Operational Excellence
Research Finance
Understanding the Financial Side of Research

Western University - Canada
Learning Objectives

Participants will:
1. Differentiate the various roles and responsibilities of all research stakeholders
2. Identify the general and financial components of a research project
3. Apply policies (internal and external) that impact the management of research projects

These are our learning objectives for the session.

- read each one (in a conversational way)
- this is an Information Sharing session and not a HOW TO
Here are our 7 topics for the session.

First we’ll provide a brief overview, followed by “Getting Started”, highlight some information you need to know, as well as some key points for managing research funds.

We will then speak about project spending and the GL Inquiry screen and reports.

Finally, we’ll finish the session with a few comments about Tri-Agency awards.
In this first section I’ll provide a very brief overview of the administrative phases of a research project. There are two offices involved in the application and setup and we want to ensure you know who to contact for assistance.

Research projects can be differentiated by the nature of the work being performed so we will look at the different project types.
Principle Investigators (PI) search out and identify funding opportunities to apply to. Sometimes this is done independently and other times it is with the assistance of a Faculty research officer, a colleague/collaborator or Research Consultants in Research Development & Services (RD&S).

PIs set up a project record in the ROLA system (Research On-Line Administration) during the application phase. This captures department, Faculty and institutional approvals. Once the funds are awarded and conditions of funding are satisfied, RD&S notifies Research Finance through workflow in the ROLA system.
In the Post-Award phase Research Finance handles the financial management of the award.

The research project is activated in Western Financials, which means the charges can now be applied to it. The PI and his/her department administrator receive an email that provides them with the project information, including the speedcode.

Expenditure monitoring ensures that the spending aligns with the terms of the funding program and that the award complies with the respective policies and guidelines of the funding agency and the university.

Research Finance oversees the Cash Flow, Financial Analysis, Reporting and Auditing /Monitoring functions of all research projects. Examples of these are:

- monitoring revenues to ensure the funding aligns with the project budget and the project progress,
- confirming funds are received within in the prescribed timelines of the awards.
- comparing incurred expenses to the approved budget.
- Generating and submitting financial reports to sponsors (monthly, quarterly or annually).
- coordinating a variety of financial reviews such as: formal audits (both internal and external), monitoring visits and general sampling of account transactions.
It’s important for you to understand the different project types as each one has different payment terms, intellectual property and publication rights, as well as required milestones/deliverables and defined reporting requirements. You and the researchers need to know this so that the sponsor requirements can be met.

We need to identify the various project types because our government reporting (at the institutional level) requires aggregate data on each. This is precisely why we cannot co-mingle funding from different sources. Here at Western we have 4 project types as listed here – Grants, Contracts, Technical Services and Donations.
The majority of our research awards are grants and range from a few thousand dollars to multi-millions.

Here’s a few (other) points we want to highlight for you:

- There is no funding for the researcher’s or co-applicants’ time
- The funding is for a prescribed research activity or scope of work.
- Payments are usually released in advance or on a defined schedule.
- Financial reporting is required.
- Budgets are usually flexible, but some programs have variance thresholds (i.e. spending must be within a certain % of budgets for the different expense categories)
- Specific clauses regarding publications and IP.
We have both government and industry contracts – Canadian Space Agency and Agriculture-Agri food Canada are good examples for contracts from the federal gov’t and Hydro One and 3M are examples of industry contracts.

We hold contracts across all disciplines, however the majority of them are in Engineering and Science.

- Here’s a few (other) points we want to highlight for you:

- there is a clear statement of work with expected outcomes and deliverables (milestones)
- there is a set timeframe for the work
- there are discussions and specific language regarding confidentiality, intellectual property ownership, and/or liability
- there are terms for acceptance or termination of the project
- there is a set budget and payment schedule based on deliverables
- Progress reports are completed by the PI (annually or end of project)

Contact CRT group in RD&S for more information.
These are rare and the least common of project types, and are usually specific to data generation. They have many provisions and minimal intellectual output. We engage in these projects with industry partners (private sector) and they are generally very short term (2-12 months).

Final payment is not released until receipt and approval of the final report.

