

Fish and Wildlife Program

FY 2006 Budget Tracking and Adjustment Process

(To be attached to the FY 06 SOY Budget)

(DRAFT version June 29, 2005)

Project Level Start Of Year Budgets

- a. NPCC SOY - July 2005: the Council will approve their FY 2006 Start of Year Budget that will total less than \$??M in planned Expense and \$??M in Capital projects. When this Program budget is adopted, it will be assumed that all pending within year budget adjustments will have been addressed. (Any future modifications to project budgets must submit a FY 2006 Project Budget Adjustment Form as described in this document.)
- b. BPA SOY - October 2005: Bonneville will use the Council recommendations to create the FY 2006 Bonneville SOY Budget. After refining the Council SOY budget for any errors, omissions, or changes, the Bonneville SOY Budget will be created. The Bonneville SOY budget will not change once adopted and will be used as the basis for the Bonneville Working Budget. The Bonneville working budget will change throughout the FY to reflect changes made to project budgets as determined through the budget modification process described below. The working budget is comprised of the project level spending caps plus non-contract costs and any adjustments made throughout the year. A record will be kept of all modifications to project budgets.
- c. SOY tracking - Bonneville project budgets, variance reports, and spending will be available on their F&W Website http://www.efw.bpa.gov/cgi-bin/FW/Info_For_Fish_Wildlife_Contractors.cgi under the fiscal information section. Bonneville will provide that information to CBFWA for placement on their website <http://www.cbfwa.org/default.cfm> per the process outlined below.

“Threshold” for contract management

To ensure efficient and timely project and budget management, and effective use of staff time, certain flexibility in approving/denying sponsor requests for Within-Year budget adjustments will rest within Bonneville. If the sponsor’s budget adjustment request is within the scope of the Council-recommended project and is within 10 percent of the approved budget and less than \$75,000, the adjustment can be made at Bonneville’s discretion. This threshold is conditioned on a single request for the fiscal year. If additional requests from a single project are made during the fiscal year, an audit may be required to determine the cause. If BPA denies the request, the project sponsor can submit their request through the normal within-year process described below.

Spending Reserve

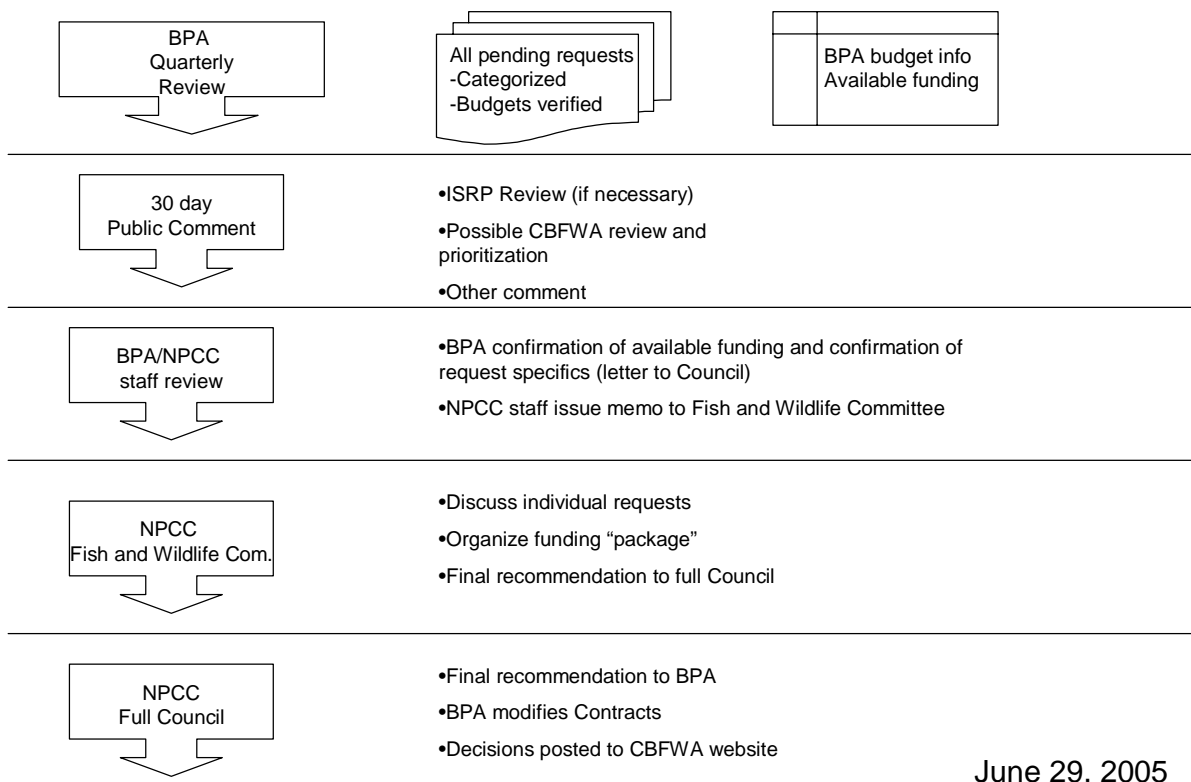
As part of the FY06 SOY Budget a Spending Reserve will be identified (\$1,000,000) for the budget adjustment process. Adjustments associated with reschedules will not affect this budget. In addition, this reserve is not intended for new projects and ESA needs. The intention of the reserve is to allow certain categories of project budget requests to be addressed in a timely,

