

**Research Circular No. C.1.**

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## Distribution:

Deans

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## UCSB OFFICE OF RESEARCH

**SPONSORED PROJECTS POLICY****POLICY ON EXPENDITURES AGAINST PENDING CONTRACTS AND GRANTS****I. REFERENCES**

- A. By-Laws and Standing Orders of The Regents 100.4 (n)
- B. University of California Contract and Grant Manual, Chapter 6
- C. Memorandum dated April 14, 1980, as amended August 26, 1980, from President Saxon to Chancellors: Expenditures Against Firm Commitments Under Contracts and Grants

**II. POLICY**A. General Statement

Under certain limited circumstances, a principal investigator of a research, training, or public service project may request permission to spend funds in advance of the University's receipt of an anticipated award in support of the project. The principal investigator must first demonstrate that an *essential need* exists to commit funds in advance of receipt of the award. A *firm commitment* must then be obtained from the sponsor (either a governmental, private non-profit or for-profit sponsor) that it intends to award a contract or grant in support of the project. Finally, an *existing source of funds* must be identified to cover the risk of a delayed start date for the anticipated award or any other such action by the sponsor that results in a loss of anticipated funds.

B. Essential Need to Spend Funds in Advance

The determination of an essential need to spend funds in advance of receipt of an award relies primarily on the judgment of a project's principal investigator. Projects anticipating renewal or continuation awards can have an essential need to retain experienced project personnel as employees, and thus a request may be made to spend salary and fringe benefit funds in advance. In the case of a new project, an essential need might relate to the initiation of work by a certain date to meet project objectives, or to purchase of a piece of equipment that may otherwise be unavailable. In such cases, the sponsor's policies should be reviewed to determine whether pre-award spending is allowable under the terms and conditions of the anticipated award.

C. Firm Commitment

The term "*firm commitment*" has no legal definition, but serves as an indicator of a sponsor's intent, such as when University personnel are advised by authorized representatives of sponsor agencies that a contract or grant will be forthcoming, and the only delay is a ministerial one of document processing. It is the responsibility of the Office of Research to confirm that a firm commitment has been obtained from an authorized official of the sponsor.

D. Existing Source of Funds

Spending funds in advance of the receipt of an award is done solely at the University's own risk. No automatic provision exists to cover losses resulting from the failure of a sponsor to award all or part of the anticipated funds. To minimize the risk to the University, department chairs, ORU directors, deans and/or vice chancellors endorsing requests to spend in advance of the receipt of an award must identify an appropriate source of existing funds under their control that can be used to cover any unexpected losses.

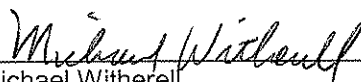
### III. PROCEDURE

Approval to expend funds against pending awards is requested on OR Form 203, "Request for Approval to Spend Funds" (RAS).

- A. The RAS form is completed and signed by the requesting principal investigator, department chair/ORU director, and dean/vice chancellor, as outlined in the form's instructions, before submitting the form to the Office of Research. By signing the RAS form, the principal investigator assures that all compliance approvals (e.g. human subjects, animal subjects, biosafety, and conflict of interest approvals, as applicable) have been obtained.
- B. Upon receipt of the completed RAS form, the Sponsored Projects Team will:
  - 1) Confirm receipt of a firm commitment from the sponsor.
  - 2) Confirm that all compliance approvals (e.g. human subjects, animal subjects, biosafety, and conflict of interest, as applicable) have been obtained.
  - 3) Verify that pre award spending authorization, as applicable, is allowable pursuant to the sponsor's policies.
- C. Final approval or disapproval of the request is made by the Vice Chancellor for Research or designee.
- D. The Office of Research notifies the requesting department of approval or disapproval of the RAS, and transmits the approved request to the Extramural Funds Accounting unit of Accounting Services and Controls.

### IV. APPENDIX

Office of Research Form 203, Request for Approval to Spend Funds (RAS)

  
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Michael Witherell  
Vice Chancellor for Research

cc: Meta Clow, Administrative Services