Financial Liability and Deficit Clearing Policy
for Units Served by Campus Shared Services (CSS) in Research Administration

A. Preamble

Financial liability is a term that describes the ‘ownership of financial deficits that result from fund management activities.’ A deficit occurs when expense is greater than available funding.

It is the intent of UC Berkeley Campus Shared Services to minimize overruns and errors in submissions; provide timely and accurate information; and provide the best possible service to the principal investigator (PI)/faculty.

B. Purpose

The purpose of this policy is to establish accountability for deficit and financial liability; reduce deficits; ensure all groups work together in a respectful manner; provide escalation methods for units served by Campus Shared Services; and establish a process for escalation when financial liability is in question.

C. Accountability

1. Campus Shared Services

The CSS Research Administration (RA) team is responsible for overall fund administration of the PI/faculty awards within their scope of funds assigned, and as per each unit’s SLA. The CSS RA director, and RA management staff, supervise and/or manage the CSS RA support staff and assist the PIs with their pre- and post-award duties and responsibilities. Specific services provided by CSS RA can be found at http://sharedservices.berkeley.edu/service-level-agreement-ra/

CSS RA is responsible for the coordination and submission of proposals to SPO/IAO after review and approval by PIs/faculty. Responsibilities include, but are not limited to: facilitating non-technical proposal components; managing the proposal development process and timelines; uploading required components correctly into the Phoebe system; requesting fund advances; responding to SPO/IAO additional requests; and working with the PI to complete compliance requirements for successful submission to SPO/IAO.

CSS is responsible for administering the funds within its scope.* This includes, but is not limited to: providing accurate and timely expense projections in compliance with all terms and conditions for all activities in each fund; communicating and reporting per-fund performance to each faculty member, PI, and/or project director; reporting summarized fund performance for the school or college; preparing the closeout; and submitting an audit response. Notification to PI/faculty will be in the form of a monthly summary report on the status of the funds in the portfolio that CSS RA is administering.

*For detailed descriptions of funds managed and CSS RA performance standards related to the scope of services, please refer to the Performance Standards section of the CSS Service Agreement.

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The summary will include a projection of known expenditures and any specific information or items that need to be brought to the attention of the PI/faculty or requires their attention. It is the intention of the CSS RA to then schedule a meeting with the PI/faculty to discuss any items that need to be addressed on a monthly basis (unless the PI/faculty decides it is not necessary) to discuss the portfolio.

For a full description of CSS RA services, please refer to: http://sharedservices.berkeley.edu/service-level-agreement-ra/

2. Unit/Department/Organized Research Units (ORU)

The units/departments/ORUs are ultimately responsible for ensuring that PI/faculty adhere to all terms and conditions; and federal, state and local regulations, policies and procedures. In addition, they are responsible for partnering with CSS in administering the funds when they have been timely notified by Campus Shared Services (as per the service level agreements) that a future, or possible, deficit may occur. Together a course of action will need to be agreed upon. If the unit or the PI/faculty fail to work with CSS, and no deficit reduction plan is put in place, liability for the deficit may ultimately be on the PI/faculty and therefore the unit.

3. Principal Investigator/Faculty

The PI/faculty serve as the primary individuals responsible for the scientific integrity, proposal development, and fiscal and administrative management throughout the life of the award. While responsibility for certain day-to-day administration of the project finances, preparation of non-technical proposal sections, and submission to SPO may be delegated to administrative staff in CSS (CSS RA), primary accountability for compliance with the sponsor’s technical and financial requirements, as well as UC and UC Berkeley policies, ultimately rests with the PI. Specific PI/faculty responsibilities can be found on the CSS website at: http://sharedservices.berkeley.edu/service-level-agreement-ra/.

The PI/faculty is ultimately responsible for ensuring proposal information provided to the CSS RA is accurate for submission according to the Shared Services SLA, SPO and funding agency stated timelines and procedures. This includes providing the necessary information for CSS RA to prepare the non-technical sections of the proposal as defined in the CSS RA service menu. http://sharedservices.berkeley.edu/wordpress092013/wp-content/uploads/2013/09/1042013-v-1.1-CSS-Research-Administration-Service-Menu-08212013.pdf

The PI/faculty is ultimately responsible for all award activity and compliance on their funds, including, but not limited to: adhering to all applicable terms and conditions, and UC and UC Berkeley policies and procedures; working closely with CSS RA to administer their funds; expending funds in accordance with the award’s terms and conditions; timely reviewing the provided monthly financial reports; notifying the CSS RA of any necessary changes in recurring expenses paid on project funds; and address notifications from CSS RA regarding allowability, allocability, necessity and reasonableness of costs.
PI/faculty are responsible for providing CSS and the units with alternative options when notified that there may be possible terms and conditions issues, or when funding availability impacts their personnel and/or expenditures due to circumstances within their control, if they have received accurate, timely reporting.

