



# Mississippi Valley Workforce Development Board

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## Budget Modification Policy

**APPROVED DATE: February 20, 2023**

**EFFECTIVE DATE: February 20, 2023**

### **PURPOSE**

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To provide guidance, set forth standards for sub-award budget modifications, and outline the Mississippi Valley Workforce Development Board (MVWDB) budget modification process.

### **BACKGROUND**

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Each recipient and sub-recipient of Federal funds must expend and account for the Federal award in accordance with established laws and regulations. In addition, recipients' and sub-recipient's financial management systems, including records, documentation, compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditure adequate to establish that such funds have been used according to Federal statutes and regulations.

A sub-recipient financial management system must provide accurate, current, and complete disclosure of the financial results of each sub-award or program in accordance with the requirements found in 2CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

### **POLICY**

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MVWDB is responsible for adequately processing all budget modification requests, which will be considered only when proposed modifications are determined to be necessary and for the benefit of the specific program or project funded by MVWDB. Flexibility is allowed within any sub-award budget category as long as the total aggregate category is not increased or decreased by more than 5%.

Sub-recipients are permitted to modify a sub-award budget within the established parameters to meet unanticipated program or project requirements. However, any modification shall be consistent with the term and conditions of the sub-award agreement and the original intent of the approved/funded program or project. The sub-recipient shall request a budget modification in writing to the MVWDB for any of the following reasons:

- Total expenditures under the contract will exceed the total approved budget
- Total expenditures will result in less than 80% of the approved budget being expended

- total expenditures under any aggregate line-item budget will exceed the approved line-item budget by 5%

### **PRIOR WRITTEN APPROVAL**

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Budget modifications over 5% per aggregate category must receive prior written approval from MVWDB before they are executed. Requests for budget modifications will be accepted by MVWDB for review quarterly unless an emergency or unforeseen immediate need exists.

### **BUDGET MODIFICATION WRITTEN REQUEST**

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Any proposed budget modification that results in an aggregate category increase or decrease of 5% or more must include the following:

- Modification requests must be submitted via a dated cover letter, on organizational letterhead, signed by an authorized representative containing:
  - Amount of modification and summary of budget changes.
  - explanation of how the modification will benefit the project or program and
  - explanation of the projected outcomes of the modification.
- Budget Modification Form filled out in its entirety including a current budget, proposed modification, and narrative.
- MVWDB may request additional information/documentation as determined necessary and appropriate.

MVWDB will perform both a programmatic and fiscal analysis of the allowability, reasonableness, and need for the budget modification. MVWDB will notify the sub-recipient of the approval/disapproval of the modification request in writing. Written approval of the sub-recipient's modification request from MVWDB must be in place before the sub-recipient implements the modification.

### **TRANSFER BETWEEN ADULT AND DISLOCATED WORKER**

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In accordance with Iowa Workforce Development (IWD) Field Memo 21-01, Transfer of Funds between WIOA Title IB Adult and Dislocated Worker and WIOA section 133(b)(4), Local Workforce Development Boards (LWDBs) may transfer up to 100 percent of a Local Workforce Development Area's (LWDAs) program year formula allocations between WIOA Title IB Adult and Dislocated Worker funds. IWD's request form must be completed and submitted to the MVWDB by February 15<sup>th</sup> of each year for any requested transfers.

### **OTHER BUDGET MODIFICATION REQUIREMENTS**

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- **Direct Participant Service** – All participant expenses may be increased throughout the year via approved budget modifications and award increases but may only be decreased in limited situations by the board.
- **Overhead** – Line items within Operating expenses may only be increased by approved funding increases or by decreasing a line item in one of the line-item categories. Line-item budget modifications affecting the aforementioned Operating sections must be net to zero or show a net decrease.

- **Direct Staff** – Salaries, Payroll Taxes, and Fringe/Work Comp line items may only be increased through approved funding increases or by pulling funding from an Operations line item. Any deviations from the above must be approved in writing by the MVWDB.

MVWDB reserves the right to mandate budget requirements, which may entail setting minimum and/or maximum requirements for any budgetary item or section.

### **BUDGET VS. EXPENDITURE**

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MVWDB approval of the original budget and/or any modification(s) does not constitute approval of actual expenditures, actual expenditures must comply with all applicable Federal statutes and/or regulations, and State and local policies.

*Equal Opportunity Programs/Employer  
Auxiliary aids and services are available upon request for individuals with disabilities.*