GM04 Policy and Procedure for Expenditure or Commitment of Funds Against Grants and Contracts Prior to Receipt of an Executed Award

Overview

The following outlines the policy and procedures applying in the event a Principal Investigator of a grant or contract determines it is in the best interests of the project to expend funds prior to receipt of the official award documents.

1. Statement

The Principal Investigator of a research or public service contract or grant may request permission to spend a specified amount of money during a specified period against an appropriate account and fund number prior to the receipt of an executed award from the funding agency. Three criteria must be met before the Principal Investigator is authorized to spend funds against approved projects in advance of receiving a Formally Executed Award. It must be demonstrated that:

- A Firm Commitment by a funding agency exists to award a contract or grant;
- There is an essential need to advance or commit funds;
- Other funding is available to cover the risk of a delayed start date or failure of an agency to make an award as anticipated.

2. Responsibility/Action

PRINCIPAL INVESTIGATOR is advised that an award is forthcoming and prepares, in collaboration with Director, Sponsored Research Planning and Administration, Request for Authorization to Spend Funds Prior to Receipt of an Award (SFI RAS) (See Attachment A).

DIRECTOR, SPONSORED RESEARCH PLANNING AND DEVELOPMENT:

- Identifies nature of commitment by the awarding agency, including identification of the Agency Contract or Grant Official who may legally commit funds;
- Details risks involved;
- Explains needs to advance funds and attaches a budget of the amount required by major cost categories;
- Attaches any supporting documentation.

PI and Director, Sponsored Research sign and date the form and submit to the Vice President, Administration.
VICE PRESIDENT, ADMINISTRATION

Determines whether the funds are available to cover expenditures if the anticipated award is not received or does not coincide with the anticipated period of performance.

- If funds are available, checks box on form indicating ability to provide funding for any losses incurred as a consequence of approval of Request.
- Signs and dates form and forwards to Finance Office.

Note: If Request is not approved, form is returned to Principal Investigator with an explanation of reason for denial.

FINANCE OFFICE

Assigns appropriate account and fund number on form. Signs and dates form. Advises Principal Investigator of approval to spend and of assigned account and fund number. Establishes temporary account, fund, and sub-budget titles in General Ledger.

Note: If an award does not materialize as anticipated, the Finance Office in conjunction with the Vice-President will identify other fund sources to cover any resulting loss.

3. Definitions

Sponsor Contract or Grant Official who may legally make a Firm Commitment is usually referred to as the "Contracting Officer," "Grant Management Officer," "Procurement Contracting Office," or similar title. This official may legally commit funds of a sponsoring agency and should not be confused with a "Project Monitor," "Technical Review Officer," "Scientific Officer," or other individuals who review and approve or disapprove the technical or scientific merits of a proposal. The technical monitor is seldom the individual who may commit agency funds.

Firm Commitment has no legal definition. It is in the nature of a pledge or promise to do something in the future, but is not a binding contract. The phrase is used when SFI personnel are advised by authorized representatives of funding agencies that a contract or grant will be forthcoming but that a delay, usually related to document processing, will cause the award to be received after the start date of the project.

Formally Executed Award is the legal document (contract or grant) that binds an agency to commit funds to SFI and binds SFI to provide resources (services, goods, facilities, expertise) in return for the funds. The awarding agencies have differing formats for such contracts and grants. Contracts are usually effective only when signed by both SFI and the agency; grants often are signed only by the agency.

Need to Advance Funds, in the case of a new award, might relate to a date which must be met, or any kind of study which must be done, or prepared for, by a specified date (e.g., the observation of a lunar or solar eclipse). For renewal or continuation awards, the need to keep already employed personnel on the payroll may be accepted as one justification for the Need to Advance Funds.
4. Attachments

SFI RAS, Request for Authorization to Spend Funds Prior to Receipt of an Award

[Signature]

Authorization

President

Date

2/3/10
Sponsored Research

Attachment A

Request for Authorization to Spend (RAS) Funds Prior to Receipt of an Award

Use this form whenever it is necessary to obtain an account/fund number for an extramurally funded project prior to the receipt of the actual award from the sponsor, in accordance with Santa Fe Institute Policy and Procedure on Expenditure or Commitment of Funds Against Contracts and Grants Prior to Receipt of an Executed Award describing the circumstances under which it is permissible to spend funds prior to receipt of an award.

Project Information

Funding Agency: __________________________________________________________
Award Title: ___________________________________________________________
Sponsor Award Number, If Available: _______________________________________

Principal Investigator Information

PI Name: _______________________________________________________________
This RAS does____/does not ____ pertain to an existing award.
If so, enter Current Agency Award Number: _______________________________
Human subjects not used ____/will be used _____. Approval number: ______________

Award Amount & Dates | | RAS Explanation

Award Begin and End Dates: ______________________________
Total Anticipated Award: $ ____________ Indirect Cost Rate: _______%
There is an ESSENTIAL NEED to expend: $ ______________
During the period beginning: ______________ and ending: ________________
  (This period NOT TO EXCEED 6 MONTHS)

Explanation:
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

Authorization

The Principal Investigator has reviewed and approved this request: __________________________ Signature and Date

Sponsored Research Director: _______________________________________________

Chief Financial Officer: ______________________________ Account/Fund No. _____________