Again, contact CRT group in RDS for more information.
- Here’s a few (other) points we want to highlight for you:

Donations are tied to a donor agreement and are usually directed to a specific area/discipline of research. For example; ALS, Diabetes, wind technologies,

External Development or your faculty development officer can provide additional information if needed
OK, so let's talk about “Getting Started”. Here we'll discuss project setup and differentiate between the project period and the budget period.
1. As we mentioned, all Research Projects begin in the Research Development and Services office with a proposal application in ROLA.
2. If a proposal or application is successful, Research Services moves the Proposal to an Award. Once all pre-award conditions are met (such as Ethics, Animal and Biohazard protocols), Research Finance is notified and we set up the project in Western Financials.
3. An email notification regarding the new Project set up is then automatically sent to the Account Holder and to the Department Administrator.
4. Let’s take a look at what that email communicates.
The first section provides a web link to the PI responsibility document and also to the DoSA form – we will talk about both of these forms in greater detail a bit later. You should be familiar with these two documents and the purpose of each one.

The next section of the e-mail shows the Project Number and the Speed Code assigned to this project. The speed code will be used in the HR system to charge salary and stipends to this project, and it will be used in Mustang Market and the Travel/Expense Claim system to charge goods and services to this project.
If you’re new to Western, you might be asking “What is the Speed Code exactly”?

The Speed Code is a 4 character alpha-numeric combination that is the short form for the long chartfield that encompasses the Fund, the Department ID and the Project Number.

In this example, the Speed Code PU3C is the short form for Fund 2 (RESEARCH), Department ID 250100 (EDUCATION), and Project Number R1323A01.
A little bit more information on Project Numbers: The Project Number is comprised of two parts:

If the project has been awarded to an individual Faculty Member, then the first letter of the Project Number is an ‘R’. The next four digits are that Faculty Member’s unique four digit code in Western Financials. That R with the four digit code remains with him/her throughout their career here at Western.

If the project has been awarded to a Department or a Chair, rather than to an individual Faculty Member, then the Project Number begins with an ‘X’.

The last three characters of the Project Number increase incrementally with each new project assigned to a Faculty Member or to a Chair/Faculty. The first project set up will have an ending of A01, the next one will be A02, then A03 and so on.

By looking at the last three characters of the Project Number, you can see how many projects the Researcher or the Department has had with Western! In the first example, A12, this is the researcher’s 12th project. In the second example A31 = this is the Chair’s 31st project.
The next section of the Grant Notification email lists the Funding Source and the Sponsor.

In this example you can see that NSERC is both the Funding Source and the Sponsor. Another say of saying Sponsor is ‘Funding Agency’

That means that NSERC granted these funds directly to the PI at Western.

If this project was set up to hold NSERC funds that were subgranted to us from another University, for example from McMaster, then the Funding Source would indicate McMaster and the Sponsor would still indicate NSERC.

It is the SPONSOR that dictates the guidelines that are applicable to the funds in the project.
The next section displays the Budget Periods and the budget amount for each period.

In this example, the researcher has been awarded $20,000 per year for each of two years, for a total of $40,000.

The email provides the currency that the funds were awarded in.
We throw the word “budget” around a lot so let’s talk about what that really means.

A project’s “budget” represents the amount of funds awarded to the Principal Investigator to support the work described in the grant application or contract proposal.

The award notice from the Sponsor may provide a detailed breakdown of the budget by expense category, or it may just approve a total budget.

Many Sponsors allow the Principal Investigators a great deal of flexibility in terms of reallocating their budget between expense lines (for example, spending more on supplies and less on personnel than originally proposed). Other Sponsors require the Principal Investigator to seek permission for or to explain budget re-allocations over a certain amount, and a small number of Sponsors don’t allow the PI to deviate from the approved budget at all.

Research Finance can be consulted to review specific Sponsor requirements related to budget re-allocations and assist where necessary.

The Budget amount, as listed in Western Financials and on the monthly statements authorizes the PI to spend to that level, for the prescribed budget period. The Budget includes the funds received in the year +/- the Bal Fwd from the previous year, where applicable.
Now let’s look at a specific example to clarify Project Periods vs Budget Periods...

In general, expenses must be incurred between the Project Start Date and the Project’s End Date, in order to be eligible. Expenses incurred near or on the Project End Date might *post* after the Project’s end date, but they are considered eligible as long as they were *incurred* within the project period. Expenses incurred outside of the Project Start and End Dates are typically ineligible. In this example, the Project Period is 4 years – August 2012 – July 2016.

Sometimes, near the end of a project, a PI will ask us to transfer the remaining balance in their project to a discretionary account, or transfer the funds to a collaborator, so that the funds can be spent in the future. We are not able to do this because transferring funds is not the same thing as incurring expenses. If the funds are not actually spent within the PROJECT PERIOD, the PI must request an extension to their project end date, or return the unspent funds to the Sponsor.

