

TRI-AGENCY GUIDE ON FINANCIAL ADMINISTRATION

February 2021

The **Tri-Agencies** consist of the following research funding agencies:

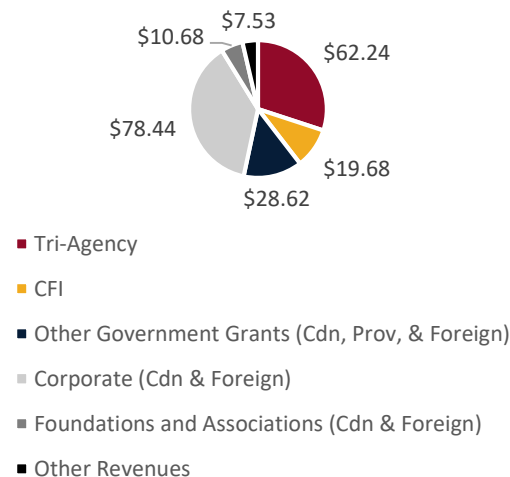
- Natural Sciences and Engineering Research Council of Canada (**NSERC**)
- Social Sciences and Humanities Research Council of Canada (**SSHRC**)
- Canadian Institutes of Health Research (**CIHR**)

Research Revenues by Funding Source



- The Tri-Agencies are significant contributors of research revenues and usually represent approximately one-third of total research revenues received at Queen's University.
- In Fiscal 2020, revenues received from the Tri-Agencies > \$62Million (30% of total research revenues).

FY2020 Research Revenues in Millions by Source



- The Tri-Agencies have completed an initiative to simplify and modernize the **Tri-Agency Guide on Financial Administration (TAGFA)** in order to provide institutions with comprehensive resources that govern the post-award administration of Tri-Agency grant funds.
- The new **TAGFA** is less prescriptive and applies a “principles-based” approach to help:
 - Promote efficiencies
 - Reduce the administrative burden
 - Provide greater flexibility to institutions and grant recipients while ensuring the appropriate accountability and use of grant funds

TAGFA Principles



Under the new approach, the expectation is that institutions will assess the eligibility of research expenses according to the following **Principles** (vs. prior guide which provided a listing of eligible vs. ineligible expenses by category).

Grant expenditures must meet all of the following:

- ✓ **Contribute to the direct costs of research/activities for which the funds were awarded (directly attributable to grant)**
- ✓ **Not be provided by the administering institution to their research personnel**
- ✓ **Be effective and economical**
- ✓ **Not result in personal gain**

TAGFA Principles Cont'd



Direct costs: essential expenditures that would not have been incurred had the grant not been undertaken. Accordingly, they can be directly assigned to the grant activities with a high degree of accuracy.

Research personnel: as defined by the administering institution.

Effective and economical: achieving the intended outcome with due regard for minimizing cost by avoiding unnecessary expense. This means the expenditure is considered an optimal use of the funds, which may not necessarily mean the “lowest cost.” Example: the cost of an upgraded economy fare may be more economical than a regular economy fare plus baggage fees and seat reservation costs (comparison quotes may be required).

Personal gain: a benefit or advantage to a particular person rather than to the grant-funded research/activities.

The TAGFA includes **Directives (mandatory requirements)** for the following research expenditure types:

- ✓ **Employment and compensation**
- ✓ **Goods and services**
- ✓ **Travel and travel-related subsistence**
- ✓ **Hospitality**
- ✓ **Gifts, honoraria and incentives**

TAGFA Directives Cont'd



- ✓ Grant recipients and authorized delegate(s) are responsible for authorizing expenditures charged to agency grant funds, ensuring expenses are eligible.
- ✓ Research expenditures must be documented and supported, as required by the administering institution's policies and procedures.
- ✓ If the approver of an expenditure considers the grant related purpose unclear, a justification should be obtained from the grant recipient.
- ✓ Adjustments made to grant projects with respect to expenses, require documentation justifying the adjustment, as well as the appropriate authorization from the grant recipient or an authorized delegate.
- ✓ All supporting documentation must be kept for a minimum of 7 years.

