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This guide, developed by Research Finance, focuses on the financial management of research funds after they have been awarded by the funding agency. The guide provides information about the financial responsibilities of holding research funds, as well as the financial tools available to monitor the funds, and common transactions associated with spending / receiving revenue.

Note: Specific agency requirements are not outlined in detail in this guide.

Although this guide is comprehensive, you don’t need to read it cover to cover. Turn to the section you need when you need to know that information, using the table of contents, or refer to the index at the back to locate a specific topic.

There are appendices at the back that contain additional information that you might find useful. Appendix B is a list of Definitions and Acronyms; any words that are defined in this appendix are in italics in the document. So you can easily see what words you are able to look up.

If you print the guide, be aware that the content will be updated periodically. It is important that you check the version of the guide on the website at least annually to ensure you have the most up to date information.

If you cannot find the information you need within this guide, or have suggestions on the content, send an email to researchfinance@uwo.ca and we will be happy to assist you.
Section 1 – Research Project Basics

This section will give you basic information about a research project and is a good place to begin if you are new to research project management or want a refresher.

Overview of a Research Project

What is a Research Project?

At Western, a research project is a financial account that holds your funds, once they are awarded by the funding agency. Each approved application will have a separate research project setup. As you spend money and generate revenue you use the research project to track financial transactions.

Phases of a Research Project

There are two phases in the life cycle of a research project: the pre-award phase is when you apply for funds, and the post-award phase is when you manage the financial aspects of the funds.

Pre-Award
The pre-award phase, managed by Research Development & Services (RD&S), includes:

- the preparation of the proposal/application,
- its submission,
- any subsequent negotiation or fulfilling of award terms and conditions,
- acceptance of the award and
- project setup in Research On-Line Administration system (ROLA).

For available funding opportunities, the application process or other pre-award requirements please reference Research Development & Services website / ROLA.

Post-Award
The post-award phase, managed by Research Finance, includes a wide scope of activities:

- financial reporting,
- financial analysis,
- forecasting,
- expenditure monitoring,
- compliance oversight,
- cash flow management,
- audit facilitation and
- the close of the project.
Research Project

Phases – At a Glance

Project Types

Research projects are one of 3 types, depending on their purpose and other specific criteria:

1. Grants / Awards
2. Contracts
3. Technical Services

The project type is used when the award is setup in Western Financials, and must be setup according to the Project notification; a document that outlines funding amounts, time frames, objectives and requirements. A research project can be held by an individual researcher, a Department Chair or a Dean of a Faculty. Each project has a defined time frame and funding amount.
The following table provides the characteristics of each project type:

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Grant: Research</th>
<th>Contract: Research</th>
<th>Technical Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Support to further knowledge in a particular subject area or field of research</td>
<td>Providing expertise knowledge to solve a problem with industry or government, often includes consulting component</td>
<td>Data generation, minimal intellectual input</td>
</tr>
<tr>
<td>Funding Arrangement</td>
<td>Agency specific payment process i.e. in advance, quarterly</td>
<td>Payment schedule with final payment after receipt of final report</td>
<td>Payment schedule with final payment after receipt of final report</td>
</tr>
<tr>
<td>Definition of the Project</td>
<td>PI defines the project usually fairly loosely but progress and publication of results essential</td>
<td>PI and sponsor jointly define scope of work, methodology and budget</td>
<td>PI and sponsor jointly define scope of work, methodology and budget</td>
</tr>
<tr>
<td>Timelines</td>
<td>Grant period varies, often multi year and possibly renewable</td>
<td>Results must be generated by certain deadlines</td>
<td>Results must be generated by certain deadlines</td>
</tr>
<tr>
<td>Milestones/Deliverables</td>
<td>Publication, papers, reports, presentations</td>
<td>Specific milestone research results are defined but not guaranteed</td>
<td>Specific data to be generated is defined and quality control on results expected periodic at defined dates</td>
</tr>
<tr>
<td>Reports</td>
<td>Annual progress report</td>
<td>Periodic at defined dates</td>
<td>Periodic at defined dates</td>
</tr>
<tr>
<td>Agreements</td>
<td>Pro-forma award letter, inter-institutional agreements, sub-agreements</td>
<td>Research contract with many detailed provisions some of which are negotiable</td>
<td>Technical services contract with many detailed provisions some of which are negotiable</td>
</tr>
<tr>
<td>Approvals</td>
<td>Dean, Chair, Research Development Services, Institutions, Collaborating researchers, Granting Agency</td>
<td>Dean, Chair, PI, other researchers, Contract Research Team, Research Development Services, Sponsor</td>
<td>Dean, Chair, PI, other researchers, Industry Liaison, Sponsor</td>
</tr>
<tr>
<td>Application of Indirect Costs</td>
<td>Defined by Agency policy</td>
<td>46% of budget is directed towards provision of indirect costs</td>
<td>46% of budget is directed towards provision of indirect costs</td>
</tr>
<tr>
<td>Tax Consideration for Corporate Sponsors</td>
<td>Depends on nature of grant, Priv. Donation – Charitable donation receipt</td>
<td>SR &amp; ED tax credit, Ontario equivalent tax credit</td>
<td>May or may not qualify for R&amp;D tax credits</td>
</tr>
<tr>
<td>Restrictions on Publication</td>
<td>Generally none, however Agency may require prior review</td>
<td>Sponsor has 30 days to review, may delay up to 12 months to file for patents, may not delay thesis defence</td>
<td>PI may or may not want to publish; sponsor may have restrictions on publication; sponsor would have 30 days to object on proprietary information basis</td>
</tr>
<tr>
<td>Intellectual Property</td>
<td>No rights to sponsor, inventors own any IP</td>
<td>UWO owns IP; grant sponsor option to exclusive or non-exclusive license; authors own copyright in any publication</td>
<td>Sponsor usually owns the data generated; UWO owns IP rights to any new test methods/apparatus developed; IP is not usually anticipated</td>
</tr>
</tbody>
</table>

1 The above outline presents a simplistic comparison for discussion purposes, actual funding arrangements and expectations are reviewed independently to determine the appropriate classification.
Research Finance and Tools Available

Who is Research Finance?

Research Finance supports the research community at Western with the financial management of research funds and contracts awarded to individual Principle Investigator and to Western.

Together with several stakeholders, including Principle Investigator, Faculties, Departments and the Office of Research Development and Services, Research Finance ensures funds are utilized in accordance with the terms, conditions and regulations of the funding source and University policies.

What tools do I use to manage my research Project?

After your funds are awarded, a research project is setup in our online system called Western Financials. This system is used for the financial management of the funds.

How do I access Western Financials

In order to access Western Financials you will need to:

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Open a web browser go to: <a href="http://www.uwo.ca/finance">www.uwo.ca/finance</a></td>
<td>If you do not know your Western ID or password contact Western ITS at ext: 83800.</td>
</tr>
<tr>
<td>2.</td>
<td>Click on Western Financials login button on the right side of the web page.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Enter your Western ID and password</td>
<td></td>
</tr>
</tbody>
</table>

Sign In

User ID: smith
Password: **********

Sign In
The funding agency sends an award notification to the Principal Investigator / Western acknowledging that the application was successful and funding will be received. There may be conditions that need to be met before the award can be used, such as Ethics, Animal and Biohazard Certifications. The award is sent to Western, Research Development & Services, on behalf of the Principle Investigator and once all pre-award conditions have been met RD&S will enter the details in the ROLA system and notify Research Finance.

Research Finance will activate the award as a research project in Western Financials (PeopleSoft) and assign a project number. The Account Holder and his/her Administrator will receive a system generated email notification (see example following) providing the project number and Speed Code, budget period(s) and budget amount(s); at this point the research project is ready to accept transactions.
Project Setup Email Notification

From: PeopleSoft Grants Management [mailto:psoft@uwo.ca]
Sent: Friday, January 23, 2015 12:02 PM
To: account_holder@uwo.ca
Cc: acct_holder.email@uwo.ca; financial.officer@uwo.ca
Subject: Research Grant / Contract Account Notification

Principal Investigator : Researcher last name, first name
Account Holder : Account Holder last name, first name
Department : Faculty and/or Department

A research account has recently been established or updated.

At the time the application was submitted you agreed to accept several responsibilities. The application has now been awarded and the referenced document (PT_Responsibilities.pdf) outlines the responsibilities that accompany the acceptance of this research project.
If you choose to delegate your signing authority on this account, please ensure that a Delegation of Signing Authority form ResearchDelegationOfAuthority.pdf has been completed and forwarded to Research Finance.

The following research project has been activated to accept expenditures:

Project : R1234A01
Speedcode : ABCD
Funding Source : NSERC
Sponsor : NSERC
Program : FUNDING AGENCY PROGRAM NAME
Title : Title of Research Project as submitted to and approved by Funding Agency
Budget Period : 1 Start Date: 2014-04-01 to End Date: 2015-03-31 for the amount of: 20,000.00
Budget Period : 2 Start Date: 2015-04-01 to End Date: 2016-03-31 for the amount of: 20,000.00
Total Budget : 40,000.00 CAD

You may access the Tri-Council Use of Grant Funds guidelines by clicking here.

Please do not respond to this email. It is an automated notification and any replies will not be received.
For further information please contact your Research Finance Financial Officer, Name of Financial Officer at financial_officer_email@uwo.ca
Research projects are setup in Western Financials with unique identifiers that correlate to the Principal Investigator (PI) and the Department it falls under. This identifier consists of a 5 alpha-numeric combination (beginning with the letter “R”). Department Chairs and Faculty Deans can also hold projects tied to their administrative roles. These projects begin with the letter ‘X’, indicating the project belongs to the Faculty/Department. The Principle Investigator profile number or Faculty profile number stays with the Principle Investigator or Faculty forever.

A new research project number is generated as each research application is awarded. This project number begins with the Principle Investigator’s profile number (see above) and ends with a 3 digit alpha-numeric combination which increases incrementally with each new project assigned to the Principal Investigator (e.g. R#####-A01, R#####-A02, ..., R####-A99).

The project number has the following structure:

```
Principle Investigator R#####A##  Example: R0123 A12
  PI ID# Incremental #
```

---

**Researcher Profile Number**

---

**Research Project Number**
The fund number is a single digit that identifies the source of funding. All Research Projects at Western are managed as Fund “2”.

The Department portion of the identifier is a 6 digit number that identifies the Faculty / Department the project is associated with and responsible for. For example, a faculty member may be cross appointed to both Chemistry and Engineering therefore, a research project he/she is working on could be associated with Chemistry OR Engineering and therefore a Dept ID is necessary.

A Chartfield is the full combination digits and numbers used to identify a research project in Western Financials.

The chartfield is comprised of a:
- Fund
- Department
- research project number

A Speed Code is a 4 digit, alphanumeric combination, used to identify all of the chartfields for a research project. Instead of entering in the fund, department and research project number, you just enter the Speed Code and the chartfields are automatically populated by the system you are using. Speed Codes simplify data entry for expense processing and are used within Mustang Market, travel claims and Western’s Internal supply operations.

Example:

<table>
<thead>
<tr>
<th>Speed Code</th>
<th>Chartfield</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABCC</td>
<td>[2] Fund 123456 [R0123A12]</td>
</tr>
</tbody>
</table>

Key Dates and Budget Facts
Project Dates

All research projects have a defined start and end date. These dates are clearly stated in award notices, research agreements, contracts, and monthly financial statements in Western Financials. The start and end date define the period during which spending can occur.

Project Start Date: The effective date when eligible expenses can be charged against the research project. Funding agency approval should be obtained for any expenses incurred prior to this date.

Project End Date: The last day eligible expenses can be incurred on the research project.

