



UC San Diego

Policy & Procedure Manual

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CONTRACTS AND GRANTS (RESEARCH)

Section: 150-62

Effective: 06/25/1984

Supersedes: 08/01/1978

Review Date: TBD

Issuance Date: 06/25/1984

Issuing Office: [Office of Contract and Grant Administration](#)

REBUDGETING OF CONTRACT FUNDS UNDER ADMINISTRATIVE CONTRACTING AUTHORITY OF THE OFFICE OF NAVAL RESEARCH (ONR)

I. RELATED POLICIES

A. [Federal Acquisition Regulations \(FAR\), and Individual Agency Supplements](#)

B. UCSD Policy and Procedure Manual (PPM)

- [300-50](#) Guide to Reading the General Ledger
- [380-1](#) Modification to the Operating Budget
- 380-4 Budget Adjustment Journal Preparation
- 380-5 Budget Adjustments to Extramural Funds
(Federal, State, Local Government, and Private Contracts, Grants and Donations)

II. INTRODUCTION

The purpose of this policy is to outline the procedure for rebudgeting of contract funds under the authority of the Office of Naval Research (ONR). The ONR provides and supports an administrative representative who is physically located on the campus. The representative provides an in-house opportunity for direct and immediate assistance to UCSD principal investigators for certain contract administration functions.

III. POLICY

The Resident Representative of the Office of Naval Research has been delegated authority to approve rebudgeting of certain cost categories for all contracts within the Office of Naval Research. In addition, the ONR Resident Representative (ONRRR) also has limited rebudgeting approval authority under any other Federal contract where she/he has been named as Administrative Contracting Office (ACO), i.e., Department of Energy, National Aeronautics and Space Administration, Navy, Army, and Air Force.

Principal Investigators or Department Administrators should request assistance from the Accounting Office/Extramural Funds Division concerning any budget deviations relating to subcontracts, or purchase orders not covered by the provisions of the award document or by this policy. Problems concerning contractual deviations should be directed to the OCGA.

A. Contracts from the Office of Naval Research

1. The Principal Investigator has authority to rebudget funds within an individual contract as follows:

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- a. The Principal Investigator may increase expenditures for domestic travel where the cumulative total of the increases will not exceed \$500 or 25% of the amount approved in the award, whichever is greater.
 - b. Unless further restricted or changed by the individual contract, the Principal Investigator may authorize the acquisition of research (scientific) equipment with a unit cost under \$1,000, where the cumulative total of the increases in the equipment category will not exceed 25% of the amount approved in the award.
2. Prior approval of the ONR Resident Representative must be obtained for the following budget deviations:

a. Premium Overtime

Prior approval of the ONRRR is required for payment of premium overtime.

b. Travel

1. Prior approval of the ONRRR is required where the cumulative total of the increases in the domestic travel category will be in excess of \$500 or 25% of the amount approved in the award, whichever is greater.
2. Prior approval of the ONRRR is required for all foreign travel even when included in the approved award. Foreign travel is defined as travel outside the Continental U.S. and Alaska. (Travel to Hawaii, Canada and Mexico requires the ONRRR review and approval.)
3. Prior approval of the ONRRR is required if zero funds are awarded for travel.

c. Equipment

Equipment is defined as an article of nonexpendable tangible property having a useful life of more than two years and an acquisition cost of \$500 or more per unit.

1. General Purpose Equipment

- a. General Purpose equipment is defined as office equipment and furnishings, air conditioning, reproduction or printing equipment, motor vehicles and any automatic data processing or related equipment.
- b. Prior approval of the ONRRR is required for any acquisition of general purpose equipment not listed in the approved award. Generally, routine office equipment purchases are discouraged.

2. Special Purpose Equipment

- a. Special Purpose Equipment is defined as property which is usable only for research, medical, scientific or technical activities, such as microscopes, x-ray machines, surgical instruments, etc.

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- b. Expenditures for items of Special Purpose Equipment may not exceed the approved amount shown in the equipment category of the contract by more than 25% without prior approval from the ONRRR. Prior approval is not required for items identified and authorized by the contract whose costs do not exceed the approved amount by more than 25%, providing there is no substantive change in the item to be purchased.
 - c. Prior approval of the ONRRR is required for acquisition of equipment items costing \$1000 or more, even though the equipment is specifically listed in the contract.
3. Prior approval of the ONRRR is required if zero funds are awarded for equipment.
- d. Consultant Expenses
- Prior approval of ONRRR is required for any subcontracts not approved in the award.
- e. If zero funds are awarded for equipment, ONRRR approval is required.

B. Contracts With the Department of Energy (DOE)

- 1. The Principal Investigator has authority to rebudget funds within an individual DOE contract as follows:
 - a. Travel
 - 1. Domestic Travel

The Principal Investigator may increase expenditures for domestic travel where the cumulative total of the increases will not exceed \$500 or 25% of the amount approved in the award, whichever is greater.

