

# CONTRACTS 1.0

## Budget Revisions -- 1.11

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**Issued:**

**Date Last** March 23, 2011

**Revised:**

**Signature:**



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Assistant Commissioner  
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### **POLICY**

A revision of the budget must be executed when a contractor requests a re-allocation of the line items of an existing approved contract. A budget revision must not increase or decrease the total funds for the contract, but merely re-allocate the amount by line item. Such a request must be approved first by the initiating unit and then by the Fiscal Services Section of the Bureau of Health Services prior to any revisions being made.

### **APPLICABILITY**

This policy applies to Local Health Department, Regional and Central Office personnel.

### **PURPOSE**

To maintain program and fiscal accountability when revising a contract.

### **PROCEDURE**

During the course of a fiscal year, situations oftentimes arise that warrant the need for a budget revision to a contract. In this regard, and in broad terms, there are two types of revisions: those that require approval by the Department prior to the expenditure of revised amounts and those that do not require prior approval.

Prior approval of the Department is required in either of the following situations:

- Revisions (either increases or decreases) from the amount reflected in the contract budget for the following three (3) line items must be approved by the Department prior to the expenditure of funds: Salaries, Benefits, and Travel/Conferences and Meetings. Revisions to these line items must be requested regardless of the amount and will be considered on a case by case basis.
- Cumulative revisions (either increases or decreases) amounting to \$1,000 or more from the amount reflected in the contract budget for each of the following four (4) line items must be approved by the Department prior to the expenditure of funds: Professional Fees/Grants and Awards, Capital Purchases, Indirect/Administrative Cost, and Other. For example, if cumulative revisions required that \$1,100 needed to be transferred from the "Professional Fees" line item to the "Capital Purchases" line item, approval should be received prior to expenditure. On the other hand, if the cumulative revisions amounted to only \$900, then no approval (either prior or afterwards) would be required. Also, adjustments may be in the "Other" line item without restrictions provided the total for "Other" is not increased or decreased by more than \$1,000.

The request for a budget revision must be submitted to the initiating unit in letter form outlining and justifying the needed changes. The letter must also be accompanied by the **Revised Budget Summary** and appropriate detail pages. Once approved by the initiating unit, the request is forwarded to the Fiscal Services Section of the Bureau of Health Services for approval. The Contractor, initiating unit, Department Contract Office, and Division of Fiscal Services shall be forwarded approved copies at which time expenditures may be incurred in accordance with the revised contract budget.

The approved budget revision request letter will be the authority for exceeding the original line item budget. Expenditures which would cause the contractor to exceed a budgeted line item should not be authorized until the budget revision request is approved.

## **NECESSARY FORMS**

1. **Revised Budget Summary**
2. **Budget Summary (Salaries Detail)**
3. **Budget Summary (Detail Continuation)**

## **REFERENCE DOCUMENTS**

Tennessee Department of Health, Contract Procedures

## **OFFICE OF PRIMARY RESPONSIBILITY**

Fiscal Services Section, Bureau of Health Services, (615)741-7305