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Memorial University of Newfoundland

Indirect Costs of Externally Funded Research

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Authority:

Vice-President (Research and Innovation)

Principle

The costs of carrying out externally funded research, whether grant or contract based, fall into two broad categories: Direct Costs and Indirect Costs (also known as research overhead). Recognizing the need for institutions to recover both the Direct and Indirect Costs of research, the Government of Canada implemented the Indirect Costs Program to provide payment of the Indirect Costs of research funded by the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada, and the Social Sciences and Humanities Research Council of Canada (collectively the Tri-Agency). Indirect Costs of other externally funded research at the University are recovered through the application of Indirect Cost rates as outlined in this policy.

Purpose

To provide a mechanism whereby the Indirect Costs of externally funded research are recovered from sponsors and a portion of the Indirect Costs are allocated to the Office of the Vice-President (Research and Innovation), Academic Unit managing/overseeing the research and to a research pool account in the Principal Investigator's Academic Unit.

Scope

University-wide with respect to Indirect Costs associated with externally funded research where the work creates intellectual property which advances the state of knowledge in the researcher’s area of expertise. This policy does not deal with the annual allocation provided by the Tri-Agency towards the Indirect Costs of research.

The policy also does not apply to externally funded research carried out exclusively by faculty or staff of the Marine Institute. Where other Academic Units of the University are involved in funded research administered by the Marine Institute, this research shall be carried out in accordance with the University-wide research policies, including the Indirect Costs of Externally Funded Research policy.

Definitions

Academic Unit — Refers to a centre, department, division, faculty, program or school, other than an administrative unit, as the context requires and as defined in the University Calendar.

Campus Head — The executive positions responsible for each of the Marine Institute, Grenfell Campus and the Labrador Institute.

Deliverables — Include the results of a research project that are explicitly defined in the Research Contract and which may include reports, papers, presentations, models, prototypes and demonstrations. Deliverables may include a license, or a first right of refusal to negotiate a license, to the intellectual property developed during the course of the contract but **do not** include the underlying intellectual property developed by the University's faculty, staff, postdoctoral fellows or students.

Direct Costs — Include, but are not limited to, the stipends, salaries and benefits for research personnel, including faculty, staff, postdoctoral trainees and students, materials and supplies, travel, equipment, purchase of specialized services, and subcontracts.

Indirect Costs — Include, but are not limited to, building use and depreciation, utilities, equipment depreciation, physical plant and maintenance (including utilities, hazardous waste disposal, security), insurance, pre- and post-award research administration, financial administration (including purchasing and accounting), human resources administration, and common resources, including libraries and computing services.

Principal Investigator(s) — The researcher(s) who leads a proposal submitted by the University for external funding and who agrees to undertaking the research in accordance with the terms of the Research Contract.

Research Contract — Any formal, legally enforceable agreement signed between the University and an external Organization/Sponsor which, in exchange for payment of Direct Costs and Indirect Costs, sets out a task or tasks to be completed within a specified timeframe to arrive at a research outcome which constitutes intellectual property that advances the state of knowledge in the researcher's research area. Deliverables are also defined under the agreement. The research must able to be published in the scholarly literature. In some instances such publication may be subject to an appropriate deferral period in which a review of proposed publications can be carried out to identify confidential or commercially sensitive information and to provide time to secure protection of such information.

Unit Head — Deans, Department Heads, Division Heads, Heads of Schools, Directors, Executive Directors, University Librarian, University Registrar and other senior administrators at a comparable level; Associate Vice-Presidents and Vice-Presidents, as applicable.

University — Memorial University of Newfoundland.

Policy

1) Indirect Costs must be charged on all externally funded research projects at the rate of 25% or more of total Direct Costs.

2) In cases where the external Sponsor does not fund Indirect Costs at a rate of 25%, but funds Indirect Costs at a lower rate, the maximum rate allowable must be charged. Indirect Costs will not be charged to Sponsors or Programs with a demonstrated policy, or explicit statement in the Program guidelines, that Indirect Costs are ineligible.

