



## Administration and Finance

Policy No: 3705

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Approved by:  
Marc E. Wasserman  
Director  
Financial Services

Approval Date:  
July 1, 2009

Refer Questions to:  
Manager  
Restricted Funds  
Accounting  
410-706-0487

USM Board of Regent's  
Policy Reference:  
N/A

**Policy Name:**  
Budget Modification Requests

**Policy:**

The University of Maryland Baltimore will insure that all budget modifications made to contracts and grants are allocable, reasonable and allowable under the terms and conditions of the award made by the sponsoring agency.

**Definitions and Terms:**

N/A

**Purpose:**

- I. To promptly process changes to the budget which support project related activities.
- II. To provide the ability to take budgets from a summary level to a more detailed level.

**Scope:**

All active contracts and grants.

**Restrictions and Exclusions:**

- I. Restricted Funds will not check the validity of the modifications against the terms and conditions of the award document.
- II. Budget Modifications should not occur prior to 3 months of the award end date for equipment purchases or subcontracts, unless written approval is obtained from the Office of Research and Development.
- III. All forms must be completed and all signatures in place before the budget modification will be processed by Restricted Funds.

**Related / Impacted Policies:**

N/A



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**Procedures:**

- A. Download the Budget Modification Form from the Department of Financial Services Web Page and check the second box on the top half of the page.
- B. As part of the completion of the form, the Principal Investigator must document the request by explaining the reason for the reallocation of funds. The following are helpful guidelines to follow for the justification.
  1. **Salaries** – Explain why the increase is necessary and for whom. Is an additional person(s) being added to the project? Were salary increases/reclassification received that had not been anticipated in the proposal thereby requiring an increase to the salary budget? Is there an increase in the percent effort for any personnel, and if so, is this due to a change in the scope of the project? **Reminder:** If clerical and administrative expenses were not proposed in the original budget and funded by the agency, such expenses normally should not be charged to the grant or contract. For more information, see:  
[http://www.ord.umaryland.edu/researcherss/Funding\\_Proposal/admin\\_expense/php](http://www.ord.umaryland.edu/researcherss/Funding_Proposal/admin_expense/php)
  2. **Fringe Benefits** – Is the increase/decrease due to a change in the mix of the individuals being paid on the project? Does the change reflect actual benefit costs?
  3. **Equipment** – What is the piece of equipment to be ordered and why is it needed for this project? Does the campus already have this equipment? If so, why is additional equipment needed? Is the item in question, considered “general purpose” equipment (examples: fax machine, copier)? If so, then the request to rebudget and purchase may require the prior approval of the sponsor. Equipment is defined as tangible, nonexpendable property having a useful life of more than one (1) year and an acquisition cost per unit equal to or greater than \$5,000.
  4. **Travel** – Provide information regarding who will be traveling, the purpose of the trip, location and travel dates. When the budget modification is for foreign travel, please attach a copy of the program announcement showing the traveler is presenting a paper, poster session, etc. A copy of the letter the traveler received inviting him/her to present at the meeting will also be sufficient provided it included the dates and location. **Reminder:** Federal grants and contracts will only reimburse travel with a US-flag air carrier at coach rates.
  5. **Supplies** – Provide a justification for the increase. This category contains the expendable material and supply items usually found in a laboratory. Such items would include but are not limited to glassware, chemicals, radioisotopes, animals, etc.



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Policy No: 3705

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6. **Other Expenses** – Provide a justification for the increase. The added expenses cannot be for administrative expenses normally disallowed under the revisions to OMB Circular A-21, unless they are properly justified as to how they are needed for the successful completion of the technical aspects of the project (i.e., clerical and administrative services; telephone charges – except long distance charges allocable to the project; postage; office supplies. For more information see: [http://www.ord.umaryland.edu/researchers/Funding\\_Proposals/admin\\_expenses.php](http://www.ord.umaryland.edu/researchers/Funding_Proposals/admin_expenses.php)
  7. **Subrecipient Agreement (Consortia agreements)** – Any relevant correspondence, an appropriate scope of work, and detailed budget for the subcontract must be submitted to the Office of Research and Development.
    - For increases: Explain why the increase is needed.
    - If the subrecipient agreement was not included in the original proposal budget, the change will require prior agency approval if the grant is not under the NIH expanded authorities. (Contact ORD for guidance.)
    - If the subrecipient agreement is to be decreased, has the subrecipient PI been notified of the decrease?
    - If an existing subrecipient agreement is to be terminated early, the subrecipient must be officially notified through ORD.
  8. **Consultants** – Explain why the increase is needed. Who is the proposed consultant? Does the amount include travel, supplies, and lodging in addition to the consultant fee?
  9. **Facilities and Administrative Costs (F&A)** – F&A costs must be adjusted to account for any changes to the base from which the F&A costs were calculated (e.g. change to subcontract, equipment, patient care costs).
- C. Use budget accounts located on the department of Financial Services web page. They are annotated in red as **"Contracts and Grants Budget Only"**.
- D. Signatures must be in place before the form will be processed. The necessary signatures are:
1. Principal Investigator
  2. Department Chair
  3. Dean (not required for School of Medicine and School of Pharmacy)



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- E. After the form is completed, it should be sent directly to Restricted Funds Accounting for processing.

There are occasions when sponsor approval is required for budget modifications as part of the terms and conditions of the award. To determine if there is a requirement, access COEUS Award Module and review the terms and conditions under the Terms Tab/Other Approval, Notification Requirements. If there is sponsor approval required:

- A. PI writes a letter to the sponsor to request the budget modification. The letter should include the budget categories and dollar amounts to be increased and decreased, and a justification for the requested changes.
- B. The PI must sign the letter to the sponsor and carbon copy an ORD authorized official.

**If sponsor approval is required, the Office of Research and Development must receive the approval before this form is completed and submitted to Restricted Funds.**

**\* Schools and Departments can also use the Budget Modification form to change budgets from a summary level to a more detailed level after the award has been set up in the financial system. This will allow the Principal Investigator to manage expenditures however they wish. If so, please take the following steps.**

- A. Check the first box on the top half of the Budget Modifications Request Form.
- B. Attach Budget to the form.
- C. Acquire appropriate signatures and send to Restricted Funds Accounting.

**Responsibilities:**

The Principal Investigator/Department has the responsibility to make sure that all budget modifications that occur within the award are allocable, reasonable and allowable.

Restricted Funds will send a receipt of the form upon receiving the completed and signed form.

**Forms:**

Budget Modification Form