustment Notice (GAN). I'm ready to go when you are to the next slide.

## Grant Management Team

- Tamara** This training is designed to help you in your roles as grantees. There is a team of folks available to assist and support you, including OVC Grant Manager, your main point of contact for any questions or issues related to the management of your grant. If you have not been in contact with them, you may want to reach out to them.
- The Programmatic TTA Providers for the Victim Services Set-Aside (VSSA) grant program are Unified Solutions and the National Criminal Justice Training Center of Fox Valley Technical College.
- And there is a group of us here, financial and program specialists, at the Tribal Financial Management Center who are resources to you in your budget work.

## OVC Tribal Financial Management Center

**Sheree** Resource for OVC Tribal Grantees

- Launched in the fall of 2018 to provide training/technical assistance (TTA) and resources to OVC Tribal grantees and applicants for the FY 2018 and 2019 Victim Services Set-Aside and CTAS (Purpose Areas 6 and 7)
- OVC TFMC provides financial management TTA and resources to support American Indian and Alaska Native (AI/AN) communities as they develop and maintain the capacity to successfully manage the financial aspects of their federal awards
- A strong financial foundation will support each community's service to crime victims while enhancing the consistency and sustainability of tribal victim service programs

In the fall of 2018, the Office for Victims of Crime launched the Tribal Financial Management Center (TFMC) to provide training/technical assistance and resources to OVC tribal grantees and applicants for the newly established Tribal Victim Services Set-Aside grant program. In 2019, TFMC began providing services to the VSSA grantees as well as Coordinated Tribal Assistance Services (CTAS) Purpose Areas 6 and 7 which were also funded through OVC. TFMC's mission is to support American Indian and Alaska Native (AI/AN) communities as they develop and maintain the capacity to successfully manage the financial aspects of their federal awards. TFMC's overarching goal is to assist each tribal community in maintaining a strong financial foundation which will support each community to enhance and sustain their services to crime victims.

Over the past eighteen months, TFMC has established and continues to expand our approach to TTA.

## Training and Technical Assistance (TTA) Approach

**Tamara** Our technical and training assistance approach includes individualized virtual and onsite TTA sessions; Virtual Support Center consults; webinars; peer-sharing web forums; regional workshops; Learning Circles; needs assessments; and peer-sharing web forums.

## OVC TFMC Virtual Support Center (TFMC VSC)

**Tamara** The Virtual Support Center (VSC) is available by using either the email or phone number listed here. You will receive a response by a TA provider to better understand your request and provide you support.

Email: [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org)

Phone: 703.462.6900

Website: <https://www.ovctfmc.org>

## OVC TFMC Virtual Support Center (VSC)

**Sheree** To best support tribal grantees across the country, the VSC is available for seven hours per day, Monday through Friday, beginning at 12:00 p.m. eastern time which is 8:00 a.m. in Alaska. The VSC availability “closes” at 7:00 p.m. eastern time – 6 p.m. central, 5 p.m. mountain, 4 p.m. pacific, and 3 p.m. Alaskan time.

## Our Promise: Cultural Humility

- Sheree**
- When working with tribal communities, we recognize not all tribal communities are alike – we are working with sovereign nations and understand the importance of honoring (and learning from) the indigenous ways of knowing.
  - We know trust is required before successfully working with tribal communities and building trust takes time.

NOTE: Relationships move at the speed of trust, social change moves at the speed of relationships

OVC TFMC was founded on a commitment to develop an understanding of tribal cultures, practices, and traditions. When working with tribal communities, we recognize not all tribal communities are alike. We realize we are working with sovereign nations and understand the importance of honoring (and learning from) indigenous ways of knowing. Creating, growing, and maintaining relationships with the tribal communities we serve, requires a respect for community traditions, stories, and practices. Building trust within this working relationship is essential and it takes time for that trust to grow into a successful collaborative process.

This is especially true when supporting tribal entities in aligning their resources, for example, how does the communities’ VSSA program budget fit into and support the larger tribal entity budget. Tamara, what are some differences between project and tribal entity budgets?

