

Advance Fund Request Guidelines

March 16, 2018

Purpose

The University of Notre Dame permits and supports the use of an Award Advance account to assist in the initiation or continuation of sponsored projects in advance of the official award document. Award Advances are established when there is a high probability of funding as confirmed by the sponsor and demonstrated need to initiate or continue project work. The financial responsibility for covering advance expenditures in the event an award does not materialize is documented at the time of the Advance request.

Award Advances may be requested for new awards/projects; for incremental awards in which the new budget period has not been received, but for which incremental funding is expected to be received; or to allow continued spending on an existing award after its end date while a request for No-Cost Extension (NCE) is pending with the sponsor.

Definitions

Pre-Award Spending is spending that occurs on a sponsored project prior to receiving the official award notice from the sponsor and at times, shortly after the receipt of the official award. Pre-award spending may be authorized for federal grants where costs are allowed up to 90 days prior to the official start date of the award under expanded authorities granted to the University. Pre-award spending for non-federal sponsors or pre-award spending in excess of 90-days will be addressed on a case-by-case basis.

Advance Accounts - An Advance Account is a fund provided in the University's accounting system to allow expenditures in the absence of a formal award, award increment, or sponsor approved no-cost extension. The account/fund will be established with a budget equal to the amount of the approved advance in a single budget category (7PEND). This same account will be used for the award when received with the full obligated budget. This process reduces the occurrence of cost transfers between funds. Even when authorized by the sponsor, the recipient institution bears all the risk that the award may not materialize. It is important to assess that risk before engaging in spending on pending awards or increments.

Financial Responsibility or Underwriting - An agreement for financial responsibility, or underwriting, should be advanced if the award does not materialize, is made before the advance fund is provided. Advance Accounts may be underwritten jointly by Notre Dame Research (NDR) and the PI's College, solely by NDR, or by a non-sponsored program source of funds available to the PI depending on the assessment of the probability of receipt of the formal award, and the circumstances of the pending award.

Most Award Advances for a new project, for which there is a high likelihood of funding, are jointly underwritten by the PI's College and NDR. Advances for future year increments which have not yet been released by the sponsor, but for which funding is expected, are generally underwritten by NDR. This abbreviated approval process minimizes administrative burden in these more routine, low risk situations. In some cases, a request for advance does not meet the criteria for an NDR and College-supported advance, but the PI requests the ability to underwrite initial project expenditures from discretionary or other non-sponsored program funds available to him/her.

Guidelines

Notre Dame Research will establish Advance Accounts and authorize Pre-Award Spending under the following conditions:

1. There is sufficient assurance from the funding agency that an award is imminent, as determined by Notre Dame Research Administration (NDRA).
2. There is a demonstrated need by the PI to incur expenditures prior to the start date (pre-award spending) or prior to receipt of the executed document (advance accounts). Acceptable reasons for requesting an account include, but are not limited to, the following: equipping a lab or purchasing supplies or purchasing equipment to take advantage of a discounted price; On continuing projects: purchasing supplies and assisting with critical employment commitments.
3. A full copy of the proposal for the project is on file with NDRA.
4. Dates for an advance account should be within the anticipated award period. Pre-award spending must occur within the sponsor allowed pre-award period.
5. When applicable, required compliance approvals have been obtained, including a current Conflict of Interest, IRB, IACUC, or Risk Management approvals.



Roles and Responsibilities

Principal Investigators are responsible for identifying and communicating the need for a potential advance that is consistent with these guidelines and in accordance with the referenced procedures. Principal Investigators communicate the need for an Award Advance to their Grants Program Manager (GPM) for approval and establishment of the advance.

The Grants Program Managers in Notre Dame Research Administration are responsible for responding to inquiries and requesting the Advance fund set up. The GPM will initiate a request for an Award Advance and secure appropriate documentation to support the request.

GPM will obtain the necessary signatures for the units underwriting the Advance, and submit to the Research Contracts and Awards (RCA) function within NDRA, along with all supporting documentation for the request. The responsible Research Contracts Program Manager (RCPM) will ensure the appropriate compliance checks are complete and route the form to the Director, Research Contracts for final signature. Once the form is signed, it is returned to the initiating GPM for the grant fund setup request.

The Research and Sponsored Program Accounting (RSPA) Accountants are responsible for assigning the grant fund number and reviewing the status of the accounts.

