

Section 7.4.2: Financial Amendments and Modifications

PURPOSE AND POLICY

As financial needs of a grant agreement change over the course of the grant lifecycle, the grant program manager may need to request an adjustment (modification or amendment) to the grant agreement. Usually, a budget modification is not necessary unless the change will impact the budget distribution of 10 percent or more. The grant agreement should have the information regarding how and when to request a programmatic modification. [Uniform Guidance §200.308](#) (Revision of budget and program plans) is the federal regulation governing change of program scope in federally funded grant programs; federal grantors or entities subawarding federal funds are subject to this regulation and will make determinations to grant modification requests accordingly.

As authorized by [Arizona Executive Order 2013-09](#) and in compliance with State of Arizona Accounting Manual policy [70.05](#), grants shall be established in eCivis. As such, grant modification requests should be made via eCivis, where allowable. The [eCivis User Guide 4: Implementation](#) section on award modification provides additional information regarding managing modifications in eCivis. For requests to grants managed outside of the eCivis environment, the grantee must follow the procedures prescribed by the grantor.

Changes that would require a financial modification include:

- If the budget modification also changes the scope of the project. Examples include altering programmatic activities, altering the purpose of the project, authorizing the use of subcontractor or other organization that was not identified in the original budget, or contracting for or transferring of grant-supported effort; or
- If a budget modification affects a cost category that was not included in the original budget, a grant adjustment is required. For example, if the direct cost category, Travel, did not exist in the original budget, the modification to transfer funds from the Equipment to Travel requires a grant adjustment;
- Altering programmatic activities impacts the budget;
- Contracting out, subgranting (if authorized), or otherwise obtaining the services of a third party to perform activities that are central to the purpose of the award.

PROCEDURE

If a grant program manager discovers there is a compelling reason to make a change to the grant agreement, he/she should advise his/her supervisor and/or agency head (the responsible party) and proceed with appropriate approval.

1. Review the grant agreement

The grant program manager will refer to the grant agreement to determine the process for requesting a grant modification. If the grant agreement does not explicitly provide the process for such a request, he/she must contact the grantor for instructions in writing. The grant program manager also must review the grant agreement's scope of work and determine which activities are impacted and require the modification.

2. Submit the program modification request

The grant program manager will evaluate the financial needs and determine the amount of funding subject to the financial modification. The request must include the reason for the modification (i.e., cost for traveling to a training event was more than anticipated). If the financial changes are the result of programmatic changes, this should be noted (see 7.4.1, Programmatic Amendments and Modifications). The grantor will notify the grant program manager of approval or denial, via the grantor's grant management solution. Once a modification is submitted and approved, the accompanying documentation should be uploaded into the program manager's project dashboard in eCivis.