equitable and transparent fashion that does not burden the Council decision making process (as described above). The amount of the reserve will be adjusted quarterly based on the rate of contract spending within the Program.

Quarterly Review

Quarterly Review meetings will occur near the beginning of each quarter. The purpose of these meetings will be to provide the current FY status of contracting and spending for the Program. BPA will provide a summary of the Program budget in order to identify available funding for reallocation to the Spending Reserve (to support within year budget modification requests). CBFWA staff will provide a complete list of current budget modification requests, with the BOG assigned categories, in order to align the requests with the available funding.

It is intended that the second (January) and third (April) quarterly review meetings of the fiscal year will initiate a prioritization process to establish which budget adjustment requests will be met with the available funding. This process will include a 30 day public comment period. Quarterly review meetings will be held at the beginning of the Fiscal Year (October) and the beginning of the 4th quarter (July), but will focus more on the project status reports and budgets-to-actuals information.



June 29, 2005

DRAFT – for review and comment

Figure 1. Quarterly review process.

Monthly Budget Oversight Group (BOG) - Tracking Project Budgets through the Fiscal Year

- a. The Budget Oversight Group (BOG) consists of Council state and central staff, BPA staff and CBFWA staff.
- b. The BOG will meet once per month to review budget adjustment requests and to track the fiscal year budget.
 - i. This meeting will be held on the Wednesday prior to regularly scheduled, current month's NPCC meetings.
 - ii. Bonneville COTRs will confirm with the BOG that the budget adjustment requests are within scope and intent as the Council recommended or not.
 - iii. All budget adjustment requests must be submitted no later than one week prior to the BOG meeting for consideration in that month.
 - iv. All requests received will be reviewed and categorized (see below).
 - v. Category 1 and time sensitive 3a projects will be forwarded to the Policy Group for action. The Policy Group may forward requests directly to Council for decision or return to the BOG for consideration at the Quarterly Review.
 - vi. The budget adjustment requests that are not an emergency (i.e., category 1) or time sensitive will be accumulated for discussion at the 2nd and 3rd Quarterly Reviews. Determination will be made on which requests will require review by the ISRP, CBFWA, or others.
 - vii. The BOG meetings will be open to the public and announced on the CBFWA web site.
- c. BPA will provide a monthly Budget-to-Actuals Report which will show all project budget adjustments during the FY. These documents will be updated monthly and posted on CBFWA website.
- d. CBFWA web site will track all budget adjustment requests and their current status, including the discretionary items.

