



Section 400: Award Acceptance and Establishment

OSR Policy 400.6 — Pre-Award Spending

Responsible Officer:	Director
Responsible Unit:	Award Management
Effective date:	July 1, 2008
Last revised on:	November 4, 2008

Policy Statement

With proper approval, project costs may be incurred prior to the receipt of an award and/or the start date of an award, provided each of the following criteria is met:

1. Costs are underwritten by the department administering the award.
2. Costs are deemed necessary to the establishment of the project
3. Costs meet the allowability requirements of OMB [Circulars A-21](#), [A-110](#), and specific sponsor regulations.

Once these criteria are met and the necessary approvals obtained, OSR establishes a pre-award spending account for essential expenditures. In the event the award is not funded, the department is responsible for any costs incurred.

Upon receiving official, written notification that an award is forthcoming, a pre-award spending account is validated for a set period of 90 days but is not assigned a budget. All charges are processed through OSR's pre-audit department prior to approval of essential expenditures.

When the actual award notification is received from the sponsor by OSR, the award account is established in the University Financial Recording System (FRS). If the award notification is not received within a 90-day period, the department must request an extension or OSR will send a summary of expenditures to pay from departmental accounts. Because some award notifications may take longer than 90 days to arrive, the timing of notifying departments of expenditures is adjusted accordingly.

A pre-award spending account may be established using one of the following methods:

I. Project Financial Guarantee (PFG)

When a sponsor agrees to fund an award but the award notice has not been received and officially approved by UNC-CH, the PI can initiate the project and incur necessary set-up costs by generating a financial guarantee request in RAMSeS, obtaining the proper electronic signatures,



and submitting it to OSR. Assurances of funding (such as a letter of intent from the funding agency) and other applicable supporting documentation must accompany the request in RAMSeS.

By signing the PFG, the dean, director, or department head agrees to underwrite all expenses on behalf of the applicable unit or department, should the award be rescinded for any reason.

II. Institutional Prior Approval System ([IPAS](#))

Awards funded through member agencies of the Federal Demonstration Partnership ([FDP](#)) qualify for pre-award spending through IPAS under specific circumstances. Qualifying institutions have been delegated authority to incur spending prior to the start date of an award for these purposes:

- To hire necessary project personnel.
- To order research equipment that requires a long lead time for delivery.
- To perform other actions required to initiate the project that are consistent with the grant terms and conditions.

The PI can request pre-award spending by submitting an IPAS form to OSR outlining the specific costs to be incurred. OSR is authorized to establish the pre-award account for up to 90 days prior to the effective date of a new or competing award, provided the costs meet the awarding agency's criteria. An IPAS is not necessary for all spending, however, and questions regarding IPAS approval should be directed to OSR.

Reason for Policy

This policy protects the University from fraud and misuse of funds by defining the instances where pre-spending may be allowable. It also establishes OSR as the authorized University responsible for establishing pre-award spending.

Exclusions/Exceptions

1. No pre-award funds can be expended for any research involving human and/or animal subjects until OSR has received the certification of IRB and or/ IACUC approval. Pre-award spending in other areas of research (those that do not involve human and/or animal subjects) is allowed.
2. A pre-award spending account may be extended by 90 days through a written request, however, this may require a second FG approved by a higher administrative level.
3. Non-personnel transactions will not be approved after the expiration of the PFG period unless an award notification has been received or an extension granted.

Procedures and Related Policies

The following procedures detail the steps for completing a Financial Guarantee Request in RAMSeS or an [IPAS form](#). Questions should be directed to the appropriate Award Manager in OSR.

- [OSR Policy 400.6-Pro 1](#) [Completing a Project Financial Guarantee Request in RAMSeS](#)



OSR Research Tool Kits

None.

Contacts

Questions and concerns can be submitted online at [Ask OSR](#) or by using the [OSR staff directory](#). Within [RAMSeS](#), the “*Speak to Someone*” option assists in locating the staff member best suited to address project-specific issues.

References

 [Research Administration Glossary at Carolina](#)

Revision History

Prior Revisions: The policies in the *Office of Sponsored Research Policies & Procedures Manual* supersede any OSR policies, procedures and appendices previously included in the *University Business Manual*, a publication of UNC Chapel Hill’s [Division of Finance](#).