Responsibility for the liability may be with CSS if it is determined that CSS failed to provide timely and accurate projection reporting to the PI and proper escalation to the units and other central unit representatives regarding possible deficits or compliances, if the PI and the units complied with all other responsibilities as mentioned in Section C.2 and C.3.

Section D. Deficits

CSS RAs will notify PI/faculty as to their fund status on a monthly basis unless otherwise agreed upon, or there is limited annual activity for which they will be notified quarterly.

A Deficit Summary Report will be provided to the unit as per the SLA with the unit. Once developed, the report will include any projected overdrafts, deficits or funding issues that have been clearly identified as significant. At a minimum the report will include:

1. All funds that are currently scheduled to expire within the next 12 months and have no apparent additional confirmed funding by SPO, IAO or agency notification.
2. Any funds that may require a request for bridge funding.
3. Any significant projected deficits that were not projected and could not be resolved within 30 days by the faculty.
4. Any projected deficits that were clearly due to the negligence of PI/faculty or another UC central unit.
5. Any projected deficits that were clearly due to the negligence of CSS (CSS will accept responsibility). CSS will notify both the unit and the PI/faculty of their decision to cover the deficit.

The CSS RA will notify the PI/faculty who will need to inform CSS as to what his or her plan is to mitigate the issue.

Those units currently served by CSS at the time of adoption of this policy will agree to work together to determine possible changes in processes, and recognize that many of the current deficit liabilities may have occurred due to processes or service issues that were in place prior to the onboarding of their unit.

Going forward, a date will be established for when CSS will ensure the units that CSS will be responsible to do due diligence with providing accurate and timely reports as per the SLA.

For any unit not currently served by CSS, CSS will have 90 days after review to ensure inherited funds are in good financial standing, and meet with the PI/faculty and the units to ensure deficit plans are in place.

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Section E. Escalation of Deficit Issues for Determining Liability

Many deficits result from unanticipated or unusual circumstances, or where liability is in question by one or more parties. These types of deficits may also include shared accountability and financial liability and cannot be allocated by rule. For these cases, the CSS RA team will partner with the administrative officer and chair/director of the home department or central unit without delay to investigate the circumstances and find resolution to the deficit if possible. Units/ORUs and CSS should work together to make sure that funds under CSS administration and responsibility that do not have a unique department ID are clearly outlined so that the combination of efforts of CSS fund administrators and department fund administrators leave no gaps in the performance of key controls.

Below is the current escalation ladder to mitigate liability.

A. CSS RA will meet with the PI/faculty regarding any issues that need mitigating and work to eliminate the real or projected deficit.

B. If no resolution can be reached between CSS RA and the PI/faculty, CSS RA and the academic unit or ORU administrative leader will work together to determine accountability and allocate financial liability on a case-by-case basis. The unit/ORUs will be notified of any issues via the Deficit Summary Report. Please refer to section D of this policy.

C. If agreement cannot be reached at the second level of CSS RA and unit administrative leadership, the issue will be escalated to the third level, which includes the CSS COO and the department chair, dean or ORU director or other central unit representatives, including representatives of the VCRO as applicable.

D. If the deficit is determined to be the result of CSS RA error or negligence, then financial liability falls on CSS to cover the liability. The CSS RA supervisor, CSS RA manager, and/or CSS RA director will also take corrective action and CSS will cover the liability.

E. In the event it is determined that it is not a CSS liability, the unit/ORU will be responsible to provide CSS RA with a resolution that may include taking corrective action. CSS RA will work with the units/ORUs to assist, wherever possible, with handling transactions necessary to correct the deficit. It will be up to the unit/ORU to cover the liability and take corrective action, or appeal to their respective vice chancellor or the chancellor to assist with coverage and any action as necessary.