

Proposed Changes to the Tri-Agency Financial Administration Guide

Based on Feb, 2018 Draft Guide

Background

- The Tri-Agencies launched the Renewal of the Tri-Agency Financial Administration in September 2017.
- A large part of the Renewal will involve streamlining and simplifying the administration and use of grant funds by creating a principles-based Tri-Agency Financial Administration Guide in consultation with the community.
- The vision for this updated Guide is to promote efficiencies, reduce administrative burden, and provide greater flexibility to administering institutions and grant recipients in ensuring the appropriate accountability and use of grant funds.
- Time to adapt to the reality that compliance costs are becoming unreasonable.

Resources

Canada's Fundamental Science Review (the Naylor report) – www.sciencereview.ca

- Improved coordination of the “four pillar agencies” including the removal of inconsistencies within the Guide
- Increased focus on “independent investigator-led research”

Principles

“Contribute towards the direct costs of the funded research and the benefits be directly attributable to the funded research/activities”

Clarification requested:

What is meant by “funded research”? Tri Agencies have stated that researchers may have flexibility as to how their grant is spent as their research evolves so do we have to tie the expenditure to the submitted proposal? The definition of “funded research” must be clarified or changed to “Grant Recipient’s research” to be consistent.

Principles

“Not normally be provided by the administering institution to their personnel”

- The institution must provide a basic level of services and facilities to researchers. The awarding of a grant should not be used a reason to stop providing lab maintenance for example.
- If a faculty ceases to provide a basic service to its researchers, we will need to consider whether it's reasonable for the expense to be picked up by research grants. *Not worth following up on whether researchers are buying pens or paper though considering the small dollar amounts.*
- Tri Agencies acknowledge that the Research Support Fund does not cover 100% of indirect costs and it may be reasonable for grant recipients to cover certain indirect costs.

Principles

“Be effective and economical and not result in any personal gain”

- No longer simply require that travel use the most economical rate available
- “Personal gain” may not be the ideal term but they want to tie in to the institution’s conflict of interest policies where possible.

Authority to Use Grant Funds

“Only the grant recipient or individuals duly delegated...can authorize grant expenditures”

- No longer provides restrictions on who the delegate can be. Previously prohibited “administrators”. The only condition now is that the delegate must understand the research being performed.

Reporting and Supporting Evidence

“The administering institution...must keep complete and accurate records”

- It was confirmed by the Tri Agencies that they will accept scanned copies and electronic approvals.

Oversight of Use of Grant Funds

“Administering institutions shall establish and apply policies, procedures and controls impartially to oversee the appropriate use of the grant funds”

- This principle provides institutions with the mandate to implement policies, procedures and controls they feel are necessary to manage grant expenditures.
- Tri-Agencies interpretation of this principle is that it introduces the concept of “materiality” into the review and approval of expenses.

Employment and Compensation Expenses

“The administering institution must apply their policies impartially by providing the same employment and compensation conditions whether the individuals are employed for funded research activities or other purposes”

- It was brought to the Tri-Agencies attention that many institutions have distinct collective agreements for research or “trust-funded” employees would be extremely difficult to comply with this requirement.

Employment and Compensation Expenses

“Adjustments made to a grant recipient’s fund account in respect of compensation expenses require documentation...supporting the reason for the adjustment and the authorization of the grant recipient or their duly delegated representative”

- This aligns with the UofA’s recently introduced Salary and Benefit Adjustment procedure.

Employment and Compensation Expenses

“Agency grant funds may not be used to provide compensation to the grant recipient or any individuals who are eligible to apply for Agency grants in the role equivalent of a Principal Applicant”

- Significant concerns have been expressed by all institutions about the difficulty we have in evaluating payments made to individuals that are not employed by them (i.e. visiting lecturers).

Employment and Compensation Expenses

“The Tri-agency views postdoctoral studies as a short term period of training...The Tri-agency defer to the administering institutions’ policies that establish limits on the tenure of post-doctoral studies”

- The Tri Agencies no longer intend to set out their own time limits although they “strongly encourage” all institutions to have their own.

Non-Discretionary Benefits

“If compensation includes the provision of non-discretionary employment benefits please refer to the Agencies’ interpretation bulletin for the definition and eligibility requirements of non-discretionary employment benefits”

- Interpretation bulletin is not yet available
- Non-discretionary benefits include those benefits that are mandated by legislation and those benefits that are mandated by hiring policies, practices and negotiated collective agreements. *(as per supplementary document provided by Tri Agency)*

Goods and Services Expenses

“Goods and services expenses must be supported by documentation, as prescribed by the administering institution’s policy and requirements. If in the opinion of the administering institution the grant funded purposes for acquiring a good or service is unclear, justification is to be obtained from the grant recipient”

- It’s up to the institution to determine if and when justification is necessary.