Effective Date of New Guide



- Tri-Agencies initially launched a pilot project with 12 institutions to validate approach and principles (new guide took effect Nov. 1/19 for these institutions).
- For all other institutions (e.g. Queen's), the new guide took effect April 1, 2020 and reflects feedback received throughout the pilot project.
- However, institutions can default to old guide until they work towards compliance with the new guide and approach.
- Queen's has committed to meet compliance requirements under the new guide **by April 1, 2021.**

Queen's Action Plan and Timeline



Queen's Action Plan for complying with new guide/approach:

- 1) TAGFA Working Group and Gap Analysis (**Completed**)
- 2) Review of General Administration Topics (e.g. expense authorization) (**Completed**)
- 3) Develop training materials and resources (**Completed**)
- 4) Provide training to research administration staff (**In Progress**)
- 5) Update website with TAGFA information/training materials (**March 2021**)
- 6) Communication to be sent to Queen's research community (**March 2021**)

Working Group and Gap Analysis



- ✓ The **TAGFA Working Group**, “WG” was formed in early 2020, with representation from various units across campus who are part of the Queen’s research community.
- ✓ The WG completed a **Gap Analysis** of various research expense categories, to assess if there were any gaps between the new guide and the previous guide, and to determine if there were institutional policies or procedures in place that provide a framework for filling those gaps and provide appropriate guidelines on expense eligibility.
- ✓ Of the 88 expense types reviewed, the WG determined:
 - **50** were governed by existing institutional policies/procedures, therefore no further action was required;
 - **25** were not governed by existing institutional policies/procedures, however given the nature of these expense types, it was determined these would be assessed on a case by case basis; and
 - **13** did not meet compliance requirements therefore further action was required
- ✓ The WG provided recommendations on:
 - Additional guidance needed for expenses where gaps existed
 - Training resources
 - An *Internal Dispute Resolution Process* for Tri-Agency funded research expenses

General Admin Topics



- ✓ A review of **General Administration** topics (e.g. Expense Authorization, Transfer of Funds, etc.) was completed by representatives of Research Accounting (Financial Services) and Research Services (VP Research) to ensure institutional policies or procedures are in place to meet the requirements outlined in the TAGFA. The review concluded there were no areas of concern for these items.

Training Resources – TAGFA Supplement



- ✓ While many of the expense types reviewed as part of the Gap Analysis were addressed in various institutional policies and procedures, for those that were not referenced, in some cases the WG assessed these would be dealt with on a case by case basis, while some recommendations indicated that **additional guidance** may be needed for certain research expense types.
- ✓ The **TAGFA Supplement** has been created to provide this additional guidance on expense eligibility for Tri-Agency funded grants.
- ✓ The **TAGFA Supplement** was created as a reference, in place of updating institutional policies and procedures.

Other Training Resources



- ✓ Additional training resources created to help provide guidance on interpreting eligibility and compliance requirements per the TAGFA:
 - **Tri-Agency Projects: Quick Reference Guide to Expense Eligibility**
 - **Tri-Agency Expense Eligibility Evaluation Request Form**
 - **TAGFA FAQs**

Training Sessions



- ✓ RA offering virtual training sessions to Queen's research administrators to provide guidance on interpreting the new TAGFA.

- ✓ A section of the **Financial Services** website will be dedicated to providing information and guidance on the new TAGFA.

Communication



- ✓ Once completed, a communication will be sent to the Queen's research community with the related details and Queen's will begin referring to the new guide effective **April 1, 2021**.

Order of Precedence



The following is the order of precedence and interpretation, applicable to Tri-Agency funded grants:

- ✓ the **Agreement on the Administration of Agency Grants and Awards by Research Institutions**
- ✓ Tri-Agency **program/funding opportunity specific** literature
- ✓ Any relevant agency agreements with grant recipients and/or administering institutions, if applicable
- ✓ the **TAGFA**
- ✓ The **TAGFA Supplement**
- ✓ **Queen's University Policies and Procedures**

In the presence of both agency and institutional policies, the agency policy prevails, however the grant recipient must also comply with applicable institutional requirements. If the TAGFA is silent on a specific subject, institutional pronouncements will apply.

