

## BUDGET PROCESS TIME LINE AND BUDGET ORDINANCE

Adopted by Resolution No. 95-91 (September 6, 1995)  
Amended by Resolution No. 05-49 (April 20, 2005)

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#### General Provisions

##### **2.04.001 Budgeting Ordinance Purpose**

The purpose of the Budget Ordinance is to control the use and expenditures of Skokomish Tribal funds. All Tribal revenues may be considered in the following budget process. Revenues include, but are not limited to, funds received through the Self-Governance Annual Funding Agreement, federal/state contracts and grants, taxes, enterprise funds and private and corporate funding. All funds will be considered in the overall budget planning process for each Tribal department. The following fiscal year budget process in no way supersedes regulations and guidelines defined for each specific agency/organization from which the Tribe receives funds other than those identified

in the Self Governance Annual Funding Agreement. In addition, the budget process will assist in establishing Tribal priorities for each fiscal year.

It is the policy of the Skokomish Indian Tribe to develop a budget process which identifies all revenues and use of restricted and unrestricted funds based on anticipated program expenditures. An annual fiscal year budget shall be prepared, reviewed, adopted, and amended as outlined in the budget process below.

#### **2.04.002 Budget Committee Mission, Purpose and Structure**

(a) The Budget Committee is advisory in nature and serves the Tribal Manager and Tribal Council in the following manner:

(1) Advises the Tribal Manager in long-range planning to meet overall goals and objectives set by the Tribal Council.

(2) Coordinates activities of departments and assists policy makers in a better understanding of the nature of staff and/or department responsibilities; works to avoid duplication of efforts.

(3) Assists in identifying a greater number of approaches to problem-solving for the organization's infrastructure and attainment of Tribal goals.

(4) Provides information and makes recommendations to the Tribal Manager in the following areas:

(A) Response to information requests made by Tribal Council,

(B) Development and review of annual budgets and budget processes,

(C) Review of tribal policies, procedures, and guidelines as needed or requested,

(D) Matching of goals and priorities to available funding,

(E) Long-range, specific program objectives.

(5) Broadens the information base available to Tribal Council; a Committee representative shall be present at all budget-related Tribal Council meetings. The Committee representative shall disseminate non-confidential information to the Budget Committee for coordination of assignments.

(6) The Budget Committee shall consist of the Tribal Manager, the Chief Financial Officer (CFO), 2 Department Directors elected by all of the Tribe's Department Directors, and 2 Tribal Council members appointed by the Tribal Council and 2 Tribal members recommended by the Tribal Manager and approved by the Tribal Council.

(7) The Accounting Department will provide the lead facilitation, coordination and clerical support for the Committee.

**Authorities and Responsibilities**

**2.04.010 Skokomish Tribal Council**

The Tribal Council has the authority and responsibility to establish priorities for needed and desired programs and facilities. The Tribal Council has the authority to prepare its own budget, including the budgets for its staff and advisors, and to approve, adopt, and amend the annual fiscal year budget and budget process. The Tribal Council is responsible for overseeing and reviewing actual expenditures and budget variances throughout the fiscal year. Additionally, the Tribal Council has the authority to ensure compliance with the budget process.

**2.04.011 Tribal Manager**

The Tribal Manager has the responsibility to prepare an annual tribal budget for approval by the Tribal Council and to manage the operation of the tribal government in accordance with the approved budget. In so doing, he shall match the most readily available sources of financial support with the highest priority projects as established by the Tribal Council. The Tribal Manager is responsible for reviewing and/or amending all Tribal program budgets including estimated revenue and expenditures to ensure compliance with overall budget guidelines. The Tribal Manager may move funds from one budget line item to another line item, and from one major program to another, in an amount not to exceed 25% for each major program, without the approval of the Tribal Council. This type of modification will be done in coordination with the affected Program Director(s) to ensure budget and planning stability and program coordination. The Tribal Manager shall report to the Council within ten working (10) days, or the next regularly scheduled Council meeting, all modifications to approved budgets, as well as justifications for the changes. In any case where reprogramming adjustments exceed 25%, a formal budget modification must be presented and approved by the Tribal Council in accordance with sections 2.04.030 through 2.04.031 below. The Tribal Manager may negotiate Annual Funding Agreements as delegated by the Tribal Council. The Tribal Manager shall monitor and analyze expenditures and review variances with Department Directors. Additionally, the Tribal Manager shall provide technical direction to the Self Governance Coordinator in the preparation of all budget proposals.