## What is the Difference between Project Budgets and Tribal Entity Budgets?

**Tamara** A budget helps us tie our actions to our resources. A budget is a projection of an income and expenses for a specific time period.

Any budget or plan is only as good as the time, effort, and information people put into it. All budgets are snapshots in time, projections of things to come. Budget policies and procedures are necessary to effectively manage the development, implementation, monitoring, and modification of budget plans.

We’re going to talk about two types of budgets in today’s presentations.

The first is **project budgets** which are built for programs, functions or activities. When a project plan is created, especially if it’s grants funded, it may have a one-, three-, or five-year project budget as part of the plan. That plan is specific to the tasks and timelines relevant to the specific project.

The other is the **tribal entity budget which supports its overall action plan**. This type of budget includes all the various projects, plus the administrative and overhead items for the tribal entity. This may include revenue items for fundraising and special events. It may include the costs of executive personnel and other items which

aren't directly charged to project budgets – either because they aren't allowed or don't benefit the project directly. *This was a webinar topic earlier in the series on [cost allocation plans](#).*

## Steps for Building a Project Budget

### Tamara 1. Outline the project activities

- Needs assessment - assessing the victim service needs of the community to inform the planning, development, implementation, and expansion of victim service programs
- Strategic planning – developing a strategic plan that will guide the development, implementation, and expansion of victim service programs
- Program implementation – implementing victim service programs based on the documented victim assistance needs of the community
- Program expansion including expanding types of services provided to victims; expanding populations served; and/or expanding the types of crime addressed

### 2. Break the activities into specific costs

Use your policies and procedures to determine the parameters of specific costs, for example, how to determine appropriate market rates in your area or how to estimate travel costs for required meetings away from your site

### 3. Assign the costs to the appropriate cost categories

- Use the DOJ Grants Financial Guide as a resource for your budget-related questions
- When considering whether costs are allowable, use these questions as a guide:
  - Is this cost related to supporting or assisting crime victims?
  - How does this expense help crime victims?
  - Does this expense maximize cost efficiency? For example, planned in-person meetings rather than webinars (this information will be provided in the budget narrative)?
  - Is the cost allowable by OVC? Remember: Even though the federal government has noted these categories as comprising a grant award budget, the tribal entity must still ensure costs falling under these categories are allowable expenses per the applicable cost principles. For example, travel costs are an allowable expense and appear in your Budget Detail Worksheet (BDW). However, costs for a first-class ticket when coach tickets were available may be disallowed as unreasonable.

## Allowable and Unallowable Costs

**Tamara** This downloadable document provides examples of program activities and specific costs for which Office for Victims of Crime (OVC) Tribal Victim Services Set-Aside (VSSA) Program grant funds may be used. This list is not exhaustive, and OVC will review all proposed costs in the context of each grant proposal.

NOTE: This year's chart for allowable and unallowable is much more comprehensive than past years. Please review the chart closely as you may find answers to a lot of your budgeting questions in the chart. If questions still exist, please reach out to TFMC and/or your Grant Manager (if you have one).

## Project Budget Categories

**Sheree** So now we know the steps for building a project budget and which costs are allowable, now what? Let's take a look at the budget categories found in the Tribal Victim Services Set-Aside (VSSA) grants. For the VSSA grants, we have only seven budget categories: personnel, fringe benefits, travel, equipment, supplies, contractual, and other.

NOTE: Although Category F. Construction is listed on the Budget Detail Worksheet for the VSSA, Construction is an unallowable cost under the VSSA project, please refer to page 28 of the solicitation for guidance on what constitutes construction. Also, check with your Grant Manager if you need further clarification.

Construction: This is a non-construction award program and construction costs are unallowable. Costs incurred as an incidental and necessary part of a program for renovation, remodeling, maintenance, and repair costs that do not constitute capital expenditures (construction) are generally under the Other category, but may be subject to provisions, including restrictions or limitations, contained in program-authorizing legislation. Additionally, applicants must follow provisions included in the DOJ Grants Financial Guide under 3.8 Procurement under Awards of Federal Assistance.

## Budget Detail Worksheet and Narrative

**Sheree** When completing the Budget Detail Worksheet and Narrative, you will find two formats online: an Excel workbook and a PDF document. Grantees are encouraged to use the Excel version when completing project budgets. If you do not have access to Microsoft Excel or experience technical difficulties, you can submit the PDF version. Please note, completing your budget in Excel is much easier and is the preferred format. When completed, your Budget Detail Worksheet should present a complete itemization of all proposed costs for the full period of performance expected for the completion of the project, i.e. three-years for the VSSA grants. Your Budget Detail Worksheet should also contain a page for each year of the project.

Use of the OVC template is required for grant applications. OVC is continually seeking to improve the ease of use and we are very interested in any recommendations you may have to improve this form. If you have used OVC's Budget Detail Worksheet in the past and would like to share some tips for your colleagues or recommendations for improvement, please do so in the chat box. You can also contact TFMC through the VSC and share your experiences there.

*Now, let's take a look at some of the individual line item categories . . .*

## Budget Detail Worksheets

**Sheree** The Budget Detail Worksheet should provide a detailed computation for each budget line item listing the total cost of each and showing how it was calculated by the applicant. For example, costs for personnel should show the annual salary rate and the percentage of time devoted to the project for each employee paid with grant funds.

Include budget narrative to further explain the detailed computations and the purpose for the request.

For example: For Year One of the project, the Project Director receives \$37 per hour and works 173.33 hours per month. She will work for twelve months and will charge only 10% of her salary per month to this grant. Now, let's look at Fringe Benefits . . .

## Narrative Justification for Every Cost

**Sheree** In this example, the entity notes a FICA rate of 7.65%, SUTA rate of 2.20, an IRA Match of 3%, and worker's compensation rate of 4.53% which are multiplied by the salary amount paid by the project and then for the number of months the Project Director will be paid from this project. This entity also provides dental insurance at a rate of \$19.50 per month and medical insurance at a rate of \$638 per month.

NOTE: Use the narrative to explain the details of your entity's fringe package, i.e. does it differ for various departments, career levels, etc. For example, Worker's Compensation rates may vary depending upon the position – rates for bus drivers will likely be higher than rates for an office manager

We have a project direct and manager, now let's see what supplies we might need for our project . . .

## Narrative Justification for Every Cost

**Sheree** The Budget Detail Worksheet should include a thorough and clear description of **every** cost listed in the "Narrative" section for each budget category. Project budgets should be complete, cost effective, and allowable (e.g., reasonable, allocable, and necessary for project activities).

The narrative will provide budget reviewers information about how the project approach maximizes cost effectiveness of award expenditures. The budget narrative is designed as an opportunity to justify the proposed costs in relation to potential alternatives to achieving the same project goals, i.e. the reasons these options were chosen. For example, the narrative should detail why planned in-person meetings/trainings are necessary versus webinars or remote meetings.

## VSSA Project Budgets

**Sheree** The Narrative should be mathematically sound and correspond clearly with the line item computations provided in the Budget Detail Worksheet. The narrative should explain how you estimated and calculated **all** costs, and how those costs are necessary to the completion of the proposed project. As with the Budget Detail Worksheet, the Budget Narrative should describe costs by year.

Project budgets will have direct and indirect costs. Indirect costs are general and administrative expenses which cannot be assigned to a particular project but are necessary for the operation of the entity and performance of the project. TFMC previously provided a webinar on cost allocation to support your learning about direct / indirect costs and negotiated indirect cost rate agreements; this webinar is archived and available for viewing at your convenience. **Please Note: transferring federal grant funds into, or out of, the indirect cost category in a project budget is not allowable without prior approval from the awarding agency.**

Your grant budget is guided by your VSSA award. Best practice encourages a review of your grant budget and budget narrative to verify alignment with the project narrative, i.e. does the budget have line items for each staff member, supply, activity, etc. described within the project narrative? Does the budget narrative and the project narrative describe the same staff members, supplies, activities, project needs?

