

Table Task: Let's Practice Scenario

Monitoring the Budget:

ABC Tribe has a brand-new CFO. She is new to working with Head Start grants. How will you approach "monitoring your budget" on a regular basis with the new CFO to ensure timely spending?

Your Tribe's audit is in 6 months. What activities should you be doing regularly to ensure that you are in compliance?



Region 11 Head Start American Indian/Alaska Native



Budget Revisions & Carryover



Session Objectives

- Learn when you need a budget revision and how to complete one.
- Learn what you need to do to carry over funds.

But more important:

- Learn how to avoid having to do a Carryover Balance by spending strategically, so you don't lose grant dollars.



Team of Support

Office of Grants Management

- **Laura Landry**
- Grants Management Officer and team of Grants Specialists

Office of Head Start Region XI

- **Todd Lertjuntharangool**
- Regional Program Manager and team of Program Specialists

Region XI Training and Technical Assistance

- **Nicole Terry**
- Training and Technical Assistance Coordinator and team of Grantee Specialists, Early Childhood Specialists, and Content Specialists



Post Award Amendments

Initiated by Recipient

- Budget revisions
- Carryover Requests
- Non-Federal Share waivers
- Low-Cost Extension
- Supplemental (COLA/QI, One-time)

Initiated by Federal Office

- Balance of funds
- Closeout- (budget period, project period, De obligation)
- NGA Revision





Region 11 Head Start American Indian/Alaska Native



Part One: Budget Revisions



Budget Revisions—Internal/Informal Policies/Procedures

- Your agency / Tribal Government has submitted a grant application which must follow your own Tribal policies/procedures.
- The application has laid out a financial path towards the accomplishment of a set of goals.
- It is not cast in concrete – and by following a set of rules—can be changed to make it easier to accomplish the goals.
- Governments need P&P to function and to tell its stakeholders, staff, and all decision-makers how to function in certain situations.



External/Formal —The Government's Rules

- Laws and Regulations –Public Law 110-134 "Improving Head Start for School Readiness Act of 2007."
- 45 CFR, Part 75 and Appendices- otherwise known as the Common Rule
- 45 CFR, Part 75.308 Revision of Budget and Program Plans
- 45 CFR, Part 75.407 Prior Written Approval



75.308 Revision of budget and program plans.

- (a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-federal share (see §75.2 *Federal share*) or only the Federal share, depending upon HHS awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate.
- (b) Recipients are required to report deviations from budget or project scope or objective and request prior approvals from HHS awarding agencies for budget and program plan revisions in accordance with this section.



Budget Revision Requiring Prior Approval

Common Examples from 45 CFR 75.308:

- Changes in the **approved non-federal cost-sharing or matching**.
- **Change in scope or objective** of the project or program.
- Unless described in the application and funded in the approved Federal awards, the **sub-awarding, transferring, or contracting out** of any work under a federal award. *This does not apply to supplies, materials, equipment, or general support services.*
- The need arises for **additional Federal funds** to complete a project.



Budget Revision Requiring Prior Approval cont.

Common Examples from 45 CFR 75.308 (continued)

- **Significant rebudgeting** – transfer of direct cost of \$250,000 or 25% or more of total cost is the last approved award, whichever is less.
- Purchase of **equipment**.
- Facilities projects under 1303.

When in doubt, please contact your Grants and Program Specialists.

Please ask your questions!



Prior Approval: Check Your Understanding

Which of the examples needs prior approval from OHS?

- ✓ The recipient wants to renovate the facility, and the estimate is \$260,000.
- ✓ The recipient wants to reduce their non-federal share.
- ✗ The recipient wants to buy ten laptop computers that are \$2,000 each.



Changes to the Budget--Revisions

Strategic Planning Cycle



Budget Revisions

- Changes to the budget over the regulatory limit, which is currently 25% of the project cost or \$250,000, whichever is lower.
- Recipients must report deviations from budget, scope or objective and request prior approvals from HHS awarding agencies for budget and program plan revisions.

