
Subject: Centers Financial and Administrative Policy and Procedures

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1. Purpose

Centers have proven to be effective means of organizing complex academic activities, particularly interdisciplinary research, instruction, and outreach. Over the years, Centers have served the faculty and the university well. They have allowed faculty and their associates from varied backgrounds and expertise to come together to solve common problems that could not otherwise be addressed, and they have provided substantial growth in support for faculty, students, and facilities across the university. It is the desire of the university that these cooperative and innovative activities succeed and continue to grow. These policies and procedures are designed to enhance and ensure the future success of Centers at Virginia Tech.

A Center is defined by a group of faculty, staff and students who declare a shared technical interest and pursue shared research, instruction, and outreach as an *enterprise* that involves common activities; these may include cooperative research and scholarship, shared resources, operations, facilities and personnel, and require appropriate oversight, reporting and review.

The term "Center" may include such synonyms as "institute," "laboratory," "group," etc. Centers are further categorized as "University Centers," "College Centers," or "Departmental Centers," to distinguish them from other non-academic centers. Virginia Tech Centers, duly constituted according to the policies contained in this document, or through the university Governance System, as is the case for university centers, are part of the structure of the university, i.e., they are approved organizational units of the university.

The intent of Centers, as approved organizational units of the university, is to help the faculty, staff, and students succeed in their pursuit of excellence and achievement in research, instruction, and outreach. In the interest of that goal, recognition, registration and review of Centers confirms a general commitment by the university and its units to the success of the enterprise. The nature and level of that commitment and the nature of the clients of the Center determine its classification. Academic or Administrative units of the university that provide support for the Center become Stakeholders in the Center, and become a party to the operation and conduct of the Center.

2. Policy

The university encourages the formation of University, College, and Departmental Centers for the purpose of enhancing the achievement of its instructional, research, and outreach missions. This document sets forth the rules

by which Centers must be organized and operated. These policies and procedures are in satisfaction of the oversight requirements of the Virginia Tech Board of Visitors, and are applicable to all existing centers and to centers to be established in the future. All matters relating to research, instruction and outreach at Virginia Tech fall under the jurisdiction of the Senior Vice President and Provost as Chief Academic Officer of the university, and as such, the organization and operation of Centers, in accordance with university policies and procedures, are the purview of the Senior Vice President and Provost. The University's Chief Financial Officer is responsible for establishing policies and procedures governing all financial and administrative matters of centers.

3. Procedures

3.1 Establishment

Inasmuch as a new Center within the university creates additional demands for resources, oversight, reporting and review, and represents a major commitment of duties for at least one faculty member, there shall be good reasons to establish a center. In general, there are two basic criteria for the establishment of a new Center:

1. A *de facto* Center exists. Faculty members are working together on research, instruction, and outreach problems requiring an interdisciplinary approach. Typically, they may be serving on each other's graduate student committees; regular research, instruction, or outreach meetings and seminars involving the group take place; joint research, instruction, or outreach proposals and joint publications are in evidence.
2. A significant funding opportunity or opportunities exist. The available or anticipated opportunity requires a "Center" or umbrella structure in order to submit a proposal or to be competitive for an award. By their nature, these funding opportunities shall be for interdisciplinary research, instruction, and outreach and shall be available for an extended time period.

Classification of the proposed center shall be in accordance with the stated definitions in Section 4.0 and approved by the Stakeholders Committee, subject to approval of the Center by the university governance structure in the case of university centers, and the Senior Vice President and Provost in the case of college and departmental centers.

3.2 Authorization

For new Centers, a formal request to establish the Center must be processed. Requests to establish a university center shall be forwarded to the Commission on Research, Undergraduate Studies and Policies, Graduate Studies and Policies, or Outreach and International Affairs, as appropriate. Requests to establish college or departmental centers shall be forwarded to the Senior Vice President and Provost for consideration. The request to authorize a Center may originate from any interested and involved party. The proposal shall be in the form of a Charter for the Center, which addresses all pertinent policy and procedure requirements as stated in this document, to include:

1. Vision and objectives of the Center.
2. The general nature of the faculty and student groups that will, directly or indirectly, be involved in the Center, and the clientele served by the Center.
3. Governance, including proposed members of the Advisory Board and Stakeholders Committee.
4. Funding, including in-hand, committed, and prospective intramural and extramural support available for personnel, facilities, programs, and operations.
5. Basis for continuation or termination of the Center, including a statement of personnel that depend entirely or principally on the Center for their employment, and significant displacements that would occur if the Center were to terminate at some point. This section shall specifically address the conditions for "Establishment" described in these policies and procedures.

6. A statement of the qualifications of the proposed Director to manage the affairs of the Center. The proposal will be reviewed, as part of the authorization process, by the Office of the University's Chief Financial Officer. Upon initial review of the proposal for the Center, training and/or management consulting for financial and administrative operations may be recommended for the proposed Director and other administrative personnel within the center if warranted.

