

ADMINISTRATIVE DIVISION RSCH Office of Research		POLICY NUMBER 1.11
POLICY TITLE Administration Advance Accounts for Sponsored Awards		
SCOPE OF POLICY USC System		DATE OF REVISION
RESPONSIBLE OFFICER Vice President for Research		ADMINISTRATIVE OFFICE Office of Research

PURPOSE

The purpose of this policy is to outline the establishment, use, and administration of Advance Accounts for sponsored projects when a fully executed agreement or notice of award has not been received. These preliminary accounts prevent the use of excessive cost transfers, reduce the risk of negative audit findings, and enable timely hiring of employees and purchasing of goods and/or services.

DEFINITIONS AND ACRONYMS

Principal Investigator (PI) – The individual designated by the sponsor with overall responsibility of the project.

Fully Executed Agreement or Notice of Award (NOA) – A fully executed legally binding instrument outlining the rights and obligations of the university and sponsoring agency.

Advance Account (AA) – An account established to track expenditures associated with an award that is anticipated or in the process of being issued. All expenses associated with an AA must be allowed under the sponsor's standard terms and conditions. These accounts provide access to a percentage of the anticipated budget for a specified period while waiting for a formal NOA or during the process of negotiating an award.

POLICY STATEMENT

Advance Accounts (AA), as defined in this policy, should be used in cases when receipt of a sponsored award is anticipated and it is necessary to incur expenses prior to receiving an official NOA. AA accounts ensure that expenditures associated with a forthcoming award are properly recorded and allocated as they are incurred. The AA must be requested by the PI and approved by their unit and division heads. Accounts must be requested and used as outlined in this policy and accompanying procedures.

PROCEDURE

Establishing an AA constitutes the assumption of financial risks associated with incurring charges prior to the issuance of an acceptable and timely award.

In recognition of the risks, an alternative source of internal funding must be identified to cover expenses incurred in the event an award is not received. If an account is not identified prior to

establishing the AA, the department's research incentive account will be charged for the expenses incurred on the AA.

Establishing Accounts:

The following actions are required to establish an AA.

1. The PI and/or departmental administrator must notify the Office of Sponsored Awards Management (SAM) which is responsible for coordinating the AA process and ensuring accounts are properly approved and established in accordance with university policy and procedure. Notification to SAM should occur as soon as the need for an AA is recognized for a new award and no later than 45 days prior to the desired start date of the project or the end date of an expiring account which will be extended as an AA. SAM is authorized to make the final determination as to whether an AA is appropriate and warranted.
2. Upon full approval, SAM will establish the account within USC's grants management system with an end date not to exceed 90 days after initiation. Extensions beyond 90 days must undergo the same approval process as when originally established.
3. The Office of Grant Funds Management (GFM) will manage and monitor the AA in the same manner as other restricted fund accounts; however, no invoices will be issued to the sponsor while the account is in advance status.
4. Upon receipt of an NOA, SAM will initiate the process to remove the AA designation and modify as necessary to comply with terms of the formal award.

Additional guidance and instructions regarding AA can be found at:

https://www.sc.edu/about/offices_and_divisions/sponsored_awards_management/managing_wards/award_actions/risk_account.php

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES

[FINA 3.00 – Sponsored Awards](#)

[FINA 3.35 – Cost Transfer Policy](#)

[FINA 3.40 – Cost Accounting Standards](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
	New Policy