



# Policy on Budget Modifications

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## BACKGROUND

Every grant proposal includes a detailed budget that specifies how the grantee expects to allocate resources to complete the proposed scope of work. When projects are approved, the budget becomes part of the grant agreement that contractually obligates the grantee to allocate funds in accordance with the approved scope of work.

When implementing projects, it is not uncommon for there to be some deviation from the anticipated budget to the actual expenses incurred. This policy articulates the point at which grantees are required to request a budget modification and the process for approval.

## POLICY

A budget modification is required when there is a deviation from **an individual line item** of more than:

- Ten percent of the approved budget amount. For example, if a grant provides \$50,000 for salaries and \$50,000 for contracted services, the grantee would need to request a budget modification for changes of \$5,000 or more to either line item.

### OR

- \$10,000 of the approved budget amount. For example, if a grant provides \$200,000 for salaries and \$300,000 for contracted services, the grantee would need to request a budget modification for changes of more than \$10,000 to either line item.

The lesser amount in these scenarios will be chosen when deciding when to request a budget modification.

## REVIEW AND APPROVAL PROCESS

When a grantee is considering reallocating funds among budget categories, the grantee must obtain advance written approval from the trust if the amounts or percentages are greater than those outlined above. Requests should be made using the Great Lakes Fishery Trust's Budget Modification Form. If the proposed budget modification substantially changes the scope of the project, a revised workplan is also required. Grantees are encouraged to contact their grant manager prior to making a request to help ensure that all requirements are met.

Upon receipt of a budget modification request, staff will evaluate the merits and significance of the proposed modifications. The trust manager will use discretion to determine whether the proposed changes are within the purview of staff decision-making authority or warrant review from the Scientific Advisory Team and/or the board of trustees. Upon completion of a review, staff will notify the grantee of the decision to approve or decline the request. In instances where a request is within the purview of staff decision making, approved budget modifications will be reported to the board at the next scheduled meeting.

**Approved by the Great Lakes Fishery Trust Board of Trustees on November 13, 2018.**