**PURPOSE:**

To establish the policy and procedure for requesting internal prior approvals for situations allowed by the sponsor and when authorized by the appropriate institutional officials. With most federal sponsors, the following situations can be authorized internally:

*Pre-Award Costs*

When principal investigators (PI) need to begin supporting staff or purchase services and supplies for their research prior to the award begin date, federally sponsored projects under the term and conditions of the Federal Demonstration Partnership (FDP), allow recipients to incur expenditures within 90 days prior to the effective date of the award (for both new and competing continuation awards).

When the federal sponsor does not apply the provisions of the FDP, or if the award is from a non-federal sponsor, the award conditions and sponsor policies will dictate the requirements on incurring pre-award costs.

*Rebudgeting*

If, during the course of the research project, a PI needs to incur expenditures differently from those outlined in the approved award budget, funds must be rebudgeted from one cost category to another. Most federally sponsored projects under FDP terms and conditions allow recipients to rebudget within and between expense categories, up to the amount or percent allowed by the agency.

When the federal sponsor does not apply the provisions of the FDP, or if the award is from a non-federal sponsor, the award conditions and sponsor policies will dictate the requirements on rebudgeting. The university may need to seek prior sponsor approval before transferring funds from one cost category to another.
No-Cost Extensions or Non-competing Extension

To ensure PIs and their staff can phase-out the research project in an orderly fashion, federally sponsored projects under FDP terms and conditions, allow recipients to request a one-time extension of the original project end date for up to 12 months. This is known as a non-competing extension or a “no-cost” extension. The awarding agencies must be notified in writing of this intent, by Sponsored Programs (SP) Financial Administration, ten days before the end date indicated on the award notice. This extension does not include any additional changes in the original award amount, it requires justification, and it may not be exercised merely to use unobligated balances. The final report is not due until the end of the new end date.

When the federal sponsor does not apply the provisions of the FDP, or if the award is from a non-federal sponsor, the award conditions and sponsor policies will dictate the requirements on requesting no-cost extensions.

DEFINITIONS:

Pre-award Costs: Incurred obligations and expenditures required for the conduct of the award up to 90 days prior to the effective date of an award.

Rebudgeting: To transfer original authorized budgets from one cost category (e.g., supplies) to another (e.g., domestic travel) to enable the PI to complete the scope of the award.

Non-competing Extension: Approval of additional time, not to exceed a time period designated by the awarding agency, to any budget period, including the final budget period, commonly referred to as a “no-cost extension”.

Federal Demonstration Partnership: is a cooperative initiative among 10 federal agencies and 98 institutional recipients of federal funds; its purpose is to reduce the administrative burdens associated with research grants and contracts.

Prior Approval: Written permission, in advance of incurring expenditures, to use award funds for purposes that were not included in the original approved project budget.

Internal Prior Approval Request: A university process in which authorized officials of the university provide the necessary approvals for rebudgeting, incurring pre-award costs, and no-cost extensions without referring the request to the sponsoring agency. The requests are processed via Internal Prior Approval Request Forms (IPAR) which can be found in the Controller’s website under forms.
POLICY:

When authorized by sponsor guidelines and award-specific terms and conditions, it is the policy of the university to use the Internal Prior Approval Request process to review and approve pre-award costs, rebudgeting, and no-cost extensions. The Sponsored Programs Expenditure Compliance Office is responsible for reviewing and processing the requests.

Individual deans may establish additional procedures for rebudgeting that involves an increase or decrease in faculty time and/or effort.

The Internal Prior Approval Request process cannot be used if the budget change is considered “significant.” The following are examples of significant changes:

- change in scope or objective of the project;
- change in PI;
- absence of PI for a significant length of time (usually in excess of 3 months); or
- significant changes in level of effort (25% increases or decreases) by key personnel.

When significant changes occur, agency notification is required and written authorization must be received from the agency prior to the occurrence of the significant change.

REFERENCES:

*PHS Grants Policy Statement.*

*NSF Grants Policy Manual.*

*OMB Circular A-110, subpart b, subpart c.*

PROCEDURES:

1. The PI will complete and sign the IPAR form and submit it for approval to the chair of the department or dean of the school and to the designated university official: Sponsored Programs – Expenditure Compliance Office.

2. The university official will review and approve the form in accordance with the sponsor guidelines and award specific terms and conditions.

3. After approving the form, the official will take the appropriate actions and will inform the Principal Investigator. If the request can not be approved by the Sponsored Programs Office, the form will be returned to the PI or designee.

4. If the PI is requesting changes that must be obtained from the sponsoring agency, the below outlined procedure is to be followed:
The terms of each award must be reviewed by the PI, or his/her designee, for the sponsor’s requirements concerning pre-award expenditures, budget revisions and restricted expenditures, and no-cost extensions.

For awards in which prior sponsor written approval is required, the PI must initiate a letter to the appropriate sponsor official (Grants Management or Contracting Officer, if federal award). The letter must clearly state the change requested and must contain justification. Note: For federal awards, the Program Officer has no authority to approve these changes which must be approved by the Grant Officer or Manager.

This letter must be submitted for countersignature on behalf of the university to the Research Administration Office. After this signature has been obtained, the letter will be returned to the PI for transmittal to the sponsor.

Once the PI receives written approval of the request from the sponsor, a copy of this approval must be forwarded to Research Administration. Research Administration will submit the approval to Sponsored Programs for appropriate action to be taken in the sponsored system and to place this documentation in the award file.