



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 65.10: Budgeting Sponsored Projects Prior to Receipt of Award

DATE: November 3, 2016

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to set forth institutional policy for the establishment of sponsored project budgets prior to receiving the executed award.

REVIEW: This OP will be reviewed in February of odd-numbered years by the Managing Director of Accounting Services and the Managing Director of the Office of Research Services with substantive revisions forwarded to the Assistant Vice President and Controller, Vice President for Research, and the Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Policy Statement

On occasion, sponsored project agreements may be in negotiation at the time of the anticipated start date of the project. To avoid delays in research, principal investigators should contact the Office of Research Services (ORS) before incurring costs. ORS will determine whether to establish an advance FOP in accordance with this policy. Departments are financially responsible if the award is not funded.

2. Advance Sponsored Project FOP

An advanced sponsored project FOP is a FOP established in the sponsored project fund range (i.e., Banner funds beginning with 21, 22, or 23) prior to the receipt of an executed award. The FOP elements and start date on the advance FOP will coincide with the anticipated agreement. An advance FOP avoids the need for subsequent cost transfers, allows for charges to be monitored in accordance with institutional policies governing sponsored projects, and can help to reduce the financial risk in the event the project is not funded.

3. Procedures for Establishing an Advance FOP

- a. Principal investigators must request an advance FOP with ORS. The request must be in writing and must be endorsed by the dean of the college of each faculty member listed as investigator or co-investigator on the internal proposal routing sheet.
- b. ORS will obtain verification, by telephone or other means, from the sponsor's authorized representative of the sponsor's intention to fund the project. Information obtained will include the awarding agency, award number, award amount, performance period, and estimated date of receipt of the executed award. If the sponsor is unable to provide sufficient assurance, the

- college or department may provide a back-up FOP that will be charged in the event the project is not funded.
- c. Based on either the assurances provided by the sponsor or the back-up FOP, the Managing Director of ORS (or, in her/his absence, the Associate Director of ORS) will determine whether to authorize establishment of an advance FOP, the amount to be budgeted, and the budget period.
 - d. Award and budget information is provided to Accounting Services for proper setup. Budgets will route through the Budget Revision System (BRS) to the principal investigator for approval.
 - e. Quarterly, Accounting Services will provide ORS a report of expenditures on advance FOPs. ORS will follow up with the contracting officer and the college or department as appropriate. Additionally, the Managing Director of ORS will ensure that uncertainties and significant risks are called to the attention of the Vice President for Research, whose approval will be required before additional budget authority is approved.