

Policy History
Policy No. RS3
Approving Jurisdiction: President
Administrative Responsibility: Vice President Finance & Administration/Associate Vice President Research
Effective Date: May 19, 2010

Indirect Costs of Research Procedure

DEFINITIONS:

Indirect Costs: Indirect costs are ongoing, necessary operating expenses of an organization that cannot be attributed to one department, project or service (also referred to as overhead). Examples of Indirect Costs include utilities, audit, legal expenses and costs related to administrative staff.

PROCEDURES:

- (1) Every grant or contract for research projects accepted by the University must include an allowance for indirect costs at a rate of 25% of direct costs except as noted below.
- (2) Special rates for indirect costs may apply to certain agencies. The Office of Research and Scholarship will maintain a database of approved Special Rates for Indirect Costs. Researchers are required to consult with the Office to verify the appropriate rate. If a rate for indirect costs does not exist for the particular situation under consideration, then the Office will negotiate for a rate on behalf of Kwantlen Polytechnic University, prior to submission of the proposal.
- (3) Indirect costs from research sponsored by the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council is recovered through the federal Indirect Costs Program and therefore grant applications for these funds must not include indirect costs..
- (4) Revenue (other than from the Federal Indirect Costs Program) generated from the allowance for indirect costs will be accounted for through the University's central accounting system.
- (5) Funds generated by the indirect costs allowance may not be used to offset excess expenditures incurred in the direct portion of research project costs nor for salary support for faculty.
- (6) Seventy-five per cent of funds generated by indirect costs will be distributed for research and related academic purposes, as follows
 - o 25% - Office of Research and Scholarship (ongoing support of research administration and programs)

- 20% - Dean of Faculty (in support of the costs of faculty time reassignment and educational development)
 - 15% - Library (in support of research material and repositories)
 - 15% - Principal Investigator, held by the Dean's Office (discretionary funds to support research)
- (7) Twenty five per cent of funds generated by indirect costs will be distributed to recover the general administrative indirect costs that support all of the University's operations
- (8) Revenue received from the Federal Indirect Costs Program will be distributed for research and related academic purposes, as follows
- First \$25, 000 – 100% to ORS
 - Range \$25, 000 to \$100, 000 – 15% to ORS, 15% Central Administration, 70% distributed to recipient Faculties on a proportionate basis.
 - Range greater than \$100, 000 - 20% to ORS, 20% Central Administration, 60% distributed to recipient faculties on a proportionate basis.

The following numerical example provides additional clarity:

Assume direct costs of research activities including salaries and supplies:	\$100,000
Allowance for indirect costs at a rate of 25% on direct costs	<u>25,000</u>
Direct costs plus indirect costs	<u>\$125,000</u>
Indirect Cost Allowance of \$25,000 will be allocated as follows:	
Office of Research and Scholarship, 25%.....	\$6,250
Dean of Faculty, 20%.....	5,000
Library.15%.....	3,750
Principal Investigator, 15%.....	3,750
General Administrative Indirect Costs, 25%.....	6,250
Total Indirect Costs allocated.....	\$25,000.

RELATED POLICY:

Refer to RS3 *Indirect Costs of Research Procedure*