All centers must be registered; however, in accordance with Section 3.1 Paragraph 1., de facto centers may exist as early collaborative efforts, which will be registered as the collaborative effort matures into a center. A register of all authorized centers shall be maintained in the Senior Vice President and Provost's office. A copy of the complete register shall be forwarded to university Internal Audit and to the University Controller annually at the close of each fiscal year.

3.3 Governance

The request to establish a Center shall detail the governance of the Center as required in Section 3.2 (Authorization). The Stakeholders Committee, or (in the case of a smaller, single department center) the Department Head, will be responsible for governance of the Center, will review the financial and administrative functions of the center, and will receive annual reports from the Center Director as well as internal audit reports of the center.

The authority to appoint the Center Director resides with the Stakeholders Committee, with the concurrence of the Administrator to whom the center reports. The Center Director shall have the responsibility to recruit, hire, evaluate and dismiss center staff consistent with university policy and procedures, and contingent on Board of Visitors approval.

3.4 Financial and Administrative Procedures and Responsibilities

Each established unit within the university is responsible for administrative oversight and fiscal control of the university accounts assigned to it. Center activities, depending on the scope and nature of such activities, have primary accounting at the department, college, or university-level. Administrative oversight and fiscal control of Center activities are thus the responsibility of the administrative entity to which the accounts are assigned. Signature authority rests with the responsible administrator, and may be designated as deemed appropriate, within university rules and regulations.

The proposal to establish a center shall detail funding by source and amount and the purposes for such funding. A realistic forecast of sponsored funding likely to accrue to the Center should be included. The proposal shall detail the space and facilities to be used by the Center; as necessary, approvals by Deans and Department Heads should specify such arrangements. The distribution of returned indirect costs, consistent with university policy, shall also be included.

Industrial Affiliates funds and other private support to the Center shall be deposited in university or Foundation accounts consistent with university policy and procedures (c.f., Policy No. 3630, "Definition and Deposit of Private Funds"). If specific deliverables are involved, Foundation accounts are not appropriate instruments for such transactions. The University Controller will make final determination of whether funds should be deposited in university accounts rather than Foundation accounts.

Each center will be separately identified and assigned a unique organization code within the university's accounting system. The assignment of the organization code will reflect the reporting hierarchy appropriate for the center (university center, college center or departmental center). The Center Director, in conjunction with the responsible administrator and the University Controller, is responsible for setting up the appropriate accounting organization

structure within the university's accounting system. All administrative financial transactions shall be processed in accordance with established university policies and procedures.

On a quarterly basis, the Center Director will review all financial records of the Center, including both university and Foundation records, with the administrator (or agent) to whom he/she reports. It is the responsibility of the Senior Vice President and Provost or Vice President, Dean or Department Head to assure that all administrative and financial activities of all Centers are in compliance with all applicable policies and standards. If circumstances warrant, the administrator may request management consulting for administrative and financial operations, or suspend the authority of the Center Director to authorize financial commitments or expenditures.

An audit of Centers will be scheduled by university Internal Audit according to the level of risk associated with the operations of the center. The audit report will be distributed to the Center Director, the Stakeholders Committee, and the appropriate Vice President, Dean or Department Head, as well as the President, the University's Chief Financial Officer, Senior Vice President and Provost, Vice President and Dean for Undergraduate Education, and Audit Committee of the Board of Visitors.

The Center Director shall provide an annual report of the income and expenditures, including Virginia Tech Foundation accounts, associated with the Center in a uniform format to be developed by the University Controller's office. The report should also highlight the activities of the Center: personnel, projects, sponsored awards, recognition, annual budget summary, planned activities for the coming year and proposed budget for the coming year. All reports shall be submitted within three months after the close of the university's fiscal year.

3.5 Signature Authority

The Center Director, in conjunction with the responsible administrator, Associate Vice President for Human Resources, and the University Controller, is responsible for setting up the appropriate signature authority for both personnel and accounting transactions of the Center, and for keeping authorization up to date as personnel and responsibilities change. Signature authority approval lies with the Senior Vice President and Provost, or appropriate Vice President, Dean, and Department Head for University, College, and Departmental Centers, respectively.

3.6 Reporting

All faculty (with the exception of non-tenure track research faculty) associated with a Center shall hold and retain an appointment to an academic department. As such, the Department Head and College Dean shall be involved in the approval and review of instruction, research and outreach activities. Each Center Director shall report to a single administrator.

3.7 Programmatic Oversight

For all centers, programmatic issues (as distinct from fiscal and administrative matters) will be addressed on an ongoing basis by the Center Director, Principal Investigators, the Administrator and, where relevant, the Stakeholders Committee and, ultimately, the Senior Vice President and Provost. Advisory Boards will provide further reviews of programmatic progress. Additionally, university-level Research Centers remain subject to the Review and Evaluation procedure contained within Policy No. 13005 (Interdisciplinary Research Centers; Section 2.8).

