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CARRYOVER Best Practices

Background and Purpose

In situations, where you have remaining unspent funds near the end of a project period, you can use appropriate justification to request a **carryover** of those funds into the next budget period.

Unobligated funds remaining at the end of any budget period, with the approval of the sponsor or with automatic carryover, may be carried forward to the next budget period to cover allowable costs of that budget period. There must be a bona fide programmatic need justified for the use of carryover funds in the next budget period.

Obligated/Committed funds are not considered carryover (for instance, funds already obligated to subcontracts during that period).

The term “carryover” is synonymous with “carryforward”

Common Carryover Examples

NIH Process

The Notice of Award (NOA) dictates whether Boston University has automatic carryover or if it requires prior approval.

- Does the NOA indicate automatic carry forward?
 - YES - If the carryover is automatic then typically one internal order number (IO) is assigned for the life of the award.
 - NO - When carryover requires prior approval, separate IOs are created for each year. BU would need to request approval from NIH to carryover funds from the prior year to the current year. Once approved, BU receives a revised NOA, deobligates funds from the previous IO, and attributes the carryover funds to the current IO. Examples of NIH grant mechanisms requiring prior approval are U and P awards.

NSF Process

NSF grants are awarded as either a lump sum or incrementally funded awarded.

- In both cases, automatic carryover is granted and typically one IO is issued for the life of the award. If NSF restricts carryover, it will be noted in the NOA.
- NOTE: Restricted carryover for NSF grants is rare

Non-Federal Process

The Award Agreement dictates whether Boston University has automatic carryover or if it requires prior approval from the sponsor.

- Non-federal awards vary dramatically with their guidelines thus the department should always reference the Award Agreement and discuss with their SP RA and the Foundation Relations team. The department and the SP RA/Foundation Relations team will determine next steps and seek approval if needed.
- Is Sponsor approval is required for carryover?
 - YES - When carryover requires prior approval, the department should provide a written justification for why there are funds remaining and how they will be used going forward, along with a budget. The SP RA/Foundation Relations team will then submit the



information directly to the Sponsor for approval. Once approved, (approval comes in various forms), funds will be deobligated from the previous IO, and attribute the additional funds to the current IO. Separate IOs are created for each year.

When BU is the subrecipient

Review the NOA to determine the terms and conditions associated with carryover. If automatic carryover is not automatically granted to BU, a request has to be made to the prime recipient/pass through entity via your SP RA.

Process Flow

1. The department notifies their SP RA of the need to carryover funding from one year to the next.
2. The SP RA, or Foundation Relations team, when appropriate, will review and submit the request to the Sponsor for their approval.
3. Upon receipt of Sponsor approval, the SP RA forwards approval internally for processing.
4. In the rare circumstance that automatic carryover is a term of the award, but a new IO for each year is required, the SP – Post RA, upon acceptance of the FFR or Final Invoice by the sponsor, completes the carryover action. SP – Post, as part of the closeout of the previous I/O, reduces the unspent amount and now adds carryover to the Other Direct and F&A budgeted line of the current I/O.
 - a. If the department wants to rebudget the carryover funds from Other Direct, they must work with their SP RA.
5. When carryover requires prior approval, the SP – Post RA reduces the unspent amount confirmed for the FFR submission. This will show up in BW reports as “Closeout Bottom Line”. Upon receipt of sponsor approval, the addition of the carryover to the budget is then processed by SP.
 - a. Carryover detailed budgets are applied accordingly, or if not available set up is based on a direct/indirect split into the new IO.
 - b. If a detailed budget was not available and the department wants to rebudget the carryover funds from Other Direct, they must work with their SP RA.
6. An internal Award Notification (AN) is emailed out to the PI, DA, SP – Post RA, and SP RA.

Note: Due to multiple variables, including acceptance of FFRs and delays in sponsor approvals, the entire above process of carryover can take weeks to months. Plan accordingly.

Abbreviations

Abbreviations	Meaning
AN	Award Notification
DA	Department Administrator
FFR	Final Financial Report
IO	Internal Order number
NIH	National Institutes of Health
NOA	Notice of Award
NSF	National Science Foundation
SP – Post RA	Sponsored Programs Post Award – Research Administrator
PI	Principal Investigator
SP RA	Sponsored Programs - Research Administrator
SP	Sponsored Programs



Roles and Responsibilities

Role	Responsibility
Department Administrator/School Administrator	After reviewing award financials, if carryover is not allowed without sponsor approval, draft letter that justifies why there are funds remaining and how they will be used going forward, draft budget for those funds, attach any other supporting documentation received from PI, forward request to SP RA, and when appropriate, the Foundation Relations team.
Principal Investigator	Alert DA that carryover request is needed.
SP RA	Assist the department with any carryforward requests that require approval by the Sponsor; Update financial systems with budget increases or re-budget requests as needed
SP – Post RA	Assist the department by confirming the remaining balance total for carryover request. Process automatic carryover after FFR or Final Invoice is accepted by the sponsor. Reviews expenses posted to prior year IO and reduces the funding remaining before closing the IO.

Reference Documents

- <http://www.bu.edu/researchsupport/training-how-to/carryover-and-no-cost-extension-guidance/>
- <http://www.bu.edu/foundations/about-foundation-relations/>