Overview of Procedure

A key component to ensuring grant compliance from implementation through the close-out phase is to guarantee that budget amendments are compliant with the terms of the grant agreement through a formal compliance review process. Budget amendments for the purpose of this procedure are assumed to net to zero, meaning a transfer of budget authority between objects and not a net increase or decrease to the budget. Budget requests that make a net change to a competitive award amount must first be approved by a grantor, or by senior management for formula grants.

Procedure Details

Material changes to grant budgets are those changes that will have a significant impact on the operation and/or potential outcome(s) of the grant from that which was originally approved or designed. Material amendments to grant budgets must be reviewed by both the Grant Program Manager (GPM) and the Grant Compliance Office (GCO) to determine compliance with all the terms and conditions of the grant BEFORE programmatic spending related to the amendment can occur. If materiality applies, approval must be formally procured BEFORE programmatic spending related to the amendment occurs. For federal funds, a review of the Uniform Grant Guidance (UG) regarding budgetary and programmatic adjustments is required (2 CFR, 200.308). Upon approval from all relevant authorities, the Grant Budget Analyst (GBA) will enter the budget amendment in the financial system (Advantage) and the budget development module (BOSS/BFM) and/or the Staffing Management (SMS) systems. For amendments determined to be material, a formal Budget Amendment Form (BAF) will be used to document the transaction.

Materiality of Change and Need for Review

A further explanatory note on the subjective concept of “materiality” is in order. Threshold requirements in a grant agreement that requires grantor review is always material. This would include transfers that singly or in aggregate exceed 10% of the budget (see 2 CFR 200.308). In such cases, the BAF must be used. However, numerous changes are made to budgets throughout the year that singly or in aggregate do not constitute a material or significant change to the scope or objective of the program. The issue of materiality is further defined regarding whether a school or central office is involved.

School Materiality

The concept of materiality for schools is also impacted by the requirement that schools implement evidence-based interventions consistent with their schoolwide plan. School staff develop schoolwide plans in the spring for the following school year based on the circumstances in their school. Central office staff are assigned to assist school personnel in appropriately designing those plans. The District has an interest in seeing those plans followed for effect or, if warranted, that plans be modified if appropriate during the year based on changed conditions. Therefore, the review process for school budget changes is different than for central offices.

An example of a school budget Title I or School Improvement Fund change request that is non-material is where one type of math intervention is replaced for a different type of math intervention. Another non-material budget change would be a school request to move a relatively small amount in comparison to the total school budget between Professional Development Part Time salaries and benefits (PD) and Extra Curricular Part Time Salaries and benefits (EC), or between PD and equipment. However, a request to change from a math intervention to a reading intervention is material, or to drop the math intervention and to purchase climate materials or personnel, is material.
Where changes are not deemed material, the BAF and review process is not required. Where deemed material, the BAF and review process are required.

Central Office Materiality.
The materiality threshold for central office competitive grants are the specific requirements in the grant award and/or the provisions of UG, including the 10% rule. For central office allocations from formula driven federal allocations (Titles I, II, III, IV and IDEA), materiality is defined as a change that will have a significant impact on the operation and/or potential outcome(s) of the grant from that which was originally approved or designed. An example of a non-material change is a relatively small transfer of dollars between equipment and PD that seeks to enhance the original goal of the allocation. A material change would be moving a substantial dollar amount from PD to equipment that changes the scope and purpose upon which the funds were originally allocated.

There will be many budget change requests that any reasonable person would conclude were either material or non-material. The GPM and GCM should proceed according to this procedure. However, many situations will present that are unclear given the subjective nature of the materiality concept. In all such cases, GCMs have a responsibility to make their supervisor aware of those requests for consultation and a decision regarding the appropriate path forward.

The process below describes the steps to be taken for the various scenarios. Exceptions to this process may be allowed by the deputy Chief of Grant Compliance and Fiscal Services.

Procedure Steps
The Procedure Steps refer to the Grant Budget Amendment Form (BAF) which is described in greater detail below including the persons responsible for completing the sections of the form.

<table>
<thead>
<tr>
<th>RESPONSIBLE POSITION</th>
<th>Step</th>
<th>ACTION TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPM</td>
<td>1</td>
<td>Identify the need for a budget amendment. A budget amendment is any deviation from the original budget approved by the grantor and/or as originally loaded into the Advantage system. Confer with the GBA if necessary. Make initial determination that the amendment is compliant with the terms of the grant award and whether grantor approval is required. The threshold for determining if grantor approval is required may entail including the impact of any prior amendments to the grant award that may have been approved and executed. The GPM is advised to consult with their assigned GCM prior to the submission of a budget amendment request for allowable and materiality.</td>
</tr>
<tr>
<td>GPM</td>
<td>2</td>
<td>Complete the appropriate sections of the BAF and forward to assigned GCM in the Grants Compliance Office (GCO).</td>
</tr>
<tr>
<td>GCM</td>
<td>3</td>
<td>Review the GPM request contained on the BAF and make a determination regarding grant compliance. Confer with the GPM and GCO management to clarify any issues.</td>
</tr>
</tbody>
</table>
Note: The process described above is preferred. However, it more likely than not that the GPM will not initiate the BAF but will make a verbal or e-mail request for a budget change. In such cases, the GCM or GBA shall initiate the BAF depending on which position first receives the request.

