

## UNIVERSITY OF MANITOBA PROCEDURE

<b>Procedure:</b>	<b>FINANCIAL ADMINISTRATION AND CONTROL OF RESEARCH AND SPECIAL FUNDS</b>
<b>Parent Policy:</b>	Financial Administration and Control of Research and Special Funds Policy
<b>Effective Date:</b>	October 10, 2008
<b>Revised Date:</b>	February 6, 2014
<b>Review Date:</b>	February 6, 2024
<b>Approving Body:</b>	Vice-President (Administration)
<b>Authority:</b>	
<b>Responsible Executive Officer:</b>	Vice-President (Administration)
<b>Delegate:</b>	Comptroller
<b>Contact:</b>	Comptroller
<b>Application:</b>	All Employees

### Part I Reason for Procedure

- 1.1 To set out the Procedures secondary to the Financial Administration and Control of Research and Special Funds Policy in connection with identifying the financial administrative practices and controls over research and special funds.

### Part II Procedural Content

#### General Procedures

- 2.1 The policies, procedures, guidelines and contract terms of the external sponsor (“external sponsor policies”) must be adhered to in administering and controlling research and special funds. In the absence of specific guidance from the external sponsor, the Financial Administration and Control of Research and Special

Funds Policy and Procedure of the University shall be followed. Implementing and adhering to these requirements is an institutional responsibility shared by:

- (a) Fund primary signing authorities, researchers and principal investigators (“project leaders”);
- (b) Administrative staff supporting the project leader (“administrative support staff”);
- (c) The Dean, Director or Department Head with supervisory authority over the project leader; and
- (d) Financial Services.

2.2 Notwithstanding that implementing and adhering to these requirements is a shared institutional responsibility, the specific responsibilities assigned to each individual or group/ unit are as follows:

- (a) **Project Leaders** are responsible for initiating and monitoring financial transactions, keeping other responsible parties informed of changes in the funding arrangement, and ensuring all financial transactions and financial reports are in compliance with University and external sponsor policies. More specifically, the project leader shall:
  - (i) **Read and understand this Procedure and the external sponsor policies.** Different external sponsors have different policies which can change over time. In order to ensure compliance and avoid subsequent adjustment, it is necessary that the requirements of the external sponsor and the policies of the University are understood by the project leader.
  - (ii) **Review all transactions recorded against the Fund / Organization / Program (FOP).** Each research and special fund is assigned a unique FOP. The project leader should review the financial transactions recorded in the FOP for appropriateness, completeness and accuracy. The project leader shall indicate completion of this review by signing and dating a reconciliation of the FOP as prepared in 2.2(b)(ii).
  - (iii) **Ensure the FOP remains within budget.** The project leader has the primary responsibility to ensure that the FOP is not over-expended at any time. The project leader must not contract for goods or services beyond the funds available or beyond the funding

period authorized by the external sponsor. The project leader is responsible for maintaining adequate budget in the FOP to cover the costs associated with salary increases and any additional costs associated with termination or interruption of employment.

- (iv) **Advise Financial Services of changes to the external sponsor agreement.** The project leader is responsible for immediately advising Financial Services if there are any changes or contemplated changes in the terms or conditions of the external sponsor agreement as well as any concerns about the ability or intention of the external sponsor with respect to payment of the grant, award, or contract amounts.
  - (v) **Attest to the accuracy of the financial statements prepared for external sponsors.** The project leader is responsible for ensuring that the transactions recorded to the FOP are appropriate and accurate, compliant with the external sponsor policies and that all transactions have been included in the financial statements prepared for the external sponsor.
  - (vi) **Project leaders may choose to delegate their responsibility to administrative support staff, but this delegation does not relieve the project leader from primary responsibility.** The project leader shall implement such supervisory review controls as he / she deems necessary to ensure that administrative support staff comply with all relevant policies and procedures.
  - (vii) Project leaders who do not have administrative support staff to assist with financial administration and control matters are also responsible for the responsibilities set out in 2.2(b).
- (b) **Administrative support staff** are responsible for assisting the project leader in the financial administration of the project, including reconciling transactions recorded in the FOP to original source documents and identifying and correcting any errors and omissions. More specifically, the administrative support staff shall:
- (i) **Read and understand this Procedure and the external sponsor policies.** Different external sponsors have different policies and their policies can change over time. In order to ensure compliance and avoid subsequent adjustment, it is necessary that the

requirements of the external sponsor and the policies of the University are understood by administrative support staff.