A *Budget Period*, is the interval of time into which a project is divided for reporting purposes. Budget periods are typically 12 months but may vary by funding agency. Western Financials and the monthly research statements show you the Current Budget Period for each Project. Here you can see that this Project is in its final Budget Period, Year 4 of 4, August 2015 – July 2016.

A project’s Budget Period or Budget Year is determined by the Sponsor, and it is almost always different than the University’s Fiscal Year. So while you may be used to a Budget Year that runs from May – April in your Fund 1 Operating Program, Research Projects in Fund 2 can have any Budget Start or Budget End date.

Some Sponsors limit the amount of funding that a researcher can carry forward at the end of one Budget Period into the Next Budget Period. Research Finance is available to assist you if you have any questions about the Sponsor guidelines for carrying forward funds.
Now let’s move on to think about what you need to know about managing a research project.

Sections

1. Overview of Research Projects
2. Getting Started
3. What do I need to know?
4. Managing Funds
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- Policy Sources
- Western Research Policies
- Stakeholders Roles & Responsibilities
- DoSA
There are many rules and regulations that govern the use of research funding. This diagram shows you five policy sources, all of which impact the management of a research project.

In general, research projects must be in compliance with the requirements of all of these policy sources. However the most important policy source are the Sponsor Guidelines and Specific Award Requirements for each project.

For example, Western’s travel policy allows travellers to book business class airfare for overseas flights when the traveller has the approval of their Budget Head. However, most research Sponsors (including the Tri-Agency) require travellers to book airfare in economy class. In cases like this, where the research Sponsor guidelines are more stringent that Western’s guidelines, it is the Sponsor guidelines that must be followed, and only the Sponsor can authorize exceptions to its rules.

In cases where a Sponsor has no specific policy on an issue, Western’s policies must be observed.

Most research Sponsors publish their guidelines on the web, and many rules that are specific to an individual project are included on the award notice or contract agreement. Your Financial Officer in Research Finance is also an excellent resource for understanding the rules and guidelines that govern each project.
Western’s policies include a section for Financial (2.1 through 2.30) and a section specifically for Research (7.0 through 7.14), and you can see at the bottom of this slide where to find these on Western’s website.

It is important that you have a general knowledge of these policies. A particularly important Research policy is 7.11 – Over-Expenditure of Research Accounts.

This policy defines what an over-expenditure is, who is responsible for the over-expenditure, and who has the authority to freeze a research project that has become over-expended.
There is a **stewardship responsibility** to ensure the funds are utilized for the purpose for which they are awarded and a responsibility to comply with all of the applicable policies and guidelines. This **responsibility is shared** among PIs, Departments and Faculties, and Research Finance.

1. **Principal Investigators** have ultimate responsibility for adhering to the relevant guidelines for his/her research project, because he or she is the grantee.
   - Every year in May we ask PI’s to complete the Research Accountability Report, to provide assurance that the PI’s understand their duties as they relate to the management of research funds.
   - We review the responses and identify where additional support and/or education may be needed.

2. **Department Chairs and Faculty Deans** are responsible for ensuring that the infrastructure and resources exist for the PIs to conduct their research. Deans and Chairs are also expected to support and promote adherence to all of the policy sources.

3. **Administrators** in the Departments and Faculties – many of you here today -- play a key role in the shared responsibility by ensuring:
   - that projects have adequate funds available for the expenses you are processing
   - that the expenses you are processing are eligible
   - that travel claims are complete and approved by the appropriate person
   - that monthly research financial statements are reviewed and distributed to Principal
Investigators,
- that discrepancies are resolved

4. And Research Finance plays a role in financial stewardship. We are always available to help with any issues that may come up, and specifically we will:
- liaise with funding agency on issues related to eligibility and compliance
- monitor projects for the receipt of funds and invoice funding agencies where required
- release funding to co-investigators/collaborators at partner institutions
- Prepare all financial reporting required by the funding agencies; AND
- facilitate audits
Another part of a PI’s responsibility is the Delegation of Signing Authority for Purchasing, or DoSA.

A primary responsibility of research account holders is to authorize all expenditures on their projects. When necessary, account holders can delegate expense authority to a staff member or research team member, and that delegation is captured using the DoSA form.

This delegation should not be for administrative convenience. Individuals who are granted signing authority should have adequate knowledge of the project to determine if the items purchase are both eligible and appropriate.