<table>
<thead>
<tr>
<th>RESPONSIBLE POSITION</th>
<th>Step</th>
<th>ACTION TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCM</td>
<td>4</td>
<td>If the change is deemed to be material, send the BAF to the applicable Senior Associate (SR) in the Performance and Evidence Based Support Office (PESO) with a cc: to the Executive Director of PESO and applicable Assistant Superintendent for review. PESO or the Assistant Superintendent may reject the change or cause it to be modified. If no response is received from the notification e-mail after 3 business days after the e-mail was sent, the GCO will consider the material change to be, by default, approved. In the case of an approved material change, PESO will work with the school to update the Schoolwide Plan (SWP). The GCM shall also update the spending plan in SMS to reflect the change.</td>
</tr>
<tr>
<td>GCM</td>
<td>5</td>
<td>The GPM may be instructed to revise the BAF to clarify the request on the form and to resubmit to GCO. If GCO determines the request is not grant compliant, reject the request by completing the appropriate sections of the form and return it to the GPM. Retain a copy of the rejected form. If the request is determined by GCO GCM to be grant compliant, including for materiality, if applicable, complete the appropriate sections of the form and forward to the assigned GBA.</td>
</tr>
<tr>
<td>GBA</td>
<td>4</td>
<td>Confer with the GPM and / or GCO for clarification regarding any issues. Prepare any required budget amendment documentation required by the grantor, if applicable, and send to the GPM for review, signature, and delivery to the grantor. Modify any internal grant budget documents consistent with the budget amendment request. Complete the appropriate sections of the BAF and submit to the Principal Financial Analyst (PFA) for review.</td>
</tr>
<tr>
<td>PFA</td>
<td>5</td>
<td>Review the form and confer with the GBA, GPM, and GCO as necessary for any adjustments or explanations. Approve the form completing the appropriate sections and return to the GBA.</td>
</tr>
<tr>
<td>GPM</td>
<td>6</td>
<td>If the budget amendment required grantor approval, send a copy of the approval documentation to the GBA.</td>
</tr>
<tr>
<td>RESPONSIBLE POSITION</td>
<td>Step</td>
<td>ACTION TAKEN</td>
</tr>
<tr>
<td>----------------------</td>
<td>------</td>
<td>--------------</td>
</tr>
</tbody>
</table>
| GBA                  | 7    | Execute the budget amendment in the following systems: The Financial system for major object codes 1000 to 9000.  
|                      |      |   • The budget module for central office budgeted personnel adjustments.  
|                      |      |   • SMS for personnel and major object 1000 to 9000 for school based grants and SMS for central office personnel  
|                      |      | Complete the appropriate sections of the BAF and retain in the grant file with all appropriate backup for “audit ready” status.  
|                      |      | Forward a fully executed and signed copy of the BAF to the GFS BOA.  
| BOA                  | 8    | Prepare Budget Amendment package for external scanning.  |
Grant Budget Amendment Form (BAF)
The Amendment Form is designed to document that grant budget changes have been properly vetted and approved by responsible parties prior to their execution. Below is a description of the content required in each lettered section and a sample of the blank form.

Contents
The lettered sections on the Form are as follows:

(A) Grant Name. **Responsible entity to complete: GPM.**

(B) CFDA Number – Stands for Catalog of Federal Domestic Assistance. The number used to identify federal funds. Often the “official” federal name of a grant differs from the internal SDP fund / grant name. The CFDA number is the key link if differences exist. **Responsible person to complete: GPM.**

(C) Fund Number – SDP fund number. **Responsible person to complete: GPM.**

(D) Award Period – The total period of availability for the award. **Responsible person to complete: GPM.**

(E) Grantor Approval Required? – Indicated whether a grantor approval is required. The GPM must make the initial determination. **Responsible person to complete: GPM.** The GCO shall confirm the selection.

(F) If Yes, Grantor Approval Received? – Indicates that formal grantor approval has been received for the amendment. **Responsible person to complete: GPM.** The GBA shall not execute the amendment in any system until formal approval is provided for the GFS grant file.

(G) Description of Budget Amendment AND Program Manager Justification – The GPM shall initiate the BAF and indicate in this field sufficient justification in clear language as to the purpose of the amendment and the source and / or analysis used to determine it is grant compliant. Even if the need for the amendment was brought to the attention of the GPM by the GBA or GCO, the GPM shall initiate the process using this Form.

(H) GCO Comments – Indicate the logic for either approving or rejecting the request.

(I) GBA Comments – Indicate any relevant comments.

(J) GPM (Initiator) – Approval and electronic signature block.

(K) GFS PFA – Approval and electronic signature block.

(L) GCO – Approval and electronic signature block.

(M) GFS GBA – Approval and electronic signature block.
<table>
<thead>
<tr>
<th>A. Grant Name</th>
<th>B. CFDA Number</th>
<th>C. Fund Number</th>
<th>D. Award Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E. Grantor Approval Required? □ Yes
F. If yes, Grantor Approval Received? □ Yes

G. Description of Budget Amendment AND Program Manager Justification:

H. GCO Comments:

I. Grant Budget Analyst Comments:

J. GRANT PROGRAM MANAGER/SCHOOL PRINCIPAL (INITIATOR)  
K. GFS PRINCIPAL FINANCIAL ANALYST

L. GRANT COMPLIANCE OFFICE  
M. GFS GRANT BUDGET ANALYST
Policy
- GP0200: Grant Budgeting

Forms
- Grant Budget Amendment Form

Definitions

Contacts
- Grant Fiscal Services (GFS)
- Grants Compliance Office (GCO)

Frequently Asked Questions

Related Information

History
Amended:
- Amended on 3/13/2013 for renumbering.
- Amended on 4/20/2015 to include reference to the Uniform Grant Guidance.
- Amended on 5/7/18 to refine process and simplify approval form.