

1. Purpose

To establish procedures for subgrantees to submit cost and no-cost amendments to approved projects (also referred to as applications). A cost amendment is the result of a change in the amount of the allocation approved by the Department of Education to carry out the objectives of the subgrantee's project. A no-cost amendment is the result of required or voluntary changes to a subgrantee's project that result in no change to the existing allocation.

2. Scope

This procedure shall apply to offices in the department for use by recipients who have been issued a State/Federal subgrant award. In some cases, certain state programs are governed by a Commission or Board which may be authorized to set and establish its unique budget/spending purposes and rules. Exceptions to this policy are within the scope of this Rule and will be applied, as appropriate, to those programs on a case by case basis.

3. Reference

The issuance of a Notification of Subgrant Award entitles the recipient to receive funds from the State to carry out the objectives of the approved project. Approved projects are amended whenever (1) the subgrantee wishes to change the focus of project activities whereby any of such activities do not fall under the scope of the existing, approved project; and/or (2) the subgrantee's allocation changes (i.e., carry-forward funds are awarded) which automatically requires an amendment due to the need to revise the project budgets.

Any cost or no-cost amendment must be submitted to the Department of Education for review and approval. An approved cost amendment will result in the re-issuing of a Notification of Subgrant Award. The subgrantee must submit any revised budget to the Department of Education with original signatures.

4. Forms

State or Federal Final Report of Budget Expenditure – Budget Expenditure Summary, Form SFP-01

5. Procedures

a. **Project Narrative Revisions**

Changes to be made in the operation of a project as it was written and approved must be formally revised and submitted to the appropriate Program Officer for approval.

Such changes may include revisions to the project scope, objectives or function of key personnel.

Project amendments are submitted in the form of revisions to the original project. Any section of the original project that would be affected by the proposed changes should be revised accordingly and submitted for review and approval.

b. **Budget Revisions**

No-Cost Revisions: No-cost revisions do not affect the overall budget of the subgrant. They may, however, include a transfer of funds between the object codes or among sub-object codes as listed on the budget summary form. When an agency requires such a transfer of funds, the budget forms must be submitted to the Program Officer for review and approval. It is important to note that all expenditures must be supported by appropriate objectives in the project narrative. Therefore, changes in a budget may also require changes or additions to the project narrative.

Some, but not all, no-cost revisions require a budget amendment. For example, if the agency originally budgeted \$2,000.00 for *Purchased Professional Services* and then decided to cancel the service and reallocate the money to *Books and Periodicals*, the change would constitute a transfer of funds from object code 300 (*Purchased Professional Services*) to object code 640 (*Books and Periodicals*). The agency must submit a budget revision and receive approval from the Program Officer before the transfer can occur. It may also be necessary to revise the written narrative to justify the transfer of funds.

Subgrant recipients requesting budget revisions such as in the example above must resubmit a signed Budget/Expenditure Summary form, and check the Budget Amendment box at the top. Also, all affected budget forms throughout the grant must be revised. For example, if a subgrant recipient serving three sites wishes to revise the budget at one of the sites, and such a revision includes a transfer of funds from one object code to another, the recipient must include the revised, signed original form (Budget Summary) and the revised budget detail forms (no signature required).

A transfer of funds which results in an increase or a decrease in the amount budgeted in an object code **that is in excess of 5% or \$2,000, whichever is less**, must be submitted as a project amendment for approval by the Program Officer. A transfer of funds between sub-object codes in excess of 50 percent **or \$10,000, whichever is less**, or between instruction and support services in excess of 10 percent **or \$10,000, whichever is less**, must also receive prior approval from the Program Officer. If, for example, an agency wishes to transfer funds from the object code 650 (*Audio/Visual Materials*) to object code 670 (*Software*), and the transfer involves more than a 50 percent **or \$10,000** deviation from the amounts originally budgeted, a budget revision must be submitted and approved before the transfer of funds may be made. Again, it may be necessary to revise the written narrative to justify a transfer of funds.

The subgrantee may internally authorize transfers of funds *between object codes if such changes are less than 5% or \$2,000, whichever is less, or* between sub-object codes if such changes are less than 50% *or \$10,000, whichever is less,* or between instruction and support services if such changes are less than 10 percent *or \$10,000, whichever is less,* of the approved amounts. Attachment A illustrates the types of budget revisions the subgrantee may authorize without Program Officer review and approval.

Any budget amendment falling within the thresholds above that do not require approval by the Program Officer must still be within the scope of work of the subgrant award. Any change in the scope of work must be approved by the Program Officer.

Cost Revisions: An increase to the total amount of the subgrant is a cost revision. Any proposed increase to the total amount budgeted for a project may be contingent upon the recommendation of a review committee, approval from the Program Officer and the availability of funds. Increases due to distribution of carry-over funds are included in this description.

A specific decrease in the total amount of the original approved budget must also be submitted in the form of a cost revision. If, for example, an agency had included a salary in the original budget but found it could not fill that position, a budget amendment must be prepared and submitted to the Program Officer for approval.

The Program Officer in the department will return an approved copy of the amendment to the subgrantee and retain the original in the department project file. Both copies will be initialed or stamped as received/approved; the most recent approved budget will be the controlling budget document for the project.

Please note. Categories 612 and 652 (Items of Value) are to be used for expendable control items including equipment costing \$1,000 or more, up to the \$5,000 Statewide capitalization level. Items purchased under this category must be inventoried if they have a useful life of one year or more.

Approved: _____
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