

Underwriting Grants and Contracts

SPA-11-017



About This Policy

Effective Date:

02-01-2011

Last Updated:

02-01-2011

Responsible University Office:

Office of Research Administration

Responsible University Administrator:

Associate Vice President for Research

Policy Contact:

James P. Becker, Executive Director of Grants and Contract Services

jambecke@indiana.edu

Related Information

* [Grant & Contract Services: Proposal Preparation & Submission](#)

Related Forms

* [Email template for Bloomington and Regional Campuses](#)

* [Email template for the Indianapolis Campus](#)

Scope

Policy Statement

Reason For Policy

Procedure

Definitions

Sanctions

History

[Back to top](#) ↗

Scope

This policy applies to all Indiana University faculty and staff involved in the fiscal operations and administration of grants and contracts or otherwise with the authority to incur expenses under grants and contracts.

[Back to top](#) ↗

Policy Statement

It is the policy of Indiana University that an underwrite request must be initiated by a school or academic unit if the unit wishes to spend funds prior to the formal receipt and acceptance of a notice of award or executed contract.

After the award or contract is received, all expenditures which have been posted to the underwrite account must comply with the award conditions and budget, agency guidelines and regulations. Expenditures must occur within the award period (or pre-award expenditure period granted by the agency) in order to be charged to the project. Any disallowed charges are the responsibility of the Academic Unit.

[Back to top ↗](#)

Reason For Policy

This policy provides guidance to ensure best practices in the fiscal management of grants and contracts at Indiana University and to meet requirements of Office of Management and Budget Circular A-21 and other sponsoring agencies.

Generally work is begun and expenses are incurred on a grant or contract after the receipt and acceptance of a notice of grant award or executed contract. Occasionally, however, the award is late in arriving or negotiations take longer than expected. In such cases, it may be necessary or appropriate to incur expenses prior to the receipt of such award or contract. Under these circumstances, the School or Academic Unit may request the establishment of an account to underwrite such expenses.

[Back to top ↗](#)

Procedure

Underwrite requests are initiated by the school or unit during the final stages of the proposal process, during the final award negotiations, or before the arrival of the next project period of funding in a multi-year project.

An underwrite is used when an award is delayed and the department wants to charge expenses to the proper C&G account instead of posting charges to a department account and then transferring charges when the award is received. Auditors continue to give cost transfers close scrutiny; establishing an underwritten account enables the department and the Office of Research Administration (ORA) to ensure the proper fiscal management of the expenditures.

The typical underwrite period is 3 months, but may be extended by the underwriting school or unit. Unless there is an issue with research risks, ORA will respond to your underwrite request and provide an account number within 24 hours.

Authorization by the account fiscal officer (or delegate) of the underwriting account is required. Each school or unit sets the routing and approval requirements for its underwriting process. The department is required to provide a departmental account that will guarantee all expenses in case the award is not received at Indiana University. Underwrite requests may be submitted via email, and must be approved by the school or unit prior to being submitted to ORA.

The following information should be contained in the underwrite request:

IU proposal number Project director name Requestor's name Requestor's phone number Requestor's Email Address Underwriting account number (must be an unrestricted, non-C&G account) F&A Rate if known Underwrite effective date Study number(s) if research risks are involved School or unit approval (if required) Departmental contact Email address to notify when the underwritten account number has been established

[Back to top ↗](#)

Definitions

Underwrite: A grant or contract account that is temporarily backed by an Academic Unit commitment to cover expenses until the award is received from the funding agency. Occasionally referred to as an "advance account".

[Back to top ↗](#)

Sanctions

Failure to adhere to the principles and processes in this policy may result in the disallowance of expenses and/or loss of underwrite privileges.

[Back to top ↗](#)

History

Replaces: Policy III: 40 "Policies Related to Contract and Grant Administration: Underwriting Projects." Important Notice 95-8 "Underwrite Update"