Tri-Agency and University Expenses: Eligibility and Compliance

Martine Desrochers & Tess Gleason
Research Services Office
Presentation Overview

• Common Acronyms.
• Institutional Agreement for the Tri-Agency.
• Understanding the difference between eligible vs ineligible expenses, direct vs indirect costs of research, and compliant vs. non-compliant expenses.
• Most common eligible and ineligible expenses charged to research grants at the University of Alberta as well as the most common compliant and non-compliant expenses.
• Links to Tri-Agency and UofA resources to assist in research administration.
Tri-Agencies

- **CIHR**: Canadian Institutes of Health Research
- **NSERC**: Natural Sciences and Engineering Research Council of Canada
- **SSHRC**: Social Sciences and Humanities Research Council of Canada

University of Alberta

- **ICR**: Indirect costs of research
- **PAF & ePAF**: Pay Action Form & Electronic Pay Action Form
- **RSO**: Research Services Office
- **SMS**: Supply Management Services
- **UAPPOL**: University of Alberta Policies and Procedures Online
- **UofA**: University of Alberta
Sponsor Guidelines

If the sponsor guidelines are silent on a particular expense, then the UofA guidelines are followed.

EXAMPLE: when the sponsor guideline doesn’t address the eligibility of a particular hospitality expenditure then the UofA Hospitality guideline will determine whether or not that expense can be charged to the grant.

Definition of “Eligible” and “Ineligible”

Every sponsor has their own definition.
The best source of information for eligible and ineligible expenditures is documentation from the sponsor (e.g., the contract/agreement, the application guidelines, sponsor websites, etc.).
This applies equally to internal (department, faculty or university) and external (donor or sponsoring agency) funding.
Indirect Cost of Research

Eligible institutions and their affiliated research hospitals and institutes receive an annual grant through the Research Support Fund (RSF) to help pay for a portion of the central and departmental administrative costs associated with managing the research funded by the Tri-Agencies.

EXAMPLE: Computers for educational and administrative purposes should be provided by the university, however, for the lab it becomes an eligible expense.

For all other sponsors, when eligible, 20% ICR must be charged.
Eligible Expenses

Eligible expenditures consist of the following:

• Associated with the project or program for which the award is made, and necessary to the research endeavor being undertaken.
• Eligible in accordance with the terms and conditions of the research agreement or contract.
• Reasonable and conform with the financial guidelines of the sponsor and the UofA.
• Incurred within the eligible dates of the grant/agreement
Ineligible Expenses

On the other hand, **ineligible expenses** are those expenses that are:

- Not associated with the project or program for which the award is made.
- Not incurred within the eligible dates of the grant/agreement.
- Not eligible in accordance with the terms and conditions of the research grant/agreement.
- Unreasonable and do not comply with either the sponsor or the UofA financial guidelines.

Can you find some examples that you’ve run across?
Which expenditures are eligible and which are ineligible?

1. The costs associated with thesis examination or defense, including external examiner fees.
2. A standard monthly connection or the rental costs of telephones or home internet.
3. Travel costs incurred during sabbatical leave.
4. Purchase of a travel Visa.
5. The costs related to staff awards and recognition.
6. Office and stationery supplies.
Answers – Eligible expenses in **green** text; ineligible expenses comments in *italics* and *underlined*.

1. **Costs associated with thesis examination or defense, including external examiner fees** – *Related to education, not research.*

2. **Standard monthly connection or rental costs of telephones or home internet** – *Indirect cost of research, not direct.*

3. **Travel during sabbatical leave.**

4. **Travel Visa.** *Please note that passport and immigrations fees are not eligible expenses for Tri-Agency.*

5. **Costs related to staff awards and recognition** – *Not a direct cost of research, how would this be related to the funded research?*

6. **Office and stationery supplies (certain exceptions apply)** – *Only when needed for the project, direct costs of research only.*

Con’t...
Quiz  Eligible vs. Ineligible Expenses Pt 2

Which expenditures are eligible and which are ineligible?

7. Hospitality for the following people: the project holder and a co-PI
8. Giving gift cards to study participants.
9. Snow boots for research in the Arctic.
10. The costs associated with regulatory compliance, including ethical review, biohazard or radiation safety, environmental assessments, or provincial or municipal regulations and by-laws.
Answers – Eligible expenses in **green** text; ineligible expense comments in *italics* and **underlined**.

7. *Hospitality for 2 people, the researcher and a co-PI* - *The most restrictive policy applies, in this case the UAPPOL policy applies.*

8. Giving gift cards to study participants.

9. Snow boots to do research in the Arctic.

10. *Costs associated with regulatory compliance, including ethical review, biohazard or radiation safety, environmental assessments, or provincial or municipal regulations and by-laws – Indirect cost of research, should be covered by University.*
What if I really need an ineligible item?

- The grantee must apply in writing to the sponsoring Agency and request written authorization.

