“Parking” Charges on Sponsored Funds

Occasionally funding for an award is delayed well past the anticipated start date. This delay poses a challenge for Principal Investigators (PIs) ready to begin their projects. While it may seem expedient to charge the expenses to an existing award and move them to the new award when it arrives, this practice is fraught with problems.

The intentional “parking” of charges on a sponsored award while waiting for another award to arrive is never a good idea. Parking of charges for any reason is considered a misuse of grant funds and transfer to or between sponsored awards is a red flag to sponsors and auditors alike. In the long run, parking charges puts Rensselaer at risk and creates more work for all of us.

I. Issues with Parking Charges

1. The charges do not pass the A-21 test (allowable, reasonable AND allocable). They are clearly not allocable to the award – they rightfully belong somewhere else.

2. Each month (more frequently in some cases), RA&F runs invoices for active sponsored funds. If you “park” charges on a sponsored fund, those charges are billed to that sponsor and paid by them.

3. When the charges are finally moved to the proper award, the fund is left with a credit balance... In some instances, we must issue refunds to sponsors because of these overpayments.

II. Alternatives

So, how do you deal with expenses while awaiting your new fund?

1. Request Bridge Funding until the award documents arrive. Bridge funding is the best vehicle for providing funds while waiting for a confirmed award to arrive, or to bridge the gap between delayed increments. Please be sure to take advantage of this opportunity.

2. Charge the expenses to an unrestricted fund.

3. Contact RA&F when in doubt.