



Brock University

Research Policies and Procedures

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Approval by: Council of Academic Deans
President's Office

Background:

With the Provincial government providing “Indirect Costs (IDC),” often referred to as “overhead” and Facilities and Administration (F&A) rates, on the order of 40% of Provincial contracts (on individual contracts and through the Research Performance Fund (RPF)) and the Federal government indicating that it will be moving to a similar formula for Research Grants (CFI already pays an “operating” cost on their capital grants at a level of 30%) there is a greater cognizance of the importance of such costs to the universities. Along with these new IDC payments have come audit requirements that are very strict and may be extended to areas beyond just government contracts and/or grants. The particular unit, whether at the central administration, the Faculty or the Department level, will be required to account for these expenditures as true “indirect” costs. Thus, the University will implement audit/accounting procedures for all indirect costs allocated to central units (e.g., Financial Services, Research Services) as well as to Faculties, Departments and other units.

In the past, the Government of Canada and some of its agencies had established overhead rates. In the 1980s, the Association of Universities and Colleges of Canada had negotiated an overhead rate of 65% on labour and 2% on travel for all GC contracts. CIDA had two rates, one for on-campus and a second for off-campus activities. Over the past decade, adherence to these indirect cost (IDC) rates has been eroded and various rates have been charged.

Universities and funding agencies have moved toward a fixed rate on research grants and contracts, usually 30-40% of total costs, rather than charging a percentage of labour and/or travel, which was often avoided in the previous regime.

Negotiation of Rates

The University rate on all research grants and contracts must be negotiated by the Office of Research Services, in consultation with the Dean, Chair or Director and the Principal Investigator.

Where the agency has published indirect cost rates, these rates will be required. Where the agency does not have posted rates, the rates identified below serve as the guideline for the rate the University will seek to obtain.

In the negotiation of rates, the University will take into consideration the site of the research activity, any rental or other payments that are charged as direct costs, etc.

Standard Rates

The Standard Rates (on total direct costs and University in-kind contributions, including nominal faculty salaries) will be:

Provincial Government Grants and Contracts:	40% (negotiated rate)
Ontario Centres of Excellence	30% (negotiated rate)
Federal Grants and Contracts	40%
Industry Grants	20-40%
Industrial Contracts	40-50%
US Government and Agency Grants	As permitted under US Legislation
US Government and Agency Contracts	Current negotiated rate but no less than 8% of total direct costs, including faculty salaries.

Division of Indirect Costs

The revenue from Indirect Costs is now to be divided as follows:

- 50% to the Dean(s) of Faculty(ies) in which the researcher(s) is (are) resident. The IDC on individual grants/contracts will be shared among Faculties in proportion to distribution of direct costs incurred by co-investigators in the Faculties.
- 30% to central administration
- 20% to Associate Vice-President, Research

Rationale for the Policy

Central revenues are used to support the costs of insurance, risk management, financial services, human resources, research ethics, library services, custodial services, ITS, and research services, among many others. With the increasing demands on Research Services, Financial Services and Human Resources for semi-annual or more frequent financial reports, the employment of both long-term and short term employees, it is important that a portion of the IDCs are used to support these central functions.

It is also recognized that Faculties/Departments provide infrastructure support to the research and scholarly functions of the faculty members. These include the purchase of Information and Communications Technologies, support staff (e.g., temporary) services, the purchase of equipment or the provision of technical services. It is for this reason that a significant portion of IDCs are allocated to Deans for use within their Faculties and amongst their many departments and services.

Audit

Where required, Financial Services will perform annual audits of expenditures of IDC revenues obtained by the University to ensure that these are used in accordance with Agency requirements. Where IDC revenues do not have specific audit requirements, the recipient unit may employ these for any indirect cost related service. Recipient units that do not employ the IDCs in accordance with Agency requirements may be required to reimburse the University or the Agency.

Rationale for the Policy

Canadian and US federal and provincial/state audit requirements, as specified in individual contracts or in issued circulars or regulations, may require the University to repay IDCs that have not been allocated in accordance with the terms and conditions of the award. The University, through Financial Services and Research Services, will review all contracts and agreements to ensure that the University has the greatest flexibility in the use of IDCs prior to signature of any contract or agreement. However, where government agencies are involved, by an administrative action of a government, the terms and conditions are often passed down through the agency to the University. In these cases, ORS and Financial Services will inform the AVPR and recipient Faculties of any restrictions on the use of IDC revenues.

Accounts for Faculty Share of Indirect Costs

Research Services or Financial Services will establish one IDC account for each Faculty. IDC revenues will be transferred to these accounts at the completion of the contract (or annually, if applicable) and the submission of all financial and other required reports. Should a research account be permitted to become over-expended, the transfer of IDCs accruing to the Faculty may be reduced by the amount of the over-expenditure.

Related Policies

Policy on Signing of Research Grants and Contracts

Policy on Over-Expenditures on Research Grants and Contracts

Modified 18-02-02