**EXAMPLE:** If the Agency agrees that a cell phone is necessary for data collection and have been supplied with adequate justification by the grantee, the request may be approved. Written authorization from the sponsor must be kept on file by the grantee in the event of an audit.

https://www.ualberta.ca/research/services/receive-manage-funding/manage-funding/eligible-spending/sponsor-audits
Compliant Transactions

• Eligible expenses with supporting documentation are deemed to be compliant with UofA and agency guidelines.

• The *Tri-Agency Financial Administration Guide* for Supporting Evidence states the following:

  “For each grant, the institution and/or the grantee must keep complete and accurate records on the use of Agency funding, including verifiable audit trails with complete supporting documentation for each transaction....
  The grantee is responsible for authorizing expenditures from his/her grant account in accordance with the Agency's requirements and conditions of grants and with the institution's policies. ....
  Where the link to the research is not evident from the supporting documentation, additional information or explanation should be documented which demonstrates that the expenditure is a direct cost of the funded research.”


• Grantees must be able to provide supporting documentation for all expenditures charged to their research projects.
Compliant Transactions *Cont’d*

With proper justification, documentation and authorization, an expenditure is considered compliant. Examples are as follows:

1. **Required supporting documentation for a travel claim:**
   - Written justification including specifically how this travel is associated with the funded research (description).
   - Detailed receipts i.e., airfare (not just the Expedia statement), along with the boarding pass, full conference program, workshop or research meetings agenda, car rental contract, gas or taxi receipts, hotel receipts/invoice, registration receipt, signed TAP or the HAP, etc. (and confirmation: room charges on HAP), this is a non-exhaustive list!
Compliant Transactions *cont’d*

2. **Required supporting documentation for hospitality:**
   - Must define the purpose or circumstances of the hospitality (description).
   - Hosting/working sessions – detailed receipts for hospitality purposes, list of attendees, their institutions and their relation to the funded research.
   - Hosting – At least 1 person external to the research group participating in the hospitality.
   - Working sessions – Minimum 2 people, one must be external to the funded research but can be related to the research.

3. **Required supporting documentation for gifts to research test subjects:**
   - Must define the purpose or circumstances of the gift.
   - List of names of recipients and their signatures indicating they have received the gift. RSO staff have all agreed to the UofA FOIPP declaration
Compliant Transactions cont’d

4. **Required supporting documentation for salary and stipends:**
   - Signed/Approved records regarding personnel paid from grant funds, including names, categories, salary levels, duties/affiliation to the grant.
   - Signed/Approved time sheets for undergrads & NASA staff.
   - Length of time supported in each case.
   - Details of employee benefits charged and relevant calculations.
   - Employment Offer letter, and PAF or ePAF.

5. **Required supporting documentation for internal and shared expenses, with an indent or by invoice:**
   - Specific detailed documentation/invoice indicating the exact charges being shared and why.
   - The method of calculation or attribution for sharing the costs.
   - The Project Holder’s authorization for the charges.
Compliant Transactions cont’d

6. Required supporting documentation for supplies and services:
   • Copy of the written order from grant holder/delegate.
   • Packing slip or proof of receipt, this is to confirm that the U of A has received the items charged to the grant.
   • Invoices with authorized approver’s signature (if approval is delegated – include copy of delegation form/on-line delegation).
   • Supplier invoices indicating detail of purchases and the price paid.
   • Must indicate that it is directly related to and necessary for the advancement of the funded research, an economical use of the funds, and a need that is not provided by the institution (Indirect vs. Direct costs of research).
Compliant Transactions *cont’d*

7. **Required supporting documentation for SupplyNet purchasing:**
   - Justification for each purchase should indicate how the purchase is directly related to the funded research.
   - Approval routing is built into the system, except for purchases up to $500. Be sure to provide *Delegation of Signing Authority Form* for each transaction up to $500.
   - SMS holds the supporting documentation
Quiz  Compliant vs. non-compliant expenses

Which of the following supporting documents are compliant and which are non-compliant? What may be missing?

1. SupplyNet purchase up to $500 with delegation of signing authority form, packing slip acknowledging receipt.
2. An invoice authorized by lab technician.
3. Hosting claim stating the purpose of the meeting.
4. Copy of a hotel reservation.
5. An order for books and posters from a printer.
6. Travel claim with a signed receipt for a gift to host for accommodation along with complete justification.
7. Credit card slip for a vehicle rental.
8. Authorized indent with the amount and speedcode.
Answers – Compliant expenses in green text.

1. SupplyNet purchase up to $500 with delegation of signing authority form, packing slip acknowledging receipt. **Amounts** over $500 are routed to the PI, under $500 are self-authorized.

