

Policy Title:

## **Research Accounts Policy**

Approved by:

President and Vice-Presidents (PVP)

Date of Most Recent Approval:

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- August 4, 2009
- April 18, 1990, *Budget Control Policy: Research Accounts*

Date(s) of Original Approval:

April 18, 1990, *Budget Control Policy: Research Accounts*

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Responsible Executive: **Vice-President, Research**

Policy-Specific Enquiries: [McMaster Research Finance](#)  
[Faculty of Health Sciences Research Finance](#)

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MS Word, HTML, and PDF versions of this Policy are available on the *Research Accounts Policy* main web page.

**Disclaimer:** If there is a discrepancy between this electronic policy and the approved copy held by the University Secretariat, the approved copy prevails.

**Alternate Format Requests and General Policy Enquiries:** [policy@mcmaster.ca](mailto:policy@mcmaster.ca)

## Introduction

1. The University generates substantial external research income through a combination of research grants and contract research<sup>1</sup>, which may involve other academic institutional partners and which come from various sources including government agencies (Federal, Provincial, Municipal), Private Sector and Not-for-Profit sponsors, Donations and/or Trust Funds. In addition, the University may invest independently or on a cost-sharing basis with external sponsors in specific research initiatives.
2. Account holders are typically faculty. However, other university personnel – for example, the University Librarian or Director of a non-academic Facility or Department – could be eligible to hold a research account if approved by their Dean or Vice-President. Students and postdoctoral fellows may be eligible to hold research accounts for some particular grants if required by the funding agency.
3. The purpose of this Policy is to document requirements with respect to the use of research funding and the shared responsibility of the account holder, the Department or Faculty, and the University in the effective management and accountability for research funds, whether the source is internal and/or external. All funding deemed to be research must be administered in the research funds (fund 50, 55, 80, 85) including funds received through donations for research purposes. Research is comprised of research activity and research-related activity, as described in [Appendix A: Determination of a Research-Funded Project](#).
4. Refer to the appendices for further details:
  - [Appendix A: Determination of a Research-Funded Project](#)
  - [Appendix B: Related Policies and Procedures](#)

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<sup>1</sup> Some *contractual agreements* may fall within the definition of *Research*, but some may not. See [Appendix A: Determination of a Research Funded Project, article 8](#), for a list of activities that do not meet the definition of *Research*.

## Management and Control Responsibilities

5. Responsibility for effective management of the research accounts established for these funds is:
  - a) primarily born by the research account holder; and
  - b) shared by the Departments/Faculties and **Senior Officers**.<sup>2</sup>
  - c) All research accounts are subject to both internal and external audit.
6. McMaster Research Finance and the Faculty of Health Sciences (“FHS”) Research Finance are responsible for the provision of guidance and support to the McMaster community and for the administration of research budgets.
7. FHS Research Finance is responsible for research accounts in the Faculty of Health Sciences, and McMaster Research Finance is responsible for all non-Health Sciences accounts.

## Budget Adherence

8. Research budgets, whether related to grants, contracts or other agreements, are determined in accordance with the rules and regulations of the funding sponsor(s), together with those of the University.
9. Research projects (related to grants, contracts, or other agreements) may or may not provide definitive budgets.
  - a) For many Federal Agencies’ programs expenditures may be at the discretion of the grantee within a specific framework of eligible expenses.
  - b) Other sponsors may apply specific budget terms and conditions, such as:

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<sup>2</sup> For the purposes of this Policy, Senior Officers are the Vice-President Research (“VPR”), the Deputy Vice-President Research (“DVPR”), and the Dean & Vice-President, Faculty of Health Sciences (“VP, FHS”).

- [1] deviation limitations;
  - [2] fixed budget line items;
  - [3] carry-forward privileges or mandatory return of residual funds; and/or
  - [4] disallowing specific types of expenditures.
10. Unless otherwise agreed to or negotiated prior to acceptance of the funds, sponsors' policies and regulations take precedence over the University's.
11. In the event an external sponsor allows residual funds to be retained by the account holder, these funds must be used only for research purposes and are governed by the University's [Research Residuals Policy](#).
12. Research funding terms can vary, depending upon the sponsor(s), their funding programs and/or whether or not the funding is programmatic or project-specific.

