

CONTRACT AND GRANT ACCOUNTING

Letter of Guarantee

Date Revised: March 9, 2009

Pre-Award Spending

With proper approval, project costs may be incurred prior to the receipt of an award and/or the start date of an award, provided each of the following criteria is met:

1. Costs are underwritten by the department administrating the award.
2. Costs are deemed necessary to the establishment of the project.
3. Costs meet the allowability requirements of OMB Circulars A-21, A-110, and specific sponsor regulations.
4. A minimum amount necessary shall be requested for performance under a Letter of Guarantee. If an amount **exceeding \$10,000** is requested, it must be adequately justified with additional documentation detailing the need for the higher at-risk amount.

Once these criteria are met and the necessary approvals obtained, the Post Award Compliancy Officer will establish a pre-award spending fund, which will be the original fund # once proper documentation is received, for essential expenditures. In the event the award is not funded, the department is responsible for any cost incurred.

Upon receiving official, written notification that an award is forth coming, a pre-award spending fund can be validated for a set period of 90 days but is not assigned a budget.

If the award notification is not received within a 90-day period, the Office of Sponsored Research must request an extension or the Post Award Compliancy Officer will move all expenditures incurred in the pre-award fund to the departmental fund, identified in the Letter of Guarantee. Because some award notifications may take longer than 90 days to arrive, the timing of notifying the departments of expenditures is adjusted accordingly.

A pre-award spending fund may be established using this method:

- **Letter of Guarantee**

When a sponsor agrees to fund an award but the award notice has not been received and officially approved by UNCP, the PI can initiate the project and incur necessary set-up cost by generating a financial guarantee request with their academic department or with the Office of Academic Affairs. The Letter of Guarantee must be sent to the Post Award Compliancy Officer with proper signatures, along with assurances of funding (such as a letter of intent from the funding agency) and other applicable supporting documentation.

By signing the Letter of Guarantee, the Vice Chancellor, or departmental head agrees to underwrite all expenses on behalf of the applicable unit or department, should the award not be funded.

Reason for Policy

This policy protects the University from fraud and misuse of funds by defining the instances where pre-spending may be allowable.



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THIS FORM MUST BE COMPLETED IN FULL IN ORDER TO BE PROCESSED

Table with 2 columns and 5 rows: Principal Investigator, Project Sponsor, Project Title, Proposal Number, Proposed Project Period, Banner Number, Department, College.

Reason for Request: (Please check appropriate box)

New Grant/Contract (i.e. Pre-award Costs) [] Continuation Grant/Contract []

Amount Necessary to Spend on Project until Anticipated Funding Arrives: \$ _____ (Note: Must not exceed \$10,000 in Direct costs).

Period covered by Letter of Guarantee: _____ (Note: Must not exceed 90 days prior to proposed project start date)

Justification for Letter of Guarantee:

Reason for Award Delay: (Please indicate estimated date of receipt)

Guarantee Fund: _____

In accordance with the Sponsored Programs Office Procedure concerning Letter of Guarantee, the following individuals approve this Letter of Guarantee:

Signature of Principal Investigator Date

Signature of Department Chair Date

Signature of Dean of College/School Date

Approval: Post Award Compliancy Officer Date

Forward completed forms to: Post Award Compliancy Officer, Lumbee Hall 311; Fax: 910-775-4199