

**RESEARCH FUNDING MANAGEMENT
AND FINANCIAL ACCOUNTABILITY**

University Policy No.: FM5405
Classification: Financial Management
Approving Authority: Board of Governors
Effective Date: October, 2016
Supersedes: NEW
Last Editorial Change: NEW
Mandated Review: October, 2023

Associated Procedures

[Procedures for Research Funding Management and Financial Accountability](#)

PURPOSE

- 1.00 The purpose of this policy is to promote sound management and financial accountability for Research Funding by specifying:
- a) circumstances when properly authorized Over-Commitments and Over-Expenditures of Research Funding are permitted, and
 - b) financial responsibility for Over-Expenditures and Uncollectable Amounts.

DEFINITIONS

For the purpose of this policy:

- 2.00 **Approval Authority** means those positions in addition to the Research Account Holder who approve expenditures, normally the Department Chair, School Director, Research Centre Director and/or Dean.
- 3.00 **Freezing** an account means placing a stoppage on any expenditures and future commitments.
- 4.00 **Multiple Installment Funding** means a grant or contract for which the Sponsor provides the funding in multiple (annual or otherwise scheduled) installments.
- 5.00 An **Over-Commitment** means the commitment to the future expenditure of funds beyond the amount that will be available in a Research Account at the time of the expenditure.
- 6.00 An **Over-Expenditure** means the actual expenditure of funds beyond the amount available in a Research Account.
- 7.00 **Renewable Funding** means a grant or contract for which payment of a second or subsequent installment of the funding requires approval by the Sponsor whether or not an application for renewal of the funding is required.

- 8.00 **Research** means the intentional process of study and creative expression that explores and extends human knowledge and experience.
- 9.00 **Research Account** means a University of Victoria account established to manage research funding.
- 10.00 **Research Account Holder** means the individual (principal investigator (“PI”)) who was awarded the funding and has signing authority on the Research Account. In the event Research Funding is awarded to multiple PI, all co-PI shall be considered to be Research Account Holders with respect to that funding and shall have equal responsibility and financial responsibility under this policy.
- 11.00 **Research Accounting** means the research accounting group of the university’s Accounting Services department.
- 12.00 **Research Funding or Research Funds** means university funds designated for research (including without limitation start-up grants, faculty travel grants and internal research grants) or funds provided through a Research Funding Agreement or any other external funds designated in support of research.
- 13.00 **Research Funding Agreement** means an agreement between the university and a Sponsor regarding funding for research purposes, whether the agreement would be considered a grant, contract, contribution agreement, or whether the agreement takes any other form, and whether it is legally enforceable or not.
- 14.00 **Single Installment Funding** means a grant or contract for which the Sponsor provides all of the awarded amount as a single transfer of funds. Without limiting the foregoing, Research Funding provided by the university through start-up grants, travel grants and internal research grants is considered to be Single Installment Funding.
- 15.00 **Sponsor** means an agency, organization or other entity external to the university that is a source of Research Funding.
- 16.00 An **Uncollectable Amount** arises when a Sponsor fails or refuses to pay the full amount of a research grant or contract.

SCOPE

- 17.00 This policy applies to all Research Accounts and Research Account Holders, and to all Research Funds with the exception of Research carried out under a personal services contract. Such personal services are subject to conflict of commitment guidelines.

FINANCIAL MANAGEMENT

- 18.00 Research Account Holders have the primary responsibility for administering research funds in accordance with university policies and procedures and funder requirements.

This includes:

- a) understanding their responsibilities and financial liabilities under this policy,
 - b) ensuring all expenditures of Research Funding adhere to university policies and to the policies and restrictions imposed by the Sponsor,
 - c) planning expenditures in accordance with the timing and amount of the available Research Funds,
 - d) monitoring the balances of Research Accounts on a regular basis,
 - e) ensuring there are no Over-Commitments or Over-Expenditures of Research Funds except as provided for in this policy,
 - f) notifying Research Accounting of any change in the payment of Research Funds by the Sponsor including an expected payment past the scheduled completion date of a grant or contract, and
 - g) working with Research Accounting to ensure the appropriate disposition of any unexpended Research Funds at the end of a Research Funding Agreement.
- 19.00 The university has responsibility for establishing and maintaining policies, systems, procedures and controls that support Research Account Holders in fulfilling their responsibilities as outlined under section 18.00 and as may otherwise be required under an approved Research Funding Agreement.
- 20.00 A Research Account Holder will apply due care and attention so as to not incur Over-Commitments or Over-Expenditures in a Research Account Associated with Single Installment Funding.
- 21.00 A Research Account Holder will apply due care and attention so as to not incur Over-Commitments or Over-Expenditures in a Research Account associated with Multiple Installment or Renewable Funding. Over-Commitments require prior approval as provided for in the [Procedures for Research Funding Management and Financial Accountability](#).
- 22.00 In the event an Approval Authority, Research Accounting, Accounting, the university's purchasing services department or any other university official or office identifies a transaction that would lead to an unauthorized Over-Commitment or Over-Expenditure, it shall be returned unauthorized to the Research Account Holder. This does not absolve a Research Account Holder from her or his responsibilities under section 21.00.

FINANCIAL RESPONSIBILITY

- 23.00 Responsibility for an Over-Expenditure arising from an Uncollectable Amount caused by any reason beyond the control of the Research Account Holder or arising from errors by the Research Account Holder made in good faith and with the exercise of reasonable diligence shall be borne by the university.

- 24.00 Except as provided for in section 23.00, a Research Account Holder may be held responsible for the unrecovered portion of any Over-Expenditure in a Research Account under any of the following circumstances:
- a) when prior approval was required but was not obtained,
 - b) when approval was obtained but the Research Account Holder did not disclose the full circumstances at the time of the request,
 - c) when an Over-Expenditure results from the Research Account Holder having authorized ineligible expenditures including any that are disallowed by the Sponsor or the university following a review, audit or submission of financial records,
 - d) the Over-Expenditure is the result of an Uncollectable Amount arising from the Research Account Holder failing to meet the requirements of a Research Funding Agreement except when such failure is beyond the control of the Research Account Holder,
 - e) when Over-Commitments and Over-Expenditures are not permitted under this policy.
- 25.00 Responsibility for an approved Over-Expenditure applies to the following parties in order:
- a) the Research Account Holder through the next installment of the Research Funding which has been over-expended,
 - b) the Research Account Holder through other Research Funding provided the terms governing such funding permit it to be used to pay expenses that will account for the Over-Expenditure,
 - c) the Department / School of the Chair / Director who approved the Over-Expenditure or the Over-Commitment leading to the Over-Expenditure provided all efforts have been made to collect the shortfall from the Research Account Holder's overall Research Funding. When more than one Department / School is involved the financial liability shall be in proportion to the division of overhead as specified on the Research Application Summary Form (RASF), or equally divided if no overhead division was specified,
 - d) the Faculty / Research Centre of the Dean / Research Centre Director who approved the Over-Expenditure or the Over-Commitment leading to the Over-Expenditure provided all efforts have been made to collect the shortfall from the Research Account Holder's overall Research Funding and the Research Account Holder's Department / School when applicable. When more than one Faculty / Research Centre is involved the responsibility shall be in proportion to the division of overhead as specified on the RASF, or equally divided if no division was specified.

- 26.00 In the event of an unapproved Over-Expenditure, the Research Account Holder shall be responsible for providing a plan to fund the Over-Expenditure following the [Procedures for Research Funding Management and Financial Accountability](#). Failure to comply may result in the freezing of the over-expended Research Account. Other accounts held by the Research Account Holder may also be frozen until the Research Account Holder has submitted an acceptable plan.
- 27.00 In addition to the freezing of Research Accounts the university may take such steps with respect to an unapproved Over-Expenditure as are available to it under university policy or otherwise as the university deems necessary and as are permitted by law including the [BC Employment Standards Act](#).

