



<b>SOP Title:</b> Managing Awards with Bracketed Funding / Restricted Carryforward on Sponsored Projects	<b>Prepared Date:</b> 10/17/2023
<b>Prepared By:</b> RO/FSS Research Administration Bracketed Funding Workgroup	<b>Last Updated:</b> 12/22/2023

### **Purpose/Background:**

The Research Office (RO), Office for Sponsored Research and Award Administration (OSRAA), and the Division of Finance and Administration (DFA) have collaborated to streamline and document business functions and to clarify roles and responsibilities for Research Administration. As there was no consistent method in place to ensure proper management of bracketed funds and for requesting carryforward when required, a dedicated collaborative workgroup was established to develop and implement a policy and workflow based on best practices.

Uniform Guidance requires that the university identify federal awards and programs with accurate, current, and complete financial records in accordance with the reporting requirements, making it necessary to segregate, finalize, draw/invoice, and report on these funds at the conclusion of each budget period. In addition, we must be able to reproduce a list of expenses posted to each distinct budget period when carryforward is not automatically granted.

This SOP is to:

- Define roles and responsibilities when award terms indicate bracketed funds.
- Create a common understanding of the process and when it applies so that:
  - Award terms are communicated to principal investigators and their fiscal and administrative research support teams from the time the award is accepted,
  - Costs are properly recorded in the designated budget period,
  - Financial system flags are established to alert staff of expiring budget periods,
  - Claims and reports are completed accurately and timely using system events and reporting tools,
  - Carryforward requests are made timely and, when necessary, expired funds are deobligated and removed from the expired indexes,
  - New indexes are created timely as a procedural step in the transition from one budget period to the next, and
  - Expired indexes and funds are terminated on a timely basis.

### **Scope:**

The scope of this SOP is University wide. Principle Investigators and sponsored project personnel, as well as OSU personnel involved with the conduct and administration of sponsored award activities are affected by this procedure.

### **Definitions:**

Definitions are restated from the policy for ease of use.

- **Bracketed funding**, also referred to as *bracketed spending* is a subset of project funding restricted to a shorter budget period than the overall sponsored project period of performance. These funds

may need to be tracked, reported, or invoiced separately from other project funds **and** do not have automatic carryforward of any remaining funds into future periods of performance or task(s) without sponsor approval.

- **Carryforward** is the unspent or unobligated balance of funds from a prior budget period(s) which the recipient may request to use in the current budget period to meet the needs or support the objectives of the project. Awards on which carryforward is restricted will be treated as bracketed funding. The terms *carryforward*, *carry forward*, *carry over*, and *carryover* are often used interchangeably, and at OSU will all be taken to have the same meaning.

Note: NIH and some other universities draw a distinction between the definitions of carryforward and carryover, which may impact the overall spending authorization. Should this occur, the award document will provide the necessary budget impact clarification.

**Process:**

**1. OSRAA: Award Execution and Setup in Banner**

- 1.1. When an incoming award is received in the Office for Sponsored Research and Award Administration (OSRAA), the **Grant and Contract Officer (GCO)** will evaluate the terms and conditions for language restricting carryforward and will flag the award as having bracketed funding. Any award which restricts carryforward from one budget period to subsequent budget periods will be managed as indicated in this document.
- 1.2. Upon determining that an award meets the institutional definition of bracketed funding, the **GCO** will mark the Carryforward Restricted “Yes” box (indicating a bracketed funding budget period) on the PI letter.
- 1.3. If new information is received at a later date indicating that carryforward is restricted, the **GCO** announcement will include the update in the notes section and **OSRAA Set-up (Set-up)** will add a sticky note to the Original Award in OnBase.

Carryforward Restricted?	If yes, award has bracketed funding and carryforward Is not allowed from one budget period to the next.	Bracketed funding budget period
<input type="checkbox"/> Yes <input type="checkbox"/> No		

- 1.4. **Set-up** will make the following entries in Banner to identify the award as bracketed funding:
  - a) Enter the period of performance dates in the date fields in the main tab of FRAGRNT, according to OSRAA setup protocol.
  - b) Enter the bracketed funding indicator in the user defined field section of FRAGRNT to distinguish the award as such. The user defined field is “Carryforward Restricted?” and entry will be “Yes” when applicable. The indicator will not be used when carryforward is automatic and not restricted.
  - c) Cite the end date of the first budget period in the fund title, using the standard date convention in Banner FTMFUND.
  - d) Add the budget period start and end dates for the bracketed funding period in Banner FRMFUND. As new bracket amendments are received, the dates will be updated to reflect the new budget period start and end dates. This will create new entry records and a history of activity will be logged in Banner.