On a monthly basis, the Director of Grants Program Management will review the status of all Advance accounts with the Associate Vice President for Research to assess any situations which may require further action or communication with the PI or sponsor. If the initially authorized amount or time period of an advance is exceeded, an increase in the amount authorized or time period for expenditure may be requested.

The Associate Vice President for Research for Notre Dame Research Administration is responsible for the procedural oversight of the guidelines.

FINANCIAL RISK

If the award/increment does not materialize or the project dates are inconsistent with the account set-up dates the entities who have agreed to underwrite the expenditures will provide funds to cover these expenses.

Scenarios

This section identifies the most common scenarios in which the possibility of pre-award or advance spending may present itself. Subject to sponsor guidelines and restrictions, the major factors that are taken into consideration in applying the guidelines in these scenarios follow:

New awards

A new award may be preceded by an informal notification that the University of Notre Dame is the award recipient. There may be a delay between the informal notification of the award and the receipt of the formal notice of award. The informal notification may indicate a high probability that the University of Notre Dame will receive the award. Also, in some cases the nature of the project may involve a “ramp up” period for assembling resources and infrastructure prior to the beginning of the performance period. In these cases, it may be advantageous to begin undertaking initial activities in advance of the start date. However, advance spending accounts on new awards are considered to carry elevated risk precisely because of the uncertainty of funding.

Competing Continuations

Competing Continuations are awards for a sponsored program that have received previous funding, usually for multiple years, and are competing with other institutions for a new period of award funding. Ongoing sponsored program activities may be subject to competing continuations, which, by definition, have an element of uncertainty regarding whether the sponsor will decide to award funds for a new period of performance. Competing continuations are treated as new awards. Counter-balancing the risk associated with these awards is the possible need to assure the continuity of the sponsored program if the sponsor's decision is to continue support. In situations where there is a gap between the end of one funding segment and the beginning of the next, if the probability of continued funding appears to be high, pre-award spending or an advance account may be prudent and appropriate.

Non-competing Continuations

Non-competing Continuations are awards for the second or subsequent funding periods under a multi-period award for which the recipient is not competing with other institutions. Typically, the sponsoring agency will release a non-competing continuation award letter based on a satisfactory progress report from the PI/PD, subject to available funding under its agency appropriation. Advance spending is generally not necessary in non-competing continuations because funding typically continues without interruption.

However, there may be occasions when an advance spending account is appropriate. For instance, if the current year's funding is exhausted before the end of the year, it may be necessary to request an advance on the non-competing renewal year to continue scientific progress. An advance account might also be appropriate if the renewal award is delayed. The reason for delay in an award is normally an important consideration in determining the appropriateness of advance spending.

Subcontracts

When a subrecipient requests pre-award (or advance) spending funds from the prime recipient, the financial risk is borne by the prime institution if the award or funding for the award has not been received. In the case of new awards, it is generally not prudent to engage internally in pre-award spending as a subrecipient. However, if the prime institution has received a firm award from a reliable sponsor, but has not yet received the actual funds, such risk may be considerably diminished. In that case, the University may choose to engage in approved pre-award (or advance) spending as a subrecipient. However, the University does not normally authorize pre-award (or advance) spending for its subrecipients.

Transfers

If a PI/PD transfers from another institution and grants are being transferred to the University, it may be appropriate for the University to permit the transferring PI/PD to incur expenses in advance of the official grant transfer between the PI/PD's former institution and the University being executed. Factors involved in this decision include the degree of the University's certainty that the grant fund balance will be transferred, the position taken by the PI/PD's former institution, the position taken by the sponsor, and the effect a delay might have on the conduct of the sponsored program itself. An analogous scenario might arise when a PI transfers from Notre Dame and the gaining institution intends to issue a subaward to Notre Dame to allow for uninterrupted continuation of an existing project to be led by a replacement PI.

Sponsor Approved No Cost Extensions

When a no cost extension (NCE) requires sponsor approval, and such a request is pending, but not acted upon by the sponsor, prior to the project end date, an Award Advance may be requested to continue work on the project. Sponsor requirements for project extensions, NDR's experience with that sponsor, and any prior requests for extension of the same project will be taken into account in approving an Advance in these cases.



RESEARCH Administration

Any questions should be directed to your Grants Program Manager, or to Notre Dame Research Administration at researchadmin@nd.edu or (574) 631-7432.