Project Period: The time period when eligible expenses may be incurred against the project; it is the time between the “project start date” and the “project end date”.

Term Date: Some awards provide a term date, this date is AFTER the Project End Date, and allows for the completion of activities (such as submission of financial, audit and technical reporting).

Budgets

The award notice from the funding agency provides financial details based on the budget submitted in the application. This budget information is loaded into Western Financials and sets spending limits as approved and committed to by the funding agency.

It is important to review the funding agency’s Program guidelines to ensure all budgeted expenses are eligible before being submitted on a project. Some funding Programs (e.g. NSERC Discovery Grants) allow Principle Investigator’s flexibility with budgeted expenditures in order to achieve the proposed objectives.

At the Project End Date, the total budget amount should equal total funds received. The funds received will show as revenue in Western Financials.

NOTE: Funding agencies reserve the right to decline expenses deemed ineligible as per their guidelines regardless of whether or not the expenses were contained in the application budget.

Budget Periods

A Budget period is an interval of time that a project is divided into for funding and reporting purposes. Budget periods are generally 12 months long but can vary as determined by the funding agency. Budget periods may or may not align with the project period.

Some examples are provided below:

A four year project starting on April 1, 2011, with annual budgets would show the fourth and final budget period in the General Ledger as follows:
A five year project starting on June 1, 2011, with a single budget period that spans the life of the project would appear in the General Ledger as follows:

Note: the budget start and end dates are the same as the project start and end dates because there is only ONE budget period.

**Fiscal Year**

A Fiscal year is a 12 month period of time specified for processing financial transactions, maintaining records and financial reporting. Western University’s fiscal year runs May 1 to April 30.

For research projects, the Budget period is usually the same as the funding agency’s Fiscal year – e.g. government granting agencies have a Fiscal year of April 1 to March 31. Because the project fiscal year and Western’s fiscal year may be different, when retrieving information from Western Financials, it is important make requests based on Western’s fiscal period.

Financial information is available from the General Ledger and usually is requested on a monthly basis. The system will require 2 pieces of information; the University Fiscal year and a number that represents the month, referred to as an Accounting Period. Each month is numbered sequentially, with May as the 1st Accounting Period.

Please see the following example:

If you would like to view monthly information for January 2015 in the General Ledger, you would request detail for the Accounting Period “09”:

<table>
<thead>
<tr>
<th>Calendar Month</th>
<th>Accounting Period</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2014*</td>
<td>01</td>
<td>2015</td>
</tr>
<tr>
<td>June 2014*</td>
<td>02</td>
<td>2015</td>
</tr>
<tr>
<td>July 2014*</td>
<td>03</td>
<td>2015</td>
</tr>
<tr>
<td>August 2014*</td>
<td>04</td>
<td>2015</td>
</tr>
<tr>
<td>September 2014*</td>
<td>05</td>
<td>2015</td>
</tr>
<tr>
<td>October 2014*</td>
<td>06</td>
<td>2015</td>
</tr>
<tr>
<td>November 2014*</td>
<td>07</td>
<td>2015</td>
</tr>
<tr>
<td>December 2014*</td>
<td>08</td>
<td>2015</td>
</tr>
<tr>
<td>January 2015</td>
<td><strong>09</strong></td>
<td>2015</td>
</tr>
<tr>
<td>February 2015</td>
<td>10</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>2015</td>
</tr>
<tr>
<td>------------</td>
<td>----</td>
<td>------</td>
</tr>
<tr>
<td>March 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 2015</td>
<td>12</td>
<td>2015</td>
</tr>
</tbody>
</table>

*Note that the calendar year and *fiscal year* may not be the same for reporting purposes

For additional information refer to Section 7: Financial / Progress Reporting, Audit and Controls, *Financial Reporting*. 
Section 2: Governance and Accountability

Overview

Managing research funds requires a detailed understanding and application of a number of guidelines, both internal to and external to the university. As well, a number of different stakeholders have responsibilities to ensure funds are utilized as outlined by policies. The topics covered in this section provide an overview of these policies and stakeholder responsibilities; however you should also contact Research Finance and/or refer to Western and Sponsor agency websites for further details.

Policies and Guidelines of a Research Project

Policies, Award Terms and Conditions

In order to manage post-award financial activities, Principal Investigators (PI) are required to follow university and funding agency policies and be able to access them as needed.

Funding Agency Policies

Post-award administration begins the moment the award is accepted at Western. The award documentation should be reviewed by the PI to determine the financial and non-financial terms and conditions set out by the funding agency. The documentation will include key information such as the:

- Amount,
- Term of the award,
- Spending restrictions and,
- Reporting requirements.

Most large granting agencies have extensive information on managing their research funds on their websites. Research Finance can provide assistance in locating and understanding this information. Many agency links are available through the Research Finance website at:

http://www.uwo.ca/finance.

TIP: Bookmark the Research Finance website.

Western’s Policies & Procedures

Western’s policies, procedures and guidelines must be adhered to, as well as the agency policies. Western’s policies are available on:

- Secretariat website at: http://www.uwo.ca/univsec/policies_procedures/index.html
- Financial Service’s website: http://uwo.ca/finance/policies_procedures/index.html

TIP: Bookmark these sections in your web browser for ease of future reference.

A key Western policy for all Principle Investigators is to ensure that spending is limited to the awarded budget level for each project and that their research projects remain in good standing. Please see Western’s Board Policy “Over-Expenditure of Research Accounts” (See MAPP 7.11) http://www.uwo.ca/univsec/mapp/section7/mapp711.pdf, or refer to the section: Specific Principle Investigator Responsibilities, Over-Expended Policy for further details.
| Layers of Regulation | There are many rules and regulations that govern the use of research funding and it may be helpful to consider the levels of regulations as layers. The order of application usually starts at the bottom with the specific award terms and then each layer is applied to ensure full compliance. In most cases, the more stringent or restrictive rule of all the layers will apply.

TIP: Bookmark the *Research Finance* website. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><img src="image" alt="" /></td>
</tr>
</tbody>
</table>
### Introduction

As Research funds are awarded to individual *Principal Investigators* and/or to Western, there is a stewardship responsibility to ensure the funds are utilized for the designated purposes for which they are awarded and to comply with Western and funding agency policies and *guidelines*. This shared responsibility, as detailed below, is distributed to several stakeholders including the *Principal Investigator*, the Departments and Faculties, Financial Services and other central operations.

### Where to find Roles and Responsibilities Information

Some of the information in this section can be found on the Finance website on the Policies and Procedures page: [www.uwo.ca/finance](http://www.uwo.ca/finance),

Other information can be found on the Western University Secretariat webpage in the Research area: [http://www.uwo.ca/univsec/policies_procedures/index.html](http://www.uwo.ca/univsec/policies_procedures/index.html)

There is a stewardship responsibility to ensure the funds are utilized for the designated purposes for which they are awarded and to comply with Western and funding agency policies and *guidelines*, the Principal Investigator / *Account Holder* responsibilities are outlined below.
Account Holders

- Provide written authorization for all expenditures charged to their research projects or, where applicable provide written delegation of signing authority.
- Ensure that individuals with delegated signing authority understand and comply with Western and funding agency requirements.
- Use the award only for the designated purposes for which the award was made.
- Ensure that all expenditures comply with Western and funding agency policies, procedures and guidelines.
- Ensure that sufficient funds are available to cover all expenditures and resolve any over-expenditure in a timely manner in accordance with Western’s Administrative MAPP Policy 7.11 (Over-Expenditure of Research Accounts).
- Monitor and review, on a regular basis, all financial transactions that have been charged to their projects and communicate any discrepancies to their Administrator or Research Finance.
- Abide by Western’s policies and procedures, including the requirement of meeting all regulations regarding the use of animal subjects, human subjects and bio-hazardous materials as appropriate.
- Submit any supporting documentation required by Western policy or funding agency guidelines.
- Review and sign financial reports as required by the funding agency.
- Submit all technical, scientific and/or progress reports by funding agency deadlines.
- Promptly notify Research Development & Services of any change in their employment status for the duration of the project.
- Co-operate in the investigation of any allegation of research misconduct or misuse of funds as it relates to their research project.

Department Chairs and/or Faculty Deans

There is a stewardship responsibility to ensure the funds are utilized for the designated purposes for which they are awarded and to comply with Western and funding agency policies and guidelines, the Department Chair and/or Faculty Dean’s responsibilities are outlined below.
- Support and promote adherence to Western, government and funding agency policies, practices and guidelines.
- Provide approval of travel and expense claims submitted by Principle Investigators / Account Holders under their authority.
- In a timely manner, address issues relating to research projects, Principle Investigators and/or Account Holders identified by Administrators, Research Finance or Research Development & Services.
- Where an over-expenditure has been approved in writing by the Faculty; accept resource and financial commitments entailed by the Account Holders’ research activity including over-expenditures as per MAPP policy 7.11 (Over-Expenditure of Research Accounts).

Department / Faculty Administrators

There is a stewardship responsibility to ensure the funds are utilized for the designated purposes for which they are awarded and to comply with Western and funding agency policies and guidelines, the Department / Faculty Administrator’s responsibilities are outlined below.
- Ensure written authorization is received from Principle Investigators / Account Holders, or their formally delegated signing authorities, before processing transactions against their research projects. This authorization must be retained for audit purposes or for review by Research Finance, Internal Audit and/or the funding agency.
- Ensure Western policies and funding agency guidelines are followed when procuring goods and services or authorizing expenditures against research projects.
• Ensure expenditures are not processed against, or transferred to, projects that are fully spent.
• If future funding is secured, expenditures may be applied to a fully spent project only up to the limit of 25% of the subsequent year’s funding. Amounts beyond this limit cannot be applied unless there is an approved Continued Spending on an Over-Expended Research Account on file with Research Finance.
• Ensure travel and expense claims are reviewed for completeness, accuracy, eligibility and that the required supporting documentation is submitted, as per Western policy and funding agency guidelines.
• Ensure travel and expense claims have one-over-one approval.
• Promptly review and distribute Monthly Research Financial Statements to Principle Investigators / Account Holders or, if applicable, remind Principle Investigators their monthly statements are available for review.
• Ensure timely processing of changes/adjustments within the Western Financial and HR systems (e.g. salary appointment notices, correcting journal entries) with attention to month end and year end deadlines.
• Forward relevant notices from Research Finance to Principle Investigators / Account Holders.
• Investigate and resolve any discrepancies brought to their attention and follow up with Research Finance, Procurement Services, General Accounting or Human Resources, where applicable.
• In a timely manner, advise the Department Chair or Dean of any issues that are not being addressed by the Principle Investigators / Account Holder (e.g. over-expended projects, sign off of financial reports, submission of progress/technical reports).
• In a timely manner, review and resolve over-expenditures with Principle Investigators / Account Holders.
• Advise Research Development & Services of employment status changes for any Principle Investigators / Account Holder.

There is a stewardship responsibility to ensure the funds are utilized for the designated purposes for which they are awarded and to comply with Western and funding agency policies and guidelines, the Research Finance and Financial Services’ responsibilities are outlined below.
• Review the financial terms of research agreements and contracts.
• Create Speed Codes, activate projects in the financial ledger and notify Principle Investigators / Account Holders as well as Administrators of these actions.
• Liaise with funding agency representatives on issues of eligibility and compliance, and seek clarification of specific guidelines.
• Monitor the spending activity to ensure eligibility and compliance with the terms of the contract and/or funding agency guidelines.
• Monitor receipt of funds and invoice funding agencies where applicable.
• Provide clarification of funding agency guidelines to Principle Investigators / Account Holders and Administrators.
• Where related paperwork and sign offs are in place, release funding to co-investigators/collaborators at partner institutions.
• Provide Principle Investigators / Account Holders and Administrators with systems access to monthly financial statements and to the General Ledger for up to date balances and daily transactional inquiries.
• Project Holds are required:
- when over-expended projects have not received approval from the department/faculty for continued spending;
- in cases of non-compliance with Sponsor guidelines or contract conditions;
- if extensions have not been approved; or
- as directed by Research Development & Services when certifications have expired (e.g. animal, human, bio-hazard).

