SFU Training Session:

Expense Approvals

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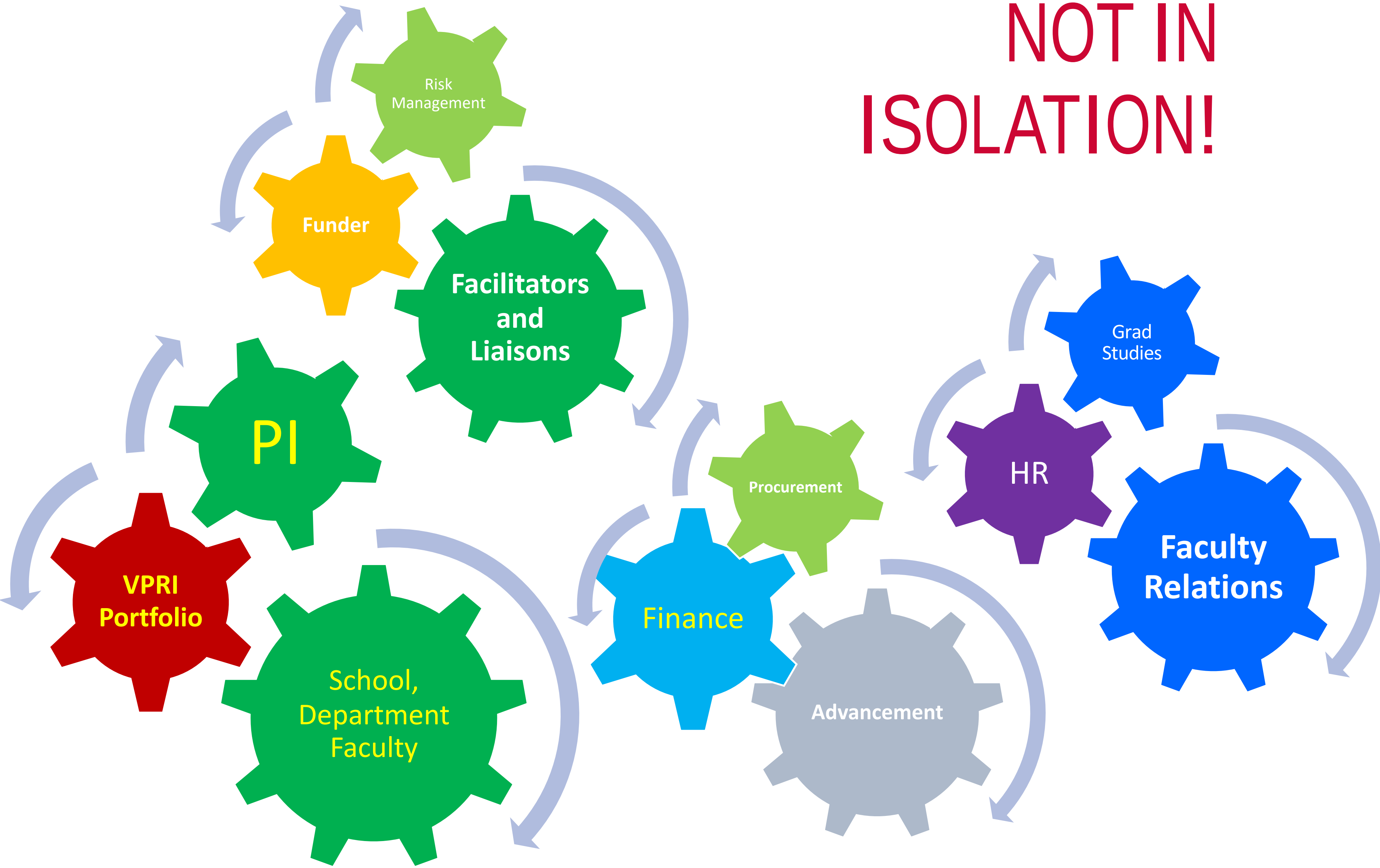
Context

- 2017: external review recommended that research expenditure approvals be collapsed into a single level to remove redundancy, increase efficiency, and increase service levels for researchers
- 2017: Research Services invested in legal staff, service training and policy / process updates to remove redundancy, increase efficiency, and increase service levels for researchers
- 2023: A memo by Dilson Rassier, Martin Pochurko and Dugan O'Neil summarized scope, roles & responsibilities, processes, and tools to support administrators and researchers through the transition to single level approval of research expenses effective February 1, 2024
- To be ready, we need to understand who is doing what, why and how

NOT IN ISOLATION!



Objectives

- Clarify what ‘decentralizing research expense approvals’ means to administrators in Departments and Faculties
- Understand the scope of the change – what changes / remains
- Clarify roles, responsibilities and dependencies
- List resources available to assist with approving research expenses
- Ensure consistency across SFU by focusing on ”removing redundancy, increasing efficiency, and increasing service levels for researchers”

Scope - Change

Decentralized research expense approvals as of February 1, 2024

- Canadian Federal and Provincial **Government**, Crown corporation and municipal **grants**
- Canadian Federal and Provincial **Government**, Crown corporation and municipal **contracts**
- Canadian **for-profit** grants and contracts / industry funding
- Canadian **non-for-profit** grants and contracts

Escalation for these expense decision stops at Dean level

RA will not provide feedback on these expense decisions after March 1, 2024

Scope – NO Change

Roles and responsibilities of Researchers remain the same

Remains with Research Accounting

- **CFI** and Institutional Funds
- **Foreign** funds, including US Government and NIH
- Billing, invoicing, reporting

