1. Purpose

Increased funding derived through sponsored programs imposes certain responsibilities, risks, and regulations that the University must bear. The responsibilities, risks, and regulations can be manifested in such manners that are difficult or not possible to foresee or plan for. The Sponsored Programs Risk Management Fund (the “Fund”) has been established to provide a budgeted resource to appropriately respond to responsibilities, risk, and regulations pertaining to approved sponsored research, academic, and service activities.

The Fund and related Research Infrastructure Improvement Fund were established in 2014 as part of the University’s budget restructuring that was referred to as the Decentralized Budget Model. Establishment of these two funds entails retention of 10% of recovered Facilities and Administration (“F&A”) costs derived from grants and contracts as a source of funding. The amount of funding available for the Fund is capped at $500,000 annually with the remainder of the retained 10% of F&A costs to be used for the infrastructure improvement fund. This policy and its procedures enable the University to appropriately manage the Fund.

2. Policy

a. Expenditures from the Fund restrict opportunities for the University to invest in infrastructure and capacity that further strengthen sponsored programs. Careful administration of the Fund will be necessary to balance the obligations arising from sponsored programs with the University’s goals to make investments that strengthen these activities.

b. Examples of the types of risk-derived costs that may be paid from the Fund include, but are not limited to:

   i. Directives arising from audits and risk management assessments.

   ii. Emergencies related to worker safety or animal care.

   iii. An unforeseen and sudden loss of funding mid-project or mid-year.

   iv. Consulting or legal costs related to risk mitigation for sponsored programs.

c. The Fund shall not be used for management of costs resulting from such examples as:
i. Deferred maintenance and repair of facilities.

ii. Negligence or poor management of sponsored projects.

iii. Matters arising from employees not adhering to University and SDBOR policies and procedures.

The Vice President for Research, or successor, will monitor the status of the Fund with assistance from the Office of Finance and Business. The University President is responsible for final refinement of recommendations and approval of implementation.

3. Procedures

a. Request for Actions Related to the Purpose of the Fund

   i. Potential matters related to responsibilities, risk management, or regulations for sponsored programs should be brought to the attention of the Vice President for Research, or successor. Deans and Vice Presidents should inform the Vice President for Research, or successor, in writing of potential necessary actions related to the purpose of the Fund. If needed, the Vice President for Research, or successor, will investigate the matter and the obligations entailed. The Vice President for Research, or successor, will determine if the matter is: (1) an emergency that requires immediate action, or (2) a non-emergency. The Vice President for Research, or successor, will consult with the University Office of General Counsel to determine if the matter entails confidentiality related to personnel, a sponsored project, or potential litigation.

b. Matters Deemed to be an Emergency

   i. Emergencies may exist following human or animal safety, loss of property, force majeure, or other situations that require action within five (5) business days. The Vice President for Research, or successor, will confer with the University President and the co-chairs of the University Budget Oversight Committee, or successor committee leadership, who will either concur that an emergency exists or determine a non-emergency. Emergencies will be addressed as instructed by the University President. Deliberations may take place by means of face-to-face meetings, emails, telephone or other similar mechanisms.

   ii. The Dean or Vice President that originated the process will immediately be informed of the University President’s decision and instructions.

   iii. The University Budget and Oversight Committee, or successor committee, will be notified of the actions at the next scheduled committee meeting.

c. Matters Deemed to be a Non-emergency

   1. Matters determined to be a non-emergency will be presented to the University Budget and Oversight Committee, or successor committee, by the Vice President for Research, or successor. The University Budget and Oversight Committee, or successor committee, will confer to develop a recommendation for action. The Vice President for Research, or successor, and the University Budget and
Oversight Committee co-chairs, or successor committee leadership, will inform the University President of the matter and the committee’s recommendations. Action will be taken based on final instructions by the University President.

d. The Vice President for Research, or successor, will provide a report to the University President on or about August 1 of each fiscal year on the action(s) receiving support from the Fund in the immediate previous fiscal year.

4. Responsible Administrator

The Vice President for Research, or successor, is responsible for bi-annual and ad hoc review of this policy and procedures. The University President is responsible for approval of any modifications to this policy and procedures.

SOURCE: Approved by President 10/23/2014.