- Work with Principle Investigators / Account Holders and Administrators to resolve issues relating to a Project hold.
- Prepare and submit to the funding agency all required financial reports with supporting documentation as necessary.
- Facilitate audits.
- Advise Principle Investigators / Account Holders of unpaid invoices beyond 90 days.
- Advise Department Chairs or Faculty Deans of any issues that are not being addressed in a timely manner by Principle Investigators / Account Holders (e.g. over-expended accounts, sign off of financial reports, and late submission of progress/technical reports).
Specific Principle Investigator Responsibilities

Expense charges

The Account Holder is responsible for approving all expenditures – this includes ensuring funds are available and that expenses are eligible, according to university and funding agency guidelines, for the specific research project. Research funds must be used effectively and economically and expenses must be essential for meeting the objectives of the awarded project.

Expenses to be applied to a research project should meet the following criteria:
- funds are available
- essential to the project
- consistent with university practice and policy
- meets the eligibility requirements of the funding agency
- most economical

If the agency does not provide a written policy on expenses, Western policy is to be applied.

Over-Expended Policy

An over-expenditure occurs when actual expenditures and commitments exceed the available budget. In special circumstances, over-expenditures on research projects are permitted but only if:
- the funding agreement allows for over-expenditures (e.g., some multi year awards) or
- the Dean and Department Chair approve the over expenditure in writing.

Research Finance monitors over-expended research projects and distributes a listing of over-expended projects to each Department on a monthly basis. This monitoring helps to ensure that spending is managed over the period of a research project, and attempts to reduce the associated risk of over expenditures. Research Finance works with the Department Administrators to ensure overspending issues are addressed.

Please see Western’s Board Policy “Over-Expenditure of Research Accounts” (See MAPP 7.11) http://www.uwo.ca/univsec/mapp/section7/mapp711.pdf

Providing Spending Authority to Others: (DoSA)

Although a primary responsibility of Research Account Holders is to authorize all expenditures on their project(s), Account Holders can delegate expense authority to a staff member or research team member where appropriate.

Individuals granted signing authority must have extensive knowledge of the project needs in order to authorize purchases related to the research project. It is important to remember that Account Holders remain responsible for all expenses authorized by delegates.

The Delegation of Signing Authority (DoSA) information is captured within Western Financials and will remain in effect until the end date indicated on the DoSA form. If an individual with delegated signing authority is no longer involved with a research project, the Account Holder must notify Research Finance immediately at resfin@uwo.ca.

The DoSA form can be found on the Finance website in the Forms section: www.uwo.ca/finance
When to setup a Delegation of Signing Authority?

There are circumstances where a PI will want to give spending authority on a research project. The image below provides some guidance to help you determine if a Delegation of Signing Authority is warranted.

Principal Investigator / Account Holder extends authorization to an individual to make and approve spending decisions independent of the Principal Investigator/Project Holder

DoSA form **required**
(the person must have knowledge and familiarity of the research project)

Principal Investigator / Account Holder makes and approves the research project spending decisions but requires assistance in processing transactions in Mustang Market

DoSA Form **not required**

Required is the Procurement Mustang Market Sign up and Authorization Form

Documentation:
- No documentation required if transaction is processed through Mustang Market
- For transactions that occur outside of Mustang Market, the written authorization from the Principal Investigator is to be kept on file for each transaction (email from PI is acceptable)

Principal Investigator / Account Holder makes and approves the research project spending decisions but requires assistance in processing transactions outside of Mustang Market

DoSA Form **not required**

Documentation:
- For transactions that occur outside of Mustang Market, the written authorization from the Principal Investigator is to be kept on file for each transaction (email from PI is acceptable)

For additional information please refer to Delegation of Signing Authority Policy, which can be found on the Research Finance website.
Section 3: Financial Transactions

Overview

Various revenue and expense transactions occur in a research project, such as salary expenses, equipment purchases, invoicing, etc. This section provides details about a number of the common transaction types. However, there are also other transactions that may occur, if you have questions about an item that is posted to a research project, or how to process an item please contact Research Financial Services.

It is important to regularly review each research project to ensure an awareness of the transactions posted each account. This will allow any errors to be corrected in a timely fashion and provide a constant update of funds available.

Administrative Debits and Credits

Revenue Deposits

Funds received for a research project are deposited on behalf of the PI by Research Finance.

Some funds are sent automatically by the Sponsor, and Research Finance is responsible for depositing these research funds into the associated project accounts. Funds are normally forwarded directly to Research Finance from funding agencies; but if you receive funds directly, send the payment to Research Finance and include the associated project number. This process allows for proper monitoring of cash flows and project budgets.

Some Sponsoring agencies require an Invoice before funds will be sent. Research projects funded through a contract will stipulate payment terms such as: any invoicing requirements, payment schedules and deliverables where applicable. If research deliverables are required prior to invoicing, the Principle Investigator must communicate the status of the deliverables to Research Finance in a timely manner. Research Finance will prepare invoices when required, and review the agreement for scheduled payments.

NOTE:

1. Please DO NOT deposit funds through the Central Cashier as this may delay the allocation of funds to the project.

2. Funds received for one award cannot be co-mingled with another award. This is due to the spending and reporting requirements of funding agencies and University guidelines.

Salary and Benefit Expenses

Salary and benefit charges are posted to the research project once the required forms have been processed by HR. Department / Faculty Administrators are responsible for completing the necessary information in the HR System. The information provided on the form provides details about the role and pay for the individual and their salary/benefit charges, such as: salary for post-doc, or benefit payment for a summer student. A list of valid salary and benefit accounts can be found on the Research Finance website.

It is important to use the correct salary / benefit accounts as many funding agencies require annual detailed reporting on salary and benefit expenses. Research Finance will prepare the required reports based on the account utilized by the unit.
Prior to the completion of any HR paperwork for payroll, Western recruitment practices must be followed when hiring staff and students, in addition to any agency restrictions that may apply (e.g. salary limits, duration of contract). It is the Principle Investigator’s responsibility to ensure any guidelines have been met.

Severance payments are a requirement of the Employment Standards Act but may not be an eligible expense on externally funded research projects. In the case of a termination of any staff on your project, please contact your Department Chair/Director, Unit Administrator and your Human Resources consultant for assistance in working through the process. It is imperative that Principle Investigators understand their responsibilities and plan in advance.

For example: When research project funding is coming to an end and further funding is not available to support existing employees, severance payments may be required.

Western units may offer a variety of services/products to internal customers (other Western units). These campus services are usually charged directly to research projects using the project Speed Code. Any individual charging services/products to a research project Speed Code must have the documented authority to do so. See Research Finance Delegation of Signing Authority (DoSA) section for further details.

The monthly research statement (available through Western Financials) provides details relating to Speed Code charges. Refer to the Source Code column, in the reference field (REF), or the Line Description column to understand what each expense or revenue charge was for.

Examples of typical campus services charged to research project Speed Codes are shown below. For a full list of source codes, refer to the Research Finance website.

<table>
<thead>
<tr>
<th>Campus Service</th>
<th>Source Code</th>
<th>Ref Column</th>
<th>Line Descr Column</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterinary Services</td>
<td>ALN</td>
<td>ACVS order #</td>
<td>PI requesting the service</td>
</tr>
<tr>
<td>Chemistry Stores</td>
<td>CHS</td>
<td>ChemBioStores</td>
<td>PI name</td>
</tr>
<tr>
<td>Graphic Services</td>
<td>GRS</td>
<td>GRS order #</td>
<td>Description of the service</td>
</tr>
<tr>
<td>Physics Stock Room</td>
<td>PHS</td>
<td>P&amp;A stores</td>
<td>PI name</td>
</tr>
<tr>
<td>University Machine Shop &amp; Engineering Stores</td>
<td>UMS</td>
<td>UMS order #</td>
<td>Description of the service</td>
</tr>
<tr>
<td>Bookstore/Computer Store</td>
<td>ONL BKS</td>
<td>Bookstore/computer store order #</td>
<td>Name of purchaser</td>
</tr>
<tr>
<td>User Fees</td>
<td>ONL</td>
<td></td>
<td>If equipment or service usage is being charged to a research project, typically the service description, rate, hours used, date etc. would be described in the Line Description column.</td>
</tr>
</tbody>
</table>
Procuring Goods and Services

Procurement Overview

The Procurement Services Department facilitates the best-value procurement of goods and services in support of the research community and the campus at large through the use of strong procurement skill sets, solid win-win supplier negotiations, exemplary customer service and exceptional knowledge of procurement standards and guidelines.

There are several methods that can be used to procure goods and services. The method you choose will depend on the type of goods or services you are procuring, the speed with which you need them and the repeatability of your purchase.

- Mustang Market is a web-based sourcing and requisition tool to purchase various items from either existing contracted vendors or new vendors.
- The P-card is a credit card used for low dollar purchases instead of Mustang Market or Petty Cash.
- Petty Cash may be used to reimburse you for goods and services purchased under $100

Regardless of your purchase method, duty, payment terms, freight, and insurance costs are important factors when determining the total landed cost for a good or service.

Mustang Market

Mustang Market is Western’s web-based eProcurement solution for sourcing and purchasing items. Using Mustang Market, you can search for and buy many products such as:

- Office Supplies
- Electronics
- MRO
- Scientific Supplies
- and more

Mustang Market provides a variety of benefits, including:

- Saving you money when purchasing from Western's preferred vendors.
- Generate a requisition, purchase order, and order from the vendor all in one system.
- A simple interface that streamlines shopping.
- Approvers manage approval tasks from a smartphone.
- Submit invoices for payment online, no need to send a hardcopy of the invoice.
- Request a cheque, change an order, or generate a standing order, all online using forms.
- Finance can track items being purchased and use the data to request further discounts from vendors.

Note: User Guides, reference material and videos about how to use Mustang Market are available on the website Financial Services website, on the Training and Reference Material page.

Preferred Suppliers

Procurement Services has negotiated several systems contracts and supplier agreements to obtain better value and to simplify the procedure for acquiring specific goods and services. Use Mustang Market to place an order from one of Western's preferred suppliers.
Standing Orders

Standing Orders may be issued to repeatedly purchase a product or service from the same Vendor. Once the order is set up, all you have to do is call the Vendor and they will send the goods you need; charges are submitted against the purchase order number generated at the time the standing order is created. Standing Orders can be used when any of the following transactions are anticipated:

- Numerous small value purchases that will be made from a particular Vendor over several months or over the entire fiscal year. E.g. electronic components, flowers, litmus paper;
- Numerous requests for services or maintenance repairs that will be made to a particular Vendor over several months or the entire fiscal year. E.g. secretarial services, developing of films, repairs to calculators, cameras etc.; or
- Multiple billings will be received throughout the fiscal year under a contract for rental/lease of equipment. EXAMPLE: lease of mail equipment.

Purchasing Card

The VISA Purchasing Card (P-card) allows you to obtain your goods quickly and pay for them immediately while providing you the flexibility to make purchases at your convenience. The P-card may be used at authorized vendors who accept VISA and there is no cost to you. It is a good alternative to petty cash or a purchase order for your low dollar purchases.

