

## **Assumption of Risk Policy**

*Updated January 2, 2003*

Occasionally formal notice of a new award or continued award can be delayed. In some cases when the probability of funding is clearly established, it is in the best interests of the investigators and UNCG to either initiate or continue the work before the formal notice arrives. To accomplish this, one can request that the Associate Provost for Research assume the risk for the funding. To make this request, an Assumption of Risk form must be submitted. The directions for doing this are below. Please note that the procedure for requesting an Assumption of Risk for a new award differs slightly from the procedure for requesting an Assumption of Risk for an existing award or for covering pre-award costs. Requests should be for the minimum amount of funding necessary. In the unlikely event funding is not received, it will be the responsibility of the Associate Provost of Research to cover any expenses incurred under this Assumption of Risk.

### **Directions for Completing an Assumption of Risk Form for a New Grant or Contract Award or Pre-award Costs**

For delayed notices of award for new grants and contracts, the Principal Investigator (PI) should first discuss the need for an Assumption of Risk with the Office of Sponsored Programs. This will assure that the appropriate measures are being considered, that the request can be supported, and that an Assumption of Risk is necessary. An example of a new grant or contract that may need an Assumption of Risk is an agreement with a state agency for which all signatures have not been obtained.

Some federal funding agencies allow pre-award costs to be incurred for the 90 days prior to the beginning date of a contract or grant. This is usually to allow special equipment to be acquired or analytical work to be completed in advance of the start of the sponsored project. An Assumption of Risk must be submitted for pre-award costs. The PI should discuss the need for an Assumption of Risk for pre-award costs with the Office of Sponsored Programs. The PI and/or the Office of Sponsored Programs may also confer with the Office of Contracts and Grants relative to pursuing pre-award costs. Requests for costs to be incurred outside of the 90-day pre-award time line require **PRIOR APPROVAL BY THE AGENCY.**

The Assumption of Risk form is available at <http://www.uncg.edu/rss/awardmgt.htm>. The PI completes Part 1 of the Assumption of Risk form. Indicate on the form whether this is a pre-award or a new award. All items in Part 1 must be completed. The usual practice is for the Assumption of Risk to cover three months of expenses. An exception to this policy is in personnel appointments, as discussed below. The PI submits the form to the Office of Sponsored Programs. The Office of Sponsored Programs enters information into Part 2 of the form, as appropriate, and passes the form to the Office of Contracts and Grants. The Office of Contracts and Grants completes Part 2 and passes the form to the Office of the Associate Provost for Research. The APR completes Part 3 and returns the document to Office of Sponsored Programs, who in turn forwards the completed award folder to the Office of Contracts and Grants. The Office of Contracts and Grants establishes the account and notifies the PI of the account number.

Personnel appointments can be longer than the three-month time line. To hire an employee for a year on an Assumption

of Risk agreement, the PI submits the necessary paperwork when applying for an Assumption of Risk. Personnel appointments are handled in this manner to minimize the amount of personnel paperwork. Otherwise new personnel paperwork would be required when the official notification of the award was received. It is the PI's responsibility to layoff or reassign this individual in the unlikely event funding is not received.

If it is learned before the Assumption of Risk time line has expired that the funding will not be received, the Office of the Associate Provost of Research must be notified immediately. Otherwise, the final award notice will go to the Office of Sponsored Programs who will notify the Office of Contracts and Grants, the PI and the Associate Provost for Research. The Office of Contracts and Grants will enter the budget and other essential data into the accounting records.

### **Directions for Completing an Assumption of Risk Form for an Existing Grant or Contract Award**

In some instances, formal notice of the continuation of an award is not received until after the termination date of the currently funded time period. An example is next year's notice of funding for a multiple year federal project. If the work on a project cannot be interrupted until receipt of the formal award notice, it may be possible to continue work using the same account number. An Assumption of Risk form must be submitted. The procedure for doing this is detailed below.

The PI should discuss the need for an Assumption of Risk with the Office of Contracts and Grants. This will assure that the appropriate measures are being considered, that the request can be supported, and that an Assumption of Risk is necessary. The PI and/or the Office of Contracts and Grants

may also confer with the Office of Research Services relative to pursuing an Assumption of Risk.

The Assumption of Risk form is available at <http://www.uncg.edu/rss/awardmgt.htm>. The PI completes Part 1 of the Assumption of Risk form. Indicate on the form whether this is an Existing Award. All items in Part 1 must be completed. The usual practice is for the Assumption of Risk to cover three months of expenses. An exception to this policy is in personnel appointments, as discussed below. The PI submits the form to the Office of Sponsored Programs. The Office of Sponsored Programs enters information into Part 2 of the form, as appropriate, and passes the form to the Office of Contracts and Grants. The Office of Contracts and Grants completes Part 2 and passes the form to the Office of the Associate Provost for Research. The Office of the Associate Provost for Research completes Part 3 and returns the document to Office of Sponsored Programs, who in turn forwards the completed award folder to the Office of Contracts and Grants. The Office of Contracts and Grants notifies the PI that the project's account number is active.

Personnel appointments can be longer than the three-month time line. To hire an employee for a year on an Assumption of Risk agreement, the PI submits the necessary paperwork when applying for an Assumption of Risk. Personnel appointments are handled in this manner to minimize the amount of personnel paperwork. Otherwise new personnel paperwork would be required when the official notification of the award was received. It is the PI's responsibility to layoff or reassign this individual in the unlikely event funding is not received.

If it is learned before the Assumption of Risk time line has expired that the funding will not be received, the Office of the Associate Provost of Research must be notified immediately. Otherwise, the final award notice will go to the Office of Sponsored Programs who will notify the Office of Contracts and Grants, the PI and the Associate Provost for Research. The Office of Contracts and Grants will enter the budget and other essential data into the accounting records.