

**BRA/EDIC/JCS BUDGET OVEREXPENDITURE ALLOWANCES POLICY FOR FINAL INVOICES**

On Final Invoices Only, contractors are allowed to overspend each line item by no more than 10%. The individual line items can be overspent by no more than 10%, as long as there are sufficient funds in another line item to absorb the over-expenditure. Please note, the Total Contract/Budget amount cannot be overspent at all.

While these are overall guidelines for allowances of over-expenditures, budget revisions are required when overspending of a line item will exceed 10%.

For example:

**FINAL INVOICE**

	Budget	Cum Costs	Balance
Staff Salaries	\$20,000	\$22,000	(\$2,000)
Fringe Benefits	5,000	5,500	(\$ 500)
Travel	5,000	4,000	\$1,000
Supplies	3,000	3,000	0
Contractual	7,000	5,500	\$1,500
Other	1,000	1,000	0
Indirect	0	0	0
<b>Total</b>	<b>\$41,000</b>	<b>\$41,000</b>	<b>0</b>

**NOTES TO BUDGET OVEREXPENDITURE ALLOWANCES POLICY**

1. Over-expenditures on the final invoice can only occur in existing budget line items, e.g., travel, supplies, contractual.
2. Sub-line items such as the Position Title under Personnel and the items in the Other category listed in the Budget Narrative can be overspent on the final invoice by more than 10% only if the total line item is not overspent by more than 10%. However, chronic over/under-spending should be addressed in a formal budget revision prior to the final invoice.
3. Salary over-expenditures on the final invoice can only occur by increasing the number of pay periods not to exceed the total number of pay periods in the contract period. The budgeted salary amount cannot be changed nor can the percentage charged to the grant be changed under any circumstances.
4. A letter from the contractor explaining the 10% over-expenditures must accompany the final invoice and be approved by the fiscal department before the final invoice is paid.