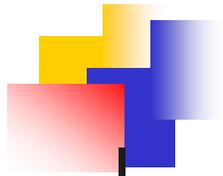


***SHOW ME THE MONEY***

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***BUDGETING 101***

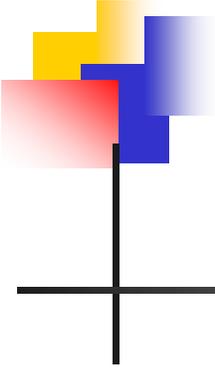


# BUDGET 101

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## ■ **Session Objectives**

- To understand the regulatory requirements for budgets
- To understand the budget process
- To understand how to use the budget as a useful control tool
- To provide a basic understanding of the various budget categories
- To provide practical guidance in the preparation of an effective budget

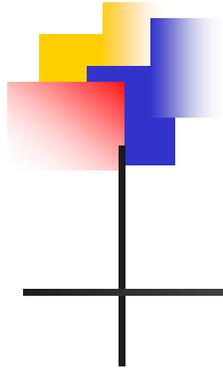


# Regulatory Requirements

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- CNCS Grant Provisions

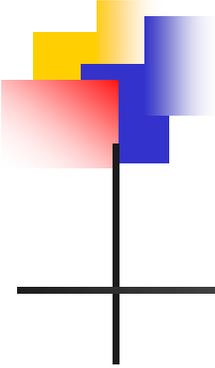
- The Grantee has *full fiscal and programmatic responsibility* for managing all aspects of grant and grant-supported activities, subject to oversight by the Corporation
- Financial systems must be able to identify costs by programmatic year and by budget line item, and to differentiate between direct and indirect costs or administrative costs
- Recipients are required to report deviations from budget and program plans revisions, and in some cases receive prior approval



# Regulatory Requirements

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- Office of Management and Budget OMB Requirements
  - Recipients are responsible for:
    - Managing and monitoring each project, program, sub-award, function or activity supported by the award
    - Effective control over and accountability for all funds, property, and other assets.
    - Comparing outlays with budget amounts for each award
    - Budget analysis and explanation of cost overruns or high unit cost



# Managing The Budget Process

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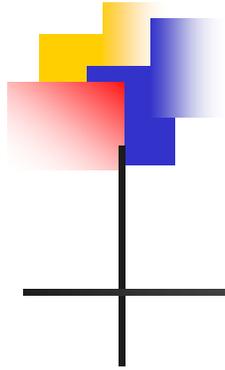
## ■ What is a Budget?

- A financial blueprint projecting expenditures for the grant award period, e.g. six months; one year; three years, etc.

### Uses:

- Management oversight
- Fundraising
- Accountability
- Forecasting

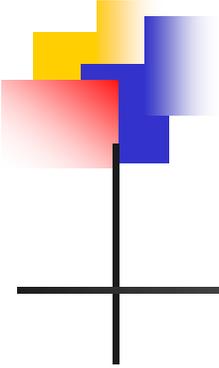




# Managing The Budget Process

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- Qualities of an Effective Budget
  - Realistic
  - Consistent with organizational objectives
  - Flexible (amendable if conditions are not as expected)
  - Consistent with Corporation goals



# Managing The Budget Process

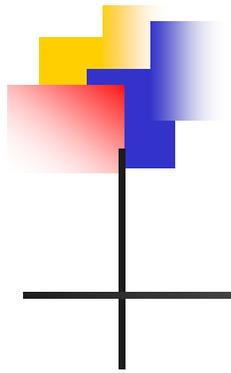
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- Who should be Involved?

