

Policy on the Administration of Research Funds

This policy was developed in response to Recommendation 10 of the Report on the Review of Queen's Policies and Procedures Relating to Accountability in Research and Service to the Broader Community, February 1995.

The Mission Statement for Queen's University states that the University will be recognized for "the intellectual power and value of research and scholarship by faculty members and students". For many of our faculty, external sources of research funds are essential for pursuing their scholarship. The Office of Research Services serves the faculty of the University and Hospital Research communities in providing information on sources of research funds, approving requests for all research funding whether in the form of grants or contractual agreements, and ensures that funds received by the University are appropriately administered.

The following policies apply to the administration of funds received for research purposes and for projects involving a research component, e.g. CIDA projects.

GENERAL POLICIES

All funds received in support of research which utilizes University facilities are administered on behalf of Researchers by the University.	<i>Policies applicable to all research funds</i>
Payments for research must be made payable to Queen's University, <u>NOT</u> to the individual researcher.	
Capital equipment purchased from research funds belongs to the University unless otherwise specified.	
All grant applications requiring a signature on behalf of the University must be signed by either the Director of Research Services, or his/her designate.	
All Research Contracts/Agreements requiring a signature on behalf of the University must be signed by the Director of Research Services or his/her designate.	

INDIRECT AND DIRECT COSTS

Indirect costs (overheads) are those University expenditures incurred in the conduct of research for which it is not possible to provide an accurate itemization of the cost of performing a specific research activity. Indirect costs are real costs to the University, including but not limited to such items as occupancy cost, building use, central administration, library costs and central computing services costs.	<i>Definition of indirect costs</i>
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Direct costs on the other hand are all the budgeted expenditures for carrying out a research project at the University except, normally, for the salary of the Researcher(s). Direct costs may include per diem payments to the Researcher, the salaries of research assistants and graduate students, equipment and supplies costs, travel and publication costs and other costs allowed by the sponsor.	<i>Definition of direct costs</i>
In principle, funding for research projects should cover all the costs of doing the research at the University except, normally, for the Researcher(s) salary. Since the total cost of performing a research project is made up of both the indirect and direct costs, a project budget should account for both sets of costs.	<i>Policy on recovery of indirect costs</i>
It is the policy of the University to be recompensed for all the direct and indirect costs of all research contracts/research agreements (see definition above). A number of agencies which provide grants for research at the university will not pay for indirect costs. However, where permitted by the policy of the granting agency, the University seeks to recover indirect costs in the interest of supporting the research infrastructure of the University. Any indirect costs not recovered from sponsoring agencies are supported by the general operating funds of the University.	

TYPES OF RESEARCH FUNDING

Gifts for research are a voluntary transfer of cash and kind, from individuals, industry, foundations and other sources to the University for utilization by a Researcher for the support of research and scholarship. The funds are provided without expectation of return or consideration from the university - no direct benefit to the donor or to anyone designated by the donor is expected from the payment.	<i>Definition of gifts</i>
Grants for research are funds received by the Researcher to support the research and scholarship of the Researcher. Typically, research supported by a grant is controlled and directed by the Researcher to pursue the research interests of the Researcher. In general, the granting agency does not: i) specify a statement of work, ii) have a detailed schedule for work, iii) specify deliverables, iv) require invoicing for expenditures, v) require intellectual property rights or vi) restrict publication in any way. Intellectual property rights reside with the creator(s) as per Queen's policy. Grant funds are normally received in advance of performing the research and if the funds are provided in a number of payments, the subsequent payments are normally not based on results already obtained nor can further payments be withheld as a function of performance. The Researcher may be required to provide a report to the granting agency on the work performed.	<i>Definition of grants</i>
Research contracts/research agreements are agreements negotiated with the University to provide research on a project. Research contracts normally include a work plan, deliverables, conditions related to publication of results, clauses related to ownership of intellectual property and its commercialization. All research contracts require the approval of the Head of the Department/Academic Unit and must be signed by the Director of Research Services or designate prior to implementation.	<i>Definition of research contracts /agreements</i>
From time to time the University enters into Sub-contracts with other institutions/organizations to perform research under a Research Contract where it is deemed desirable to use external expertise. Where the sub-contract involves a company	<i>Sub-contracts</i>