Financial Monitoring



- Financial monitoring reviews have been placed on hold during this initiative.
- Next: Tri-Agencies plan to pilot a new financial monitoring framework (Phase 2).
- The Tri-Agencies will periodically review administering institutions and their use and administration of grant funds to assess the effectiveness of policies, procedures, systems, and internal controls, and to ensure compliance with relevant agency requirements.
- The **good news** is future monitoring visits should focus more on controls, policies and procedures and should be risk-based, which usually means a smaller audit sample.
- Compliance with the TAGFA is a condition of applying for, holding or administering agency grant funds.

Equity, Diversity and Inclusion (EDI)



- Queen's University is responsible for recognizing the importance of **Equity, Diversity and Inclusion (EDI)** in its relevant policies and procedures as stated in the **Agreement on the Administration of Agency Grants and Awards by Research Institutions**.
- Grant recipients are responsible for adhering to **EDI** policies and procedures when carrying out their grant activities and responsibilities, in accordance with both the **Tri-Agency's EDI policies and procedures** as well as **Queen's University policies and procedures**.

Determining Expense Eligibility



- *In general*, expenditures that were eligible under the previous guide will likely continue to be eligible under the new guide, provided they abide by the principles and directives on the appropriate use of grant funds outlined in the new guide, and are in accordance with Queen's University policies and procedures.

Determining Expense Eligibility: Step 1



Step 1: In order to determine if a research expense is eligible on a Tri-Agency funded grant, first refer to the **Tri-Agency Projects: Quick Reference Guide to Expense Eligibility**.

If the expense is listed on this guide, refer to the related guidance to determine if eligible or ineligible.

Tri-Agency Projects: Quick Reference Guide to Expense Eligibility – Employment and Compensation



Employment and Compensation – Eligible

- ✓ Payments to eligible Research Personnel
- ✓ Student Salaries/Stipends (related to research)
- ✓ Payments to Post-Doctoral Fellows
- ✓ Payments to Visiting Researchers
- ✓ Recruitment costs for research personnel
- ✓ Federal employer compliance fees

Employment and Compensation - Non-Eligible

- X Payments to grant recipients, or those who can hold Tri-Agency funding
- X Management and Administrative charges and fees

Tri-Agency Projects: Quick Reference Guide to Expense Eligibility

– Goods and Services



Goods and Services – Eligible

- ✓ Consulting/Subcontracting/Professional fees
- ✓ Computers/Tablets/Printers required for research
- ✓ Specialized software for research
- ✓ Lab supplies
- ✓ Office supplies required for research
- ✓ Research equipment, freight and brokerage costs
- ✓ Maintenance, operating, warranty costs for research equipment
- ✓ Staff training to utilize specialized research equipment
- ✓ Cell phones/smartphones/devices required for research
- ✓ Research dissemination costs
- ✓ Books and periodicals required for research (not provided by institution)
- ✓ Membership fees for professional associations or scientific societies
- ✓ Safe disposal of waste

Goods and Services - Non-Eligible

- X Construction, renovation or rental of laboratories
- X Telephone connection, rental costs or voice mail
- X Office furniture
- X Home internet costs
- X Regular clothing
- X Education-related costs (e.g. tuition or thesis related)
- X Costs of moving a lab
- X Space rentals
- X Insurance costs for equipment and research vehicles
- X Regulatory compliance costs (e.g. ethical review, biohazard, radiation safety)
- X Patent costs
- X Indirect costs
- X Late fees

