

**OSP Roundtable**  
**Developing Budgets to Aid Post-Award Project Management**  
**-Sponsored Financial Services (SFS)**  
**-Office of Sponsored Programs (OSP)**





# Agenda

- Proposal - budget development
  - Types of budgets
  - Costs included
  - Standard budget categories
- Agreements
  - Budget recorded in General Ledger
  - Incrementally funded agreements
  - Limitation of funds
  - Carry forward budget balances
  - Rebudget Requests



## Proposal Submission - Budget Development

- The budget and justification is the financial plan for the project
  - Typically required to submit a proposal
  - Summarizes the financial aspects of the project
  - Must be related to the scope of work
  - Incorporated into the award directly or by reference in an appendix or exhibit, or to proposal submission.



## Types of Budgets

- Line item cost categories
- Modular budget (e.g., National Institute of Health)
- Lump sum (Generally non-federal)
- Loaded budget (Inclusive of all benefits/indirect rates)
- Program (task) budget
  - Categories of budget - programmatic expectations
    - Example: Outreach, Core Support, Training
- How do you know which format to use?
  - Solicitation / Request for Proposal



## Costs Included

- Review solicitation budget guidelines:
  - Sponsor will outline allowable (or unallowable) costs
    - Restrictions: No travel
    - Permitted: Equipment only
  - Is cost share required?
    - Avoid unnecessarily committing costs
  - Office of Sponsored Programs (OSP)
    - [Guide to budgeting and costing](#)



## Costs Included

- Generally included (Not all inclusive)
  - Personnel
    - Graduate Research Assistant (GRA) Stipend
  - Materials & Supplies
  - Travel
  - Equipment
  - Other Direct Costs
    - GRA Tuition/Insurance
- Appropriate Rates
  - Benefits
  - Indirect costs



## Standard Budget Categories

- Salary & Wages
- Employee Benefits
- Capital Equip & Fabrication in Progress
- Travel - Domestic
- Travel - Foreign
- Participant Support
- Student Aid
- Materials & Supplies
- Publication Costs
- Services
- Subcontracts
- Conference & Seminar
- Other Direct Expenses
- Indirect Expenses



## Standard Budget Categories

- Incorporate standard budget categories
  - CG Reporting Code / Description
    - Align with federal cost categories
- Do not create categories!
  - Significantly impacts reporting
- Consider account structure to accommodate reporting structure
  - Work with Sponsored Financial Services (SFS) to consider options





## Budget Justification

- More in depth detail of line items
  - Explains use of funds
- Helps to identify costs required for project
  - Review budget justification
    - Were costs missed?



## Budget Preparation - Items of Interest

- Correct Rates
  - Indirect cost caps
  - Benefits
- Participant Costs
  - Exempt from indirect costs
  - Is it truly a participant cost?
    - Managing participant costs
- Cornell staff / faculty  $\neq$  Speaker Fees
  - Honorarium  $\neq$  Speaker Fees
- Budget cuts



## Award Negotiation

- Was there a budget change?
  - Costs aligned with revised scope of work
  - Costs aligned with funding awarded
- When agreement awarded (finally!)
  - Have rates changed since proposal submission



## General Ledger (GL)

- Budget recorded in GL at the cost category awarded and/or modified by the sponsor.
  - Maintains integrity of the awarded budget, and subsequent modifications
    - Regardless of budget flexibility
  - Supports ability to monitor budget to actual expenditures



## Incrementally Funded Agreements

- Agreement awarded with incremental funding
- Incorporated into terms of agreement
  - *Refer to Examples*
- Anticipated amount vs. obligated amount
  - Anticipated period vs. obligated period
- Action required to trigger next increment
  - Go / No Go
- Funds advanced on multi-year award
  - Generally not considered to be incrementally funded



## Limitation of Funds

- Occasionally, obligated (i.e. authorized) funds may not coincide with the submitted budget
- Agency stipulates a restriction, or an action
- Increment clearly linked to an annual increment
  - Budgets will be entered annually
- Funds partially obligated
  - \$100,000 agreement total anticipated (and budgeted), \$80,000 funded
- Limitation of funds entry will be recorded in the GL
  - Object code 6905:Budget-CG Limitation of Funds.



## Limitation of Funds - Example

- Sponsored Financial Activity Dashboard
  - Project Summary

CG Reporting Description	To Date Budget	Period Expense	To Date Expense	To Date Budget Balance	To Date Encumbrance	To Date Budget Balance (with Encumbrance)
Salary & Wages	132,317.00	0.00	46,797.99	85,519.01	0.00	85,519.01
Compensation, Graduate & Sabbatical	52,698.00	0.00	13,186.50	39,511.50	0.00	39,511.50
Employee Benefits	6,901.00	0.00	3,030.54	3,870.46	0.00	3,870.46
Travel - Domestic	0.00	0.00	15,984.66	(15,984.66)	0.00	(15,984.66)
Materials & Supplies	0.00	0.00	91.97	(91.97)	0.00	(91.97)
Services	2,000.00	0.00	1,840.46	159.54	0.00	159.54
Other Direct Expenses	0.00	0.00	350.00	(350.00)	0.00	(350.00)
Limitation of Funds	(71,087.00)	0.00	0.00	(71,087.00)	0.00	(71,087.00)
Indirect Expenses	89,671.00	0.00	43,327.09	46,343.91	0.00	46,343.91
<b>Grand Total</b>	<b>212,500.00</b>	<b>0.00</b>	<b>124,609.21</b>	<b>87,890.79</b>	<b>0.00</b>	<b>87,890.79</b>



