

FLORIDA STATE UNIVERSITY

POLICY 7A-1

ADVANCES FOR EXTERNALLY-FUNDED PROJECTS

AND INITIATING WORK WITHOUT AN AWARD

Responsible Executive: Gary K. Ostrander, Vice President for Research

Approving Official: Gary K. Ostrander, Vice President for Research

Effective Date: May 1, 2006

Revision History: Readopted: August 1, 2014

I. Introduction

This document establishes a policy for advances to insure the timely start-up or uninterrupted continuation of externally-funded projects of the University before a fully executed agreement or amendment is received. Adherence to this policy should also limit any University liability for work performed by non-employees and subcontractors.

II. Policy

If the University does not have a fully-executed award, no work is to be initiated and subcontractors cannot be authorized to start work without an advance authorized by Sponsored Research Services, or the FSU Research Foundation as appropriate (hereinafter referred to as SRS/FSURF). Costs incurred prior to SRS/FSURF approval of an advance will not be allowed to be charged or transferred to the anticipated new or continuation project budget, or any other sponsored project (excluding SRAD funds).

Applicability

This policy is applicable to externally-funded projects that have been approved for funding and/or extensions for which fully-executed award documents have not been received.

Criteria for Authorization

Advances may be authorized for new awards or amendments. To safeguard the University against financial losses, the following criteria shall govern the authorization for advance requests.

- a. The University must have received written or verbal assurance from the sponsor that a program or activity has been recommended for funding, with a recommended start date,

end date, amount of initial obligation of funds, project budget (if different from the proposal), and the anticipated receipt date of an award document.

- b. Any delay in initiating or continuing critical program requirements beyond the approved budget period or amount may adversely impact the program or significantly increase the cost. Critical program requirements include but are not limited to:
  - (1) The continuation of essential program employees to avoid losing experienced or uniquely qualified personnel under intermittent funding conditions;
  - (2) Urgent expense requirements (purchasing, travel, etc.) of the program which require immediate action.
- c. The department shall assume the risk by providing financial backing of only the *direct* cost amount to be advanced. If only advance time is requested, the department must assume the risk by providing financial backing of only the *direct* cost amount incurred during the approved advance time period. The department is advised to limit its exposure to risk by limiting the amount of advance and/or the period of the advance. The department will be required to back direct costs only, not the associated F&A.

#### Responsibilities

- a. The PI shall be responsible for ensuring that work is not initiated or project costs incurred, including not authorizing subcontract work, without an approved advance.
- b. The department is ultimately accountable and responsible for the authorization and use of the temporary advance and is, therefore, responsible for insuring the following:
  - (1) That all program charges are proper, allocable, and allowable under the approved program/activity;
  - (2) That charges are absolutely essential and cannot be deferred until the fully-executed award is received from the sponsor;
  - (3) That close contact is maintained with SRS/FSURF and the sponsor to insure the timely processing and receipt of the award or amendment.
  - (4) If a fully-executed award or amendment is not received within the advance period and/or authorized funding level has been exhausted, the PI must stop work or request and receive approval for an additional advance according to the requirements prescribed above. The department is solely at risk for costs incurred on advances.
- c. SRS/FSURF is responsible for authorizing advance accounts in compliance with sound management practices and appropriate financial considerations of the University.

- d. SRS/FSURF, in conjunction with the PI, shall be responsible for the coordination, monitoring, and follow-up with external sponsors to insure the timely processing and receipt of the fully-executed award or amendment.

#### Monitoring of Continuation Awards

Although unanticipated sponsor delays in the processing of continuation awards are beyond the control of the University, it is essential that Principal Investigators minimize unnecessary delays by their timely submission through SRS/FSURF of proposals or progress reports required for continued funding.

#### Risks Associated with Advances

- For cost reimbursable awards, costs may be disallowed if they are incurred outside the approved period of performance or budget.
- The University may not be able to accept the award if the terms are unacceptable and the sponsor refuses to change them.
- The sponsor may decide to not issue an award.
- Initiating work (performing services and/or delivering work product) may be construed as automatic University acceptance of the award terms and conditions, resulting in the University having a poor negotiating position.
- If the University does not have a fully-executed award, no work is to be initiated and subcontractors cannot be authorized to start work without an advance authorized by SRS/FSURF. Costs incurred prior to SRS/FSURF approval of an advance will not be allowed to be charged or transferred to the anticipated new or continuation project budget, or any other sponsored project.

#### Special Circumstances

- Certain awards allow the University to authorize the expenditure of preaward costs (costs to be incurred within the 90-day period before the official start date). If preaward costs are requested by the PI and the award document has not been received by SRS/FSURF, this Policy applies. If the award has been received by the University, the PI may request approval for preaward costs using the FSU Prior Approval Request Form and this policy will not apply.
- At the discretion of the Office of the Vice President for Research, if backing funding is to be provided by a non-FSU source (e.g., FSU Foundation), those funds may be required to be deposited into the FSU Sponsored Research Trust Fund.

### III. Legal Support, Justification, and Review of this Policy

Fla. Stat. 1004.22.

These policies will be reviewed periodically and updated when necessary.

Gary K. Ostrander, Vice President for Research

August 1, 2014