It's important to understand what expenditures can be made, how to monitor the budget, how to report, and how to modify the budget if needed. ***If you have questions about your grant budget, contact your Grant Manager.***

*Now you have completed your VSSA project budget, what else do you need to consider as you determine how your project can best serve your community? Tamara . . .where should we start to see how our project fits into "the bigger scheme" of tribal services?*

## Tribal Entity Budget

**Tamara** A tribal entity budget is a tool for helping the tribal entity achieve its mission. It's a line by line plan for how resources will be used to take action steps toward goals in specific time periods. A budget is viewed within the financial framework for coordination and implementation of a tribal entity's action plan. The tribal entity budget usually has a lot of categories because it covers all the program, operations, and administrative expense categories.

## Tribal Entity Budget Categories

**Tamara** This budget example shows expenditures planned by functional areas: Victim Services, Shelter, Community Peacemaking, Admin/Ops, and Fundraising. Within a function, such as Victim Services, there may be more than one grant, like VSSA, VOCA and CTAS all funding victim services activities.



## Financial Management Practices

**Sheree** How do we ensure effective use of the grant funds we have received? First, we recognize that our day-to-day practices must flow from the policies we have in place and through the procedures we have established, i.e. policies and procedures guide the hands-on activities.

It is important for program staff to use sound financial management practices to ensure effective use of federal grant funds while providing for accurate, complete documentation and disclosure of financial information. These practices apply to both your program budget and your entity budget. TFMC previously provided, and archived, a webinar covering financial management practices. The recorded version may be found at [ovctfmc.org](http://ovctfmc.org). ***NOTE: TFMC is also creating policy and procedure development resources to assist you in reviewing your current policies and procedure, editing as needed, and ensuring you day-to-day practices align with the policies and procedures.***

Today we are going to talk about the **policies, processes, and practices** of tribal entity budgets. Tribal entity budgets are usually prepared on an annual basis. Preparation of tribal entity budgets usually involve participation by leadership, administrative, management, and sometimes program staff members.

## Major Components of a Budget Policy - Policy

**Sheree** The next two slides show the major components which need to be addressed in a solid budget policy.

Who is responsible for and involved in developing the tribal entity budget? Who approves the budget and when is it approved? When can a budget be modified? Can Program Managers make line item changes to project budgets? Who approves these modifications? Can budget dollars be moved from one program to another? If so, who approves the move?

One example could be:

- Program Directors are responsible for preparation and submission of program budgets to the Finance Office, upon approval of the contracts by the funding agency.
- The Finance Officer is responsible for setting guidelines used by Program Directors in preparing program budgets.
- The Finance Officer is responsible for submitting the tribal general fund and indirect cost budgets to the Judicial Committee, no less than 90 days prior to the beginning of the fiscal year. The Finance Officer and Administrative Officer are responsible for timely preparation and filing of the annual Indirect Cost Proposal in accordance with federal regulations.
- The Tribal Council will formally approve and adopt all budgets.

**NOTE: When working with federal funding, the respective federal Grant Managers, i.e. funding agency, MUST APPROVE any reallocation of funding from one program to another BEFORE any reallocations are made.**

## Major Components of a Budget Policy - Procedure

**Sheree** The budget policy will flow into the procedures for developing and modifying the budget. For example, what specific requirements exist for your budget? Do you budget by month? Do you need a cash flow projection?

What steps must the Program Managers take to adjust their budget? What is the process for moving budgeted amounts between programs?

**Remember . . . When working with federal funding, the respective federal Grant Managers, i.e. funding agency, MUST APPROVE any reallocation of funding from one program to another BEFORE any reallocations are made.**

In summary, **policies and procedures** are designed to influence and determine all major decisions and actions, and all activities take place within the boundaries set by them. **Procedures** are the specific methods employed to express **policies** in action in day-to-day operations of the organization.

*Tamara, so why do we create policies and procedures to guide our budget making process?*

## Budget Team and Steps

**Tamara** If you've been on a budget team, you know it's a complex process, with a lot of steps and a lot of people involved.

