



OFFICE OF THE VICE CHANCELLOR
FOR RESEARCH

Research Administrators Monthly Meeting May 2018

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Demystifying the Carryover Process

Agenda

- Carryover Presentation
- Questions/Discussion



Learning Objectives

Participants will

- ❖ understand the importance of knowing the terms and conditions (T&C) of a sponsored award
- ❖ grasp the concept of the unobligated balance (UOB), its components and how to manage them
- ❖ understand such concepts as the UOB automatic carryover, prior approval, offset, restriction and how these affect a sponsored award
- ❖ learn the submission process of the carryover request
- ❖ receive a list of resources to help further their knowledge of the carryover process

Unobligated Balance (UOB)

- ❖ Unspent funds or budget remaining at the end of the budget or project period
- ❖ $\text{UOB} = \text{Budget} - \text{Expenditures} - \text{Unliquidated/Pending Obligations}$
- ❖ Managing each component of the UOB is key to a correct figure
- ❖ Goal is to keep UOB as low as possible

UOB is the **official** balance reported on a financial report or final invoice at the end of the budget year or project period.

Managing UOB Components

❖ Budget (What makes up the period budget)

- Awarded funds -- Make sure they are properly reflected in Banner
- Automatic carryover, or approved carryover/offset from prior period(s) per NGA
- Carryover from prior institutions upon relinquishing grant to UIC
- Unliquidated obligations per prior year financial report

❖ Expenditures

- Allowable costs incurred in budget period and posted to ledger, per UG (2 CFR 200), scope of work, budget narrative, etc.
- Make sure internal shadow systems reconcile to Banner
- Make sure all subrecipient and consultant invoices are tracked and accounted for in Banner.

❖ Unliquidated Obligations

- Allowable costs incurred/pending claims not yet paid or satisfied
 - Subrecipient/consultant outstanding charges
 - Outstanding travel charges, etc.

Official UOB per FFR

- ❖ $\text{UOB} = \text{Authorized Budget} - \text{Expenditures} - \text{Unliquidated Obligations}$

Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	644,215.43
e. Federal share of expenditures	591,987.19
f. Federal share of unliquidated obligations	28,952.86
g. Total Federal share (sum of lines e and f)	620,940.05
h. Unobligated balance of Federal funds (line d minus g)	23,275.38

Unobligated Balance Treatment

❖ UOB Treatment Determined by *(in increasing order)*:

- Uniform Guidance (UG) 2 CFR 200.308
 - Section (d)(3) waives prior approval to carry forward UOB to subsequent periods
- Agency Policy and Terms & Conditions
- Program Requirements
- Award Terms & Conditions

❖ UOB Treatment

- May be available for spending
 - Automatic Carryover
 - UOB not restricted
- May be unavailable for spending
 - Prior approval required
 - UOB restricted

Example I: Notice of Grant Award Automatic Carryover (NIH)

SECTION III – TERMS AND CONDITIONS –

This award is based on the application submitted to, and as approved by, NIH on the above-titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- a. The grant program legislation and program regulation cited in this Notice of Award.
- b. Conditions on activities and expenditure of funds in other statutory requirements, such as those included in appropriations acts.

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- c. 45 CFR Part 75.
 - d. National Policy Requirements and all other requirements described in the NIH Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.
 - e. Federal Award Performance Goals: As required by the periodic report in the RPPR or in the final progress report when applicable.
 - f. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

(See NIH Home Page at <http://grants.nih.gov/grants/policy/awardconditions.htm> for certain references cited above.)

Research and Development (R&D): All awards issued by the National Institutes of Health (NIH) meet the definition of "Research and Development" at 45 CFR Part § 75.2. As such, auditees should identify NIH awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA). The auditor should test NIH awards for compliance as instructed in Part V, Clusters of Programs. NIH recognizes that some awards may have another classification for purposes of indirect costs. The auditor is not required to report the disconnect (i.e., the award is classified as R&D for Federal Audit Requirement purposes but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s).

This institution is a signatory to the Federal Demonstration Partnership (FDP) Phase VI Agreement which requires active institutional participation in new or ongoing FDP demonstrations and pilots.

