

ADMINISTRATIVE PRACTICE LETTER

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Issue 1
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Effective 04/02/2007

SUBJECT: REVISION OF BUDGET AND PROGRAM PLANS

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Purpose of Guidelines

The budget plan is the financial expression of the project or program as approved during the award process. These guidelines explain administrative requirements and financial procedures for maintaining compliance with Federal government and other regulations regarding revision of budget and program plans.

Failure to follow these guidelines may have serious consequences, including disallowed costs, which would require reimbursement to the sponsor from unrestricted departmental funds; increased Federal oversight, monitoring, and audits; and loss of future Federal funding.

Policy

Deviations from budget and program plans related to projects financed in whole or in part with Federal funds shall be administered in accordance with standards set forth in the Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations," SUBPART C - Post-Award Requirements, Financial and Program Management, [Section .25 Revision of budget and program plans](#); and, OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

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Definitions and Terms

Budget Ledger: The ledger in the PeopleSoft accounting system designated for budget transactions.

Expanded Authority: Expanded authority is the waiver of prior approval requirements by a federal awarding agency. Through expanded authority, for example, Universities are allowed, within limits, to extend the length of a project period, and revise line-item budget amounts.

Procedures and Responsibilities

Federal Awarding Agency:

- The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the Federal share of the project exceeds \$100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. No Federal awarding agency shall permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation. (OMB Circular A-110, Section .25 (f)) All other changes to non-construction budgets, except for the changes described in Section .25 (j) below, do not require prior approval from the Federal awarding agency. (OMB Circular A-110, Section .25 (g))
- When a Federal awarding agency makes an award that provides support for both construction and non-construction work, the Federal awarding agency may require the University to request prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported. (OMB Circular A-110, Section .25 (j))
- Notifies the University within 30 days whether a budget revision request has been approved or informs the University in writing of the date when the University may expect the decision. (OMB Circular A-110, Section .25 (m))

University of Maine System Administration:

- Provides an administrative practice letter with guidance on revising budget or program plans.
- Provides procedures for recording changes of budget to the budget ledger.
- Periodically reviews for unbalanced budgets.

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Sponsored Programs Office, or other responsible department:

- Provides general coordination and guidance to Principal Investigators or Project Managers on appropriate procedures for proposing revision of budget and program plans.
- Documents requests, and subsequent action taken, of approvals for budget and program plan revisions received from Principal Investigators or Project Managers.
- Submits requests for revision of budget and program plans, when required, to the applicable Federal awarding agency.
- For **non-construction awards**, requests prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons: (OMB Circular A-110, Section .25 (c) (1-8))
 1. Change in the **scope or objectives** of the project or program (even if there is no associated budget revision requiring prior written approval).
 2. Change in a **key person** specified in the application or award document.
 3. The **absence for more than three months**, or a 25 percent 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 facilities and administrative (F & A) costs to absorb increases in direct costs, 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 for Institutions of Higher Education."
 7. The **transfer of funds allotted for 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 subcontracting out** of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

No other prior approval requirements for specific items may be imposed by the Federal awarding agency unless a deviation has been approved by OMB. (OMB Circular A-110, Section .25 (d))

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- Observes **expanded authorities** provisions of OMB Circular A-110, Section .25 (e) summarized below to facilitate the processing of revision of budget and program plans requests from Principal Investigators and Program Managers:

Except for requirements in items 1 through 4 in the preceding bullet, Federal awarding agencies are authorized, at their option, to **waive cost related and administrative prior written approvals** required by OMB Circular A-110 and OMB Circular A-21. Thus, many Federal awarding agencies, through the implementation of OMB Circular A-110 in their sections of the Code of Federal Regulations (CFR) or in their agency guidelines, have granted universities expanded authorities to approve budget and program revisions.

For non-construction awards that support research the expanded authorities described below (items 1 through 3) are automatically granted to universities. The exception would be if the Federal awarding agency specifically retracts the authorities in the award or in their guidelines, or one of the conditions included in item (2) below applies.

Such expanded authority may include authorizing universities to do any one or more of the following:

1. **Incur pre-award costs 90 calendar days prior to award** (or more than 90 calendar days if the University has prior approval of the Federal awarding agency). All pre-award costs are incurred at the University's risk, i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the University does not receive an award or if the award is less than anticipated and inadequate to cover such costs.
2. **Initiate a one-time extension of the expiration date** of the award of up to 12 months unless one or more of the following conditions apply.
 - (i) The terms and conditions of award prohibit the extension.
 - (ii) The extension requires additional Federal funds.
 - (iii) The extension involves any change in the approved objectives or scope of the project.

For one-time extensions, the Sponsored Programs Office, or other responsible department, must **notify** the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

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3. **Carry forward unobligated balances** to subsequent funding periods.
- For **construction awards**, requests prior written approval promptly from Federal awarding agencies for budget revisions whenever one of the following apply: (OMB Circular A-110, Section (h))
 - The revision results from changes in the scope or the objective of the project or program.
 - The need arises for additional Federal funds to complete the project.
 - A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with the cost principles established in OMB Circular A-21.

No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB. (OMB Circular A-110, Section .25 (i))
 - Before recording a fund or budget transfer on an award that provides support **for both construction and non-construction work**, verifies whether or not the Federal awarding agency requires prior approval for transfers between the two types of work supported. (OMB Circular A-110, Section .25 (j))
 - For **both construction and non-construction awards**, notifies the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the project period by more than \$5,000 or five percent of the Federal award, whichever is greater. Notification is not required if an application for additional funding is submitted for a continuation award. (OMB Circular A-110, Section .25 (k))
 - When requesting approval for budget revisions, the Sponsored Programs Office, or other responsible department, uses the budget forms that were used in the application unless the Federal awarding agency indicates a letter of request suffices. (OMB Circular A-110, Section .25 (l))
 - Notifies the Principal Investigator or Project Manager when a decision has been reached on a request for a revision of budget and program plans.
 - Records the revision of a project budget in the PeopleSoft budget ledger.

Principal Investigator or Project Manager:

- Consults with Department Chair or Dean, when appropriate, on the implications of revising the project's program plans.

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- Submits to the Sponsored Programs Office, or other responsible department, requests for prior approvals for budget and program plan revisions following OMB Circular A-110, Section .25 requirements.
- Notifies the Sponsored Programs Office, or other responsible department, if no response has been received within 45 days of submitting a request to Sponsored Programs for a budget revision. (Sponsored Programs is authorized to approve some requests and submits others to the awarding agency when required. Per OMB Circular A-110, Section .25 (m) Federal awarding agencies are required to notify “the recipient” within 30 calendar days from the date of receipt of the request for budget revisions whether the request has been approved.)
- Before requesting from the Sponsored Programs Office or other responsible department, a fund or budget transfer on an award that provides support for **both construction and non-construction work**, determines if the Federal awarding agency requires prior approval for transfers between the two types of work supported. (OMB Circular A-110, Section .25 (j)).
- Notifies the Sponsored Programs Office, or other responsible department, in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs for the project period by more than \$5,000 or five percent of the Federal award, whichever is greater. Notification is not required if an application for additional funding is submitted for a continuation award. (OMB Circular A-110, Section .25 (k))

History of Policy

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Related Documents

[Accounting for Grants and Contracts](#) - business process document

APPROVED:

Chief Financial Officer and Treasurer