

PROCEDURE NUMBER: FINA 3.00 Procedure

SECTION: Administration and Finance

SUBJECT: Sponsored Awards – Carryforward

DATE: November 1, 2024

REVISION:

Procedure for: All Campuses

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Issued by: Administration and Finance – Controller’s Office

Procedure Statement:

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 3.00. This procedure is applicable to campuses, units, departments, centers, Principal Investigators (PIs), and administrators at the University who are involved with the initiation, administration, and conduct of sponsored awards. The purpose of this procedure is to supplement the associated policy by providing additional detail and guidance on the carryforward of unobligated balances.

A. Basics and Definitions

Carryforward represents unspent funds remaining at the end of a sponsored award budget period that may be available and eligible for use in the current or upcoming budget period.

Carryforward authorization, requirements, restrictions, and rules are specified in the terms and conditions of the award. The Notice of Award (NOA) often includes terms and conditions which indicate whether the grantee can carry forward funds into the next budget period.

Carryforward typically falls within one of the following three basic categories:

1. Automatic: Unspent funds automatically stay in the budget and may be spent in subsequent budget periods without prior approval and/or specific action from the PI. This is typical for most federal research awards where expanded authorities (a waiver of certain prior approval requirements) apply.
2. Restricted: Prior approval must be granted by the sponsor to use unobligated funds in the future. Requests may be approved or denied by the sponsor and must be made in accordance with sponsor guidelines and timeframes.

3. Prohibited: Any unspent, unobligated funds **cannot** be used following the budget period end date. The funds are forfeited and must be returned to the sponsor at the end of the budget period.

Carryforward should not be confused with a no cost extension. A no cost extension is an extension of time to a project period and/or budget period to complete the work of the grant, without a respective change in scope or additional funds awarded.

B. Carryforward Requests

When a sponsor's prior approval is required to carry forward unobligated funds to the next budget period, a formal written request must be prepared (by the PI/department) and submitted to the sponsor by the SAM Administrator. The request should include the following:

- Identifying award information, including the organization name, grant number, and PI name, title, and contact information,
- Justification of why funds remain,
- Specific rationale for the request (e.g., immediate needs in the budget period, implications for the project if the request is denied, etc.),
- A detailed categorical budget breakdown.
- PI signature, and
- Any other information or attachments required by the sponsor.

Most sponsors request federal financial reports (FFR), typically the SF-425, be submitted with the requests. The Post Award Accountant (PAA) in Grants and Funds Management (GFM) is responsible for completed FFRs and submitting those reports to the sponsor.

Common reasons why carryforward requests may be delayed or rejected include:

- The request was not appropriately signed or sent to the sponsor through an Authorized Organization Representative (AOR).
- The requested costs duplicate costs from the current year's award.
- The request does not reflect immediate needs.
- There is no plan to support recurring costs in future years.
- Unallowable costs were included in the request.
- The use of the carryforward funds is not within the currently approved project scope.
- It is unlikely the carryforwards funds can be spent within the budget period requested.
- The FFR has not been received and approved by the sponsor.

C. Roles and Responsibilities

Carryforward responsibilities are shared among various parties, as follows:

Principal Investigator and Department

- Regularly monitor and track projects with carryforward restrictions, including subawards.
- Manage unspent funds in accordance with the terms and conditions of the award.
- Record expenditures in the financial system in an accurate and timely manner.
- Work with the SAM office to prepare carryforward requests in accordance with University and sponsor requirements.

Grants and Funds Management

- Prepare and submit required federal financial reports, ensuring the reported information matches any progress report and carryforward request information.
- Set up (or update) the respective project in PeopleSoft.
- Submit invoices to the sponsor.

Office of Sponsored Awards Management (SAM)

- Coordinate with departments to review and understand the carryforward requirements of the award, as needed.
- Verify with the PAA in GFM that carryforward funds are available and the request matches, or is less than, the total available funds on the FFR.
- Review carryforward requests for completeness and adherence to sponsor requirements.
- Submit carryforward requests to the sponsor.
- Coordinate award revisions and/or amendments, as needed.
- Update USCeRA accordingly.

D. Resources and Forms

Resources, trainings, and guides can be found on the Controller's Office website under the Grants and Funds Management and Resource and Training Toolbox sections.