



Advance Account Requests for Sponsored Research

Programs

Office of Research
Policy Number: 3.1

Effective Date: September 1, 2020
Last Update: September 1, 2020

I. Policy Summary

This document governs the establishment of an advance account for Principal Investigators (PI) who have demonstrated a need to begin project-related activity on a sponsored project prior to receipt of the award notice or executed contract when there is strong evidence an award is imminent on a proposal submission.

II. Policy Purpose

The purpose of this Policy is to provide guidance on establishing and managing an advance account. Advance accounts allow PI's and departments to record and track expenditures and eliminate the need to charge other unrelated accounts. This policy:

- Establishes the process and approval workflow for the advance account request.
- Defines advance account classification types and minimal requirements for requesting an advance account setup.
- Defines these advance accounts as “at risk” and addresses mitigation processes if the award is not executed as anticipated

III. Policy Scope and Applicability

This Policy applies to all Sponsored Research Projects conducted at or under the auspices of NJIT. This Policy will be administered consistently across all sponsored project funds and project accounts administered by the Office of Research.

IV. Definitions

“**NJIT**” includes all NJIT Colleges, Departments, Centers and all entities that are controlled by any of them, except where specifically excluded.

“**Advance Account**” means an index set up prior to the University’s receipt and acceptance of a sponsored award to allow the PI and Department the ability to incur allowable costs to an appropriate account, reducing the need for cost transfers upon award acceptance.

“**Allowable Costs**” Per NJIT’s *Policy on Charging Direct Costs to Sponsored Research Programs*, to be an Allowable Cost, the cost must be:

- i. Reasonable - The cost must be necessary for the performance of the Sponsored Project and reflect the action that a prudent person would have taken.

- ii. Allocable - The cost can be identified specifically with the Sponsored Project(s) in reasonable proportion to the benefit provided or other equitable relationship.
- iii. Consistently Applied – All costs incurred for the same purpose, in like circumstances, must be treated consistently as direct costs only or F&A costs only. Particular types of costs must always be treated as direct costs or F&A costs for all Sponsored Projects.

F. “NJIT Award” means a formal written grant, contract or agreement made between NJIT and a Sponsor to perform a Sponsored Project. The NJIT Award provides important guidance for managing the Sponsored Project and must be closely reviewed by the principal investigator, the administrator, and personnel in the Office of Research.

G. “Uniform Guidance” means The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as the Uniform Guidance), 2 CFR 1, Chapter II, Part 200, et al.

H. “Principal Investigator or PI” means NJIT’s principal investigator on the Sponsored Project.

I. “Sponsor” means a federal, state or local government agency, foundation, or private organization that is providing financial support of a Sponsored Project.

J. “Sponsored Project” means an externally funded activity conducted at or under the auspices of NJIT that is governed by specific terms and conditions. Sponsored Projects are usually separately budgeted and accounted for. Sponsored Projects may include projects funded for research, training, education, and other NJIT purposes.

V. Policy Statement

A. Establishing an Advance Account and Possible Negotiation Issues and Risk

If the University has an established history with the sponsor and the issues to be reviewed prior to executing the requisite agreement are routine, the Office of Research may proceed to establish an advance account upon request.

There are some cases, however, where there are significant negotiation areas of concern to the University that may have associated financial and non-financial risk. In these instances, prior to establishing the account, the pre-award office representative will identify areas of concern and ensure the PI and his/her department or school are aware of the risks they are accepting. The Senior Vice Provost for the Office of Research will review the request to assess the risk before the account is established and may share his or her views with the PI and department/school before approving the request.

Examples of negotiation issues include, but are not limited to:

- control of scope of work and key personnel;
- publication restrictions and confidentiality requirements;
- lack of criteria for acceptable performance;
- intellectual property terms;
- termination and default clauses; and indemnification.
- Start date may be unknown
- Allowance of pre-award spending per sponsor

In requesting an advance account, the Principal Investigator, the Department or School assumes the financial risk in the event the award is not made, not accepted, or if the terms of the award deem certain expenditures to be unallowable. The pre-award office will use its best efforts to finalize an award, but cannot guarantee a successful outcome of any award negotiation.