Remains with Research Services

- Research administration, **eligibility** and **compliance** outside of expense approval
- Agreement **negotiation**
- **Risk** mitigation tools
- Account setup and **authorization**
- **Collaboration** with all Faculties and Finance
- **Contract Approval Memo** and communication of agreement terms
- Interactions with **funders, portals**

Timeline

- ❑ Deans to formalize new process by February 1, 2024
- ❑ Reviewers to receive training from RS/ RA by February 1, 2024
- ❑ RA and RS provide support for the transition through end of February.
- ❑ Consultation from RA and RS available ongoing for non-expense matters
- ❑ Audit process developed and implemented by RA FY 2024/25

Roles and Responsibilities – Tri Agency

Administering Institutions

- Understand and use the Principles, Terms and Policies when reviewing expense claims
- Ensure appropriate documentation/information is captured to support the decision on the expenditure

Roles and Responsibilities – Tri Agency

Grant Recipients and Delegates

Conduct research in a manner that adheres to applicable policies, agreements, compliance requirements and Responsible Conduct of Research.

- Provide sufficient and clear information to enable approver to make decision on appropriateness of an expenditure
- Holds the authority to use grant funds
- Can delegate to others their authority to use grant funds if:
  - Delegation of authority is formally **documented**
  - Delegates have the **skills** and knowledge of the funded research/activities to exercise the role effectively
  - Delegates are **not** responsible for the review and **approval** of payments

Roles and Responsibilities – Researcher

- Accountable to funder and SFU for appropriate use of funds
- Compliant with SFU and funder policies, terms, compliance and conduct
- Creates budgets that consider all financial elements
- Tracks spending to stay within available budget
- Clears temporary deficits or overspending
- Ensures sufficient funds are in the account for the expense and that research expenditures are eligible
- Provides sufficient and clear information to enable reviewer to make decisions on appropriateness of an expenditure
- Responds to reviewer if more information is needed
- Provides RA with the necessary information to complete and submit financial reports

NO CHANGE

Note: SFU can withhold access to funds in case of non-compliance

Roles and Responsibilities – Dean

- Creates, communicates and updates a formal approval process that follows the principles of integrity, transparency, and accountability
- Determines if a transaction threshold will be implemented
- Full accountability for internal controls over in –scope research expenditures
- Collaborates with researchers to prevent overspending or ineligible expenditures
- Funds, designates and enables roles responsible for research expenditure approvals
- Resolves in-scope research expense approval disputes
- Collaborates with other Dean's, RA and ORS to prevent fragmentation and inefficiencies (e.g. backstops and guarantees, triaging processes, best practices, interpretation of financial terms and conditions, etc.)

Roles and Responsibilities – Expense Reviewer

- Knows the terms governing expense eligibility on the research account using knowledge of principles, directives, policies, award letter, grant agreement and executed contract as applicable
- Ensures appropriate documentation/information is captured to support the decision on the expenditure and maintain audit trail
- Consults with researcher
- Contacts RA on non-expense related financial terms and ORS on contract interpretation
- Contacts ORS if clarification from funder is necessary
- Follows current process for CFI and international accounts
- Follows a formal approval process that follows the principles of integrity, transparency, accountability, and a documented, formal delegation process as established by the Dean's Office
- Accepts / rejects expense
- Escalates expense related disputes or noncompliance for in scope expenses to Dean

Roles and Responsibilities – RA

SFU

- Audits expense compliance processes, makes recommendations for process improvements
- Spot audits expenses to ensure process is followed
- Consults, oversees, and monitors best practices in expenditure review
- Collaborates with Research Services in interpretation of financial terms in contracts and agreements
- Collaborates with Research Services on training activities
- Completes and submits sponsor and institutional financial reports according to schedules
- Performs other research accounting functions not in scope of this transition (invoicing, transferring funds to other organizations, accepting payments, activating accounts, etc.)
- Manages expense review for out-of-scope funds (primarily CFI and foreign sources)

Roles and Responsibilities – ORS

- Provides training on interpreting contract terms, policies, and principles
- Consults with Researcher, Deans, Research Accounting on financial risks and mitigation strategies
- Negotiates, executes, and highlights financial terms in research contracts, performs comprehensive risk review
- Communicates unusual contract terms to researcher, Research Accounting and expense approvers
- Makes decisions on cash versus accrual account setup
- Makes decision on Product IDs and Contract Types
- Circulates the Contract Approval Memo to deans for sign-off on backstops and guarantees in research projects
- Adds terms list to high-risk CAMs as attachment
- Ensures all other (non-expense related) research compliance and eligibility requirements are met

1. Onboarding an Expense Claim

Review submission and justifications from researcher

a) Check budget
b) Check balance
c) Check terms (see later)
d) Ask for clarifications, plans, justifications as needed
e) Apply principles, directives, policies (TAGFA training)
f) Make decision or escalate to Dean’s Office

NOTE: The Dean’s office will have procedures that will add to this onboarding list

NOTE: RA will not respond to expense eligibility questions after March 1. Disputes about a particular in-scope expense must be resolved at the Dean level.

NOTE: Finance related questions not about accepting or rejecting the expense should still be addressed to RA (e.g. interpreting FAST views, confirming invoicing and payments, etc.)