Begin by Looking at Budget to Actuals-Monthly Financials

- Required for HS/EHS internal reporting to governing bodies
- Reports actual revenue + expenditures
- Allows management to see cost allocation plan applied to the finances
- Best used for budget management

XYZ Not-for-Profit Organization Budget to Actuals For the Three Month Period March 31, 2XXX

	Approved (Jan-Dec) Annual Budget	Current Month (March) Actual	YTD (Jan- Mar) Actual
Revenue:			
Fees	\$ 5,500.00	\$ 375.00	\$ 4,405.00
Grants	450,000.00	150,000.00	225,000.00
Other revenue	8,000.00	998.45	2,296.54
Total revenue	<u>\$ 463,500.00</u>	<u>\$ 151,373.45</u>	<u>\$ 231,701.54</u>
Expenses:			
Salaries and wages	426,000.00	35,229.11	105,222.13
Membership dues	3,500.00	225.00	985.00
Board/committees	6,500.00	626.13	1,256.24
Rent	13,200.00	1,100.00	3,300.00
Utilities	6,000.00	489.12	1,589.24
Miscellaneous	4,800.00	195.45	4,212.85
Volunteers	3,500.00	233.26	795.25
Total expenses	<u>\$ 463,500.00</u>	<u>\$ 38,098.07</u>	<u>\$ 117,360.71</u>
Surplus/Deficit	<u>\$ -</u>	<u>\$ 113,275.38</u>	<u>\$ 114,340.83</u>



Forecast Expenditures for Remainder of Budget Period

- A strong forecast can enable a grantee to eliminate a possible deficit through a budget modification ***or a possibility of a carryover balance*** (COB.)
- Process:
 - Start early in the year (3–6-month point).
 - Track known overhead costs as a yearly total (e.g., total insurance or lease payments—they are the knowns).
 - Track salary according to potential low and high points
 - Track extraordinary items (capital purchases).
- Share the forecast with the governing body – they are the fiduciary agent for the Tribe.
- Share the forecast with the Policy Council— they might see something you have missed.
- Keep a list of items you may need to use for purchases at year-end instead of underspending the grant.
- Keep a list of capital purchases you might want to make if you have money left.



Let's work with a Forecasting "Example"

- We know that we have one unopened center this year, resulting in two unfilled positions. We have a third position that is only part-time.
- We are in the 8th month of the project period.
- We have 4 months remaining and estimate the positions will remain unfilled.
- 8 months net savings = \$66,664 (total) or \$8333 per month

We can 'forecast' or estimate the remaining 4 months in salary savings.

- What would you forecast each month's savings would be?
- What is your projection for the entire 4 months?
- What is your total year savings in the personnel line?



Let's Keep Going with this Example:

- Savings in Salary because of reduced staffing this year. (\$100,000)
- Savings in Fringe because of reduced staffing this year. (\$20,000)

- Increased transportation costs due to unexpected maintenance and fuel costs. (\$60,000)
- Additional classroom/outdoor equipment needed due to new covid requirements. (\$60,000)

Do I Need Prior Approval for this Budget Revision?

Note the meaning of **PRIOR**



existing or coming before in time, order, or importance.

"he has a prior engagement this evening"

synonyms:

[earlier](#) · [previous](#) · [preceding](#) · [foregoing](#) · [antecedent](#) · [advance](#) · [preparatory](#) · [preliminary](#) · [initial](#) · [anterior](#) · [precedent](#)

“The people to which you submit your request may vary depending on the subject matter. Every request, whether it be project proposal approval, extending deadlines, or deliverable approval, for example, should be treated uniquely and given the proper care when drafting a request.”

-Microsoft

APPROVAL
PROCESS



So, Why Prior Approval?

To avoid future disputes over items or services which could result in a disallowance.

- Prior approval for the purchase of equipment (Equipment is defined as having a useful life of over one year and a single item cost over \$5,000.

