

**IT'S A GAMBLE**  
**Scenario # 7**  
Category: The Budget

**Handouts:**

- Budget Narrative (format from eGrants) – as of 6/1/2008

**WHAT'S WRONG:**

1. Section 1.A: Program Director's salary calculation is wrong (25% of \$45,000 should be \$11,250 not \$10,000)
2. Section 1.A: Accountant is listed on the budget
3. Section 1.C: Member Travel: Provide clarification for reasonableness of mileage
4. Section 1.C: Member Travel: Calculation is for 30 members but there are 55 members in the program
5. Section 1.D: Question the reasonableness of the horse
6. Section 1.F: Daily rate is exceeded for Consultant services – even though the costs are listed for Grantee Share they cannot exceed the allowable rate.
7. Section 1.I: Show calculation for how space is being allocated
8. Section 1.I: Question reasonableness of stables fees, vet services, and feed.
9. Section 1.I: Question the reasonableness of advertising costs
10. Section 1.I: Question allowability of food and beverage
11. Section 1.I: Background check costs for 40, but there are 55 members
12. Section 2.B: FICA not budgeted for members
13. Section 3.A: Corporation and Commission Fixed amounts are not correct (they were calculated using 4% and 1% as opposed to the formula (.0421 and .0105)
  - \*\*\*\*NOTE\*\*\*\* not all states utilize the 1% fee so don't focus too much on the specifics, but more so remind folks of sticking to correct admin percentages.
14. Overall: Budget is matching at 29% but the program is in year 6 so they should be matching at 34%
15. Overall: The Source of matching funds chart lists the US Department of Education; as a Federal entity we would need approval as those funds as an approved source of match.

**WHAT ARE SOME NEXT STEPS OR CORRECTIVE ACTION**

- In preparing budgets, the program should make every effort to show calculations where necessary and also justify the costs being asked.
- For items that don't pass the "straight face test" in this case the advertising and horse are two examples, sufficient justification should be provided in either the budget or application narrative.
- When making changes to the budget as things are updated, make sure to double check calculations, also, programs should be consistent in the number of members requested and in the number of members that are being used to calculate items.
- Programs should only include allowable items on the budget (ex: Accountant in Section 1)
- Programs need to ensure they are aware of and are budgeting for the required levels of match. This program needs to increase the amount of Grantee share on the budget to comply with the statutory levels of match required. Also, the program will need to provide a letter from the Department of Education indicating that the \$100,000 can be used as match on this grant.

**\$\$ TO WIN \$\$** - The team must guess at least 9 out of the 15 answers above showing what's wrong.