



<b>New Jersey Institute of Technology University Policies and Procedures</b>	<b>Number: 12-03 Date of Issue: October 12, 2011</b>
<b><i>Subject: GRANTS AND CONTRACTS - BUDGET REVISIONS</i></b>	

**A. OVERVIEW**

All budget revisions must be completed prior to any expense incurrence.

Budget revisions for sponsored awards must be approved by the sponsoring agency or by the Sponsored Research Administration (SRA).

Budget revisions are based upon the financial plan and cost trends for the designated award budget period. To the extent possible, budget revisions must reflect all necessary reallocations of resources foreseeable to the end of the budget period.

**B. PURPOSE**

The purpose of this policy is to establish uniform procedures for identifying and reporting revisions from the approved budget on sponsored projects in accordance with Office of Management and Budget (OMB) Circular A-21; OMB Circular A-110, Section 25; OMB Circular A-133; and New Jersey Institute of Technology policies and procedures.

**C. DEFINITIONS**

OMB Circular A-21	Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. <a href="http://www.whitehouse.gov/OMB/circulars_a021_2004/">http://www.whitehouse.gov/OMB/circulars_a021_2004/</a>
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. <a href="http://www.whitehouse.gov/omb/circulars/a110/a110.html">http://www.whitehouse.gov/omb/circulars/a110/a110.html</a>
OMB Circular A-133	Standards for obtaining consistency and uniformity among Federal agencies for the audit of states, local governments, and nonprofit organizations expending Federal awards. <a href="http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf">http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf</a>

Allocable	A cost is allocable to a project if the goods or services involved are chargeable or assignable to such project in accordance with the relative benefits received by the project.
Allowable	A cost is allowable to a project if it: (1) is reasonable, (2) is allocable to the specific project, (3) is treated consistently in like circumstances, and (4) conforms to any limitations set forth in the sponsored agreement.
Budget Revision	A process by which a change in the established budget is made in order to reallocate funds from one expense category to another to reflect the requirements of the project.
Consistently Treated	A cost is consistently treated if the University's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the University. All costs incurred for the same purpose, in like circumstances, are either direct costs or Facilities and Administrative (F&A) costs only.
GCA	Grant and Contract Accounting Department
PI	Principal Investigator
Reasonable	A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amounts involved therefor, 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.
Significant Rebudgeting	A threshold that is reached when expenditures in a single expense cost budget category change (increase or decrease) from the categorical commitment level established for the budget period by more than 10 percent of the total costs awarded. Significant re-budgeting is likely to be considered a change in scope.
SRA	Sponsored Research Administration

## **D. BUDGET REVISIONS**

### **1. Responsibility**

Principal Investigators are responsible for submitting budget revision requests for allowable costs in accordance with the terms and conditions of the award to SRA. Questions of a procedural nature should be addressed to SRA before budget revision requests are submitted. SRA is responsible for submitting budget revision requests to the awarding agency.

### **2. Procedures**

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

It is important that the budget established at the time of the award reflect as closely as possible the required expenditures to complete the project. SRA will work closely with the PI to ensure that the award budget meets the investigator's needs as well as the sponsor's requirements. Once established, expenditures within each category must remain within the budgeted amount unless a budget revision is made. Each PI should monitor grant activity through reports available from Banner Self-Service.

### **3. Because the University is legally bound to operate within the term and conditions of each award accepted by SRA on its behalf, the following actions must be taken prior to submitting a budget revision:**

- Justification for such revisions must be provided by the Principal Investigator (PI) and submitted to SRA.
- Review by the PI, SRA and GCA of the award requirements to determine granting authority for the revisions.

### **4. There are three levels of granting authority for budget revisions:**

- GCA can authorize budget revisions of small dollar amounts that do not affect the Indirect Cost Expense, Payroll Expense, and Training Costs if allowed by the specific award
- SRA can authorize budget revisions that affect Indirect Cost Expense, Payroll Expense, Training Costs, etc. if allowed by the specific award
- Awarding Agency can authorize all other budget revisions

## **5. Federal Awards**

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

- a.** The inclusion of costs that require prior approval in accordance with OMB Circular A-21, unless waived by the Federal awarding agency.
- b.** The need for additional Federal funding.
- c.** Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under the award.
- d.** 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 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.
- e.** The transfer of funds allotted to training allowances (direct payment to trainees) to other categories of expense.
- f.** 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 re-budgeting as a change in scope.
- g.** Change in a key person specified in the application or award document.
- h.** The absence by the approved project director or principal investigator for more than three months, or a 25% reduction in time devoted to the project.

## **6. Non Federal Awards**

- a.** SRA 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 SRA for endorsement by an authorized representative of the University and transmittal to the appropriate agency.

## **7. Principal Investigator**

Principal investigators are to submit a budget revision request to SRA.

- a.** Complete a budget revision for any budget changes requested for the project. The justification for the budget revision must answer the following questions:
  - Are there funds available for re-budgeting?
  - Why is this change necessary for the project?

- How will the funds be used?
  - Will it affect the timeline and deliverables of the project?
- b. 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 an authorized representative of the University. Draft a letter to the Federal sponsor and forward the letter to SRA for countersignature by an authorized representative of the University. The letter must specify:
- Amount of the change (the budget categories to be increased and/or decreased)
  - Justification for the change
  - Award agency grant or contract identification number
  - Beginning and ending dates of the budget periods(s) affected
  - Contact information for the Technical point of contact
- c. The PI must obtain approval from their Department Chair and College Dean for all budget revisions regarding Faculty Academic Year Release Time prior to submission to SRA.

**Review:**

Holly C. Steu 10/17/11  
General Counsel Date

[Signature] 10/18/11  
President Date

**Approval:**

[Signature] 10/17/11  
Vice President for Date  
Human Resources

[Signature] 10/18/11  
Senior Vice President for Date  
Research and Development

[Signature] 10/19/11  
Provost and Senior Vice President Date  
for Academic Affairs

[Signature] 10/17/11  
Senior Vice President for Date  
Administration and Treasurer