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Reviewed:	
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Section:	39 Research

Carry Forward of Unobligated Balances

Purpose:

The purpose of this policy to provide guidance to Principal Investigators (PIs) and Department Administrators for submitting a request to the sponsor for the carry forward of an unobligated balance from one period to the next. This policy outlines the carry forward process for federally funded projects. Other sponsors will have their own policies for carry forward. PI's and/or their administrators should always check the award notice or the sponsor's policies for information on carry forward requirements.

Policy Statement:

All requests for carry forward must be submitted to Research Finance for review and authorization prior to submission to the sponsor. For Federal awards under Streamlined Non-competing Award Process (SNAP) funds are automatically carried over to the subsequent budget period. However, as part of the grant's progress report, it must be indicated whether any estimated unobligated balance (including prior-year carry forward) is expected to be greater than 25 percent of the current year's total approved budget. The total approved budget amount includes the current year and any carry forward from prior years of the project period. If the unobligated balance is greater than 25 % of the total approved budget, the grantee must provide an explanation and indicate plans for expenditure of those funds within the current budget year.

For awards that require an annual Federal Financial Report (FFR), the amount to be automatically carried forward must be specified under item 12, "Remarks."

For both SNAP and non-SNAP, when a grantee reports a balance of unobligated funds in excess of 25% of the total amount awarded for the budget period, the Grant Management Officer (GMO) will review the circumstances resulting in the balance to ensure that these funds are necessary to complete the project, and may request additional information from the grantee, including a revised budget, as part of the review.

Application:

All sponsored projects

Exceptions:

Discretionary, Donor Restricted

Procedure:

PIs and Department Administrators are responsible for monitoring the spending on their grants and familiarizing themselves with the award terms and carry forward policies of their sponsoring agencies. Every attempt should be made to spend all available funds within each budget period, and at a minimum the balance should not exceed 25% of the budget for federal awards. Research Financial Analysts will assist PIs in complying with the specific guidelines of all sponsors regarding carry forward of unobligated balances.

As part of the Competing or Non-Competing application review, the Proposal Development Specialist (PDS) will examine the last monthly budget status report for that specific project to see if the unobligated balance at the end of the budget year is going to be greater than 25% of the current year's total budget. The PDS will request verification from the project's Research Financial Analyst (RFA), who will review and if necessary, discuss with the PI/Administrator so that these individuals can correctly respond to the questions regarding carry forward in the NIH non-competing application.

Below is a sample of how the calculations should be made to determine if the unobligated balance should be reported as "significant" on any federal progress reports:

	Year 1	Year 2	Year 3	Year 4
NOGA (approved budget)	\$300,000	\$350,000	\$375,000	\$1,250,000
Previous year Carry Forward (CF)	0	\$ 50,000	\$100,000	\$ 175,000
Total Budget	\$300,000	\$400,000	\$475,000	\$1,425,000
Total Expenditures	\$250,000	\$300,000	\$300,000	\$1,174,000
Unobligated Balance or CF	\$50,000	\$100,000	\$175,000	\$ 251,000

Percentage Carry Forward:

Year 1: $\$50,000/\$300,000 = 16.6\%$; Less than 25%, do not have to report.

Year 2: $\$100,000/\$350,000 = 28.6\%$; Over 25%, has to be reported.

Year 3: $\$175,000/\$375,000 = 46.6\%$; Over 25%, has to be reported.

Be aware that the GMO may want a revised budget, or adjust next year's award.

Year 4: $\$251,000/\$1,250,000 = 20\%$; Less than 25%, do not have to report.

If the actual unobligated balance reported on the (eSNAP)/Research Performance Progress Report (RPPR) is greater than 25%, the PI must include an explanation on how the funds will be spent in accordance with the specific aims of the project on the progress report.

If the unobligated balance is greater than 25% of the budget reported on an FFR, the PI must provide a written request to the RFA for review and approval by the Associate Director, Research Finance. Once the letter has been reviewed and contains both the PI and Associate Director signatures, the RFA must send it to the sponsoring agency. To reduce the risk of loss of carry forward, the PI's letter should be sent as soon as possible from the date of FFR submission

The letter must at a minimum contain the following information:

- The grant number, title and PI;
- Details of which categories had unexpended funds;
- Explanation as to why these funds were unexpended;
- A budget with details of how the unobligated balance will be used in the next budget period, including facilities and administrative costs (F&A) budgeted at the appropriate (current year) rate; and an
- Explanation of how the allocation of funds will contribute towards meeting the goals of the project, including implications for the project if the request is not approved.

Successive years with large unobligated balances may increase the risk for funding reduction in subsequent budget periods.

Definitions:

N/A

Responsibility:

Principal Investigator
Department Administrator
Grants and Contracts
Research Finance

Forms:

None

Other Related Policies:

39.05.131 Facility & Administration Rate Policy

References:

NIH Grants Policy Statement (10/01/13) Part II: Terms and Conditions of NIH Grant Awards

Subpart A: General- 8.1.1.1 Carryover of Unobligated Balances from One Budget Period to Any Subsequent Budget Period

2CFR PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

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Initiated by: Research Finance

Contributing Departments:

N/A