


Workforce Connections Fiscal Policies Budget Modification	FIS-020-10
	Revision No. 1 – Effective 07-01-2016
Policy Approved By: WC Executive Director Policy Adopted on: June 2016	

Purpose:

To provide guidance, set forth standards for sub-award budget modifications and outline Workforce Connections (WC) budget modification process.

Background:

Each recipient and sub-recipient of Federal funds must expend and account for the Federal award in accordance with established laws and regulations. In addition recipients and sub-recipients' financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditure adequate to establish that such funds have been used according to Federal statutes and regulations.

A sub-recipient financial management systems must provide accurate, current, and complete disclosure of the financial results of each sub-award or program in accordance with the requirements found at 2 CFR Part 200 – Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards.

Policy:

WC is responsible for adequately processing all budget modification requests, which will be considered only when proposed modifications are determined to be necessary and for the benefit of the specific program or project funded by WC. Flexibility is allowed within any sub-award budget category as long as the total category is not increased or decreased by more than 20%.

References:

PL 113-128 Workforce Innovation and Opportunity Act (WIOA) Sec. 184, 185
2 CFR Part 200, 2900; One-stop Comprehensive Financial Technical Assistance Guide part II.
State Compliance Policy (SCP) 3.8

Definition:

A modification is the formal process used to make changes to a sub-award agreement.

Sub-recipients are permitted to modify a sub-award budget within the established parameters in order to meet unanticipated program or project requirements. However, any modification shall be consistent with the term and conditions of the sub-award agreement and the original intent of the approved/funded program or project.

Workforce Connections Policy FIS-020-10	WC Fiscal Policies
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I. Prior Written Approval

Budget modifications in excess of 20% per category must receive prior written approval from WC before they are executed. Requests for budget modifications will be accepted by WC for review on a quarterly basis, unless an emergency or unforeseen immediate need exists.

II. Budget Modification Written Request

Any proposed budget modification that results in a category increase or decrease of 20% or more must include the following:

- A.** Modification requests must be submitted via a dated cover letter, on organizational letterhead, signed by an authorized representative containing: a) an explanation or rationale of the reason/justification for the proposed budget modification; b) an explanation or rationale regarding how the modification will benefit the project or program; and an explanation of the projected outcome of the modification;
- B.** Budget Modification Form filled out in its entirety including current budget, proposed modification, and narrative;
- C.** WC may request additional information/documentation as determined necessary and appropriate.

WC shall perform both a programmatic and fiscal analysis of the allowability, reasonableness and need for the budget modification. WC will notify the sub-recipient of the approval/disapproval of the modification request in writing. Written approval of the sub-recipient's modification request from WC must be in place prior to the sub-recipient's implementation of the modification.

III. Other budget modification requirements

Direct Participant Services

Sections including (Participant Training) and (Support Services) may be increased throughout the year via approved budget modifications and award increases, but may not be decreased.

Overhead

Line items within Overhead sections including (Travel), (Equipment), (Consultants Contracts), (Other Overhead), (Support Personnel), and (Support Fringe Benefits) may only be increased by approved funding increases or by decreasing another line item in one of the other Overhead sections. Line item budget modifications affecting the aforementioned Overhead sections must net to zero or show a net decrease.

Direct Staff

Sections (Personnel) and (Fringe Benefits) may only be increased through approved funding increases or by pulling funding from an Overhead line item.

Any deviations from the above must be approved in writing by WC staff.

WC reserves the right to mandate budget requirements, which may entail setting minimum and/or maximum requirements for any budgetary item or section.

IV. Budget vs. Expenditure

WC approval of the original budget and/or any modification(s) does not constitute approval of actual expenditures, actual expenditures must comply with all applicable Federal statutes and/or regulations, State and local policies.