Note: *if included in the grant application, additional approval is not needed.*

- Approval for the hiring of key staff:
 - HS /EHS Director
 - CFO



What are “Scope Changes”?

- Change to the objective of the program.
- Opening or closing a location.
- Changes to “key” personnel.
- Changing a program option such as center to home-based.



Prior Approval is Needed for:

- Purchase of equipment (over \$5,000/unit)
- Change in key personnel (Authorizing Official, CFO, Director)
- Absence for 3 months, or a 25% reduction in time devoted to the project by the project director or principal investigator
- Carryover of funds from a previous budget year
- Significant re-budgeting (25% of project cost or \$250,000, whichever is lower)
- Transfer or contracting out of any work under the award, except as described in the original application
- Transfer of funds allotted for training purposes
- Increasing the amount of indirect cost charged to the grant (Must always stay below the 15% administrative cap)

**Consult
45CFR
Part 75.308**



True or False: Change in Scope Examples

a. A long-time preschool is closing in one of the tribal communities in the service area. You are excited about opening an HS there.

You need Prior Approval to make this change.

b. A new casino has opened in the community, and the parents no longer benefit from a home-based program and are requesting a center-based option.

You need Prior Approval to make this change.

c. The Tribe needs to hire a new Director of Head Start.

You need Prior Approval to make this change.



Budget Revision Activity:

You are preparing to reopen centers and are going to be hiring additional staff. These include:

- 3 part-time aides to provide extra cleaning
- A mental health team member to work with staff/parents in response to COVID
- Two full-time floaters to support classrooms in the event of staff being exposed or unable to work.

You currently have plenty of money in your personnel and fringe lines to cover the additional staff. The estimated cost will be around \$100,000 with fringe included.

You currently have \$325,000 in the personnel and fringe line items.

Your total budget is \$850,000.

Do you need to do a budget revision? Do you need other information?



Entering the Budget Revision Amendment into HSES

- Coordinate with the Regional Office to make staff aware of your request via the Correspondence tab on the Grant Application screen.
- Initiate a Budget Revision amendment.
- You will see a budget screen with \$0 throughout and should only enter the differences from the award action, which can be positive or negative. You should not reenter the budget numbers that were submitted in the original application.
- It is at the Regional Office's discretion whether the line-item details from the Budget tab are necessary or whether the SF424A alone will suffice. If using the SF424A only, be sure to set "Use amounts entered on the budget tab" to "no" at the top of the SF424A tab. If the Budget tab is used, set "Use amounts entered on the budget tab" to "yes."
- Upload the budget justification and narrative to the Documents tab, Application and Budget Justification Narrative folder, of the amendment application.
- Submit the completed amendment application to the regional office.



KEY POINTS: Request for Revision

The request must be initiated prior to the end of the budget period for which you are requesting the revision and should contain:

- ✓ **A zero-balance budget which shows the effect of the revision**
 - ✓ **Submit on 424 and 424A**
 - ✓ When making the budget changes, ensure to reflect the budget categories outlined in the 424A. Ensure the budget narrative is specific and comprehensive (very detailed).
 - ✓ Provide 3 quotes for any requested equipment.
- ✓ A Cover Letter signed by authorizing official stating clearly:
 - Purpose of the Revision(s)
 - Indicate why there was a cost-saving in particular line items, and a detailed justification of line-items money is being moved to.
 - How the Revision(s) will affect the scope of services.

The revision should be addressed to the Grants Management Officer.



Budget Narrative

- The budget narrative justifies the need to expend funds for items in the budget. It should provide a clear description of how the budget items directly relate to the overall completion of the project.
- Policy Council approval.

This information will ensure, that for post-award changes, the project as implemented by the grantee retains a close connection with the project as approved by OHS.



What are the internal Budget Revision P&Ps for your tribe?

- Whether a budget revision needs OHS prior approval (external), you will still need to work with the fiscal department to ensure the tribal internal process is followed to move the funds.
- Follow your finance department's internal policies to move funds between budget categories to revise the budget.





