

Prepared by Contracts and Grants Management Office.
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A8.952
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A8.900 ACCOUNTING FOR RESEARCH & TRAINING
CONTRACTS & GRANTS

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A8.952 Advance Funding for Externally Financed Programs and
Activities

1. Purpose

To insure the timely start-up or uninterrupted continuation of externally financed programs and activities of the University before a fully executed contract or grant award.

2. Objectives

This document was established to provide policies and procedures for advance funding (temporary accounts) according to statutory requirements and sound management practices.

3. Definitions

New Award - An award for a project that was not previously receiving financial assistance.

Renewal (Competing Continuation) Award - An extension, for one or more additional budget periods, of a previously approved project. This may be in the form of a new award (different award number), or a continuation of the same award.

Non-competing Continuation Award - An award for a second or subsequent budget period within a previously approved project period.


4. Applicability

These guidelines and procedures shall be applicable to externally financed programs and activities that have been approved for funding but for which fully executed award documents have not been received. Advance funding for pre-



award cost must also be in compliance with the policy and procedures in APM A8.953.

5. Guidelines


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- a. Advance funding shall be allowed for non-competing continuation or renewal type awards.
 - b. Under exceptional circumstances there may be a need for advance funding to accommodate critical requirements of new awards that have been recommended for funding but for which the fully executed award has not been received. To insure that advance funding is provided according to sound management practices, and to safeguard the University against financial losses, the following criteria shall govern the authorization(s) for advance funding requests.

- (1) The University, through ORA, has received written or verbal assurance from the sponsoring agency that a program or activity has been recommended for funding, with a recommended start and end date, a recommended dollar amount of authorized funding, a recommended program budget, if amount is different from the proposed amount, and the anticipated receipt date of an award document.
- (2) Any delays in the initiation or continuation of the project will seriously impair the attainment of program objectives due to the program's inability to continue critical, on-going requirements beyond the existing authorized current budget period or amount. Critical program requirements include but are not limited to:
 - (a) The continuation of essential project employees to avoid losing experienced or uniquely qualified personnel under intermittent funding conditions;
 - (b) Urgent purchasing requirements of the program which require immediate action since delays would adversely impact the program or activity, or significantly increase the cost.

- (3) The periods for which advance fund accounts are authorized shall not exceed the anticipated receipt date of a fully executed contract or grant from the sponsor or 90 days from the establishment of an advance account, whichever is shorter. If advance funding is required beyond the 90-day period, a request for extension must be submitted to CGMO for review and approval.
- (4) Advance funding shall be limited to the lesser of \$50,000 or 50% of the annual budget award. If advance funding is exhausted before receipt of a fully executed award, programs may request additional funding on CGMO Form 3 and submit it to CGMO for review and approval.
- (5) Advance funding requests shall generally be limited to non-competing continuation or renewal type awards. Advance funding for new projects will not normally be considered unless a UH program can explicitly demonstrate that there are critical program initiatives/requirements that cannot be deferred until receipt of a fully executed award instrument without major, irreparable harm to the University's interests and that there are absolutely no alternatives such as adjusting the project period, no cost extensions, etc., which are available to rectify the situation.
- (6) Advance funding is limited to projects that will not be service ordered to RCUH. A University project account shall not be established for any project service ordered to RCUH until a fully executed award is received from the sponsoring agency.

6. Procedures

- a. At least ninety (90) days before a budget's scheduled expiration date, the Principal Investigator (PI) shall confer with the Chancellor/Dean/Director and the Fiscal Officer (FO) to review the status of the sponsor's continuation funding of a contract or grant and evaluate the possible need for advance funding.

- b. The Chancellor/Dean/Director shall evaluate the PI's request for advance funding to determine whether the operational needs of the program meet the requirements prescribed above. If the Chancellor/Dean/Director determines that the need for advance funding is justified and the PI with the assistance of the FO shall prepare two copies of Request for Advance Account (CGMO Form 3). The request form must include proper justification of the need for temporary advance funding and be approved by the PI, Fiscal Officer and Chancellor/Dean/Director.
- c. Advance funding for pre-award cost must follow the policies and procedures in APM A8.953.
- d. The FO must insure that the following documents are properly completed:
 - (1) Original and one (1) copy of CGMO Form 3;
 - (2) Original and one (1) copy of Request for Account Code (UH Form 21);
 -  (3) Original and one (1) copy of the Research and Training Budget Status Report (RTBSR) Input Form (CG Form 1), which identifies the dollar amount of the advance funding, period of temporary financing, and breakdown of fund allocation by major category of program expenditures;
- e. The FO shall forward the required documents and forms identified above to CGMO.
- f. CGMO shall review all applicable forms and documents to insure conformity with University requirements.
 - (1) Incomplete documents and forms shall be returned to the requesting department/unit for proper corrective action.
 - (2) Copy of approved CGMO Form 3 shall be sent to FO.
 - (3) Approved UH Form 21 shall then be forwarded to Central Accounting Office (CAO).

- g. CAO shall process the UH Form 21 to formally establish the temporary advance fund account. CAO shall notify the requesting department/unit and CGMO of the formal establishment of the account code by distributing the processed copies of the approved UH Form 21.

7. Responsibilities

- a. The FO shall be responsible for ensuring that expenditures for a contract or grant award, are not incurred before the effective date without the required approval documentation on file.
- b. The Chancellor/Dean/Director is ultimately accountable and responsible for the authorization and use of the temporary advance fund account and is therefore responsible for insuring the following:
 - (1) That all program charges are proper, allocable, and allowable under the continuing program/activity;
 - (2) That charges are absolutely essential and cannot be deferred until official award is received from the sponsor;
 - (3) That financial status reviews are conducted on a regular basis to insure program charges do not exceed the authorized advance funding limits and period that have been established; and
 - (4) That close contact is maintained with the ORA and the sponsor to insure the timely processing and receipt of continuation award. If official award from the sponsoring agency is not received within the ninety (90) day temporary advance funding period and/or authorized funding has been exhausted, CGMO Form 3 must be re-initiated and submitted to CGMO according to the processing requirements prescribed above for review and approval.

The Chancellor/Dean/Director is solely at risk for cost incurred on advance funded accounts.

- c. The ORA shall be responsible for the coordination, monitoring, and follow-up of all continuation awards

with external sponsors to insure the timely processing and receipt of contract/grant and to notify the appropriate Chancellor/Dean/Director and CGMO of the pending status.

- d. CGMO is responsible for authorizing advance accounts in compliance with statutory requirements, sound managerial practices and appropriate financial considerations of the University.

8. Monitoring of Continuation Awards

Although unanticipated sponsoring agency delays in the processing of continuation awards are beyond the control of the University, it is essential that Principal Investigators minimize unnecessary delays and promote the timely approval and funding for the continuation of projects by their timely submission of proposals or progress reports for continued funding through ORA. Requests for advance funding of continuing projects will normally be considered only if the PI has prepared the continuation proposal, and the Department Chairperson and the Chancellor/Dean/Director have approved it in sufficient time to allow the University (ORA) to submit it to the sponsoring agency on or before the agency's deadline. Request for advance funding to continue projects for which the continuation proposal was submitted to the sponsoring agency after the sponsoring agency's deadline will be considered only if sufficiently severe hardship resulting from lack of funds can be documented. Such exceptions will be considered only at the request of the Chancellor/Dean/Director, and will not be accepted repeatedly from the same program.

9. Monitoring of Award Effective Date

Fully executed contract or grant awards may be received with an effective date that is different from the one that was projected. Additional action will be required to support expenditures that were incurred before the effective date (see APM A8.953 section 8).

