



University Operating Procedure

Establishment of Advance Accounts for Sponsored Agreements

Overview

To avoid the risk of incurring costs that may not be reimbursable, the University may not begin work on a sponsored agreement until the formal award documentation has been received, approved, and accepted. However, when there is reasonable assurance that an award is forthcoming, the University may set up chart strings to incur expenditures in advance if requested by the principal investigator's (PI's) academic or administrative unit. This University operating procedure outlines the circumstances under which those chart strings may be established.

The use of an advance account allows PIs and departments to record and track expenditures in the appropriate restricted chart string and eliminates the need to charge unrelated and unrestricted ones and to later transfer expenses.

In requesting and accepting an advance account on behalf of a PI, the college, school, or administrative unit where the project resides (the responsible unit) assumes the financial risk if the award is not made or accepted, or if the terms of the award deem certain expenditures to be unallowable. Sponsored Project Administration (SPA) assists in evaluating risk and advising the responsible unit, but any charges made to an advance account that are later deemed unallowable must be covered by the responsible unit.

Procedures

Advance accounts may be appropriate in these instances, among others: recurring annual contracts, particularly subawards and those from state agencies; projects where work is seasonal or time-sensitive in nature; awards where pre-award costs are expected to be permitted 90 days before the awarded start date; or projects established to recruit project personnel.

Evaluating the Risk

SPA assists with evaluating and advising the PI and responsible unit of the risks associated with establishing each advance account.

- Written confirmation from the sponsor that an award will be granted and its anticipated start date, or written authorization to proceed for a contract that is under negotiation, is usually required.
- Arrangements that lack written confirmation from the sponsor or written authorization to proceed present heightened risk and will be scrutinized.
- Awards from sponsors with a history of non-payment, sponsors with which the University has no history (particularly small non-profit entities and private businesses), or foreign sponsors require special consideration before an advance account is established. SPA will monitor and advise the PI and responsible unit about these matters.
- For contracts under negotiation, SPA will evaluate the likelihood that all issues will be agreed upon.

Preconditions

The proposal must be finalized, and all approvals must be in place, following SPA's normal routing process. The principal investigator must ensure that all regulatory requirements (e.g. IRB, IACUC, financial conflict of interest, etc.) have been satisfied.

Limitations

The recommended period of an advance account is 90 days, but one may be requested for up to 180 days. Under extraordinary circumstances, an additional advance account may be requested after the initial period ends. All sponsor and University cost principles, policies, and guidelines apply to advance accounts.

Responsibilities

The PI is responsible for:

- Initiating the advance account request with his/her academic or administrative unit
- Collecting required documentation and approvals
- Spending within the constraints of the advance account
- Collaborating with SPA and the sponsor to ensure timely receipt of award document

The academic or administrative unit where the project resides is responsible for:

- Submitting the request for establishment of an advance account to SPA
- Assuming the financial risk associated with the advance account
- Monitoring advance account spending
- Ensuring that expenses and encumbrances conform to the advance account duration and other limitations
- Accepting financial responsibility for the total amount charged on the advance account chart string regardless of the approved advance account budget
- Transferring expenses that are deemed to be unallowable to an unrestricted chart string within 30 days of notification from a sponsor or SPA

The Vice President or Dean for the unit in which the project resides is responsible for:

- Assuming the financial risk associated with the advance account
- Accepting financial responsibility for the total amount charged on the advance account chart string regardless of the approved advance account budget

Sponsored Project Administration is responsible for:

- Assessing and advising on the potential risk of establishing or extending an advance account
- Approving advance account establishment
- Confirming that regulatory and other approvals are in place
- Establishing advance account chart string(s)
- Providing regular reports of advance account activity to responsible academic and administrative units
- Providing training on use and monitoring of advance accounts

General Responsibilities:

- All involved in the grant lifecycle have the responsibilities outlined in the Roles and Responsibilities in Sponsored Projects (<http://www.uvm.edu/spa/?Page=rolesandresponsibilities.html>).

Definitions

Sponsored project: any externally funded research, instruction, public service, or scholarly activity that has a defined scope of work and set of objectives that provide a basis for accountability and sponsor expectations. Typically a sponsored project is awarded through a Notice of Award document that specifies the terms and conditions of the award. Awardees of sponsored projects must incur only costs that are allowed, incur them only during the correct period, and return unexpended funds.

Contacts/Responsible Official

Questions related to the daily operational interpretation of this procedure should be directed to:

Sponsored Project Administration
(802) 656-3360
spa@uvm.edu

The Vice President for Research is the official responsible for the interpretation and administration of this procedure.

Forms

Advance Account Request Form
<http://www.uvm.edu/spa/?Page=formslibrarychart.html>

Related Documents/Policies

Cost Policy on Sponsored Agreements Policy

http://www.uvm.edu/policies/grants/SponAgree_CostPolicy.pdf

Cost Transfers Involving Sponsored Agreements Procedure

<http://www.uvm.edu/policies/grants/costtrans.pdf>

Effort Management and Reporting on Sponsored Agreements Policy

<http://www.uvm.edu/policies/grants/effortreporting.pdf>

Financial Conflict of Interest in Sponsored Research Policy

<http://www.uvm.edu/policies/grants/researchcoi.pdf>

Effective Date

Approved by the Vice President for Research April 1, 2014