Delegation of Signing Authority information is loaded into Western Financials & Mustang Market, and the forms are kept on file in Research Finance for audit and other verification purposes.
When we think about managing the funds of a research project, we need to consider revenue, sub-grants, and journal entries.
Project Revenue

- Project Revenue:
  1. Payments from funding agencies
     - DO NOT deposit funds through the Central Cashier
  2. Internal revenue transfers
  3. Invoicing – done by Research Finance

The funds deposited or transferred into a project are the project’s revenue. There are two ways that revenues are usually received:

1. Most Sponsors send us revenues by direct deposit or cheque.
   - Most cheques come directly to us in Research Finance. If you receive a cheque related to research in your unit, please DO NOT deposit through the Central Cashier. Please send the cheque to us in Research Finance, noting the project number. This allows us to monitoring cash flows and ensure that revenue is deposited into the appropriate projects. We make sure that revenues from different sources are not commingled in a research project, keeping each Sponsor’s funds separate, because each sponsor has different spending restrictions and reporting dates.

2. Internally funded projects have the revenue transferred from that internal source by Research Finance.

A couple other things you should be aware of:

Most research contracts require that we invoice the Sponsor to receive the funds. Research Finance prepares all invoices as required in the terms of the contract. If research deliverables are required prior to invoicing, the principle investigator must communicate to Research Finance that the deliverable has been met, so that we know when to send out our invoices.
Sometimes, a researcher is collaborating with a faculty member at another institution, and they will want to transfer research funds to their collaborator or receive funds from their collaborator.

These fund transfers are referred to as “sub-grants”.

An example of an out-going subgrant is a researcher at Western who wants to send funds to a colleague from UBC to facilitate their portion of the research. In these cases, Research Finance or Research Services will prepare a subgrant agreement outlining how the funds can be spent and the financial reporting requirements, and then we’ll send funds to UBC.

An example of an in-coming subgrant is a researcher at UBC who wants to send funds to a researcher here at Western to facilitate the Western researcher’s portion of the research. In those cases, Research Services reviews the agreements and initiates a new research project in the ROLA system for the Western researcher. The UBC funds are held in that new research project.

This slide shows you the location on the research finance website where you can find a lot of useful information related to sub-grants.

If you need a subgrant agreement or have questions about one, please contact your Financial Officer in Research Finance.
Journal Entries

- Consider expense eligibility & the project period
- When moving Supplies/Services/Travel:
  - Identify the expenses being moved by referencing the A/P voucher number(s)
- When moving Salaries:
  - Include the employee ID# and indicate which time period of salary is being moved
  - Move the associated benefits

Sometimes expenses need to be moved from one project to another, and this is accomplished by entering a journal entry. Before entering the journal, ensure that
- the expense being moved has actually been incurred (we’re not able to move expenses that haven’t been incurred yet)
- the expenses are eligible and related to the project they are being moved to
- and that the expenses were incurred during the project period of the project they are being moved to.

(Sometimes people are tempted to clear an old over expenditure by moving expenses onto a brand new project. If the expenses being moved were incurred before the new project’s start date, those expenses aren’t eligible).

When entering your journal, the specific expenses must be identified. So if your researcher asks you to move $2,500 from one project to another, he or she needs to identify the specific charges that are being moved, and those need to be reflected on your journal. You can reference the A/P voucher number on the journal line for each charge you move.

If your journal moves salaries, make sure that you reference the employee ID number in the journal line, and that you identify which weeks or months of salary you are moving. Ensure that you move any benefit expenses associated with the salary that you move.
All of this information is required for audit purposes. If a project is audited, the auditors will ask for the back up documents for every expense charged to a project. If all we have is a journal that says “moving supplies” - and $2500 of supplies has been moved into the project, we have no way of knowing which supplies those are and vendor invoices to show to the auditor.

And a final note, before you do the journal you should have the written approval of the Account Holder (or his/her delegate) accepting the charges, and this approval should be retained for audit purposes.

**Mention handout re: journal entries**
## Sections

1. Overview of Research Projects  
2. Getting Started  
3. What do I need to know?  
4. Managing Funds  
5. **Project Spending**  
6. GL Inquiry & Reports  
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- Personnel Expenses  
- Procuring Goods & Services  
- Accounts Payable & Expense Claims  
- Encumbrances & Indirect Costs

This section covers various aspects of project spending
This slide speaks about personnel expenses. Costs of research personnel can be a big portion of research grant spending!