<p>in which the Researcher has a personal interest, the University requires that the sponsor be aware of the sub-contract, that the University and the company enter into a contractual agreement and that the company demonstrate it has third party liability insurance.</p>	
<p>Specialized Services may be provided to external private sector and government agencies on a fee for service basis. Such services are normally associated with a major departmental facility and the work normally involves little or no intellectual input. The results belong to the sponsor. It is the policy of the University not to carry out routine analyses, testing or product evaluation in competition with private industry or contract research agencies.</p>	<p><i>Definition of specialized services</i></p>
<p>Clinical Trials are patient-based clinical research which is normally carried out in a hospital setting. Publication may be subject to conditions and confidential information provided by the sponsor is protected by the hospital/University to the best of its ability. Particular care is taken to ensure that appropriate indemnification and insurance provisions are in place. *Clinical trial agreements must be signed by the company, the university and the hospital.</p>	<p><i>Definition of clinical trials</i></p>
<p>Private Consulting activities are undertaken under provisions of the Collective Agreement between Queen's University and the Queen's University Faculty Association. Private Consulting is a private arrangement between a company or a government agency and an individual researcher. Typically, Private Consulting does not make use of University resources. However, when a Researcher's outside (consulting) activities involve the use of the University's facilities, supplies and services, their use shall be subject to the prior approval of the University; costs for such facilities, supplies or services shall be borne by the Researcher at the prevailing rates set by the University, unless the University agrees in writing to waive all or part of such costs. The name of the University shall not be used in any related professional activity unless agreed in writing, by the Vice Principal (Academic) or Dean, although nothing shall prevent a Researcher from stating his/her employment rank and file in connection with related professional activities, provided that he/she shall not purport to represent the University or speak for it, or to have its approval unless that approval has been given in writing.</p>	<p><i>Policy on private consulting</i></p>

REPORTING AND ACCOUNTING PRACTICES

Applying for Funding (pre-award)

<p>All research funding received by the university is the responsibility of the University. Therefore, all applications for external funding should be submitted to the Office of Research Services using the Office of Research Services Research Data Summary and Signature Sheet signed by the Researcher and the Head of the Department/Academic Unit and accompanied by a copy of the application. Any proposal that requires the use of University resources must be approved by the University in advance. Prior approval expedites setting up of research accounts when proposals are successful; ensures that any special facilities and space requirements are available for the Researcher; ensures that animal care, human ethics and other certifications are secured; and provides for the collection of accurate data on research activity. Grant applications, which require the signature of a University official when the application is submitted, should be signed by the Director of Research Services or</p>	<p><i>Protocol for external funding applications</i></p>
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his/her designate.	
In the case of Research Contracts/Agreements, it is strongly recommended that the Researcher submit the proposed agreement to the Head of the Department/Academic Unit and the Office of Research Services for advice and assistance prior to sending it to the sponsor. Proposals should include at a minimum a statement of work, deliverables, identification of the Researchers, the facilities to be used, and a budget for the project including direct and indirect costs. The Office of Research Services, in consultation with the Researcher, should be involved in negotiations with the sponsor to ensure that the University's policies are followed and the interests of the Researcher are protected. The final version of all Research Contracts/Agreements must be approved by the Head of the Department/Academic Unit and must be signed by the Director of Research Services or his/her delegate on behalf of the University.	<i>Negotiating contracts/agreements</i> <i>Approvals</i>

Receiving Funds (post-award)

