

# Policy

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## INDIRECT COSTS AND OVERHEAD CHARGES FOR RESEARCH AND INSTRUCTIONAL SERVICES

**Number:** FM 1  
**Classification:** Financial Management  
**Approving Authority:** Board of Governors  
**Designated Executive Officer:** Vice- President,  
Research and Innovation  
**Effective Date:** November 2022  
**Supersedes:** Indirect Costs and Overhead  
Charges for Research and for Instructional  
Services Surpluses Policy (1) and Overhead  
Policy (2)  
**Date of Last Review/Revision:** June 2022  
**Mandated Review Date:** June 2029

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**Associated Procedures:** General Research Procedures (to be developed)

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## 1.0 BACKGROUND

UNBC has a mandate to provide education and conduct research. Most research at UNBC is carried out under approved research grants and contracts. Development and management of these require some combination of administrative support including information technology, finance, purchasing, facilities and contract services, as well as library, laboratory, and certification resources. In most instances, it is not practical to determine or estimate the actual indirect costs attributable to a particular grant/contract. Therefore, overhead charges are calculated as a percentage of the direct costs of providing research or instructional services under the grant or contract.

## 2.0 PURPOSE

The purpose of this policy is to set out the principles for making recoveries and partially compensating the University for the indirect Costs associated with externally-funded research and instructional services.

## 3.0 PRINCIPLES

- 3.1 As a small, research intensive university, UNBC must be as efficient as possible with its limited resources and look for ways to leverage resources to support the research mission. Research activities result in added costs to UNBC operations, and these costs should be offset through the collection of overhead. Decisions on how overhead funds are spent should be transparent and supported by a strong rationale.
- 3.2 When an external client requests the University to provide educational services that are not related to the University's mandate, public funds should not be used to subsidize the provision of such services to an external client. The University must recover all of its direct costs as well as the indirect costs associated with providing the services under the contract.

## 4.0 SCOPE

- 4.1 This policy applies to all research and instructional services that occur on the University's premises and/or involve the use of the University's resources.

- 4.2 This policy does not apply to:
- 4.2.1 Institutional grants/contracts that do not fall under a Faculty/Division;
  - 4.2.2 Gifts or sponsorships that are intended to be used to assist with the development of new or current University courses or programs;
  - 4.2.3 Contracts for ancillary services such as Continuing Studies;
  - 4.2.4 Contracts associated with scholarly or research conferences, meetings or seminars where:
    - i. The conference is organized by UNBC faculty, staff or students on a not-for-profit basis; or
    - ii. UNBC faculty, staff or students will receive the primary benefit of the conference.

## 5.0 DEFINITIONS

- 5.1 **Administrative/Administration Fees** is another term for Indirect Costs of Research.
- 5.2 **Direct Costs of Research** are those costs that are directly attributable to an individual research project
- 5.3 **Indirect Costs of Research** are real, ongoing, necessary operating expenses that support research but cannot be wholly attributed to any one research project. These generally fall into three categories:
- 5.3.1 Operation and maintenance of facilities and equipment that support research;
  - 5.3.2 Administration and management of the entire research process from grant development (e.g. providing seed funds) and acquisition through to dissemination of results; and
  - 5.3.3 Compliance with required certifications, safety and other regulations.
- 5.4 **Instructional Services** are educational services provided to external clients under a contract.

- 5.5 **Overhead** is another term for Indirect Costs of Research.
- 5.6 **Research Contract** is a legally binding agreement with set deliverables. A contract has a defined scope of work, obligations and responsibilities, and can include ramifications to the researcher or institution if the task is not accomplished.
- 5.7 **Research Grant** is a legally binding agreement. Funds are granted to a researcher with the expectation, but not the requirement, that set deliverables will be accomplished. The project is designed and initiated by the researcher, and there are few to no contractual commitments.
- 5.8 **Research Services** are services provided by UNBC research facilities such as Northern Analytical Laboratory Services, Wood Innovation Research Laboratory, Genetics Lab, etc.
- 5.9 **University Resources** include institutional infrastructure, services, and administrative supports.

## 6.0 POLICY

- 6.1 The university recovers some of the indirect costs of research from external funding agreements, at a flat minimum rate of the direct costs of the research or instructional service.
  - 6.1.1 The Board of Governors delegates authority to the Vice-President Research and Innovation to set the minimum rate and to adjust it periodically (see General Research Procedures). The Vice President, Research and Innovation reports any adjustments in the flat minimum rate to the Board of Governors.
  - 6.1.2 The only exceptions to the flat minimum rate for recovery of indirect costs of research and instructional services are as follows:
    - i. Tri-Agency grants (NSERC, SSHRC, CIHR) where the University receives Research Support Funds from the federal government; or
    - ii. When a funder policy does not allow overhead or has a lower posted rate.

- 6.2 The indirect costs recovered by UNBC from external agreements for research and instructional services is normally distributed as follows: 30% to the University General Operating and 70% to the Office of Research and Innovation.
- 6.3 Expenditures of these indirect cost recovery funds are restricted to the advancement, broadly defined, of the research mandate of the University, and in accordance with the definition of indirect costs in this policy. Indirect cost recoveries are not to be used to cover the direct costs associated with the research funding agreement that provided the funds.

## 7.0 REPORTING

- 7.1 The Provost and Vice President, Research and Innovation provides the President's Executive Council an annual report covering the previous calendar year on the overhead collected and the disbursement of those funds.
- 7.2 The Vice President, Research and Innovation reports any adjustments in the flat minimum rate to the Board of Governors.

## 7.0 AUTHORITIES AND OFFICERS

The authorities and officers for this policy are as follows:

Approving Authority: Board of Governors

Designated Executive Officer: Vice President, Research and Innovation

Procedural Authority: Provost and Vice President, Research and Innovation

Procedural Officer: Provost and Vice President, Research and Innovation

## 8.0 RELEVANT LEGISLATION

[University Act](#), RSBC 1996 C 468

## 9.0 RELATED POLICIES AND OTHER ASSOCIATED DOCUMENTS

- 9.1 *General Research Policy*  
9.2 *General Research Procedures*