Project Budget Adjustment Requests

- a. Project sponsors can request modifications to their project budget and the associated contract spending cap by submitting a project modification request form (available on CBFWA website). There are three possible adjustments for ongoing projects: (1) Scope Change, (2) Budget Change, and (3) Scope/Budget Change all available from the within-year budget and/or scope modifications form. Project sponsors can also request a Reschedule or New Start project using the "new project" funding request form.
 - i. All project modification requests must be submitted through the CBFWA website for consideration by the BOG.
- b. The CBFWA web page will receive all requests, forward a copy of those requests to the Council staff and Bonneville staff, track all requests, and post all FY Budget information including the BOG agendas and supporting material.

- c. The completed request forms will be forwarded to the BOG for review. BOG will determine whether the request is (1) a request for a Scope change; (2) a request for a Budget Adjustment (either rescheduled work or additional work within scope); or, (3) a request for a Budget Adjustment and Scope change (includes new proposals) and place the requests into the appropriate categories (see below).
 - i. Category 1 and time sensitive 3a projects will be forwarded to the Policy Group for action. The Policy Group may forward requests directly to Council for decision or return to the BOG for consideration at the Quarterly Review
 - ii. Reschedules and below-threshold within-scope budget adjustments are forwarded to BPA. BPA will have the discretion within the Spending Reserve to make necessary project budget modifications that fall within these categories. Bonneville denied requests will be sent back to the BOG for categorization.
 - iii. Above threshold requests, or denied below threshold requests, will be reviewed by the BOG and placed into the appropriate adjustment categories. Scope Change and New Requests (e.g., ESA needs) may need to have ISRP and CBFWA reviews, once available funding is identified at the 2nd and 3rd Quarterly Reviews.
- d. BPA recommendations regarding any action will be updated monthly at BOG meetings and provided to NPCC staff one week prior to packet day.
- e. For actions deemed “Emergency” by the BOG, Council staff will present the requests to the Council’s Fish and Wildlife Committee for recommendation to the full Council at the same meeting. The Council will then make a recommendation to Bonneville regarding funding the requests.
- f. For “routine” actions, Council staff will present the requests to the Council’s Fish and Wildlife Committee for recommendation to the full Council at the next Council meeting. The Council will then make a recommendation to Bonneville regarding funding the requests.

Budget Adjustment Prioritization Criteria

Within-Year Budget Adjustment requests (not reschedules) will be placed into one or more of the following categories by the BOG:

Adjustment Categories

1. Emergency – Acts of God or the unforeseen loss of mechanical infrastructure that necessitates an extraordinary action to avoid the imminent loss of fish and/or wildlife resources or to mitigate serious human health or safety issues.
2. ESA Obligation - a new or ongoing project that addresses actions committed to in the Action Agencies Implementation Plan. Except in emergency circumstances new actions will be reviewed by the Independent Scientific Review Panel and Council prior to Bonneville funding.

3. Threats to Project Integrity - Actions necessary for the project, though not of an emergency nature, to avoid the loss of a previous project investment, including major project review (i.e., step review), that would:
 - a. Jeopardize the performance of the entire project
 - b. Jeopardize the performance of a discrete task or objective of the project causing:
 1. adverse biological consequences to the project;
 2. the loss of monitoring and evaluation data;
 3. the loss of capability to administer the project.
4. Lost Opportunity – New or ongoing projects that respond to a limited opportunity to benefit the fish and wildlife resource and that opportunity will be permanently lost if the requested budget increase and associated work is not approved.
5. Other - Any project not falling into the four categories defined above. This category will assist with the numerous requests that are received that do not fit the above categories. It is unlikely that these projects would receive a high priority.