<p>A Research Data Summary and Signature Sheet must be filled out and signed by the Researcher(s), the Head of the Department or Director of the Institute/Centre and the Director of Research Services or his/her designate prior to the establishment of new Research Accounts or the addition of new funds to an existing account. If a Researcher receives a cheque for support of research, he/she should send the cheque to the Office of Research Services along with the appropriate documentation. For all sources of research funds, the Office of Research Services ensures that the documentation is complete and requests that Financial Services open a research account for the Researcher. Financial Services provides the financial administration of the funds.</p> <p>The Researcher's signature on the Research Data Summary and Signature Sheets constitutes an acceptance of responsibility for the technical and scientific conduct of the research and for ensuring all required approvals have been obtained and that expenditures are consistent with the requirements of the funding source. Researchers are accountable to the Head of their Department/Unit, i.e. the person to whom they report, who is, in turn, accountable to the University, through the University administration structure, for the safe conduct of research funded from external and internal sources.</p>	<i>Documentation for opening a research account</i> <i>Accountability</i>
<p>Gifts for research purposes should be sent first to the Office of Advancement which will ensure that an official charitable receipt is issued and that donors are appropriately recognized. The Office of Advancement will forward the funds to Financial Services which will put the funds into a holding account until the Researcher for whom the funds are intended completes the Research Data Summary and Signature Sheet and sends it to the Office of Research Services for processing.</p>	<i>Routing for gift processing</i>
<p>Notification of grant awards which are received by the Office of Research Services is immediately communicated to the recipient, and if the documentation is complete, the Office of Research Services requests that a research account be opened. Researchers who receive the only copy of notification of an award should forward the notification to the Office of Research Services (along with a revised copy of the Research Data Summary and Signature Sheet if there is any change from the sheet already submitted) for processing and setting up of the research account.</p>	<i>Notification of grants</i>

Research accounts for research contracts/agreements will be established when the contract is signed by both the University and the contracting agency and the completed Research Data Summary and Signature Sheet is submitted to the Office of Research Services.	<i>Opening accounts for contracts</i>
Specific accounts for Specialized Services must be set up within the Department/Unit at the University when the total dollar value of testing performed exceeds or is expected to exceed \$3,000 per year. Funds for these services are received and managed within the Department/Unit and are held in this account under the control of the Head/Director. The Department Head/Unit Head should contact the Office of Research Services to establish such an account. Specialized Services which are expected to generate income of less than \$3,000 per year should be handled through a departmental trust account.	<i>Accounts for Specialized Services</i>
The University has no involvement in the receipt or management of funds received by those Researchers who undertake Private Consulting.	<i>Private Consulting</i>

RECOVERY OF INDIRECT COSTS (OVERHEADS)

The policy on Indirect Costs related to Gifts is established and administered by the Office of Advancement.	<i>Indirect costs on gifts</i>
Grants received from sources such as charitable organizations or public foundations are not charged for indirect costs unless the program provides for indirect cost recovery. However, the University reserves the right to decline grants which do not pay for indirect costs. Grants from private sector, for-profit organizations or provincial or federal government sources will be charged an overhead rate according to the table below as a percentage of the total direct costs of performing the research.	<i>Indirect costs on grants</i>
The minimum indirect cost rate on Research Contract/Agreements with the private sector is 40% of the total direct costs of performing the research. Higher rates will be negotiated where warranted. For work performed off campus, a lower rate of 20% of the direct costs of performing the research may be accepted. For a fixed price Agreement, 40% of the total direct cost of performing the research amounts to 28.6% of the total cost of the project (i.e. when the total funding is a fixed amount, multiply the fixed amount by 28.6% to achieve an indirect cost of 40% on the actual cost of doing the research).	<i>Indirect costs on contracts/agreements with the private sector</i>
Contracts/Agreements with the Province of Ontario (other than Ontario Centres of Excellence (OCE)) are subject to an indirect cost rate of 30% on direct payroll costs including salaries and benefits, consulting fees, per diems and honoraria to Researchers for work conducted on campus (15% for work performed off campus) and 30% on materials and supplies expenses and 2% on travel and subsistence expenses. The indirect cost rate on all OCE contracts is 35%.	<i>Ontario government</i>
The University prefers to use the minimum indirect cost rate of 40% of total direct cost for work performed on campus and 20% for work performed off campus. However, the University is willing to accept the traditional calculation of indirect costs as follows: 65% (30% for off-campus) on direct payroll costs including salaries and benefits, and including consulting fees, per diems and honoraria to Researchers, 30% on payments to graduate students, including benefits (15% for work off campus) if the work forms part	<i>Federal government</i>

