Advance Fund Request Form Guidelines / Pre-Award Spending

January 1, 2012

Purpose

To provide a mechanism to allow Principal Investigators/Project Directors (PI/PD) to incur costs for awards that have not yet been granted or for incremental awards in which the new budget period has not been received, but for which there is a high probability that the increment will be received.

Definitions

Pre-Award Spending

- Spending that occurs on an award 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 will be addressed on a case-by-case basis.

Advance Spending Accounts

- Spending that occurs on an award prior to receiving the official award notice from the sponsor.

- Spending that occurs on an existing award prior to official notification that funding for the second or subsequent time period is approved and obligated by the sponsor.

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.

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.
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 Notre Dame Research.
4. Dates for an advance account must 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.
6. The funding is not federal earmark funding.

Roles and Responsibilities

Principal Investigators are responsible for submission of pre-award or advance accounts requests that are consistent with these guidelines and in accordance with the referenced procedures. Principal Investigators can forward their request to their Pre-Award Team Member.

The Vice President for Research has overall responsibility for the guidelines and will review the guidelines annually.

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

The Post-Award Assistant Directors in Notre Dame Research are responsible for responding to inquiries and requesting grant set up.

The Research and Sponsored Program Accounting (RSPA) Accountants are responsible for assigning the grant fund and reviewing the status of the accounts. On a monthly basis, RSPA will provide the Associate Vice President for Research and the Deans with a report that lists all advance accounts and includes account number, PI, core award number (if available), sponsor name, projected budget period, funding amount authorized for pre-award expenses, and cumulative expenditures.

FINANCIAL RISK

If the award does not materialize or the project dates are inconsistent with the account set-up dates:

The financial risk is shared equally between Notre Dame Research and the PI's respective College.

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 sub-contractor. 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. The University may engage in approved pre-award (or advance) spending as a subrecipient. However, the University does not authorize pre-award (or advance) spending for its subrecipients.

Transfers

If a PI/PD transfers from another institution and brings grants 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 of Notre Dame 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. Such transfers are treated as new awards.

Personnel

It is particularly important to ensure that personnel assigned to ongoing research projects are paid without interruption even if this means charging personnel costs to the account until sponsored funding is awarded. Therefore, the coordination of inter-departmental communication and processing of the proper documents, including advance accounts, for payroll continuity in a timely fashion is necessary.