



## East Stroudsburg University

### Budget Modification Procedure for Sponsored Activities

#### **Purpose**

The purpose of this procedure is to ensure that East Stroudsburg University adheres to and complies with sponsor agency guidelines and/or regulations regarding budget modifications of grants, contracts, and other sponsored projects. This procedure applies to all University faculty members and other employees who perform research, educational services, or other activities by a grant, contract, or other sponsored agreement.

#### **Definitions**

**Principal Investigator (PI)** – In the context of funding from sponsored agencies, the principal investigator is the person who has the appropriate level of authority and responsibility to direct the project or program supported by the grant. Not all agencies may use the term “principal investigator” but may use the term “project director,” which has the same definition as described above.

**Budget Reallocation** – A modification to the grant budget that involves shifting funds among the various categories

**Major Revision** – A change or adjustment that is significant enough to alter the original grant agreement.

**Significant Change** – A modification in the budget that may or may not require funder approval, but that the Office of Sponsored Projects and Research (OSPR) along with the Grant and Compliance Accountant have determined to be a deviation from the original budget to warrant re-approval through the internal clearance process.

#### **Procedure**

East Stroudsburg University employees must adhere to and comply with sponsor agency guidelines and applicable regulations regarding budget modifications within grants, contracts, and other sponsored projects. All requests for budget modifications must be approved by the OSPR and Grant and Compliance Accountant prior to any expenditure based on the proposed modification.

Proposal budgets are estimates of project expenses, and most sponsors recognize that modifications may be needed during the actual conduct of a project. When a change is to be made in the budget of an existing grant, contract, or sponsored project, the PI must request a budget modification in writing (email is acceptable) to the OSPR and Grant and Compliance Accountant who are responsible for review and approval of such requests.

The OSPR and Grant and Compliance Accountant will review the nature and magnitude of the reallocation to ensure compliance with the sponsor regulations. These regulations may include:

- A prohibition on any budget modification
- A requirement of sponsor permission if a modification exceeds a certain amount or affects a specific category
- Notification to the sponsor if the modification reflects a change in project key personnel, implementation, or scope

If the University does not have authority to revise the budget without prior sponsor approval, the PI will work with the OSPR and Grant and Compliance Accountant to request such approval from the sponsor. The University cannot approve budget modifications which are not in compliance with the terms of the award.

For certain budget modifications that represent a significant change, the Budget Modification Internal Clearance Form must be submitted to the OSPR and approved through the internal clearance process before submission to the funder, if funder approval is required.

When a budget modification is approved, the PI will be notified and the Grant and Compliance Accountant will make the modification in the accounting system.

During the life cycle of a grant, a PI may need to make changes or adjustments that are significant enough to alter the original grant agreement. These are considered major revisions and usually include one or more of the following circumstances:

- Changes to key personnel
- Modified scope or objective
- Substantive budget revision

In all cases, approval of a major revision must be requested and approved in writing by the sponsoring agency.

The OSPR and Grant and Compliance may deny budget modifications that are unreasonable or unallowable. The reasons for this may include but are not limited to a justification that does not warrant a change to the budget, restrictions on modifications by the sponsor, or if a cost has already been incurred and the budget modification request is after the fact.