



SUBJECT: Budget Revisions Policy for Federal and Non-Federal Sponsored Programs	Effective Date: 11-01-2008	Policy Number:	
	Supersedes:	Page 1	Of 7
	Responsible Authorities: Director Sponsored Programs		

I. Background

Florida Atlantic University is required to comply with revisions of budget and program plans in accordance with OMB Circular A-110 section 25, OMB A-133 and agency specific guidelines.

II. Purpose

The purpose of this policy is to establish uniform procedures for identifying and reporting deviations from the proposed budget on sponsored projects in accordance with OMB Circular A-110 section 25, OMB A-133 and agency specific guidelines.

III. General Statement

The Division of Research is available to answer questions and provide assistance regarding the requirements of the Budget Revisions Policy.

IV. Policy

Florida Atlantic University is required to report deviations from budget and program plans, and request prior approvals for budget revisions.

The budget plan is the financial expression of the project or program as approved during the award process. Most agencies will allow the university to depart from the original budget provided that:

- expenditures are necessary for the successful completion of the project,

- expenditures are allowable under the governing cost principles and agency specific policies, and
- prior approval is obtained when required.

Budget revisions are not allowed for the purpose of relieving financial pressure on a department's unrestricted budget, or on other sponsored projects in order to charge costs that are not necessary for the completion of the project, or not allowable.

The University requires prior written sponsor approval for budget revisions to buy equipment within 90 days of project end date.

Prior approval requirements for the various sponsoring agencies are subject to change; the principal investigator should contact Sponsored Programs for guidance. When requesting prior approval for budget revisions, the Principal Investigator must submit the budget forms that were used in the application unless the Federal or Non Federal awarding agency indicates that a letter suffices, following agency procedures.

Budget revisions will be allowed upon sponsor approval. Failure to obtain prior approval from the sponsoring agency for any budget revisions requiring such approval may result in the disallowance of costs.

FEDERAL AWARDS

A. For Nonconstruction Awards

The University will request prior approval from Federal awarding agencies for one or more of the following program or budget related reasons.

1. Change in the scope or the objective of the project (even if there is no associated budget revision requiring prior written approval). Agencies may view significant rebudgeting as a change in scope.
2. Change in a key person specified in the application or award document.
3. The absence for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct cost, or vice versa, if approval is required by the Federal awarding agency.
6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-21 "Cost Principles of Educational Institutions."

7. The transfer of funds allotted to training allowances (direct payment to trainees) to other categories of expense.
8. Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under the award.
9. If restricted by the Federal agency in the award document, the transfer of funds between direct cost categories, functions and activities for which the Federal share of the project exceed \$100,000 and the cumulative amount of the transfer exceeds or is expected to exceed 10% of the total budget as last approved by the Federal awarding agency.

B. For Construction and Nonconstruction awards

If the funds awarded are expected to be greater than the total cost of the project by more than \$5,000 or five percent of the Federal award whichever is greater, then the Principal Investigator must notify Sponsored Programs promptly in writing.

NON FEDERAL AWARDS

- C. The University will refer to the sponsored agreements to determine if budget revisions are allowed and require prior approval. If the sponsor requires approval, then the principal investigator must draft the letter to the Non Federal agency and forward the letter to Sponsored Programs for countersignature by the official of the University.

V. Definitions

Allocable	A cost is allocable to a project if goods or services involved are chargeable or assignable in accordance with the relative benefits received by the projects. In order to be allocable a cost must be treated consistently in like circumstances. For further information see OMB Circular A-21. http://www.whitehouse.gov/OMB/circulars/a021/a021.html
Allowable	A cost is allowable to a project if: (1) the costs are reasonable; (2) the costs are allocable to the specific project; (3) the costs are treated consistently in like circumstances; and (4) the costs conform to any limitations of the cost principles or the sponsored agreement. For further information see OMB Circular A-21. http://www.whitehouse.gov/OMB/circulars/a021/a021.html
Budget Revision	Budget adjustments are to reallocate funds from one budget pool to another to reflect the requirements of the project.
OMB Circular A-21	Established principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. http://www.whitehouse.gov/OMB/circulars/a021/a021.html)

OMB Circular A-110 Standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
<http://www.whitehouse.gov/omb/circulars/a110/a110.html>

OMB Circular A-133 Standards for obtaining consistency and uniformity among Federal agencies for the audit of states, local governments, and non profit organizations expending Federal awards.
<http://www.whitehouse.gov/omb/circulars/a133/a133.html>

Reasonable A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. [OMB Circular A-21]
<http://www.whitehouse.gov/OMB/circulars/a021/a021.html>

Significant Rebudgeting A threshold that is reached when expenditures in a single direct cost budget category change (increase or decrease) from the categorical commitment level established for the budget period by more than 25 percent of the total costs awarded. Significant rebudgeting is likely to be considered a change in scope.