An unobligated balance may be carried over into the next budget period without Grants Management Officer prior approval.

Example I-a: Federal Pass-through Agreement Automatic Carryover

Attachment 4 Reporting and Prior Approval Terms

Subaward Number:

Subrecipient agrees to submit the following reports (PTE contacts are identified in Attachment 3A):

Technical Reports:

- Monthly technical/progress reports will be submitted to the PTE's Administrative Contact within 15 days of the end of the month.
- Quarterly technical/progress reports will be submitted within 30 days after the end of each project quarter to the PTE's Administrative Contact
- Annual technical / progress reports will be submitted within 60 days prior to the end of each budget period to the PTE's Principal Investigator. Such report shall also include a detailed budget for the next Budget Period, updated other support for key personnel, certification of appropriate education in the conduct of human subject research of any new key personnel, and annual IRB or IACUC approval, if applicable.
- A Final technical/progress report will be submitted to the PTE's Principal Investigator within 60 days of the end of the Project Period or after termination of this award, whichever comes first.
- Technical/progress reports on the project as may be required by PTE's Administrative Contact in order for the PTE to satisfy its reporting obligations to the Federal Awarding Agency.

Prior Approvals:

Carryover:
Carryover is automatic

Other Reports:

Example II: Notice of Grant Award No Automatic Carryover (NIH)

SECTION III – TERMS AND CONDITIONS – [REDACTED]

This award is based on the application submitted to, and as approved by, NIH on the above-titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- a. The grant program legislation and program regulation cited in this Notice of Award.
- b. Conditions on activities and expenditure of funds in other statutory requirements, such as those included in appropriations acts.
- c. 45 CFR Part 75.
- d. National Policy Requirements and all other requirements described in the NIH Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.
- e. Federal Award Performance Goals: As required by the periodic report in the RPPR or in the final progress report when applicable.

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- f. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

(See NIH Home Page at <http://grants.nih.gov/grants/policy/awardconditions.htm> for certain references cited above.)

Research and Development (R&D): All awards issued by the National Institutes of Health (NIH) meet the definition of "Research and Development" at 45 CFR Part § 75.2. As such, auditees should identify NIH awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA). The auditor should test NIH awards for compliance as instructed in Part V, Clusters of Programs. NIH recognizes that some awards may have another classification for purposes of indirect costs. The auditor is not required to report the disconnect (i.e., the award is classified as R&D for Federal Audit Requirement purposes but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s).

This institution is a signatory to the Federal Demonstration Partnership (FDP) Phase VI Agreement which requires active institutional participation in new or ongoing FDP demonstrations and pilots.

Carry over of an unobligated balance into the next budget period requires Grants Management Officer prior approval.

Example II-a: Federal Pass-through Agreement No Automatic Carryover

Special terms and conditions:

1. Copyrights

Subrecipient ___ grants / shall grant (check one) to Pass-through Entity an irrevocable, royalty-free, non-transferable, non-exclusive right and license to use, reproduce, make derivative works, display, and perform publicly any copyrights or copyrighted material (including any computer software and its documentation and/or databases) first developed and delivered under this Subaward Agreement solely for the purpose of and only to the extent required to meet Pass-through Entity's obligations to the Federal Government under its Prime Award.

2. Data Rights

Subrecipient grants to Pass-through Entity the right to use data created in the performance of this Subaward Agreement solely for the purpose of and only to the extent required to meet Pass-through Entity's obligations to the Federal Government under its Prime Award.

3. Automatic Carry Forward: Yes No

(If No, Carry Forward requests must be sent to Pass-through Entity's Administrative contact, as shown in Attachment 3)

NIH Awards

❖ Streamlined Non-Competing Award Process (SNAP)


- Research awards (Rxx) except R35, and Career awards (Kxx)
- FFR due at end of segment (4-5 year project period)
- Have expanded authorities
 - UOB carries over automatically to next segment
 - GCO does not restrict UOB in Banner

Note: UOB >25% may require explanation

❖ Non-SNAP

- Generally other than Rxx and Kxx awards
- Includes, but not limited to: center grants (Pxx), cooperative agreements (Uxx), training grants (Txx)
- Annual FFR due at end of each budget period
- Generally excluded from expanded authorities, unless otherwise stated in award T&C's
 - PI/Dept must request approval to carry over UOB
 - GCO restricts UOB in Banner until approval is obtained

Note: Agency approval **MUST** be issued via NGA/NoA



Restrictions, Carryovers, Offsets...OH MY!

