

Department of Obstetrics & Gynaecology

Indirect Costs and Research – June 2014

Preamble

Overhead costs, also called indirect costs, are the costs of research absorbed by the institution, such as building operating costs and library services. A portion of these costs are recovered from research grants and distributed to central administrative units and the faculties (<http://www.ors.ubc.ca/ors/overhead-policy>).

At the request of the UBC Executive, UBC began an initiative to improve recovery of its indirect costs of research in 2013. The underlying UBC policy (Policy #87 - Research) is unchanged; however modifications to some research administrative procedures were introduced to improve recovery of indirects (<http://www.research.ubc.ca/vpri/indirect-costs-recovery-initiative>).

In this context, the UBC Department of Obstetrics and Gynaecology Executive believed it prudent to make a clear policy regarding how indirects are received in the department and in turn how these are used. Further, it was felt that clarity on what constitutes direct and indirect costs of research was required.

There are two sources of funding as they relate to the indirect costs of research. One is the Federal Indirect Costs Program, which relates to all funding received via the Tri-Council funding agencies - Canadian Institutes for Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC) and Social Sciences and Humanities Research Council (SSHRC). The other is Overhead funding collected from Sponsored Research, which is research funded by Industry Sponsors, Foundations, Health Canada and other organizations.

All UBC policies and distributions are publically available on various UBC websites. A full reference list is provided at the end of this document.

Federal Indirect Costs Program

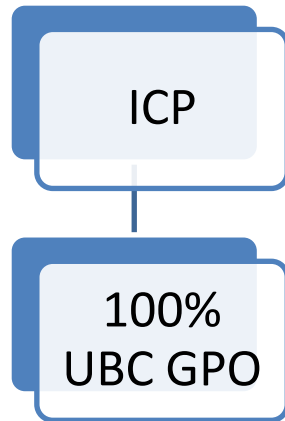
Indirect Costs Program (ICP) grants are based on the funding received by researchers from the three granting agencies - Canadian Institutes for Health Research (CIHR), Natural Sciences and Engineering Research Council (NSERC) and Social Sciences and Humanities Research Council (SSHRC). ICP Grants are awarded to cover a portion of the indirect costs of research incurred by universities, colleges and their affiliated health research institutes and research hospitals during that year (<http://www.indirectcosts.gc.ca/calculations/index-eng.aspx>).

The value of each institution's ICP grant is based on the amount of funding received by its researchers from the three granting agencies – CIHR, NSERC and SSHRC. The funding formula takes the average of the three most recent years for which data are available and allocates a percentage of the ICP Grant for the current year.

Indirect costs recovered through the Federal Indirect Costs Program, form a core component of UBC's budget and are distributed in a complex manner. The Office of Research Services uses RISe data, limited to the eligible sponsors and programs, to identify projects that bring in ICP funds. The projects are identified to where the project is taking place, e.g. UBC Point Grey campus, UBC Okanagan, Vancouver Coastal Health Research Institute (VCHRI), Child and Family Research Institute (CFRI), Women's Health Research Institute (WHRI), BC Mental Health and Addictions Research Institute (BCMHARI), BC Cancer Agency (BCCA), BC Centre for Disease Control (BCCDC), Providence Healthcare Research Institute (PHRI). None of the funds received via ICP are allocated back to the investigator; all are used to cover the cost of operations for UBC and its affiliated research institutes.

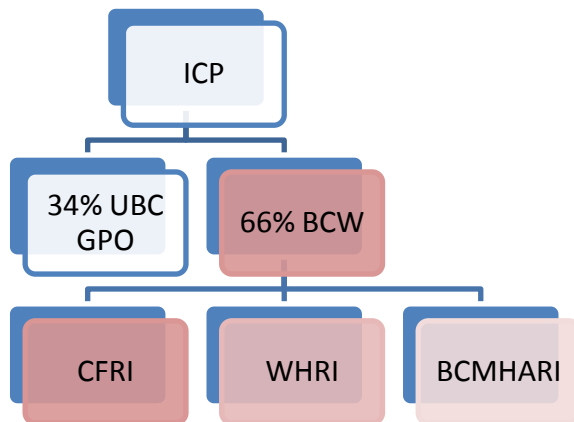
ICP Allocation for studies conducted at UBC Point Grey

If the project is taking place at UBC Point Grey campus Central finance (GPO) keeps 100% of the ICP. These funds are added to other sources of revenues and form part of the overall UBC budget that is then divided amongst all the different units within UBC. UBC works on a zero budget basis; regardless of how many TriCouncil grants a faculty may be awarded, they are allocated only the budget they need for that fiscal year.