EQUIPMENT OVER-EXPENDITURES

- 28.00 In the event an over-expenditure involves the purchase of equipment and the Research Account Holder clears the over-expenditure using personal financial resources, then:
- a) if the amount paid by the Research Account Holder to clear the over-expenditure equals or exceeds the full purchase cost of the equipment, including shipping and taxes, the Research Account holder shall then own the equipment,
 - b) if the amount that would be paid by the Research Account Holder to clear the over-expenditure is less than the full purchase cost of the equipment, including shipping and taxes, the Research Account holder shall have the option to take ownership of the equipment by paying to the University the full purchase cost of the equipment,
 - c) if the Research Account Holder does not exercise his or her right under (b), the equipment shall remain the property of the University.

NOTIFICATION

- 29.00 Before enforcing this policy, the University will provide a Research Account Holder who is in default with the most recent version of this policy and the related procedures.

AUTHORITIES AND OFFICERS

- 30.00 The following is a list of authorities and officers for this policy:
- a) Approving Authority: Board of Governors
 - b) Designated Executive Officer: Vice-President Finance & Operations and Vice-President Research
 - c) Procedural Authority: Vice-President Finance & Operations and Vice-President Research
 - d) Procedural Officer: Executive Director Financial Services and Associate Vice-President Research Operations

PROCEDURES FOR RESEARCH FUNDING MANAGEMENT AND FINANCIAL ACCOUNTABILITY

Procedural Authority: Vice-President Finance
& Operations and Vice President Research

Procedural Officer: Executive Director Financial
Services and Associate Vice-President Research Operations

Effective Date: October, 2016

Supersedes: NEW

Last Editorial Change: NEW

Parent Policy: [Research Funding Management and Financial Accountability](#)

PURPOSE

- 1.00 The purpose of these procedures is to set out the appropriate processes for the management of Research Funding from both internal and external sources. Over-Expenditures of Single-Installment Funding are not permitted. Unapproved Over-Expenditures of Multiple-Installment or Renewable Funding are not permitted. It is the Research Account Holder's responsibility to monitor Research Accounts for circumstances which will result in an Over-Expenditure and to avoid or seek pre-approval for any Over-Expenditures. It is the university's responsibility to establish and maintain policies, systems, procedures and controls that support Research Account Holders in fulfilling their responsibilities as outlined under section 18.00 of the [Policy on Research Funding Management and Financial Accountability](#) and as may otherwise be required under an approved Research Funding Agreement.

DEFINITIONS

- 2.00 The definitions in the Policy on Research Funding Management and Financial Accountability apply to these procedures.

PROCEDURES

Approval of Over-Commitments

- 3.00 Over-commitment of a Research Account for Multiple-Installment or Renewable Funding may be approved by the Research Account Holder's Approval Authority provided that:
- a) prior to the final installment period:
 - i. the Over-Commitment would not result in a deficit in the Research Account in excess of 25% of the next funding installment in the event that installment is not received, and
 - ii. the Over-Commitment, in the judgment of the Approval Authority, is necessary for the operation of the Research Account Holder's research program, and

- iii. the Approval Authority agrees that his or her unit has the potential liability of covering an Over-Expenditure that may arise from the Over-Commitment.
 - b) within the final installment period:
 - i. the Over-Commitment will not lead to an Over-Expenditure in excess of 25% of the current installment, and
 - ii. the Research Account Holder has other Research Funding which can, without violation of the terms governing them, be used to cover the Over-Commitment, or the Research Account Holder has applied, or intends to apply, for Research Funding that can, without violation of the terms governing them, be used to cover the Over-Commitment and in the judgment of the Approval Authority it is highly likely that the application for Research Funding will be successful, and
 - iii. the Over-Commitment, in the judgment of the Approval Authority, is necessary for the operation of the Research Account Holder's Research program, and
 - iv. the Approval Authority agrees that his or her unit has the potential liability of covering an Over-Expenditure than may arise from the Over-Commitment.
- 4.00 Research Account Holders must request approval of an Over-Commitment by submitting an Over-Expenditure/Over-Commitment request form to the Approval Authority for approval. The approval must be submitted with the proposed transaction(s) that will result in the Over-Commitment.
- 5.00 In the event that an approved Over-Commitment results in an Over-Expenditure, that Over-Expenditure will be treated as an approved Over-Expenditure.