Hospitality Expenses

Hospitality costs must be for networking purposes directly related to the funded research (meeting with partners, stakeholders, guest researchers) provided in the context of:

- *A formal courtesy or as a form of cultural respect and/or*
- *Assemblies or gatherings where the majority of the participants are outside of the grant team/personnel”*

Gifts, Honoraria, Incentives

“Gifts, honoraria and incentives must be modest in value”

“The cost of the gift, honorarium or incentive must be supported by documentation as prescribed by the administering institution’s policy and requirements”

- Refer to the Tri-Council Policy Statement: Ethical Conduct of Research Involving Humans (TCPS 2) interpretation bulletin on Privacy and Confidentiality for details on the ethical duty of confidentiality of human subject participants.

Deviation from Proposed Budget/Activities

“Unless otherwise specified by the Agency, grant recipients may generally deviate from the proposed research activities and/or schedules. Furthermore, they are not required to adhere strictly to the allocation of funds set out in the application as long as they use their grant for the broad purpose for which it was originally awarded”

- The Tri Agencies are trying to become more results oriented which means the requirement for budget categories needs to be reviewed.
- There will be much less focus on ensuring grants are spent according to submitted budgets as long as the grant recipient is performing research for the “broad purpose” for which the grant was awarded.

Extension Periods

“Funding opportunities may require the recipient to submit a written request for Agency approval via the “Grant Amendment Form”

- It was recommended by the institutions that the Grant Amendment Forms must be submitted to each institution’s research services office prior to submission to the Tri Agencies.
- Requests are not required for the automatic extensions already provided.

Transfer of Funds

“A secondary administering institution may subsequently transfer a portion or all of the transferred funds to an individual located at a third administering institution, if permitted by the primary administering institution...this also applies to the transfer of grant funds beyond a third administering institution”

- Required especially for SPOR's, networks and superclusters but not exclusively.
- If an institution believes that such transfers will create difficulties in financial reporting or governance, they may restrict the ability of transferees to further transfer funds at its discretion.

Sabbatical / Research Leave

“The Tri-Agency considers sabbatical leave to be an elective choice between the grant recipient and their institution. Accordingly, the leave should not result in any incremental costs to be charged to grant funds”

- Examples of expenses not automatically eligible:
 - Moving research equipment to a sabbatical location
 - Travelling to or from the sabbatical location
 - Travel costs to a conference that exceed that it would have been if the recipient was not on sabbatical
- Onus on one-over's and internal control to know when their faculty members are on sabbatical when reviewing travel claims and approving expenses.

Parental, medical and family medical leave

- Harmonization of the extension in time up to 2 years
- The current approach used by NSERC of offering funded extensions will be harmonized among the Tri-Agency.

Ethics Certifications

- General understanding that no work should be performed on animals and humans without valid ethics certifications in place.
- Controls in place to ensure this could be financial or other.
 - For example, they may consider controls that prevent researchers from buying animals if they don't have active ethics certifications.
 - Still not clear how you stop work from being performed by a grant recipient if money doesn't need to be spent though.

Training

- The Tri Agency will be developing training materials targeted to researchers and their delegates on the changes to the Guide. The objective is that every grant recipient/delegate will receive the training (similar to the US Federal Award requirement to undergo FCOI training).
- What steps can we take at the UofA to ensure all people who need to take this training are doing so?

Financial Monitoring Reviews

- Financial Monitoring Reviews will continue but will be considered “partnering” exercises between the Tri Agency and the institution to evaluate processes and controls.
- Financial Monitoring should not result in “hand-slapping” when done properly.
- The Tri Agency’s Financial Monitoring team will need extensive training on the new approach to ensure old practices and attitudes are not being resurrected.
- The assessment of an institution’s processes will be tightly connected to the nature of the reporting tools provided to researchers to track and monitor their spending.

Suspension of Financial Monitoring Reviews

In light of the review of the Tri-Agency Financial Administration Guide, the Agencies are suspending their financial monitoring reviews and follow-up exercises until July 2018. The Agencies feel that monitoring based on a Guide that will be substantially changed would not be beneficial to either the Agencies or the administering institutions.

For those organizations that have recently had a Financial Monitoring review and are working to implement further control mechanisms to meet the requirements of that review, we encourage you to contact the Agencies so that we may discuss postponing those implementations.

Notwithstanding this suspension, we encourage all organizations to continue any improvements of your financial administration of Agency funds in order to ensure sound controls are in place.

Next Steps

- The University of Alberta has requested to be an “early adopter” of the new guidelines. If accepted, the new guidelines would be effective July, 2018.
- Being an “early adopter” is an invaluable opportunity to provide direct input the final version of the Financial Administration Guide which is scheduled to be released April, 2019.