## Carryforward Restrictions

- Agreements could restrict carry forward
  - Unobligated budget balances\* that require carry forward approval
    - Recorded as frozen funds in GL
      - object code 9135: Budget-CG Frozen Funds
- Confirm balance with Sponsored Financial Services (SFS) before submitting carry forward request
  - Generally coordinated with financial report
- Requires Contract Control Account for each increment

\*Unobligated budget balance: Balance of authorized budget that has not been committed.





## Carryforward Decision

- Carry forward granted
  - Budget will be updated in the general ledger from 9135 to the approved budget
- Carry forward denied
  - Budget may be reduced entirely
  - Unobligated funds may remain frozen funds until end of project
    - May use unobligated funding from a previous segment to offset the current annual increment
      - We receive the same annual budget, agency uses funds from the previous year's unobligated balance



## Rebudgeting

- Refer to agreement terms and conditions
  - *Refer to Examples*
- Sponsors allow varying degrees of budget flexibility
  - Could be applicable to all costs or a specific cost category
  - Account expense guidelines
- Federal research grants typically permit re-budgeting as long as...
  - The revision does not represent a change in project scope
  - The revision does not represent a reduction of committed cost sharing



## Rebudgeting

- Many federal agencies invoke Research Terms and Conditions (RTC)
  - Permit rebudgeting based on agency specific criteria
  - The link below offers additional information on managing federal awards that invoke RTC
    - <http://www.nsf.gov/awards/managing/rtc.jsp>



## Budget Revision Requests

- First, determine if a rebudget request is actually required
- If the agreement terms and conditions do not require prior approval, there is no need to request a formal revision
  - Avoid unnecessary requests of the sponsoring agency
- If a revision is required, contact the Grants & Contract Officer (GCO) in the OSP.



## Budget Revision Requests

- Revision required for a specific expense
  - Expense cannot be charged to the project until approval is granted.
- Revision approved by the sponsor will be distributed as a modification
- Revision disapproved, the unit and/or Principal Investigator (PI) will be notified by the GCO.



## Rebudget – Items of Interest

- Reducing PI committed effort
  - If PI effort budgeted, and subsequently reduced by 25%, rebudget request may be required
    - If cost shared instead, sponsor may require approval
- No Cost Extension (NCE)
  - There may be a budget modification incorporated into a NCE request
- Prior Approval Requests
  - Refer to [OSP Roundtable](#)



## Resources for Budget Information

- Solicitation and referenced sponsor materials
- [OSP Guide to Budgeting and Costing](#)
- OSP web pages for links to rates:
  - [Indirect \(F&A\) Costs](#)
  - [Employee Benefits and Escalation Rates](#)
  - [Graduate Tuition, Student Health Insurance](#)
- For general information on budget revisions, refer to:
  - [SFS web site – Budget Modifications](#)
  - Uniform Guidance - [2 CFR 200.308](#)



## Contacts:

- Sponsored Financial Services (Post-Award financial)
  - [sfs-help@cornell.edu](mailto:sfs-help@cornell.edu)
  - Contact by Source Responsibility
    - <https://www.dfa.cornell.edu/sfs/contacts>
- Office of Sponsored Programs (Pre-award)
  - [osp-help@cornell.edu](mailto:osp-help@cornell.edu)
  - <http://osp.cornell.edu/Contacts/whoismygco.html>





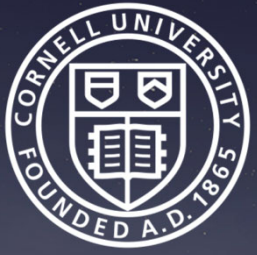
## Incremental Funding - Agreement Terms (Examples)

- After the first year there is a STOP/GO decision on whether to continue with the Project as set out in Appendix 1.
- If the term of this Contract encompasses more than one State fiscal year, the Contractor shall incur no costs hereunder in subsequent fiscal years without the express authority of the Department.
- This is a continuing grant which has been approved on scientific / technical merit. Contingent on the availability of funds and scientific progress of the project, NSF (or the agency) expects to continue support at approximately the following level:
  - FY2018 \$25,000
  - FY2019 \$25,000



## Rebudgeting –Agreement Terms (Examples)

- University retains the right to reallocate the budget for allowable project-related costs.
- Prior approval is required for rebudgeting among direct cost categories for Federal awards in which the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the approved budget.
- Reallocation of Grant funds from one approved budget line item to another (e.g., from travel to supplies) must be approved in advance by Grantor in writing if the reallocation exceeds the larger of \$2,000 or 20% of the cumulative total for all budget years of the approved budget line item to be reallocated.
- Unless otherwise stated in the grant ...the grantee is authorized to transfer funds among various budget categories for allowable expenditures without prior approval.



Questions:

