

<b>Policies of the University of North Texas at Dallas</b>	Chapter 13
<b>13.009 Pre-Award/Advance Expenditure Management of Sponsored Projects</b>	<b>Research</b>

**Policy Statement.** This policy sets out requirements related to pre-award and advance expenditure management of sponsored projects. The purpose of this policy is to establish safeguards to ensure appropriate reimbursement for costs incurred prior to the finalization or extension of an award. Advance expenditure authorization provides principal investigators with an opportunity to begin incurring costs associated with a sponsored project prior to issuance of or extension of an award. This process eliminates the need to charge costs to unrelated resources and create cost transfers.

**Application of Policy.** This policy applies to all faculty and staff engaged in sponsored project activities.

**Definitions.**

1. Advance expenditures. “Advance expenditures,” also referred to as “Pre-Award Costs” means sponsored project costs incurred prior to receipt and execution of a new award or incurred on an existing sponsored project while awaiting incremental funding or a no-cost extension of the end date of an award.
2. Award. “Award” means a grant, contract, subcontract, subgrant, or cooperative agreement that provides funding from an external sponsor for a sponsored project and is entered into between the sponsor and UNT Dallas.
3. Funding. “Funding” means financial support for a sponsored project, including money, property, services, or anything of value in lieu of money.
4. Pre-Award Costs. “Pre-Award Costs” also referred to as “advance expenditures” means sponsored project costs incurred prior to receipt and execution of a new award or incurred on an existing sponsored project while awaiting incremental funding or a no-cost extension of the end date of an award.
5. Pre-Award Project. “Pre-Award Project” means a project established for use prior to the beginning of an award. A “Pre-Award Project” is also referred to as an “At-Risk Project.”
6. Pre-Award/Advance Expenditure Spending Period. “Pre-Award/Advance expenditure Spending Period” means the period allowed by certain sponsors prior to the official sponsored project start date during which costs can be incurred and considered allowable – normally a 90 day period.

7. Sponsor. “Sponsor” means any external entity that provides funding to UNT Dallas for sponsored projects. Sponsors may be (i) governmental agencies (for example, federal, state, or local governments or their administrative organizations); (ii) nonprofit organizations (for example, universities, nonprofit corporations, foundations, or associations); (iii) for profit organizations (for example, corporations, partnerships, sole proprietorships, and other business entities); or (iv) individuals. Governmental, nonprofit, and for profit sponsors are sometimes referred to by themselves and others as “agencies.”
8. Sponsored Project. “Sponsored Project” means a project funded by an external sponsor through a grant or contract with UNT Dallas where one or more of the following obligations apply (examples of sponsored projects include but are not limited to instruction projects, public service projects, or research projects):
  - a. Financial obligation – UNT Dallas is required to comply with conditions imposed when a sponsor awards funding for the performance of services or delivery of products described in a statement of work;
  - b. Regulatory obligation – UNT Dallas is required to comply with sponsor regulations, which may include federal or state regulations;
  - c. Reporting obligation – UNT Dallas is required to provide to the sponsor technical performance reports or regulatory or administrative reports;
  - d. Performance Obligation – UNT Dallas is required to perform within a certain period and may be required to meet other specified requirements related to performance;
  - e. Accounting obligation – UNT Dallas is required to establish a separate accounting record of project expenditures to demonstrate allowance of costs, to maintain financial accountability, to provide financial reports to the sponsor, and to preserve appropriate records for audit purposes.

### **Procedures and Responsibilities.**

#### 1. Pre-Award/Advance Expenditure Request Form

Principal investigators who want to incur costs on a sponsored project before an award has been issued or while waiting for incremental funding or a no-cost extension on an existing award, must file a pre-award/advance expenditure request form with the Office of Sponsored Projects Accounting to request advance expenditure authorization. Advance expenditure authorization permits allowable costs to be directly charged to the pre-award project or the sponsored project with insufficient funding without the need to charge another account and implement a cost transfer at a later date. Pre-award costs/advance expenditures should be limited to the

minimum amount needed for the pressing programmatic needs of a sponsored project because UNT Dallas cannot bill the sponsor for such costs until the official award is issued or extended.

Deans and department chairs are responsible for approving and signing the pre-award/advance expenditure request form to acknowledge the risk involved and to confirm that the department assumes the risk of funding advance expenditures in the event that a) the award is not issued, b) the no-cost extension is not granted or, c) if the sponsor excludes any portion of the pre-award costs or advance expenditures from the award budget.

Responsible Party: Principal investigator; Department Chairs; Deans

## 2. Advance Expenditure Authorization

The Office of Sponsored Projects in conjunction with the Office of Sponsored Projects Accounting and the UNT Dallas VP of Finance and Administration if needed, is responsible for granting the advance expenditure authorization. If UNT Dallas does not have a fully executed award with sufficient funding to reimburse costs then no costs may be incurred, no work may be initiated, and subcontractors may not be authorized to start work until an advance expenditure authorization has been issued by the Office of Sponsored Projects Accounting through execution of the pre-award request form.

The advance expenditure authorization will be for a limited pre-award/advance expenditure spending period, generally no more than three months at a time. Pre-award/advance expenditures will also be limited to reasonable costs as determined by the Office of Sponsored Projects and Sponsored Projects Accounting and is subject to the following conditions:

- a. The appropriate dean of the school or college, department chair, or director of a center or division has approved the request for pre-award costs or advance expenditures;
- b. There is a reasonable expressed need by the principal investigator to incur costs prior to the proposed start date or prior to receipt of the executed award or amendment;
- c. The need to start or continue the sponsored project justifies the risk that the University may take in approving the pre-award costs or advance expenditures;
- d. The sponsored project proposal has been approved by the principal investigator along with the approval of the appropriate department chair and

dean. As part of the proposal approval, the internal forms (e.g. budget, conflict of interest) must be on file with the Office of Sponsored Projects and Office of Sponsored Projects Accounting;

- e. The sponsor has assured the Office of Sponsored Projects by providing credible assurance from a responsible sponsor official, that the signed award, continuation, or extension will be made shortly;
- f. If the request is for a pre-award project, verification has been obtained that the sponsor allows payment of pre-award costs with award funding;
- g. Required training and conflict of interest disclosures have been completed; and
- h. Any required compliance approvals have been obtained, such as approvals under UNT Dallas Policy 13.016 *Laboratory and Research Safety*, or UNT Dallas Policy 13.017 *Protection of Human Subjects in Research*.

All costs incurred under an advance expenditure authorization must be in accordance with the terms and conditions of the anticipated award and must be included in the approved budget. The Office of Sponsored Projects will use its best efforts to finalize an award, but cannot guarantee a successful outcome of any award negotiation.

Responsible Party: Office of Sponsored Projects; Office of Sponsored Projects Accounting

### 3. Principal investigator Responsibilities

When submitting a pre-award/advance expenditure request form, the principal investigator is responsible for the following:

- a. Completing training and confirming that graduate students, post-doctoral fellows, and research staff operating under their supervision complete training programs as required;
- b. Providing documentation that conflict of interest disclosure forms have been submitted and reviewed and, if necessary, any potential conflicts have been reduced, eliminated, or otherwise managed for all individuals who have a responsibility for the conduct, design, or reporting related to the sponsored project;
- c. Working with the Office of Sponsored Projects Accounting to ensure that all necessary regulatory documents are in place prior to the issuance of an advance expenditure authorization;

- d. Initiating an advance expenditure request by completing the pre-award/advance expenditure form and signing to acknowledge the risk involved, and agreeing to fund the expenses if an award is not executed or excludes any portion of the incurred expenses; and
- e. Ensuring that expenditures are routed through the Office of Sponsored Projects Accounting and are reasonable, allocable, and allowable for the specific Sponsored Project.

Responsible Party: Principal investigators

#### 4. Office of Sponsored Projects Accounting Responsibilities

In granting a sponsored projects authorization, the Office of Sponsored Projects Accounting is responsible for:

- a. Establishing pre-award projects based on an executed and approved pre-award/advance expenditure request form;
- b. Screening expenditures to ensure that costs are allowable and ensuring that expenditures are categorized by the proper account code;
- c. Documenting that pre-award costs are allowed by the sponsor and obtaining assurance from the sponsor that the award will be issued, or continuation or extension of the award will be made;
- d. Documenting that internal approvals have been received and that all required compliance approvals have been obtained;
- e. Authorizing the sponsored project or pre-award project account to accept Advance Expenditures.

Responsible Party: Office of Sponsored Projects Accounting

#### 5. Award Start Date or Finalization

Upon the award start date or the finalization of the award associated with a sponsored project (that is also associated with a pre-award project or advance expenditures), the Office of Sponsored Projects Accounting is responsible for the following:

- a. *If no award is issued:* transferring the charges from the pre-award account or advance expenditure account for a pre-award project or a sponsored project

onto the non-sponsored account listed on the pre-award/advance expenditure request form.

- b. *If some or all pre-award or advance account charges are not allowed by the sponsor:* If the sponsor disallows certain charges and includes that information in its award documents, the Office of Sponsored Projects Accounting shall make a note on the notice of grant award for the new award. Upon receipt of the award documents, the Office of Sponsored Projects Accounting is responsible for transferring them onto the non-sponsored account listed on the pre-award/advance expenditure request form.

Responsible Party: Office of Sponsored Projects Accounting

**References and Cross-references.**

UNT Dallas Policy 13.011, *Cost Transfers for Sponsored Projects*  
UNT Dallas Policy 13.016, *Laboratory and Research Safety*  
UNT Dallas Policy 13.017, *Protection of Human Subjects in Research.*

**Forms and Tools.**

Pre-Award/Advance expenditure Request Form

Approved: 12/7/2018

Effective: 12/7/2018

Revised: