

Research St. Joseph's – Hamilton (RSJ-H)		Pages 1 of 3	Number 038-RSJ-H
Policy Title Application of Budget Control		Date 01 September 2014	
Supersedes New policy	Cross Reference 037-RSJ-H	Issuing Authority RSJ-H Scientific Director	
<input checked="" type="checkbox"/> Charlton Campus	<input checked="" type="checkbox"/> West 5th Campus	<input checked="" type="checkbox"/> King Campus	

Position responsible for developing and maintaining the policy: RSJ-H Scientific Director

1.0. POLICY

At Research St. Joseph's – Hamilton (RSJ-H) a budget control policy for research accounts has been introduced for accounts administered through Research St. Joseph's - Hamilton, which allows researchers to incur expenditures only to the funding limit of each grant or contract awarded to them. The primary objective of this policy is overdraft prevention and control, by restricting overdraft privileges to special circumstances, under specific conditions and terms.

The responsibility for effective management of research budgets is shared by researchers, academic department Chairs, Directors of Research Institutes/programs and the Scientific Director, RSJ-H. It must be emphasized however, that the researcher who has primary signing authority on his/her research account (the "account holder") is accountable for exercising responsible fiscal management and for monitoring closely the financial status of individual research accounts to ensure that each account is not overdrawn. The managers of the Research Institutes, Research Administration, and Finance Services are available to the account holder as a resource to advise and facilitate proper management of research accounts. Should an overdraft be incurred without prior approval of the institute Director or Scientific Director, RSJ-H, the account holder is personally responsible for its elimination.

The RSJ-H recognizes different strategies must be employed to address the various overdraft issues (prevention, unauthorized and approved) and will adopt the following procedures.

2.0 OVERDRAFT PREVENTION

These procedures are in place to ensure overdrafts are not incurred without specific authorization by RSJ-H as outlined in the 037-RSJ-H *Budget Control* policy.

2.1 A copy of the *Budget Control* policy for research accounts resides in the MyStJoe's intranet site.

2.2 The researcher who has primary signing authority on his/her research account is the "account holder" and is required to sign the Signing Authority form with the Request for Opening New Research Account form to confirm:

- a) That the account holder and other parties delegated by the account holder for signing authority has read, understands, is familiar with, and will periodically review and comply with the following:
 - i. The policies, terms and conditions of the sponsor;

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- ii. The Budget Control Policy for Research Accounts;
 - iii. The Travel Expenses Policy;
 - iv. All other applicable policies of the RSJ-H and St. Joseph's Healthcare Hamilton institutes.
- b) The account holder accepts his/her personal responsibility for any unauthorized overdraft in the account.

The signed Signing Authority form must be returned to Research Administration before a new research account can be activated or expenditures can be processed against renewal funding.

2.3 The Scientific Director, RSJ-H or delegate must authorize the following:

- a) Request for staff forms;
- b) Notice of change of payroll forms for salary transfers / adjustments;
- c) Offer letters and payroll information for post-doctoral fellows and research staff (the latter is also applicable to research associates and visiting scientists).

2.4 Research Administration in conjunction with any Institute Director, where applicable, will review and monitor the financial status of research accounts to ensure funding is not over committed.

2.5 Research Administration will advise account holders in writing of overdraft situations and will require action to be taken by the account holder to adjust expenditures to the level of funding available. Such adjustments may include staff elimination which can be authorized by the Scientific Director, RSJ-H without consent of the investigator.

2.6 Research Administration has authority to withhold authorization for charges which include salary commitments, travel and other direct costs and/or freeze accounts in order to affect budget control as outlined in 3.0 unauthorized overdrafts.

3.0 UNAUTHORIZED OVERDRAFTS

3.1 Should an overdraft be incurred in a research account without prior approval, the account holder is responsible for its elimination, which may include personal liability.

3.2 **Deficit balances in an account designated as discretionary are strictly prohibited.**

3.3 In the case of unauthorized overdraft, the account holder, and the Scientific Director, RSJ-H may be informed by Research Administration in writing of the following:

- a) The amount of the overdraft;

- b) Further expenditures may not be processed against the account;
 - c) Any unprocessed expenditures incurred will be considered the responsibility of the account holder and;
 - d) The account will have inactive status until resolution.
- 3.4** The account holder may be required to send letters of termination to staff paid from such accounts, taking into consideration the period of notice required by the *Employee Standards Act*. Termination of staff must be coordinated with Human Resources in order to ensure compliance with policy and the *Employment Standards Act*.
- 3.5** In addition, Research Administration may request the account holder to review expenditures processed against the account and to take corrective action by transferring expenditures to other accounts as appropriate.
- 3.6** Further, unless precluded by funding terms, all or part of an outstanding overdraft, depending upon the funding level will be first charged against any renewal or new award obtained by the researcher for related research. Expenditures on the renewal/new grant must be adjusted to the remaining surplus balance. Further expenditures on the renewal/new account will be subject to the budget control policy for research accounts.
- 3.7** If there is still an overdraft in the account after steps 3.3, 3.4 and 3.5 have been taken, the account holder will be personally responsible to find other alternatives for its elimination. Such alternatives are to include earmarking all supervision allowances and/or consulting fees generated from RSJ-H related research contracts towards the reduction and elimination of the overdraft.
- 3.8** Should the account holder be unable to cover the remaining overdraft, the RSJ-H may take appropriate legal action to recover any outstanding amount.
- 3.9** The elimination of a deficit incurred when a sponsor has withheld payments because the research account holder has not complied with the terms and conditions of the grant/contract (e.g. failure to submit a final scientific report, non-acceptance of a scientific report by the sponsor) is the sole responsibility of the research account holder.
- 3.10** Once the account is balanced, it will be closed by the RSJ-H if the account administered has finite funding.
- 3.11** Investigators who have an overdraft, or whose commitments exceed their funding, are advised to discuss their situation with the Scientific Director, RSJ-H and/or research finance personnel at the earliest possible moment to allow implementation of mitigation strategies as available that might reduce the size of the overdraft. For examples, opportunities may exist for sharing research staff that will reduce salary or severance commitments of investigators.