Tri-Agency Projects: Quick Reference Guide to Expense Eligibility

– Travel and Travel-Related Subsistence



Travel and Travel-Related Subsistence - Eligible

- ✓ Travel costs (most economical)
- ✓ Meals and non-alcoholic beverages
- ✓ Seat selection charge (with adequate justification)
- ✓ Travel cancellation insurance
- ✓ Entry visa fees, immunizations, baggage fees
- ✓ Collaborators' travel and subsistence expenses (must relate to research planning or dissemination)
- ✓ Relocation costs for eligible research personnel
- ✓ One round trip ticket between home and sabbatical location
- ✓ Transportation costs to move research equipment/materials to/from sabbatical location
- ✓ Direct research expenses related to field work
- ✓ Travel costs to attend research conferences
- ✓ Dependent care (specific criteria must be met)

Travel and Travel-Related Subsistence - Non-Eligible

- X Commuting costs between residence and place of employment, or between two places of employment
- X Passports and immigration fees
- X Costs associated with thesis examination/defence
- X Reimbursement for airfare purchased with frequent flyer points
- X Cost of transporting personnel to/from a grantee's sabbatical location for supervisory or academic purposes
- X Living expenses for research leaves (subsistence and accommodation costs)
- X Alcoholic beverages

Tri-Agency Projects: Quick Reference Guide to Expense Eligibility

– Hospitality



Hospitality – Eligible

- ✓ Hospitality costs for meetings involving grantee and external attendees for networking purposes
- ✓ Gratuities (not to exceed 20%)

Hospitality - Non-Eligible

- X Food/drink purchases for meetings with Queen's faculty, staff or students
- X Alcohol and entertainment costs
- X Staff awards, recognition, retreats

Tri-Agency Projects: Quick Reference Guide to Expense Eligibility

– Gifts, Honoraria and Incentives



Gifts, Honoraria and Incentives – Eligible

- ✓ Payments/gifts to Research Study Participants (e.g. subject payments)
- ✓ Honoraria paid to guest speakers

Gifts, Honoraria and Incentives - Non-Eligible

- X Gifts to Queen's faculty, staff or students

Expense Eligibility – Dependent Care



Dependent Care

In situations where the claimant incurs expenses above and beyond the usual costs of dependent care, as a direct result of business travel, costs may be reimbursed using a Tri-Agency funded research project.

A dependent is a person who resides with the traveller on a full-time basis and relies on the traveller as the primary caregiver (e.g. a child or parent).

In these situations, the claimant may be reimbursed for actual costs up to a daily maximum of **\$75/day**, which **must be supported by receipts**.

For all other externally funded research projects, the determination for these expenses will be made based on the funder's spending guidelines.

Expense Eligibility – Gifts and Office Supplies



Gifts

Gifts may be eligible expenses on Tri-Agency funded projects if specific criteria is met, and will be determined on a case-by-case basis.

For example, gifts may be deemed eligible if offered to establish or facilitate relationships with individuals or groups who are involved in research activity as participants or as research partners or contributors when prescribed by cultural heritage, established traditions or as a formal courtesy.

Office Supplies

Whereas previously office supplies charged to Tri-Agency grants required specific justification, going forward, **the assumption will be made that these supplies are required and directly attributable to the grant being charged.**

Expense Eligibility – Sabbatical Leave Expenses



Sabbatical Leave Expenses (additional guidance)

Expenses incurred to conduct research fieldwork outside of the sabbatical location are eligible and may include travel, accommodation and meal expenses.

Expenses related to research conferences attended while on sabbatical leave are also eligible and may include the cost of the conference registration, travel, and meals (if not provided at conference).

Living expenses incurred in the sabbatical location (e.g. accommodation, meals) are not eligible expenses.

For all other externally funded research projects, the determination for these expenses will be made based on the funder's spending guidelines.

Travel and Travel-Related Subsistence

The directive on **Travel and Travel-Related Subsistence** expenditures continues to require:

- i) the affiliation of the traveler(s) with the funded research/activities
- ii) the grant-related purpose for the travel

As such, this information is **still required** when submitting travel expense claims.

Determining Expense Eligibility: Step 2



Step 2: If the expense in question is not listed on the **Tri-Agency Projects: Quick Reference Guide to Expense Eligibility**, you may submit a completed **Tri-Agency Expense Eligibility Evaluation Request Form** to request a ruling on a research expense.

Who determines if an expense is eligible?



Research Accounting staff will use their experience working with Tri-Agency funded grants, and refer to all applicable Tri-Agency and/or institutional guidance to determine whether an expense is eligible on a Tri-Agency funded grant.

If the requestor does not agree with the assessment, the **Internal Dispute Resolution Process** will be applied.

Internal Dispute Resolution Process



- i) The **Research Accounting Administrator** reviews research expenses to ensure compliance requirements have been met, prior to payment.
- ii) If compliance requirements have been met, the research expense is submitted for payment and the process is complete. If compliance requirements have not been met, the research expense is returned to the requestor, supported by a justification. Additional information or documentation may be requested, or if the expense is deemed ineligible, another source of funds may be suggested to pay for the expense. If the requestor disagrees with the expense ruling, proceed to step iii).
- iii) If the requestor disagrees with the expense ruling, the request will be forwarded to the **Associate Director, Research Accounting**.
- iv) The **Associate Director, Research Accounting** will review the expense details and the expense ruling provided. After additional consideration of the expense claim, the **Associate Director, Research Accounting** will make a final ruling. The final ruling will be sent to the requestor, supported by a justification. The **Controller** and the **Associate Dean of Research** for the related Faculty will be copied on the final ruling.

Scenario Walk-through #1



Scenario: A grant recipient is using smartphones to measure physical activity data as part of their research project. They want to claim these as support for research tools.

TAGFA Principles:

- 1) **Contributes to the direct costs of research/activities for which the funds were awarded (directly attributable to grant).** **In this case, since the smartphones are being used as data collection instruments they meet this principle.**
 - 2) **Not be provided by the administering institution to their research personnel.** **Smartphones not normally provided, therefore principle is met.**
 - 3) **Be effective and economical.** **If justified, this principle could be met.**
 - 4) **Not result in personal gain.** **As a general rule, ownership of equipment purchased with Tri-Agency research funding rests with the University, therefore no personal gain and this principle is met.**
- ✓ Expense meets all four principles
 - ✓ Expense is not prohibited by TAGFA directives or program. **Note: The terms and conditions of the funding opportunity should be consulted to determine whether there are any restrictions concerning the acquisition of goods/services.**
 - ✓ Expense is not prohibited by Queen's University Policies and Procedures.
 - ✓ Expense is scheduled to be purchased within allowable use of grant funds period.

IF ALL OF THE ABOVE CRITERIA ARE MET, EXPENSE WOULD BE DEEMED ELIGIBLE ON A TRI-AGENCY GRANT.

Scenario Walk-through #2



Scenario: A grant recipient located abroad on sabbatical leave submitted a travel claim against their grant for a trip to attend a student's thesis defense.

TAGFA Principles:

- 1) Contribute to the direct costs of research/activities for which the funds were awarded (directly attributable to grant). **The thesis defense of students does not contribute towards the funded research therefore it is not an appropriate use of grant funds.**
 - 2) Not be provided by the administering institution to their research personnel. **Expense not normally covered by institution, therefore this principle would be met.**
 - 3) Be effective and economical. **Travel may be deemed effective and economical, therefore principle may be met.**
 - 4) Not result in personal gain. **No personal gain, therefore principle would be met.**
- ✓ Expense does not meet all four principles
 - ✓ Expense may be prohibited by TAGFA directives or program. **Note: The terms and conditions of the funding opportunity should be consulted to determine whether there are any restrictions, however this expense will likely be ineligible.**
 - ✓ Expense is not prohibited by Queen's University Policies and Procedures.
 - ✓ Expense is scheduled to be purchased within allowable use of grant funds period.

ALL OF THE ABOVE CRITERIA HAVE NOT BEEN MET, THEREFORE EXPENSE WOULD BE DEEMED INELIGIBLE ON A TRI-AGENCY GRANT.