NOTE: Eligibility and compliance questions not related to accepting or rejecting the expense should be addressed to ORS (e.g. how to interpret carry over terms, what is the status of an amendment, contacting sponsors for change requests, etc.)

2. Reviewing an Expense Claim

Review expense compliance and eligibility

a) Check budget
b) Check balance
c) Apply principles, directives, policies (TAGFA training)
d) Check terms for use of grant funds
e) Ask for clarifications, plans, justifications as needed
f) Document and save all supporting information including Dean’s resolution
g) Make decision or escalate to Dean’s Office

2. Reviewing an Expense Claim

Review expense compliance and eligibility

1) Is this expense eligible on this account in general?

2) Can this expense be charged to the account at this time?

SFU

2. Reviewing - Principles and Directives

The following governing sources and principles are used in determining the eligibility of an expense:

- ☑ **The 5 Directives (see highlights of directives in table below)**
- ☑ **Specific Funding Opportunity Literature**
- ☑ **Relevant SFU Policies**
- ☑ **The 4 Principles**
  - ☑ Contribute towards the direct costs of the research/activities
  - ☑ Not be provided by the administering institution
  - ☑ Be effective and economical
  - ☑ Not result in personal gain

Employment and Compensation Keep in mind these directive highlights: **Eligible:** ➢ Letter required from international employer attesting international researcher is not being paid ➢ Employer mandatory benefits are eligible ➢ Prorated mandated severance pay for current project **Not eligible:** ➢ Grantees and independent researchers cannot be compensated from grant funds ➢ Individuals expected to work for free such as a collaborator. Employees of another organization cannot be compensated directly (**institutions may**)	**Goods and Services** Keep in mind these directive highlights: ➢ Research supplies can be purchased using grant funds ➢ Consulting fees are not eligible for: • Grant recipients • Independent researchers • Individuals expected to work for free **Note:** *Consulting fees or Consulting services need to follow SFU's procurement process*
Travel and Travel-Related Keep in mind these directive highlights: ➢ Reasonable out-of-pocket expenses as long as principles and SFU policies and procedures are respected. ➢ Authorized by the right level of authority (one up approval). ➢ Alcoholic beverages cannot be reimbursed.	**Hospitality** Keep in mind these directive highlights: ➢ Eligible for meetings: • Cultural respect (formal courtesy) • Research objectives with at least one participant not a member of the team ➢ Non-eligible for meetings: • With participants involved in the day to day activities • The cost of alcoholic beverages
Gifts, Honoraria and Incentives ***Gifts:*** *cash or in-kind items provided as a token of appreciation, respect and/or goodwill requiring no payment in return.* ***Honoraria:*** *monetary payments made on a one-time or non-routine "thank you" for a service for which fees are not traditionally required* ***Incentives:*** *cash or in-kind items offered to participants to establish participant pools or to acknowledge participation in the research/activity.* Keep in mind these directive highlights: ➢ Gifts and incentives to participants require the Research Ethics Board's prior approval ➢ In accordance with SFU Policies ➢ Can be offered to: • Voluntary study participants • As a token of appreciation, respect, formal courtesy and/or goodwill when prescribed by cultural heritage/established traditions ➢ Cannot be offered to: • Tri-Agency grant recipients • A member of the grant team	

If the expense satisfies the mentioned principles and complies with directives, specific Funding Opportunity literature and relevant SFU Policies and Procedures, then it is considered eligible.

https://www.sfu.ca/research/researcher-resources/training-events:

→ SFU Quick Reference

→ SFU TAGFA Training for Faculty and Staff

→ SFU TAGFA Training for Researchers

→ SFU TAGFA Q&A

Reminder

2. Reviewing - Principles-Based Expense Management

- Streamline and simplify the administration and use of grant funds
- Promote and support sound judgment and due diligence
- Foster a balance between control and flexibility
- Lessen administrative burden
- Allow for more efficient processes
- Harmonization of Tri-Agency policies and SFU policies
- No discretion to depart from these principles and directives

2. Reviewing - Principles Reminder

Grant expenditures must

1. Contribute to the direct costs of the research/activities for which the funds were awarded, with benefits directly attributable to the grant;

2. Not be provided by the administering institution to their research personnel (e.g. office furniture…);

3. Be effective and economical;

4. Not result in personal gain for members of the research team.

2. Reviewing – Directives Reminder

Purpose:

→ Mandatory requirements
→ Provide a framework to make decisions
→ Allow for sound judgement and due diligence

Five directives for the use of grant funds dictated by the Tri Agency:

1. Employment and Compensation Expenses
2. Goods and Services Expenditures
3. Travel and Travel-Related Expenditures
4. Hospitality Expenditures
5. Gifts, Honoraria, Incentives

Each accompanied by related principles, roles and responsibilities

Each aligns with SFU Policies

2. Reviewing – SFU Policies and TA Directives

SFU Policies in alignment with Tri Agency Directives

- R 50.02 Employment of Personnel Funded from Research
- AD 3.03 Direct Acquisition of Goods and Services
- AD 3.11 Independent Contractor Policy
- AD 11.01 Purchasing Policy
- AD 3.02 Business and Travel Expenses (includes Gifts, Honoraria & Travel)
- AD 11.21 Ethical Procurement Policy
- Others as applicable including Faculty and Department policies

2. Reviewing – Other SFU Policies

- R 10.01 External Research Funding Agreements
- R 10.04 Study Leave Research Grant
- R 60.1 Responsible Conduct of Research
- AD1-1 Central Stores Requisitioning
- AD 1-5 Long Distance Telephone Charges
- AD 1-9 Furniture
- AD 3-17 Payment of Honoraria
- GP 8 Delegation of Authority
- B10.11 Signing Authorizations
- R50.01 University Research Associate
- R50.03 Post Doc Fellowship
- R50.04 Univ Research Assistant

Others, as applicable, including Faculty and Department Policies.

https://www.sfu.ca/policies/gazette.html

2. Reviewing – Award Terms

STAY TUNED FOR CONTRACT TRAINING ANNOUNCEMENT!

