

## Brown University Guidelines and Policies Concerning Expenditures from All Institutional Funds to Support Faculty Research

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### GENERAL GUIDELINES

**Scope of funds covered:** Brown University provides three types of institutional funding (that is, funding not acquired from external grants and contracts) to support faculty research.<sup>1</sup> These funds are defined in the following fashion:

***Start-up Funds:*** A one-time allotment of funds normally to be spent within a given period of time or in accordance with the terms defined in the letter of appointment from the Dean of the Faculty or the Dean of Biology and Medicine.

***Research Funds:*** An annual amount provided to a faculty member, generally associated with an endowed chair, and specified in the letter of appointment from the appropriate Dean. These funds are normally to be spent in the course of the year, though up to \$2,000 may roll forward into the next fiscal year. Other **research funds** also exist for which faculty may apply, for example, monies provided to departments by the Office of the Vice President for Research. The use of all such funds must in every case abide by university guidelines.

***GIF and GIP Funds:*** The Deans of Faculty and Biology and Medicine have established **Grant Incentive Funds/Plans** for faculty who charge a percentage of their academic year salary to a grant or contract during the academic year. In order to recognize the salary savings realized, the funds may be used to provide research support, including summer salary, to a faculty member. (See Dean of the Faculty at [www.brown.edu/Administration/Dean\\_of\\_the\\_Faculty/policies/documents/GIF.pdf](http://www.brown.edu/Administration/Dean_of_the_Faculty/policies/documents/GIF.pdf)); (see BioMed at GIP at <http://biomed.brown.edu/bmfs/pp>).

### **Policy Purpose:**

This policy provides guidance for determining which expenses may be charged to all faculty research support funds. The purpose of this policy is to ensure sound business practices, timely and accurate recording of expenses, and compliance with tax regulations under the Internal Revenue Code.

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<sup>1</sup>***Gift Funds*** are typically provided by a donor to support a project or initiative, or to fund specific expenses. All such funds must be spent in accordance with the terms of the gift and with relevant University guidelines. The approval of the Chair and the Dean is required in order for a faculty member to receive summer salary (no more than two summer months a year) from gift funds.

### **Policy Statement:**

Faculty **start-up** and **research funds** are provided by the Dean of the Faculty and the Dean of Biology and Medicine to pay for expenses incurred in support of faculty research and other scholarly activities. (Please note that these guidelines do not address expenses related to sponsored research as specified by the University and Federal guidelines.) These funds are not considered personal compensation and cannot be used to supplement a faculty member's academic-year salary or to cover personal expenses. Funds must be used in a manner consistent with the letter of appointment. In particular, faculty may only use **start-up** or **research funds** for summer support with explicit prior approval from the Dean. Unlike personal compensation, faculty support funds are not subject to personal income tax to the individual faculty member. The primary beneficiary of research fund expenditures must be Brown University and its scholarly mission.

Typical costs charged to faculty support funds include salary and fringe benefits for research assistants; the costs of equipment, travel, books, journals, electronic resources, laboratory, and office supplies; and services purchased from research support facilities. Faculty must fully document all expenses drawn from institutional **research funds** with specific reference to the research or scholarly activity being conducted.

In the event of a faculty member's departure or retirement, unspent balances and items of value remain with the University. No expenditures may be made from **start-up funds** after the end of the faculty member's appointment.

### **Signature Responsibility Roles & Responsibilities**

Institutional funds to support faculty research require proper oversight to ensure accurate and timely reimbursement to a faculty member when this is necessary. What is summarized here does **not** apply to expenses paid from sponsored project funding or to expenditures from 5-ledger funds, nor to payments to vendors or charges on purchase orders. This section applies to the reimbursement of 2-ledger funds allocated for faculty research expenses.

#### *The Individual Faculty Member*

The individual requiring reimbursement is responsible for providing an accurate and truthful representation of allowable expenses to be paid by the University. Proper receipts and documentation, including distinctions between business and personal activities (if the latter are involved) must be clearly identified in the request. The nature of allowable research expenses is outlined elsewhere in this document; personal expenses are not reimbursable.

#### *The Departmental Administrator*

The departmental administrator is responsible for ensuring the appropriate preparation and careful review of reimbursement requests. This includes checking that such requests

are properly documented and supported by attached receipts, in compliance with University policies, as well as ascertaining that the expenses are for University business purposes only. Moreover, in consultation with the departmental chair (or other relevant authority), they are responsible for raising questions with the Controller's Office about whether particular expenses are allowable or not, should expenditures seem unusual in nature or degree.