The Purchasing Card cannot be used for:
- Any item exceeding $5000
- Travel and entertainment expenses (airline tickets, vehicle rentals, hotels, restaurant)
- Personal purchases
- Cash advances
- Radioactive materials, narcotics or dangerous goods
- Supplies available from contracted suppliers
- Purchase of foreign goods, except those approved by Customs
- Purchase of equipment

At the end of each month, Departments receive an electronic file with all purchases made on corporate credit cards (P-cards) for their unit. Both the Department and Procurement Services conduct a review of the file for any unusual transactions, which is cross-referenced with a physical review and reconciliation. Approved P-card transactions are uploaded into the system.

Petty Cash

Petty Cash can be used for reimbursement of nominally priced goods and services. In order to receive reimbursement, the Petty Cash Reimbursement form must be completed and submitted in person, with original receipts, to the Cashier’s Office in Financial Services. The Account Holder (or delegate), as Department approver, must sign the form and each original receipt. The form can be found at the following link:

http://www.uwo.ca/finance/forms/docs/Petty%20Cash.pdf

Competitive Bid Process

The board of governors policy regarding purchase of materials and services clearly outlines the requirements for the competitive bidding process required as driven by the value of the materials and services you are procuring.

Material and Non-consulting Services Under $100,000
- Procurement Services recommends using the Request for Quotation form (RFQ) for soliciting quotes for materials and services that are under $100k:
• Up to $10,000 – at the discretion of the Procurement Services Buyer
• $10,001 to $25,000 – two verbal quotes minimum, three preferable with the awarded quoted documented in writing.
• $25,000 to $100,000 – minimum of three formal quotes, five preferable or advertised opportunity preferably from a pre-qualification process.
• Securing written quotations is a sound method of obtaining prices, maintaining good supplier relations, and ensuring economical use of University funds.
• Procurement Services encourages using the RFQ form when obtaining prices because it provides a degree of fairness, all suppliers are given the same information and the same amount of time to reply.

Materials and Services exceeding $100k
• Must be competitively bid through an open electronic system for at least 15 calendar days.

Procurement Services facilitates the process with the requisitioner(s) evaluating and selecting the winning proposal. Please contact a Procurement Manager to discuss your requirements.

Consulting Services
Consulting services involves expertise or strategic advice that is presented for consideration and decision making.

Competitive quotes must be obtained for consulting services regardless of value, or signed off by the President/Board of Directors:
• $0 up to, but not including, $100,000 – minimum of three quotes or advertised opportunity
• $100,000 or more – advertised opportunity preferably using a pre-qualification process

As per the definition of “consultant” and “consulting services” set by the Broader Public Sector (BPS) directive, 2011, a large majority of services that were once considered “consulting” are now considered “non-consulting” and have different approval requirements.

Procurement Services has created a document to assist you in determining whether the services you need are consulting or non-consulting. The document can be found at: http://www.uwo.ca/finance/purchasing/docs/workflow.pdf.

Please contact procurement@uwo.ca for support.

Note: Departments must not reduce the overall value of procurement (e.g. dividing a single procurement into multiple procurements) in order to circumvent the competitive bidding or approval requirements (refer to Section 15.00 of 2.8 Procurement of Materials and Services-Procedures)

Procurement Services has developed the Sustainable Procurement Guide (link below) as a tool to share our recommendations for purchasing products that balance economic, environmental and social benefits.
http://www.uwo.ca/finance/purchasing/docs/Sustainable%20Purchasing%20Guide.pdf
Accessibility related to purchases

As mandated by the Ontario government on January 1, 2013, accessibility criteria and features must be incorporated into all procurement practices. It is the responsibility of each staff or faculty member procuring or acquiring goods, services or facilities to consider and apply the appropriate accessibility criteria to their procurement decisions. If it is not practicable to incorporate accessibility criteria or features, you must be ready to provide an explanation upon request.

Units are responsible for reviewing the points found on the procurement website (link below) and implementing procurement practices that meet legislated requirements.

http://www.uwo.ca/finance/purchasing/Accessibility.html

Importing Goods and Service purchased

The Customs and Logistics team manages the Customs affairs of the University and works with a contracted Customs broker (agent) to release and account for University shipments. Where the University is the Importer of Record, clearance in the University’s name is approved by the Customs and Logistics team.

Key things to be aware of:

- Ensure that “The University of Western Ontario” is identified on the first line to reduce delays at Customs, this limits confusion and identifies the “importer of record”,
  - This is particularly important for perishable goods.
- Two issues that can result in delays, penalties and seizure are:
  - Failing to declare or disclose accurate value; everything has a value, even if given to you at no charge or is something that would not normally be sold.
  - Using to general a description such as ‘supplies’, harmless amino acids’ or ‘scientific equipment’.
- Failure to have proper documentation such as sales invoice, Canada Customs Invoice, Proforma or Commercial Invoice, as well as obtaining proper import permit / license can delay the release of goods from Customs, result in financial penalties for inaccurate accounting for imports, or result in the seizure and forfeiture of the goods as well as monetary penalties (fines).
- If the goods were acquired on a Western purchase order, suppliers receive a document indicating Western’s preferred carriers and customs broker information, with the purchase order.
- Since Western is registered with Canada Customs as an importer, goods tend to move smoothly through Canada Customs.
  - All the major carriers and couriers (Fed Ex, DHL, UPS, etc.) are instructed to forward shipment documentation to our Customs broker for clearance.

Before arranging to import an item to Canada, please review the information found on the Customs and Logistics website: http://uwo.ca/finance/procurement/customs/importing_goods.html and also contact the Financial Services Customs and Logistics team at customs@uwo.ca.

Contact Customs and Logistics for non-purchase order goods that you may be expecting, such as orders purchased on VISA, collaborative research samples, donations, review copies of books, etc.

Shipments containing goods purchased using a personal credit card, or gifts of a personal nature, are not considered University business. The responsibility for the Customs formalities will rest with the purchaser or the individual who causes the goods to be shipped to Canada.
Accounts Payable

Accounts Payable is a unit within Financial Services that is responsible for the payment of invoices received by Western University, as well as invoices uploaded from other business units on campus (e.g. Campus Bookstore).

An invoice is usually the result of an order placed through Mustang Market as a result of a PO being created and sent to a vendor. Once the PO is sent to the vendor, a financial commitment (encumbrance) is created and displays in the General Ledger with the Source Code “PO”. The Source Code identifies where transactions originated. For a full list of source codes, refer to the training and reference page of the Research Finance, under Financial Systems.

When a PO is received by the vendor and the order is fulfilled, the vendor generates an invoice and sends the detail directly to Accounts Payable for payment processing. However, should you inadvertently receive a vendor invoice, forward the documentation directly to Accounts Payable.

Note: In rare circumstances, you may need to deal with a vendor outside of Mustang Market. In this case, you will receive an invoice directly from the vendor. In the absence of a Mustang Market generated PO, you will need to log into Mustang Market and complete the Invoice Attached form to process payment. This is not a preferred procurement process and will result in increased work for campus users and may delay payment to vendors.

Once Accounts Payable (AP) has remitted payment, Western Financials General Ledger removes the financial commitment (encumbrance) to the Speed Code(s) and posts the actual expenses to the General Ledger (GL). All invoices processed by Accounts Payable will appear in the GL with the source code “AP.” If a PO is only partially completed and paid, the PO will remain active and the balance due will remain as a commitment (encumbrance) on the research project.

Taxes and Tax Rebate Calculation

A Harmonized Sales Tax (HST) of 13% came into effect in the Province of Ontario on July 1, 2010. The HST is a combination of the Goods and Services Tax (GST) of 5% and the provincial tax component of 8%.
The Goods and Services Tax (GST) is a tax that applies to the supply of most property and services in Canada. The province of Ontario has elected to harmonize provincial and goods and services taxes. Generally, the HST applies to the same base of property and services as the GST.

The suppliers of goods and services to the University will charge HST on their invoices. Western, as an educational institution, is entitled to rebates on both the goods & services and provincial tax components.

It is common for the total amount invoiced not to match the amount posted to the account. This is because Financial Services will post all taxable expenses to the appropriate account net of tax rebates.

Example:

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>HST 13%</th>
<th>Total Invoice</th>
<th>Total Charge to the Account</th>
<th>Net Tax to University 3.41%*</th>
<th>Rebate on GST 67% of 5%</th>
<th>Rebate on provincial tax 78% of 8%</th>
<th>Total Rebate 73.77% of 13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000.00</td>
<td>$130.00</td>
<td>$1,130.00</td>
<td>$1,034.10</td>
<td>$34.10</td>
<td>$33.50</td>
<td>$62.40</td>
<td>$95.90</td>
</tr>
</tbody>
</table>

* GST of 5% x (1 – 0.67) = 1.65%
  PST of 8% x (1 - 0.78) = 1.76%
  Net University Tax = 3.41%

For a quick calculation to determine the amount Financial Services will charge to your account, multiply the purchase price by the net tax to Western (3.41%):

E.g. $1000 x 1.0341 = $1034.10

Goods and services imported into Ontario may be invoiced differently for tax purposes depending on the source location. For more information, visit the Financial Services HST webpage.

Western uses an alternate formula for some travel and expense claim categories due to the variety of expenses and varying tax applications.

<table>
<thead>
<tr>
<th>Travel &amp; Other Expenses</th>
<th>HST 13%</th>
<th>Total inclusive of tax</th>
<th>Western Simplified Formula</th>
<th>Total Charge to the Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000.00</td>
<td>$130.00</td>
<td>$1,130.00</td>
<td>92.1%</td>
<td>$1,040.73</td>
</tr>
</tbody>
</table>

Note: Travel and expense claims for goods and services consumed outside of Canada are not subject to HST.
Travel & Expense Claims

Financial Services is responsible for the timely reimbursement of travel and other expenses incurred when carrying out the business of Western University, in addition to approved cash advance requests.

Travel and expense claims must be submitted using the Western Financials Travel and Expense Center.

An employee prepares an online expense claim through Western Financials. Although the claim is submitted online, a paper copy with the original itemized receipts is also required. The workflow process will route the online claim to the claimant’s reviewer and their approver for electronic review and approval. The associated paper copy and receipts must be sent manually to these individuals in order to provide them with sufficient information to complete the submission.

Once the approver electronically submits the claim and sends the supporting documentation to accounts payables department, it will be processed and the paperwork filed for audit purposes.

The employee receives a reimbursement by Electronic Funds Transfer (EFT) or cheque. EFT payments are independent of the payroll cycle and are generally processed within 3 days of approval. A cheque reimbursement will be mailed directly to the individual and takes significantly longer as it is a manual process.

When completing a Travel and Expense Claim it is important to ensure any outstanding cash advances (see section below) are applied and the correct Speed Codes are used. Types of omissions or errors can cause reimbursements to be delayed.

Non-Employees: Travel & Expense Claims

Manual claims will only be accepted for non-employees (e.g. students, visiting professors, etc.) as they do not have access to the Travel and Expense Centre. These individuals must submit a paper Travel and Expense Claim form with all original receipts to Financial Services once it has been authorized by the unit or Account Holder. Paper Travel Expense Reports received by Financial Services will be reimbursed by cheque.

Financial Services conducts regular pre-pay and post-pay audit checks on Travel and Expense Claims. Pre-audit controls check for reasonability (such as travel not taken), partial reimbursement of equipment, duplicate entries, incorrect calculations used for mileage expenses and for excessive costs being claimed. Post-audit controls are random selections after payment to verify the eligibility of an item and ensure compliance with Western policy, funding agency and CRA guidelines.

The source code for on-line travel and expense claim transactions is EX in the General Ledger. The source code for manual travel and expense claim transactions is AP.

Cash Advances

In some cases, where an employee needs to provide payment in advance of travel or events, a request for a cash advance may be submitted using Western Financials Online Travel & Expense Centre. The request for a cash advance must be greater than $1,000 for travel expenses, and $200 for subject fees. Cash advances are not eligible for amounts greater than $5,000. After the trip or
event is completed, a Travel and Expense claim must be created. It is important to ensure that the cash advance issued for that travel or event is applied against the claim at that time. All cash advances should be cleared no later than 60 days after the end of the trip or event.

The image below indicates where Cash Advances may be selected, when completing a Travel Expense Claim.
**Cost Recoveries and Other Expense Charges**

**Recoverable salaries and expenses / Shared expenses**

Recoverable salaries / expenses are expenses that have been incurred and are eligible to be reimbursed from a third party. This usually occurs when a research project is sharing expenses with another institution. In these circumstances a research agreement needs to be in place. This type of agreement would be created by Research Development & Services and signed by both institutions and funds would be forwarded to the other institution or received from the other institution based upon the agreement.

In some cases an arrangement may be necessary to share expenses between institutions outside of any previous agreements. In these unique situations there are 2 options available: to create a cost sharing agreement for the expenses to be incurred or using a reimbursement method. In either case both parties must provide written consent to the expenses, ensure they meet all eligibility criteria and pertain to the research project incurring the costs. Research Finance should be contacted to assist you with any shared expense arrangements.

Consideration must be given to the nature of the purchase, duration of use and ownership in the case of equipment purchases. Normally in these situations one institution would fully pay for the item and the partner institution would provide partial reimbursement. Recoverable Salaries / expense payment may be processed through the Purchase Order and Invoice payment method, or through cheque reimbursements. (See section on Sub-Granting).

If an expense has occurred in a research project and the Account Holder receives full or partial reimbursement from an external source, the payment is applied to the expense account line where the original expense was charged.

Please send the reimbursement cheque to Research Finance with the details for the reimbursement and any other pertinent information such as the research project, GL account line and any reference numbers. The reimbursement cheque will be deposited and provide a credit against the original expense. If the reimbursement is internal to Western please have a journal entry processed (see the journal Entry Section in this guide).

**Expenses with Western Affiliated Institutions**

At Western recoverable expenses can occur with a Western affiliated hospital. In these examples the recoverable salaries and expenses may not have a cost sharing agreement as often the same Principle Investigator is involved.

For example:

If the expense has occurred at the hospital:
- The hospital invoices Western detailing the expenses and ensuring appropriate supporting documentation is available.
- The Western Department Administrator would submit this invoice for payment in Mustang Market using the invoice attached form.

If the expense has occurred at Western:
- The Principle Investigators should contact their Financial Officer in Research Finance with the details.
- Research Finance would initiate an invoice to the hospital.
The invoice would create a credit to the research project’s expense account where the charges originated.

For salaries/benefits of staff members that are shared employees between Western and the Hospital, another option could be to utilize the Accounts Receivable, recoverable salaries process. Please contact the Accounts Receivable office in Financial Services for details and assistance.

Note: recoverable expenses should not be mistaken for sub-granting or transfers. See Section 5, ‘Transfer Funds to Co-applicants / Collaborators’.

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**User Fees**

A user fee is an amount charged to an individual for use of equipment, product and/or service at Western. There must be an openly published user fee schedule when user fees are to be charged. The eligible fee to be charged is the one most applicable to the Principle Investigator’s position / Faculty at Western. User fees are not paid by invoice but are normally charged to the individual through internal journal entries.

Any equipment that is purchased with research project funds becomes property of the University, unless otherwise specified in the research agreement. While the primary use of the equipment is set out in the funding application, other Principle Investigators may be provided access to the equipment. When an Account Holder provides other individuals access to their equipment, the Account Holder may charge a fee for use provided they have developed a User Fee Schedule that supports the operating and maintenance costs as these costs are the responsibility of the Principle Investigator / Department / Faculty who signed the application in support of the research proposal. However, University owned equipment is covered under the University’s insurance policy.

The User Fee Schedule should be competitively valued and offer internal and external rates to ensure Western Research Account Holders the most-favoured-user rates.

*Please refer to the document on Research Finance website “User Fees for Equipment Purchased from Research Funds”*

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**Indirect Cost: Overview**

The Office of the Vice-President (Research) has established key principles with respect to the recovery and distribution of the Indirect Costs of Sponsored research. Indirect Costs, also referred to as Overhead, are expenses incurred by the university in support of the research activity, such as utilities, human resources, ITS, etc. Indirect expenses cannot be specifically quantified for individual projects, so are charged as a percentage of Direct Expenses (salaries, travel, supplies, equipment). Western seeks to maximize its recovery of Indirect Costs and in this regard endeavors to recoup, at a minimum, 40% of the **direct costs**, which is consistent with most research intensive universities in Canada.

Where stipulated in writing, the Indirect Cost policy of a Sponsor will dictate the eligibility of Indirect Costs and the rate to the overall project budget. It should be noted that not all Sponsors allow for Indirect Costs.

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**Indirect Cost Charges**

Where applicable and specified in the budget, a research project is flagged for Indirect Costs (overhead) at the time of activation. As expenditures are incurred each month, an Indirect Cost is applied as a percentage of direct expenses incurred for that month.
Note: Indirect Costs are not applied on cash advances (Travel or Subject fees).

Example:

Monthly Direct expenses: $5,625
Indirect Cost rate: 40%
Monthly Indirect Cost is: $2,250
Total expenses for month: $7,875

On a quarterly basis the earned Indirect Costs are distributed to the respective university stakeholders, as per Western’s standardized distribution formula. Please see Research Western’s Indirect Cost (IDC) policy: http://www.uwo.ca/research/_docs/resources/IDCPolicy.pdf

<table>
<thead>
<tr>
<th>The standard distribution of indirect cost funds</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty - Deans Office</td>
<td>30.0%</td>
</tr>
<tr>
<td>Contracting Department or Unit</td>
<td>12.5%</td>
</tr>
<tr>
<td>Contracting Laboratory (PI)</td>
<td>12.5%</td>
</tr>
<tr>
<td>VP Research</td>
<td>22.5%</td>
</tr>
<tr>
<td>Corporate – Central Administration</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

There are some exceptions to the standard distribution based on sharing arrangements at the faculty and department levels. The 12.5% returned to the PI is credited to their overhead project which begins with the PI profile number R##### and ends with ‘000’: R#####000.

Please refer to the Research Western website for more information on Indirect Costs (overhead). http://www.uwo.ca/research/services/resources/procedures/indirect_cost_on_research.html
Encumbrances

Encumbrances: Overview

Encumbrance accounting refers to the process where a specified amount of funds are set aside in order to pay for financial commitments for goods and services that will become an expense in the future. The purpose and main benefit of this type of accounting is to avoid overspending by earmarking funds so that they are no longer available for use for other transactions. Encumbrances can be found on the report or in the GL as titled ‘Encumbrance’.

The next few sections outline common instances where encumbrance accounting may be used on research projects.

Purchase Order Encumbrance

Purchase Order (PO) encumbrances are used when items have been ordered from a vendor and the PO has been issued. Upon receipt of the items, and after the vendor invoice has been paid, the encumbrance is cleared from the ‘Encumbrance’ section and the expense is posted in the ‘Actuals’ section. Details on PO encumbrances can be viewed in the G/L Inquiry or on the Monthly Research Statements.

Salaries and Benefits Encumbrance

Salary and benefit expenses for monthly paid employees are encumbered in full when an employee is hired on a research project. The encumbrance amount is calculated based on the end of the research project’s current budget period, or until the termination date on the employee’s Appointment Notice, whichever is first. The encumbrance amount will decrease each month by the portion that becomes an actual expense.

Salary and benefits for weekly/hourly paid employees are not encumbered.

Indirect Cost Encumbrance

Some research projects are charged overhead, the overhead amount encumbered is calculated based on a percentage of the research project’s current budget periods’ expenses. The encumbrance amount will decrease each month by the portion that becomes an actual expense. Actual Overhead is calculated based on a percentage of actual direct expenses incurred during a month.

The monthly Overhead encumbrance amount is calculated as ‘Budgeted Overhead’ minus ‘Actual Overhead’. This appears on the research monthly statements and in the G/L Inquiry.

Example:

The following formula is used to calculate overhead encumbrances:

Overhead percentage = 25%

Total Research Funding = $100,000

To calculate the total amount of overhead:

Total Funding – (Total Funding ÷ 1.25) = Overhead amount
$100,000 – ($100,000 ÷ 1.25) = $20,000

Total Project Period is 12 months, August 1st to July 31st

When the project is activated the system will allocate $20,000 to overhead encumbrance allowing PI to spend $80,000 on direct project related expenses.

Therefore:

- Actual expenses for the first month are $10,000
• Actual overhead for the month is (expenses X .25) or $10,000 X .25 = $2,500
• Overhead encumbrance becomes $17,500 (Total Overhead $20,000 – $2,500 (1st month overhead expense))
Section 4: Journal Entries

Overview
A journal entry (aka journal) is the term given to debits and credits that are posted to a research project to adjust previously processed transactions. Journals are used to transfer part of an expense to another research project, where expenses are to be shared, etc. This section provides details about various journals that are seen on a research project.

Manually Processed Journal Entries

Transferring Expenses
Although expenses should be applied at the time of purchase directly to the research project they pertain to, occasionally it may be necessary to move expenses from one research project to another. This is done via a journal entry to ensure expenses are properly allocated to the research project they directly relate to. For the journal entry to be completed correctly:

- Specific expenses must be identified and corresponding description details referenced for the debit and credit lines.
  - details of the expenses should be retained on file as backup documentation. This allows proper tracking for Research Finance to meet the financial reporting and audit requirements of the university and funding agencies.
- The person entering the journal entry must:
  - be an authorized delegate for the project(s) being charged (debited) or
  - have the written approval of the Principle Investigator accepting the charges (email is sufficient) and this approval must be retained.

Most research projects have spending restrictions and timelines for utilizing the funds, and journal entries should be complete with these in mind.

The journal line should reference the expense’s voucher number, travel claim number or other unique identifier in the ‘reference’ field, for expense tracking. Separate expenses require individual lines on the journal. If a large number of expenses are being moved from one project to another, a transactional date range may be referenced in the ‘journal Line Description’ provided the GL details are retained as backup for the journal. Please refer to the RF document ‘how to complete a journal entry’.

1. The expenses must be an eligible expense on the research project they are being moved to.
2. The expenses must have been incurred within the start and end dates of the research project that they are being moved to.
3. The expenses being moved must be expenses that have actually been incurred, and they must be identified.
Adjusting Salary and Benefit Charges

As previously mentioned in Section 3, ‘Salary and Benefit Expenses’, salary and benefit charges are allocated to the research project through the HR system. If changes are required, a revised Salary Appointment Notice (SAN) or Faculty Appointment Notice (FAN) must be submitted to HR for the payroll system to be updated.

If the changes have an effective date in the future, and the paperwork is submitted within the HR deadlines, the change will be processed through the HR system automatically. No further action is needed.

If the changes impact salary and benefit charges that have already been allocated to the research project, this is considered a retroactive change. Research Finance is notified of these changes through the HR system once the paperwork has been processed. RF will then complete any necessary retroactive journals to ensure the revised appointment notice in the system matches the charges in the projects.

Occasionally, the Research Administrator will complete the journal entry for retroactive salary and benefit changes. It is important that the Employee or Student ID is entered in the ‘reference’ field, as this field is the only method to track salary and benefit charges for analysis, reporting and audit purposes.

In addition, journal entries should contain the date range of the salary/benefits being moved in the ‘Journal Line Description’. In the event that more than one person’s salary/benefits needs to be moved, a separate line must be used in the journal entry. Research Finance suggests that a separate journal entry is completed for each individual requiring a retroactive salary/benefit change. Please see example below.
Some research projects are internally funded through Western, such as Western Strategic Support Grants, Western Innovation Fund, Student Grants, etc. The Research Western website has a listing of current funding opportunities.

*Research Finance* is responsible for transferring funds into the project from the internal source identified and will post a credit to the appropriate account.

For example:

Funds transferred from internal sources at Western are credited to transfer accounts in the General Ledger:

- 690200 – ‘Transfer From’ account
- 590100 to 590700 - ‘Transfer To’ accounts, the one used depends on the *funding source*.

Where allowable by the funding agency, funds can be provided to co-applicants or collaborators on a project, this is called sub-granting. The co-applicants or collaborators can be associated with Western or from an external institution.

Only the *Account Holder* can approve sub-granting of funds.

The following information must be provided in order to initiate a sub-grant:

- name of co-applicant/collaborator and institution
- amount
- intended use of the funds
- time period for utilizing the funds.

Contact *Research Finance* with this information for Tri-Agency sub-grants, and for all other funding agencies, provide RD&S with this information using their *sub-grant template* found on their website.

For Tri-Agency sub-grants, this information will authorize *Research Finance* to transfer the Tri-Agency related funds. For other funding agencies, RD&S will draft a sub-grant agreement for external institutions; or for internal sub-grants, coordinate a new project setup to accept the transfer of funds.

External sub-grants will be provided with a cheque payment and internal sub grants will receive payment through a transfer journal.

*Please use the following link to Research Development and Services for a template form* http://www.uwo.ca/research/services/resources/forms.html

Sub-grants may be received from a research project held either at Western (internal) or at another institution (external).

For a sub-grant from an internal research project a *ROLA* record is required to be set up by the receiving co-applicant/collaborator. This *ROLA* setup must include a *budget* amount and *budget/project periods*. The resulting new research project is referred to as a Funds Transfer Account (FTA) and is held in the co-applicants/collaborators name. The FTA will cross-reference the originating *project number* that provided the funds.
For a sub grant from an external research project, the initiating external institution must send a letter of transfer or an agreement to Western’s RD&S. Once the letter of transfer has been reviewed or the agreement finalized, a ROLA record will be created. Research Finance will then activate a research project in Western Financials. Deposits should be completed as per the details under the ‘Deposits’ section.
Automated Transactions

Overview: Western Financial Automated Transactions

There are several recurring processes that run automatically in Western Financials that will post transactions to research projects. They are triggered weekly, monthly, and yearly; or at project close. When you review your research projects you need to be able to identify these transactions to ensure you are aware of the budget remaining on your project. This section provides details about the weekly, monthly and yearly transactions that could be posted to your research project.

Weekly Processes

Each week, salary journals are completed for weekly paid employees and students. There are no encumbrances for weekly paid individuals and therefore no associated encumbered journals required. Weekly paid individuals include work study students and other individuals that track their time on weekly pay sheets.

Typical Monthly Processes

Each month end the following 3 processes occur in Western Financials that you may see in your research project.

1. Salary and benefit journals
   - Full time staff and faculty members are paid monthly, and these transactions are processed monthly and the posted amounts are the actual monthly salary cost and any associated benefit charges.
   - Salary and Benefit expenses posted by the system will display the journal entry using the source code HRJ.

2. Monthly encumbrance journals for salary and benefits
   - Any encumbrances for payroll are updated on a monthly basis at the same time the salary journals are processed.
   - The payroll encumbrances are reflected on the research project up to the Budget End Date of the project or the end of the employment term, whichever comes first.
   - Salary and Benefit encumbrances posted by the system will display the journal entry using the source code HRC.

3. Overhead allocation journal
   - Overhead expense journals will only be processed on research projects that have overhead as an agreement requisite.
   - The amount charged is typically a percentage calculated on actual expenses incurred during the month being charged. The overhead percent used is stated in the research agreement/contract.

Overhead expenses posted by the system will display the journal entry using the source code ALL.

Other Monthly Processes

There are several other monthly transactions that may be posted to Western Financials, as required.

Examples include:
- Bookstore charges (ONL)
- Telecommunications charges (TEG)
Internal Store operations such as ChemBioStores (CHS)
Internal services such as University Machine Shop (UMS)

Contact Research Finance for help identifying any transactions that you do not recognize or understand.

---

**Yearly Process**

At the end of the *budget* year of each research project, all revenue and expense amounts are moved to a single account line called the *balance forward*. Moving the amount from each account is a process run in *Western Financials* called an 'XYZ journal' and it brings all accounts to zero and prepares the research project to accept transactions for the new *Budget Year*.

The balance forward is calculated as *Total Revenue minus Total Expenses at Budget Year End*. *Encumbrances* do not factor into the calculation as they are not *actualized* expenses; they will remain as *encumbrances*. Similarly, the *Budget* does not factor into the calculation of the balance forward. The balance forward total may be a surplus or a deficit.

Research Finance will update the research project for total *budget* and *budget* dates if the project was impacted by the XYZ journal.

To see when the research project is scheduled to have an XYZ journal processed, refer to the *Western Financials* GL Inquiry Screen and look at the ‘Close Out Period’ field. The close out period is the same as the *budget end date* and is displayed by a numeric value that represents the month. (i.e., January = 01, Feb = 02, etc.).

It is important to note that not all research projects will have an annual XYZ process because the *budget period* could be as long as the entire *project period*. Where this is the case, an XYZ would only occur at the time the project ends, and the ‘*Budget-to-Date*’ expense column will show expenses since the beginning of the project, which could be 1 year, 3 years, 5 years, etc.
The XYZ process is required at the research project End Date in order to prepare for the close of the project. This process brings the project balance to zero, similar to the Yearly XYZ process described above however, after the final XYZ process project transactions can no longer be posted.

The example below is the same project from the previous page, with a Close-Out of 03 (March). When the process occurs in Western Financials it will show Period 11, which according to Western’s fiscal year, is March. (Remember that Western Financials follows Western’s fiscal year, not the calendar year).

**Table:** The table below shows a summary of what will occur in each account during the XYZ process.

<table>
<thead>
<tr>
<th>Account</th>
<th>Balance at end of previous month:</th>
<th>XYZ journal amounts:</th>
<th>Balance after XYZ journal:</th>
</tr>
</thead>
<tbody>
<tr>
<td>560000 – Revenue</td>
<td>$89,000.00</td>
<td>$89,000.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>601460 – Salaries</td>
<td>$36,000.00</td>
<td>$36,000.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>940000 – Carry Forward</td>
<td>$53,000.00</td>
<td>$53,000.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

**Journal Entry:** The screen prints below show the way the XYZ process will appear when you do a GL Inquiry in Western Financials.

---

**Revenue Account & balance to be forwarded**

**Salaries Account & balance to be forwarded**

**Total Amount to go into Balance Forward (Total of ALL account lines shown in Table)**

---

**NOTE:** If a research project is set up with only one budget period spanning over a number of years, the XYZ process will not occur until the project end date; otherwise the XYZ process will occur yearly at the budget end date.
Error Messages

What is a ‘Budget Error’?

Periodically charges applied to a research project do not get posted in Western Financials due to an error. These are called budget errors and can occur if:

- The budget period has not been activated
- The research project has been placed on “hold”
- The research project is closed in Western Financials.

When you create an online journal entry we recommended that you run the “Budget check” process (on the journal entry screen) to ensure the journal entry will post correctly. This check will generate an immediate error if there are issues with the Research Project as mentioned above.

For example, if a student working with a Researcher purchases an item at ChemBioStores and provides a speedcode for a research project that has been closed, a budget error will occur at the time the monthly charge out journal is created. These journals are usually created at the end of the month following the original purchase and therefore the time between the purchase and the charge must be taken into account.

Research Finance receives a listing of errors daily. The Administrative Officer and the Research will be notified of the error and requested to provide an alternate research project for the expenses to be charged to. Keep in mind that even if there is a budget error on only one project in a journal entry containing transactions for many projects, the entire journal entry will not post until the single error has been corrected. This is especially important to remember at each month end and year end, when it is crucial for all journal entries to post in a timely manner within the correct period.

Please note that providing Research Finance with an alternate research project will only correct the current expense. This does not provide a permanent change for reoccurring charges. It is the Researcher’s and the Administrative Officer’s responsibility to ensure that any operating units using the incorrect speedcode are notified so they can direct future charges to the correct speedcode.
Section 5: Requesting a Change to a research project

Overview

This section provides details about how to manage certain circumstances that can arise once the project is underway.

Request for changes in award

If the Account Holder requires an amendment to an award; the terms, conditions and funding agencies’ policies should be consulted.

Changes can include, but are not limited to:
- scope of work,
- funded amounts,
- extensions, and
- a Principle Investigator’s employment status or transfer.

Remember to contact Research Finance if changes are required or if a change notice is received from a Sponsor.

Request for budget changes

Many funding agencies allow for minor budget changes, such as reallocation of expenses from one category to another. The tolerance levels for such variances will differ from one Sponsor to another. The Account Holder must contact Research Finance to discuss any budget changes.

Changes in scope of work

Should the awarded project require changes in the specific goals and objectives, the Principal Investigator may be required to seek approval from the funding agency. Changes in scope require justification – e.g. how the change will alter the original objectives, time line, budget and any project deliverables. Research Finance can be consulted to review specific agency requirements.

Changes in Principal Investigator (PI) status

Research funding is often awarded based on the academic or faculty appointment of the Principal Investigator at an eligible Canadian institution. Funding agencies must be advised of changes in a Principal Investigator’s appointment (e.g. duration, employment status). Any questions regarding eligibility based on appointment or affiliation to an institution should be directed to Research Development & Services.

Change to Team Members on Group Funded Project

When a team member joins a research project AFTER the application has been approved, the funding agency needs to be notified in addition to Research Finance, otherwise the new team member will not be able to receive funds for the project.
Principal Investigators leaving Western to go to another Canadian Institution may be able to transfer external funds to the new institution. Contact Western’s Research Development & Services to facilitate this process with the new institution.

In extenuating circumstances, a project may have to be terminated prior to the original end date (e.g. illness, transfer to a non-eligible institution, etc.). When this happens, the appropriate course of action should be reviewed with the Department Chair/Dean, Administrative Officer, and Research Finance. Some factors to consider when making a decision include:

- Salary commitments to students and staff, including severance where applicable
- Unpaid encumbrances for goods and services
- Amounts not yet invoiced to the funding agency, based on the terms of the agreement/contract
- Funds received to date in comparison to expenses incurred
- research project Deliverables
- Technical/progress reporting

The project end date is the last day on which eligible expenses can be incurred on a research project, regardless of remaining funds. If the research project will not be completed by the project end date, it is important to contact Research Finance to discuss available options. For example, extension requests or renewals that may be accommodated.

a) Extension requests

Funding agencies may allow Principle Investigators to apply for a no-cost extension beyond the original project end date. This provides the researcher with additional time to expend remaining funds. This is different from a renewal because additional funds are not provided. Research Finance must be notified of extensions to ensure that the budget and project dates are updated in Western Financials.

b) Renewals

Funding agencies may allow Principle Investigators to apply for grant renewals prior to the project end date. A renewal application must be completed in order to continue an existing research project and request additional funding.