**2.04.012 Budget Committee**

The Budget Committee is responsible for drafting and submitting annual program budgets to the Tribal Manager. It is the responsibility of the Budget Committee to review historical financial data, forecasted data, and other information deemed necessary in proposing annual fiscal year program budgets. The Budget Committee shall submit proposed budget recommendations to the Tribal Manager for his or her review, and upon his or her review, budgets will be presented to the Tribal Council for any program changes, changes to long-range planning goals, necessary budget modifications and adoption.

**2.04.013 Department Directors**

All Department Directors have the authority and responsibility to develop annual program budgets based on a consistent format as outlined in this budget process. Department Directors include the Education Director, Tribal CFO, Health Administrator, Social Services Director, Natural Resources Director, Fisheries Director, Police Chief or Director of Public Safety,

Economic Development Director, and such other director-level staff as may be appointed. Annual budgets shall include program description and anticipated activities for the upcoming finding cycle, anticipated line item expenditures, and budget justifications. The CFO and the Tribal Manager shall provide technical assistance and financial information to Department Directors as needed in order for Department Directors to prepare their budgets and shall develop the budget for the Tribal administration, including the Tribal Manager's office, maintenance, accounting, personnel, legal, planning, and other programs which have as their primary function providing support services to the Tribal government.

#### **2.04.014 Self Governance Coordinator**

The Tribe's CFO may assume the role of the Tribal Self-Governance Coordinator. It is the responsibility of the Self Governance Coordinator to coordinate overall program budgets, incorporating all information received from each Department Director. The Self Governance Coordinator shall provide annual federal/BIA funding information and assure that all program budgets are prepared and calculated based on the Tribe's negotiated Self Governance Annual Funding Agreement, Congressional appropriations, and any supplemental funding that may be received. Information on these funding sources will be discussed and provided to the Budget Committee and incorporated into the final budgets and subsequent modifications to be recommended to the Tribal Manager and the Tribal Council. The Self Governance Coordinator shall ensure that the Directors of each department follow all mandated reporting requirements.

#### **2.04.015 Accounting Department**

It is the responsibility of the Accounting Department to maintain and adhere to all budget policies and procedures as adopted and approved by the Tribal Council. The CFO will provide monthly financial statements detailing actual expenditures versus budgeted amounts and provide line item variances. The Accounting Department is authorized to pay obligations only as outlined in the approved budget unless directed otherwise by the Tribal Council, Tribal Manager and/or the relevant Program Director.

### **Budget Process**

The Skokomish Indian Tribe's fiscal year begins each year on October 1 and ends twelve months later on September 30. The budget process established herein is an ongoing and continuing process involving the Tribal Council, Tribal Manager, Budget Committee, Self Governance Coordinator, and individual Department Directors.

#### **2.04.020 Assessment of Program Needs/Fiscal Year Preliminary Budget Planning**

Department Directors shall begin evaluating their needs for the upcoming fiscal year by early May. The Self Governance Coordinator and Tribal Manager shall share summaries and data from the previous fiscal years with each Department Director. Department Directors shall assess current program needs using past and current trends as well as long-range planning guides. Long-range planning strategies shall be used to determine ways in which each program can continue to further both departmental and overall tribal goals.

The Self Governance Coordinator is responsible for reviewing prior fiscal year quarterly reports and the baseline measures reports in order to compile program information to assist in defining needs for the next fiscal year budget planning process. This activity will require personal

interviews with Department Directors as well as joint discussions to analyze this data. A written analysis will be developed to use as a tool in planning for the next fiscal year.