Restriction

❖ Applicability

- Prior approval for carryover required per T&C's

❖ Implications

- Banner budget at the end of budget period is reduced by UOB amount
- UOB is unavailable for use
- PI must submit request to use all or part of UOB
- UOB remains restricted until an NGA/NOA indicates carryover has been approved

Carryover

❖ **Automatic (Fully)**

- No need to submit carryover request.
- UOB is available in full--none of it is restricted (NSF, DOE, USDA, NASA, DED)

Re NIH, if the balance is greater than 25% of the budget there may be a need to provide a justification to the GMS.

❖ **Automatic (with varying degrees)**

- Some sponsors allow automatic carryover up to 25% of budget (HRSA, AHRQ)
- Others allow up to 10% (SAMHSA)
- Others set a monetary ceiling (up to \$10K, AHA)

How to Calculate UOB Threshold

- ❖ Total budget multiplied by sponsor threshold

	Budget	Expenditures	Unobligated Balance	Adjusted Budget
Year 1	100,000.00	80,000.00	20,000.00	80,000.00
Year 2			Year 2	
Authorized	100,000.00		Authorized	100,000.00
Carryover from Year 1	20,000.00		Carryover from Year 1	-
Total Budget	120,000.00		Total Budget	100,000.00
Current Year Expenditures	80,000.00		Current Year Expenditures	80,000.00
Balance	40,000.00		Balance	20,000.00
Total Budget x 25%	30,000.00		Total Budget x 25%	25,000.00
<i>Balance is > 25% of the total budget</i>			<i>Balance is < 25% of the total budget</i>	

Offset

- ❖ The GMO/GMS can decide to reduce the current or future level of funding. Reasons for that include:
 - Large unobligated balances
 - No carryover requests submitted
 - Change in scope of work

SUMMARY TOTALS FOR ALL YEARS								
YR	THIS AWARD				CUMULATIVE TOTALS			
	Total	Pre	Post	Short Term	Cumulative Total	Pre	Post	Short Term
7	\$284,766	4	2		\$284,766	4	2	
8	\$301,760	← 4	2		\$301,760	4	2	
9	\$301,760	← 4	2		\$301,760	4	2	
10	\$301,760	4	2		\$301,760	4	2	

Recommended future year total cost support, subject to the availability of funds and satisfactory progress of the project

Offset (con't.)

SECTION I – AWARD DATA – [REDACTED]

Award Calculation (U.S. Dollars)

Training Expenses	\$32,500
Stipends	\$184,464
Trainee Tuition/Fees	\$62,255
Trainee Travel	\$4,800
Federal Direct Costs	\$284,019
Federal F&A Costs	\$17,741
Approved Budget	\$301,760
Federal Share	\$301,760
Less Unobligated Balance	\$16,994
TOTAL FEDERAL AWARD AMOUNT	\$284,766
AMOUNT OF THIS ACTION (FEDERAL SHARE)	\$284,766

Offset.



NIH Awards - Section IV

Section IV - Special Terms and Conditions discloses the action taken regarding the UOB, whether carryover or offset.

SECTION IV – AG Special Terms and Conditions – [REDACTED]

Includes authorization to utilize \$359,388 of the unobligated balance from the -07 budget period in accordance with the request of 12/21/2011.

SECTION IV – DE Special Terms and Conditions – [REDACTED]

This award has been adjusted to reflect an offset based on the available unobligated balance reported on the - 05 year Financial Status Report/Federal Financial Report dated 10/28/2013.

