



**Effective: October 1, 2015**

**Authored by: Jerry Fife  
Associate Vice President for  
Sponsored Projects**

---

## **Purpose**

The purpose of this policy is to provide guidance in obtaining a Sponsored Project account prior to receipt of a notice of grant award or fully executed agreement, under conditions where this is appropriate and meets legal, regulatory, and sponsor requirements.

## **Policy Statement**

This policy outlines the requirements for obtaining a Sponsored Project account and for incurring costs on the assigned Sponsored Project account before the Sponsored Project award process is completed, within the official project start and end dates.

## **Background**

Occasionally, it is allowable and desirable to establish an account and initiate allocation of effort and expenses for a Sponsored Project for which the official notice of award has not been received or the agreement has not been fully executed.

Implementation of this policy will permit allowable expenses up to 25% of the expected award amount including salary and associated fringe benefits to be charged at the time expenses are incurred. Use of Advance Accounts, in these instances; reduces audit risk by avoiding retroactive cost transfers from a non-sponsored “holding” account.

NAU will not invoice or draw down funds for these projects until the project is awarded.

## **Scope**

This policy applies to the following projects:

- Federal and State grants which may be officially awarded with a period of performance backdated to a known period prior to the award notice.
- Federal and State Contracts/subcontracts into NAU that may be finalized during the period of performance, whose start date will be prior to the signature date on the subcontract.

- Foundation grants which may provide informal notification of award prior to the official notification, provided other terms and conditions of this policy are met.

## **Definitions**

**Advance Account:** An account established before the award process has been completed in order to incur cost associated with the project within the project's start and end dates.

**Office of Sponsored Projects (OSP):** The office that provides sponsored project services to NAU faculty, staff and students.

**Institutional Animal Care & Use Committee (IACUC):** Established at institutions in accordance with the **Public Health Service Policy on Humans Care and Use of Laboratory Animals** and has broad responsibilities to oversee and evaluate the institutions' animal programs, procedures, and facilities. IACUC review and approval is required for all PHS supported activities involving live vertebrate animals prior to funding.

**Institutional Review Board (IRB):** IRBs are set up by research institutions to ensure the protection of rights and welfare of human research subjects participating in research conducted under their auspices. IRBs make an independent determination to approve, require modifications in, or disapprove research protocols based on whether human subjects are adequately protected, as required by federal regulations and local institutional policy.

**Principal Investigator (PI):** The individual judged by the applicant organization to have the appropriate level of authority and responsibility to direct the project or program. He/she is responsible and accountable for the proper conduct of the project or activity.

**Sponsored Project and Programs:** Externally funded activities in which a formal written agreement (grant, contract or cooperative agreement) is entered into by NAU and the sponsor.

## **Procedure 1.0 Conditions**

Advance accounts will be allowed provided the following conditions are met:

- 1.1 The PI has submitted all necessary proposal information, budget, compliance submissions, and other forms required as part of the normal Sponsored Project proposal process.
- 1.2 Download the [Sponsored Project Action Request \(SPAR\) Form](#).

- 1.3 Acceptable evidence of the likelihood of funding has been provided and included in request. Acceptable evidence may include:
  - 1.3.1 Email notification from the sponsor.
  - 1.3.2 Just-in-time request for final information; or
  - 1.3.3 Notice of grant award to a primary recipient with whom NAU will have a subcontract that was included in their awarded budget submission, once subcontract negotiations have begun.
- 1.4 Spending in advance of a finalized agreement will be acceptable to the sponsor, including any pre-award dates proposed.
- 1.5 Expenses are allowable and allocable to the project.
- 1.6 No expenses requiring IRB, IACUC, Conflict of Interest or other compliance approvals are made prior to such approval being received.
- 1.7 No subawards may be issued during the advance period.
- 1.8 The PI and Chair/Dean/Center Director accept full responsibility for funding the activity from non-sponsored sources should the Sponsored Project not be awarded or finalized or any expenses charged to the project be disallowed.

## **2.0 Submission and Approval**

- 2.1 The PI submits all required proposal information as in the normal processes for proposal submission.
- 2.2 The PI or Department/Center Administrator submits an Advance Account Request through Cayuse SP.
- 2.3 Evaluation of meeting the terms and conditions of the policy is undertaken by OSP. If deemed necessary, this office will verify the acceptability of spending in advance of executed agreements with sponsors.
- 2.4 OSP will notify the PI and Departmental/Center Administrator of the assigned account number.

## **3.0 Setup and Monitoring**

OSP will establish each advance account and be responsible for maintaining the account in advance status until the award is finalized. At that time, the account will be administered like other awards.

#### **4.0 New Awards, Subcontracts, and Competing Project Renewals**

If a new award is anticipated and has been approved in accordance with the procedures in this policy, then a new Sponsored Project account will be established.

#### **5.0 Extension of Existing Award or Noncompeting Project Renewals**

In an extension of an existing award or noncompeting project renewal is anticipated, for which NAU is the prime institution, and has been approved in accordance with the procedures in this policy, then usually the existing account will be revised to permit continued spending. At the discretion of OSP a new account number may be established instead.

#### **6.0 Closing Down of Unfunded Advance Accounts**

- 6.1 When a sponsor does not fund a project for which an Advance Account had been established, it is the responsibility of the PI to immediately notify OSP.
- 6.2 The PI and/or Dean/Center Director are required to transfer all expenses to a non-sponsored account within 30 days. The PI must also notify all people with salary and/or effort on an Advance Account of the necessity to retroactively transfer salary and effort to a non-sponsored account.
- 6.3 It is the responsibility of OSP to make sure all transfers are initiated and completed.
- 6.4 If the Advance Account has not been funded within 120 days and has not been extended, OSP will be responsible for assessing whether the account should be closed. If this determination is made, it will be communicated to the School/Center and all steps will be followed as though the proposal had been rejected by the sponsor.