2. An invoice authorized by lab technician. **UAPPOL: Missing Delegation of Signing Authority, copy of order from grant holder/delegated signing authority confirming how it relates to the project.**

3. Hosting claim stating the purpose of the meeting. **UAPPOL: Receipt for hosting and who attended including their relationship to the project**

4. Copy of a hotel reservation. **UAPPOL: Purpose of trip as it relates to research, trip details, agenda or conference brochure and the individual’s relationship to the project.**
Answers – Compliant expenses in green text.

5. An order for books and posters from a printer. Must indicate what the books were for, how they relate to research, confirm they are not supplied by the UofA (bookstore or library).

6. Travel claim with a signed receipt for a gift to host for accommodation along with complete justification. Maximum “Purchase of gift” as a modest gesture of appreciation limited to $20 per day to max. $300 for entire stay.

7. Credit card slip for a vehicle rental. UAPPOL: Missing rental agreement or receipt including type of vehicle, charges, and proof of payment. Indicate why public transportation wasn’t used.

8. Authorized indent with the amount and speedcode. Missing detailed description and justification as to how it relates to the project.
Non-compliant Transactions

“The institution has the **right and responsibility** to withhold and withdraw approval of expenses that contravene the Agency’s policies”.
Expenditure Testing

• Leading up to the Tri-Agency monitoring visit in 2010, the UofA began regular expenditure testing. It is a requirement of the UofA Internal Auditor to monitor compliance to both university and sponsor policies.

• Expenditure testing at the UofA involves:
  • Monthly random sampling of research expenses chosen from a pool of funded research grants.
  • Individual expenses are identified and the department / administrator is asked to provide back up documentation.
  • Identified ineligible expenses must be removed from the grant.
  • Eligible expenses lacking proper supporting documentation are deemed to be non-compliant and must be corrected.
What happens if an ineligible expense is charged to a grant?

• If this occurs, the grantee will be informed that he/she must transfer the expense to another grant or use some other source of funds to cover the expense.

• The exact procedure to be followed will depend upon the department in which the grantee holds his/her grant.
What if an invoice is submitted for payment after the end date of the grant?

- In most cases, the grantee must request written authorization from the sponsor to have the expense posted to the grant after the end date. This may be permitted as long as the expense was incurred during the life of the grant and the item was received and used during the life of the grant. However, some exceptions to this may apply.
- Contact your Research Facilitator.
What if I don’t use all the money?

The Tri-Agencies and other sponsors have their own guidelines on unspent funds.

- In a given year they will often roll over to the next year for multi-year awards but must be used up by the end of award period.

- They will have the following conditions: return to sponsor, lapse to university, or retained by award recipient.  
  http://www.rso.ualberta.ca/Managing/TOR/GRF.aspx

- Unless an extension is authorized by the sponsor, the recipient cannot use unspent funds beyond the award period end date.

- If uncertain that written permission for an extension is required, contact your Research Facilitator.

- You can refer to the Award Letter / Authorization For Funding (AFF) for specific conditions related to the award. See your Researcher Home Page: https://www.prodps.ualberta.ca/psp/finprd/?cmd=login
What if I don’t use all the money? *cont’d*

For example, Tri-Agency sponsors:

- They permit an automatic one-year extension for many programs during which a grantee may continue to use up their grant.
- CIHR may approve one additional extension (one year) beyond the automatic extension period. Written permission is required.
- NSERC and SSHRC have programs with no automatic one-year grace period. They require written permission for an extension.
- **As of October 2017 the Grant Amendment form is replacing 6 previously existing forms.**
  
  [Tri Agency grant amendment form eng.pdf](Tri Agency grant amendment form eng.pdf)
Research Expenditure Best Practice Guide

This resource was developed to help researchers and administrators meet the financial obligations of our sponsors (with a particular emphasis on the Tri Agencies) and UAlberta policies and procedure requirements. The Guide contains a list of common issues identified through our expenditure testing process and provides solutions for dealing with the issues.

Please note the Guide should be used in conjunction with relevant sponsor guidelines and UAlberta policies and procedures.

To find a link to this resource, go to: [https://cloudfront.ualberta.ca/-/media/research-services/forms/doc-research-expenditures-best-practice-guide.pdf](https://cloudfront.ualberta.ca/-/media/research-services/forms/doc-research-expenditures-best-practice-guide.pdf)

Navigate to: Home > Receive & Manage Funding > Manage Funding > Eligible Spending > Expenditure Testing
Resources

2017 Tri-Agency (CIHR, NSERC & SSHRC) Financial Administration Guide

University of Alberta Policies and Procedures Online (UAPPOL)
https://policiesonline.ualberta.ca/PoliciesProcedures/Pages/Research.aspx (Research Policies)

Guide to Financial Management

Research Services Office (RSO)
https://www.ualberta.ca/research/services/

Research Expenditures Best Practice Guide
• Questions?
• Comments?
• Concerns?
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• The RAD evaluation form is accessible online. Click here or click on the blue checkmark below (right-click the hyperlink(s) and click Open Hyperlink to activate).