## Six Step Budget Development Process

**Tamara** Here is an overview of the six steps required in the Budget Development Process. Next, we will cover each step, in detail.

### 1. Create a Team

**Sheree** Why do we need a team to create a budget? For a tribal entity budget to be accurate, effective, and uniting, the budgeting process must be **inclusive**. While the Tribal Council, business committee, Executive Director, and key finance staff often play the coordinating role in the process, all management teams have a role to play. In a tribal community, it is common for the body of the General Council to participate in budget planning. Designing an effective process which engages people with multiple perspectives can be challenging. People in different roles may have different perspectives which influence their priorities. Having an **inclusive and transparent** process helps people be aware of other approaches to the budget process. Program Managers need to understand the realities of their resource situation and the vision of the leadership. Fiscal Managers need to make decisions which support achieving mission through program implementation. These are common conflicts in the budgeting process. Leadership can minimize conflict by being inclusive, transparent, and developing a **realistic budget**.

When choosing a budget development team, be mindful of who is on the team, why they are on the team and how they can contribute to creating and monitoring a realistic budget by developing a budget timeline and task lists . . .

## 2. Develop a Budget Timeline and Tasks

**Sheree** This is an **on-going process**. Budget cycles are **always present** and require **year-round work** to assure tasks are on track. The date which drives this work is whatever date the budget must be received by the entity responsible for providing your program fiscal operating authority – when you can use the funds! Starting with the due date, your timeline will be built backwards on the calendar. The length of time between the current date and the due date will impact the complexity – and urgency – of your process.

As you develop your timeline and assign tasks, it is vitally important to ...

## 3. Gather Information

**Sheree** . . .*Gather information and when doing so -- be **realistic!***

- Use **income-based budgeting**: Budget for income first. Base income targets on realistic expectations, and only include reliable income in the budget. Never include an income projection which simply fills the gap to cover expenses. This sets the organization up for a budget deficit if the organization fails to hit the "plugged" income targets. *Ensure expenses are lower than the dependable income total!* This requires cooperation among all departments in setting organizational and programmatic priorities and timing new or adventuresome programs. What-if scenarios can be included, such as "we can do this desired project/program if that additional revenue comes in."
- **Estimate income on the low side**. Gather as many details as possible to guide your income estimation. Your tribal entity will likely have income from: grants, contracts, leases, fees-for-services, fundraising, etc. **Be realistic and estimate on the low side.**
- **Estimate expenses on the high side**. List all **known expenses** such as salaries, payroll taxes, rent/mortgage lease/contract payments. Next, estimate (on the high side) **fluctuating costs** such as utilities, insurance, telephone expenses, your annual audit, etc. Then, list the items needed to conduct all entity activities and programs such as office supplies, client support materials, outreach items, etc.
- Total your income, total your expenses, and **compare the two numbers**.
- **If your income is higher than your expenses, you may be able to plan to do some extra activities or buy special items during the budget year. If your expenses are more than your income, you will need to plan for additional income-generating activities or reduce expense line items that are flexible.**

*Now you have . . .created your team, developed your timeline, assigned tasks, and gathered information . . .it is finally time to Build the Budget!*

#### 4. Build the Budget – Estimate Income/Revenue

**Sheree** We will start with estimating income/revenue

- List all actual figures or estimates you expect to receive from your known funding sources.
- If your entity fundraises, estimate the amount you'll raise in the next fiscal year.
- If you charge fees or sell services, estimate the amount you'll take in from these activities.
- If you solicit members who pay yearly dues or fees, estimate the amount that membership will yield.
- If you sell items, estimate what these sales will bring in for your entity.
- List and estimate the amounts from any other sources expected to bring in some income over the coming fiscal year.
- Add up all the income items you have listed.