2)

3) The Direct and Indirect Costs associated with stipends and salaries for graduate students, postdoctoral fellows, undergraduate students, and other trainees must be included in the contract budget. However, the Dean has the discretion to waive application of Indirect costs on direct costs associated with trainee stipends and salaries. If Indirect Costs are applied to these budget items, it shall be charged at the same rate as that applied to all other budget items, except in cases where the external Sponsor applies a variable rate across budget line items. In these cases , the Indirect Cost rate associated with stipends and salaries for trainees shall be the lowest rate that is applied in the contract budget.

4) Except as outlined in 5) below, the distribution formula for funds received in payment of indirect costs is as follows:

Central Distribution:

a) the first 12.5% of Direct Costs (corresponding to the first 50% of Indirect Costs) to the Office of the Vice-President (Research and Innovation).

Local Distribution where Post-Award Administration is in a Faculty/School/Campus (total Indirect Cost less the Central Distribution):

b) 30% of the remaining Indirect Costs to a research pool account to support an approved program of research by the Principal Investigator(s) carrying out the research associated with the Research Contract.

c) 30% of the remaining Indirect Costs to office of the head of the centre, department, division, or equivalent that is administering the Research Contract, post-award. Where no subdivision exists within a Faculty, School or Campus, this portion is distributed to the Office of the Dean/Campus Head. Where Principal Investigator(s) incur additional Indirect Costs because of

the absence of services normally provided by a division, department, or centre, this portion is shared between the Office of the Dean/Campus Head and the Principal Investigator based on their approximate share of indirect costs.

d) 40% of the remaining Indirect Costs to the Office of the Dean/Campus Head with responsibility for post-award administration of the Research Contract.

In the case of research projects involving multiple faculty members or Academic Units, the Local Distribution shall be agreed among the Principal Investigators and Academic Units involved prior to the University negotiating a research contract.

Local Distribution where Post-Award Administration is in the Office of the Vice-President (Research and Innovation) (total Indirect Cost less the Central Distribution):

e) 30% of the remaining Indirect Costs to a research pool account to support an approved program of research by the Principal Investigator(s) carrying out the research associated with the Research Contract.

f) 50% of the remaining Indirect Costs to the Office of the Vice-President (Research and Innovation).

g) 20% of the remaining Indirect Costs to Office of the Dean/Campus Head where the Principal Investigator(s) have academic appointments.

In the case of research projects involving multiple faculty members, the Local Distribution among the Principal Investigators shall be agreed among the Principal Investigators prior to the University negotiating a research contract.

5) In the case of a sponsor having a formal written policy of paying indirect costs lower than 25% and the maximum allowable by the sponsor has been received by Memorial, the distribution formula for funds received is as follows:

Central Distribution:

a) 50% of the indirect costs to the Office of the Vice-President (Research and Innovation)

Local Distribution:

b) The remaining 50% is distributed as described in 4) above.

6) It is the responsibility of all researchers to consult with the Vice-President (Research and Innovation), or delegate, regarding this policy prior to planning project budgets associated with research contracts. All contract or agreement negotiations must be carried out in accordance with the *Contract Administration* Policy.

8) The Vice-President (Research and Innovation) reserves the right to negotiate, depending on project circumstances, alternative Indirect Cost rates than those provided under Section 1. Alternative Indirect Costs rates must be approved by the Vice-President (Research and Innovation) prior to budget discussions with the project sponsor or submission of a proposal, whichever occurs first.

9) For exceptional and compelling reasons, the Vice-President (Research and Innovation) may agree to variations to this policy as may from time to time be appropriate.

Related Documents

Contract Administration policy
Research Contracts and Agreements policy
Procedure for Administrating Research Pools
Research Involving Indigenous Groups Policy

For inquiries related to this policy:

Office of Vice-President (Research and Innovation) - 709-864-2530

Sponsor: Vice-President (Research and Innovation)

Category: Operations