- Award Letters / Grant Letters available on FAST are short documents specific to the use of funds and often standard for funders. Reviewers can maintain “cheat sheets” on a PROGRAM level MITACS, MSFHR, etc.

- Awards that are in the form of negotiated contracts are saved in FAST with highlighted financial terms. Reviewers can create a “cheat sheet” from these highlights. There are classes of funders like Government, SFU’s standard Sponsored Research Agreement, etc. that will have similar considerations.

- Legacy awards with no attachments in FAST will have the reference documents in Grant Track (after Kuali implementation in the archive version of Grant Track).

- Cheat Sheets (Summary Sheets) Best created for the purpose and for the user it is intended. RA or ORS summaries may represent a different scope, lack important detail or may reference information not accessible. *Does not know what you don’t know*…

2. Reviewing – Award Terms Primer

Budget Spending Limitations

ORS will always negotiate for the most flexible terms if award is negotiable. It is the researcher's responsibility to follow these terms and provide justification/ validation to the reviewer.

Common deviations:

- Sponsor approval is required for reallocations greater than X% of budget between expense categories (e.g. AGE-WELL) - researcher works with ORS to secure approval and provides evidence of sponsor approval with the submitted expense

- Budget line and amount are restricted and cannot be deviated from (e.g. named intern for stated period and stipend $X, etc. e.g. MITACS Accelerate) - researcher adheres to the restrictions and provides evidence to the reviewer

- Carryforward to following year subject to Sponsor's prior approval - researcher works with ORS to secure approval. If carry forward allowed, it automatically moves to following year as long as the project is still within its term. If carry forward is not allowed by the agreement terms, ORS will notify the PI and Department. ORS and RA adjust accounts accordingly.

2. Reviewing – Award Terms Primer

Other Budget Related Terms

- Funding includes subject payments requiring Research Ethics Board (REB) pre-approval (Directive on Gift, Honoraria, and Incentives) - researcher to confirm REB approval is included in the ethics protocol. No need to ask and review full protocol, PI confirmation on the record is sufficient.

- Funding is limited to Protocol Development (Partial budget was released with the approval of ORS and ORE for activities required to secure a final ethics protocol). Project is in status E until ORS verifies that certificate is on file and releases the full budget and changes to status O. Contact ORS for clarifications.

- Funding includes budget for RTS and PI fee – reviewers follow local process to ensure Dean's policy and process is properly followed. ORS does not need to verify or review outside activity reports or other Faculty specific forms.

- Overhead is set up in PeopleSoft by ORS at the time of account authorization. PeopleSoft applies the overhead as expenses occur, not as a lump sum. Overhead is automatically directed to the proper accounts by ORS.

