

**NOVA SOUTHEASTERN UNIVERSITY
OFFICE OF SPONSORED PROGRAMS
POLICIES AND PROCEDURES**

AWARD MAINTENANCE

PRE-AWARD COSTS

EFFECTIVE 12-01-08, REVISED 12-26-2014

POLICY #27

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PURPOSE:

To establish a policy and procedure for when Principal Investigators/Project Directors (PIs/PDs) and their respective departments open an advance account and/or incur expenditures in advance of receiving the official award document.

DEFINITIONS:

Advance Account: A restricted and unique Banner index number that is established, with the written authorization of the Dean or Director of the College/Center, to enable a Principal Investigator/Project Director (PI/PD) to begin work and accumulate allowable expenses prior to the university's receipt of valid award documentation (i.e., notice of award, executed agreements) but when reasonable evidence exists that an award is imminent. Refer also to Office of Sponsored Programs (OSP) Policy No. 21 – *Banner Index Number Assignment*.

Pre-award Costs: Any cost incurred prior to the beginning date of the project period or the initial budget period of a competitive segment (under a multi-year award), in anticipation of the award and at the applicant's own risk, for otherwise allowable costs.

POLICY:

Colleges/Centers will, at their own risk, incur obligations and expenditures to cover pre-award costs prior to the beginning of the period of availability of funds, or start date of the period of performance as specified in the official award notice. For pre-award costs to be permissible, the following criteria must be met:

- the costs incurred are necessary for the conduct of the project;
- the costs incurred are reasonable, allocable, and allowable under the potential award without prior approval (refer to OSP Policy No. 28 – *Allowable Costs and Expenditure Control*); and
- the sponsor's written prior approval to incur pre-award costs is obtained, when required.

REFERENCES:

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- OMB Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, <https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform>
- NIH Grants Policy Statement, <http://grants.nih.gov/grants/policy/policy.htm#gps>
- NSF Proposal and Award Policies and Procedures Guide, <http://www.nsf.gov/bfa/dias/policy/>

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- HHS Grants Policy Statement, <http://www.hhs.gov/grants/grants/policies-regulations/index.html>
- Federal Acquisition Regulations (FAR), Title 48 C.F.R.

PROCEDURES:

1. Generally, pre-award costs are not allowable. However, under certain sponsored awards, allowable, reasonable and allocable pre-award costs may be incurred up to a specified period of time (typically 90 days) prior to the official start date of the period of performance.
2. Prior to incurring any pre-award expenditure or obligation, the PI/PD must consult with OSP to discuss the need to incur pre-award costs and determine if pre-award costs are allowable. OSP will obtain any necessary sponsor approval of pre-award costs. OSP can advise the PI/PD as to the allowableness of pre-award costs under an award.
4. If the sponsor does not permit pre-award expenditures, no costs should be incurred prior to the start date of the period of performance specified in the award notice.
5. If pre-award costs are permissible, an advance account will be established in accordance with OSP Policy No. 21 – *Banner Index Number Assignment*.