Renewed projects will continue under the same research project number in Western Financials. For identification purposes (in ROLA only) the renewal will have an additional three digit number:

Example:

- research project R3152A01 was awarded by CIHR for the period 2001-2004
- The grant received a renewal for the period 2004-2008 and is now identified as

The Speed Code for all renewals will also remain the same.
Section 6: Financial / Progress Reporting, Audit and Controls

Overview

Various measures are in place to ensure research projects follow the guidelines set out by Western and the funding agency; these measures include:

- Financial reports,
- Progress / Technical Reports,
- Record Retention Policies and,
- Internal and External Audits.

Financial / Technical Reporting

Financial and Reports

Research Finance generates and submits (annually, quarterly or monthly) the required financial reporting to all external agencies as outlined in the Sponsor agency guidelines. Financial reports provide a financial summary of incurred revenues and expenses for the defined period.

In addition to the external reports, monthly statements are available in Western Financials that summarize funding received and expenses incurred for a month, as well as unspent balance. The statement is a useful tool for Administrators and Principle Investigators to review the status of projects and verify transactions. Research Finance will advise when the monthly financial statements are available.

Progress / Technical Reporting

Many granting agencies require progress / technical reports from Principle Investigators to measure progress against defined milestones. These reports can also be used to identify challenges that may influence the progress and outcomes of the project. Often future installments are dependent on financial and progress reporting and approval by the Sponsor.

Research Finance should be contacted if financial information is required as part of the progress / technical report.
Requirements for Record Retention

_In general, standard practice for retaining financial records as per Canada Revenue Agency is 7 years (6 previous years+ current year)._

The University is required to comply with federal and provincial statutory requirements relating to the retention of records. Canada Revenue Agency (CRA) requires that we retain all financial records until the expiration of 6 years after the end of the year to which they relate. Therefore, the University must retain records for 6 years plus the current year.

Most financial records relating to the current and previous fiscal years are stored in Financial Services while those relating to years prior to the previous fiscal year are stored at Western’s Archives and Research Collections Centre in Weldon Library. The following are examples of records sent to the Archives.

- Petty cash reimbursements
- Cash receipts and deposits
- Cheque requisitions
- Transfer payments
- Accounts payable invoices
- Canceled cheques
- Travel and expense claims
- Advances
- Financial reports

Since the originals of these records are the responsibility of Financial Services there is no requirement for Departments to retain copies. However, Departments may choose to retain copies for short periods of time, for reference and analyses, after which they should be destroyed.

Those units and individuals who process financial transactions or who use a corporate purchasing card (P-card) also have a responsibility to retain and file source documents related to their transactions. Records include original copies of financial transactions complete with original authorizations and approval signatures, and additional supporting documents for audit verification and review.

Departments, Faculties and service operations must ensure they have an effective system in place in order to retrieve records in a timely manner for internal review and for external auditors, and for the retention, archiving, and permanent destruction of source documents.

There are a number of legal terms that relate to record retention, the key terms and definitions are listed below:

_Source document_ - the original document which has original authorization and approval signatures (email authorizations are acceptable)

_Copy document_ - a photocopy or facsimile of the source document

_Supporting documentation_ - documents that support the validity of the transaction (including the amount of the transaction). Supporting documentation must satisfy audit scrutiny.
Other support backup - any other information that relates to the transaction and adds to a review/audit understanding of the entry or contains additional information the unit wishes to retain.

NOTE: Source documents retained by units/individuals should be readily available for review by Financial Services and auditors. Auditors will generally only audit original source documents and will not audit copy documents.
Internal and External Audits on a Research Project

**Audits**

*Research Finance* coordinates a variety of financial reviews including formal audits (both internal and external), monitoring activities and general sampling of account transactions. The purpose of these reviews is to:

- verify financial reporting is accurate,
- ensure expenses are eligible and in accordance with the applicable policies/guidelines,
- confirm that the required procedures have been followed and,
- assess the strength of system controls and evaluate business practices.

A financial audit is an official inspection and verification of financial activities and related source documents, is conducted by a qualified accountant and, is based on the award agreement specifications. In some cases *Sponsors* require an audit report from a 3rd party accounting firm. This can be at specified times during a project and/or upon completion. *Research Finance* will engage our corporate audit firm (costs covered by the project budget) or a *Sponsor* will send a 3rd party auditor (costs covered by the *Sponsor*). *Research Finance* will inform the *Principle Investigator* of the audit timelines and results.

Upon completion of an audit, review or sampling, any items that are deemed ineligible or disallowed (e.g. due to lack of supporting documentation) must be removed from the research project and becomes the responsibility of the *Principle Investigator* and/or related Department/Faculty.

Example of previous audit finding at Western include:

- Inadequate segregations of duties – there should be strong internal controls that require the separation of responsibilities for authorization, physical custody of assets, and related record keeping and verification of accounts
  - Persons who authorize purchases should not be capable for processing payments
  - Person who prepares deposits should not post receipts to financial accounts
  - Person who is accountable for reconciling petty cash should not be responsible for daily cash handling
  - One individual should not have the ability to order, receive, approve payment and reconcile monthly charges
- Insufficient or untimely review of the monthly research statements or financial transactions – this ensures expenses are correctly charged to the related research project and research funds are directed are eligible and correct
  - *Western Financials* monthly research statements are official records. There statements provide all the transactions recorded and should be reviewed and verified on a monthly basis
  - *Account Holders / Principle Investigators* should review these accounting reports for correctness and reasonableness
- Inadequate authorization of expenditures – all research expenses require the authorization of the *Account Holder / Principle Investigator* or their recorded delegate.
  - For all research funds, the *Account Holder / Principle Investigator* has the responsibility for all expenses and thus must approve all expenses
  - In the absence of the *Account Holder / Principle Investigator’s* approval, someone designated in writing by the *Account Holder / Principle Investigator* may approve the expense
• A one-over approval is required for all travel and expense reimbursement. This approval cannot be delegated

• Insufficient knowledge of policies and procedures – it is the Account Holder’s responsibility to be aware of and conform to Sponsor policies and guidelines in addition to institutional and government directives.
  - Account Holder / Principle Investigator should have access to agency policies, institutional policies, procedures and guidelines and also be aware of any relevant government directives or legal requirements
  - There should be Departmental and Faculty resources available
Section 7: Stakeholders Responsibilities at Project Close

Overview

When a research project closes, there are specific steps the PI as well as Research Finance need to take in order to meet internal and external guidelines.

What occurs at close out?

At the completion of a project, Research Finance is responsible for submitting the final financial report to the Sponsor. Research Finance will also inactivate and close the project in Western Financials (refer to Section 5: journal Entries, Automatic Processes and Transactions, “XYZ Process” for details).

Funds should be fully utilized by the project end date. If not, in order to retain an unspent balance, a request for a renewal or extension must be submitted to the agency before the project end date (refer to the Section 6: Requesting a Change to a research project, Project Renewals & Extensions for details).

After the close process, the monthly Western financial statements will no longer be available for the project.

At the project close the Principal Investigator is responsible for:

- submitting progress/technical reports to the agency
- providing staff with appropriate notice of termination
- clearing all travel advances
- ensuring if there are any charges that will continue after the project close, that they redirected to another project where appropriate and eligible. Ongoing charge could include:
  - Staff & Students: update payroll records to reflect a change in funding source
  - Supplies & Services: move open purchase orders (encumbrances)
  - Internal Charges: advise internal operations (i.e. Telecommunications, UMS, ITS, ChemBioStores) about changes to standing orders

Contact your Faculty/Department Administrator for assistance.
## Appendix A – Western Financial Salary and Benefit Accounts

### Western Financials

#### Valid General Ledger Salary and Benefit Accounts

#### For Research

<table>
<thead>
<tr>
<th>Salary Account</th>
<th>Description</th>
<th>Associated Benefit Account</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For Students:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The use of the generic 601300 is not appropriate on CIHR, NSERC or SSHRC grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>601310</td>
<td>Salaries - Res. Undergrad Student (Bachelors – Canadian)</td>
<td>602310</td>
</tr>
<tr>
<td>601320</td>
<td>Salaries - Res. Under Student Int'l (Bachelors – International)</td>
<td>602320</td>
</tr>
<tr>
<td>601360</td>
<td>Salaries - Res. Grad Student (Masters – Canadian)</td>
<td>602360</td>
</tr>
<tr>
<td>601370</td>
<td>Salaries - Res. Grad Stud Int'l (Masters – International)</td>
<td>602370</td>
</tr>
<tr>
<td>601380</td>
<td>Salaries - Res Doctorate (Doctorate – Canadian)</td>
<td>602380</td>
</tr>
<tr>
<td>601390</td>
<td>Salaries - Res Doctorate Int’l (Doctorate – International)</td>
<td>602390</td>
</tr>
<tr>
<td>601480</td>
<td>Salaries - Res. Post Doc Fellows (PDF – Canadian)</td>
<td>602480</td>
</tr>
<tr>
<td>601500</td>
<td>Salaries - Res. Post Doc Fellow Intl (PDF - International)</td>
<td>602500</td>
</tr>
</tbody>
</table>

| **For Non-Students** |                                                                                   |                            |
| Please avoid using the generic salary code ‘601000 – Salaries Research’. Instead use one of the following: |                                                                                   |
| 601050         | Salaries - Res. Faculty Full-Time                                                | 602050                     |
| 601130         | Salaries - Res. Faculty Part-Time                                               | 602130                     |
| 601170         | Salaries - Res. Visiting Prof                                                    | 602170                     |
| 601200         | Salaries - Staff Full Time**                                                    | 602200                     |
| 601220         | Salaries - Staff Part Time**                                                    | 602220                     |
| 601420         | Salaries - Res. Computing                                                        | 602420                     |
| 601440         | Salaries - Res. Librarian                                                        | 602440                     |
| 601460         | Salaries - Res. Lab Manager                                                      | 602460                     |
| 601520         | Salaries - Res. Principal. Investigator                                          | 602520                     |
| 601540         | Salaries - Res. Project Coordinator                                              | 602540                     |
| 601550         | Salaries - Res. Assistant                                                        | 602550                     |
| 601560         | Salaries - Res. Associate                                                        | 602560                     |
| 601570         | Salaries - Res. Fellowship                                                        | 602570                     |
| 601580         | Salaries - Res. Scientist                                                        | 602580                     |
| 601600         | Salaries - Res. Sec./Clerical                                                    | 602600                     |
| 601620         | Salaries - Res. Sr. Associate                                                    | 602620                     |
| 601630         | Salaries - Res. Stipend                                                          | 602630                     |
| 601640         | Salaries - Res. Supp. Service                                                    | 602640                     |
| 601660         | Salaries - Res. Technician                                                       | 602660                     |

**Only use if no other salary account is appropriate**

**NOTE:** NSERC, SSHRC and CIHR require that salaries paid to students are separated into the following categories:

a. Bachelor’s - Canadian & International
b. Master’s - Canadian & International
c. Doctorate - Canadian & International