Carryover vs. Offset

Carryover

Reallocation of funding from one period to another: no loss of funds

- ❖ Section I of NGA shows some action is taken re UOB
- ❖ Section IV of NGA (T&Cs) explains nature of action -- carryover
- ❖ Amount of carryover is added to current year's authorized funds (award) to form total budget. So, $\text{Budget} = \text{New money (as projected)} + \text{"recycled dollars" from prior year(s) UOB}$

Offset

Cut in funding over project period

- ❖ Section I of NGA shows some action is taken re UOB
- ❖ Section IV of NGA explains nature of action -- offset
- ❖ Upon receipt of the FFR, the GMO/GMS will determine if an offset will occur
- ❖ $\text{Budget} = \text{Reduced New money} + \text{"recycled dollars" from prior year(s) UOB}$
- ❖ Once UOB is offset, those dollars are no longer available to request as carryover.

Carryover vs. Offset Illustration

	Award	Expenditures	Unobligated Balance		
Year 1	100,000	80,000	20,000		
Year 2	100,000				
Total	200,000	80,000	20,000		

Carryover *Sponsor allows Year 1 FFR unobligated balance carryover into Year 2*

	Award	Award Impact	Adjusted Award	Budget Impact	Adjusted Budget
Year 1	100,000		100,000	(20,000)	80,000
Year 2	100,000		100,000	20,000	120,000
Total	200,000	0	200,000	0	200,000

Offset *Sponsor uses Year 1 balance as an offset against Year 2 funding*

	Award	Award Impact	Adjusted Award	Budget Impact	Adjusted Budget
Year 1	100,000		100,000	(20,000)	80,000
Year 2	100,000	(20,000)	80,000	20,000	100,000
Total	200,000	(20,000)	180,000	0	180,000

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Why Does This Matter?

- ❖ Do you know which provision is applicable to the unobligated balance on your award?
- ❖ Can you afford to lose funds that could be spent towards the original goals and objectives of the program?
- ❖ Who wants to leave funds on the table that they need to further their research???
- ❖ Is the balance on your grant CFOP due to an oversight in budget restriction by GCO or is it a true balance available for you to spend?



When to Request Carryover

- ❖ Carryover requests are made
 - at the time of immediate need
 - and only when the amount requested can and will be spent within the budget period in which the carryover request was made
- ❖ Prior to submitting a request, discuss it with the sponsor



How to Request Carryover

❖ Include the following in an email request to awards@uic.edu

- Grant number and PI name
- Amount of funds to be carried over
- Explanation for the unobligated balance
- Plan for use of carryover funds
- Include a detailed budget and justification for all items, including any subcontract costs
- name and email address of sponsor contact



Justifying the Request for Carryover

- ❖ When preparing a justification for a carryover request, grantees should answer the following questions:
 - ❖ Why were the funds not spent in the past year?
 - ❖ What additional work will be done during the current grant year that is not possible with the budget currently allotted to this year?
 - ❖ Is the request essential? Are costs reasonable, allowable, necessary and in line with the existing budget? Are there new costs that were previously unforeseen? How will the work be impacted if the funds are not carried over?



Submitting the Request for Carryover

- ❖ ORS will review the request and forward it with institutional approval to the sponsor
- ❖ If the request is approved, a revised Notice of Award will reflect the additional authorized funds for the current budget period

In Summary

- ❖ When in doubt, please consult with Office of Research Services, Grants and Contracts, or your Grant Management Officer at the awarding agency
- ❖ Partnership among Investigators, Business Managers, ORS, and GCO is key to successful management of the award!

Resources

- ❖ Uniform Guidance 2 CFR 200 https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- ❖ HHS Grants Policy Statement
 - <https://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf>
- ❖ NIH Grants Policy Statement
 - <https://grants.nih.gov/policy/nihgps/index.htm>
 - Section 8 Administrative Requirements
- ❖ University of Illinois - Sponsored Projects Cost Principles
 - <https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles>
- ❖ Terms and Conditions of your grant or contract
- ❖ Prior Approval Matrix (NSF, DOE, NIH, USDA, DOC, NASA)
 - https://www.nsf.gov/bfa/dias/policy/fedrtc/appendix_a.pdf
- ❖ Department of Education - EDGAR Expanded Authorities
 - <https://www2.ed.gov/about/offices/list/oela/expandau.html>

Questions/Discussion



Next Meeting

Wednesday, June 20 from 1-2pm

Topic:
State Contracting and Small Business
Subcontracting