ICP Allocation for studies conducted at hospital sites

If the project is base at an affiliated hospital, UBC retains 34% of the ICP and 66% flows to the hospital. For example, the ICP funds that come to BC Women's Hospital and Health Centre (BCW) are divided between the research institutes (CFRI, WHRI, BCMHARI) based on investigator affiliation. For these, faculty members receive no ICP directly. The portion of ICP that is distributed to the research institutes is not governed by UBC's zero base budget; the portion attributed to the research institutes is distributed in full. For ICP funds held at UBC, UBC works on a zero budget basis; regardless of how many TriCouncil grants a faculty may be awarded, they are allocated only the budget they need for that fiscal year.



Overhead Rates

The published overhead rate is 25%; however some agencies have negotiated different overhead rates. These rates are available, using CWL login, on the Office of the Vice President Research & International (VPRI) website ([Indirect Costs of Research Rates Table, http://research.ubc.ca/vpri/agency-specific-overhead-rates](http://research.ubc.ca/vpri/agency-specific-overhead-rates)).

Distribution

Under the Sponsored Research Administrative Agreement with UBC (September 2003), overhead funds generated as a result of commercially funded research activity are split between UBC and the research institutions where the research activity is taking place. For projects carried out at Health Authority (UBC affiliated teaching hospital) sites, including Vancouver Coastal Health facilities located at the Point Grey campus, recovered indirect costs are generally shared as follows:

- Clinical Trials: UBC – 20%, Hospital* – 80%
- Other Projects: UBC – 50%, Hospital* – 50%

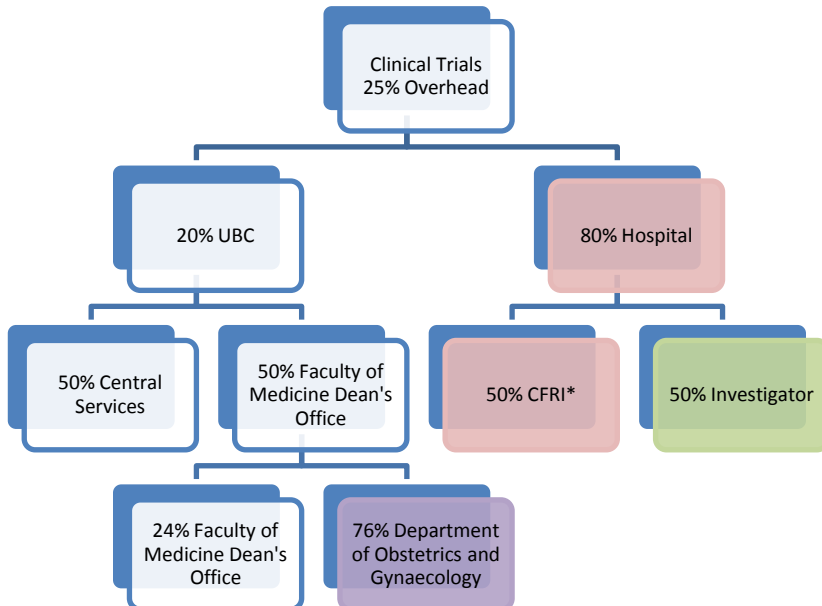
*Hospital – refers to hospital based research institutes (e.g. Child and Family Research Institute; Women’s Health Research Institute; Vancouver Coastal Health Research Institute, etc.)

The UBC share of recovered indirect costs is divided equally between Central Services, and the relevant Faculty Dean.

Faculty of Medicine Dean’s Office allocates 76% of overheads received to the Department and retains 24%

The Task Force on Clinical Trial Overheads tabled their report in January 1996 which recommended that 50% of the overhead funds received by C&W be allocated back to the individual investigator who generated them. Subsequently, the C&W executive has approved this proposed allocation (<http://www.cfri.ca/research-support/contracts/faqs/overhead-policy>). At the CFRI, 50% of the overhead funds received by the CFRI are allocated back to the individual investigator who generated them.

