UNIVERSITY OF CALGARY

University Policy
University Procedure
Operating Standard

Project Accountability and Over-Expenditure Operating Standard

Classification Financial Management	Table of Contents
Approval Authority Vice-President (Finance and Services)	
Implementation Authority Associate Vice-President (Finance)	
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Purpose

1 The University administers large volumes of funds for projects. Over-Commitments and Over-Expenditures may result in the potential loss of University funds, increased administrative effort to resolve issues, and increased risk of non-compliance and ineligibility with Sponsor funding requirements.

The purpose of this document is to identify:

a) the types of projects this operating standard applies to;
b) the accountabilities and responsibilities of University employees and Project Holders; and
c) areas of responsibility for payment of Over-Commitments, Over-Expenditures and Uncollectible Amounts.

Scope

2 This document applies to Over-Expenditures, Over-Commitments and Uncollectible Amounts in projects.

This process applies to all externally restricted projects (Fund 50, 60 & 70). This procedure does not apply to:

- claim based projects or fee-for-service/cost recovery projects where the sponsor is invoiced based on expenses incurred or according to a set fee schedule; and
- Internally Restricted Net Asset (IRNA) projects (Fund 11, 12, 13, 14, 18 & 19).

Definitions

3 In this document:

a) "Continuing Grants" are grants or contracts awarded for periods of two or more years and paid in annual or periodic installments by Sponsors.

b) "Employee" means an individual who is engaged to work for the University under an employment contract.

c) "Project Holder" means the designated individual who has control over the funds, this includes individuals who have a contract to conduct sponsored research at the University. Applies to both internal and external funding awards.

d) A "Sponsor" is an organization, granting agency or entity which agrees to provide funds to a Project Holder to conduct a project.

e) A project is "Over-Committed" when future salary (e.g., payroll appointments) and non-salary (e.g., purchase orders) expenditures together with actual expenditures incurred to date for the project exceed the total revenues awarded to the project.

f) An "Over-Expenditure" for a project occurs when expenditures incurred to date for the project exceed revenue recorded to date for the project.

g) "SLT" means employees of the University who, at the relevant time, are designated as members of the Senior Leadership Team.

h) An "Uncollectible Amount" results when a Sponsor, for whatever reason, fails or refuses to:

i. pay the full amount of the award or contract that was agreed to; or

ii. a particular pledge payment or invoice related to the award or contract.

i) "University" means the University of Calgary.

Operating Standard Statement

4 Project Holder Accountabilities

4.1 Project Holders are required to have a reasonable understanding of:

a) the type of expenses that are eligible for their projects pursuant to the funding arrangements with the Sponsors;

b) the financial management software provided by the University to review financial transactions;

c) the Procedure for the Approval of Over-Commitments and Over-Expenditures in Projects; and

d) their responsibilities and financial liabilities under this document.

4.2 Project Holders will ensure:

a) that expenditures are approved in compliance with the requirements of the funding Sponsor;

b) that only eligible budgeted expenditures are approved for a project; and

c) that there are no unapproved Over-Expenditures or Over-Commitments.

4.3 Project Holders will also:

a) plan expenditures in accordance with the timing and amount of the approved budget;

b) regularly monitor the account balances of projects;

c) comply with expenditure limits for budget-line items imposed on the project unless written approval to exceed the limits has been obtained from the Sponsor or the University;

d) notify Research Accounting upon renewal of funding or a new source of funding beyond the current designated end date;

e) request inactivation of the project when it is completed, unless the end-date is specified in the award or contract; and

f) sign the *Financial Compliance and Eligibility Certificate* on an annual basis.

4.4 When an Over-Expenditure or Over-Commitment has the potential to exist where no future revenue will be awarded into the project and where research expenditures are required to continue on an interim basis the Project Holder will:

a) Request approval for the Over-Expenditure or Over-Commitment

b) Provide a plan of action to the dean if a faculty; the head if a school or department; or the most senior SLT member if an administrative unit which is not a faculty, school or department.

Liability for Authorized Over-Expenditures

4.5 Project Holders will be held personally liable for any unrecovered portion of an Over-Expenditure in a project under any of the following circumstances:

a) when prior approval was required under this operating standard but not obtained;

b) when approval was obtained under this operating standard, but the Sponsor had not confirmed or committed, in writing, to the new or continued funding of the project at the time of the approval;

c) when the Over-Expenditure results from ineligible expenditures, including any that are disallowed by the Sponsor following a review, audit or submission of financial reports;

d) when Over-Expenditures and/or Over-Commitments are not permitted under this operating standard.

4.6 Financial liability for approved Over-Expenditures are the responsibility of the following parties, in this order:

a) Project Holder – through other projects if funds are available and permitted to be used in this manner and/or personal liability, if appropriate;

b) faculty departmental projects, where there are discretionary funds available;

c) the Project Holder's faculty;

d) the University where there is administrative error or for expenditures the Project Holder or their delegate did not authorize.

Department or Faculty Accountabilities

4.7 The Project Holder's department or faculty will cover the shortfall in a project when:

a) all efforts to collect the shortfall from the Project Holder have been fully exhausted including Over-Expenditure occurrences under section 4.5; and/or

b) an invoice is deemed to be an Uncollectible Amount under the terms of the Cash Management and Billing Policy.

4.8 The dean of a faculty; the head of a school or department; or the most senior SLT member of an administrative unit which is not a faculty, school or department will:

a) review quarterly Over-Expenditure and invoice aging reports for all projects in the dean's faculty;

b) follow-up with the Project Holders, if required; and

c) review and authorize (or disallow when necessary) Over-Commitment or Over-Expenditure requests from the Project Holders.

Research Accounting Accountabilities

4.9 Research Accounting will:

a) provide accurate and timely financial reporting to all applicable stakeholders;

b) receive and monitor for compliance authorized requests for Over-Expenditures from faculties;

c) provide training to Project Holders on how to view financial transactions and account balances;

d) advise Project Holders regarding their financial liability;

e) monitor compliance with this Operating Standard.

4.10 Research Accounting will issue *Over-Expenditure Reports* on a quarterly basis to all Project Holders whose projects are over-expended and provide a summary report to the deans.

4.11 Finance will notify Project Holders when invoices to Sponsors are overdue by more than 90 days.

Violations of this Operating Standard

4.12 If an unauthorized Over-Expenditure is not satisfactorily addressed by the Project Holder within 30 days the dean of a faculty; the head of a school or department; or the most senior SLT member of an administrative unit which is not a faculty, school or department may request suspension of all projects of the Project Holder until such time as the Over-Expenditure is rectified.

Responsibilities **5**

5.1 The Vice-President (Finance and Services) will:

a) oversee compliance to the extent possible given the systems and resources.

5.2 The Associate Vice-President (Finance) will:

a) monitor compliance with this Operating Standard and related procedures.

5.3 Project Holders will:

a) understand and comply with this operating standard.

5.4 Deans / department heads / senior SLT member will:

a) review reports from Research Accounting; and

b) evaluate requests for Over-Commitment or Over-Expenditure.

5.5 The Research Accounting Office will:

a) report as required under this operating standard;

b) provide services as outlined in this operating standard.

Procedure **6** Project Accountability and Over-Expenditure Procedure

Instructions/Forms **7** Approval of Over-Expenditures & Over-Commitments in Projects

Related Policies **7** Contracts for Research Policy
Research Overhead and Indirect Costs Policy
Research Integrity Policy
Cash Management and Billing Policy

History **9** *Drafted:* 1987

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