

Complete Policy Title: Internally Sponsored Research Accounts	Policy Number (if applicable): n/a
Approved by: President's and Vice President's (PVP)	Date of Most Recent Approval: February 3, 2009
Date of Original Approval(s): February 3, 2009	Supersedes/Amends Policy dated: n/a
Responsible Executive: Vice-President, Research and International Affairs	Enquiries: Office of Research Services or Health Research Services
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CONTEXT

As a research intensive University, McMaster is committed to promoting, advancing and supporting research excellence. As a demonstration of this commitment, McMaster invests in the recruitment of promising and leading researchers and their start-up research programs, as well as new research initiatives. These investments are administered in research ledger accounts.

INTERNALLY RESTRICTED ACCOUNTS

Internally restricted accounts administer funds transferred within the University in support of research and research-related activities. The sources of funding administered in such accounts may be diverse, for example, operating, overhead and/or practice plan monies, as well as others. Given the source of funds is internal, such accounts are classified as Internally Sponsored Research (ISR) and segregated for institutional reporting purposes. For external financial reporting (GAAP), these funds will be classified in the Net Assets section of the balance sheet as internally restricted reserves.

APPROVAL PROCESS

The sources of ISR investments are generally Departments, Faculties and/or the Vice-President, Research & International Affairs. In these situations, the authorization of ISR investments (herein referred to as the "Sponsor") rests with the Department Chairs, the Faculty Deans (and Assistant Deans), and the Vice-President, Research & International Affairs who provided the original funds. The Sponsor(s) of ISR activities will provide the appropriate research administrative office(s) with written commitments of such investments, including the following information:

1. amount of funding, timing and source of funds;
2. title of the research program or project to reflect the purpose of the support;
3. expected completion date;
4. position title of authorized Sponsor;

5. the Sponsor's account(s) where the ISR funds are coming from (where any residual funds will be credited at the end of the research project); and
6. terms and conditions of the funding, as may be appropriate, including commitments to match external research programs, as applicable. A provision for the distribution of any residual funds that exist at the expected project completion date may also be included in the terms and conditions of the funding.

Upon receipt of the above documentation, the applicable research administrative office(s) will:

1. establish a new, dedicated research ledger account, identified as an ISR account;
2. create an Award and Account Notice (AAN) including the information provided above;
3. enter the expected completion date into the financial system; and
4. distribute the AAN to the account holder, Research Accounting, Department Chair and funding provider(s) to ensure all parties are aware of the funding for compliance and accountability purposes

ALLOWABLE EXPENSES

All expenditures on ISR accounts must (1) comply with University policies and procedures, and (2) directly support the original purpose, terms and conditions of the award. Eligible expenses are normally, but not limited to, those allowed by the Federal Tri-Council Agencies. While other than Federal Agencies' allowable research expenses will be considered, a direct link and benefit to the research must clearly be demonstrated by the account holder in order for the expense to be processed by the University.

Allowable expenses exclude amounts that are not "reasonable" in the circumstances, personal and living expenses, and expenses for which the researcher previously has been reimbursed.

If the eligibility of an expense is questionable, the researcher is encouraged to contact the Research Finance office within the Faculty of Health Sciences or the Office of Research Services, as appropriate. In the case of a disagreement regarding whether a legitimate business expense (i.e., not personal, nor duplicate claim) falls within the scope of the project or not, it is up to the Sponsor(s) to make the final decision.

ANNUAL REVIEW

On an annual basis, a system generated report will be produced that shows all ISR accounts with account balances that have an expected completion date in the current fiscal year by faculty member, and sorted by faculty.

These ISR accounts will be reviewed by the applicable research administrative office and a notice will be sent to the account holder (copied to Sponsor(s)) to determine which of the following actions the account holder is requesting from the Sponsor(s): (1) an extension of the ISR account completion date; (2) a change in the intended use of the funds; (3) the closing of the account with the residual

funds transferred to another account; or (4) the closing of the account with the residual funds returned to the Sponsor(s). The report will be updated with the Sponsor(s) approved action and once completed, the report will be distributed to the appropriate Faculty Dean(s) for their review and approval. Once the report has been approved, the relevant research administrative office will implement the documented course of action for each ISR account in the report.

A separate system generated annual report of the closing balances of ISR accounts sorted by department and Faculty will be made available to respective department chairs, the Dean(s), the Vice-President, Research & International Affairs, and the Provost.

STATUS CHANGE OF ACCOUNT HOLDER

If an account holder is no longer employed by McMaster University or is no longer active in the research program related to the ISR account, any unspent funds in the account will be returned to the Sponsor(s). If the account holder is granted Professor Emeritus status, the Sponsor(s) may extend the grant. The account will then be reviewed annually to determine if the Sponsor(s) would like to continue to extend the grant on an annual basis.