

## **Account Numbers – PRELIMINARY**

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Pre-award spending refers to the act of incurring costs on a project prior to the official start date of a grant (commonly referred to as "pre-award costs") or incurring costs prior to the receipt of an award. In both instances, prior approval by the University is required because the action is considered a risk to the University. Therefore, specific policies and procedures exist to ensure that these costs will be allowable under the specific granting agency guidelines.

In accordance with CWRU policy, a Principal Investigator may request that a preliminary account be established prior to the receipt and/or execution of an official award. The Principal Investigator completes an Internal Prior Approval System (IPAS) Form and submits it to ORA requesting that pre-award costs be approved. Approval of this request will enable the Principal Investigator to incur pre-award costs as described above. The Principal Investigator, Department and School accept full financial responsibility for this action. In the event that an award is not received, or if the award is received with an effective date later than the date established for project expenses to be incurred, the guarantee would be enforced.

Upon receipt, verification, and approval of the IPAS, ORA will set up the account in the University financial system. Once an actual award is received, the preliminary account number will not change.

### **Policy**

An account number can be requested from the Office of Research Administration (ORA) prior to the receipt of an award for the following purposes: 1) to accumulate pre-award expenses, 2) to accumulate expenses for a delayed award with a retroactive start date, and 3) to accumulate expenses for an award that has been received but not setup due to missing required documentation.

***The preliminary account number will be established for a time period of 90 days.*** If an award is not received by the end of the 90-day period, a "petition" to allow the account to stay open must be filed. The petition must address the reason for the account not being able to be established. If the award is a contract and is being negotiated with the ORA office, ORA will automatically file the petition on behalf of the Principal Investigator.

### **Explanation**

ORA issues an account number upon receipt of valid award documentation (e.g., grant letters, signed contracts and subcontracts, and purchase orders) from a sponsor (e.g., government, industry, association or foundation) and after all necessary "required documentation" is submitted. In the absence of this trigger, ORA is usually unable to anticipate an award and assign it an account number. In some instances, however, a P.I., administrator, or ORA may anticipate an award with a high degree of certainty. For example:

- A competitive renewal from the Public Health Service (PHS) might be anticipated with a known start date, but delayed;
- Negotiations for a contract with industry might have been concluded, but the contract could be delayed while all necessary signatures are obtained; and
- An award may have been received, but its setup delayed because its budget is complex and hasn't been submitted to ORA (i.e., missing required documentation).

It is always advisable to request a preliminary account number under these circumstances. Preliminary account numbers allow the accumulation of expenses in a unique account, reduce the need for unnecessary journal transfer, and reduce the risk of having a journal transfer disallowed (e.g., under University policy, transfer involving salary will be denied if they are for expenses more than 120 days old).

All preaward costs charged to a preliminary account number must be reasonable, allocable, and allowable under the terms of the award.

The earliest that preaward costs can be charged to preliminary accounts is 90 days prior to the award's official start date.

Note that preliminary account numbers carry an element of risk. First, if award documentation is not received, the department assumes responsibility for all accumulated expenses. Second, if an award document is received with a later start date than was anticipated, expenses accumulated prior to the start date may be disallowed. Finally, pre-award charges on federal awards must comply with the sponsor's guidelines. For example, pre-award charges accumulated more than 90 days ahead of the start date may be disallowed on PHS grants (see the PHS Grants Policy Statement (*Rev. April 1, 1994*)).

### Procedure

<b>Award Type</b>	<b>Competitive Status</b>	<b>FDP Status</b>	<b>Account Number</b>	<b>Preaward</b>	<b>IPAS Form<sup>1</sup></b>	<b>ORA Action</b>
NEW	Competing	N/A	New	Yes	Req'd	Issues Prelim. Account
REN	Competing	N/A	New	Yes	Req'd	Issues Prelim. Account
CON	Non-Competing	Under FDP	Same <sup>2</sup>	N/A	Not Req'd	Extends Account

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<sup>1</sup> IPAS = Internal Prior Approval System

<sup>2</sup> Program Projects that are in the non-competing continuation phase receive a new account number every year, even when they are under FDP, due to their complexity.

## Required Documentation for Setup of a Preliminary Number

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### Policy

The Office of Research Administration (ORA) issues account numbers when two conditions are met. Condition One: Upon receipt of valid *Award Documentation*. Condition Two: Upon receipt of all *Required Documentation*. One from Column A and all from Column B, are necessary.

Requests for a preliminary account number must be made using the "Request for Budget Revisions/IPAS Approvals" form. The PI, Department Chair, and the Dean must sign this form. The IPAS (Internal Prior Approval System) form must contain a statement from the Department Chair that indicates that the department will assume responsibility for all expenses charged to the preliminary account in the event that an award is not received.

<b>Column A</b> <b>Award Documentation</b>	<b>Column B</b> <b>Required Documentation</b>
1 IPAS form for Preliminary number	*1 A fully executed CWRU Proposal Review Form **2 Valid Human Subjects Approval, if required **3 A copy of the abstract. Aids in the correct coding of account number.