

Procedure: Budget Amendments	Policy: Grant Budgeting		Number: GP0200.5
	<input type="checkbox"/> Complete Revision <input checked="" type="checkbox"/> Partial Revision <input type="checkbox"/> New	Supersedes: 7/1/2018	Page: Page 1 of 8

Overview of Procedure

A key component to ensuring grant compliance through award close-out is to guarantee that budget amendments are compliant with the terms of the grant agreement through a formal 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. This procedure is focused on the submission, review, approval and execution of grant budget amendments related to federal funds.

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 proposed change must be assessed in relation to the Uniform Grant Guidance (UG) regarding budgetary and programmatic adjustments (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 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.

All personnel changes flow through the Staffing Management System (SMS) and are routed through the Human Resource Administration of the District. All non-personnel changes flow through the accounting system.

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, for federal funds, 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 interventions consistent with their schoolwide plan. School staff develop schoolwide plans (SWP) 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. As such, any changes to school budgets are approved by higher level staff (Grant Compliance, the office assigned to manage the SWP process for schools, and Assistant Superintendents) to ensure the change is consistent with the revised SWP. In

addition, all changes to federal grant budgets, most specifically Title I, by object are approved by PDE during the award close-out. Therefore, the review process for school budget changes is different than for central offices. Schools Principals and Grant Fiscal and Compliance Staff do not need to complete a BAF for any grant funds. School budget change requests for grant funds typically are communicated through e-mail between the school and Grant Compliance and Fiscal staff, and the approval to execute the change in the accounting system between Compliance and Fiscal staff. To ensure that an audit trail of request, review and approval is maintained for future reference, the FINAL (only) e-mail that approves the change shall include a “cc” to the e-mail account below. The e-mail records will be maintained for administrator review as needed. The e-mail address is:

grantcompliance@philasd.org

Central Office Materiality.

The materiality threshold for central office competitive grants are the specific requirements in the grant award and / or the provisions of the UGG, 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. Such changes are executed with the knowledge of the GPM and such changes are ratified as approved when the final award Close-out report is submitted and accepted. 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. In the case of competitive federal awards, the GPM and Grant Fiscal / Compliance staff should be alert for material changes and ensure that the GPM requests such changes be approved by the grantor prior to approval and execution in the accounting system. ***All budget changes to competitive federal awards shall use the BAF.***

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.

Summary Table of Budget Amendment Form Requirement

Unit / Materiality	BAF Required	
	Yes	No
School Budgets		
Material Changes		X Changes reviewed by GCO, SWP development and review office, and Assistant Sups. for compliance with SWP
Non-Material Changes		X
Central Office Budgets		
Changes (material and non-Material) to Titles I, II, III, IV, IDEA		X Changes approved by the GPM, GCFS, and incorporated into the final Close-out report
Changes (material and non-material) to Competitive Federal Awards -	X	

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.

RESPONSIBLE POSITION	Step	ACTION TAKEN
GPM	1	<p>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 as necessary.</p> <p>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.</p> <p>The GPM is advised to consult with their assigned GCM prior to the submission of a budget amendment request for allowability and materiality.</p>
GCM / GBA		<p>If a BAF form is not required because of a school budget or its exempt from from requirement as a central office budget change, both the GCM and GBA shall cc: the e-mail address grantcompliance@philasd.org for the FINAL (only) e-mail approval between the GCM and the GPM that result in the execution of the budget change.</p>
GPM	2	<p>If a BAF is determined to be required, complete the appropriate sections of the BAF and forward to assigned GCM in the Grants Compliance Office (GCO).</p>
GCM	3	<p>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.</p>
<p>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.</p>		
GCM	4	<p style="text-align: center;">School Budget Change Requests</p> <p>No BAF is required. Both the GCM and GBA shall cc: the e-mail address grantcompliance@philasd.org for the FINAL (only) e-mail approval between the GCM and the GPM that result in the execution of the budget change.</p> <p>In the case of an approved material change, the planning and Evidence-Based Support Office (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.</p>

