



## **Policy for Budget Line Item Revisions**

This policy is written to standardize the methodology for revising Contracts budget line items during the term of the contract.

Historically, the Agency has implemented cost reimbursement type of contracts for services that are out-sourced. These types of contracts are budget line item driven in order to track expenditures and are used as a measuring tool for delivery of services.

The Agency realizes that initial budget submissions are estimated allocations of the intended spending pattern of contracted services. During the course of providing the services, it is often necessary to make minor adjustments to individual line items as a reflection of actual expenditures by the Contractor.

A general rule followed by most Federal and State agencies is that individual line item adjustments that do not exceed 10% of the line item total may be allowed without formal process, providing that the contract's total is not exceeded and the revision does not result in a decrease in the services to be delivered. The Office of Contracts Management adheres to this procedure on a general basis.

When a line item revision is requested that exceeds 10% of any individual line item value, the following procedure shall be applied:

The Contractor shall submit in writing, a request for budget line item revision and shall include a new budget sheet reflecting the requested revision. The request will be reviewed by both the Program Manager and the Contracts Manager. If approved, the Contracts Manager will process the revised budget sheets to reflect the changes in the contract.

All requests for line item budget revisions must be received by the OCM no later than March 15, or after eight (8) months of contract performance. The rationale is that after eight months of actual expenditures, the Contractor can project the balance of contract spending with accuracy and confidence. This allows the agency ample time to prepare for projected spending reporting, budgeting and contract renewal processing.

As a rule, budget revision requests received after March 15, will not be honored. Exceptions may be granted on a case-by-case basis with proper justification. The Department at its sole discretion may place a moratorium on this policy from year to year depending upon the City's overall budget conditions.

