



Office of Research

SUBJECT: Standard Operating Procedure for the Establishment of Advance Accounts	Effective date: 02/19/2019	Policy Number:	
	Supersedes: 01/03/2019	Page 1	of 2
	Responsible Authorities: Associate Vice President of Research Director of Sponsored Programs		

Purpose: The purpose of this policy is to provide guidance for the establishment of an account for spending prior to the execution of a sponsored award.

Standard: The Office of Research may establish an advance account prior to the execution of a sponsored award document.

Definitions:

- **Advance Account** – an account which is set up prior to the receipt of the award when an award is anticipated and there is a need to begin financial transactions.
- **Business Unit** – College, department, institute or center that may choose to underwrite an Advance Account.
- **Imminent** – An award may be considered imminent through informal communication of the high likelihood of funding (may be grant or contract funding.)
- **Underwrite** – The act of pledging to hold themselves liable for all costs that are not reimbursed that may be incurred by the Advance Account.

Background: When an award is imminent, but final execution has not been completed, there are occasions when it is expedient for an investigator team to be able to establish personnel positions, purchase supplies or equipment, or begin work in anticipation of meeting the performance deadline of the award. This may happen when UCF is acting as a subrecipient to a grant that has been received by the pass through entity (PTE or prime institution), or when there are protracted negotiations prior to final execution of the sponsored award agreement.

An advance account may also be established when the PI has been notified of a highly competitive peer review score from a federal sponsor. The benefit of this practice is to enable the Principal Investigator (PI) to begin spending prior to having a fully executed award in place and allow expenses to be recorded and tracked thus eliminating the need to charge other unrelated accounts and subsequently requiring cost transfers of those expenses.

Considerations: The Office of Research will authorize the setup of an advance account prior to the institutional acceptance of an award upon request under the following conditions:

- The business unit to which the PI is assigned agrees to fund any expenses incurred should the award fail to be made or individual costs deemed unallowable (e.g., entertainment expense.)
- The PI has well-founded reason to believe the funding is imminent.
- The underwriting business unit has determined (either formally or informally) the risk/benefit of establishing the Pre-Award advance account.
- The sponsor screening by the Office of Research does not reveal an unfavorable risk profile.
- Verification by the Office of Research that the sponsor either allows payment of pre-award costs with grant (Sponsored Programs Award Management Office) or contract effective date can begin prior to execution date (Contracts Office).

In requesting and accepting the advance account on behalf of a PI, the department or unit assumes the financial risk in the event the award is not made, not accepted, or if the terms of the award deem certain expenditures to be unallowable. The Office of Research will use its best efforts to finalize the award, but cannot guarantee a successful outcome of any award negotiation.

Advance accounts that have not been converted to active status (funded) within 90 days after the account's start date will be reviewed and a determination made to extend the account or terminate the account with all costs moved off by the underwriting business unit. The Office of Research Contracts Office will make reasonable efforts to have the effective date of the award coincide with the start date of the advance account.

Advance accounts should be used prudently. Costs should only be charged to the account when they are:

- Within the approved pre-award period.
- In accordance with applicable regulations, e.g. 2 CFR 200, PHS Grants Policy Statement, sponsor specific regulations.; and,
- Included in the approved proposal budget, if budget reallocation is restricted by the sponsor.

As stated previously, any expenditure incurred while an account is in advance account status is made at the business unit's risk. At the time of initial account request, the department or unit designee is required to agree in writing to fully fund any expenditure if the award is not made or if expenses are otherwise deemed unallowable.

Procedures:

1. The business unit will complete the Pre-Award Advance Account Request Form and obtain all signatures needed from appropriate executive leadership within the business unit.
2. The business unit will route the signed and completed Advance Account Request Form to osp@ucf.edu for review and processing.
3. The Office of Research will review and respond to the request within 5 business days of receipt.
4. Approved requests will be processed by Award Management and Grants Accounting to establish an account.
5. The advance account may be reviewed by Award Management for a determination to extend or terminate if not converted to active status within 90 days after the account's start date.
6. When the award is received or contract is executed, the account will then be converted to a regular research project account with budget revisions as needed.
7. Any costs deemed unallowable must be transferred out of the account by the business unit within 30 days of being notified that costs will not be reimbursed by the sponsor.
8. If a determination is made that the award is not forthcoming, the business unit is required to transfer all costs from the advance account to the underwrite account in accordance with the pre-award request form.

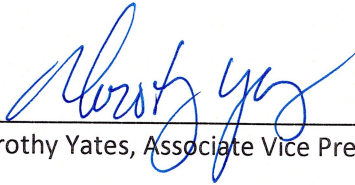
Process metrics:

- OSP Inbox moderator will forward request for assignment within one business day of receipt.
- Award Manager will typically process within five business days of original receipt.

POLICY APPROVAL

Initiating Authority

Signature: _____


Dorothy Yates, Associate Vice President for Research

Date: 02/19/2019