THANK YOU!

We hope you return for Part 2: Carryover



Head Start Regional TTA Network

These materials were developed for OHS/Region XI Training and Technical Assistance Network under Contract No. 140D0420C0086 by ICF.



Region 11 Head Start American Indian/Alaska Native



Part Two: Carryover



Carryover Funds

Grant recipients may request **unobligated balances from one budget period be carried over to any subsequent budget period** within a project period.

- ✓ Request **can include TA funds**, provided the activities are previously approved, prospective costs to be incurred or undertaken, **but cannot be repurposed for general operations needs**
- ✓ Request may cover **multiple budget periods** within a project period if previous budget periods have not been closed

Carryover requests must meet one of the following conditions:

- ✓ **Condition 1:** The carryover funds must be used for the purpose(s) for which they were originally authorized
- ✓ **Condition 2:** Other purposes within the scope of the project, as approved

19. Budget Period Start Date	01/01/2023	- End Date	12/31/2023
20. Total Amount of Federal Funds Obligated by this Action			\$0.00
20a. Direct Cost Amount			\$69,665.00
20b. Indirect Cost Amount			\$0.00
21. Authorized Carryover			\$69,665.00
22. Offset			\$0.00
23. Total Amount of Federal Funds Obligated this budget period			\$547,280.00
24. Total Approved Cost Sharing or Matching, where applicable			\$154,236.00
25. Total Federal and Non-Federal Approved this Budget Period			\$701,516.00
26. Period of Performance Start Date	01/01/2020	- End Date	12/31/2024
27. Total Amount of the Federal Award including Approved Cost Sharing or Matching this Period of Performance			\$4,752,800.00



Carryover Request

- T/TA funds can be carried over however, they
- Ongoing operating costs from your **current budget** will not be approved as part of your carryover request (For example, Rent, staff salaries, etc.)

Approved carryovers will always be for items that are:

- ✓ Allowable
- ✓ Reasonable
- ✓ Allocable
- ✓ Necessary
- ✓ Align with the existing budget



Carryover of Unobligated Balances

In HSES, submit a “Carryover-Reprogram” Amendment in the budget period in which the funds will be expended. The application should include the following:

- A completed SF-424, SF-424A, and SF-424B with the amount you are requesting to carryover
- Justification narrative (explain why you could not complete the activity in the previous budget period)
- Non-federal match narrative or waiver request
- Supporting documentation for activity, if applicable
- Governing body and Policy Council approvals
- Final SF-425 reflecting unobligated funds



Carry Over Balance (COB)

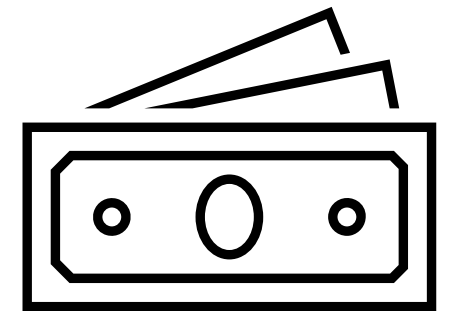
- If you expect to have unobligated funds, notify your Program and Fiscal Specialist well before the end of the budget year in which the surplus is expected to occur.
- During the period of preparing the Final SF-425, initiate an amendment (Carry Over-Reprogram) in HSES. The application must be submitted in the budget year in which the funds will be expended.
- When submitted, the application must include an SF424, SF424A, SF424B, budget narrative, Governing Board and Policy Council approval, and minutes.
- If funds remain, and an amendment is not initiated by the grantee, the Regional Office may offset available funds.
- Submit the Final SF-425. The amount of unobligated funds available should match or exceed the COB request at the total and CAN levels.
- SF-425 must include a breakdown by CAN of the unobligated balance in Box 12 remarks. The application must include an SF424, SF424A, SF424B, budget narrative, Governing Board, and Policy Council approval.