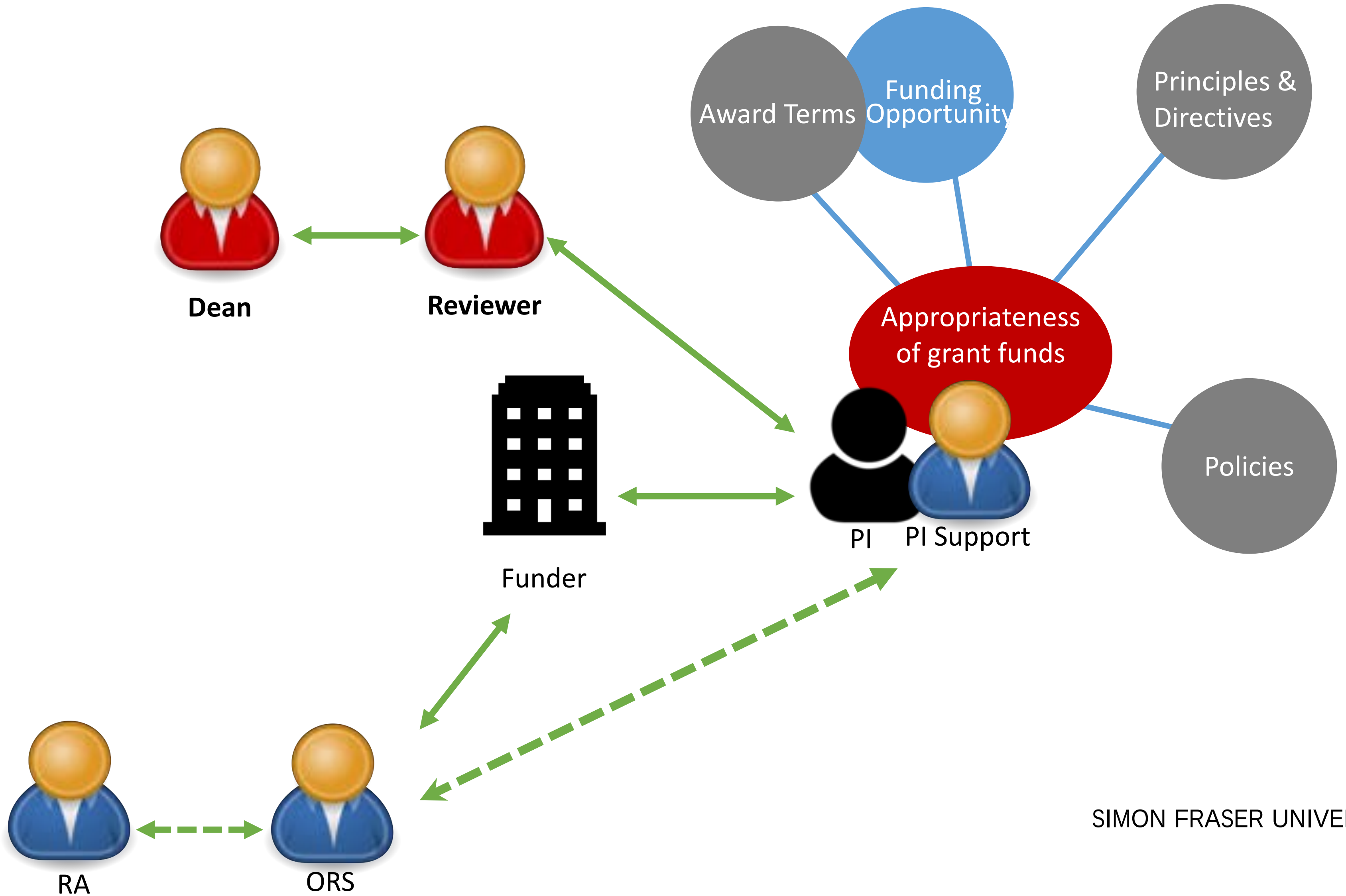
3. Decision Making on Expense Claims

- When applying principles, directives, policies and award terms, keep the following in mind:
  - The Agreement on the Administration of Tri-Agency Grants and Awards by Research Institutions
  - Program and Funding Opportunity literature & award terms
  - SFU Policies (aligned with Tri Agency principles and directives)
  - Agreements with grant recipients and/or administering institutions

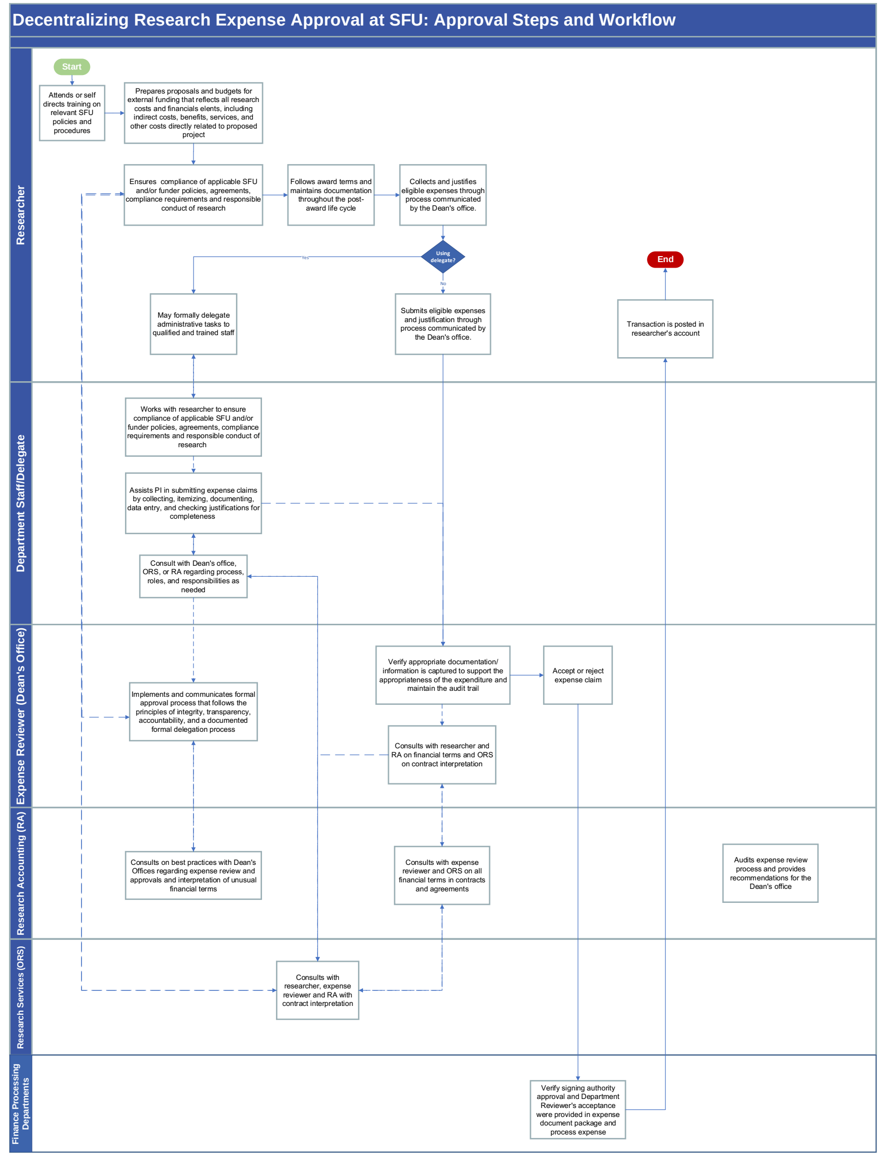
- In the presence of both sponsor and institutional policies, the sponsor policy most often prevails – recognizing that the grant recipient must also comply with applicable institutional requirements.
  - Consult with Research Accounting about financial non-expense related terms
  - Consult with Research Services about eligibility and compliance matters
  - Consult with Dean's Office regarding eligibility decision