## Prerequisites for Opening an Account

13. The following documents must be on file in the respective research administration office:
- a) institutionally endorsed application;
  - b) sponsor's notice of award;
  - c) institutionally executed agreement, if applicable. The agreement must be signed by authorized University representative(s) in accordance with the [Approval and Signing Authority Policy](#);
  - d) evidence that required certifications have been obtained from McMaster's ethics, animal-care, biohazards, radiation safety or controlled goods review boards for research involving human or animal subjects, biohazardous materials, radioactive substances, or controlled goods and/or technology;

- e) evidence that terms and conditions of award, beyond required certifications, have been accepted and/or met as applicable (e.g., required licenses for field research, environmental assessment, etc.); and
  - f) appropriate institutional application approval form (Sponsored Project Checklist, Grant Application Approval Page, or HRS Account Request Form).
14. Exceptions require the authorization of the relevant research administrative office (ROADS, MILO, or HRS), taking into account financial risk factors.

## Roles and Responsibilities

### Account Holders

15. Account holders have the primary responsibility for managing their accounts, may spend research funds only up to the amount of grant or contract awarded, and are responsible for:
- a) reading, understanding and complying with all applicable University and sponsor(s) policies, regulations, the terms and conditions of award, and using the funds only for the purposes intended and within the sponsor specified eligibility dates (start date and end date) of the project;
  - b) employing leading practices in the management of research funds and budgeting funds within the project term to ensure that deficits are not incurred. This responsibility includes working with the Department and/or Faculty in addition to the Research Finance offices as required to develop a plan to resolve deficits, covering financial commitments from other accounts where needed;
  - c) providing the Research Finance office with relevant documentation to designate a formal delegate;
  - d) communicating with the Research Finance offices regarding the possibility of delayed or discontinued external funding of a research program;

- e) communicating with the Research Finance offices regarding ongoing enrollment in clinical trials site agreements;
- f) authorizing all expenditures charged to their account(s) and ensuring that any approved formal delegates are informed of the applicable requirements of the sponsor(s) and University and informed of their responsibility to comply with them. Additionally, the account holder must provide the relevant supporting documentation;
- g) monthly review of *Summary of Research Accounts* to ensure:
  - [1] that the financial position and relevant project data (e.g., title, sponsor(s), award amount, start and end date, etc.) are correct.
    - Any discrepancies must be discussed with the applicable Research Finance office;
  - [2] that the commitments are correct.
    - Commitments that are beyond the project end date should be discussed with the account holder's Department Manager/Administrator;
  - [3] that, in consultation with the applicable Research Finance office and the Department/Faculty, where required, alternate sources of funds are identified for expenditures that are ineligible for funding from the sponsor(s).
- h) reaching out to the appropriate pre-award office (ROADS, HRS or MILO) in a timely fashion if an amendment to the end date is required to facilitate formal engagement with the sponsor;
- i) carrying out the research plan with a timely submission of progress reports (in accordance with the terms and conditions of the funding) to ensure funds are received.

## Departments/Faculties

16. Departments/Faculties are responsible for:

- a) approving the purpose of travel for expenditures incurred by the account holder as outlined in the [Reimbursements to Individuals for University Business Policy](#);
- b) approving, in advance, any commitments made by account holders for salaried personnel while keeping in mind the end date of the award. Personnel includes, for example, research associates, research engineers, technicians, visiting scholars, postdoctoral fellows and/or graduate students. This approval is required to manage the budget, to ensure compliance with McMaster Human Resources policies, and to secure the appropriate research space;
- c) ensuring that account holders do not overcommit their available funds for graduate students, postdoctoral fellows, or research staff while bearing in mind that these same funds must also cover necessary equipment, travel, supplies and services;
- d) reviewing the *Summary of Research Accounts* to ensure the account is not overcommitted; and
- e) assisting the Research Finance Offices with the resolution of issues related to the research account.

## University

- 17. The University is responsible for:
  - a) The establishment and maintenance of policies, systems, and procedures to facilitate the management of research accounts by account holders;
  - b) The implementation of adequate controls for monitoring research account expenditures and to ensure compliance with the sponsor(s) funding terms and conditions and the sponsor(s) and University policies and procedures;
  - c) ensuring professional financial management practices are employed; and
  - d) ensuring that financial statements and records are accessible and available for audit.

## Senior Officers

18. Senior Officers are responsible through the Directors of the McMaster Research Finance and FHS Research Finance offices for:
  - a) monitoring research accounts for transactional eligibility, compliance, availability of funds, and provision of relevant supporting documentation;
  - b) monitoring subgrant commitments;
  - c) distributing funding for the indirect costs of research when held in a research project;
  - d) monitoring clinical trial site agreements' enrollment;
  - e) providing guidance, advice and support to account holders in the financial management of their accounts, including prevention, reporting and elimination of over expenditures;
  - f) communicating with the account holders, Chairs and Deans, as appropriate, when a deficit seems likely;
  - g) providing timely financial reporting to sponsors;
  - h) coordinating invoices for payment; and
  - i) working with the account holder to close the research account at the end of the funding period.
  
