COURSE OUTLINE

I. Budget Process
   A. Purpose of the Budget
   B. Budget Schedules
   C. Initial Budget Development
   D. Supporting Documentation

II. Budget Revision

III. Requirements for Specific Budget Line Items
   A. Compensation
   B. Facility Cost
I. BUDGET PROCESS

A. Purpose of the Budget
   - Financial Control
     - Analysis of actual expenditures vs. budget
     - Compare actual performance vs. goals
   - Forecast of Future Financial Transactions
     - Number of staff to be deployed
     - Amount of participant related costs vs. no. of participants to be served
I. BUDGET PROCESS

B. Budget Schedules
- Budget Summary
- Budget Detail
- Schedule of Personnel Costs
- Spending Plan Worksheet
- Budget Narrative

C. Initial Budget Development
   Should be developed based on the following:
   - City’s instructions in Request for Contract Renewal, Information Bulletins, Directives
   - Should be developed before the start of the contract period
I. BUDGET PROCESS

C. Initial Budget Development (cont’d)
   - Assemble all backup documents
   - Complete information should be reflected in the budget schedules
   - Cost Allocation for shared costs should be submitted
   - Complete budget must be submitted on or before July 31 of the current program year

D. Supporting Documentation
   - Organizational Chart
     - Staff budgeted should be included in the org. chart
   - Salary Range Chart
     - Minimum and maximum by position classification
   - Position Description
     - Specific function
   - Copy of Facility Lease Agreement, if Applicable
     - Funding out clause
I. BUDGET PROCESS

D. Supporting Documentation (cont’d)
- Depreciation or Use Allowance Computation if Applicable
  - Depreciation over no. of years
  - 2% Use allowance on acquisition cost of building
- Copy of Professional Services Agreement
  - Scope of service
  - Procurement

D. Supporting Documentation (cont’d)
- Copy of Subcontract Agreement
  - Scope of services
  - Procurement
- Copy of Current Indirect Cost Rate Approval
  - Copy of proposal and cost pool should be submitted
I. BUDGET PROCESS

D. Supporting Documentation (cont’d)
- Justification for Equipment Purchase
  - Definition of equipment
  - Electronic equipment
- Justification for out-of-town travel
  - Travel outside of LA County
- Personnel Policy/Handbook
  - Benefits
  - Salary increases
  - Bonus Policy

II. BUDGET REVISION

Reasons for Budget Revision
- New position not included in the latest approved budget
  - justification needed
- Increase in facility costs
  - Justification, copy of amended lease agreement
  - Revised allocation
- Equipment to be purchased not included in the latest approved budget
  - Justification
II. BUDGET REVISION

Reasons for Budget Revision
- Salary increases during the contract period
  - Justification
- 10% Flexibility Rule
- Deadline for budget revision
  - On or before April 30.

III. Requirements for Specific Budget Line

Items

A. Compensation
- Types of Salary Increases
- Merit
- Cost of Living Adjustments
- Promotion
- Bonus
- Based on personnel policy
- Program Monitor Approval/Notification
III. Requirements for Specific Budget Line Items

A. Compensation (cont’d)
- Approval by Board of Directors
- No retroactive increase in salary
- Overtime needs prior approval from program monitor

B. Facility Cost
- Lease agreement
- Depreciation/Use Allowance
- Allocation of Facility Costs
- Components of Facility Costs
III. Requirements for Specific Budget Line Items (cont’d)

C. Equipment and Computer Purchases

- Definition of Equipment
- Prior Approval from Program Monitor and Grantor
- Property Management
  - Inventory Log must be maintained with the following information:
    - Inventory tag no.
    - Equipment description
    - Serial no.
    - Date of acquisition
    - Title holder
    - Total Cost
    - Date of disposal
    - Staff/user
    - Funding Source
    - WIA percent
    - Address/location
    - Condition code

D. Subcontracts and Professional Service Agreements

- Scope of Service
- Compensation
- Approval from program monitor
- Subcontract oversight and monitoring
- Procurement of Subcontractor and PSA
III. Requirements for Specific Budget Line Items (cont’d)

E. Indirect Costs
   - Approval from Federal Cognizant Agency or EWDD

IV. TEN PERCENT FLEXIBILITY RULE

10% Flexibility Rule
   - General Guidelines
   - Budget Items requiring prior approval
     - Equipment purchase/lease
     - Consultants/Personnel Service contracts
     - Subcontractors
     - Facility lease
     - New position classification (positions that did not exist before)
IV. TEN PERCENT FLEXIBILITY RULE

10% Flexibility Rule
- Instances where budget approval is not required
  - Variations in full time equivalent (FTE)
  - Cost of living increases given to all employees
  - Salary increases within salary range
  - Additional number positions as long as the budget for the particular position is not exceeded

SUBCONTRACTS

- All subcontracts are subject to the terms and conditions set forth in the City contract.
- Scope of services
  - Specific scope of services should be outlined in the subcontract.
  - Compensation—contract amount should be equal to the amount reflected in the budget.
- Expenditure Reporting
  - Subcontractors should submit a monthly expenditure report to the contractor.
SUBCONTRACTS (cont’d)

- Procurement
  - Proof of procurement should be submitted to the City together with a copy of the subcontract agreement.
- Prohibit assignment or transfer of interest without prior written approval by the City.
- Contractor must specifically provide proof when applicable, that the subcontractor has the appropriate permits and/or business licenses.

SUBCONTRACTS (cont’d)

- A copy of each executed subcontract, or amendment(s) thereto, shall be submitted to the City for approval prior to payment.
- Fiscal and Program Monitoring
  - Yearly fiscal and program monitoring of subcontractors should be performed by the contractor
  - Monitoring reports are to be submitted to the City auditors/program monitors when required.
V. LEVERAGED RESOURCES

Leveraged Resources
- Should be reflected in the budget
- Requirements of SB 734
- WIA Directive no. 12-23

V. LEVERAGED RESOURCES

- Definition
  - Cost that support outcomes of grant activity
  - Allowable under the OMB Circulars
- Sources of Leveraged Resource
  - Federal funds
  - Non-federal funds
- SB 734
  - Minimum training expenditure requirement
  - Maximum leveraged resources
V. LEVERAGED RESOURCES

- WIA Directive No. 12-23
  - Types of leveraged resources that can be reported as training expenditure

- Reporting of Leveraged Resources
  - Monthly report as attachment to monthly expenditure report

- Verification of contractors’ reported leveraged resources
  - Program monitors will validate reported leveraged resources during their site visits.

Leveraged training costs should be reflected in the budget under the training cost line item.