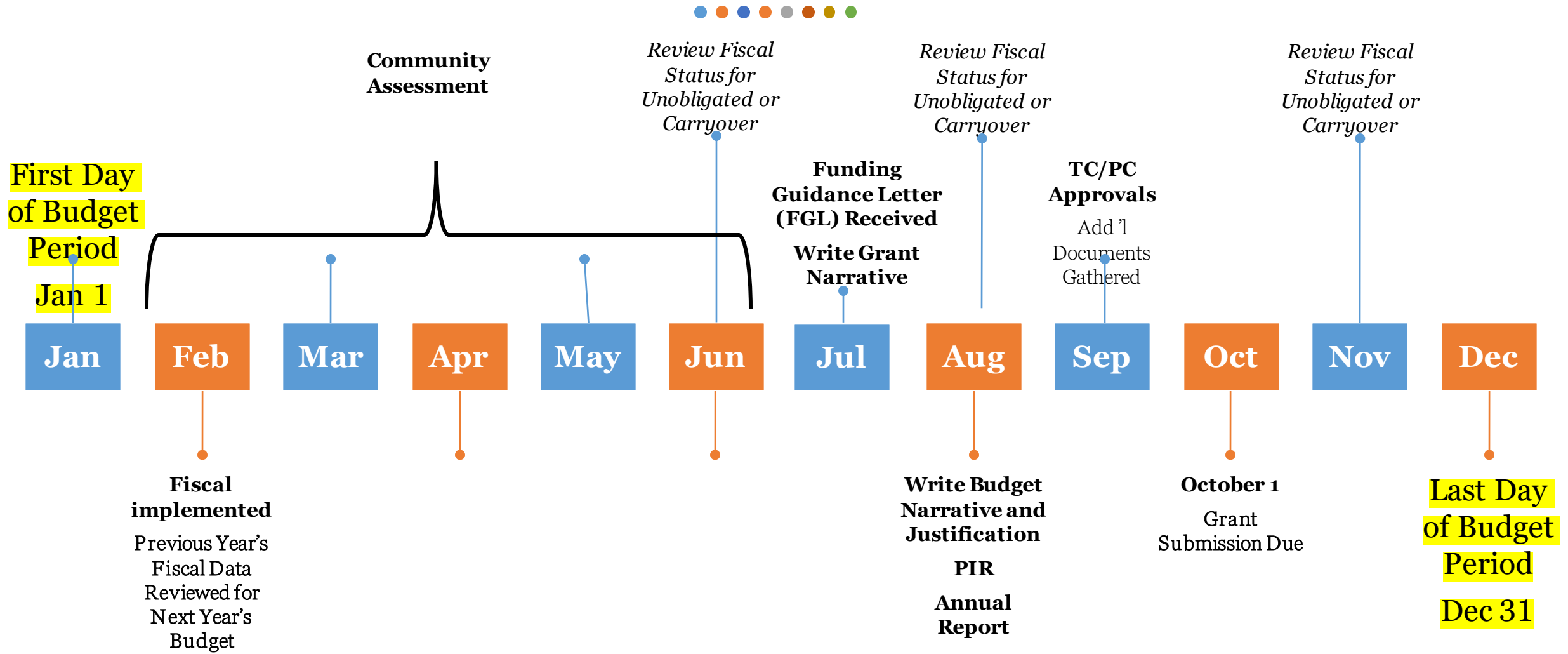
True or False:

To submit a fundable carryover request package, your application should include the following:

- ✓ A completed SF-424, SF-424A, and SF-424B with the amount you are requesting to carryover
- ✓ Justification narrative (explain why you could not complete the activity in the previous budget period)
- ✓ Non-federal match narrative or waiver request
- ✓ Supporting documentation for activity, if applicable
- ✓ Governing body and Policy Council approvals
- ✓ Final SF-425 reflecting unobligated funds