Approval of Over-Expenditures

- 6.00 Over-expenditure of a Research Account for Multiple-Installment or Renewable Funding may be approved by the Research Account Holder's Approval Authority, provided that:
 - a) the Over-Expenditure will not occur in the final installment period,
 - b) the Over-Expenditure will be re-paid prior to the ultimate expiry of the Research Funding Agreement,
 - c) normally the Over-Expenditure will not result in a deficit in the Research Account in excess of 25% of the next anticipated funding installment,
 - d) the Over-Expenditure, in the judgment of the Approval Authority, is necessary for the operation of the Research Account Holder's research program, and
 - e) the Approval Authority agrees that his or her unit has the potential responsibility of covering the Over-Expenditure.

- 7.00 Research Account Holders must request approval of an Over-Expenditure by submitting an Over-Expenditure/Over-Commitment request form to the Approval Authority for approval. The approval must be submitted with the proposed transaction(s) that will result in the Over-Expenditure.
- 8.00 Unapproved Over-Expenditures of Multiple-Installment or Renewable Funding are not permitted. It is the responsibility of Research Account Holders to monitor Research Accounts for circumstances which will result in an Over-Expenditure and to seek pre-approval.

Unapproved Over-Expenditures

- 9.00 Research Account Holders are expected to monitor the status of their Research Accounts on a regular basis. In the event of an unapproved Over-Expenditure of a Research Account:
- a) The Research Account Holder shall immediately notify Research Accounting of the existence of an unapproved Over-Expenditure.
 - b) Research Accounting shall provide assistance to the Research Account Holder in resolving the matter before the process described below shall apply. The resolution may be a pay-back schedule proposed by the Research Account Holder and acceptable to the Manager of Research Accounting or may be a transfer of expenses to a different account provided the transferred expenses are within the appropriate use of that account.
 - c) In the event an unapproved Over-Expenditure cannot be resolved as indicated above within a period of one month, Research Accounting will formally notify the Research Account Holder of the Over-Expenditure with a copy of the notification sent to the appropriate Approval Authority(ies).
 - d) The Research Account Holder shall respond within one (1) month with an explanation of how the unapproved Over-Expenditure occurred and a plan for funding the Over-Expenditure within a reasonable period of time commensurate with the amount of the Over-Expenditure and normally not to exceed three years. The explanation and plan are to be provided to the Approval Authority(ies) who approved the Research Funding Agreement.
 - e) If the plan submitted in (d) is approved by the Approval Authority(ies), it will be forwarded to the Associate Vice-President Research Operations who will consult with Research Accounting and others as required. If the plan is deemed acceptable by the Associate Vice-President Research Operations, the Research Account Holder will be so notified and shall be required to execute the plan as submitted.

f) In the event that:

- i. the Research Account Holder does not respond to the notice sent under (c) within one month, or
- ii. the plan submitted as per (d) is not accepted by either the Approval Authority(ies) who approved the Research Funding Agreement or the Associate Vice-President Research Operations,

the over-expended Research Account as well as any other Research Accounts for which the Research Account Holder of the over-expended Research Account has signing authority may, subject to suitable arrangements being made for contractual obligations including pre-approved salary and graduate student payments, be frozen as per section 26.00 of the [Policy on Research Funding Management and Financial Accountability](#). The Research Accounts will remain frozen and no new Research Accounts opened for the Research Account Holder until he or she submits an acceptable plan.

g) In the event that:

- i. a Research Account Holder fails to submit an acceptable plan within three (3) months of being notified of an unapproved Over-Expenditure, or
- ii. the Research Account Holder defaults in the performance of an approved plan,

the Vice-President Finance and Operations may, in consultation with the Vice-President Academic and Provost and the Vice-President Research, take such steps as provided for in section 27.00 of the [Policy on Research Funding Management and Financial Accountability](#).

10.00 A Research Account Holder may appeal to the Provost's office the denial of a repayment plan by the Dean and the Associate Vice-President Research Operations. The Research Account Holder has the right to the assistance of the Faculty Association in any such appeal and in any discussion or application of these procedures.