19. Additionally, through this delegated authority, the Directors of the McMaster Research Finance and FHS Research Finance offices are authorized to:
  - a) withhold authorizations of staff appointments, purchases and expense reimbursements in order to effect budget control and policy adherence; and
  - b) allow an account holder to overdraw a research account.



- [1] This decision is assessed case-by-case and subject to Senior Officer authorization and underwriting by the account holder's Department/Faculty.
- [2] The approval is based on an assessment of documentation and rationale from the account holder, providing a viable financial plan to eliminate the proposed overdraft.

## Appendix A: Determination of a Research-Funded Project

1. “Research” includes studious investigation or experimentation aimed at the discovery and interpretation of knowledge, revision of accepted theories in the light of new facts, development and application of methodologies to increase knowledge or the practical application of such new or revised theories.
2. “Sponsored Research” accounts for all research activities and contract research funded from restricted sources such as government, private industry and donors.
3. There are various types of research, including theoretical or basic, applied, partnered, community-engaged, knowledge exchange, and research-creation. Research and experimental development includes:
  - a) original investigation undertaken in order to gain and exchange knowledge and understanding;
  - b) creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humanity, culture and society, and the use of this stock of knowledge to devise new applications; and
  - c) any activity classified as research and experimental development is characterized by originality; it should have investigation as a primary objective and should have the potential to produce results that are sufficiently general for humanity’s stock of knowledge (theoretical and/or practical) to be recognizably increased.
4. Activities that **meet** the definition of Research include:
  - a) invention and generation of ideas, images, performances and artifacts including design, where these lead to new or substantially improved insights;

- b) use of existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes, including design and construction;
  - c) research and experimental development into applications software, new programming languages and new operating systems; and
  - d) creation, development, and maintenance of the intellectual infrastructure of subjects and disciplines in forms such as dictionaries, scholarly editions, catalogues, and contributions to major research databases.
5. *Research-Related Activities* are activities that are closely related to research. Examples include but are not limited to:
- a) the collection and manipulation of data; writing, editing or translating;
  - b) networking for the purposes of research collaboration and the dissemination of research results; and
  - c) testing and evaluation with conceptual input or value added by the University or Hospital.
6. Funding for these activities is typically held in a research account.
- a) Any deviation from this practice may require consultation with other units, such as:
    - [1] Research Office for Administration Development and Support (“ROADS”);
    - [2] Health Research Services (“HRS”);
    - [3] McMaster Industry Liaison Office (“MILO”);
    - [4] Research Finance and/or FHS Research Finance Office;
    - [5] Financial Affairs;
    - [6] Faculty and/or Departmental personnel; and
    - [7] the VPR.

- b) Where consultation does not resolve a matter, the Vice-President Research will decide.
  - c) If deemed as operating, the Faculty/Department shall review and appropriately administer the funding.
7. Research can be funded from external and/or internal sources. If funding is deemed to be internal, refer to the [Internally Sponsored Research \(ISR\) Accounts Policy](#).
8. Activities that **do not meet** the definition of Research include:
- a) service, where funds are provided by a sponsor for analytical, testing, or other services requiring little conceptual input or value added by the University or Hospital;
  - b) commercial, legal and administrative aspects of patenting, copyright or licensing activities;
  - c) preparation for teaching, including the development of materials for academic credit courses and any activities associated with the delivery and instruction of students in academic credit courses or microcredentials;
  - d) activities and instruction of students undertaking postgraduate research courses for academic credit;
  - e) routine computer programming, systems work or software maintenance; and
  - f) sale of products (e.g., books, equipment, working papers, etc).

## Appendix B: Related Policies and Procedures

This Policy is to be read in conjunction with the following policies, statements, and collective agreements. Any question of the application of this Policy or related policies shall be determined by the Vice-President, Research, and in conjunction with the administrator of the other policy or policies. The University reserves the right to amend or add to the University's policies and statements from time to time (this is not a comprehensive list):

- [\*Conflict of Interest in Research\*](#)
- [\*Consulting Policy and Procedures, Statement on\*](#)
- [\*Indirect Costs Associated With Research and Related Activities, Policy on\*](#)
- [\*Internally Sponsored Research \(ISR\) Accounts Policy\*](#)
- [\*Reimbursements to Individuals for University Business Policy\*](#) (Travel and Expenses)
- [\*Research Integrity Policy\*](#)
- [\*Research Residuals, Policy on\*](#)