- If the Guide is silent on a specific subject, the administering institution's policies and procedures will apply

3. Decision Making on in –Scope Expense Claims



3. Decision Making – non-CFI & International Expenses



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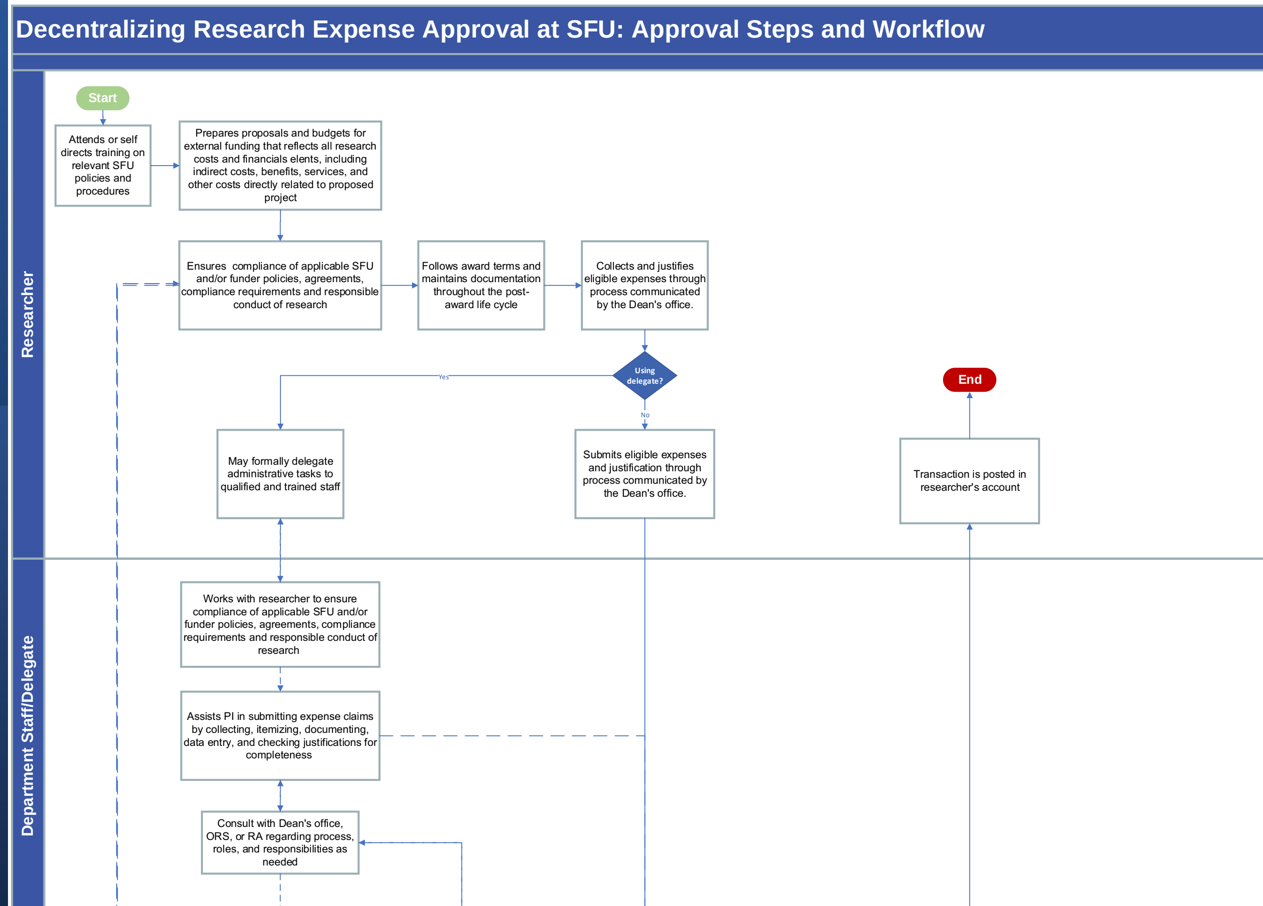

