

NYS Office of Children & Family Services (OCFS) Budget Spending Adjustment Guidelines

OCFS recognizes that actual costs incurred under a contract may be different from the projected costs in your approved contract budget. When expenditures are going to deviate from the approved contract budget a request for an adjustment to the spending of your approved contract budget must be submitted.

A budget spending adjustment request must be completed and approved by OCFS prior to the effective date of the adjustment to allow for the processing of any claims related to costs exceeding the current approved budget categories for your organization's project. Please complete and return the attached Budget Spending Adjustment form for approval **prior** to over-spending or altering the expenses in a budgeted category to ensure reimbursement of the requested adjustment amounts.

The Budget Spending Adjustment form must be submitted to your assigned OCFS Program Manager for review and processing. Your organization is advised to **wait** for written approval of the budget spending adjustment request from OCFS **prior** to incurring any expenses that would be based on the spending adjustment. You will not be reimbursed for costs related to a spending adjustment not **prior** approved by the OCFS Program Manager and the Bureau of Contract Management (BCM). In rare circumstances, an end of period or term spending adjustment to allow modification for undercharged operating expenses that were originally included in the line item budget do not require prior approval, and may be submitted at the end of the contract, but payment for such expenses is not guaranteed. For example, a program occupies 10% of the space and the utility costs were originally included at 5% instead of 10% as there were not enough funds available after including the direct expenses. It is determined at the end of the term that additional funds are available, a spending adjustment may be submitted for uncharged amounts if there are unspent funds on the contract.

Please be aware that any spending adjustment will also be reviewed by the OCFS Contract Compliance Unit to ensure compliance with mandatory NYS MWBE requirements. Any spending adjustment that alters your discretionary spending may result in alterations to your MWBE Spending Goal.

IMPORTANT NOTES:

A Budget Spending Adjustment is different than a Budget Modification. A Budget Modification is a separate document and requires OSC approval once over-spending of any combination of budget categories exceeds a total of 10% of the contract value for contracts up to \$5 million (or 5% for those over \$5 million). The Spending Adjustment allows you and OCFS to track any altered or over-spending and its prior approval throughout the life of the contract and will document the cumulative amount that would be the basis for any required Budget Modification submitted to OSC.

Budget Spending Adjustment requests cannot be used to request additional funds or change the grant amount. The totals for the "Approved Budget" column and the "Revised Total Spending" column must be equal to the total OCFS funds in your most recently approved contract budget (Appendix B). It is understood that the amounts included are for project expenditures, do not duplicate reimbursement from other sources of funding, and do not replace funds that, in the absence of this funding, would have been made available by the Contractor for this program.

Spending Adjustments may NOT be used for the following:

- To change the scope of the contract as it relates to the procurement/award;
- To spend down grant funds as the contract period reaches its end date;
- For prepayments of a subsequent period's expenses; or,
- For purchases of equipment when staff to equipment ratios are not met.

Direction for completion of the Budget Spending Adjustment Form

1. Using information from your approved contract, fill in the top sections of the form. Contract #, Term, etc., the effective date should reflect the beginning date of the claim period you require the budget revision to adjust for changes.
2. Under "Approved Budget" enter the amounts for each cost category as they appear in your approved contract, Appendix/Attachment B Budget Summary, OCFS funds column. If you have a previously approved Budget Modification (approved by OSC as noted above) the budget figures from the most recent approved budget modification must be used.
3. Under the "Requested Spending Adjustment" column enter the amount of the change that you are making to each of the cost categories.
4. In the Cumulative Spending Adjustments column enter the amounts of any Previously Approved Spending Adjustments from the most recent approved Spending Adjustments form.

5. If any percentage total in all budget lines in the Variation from Approved Budget column exceeds 10.00% of the contract value for contract up to \$5 million (or 5% for those contracts over \$5 million) a formal budget modification will be required and you must complete a Budget Modification form and submit it for OCFS and OSC approval. Please contact your program manager if a budget modification amendment is required.

JUSTIFICATION:

- ✓ Provide an explanation by cost category for each change relating the change to the program, **explanation should be clear and thorough and must explain how the proposed change(s) will affect the project, including completion of services or the performance targets and milestones.**
- ✓ Equipment items and the cost of each item must be listed and a description for their use provided;
- ✓ Estimates should be provided as needed with the budget spending adjustment request;
- ✓ Information concerning other non-personal service categories required for approval of your contract budget should be provided in narrative form as justification for changes with enough detail to show how the proposed change(s) will affect the project, including completion of services or the performance targets and milestones.