THE UNIVERSITY OF AUCKLAND POLICY ON BALANCES OF RESEARCH PROJECT ACCOUNTS AT PROJECT END DATE

Research Policy

1.0 PURPOSE
This policy relates to the termination of research project accounts for University-sponsored research grants and externally-funded research contracts and grants that have reached the award expiry date.

2.0 POLICY

2.1 Faculty Research Development Fund
Faculty Research Development Fund (FRDF) projects expire automatically on the expiry date specified in the award notice and no extensions will be possible. Prior to the expiry date, system generated email notices explaining the project closeout procedures will be sent to the Principal Investigator (PI). On termination, any unspent funds remaining in the research account will be returned to the University Sponsored Research Fund pool.

For accounting purposes a research project will remain open for three months after the grant expiry date so that commitments made up to the expiry date can be processed. This is known as the acquittal period.

Faculties will be responsible for over-expenditure on any research accounts held by their faculty members. Over-expenditure will be recovered from a nominated host department operating account.

2.2 Research Committee Funds
University sponsored research projects expire automatically on the expiry date specified in the award notice. Prior to the expiry date, system generated email notices explaining the project closeout procedures will be sent to the Principal Investigator (PI). On termination, any unspent funds remaining in the research account will be returned to the University Sponsored Research Fund pool.

If an extension of time is required this must be arranged before the project expiry date and application must be made in writing to the University of Auckland Research Committee (UARC) via the Research Office. The approval process is delegated to the Chair of UARC, and the Research Office Manager and Chief Technical Advisor. Extensions will be approved only in exceptional circumstances beyond the control of the PI.

For accounting purposes a research project will remain open for three months after the grant expiry date so that commitments made up to the expiry date can be processed. This is known as the acquittal period.

Faculties will be responsible for over-expenditure on any research accounts held by their faculty members. Over-expenditure will be recovered from a nominated host department operating account.
2.3 Reporting Requirements for Faculty Research Development Fund and University Sponsored Research Grant Accounts

A written report on the research project (including a final Statement of Account) is required within three months of the award expiry date.

Three months before the termination date of a project, a system generated reminder notice will be emailed to the PI advising that a final report is due. Further reminders will be sent to the PI one month and one week before the report due date unless the report has already been submitted.

Failure to provide a report by the due date on a Faculty Research Development Fund award will result in the following action: any moneys spent on the project will be transferred to faculty expenditure, and the full amount allocated from the Faculty Research Development Fund will be returned to the University General Research Support pool.

2.4 Externally Funded Research Contracts and Grants

At the expiry date of a contract or agreement, all transactions and commitments must be finalised promptly. Balances remaining in externally funded research project accounts after all commitments have been processed will be treated according to the funder’s requirements as specified in the funding contract/agreement. The procedures described below are aligned with these requirements and with the existing processes for internal grants such as the FRDF. The possible treatments of externally funded research project balances are:

**Overspent (Debit) Balances**

As soon as it is clear that a research project is overspent and there are insufficient future revenue payments to cover any losses, the project account will be closed for financial transactions by Research Office Finance. Research Office Finance will advise Faculty/LSRI Finance staff to review and propose any transfers to return the project to a zero balance. If unable to return the project to a zero balance, the overspend will be recovered from a nominated host department operating account by the end of the quarter in which the deficit was confirmed.

**Underspent (Credit) Balances**

Some external funding agencies such as the Health Research Council (HRC) and the Ministry of Business, Innovation and Employment (MBIE) do not require unexpended funds to be returned to them. In these cases, the PI may apply to the Research Office for an internal extension to have the remaining funds kept available for up to 12 months to use for research activities related to the funded project. The PI must apply within three months of the project expiry date using the Internal Extension Form to provide a brief research plan and an approved budget.

Other external funding agencies require the University to return unspent funds. For example, the Royal Society of New Zealand allows the University to retain a credit balance of $10,000 or less that remains on a Marsden Fund contract, but larger credits must be returned in full to the Society.