- (ii) **Reconcile the FOP monthly.** The administrative support staff shall maintain a file of source documents (order forms, receiving receipts, invoices, appointment forms, time sheets, etc.) and reconcile the transactions in the FOP to the source documents each month. Any errors or omissions must be identified and corrected. Administrative support staff are responsible for providing the reconciliation and supporting documents (the reconciliation package) to the project leader on a monthly basis for formal review and approval. The reconciliation package should be retained for a period of seven years or longer if required by the external sponsor. Administrative support staff are responsible for providing the reconciliation package to Financial Services or Audit Services upon request.
  - (iii) **Ensure payments received for the FOP are forwarded to the assigned research accountant in Financial Services for deposit, together with supporting documentation and the relevant FOP number.** All cheques are to be made payable to the University of Manitoba.
- (c) **The Dean, Director, or Department Head with supervisory authority over the project leader** is responsible for providing an alternate budget source in instances where the research or special fund FOP becomes over expended or where non-compliant transactions are initially charged against the FOP.
- (d) **Financial Services** is responsible for supporting the project leader and administrative support staff through provision of financial transaction and support functions. Specific to this Procedure, Financial Services will:
- (i) **Assign each FOP to a research accountant.** Each FOP will have a designated research accountant available to assist the project leader and others in complying with this Procedure. The research accountant shall read and understand this Procedure and the external sponsor policies. Different external sponsors have different policies and their policies can change over time. In order to ensure compliance and avoid subsequent adjustment, it is necessary that the requirements of the external sponsor and University Policies are understood by research accountants.

- (ii) **Open the FOP in the General Ledger.** In order for a fund to be established in the research and special fund, Financial Services must satisfy each of the following requirements:
  - (A) Funding certainty must exist. It is preferable to receive the funds in advance of any expenditure, but where this is not the case, funding certainty may be evidenced by an original signed copy of the external sponsor agreement. At the discretion of the Comptroller, this may also include a credit-worthiness review of the external sponsor.
  - (B) All certification requirements must be secured. For research and special funds this would normally consist of fulfillment of human ethics and/or animal care, biohazard, and environmental obligations as evidenced by an approved Funding Application Approval Form. This approval process is managed by the Office of Research Services.
  - (C) The primary signing authority for the fund must be identified. Normally this will be the project leader. In the case of a salary award for a project leader, the signing authority must be the Dean, Director, or Department Head with supervisory authority over the project leader.
  - (D) If not specifically identified in the external sponsor agreement, the purpose and duration of the fund must be defined.
- (iii) **Ensure transactions recorded to a FOP are legitimate and accurate.** The grant accountant will fulfill this requirement by:
  - (A) Providing advice and interpretation to project leaders and administrative support staff with regard to transaction compliance with University and external sponsor policy. The research accountant is responsible for working cooperatively with all parties to help resolve any non-compliant transactions. Where necessary, the research accountant will contact the external sponsor for guidance on the appropriateness of transactions if not specifically addressed by external sponsor policy.

- (B) Offering training to project leaders and administrative support staff with respect to University and external sponsor policies as well as effective strategies for transaction documentation, monitoring, and reconciliation.
- (C) Conducting periodic test audits of research and special fund transactions to monitor compliance with University and external sponsor policies.
- (iv) **Ensure the FOP remains within budget by maintaining a system of controls to reduce the risk of over-expenditure in a FOP.** Financial Services is responsible for advising the primary signing authority and the Dean, Director or Department Head of all FOPs that are over-expended at the end of each month.
- (v) **Prepare financial statements and invoices for the external sponsor.** Financial Services will ensure financial statements are prepared in accordance with external sponsor requirements. In the absence of external sponsor policy to the contrary, financial statements will be prepared in accordance with generally accepted accounting principles. Financial Services is responsible for ensuring financial statements agree with the University's financial records.
- (vi) **Close the FOP in the General Ledger.** Upon completion of the project, Financial Services shall ensure any residual funds are dealt with in accordance with external sponsor or University Policies. Any ineligible expenses or over-expenditures shall also be cleared from the FOP after ensuring that all funding has been received from the external sponsor or other internal sources. Financial Services shall prepare the final financial statements and close the FOP to ensure that no further expenditures can be incurred against the project.

### **Part III Accountability**

- 3.1 The Office of Legal Counsel is responsible for advising the Vice-President (Administration) that a formal review of this Procedure is required.
- 3.2 The Comptroller is responsible for the implementation, administration and review of this Procedure.
- 3.3 All University Employees are responsible for complying with this Procedure.

## **Part IV Review**

- 4.1 Governing Document reviews shall be conducted every ten (10) years. The next scheduled review date for this Procedure is February 6, 2024.
- 4.2 In the interim, this Procedure may be revised or repealed if:
- (a) the Vice-President (Administration) or Approving Body deems it necessary or desirable to do so;
  - (b) the Procedure is no longer legislatively or statutorily compliant;
  - (c) the Procedure is now in conflict with another Governing Document; and/or
  - (d) the Parent Policy is revised or repealed.

## **Part V Effect on Previous Statements**

- 5.1 This Procedure supersedes all of the following:
- (a) all previous Board of Governors/Senate Governing Documents on the subject matter contained herein; and
  - (b) all previous Administration Governing Documents on the subject matter contained herein.

## **Part VI Cross References**

- 6.1 This Procedure should be cross referenced to the following relevant Governing Documents, legislation and/or forms:
- (a) [Financial Administration and Control of Research and Special Funds Policy](#); and
  - (b) [Payroll Authorization Policy](#).