Glossary

- Fiscal Year (FY) – October 1 through September 30
- Start of Year (SOY) planning budget
 - NPCC SOY – FY spending caps for each project
 - BPA SOY – FY spending caps for each project corrected for known contract commitments effective October 1
- BPA Working Budget – current spending caps for each project as modified through budget adjustment process
- Budget Oversight Group (BOG) – Staff level membership from BPA, NPCC, and CBFWA for tracking program implementation and managing within year budget adjustment requests
- Policy Group (BPA Director of Fish, Wildlife, and Environment; NPCC Director of Fish and Wildlife; and CBFWA Executive Director)
- Project Budget/Scope Adjustment Process – process for modifying Council project recommendations during the FY
- Within-Year Budget Adjustment – modification of scope and/or budget during FY
- Reschedules - rescheduling work and budget from one fiscal year to another
- Budget-to-Actuals Report – report demonstrating NPCC SOY Budget, BPA SOY Budget, BPA Working Budget, and Actual Expenditures by project

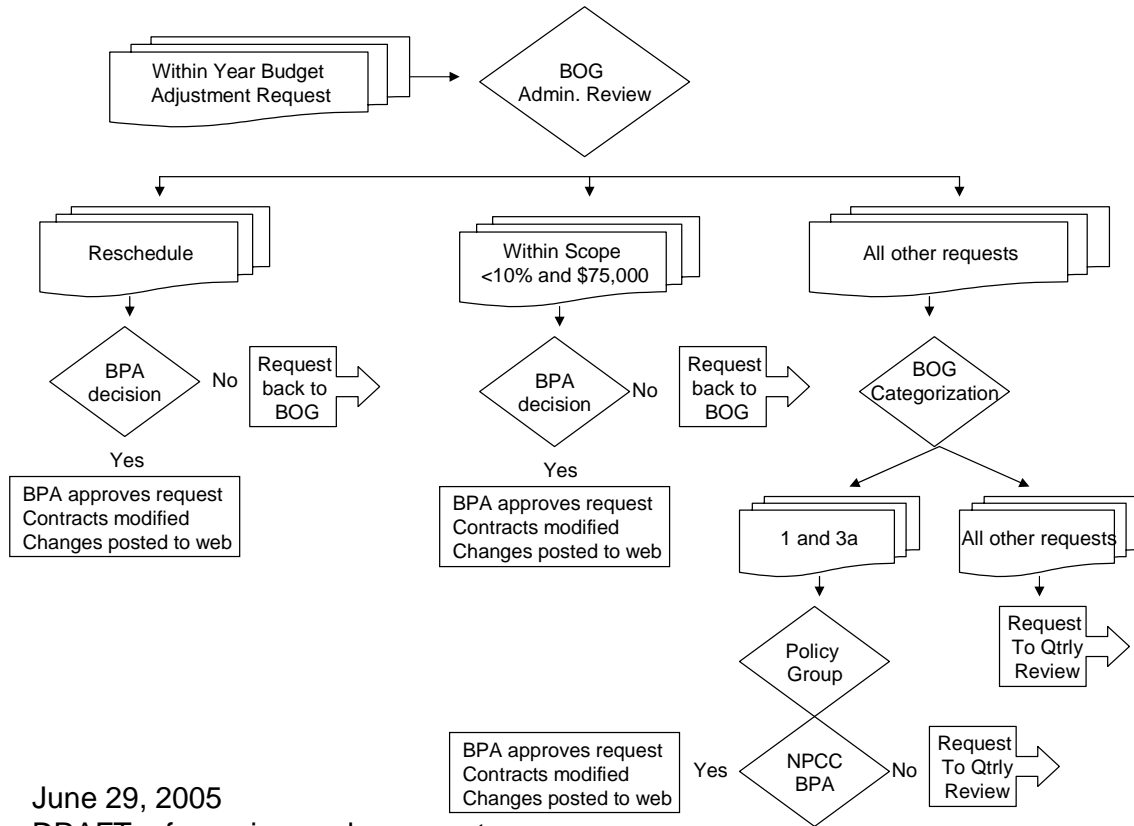


Figure 2. Within-year Budget Modification Process

H:\work\consent\FY06BudgetProcess\FY06BudgetProcessModifiedBOGdraft062905.doc
H:\work\mmg\2005_0628\FY06BudgetProcessModifiedBOGdraft062905.doc