

UAH OVPR&ED RISK MEMO PROCEDURE

Purpose

A situation may arise during the course of a contract or grant where work and/or expenditures may be necessary to fulfill obligations of a project while putting university funds at risk. Examples include, but are not limited to, the following: continuing to work past a contract end date with a contract extension request in place; issuing a letter of authorization to a subcontractor; ordering un-proposed equipment without prior agency approval; submitting expenditures against an account with a deficit balance pending receipt of additional funds; or opening an account prior to receipt of the award document and funding. In any circumstance such as these, the university cannot proceed without a risk memo stating that in the event that the agency action does not take place, expenses incurred at risk will be paid from non-contract/grant funds. Risk memos should be used judiciously.

Risk Memo for an Existing Research Contract/Grant (already have an award/org number)

Find the fillable Risk Memo Form at this link: <https://resadmin.uah.edu/documents/RiskMemo.pdf>.

*****A brief justification statement of the risk situation along with proper backup documentation MUST be included with ALL completed and submitted risk memo.*****

Completing the Form

Date the memo with the date that the form is being completed.

Include the Name of the Principal Investigator.

Include the Center or the College and Department that is fiscally responsible for the award.

Section I – Information about Existing C&G Org

- (a) C&G Org/Fund Number: The C & G Banner Org number is needed along with the fund number. The fund number can be found on the Contract Distribution sheet provided by the Contract Administrator or by a Banner budget query. The fund number appears above the org number in the report parameters section in the query.
- (b) C&G Org Title: The Contract Account Title can be found on the Contract Distribution sheet provided by the Contract Administrator or by a Banner budget query.
- (c) Current Balance in C&G Org: Perform a Banner budget query to obtain a current balance, and include the date the balance was obtained.
- (d) C&G Org POP: Include the beginning date of the award and the ending date of the award. The period of performance dates are provided on the Contract Distribution sheet.
- (e) Risk Period: Include the beginning date and ending date of the risk period you are seeking. Risk periods may be granted for no longer than 90 days. If more time is needed, a second risk memo must be completed and submitted for approval prior to the end of the first risk memo.

Section II – Information about State-Funded Risk Org (cannot be a C&G or Cost Share Org)

- (a) Risk Org to be used if agency does not cover risk amount: Provide a state-funded, non-contract or grant org number that will act as the risk account to cover the expense(s) should the agency not cover it. DO NOT use another contract/grant or a cost share org.

- (b) Risk Org Title: Provide the title of the risk org. You can get this by doing a Budget Query.
- (c) Current Balance in Risk Org: Perform a Banner budget query to obtain a current balance, and include the date the balance was obtained.
- (d) Amount Currently at Risk on Risk Org: Leave blank. This line will be completed by the Research Budget Office. The OVPRED monitors risk orgs and amounts at risk.

Section III – Choose the box(es) that best fit your situation

- Box A - Pending No Cost Extension: Choose this box if working past the contract end date with a contract extension request in process. Include the Amount at Risk; this amount cannot exceed the current balance available in the C&G Org referenced in Section I (c).
- Box B – Pending Additional Funds: Choose this box if expecting expenditures against an account with a deficit, or anticipated deficit, pending receipt of new funds. Include the Amount of Overrun Allowed with the additional funding expected.
- Box C – Pending Additional Funds and Extension of POP: Choose this box if working past the contract date and additional expenditures will produce a potential deficit. Include the Amount of Overrun Allowed with the additional funding expected.
- Box D – Pending Approval for Specific Expense: Choose this box if the item to be purchased is not in the original budget. List the item to be purchased and the expected amount of the purchase. The item must be received or the event must have occurred (if travel or labor charges) by the end of the award. Check with your Contract Administrator to see if approval to purchase the unbudgeted item is needed from the Agency.
- Box E – Second 90 day extension of risk period: Choose this box if an existing risk memo is about to expire or has expired and you wish to extend the amount of time the project is at risk.
- Box F – Fixed Price Award Overrun: Choose this box if estimated costs on a fixed price award will exceed the amount of the award due to an increase in LLS between the time the proposal was submitted and the receipt of the award. Include the amount of the expected overrun.
- Box G – Materials & Supplies OR Equipment Purchased within 60 days of ending POP: Choose this box if purchasing materials and supplies OR equipment during the last 60 days of an award. Include the amount of the purchases as the amount at risk. All items must be received by the end of the award. If not received by the end of the award, the charges will be moved to the risk org. **Attach a justification memo explaining why the purchase is required so close to the end of the award and how it will directly benefit the project.** The justification memo will be submitted by OSP to the agency's contracting officer (not technical officer) for approval.

In all cases mentioned above in Box A-G, the amount at risk cannot exceed the balance in the Risk Org in section II(c) MINUS the amount currently at risk on that risk org from section II(d).

Section IV – Approvals Required (Digital Approvals Are Encouraged)

- Principal Investigator – The Principal Investigator should sign and date the form.
- Budget Unit Head – If the Budget Unit Head of the Risk Org in section II(a) is not the PI, the Budget Unit Head of the Risk Org should approve. If the Risk Org is from an academic unit, the Department Chair of the academic unit should sign and date the form.

- Dean/Director: If the Risk Org from section II(a) is in an academic unit, the College Dean will sign and date the form. If the Risk Org is from a Research Center, the Center Director will sign and date the form.
- Note that a Dean/Director can serve as Principal Investigator, Budget Unit Head, and Dean/Director simultaneously.
- The OSP Contract Administrator will sign and date the form.
- The OSP Director will sign and date the form.
- The Research Budget Director for the OVPRED signs and dates the form.
- The VPR&ED signs and dates the form in the following instances: 1. The risk org in Section II belongs to a Research Center, and the risk amount is above \$25,000; 2. The risk org in Section II belongs to a Research Center, and the risk amount is \$25,000 or less but not approved by the OSP Director; and 3. Box E was chosen – Second 90 day extension in Section III.
- Non-concurrence: If the risk memo is not approved, the OSP Director or the VPR will initial and date.

Routing

- Once the Principal Investigator, Budget Unit Head, and Dean/Director have signed as needed, the form must be forwarded to the OSP Contract Administrator for the award. The Contract Administrator can be found on the Contract Distribution sheet or by going to <https://www.uah.edu/osp/staff-information>.
- When the Contract Administrator has signed the form, it is then forwarded to the OSP Director for signature along with the statement/justification/backup.
- The OSP Contract Administrator then forwards the form and backup to the OVPRED for review at ovprbud@uah.edu.
- The OVPRED reviews each submitted Risk Memo for accuracy including, but not limited to, POP dates, account balances, agency approvals, existing risk orgs, etc. The review process may include the requirement of additional documentation and questions answered from the Principal Investigator.
- Once reviewed and approved by the OVPRED the Risk Memo is sent back to the OSP Contract Administrator.
- The OSP Contract Administrator sends the approved Risk Memo to the C&G Accountant for the award and notifies the Department that originated the memo. Contracts & Grants Accounting will monitor the level of risk and the balance of the C&G research org. If the risk exceeds the balance of the C&G research org, then it will be frozen until the situation is resolved.
- If a submitted Risk Memo results in non-concurrence, it is then returned to the OSP Contract Administrator who in turn notifies the Principal Investigator/Department.

Risk Memo for a Pending Research Contract/Grant (do not yet have an award/org number)

Find the fillable Risk Memo Form at this link: <https://resadmin.uah.edu/documents/RiskMemo.pdf>.

*****A brief justification statement of the risk situation along with proper backup documentation MUST be included with ALL completed and submitted risk memo.*****

Completing the Form

Date the memo with the date that the form is being completed.

Include the Name of the Principal Investigator.

Include the Center or the College and Department that is fiscally responsible for the award.

Section I – Information about Pending C&G Org

- (a) Proposal #: Include the OSP proposal number.
- (b) C&G Pending Org Title: Include the title of the project proposal.
- (c) Risk Period: Include the beginning date and ending date of the risk period you are seeking. Risk periods may be granted for no longer than 90 days. If more time is needed, a second risk memo must be completed and submitted for approval prior to the end of the first risk memo.
- (d) Risk Amount: Include the amount of expenditures you would like to risk. In the event that the agency action does not take place, expenses incurred at risk will be paid from non-contract/grant funds.

Section II – Information about State-Funded Risk Org (cannot be a C&G or Cost Share Org)

- (a) Risk Org to be used if agency does not cover risk amount: Provide a state-funded, non-contract or grant org number that will act as the risk account to cover the expense(s) should the agency not cover it. DO NOT use another contract/grant or a cost share org.
- (b) Risk Org Title: Provide the title of the risk org. You can get this by doing a Budget Query.
- (c) Current Balance in Risk Org: Perform a Banner budget query to obtain a current balance, and include the date the balance was obtained.
- (d) Amount Currently at Risk on Risk Org: Leave blank. This line will be completed by the Research Budget Office. The OVPRED monitors risk orgs and amounts at risk.

*****The amount at risk cannot exceed the balance in the Risk Org in section II(c) MINUS the amount currently at risk on that risk org from section II(d).*****

Section III – Choose One Action

- Box A – First Request: Choose this box if this is the first request to set up a research contract or grant org at-risk on this proposal.
- Box B – Second 90 day extension of risk period: Choose this box if an existing risk memo is about to expire or has expired and you wish to extend the amount of time the project is at risk.

At the end of the risk period, if the agency has not provided funding:

- (1) The related expenses will be charged to the Risk Org by C&G Accounting, and
- (2) The C&G Research Org will be frozen.

Should the agency provide the funding after the Risk Org has been charged, OSP will notify C&G Accounting to reverse the journal entry to the Risk Org.

Section IV – Approvals Required (Digital Approvals are Encouraged)

- Principal Investigator – The Principal Investigator should sign and date the form.
- Budget Unit Head – If the Budget Unit Head of the Risk Org in section II(a) is not the PI, the Budget Unit Head of the Risk Org should approve. If the Risk Org is from an academic unit, the Department Chair of the academic unit should sign and date the form.
- Dean/Director: If the Risk Org from section II(a) is in an academic unit, the College Dean will sign and date the form. If the Risk Org is from a Research Center, the Center Director will sign and date the form.
- Note that a Dean/Director can serve as Principal Investigator, Budget Unit Head, and Dean/Director simultaneously.
- The OSP Contract Administrator will sign and date the form.
- The OSP Director will sign and date the form.
- The Research Budget Director for the OVPRED signs and dates the form.
- The VPR&ED signs and dates the form in the following instances: 1. The risk org in Section II belongs to a Research Center, and the risk amount is above \$25,000; 2. The risk org in Section II belongs to a Research Center, and the risk amount is \$25,000 or less but was not approved by the OSP Director; and 3. Box B. was chosen – Second 90 day extension in Section III.
- Non-concurrence: If the risk memo is not approved, the OSP Director or the VPR will initial and date.

Routing

- Once the Principal Investigator, Budget Unit Head, and Dean/Director have signed as needed, the form must be forwarded to the OSP Contract Administrator for the award. The Contract Administrator can be found on the Contract Distribution sheet or by going to <https://www.uah.edu/osp/staff-information>.
- When the Contract Administrator has signed the form, it is then forwarded to the OSP Director for signature along with the statement/justification/backup.
- The OSP Contract Administrator then forwards the form and backup to the OVPRED for review at ovprbud@uah.edu.
- The OVPRED reviews each submitted Risk Memo for accuracy including, but not limited to, POP dates, account balances, agency approvals, existing risk orgs, etc. The review process may include the requirement of additional documentation and questions answered from the Principal Investigator.
- Once reviewed and approved by the OVPRED the Risk Memo is sent back to the OSP Contract Administrator.
- The OSP Contract Administrator sends the approved Risk Memo to the C&G Accountant for the award and notifies the Department that originated the memo. Contracts & Grants Accounting will monitor the level of risk and the balance of the C&G research org. If the risk exceeds the balance of the C&G research org, then it will be frozen until the situation is resolved.

- If a submitted Risk Memo results in non-concurrence, it is then returned to the OSP Contract Administrator who in turn notifies the Principal Investigator/Department.