**ALWAYS check with your Grant Manager for guidance on how to assure grant funds and non-grant funds are properly allocated within your victim services programs!**

*Now we know how much revenue we have and how it can properly be allocated, let's take a look at expenses . . .*

#### 4. Build a Budget, *Continued* – Estimate Expenses

**Sheree** *When you estimate your expenses, list the estimated:*

- Yearly expense totals of the absolute necessities of the entity
- Expenses for things you'll need to conduct the activities of the entity
- Expenses for anything else the entity is obligated to pay or can't do without
- Expenses for things you aren't sure you can afford but would like to do

*And then . . .*

- Add up all the expense items you have listed

#### 4. Build a Budget, *Continued* – Compare Total Expenses and Total Income

**Sheree** Now, you can compare your total expenses to your total income.

If you have a balanced budget, you'll want to make sure you are able to use your money as planned. If you've filled in the numbers in accordance with your funding restrictions, your spreadsheet should immediately let you know whether you have enough in each of your expense categories. If you discover you have funds remaining in a certain line item and not enough funds in another line item, you can work with your Grant Manager to prepare a budget modification, where allowable and appropriate, to reallocate funds from one category to

another. ***TFMC will be happy to work with you to identify areas in which you may have more freedom to align the budget to the current needs of your program.***

If you have a budget surplus, be aware it may not show up as cash until the end of the coming fiscal year. ***Non-federal funding surplus*** may be used to improve working conditions within the entity: raise salaries, add a benefit package, buy items you hadn't been able to afford, add positions, or start a whole new program. If you're starting a new program, you're also implicitly making a commitment to maintaining it for a period of years, so that it will have enough time to be successful.

*What happens if you have a budget shortfall? . . .*

#### 4. Build a Budget, *Continued* – Making Up a Gap in the Budget

**Tamara** If you have enough money in the bank, you can use it to make up the gap in your budget. You can try to raise the additional money you need through grant writing, fundraising efforts and events, increasing your fees for service, etc. If you have a plan for raising money—such as a raffle to finance a new copier—it should be listed with your estimated income. Be aware such a projection isn't "real" money until the financial goal it represents is reached.

**NOTE: When working with OVC grant funded projects, ALWAYS check with your OVC Grant Manager to assure your federal and non-federal funding allocations are in compliance with all applicable federal regulations.**

You can explore saving some money by collaborating with another entity to share the costs of services, personnel, or materials and equipment. Expenses may be cut by reducing some of your costs or by eliminating some things from your budget altogether.

Several suggestions for budget cuts are available, for example, look at non-essential items, ask: "Is this item really needed to run the entity or the program?" In a worst-case scenario, you may have to consider cutting back on services offered, which usually translates to addressing paid staff positions – ***never easy, never fun.***

Reduce the hours of one or more staff, or, reduce one or more positions from full- to half time. Keep in mind in many entities, this reduction from full- to half-time would eliminate benefits for those affected. An alternative would be to ask staff to pay a larger share of their fringe benefits (if your entity provides fringe benefits).

#### 5. Obtain Budget Approval

**Sheree** Now you have completed a budget which covers the needs of your entity, in accordance with best practices for budget processes, the next steps include:

- Presenting the budget for approval
- Clarifying roles and expectations for budget monitoring; and
- Determining budget-to-actual report formats and plans for distributing

**NOTE: Be sure to include adequate time in your timeline for this process.**

## 6. Monitor the Budget

**Sheree** To assure your entity and projects stay on track, at least monthly:

- Fiscal staff need to prepare accurate and timely budget-to-actual reports of income and expense by program and provide the reports to Program Managers and the Executive Director
- Program Managers need to review their budget-to-actual reports and adjust their plans to keep the numbers on track for balancing at the end of the program year
- The Executive Director needs to review budget-to-actual reports for programs and the entity overall and reports any significant differences that might require a budget modification to the board/council for review/approval

**Your Grant Manager will work with you to help ensure your project budget is tracking appropriately. TFMC can also support you in these efforts and help you analyze any**

- Budget variances, which are normal and always require analysis. A variance is the difference between the budget amount and the actual amount expended. Budget variances can be positive (less expense than expected, more income than expected) or negative (more expense than expected, less income than expected).

