

Grants Management Lunch and Learn Series

Grant Agreements, Extensions, and Budget Revisions

On behalf of the State of New Jersey
Department of the Treasury, Grants Management Office
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Learning Goals

By the end of this session, participants will be able to:

- Understand the key terms in grant agreements
- Recognize when an extension may be needed
- Know when budget revisions require approval
- Learn practical strategies to stay compliant and avoid audit findings



Open Discussion

What's the most challenging part of managing a grant after it has been awarded?



Many Grant Issues Stem From:

- Not understanding award requirements
- Waiting too long to request changes
- Assuming budget flexibility exists
- Poor documentation



Grant Compliance Protects

- Funding
- Organizational reputation
- Program success
- Future funding opportunities



Poor Grant Management Can Result In

- Repayment of funds
- Disallowed costs
- Audit findings
- Loss of future awards



What is a Grant Agreement?

Legally binding document between the funder and recipient that establishes:

- Statement of Work/Scope of Work
- Period of Performance
- Approved Budget
- Payment Terms
- Reporting Requirements
- Allowable Costs
- Matching Requirements (if applicable)
- Closeout Requirements



Know Your Award Conditions

- Special conditions
- Prior approval requirements
- Procurement requirements
- Equipment restrictions
- Participant support limitations
- Publication or branding requirements



What is a Grant Extension?

A grant extension provides additional time to complete approved activities. It does NOT automatically provide:

- Additional funding
- Approval for new activities
- Permission to spend remaining funds differently



When Might an Extension Be Needed?

- Delays in hiring staff
- Procurement delays
- Construction delays
- Supply chain disruptions
- Participant recruitment challenges
- Natural disasters or emergencies
- Unexpected project delays



When Extensions are NOT Appropriate

- Funds remain unspent
- Spending started too late
- Budget management was poor
- Staff forgot deadlines

Sponsors expect evidence that a project is progressing.



Extension Request Best Practices

- Reason for delay
- Progress made to date
- Remaining activities
- Revised timeline
- Remaining budget
- Expected completion date

Submit requests well before the grant end date.



Case Study

Your organization was awarded a 12-month grant to implement a workforce development program. The grant period ends on September 30, 2026.



Project Status

- ✓ 85% of project activities have been completed.
- ✓ Most participants have completed training.
- ✓ All required reports have been submitted on time.
- ⚠ Specialized equipment needed for the final training module was ordered six months ago.
- ⚠ Due to supply chain delays, the vendor has notified you that delivery will not occur for another 3 months.
- ⚠ Without the equipment, the remaining training sessions and final project deliverables cannot be completed before the grant end date.

Approximately 15% of the grant funds remain unspent, primarily budgeted for equipment installation and the final training activities.



Discussion Questions

1. Should the organization request a no-cost extension? Why or why not?
2. Would a budget revision be necessary?
3. What documentation would you gather before contacting the funder?
4. When should the request be submitted?
5. What risks are there if the organization waits until after the grant ends to request an extension?



Consider Before Answering

1. Are the remaining activities part of the original approved scope of work?
2. Is the delay outside of the organization's control?
3. Has the project made substantial progress?
4. Will additional time allow the project to achieve its original objectives?
5. Are there sponsor deadlines for submitting extension requests?



Recommended Action

Request a Grant Extension (Why)

- The project has made significant progress (85% complete.)
- The delay is due to circumstances outside the organization's control (vendor/equipment delay)
- Additional time is needed to complete the original approved activities, not to add to new ones.
- The remaining funds are tied directly to unfinished project activities



Would a Budget Revision Be Needed?

Probably not, unless:

- Funds need to be moved between budget categories beyond the sponsor's allowable threshold
- The project team proposes changing how remaining funds will be spent
- The sponsor's policies require a revised budget with the extension request



Best Practice

- Submit the extension request well before the grant end date. Many funders require requests 30-90 days before the project expires unless specified otherwise in the signed agreement.
- Early communication demonstrates proactive grant management and gives the sponsor time to review and approve the request.



Key Learning Point

- An extension is appropriate when additional time and not additional funding is needed to complete the originally approved project because of legitimate, documented delays.
- Remaining funds alone are not sufficient justification for an extension.



What is a Budget Revision?

A budget revision changes how awarded funds allocated among budget categories.



When Budget Revisions May Require Approval

Approval is commonly required when:

- Moving funds above sponsor thresholds
- Adding new cost categories
- Purchasing equipment not originally approved
- Adding subrecipients
- Changing project scope of work
- Changing key personnel



Practical Compliance Strategies

Successful organizations:

- Read the award immediately
- Maintain organized grant files
- Track deadlines
- Review budgets monthly
- Communicate regularly with program and finance staff
- Document all decisions



Common Audit Findings

- Spending outside the grant period
- Missing documentation
- Unauthorized budget revisions
- Late reporting
- Unsupported payroll changes
- Unallowable costs
- Lack of internal approvals



Best Practices to Avoid Findings

- Monthly budget reviews
- Calendar reporting deadlines
- Monitor spending trends
- Maintain supporting documentation
- Obtain approvals before making changes
- Communicate early with sponsors



Compliance Checklist

Before spending grant funds, ask:

- ✓ Is this expense in the approved budget?
- ✓ Is it allowable?
- ✓ Is it necessary?
- ✓ Is documentation available?
- ✓ Does sponsor approval apply to this purchase?
- ✓ Is this expense within the grant period?



Key Takeaways

Remember:

- Your grant agreement is your roadmap
- Request extensions before deadlines
- Know when budget changes require approval
- Documentation is your best defense during monitoring and audits
- Good communication prevents compliance problems



Resources

Recommended references:

- Uniform Guidance (2 CFR Part 200)
- Your organization's policies and procedures
- Sponsor-specific policies and procedures
- Notice of Award or Grant Agreement
- Your Finance and Grants Management Office



What Will You Do Differently?

- One thing you will stop doing?
- One thing you will start doing?
- One thing you will improve?



Are You Interested in Future Continuing Education Offerings?

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