

TITLE

RESEARCH SPECIAL PURPOSE FUND ACCOUNT DEFICIT MANAGEMENTSCOPE

AHS Representatives responsible for research account funds and expenses

DOCUMENT

1150-01

APPROVAL LEVEL

Vice President Research, Innovation & Analytics
Vice President Corporate Services & CFO

SPONSOR

Research, Innovation & Analytics
Finance

INITIAL EFFECTIVE DATE

May 17, 2016

CATEGORY

Financial Stewardship

REVISION EFFECTIVE DATE

Not applicable

PARENT DOCUMENT TYPE & TITLE

Policy Level 2: Research Grants and Clinical Trial Funding

NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

If you have any questions or comments regarding the information in this procedure, please contact the Policy & Forms Department at policy@albertahealthservices.ca. The Policy & Forms website is the official source of current approved policies, procedures, directives, and practice support documents.

This procedure is to be used with the *Research Grants and Clinical Trial Funding Policy*.

OBJECTIVES

- To ensure that restricted **research accounts** housing external **research funding** administered by Alberta Health Services (AHS) are effectively managed for cost-overruns through:
 - Effective monitoring and reporting of **deficit** balances on a regular basis; and
 - Consistent processes to address research accounts with **persistent deficits** in a coordinated manner between **Provincial Research Administration or designate (Research Administration)**, Finance and the **funding recipient**.

APPLICABILITY

Compliance with this procedure is required by AHS employees, members of the medical and midwifery staffs, Volunteers, and other persons acting on behalf of AHS who have responsibility for research account funds and expenses. Individuals with **concurrent appointments** and those using AHS resources for the purpose of innovation and research shall also comply with this procedure.

ELEMENTS

1. Background

- 1.1 Ensuring research expenses incurred are recoverable and effective monitoring of research funding balances is essential to the sound financial administration of research funding administered by AHS.
- 1.2 As per the *Research Grants and Clinical Trial Funding Policy*, the **Principal Investigator** or a funding recipient (primary authority) is responsible for any deficit incurred by the research study upon research funding termination. In the absence of a primary authority, designated signing authorities may be responsible for the deficit.

2. Monitoring of Research Accounts

- 2.1 Finance shall:
- a) Generate the following financial reports on a monthly basis:
 - (i) Summary and Detailed Statements of Revenues and Expenditures Report which provides the fund account balance and details of revenue and expense transactions of each research account.
 - (ii) Principal Investigator Report which provides an overview of the revenue, expense and funding balances of all research accounts associated with each **Account Holder**.
 - (iii) Research Deficit Summary Report which lists all research accounts in a deficit position, and the current month's deficit balances and related aging, previous funding balances, explanations for the deficit situation, and action plan previously identified to address underlying issues.
 - b) Distribute the financial reports per Section 2.1 (a) to the appropriate report recipients on a monthly basis:
 - (i) The Summary and Detailed Statements of Revenues and Expenditures Report shall be distributed to the contacts listed on the research account's Terms of Reference (TOR);
 - (ii) The Principal Investigator Report shall be distributed to Account Holders; and
 - (iii) The Research Deficit Summary Report and copies of the Principal Investigator Reports shall be distributed to Research Administration.

- c) Review deficit balances in excess of \$25,000, on a quarterly basis, at minimum.
- d) Obtain explanations for the deficit situation and identify action plans for clearing deficit balances through account analysis, review of information obtained from previous periods, and liaising with the Account Holders and/or Research Administration.
- e) Maintain a research deficit tracking system that will:
 - (i) track of the number of days a research deficit has been outstanding;
 - (ii) document explanations for the deficit position;
 - (iii) record actions taken or to be undertaken to resolve the deficit; and
 - (iv) compile and retain all applicable correspondence.
- f) Collaborate with Account Holders or designates, to resolve **deficits due to short-term timing differences** through the allocation of shared expenses, at minimum on a quarterly basis and timely recording of funding receipts and revenue or expense adjustments.

2.2 Account Holders or their designate shall:

- a) Review the Summary and Detailed Statements of Revenues and Expenditures and the Principal Investigator Report;
- b) Notify Finance of any anticipated temporary deficit in excess of the threshold per Section 2.3 b (ii) as soon as reasonably possible;
- c) Minimize or resolve research deficits due to short-term timing differences by:
 - (i) Collaborating with Finance to ensure that:
 - Shared research expenses are allocated at minimum on a quarterly basis; and
 - Funding receipts and revenue or expense adjustments are recorded in a timely manner.
 - (ii) Ensuring that research funding is received from the **funding agency** or sponsor in accordance with the timelines specified in the research funding agreement.

2.3 Research Administration will:

- a) Review the Research Deficit Summary Report and Principal Investigator Reports on a monthly basis.

- b) Initiate the research account deficit resolution process as outlined in Section 3 for research accounts with persistent deficits which meet the following criteria:
 - (i) Deficit is likely the result of over-expenditures rather than short-term timing differences;
 - (ii) Deficit is in excess of \$25,000;
 - (iii) Deficit has been outstanding for at least 90 days; and
 - (iv) Deficit does not have an approved recovery or repayment plan.

3. Research Account Deficit Resolution

- 3.1 Research Administration will send a notification letter and a copy of the latest Principal Investigator Report to the Account Holder, and all relevant parties, including but not limited to Finance, Department Chair or Program Director/Lead, Divisional Director, and Vice President, Research, Innovation & Analytics. The notification letter will include:
 - a) A reminder that a deficit incurred by a research study is the responsibility of the primary authority, or designated signing authorities;
 - b) A request that a written response be provided within 30 days, including a notification of anticipated revenue that will cover the deficit, or alternatively, a recovery plan to address the deficit and future expense commitments; and
 - c) An outline of the process associated with deficit resolution.
- 3.2 The Account Holder shall provide a written response to Research Administration within 30 days from the date of the research deficit notification letter.
- 3.3 If the Account Holder fails to respond to the initial notification letter within 30 days from the date of the letter, Research Administration will issue a second notification letter.
- 3.4 If a response to the second notification letter is not provided by the Account Holder within 30 days from issuance date, Research Administration will convene the Account Holder, other account signing authorities and all relevant parties to discuss a resolution plan.
- 3.5 Research Administration will review the Account Holder's written response to the research deficit notification letter, and provide a copy of this document to Finance.
- 3.6 If additional funding is not forthcoming because the deficit is due to over-expenditures, the Account Holder's response, as required in Section 3.4, to the research deficit notification letter should include a recovery plan and a

commitment to resolve the deficit. The recovery plan needs to also address future expense commitments. All accounts in a deficit due to over-expenditures must be resolved within one year of the approval date of the recovery plan.

- 3.7 Research Administration and Finance will review the recovery plan submitted by the Account Holder, taking into account the overall context of the Account Holder's on-going research activities and funds held in research **contingency account(s)** and **indirect cost account(s)**. Requests for recovery plan to span greater than one year will be assessed individually.
- 3.8 If complete recovery is unlikely, Research Administration will work with the Account Holder where appropriate to initiate a repayment schedule as part of the overall recovery plan.
- 3.9 The recovery plan will be jointly approved by Research Administration and Finance.
- 3.10 Confirmation from other parties may need to be in place as part of the approval process (e.g., Department Chair or Program Director/Lead) depending on the nature of the recovery plan.
- 3.11 Research Administration will provide assistance to the Account Holder in the implementation of the approved recovery plan.
- 3.12 If the recovery and/or repayment plan fails to clear the deficit and following appropriate consultation with the relevant parties engaged in the resolution planning, Research Administration will provide the Account Holder with a month notice of pending account suspension. A copy of the account suspension letter shall be provided to all relevant parties, including but not limited to Finance, Department Chair or Program Director/Lead, Divisional Director, and Vice President, Research, Innovation & Analytics.
- 3.13 Upon notification of account suspension, the Account Holder, in coordination with Research Administration and other parties as appropriate, will:
 - a) Identify an appropriate restricted or operating account(s), starting with the appropriate contingency account(s), to clear the outstanding deficits and to address the continuing commitments of the project;
 - b) Implement a plan to address impacted study staff; and
 - c) Remain responsible for any deficit incurred by the project once all research funding has been expended.
- 3.14 The Account Holder, in coordination with Research Administration and other parties as appropriate will suspend the study if:
 - a) If requirement per Section 3.13 (a) is not met; and

- b) there is no direct impact on patient care and safety, and no breach of contract with funding agency or sponsor.
- 3.15 The Account Holder can appeal the account suspension by Research Administration to the Vice President, Research, Innovation & Analytics.
- a) The appeal request must be submitted in writing within five (5) business days of letter notification and include sufficient justification against the suspension.
 - b) The Vice President, Research, Innovation & Analytics or designate will review the appeal and respond with a written decision within ten business days of receiving the request.
 - c) A copy of the decision will be provided to Finance.
- 3.16 Request for re-activation of the account must be in writing to Finance. The decision to re-activate the account will be determined by Finance, Research Administration, and the Department Chair or Program Director/Lead, where appropriate.
- 3.17 Research Administration, Finance and other relevant parties will perform appropriate steps to clear any unrecoverable deficits upon close-out of the research study.

DEFINITIONS

Account Holder means a Principal Investigator or an AHS Program Area primarily responsible for the management of a research account and the resolution of any related deficits as identified on the Research Terms of Reference.

Concurrent appointment means an individual who holds an academic appointment at an academic institution (e.g., University of Alberta or University of Calgary) and a clinical function with AHS.

Contingency account means a restricted functional centre set up for a funding recipient to hold funding not exceeding \$10,000 and without stipulations for external financial reporting and repayment of surplus funds; or residual funding from completed studies that are not affiliated with an **indirect cost account**. This account is only to be used for research-related purposes, such as clearing shortfalls in study accounts, or payment of research expenses not covered by a particular research funding agreement, including educational activities of the funding recipient or research staff.

Deficit means excess of expenditures over revenue as at a certain date.

Deficits due to short-term timing differences mean temporary deficits resulting from delays in the receipt of funds or allocation of shared expenses by up to 9 months.

Funding agency means an individual or entity providing the research funding. A funding agency may also be referred to as a sponsor.

Funding recipient means any individual acting on behalf of AHS who applies for a grant and/or receives a grant or clinical trial funding.

Indirect cost account means a restricted functional centre set up for affiliated studies or Principal Investigators for shared costs. An indirect cost account is to be used only for expenses that cannot be immediately attributed to individual study accounts. A primary authority must be appointed to oversee the management of the account.

Persistent deficits means deficits that reoccur, or are expected to reoccur in a subsequent period.

Principal Investigator means an individual who is primarily responsible for conducting a research study or clinical trial.

Research account means:

- a research study or clinical trial account that has an executed research funding agreement and an approved Terms of Reference;
- an indirect costs account; or
- a contingency account as outlined in Section 2 of the *Research Grants and Clinical Trial Funding Policy*.

Provincial Research Administration or designate (“Research Administration”) means the designated operational unit providing administrative support and research infrastructure for clinical and health researchers, as delegated by Research, Innovation & Analytics.

Research funding means funding awarded by an external funding agency to eligible individual(s) to support a clinical trial project or health research project. This includes revenue for research-related travel and other allowable research-related expenses.

REFERENCES

- Alberta Health Services Governance Documents:
 - *Research Grants and Clinical Trial Funding Policy* (#1150)
 - *Restricted Grants Policy* (#1136)
- Alberta Health Services Forms:
 - *Research Account Terms of Reference Form* (#18986)

VERSION HISTORY

Date	Action Taken
April 14, 2016	Initial approval
May 17, 2016	Initial effective
May 2019	Schedule for review