



Budget Revisions Internal Procedure

Issued: November, 2007

Implemented: March, 2008

DESCRIPTION

This procedure outlines the SFSU process for revising budgets on sponsored projects. To minimize the administrative burden associated with a revised budget, most sponsors give a recipient flexibility to adapt their award spending patterns to match the changing circumstances of the sponsored project.

In general, a revised budget will occur in the following circumstances:

Pre-Award

- The sponsor requests a revised budget during their review of the proposal. During the review process, a sponsor may be interested in the technical project, but will identify expenses in the budget that the agency will not support, or the agency may decide that the requested budget is above what they believe the proposal merits.
- The sponsor mandates a revised budget as a condition of the award. This typically happens with federal agencies that reduce funding for new projects because of cuts in the overall federal budget. An agency may take the proposed budget and reduce it by a certain percentage, then inform SFSU of the award amount.
- SFSU initiates budget revisions of a multi-year project made to reflect the financial realities of the project: salary increases, new employees on the project, adjusted fringe benefits, adjusted F&A rates, etc. In general, these types of budget revisions do not require sponsor approval.

Post-Award

- SFSU initiates budget revisions due to a significant change in the scope of work that will require a considerable amount of funds to be shifted between expense categories. This does not happen often, as most sponsors provide a recipient financial discretion to move funding between budget categories, realizing that a certain re-budgeting may be necessary to accomplish the goals of the project.
- SFSU initiates budget revisions due to sponsor requirements listed in the terms and conditions of the award agreement. A common example of this is when a piece of equipment may need to be purchased to continue the proposed research project and a sponsor requires prior approval to re-budget funds before the equipment is purchased.

ROLES AND RESPONSIBILITIES

Academic Department or Responsible Unit

- **Principal Investigator (PI)**
 - Resolves requests from a sponsor for a revised budget before an award is made in collaboration with the Proposal Specialist in ORSP Pre-Award.

- Knows the sponsor's requirements concerning budget revisions and monitors the spending on the project to comply with requirements.
- If the award requires a revised budget, the PI creates the revised budget and obtains the sponsor's approval for the revision in collaboration with the Proposal Specialist or Grants Administrator.

Office of Research and Sponsored Programs (ORSP)

- **Proposal Specialist (PS)**
 - If a revised budget is required before an award is received by SFSU, or as a condition of funding, the PS develops a revised budget in collaboration with the PI and submits it to the sponsor.
- **Grants Administrator (GA)**
 - If a revised budget is needed as a requirement of the award, the GA assists the PI to develop a revised budget.
 - Submits the revised budget to the sponsor for approval and routes the revised budget to Fiscal Affairs to change the budget information in FMS.
 - Documents awards that have inflexible re-budgeting requirements and tracks expenditures on these awards.
- **Pre-Award Manager**
 - Reviews revised budgets developed by the Proposal Specialist assisting the PI.
- **Post-Award Manager**
 - Reviews revised budget developed by the Grants Administrator after an award has been received.
- **ORSP Director**
 - Approves the budget request form and revised budget.
- **Associate Vice President (AVP) for Research and Sponsored Programs**
 - Reviews the budget and any related documentation and provides the signature approval if a sponsor requires a SFSU authorized signature to accompany the revised budget before an award is issued.

Fiscal Affairs

- **Senior Accountant**
 - Loads the revised budget into FMS and adjusts the account codes as necessary if the budget revision occurs and the original budget has already been entered into FMS.

PROCEDURES

OFFICE OF RESEARCH AND SPONSORED PROGRAMS (ORSP)

A. Prior to an Award

1. If a sponsor requires a revised budget before an award is made, the PS assists the PI to revise the budget.
2. If the revised budget increases SFSU's cost share commitments, the PI completes a new Cost Share Request Form and obtains the necessary approvals.
Please see the Cost Sharing / Matching Funds / In-Kind Contributions Procedure for further information.
3. Once the revised budget is completed, the PS routes the budget with a cover letter to the ORSP Pre-Award Manager for review and approval. The Pre-Award Manager submits the revised budget to the AVP for Research and Sponsored Programs for review and approval.
4. The PS submits the revised budget with any required documentation to the sponsor and files a copy of the revised budget in the proposal folder.

B. Budget Revisions at the Time of Award Set-Up

The Proposal Specialist (PS) (Pre-Award) and the Grants Administrator (GA) (Post-Award)

1. At the time of the award set-up, the PS reviews the award documents and identifies any sponsor requirements concerning budget revisions. Examples include:
 - Expenses in a budget category may not exceed 10% of the submitted budget without sponsor approval.
 - Recipient must obtain prior approval before hiring staff in addition to those positions included in the proposal budget.
2. The PS notes any restrictive budgeting or expense requirements on the budget routing form. The GA maintains a list of awards that require sponsor approval for reallocation of funds from one account code to another. This list is used as a reference to monitor expenses on the project for cost overruns within budget categories.
3. The GA reviews the awarded amount and compares it with the amount requested in the proposal. Confirms that the awarded amount is equal to the budgeted amount.
 - a. If the award amount does not equal what was requested in the proposal, contacts the PI and the PS in Pre-Award.
 - b. The PS works with the PI to create a revised budget to reflect the award amount and confirms that the proposed scope of work can be accomplished given the decrease in funding.
 - c. The PS provides the GA a copy of the revised budget.
4. Upon receipt of the revised budget, the GA continues with the award set-up process. Please see the Award Set-up Procedure for further information.

C. Budget Revisions During an Award

1. The GA assists the PI to develop a revised budget with a detailed explanation about the need for the revision when the sponsor approval for a budget revision is required.

2. Routes the revised budget and supporting documentation to the Post-Award Manager for review and approval and then to the ORSP Director.
3. Submits the revised budget with any required documentation to the sponsor and files a copy in the award folder.
4. Follows up with the sponsor, and assists with any questions that may arise about the revised budget.
5. Once the sponsor approves the revised budget, creates a new budget template form that reflects the revised budget. Routes the budget template to the ORSP Director for approval.
6. The GA routes the budget template form with the revised budget to the Senior Accountant in Fiscal Affairs to adjust the account codes in FMS to reflect the revised budget. Please see the Award Set-Up Procedure for further information.

RELATED DOCUMENTS

- [Cost Sharing / Matching Funds / In-Kind Contributions Procedure](#)
- [Award Set-up Procedure](#)
- Cost Share Request Form