Attention is required to ensure salaries & benefits are paid from the appropriate accounts in research projects because Tri-Agency and some other granting agencies require to segregate students’ salaries into certain categories. A list of valid salary and benefit accounts can be found on the Research Finance website and also posted for your reference on OWL web site.

It’s important for AO’s and PI’s to know that: Severance payments are a requirement of the Ontario Employment Standards Act but usually not an eligible expense on externally funded research projects. So in the case of a termination, please contact your Department Chair/Director, Unit Administrator and your Human Resources consultant for assistance in working through the process. It is imperative that researchers understand their responsibilities and plan in advance.

Just a note about recruiting: University recruitment practices must be followed when hiring staff and students. But there can also be funding agency restrictions may apply (for. salary limits, duration of contract etc). It is the researcher’s responsibility to ensure staffing processes meet both funding agency and University requirements. Unit Administrators are responsible for preparing the necessary paperwork when salary and benefit expenses are to be charged to research projects.
Many of you are involved in procuring activities. Let’s look at the 4 most common ways to buy and pay for goods:

1. The main and most common way of procuring goods and services is through Mustang Market which is Western’s web-based sourcing and requisitioning tool for purchasing items from contracted, preferred and new vendors. Refer to the Mustang Market section on Procurement’s website for more information related to products, access and the benefits. Only people with appropriate authorization can use Mustang Market, so ensure you have the right authorizations in place.

2. The Western Visa Purchasing Card (P-Card) is a credit card that may be used for low dollar purchases. There is no cost associated with this program and it is a preferred alternative to petty cash or personal credit cards. Anyone can use the P-Card, if you provide it to them, but you, as administrators, are still accountable for all purchases and reconciling those purchases each month. You can find more information about P-cards on Procurement Services website.

3. Internal store operations such as Bookstore, ChemBio stores, will accept speedcodes and related charges will be applied directly to the related research project – Now there is a process in place to check that someone with appropriate signing authority is making the purchase at the Bookstore.
4. 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 form, along with each original receipt must be signed by the Account Holder/Principal Investigator (or delegate) as department approver. This form can be found on FS website.
After procuring items, of course payments have to be processed... Vendor invoices are processed by Accounts Payable.

As you may already know, Western is given rebates on many of our purchases, therefore the appropriate taxes are applied net of rebates. This is why the expense to a research project will not match the invoice amount, due to the tax rebates.

Any Travel and expense claims need to be submitted to Financial Services for reimbursement:
- Western employees and grad students must use Western’s Online Travel & Expense System to submit their claims
- Undergrad students, visiting professors, etc. should submit Manual claims for non-employees
- All claims, on-line and manual, have to be signed by research account holder

It is very important to ensure that expenses are eligible for the project. To access policies, procedures and forms related to Travel and Expense Claims, please visit the Travel & Expense Reimbursement section on the Financial Services website.
Now let’s look at encumbrances and how they impact research projects.

Encumbrance is generated when a specified amount of funds is set aside in order to pay for financial commitments that will be an expense in the future.

The main benefit of encumbrance accounting is to avoid overspending by earmarking funds so that they are no longer available for use on other transactions.

- In other words, it protects projects funds from being overspent.
There are three common instances where encumbrance accounting may be used on research projects:

• The first is Purchase Order (PO) encumbrances. PO encumbrances are used when items have been ordered from a vendor and a PO has been issued. (Mustang Market). After the vendor invoice has been paid the encumbrance is cleared and the expense is posted to ‘Actuals’.
The second type is Salary Encumbrances. Salary and benefit expenses for monthly paid employees are encumbered until the end of the research project’s current budget period, or until the termination date of the employee’, whichever is first.

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

The third one is Overhead encumbrances – Overhead is also known as “Indirect costs”.

An example of an indirect cost could be the cost for ___heat, building maintenance, etc___ (yes, indirect costs, not just an expense of the project but the project pays a portion of the cost)

Overhead encumbrances are calculated as a percentage of direct costs, and again the encumbrance is reduced monthly as overhead charges are applied.

For more details, please refer to the Research Finance website regarding Indirect costs (overhead) on research activity.
In this section we will talk about various reports and review some reporting tools available to you
We have talked about accounts, responsibilities and eligibility, now let’s look at a GL Inquiry screen you can access in Western Financials to help you manage projects.

As you can see, GL inquiry is a menu item within Western Financials that provides a ‘snap shot’ of project’s financial status (Budget, expenses, encumbrances, revenue received, as well as the budget & project dates) – this information is shown as of the prior day’s close.

