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PURPOSE OF GUIDELINES

The budget plan is the financial expression of the project or program as approved during the award process. These guidelines explain administrative requirements and financial procedures for maintaining compliance with Federal government and other regulations regarding revision of budget and program plans.

Failure to follow these guidelines may have serious consequences, including disallowed costs, which would require reimbursement to the sponsor from unrestricted departmental funds; increased Federal oversight, monitoring, and audits; and loss of future Federal funding.

POLICY

Deviations from budget and program plans related to projects financed in whole or in part with Federal funds shall be administered in accordance with standards set forth in the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”), SUBPART D – Post Federal Award Requirements, §200.308 Revision of budget and program plans.

WHO IS RESPONSIBLE

Responsibility for following program income guidelines lies primarily with Project Investigators and Project Directors, their Department Chairs or other direct supervisors, and unit-level fiscal personnel with general guidance and oversight of the colleges, schools and divisions.

Applicable University Sponsored Programs Office or other designated personnel are responsible for providing general guidance and technical assistance.

The University of Maine System administration is responsible for providing guidance through administrative practice letters and coordinating compliance monitoring through periodic internal and external audits.
PROCEDURES AND RESPONSIBILITIES

A. Federal Authorization

OMB Uniform Guidance, §200.308 governs the revision of budget and program plans. The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold (see Definitions and Terms section of this APL) and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation. All other changes to non-construction budgets, except for the changes described in OMB Uniform Guidance, §200.308 (c), do not require prior approval from the Federal awarding agency.

When a Federal awarding agency makes an award that provides support for both construction and non-construction work, the Federal awarding agency may require the University to request prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.

Within 30 calendar days from the date of receipt of a request for budget revisions, a Federal awarding agency must review the request and notify the University whether the budget revision has been approved or inform the University in writing of the date when the University may expect the decision.

B. Responsibilities

1. University of Maine System Administration:
   a. Provide an administrative practice letter with guidance on revising budget or program plans.
   b. Provide procedures for recording budget changes in the general ledger system.
   c. Periodically review the general ledger for unbalanced budgets.

2. Sponsored Programs Office, or other responsible department:
   a. Provide general coordination and guidance to Principal Investigators or Project Managers on appropriate procedures for proposing revision of budget and program plans.
b. Document requests, and subsequent action taken, of approvals for budget and program plan revisions received from Principal Investigators or Project Managers.

c. Submit requests for revision of budget and program plans, when required, to the applicable Federal awarding agency.

d. For non-construction awards, request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons (OMB Uniform Guidance, §200.308 (c)(1)(i-viii)):

1) Change in the scope or objectives of the project or program (even if there is no associated budget revision requiring prior written approval).
2) Change in a key person specified in the application or award document.
3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Uniform Guidance - Subpart E - Cost Principles.
5) The transfer of amounts budgeted for participant support costs as defined in OMB Uniform Guidance, §200.75 Participant support costs to other categories of expense.
6) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332 Fixed amount subawards. This provision does not apply to the acquisition of supplies, material, equipment or general support services.
7) Changes in the approved cost-sharing or matching provided by the University.
8) The need arises for additional Federal funds to complete the project.

No other prior approval requirements for specific items may be imposed by the Federal awarding agency unless an exception has been approved by OMB. (OMB Uniform Guidance, §200.308 (c)(2)).
e. Observe expanded authorities provisions of OMB Uniform Guidance, §200.308 (d) summarized below to facilitate the processing of revision of budget and program plans requests from Principal Investigators and Program Managers.

Except for the eight requirements Section B.2.d of this APL, Federal awarding agencies are authorized, at their option, to waive prior written approvals required by Uniform Guidance §200.308 (c). Such expanded authority may include authorizing universities to do any one or more of the following:

1) Incur pre-award costs 90 calendar days prior to award (or more than 90 calendar days if the University has prior approval of the Federal awarding agency). All pre-award costs are incurred at the University's risk, i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the University does not receive an award or if the award is less than anticipated and inadequate to cover such costs.

2) Initiate a one-time extension of the period of performance of the award of up to 12 months unless one or more of the following conditions apply.

   (i) The terms and conditions of award prohibit the extension.
   (ii) The extension requires additional Federal funds.
   (iii) The extension involves any change in the approved objectives or scope of the project.

   For one-time extensions, the Sponsored Programs Office, or other responsible department, must notify the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

3) Carry forward unobligated balances to subsequent funding periods.

For Federal non-construction awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in items 1) through 3) above are automatically waived unless one of the conditions included in item (2)(i,ii,or iii) above applies. (Uniform Guidance §200.308 (d)(4)).
f. For construction awards, request prior written approval promptly from Federal awarding agencies for budget revisions whenever one of the following apply: (OMB Uniform Guidance §200.308 (g))

1) The revision results from changes in the scope or the objective of the project or program.
2) The need arises for additional Federal funds to complete the project.
3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with the cost principles established in OMB Uniform Guidance – Subpart E.

No other prior approval requirements for specific items may be imposed unless an exception has been approved by OMB. (OMB Uniform Guidance §200.308 (g)(4))

g. Before recording a fund or budget transfer on an award that provides support for both construction and non-construction work, verify whether or not the Federal awarding agency requires prior approval for transfers between the two types of work supported. (OMB Uniform Guidance §200.308 (g)(5)).

h. When requesting approval for budget revisions, use the budget forms that were used in the application unless the Federal awarding agency indicates a letter of request suffices. (OMB Uniform Guidance §200.308 (h)).

i. Notify the Principal Investigator or Project Manager when a decision has been reached on a request for a revision of budget and program plans.

j. Record the revision of a project budget in the UMS’ general ledger system.
3. Principal Investigator or Project Manager:
   
a. Consult with Department Chair or Dean, when appropriate, on the implications of revising the project’s program plans.

b. Submit to the Sponsored Programs Office, or other responsible department, requests for prior approvals for budget and program plan revisions following OMB Uniform Guidance §200.308 requirements.

c. Notify the Sponsored Programs Office, or other responsible department, if no response has been received within 45 days of submitting a request to Sponsored Programs for a budget revision. Sponsored Programs is authorized to approve some requests and submits others to the awarding agency when required. Per OMB Uniform Guidance §200.308 (i), Federal awarding agencies are required to notify “the recipient” within 30 calendar days from the date of receipt of the request for budget revisions whether the request has been approved.

d. Before requesting from the Sponsored Programs Office or other responsible department, a fund or budget transfer on an award that provides support for both construction and non-construction work, determine if the Federal awarding agency requires prior approval for transfers between the two types of work supported. (OMB Uniform Guidance §200.308 (g)(5).

DEFINITIONS AND TERMS

Budget Ledger: The ledger in the UMS’ accounting system designated for budget transactions.

Expanded Authority: Expanded authority is the waiver of prior approval requirements by a federal awarding agency. Through expanded authority, for example, Universities are allowed, within limits, to extend the length of a project period, and revise line-item budget amounts.

Simplified Acquisition Threshold: This threshold is set by the Federal Acquisition Regulation (FAR) at 48 CFR, Subpart 2.1. As of the date of this document, the threshold was $150,000, but adjusts periodically for inflation.
ADMINISTRATIVE PRACTICE LETTER

SUBJECT: REVISION OF BUDGET AND PROGRAM PLANS

RELATED DOCUMENTS

Accounting for Grants and Contracts - business process document

HISTORY OF POLICY

Issue 1:  Effective  04/02/2007
Issue 2:  Effective  12/26/2014 (Updated for implementation of OMB Uniform Guidance)

APPROVED

Signature on file in the Office of Finance and Administration

Vice Chancellor for Finance and Administration