of their thesis research and 2% on travel. If the work is not part of a student's thesis, full rates apply.	
<p>Reduced rates of Indirect Costs apply to Off-Campus research since it does not include elements such as depreciation for buildings and equipment, operation and maintenance of the physical plant, library expenses, or student administration and services.</p> <p>Definitions of Off-Campus:</p> <ul style="list-style-type: none"> - Activities performed in facilities not owned or operated by the institution and to which rent is directly allocated to the project(s) and.. - Activities in which all project personnel are located at that facility for a minimum of 75% of total grant supported effort for a continuous period of no less than six months or the life of the project, whichever is shorter. 	<i>Off-Campus Research</i>
Certain major Government agencies and other large organizations may negotiate specific indirect cost recovery with a group of universities or with University Associations. For example, the current (effective April 1, 2005) rate is 12% on CIDA's share of an organization's direct program/project costs of eligible expenses.	<i>Other Canadian agencies</i>
The United States government contract overhead rate has now been established. The rate is 51.4% of salaries (excluding fringe benefits). This rate will apply to U.S. government grants, contracts, and other agreements. However, no indirect cost is awarded on grants from the Department of Health and Human Services (except NIH which carries a rate of 8% of total direct costs less equipment.)	<i>United States Government</i>
The recovery of indirect costs for Specialized Services will be at the rate of 15% on the total income received from external private sector and governmental users, to be calculated at the end of each fiscal year. All overhead charged to Specialized Services Accounts will be retained Centrally. Departments/units which provide such services and whose income exceeds \$3,000 per year must establish a separate account for revenues and expenses related to these services. Specialized Services provided to collaborators within the university and from other universities will not be subject to recovery of indirect costs.	<i>Specialized Services</i>
Indirect costs of a minimum of 30% will be levied on all clinical trials funded by the commercial sector.	<i>Clinical Trials</i>
Affiliated hospital research grants flowing through Queen's will be levied a 10% overhead rate in recognition of financial and payroll services.	<i>Affiliated Hospital Research Grants</i>
<p>Exceptions to the minimum indirect cost rates may be approved when there is a substantial benefit to the University. For example, lower rates may be charged in cases where the University has an equity interest in a start-up company. Such a reduction would only apply until such time as the company has an approved IPO or at the end of five business years, whichever occurs first.</p> <p>Since small contracts are often a mechanism to encourage further funding, contracts less than \$3,000 will not be charged indirect costs. Subsequent</p>	<i>Exceptions</i>

agreements, amendments or extensions will revert to the standard formula.

All requests for exceptions require the prior approval of the Director of Research Services and the Head of the Department/Academic Unit.

Summary: Minimum Indirect Cost Recovery Rates for Research Contracts/Agreements and Grants										
Minimum Rates	Corporate Contracts	Canadian Federal Government¹	Provincial Government (except OCE at 35%)	Clinical Trials	CID A	United States Government		Specialized Testing Services	Sponsored (e.g. Corporate Research Grants)⁷	Affiliated Hospital Research Grants
						All-with exception of DHHS	NIH			
On Campus	40%	65% ² 2% ⁴	30% ³	30%	12%	54.1% ^{2b}	8% ⁶	15%	25%	10%
Off Campus	20%	30% ²	15% ⁵			54.1% ^{2b}	8% ⁶			