Example of a Grant Planning Timeline

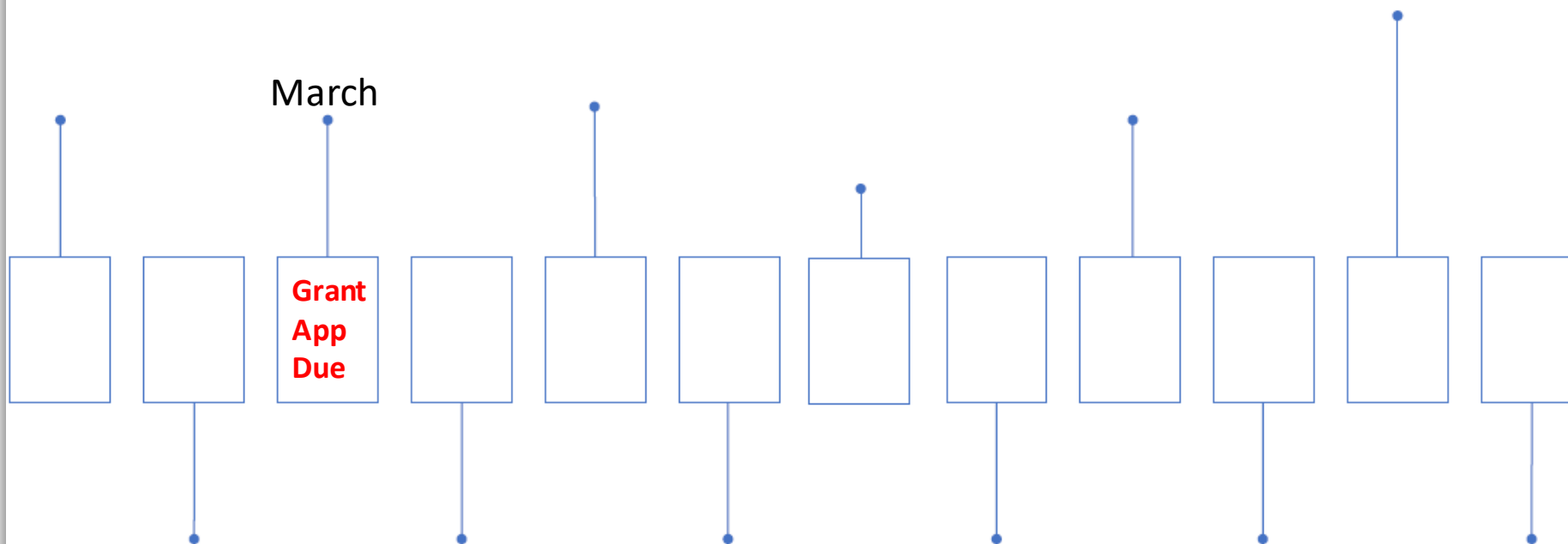


Head Start Regional TTA Network

Activity: Consider Timelines: If Application is Due 3/1?

Create your program timeline

- Start by adding your funding month.
- Next add the date that your grant application is due.



These materials were developed for OHS/Region XI Training and Technical Assistance Network under Contract No. 140D0420C0086 by ICF.

Federal Regulations

45 CFR §75.309 – Period of availability of funds

Funds must be liquidated no later than 90 days after the end of the funding period to coincide with the submission of the final Federal Financial Report (FFR).

45 CFR §75.361 – Retention requirements for records

Financial records and other non-Federal entity records must be retained for a period of three years from the date of submission of the final expenditure report, except if there's litigation, claims, or audit findings involving the records. They must be retained until resolved and final action taken.

45 CFR §75.308 – Revision of budget and program plans

Within 30 calendar days from the date of receipt of the request for budget revisions, the agency must review and notify the grantee whether the budget revisions have been approved.



Table Task: Share Tools to Monitor Budgets

What works for you to monitor budgets?
Here are a few samples of tools that can be used to monitor budgets:

Forecasting Tools

Monthly Budget

Budget Revision Template and Example

Budget Projection Tool

Thank you!