Scenario Walk-through #3



Scenario: As part of a trip from Toronto to Calgary for a research conference related to their grant, the grant recipient is planning a personal trip to Vancouver after the conference.

TAGFA Principles:

- 1) Contribute to the direct costs of research/activities for which the funds were awarded (directly attributable to grant). **The portion of the trip that is personal would not satisfy this principle.**
 - 2) Not be provided by the administering institution to their research personnel. **The travel costs would not be covered by the institution, therefore this principle would be met.**
 - 3) Be effective and economical. **If justified, this principle may be met.**
 - 4) Not result in personal gain. **The portion of the trip that is personal would not satisfy this principle.**
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- ✓ Expense does not meet all four principles
 - ✓ Expense may be prohibited by TAGFA directives or program. **TAGFA directives prohibit expenses that result in personal gain.**
 - ✓ Expense is prohibited by Queen's University Policies and Procedures. **Queen's Travel Policy indicates personal expenses will not be reimbursed.**
 - ✓ Expense is scheduled to be purchased within allowable use of grant funds period.

THE PERSONAL PORTION OF THE TRAVEL WOULD NOT MEET THE ABOVE CRITERIA AND WOULD BE DEEMED INELIGIBLE, HOWEVER THE BUSINESS TRAVEL (E.G. RESEARCH CONFERENCE) WOULD MEET THE ABOVE CRITERIA AND BE DEEMED ELIGIBLE ON A TRI-AGENCY GRANT.

Scenario Walk-through #4



Scenario: A grant recipient wants to claim the travel and subsistence costs for five participants in an intercultural research gathering planned at Six Nations. These individuals are named as research participants on the project.

TAGFA Principles:

- 1) Contribute to the direct costs of research/activities for which the funds were awarded (directly attributable to grant).
Expense directly attributable to the grant and research participants named on the project, principle has been met.
 - 2) Not be provided by the administering institution to their research personnel. **Not provided by institution, principle has been met.**
 - 3) Be effective and economical. **If justified, this principle may be met.**
 - 4) Not result in personal gain. **No personal gain assessed, therefore this principle has been met.**
- ✓ Expense meets all four principles
 - ✓ Expense is not prohibited by TAGFA directives or program. **Note: The terms and conditions of the funding opportunity should be consulted to determine whether there are any restrictions concerning the acquisition of goods/services.**
 - ✓ Expense is not prohibited by Queen's University Policies and Procedures.
 - ✓ Expense is scheduled to be purchased within allowable use of grant funds period.

IF ALL OF THE ABOVE CRITERIA ARE MET, EXPENSE WOULD BE DEEMED ELIGIBLE ON A TRI-AGENCY GRANT.

Scenario Walk-through #5



Scenario: A grant recipient meets with a member of a partner organization for research networking purposes for dinner and alcoholic drinks and wants to charge the total expense to their grant.

TAGFA Principles:

- 1) Contribute to the direct costs of research/activities for which the funds were awarded (directly attributable to grant).
Expense may be directly attributable to the grant given dinner is for networking purposes, therefore principle is met.
 - 2) Not be provided by the administering institution to their research personnel **Costs would not be provided by institution, therefore principle is met.**
 - 3) Be effective and economical **If expense appears reasonable, this principle may be met.**
 - 4) Not result in personal gain **No personal gain assessed, therefore principle is met.**
- ✓ Expense does meet all four principles
 - ✓ Expense may be prohibited by TAGFA directives or program. **TAGFA directives prohibit the cost of alcoholic beverages using agency grant funds.**
 - ✓ Expense is prohibited by Queen's University Policies and Procedures. **Expense may be allowable if Hospitality Policy is followed.**
 - ✓ Expense is scheduled to be purchased within allowable use of grant funds period.

THE ALCOHOL WOULD NOT MEET THE ABOVE CRITERIA AND WOULD BE DEEMED INELIGIBLE, HOWEVER THE BALANCE OF THE MEAL WOULD MEET THE ABOVE CRITERIA AND BE DEEMED ELIGIBLE ON A TRI-AGENCY GRANT.

Questions?

