

SJSU Research Foundation Pre-Award Spending Policy

Office of Sponsored Programs

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1.0 Purpose

On a limited basis and under certain circumstances programmatic needs may call for expenditure of funds prior to the full execution of an award, grant, or contract. The *Pre-Award Spending Policy* sets San José State University Research Foundation (“the SJSU Research Foundation” or “the Research Foundation”) guidelines for managing pre-award spending requests.

2.0 Responsibility

The SJSU college dean, department chair, and Research Foundation management are responsible for ensuring compliance with this policy. Sponsored programs managers and principal investigators are responsible for adhering to this policy.

3.0 Scope

This policy applies to all proposal, awards, and contracts managed by the SJSU Research Foundation.

4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in this policy.

Term, Acronym, or Abbreviation	Description
Pre-Award Spending	The use of funds prior to an award being officially granted by a sponsor.

5.0 Policy

It is the policy of the Research Foundation to permit project expenditures only after the receipt of a fully executed contract or grant from the sponsor. At times, however this might not be practical, and programmatic needs may call for establishing accounts and permitting expenditures prior to the receipt of the fully executed contract or grant. In accordance with [CSU Executive Order 890](#) and under certain limited circumstances, a principal investigator (PI) may request permission to spend a specified amount of money during a specified period against an appropriate account and fund prior to the receipt of an executed award from the funding agency.

The Research Foundation makes every effort to avoid excessive or unnecessary financial risk and commitment when pre-award spending is requested. When a request is made to spend funds prior to receipt of the award, the Research Foundation carefully considers risks, liabilities, and limitations.

- **Risks:** Whenever the Research Foundation authorizes pre-award spending, the Research Foundation is risking monetary loss. Other funding must be available to cover the risk of a delayed start date, costs disallowed by the sponsor or failure of the sponsor to make an award as anticipated. The risks, liabilities and limitations associated with pre-award spending must be carefully considered prior to requesting authorization to spend funds in advance of receiving the award.
- **Liabilities:** Special care must be exercised in assessing the impact of pre-award spending on the legal obligations of the Research Foundation prior to requesting or approving pre-award spending. The university must consider the impact of not having a fully executed grant or contract agreement on its legal obligations regarding intellectual property rights, subject injury, indemnification, etc.
- **Limitations:** A sponsor's policies, the terms and conditions of the anticipated award, and campus policies and practices determine whether or not pre-award spending or pre-award activities are allowable. Restrictions differ depending on the funding agency and the type of award anticipated (i.e., grant, cooperative agreement, or contract).

5.1 Pre-Award Spending Review and Authorization

It is the responsibility of the principal investigator of a research, training, contract or grant to request permission to spend a specified amount of money during a specified period against an appropriate account and fund number prior to the receipt of an executed award from the funding agency.

5.1.1 Criteria

Three criteria must be met before the principal investigator is authorized to spend funds against approved projects in advance of receiving a fully executed award. It must be demonstrated that:

- A **firm commitment** by a funding agency exists to award a contract or grant and confirmation from the sponsor, either in the award terms and conditions, or by written approval, pre award spending is allowed.
- There is an **essential need** to advance or commit funds.
- **Non-federal and un-obligated funds are available** to cover the risk of a delayed start date or failure of an agency to make an award as anticipated.

5.1.2 Approval

The request for pre-award spending must be reviewed and approved by the principal investigator's college dean, department chair, and the Research Foundation OSP senior director.

The principal investigator's department, school, college, or organized research unit (ORU) would be responsible for providing appropriate funds to cover expenditures which might be disallowed as a result of delay or failure of an agency to make an award as anticipated.

5.2 Circumstances That May Warrant Pre-Award Spending

The following circumstances may warrant a request for pre-award spending

- The Principal Investigator has sufficient funds in another account that can be allocated to the program needing pre-award spending authorization;
- Long standing program with history of late agreement (for example Title IV-E or MESA)
- Letter of intent of fulfillment from the sponsoring agency;
- Academic unit pledges in writing to cover the expenses should the sponsor not provide funds; and
- Other reasonable justification deemed appropriate by the Research Foundation.

6.0 Related Policy Information

[CSU Executive Order 890 – Section 3.5](#)

7.0 Required Forms

This table contains a list of forms and special tools referenced in this document.

Form	Description of Use
Pre-Award Spending Approval Form	The Pre-Award Spending Approval Form is the institutional mechanism used to request, justify and obtain department, college and Research Foundation approval to spend funds prior to the execution of an award.

8.0 References and Related Information

Not applicable.

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements.

Record	Retention
<i>Pre-Award Spending Policy</i>	This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements.