



Standard Operating Procedures

► Freezing Grants

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PURPOSE

· To establish a process to enable grants managers to control activity against a fund both during the life of the project and during closeout.

POLICY STATEMENT

· Although there is no University policy for freezing grants during the life of the grant, the School of Medicine STRONGLY recommends and supports the freezing of grants during the active budget year. This will aid in the management of grant funds in cases where a deficit may exist prior to the end of the budget year or in cases where the budget is being expensed at a faster rate than anticipated. The investigator should be consulted so the necessary resource allocation adjustments can be made.

REASON FOR PROCEDURE

- To limit grant transactions as well as prevent over expenditure of grant funds during the life of the fund and prior to end date
- To facilitate PI awareness of resource allocations
- To eliminate the need to move incorrect transactions and focus effort on more productive activities.
- To improve the accuracy and timeliness of final reports by limiting transactions during the adjustment period of the project

WHO SHOULD BE KNOW THIS PROCEDURE

- School of Medicine Administration
- School of Medicine Faculty/Investigators
- Business Administrators
- Office of Research Support Services
- Penn Research Services

GENERAL FEATURES

- Grants are frozen at the FUND level; the freeze action affects all COA combinations of the FUND
- Freezing a grant FUND has no effect on the ability to budget, query or report on a grant fund, but only on the ability to initiate transactions against it
- The freeze status of the FUND is available on standard (115 and 13X) FinMIS reports for grant funds and the 138.ORG frozen fund list report. Refer to Report SOP
- The freeze status is available on standard reports run from the Data Warehouse and View Grant Attributes in BEN Financials

· Activity Subject to Freeze

Grant funds can be frozen to prevent activity from any one or more of the following transaction sources:

On-line Journal Entry/Encumbrance Entry

New Purchase Orders

C-forms

Feeder journals

Payroll/salary management journals (see helpful hints regarding 'function override')

· Activity Exempt from Freeze

The following FinMIS activity is exempt from the freeze:

Online activity initiated by Research Services

System-generated activity such as mass allocations, e.g. grant overhead (F&A) and revenue recognition

Invoice transactions from Accounts Payable related to existing purchase orders

Purchasing transactions relating to existing encumbrances (e.g. cancellations and existing POs)

Refer to Managing Purchase Orders SOP.

PROCEDURES

· https://titan.isc-seo.upenn.edu:8001/OA_HTML/US/ICXINDEX.htm then proceed to log on.

HELPFUL HINTS

Examples of when to freeze a fund during the lifetime of the project:

Monitor the fund on at least a monthly basis. Project the salary/wages and employee benefits for either the lifetime of the project or the current budget year (regardless of the payroll system job end date). Encumber the projected indirect costs based on projected direct costs expenditures. Project or encumber transactions not encumbered in FinMIS (recurring feeder system charges such as animal per diem, cell center, tuition, etc.) and the related indirect costs.

Look at the projected bottom line. Is it positive? By how much? If the projected positive balance is within your comfort zone, say one month's average total expenditures, do not freeze the fund.

An efficient way to determine if you are spending funds more quickly than they were awarded is to review the burn rate in GRAM. However, the burn rate includes encumbered salaries and will be misleading if encumbrances are correct. To more accurately determine, calculate one third of three months' expenses to obtain a more reliable estimate of monthly expenses.

Is it positive but with a balance less than one month's average total expenditures? Consider all the resources available to the PI, and consider freezing new Purchase Orders if the PI has no unrestricted funds available.

Is it negative but with a future year of funding committed? If there is a future year of funding committed within the same project period, and the fund will retain the same fund number in the

following year, and the projected deficit is less than 25%, do not freeze the fund. Talk to the PI about the implications for the future of the project, and complete the Account Continuation Request Form on the Research Services web site, which will authorize expenditures against the next year's committed budget. If the projected deficit is greater than 25%, freeze the fund and talk to the Principal Investigator about reallocating the resources available (e.g. reassigning a technician's workload to allow him or her to work on a different project that has available budget and reallocate available resources in compliance with sponsor guidelines).

Keep in mind whether it is allowable, allocable and reasonable. Refer to:

<http://www.upenn.edu/researchservices/spmanual/a21.html#allowability>

Is it negative in the final budget year of a project period but with a high likelihood that the competitive renewal will be funded? Freeze the fund. Is it within 90 days of the probable start date of the new project period? Submit an Advance Account Request for the new project period and, if allowable, request authorization for pre-award expenses. Discuss with the PI the implications for the future budget period and begin charging project related expenses to the new fund.

Is it negative in the final budget year with a competitive renewal not likely to be funded? Freeze the fund immediately. Talk with the PI. Are other projects in the lab funded? Can technicians/postdocs /graduate students be assigned to those projects? If so, do so. If not, contact Human Resources re Position Discontinuation and Staff Transition policy; contact the Office of Postdoctoral Affairs re termination of postdocs, and contact BGS if graduate students will need emergency support.

Freeze grant will not stop feeder charges but simply divert them to a suspense object code of 9599. Refer to [Suspense SOP](#). After the adjustment period payroll will also divert to this suspense account because the system will have automatically frozen the account at that time.

Function override is a freeze action performed when you are sure all manual on-line, c-forms, and feeder system (including payroll expense and outstanding payroll reallocations) journal entries have posted to the account and the fund can be reported on. This may occur prior to the end date of the sponsored project. Payroll/salary management journals can not be frozen independently like manual on-line journals, etc. Endusers cannot freeze payroll/salary management journals without performing 'function override' which freezes all journal entries on the entire fund. You should use the function override cautiously as only Research Services can reverse the action if the function override was done prematurely.

CONTACTS

Departmental Business Administrators
Office of Research Support Services
Penn Research Services

MISCELLANEOUS

[Refer to Suspense SOP](#)

[Refer to Wayward Transactions SOP](#)

[Refer to Closeout SOP](#)

Refer to Reports SOP

[Refer to Cost Transfer SOP](#)

[Refer to Unfreeze SOP](#)

[Refer to Managing Purchase Orders SOP](#)

[Refer to Advance Account SOP](#)

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