The Budget Committee shall then meet to discuss anticipated needs in a budget planning session. This will include re-addressing overall goals and whether specific program goals help further Tribal goals. Successes and failures of each program will be analyzed to come up with a positive approach for the following year. These activities shall be completed and reported out by mid-June.

#### **2.04.021 Self Governance Annual Funding Agreement**

Negotiations between the Office of Self Governance and Tribal representatives for the next fiscal year's Self Governance funding amount are scheduled during the months of April and May. It is the responsibility of the Tribal Chairman, Tribal Manager and the Self Governance Coordinator to review the BIA Budget Justification document distributed each fiscal year to ensure that the Tribe's Self Governance funding is accurately identified. Additionally, it is the responsibility of the Tribal Chairman, Tribal Manager, and the Self Governance Coordinator to review additional funding to which the Tribe may be entitled and to keep informed regarding those programs which the BIA has retained under Self Governance relevant to the Skokomish Indian Tribe in preparation for these annual negotiations.

The Self-Governance Coordinator shall begin the planning and research for the Annual Funding Agreement negotiations no later than March of each fiscal year. The Self Governance Coordinator shall provide the Tribal Chairman and the Tribal Manager with all relevant Tribal and BIA budget information to ensure successful negotiations. Final negotiations, as defined in the Tribe's Self Governance Compact, must be completed by June 30th. Once negotiations are complete, a final version of the next fiscal year's Annual Funding Agreement shall be drafted by the Self Governance Coordinator and reviewed by the Office of Self Governance. When funding figures are jointly confirmed both by U.S. Department of Interior and the Tribe, the Assistant Secretary for Indian Affairs will sign the agreement in conjunction with the Tribal Chairman.

#### **2.04.022 Preparation of Draft Fiscal Year Program Budgets**

Each Program Director shall prepare preliminary program budgets for the upcoming fiscal year based on prior years' financial information, estimation of all grants/contracts, information obtained through the program needs assessment, and the availability of funding as finalized in the Tribe's Self Governance Annual Agreement. Using the prior year's final budget as a base, two budget scenarios shall be prepared utilizing 90% and 110% of prior year's revenues. Historical financial data and technical assistance shall be provided by the Accounting Department regarding staff wages, fringe, and program fixed costs such as leases and insurance.

Budgets for continuing contracted programs (excluding Self Governance funded programs) will be estimated through communication with the funding agency. Programs which do not operate on a fiscal year calendar will be analyzed in order to prepare an estimate of the amount of carryover into the next fiscal year. Estimates of new programs which will commence in the succeeding fiscal year will be incorporated into the draft program budgets if they have received final approval by the funding agency and/or have a high probability of receipt of funding.

Draft budgets will include line item dollar amounts, budget justifications, identification of any restricted funds, key personnel, program functions, and goals and objectives. All draft budgets will be prepared and completed by the end of July.

(See Exhibit A on the following page for an outline of the Budget Summary/Program Description.)

**Exhibit A**

The following information should be submitted to the Self Governance Coordinator no later than 7/30/XX

**Proposed Program Budget & Summary for FY \_\_\_\_**

**Department:**

**Department Director:**

**Program Goals and Objectives for Upcoming Fiscal Year:  
(Include specific program tasks and activities)**

**Key Personnel:**

**Proposed Line Item Budget Request:**

	<u>Status Quo</u>	<u>Priority 1</u>	<u>Priority 2</u>
Salaries	\$	\$	\$
Fringe			
Travel			
Supplies			
Equipment			
Consultants			
Other Costs: (Provide detail)			
<b>TOTAL PROPOSED BUDGET</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

*>include written budget justifications for above expenditures.*

#### **2.04.023 Indirect Cost Rate Proposal:**

The Accounting Department shall estimate administrative overhead costs for the next fiscal year and review these estimates with the Tribal Manager. Utilizing this expense projection, the findings of the audit for the previous fiscal year, and the estimated total grant and contract revenues, the Accounting Department shall prepare an indirect cost rate proposal. The proposal document shall be reviewed by the Tribal Manager and approved by the Tribal Council prior to submission to the Inspector General. The Indirect Cost Rate Proposal shall be submitted to the Office of the Inspector General by the end of the third quarter of the current fiscal year or by the agency's established due date. All Department Directors shall be notified of the proposed rate in order to request the correct amount of indirect costs with other Federal/State grant and contract budgets. Upon approval of the Tribe's indirect cost rate, Department Directors will be notified of the final indirect cost rate.