Your access is defined by your Western Financial access. (thus by the role you perform at Western)

To receive access go to Western Financial System web page and complete the form called “Request Access to Corporate Information Form” - print it and when supervisor signs off send the form to Financial Systems group in Financial Services.

Let’s review a GL inquiry for a Project
This is what will appear on the first screen of GL inquiry for a project.

We will review this Research Summary screen today BUT if you want to learn more of the How To aspects there is another session titled “General Ledger Inquiries” as part of Operational Excellence Series.

- Just to repeat: Research Summary GL inquiry is a high level financial status “snap shot” from prior day close. This menu is not updated in real-time, always shows project's status as of yesterday

- Let’s look at the screen: we have covered lots of information about various aspects of Research Projects and you can see all these details in GL Inquiry.

Project ID – and the Speed Code – which all PI’s use to look up a project,
PI name and Account Holder – usually these are the same but sometimes could be different. Consider: if you see the account holder and PI are different, what does it suggest? It is a sub-grant.
Funding Source and Sponsor (Funding Agency) - ---remember – these will be the same unless a sub grant.
“Major Program” field within the Funding Agency shows the project type – good to know if looking up agency guidelines.
Reference: - This will be the Funding Agency reference
Financial Officer: your contact within Research Finance
Close out Period shows the end of the budget period when the expenses & revenues are closed to a balance forward and it is a Calendar Month, in our example 03 it’s March.
Budget Status – will either be Open, Hold, Closed. – spend when says Open, contact RF when says hold, and closed means no more spending
Fiscal Year and Period indicate what month this relates to and it’s always an accounting period of Western’s fiscal year.
- in this example it is July 2015
The bottom section is the Financial Information about the project + the Budget and Project Dates.

This first area is where you find the Budget Amount – shows funds allocated for the budget period.
Total Spent for this Budget Period
Encumbrances to the Budget End Date as of prior day close
Revenue received within this Budget Period  (Research Finance manages)
Funds Available
- If you select “View Details” – it provides a list of total expenses per general ledger accounts - actual & encumbered.

- You can then further view or print details by each GL account – Actuals & Encumbered
  - Use these screens when you are doing reconciliation or preparing reports on spending.

- 2. Project and Budget Dates shown here.
Let’s talk a bit about financial reports. As an institution we are obligated to provide our PIs with up to date information pertaining to the financial status of each individual project.

1. Western’s monthly accounting cycle generates financial reports for each research project. Department administrators can run reports for their entire department or for individual researchers (by profile #).

2. When to generate: After each month end close, a notification is sent by Research Finance to campus Research Administrators to advise when the monthly financial statements are available.
   • This is typically the 4th working day of any month with exception of April 30th University year end.
   • If you are not on this email list and want to receive these notifications contact Deanne Babcock, Director, Research Finance.
   • Just a little hint for you: if you see at the top of the GL Inquiry screen “in progress” it means the month hasn’t been closed yet. It should show ‘final’ at the top and that means all expenses and revenues for the month were completed and posted to GL, so the month is now closed and financial reports can be printed.

3. How to Print: Detailed instructions to print can be found on Research Finance webpage; Training Section.
This is how the financial report looks like.

A Detailed Financial Report is basically divided into 4 sections:

1. General Project Information – Same information as in GL inquiry regarding PI, funding agency, Project Dates, Budget Dates etc.

2. The Summary Section has 3 sub-sections of columns that display: USE MOUSE TO SHOW THE MID-SECTION BEFORE CLICKING...

   A. Account codes with description utilized in this budget period to date.
   B. Revenue total received for current month and cumulatively for this budget period
   C. The Budget for this budget period + Actuals total expenses incurred for the current month, cumulatively and encumbrance remaining for this budget period. The last column – most important indicates the Funds Available (Overspent)
1. The Actual Activity Current Month Section – This section details by GL account all the financial activity that occurred during the current month. This is where you will see who was paid, what purchase orders were paid, journal entry activity, in-house charges from campus operations - all with pertinent reference descriptors. And this is where you can find handy to have the full list of source codes posted on OWL web site, in case you have questions and have to fund which unit generated questionable transactions.
1. The Encumbrance Section: shows the activity that incurred in the project relating to encumbrances – Employee or Purchase Order for the current month + displays the balance remaining of a particular encumbrance to the Budget Period End date.

If you have specific questions relating to a monthly research financial report – please contact a Financial Officer in Research Finance.
Many funding agencies require financial reporting in their format (annually, quarterly or monthly).