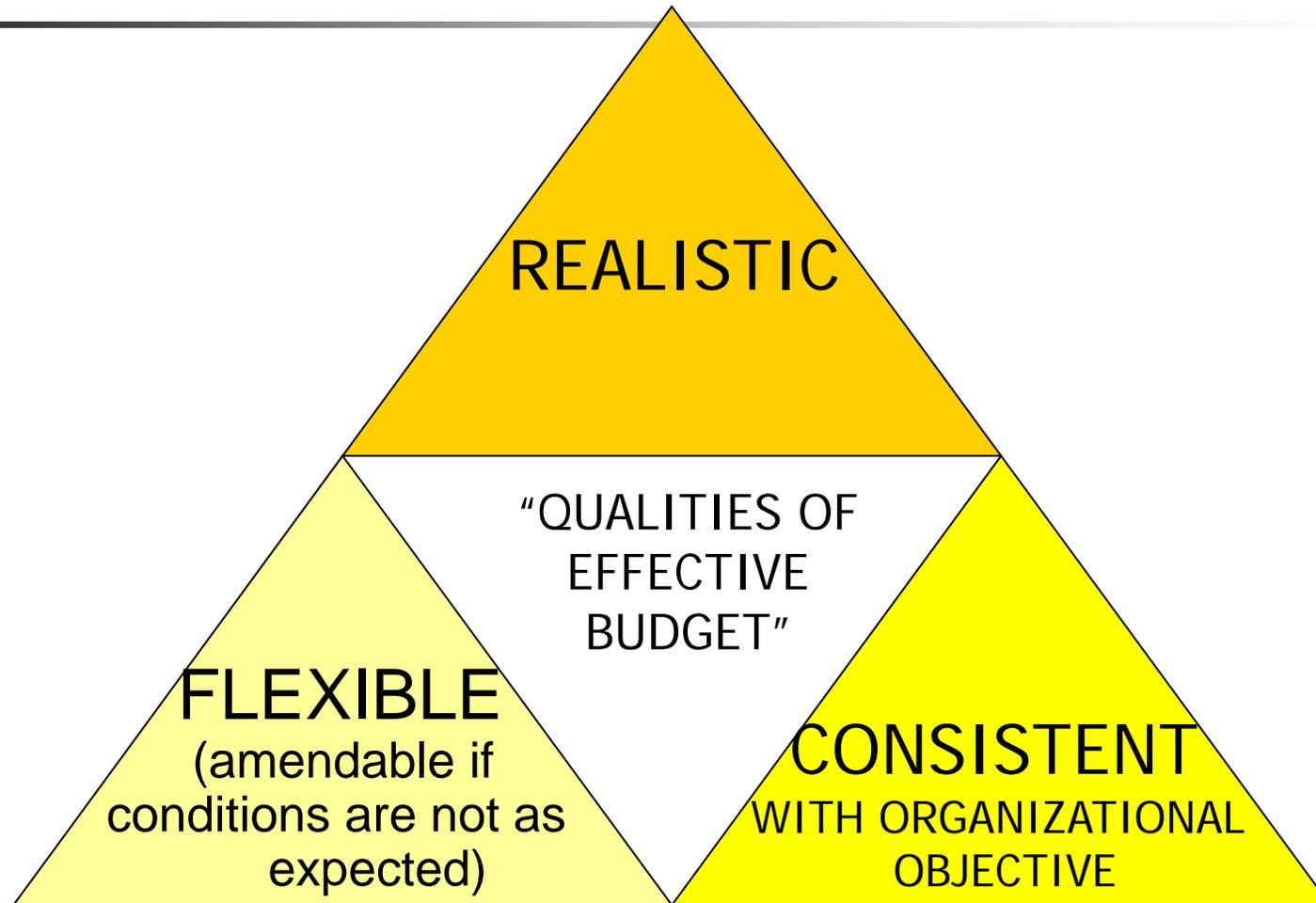
The budget process should be a team effort that includes:

- Board of Directors
- Executive Director
- Program/Project Director
- Program/Project Staff
- Fiscal Staff