## Budget-to-Actual Report

**Tamara** Let's look at this budget-to-actual report and do some analysis together.

- Bear Valley Safety Services budget from 10/01/18 to 9/30/19 is a 12-month budget.
- The report period is June 2019.
- Nine months of a 12-month budget have passed; therefore, we are 75% of the way through the budget period.
- A high-level analysis will allow us to see if 75% of the funds have been expended.
- What percentage of funds have been expended?
- **Oh, 82.70%** of the funds have been expended; therefore, we have over-spent a little.
- Let's look up line-by-line and see what's going on with the expenditures compared to the budget for each line item.

## Let's Review Sound Budgeting Practices

**Tamara** To support your success with budgeting, let's talk about sound practices.

- Build a diverse "budget team" by choosing members who come from different parts of your entity such as the Director, a finance person, a Program Manager, and a representative from your board/council.
- Define clear communication tools for the budget timeline to maximize collaboration. For example, a password protected budget worksheet in EXCEL can be shared and built together.

- Make a written budget timeline and schedule in the tasks, such as:
  - when to start the budget process
  - when to have a draft ready for review
  - when the governing body will approve
  - when to monitor and adjust
- Connect your budget to your mission. The income and expenses should support movement toward your entity's goals and vision.
- Create budget worksheets and reports that everyone in your entity can understand and use.

## Budget Revision Explanation

**Tamara** This table is in the handouts as an Excel document.

Budget Revision Explanation:

Grantee requests approval to move funds in the approved original detailed line item budget from one budget category to another during grant Year 2. The request is to reduce personnel by \$75,000.00 and fringe by \$9,862.50 and supplies by \$637.50; and to increase procurement contracts by \$85,500.00. The approved original budget included personnel and fringe costs for a Legal System Advocate. This would have been a new employee for the grantee. The grantee's governing Council put a freeze on hiring additional employees. The result to the planned budget is a decrease in personnel and fringe benefits. In order to complete the planned project activities in an efficient and economical manner, the grantee will contract with NW Legal Services to provide a Legal System Advocate who will perform the same work for program clients as described in the original project plan at a cost of \$85,500.00.

## Budget Revision Explanation (continued)

**Tamara** Also, the approved original budget included \$1,000.00 for a printer for the project. The item was purchased on sale at a reduced cost of \$362.50, resulting in a savings of \$637.50. The results are budget reductions totaling \$85,500.00 (\$75,500.00+ \$9,862.50 + \$637.50) and a budget increase in the amount of \$85,500.00. The net change to the project budget for Year 2 is \$0. This budget revision does not increase or decrease the Year 2 project budget.

## Grant Adjustment Notice (GAN) Guide Sheet

**Sheree** A Guide Sheet on creating and submitting a GAN is available from the Financial Specialists at the OVC Tribal Financial Management Center. This Guide Sheet, and many others, may be downloaded from the OVC TFMC website and via the link on this slide.

<https://mailchi.mp/ovctfmc.org/gs2020>

*Let us know of other topics for which you would like to have guide sheets, checklists, instructional videos, or other job aids. Tamara, does the Office of Justice Programs have another resource you have found beneficial?*

## OJP Grants Management System (GMS) Computer Based Training

**Tamara** Online training on the GAN is available.

<https://ojp.gov/gmscbt/>

## Webinar Objectives

**Tamara** Now that we have completed this webinar, you will be able to identify three resources to help with budgets, describe the difference between project and tribal entity budgets, list five good budget development practices, identify the major components of a budget policy, list the six steps of the budget development process, and identify the resources for submitting a Grant Adjustment Notice (GAN).

## Questions and Answers

**Producer** Thanks, Tamara! We're now ready for our Q&A. To ask questions of our presenters, please type your question in the Chat Box in the upper right portion of the screen.

We have about **30 minutes of questions** and we'll get to as many questions as we can. If we're unable to answer your questions or run out of time, we'll answer your question via email.

Let's go ahead and get started with our first question!

