

## **BUDGET MODIFICATION REQUESTS PROCEDURE AND INSTRUCTIONS**

### **A. Authorization Procedure for Budget Modifications**

#### **Form:**

The ORD budget modification form is primarily for use with NIH and NSF grants. For other sponsors and for contracts, review the sponsor guidelines or contract terms to determine whether agency approval of budget modifications is required. The form may be downloaded from:

<http://www.ord.umaryland.edu/researchers/Forms/index.php>

#### **Signatures needed:**

Requests for budget modification are initiated and signed by the Principal Investigator (PI) and forwarded for authorization and signature in the following order:

- (1) Department Chair
- (2) Dean (not required for School of Medicine and School of Pharmacy)
- (3) Office of Research and Development
- (4) Restricted Funds

#### **Sponsor approval required:**

Sponsor approval is required when restrictions in spending categories are part of the terms and conditions of the award.

- 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.
- The letter to the sponsor must be signed by the PI and an ORD authorized official.

#### **When ORD approval is not needed:**

ORD signature is not needed on requests for:

- Any reallocation of funds of less than \$500 between salary and fringe benefit categories
- Any reallocation of direct costs for agreements paid on a fixed price or fixed fee basis (i.e., paid for completion of project or for a specific deliverable such as per patient payments). ORD will identify these contracts at the time that the award is processed and documentation is forwarded to Restricted Funds.

### **SUBCODES**

**The purpose of a budget modification form is to reallocate funds among budget categories.**

As such, funds are to be reallocated from budget subcode to budget subcode. Available subcodes are listed at <http://www.admincomp.umaryland.edu/fasweb/subcodes/index.html>

Budget subcodes are annotated in red as “**Contracts & Grants Budget ONLY.**”

## **B. Justification for budget modification requests**

**For audit purposes, the investigator must document the request for budget modification by explaining the reason for the reallocation of funds. The following questions may be used as guidelines for writing the justification section of the budget modification form or the letter to the agency. The justification section must be completed on all budget modification forms, regardless of the signatures required.**

**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/researchers/Funding\\_Proposals/admin\\_expense.php](http://www.ord.umaryland.edu/researchers/Funding_Proposals/admin_expense.php)

**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?

**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

**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 includes the dates and location. **Reminder:** Federal grants and contracts will only reimburse travel with a US-flag air carrier at coach rates.

**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.

**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\\_expense.php](http://www.ord.umaryland.edu/researchers/Funding_Proposals/admin_expense.php)

**Subrecipient agreement (Consortia agreements)** -- Attach any relevant correspondence, an appropriate scope of work, and detailed budget for the subcontract.

- 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.

**Consultants** -- Explain why the increase is needed. Who is proposed consultant? Does the amount include travel, supplies, and lodging in addition to the consultant fee?

**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).