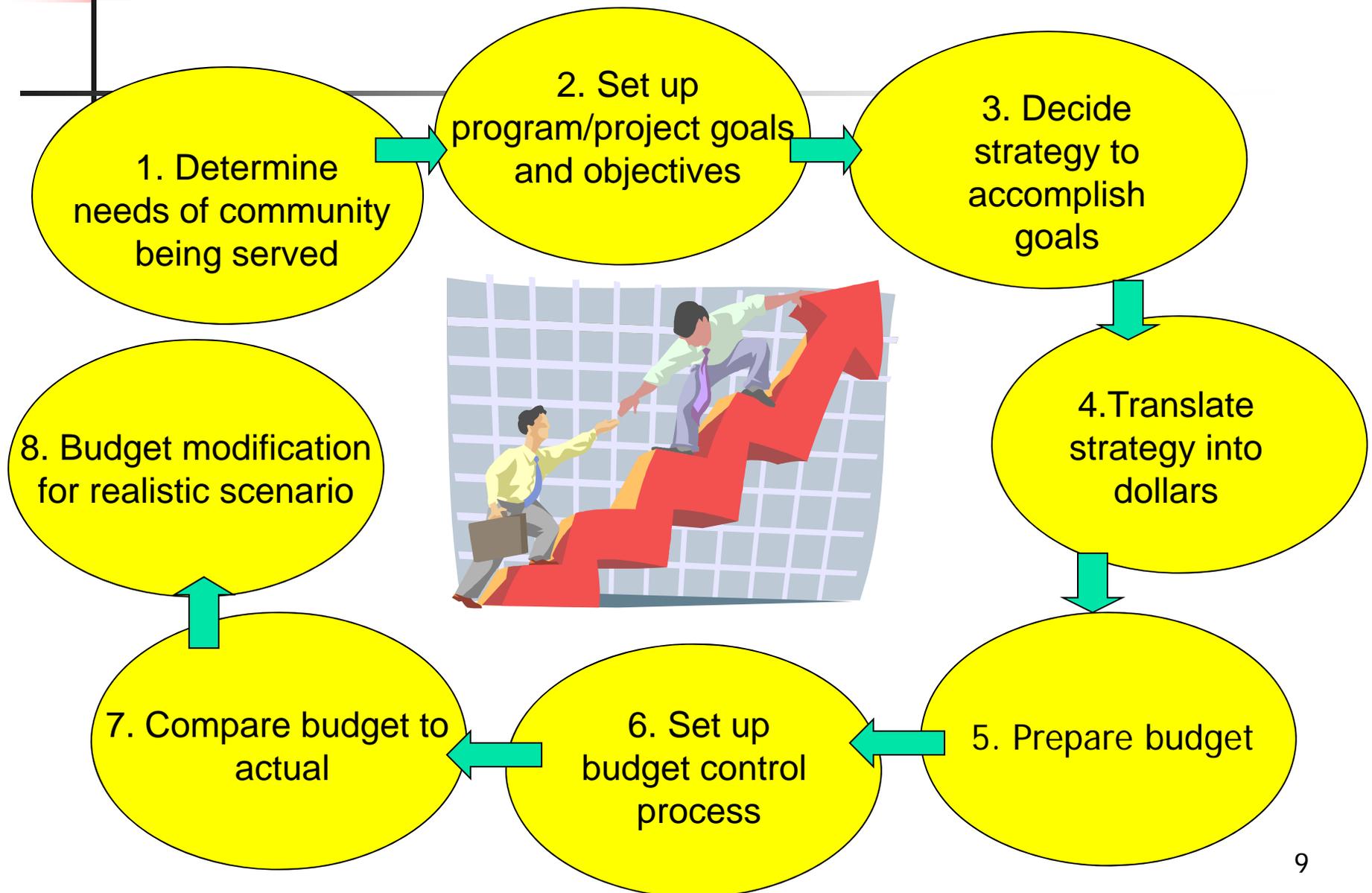




# Effective Budget Preparation Techniques

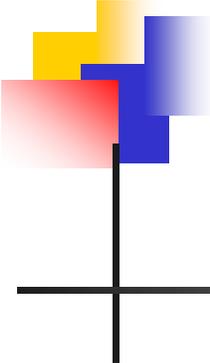


# Effective Budget Preparation





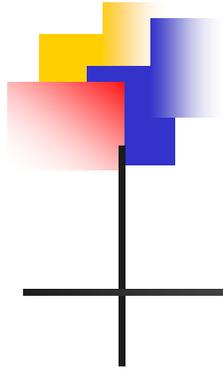




# Direct vs. Indirect Costs

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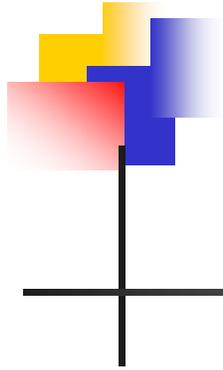
- Direct costs are costs that can be closely associated with the program and its objectives
  - Examples include: living allowances, program personnel costs, training
- Indirect costs are costs that cannot be attached to the program and its goals but are incidental
  - Examples include: accounting and legal services, salaries not directly benefiting programs, occupancy of general nature