 - 2. Foreign Travel

Prior approval of DOE is required for all foreign travel even when included in the approved award. Special approvals are further mandated for travel to Communist controlled areas. Foreign travel is defined as any travel outside the U.S. (50 states) and Canada.
 - b. Equipment
 - 1. The Principal Investigator may acquire a different model of an approved item.
 - 2. Unless further restricted or changed by the individual contract, the Principal Investigator may authorize the acquisition of special-purpose (scientific) equipment with a unit cost of less than \$1000, where the cumulative total of the increases in the allowable equipment category will not exceed 25% of the amount approved in the award.
- 2. Prior approval of the Office of Naval Research Resident Representative must be obtained for the following budget deviations:

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a. Equipment

1. General Purpose Equipment

Approval of the ONRRR is required for acquisition of any general-purpose equipment not specifically provided for in the approved award. Examples of general-purpose equipment are office equipment and furnishings, air conditioning, reproduction or printing equipment, motor vehicles, and any automatic data processing equipment.

2. Special Purpose (Scientific) Equipment

Prior approval of the ONRRR is required for acquisition of any special purpose (scientific) equipment with a unit cost of \$1,000 or more.

3. Prior approval of the ONRRR is required for any acquisition of excess government equipment.

b. Travel

4. Foreign Travel

Prior approval of the DOE (cc the ONRRR) is required for each foreign trip and attendant travel expenditures even when included in the approved award. Foreign travel is defined as any travel outside the U.S. (50 states).

5. Domestic Travel

Prior approval of the ONRRR is required where the cumulative total of the increases in the domestic travel category will exceed \$500 or 25% of the amount approved in the award, whichever is greater.

c. Stipends

Prior approval of the ONRRR is required for payments of stipends.

d. Budget Deviations

Unless specifically stated in the contract, prior approval must be obtained from the ONRRR for:

6. Subcontracting for any research or development work;
7. Alterations or renovations; or
8. Lease or purchase of real property.

C. Other Federal Contracts

Prior approval by ONR is required when the Office of Naval Research Resident Representative is designated as Administrative Contracting Officer (ACO), such as certain U.S. Air Force and National Aeronautics and Space Administration contracts. If no ACO is designated, requests must be approved by the funding agency.

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In general, rebudgeting authorities remain the same for all contracts, with a few exceptions (e.g., the definition of Foreign Travel).

For all other funding agencies, excepting NASA, consult the individual contract to determine if the ONRRR has been designated the ACO and therefore has rebudgeting approval authority. If the necessary rebudgeting action cannot be determined from the provisions of the contract, request the assistance of the OCGA.

1. In cases where neither the Principal Investigator nor the ONRRR has been delegated authority to approve rebudgeting of contract funds, a letter specifying the request and following the format described in Section IV.B. should be initiated and signed by the Principal Investigator and forwarded to the OCGA for endorsement and submittal directly to the agency.

IV. PROCEDURE

A. Principal Investigator

Determines that rebudgeting of funds is necessary and what approval is required:

1. If Principal Investigator (PI) has authority, prepares and submits *Budget Adjustment Journal* accordance with PPM 380-4.
2. If prior approval of Office of Naval Research Resident Representative is required, the PI prepares and submits the request letter described in Section IV.B. (below) to the OCGA.
3. When an approved copy of the letter is returned by the OCGA, the Principal Investigator sends the *Purchase Order Requisition* to Purchasing, as appropriate.

B. Request Letter

The request letter should include the following:

1. Name of Principal Investigator;
2. Contract number; and
3. Amount of monies to be rebudgeted and identification of budget categories involved in change.

Further, Principal Investigator is responsible for providing a brief but comprehensive explanation/justification describing the scientific, technical or administrative reason(s) for all requests. As a minimum, the justification must address the following:

1. A brief description of the proposed action;
2. Scientific, technical or administrative reasons for the action. (Include a statement as to the scientific benefits which will accrue to the project as a result of the request);
3. Explanation of why funds are available, specifying budget categories, including indirect costs, if applicable;
4. For requests for travel or the purchase of equipment, the following specific areas must be addressed:
 - a. Travel

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1. Itemization of costs, i.e., air fare, per diem, registration fee, etc.
2. Purpose, date, and place of travel
3. Relationship to research
4. Identification of traveler(s) - indicate the relationship of the travelers to the research project.

Note: For foreign travel, the traveler must be an invited speaker or active participant.

Special approvals are required for travel to communist-dominated areas.

b. Equipment

1. Description of the equipment. If more than one item requested, itemize the description and cost of each; indicate if item was approved in budget.
2. Reason(s) for the request.
3. How the proposed purchase impacts the continuous operation of the project as outlined in the original proposal.
4. The effect of rebudgeting of funds between categories of the approved budget has on the scope of work or objective of the project.

C. Office of Contract and Grant Administration

1. The OCGA reviews the letter for conformance to the ONR (or other agency) and University regulations. If acceptable, the letter is countersigned and forwarded to the ONRRR. If unacceptable, the Principal Investigator is contacted for further information.
2. Upon receipt of the approved letter from the ONRRR, the OCGA distributes copies of the letter to the Accounting Office/Extramural Funds Division and to the Principal Investigator.

D. Office of the Naval Research Resident Representative (ONRRR)

ONRRR signs letter, if acceptable, retains a copy and returns the approved letter to the OCGA. If not acceptable, ONRRR contacts the OCGA for further clarification.