

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Prior Approval and Revision of Budget and Program Plans

1. Ref.: [2 CFR Part 200.306-308](#), [332](#), [407](#), [430\(7\)](#), [439\(2\)](#), [440](#), [441](#), [442](#), [447\(2\)](#), [456](#), [458](#), [474](#), et al.

2. Effective Date: July 1, 2015

3. Originating Office/Agency: Office of Management and Budget

4. Key Words: Administrative requirements; budgeting; budget amendment; prior approval; change in the scope; change in objective

Scope

This document identifies the conditions under which budgetary and/or programmatic changes to a Federal award made to Eastern Washington University (EWU) require prior approval from the funding agency. The Project Director or Principal Investigator is responsible for ensuring that a Federal award is carried out in accordance with the approved budget and proposal narrative and with the terms and conditions of the award. In some cases budget and project changes are warranted after an award is made in order to improve the quality and/or efficiency of the project or because of unforeseen circumstances such as an extended absence of the Project Director or Principal Investigator.

Not all changes to a project's scope or budget require prior approval. Some changes do not require prior approval from the funding agency but require prior approval from the EWU Office of Grant and Research Development with a notification from this office to the funding agency. Significant changes require prior approval of the funding agency and generally result in a modification to the Federal award and/or terms and conditions. Listed below are the primary circumstances under which EWU must seek prior approval from the Federal funding agency. Other situations for which prior approval is required may be found in additional sections of 2 CFR Part 200 (see references above).

[2 CFR Part 200.306](#) – Cost Sharing or Matching

Unrecovered indirect costs, including indirect costs on cost sharing or matching, may be included as part of cost sharing or matching only with the prior approval of the funding agency. Unrecovered indirect costs means the difference between the amount charged to a Federal award and the amount which could have been charged to the Federal award under Eastern Washington University's approved negotiated indirect cost rate (of 61.4% of salaries/wages).

[2 CFR Part 200.307](#) – Program Income

If the terms and conditions or the regulations governing a Federal award do not specify or give prior approval for how program income is to be used, the following apply:

- **Deduction.** Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal funding agency authorizes otherwise;

- **Addition.** With prior approval, program income may be added to the Federal award and must be used for the purposes and under the conditions of the Federal award.

2 CFR Part 200.308 – Revision of Budget and Program Plans

The University is required to report deviations from the budget plan, project scope, or objectives, and request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:

- Change in the scope or the objective of the project (even if there is no associated budget revision requiring prior written approval).
- Change in key personnel specified in the proposal or Federal award.
- An absence from the project for more than three months or a 25% reduction in time devoted to the project by the Project Director or Principal Investigator.
- The inclusion of costs that require prior approval as specified in the award terms and conditions.
- The transfer of funds budgeted for participant support costs to support other categories of expense.
- Unless already approved in the original award, the subawarding, transferring, or contracting any work under a Federal award.
- Changes in the approved cost sharing or matching provided by the university.
- The need to carry forward unobligated budget balances to subsequent periods of performance.
- The need arises for additional Federal funds to complete the project.

Expanded Authorities Under 2 CFR Part 200.308

Except for a change of scope or objective, the Federal funding agency is authorized, at its option, to waive prior written approvals. Such waivers may include authorizing the University to do the following:

(1) Incur pre-award project costs 90 calendar days before the effective date of the Federal award. Pre-award costs are only allowed by EWU when the Project Director or Principal Investigator can demonstrate that they are necessary for efficient and timely performance of the scope of work.

(2) Initiate a one-time extension of the period of performance by up to 12 months. For one-time extensions, the University must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the project end date specified in the Federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

The Executive Director of the Office of Grant and Research Development is responsible for exercising the expanded authority provisions of Federal awards.

2 CFR Part 200.407 – Prior Written Approval (to assure reasonableness and allocability of costs)

Under certain circumstances, the reasonableness and allocability of particular items of costs may be difficult to determine. In order to avoid a disallowance of costs due to unreasonableness or nonallocability, EWU may seek prior written approval from the Federal funding agency in advance of incurring special or unusual costs.

2 CFR Part 200.439(2) – Equipment and Other Capital Expenditures

Capital expenditures for special purpose equipment are generally allowable provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal funding agency.