Clinical Trials

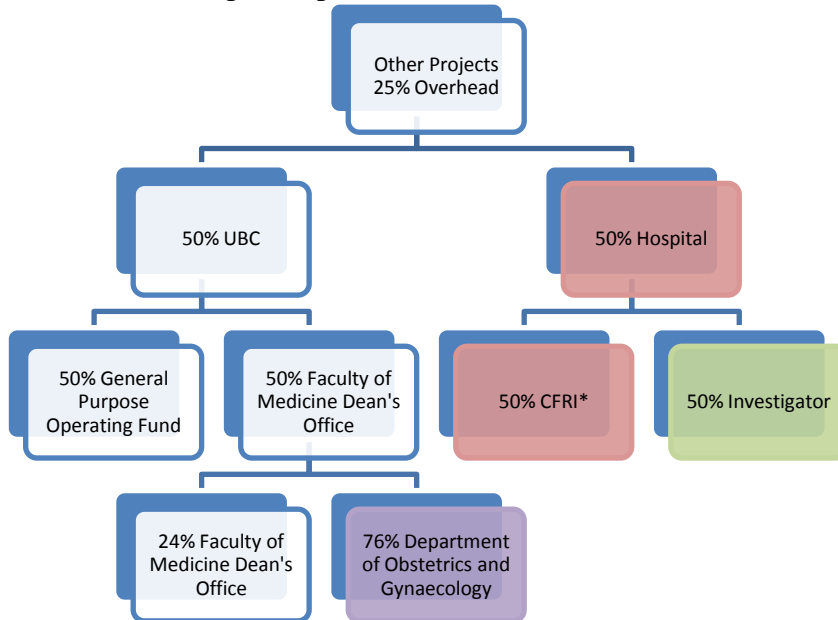


* CFRI allocates 50% of overhead funding received for clinical trials to the investigator that brought in these funds. It is not published on-line how these are allocated at other research institutes (e.g. WHRI, VCHRI, PHCRI.)

Other Projects (all grants and contracts that are not Clinical Trials)

The UBC portion of the recovered indirect costs will be distributed as follows:

- 50% to relevant Faculty Dean
- 50% to General Purpose Operating Fund



* CFRI allocates 50% of overhead funding received for sponsored studies (other than clinical trials) to the investigator that brought in these funds.

It is not published on-line how these are allocated at other research institutes (e.g. WHRI, VCHRI, PHCRI.)

Direct and Indirect Costs and Department use of overhead

<http://research.ubc.ca/vpri/indirect-costs>

The Department of Obstetrics and Gynaecology follows the rules set out by the VPRI as they relate to the allocation of direct and indirect costs.

The UBC Department of Obstetrics and Gynaecology uses its portion of the overheads received to pay for a percentage of department infrastructure to support research activities across the department. For example funds cover a percentage of operating costs associated with the work and salaries of the individuals who provide the following types of:

- Research processes
 - Contract facilitation - work with Institutional contracts' offices and sponsors to finalize contracts
 - Data access - facilitation data access with appropriate sources
 - Ethics - assistance with preparation of ethics submissions; post approval activities; providing relevant information
 - Funding opportunities - providing information about relevant funding opportunities
 - Grant submissions - documentation project management (ensure that all documentation required for complete submission is prepared and ready on time); budget preparation; letters of support; developmental, structural, and copy editing
 - Planning for study recruitment

- Finance processes
 - preparation and submission of Travel Requisitions, Journal Vouchers, Requisitions for payment
 - expense tracking and budget projections
- Human resource processes
 - Recruitment – preparation of job description, screening and interviewing applicants
 - Processing appointments – preparation and management of appointment forms
 - Termination – liaising with UBC HR and employee associations
- IT support

Direct Costs

The VPRI defines direct costs as costs that are directly attributable to an individual research project. Examples of direct costs are:

- Salaries and benefits
- Equipment and supplies
- Printing related to the conduct of specific research projects
- Research-related travel
- Third party consulting

Indirect Costs

Indirect costs of research are real, ongoing, necessary operating expenses that cannot be wholly attributed to any one research project. Unlike direct costs of research, however, many of the indirect costs are incurred whether or not research funding applications or proposals are successful. Examples of indirect costs are:

- Building and facility operating costs such as heating, cooling, power, cleaning, maintenance
- Faculty and departmental services such as machine and electrical shops, grant facilitation, secretarial and office assistance, purchasing, shared equipment, etc.
- Academic services such as the Library and Computing Service
- University-provided administrative services such as Purchasing, Finance, and Human Resources
- Research and contract administration & support such as Office of Research Services, University-Industry Liaison Office, Research & Trust Accounting, Institutional Programs Office, SPARC (Support Programs to Advance Research Capacity) Office, Office of Human Ethics and Hospital Research Institute Administrations

References

CFRI Guidelines for Allocation & Use of Research Overheads website (<http://www.cfri.ca/research-support/contracts/faqs/overhead-policy>).

Government of Canada Indirect Costs Program website (<http://www.indirectcosts.gc.ca/calculations/index-eng.aspx>)

UBC Policy #87 (<http://universitycounsel.ubc.ca/policies/policy87.pdf>)

University Industry Liaison Office – Indirect Costs of Research website (<http://www.uilo.ubc.ca/pages/industry-engagement/policies/indirect-costs>)

Vice President Research & International Office website (<http://research.ubc.ca/vpri/indirect-costs>)

Indirect Cost of Research Frequently Asked Questions
<http://www.research.ubc.ca/vpri/faqs>

Tri-Agency Financial Administration Guide
http://www.nserc-crsng.gc.ca/professors-professeurs/financialadminguide-guideadminfinancier/index_eng.asp

List of Eligible and Non-Eligible Expenses for Stationary and Office Supplies (Tri-Agency)
http://www.nserc-crsng.gc.ca/_doc/Professors-Professeurs/ExpenseSupplies-DepensesArticles_eng.pdf

Indirect Costs Recovery Initiative
<http://www.research.ubc.ca/vpri/indirect-costs-recovery-initiative>