

## **FSU Guideline on Pre-Award Spending**

Under limited circumstances, project directors/principal investigators (PD/PI) may request authorization to spend funds in support of a sponsored project in advance of receiving an official notice of an award from a Sponsor (Pre-award).

Pre-award costs are those incurred prior to the effective date of the award or subaward directly pursuant to the negotiation and in anticipation of the award where such costs are necessary for efficiently and timely performance of the scope of work.

The following provides an overview of allowable grant spending during the pre-award phase.

### **Federally-Funded Projects**

- Federal guidance ([CFR §200.459 Pre-Award Costs](#)) provides for the allowability of pre-award costs. Some federal agencies may require approval and documentation before any pre-award spending occurs. The PD/PI is encouraged to contact ORSP for clarification. If pre-award costs are allowed by the sponsor, appropriate expenses can be charged to the fund during the pre-award period.
- Generally, the PD/PI may incur pre-award costs 90 calendar days prior to award, or more than 90 calendar days with the prior approval of the federal awarding agency, subject to sponsor guidelines and terms of specific award. The federal awarding agency is under no obligation to reimburse such costs if for any reason the university does not receive an award or if the award is delayed or is less than anticipated and inadequate to cover such costs.

### **Non-Federally-Funded Projects**

- A need for pre-award spending may arise on non-federally-funded projects. ORSP will work with each PD/PI to review the Sponsor guidelines on allowability of pre-award costs. Pre-award spending may be authorized at FSU through the procedure outlined below, where a source of institutional funds will be identified in case the sponsor declines to make the anticipated award.

## **Pre-Award Spending: Risks, Liabilities and Limitations**

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.

*Risks:* Whenever FSU authorizes pre-award spending, the PD/PI is risking monetary loss. It is the responsibility of the PD/PI to ensure other funding is 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 responsibility lies on the PD/PI to ensure appropriate steps have been taken to ensure minimal risk.

*Liabilities:* Special care must be exercised in assessing the impact of pre-award spending on the legal obligations of FSU prior to requesting or approving. The university must consider the impact of not having a fully executed grant agreement. It is important to note, ORSP requires notification from the sponsor in the form of an email or other documentation that supports the likelihood the agreement will be funded.

*Limitations:* A sponsor's policies and the terms and conditions of the anticipated award 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.

## **Submission and Routing to ORSP**

Requests for pre-award spending must be submitted to ORSP for approval. Requests should explain the essential need, the amount of funds, the timeframe requested for pre-award spending, and written approval from the Sponsor. ORSP will analyze the request to verify all administrative requirements have been met. If approved, ORSP will authorize Grants Accounting to set up a new grant E-fund.

**Contacts:** Office of Research and Sponsored Programs; Grants Accounting