



## **Budget Revisions and Unspent Funds**

### **Purpose**

To establish consistent procedures for requesting and approving budget revisions, managing unspent funds, and ensuring fiscal accountability for all funded partners of First 5 Sonoma County.

### **Policy**

Budget revisions and management of unspent funds must align with First 5 Sonoma County's fiscal oversight standards to ensure transparency, prudent financial management, and compliance with contract terms.

### **Procedures**

#### ***1. Budget Revisions***

##### **1.1 When Revisions Are Not Required**

- Budget revisions are not required if the variance within an individual line item is within **10%** of the approved annual amount.
- Total salaries (combined) are considered a single line item for this purpose.
- Variance flexibility is available only to agencies determined to be low-risk based on their most recent audit.
- Variances may not exceed the total annual amount approved for that line item.

##### **1.2 When Revisions Are Required**

- Revisions must be requested when proposed changes exceed the 10% variance threshold or involve reallocation between major budget categories.
- Revisions are limited to one per quarter and must be submitted no later than 45 days before the end of the fiscal year.

##### **1.3 Submission Requirements**

- All budget revision requests must be submitted in writing to contract manager and submitted through the grants management system and must include:
  - A Budget Revision Form, and
  - A Budget Revision Justification Narrative detailing the proposed changes and justification.
- Revisions must receive written approval prior to incurring expenses, allowing First 5 Sonoma County to determine its appropriateness and minimizing any disallowed



costs to the Funded Partner. F5SC will determine the materiality of the request and ensure it fits the intent of original funding. The request may require a formal contract amendment.

- If any of the information is incomplete the request may be denied.

Note: Requests for purchases/expenses not delineated in the approved budget will not be accepted in the last quarter of a contract term, unless otherwise authorized by your F5SC Contract Manager.

## ***2. Unspent Funds and Rollover Requests***

### **2.1 Rollover of Unspent Funds**

- Funded partners may request to roll over up to 5% of the annual budget into the following fiscal year, excluding the final year of the contract.
- Rollover requests are allowable only if the partner demonstrates the ability to spend the additional funds within the following fiscal year.
- Requests for rollover must be submitted no later than 45 days before the end of the fiscal year using the Budget Revision Form for the next fiscal year.
- The Contract Manager will monitor spending levels quarterly and coordinate with the Fiscal Director to review rollover feasibility.

### **2.2 Underspent Funds**

- Within 45 days after the end of each fiscal year, if an agency underspends 10% or more of the approved annual budget, the Funded Partner must notify the Contract Manager and Fiscal Director in writing.
- The written notice must include an explanation for the underspending and plans for correction or reallocation.
- First 5 Sonoma County reserves the right to amend the agreement and reduce the total award if funds are not used as budgeted.

## **Responsibilities**

- **Funded Partner:** Ensure compliance with this policy, timely submission of budget revision requests, and communication regarding underspending.
- **Contract Manager:** Review and approve budget revision requests, monitor quarterly expenditures, and coordinate rollover determinations.
- **Fiscal Director:** Review and approve fiscal adjustments, monitor overall financial compliance, and recommend contract amendments when necessary.