The University’s procedures for the treatment of unspent funds at project expiry date are provided in Appendix 1 of this Policy document.

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1 Clause 5.7 of the HRC Rules - Unexpended Funding, specifies that "If the final report to the HRC discloses unexpended contract funds the HRC will discuss the matter with the host institution while reserving the right to require that they be returned". To date this has never been invoked.
3.0 **AUDIENCE**
All staff

4.0 **RELEVANT LEGISLATION/UNIVERSITY STATUTE OR REGULATION**
Education Act 1989

5.0 **RELATED PROCEDURES/DOCUMENTS**
Research Guide for Academic Staff (formerly Research Policy Manual)
Policy on Reporting Requirements for Research Grants/Contracts

6.0 **DOCUMENT MANAGEMENT AND CONTROL**
Prepared by: Vice-Chancellor’s Office
Owned by: Deputy Vice-Chancellor (Research)
Approved by: Vice-Chancellor
Date approved: November 2010
Review date: Biennially
Past review dates: 
Amendment dates: July 2012
Appendix 1

Project Close-Out Procedures

1. Criteria for Transfer of Unspent Funds

The Project Close-Out Procedures will apply to research project accounts that match the following criteria:

**Category 1:** A project reaches three (3) months past the contract Expiry Date and a formal (internal) extension has not been sought through the Research Office, AND

There is no requirement for the remaining moneys to be refunded.

OR

**Category 2:** There is an unspent balance remaining but the extended project Expiry Date plus three (3) months (i.e. no more than 15 months after initial contract Expiry date) has been reached, AND

There is no requirement for the remaining moneys to be refunded.

2. Process for Transfer of Unspent Funds

The Transfer of Unspent Funds process will occur following the end of each quarter in January, April, July, and October soon after the preceding quarter's financial accounts have been finalised. The Research Office will be responsible for managing these transfers in association with the appropriate Faculty/LSRI Finance staff member. The procedures are specified below:

(a) The Research Office will identify all research projects with surplus funds that fall into one of the categories specified above and check each project to determine whether or not:
   - All revenue has been received.
   - There are any purchase order commitments.
   - There are any HR commitments.
   - There are any receipt accruals.

(b) If there are commitments of any kind, the Research Office will inform the Faculty/LSRI Finance person who will then have ten (10) working days to clear the project account. After ten (10) working days, the project will be closed.

(c) The Research Office will close the project account by taking the following actions:
   - Raise a journal to debit the project balance and thus recognise the revenue.
   - Transfer the credit balance to the Faculty Strategic Research Project account – for more information refer to item 3 below.
   - Change the project account status to "financially complete” and close the account in PeopleSoft Financials.

(d) If final reporting requirements are still to be fulfilled, the Research Office will monitor this and communicate with the Principal Investigator as necessary to conclude these requirements and close the project account in the Research Funding Module.

3. Strategic Faculty Research Project Account

A strategic research project account for each Faculty/LSRI will be established, details of which will be provided to each Dean/Director and their Faculty/LSRI Finance Manager. This strategic research project will have a life of three years, during which the Dean/Director will have discretion over how the funds will be utilised to support strategic Faculty/LSRI research activities. The Dean/Director will prepare a project plan and budget each year (in January)
specifying what the funds may be used for. This will be submitted to the Office of the Deputy Vice Chancellor (Research) (via the Research Office) for approval of acceptable use of the funds; once approved the project will be opened for transactions. The Dean/Director may determine how the funds are expended, consistent with the approved plan.

Unspent funds from any projects that fall into Category 1 or 2 above will be transferred into this project account each quarter for two years. At this time another project account will be opened for a three year period and the subsequent unspent funds transferred to it. Thus for the final twelve months of each special strategic research project account, the balance should be reducing continuously as the funds are spent down.

Each Dean/Director will report annually to the Office of the Deputy Vice Chancellor (Research) (via the Research Office) on the research activities that were supported from each special strategic research project against the agreed annual plan and budget.