

KEAN UNIVERSITY

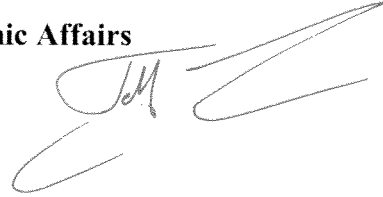
OFFICE OF RESEARCH AND SPONSORED PROGRAMS

Policy Name: BUDGETING AND BUDGET REVISIONS

Approval Authority: Office of Vice President, Academic Affairs

Originally Issued: July 28, 2011

Revised/Updated: October 25, 2012



1. Policy Statement

This policy establishes the requirements of and includes the procedures for development and establishment of budgets as well as budget revisions pertaining to externally funded grants and contracts.

2. Reason/Purpose for Policy

The correct allocation of budget to the appropriate activity/account is important in the management of the University's resources, including all categories of restricted funds, and is of special significance for federally supported programs. Federal regulations (OMB circulars A-21, A-110 and A-133, and the Federal Acquisition Regulations) and the terms and conditions of other sponsors specify that budgets are allocated to the correct activity/account. This fiscal management practice is equally applicable to the use of University funds.

3. Policy Applies To

This policy applies to the Office of Research and Sponsored Programs, Grants Accounting, Budget Office and personnel who have designated signatory to request budget revisions to externally funded grants and contracts.

4. Contacts

- A. Office of Research and Sponsored Programs
- B. Vice President, Academic Affairs

5. The Policy

A. Definitions:

The Office of Research and Sponsored Programs (ORSP) is charged with the responsibility of developing and implementing all budgets pertaining to externally funded grants and contracts.

Reasonable costs - (OMB Circular A-21) A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.”

Allocable costs - (OMB Circular A-21) “A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable if (1) it is incurred solely to advance the work under the sponsored agreement; (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects.”

Allowable costs – Costs that are allowable under the sponsor award terms.

B. Procedure:

1. Pre-Award

- a. All budgets for externally sponsored grants and contracts will be prepared by the Office of Research and Sponsored Programs (ORSP) and will comply with the funding agency guidelines.
- b. An internal budget will be prepared regardless of funding source and filed with the pending grant application in the Office Research and Sponsored programs (ORSP).
- c. The internal budget figures will then be transferred/uploaded to the proper form used by the funding agency.
- d. In conjunction with the Project Director/Principal Investigator, a budget narrative/justification will be prepared by the Office of Research and Sponsored Programs (ORSP). The budget narrative/justification will then be uploaded to the grant application by ORSP. The budget narrative/justification will comply with the funding agency guidelines.

2. Post-Award

- a. Once an award is made by the funding agency, the original application is pulled from the pending file.

- b. The amount of the award is then reconciled to the budget that was submitted to the funding agency.
- c. Once the budget is reconciled with the award amount, ORSP prepares a Request to Establish a Cost Center form based on the approved budget.
- d. Budgets will be allocated only to cost categories that are allocable and allowable to the grant or contract under the funding agency guidelines.
- d. The Request to Establish a Cost Center form along with the award notice, internal budget, and the funding agency budget form is then forwarded to the University Grant Accountant for review and then forwarded to the Budget Office for creation of the cost center and booking of the budget.
- e. The Budget Office then informs ORSP of the cost center that has been established for the grant or contract.
- f. ORSP then meets with the Project Director/Principal Investigator to review the terms of the award and discusses the cost center and allowable object codes for which they can expend funds.

3. Budget Revisions/Re-budgeting

- a. Budget revisions are initiated in writing by the Project Director/Principal Investigator or a designee/ to ORSP. In some cases a budget revision will be initiated by the Grants Post-Award Administrator or Grants Accountant if they find an error during the day to day monitoring of the expenditures and budget of the grant or contract.
- b. When a budget revision is needed, a memo or email should be submitted to ORSP for approval. ORSP will determine whether the transfer of funds is allowable by the funding agency. ORSP will also determine whether the request is reasonable and allocable. ORSP will receive funding agency approval if needed.
- c. Budget revision requests will be denied if the request to transfer funds is to allocate funds to cost categories that are not allocable or allowable to the grant or contract.
- c. The memo or email request must contain a full explanation and justification for the budget revision, along with any supporting documentation
- d. Once approved by ORSP, the request is sent to the Budget Office to make a journal entry to effect the budget revision.