



INDIRECT COSTS OF RESEARCH POLICY

BACKGROUND

Brock University is committed to ensuring that excellent research and the infrastructure enabling it are sustainably supported. Brock University supports research through elements including building infrastructure, operations, and maintenance; scientific, scholarly, and creative resources; environmental and safety monitoring; administrative management; insurance; and research support staff and services. These provisions comprise indirect costs on the research enterprise. The University mitigates these costs through a range of overhead provisions, including on sponsored research activity.

SCOPE

This policy applies to all faculty, staff, and students engaged in research or any research-related activities funded or otherwise administered through Brock University's Office of Research Services (ORS), and any research-related contracts or agreements that purport to bind Brock University.

This policy applies to agreements to conduct research activities with resources or under the oversight of Brock University in a range of respects, including but not limited to those:

- (i) utilizing Brock University facilities or equipment;
- (ii) contracted or advertised under the auspices, label, or brand of Brock University;
- (iii) generating funds to be held in trust in Brock University accounts and disbursed subject to university policy; or
- (iv) requiring Brock University review under Brock University policy or under the terms of external agencies and policies, including the *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans* and Canadian Council on Animal Care guidelines and policies, to which the University is subject.

Independently of their institutional affiliation, Brock University researchers may formalize agreements with third parties to conduct fee-for-service consulting or analytical activities and receive compensation directly from third parties. This policy does not apply to such agreements.

This policy moreover does not to apply to those federal Tri-Agency funded programs for which the federal government provides indirect cost support, including through the Research Support Fund (RSF). Some Tri-Agency programs are excluded from the RSF. For project applications made to those programs, this policy does apply. Applicants to those Tri-Agency programs that allow for indirect costs are required to seek the maximum amount of indirect costs allowed in their budget submission.

Similarly excluded from the scope of this policy are contracts and revenues from commercial licensing (patent or software) agreements. The financial terms for these services are negotiated on a case-by-case basis by the Office of Research Services.

If any provision of this Policy is found to be inconsistent with the provisions of a collective agreement, the collective agreement will prevail, unless the Policy provision is required by law, in which case the Policy provision will prevail.

POLICY

Overview

Brock University's Office of Research Services is committed to collaborating with researchers to ensure that research is funded and supported. This commitment is echoed through the University's strategic priority to build research capacity across the institution. A crucial part of that commitment is ensuring the long-term sustainability through appropriate budgetary transparency and provisions for appropriate support of the necessary infrastructure to enable research activity and research support services at Brock. Collection of indirect costs ensures that research continues in an environment that has the necessary physical, administrative, legal and regulatory supports.

The direct costs that may be invoiced to a research project do not fully account for the investment and resources facilitating it. Often referred to as "overhead" or "indirect costs," these additional costs of research activity include expenses associated with physical facilities, scientific resources, administrative management, and other support services. These are indirect and systemic yet substantial costs of conducting research. It is therefore necessary that individual research project budgets

make provisions to defray these indirect costs by including an amount designated specifically for overhead.

Research not supported by the federal government's Tri-Agency system, and particularly those sponsored through private sector partnerships on a contract basis, have no formal policy for addressing indirect costs. In these cases, it is for the University to set the overhead rate intended to mitigate the indirect costs of the research enterprise. This policy applies to such research agreements.

Rates

Where funders, agencies, or sponsors do not have posted or established indirect costs, the default rate for all research grants and contracts will be 40%.

Funders, agencies, or sponsors whose allowable maximum overhead rate is less than 40%, or whose policies do not allow indirect costs, must provide ORS with published policy documentation or an equivalent declaration, making clear that this limitation is applied consistently to all Canadian universities. If the maximum indirect cost rate permitted by the funder is less than 40%, ORS, at the discretion of the VPR, and in consultation with Dean and PI, may facilitate a contract at the lower rate or waive it altogether. Any non-standard rates require advance approval from the VPR; otherwise a rate of 40% will be applied.

Distribution of Overhead Revenues

The distribution of overhead revenues reflects the shared commitment and distributed indirect costs for the institutional units supporting research. Overhead revenues are to be distributed as follows:

- a. 50% to the Dean(s) of Faculty(ies) in which the researcher(s) is (are) resident. The distribution among Deans of indirect costs incurred by co-investigators will be distributed proportionally to the distributed direct costs of the individual grant/contract.
- b. 50% to central research administration, specifically the Office of the Vice-President Research.

Through the distribution of these offsetting revenues, it is recognized that Faculties (and to varying degrees their sub-units, including Departments and Centres) support the research and scholarly activities of the faculty members and students. It is for this reason that a significant portion of indirect costs are allocated to Deans for use within their Faculties. The overhead funds distributed to a Faculty from a research project are intended to mitigate existing and foreseeable indirect costs of the research enterprise. They are not normally to be remitted to researchers as incremental funding for the project's direct costs. The Vice-President, Research retains the right to audit the use of these funds and provide direction on their distribution.

The remaining allocation recognizes the importance of central institutional support, in many different forms, for the research enterprise.

This distribution aims to balance the collective efforts of the University as a whole to ensure long-term sustainable research excellence at Brock.

The Office of Research Services does not have the authority to waive the collection of indirect costs, where allowed by the funding entity, without approval from the Vice-President, Research.

Audit

Funds distributed to researchers and Deans are intended to be used solely to support the indirect costs of research.

Faculties that receive overhead revenues shall report on how these funds have been spent or allocated upon reasonable request of the Vice-President, Research.

When required, Financial Services will perform annual audits of expenditures of indirect cost revenues obtained by the University to ensure that they are used in accordance with the funder's or sponsor's requirements. Recipient units that do not employ overhead revenues in accordance with the sponsor's requirements may be required to reimburse the University or the sponsor.

**COMPLIANCE
AND REPORTING**

The Vice-President, Research is responsible for monitoring the uptake and efficacy of this policy. The Office of Research Services will make an annual report under this policy stating the amount of overhead revenues actually collected, amounts expected from existing agreements, and the allocations and distributions of revenues.

APPEALS

Any disagreement concerning an interpretation or application of this policy by the Office of Research Services may be brought to the Vice-President, Research, for review.

Policy owner:	Vice President, Research
Approved by:	Executive Team (President and Vice-Presidents)
Effective date:	September 9, 2020
Next review:	March 2025
Revision history:	December 2020, March 2022
Related documents:	