

STATEMENT of POLICY and PROCEDURE

Manual:	Finance	SPP No.	FN 3.05
Section:		Issued:	Mar 8 2011
Subject:	Recognition of Indirect Costs for Research & Clinical Trials	Effective:	Mar 8 2011
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Issued by:	Chief Operating Officer	Approved:	Mar 8 2011

1 POLICY

1.01 The cost of conducting research includes not only the direct costs of the project but also a range of indirect costs (also termed 'overhead'). These indirect costs include many expenditures behind the scenes but that are real costs incurred to support the infrastructure required to allow research to proceed. It is important when research or clinical trial funding is received from external sources that every effort is made to ensure that whenever possible that the full indirect costs, associated with the funded research project, are recovered.

2 PURPOSE

2.01 The purpose of this policy is to outline the overhead rates and other expenses to be recognized in grant applications, contract research, and clinical trial agreements.

3 SCOPE

3.01 This policy and procedure applies to all grants and contract agreements.

4 RESPONSIBILITY

4.01 The development of this policy and the overhead rates are at the discretion of the COO. The implementation of the policy rests with the Director of Research Operations (DRO) and Director of Translational Research (DTR). All members who submit grant applications or initiate contracts are to abide by the policy.

5 DEFINITIONS

5.01 Overhead (Indirect Costs): Indirect costs include: accounting, human resources, payroll, research administration, lab operations, and the provision and maintenance of research facilities and office space.

5.02 Research Grants: Refers to funds that are awarded to the investigator(s) to

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enable the performance of self-directed research, where there is no contractual obligation for prescribed outcomes. The following characteristics are normally also present:

- objectives are defined in a general fashion
- no limitations or restrictions on publication
- no specific transfer of results to grantor; however a final report stating the results of the research is usually submitted to the grantor
- high level of research trainee involvement
- no direct remuneration to principal investigator or co-investigator

5.03 Research or Clinical Trial Contracts: Refers to funds that are assigned for research or trials purposes through a legally enforceable agreement which may include conditions setting forth specific terms governing the conduct, direction and scheduling of the tasks to be performed; designating ownership of proprietary rights to the research results; laying out the financial regimen to be followed; and other restrictions required by the funder. Some or all of the following characteristics are normally present:

- scope and nature of the project is specifically defined
- set time period for the activity
- ownership of intellectual property, patent rights and licensing arrangements are established
- deliverables are strictly defined
- provision for confidentiality of information supplied and created
- limitations on publication, perhaps prior review of material for publication to check for confidentiality or patent issues
- budget approvals and payment schedules
- acceptance and termination clauses
- limit liability of participants (hold harmless and indemnity clauses)

6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE
None

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7 PROCEDURES**7.01 Overhead (Indirect Costs) Rates**

The following overhead rates will apply on research grants and contracts administered by TBRI or by Lakehead University on behalf of TBRI:

1. Ontario Government ORF Applications – 40%
 - a. 40% is the maximum allowable overhead that may be included in ORF-RE applications. Note, the administering entity also has the right to charge an additional administrative fee.
2. Overhead Rate on Industry Cash Contribution – 30%
 - a. TBRI allocates 30% overhead rate to industry cash contributions. No overhead is charged to industry in-kind contributions.
3. Federal Tri-Council Grants – as allowed
 - a. The Province of Ontario has recognized the importance of the indirect cost recovery on grants awarded by NSERC, SSHRC and CIHR, and therefore provides to the University who administers the grants some allocated overhead based on the an average of prior years' funding received. For these Tricouncil grants, it has been agreed to with Lakehead University, that TBRI will receive a portion of the overhead allocated. Note – that this is generally a very nominal amount in comparison to the true cost of research.
4. Overhead Rate on Other Research Grants – minimum 10%
 - a. For research grants accepted by TBRI, an overhead allowance of 10% must be included, where the sponsoring agency allows such a charge.
5. Overhead Rate on Research Contracts – minimum 30%
 - a. Every contract for research accepted by TBRI with a government agency or private sector partner must include a minimum overhead allowance of 30%. The COO and/or DRO has the authority to negotiate exceptions with contracting agencies concerning the amount of overhead charged.
6. Overhead Rate on Clinical Trials – minimum 30%
 - a. Every contract for clinical trials accepted by TBRI with a government

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agency or private sector partner must include a minimum overhead allowance of 30%. The Vice President of Research and/or DTR has the authority to negotiate exceptions concerning the amount of overhead charged.

7.02 Calculation of Overhead

Indirect costs may be identified as a separate budget item or expressed as a function of the total cost. Other alternative methods of costing can be considered provided that the indirect costs are recovered. These methods are to be approved in advance by the COO and/or DRO.

7.03 Overhead Exceptions

The TBRRRI overhead charge will not apply on donations or purchases of research equipment, provided the equipment will be made available for use to all researchers, or to support the mandate of the institution. The individual researcher will be responsible for the installation and maintenance of the equipment.

7.04 Other Costs to be RecoveredUse of TBRRRI Services/Facilities

The facilities and services of TBRRRI are to be considered as direct costs and budgeted for appropriately in research applications and contract proposals. The TBRRRI overhead charge will not apply on these direct costs. (Note, please consult with the COO/DRO as required for appropriate costing for inclusion).

8 Attachments

None.