



Boston VA Research Institute, Inc.

Date: 5/24/2012

Finance and Accounting Management

POLICY NO. 12-9

TITLE OF POLICY:

RESIDUAL FUNDS POLICY

1.0 PURPOSE

The intent of this policy is to avoid a possible conflict of excessive financial remuneration for any research study or educational project(s) that is supported by BVARI resources. The intent of this policy is to prevent a "financial recruitment incentive" that may override (or appear to override) the principal investigator's (hereinafter "PI") responsibility to provide the research services obligated by a contractual arrangement with the sponsor.

BVARI requires that all unexpended balances on research and education accounts go through a comprehensive review to ensure that activities supporting a commercially sponsored project have been accurately charged to the respective project.

2.0 SCOPE

The Residual Funds Policy affects funds remaining for active BVARI investigators. Residual funds for inactive BVARI investigators are covered by the Transfer Policy. This policy does not apply to any governmental sourced funds which would require BVARI to comply with specific agency policies pertaining to unexpended balances (i.e., no-cost extensions, etc.).

3.0 POLICY

This policy addresses the practice of dealing with residual funds left in an account at the completion of a commercially sponsored research study or educational program.

3.1 Determination of Residual Funds: Residual funds, upon BVARI's approval, shall be placed into an account and use shall be directed by BVARI and/or the BVARI Board of Directors. The principal investigator (PI) does **not** own nor direct how the funds are to be used since said funds belong to BVARI.

In addition, whenever the residual amount is greater than 25% of the original direct cost budget or \$5,000, whichever is greater, BVARI's Finance Department will require the PI to provide a reasonable written explanation of how the unexpended balance occurred, before BVARI's Board of Directors decides to release the residual balance.

3.2 Dissolution of Residual Funds: If any residual account ends a fiscal year below \$100 with no obligations of funds, those accounts will be made inactive and the balance transferred to accounts detailed in the Procedures section of this policy.

4.0 DEFINITIONS

Active PI(s): A PI must be engaged in research and/or educational or related scholarly activity in order to maintain, and request expenditures from a BVARI general residual account. Residual funds shall only be used for research and educational activities performed at the VA Boston Healthcare System. Exceptions will be made only upon approval of the Board of Directors.

5.0 RESPONSIBILITIES

5.1 BVARI Board of Directors: The BVARI Board of Directors is responsible for the overall policy, planning, and coordination of all BVARI activities within the VA Boston Healthcare System.

5.2 CEO: The BVARI CEO is responsible for developing, administering, and coordinating a business process that provides optimal internal controls for BVARI.

5.3 DIRECTOR OF FINANCE: BVARI's Department Director is responsible for ensuring that the BVARI employees follow the policies defined in the policy.

6.0 PROCEDURES

Upon completion of any commercially sponsored research or education project, BVARI's Finance Department will calculate the account balance. The account balance will be calculated as total sponsor payments less total study expenses (direct and indirect expenses). A residual balance will be determined whenever this calculation results in a surplus of sponsor payments over total expenses. The accountant will further calculate whether this residual balance amount is greater than 25% of the original direct cost budget or greater than \$5,000.

BVARI's General Counsel will be responsible for reviewing the contractual language regarding residual funds to ascertain that 1) the funds remaining may need to be returned or 2) that residual fund balances may be retained by the corporation in support of furthering their mission of research and education. This information needs to be communicated with the Director of Finance within 30 days of the project period end date of each of the commercially sponsored research studies.

Whenever a residual balance exists, the Director of Finance will inform the PI (in writing) that such a balance exists. The Director of Finance will also provide the PI with a copy of this policy statement. Whenever the residual balance amount is greater than 25% of the original direct cost budget or \$5,000, whichever is greater, the written notification will request that the PI provide a reasonable written explanation of how the unexpended balance occurred. The notification will also inform the PI of the fund amount to be released. Only the direct cost portion of the residual balance amount will be released. Funds released to residual accounts will first be reduced to cover any existing VA obligations for the use of VA services for respective BVARI research and/or educational activities along with any other deficit(s) that the PI may have with BVARI.

Once the PI provides BVARI's Finance Department with a reasonable written explanation of how the unexpended balance occurred, and upon BVARI's CEO's approval to release said funds, a journal entry shall be made depicting the release of the funds.

Residual accounts ending a fiscal year with less than \$100 of unobligated funds will be identified for closing. PI will be notified and given 90 days from the sending of notification to expend the funds. Any residual accounts that remain open and under \$100 at the end of the 90 days will have the remaining funds transferred to an administrative unrestricted account and used at the discretion of the Board of Directors.

7.0 RELATED DOCUMENTS:**8.0 REVISION HISTORY**

Revision Letter	Author	Revision Date	Description of Changes
A	Nancy Watterson-Diorio	8/18/2009	Separated from Transfer Policy
B	Daniel Burke	12/2/2009	Info for closing residual accounts
C	Jeffrey Burd	5/24/2012	Changed closing amounts. Clarified ownership of residual funds.

REASON FOR ISSUE:

SUMMARY OF CHANGES:

3.2 Policy

Moved language about inactive residual accounts from Definitions to policy section. Added language about closing residual accounts under \$200

6.0 Procedures

Added procedures for covering any other deficits the PI has with BVARI before putting funds into a residual account.

Added procedure for notifying PI and closing accounts under \$200.

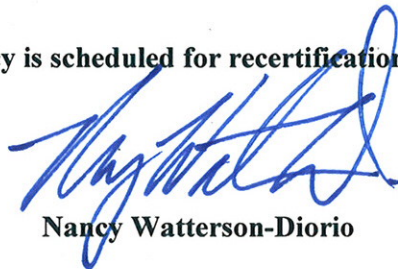
RELATED DOCUMENTS:

RESPONSIBLE OFFICER:

Director of Finance

RECISSION:

RECERTIFICATION: This policy is scheduled for recertification on or before the last working day of May, 2015.



Nancy Watterson-Diorio

Chief Executive Officer

DISTRIBUTION

Board of Directors, Date:

FLD: Sharepoint Server _____ E-mailed _____ to:

BVARI Staff, Stakeholders