



## Department of Homelessness and Supportive Housing

### HSH Contract Management Policies and Procedures

### Budget Revision Policy and Procedure

#### **PURPOSE**

The purpose of this policy is to outline the process by which budget revisions may be requested by the Department of Homelessness and Supportive Housing (HSH) providers (e.g., grantees or contractors).

Providers should use the HSH invoicing system to track their unspent line items, especially throughout the first three quarters of the fiscal year.

This policy updates the original policy dated October 2, 2018.

#### **POLICY DESCRIPTION**

HSH acknowledges that providers may need to do budget neutral revisions during the fiscal year to adjust for immediate and emerging program needs. The Appendix C – Method of Payment<sup>1</sup> included in all HSH agreements allows invoicing flexibility for providers to invoice more than 100 percent of ongoing local funded line items provided that the total expenditures do not exceed the budget category amount (i.e., Salaries, Operating, Indirect or Capital).

#### **Budget Revision Types:**

Beginning the approval date of this policy, HSH will allow three types of budget revisions that do not increase the overall budget:

1. Movement of unspent funds from one budget category to another (e.g., Operating to Salaries);
2. Movement of funds within a budget category; or
3. Movement of funds from one budget line item or category to a new line item that was not included in the originally approved budget but that has been determined by HSH to be reasonable program-related cost(s).

#### Local-Funded Programs:

HSH programs funded by local funds (i.e., General Fund, Prop C) may invoice over 100 percent against existing budgeted line items without a budget revision, but cannot exceed their total budget category amount. Budget revisions to add new line items must follow the process outlined below.

#### Federal-Funded Programs:

Programs funded through sources other than General Fund or Prop C may be subject to additional requirements. Per federal guidelines, deviations from the budget require prior approval from the federal awarding agencies.<sup>2</sup>

For U.S. Department of Housing and urban Development (HUD) Continuum of Care (CoC) funded programs, HUD must be notified of a change that is less than 10 percent of CoC funds from one approved activity (i.e., Leasing, Operations, Support Services, Rental Assistance, Admin) to another. CoC

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<sup>1</sup> [HSH Appendix C – Method of Payment](#)

<sup>2</sup> <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-308.pdf>

major changes, a shift in a single year of more than 10 percent of the total amount awarded, require HUD approval.<sup>3</sup>

For programs funded with HUD CoC, providers must request a budget revision in accordance with the process outlined below.

Providers funded through HUD CoC and those whose agreement terms do not coincide with the fiscal year, must submit budget revisions before the last three months of their annual term.

#### **More Information on Budget Revisions:**

- Requests must be complete in order to be considered submitted by the deadline.
- HSH expects that budget revisions that request use of savings from temporarily unfilled staff positions to be spent on one-time expenditures.
- Budget revisions may only be retroactive up to one month prior to the submission of the revision. For example, a request submitted in March can be effective no earlier than February.
- Providers must be up to date on their invoicing in order for the request to be reviewed.
- HSH reserves the right to reject any request and may require additional time and steps for non-General Fund programs.

#### **Timelines:**

Providers should try to avoid budget revision requests during the last quarter of the fiscal year to avoid any delays in processing the request due to the busy contract renewal season.

#### **Budget Modifications, Carry Forward Requests and Other Requests:**

Budget revisions do not increase a budget. Requests that increase the total budget amount (e.g., budget modifications) or requests to carry forward (e.g., roll over) unspent funds from one year to the next follow separate processes and are subject to additional approvals. Requests for Budget Modifications and/or Carry Forwards must be submitted to the assigned HSH Program Manager and Contract Analyst.

#### **Budget Revision Request Process<sup>4</sup>:**

1. **Request Initiated via Email:** The provider requests a budget revision by sending an email to both their assigned Contract Analyst and Program Manager that clearly outlines the changes requested. The clearer the request, the more quickly it will be processed. The Contract Analyst determines the number of revisions the program has had per the fiscal year, and together with the Program Manager, may initiate a follow up phone call for more information.
2. **Appendix B, Budget Revision Form Created:** The Program Manager and Contract Analyst evaluate the request based on the following:
  - Impact on client services
  - Funding source requirements
  - How the program plans to use the funds
  - Impact on program if denied

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<sup>3</sup> Per 24 CFR part 578.105. Please also see:

<https://www.hudexchange.info/resources/documents/CoCProgramGrantsAdministrationUserGuide.pdf>

<sup>4</sup> The process is subject to change and timelines are goals.



If the requested revision is approved by the Program Manager, the Contract Analyst sends the provider the latest approved Appendix B and instructs them to update the “Revision” columns. The revised budget must be completed and returned via email within three business days.

3. **Appendix B Revised:** The provider reviews and revises the Appendix B by filling in the “Revision” column(s) in the applicable fiscal years in the appropriate Salary, Operating and/or Capital Detail tabs and provides details on the budget changes in the Budget Narrative tab (including why the funds are being moved) and emails to the Contract Analyst and Program Manager within three business days of receipt.
4. **Appendix B Reviewed/Approved:** Within two days of receipt, the Contract Analyst and Program Manager review the Appendix B revision to ensure the changes are:
  - Cost neutral
  - Clear
  - Accurate (e.g., formulas are working)
  - In accordance to funding requirements and funded activities

At any point, the Contract Analyst or Program Manager may request additional information.

5. **Appendix B Budget Updated:** Within one business day of receipt, the Contract Analyst saves the final and approved revised Appendix B in the provider’s file folder and HSH’s invoicing system as the latest Appendix B. The Contract Analyst emails the provider and Program Manager official notice that CARBON has been updated or unlocked, with any required instructions, and attaches the final Appendix B.

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## POLICY APPROVALS

**Last Updated:** May 2, 2025

**Originated by:** Edilyn Velasquez, Contracts & Procurement Director

**Reviewed by:** Gigi Whitley, Chief of Finance and Administration

**Approved by:**

*Shireen McSpadden*  
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Shireen McSpadden, Executive Director