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\***Fiscal Support Units** include personnel from Financial Strategic Services and other individuals or units providing research administration support to Principal Investigators, Research Office personnel who support research centers and institutes, and Cascades Campus.

- e) Add the index information to the PI letter and note the date of the bracketed performance period, then send it to the PI and the corresponding fiscal support unit\*. (Note: Set-up does not establish indexes for future periods at this time.)

**1.5. OSRAA Grant Accountant (GA)** will add bracket closing events to Banner (FRAEVGA) to perform final invoice, draw, and/or financial report events as required to ensure timely reporting and invoicing.

## **2. Principal Investigator (PI) and Fiscal Support Unit\* Project Spending and Expenditure Monitoring**

- 2.1. PI and Fiscal Support Unit\*** personnel review guidance provided in the PI letter and other award terms and conditions.
- 2.2.** Expenditures incurred during the current budget period are charged against the current period index.
- 2.3.** Spending will be reviewed for allocability and allowability, given project period restrictions.
- 2.4.** If necessary to accommodate urgent business needs, fiscal support staff will request pending indexes for charges which span multiple budget periods (i.e., prepaid or partially prepaid expenses). Note: Departments assume risk for any unreimbursed expenses. See instructions on the [OSRAA pending index request form](#).

## **3. OSRAA: Advance Notice of Closing Current Budget Period**

- 3.1. OSRAA Business Systems Analyst (BSA)** generates bracketed advanced budget period closeout messages 60 days ahead of current budget period end date. This communication provides a due date for final expenditures to be reported to OSRAA's Financial Management life cycle team, instructions for requesting pending indexes and carryforward if needed.
- 3.2.** Messages will be created by mail merge of bracketed message template and the data drawn by combination of "Bracketed" in User Defined Fields and the budget period end date in FRMFUND.
- 3.3. BSA** to provide messages to **OSRAA student** who will deliver the messages to **Fiscal Support Unit\*** and **PI** from the [OSRAA.Finance@oregonstate.edu](mailto:OSRAA.Finance@oregonstate.edu) email box.
- 3.4. BSA** will provide the list of funds receiving these advance notices to the **GA** life cycle teams and to the **Director for Sponsored Programs, Financial Management**. This list will provide advance notice of upcoming closeouts and provide time for the **GA** to update FRAEVGA events if needed, as well as a comprehensive list of funds and indexes that will need to be finalized and terminated.
- 3.5. BSA** provides the list to **Set-up** to alert that successor funds and index(es) are needed to record expenses for an upcoming budget period.
- 3.6. Set-up** establishes funds and index(es) for the upcoming budget period and announces to **Fiscal Support Unit\*** and **PI** with instructions to use the new index with the start of the new bracketed budget period.

Note: Consistent with current OSRAA Set-up procedures, subawards will move to the new bracketed index with the rest of the funding for the new budget period.

## **4. PI and Fiscal Support Unit\*: Closing Current Budget Period**

- 4.1. Fiscal Support Unit\*** and **PI** proceed with closeout activities to close the current bracket and begins posting new expenses to the new index.

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- 4.2. Fiscal Support Unit\*** and **PI** monitor spending to ensure expenses are recorded in the appropriate budget period. Any expenditures that do not post to the correct budget period are corrected via JV prior to the date by which final expenditures are required to be reported to OSRAA. If there is a subaward on bracketed funds, confirm the final carryforward amount with [Subawards@oregonstate.edu](mailto:Subawards@oregonstate.edu). As noted above, subawards will move to the new bracketed index with the rest of the funding for the new budget period.
- 4.3. Fiscal Support Unit\*** confirms final expenses for the bracket to OSRAA's Financial Management life cycle team at [OSRAA.Finance@oregonstate.edu](mailto:OSRAA.Finance@oregonstate.edu) by the stated deadline.