The report provided to the Funding Agency is a financial summary of the incurred revenues and expenses for a defined period. They review eligibility, they also look if actual spending is aligned with project budget for each expense category.

These reports are completed by Research Finance because the Funding Agencies require the submitted financial report to be validated and signed by a Financial Officer of the University. Financial Officer signature is attesting to accuracy of financial information reported.

- The PI is often also required to review and sign the financial report.

Some Funding Agencies may also ask for a financial estimate (forecast) as to amount to be spent in the next period. In these cases, the Principal Investigator is involved in the financial forecasting.
Progress and Technical Reports

- Required by funding agency to measure progress against milestones
- PI responsibility
- If financial information required as part of a progress report, obtain from Research Finance
  *Future installments may depend upon progress reports*

Some Agencies require progress and technical reports

1. Progress and Technical reports are the PI’s responsibility. Normally Agencies provide a template for technical/progress reporting

2. Due dates will be documented in the Research Agreement/ Award. Some Agencies also send reminders to PI’s to submit progress report

3. Funding agencies require progress /technical reports to measure progress against milestones as provided in the application for funding.

4. If financial information is required as part of a progress report, obtain the information from Research Finance.

5. Future installments often dependent upon progress report being received and satisfactory by the funding agency and so it is important for the PI and you as the Administrator to assist in adhering to the progress and technical report deadlines so future funding will not be delayed.
Another aspect of managing a project relates to the end date:

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 EARLY to discuss available options.

What are these options:
Funding agencies may allow researchers to apply for a ‘no-cost extension’ beyond the original project end date. This provides the researcher with additional time to spend remaining funds – but new funds are NOT provided. Research Finance must be notified of extensions to ensure that the budget period and project end date in Western Financials is up to date.
An amendment to a research agreement may be necessary, in which case, RD&S will need to be contacted.

Renewals:
Funding agencies may allow researchers to apply for grant renewals at the end of their project. A renewal application must be completed in order to continue an existing research project and request additional funding.
Please note: Renewed projects will continue under the same project number and speed code in Western Financials.
Audits

**Purpose:** to verify that expenses are eligible and in accordance with applicable policies and guidelines

All agencies reserve the right to audit at any point in time in a project. Ineligible expenses must be removed.

**Types**
- Formal Audits as per Research Agreement
- Agency monitoring visits
- Internal reviews and sampling

The next slide speaks about audit.

1. The purpose of an audit review is to verify that expenses are eligible and in accordance with the applicable policies and guideline. They are also reviewing our institutional internal controls. Note that all funding agencies reserve the right to audit at any point in time in a project.

2. Research Finance coordinates various types of financial reviews from formal audits, both internal and external, monitoring activities and general sampling of accounts.

3. Agency monitoring visits are specific to the Tri-agencies and CFI. (can occur every 3 – 6 years) Tri-Agency audit will be explained in more details in the next section.
For the final section we will briefly review some key points about Tri-Agency awards – overview, guidelines, monitoring and areas of concern.
Section 7: Tri-Agency Overview

- NSERC, SSHRC, CIHR, CRC, NCE
- $61M in 2016
- 1300+ research projects

The Tri-Agencies are comprised of NSERC, SSHRC and CIHR. Who can tell me what NSERC stands for? SSHRC? CIHR?

Also under their umbrella are the Canada Research Chairs and the Network Centres of Excellence, although these 2 agencies also have additional guidelines which can be found on their respective websites.

We’ve included this section because the Tri-Agencies provide significant research dollars to Western ($67M in 2015). Most, if not all departments and Faculties on campus have Tri-Agency awards. Also, almost every researcher, if he/she has an active research portfolio, will hold more than 1 Tri-Agency award over their career.
The Tri-Agencies have very prescribed guidelines for managing their funds and as recipients of these funds we must ensure that they are adhered – specifically eligibility of expenses and compliance requirements. They have consolidated their Financial Administration Guide and the Use of Grant Funds information for all three agencies and this can be found on NSERC’s website in the section for Professors. There is also a link to these on the Research Finance website in the Tri-Agency Information section.
The Tri-Agencies require grant holders to authorize all expenditures charged to their awards. This is a good practice that we expect for all of our research projects.

When processing any expense for a PI it’s important that you retain the PI’s authorization (email, completed form, or ink signature). Research Finance or Internal audit may also request proof of PI authorization for quarterly and annual reviews. Note: PI authorizations are captured in the Travel/Expense system and in Mustang Market.