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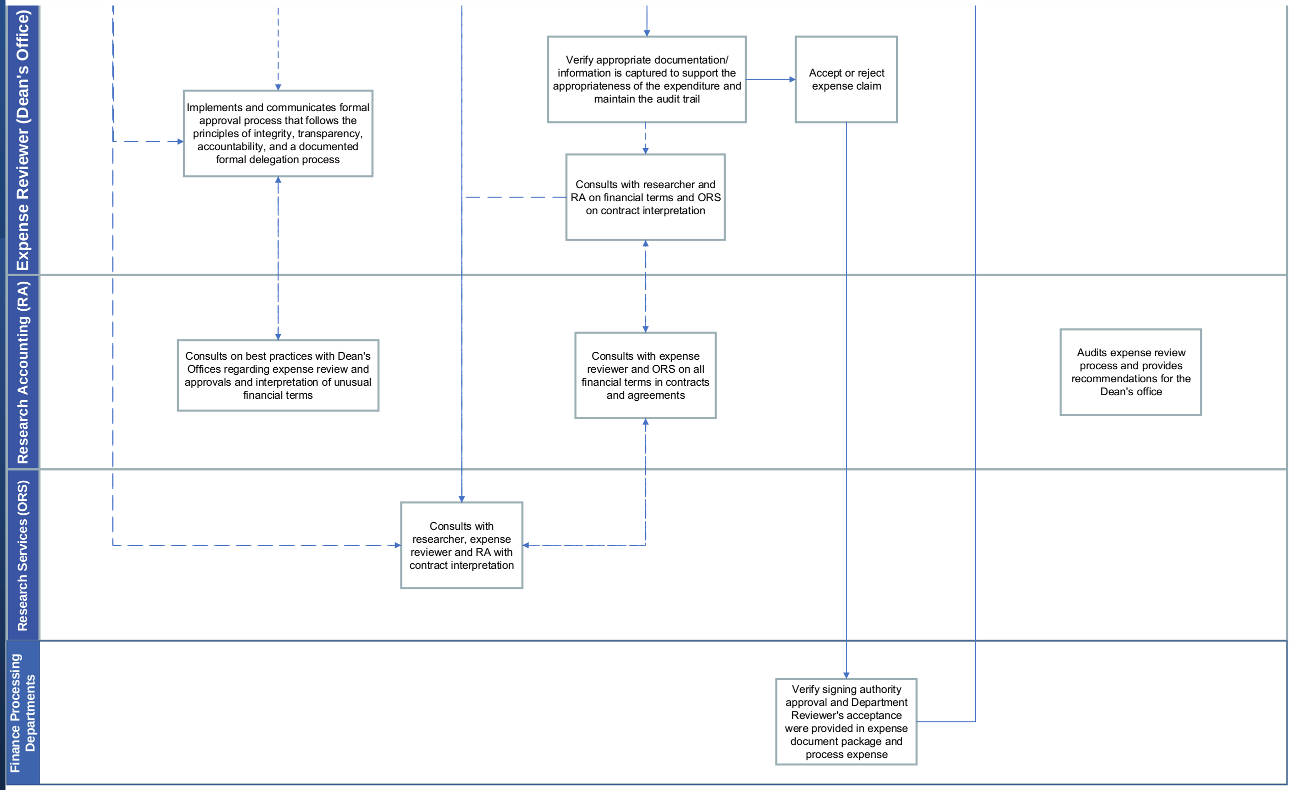

Good to Know

End Dates and Extensions

Project account should not be spent for costs beyond the end date. If there is a rationale to extend the project term, the PI must initiate an extension request from the funder by contacting ORS and working through the process together.

If the end date extension is in the works or completed, ORS will confirm that project can continue to incur expenses past the end date. ORS or RA would pass on the information to the department if they had inquired.

Good to Know

Cash versus Accrual Accounts

Release of funds to PI based on cash received or accrual is programmed into the Contract Type by ORS to mitigate counterparty risk.

- All Industry funds are on cash base (unless otherwise agreed upon between VPRI / VPFA)
- Most government and non-for-profit funders SFU has long terms relationship with are set up accrual.
- ORS relies on researchers, RA and Faculties to be informed over emergent risk (relationship with funder, financial difficulties of funder, payment defaults, change of research directions, performance, etc.) that can result to spending against unconfirmed amounts.
- Change in funder’s ability to pay or PI performance triggers a review and a potential decision to put the account on hold by ORS
- With no hard stops in PeopleSoft, as long as the project is active and within its defined start and end date, PIs are able to spend into a new budget period but cannot spend beyond the project end date
- In extreme cases, to avoid spending into future years, cash-based projects can be set up year by year.

Good to Know

Fee for Service versus Cost-Reimbursable Accounts

Fee for Service

Some contracts do not contain a detailed budget, do not restrict how the money is spent, and do not include an obligation to report or return unused funds, as long as deliverables are met.

- SFU prefers these types of contracts as they give researchers more flexibility
- These terms are reflected in our standard Sponsored Research Agreement template

Cost Reimbursable

At the opposite end of the spectrum, there are contracts where SFU incurs costs and receipts are submitted to the funder for reimbursement. Unused budget allocation will not be available for the researcher.

- Cost reimbursable contracts must be set up as accrual. PI may need to use other accounts to advance the funds until the sponsor reimburses the expenses.
- ORS training is available to learn how to distinguish the types of contracts so spending limits are better understood by reviewers.

Good to Know

Sub Awards sent from SFU to Collaborators (Sub Out)

Sub Awards are administered under their own accounts, the original account will not have details on what was sent to partners, only an expense line reflecting the money removed.

- The appropriate agreement governing the terms of the sub award is uploaded and available in FAST attached to the subaward account.
- Research Accounting can help with how to retrieve the information from FAST
- ORS can assist if help with the agreement's interpretation is required.

Good to Know

Dean’s Emergency fund (Nonpayment Guarantee for Backstop)

Deans – through the CAM process – are absorbing PI non-performance risks but there can be situations where PI needs funds before an account can be opened by ORS. It is between the Dean and PI to set up a procedure for these situations and communicate it to ORS.

