

§ 75.308 Revision of budget and program plans.

(a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-Federal share (see § 75.2 *Federal share*) or only the Federal share, depending upon HHS awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from HHS awarding agencies for budget and program plan revisions, in accordance with this section.

(c)(1) For non-construction Federal awards, recipients must request prior approvals from HHS awarding agencies for one or more of the following program or budget-related reasons:

(i) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(ii) Change in a key person specified in the application or the Federal award.

(iii) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(iv) The inclusion, unless waived by the HHS awarding agency, of costs that require prior approval in accordance with subpart E of this part, or appendix IX of this part, or 48 CFR part 31, as applicable.

(v) The transfer of funds budgeted for participant support costs as defined in § 75.2 to other categories of expense.

(vi) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in § 75.353. This provision does not apply to the acquisition of supplies, material, equipment or general support services.

(vii) Changes in the approved cost-sharing or matching provided by the non-Federal entity.

(viii) The need arises for additional Federal funds to complete the project.

(ix) The inclusion of research patient care costs in research awards made for the performance of research work.

(x) The provision of subawards by a pass-through entity on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in § 75.201. See § 75.353.

(xi) The recipient wishes to dispose of, replace, or encumber title to real property, equipment, or intangible property that are acquired or improved with a Federal award. See §§ 75.318, 75.320, 75.322, and 75.323.

(2) No other prior approval requirements for specific items may be imposed unless an exception has been approved by OMB. See also §§ 75.102 and 75.407.

(d) Except for requirements listed in paragraph (c)(1) of this section, the HHS awarding agencies are authorized, at their option, to waive prior written approvals required by paragraph (c) this section. Such waivers may include authorizing recipients to do any one or more of the following:

(1) Incur project costs 90 calendar days before the HHS awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the HHS awarding agency. All costs incurred before the HHS awarding agency makes the Federal award are at the recipient's risk (*i.e.*, the HHS awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs). See also § 75.458.

(2) Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (d)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the HHS awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior HHS awarding agency approval when:

(i) The terms and conditions of the Federal award prohibit the extension.

(ii) The extension requires additional Federal funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent periods of performance.

(4) For Federal awards that support research, unless the HHS awarding agency provides otherwise in the Federal award or in the HHS awarding agency's regulations, the prior approval requirements described in paragraph (d) are automatically waived (*i.e.*, recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (d)(2) applies.

(e) The HHS awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the HHS awarding agency. The HHS awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

(f) All other changes to non-construction budgets, except for the changes described in paragraph (c) of this section, do not require prior approval (see also § 75.407).

(g) For construction Federal awards, the recipient must request prior written approval promptly from the HHS awarding agency for budget revisions whenever paragraph (g)(1), (2), or (3) of this section applies.

(1) The revision results from changes in the scope or the objective of the project or program.

(2) The need arises for additional Federal funds to complete the project.

(3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in subpart E of this part.

(4) No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.

(5) When an HHS awarding agency makes a Federal award that provides support for construction and non-construction work, the HHS awarding agency may require the recipient to obtain prior approval from the HHS awarding agency before making any fund or budget transfers between the two types of work supported.

(h) When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the HHS awarding agency indicates a letter of request suffices.

(i) Within 30 calendar days from the date of receipt of the request for budget revisions, the HHS awarding agency must review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the HHS awarding agency must inform the recipient in writing of the date when the recipient may expect the decision.

(j) All approvals granted in keeping with the provisions of this section shall not be valid unless they are in writing, and signed by at least one of the following HHS officials:

(1) The Head of the HHS awarding agency that made the award or subordinate official with proper delegated authority from the Head, including the Head of the Regional Office of the HHS awarding agency that made the award; or

(2) The responsible Grants Officer of the HHS awarding agency that made the award or an individual duly authorized by the Grants Officer.

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