VI. Accountability

Sponsored Programs will approve budget revisions for sponsored projects based on the allowability of the transfer between direct cost categories in accordance with the terms and conditions of the award.

Principal Investigators and their designees are also responsible for submitting budget revisions for allowable costs in accordance with the terms and conditions of the award. Questions of a procedural nature should be addressed to Sponsored Programs before budget revisions and online transfers are submitted. Specific questions may be referred to the appropriate official listed in the award document. If prior approval is required, principal investigators must obtain written approval from the sponsoring agency prior to submitting Budget Revision Request Form and electronic Budget Transfer Form.

VII. Procedures

Principal Investigator

Principal investigators and their designees are to submit a Budget Revision Request Form for all online Budget Transfers submitted to Sponsored Programs.

1. Complete a Budget Revision Request Form for any budget changes requested for the project. The justification for the budget revision must answer the following questions:

- Why are there funds available for rebudgeting?
- Why is this change necessary for the project?
- How will the funds be used?

2. When requesting prior approval for budget revisions, the principal investigator should follow agency procedures. Federal awards require that requests for prior approval be countersigned by the official of the University. Please draft a letter to the Federal sponsor and forward the letter to Sponsored Programs for countersignature by the official of the University. The letter must specify:

- Amount of the change (the budget categories to be increased and decreased),
- Justification for the change,
- Award agency grant or contract identification number, and
- Beginning and ending dates of the budget periods(s) affected.

3. Submit Budget Revision Request Form with the written approval from sponsor and online Budget Transfer to Sponsored Programs.

Sponsored Programs

1. Process online Budget Transfers after the Budget Revision Request Forms and prior written approval are received.

2. Notify Principal Investigators and their designees promptly if the Budget Revision Request Forms and online Budget Transfers are denied, and why.

VIII. Annual Review of Procedures Manual

The Budget Revisions Policy for Federal and Non-Federal Sponsored Programs will be reviewed annually.

BUDGET REVISION REQUEST FORM FOR SPONSORED PROGRAMS

Principal Investigator		Date	
Sponsor		Budget Transfer #	
Banner Index / Org		Revision Number	
Budget Period Begin Date		Budget Period End Date	
Dept Budget Coordinator		Phone	

The University may be required to request prior approval from Federal awarding agencies for one or more of the following program or budget related reasons. Please answer the following questions to support your request for a budget revision.

	Yes	No
Is there a change in the scope or the objective of the project?		
Is there a change in key personnel specified in the award document?		
Is there a 25% or more reduction in the effort devoted to the project by the approved project director or principal investigator?		
Does this budget revision transfer amounts budgeted for indirect costs to absorb increases in direct cost, or vice versa?		
Does this budget revision transfer funds allotted to training allowances (direct payment to trainees) to other categories?		
If this budget revision is for a subcontract, does it include any work that was not approved in the original award application and funding?		
Does the Federal awarding agency restrict the transfer of funds between direct cost categories for which the federal share of the project exceeds \$100,000 and the cumulative amount of the transfer exceeds or is expected to exceed 10% of the total budget as last approved by the Federal awarding agency?		
Does the Federal or Non Federal sponsor allow budget revisions?		

PLEASE COMPLETE THE JUSTIFICATION BELOW FOR ALL BUDGET REVISION REQUESTS:

Why are these funds available to be rebudgeted? _____

Why is the change necessary for the project? _____

How much will be rebudgeted? Indicate budget category and amount below.

CATEGORY	INCREASE	DECREASE

If this budget revision is for administrative and clerical salaries, office supplies, postage, local telephone cost, membership/subscriptions, general purpose equipment or general purpose software, complete and attach a CAS 502 form <http://www.fau.edu/research/ocg/files/cas502.pdf>.

Certification: I certify that this rebudgeting is necessary to achieve project objectives, is consistent with sponsor's terms and conditions and FAU policies and does not constitute a change in scope and has obtained prior approval of sponsor if required.

Principal Investigator _____ Date _____

Department Chair _____ Date _____

Dean/Designee _____ Date _____