4. Definitions

A UNIVERSITY CENTER is a group of faculty and their associates, formally recognized by the university, joined together to pursue research, instruction, and outreach goals that require the substantial input of two or more disciplines not contained within a single college. As a defining element, University Centers are typically funded by

appropriations, grants or contracts, for which administrative and fiscal control is assigned to the Senior Vice President and Provost's or Vice President's office, rather than to a College or Department. The Director of each University Center, for matters related to center operations, shall report to an Administrator who shall be the Senior Vice President and Provost, Vice President for Research, the Vice President and Dean for Undergraduate Education, or the Vice President for Outreach and International Affairs, as appropriate, unless an exception is otherwise approved by the Senior Vice President and Provost. A statement approving the exception authorized by the Provost shall be included as an appendix in the Center's Charter. The Center shall be governed by a Stakeholders Committee which will include the Senior Vice President and Provost, Academic Deans of the Colleges involved, the Department Heads of involved Departments, the Vice President for Research, the Vice President and Dean of Undergraduate Education, or the Vice President for Outreach and International Affairs, as appropriate, and the Director, as an ex-officio member. Designees shall be permitted. The Chair of the Stakeholders Committee shall be elected by members of that Committee or appointed by mutual agreement except that the Chair shall not be the Administrator to whom the Center Director reports, unless an exception is otherwise approved by the Senior Vice President and Provost. A statement approving the exception authorized by the Provost shall be included as an appendix in the Center's Charter. University Centers are subject to the university policy on the distribution of indirect cost revenues. A University Center may have advisory boards, committees, and review boards as determined by the Stakeholders Committee.

A COLLEGE CENTER is a group of faculty and their associates, formally recognized by the university, joined together to pursue research, instruction, and outreach goals that require the substantial input of two or more disciplines contained within a single college, or two or more colleges. As a defining element, College Centers are typically funded by appropriations, grants or contracts, for which administrative and fiscal control is assigned to a Dean's office, rather than to a Department. An example is a National Science Foundation funded Engineering Research Center. The Director of a College Center, who would normally be a member of an involved academic department, for matters related to center operations, shall report to the College Dean who is in charge of the funds of the Center. The Center shall be governed by a Stakeholders Committee that will include the Academic Dean(s) of the Colleges involved, the Department Heads of involved Departments, and the Director, as an ex-officio member. Designees shall be permitted. The Chair of the Stakeholders Committee shall be elected by members of that Committee or appointed by mutual agreement except that the Chair shall not be the Administrator to whom the Center Director reports. A College Center may have advisory boards, committees, and review boards as determined by the Stakeholders Committee.

A DEPARTMENTAL CENTER is a group of faculty and their associates formally recognized by the university, joined together to pursue research, instruction, and outreach goals that require the competence and capabilities of more than one faculty member, but primarily within the province of a single department or cooperating departments. The research grants or contracts of the member faculty principally fund a Departmental Center. The Director of a Departmental Center is always a member of an involved academic department. The Director of each Departmental Center shall report to the Department Head. If more than one department has substantial involvement, then there shall be a Stakeholders Committee which shall consist of the Department Heads involved, the Center Director, and additional members as appropriate. The Chair of the Stakeholders Committee shall be elected by members of that Committee or appointed by mutual agreement. A Departmental Center may have advisory boards, committees, and review boards as determined by the Stakeholders Committee. An ADVISORY COMMITTEE is a group of representatives from units and organizations that are served by the Center or experts in the technical affairs of the Center who provide guidance for all programmatic affairs of the Center. This Committee typically consists of clients, industrial representatives, faculty and agents of organizations concerned with the technical direction and development of the Center.

A STAKEHOLDERS COMMITTEE is a group of representatives from each academic or administrative unit of the university that is providing substantial fiscal or material support for the Center. Members typically will include department chairs, deans, university administrators, and representatives of other university organizations that

provide sustaining support to the Center, as defined above. The Stakeholders Committee shall have oversight of all financial, administrative, and fiduciary affairs of the Center.

The ADMINISTRATOR is the single person to whom the Center Director reports on matters related to center operations. This shall be the Senior Vice President and Provost or appropriate Vice President, Dean and Department Head.

5. References

1. Policy No. 13005, Interdisciplinary Research Centers, Nov. 5, 1991.
2. Policy No. 3630, Definition and Deposit of Private Funds, Feb. 22, 1991.

6. Approval and Revisions

Approved January 25, 1999, by Senior Vice President and Provost, Peggy S. Meszaros, and Executive Vice President, Minnis E. Ridenour.

- Revision 1 – Policy updated to reflect changes in position titles.

Section 3.2, #6 – Responsibility for review of proposal moved from the Office of the Executive Vice President and Chief Operating Officer to the Office of the Vice President for Budget and Financial Management.

- Revision 2

April 1, 2008: Updates to position titles and/or responsibilities due to university reorganization.

- Revision 3

Additional updates to position titles. Section 4: University Center definition updated to require Provost approval if the Chair of the Stakeholders Committee is the same as the Administrator to whom the Center Director reports.

Approved June 26, 2008 by Senior Vice President and Provost, Mark G. McNamee, and Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.