**Sheree and Tamara** **How do we know about budget planning?**

The process of building a budget is fundamentally a planning process. This is the time for an entity to revisit its goals, priorities, and activities. It's a good time to reflect on how the entity's resources are used to support the goals that will achieve its mission. Doing the budget planning, with an inclusive approach, makes a fiscal strategic plan for what the entity wants to accomplish, how much it will cost, and the required resources to be generated.

**What do we need to know about budget monitoring?**

Use monitoring tools everyone can understand. Compare expenditures-to-budget at least monthly. When a budget looks like it has items that are not on track, go through the details to see what occurred, project what needs to happen in the future, and make (and communicate) the plan for getting it back on track as soon as possible. Don't wait until the end of the budget period to monitor.

**How can I contribute to the budget process?**

If you are going to be held accountable for managing a budget or for expending budget line items, it's important for you to participate in the budget process. Each entity has different roles for different staff and leadership – and community members.

You might be a person who develops the budget or the tools. You may be a person who decides the cost allocation methodology. Maybe you can help determine which costs for direct program expenses could be



increased or decreased to align with revenue projections. Maybe you are the person who plans special events designed to increase revenue. Maybe you are the person tracking the line item expenditures to the budget and reporting up/down through the entity about how to keep on track. Every role is important and contributes to successful budget management.

### **In summary, what are the budget development steps?**

- Build a diverse team
- Define communication tools
- Make a timeline with tasks
- Connect to your mission
- Make usable reports

### **What is a budget variance?**

A budget management system identifies budget variances. Variances are differences between actual and budgeted amounts. Left unmonitored, variances can create big problems for budget managers. An entity may increase spending if the variance indicates there is more money left in the budget than it projects it will spend based on activities to that point. If the variance shows that spending, to that point, exceeds what was projected, the entity may have to cut spending. It's very important to learn how to monitor and respond to variances. It's helpful if variances are expressed in percentages and you can compare time to dollars by percentage. For example, you have spent 85% of your budget in the first 50% of your budget period. An analysis of this situation should be conducted and explained to avoid problems down the road.

### **How do we connect our budget to our mission?**

First look at your entity values. See where you are having success and see where you could use more effort. Then, identify opportunities and trends coming which you might want to leverage. Do a realistic assessment of your entity's financial health (reserves, cash flow, right staff/facility size for planned activities, etc.). Name the values, goals and priorities you want your budget to reflect aligned with your mission. Write specific objectives, which are time-bound, for what you want to focus on using your financial resources. For example, you might want to provide on-site childcare for parents receiving services. To do that, you must expand your building by one room. You could write a goal to say by the second quarter of the fiscal year, you will seek, and receive, non-restricted tribal funds of \$50,000 to cover construction costs (not allowed through grant funding).

## **Closing**

**Producer** Thanks, so much Sheree and Tamara. Let's close our webinar with a few announcements about upcoming webinars as well as how to access the recording from today's session.

## Upcoming TFMC Webinars

**Producer** Be sure to be on the lookout for the next webinar on Procurement (Purchasing Procedures) July 15.

We also want to remind you that OVC TFMC provides Financial Specialists who are available to answer individual questions and support you as you go through the process of accepting your award through the OVC TFMC Virtual Support Center. Email questions or requests for grant financial management technical assistance to [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org). Or, you can call us at (703) 462-6900.

[TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org)  
703.462.6900  
Website:  
<https://www.ovctfmc.org>

## References and Resources

**Producer** Finally, we have numerous resources and references from today's session, so be sure to download a copy of today's PPT slides; they are available in the handouts pod of this webinar room. Also, we'll be sending out the slides and a link to the recording a few weeks after the session has taken place.

## Thank You for Participating

**Producer** Thank you everyone for attending today's webinar! And thanks again, Tamara and Sheree for giving a great presentation today.



The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org)** or call **703.462.6900**. Visit [OVCTFMC.org](http://OVCTFMC.org) for additional resources and information.

## Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to [Evaluation@OVCTFMC.org](mailto:Evaluation@OVCTFMC.org).

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