

SPONSORED PROGRAMS AWARDS AND EXPENDITURES

February 2008

Policy 2.1.01

Policy:

Expenditures cannot be processed against a grant until funds are secured from the awarding agency. Sponsored program grant and contract expenditures cannot be processed against a grant or contract prior to, or after, the official grant award dates.

Purpose:

State and institutional policies require that grant income be used for the purpose for which the income was awarded. As a result, "fund accounting" procedures are utilized and each project must have its own unique account number.

The Research Institute is not in a position to finance or make arrangements to finance awards for which funding is not secured in advance, nor may the Principal Investigator (P.I.) make expenditures before or after the dates of the award. This date restriction applies to all purchases and payroll charges.

Funds will not be dispersed, nor an award set up, for payments received that have no corresponding documentation. Therefore, it is necessary that Principal Investigators follow proposal guidelines to prevent the loss of time and possibly funds.

Procedures:

1. Receipt of Award:
At the time the award document is received, the Post Award office will assign an account number which is to be used on all financial transactions. The financial billing or reporting date is noted and all necessary reports will be prepared as of these dates. The RI will not accept checks unless accompanied by documentation that provides direction for the use of those funds. The RI will not accept cash for deposit in accounts.
2. Normal Approval for establishing award accounts:
Grant awards and finalized contract notifications are normally issued before the actual start date. Accounts are then established and expenditures can be made on the first day of the award.
3. Payroll over-expenditures:
Any payroll over-expenditures will be the responsibility of the P.I. and/or Department. Any retroactive pay adjustments will need to be reconciled by the P.I. or Department within a 60 (sixty) working day grace period following the grant end date. Employees must be transferred off the grant by the P.I. and/or Department, and the Research Institute notified of the transfer.
4. Inadequate funding within the grant period:
The P.I. should be aware of account balances and monitor the availability of funds. However, if the P.I. overspends the budget of a grant between the start and end dates, it is the responsibility of the P.I. to reconcile those expenditures; purchases will automatically be rejected during that period. Retroactive pay adjustments will also need to be reconciled by the P.I. The RI will communicate cost overruns to the P.I. and Department within 30 (thirty) days.
5. Post expiration expenditures: The RI will not honor expenditures that are dated after the expiration of the award.
6. The RI will notify the P.I. of the approaching end date of the grant 60 (sixty) days before the closing date of the grant. Failure to respond or failure to receive the notification will not be grounds to alter this policy.
7. Internal and external billing expenses:
Because most funding agencies require final financial reports to be submitted 90 (ninety) calendar days after the award expiration, **all internal and external billing will need to be submitted no later than 60 (sixty) calendar days from the award end date.** Any invoice, whether internal or external, that has been approved prior to the end date and sent to the RI within that sixty-day period will be honored and charged to the grant. Departments should communicate to vendors time constraints for receiving invoices at the end of a project. Invoices that are not received within that sixty-day period will not be honored. It will be the responsibility of the PI and the Department to pay those expenditures by other means.

Complete accounting requirements can be found on the KUMC Research Institute Division of Sponsored Programs Administration website: <http://www2.kumc.edu/researchinstitute/spa>.

Definitions:

Award: The provision of funds based on an approved application and budget, to an organizational entity or an individual to carry out an activity or project. This includes both direct and indirect costs (F & A) unless otherwise indicated.

Research: A systematic, intensive study intended to increase knowledge or understanding of the subject studied, a systematic study specifically directed toward applying new knowledge to meet a recognized need, or a systematic application of knowledge to the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

Responsible Parties:

This policy shall apply to all KUMC faculty, staff, postdoctoral fellows, students, trainees, and any other persons at KUMC, University of Kansas Physicians Incorporated and its affiliates, and KU Hospital staff involved in conducting and/or coordinating or managing research at KUMC.

Exemptions:

A grantee expecting an award from NIH may incur expenditures to cover costs up to 90 days before the beginning date of the initial budget period without NIH prior approval. Such expenditures are made at the grantee's own risk, must be necessary to conduct the project, must be allowable under the terms of the grant, and must be accompanied by written assurance from the Dean and the Chair of the Department that the Department will be responsible for the expenditures in the event that the award is not officially received.

Occasionally an award will not arrive until after the start date of the grant. In this situation, the Research Institute may establish an account before the receipt of the actual award letter if written assurance is received from the Dean and the Chair of the Department that the Department will be responsible for the expenditures in the event that the award is not officially received.

For both instances above, approval will be given primarily so that the P.I. can receive an account number to begin making expenditures necessary to start the project. Please submit an Approval for Pre-Award Spending form:

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/request_for_preaward_approval_form.doc

Exceptions to these policies can be made by the Vice Chancellor for Research. Decisions are made on a case-by-case basis relating to need, assurance of award, funding agency policies regarding pre-award expenditures.

Related Policies and Links:

KUMC Faculty Handbook http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/faculty_handbook_06_02_05.pdf

KUMC Research Institute Division of Sponsored Programs <http://www2.kumc.edu/researchinstitute/spa/>

KUMC Research Institute Policy 1.1.01: Principal Investigator Eligibility

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/PI%20Eligibility.pdf

KUMC Research Institute Approval for Pre Award Spending Form

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/request_for_preaward_approval_form.doc

OMB A-110 <http://www.whitehouse.gov/omb/circulars/a110/a110.html>

Contacts:

Vice Chancellor for Research: 913-588-7068

Associate Vice Chancellor for Research Administration: 913-945-6636

Director of Sponsored Programs Administration: 913-588-1259

History:

Original Issue Date: Oct-2004

Current Issue Date: 4/8/2008

RAC Approved: 4/30/2008

Effective Date: 5/6/2008