



Division of Grants Management (DGM) Alert # 2022-01

**Subject:** Procedures for Compliance and Review of No Cost Extension (NCE) Requests for Recipients of Federal Financial Assistance

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This Alert provides guidance to the Indian Health Service (IHS) Program Offices for compliance and review of no cost extension (NCE) requests that are subject to HHS Grants Policy, which specifically precludes approval of NCEs if the only justification is having funds at the end of the project period.

This Alert also sets forth guidance for consistent use of NCE policies across all awards issued by the Division of Grants Management (DGM).

The Program Offices are responsible for reviewing the NCE request and determining the following:

1. Is the length of time reasonable to complete the project's currently approved scope of work or objectives?
2. Is the continuity of the project's support required while a competing continuation application is under review?
3. Is the extension necessary to permit an orderly phase-out of a project that will not receive continued support? Will the extension ensure current project activities are completed?
4. Is the detailed reason within the scope of the current project goals and objectives (no new project activities)?
5. If unobligated funds are being requested to cover expenses, was a detailed explanation as to how much and for what purpose included?
6. Has the recipient demonstrated satisfactory progress throughout the project period?

The Program Offices are also responsible for ensuring satisfactory progress throughout the award's project period by providing assistance on all programmatic inquiries and concerns recipients have.

This Alert is in effect until it is superseded. If you have any questions, please contact the DGM Grants Policy Inbox at [dgm@ihs.gov](mailto:dgm@ihs.gov).

## Attachment

### Purpose

A NCE is a post-award change requiring prior approval. The one-time extension is requested at least 30 days prior to the end date of the project period of a previously approved award without additional funding. Per HHS Grants Policy, the extension may be requested for up to 12 months for the close-out of grant activities, but have typically been approved for 3 - 6 months. The extension is not for the purpose of using carryover funds or any other unobligated funds at the end of the project period. The extension must be justified on the basis of time required to complete existing project activities, or permit the orderly closeout of the award. There can be no change in the project's currently approved scope of work or objectives, including no new project activities.

### Reasons for Request

1. Additional time beyond the established expiration date is required to ensure adequate completion of the currently approved project.
2. Continuity of an IHS grant support project is required while a competing continuation application is under review.
3. The extension is necessary to permit an orderly phase-out of a project that will not receive continued support.
4. The recipient must demonstrate that they have made satisfactory progress throughout the project period.

### Recipient Submission Requirements

A NCE request must be submitted as an amendment application through Grant Solutions. The amendment will be reviewed by the Grants Management Specialist (GMS) and the Program Officer (PO). As with any amendments, recipients should email the GMS to notify them of the request.

To ensure a proper review and final decision, the following information must be provided in a cover letter, on your organization's letterhead, signed and dated by the Authorizing Official (AO) listed on your Notice of Award (NoA):

- The length of time the NCE will be needed, stated as a date range. For example, "We request a no cost extension from January 1, 2023 through March 31, 2023."
- A detailed reason why the NCE is needed.
- A detailed description of what will be accomplished during the NCE.
- If you plan to use unobligated funds to cover expenses incurred during the NCE, provide a detailed explanation as to how much and for what purpose.

The recipient will also provide the following in the amendment application submitted through Grant Solutions:

- Budget/Budget Justification (SF-424A): If unobligated funds will be used during the NCE, submit a detailed budget and budget justification as to how the funding will be used.

The NCE request should be submitted by the recipient at least 30 days before the end of the project period end date. Processing an amendment takes time, and there may be delays if there are problems with the documents submitted by the recipient.

## **NCE Processing**

Upon receipt of the NCE amendment application, the GMS will:

- Review the application to ensure all documents have been submitted to explain and substantiate the request.
- Consult with the IHS Program Official about the request.
- If approved, execute an amended Notice of Award (NoA) to extend the budget period and project period end dates.

**Note:** All previous terms and conditions of the current award apply during the extended period. All reporting requirements must continue on the reporting frequency set forth in the original award. Final reports are delayed until after the NCE ends.

## **Enforcement Actions**

In consultation with the Program Office, DGM reserves the right to deny NCE requests that are not in compliance with HHS Grants Policy. A NCE request can be denied for the following reasons:

- Unsatisfactory progress throughout the project period.
- If the only justification is having funds at the end of the project period.
- To spend down carryover funds or any other unobligated funds at the end of the project period.
- Any change in the project's currently approved scope of work or objectives, including new project activities.

Per HHS Grants Policy, a recipient may not extend a project period previously extended by the awarding office (DGM). Any additional project period extension beyond the one-time extension of up to 12 months requires OPDIV/DGM prior approval.

## **New Guidance for the Special Diabetes Program for Indians (SDPI)**

Typically, NCEs for orderly closeout are granted for 3 - 6 months; however, a shortened timeframe is required for the 2023 SDPI applicants. Entities are not allowed to have 2 grants with the same goals and objectives operating simultaneously. The Department of Health and Human Services (HHS) requires DGM to closeout grants after each competitive segment that is no longer than 5 years. The SDPI program had not been following the policy guidance. In an effort to address the deficiencies within the program, we are allowing grantees to have 3 months to administratively close their projects while operating their new award (if approved). Please note, the funds will remain with the agency (IHS), and the Division of Diabetes Treatment and Prevention (DDTP) will determine how these funds will be allotted for future initiatives.