## 5. OSRAA: Closing Expired Budget Period

- 5.1. GA** completes the final invoice, financial report, and/or adds the amount to draw to the appropriate Final Draw Tracker for the prior bracket period by the sponsor's deadline, as stated in the terms and conditions of the award. After completing Bracketed events, **GA** will go into FRAEVGA to manually update the event record as "satisfied".
- Note that entering an amount for carryforward on the Federal Financial Report SF-425 does not eliminate the need for a carryforward request, justification, and budget and must be consistent with amounts requested with the carryforward request submitted to the sponsor for approval.
- 5.2.** After expenses are finalized, **GA** reduces the budget on the closing budget period and then terminates the index in Banner FTMACCI.
- This may be described as a "temporary close", which creates a mismatch or orphan record where the status of the index and fund are not aligned with each other.
  - Terminating the index will prevent accidental use of the outdated index during the closeout process.
- 5.3.** After all expenses are billed and revenue matches expenses, **GA** terminates the fund record in Banner FRMFUND.
- Note: At fiscal year-end, orphan indexes will need to be temporarily reopened and terminated again after the period 12 close. This is not necessary if both the fund and index have been terminated.

## 6. Requesting Carryforward of Unspent Funds

- 6.1.** If carryforward is needed for programmatic reasons, a request must be submitted to the sponsor. At direction of and with input from the **PI, Fiscal Support Unit\*** prepares the request using the OSRAA carryforward request template and fulfilling all stated requirements, secures **PI** signature, and submits to the **OSRAA Grant and Contract Administrator (GCA)**. **Fiscal Support Unit\*** confirms the status of current period subaward spending for with **GCA**. (Note: Carryforward request template is available on the [Forms](#) page of the OSRAA website.)
- 6.2. GCA** reviews the carryforward request ensuring that:
- The need/justification for the carryforward request is reasonable and adequately documented.
  - The amount being requested as carryforward reconciles to the remaining unspent balance reflected in Banner for the specified funding period, or, if not, the carryforward request is clear that not all available funding is being requested to roll forward.

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- c) If the carryforward request also requires a rebudget per the terms and conditions of the award, **Fiscal Support Unit\*** will attach a completed and signed OSRAA rebudget form to the request form. (See Rebudget Form for Sponsored Projects form, Guidance, and Prior Approval Matrix located on the [Forms](#) page of OSRAA website.)
- d) If there are additional contractual requirements, the **GCA** will work with the **GA** and **Fiscal Support Unit\*** to confirm and report amounts.

6.3. If rationale and all documentation is satisfactory, **GCA** submits the completed carryforward request to the sponsor and logs the pending action into the award database.

## 7. Budgeting Approved Carryforward into Next Budget Period

- 7.1. If the carryforward request is approved by sponsor, **GCA/GCO** accepts and executes the modification, files all documents in Cayuse, and routes to **Set-up** for entry of the award modification.
- 7.2. **Set-up** adds the approved carryforward budget to successor budget period and notifies **PI** and **Fiscal Support Unit\*** of the budget change.
- 7.3. If the carryforward request is denied by the sponsor, the correspondence is loaded into OnBase as “Correspondence – Authorizations” and **GCA** notifies **GA**, **PI**, and **Fiscal Support Unit\*** that carryforward has been denied.

## 8. Resources

OSRAA Policies: <https://research.oregonstate.edu/osraa/osraa-policies>

- *RO Policy 24-006: Bracketed Funding / Restricted Carryforward on Sponsored Projects*

OSRAA [Frequently Asked Questions](#) (FAQs)

OSRAA [Training](#)

- *Standard Operating Procedure: Managing Awards with Bracketed Funding / Restricted Carryforward on Sponsored Projects*
- *Workflow: Managing Awards with Bracketed Funding / Restricted Carryforward on Sponsored Projects*
- OSRAA Outreach and Education recording, 11/16/2023

OSRAA [Forms](#)

- *Carryforward Request Template*
- *Rebudget Form for Sponsored Projects*
- *Rebudget Guidance and Prior Approval Matix*

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## Finance and Administration Controller's Unit [Forms](#)

- *Sponsored Award Closeout Checklist*

### Federal Uniform Guidance:

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards §200.303 Internal Controls](#)

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards §200.403 Factors Affecting Allowability of Costs](#)

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards §200.302 Financial Management](#)

### History

Original Issue Date: 1/1/2024

Previous Versions: None

Next Scheduled Review Date: 12/1/2026

### Contacts

Policy Steward: Director of Sponsored Programs, Award Management ([contact info](#))

Office for Sponsored Research and Award Administration (OSRAA) Inquiries: [OSRAA@oregonstate.edu](mailto:OSRAA@oregonstate.edu)

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