B. Monitoring Advance Accounts

Throughout the advance account period it is the responsibility of the PI, department/school and pre-award office to keep each other apprised of developments regarding award notification, acceptance, and negotiation.

Advance accounts will be treated as other grant award indexes with regards to NJIT and Office of research policies, procedures and approval workflows.

C. Consultant agreements and Subrecipient awards and/or contracts

If the PI has been approved for an advance account, this advance account approval is not to be passed through to any consultants or sub recipients. The University never authorizes pre-award (or advance) spending for these types of awards/contracts without an executed award agreement from the institution's prime sponsor.

D. Equipment

Purchases of equipment during the advance account period are discouraged. However, if there is a justifiable explanation for the need to purchase these on the advance account, it would have to be approved by the Senior Vice Provost for Research and other university officials as deemed necessary, follow all applicable federal guidelines and NJIT policies and procedures for procurement of equipment.

VI. Procedures

Ordinarily, an account may be in advance status no more than 90 days from the start date of the advance account budget period.

Advance account requests are initiated, completed, and submitted by the Principal Investigator (PI) to the Office of Research prior to the University's receipt of an award provided the following conditions are met:

- i. The proposal has received institutional endorsement and has been submitted to the sponsor
- ii. There is a reasonable indication, preferably written, that an award is forthcoming

The advance account requests can be submitted for one of the following scenarios:

- i. Advance Account – To request a new index on a new award in anticipation of execution of the final official award document.
- ii. Advance continuation – to request authorization to spend beyond current end date in anticipation of continuing budget year increment not yet officially awarded by sponsor.

For federal awards such as NSF or NIH, pre-award spending may be allowed but at the risk of the institution. The advance account form may also be utilized to request pre-award spending as defined below:

Pre-Award account – To request authorization to spend within 90 or less prior to expected grant start date

- A. Ninety days after the establishment of the account, if no award/contract has been received, a stop order may be requested by the Senior Vice Provost for Research or an extension may be requested by the PI for approval. **Otherwise, if the award/contract is not received and/or expenses not authorized, PI/department/school will absorb all costs incurred within the Advance Account.**

B. Removing an Account from Advance Status

- i. Upon acceptance of the award by the University, the account will be removed from advance status by the post award management unit.

Costs charged to the advance accounts must be allowable per the accepted award agreement and must occur within the project period unless the sponsor allows for pre-award spending. *Any expenses not meeting these requirements will be transferred by the post award management unit to the collateral index provided on the advance account request.*

- ii. If the award is not made, not accepted, or if the terms of the award deem expenditures to be unallowable. *All the expenditures will be transferred by the post award unit to the collateral index provided on the advance account request.*

C. Other considerations regarding advance accounts

- The sponsor will not be invoiced while the account is in an advance status.
- The project team may not complete any work involving human subjects, animal subjects, or requiring IBR approval while the account is in advance status.
- The initial advance account budget will be determined based on estimated funds to begin the project related activity and not necessarily the full anticipated award amount. The primary budget will be mainly to support personnel needs during the initial 90 days as a start up to begin project work.

H. Authorization/Approval

With regards to final approval of the advance requests, the follow thresholds will apply provided there are no concerns as outlined in Section V.A.1:

- i. Requests will be reviewed and approved by the Senior Vice Provost for Research and Sr. VP for Finance and Chief Financial Officer.

VII. Roles & Responsibilities

- A. **Principal Investigator (or designee)** – Initiates the Advance Account request form as per section VI.C and supporting documentation to demonstrate that the award is imminent. The PI must also inform the Department Chair and Dean of intent to set up an advance account.
- B. **Office of Research (OR)** – review for approval to determine if there is enough supporting evidence to establish the advance account.

VIII. Authority and Responsibility

The Office of Research has institutional authority for the matters addressed in this policy. Questions related to this policy are to be directed to the executive director, sponsored research programs administration

Related Policies and Regulations

Advance Account Request Form

Policy 3.3 Cost Transfers on Sponsored Research Programs

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([also commonly called the Uniform Guidance](#))

NIH Grant Policy Statement, [Part 7.5](#)

NSF Grant Policy Statement, Chapter III, [Section 320](#)

NSF Policy Awards and Policies Guide, [overview](#)