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April 25, 2016
### Appendix B – Definitions and Acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Holder</td>
<td>The individual under whose name or title the research project is held. The Account Holder is most often the Principal Investigator; however, there are instances where a department Chair or Dean is the Account Holder. The Account Holder responsibilities apply regardless of the role within the research project. The account holder’s primary responsibility is to authorize all expenditures on their project(s).</td>
</tr>
<tr>
<td>Actuals</td>
<td>The expenses incurred and the revenue received within a research project within a specific budget period.</td>
</tr>
<tr>
<td>Administrator</td>
<td>A person who manages and supports business operations including financial administration for research projects</td>
</tr>
<tr>
<td>Award</td>
<td>Synonym for Research Project</td>
</tr>
<tr>
<td>Award Notice</td>
<td>Each funding agency provides a notice of award that describes the Budget amount, budget period(s) and project period. The award notice can also indicate specific eligible costs on the Research Project.</td>
</tr>
<tr>
<td>Award notification - in Western Financials</td>
<td>An email notification is sent to the Principal Investigator/Account Holder and his/her administrator confirming that the research project has been established in Western Financials. The email notification confirms the project number, speed code, budget period(s) and budget amount(s).</td>
</tr>
<tr>
<td>Award Recipient</td>
<td>The Principal Investigator or Western that has applied for a Research Funding opportunity and successfully completed the process and will receive funding through Western Financials</td>
</tr>
<tr>
<td>Budget</td>
<td>A Budget is a list of anticipated project costs that represent the Principal Investigator’s best estimate of funds needed to support the work described in a grant or contract proposal. The funding agency award notice provides the financial details of the approved budget amount for a research project.</td>
</tr>
<tr>
<td>Budget Period</td>
<td>A Budget Period is an interval of time that a project is divided into for funding and reporting purposes. Budget periods are generally 12 months long but can vary as determined by the funding agency.</td>
</tr>
<tr>
<td>Chartfield</td>
<td>A Chartfield (shown below) is the full combination of information to identify a research project in Western Financials. The chartfield is comprised of a Fund; Department and Research Project Number</td>
</tr>
<tr>
<td>Commitments</td>
<td>See Encumbrance</td>
</tr>
<tr>
<td>Delegate</td>
<td>A current Western employee or other individual registered in the Human Resources system (post-doctoral fellow or student) who has been provided signing authority by the Account Holder to approve commitments and expenditures on a research project on his/her behalf. The delegate must be a named individual, not a position or title.</td>
</tr>
<tr>
<td>Direct Costs</td>
<td>Direct costs are expenses that are specifically attributed to a research project. Eg: salary and benefits, research supplies and equipment, research related travel</td>
</tr>
<tr>
<td>Eligible expenses</td>
<td>These are the types of expenses that can be incurred on a research project as defined by the Funding Agency/Source.</td>
</tr>
<tr>
<td>Encumbrances</td>
<td>Encumbrance accounting refers to the process where a specified amount of funds are set aside in order to pay for financial commitments for goods and services that will become an expense in the future. Encumbrances are</td>
</tr>
<tr>
<td><strong>Extension</strong></td>
<td>Funding agencies may allow Principle Investigators to apply for a <em>no-cost extension</em> beyond the original project end date. This provides the Principle Investigator with additional time to expend remaining funds.</td>
</tr>
<tr>
<td><strong>Financial Report</strong></td>
<td>Many funding agencies require financial reporting. These reports are completed by the Financial Officer in Research Finance in the Funding Agency's format. The Principal Investigator's signature is often required.</td>
</tr>
<tr>
<td><strong>Fiscal Year</strong></td>
<td>A Fiscal Year is a 12 month period of time specified for processing financial transactions, maintaining records and financial reporting. Western University’s fiscal year runs May 1 to April 30.</td>
</tr>
<tr>
<td><strong>Fund Type</strong></td>
<td>Within Western Financial is a single digit that identifies the source of the funds, as per fund accounting guidelines required for Western’s annual reporting; research is considered a Fund 2 source at Western.</td>
</tr>
<tr>
<td><strong>Funding Source</strong></td>
<td>In Western Financials, the Funding Source usually = Sponsor unless the research project is a sub-grant from another institution. When a sub-grant, this field becomes the name of the Institution making payment of the funds to Western.</td>
</tr>
<tr>
<td><strong>General Ledger (GL)</strong></td>
<td>A central repository that stores every accounting transaction the University completes</td>
</tr>
<tr>
<td><strong>Guidelines</strong></td>
<td>Each Funding Agency (Sponsor) has guidelines that indicate eligible research related expenditures as well as award administration.</td>
</tr>
<tr>
<td><strong>Indirect Costs (Overhead)</strong></td>
<td>Indirect Costs also known as overhead are those costs that an institution incurs that cannot be easily identified with a particular research project. Examples: building maintenance, electricity, general administration, telecommunications</td>
</tr>
<tr>
<td><strong>Monthly Research Financial Statements</strong></td>
<td>Western Financials monthly accounting cycle generates financial reports for each research project.</td>
</tr>
<tr>
<td><strong>Mustang Market</strong></td>
<td>Mustang Market is Western’s web-based sourcing and requisitioning tool for purchasing items from contracted, preferred and new vendors.</td>
</tr>
<tr>
<td><strong>No cost extension</strong></td>
<td>Synonym to Extension</td>
</tr>
<tr>
<td><strong>one-over-one approval</strong></td>
<td>A one-over approver, is typically the individual to whom your report and has the responsibility for approve expenses incurred on a research project.</td>
</tr>
<tr>
<td><strong>PeopleSoft Financials</strong></td>
<td>PeopleSoft Financials is part of the Oracle/PeopleSoft Enterprise Software application used by Western.</td>
</tr>
<tr>
<td><strong>PI</strong></td>
<td>Principal Investigator</td>
</tr>
<tr>
<td><strong>Principal Investigator</strong></td>
<td>The Principal Investigator (PI) is accountable to the university and the research sponsor for the completion of the project as proposed. This includes responsibility for the research content of the project as defined by the grant application or the contract with the sponsor, the agreed upon deliverables in the case of a contract, the supervision of all personnel on the project, as well as ensuring that all projects costs are eligible and remain within the agreed upon budget.</td>
</tr>
<tr>
<td><strong>Program</strong></td>
<td>Major Funding agencies have various Funding Programs for which a Principal Investigator could apply for research funding. EG: for general operating funds, equipment funds, student research funding etc.</td>
</tr>
<tr>
<td><strong>Project Hold</strong></td>
<td>When a Research Project in Western Financials is suspended from allowing transactions to be processed against that project.</td>
</tr>
<tr>
<td><strong>Project Number</strong></td>
<td>A research project number is generated in Western Financials as each research proposal application is awarded in ROLA. The project number begins with the <strong>Principle Investigator’s profile number</strong> and ends with a <strong>3 digit alpha-numeric combination</strong> which increases incrementally with each new project assigned to the Principal Investigator. Eg: <strong>R0123A12</strong></td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Project Period</strong></td>
<td>The time period when eligible expenses may be incurred against the project; it is the time between the “project start date” and the “project end date.”</td>
</tr>
<tr>
<td><strong>Renewal</strong></td>
<td>Funding agencies may allow Principle Investigators to apply for grant renewals prior to the project end date. A renewal application must be completed in order to continue an existing research project and request additional funding.</td>
</tr>
<tr>
<td><strong>Research Account</strong></td>
<td>Synonym to Research Project</td>
</tr>
<tr>
<td><strong>Research Development and Services (RD&amp;S)</strong></td>
<td>RD&amp;S is a department within Research Western whose primary role is to assist faculty members and University administrators in gaining a competitive edge when it comes to external, internal, and international funding proposals. RD&amp;S also plays an important role in identifying funding opportunities that are consistent with the University’s research strengths and emerging priority areas.</td>
</tr>
<tr>
<td><strong>Research Finance</strong></td>
<td>Research Finance is a department within Financial Services. Research Finance supports the research community at Western in the financial management of research projects awarded to individual Principle Investigators and to the institution.</td>
</tr>
<tr>
<td><strong>Research Project</strong></td>
<td>A research project is the term used within Western Financials for an account that is setup to manage Research Funds received; includes a grant, award, contract or sub-grant.</td>
</tr>
<tr>
<td><strong>Research Western</strong></td>
<td>Comprises of the various departments that report to Western’s VP Research that include: Animal Care &amp; Vet Services, WORLD Discoveries, Research Park, Research Ethics, Contracts and Agreements, Research Development and Research Services.</td>
</tr>
<tr>
<td><strong>Researcher Profile Number</strong></td>
<td>Each Principle Investigator has a unique identifier (ID) in Western Financials consisting of a 5 alpha-numeric combination (beginning with the letter “R”). Department Chairs and Faculty Deans can also hold projects tied to their administrative roles, these projects begin with the letter ‘X’, indicating the project belongs to the Faculty/Department. The Principle Investigator profile number or faculty profile number stays with the Principle Investigator or faculty forever.</td>
</tr>
<tr>
<td><strong>ROLA – Research On-Line Administration</strong></td>
<td>ROLA is the name of the Grants system at Western which allows the Principal Investigator / Account Holder to complete a proposal, route it for electronic approvals, maintain information pertinent to Proposals and Awards, extend access to this information, and maintain a research profile. ROLA Help Desk is at (519)661-3136 or email <a href="mailto:rolahelp@uwo.ca">rolahelp@uwo.ca</a></td>
</tr>
<tr>
<td><strong>Speed Code</strong></td>
<td>A Speed Code is a 4 digit, alphanumeric combination, used to identify all of the chartfields for a Research Project. Instead of entering in the fund, department and research project number, you just enter the Speed Code and the chartfields are automatically input by the system you are using. Speed Codes simplify data entry for expense processing and are used within Mustang Market, travel claims and Western’s Internal supply operations.</td>
</tr>
<tr>
<td><strong>Sponsor</strong></td>
<td>In Western Financials, the Sponsor, is the agency; funding partner; company who is providing the funds for the research project.</td>
</tr>
<tr>
<td>-------------</td>
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</tr>
<tr>
<td><strong>Subject Fees</strong></td>
<td>A fee paid to individuals participating as a subject in a scientific research project</td>
</tr>
<tr>
<td><strong>Western Financials</strong></td>
<td>Is the generic common name referring to PeopleSoft Financials</td>
</tr>
</tbody>
</table>

**Synonyms:**
- Award = Research Project = Research Account (Award used by external agencies, Research Project is what the award is referred to in post award administration.)
# Appendix C – Links to Policies, Procedures and Documents in Support of Research Project Financial Administration

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESEARCH</strong></td>
<td>Research Policies and Procedures (MAPP Section 7):</td>
<td><a href="http://www.uwo.ca/univsec/policies_procedures/research.html">http://www.uwo.ca/univsec/policies_procedures/research.html</a></td>
</tr>
<tr>
<td><strong>HUMAN RESOURCES and HEALTH AND SAFETY</strong></td>
<td>Employment policies (MAPP Section 3):</td>
<td><a href="http://www.uwo.ca/univsec/policies_procedures/personal-all.html">http://www.uwo.ca/univsec/policies_procedures/personal-all.html</a> (Section 3)</td>
</tr>
<tr>
<td></td>
<td>Employee vs. Contracted Service (HR secured website):</td>
<td><a href="https://www.uwo.ca/hr/admin/form_doc/references/employee_vs_contract.pdf">https://www.uwo.ca/hr/admin/form_doc/references/employee_vs_contract.pdf</a></td>
</tr>
<tr>
<td></td>
<td>For all other documentation, refer to Human Resources website:</td>
<td><a href="http://uwo.ca/hr/">http://uwo.ca/hr/</a></td>
</tr>
<tr>
<td><strong>RECORDS MANAGEMENT</strong></td>
<td>University Records and Archives Policy (MAPP 1.3)</td>
<td><a href="http://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp130.pdf">http://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp130.pdf</a></td>
</tr>
<tr>
<td></td>
<td>Western Libraries Website for Retention Schedules:</td>
<td><a href="http://www.lib.uwo.ca/archives/retention_schedules/retention_schedules.shtml">http://www.lib.uwo.ca/archives/retention_schedules/retention_schedules.shtml</a></td>
</tr>
<tr>
<td><strong>INTERNAL AUDIT</strong></td>
<td>Safe Disclosure Policy (MAPP 1.43):</td>
<td><a href="http://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp143.pdf">http://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp143.pdf</a></td>
</tr>
</tbody>
</table>