#### **2.04.024 Review of Proposed Budgets**

Upon completion of draft budgets by all Department Directors, the Budget Committee shall meet in August to review overall needs, funding availability to meet those needs, and proposed program budgets. Modifications to proposed budgets shall be discussed, and recommendations by the Budget Committee will be incorporated by the Self Governance Coordinator, with technical direction from the Tribal Manager into a preliminary overall program budget package. This package shall be prepared and presented to the Tribal Council by mid-August.

The Tribal Manager shall review the preliminary budget package. Any additional modifications and changes shall be incorporated prior to presentation to the Tribal Council. A special Tribal Council Budget Session shall be scheduled by the Self Governance Coordinator no later than the end of August to review the budget packets. Each Program Director shall give a presentation to the Council on targeted needs. Once program presentations are complete, the Tribal Council shall meet, discuss priorities, and provide recommendations to the Self Governance Coordinator.

The Self Governance Coordinator shall compile the information and recommendations provided by the Tribal Council into a revised budget proposal. The new budget proposal shall then be shared with Department Directors in preparation for a final Budget Committee session. The Budget Committee shall review the final budget package and provide input on Council recommendations by the first week in September.

#### **2.04.025 Approval of Final Preliminary Budget**

The Final Self Governance budget package shall be presented to the Tribal Council prior to the beginning of the fiscal year for their review. A final budget must be approved and in place by October 1.

#### **Budget Modifications and Amendment**

Budget modifications and amendments may be made to the approved preliminary budgets throughout the fiscal year. Modifications may vary from year to year as both the House and Senate are required to agree on the federal budget during the Joint Conference that usually occurs in September. The process is completed no later than the end of November.

Once the Appropriations Act is passed, the Budget Committee can begin planning for any budget modifications or recommendation to the Tribal Manager. Planning should include, but should not be limited to, the identification of increased or decreased funding, finalization of the indirect cost rate, and/or unanticipated program expenditures.

#### **2.04.030 Formal Budget Modifications**

Additional funding may be identified in the annual Congressional Appropriations Act which is passed by the United States Congress. The passage of the Act focus around changes such as budget reduction amounts, additional Congressional appropriations, supplemental/shortfall funds, pay cost increases, and the final figure for the Tribe's Self Governance lump sum funding.

The Self Governance Coordinator is responsible for developing a document outlining the additions and/or reductions to the Compact/Annual Funding Agreement and providing this information to the Budget Committee. The Self Governance Coordinator shall then schedule a special Budget Committee meeting and shall distribute the new funding information to Department Directors and the Tribal Manager in advance for their review. The Budget Committee shall meet to discuss changes and modifications to the overall budget to recommend to the Tribal Council. The Self Governance Coordinator shall revise the modified budget proposal as recommended and schedule the revised budget for presentation to the Tribal Council at the next regularly scheduled Council meeting for final approval.

Additional funding may also be identified upon completion of the Tribe's prior year's annual audit in mid-December. "Carryover" funds which are not previously obligated will be considered unrestricted and will be reallocated and included in a budget modification. Recommendations for use of these funds will follow the same budget process as outlined above.

All of the above budget modifications shall be considered formal budget amendments and must be approved by the Tribal Council within 30 days of the identification of new funding or changes to existing funding.

#### **2.04.031 Minor Budget Modifications**

A minor modification is defined as a line item adjustment within any department budget which exceeds 15% of that line item, but does not increase the amount of the total approved program budget. No budget modification is necessary for any line item variance which does not exceed 15%. The Tribal Manager, Department Directors, and others assigned budget responsibilities have authority to make minor budget modifications. Minor budget modifications do not require Tribal Council approval, but must be approved by the affected Department Director and recorded by the Accounting Department. All minor modifications will be noted and reflected in the monthly program financial reports. Department Directors may make no more than three minor modifications to their program throughout the fiscal year, after which a formal modification shall be required, including Tribal Council approval.