# Budget Narrative Preparation

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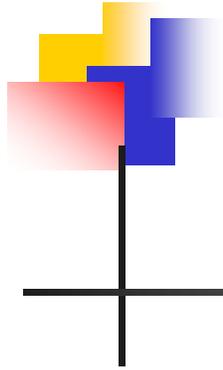
- Review your program/project goals and objectives
- Estimate the resources needed to achieve program/project goals, example:
  - Participants
  - Volunteers
  - Members



# Budget Narrative Preparation

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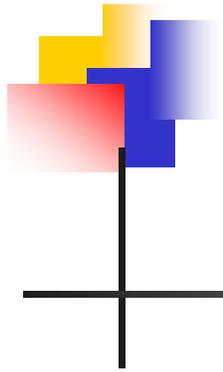
- Determine other costs needed for operating your program/project, examples include:
  - Staff
  - Space, utilities, supplies, telephone
  - Medical and liability insurance
  - Uniforms, training, child care
  - Transportation



# Budget Narrative Preparation

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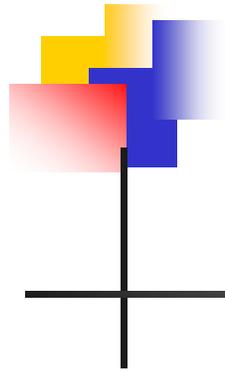
- Organize narrative to fit categories on budget form
- Provide adequate descriptions and calculations to support amounts
- Group related items (e.g., Staff salaries should be grouped with staff benefits, FICA, etc.)
- Compare the final costs to the narrative to ensure they make sense



# Budget Narrative Preparation

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- Organization should allocate costs based on a consistent and documented cost allocation plan. The plan can be based on level of effort or usage, for example:
  - Level of effort: (percentage of time spent on activity x salary)
  - Rent: (total CNCS program space ÷ total host agency space) x rent = CNCS share

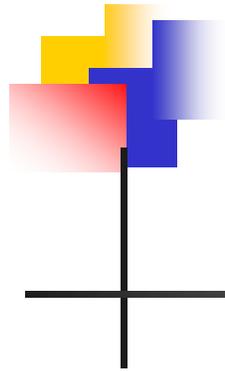


# BUDGETARY CONTROLS

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## What Are Budgetary Controls?

- Budgetary controls include:
  - Regular monitoring of budgets to actual year-to-date and current period expenditures or outlays
  - Explaining any budget variations that are unexpected or unusual and determining necessary adjustments
  - Ensuring compliance with laws, regulations, and CNCS provisions, particularly matching percentage requirements
  - Requesting prior approvals for modification, if necessary

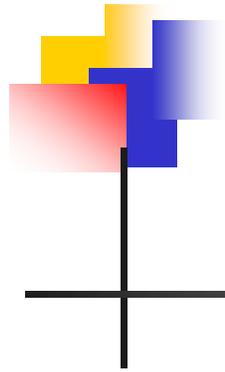


# BUDGETARY CONTROLS

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## Why Have Budgetary Controls?

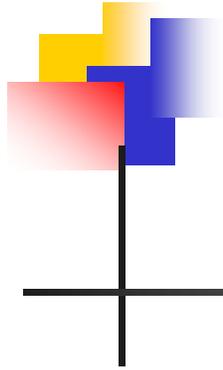
- Link programmatic activities and financial records
- Help organizations achieve budget targets and monitor program goals
- Prevent cost overruns (and disallowed costs) if monitored on a regular basis
- Improve reliability of financial reporting
- Help staff responsible for specific activities to maintain control over expenditures



# BUDGETARY CONTROLS

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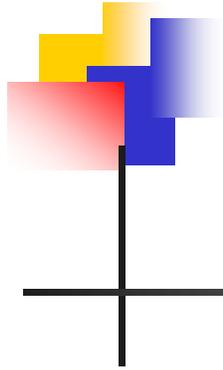
- AmeriCorps programs must obtain prior approval for:
  - Changes to increase or reallocate funds for member support category (Section A)
  - Purchase of equipment over \$5,000
  - Changes in scope of program
  
  - Cumulative reallocation exceeding 10% of total budget



# BUDGETARY CONTROLS

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- Senior Corps projects must obtain approval for re-budgeting:
  - Changes in scope of program
  - Changes in service area
  - Reducing the stipend
  - Changing from direct to indirect expenditures
  - Changes from volunteer expenses to volunteer support to upset 80% ratio



