



March 1, 2023  
DGM Policy Alert # 2023-01

## Policies and Procedures for Submitting & Reviewing Carryover Requests

MEMORANDUM FOR: All Indian Health Services (IHS) Program Offices and Recipients of Federal financial assistance

FROM: Marsha Brookins  
Director, Division of Grants Management

This Alert provides guidance to the Indian Health Service (IHS) program offices and recipients of Federal financial assistance for compliance and review in submitting carryover requests that are subject to HHS Grants Policy.

This Alert also sets forth guidance for consistent use of carryover policies across all awards issued by DGM.

The HHS Grants Policy Statement (GPS), Part B-2, Appendix B: Glossary, defines carryover as “unobligated federal funds remaining at the end of any budget period that may be carried forward to another budget period to cover allowable costs of that budget period (whether as an offset or additional authorization). Obligated but unliquidated funds are not considered carryover.” Unliquidated funds are defined as commitments of the recipient and are considered to be obligations (funds owed but not yet paid) and should not be reported as unobligated balances.

Recipients of federal financial assistance must seek prior approval from the operating division (OPDIV), DGM for a carryover request if automatic carryover is not provided as an expanded authority on their Notice of Award (NoA). The HHS Grants Policy Statement, Part II-58, Exhibit 6. Summary of Expanded Authorities, defines the expanded authority for carryover as unobligated balances that can be carried over from one budget period to the next successive budget period.

If the award does not have expanded authority for carryover, recipients are responsible for submitting the following no later than 30 days before the proposed change (HHS, GPS, Part II-56):

- **The Federal Financial Report (FFR, Form SF-425)** for the grant from which funds are being carried over (for the most recent grant award budget period).
  - The unobligated balance of federal funds on this SF-425 will be the amount of funding available for carryover.
  - For your carryover request, be sure to not include restricted funds from previous years, including any indirect costs that have been incurred but not drawn down for previous years. If you have such restricted costs, note them in the

REMARKS section of the SF-425.

- **Cover letter, on letterhead and addressed to the GMS, and signed by the “Authorized Official”** (from Item #21 on your SF-424). This cover letter should provide the following information:
  - **Grant number**;
  - **Amount to be carried over** (may be less than but cannot exceed the unobligated balance of federal funds less any restricted costs); and
  - **Explanation** of why this carryover is needed, and what objectives will be achieved using the funds. The objectives must be part of the previously approved scope of work.
- **Attach the following 4 items to the cover letter:**
  - **Detailed description** of activities/initiatives to be funded with the carryover funds;
  - **Scope of Work** that embraces these activities/initiatives in terms of how the activities/initiatives will lead to outcomes (goals/objectives/measures to be achieved) based on the uncompleted goals/objectives/measures of the past grant years;
  - **Detailed budget** for the carryover funds, using Form SF424A. Do not rebudget or combine the funds with the award amount for the current budget period / grant year; and
  - **Budget narrative justification** for the carryover funds including explanations for all costs and special justification for any capital equipment costs, such as a car or modular or special key staff needed for the effort).

To submit a request:

- Submit the request in Grant Solutions by selecting Amendment Type: Carryover Request.
- Upload the above specified documents (signed/dated cover letter and supporting documentation) to the request, as a scanned file.
- Click verify submission.
- For technical assistance please contact your assigned GMS.

Program Offices:

- If you receive a carryover request from a recipient, immediately forward the request to the assigned GMS.
- Review and approve requests only if the request is within the previously approved scope of work and the recipient has demonstrated satisfactory progress throughout the project period.
- Email your approval/disapproval to the GMS. If disapproval is recommended, state the reason.

DGM Review Process:

- The GMS will review the carryover request within 30 days from the time, they receive all of the required documents.
- Verify the available unobligated balance on the FFR is equal to or greater than the

carryover request.

- Review the grant history for any previous requests/approval that are not fully spent. A pattern of not spending money or requesting but not spending carryover funds, may indicate that the grant is overfunded, the carryover is not necessary, and DGM may consider reducing future year commitments or offsetting unobligated balances.
- The HHS Grants Policy Statement, Part II-51 states “if the funds available exceed the OPDIV share of the approved budget for the current budget period, the GMO (Grants Management Officer) may select one of the following options:”
  - Revise the NoA to allow the recipient to use the requested funds;
  - Offset the current award or a future award budget period by some or all of the unobligated balance; or
  - For awards with expanded authorities, restrict automatic carryover in the future, use the current unobligated balance to reduce or offset funding for a future budget period, or use a combination of these actions.