Grant holders may delegate their authorization to a team member (lab manager, PDF, team member) and this must be clearly documented using Research Finance’s process. Delegates are included in our PeopleSoft authority tables and this is integrated with Mustang Market. Only grant holders and their delegates are able to approve purchases in Mustang Market.

This means that the PI is sharing his/her spending authority with others.

A delegated authority should:
- Understand the purpose of the project
- Be able to verify eligibility of the expense relating to the project

There should also be a review of expenses at the time of processing, transfers and/or generating the monthly statements to ensure they are eligible and compliance (need justification?) with the Tri-Agency guidelines *(Financial Administration Guide)*
We also have additional reference material on our website. For example, *Western’s Guide on the Use of Grant Funds - Quick Reference* is a helpful chart of what is and is not eligible for different expense types.
As already mentioned in Section 5, the Tri-Agencies conduct monitoring visits approximately every 6 years. Many stakeholders are involved, including RF, RD&S, Ethics, ACVS, Biosafety, HR, Procurement. The purpose of the visits is to:

• Review the effectiveness of Western’s policies, controls and systems

• Ensure that we are compliant with their policies and guidelines

• Review for eligibility of expenses

• Assess if researchers are well supported by Research Western & Financial Services

Doing well on these evaluations is extremely important as it could impact future funding and the reputation of the university.
Tri-Agency Areas of Concern

Additional requirements for Travel and Hospitality costs:

- Claimant’s relationship to PI
- Purpose of trip (destination / dates)
- Conference prospectus / program
- Details of vehicle rental
- Itemized receipts (not credit / debit statements)
- Name of, and number of people for hospitality events

Reminder: No Alcohol

For example, when the Tri-Agencies conduct a visit they look very closely at our travel and hospitality claims. They have additional requirements for both travel and hospitality which are beyond our corporate travel policy. We have been sited in the past for not obtaining all the required information, so please take note.

- If the claimant is not the PI, then the claimant’s relationship to the PI must be indicated
- The purpose of trip or event, including destination and dates
- A conference or workshop prospectus or program – to validate the accommodation and meals expenses are eligible
- Details of vehicle use if applicable
- Itemized receipts (credit card stmts or debit card slips are not sufficient)
- The number and name of participants (for hospitality)

Reminder: No alcohol
We underwent a monitoring visit for a week in October and here are a few of their findings, most of which we were aware of (i.e. we’re currently working on some of these).

- PI authorizations (or delegate)
- Delegation of signing authority should not be extended to administrative personnel.
- Alcohol
- Review eligibility status of grant holders
- Ensure those paid from grant funds are eligible
- More training

We have more work to do over the next year as we address these findings.
Summary

1. Overview of Research Projects
2. Getting Started
3. What do I need to know?
4. Managing Funds
5. Project Spending
6. GL Inquiry & Reports
7. Tri-Agency

That brings us to the end of today’s session. Here is the list again of the 7 topics we have covered.
I want to bring to your attention the other resources available to you that can be accessed directly from the Finance home page, if you scroll to the bottom of the page you will see links to Forms, Training and Reference materials, as well as Policies and Procedures.

We are very excited about our comprehensive user guide that provides detailed information on many, many topics related to the financial mgmt of research projects. Last June we posted this to our website so please have a look in the Training section. We hope this will be a good resource for the seasoned administrator, new employees and our PIs.

As mentioned, there is an abundance of information and links specific the Tri-Agency awards.

We also have several How-To documents, for example; Completing journal entries and printing the monthly research reports, and links to several agency guidelines.

These slides with the speaker notes will be available on the OWL site as well as a few handouts on topics we did not cover in depth (i.e. source codes, tax calculations, indirect cost calculations, valid salary accounts for research).
Review: Learning Objectives

Participants will:

• Differentiate the various roles and responsibilities of all research stakeholders
• Identify the general and financial components of a research project
• Apply policies (internal and external) that impact the management of research projects

We hope this session has been helpful for you in day to day work as a stakeholder in managing research funds in your dept or Faculty. Here’s a reminder of our learning objectives.
Thank you all for attending this session. We really hope that you will incorporate some of what you’ve learned today into your daily work and confidently assist your PIs.

This is our first round of this presentation in the OE series and we’d really appreciate any feedback to help us address specific learning needs and to improve it for future participants. Please complete the online evaluation that will be emailed to you.

Reminder: Ask any participants who arrived late/did not initial the attendance sheet to do so.