Example 1: SFU pays some sub-grantees upon completion of work (e.g. Tri Agency sub outs to non-eligible institutions) but PI asks for an advance to be able to perform the work. In this case Dean could proceed with a repayment guarantee (agreeing to cover any deficits arising out of the sub-grantee’s non-performance)

Example 2: Non-Tri Agency Sub-outs under a prime contract are covered by the CAM signed in relation to the prime agreement. If SFU is requested to advance funds to a sub-grantee before SFU receives payment from the prime sponsor, Dean could be asked to sign a re-payment guarantee if ORS determines that a re-payment guarantee will sufficiently mitigate risks.

Example 3: Genome Canada approves additional funding, but Genome BC did not put an amendment in place on time. Dean can authorize PI to spend additional funds through a guarantee. Note that if the PI does not spend the extra funds, Genome BC will not be able to finalize the amendment, so the PI has no choice but to overspend.

ORS and the Dean's Office collaborate to make sure these guarantees are well documented, and risks are properly managed on every level.

Arranged between ORS and Dean; uploaded by ORS and viewable in FAST

Good to Know

Product ID and Contract Type

Based on the award terms- ORS codes accounts to reflect common financial elements. In some cases, the financial actions are pre-determined (TRID), in some cases ORS decides which option to use based on the terms (Scheduled can be cash or accrual, invoiced or not, etc.)

Product ID	Sponsor Category	Budget Release	Invoice	Financial Statement	Receivable	Pricing Method
PPD_INSTALL	TRID	A	N	F	PPD	Incurred
PPD_INSTALL	TRIS	A,C	N	F	PPD	Incurred
PPD_INSTALL	CFI	A	N	F	PPD	Incurred
PPD_INSTALL	CRC	A	N	F	PPD	Incurred
PPD_INSTALL	OTH	A,C	N	F,N	PPD	Incurred
INTERNAL	TRII	A	N	N	NON	Incurred
INTERNAL	END	A	N	N	NON	Incurred
LOC_REIMB	OTH	A	I	F	BCK	Incurred
LOC REIMB	OTH	A	I	F	NIH	Incurred
FIXED_AMT_MIL	OTH	A,C	I* (N)	F,N	MLD	Fixed
FIXED_AMT_MIL	OTH	A,C	I* (N)	F,N	MDA	Fixed
SCR_REIMB	OTH	A,C	I* (N)	F,N	SCR	Incurred
SHEDULED	OTH	A,C	I* (N)	F,N	SCH	Fixed

Good to Know

PeopleSoft Statuses

Description	An Type	Awarded Pending Activation	Partial Budget - Pending Cert	Open	On Hold	Closeout Started	Closeout Final	Closed – No further Activity
Project Status Value		**A**	**E**	**O**	**H**	**S**	**F**	**C**
Processing Status		Active	Active	Active	Active	Active	Active	Inactive
Can change to Status		O, E**	O,H	E, H, S**	E, O, S**	F, O, H, E	C, S, O, H, E**	**
Budget	BUD	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Requisition	REQ	Reject	Yes	Yes	Reject	Reject	Reject	N/A
Commitment	COM	Reject	Yes	Yes	Reject	Reject	Reject	N/A
Commitment Reversal, Adjustment	CRV, CCA	Reject	Yes	Yes	Yes	Yes	Reject	N/A
Actual (Voucher)	ACT	Reject	Yes	Yes	Reject	Warning	Reject	N/A
Journal - Expense	GLE	Reject	Yes	Yes	Reject	Warning	Reject	N/A
Payroll	PAY	Reject	Yes	Yes	Yes	Yes	Reject	N/A
Payroll Commitment	PYC	Reject*	Yes	Yes	Yes	Yes***	Reject	N/A
Payroll Com Reversal	PYR	Reject*	Yes	Yes	Yes	Yes***	Reject	N/A
Sponsor Indirect	SFA	Reject	Yes	Yes	Yes	Yes	Reject	N/A

Good to Know

SFU

Closeout Timeline

RA sends Project End Date Notification

At Day 30+, RA sends reminder to PIs to clear surplus or deficit* within 45 days after end date

RA will contact PI to resolve deficits and non-refundable if applicable +

90 days before End Date Status O: Project Open	END DATE	Day 1 – 45* Status S: Closeout Started	Day 46 – 60 Status S	Day 61-90 Status F: Close out Final	Day 91+ Status C : Closed No Further Activity

The PI and departments/schools have up to **90 days before End Date** to:

- Start Seeking Amendments/Extensions of project term and notifying RS as soon as possible (> 15 work days before end date)
- Incur eligible expenses/committing resources (or clearing deficits, if applicable)
- Monitor the End Date and balances

The PI and departments/schools have the first **45 days after End Date* to:**

- Allow for processing and payment of outstanding commitments or vendor invoices
- JV correction of any errors including
- Clear surplus or deficits
- Existing encumbrances are settled

*The sponsors' terms and conditions apply if require deliverables prior to 45 days after end date

- PIs and departments/schools cannot submit any activity

+In event of unresolved deficits/non-refundable balances with PI after RA attempts, matter will be escalated to Dean's Office for direction

PIs and departments/schools cannot submit any activity

- PIs and departments/schools cannot submit any activity
- **Account cannot be re-opened**

Take Away

PIs and departments/schools

- can monitor statuses at all times using new FAST views
- apply for amendment/extension early as possible
- can submit expense incurred prior to end date
- clear deficits up to 45 days after End Date

Questions/Comments

Contact

Email

ata26@sfu.ca or ors@sfu.ca

Links

https://www.sfu.ca/research/researcher-resources/training-events:

https://www.sfu.ca/policies/gazette.html

Thank you!