1. If Federal Government department will not accept Corporate contract rate
2. Salaries and benefits only

2b) Salaries (for all U.S. Gov't grants, contracts/agreements with the exception of Dept. of Health and Human Services -DHHS)

3. On salaries and benefits and on materials and supplies. 35% on all Ontario Centres of Excellence agreements (OCE).
4. On travel and accommodation expenses
5. Reduced rate of 15% on salaries and benefits only
6. On direct costs excluding equipment
7. On all Corporate/Federal/Provincial Sponsored Research Grants with the exception of the Tri-Council (CIHR, NSERC, SSHRC)

Summary: Indirect Costs Distribution							
DISTRIBUTION	GRANTING COUNCILS¹	ONTARIO AND FEDERAL CONTRACTS	CANADA RESEARCH CHAIRS	ONTARIO RESEARCH FUND	INDUSTRIAL CONTRACTS AND GRANTS	CLINICAL TRIALS	HOSPITAL RESEARCH GRANTS
Researchers		25%			30%		
Department/Academic Unit/Centre	14%	25%			30%	33%	
Faculty Office	14%	2%	60%	23%	2%		
Primary Sited Hospital						33%	
Space, Administration Services, Reporting, Library and ITS	58% ²	42%	40%	70%	33%	16.5 %	100%
Research Initiation/Promotion/Regulatory	14%	6%	-	7%	5%	16.5 %	

1. For any indirect costs greater than \$7 million received from the Granting Councils, the allocation is 60% to Central for strategic allocation and 40% to the VP Research for Strategic re-investment (e.g. Centres and other strategic opportunities).
2. In the case of funding from the Granting Councils, Library and ITS each receive an allocation of 9%.

DISTRIBUTION OF INDIRECT COSTS

<p>Indirect costs from different funding sources will be distributed differently as per the Distribution Table above. It is recognized that there are significant indirect costs related to research across different functions at the university.</p> <p>Indirect Cost funds received by the Faculty Offices and Department/Academic Unit shall be deposited into a Trust Account to be dedicated to the receipt of indirect costs. As indicated in the table above, funds from Sponsored Grants/Contracts will be allocated to the Researcher(s) responsible for generating the indirect costs to support the infrastructure of their research facilities. Funds provided to a Researcher from his/her share of indirect costs will be deposited into the Researcher's Special Research Account.</p>	<i>Distribution Policy</i>
<p>In the case of indirect costs from (non-granting council) grants and contracts/agreements, the Department/Academic Unit/Centre in which the research was carried out, except in the case of Clinical Trials (see below), may apply to alter the distribution between the unit and its faculty members. The Department/Academic Unit/Centre shall apply for an exception to the Vice-Principal (Research) with the provision that a reasonable return be provided to the researcher. The distribution will need the approval of the Director of Research</p>	<i>Exceptions</i>

<p>Services when more than one unit is involved.</p>	
<p>In special cases the distribution of recovered indirect costs may be renegotiated to achieve a specific objective. For example, in cases where a Faculty office/Centre/Institute or other unit at the University has been instrumental in obtaining research funding, it is expected that a portion of the recovered indirect costs would flow to the unit. Any proposal for a change in the distribution of recovered indirect costs must be approved in advance by the Dean, the Head of the Unit and the Office of Research Services.</p>	<p><i>Exceptions - special cases</i></p>
<p>For Clinical Trials in which the majority of the research is carried out in one of the Hospitals, the distribution of indirect costs shall be as follows: 33% of the recovered cost is retained by the Hospital where the research is performed, 33% is allocated to the Researcher's Department, 16.5% is allocated to University Space, Administration Services, Reporting, Library and ITS; a further 16.5% is allocated to Research Initiation/Promotion/Regulatory costs.</p>	<p><i>Exceptions - Clinical Trials</i></p>