

BUDGET REVISIONS ON FEDERAL GRANTS

Purpose:

The purpose of this policy is to ensure that Lewis University complies with the Federal Office of Management and Budget (OMB) standards regarding post-award budget revisions on projects funded by agencies of the federal government.

Summary:

Direct costs charged to any external grant must be allowable, allocable, and reasonable.

OMB provides the standards to which federal grants must conform in 2 CFR 220 “Cost Principles for Educational Organizations” and in 2 CFR 215 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.”

In the event that a project budget requires revision during the post-award period, it is the responsibility of the Principal Investigator/Program Director, with the assistance of the Office of Sponsored Programs, to ensure that the budget revision meets the requirements of the sponsoring agency and, if required by the sponsor, receives appropriate approvals.

Definitions:

Budget Revisions are changes to an approved project budget where costs from one budget category are moved to a difference category (i.e., costs for salaries and fringe benefits are moved to costs for consultants or sub-awards). Depending on the sponsor guidelines and the nature of the revision, this action may require prior approval from the sponsor.

Direct Costs are costs associated with a specific sponsored project that can be directly assigned to essential activities with relative ease and a high degree of accuracy. They include such costs as personnel (salaries and fringe benefits), supplies, equipment, travel, and other expenses necessary to the conduct of sponsored activities (Circular A-21, Sect. D1). Direct Costs typically including the following items:

Personnel Costs

Salary/Wages

Fringe Benefits

Non-Personnel Costs

Consumable Supplies

Equipment

Subawards/Subcontracts

Other Costs (may include tuition, non-consumable supplies, and other goods/services)

Indirect Costs are real costs incurred by the university for the common support of sponsored activities, but which cannot be easily allocated back to a specific project. Indirect costs, when

allowed by a sponsoring agency, are typically expressed as a percentage of the Modified Total Direct Cost of a project.

Modified Total Direct Costs are the total direct costs for a project, excluding certain budget items that are not subject to Indirect Cost recovery. Typical excluded budget items include tuition, equipment, and subawards costs in excess of \$25,000.

Procedure:

1. After the award has been made by the sponsor, the Principal Investigator/Program Director (PI/PD) identifies a need to revise the approved project budget.
2. PI/PD contacts the Office of Sponsored Programs to determine the sponsor's guidelines with regard to budget revisions to determine if prior approval for the revision is a requirement.
3. The Office of Sponsored Programs creates a revised budget that clearly indicates the budget line items where funds are being reduced and where funds are being increased.
 - a) All proposed costs in the revised budget must be reasonable, allowable, allocable, and in accordance with the OSP Policy "Allowable Costs on Federal Grants."
 - b) In addition to changes in the direct costs, the revised budget must also take into account any changes in indirect costs that may occur because of the revision.
4. Working consultation with the PI/PD, the Office of Sponsored Programs creates a budget narrative to support the revision, clearly identifying the reason(s) for the revision.
5. If required by the sponsor, Office of Sponsored Programs sends the request for budget revision to the sponsoring agency for approval.
6. The Office of Sponsored Programs forwards the revised budget and sponsor approval (if required) to the Business Office.
7. The Business Office updates the project budget in the accounting system.