Fund Advance Policy & Procedure

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POLICY OVERVIEW

A Fund Advance provides a Principal Investigator (PI) the opportunity to initiate their sponsored research project and begin incurring project expenses prior to the institutional acceptance of an award from an external sponsor. Requests for Fund Advances must be approved by both the Dean of the College responsible for the proposed project and the ORSP Director. In many cases, a request for a fund advance will be approved because of an established relationship with a sponsoring agency and/or because the sponsor has indicated a high degree of confidence that the project will be funded.

There are two types of Fund Advances:

1. **Pre-Award Spending Account**: Used to incur pre-award costs up to 90 calendar days prior to the award start date. This applies only to federal sponsors which allow such spending. All of the sponsor’s regular terms and conditions apply to pre-award expenditures.

2. **Advance Account**: Used to establish an account:
   - For a new grant for which the award letter has not yet been received
   - For the new budget year of a continuing grant
   - For a contract which has not yet been finalized

PROVISIONS

**Use of Fund Advance Accounts**

The PI must establish a Fund Advance account through ORSP before incurring expenses. ORSP will not authorize retroactive expenditures/commitments or transfers of expenditures when a Fund Advance was not established; such expenditures become the responsibility of the College. PIs shall not charge expenses to other ORSP projects for expenses they know should be charged to a Fund Advance account that was not established.

Costs incurred must be expended within the approved project period, must be in accordance with the terms and conditions of the award, and must be included in the sponsor-approved budget.

PIs must be in compliance with all other sponsor and University policies before incurring expenses, including Human Subjects, Animal Subjects, and Financial Conflict of Interest policies.

**Time Period**

Initially, a Fund Advance will be established for 120 calendar days. Extensions beyond 120 calendar days must be approved by the Dean and the ORSP Director.

**Amount**

Fund Advance budgets are typically 25% of the total anticipated award amount. If more than 25% of the total anticipated award amount is requested, the PI will need to indicate the amounts requested on the Request for Fund Advance form.
Generally, such accounts are used to cover salary and benefits costs of key personnel and supplies that are deemed essential to the project. Charges for additional salary or any other type of supplementary compensation are not allowed. Employees paid from a Fund Advance Account may not be appointed past the end date of the account.

**Responsibility**

In approving the Fund Advance request of a PI, the College Dean assumes financial risk in the event the award is not made or not accepted; if the start date of the award differs from the start date of the Advance Account; or if the terms and conditions of the award deem certain expenditures to be unallowable. The College is responsible for both direct and indirect costs. The College will also be responsible for any expenditures and commitments made by the PI before the Fund Advance is established. The ORSP Director, in consultation with the ORSP Grant Administrator (GA), will review and approve requests for Fund Advances on behalf of ORSP. Issues or concerns will be brought to the attention of the approving Dean.

**PROCEDURE**

The PI should initiate a request for a Fund Advance at least 30 days prior to the requested start date of the account. The form may be found at https://sites7.sfsu.edu/sites/sites7.sfsu.edu.orsp/files/assets/forms/fundadvance2009.pdf.

1. The PI completes the form, and forwards to their College Dean for approval, then submits the signed form to their GA.
   i. The PI may attach to the form any supporting documentation that would be helpful to the Dean in making a determination to support the request.
2. The GA reviews with their Sponsored Projects Manager and the form is forwarded to the ORSP Director for approval.
3. If the request is approved by the College Dean and the ORSP Director, the request is returned to the appropriate GA so they may setup the budget and establish the Fund Advance account.
4. The GA tracks the end date of the Fund Advance period.
5. When the notice of award is received, or the contract approved, the PI works with the GA to move the project status from Fund Advance to New Project. The budget is revised to reflect the total award amount and any other necessary modifications are made. The GA will notify the Dean that the award has been received.
6. If the Fund Advance period approaches 120 days and no award letter is received, the GA informs the PI, the Dean and the ORSP Director. The PI may request an extension of the Fund Advance period. The same approval process is followed as the original request.
   i. If no extension is approved, the account is deactivated on the 121st day. The GA initiates the Journal Entry to transfer expenditures from the Fund Advance account to another account indicated by the Dean or their designee.
   ii. The GA notifies the ORSP Personnel Specialist that the Fund Advance account is inactive so that employee appointments may be terminated.

**RELATED DOCUMENTS**

- [Fund Advance Form](https://sites7.sfsu.edu/sites/sites7.sfsu.edu.orsp/files/assets/forms/fundadvance2009.pdf)