



**Division of Research
University Policy**

SUBJECT: Budget Amendments Policy for Federal and Non-Federal Sponsored Programs	Effective Date: 3-15-2023	Policy Number: 10.2.2	
	Supersedes: 3-01-17 1-9-13 1-19-12 11-1-08	Page 1	Of 4
	Responsible Authorities: Vice President for Research Asst VP for Research, Sponsored Programs		

I. Background

Florida Atlantic University is required to comply with revisions of budget and program plans in accordance with 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

II. Purpose

The purpose of this policy is to establish uniform procedures for identifying and reporting deviations from the approved budget on sponsored projects in accordance with 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and agency specific policies and award terms.

III. General Statement

Under the general oversight and authority of Florida Atlantic University, the Principal Investigator or his designee may request changes to the sponsor approved budget, following the sponsor and FAU’s policies and procedures.

IV. Policy

Rebudgeting within a sponsored project, after it is awarded, is allowed if there is a legitimate need to redirect budgeted costs, provided the rebudgeting conforms to the sponsoring agency’s guidelines and is consistent with accounting practices. Rebudgeting is not allowed for the purpose of relieving

financial pressure on a department's unrestricted budget, or on other sponsored projects or to assign costs that could not otherwise be assigned.

Sponsors may require that the University seek prior approval before making changes to the awarded budget. When the sponsor requires prior approval, budget amendments should not be submitted through the university's financial system until sponsor prior approval is received.

Failure to obtain prior approval from the sponsoring agency for any budget related costs requiring such approval may result in the disallowance of cost. Costs charged to a sponsored award that will not be collected from the sponsor for reasons of unallowability must be paid from non-sponsored funds covered by the department, college or unit responsible for the project.

Federal Awards:

Certain federal agencies may require prior written approval before changes can be made (whether budgetary or programmatic in nature).

The list below describes reasons a budget amendment request may require prior approval from the Federal awarding agency but is not all inclusive. Principal Investigators and their Grant Managers should review the federal agency policies and award terms for additional budget requirements.

1. Change in the scope or the objective of the project or program even if there is no associated budget amendment requiring prior written approval. Agencies may view significant rebudgeting as a change in scope.
2. 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.
3. 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.
4. The inclusion of costs that require prior approval in accordance with 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
5. The transfer of funds allotted for training allowances (participant support costs, direct payment to trainees/participants) to other categories of expense.
6. Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out any work under the award.
7. Purchase of equipment within 90 days of project end date. (See FAU's Equipment Policy for Federal Sponsored Programs)

Non-Federal Awards:

The University will refer to the sponsored agreements or award terms and conditions to determine if budget amendments are allowed and/or require prior approval by the sponsor.

V. Procedures

Budget Amendment Request:

Principal Investigators and their Grant Managers are required to complete a Budget Amendment for Sponsored Account Form for all budget category changes requested for the project regardless of dollar threshold or budget category. **This form must be attached to the budget amendment request along with the Grant Inception to Date Report, and any approvals from the sponsor.**

When a budget amendment requires prior approvals per the sponsor, the Principal Investigator should follow agency procedures. Most Federal awards require that requests for prior approval be countersigned by the Authorizing Official in OSP. Principal Investigators must draft a letter to the Federal sponsor and forward the letter to OSP for countersignature. The letter must specify:

- Amount of the change (the budget categories to be increased and decreased)
- Justification for the change, including:
 - Why the funds are no longer necessary in the current budget category
 - Why the funds are needed in the new budget category
- Sponsor's award, grant, or contract identification number
- Beginning and ending dates of the budget periods(s) affected

Review Process:

The Principal Investigator and their Grant Manager must ensure budget amendment requests are accurate and allowable. Budget amendments that meet a certain dollar threshold or include a restricted budget category will route for additional approvals. Approvers will review and confirm that the completed Budget Amendment for Sponsored Account Form (required) and prior written approval from the sponsor (if applicable) was obtained and submitted with the request.

If a budget amendment request is not correct or is missing required support documentation it will either be returned for correction for resubmission or a corrective budget amendment will need to be processed.

VI. Definitions

Allowable Costs 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.

Budget Amendment Budget adjustments are completed to reallocate funds from one budget category (object class) to another to reflect the requirements of the project. Budget Amendments are processed through the university's financial system.

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Standards for obtaining consistency and uniformity among federal recipients in the administration of grants, agreements, and audits.

Grant Manager	A role identified within the university’s financial system that is responsible for the overall financial management and compliance of research projects under the direction of the principal investigator to monitor the budget, review and approve expenditures, and ensure expenditures charged are allowable, allocable, reasonable and adhere to Federal, State and University policies as well as serve as a liaison between the principal investigator and central administration to finalize costs and process closeouts.
Lead Principal Investigator (Principal Investigator)	A role identified within the university’s financial system that is responsible for the technical compliance, compliance, completion or programmatic work, fiscal stewardship, and administrative compliance requirements of the research project.
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.

VII. Accountability

Principal Investigators and their Grant Managers are responsible for ensuring funds are spent according to the awarded budget, sponsor guidelines, FAU policies and must confirm the allowability of the budget amendments prior to initiating a budget amendment request. If the sponsor requires prior approval for budget changes, the approval by the sponsor must be received prior to submitting a budget amendment request. Budget amendments that meet a certain dollar threshold or include a restricted budget category will require additional approvals.

VIII. Policy Review

The Budget Amendment Policy for Federal and Non-Federal Sponsored Programs will be reviewed and updated as necessary.

POLICY APPROVAL

Initiating Authority

Signature: _____ Date: _____
 Daniel Flynn, Vice President for Research