



KENTUCKY STATE UNIVERSITY

Policies and Regulations

PROCEDURE TITLE:

Budget Modifications

APPLIES TO:

This procedure applies to all principal investigators, departmental grant administrators, and administrative units involved in the financial management of externally sponsored awards

ADMINISTRATIVE AUTHORITY:

Office of Research & Innovation

Sponsored Programs

Office of the Provost and Vice President of Academic & Student Affairs

APPROVED BY:

President Koffi C. Akakpo

EFFECTIVE DATE:

NEXT REVIEW DATE:

PROCEDURE STATEMENT:

A principal investigator (PI) may request a budget adjustment on a grant for several valid and strategic reasons. These adjustments typically require approval from the Office of Research and Innovation (ORI) and, depending on the sponsor and the nature of the change, may also require sponsor approval. Typical reasons a PI might request a budget adjustment include the reallocation of funds between budget categories due to a change in project needs or underspending in each budget category. Personnel changes, equipment needs, travel adjustments, subaward or consultant changes, or sponsor-imposed changes are additional reasons for budget adjustment requests.

The purpose of this procedures document is to outline the institutional policy and procedure for requesting and seeking approval for budget modifications on existing sponsored awards, thereby ensuring compliance with sponsor guidelines, federal regulations (e.g., Uniform Guidance 2 CFR 200), and institutional oversight.

This policy applies to all PIs, departmental staff, and administrative units involved in managing externally sponsored research and programmatic awards.

DEFINITIONS:

Budget Modification

A change to the allocation of funds within an approved sponsored award budget.

Participant Support Costs

Funds provided by a sponsor to cover items such as stipends, travel allowances, and registration fees for participants or trainees (but not employees) in connection with conferences or training projects.

Principal Investigator (PI)

The individual with primary responsibility for the design, execution, and management of a sponsored award.

Prior Sponsor Approval

Explicit permission required from the sponsoring agency before a specific action or budget change can be implemented.

Sponsored Award

A grant, contract, or other agreement from an external sponsor to fund a specific project.

PROCESS:

All budget modifications on sponsored awards must be reviewed and approved by ORI **prior to implementation**, unless the modification is explicitly allowable without prior approval under sponsor terms (e.g., under expanded authorities). Budget changes must comply with:

- The sponsor's terms and conditions
- Institutional policies
- Applicable federal and state laws

Modifications requiring **prior sponsor approval** (e.g., rebudgeting participant support costs, significant changes in scope) **must be submitted to the sponsor by the ORI, not the PI directly**.

Step-by-Step Procedures:

Step 1: PI Identifies Need

The Principal Investigator (PI) identifies the need to adjust the budget due to:

- Reallocation between categories (e.g., from equipment to personnel)
- Addition or removal of subawards
- Transfer of participant support funds
- Addition of cost-sharing
- Alignment with project changes (e.g., staffing, delays)

Step 2: Internal Review

The PI works with department or college-level grant administrators to:

- Review award terms for rebudgeting flexibility
- Confirm if the proposed change is within rebudgeting authority or requires prior sponsor approval
- Draft a justification for the modification

Step 3: Prepare Budget Modification Request

The following materials are prepared:

- Revised budget (in sponsor or institutional format)
- Budget justification explaining the rationale
- Any required forms or sponsor-specific documentation
- Updated scope or timeline, if applicable

Step 4: Submit to ORI

The request must be submitted via email, with the required attachments, to ORI for institutional review.

Step 5: ORI Review

ORI will:

- Verify compliance with sponsor terms and institutional policy
- Determine if prior sponsor approval is required
- Submit request to sponsor if needed (e.g., via Research.gov or Grants.gov)

Step 6: Approval and Implementation

- If sponsor approval is needed, implementation occurs **only after written approval is received**.
- If no sponsor approval is needed, ORI will issue internal approval to proceed with budget changes.
- ORI will update internal records and notify the PI and department.

Common Budget Changes That May Require Sponsor Approval:

According to Federal Uniform Guidance (2 CFR 200.308), these may require prior approval:

- Change in the scope or objectives of the project
- Transfer of funds budgeted for participant support costs
- Addition of a subaward not originally approved
- Changes in key personnel or level of effort
- Carryforward of funds if not automatically authorized

Best Practices:

- Always consult ORI **before** making financial changes
- Maintain documentation of all budget decisions
- Ensure that changes are aligned with the project's approved goals
- Use institutional systems to track and document modifications

REFERENCES AND RELATED MATERIALS:

- 2 CFR 200
- 2 CFR 200.308

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