



FINANCIAL AFFAIRS POLICY

SUBJECT:	FINANCIAL AFFAIRS	TITLE:	SPENDING AUTHORITY PRIOR TO GRANT AWARD		
CATEGORY: Check One	Board of Trustees <input type="checkbox"/>	Presidential <input type="checkbox"/>	Functional <input checked="" type="checkbox"/>	School/Unit <input type="checkbox"/>	
Responsible Executive:	Senior Vice President for Finance and Executive Vice President for Academic and Clinical Affairs	Responsible Office:	Vice President for Finance & Treasurer, and Vice President for Research		
CODING:	00-01-50-90:25	ADOPTED:	03/07/08	AMENDED:	03/07/08

I. PURPOSE

To specify UMDNJ requirements for authorization to incur expenses associated with externally sponsored grants and contracts prior to receipt of official notice of award from the granting agency.

This policy identifies the specific approvals required to authorize expenses associated with externally sponsored grants and contracts in the event that receipt of official notice of award from the granting agency has not been received prior to the scheduled start date of the grant or contract.

II. ACCOUNTABILITY

Under the direction of the Senior Vice President for Finance and the Executive Vice President for Academic and Clinical Affairs, the Vice President for Finance and Treasurer and the Vice President for Research shall ensure compliance with this policy. The Controller shall implement this policy.

III. APPLICABILITY

This policy applies to all university employees and to all externally sponsored grants and contracts funding.

IV. DEFINITIONS

- A. **Principal Investigator:** the primary individual in charge of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project.
- B. **Grant/Contract:** financial assistance awarded by a government agency or private organization (foundation or corporation) to an eligible applicant to accomplish research, health services or other purpose.
- C. **Grant Analyst:** financial administrator responsible for ensuring that financial transactions associated with the grant or contract comply with both the University's and the granting agency's policies and that they are allowable within the approved budget. The Grant Analyst reports to the Associate Controller for Grants and Contracts.

V. BACKGROUND

To ensure that the University does not incur costs associated with externally funded grants and contracts that may not be reimbursed, the Audit Committee of the Board of Trustees requested that specific criteria be established, and consistently applied, delineating the procedures for requesting and approving pre-award spending authority.

VI. POLICY

A. Requirements:

The University has a fiduciary responsibility to ensure the protection of all University assets from unauthorized use and in accordance with its internal control policies. Authorization of expenditures prior to the official notice of award should be infrequent and only when it is determined to be in the best interest of the University

B. Responsibilities:

1. The Principal Investigator (PI" applying for an externally funded grant or contract (grant) is responsible for ensuring that costs are not incurred prior to receipt of an official notice of award unless spending authority has been authorized in advance.
2. The Grant Analyst is responsible for reviewing all requests for utilization of grant funds (purchase orders, requests for check, petty cash forms, personnel forms, etc) to ensure that an official notice of award has been received prior to approval of the request or that pre-award spending authority has been granted.
3. The Research Dean is responsible for reviewing all requests for spending authority prior to receipt of an official notice of award from the granting agency and for recommending approval to the unit financial officer.
4. The Unit Financial Officer is responsible for determining if the unit has adequate resources to fund the cost in the event the official award notice is not issued by the granting agency and to approve the request for pre-award spending authority.
5. Both the Research Dean and the Unit Financial Officer are responsible for determining if authorization of the request for spending authority is in the best interest of the University.

VIII. PROCEDURES

In the event an official grant award notice is not received by the scheduled start date of the grant and the PI believes it is in the best interest of the University to perform services or incur costs prior to receipt of the award notice, the following steps must be completed:

<u>Performed By</u>	<u>Action Taken:</u>
Principal Investigator	<ol style="list-style-type: none">1. Prepares a justification explaining why it is in the best interest of the University to perform services or incur costs prior to receipt of the award notice. Justification should specifically identify the level of spending requested and the anticipated date for receipt of award notice.2. Confirms all goods and services are allowable under the potential award.

	<ol style="list-style-type: none"> 3. Acknowledges that all pre-award costs are incurred at the PI's risk. A sponsor is under no obligation to reimburse such costs if for any reason the recipient does not receive the award, or if the award is less than anticipated and inadequate to cover costs. 4. Forwards request with justification to Department Chair for approval.
Department Chair	<ol style="list-style-type: none"> 1. Approves/Disapproves request. 2. If request is approved, identifies funding source. 3. If requested spending authority is under \$5,000, forwards to unit financial officer. 4. If requested spending authority is \$5,000 or greater, forwards to unit Research Dean.
Unit Research Dean	<ol style="list-style-type: none"> 1. Reviews to ensure that the requested spending authority is in the best interest of both the unit and the University. 2. Evaluates/confirms expectation of receipt of award notice. 3. If request is approved, forwards to Unit Financial Officer.
Unit Financial Officer	<ol style="list-style-type: none"> 1. Reviews to ensure that requested spending authority is in the best interest of the unit and the University. 2. Approves availability of funds within identified funding source. 3. If request is approved, forwards to Grant Analyst for processing.
Grant Analyst	Establishes budget commensurate with approved spending authority.

By Direction of the President:

Vice President for Finance & Treasurer

Vice President for Research