University of New Orleans

Office of Research & Sponsored Programs Operational Procedures

**Budget Adjustment Procedures (Extramural Awards)**

Created: May 23, 2016

Last Revised:

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# Overview

1. **Reason/Purpose**

At the proposal stage, an estimated budget is determined based on the expected expenses to complete the project. As work on the project progresses, changes in the budget distribution may be necessary due to increased cost for items or to changes in what is needed to complete the projects. A budget adjustment will need to be requested. The process is different for fixed price and cost reimbursable awards; also, some awards may need prior written sponsor approval. Submitting a budget adjustment does not add funds to the overall award amount; if this is necessary, a supplemental request would need to be submitted to the sponsor through the Office of Research (ORSP) Research Administrator (RA).

1. **Definitions**

Cost reimbursable: Award in which UNO invoices based on actual expenses charged to the award. UNO will only receive the full award amount if there are allowable expenses posted to the award.

Fixed price: Award in which UNO will receive a set amount based on meeting specific terms of the award. UNO will keep any funds not spent.

# Procedure

The budget adjustment procedure is different for fixed price and cost reimbursable awards. The procedure for each is discussed below.

1. **Fixed Price Awards**

Fixed price award documents (typically a contract) do not specify a budget breakdown, but rather is instead a fixed amount that will be paid to UNO based on the completion of tasks or deliverables. A detailed budget is necessary in order to facilitate spending the funds in UNO’s financial system. The RA will request the Principal Investigator (PI) to prepare a budget. Since the budget is not normally given to the sponsor for approval and is not part of the executed contract, the budget can be adjusted as necessary during the life of the project without sponsor approval. The contract must be reviewed to ensure there are no clauses that address budget adjustments. The RA or ORSP accountant will provide assistance on this.

When an expense transaction is failing budget check because of insufficient budget, the ORSP accountant will examine the project report and determine if there are enough funds in another budget category that can be used for the amount needed. The accountant will email the PI a copy of the report and ask the PI if it is okay to reduce an appropriate category. The PI can suggest a different category if desired. The accountant will make the adjustment in the financial system based on the email responses. The email should be kept with the file in case there are questions during the project about the adjustment.

1. **Cost Reimbursable Awards**

Cost reimbursable award documents generally specify a detailed budget to follow; the award document will also reference the procedure for allowing budget adjustments. Some awards require all adjustments to have prior sponsor approval, others allow certain adjustments to be done without prior approval, and other awards do not require prior approval. For all cost reimbursable awards, the budget adjustment form in SharePoint must be completed (link: [https://sharepoint.uno.edu/research/Budget Adjustment/Forms/MyItems.aspx](https://sharepoint.uno.edu/research/Budget%20Adjustment/Forms/MyItems.aspx)). Below are the steps in completing the form:

1. The PI or a business manager can create the SharePoint Budget adjustment form
   1. On the Budget Adjustment Form page, click Add Document
   2. Complete the PI and award information
   3. Enter the amount(s) in the appropriate From and To columns for the affected budget categories
      1. If there are adjustments to salary, excluding graduate assistant (GA) and student salary, there should also be an adjustment to fringe benefits
      2. Some adjustments may require an adjustment to indirect cost, ask accountant for assistance
      3. See examples on SharePoint for adjustment scenarios affecting fringe benefits and indirect cost
   4. Provide a detailed explanation/justification for the adjustment
   5. Answer the questions
   6. PI signs the form
2. The appropriate Post Award accountant will review
   1. Review the award document to determine if the adjustment needs prior written sponsor approval
      1. Keep in mind prior adjustments when determining whether sponsor approval is necessary (some awards may allow up to a certain percentage before requiring prior approval)
      2. If sponsor approval is necessary, inform the PI and request they contact the sponsor (see additional discussion later in this document)
      3. See examples later in document of situations that may need prior approval
   2. Review the justification and question answers
      1. Answers may affect whether sponsor approval is required
      2. If additional information is needed, contact the PI
   3. Once form is completed satisfactorily, make adjustment in the financial system
   4. Mark form completed and file

A budget adjustment form will also need to be completed for cost share accounts related to the cost reimbursable award.

There are some situations in which the financial system budget was not entered in the budget category in which the expense actually appears. For example, for federal awards equipment purchases between $1,000 and $5,000 are classified as supplies but in the UNO system they are classified as equipment. If the budget was entered as supplies when the award was finalized there would be an error when the piece of equipment was purchased. In this situation, a budget adjustment form can be completed with the justification being that the financial system budget needs to correspond with the approved expense or the adjustment can just be handled through an email. The email or form must be kept with the file.

* 1. **Examples of Prior Approval Situations**

Prior sponsor approval is generally necessary in the following situations as adapted from 2 CFR Part 200 (refer to award document for specific requirements):

* Paying additional compensation when it was not mentioned in the proposal or award document
* Reducing support for students
* Reducing funds for participants
* Purchasing additional or different equipment
* Adding international travel
* Adding a subcontractor
* Changing key personnel mentioned by name in the proposal or approved budget
* Changing a subcontractor mentioned by name in the proposal or approved budget
* PI not working on the project for more than 3 months or has a 25% reduction in time devoted to the project
* Changing the scope of the project
  1. **Obtaining Sponsor Approval**

Sponsor approval should be obtained prior to spending the funds or changing the scope of the project; it should not be done after an item was purchased or an individual hired. The procedure for obtaining the approval will be different by sponsor. Some require a formal request such as a memo signed by the PI and ORSP, while others will accept an informal email from the PI. Some submissions will be handled through the sponsor’s online system while others will be done through email. The RA can provide assistance in submission method and what to submit. Generally, the request should include a justification for the change and the proposed new budget. The sponsor may not approve the budget change, so be prepared if that happens. The accountant will not process a budget adjustment if sponsor approval is needed and the sponsor does not approve.

Budget adjustment requests sent to the sponsor and the sponsor’s response will be kept with the file.

# Roles and Responsibilities

1. **Principal Investigator**

* Prepare the budget adjustment form
* If necessary, request sponsor approval prior to submitting paperwork to spend the funds
* Spend within the approved budget

1. **Office of Research and Sponsored Programs, Research Administrator**

* Work with PI to submit budget adjustment request to the sponsor

1. **Office of Research and Sponsored Programs, Post Award Accountant**

* Work with PI to make adjustments to fixed price awards (through email)
* Review and process budget adjustment forms for cost reimbursable awards
* Work with PI and RA if sponsor approval is necessary

ATTACHMENT A – Acronyms

The following is a list of the acronyms used in this procedural manual.

**Acronym Definition**

CFR Code of Federal Regulations

ORSP Office of Research and Sponsored Programs

PI Principal Investigator

RA Research Administrator