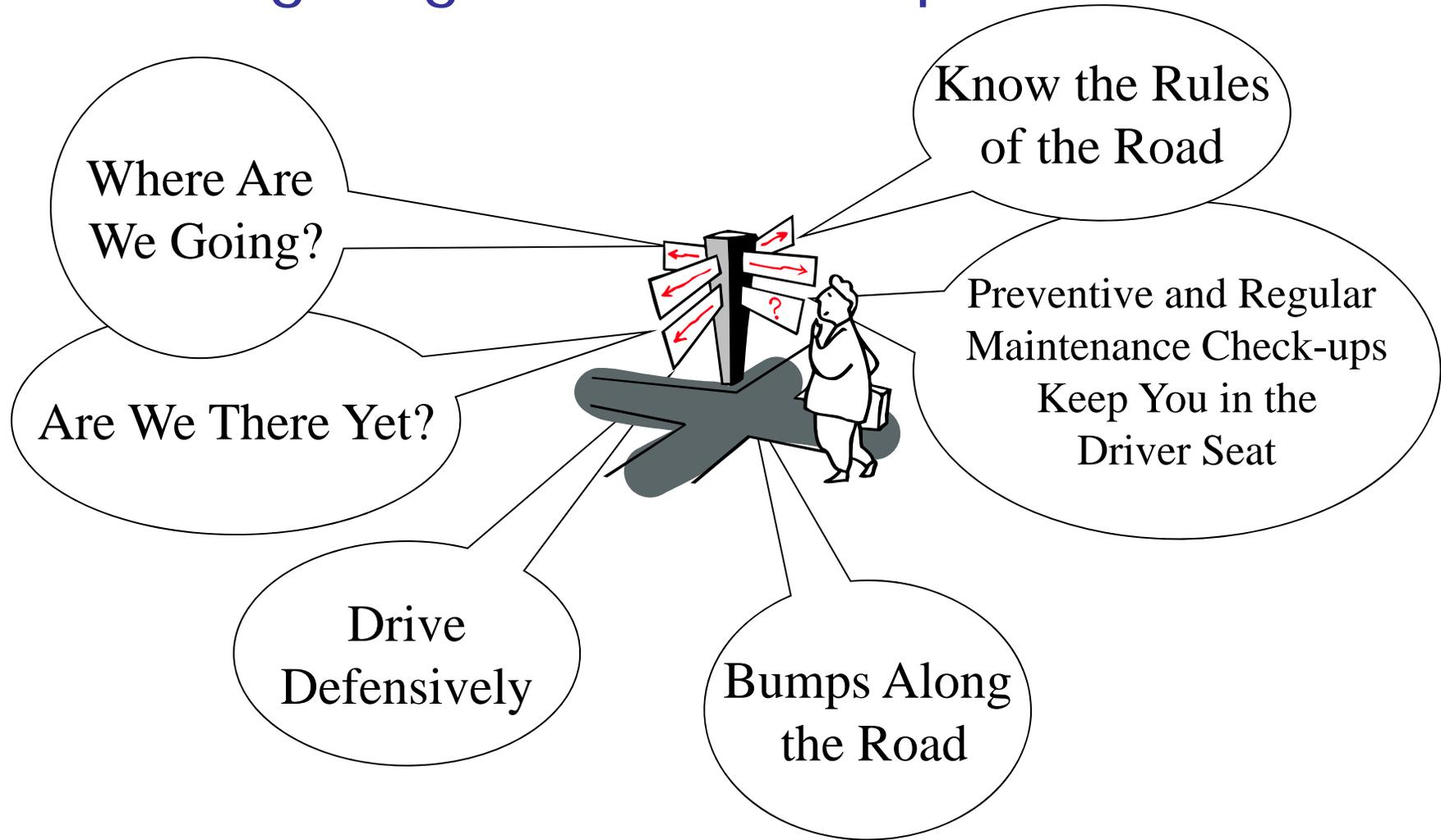
# BUDGETARY CONTROLS

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- Learn & Serve programs must obtain approval for budget changes:
  - Scope of program
  - Key staff
  - Level of participants supervision
  - Increases in administrative costs over budget amount

# Summary

## Budgeting: The Road Map to Success



To successfully accomplish your program or project objectives within budget, all of the organization's staff must be on the same road, moving in the same direction

