

## **Research Services and Sponsored Programs**

### **Policy 09.008**

Area: Risk Fund Establishment

Authority: Dean of Graduate School and Research

History: Placed into effect March 2009

Responsible Office: Office of Sponsored Programs

#### Background

In some instances, fully executed notices of award may not be received until after the effective date of the agreement. If initiation of a project cannot be delayed until receipt of the formal award notice, the Office of Sponsored Programs may authorize a risk fund.

#### Purpose and Applicability

There are circumstances under which it is in the University's best interest to accept the risk of authorizing expenditures prior to the formal receipt of an agreement. Some sponsors permit a ninety (90) day window before a grant's start date under pre-award authority. At other times, the agreement is being held up by negotiations, budget constraints, and passage of federal budgets. Such a delay can impair the science or sponsored activity depending upon the timing – hiring students, ordering equipment, seasonality of work, academic year constraints, etc. Risk funds should only be utilized when the University is confident that funding will be received and the anticipated expenditures are allowable within the time period being authorized.

#### Process

The PI and the appropriate unit head must submit a written request to OSP explaining the circumstances requiring the establishment of a risk fund. The unit head (chair, dean, director) must agree in writing to guarantee any expenses incurred should the award not be finalized for any reason. The PI must submit a Letter of Guarantee (LOG) form to OSP that initiates early establishment of a sponsored fund.

#### Determination of risk acceptance

OSP may deny the advance risk fund request if there is insufficient information on file to determine that an award is pending. PI's should submit proposal documents, award notifications, draft terms and conditions or other appropriate award information, with the LOG form, if the information is not already on file with OSP or available in RAMSeS.

A fund number will normally be assigned after receipt of the completed LOG. Use of such funds should be limited to the essential expenditures in accordance with anticipated budget limitations and sponsor terms and conditions.

In the event the award is not fully executed or initiated, costs incurred under the risk fund are considered disallowed costs and the guaranteeing department must cover all expenses incurred from non-sponsored funds. Costs may not be moved to another sponsored project unless justified and approved by OSP Director as meeting the requirements of OMB Circular A-21 and A-110.

Pre-award timing. In the event the award is executed but the start date is later than anticipated, unallowable expenditures must be covered by the guaranteeing department. Costs shall not be moved to another sponsored project without OSP Director approval; with the exception of continuation funding.

Under no circumstances will costs incurred on behalf of a sponsored project be “parked” on another fund in anticipation of receipt of the award document or a future fund set up and cost transfer. If costs need to be incurred for a sponsored project, a LOG request should be submitted, as soon as possible, and costs should be booked on a timely basis to the appropriate risk fund for the project.

Contact: Director of Sponsored Programs, 910.962.3810, [www.uncw.edu/policies](http://www.uncw.edu/policies)

## Request to Establish a Risk Fund

UNCW Proposal Number: \_\_\_\_\_

Department: \_\_\_\_\_

Principal Investigator: \_\_\_\_\_

Sponsor: \_\_\_\_\_

Reason for risk fund:

\_\_\_\_\_  
\_\_\_\_\_

Amount of risk budget requested: \_\_\_\_\_

Budget needed: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Anticipated receipt date of formal award: \_\_\_\_\_

Contact at sponsoring agency: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Backup fund for expenditures incurred: \_\_\_\_\_

\_\_\_\_\_  
Principal Investigator/Date

\_\_\_\_\_  
Unit Head/Date

Approved:

\_\_\_\_\_  
Director, OSP

Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ATTACH BACKUP DOCUMENTATION TO SUBSTANTIATE REQUEST