

LINE ITEM BUDGET REVISIONS – LIBRs

DHSS/ FMS/ GRANTS & CONTRACTS SUPPORT TEAM-Amy Burke GA III

A. THE BASICS OF LIBR's

1. *What Is a Line Item Budget Revision?*

A Line Item Budget Revision is the revised budget the grantee submits for their award (and any subsequent grant amendment) indicating, in fiscal terms, how the grantee will provide the services. Changing the budget is the same as changing the approved grant project.

2. *Where Does the Authority for Line Item Budget Revisions Come From?*

Under Changes in approved grant project 7 AAC 78.260(f), the grantee may reallocate to “**meet unanticipated expenditures necessary to the successful continuation or completion of the grant project.**”

- 7 AAC 78.260(f)(1) states “*the grantee must receive department approval before reallocating an amount that exceeds 20 percent of a budget category that is increased by the reallocation, or \$50,000, whichever is less;*”
- 7 AAC 78.260(f)(2) states “*the grant must notify the department within 30 days after the end of any quarter during which the grantee reallocated an amount that is not subject to (1) of this subsection.*” This would be reflected in your Cumulative Fiscal Report (CFR).
- 7 AAC 78.260(g) states “*Except as provided in (h) of this section, the grantee must submit to the department a request under this section for approval to reallocate money between budget categories within the total budget no later than 30 days after the end of the grant period.*” July 30th.
- Section (h) describes retro-active LIBR's if an audit has been conducted.

B. WHAT IS ALLOWED?

1. *Guidelines to accepting a Line Item Budget Revision.*

- a. There is no “pre-approval process” established in the regulations. The only official approval process is through submitting the LIBR in GEMS. Going forward we would like grantees to describe what they are thinking about doing via an email, especially when we are coming close to the end of the fiscal year. If the email goes to the Program Manager (PM), then the Program Manager will forward it to the Grant Administrator (GA), and vice versa, collaboratively deciding whether to “approve” and what steps the grantee may need to take when filing their LIBR in GEMS to ensure it is processed through. Ideally we would like the email to go to both the Grants Administrator and the Program Manager.
- b. GA's must ensure the reallocation fits the program, the project, the solicitation, determine if it was in the project narrative, and has been budgeted for. We have to decide if this is truly an “unanticipated expense” and if it meets the criteria for “prior approval” and has not been purchased yet. We also have to find out if, when it is close to the end of the fiscal year, the grantee has already purchased the items

or are the proper documents in place that would allow an encumbrance to be created?

c. See Allowable Costs 7 AAC 78.160

2. DBH suggests that grantees submit all LIBR's by **April 30, 2014** so they can be processed by the GA and PM in a timely fashion.

C. THE PROCESS

1. Questions asked by the Grants Administrator and Program Manager.

a. When a Grants Administrator and Program Manager review a LIBR, there are certain guidelines they check off while doing the review and most of these can be done concurrently.

- Does the over-expenditure meet the criteria for prior departmental approval?
- Does the over-expenditure meet the criteria for being a necessary unanticipated expenditure?
- Does the over-expenditure meet the procedures under 7 AAC 78.270 Purchasing practices and procedures for operating grants?
- Does the over-expenditure fall within 7 AAC 78.160 Costs as an allowable cost?
- Does the over-expenditures fall in the Program's allowable costs or specifically described in the RFP?
- Does the over-expenditure meet the grantee's proposed project's allowable costs?
- Does the over-expenditure meet the goals and desired outcomes of the agreed to grant project?
- Does the over-expenditure fall within the parameters of the current fiscal year?

If the responses above are yes, then

- Did the Program Manager and Grant Administrator already discuss the over-expenditure with the agency?
- Is the request to approve the over-expenditure timely?
 - Is the grantee seeking a cost for an item/service that cannot be spent in the time allotted? I.e., a request for \$15,000 submitted 5 business days before the end of the year for a position that does not have a person in it yet?
- Does the over-expenditure make sense?
 - Is the cost really a repair/maintenance or is it an attempt to cover a remodel?
- Is the over-expenditure fully explained according to the budget guidelines?
 - Is the cost a little light on the details? For example, if the cost to be covered is for travel then what conference, for what reason, how does this fit the program, how many staff, to where, for how long, for how much, what is per diem, etc.?

D. BOTTOM LINE

1. The Grants Administrator and Program Manager are going to be fiscally conservative, especially as it comes to the end of the year. *Unanticipated* costs are not the same as a grantee realizing it has unspent grant funds.
2. If an over-expenditure is approved and two years or so from now after an audit, the grantee is found to have used award funding for unallowable costs, the grantee cannot use current fiscal year grant funding to repay the State of Alaska, the grantee will have to pay out of its own funds which may be a problem for many small grantee. We do not want you to fail.