RESPONSIBLE POSITION	Step	ACTION TAKEN
GCM	5	<p style="text-align: center;">Central Office Budgets / Grants</p> <p>If a BAF is not required, both the GCM and GBA shall cc: the e-mail address grantcompliance@philasd.org for the FINAL (only) e-mail approval between the GCM and the GPM that result in the execution of the budget change.</p> <p>If a BAF is required, the GPM may be instructed to revise the BAF to clarify the request on the form and to resubmit to GCO.</p> <p>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.</p> <p>If the request is determined by GCM to be grant compliant, including for materiality, if applicable, complete the appropriate sections of the form and forward to the assigned GBA.</p>
GBA	6	<p>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.</p> <p>Modify any internal grant budget documents consistent with the budget amendment request.</p> <p>Complete the appropriate sections of the BAF and submit to the Principal Financial Analyst (PFA) for review.</p>
PFA	7	<p>Review the form and confer with the GBA, GPM, and GCO as necessary for any adjustments or explanations.</p> <p>Approve the form completing the appropriate sections and return to the GBA.</p>
GPM	8	<p>If the budget amendment required grantor approval, send a copy of the approval documentation to the GBA.</p>
GBA	9	<p>Execute the budget amendment in the following systems: The Financial system for major object codes 1000 to 9000.</p> <ul style="list-style-type: none"> ● 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 <p>Complete the appropriate sections of the BAF and retain in the grant file with all appropriate backup for “audit ready” status.</p> <p>Forward a fully executed and signed copy of the BAF to the GFS BOA.</p>
BOA	10	<p>Prepare Budget Amendment package for external scanning.</p>

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 / Award Name. Responsible entity to complete: GPM.
- (B) CFDA Number – Stands for **C**atalog of **F**ederal **D**omestic 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) Adv. Fund and / or Oracle Source 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) Award Type. Responsible person to complete: GPM.
- (F) Grantor Approval Required? – Indicates whether a grantor approval is required. The GPM must make the initial determination. Responsible person to complete: GPM. The GCO shall confirm the selection.
- (G) 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.
- (H) 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.
- (I) GCO Comments – Indicate the logic for either approving or rejecting the request.
- (J) GBA Comments – Indicate any relevant comments.
- (K) Program Manager – Approval and electronic signature block. Form not required for schools.
- (L) GFS PFA – Approval and electronic signature block.
- (M) GCO – Approval and electronic signature block.
- (N) GFS GBA – Approval and electronic signature block.

Sample Form

<p>THE SCHOOL DISTRICT OF PHILADELPHIA OFFICE OF GRANT COMPLIANCE AND FISCAL SERVICES GRANT FISCAL SERVICES GRANT BUDGET AMENDMENT FORM SDP FISCAL YEAR: _____</p> <p>This form is not required for school budget changes. This form is required for central office administered budget changes for competitive federal awards</p>			
<u>A. Grant / Award Name</u>	<u>B. CFDA Number</u>	<u>C. Adv. Fund and / or Oracle Source No.</u>	<u>D. Award Period</u>
E. Fund Type: <input type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Local <input type="checkbox"/> Private			
F. Grantor Approval Required? <input type="checkbox"/> Yes <input type="checkbox"/> No			
G. If yes, Grantor Approval Received? <input type="checkbox"/> Yes <input type="checkbox"/> No			
H. Description of Budget Amendment AND Program Manager Justification:			
I. GCO Comments:			
J. Grant Budget Analyst Comments:			
K. PROGRAM MANAGER		L. GFS PRINCIPAL FINANCIAL ANALYST	
M. GRANT COMPLIANCE OFFICE		N. 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.
- Updated June 2021 to be consistent with current practices.

Issue Date: 7/1/2021	Effective Date: 7/1/2021	Approved by: Deputy Chief of Grant Compliance and Fiscal Services
-------------------------	-----------------------------	--