### **Special Provisions**

#### **2.04.040 Budget Monitoring and Reporting**

The Tribal Manager with the assistance of the Accounting Department, is responsible for maintaining and monitoring the budget and expenditures, including the recording of all

modifications. Except as stated in this ordinance, neither the Tribal Manager nor any Accounting Department staff, include the Tribal CFO, has management, administrative, or legislative authority over the budget process.

Monthly financial reports shall be prepared by the Accounting Department and distributed to the Tribal Manager and all Department Directors within 30 days of the end of the reported month. Monthly financial reports shall include budget amounts, actual expenditures, and line item variances. All Department Directors will review the reports and inform the Tribal Accountant of any problems or discrepancies within 10 days of receiving the report. This will allow the Accounting Department sufficient time to remedy any incorrect postings, or prepare any necessary budget modifications. All budget modifications shall follow the guidelines as established in sections 2.04.030 through 2.04.031 above.

The Budget Committee, along with the Tribal Manager, will semi-annually review current year-to-date expenditures and discuss any emergency over-expenditures, under-expenditures, unbudgeted expenditures, and other deviations from the originally proposed budget and program summary. If necessary, recommendations for budget modifications will be made to the Tribal Manager and/or Tribal Council.

**2.04.041 Limitations**

Nothing contained in the Budget Process section of the Skokomish Indian Tribe Budgeting Ordinance is intended to limit the authority of the Tribal Council.

**2.04.042 Amendment Process**

Any changes or amendments to this ordinance must be presented in writing to the Tribal Manager, who shall review them and submit them to the Tribal Council for approval. Any amendments shall be accompanied by instructions for removing any policies or procedures superseded by the amendments. It is the responsibility of the Tribal Manager to review this ordinance and policies and procedures hereunder on a continuing basis and in response to the changing needs and conditions of the Tribal organization.

**2.04.043 Budget Process Timeline**

**Fiscal Year:**

**October 1, 20\_\_ to September 30, 20\_\_**

**October through September**

CFO prepares a monthly financial report for the Self Governance Coordinator, Tribal Manager, Budget Committee, Tribal Council and each department director.

**February**

Self Governance Coordinator begins data collection, research and external communications regarding Self Governance funding for the following fiscal year. Information gathered will provide a basis for Self Governance Compact negotiation preparation.

**March**

Self Governance Coordinator completes all Self Governance planning activities in preparation for the Annual Funding Agreement negotiations.

### **May**

Negotiations begin between the Tribe and the Department of the Interior on next year's fiscal Self Governance Funding Agreement. Indirect cost rate agreement and previous year audit are completed and reviewed by the Budget Committee and Tribal Council. Indirect cost rate agreement is approved and submitted to IG's Office. Department Directors begin evaluating program/project needs for the following year.

### **June**

Final Self Governance Funding Agreement is approved and forwarded to BIA for 90 day public comment. By mid-June, Budget Committee meets to review Directors' needs assessments and to address the Tribe's overall goals, noting whether specific program goals help further Tribal goals. Analysis of program accomplishments are completed by each director and reported to the Budget Committee.

### **July**

Draft budgets are prepared, including line item dollar amounts, budget justifications, identification of any restricted funds, key personnel, program functions, and goals and objectives.

### **August**

Department Directors and the Budget Committee meet to review overall needs and funding availability and review the program budgets meeting identified needs. Budget proposal is prepared and presented to Tribal Council by mid-August. A special Tribal Council Budget Session is scheduled to include departmental presentations on targeted needs.

### **September**

Self Governance Funding Agreement between Tribe and BIA is signed. Tribal Council may revise the budget proposal and seek further director and/or Budget Committee input prior to finalizing the budget. The goal for Tribal Council adoption of a new fiscal year budget is the end of September.