*The Approving, or Signatory, Authority*

It is the responsibility of the approver (or signatory) to review the submitted expenses, to confirm that the information contained on the report is properly documented: that is, supported by attached receipts, in compliance with University policies, testifying that all expenses are for allowable costs and appropriate purposes. The signatory is typically the department chair. This may vary when the Chair is not available for a particular reason, the most common being that he or she is away from campus for a short duration. In this case, the Chair should designate a peer as his or her proxy. The signatory should not be subordinate to the person requesting reimbursement, however; nor is the use of proxy subordinates (such as department administrators) as signatories allowed in most cases.<sup>2</sup> Close consultation with departmental administrators regarding questions about this policy is, however, encouraged as necessary.

It is the responsibility of the departmental approver to ensure that the expenses follow University policies for allowable costs, and that the proper authorizations have been made. It should be noted that 5-ledger funds (i.e. externally supported projects sponsored by Federal, state, local, corporate or foundation agencies) have specific requirements regarding allowable costs. Please consult the Office of Sponsored Projects for additional information. Payments to vendors or charges on purchase orders are also not relevant here. This section applies to the reimbursement of 2-ledger funds allocated for faculty research.

*The Controller's Office*

The Controller's Office has the responsibility for ensuring that the submitted, and signed, report complies with IRS regulations. They may, in their judgment, request additional information or clarification of any expense item.

It is crucial that all Brown employees understand the importance of conducting its business operations in a responsible and prudent manner. The chair of a department (or other designated authority) is ultimately responsible for ensuring that expenses charged to faculty support funds are in accordance with this policy.

## **Appropriate Use of Brown University Institutional Research Funds**

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<sup>2</sup> Those chairs of departments whose staff members are currently employed at level 10 or above may designate these individuals as proxies by signing a form delegating this responsibility to them. The form is available on the Controller's website.

Institutional funds are not appropriate for personal or any other expenses that are not directly related to research or Brown teaching responsibilities. The list below provides examples of expenses that typically may or may not be charged to research accounts. The faculty member is expected to use funds judiciously and in accordance with university policy. Grants provided by external sponsors (e.g., government agencies or private foundations) may include constraints that are more restrictive than these guidelines). For information about particular grants, please consult the Office of Sponsored Projects. The U.S. Office of Management and Budget (OMB) Circular A-21 provides guidance and definition of allowable direct and indirect cost for reimbursements under Federal contracts and grants at universities.  
[http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html)

It is not possible to list all of the items and expenses that qualify or do not qualify as research expenses. It is the purpose of the expenditure that determines whether it is a legitimate research expense. In the event of grey areas, individual faculty should seek guidance from the Department Chair or the appropriate Dean.

An expense with any of the following characteristics does not reflect the proper management of university resources and is prohibited regardless of the source of funds:

- It does not support the university's mission, including education, research, and public service.
- It is excessive, not a normal and ordinary cost incurred in the conduct of official university activities, or is not in compliance with IRS guidelines.
- It represents recognition not associated with job performance or professional recognition or service for a faculty member, staff member, or student. For example, costs to recognize birthdays, new parents, weddings, anniversaries, or office professionals' day are not allowed.

*Examples of Allowable Research Expenses*

- Long Distance Calls
- Hotel Room Costs
- Page charges for articles in scholarly journals
- Photocopy cost
- Professional journal subscriptions
- Membership in professional organizations (not allowable on federal grants)
- Research assistants
- Research equipment
- Research related books and periodicals (not personal books and periodicals)
- Student assistants
- Transportation to conferences, libraries, or research sites

*Examples of Inappropriate Research Expenses*

- Advertisement for books
- Business or First-class travel (except as allowed by University policy)
- Child care
- Clothing
- Club memberships
- First-class airline travel
- Framing of pictures, maps as office décor
- Gifts
- Home office furniture
- Home office renovations
- Library fines
- Salary (unless specifically authorized)
- Spousal, partner, or other family member travel costs

*Documentation***Business Purpose**

All requests for employee reimbursement must include, in a sentence or two, an explanation as to the University business purpose for the expense. This is a critical part of the payment process, as the IRS uses this information to determine if the reimbursement is taxable to the individual. Lack of a clear business purpose will result in the request being returned and/or denied. For the elaboration of all university financial policy concerning travel and hospitality, see [http://www.brown.edu/Administration/Controllers\\_Office/travel/policy/](http://www.brown.edu/Administration/Controllers_Office/travel/policy/)  
[http://www.brown.edu/Administration/Controllers\\_Office/policies/meals.html](http://www.brown.edu/Administration/Controllers_Office/policies/meals.html)