

Advance Accounts on Sponsored Programs

1. Overview

As the recipient of sponsored funds, the University seeks to support Principal Investigators (PI) in the compliant implementation of sponsored programs and to reduce administrative burden. To achieve these goals, Research Financial Services (RFS) establishes advance accounts to enable the initiation of sponsored activities in a timely manner. Creation of advance accounts also ensures that sponsored activities are charged to the appropriate project as they are incurred, thereby reducing the number of subsequent cost transfers.

Please note that this procedure does **not** apply to awards eligible for Pre-Award Spending. Advance accounts shall reflect the anticipated award start date, not a prior date as allowed under Pre-Award spending. Please refer to the guidance on Pre-Award Spending for further information.

2. Purpose

To establish requirements for the use and management of advance accounts in compliance with Federal regulations (2 CFR 200.458) and sponsor policies.

3. Who Must Comply

Department Personnel
Research Financial Services
Principal Investigators

4. Definitions

Advance Account: A financial record within Rutgers' financial system of record (Oracle) that tracks spending incurred prior to the official start date of the sponsored program.

Allocable Costs: A cost is allocable to a specific cost objective (e.g. grant, function, department) if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship. A cost is allocable to a grant if it is incurred solely in order to advance work under the grant; it benefits both the grant and the work of the institution, including other grant-supported projects; or it is necessary to the overall operation of the organization and is deemed to be assignable in part to the grant.

Allowable: A cost that is not precluded by any University, sponsor, award or Federal requirements and therefore may be charged to a sponsored program.

Consistency: Grantees must be consistent in assigning costs to cost objectives. Although costs may be charged as either direct costs or F&A costs, depending on their identifiable benefit to a particular project or program, they must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding so as to avoid duplicative charges. Consistency principles also apply to federally identified activity types: instruction, organized research, other sponsored activity, and other institutional activities and must be treated appropriately.

Reasonable Costs: A cost may be considered reasonable if the nature of the goods or services acquired or applied and the associated dollar amounts reflect the action that a prudent person would have taken under similar circumstances at the time the decision to incur the cost was made. The cost principles elaborate on this concept and address considerations such as: whether the cost is of a type generally necessary for the organization's operations or grant's performance; whether the recipient complied with its established organizational policies in incurring the cost; and whether the individuals responsible for the expenditure acted with due prudence in carrying out their responsibilities to the Federal Government, the public at-large, and the organization.

5. Procedures

RFS will establish an advance account when the University has received written, verifiable notification from the sponsor of a forthcoming award with a confirmed start date but has not yet received a fully executed agreement. When notification of the pending award is received, the PI or designee shall submit the advance account request via the Research Administration and Proposal Submission System (RAPSS). The request will include PI and Chair/Dean approval for use of a specific institutional cost center that will be used to fund pre-award activities should the award not be received.

RFS will set up the advance account in Oracle with the anticipated start date and a 90-day expiration date, status of 'Pending Executed Award' and a \$1 budget. Once the fully executed agreement is received, Oracle will be updated with the project budget, project end date, and the status will be converted to 'Active'. If the agreement has not been received and executed within the 90-day advance period, RFS shall work with the PI, or designee, to either extend the advance period or transfer expenses to the non-sponsored project indicated on the advance account request. Advance accounts will only be extended if the sponsor has provided written documentation to justify the delay in executing the award agreement. If the fully executed agreement reflects a start date that is later than anticipated start date recorded at the time of advance account setup RFS will move all expenses that pre-date the award start to the non-sponsored project included in the advance account request.

Expenses charged to advance accounts are incurred at the risk of the University, specifically the Unit that requests the advance account. If the sponsored program is ultimately not received and accepted by Rutgers, all advance account expenses must be moved to a non-sponsored project. Except in rare cases and with RFS approval, expenses that were charged to an advance account shall not be transferred to another sponsored project in the event the originally intended award was not received. The University does not perform compliance checks prior to advance account setup. As a result, compliance-related activities (i.e. Institutional Review Board (IRB) or Institutional Animal Care and Use Committee (IACUC) compliance checks) may not occur and the associated expenses may not be charged to advance accounts.

Advance accounts shall be managed with the same level of rigor as other sponsored program financial records. All activities charged to the advance account must comply with Federal costing principles and be allowable per the sponsor approved budget.

6. Roles and Responsibilities

Department Chairs / School Deans / Chancellors	<ul style="list-style-type: none"> • Approve the use of a non-sponsored project to fund all advance account activities in the event the award is not received
Department Personnel	<ul style="list-style-type: none"> • Support Research and Sponsored Programs and the PI to develop the advance account request • Support the PI to ensure all activities charged to advance account comply with costing principles
Research Financial Services	<ul style="list-style-type: none"> • Establish advance accounts with a 90-day expiration date • Transfer advance account expenses to the approved institutional cost center in the even the award is not received
Principal Investigator	<ul style="list-style-type: none"> • Work with Research and Sponsored Programs to submit the advance account request • Provide a non-sponsored project to fund all advance account activities if the award is not received • Ensure all activities charged to the advance account comply with costing principles

7. Resources

Related Policies

- Allowable Costs on Sponsored Projects
- Cost Transfers on Sponsored Projects

Sponsor Policies

- NIH Grants Policy Statement 7.9.1 Select Items of Cost Pre-Award (Pre-Agreement) Costs)
- NSF Grants Policy Manual Chapter VI – Allowability of Costs 602.2 Pre-Award Costs
- NASA Uniform Guidance Supplement 1800.209 Pre-award costs

Federal Regulations

- Uniform Guidance 200.403 Factors affecting allowability of costs
- Uniform Guidance 200.405 Allocable costs
- Uniform Guidance 200.458 Pre-award costs