

# Policy on Research Agreements and the Recovery of Indirect Costs of Research

*DRAFT – January 25, 2007*

## 1. Definitions

For the purpose of this Policy, the following definitions apply:

**Direct Costs:** costs of a project, which can easily and accurately be identified as such. Examples include but are not limited to salaries, wages and benefits of research personnel, materials and supplies, travel, equipment and rental of space.

**Indirect Costs:** costs of a project, which cannot be directly attributed to it, usually because they are incurred for objectives common to multiple projects, multiple researchers or multiple functions of the University. Examples include but are not limited to building use and depreciation, equipment depreciation, physical plant and maintenance (including utilities, hazardous waste disposal, security), insurance, financial administration (including purchasing and accounting) and libraries.

**Research:** investigation or experimentation aimed at the discovery or interpretation of knowledge, the systematic collection or revision of knowledge in light of new facts or theories, the development and application of methodologies to increase knowledge and the practical application of knowledge to specific problems or circumstances.

**Research Contract:** an agreement to perform research or research-related activities under specified negotiated conditions in exchange for payment of direct and indirect costs. A research contract can be expressed in a variety of forms, including an exchange of letters between the parties, purchase orders, form contracts and contracts requiring execution under seal.

**Research Grant:** an agreement under which a public or private organization provides funding to pay for part of the costs of a research project. Normally a grant does not require the researcher to deliver to the sponsor a pre-determined set of research outcomes.

**Research-Related Activities:** activities closely related to research. Examples include but are not limited to testing and evaluation; the collection and manipulation of data; writing, editing or translating; and the organization of meetings for the communication and discussion of research results.

## 2. Proposals for Funded Research

2.1 Any member of the teaching or administrative staff of the University who wishes the University to seek external financial or other support for Research or Research-Related Activities should prepare a proposal which includes, at a minimum, the following information: a statement of work, identification of the individuals who would be doing the work and the facilities to be used and a budget for the project, including provision for the recovery of Indirect Costs.

2.2 All such proposals must be signed by the proponent and the appropriate officials in the proponent's department and/or academic division and then submitted to University of Toronto Research Services (UTRS) for review and endorsement before being sent to the sponsoring organization.

### **3. Negotiation and Execution of Agreements**

- 3.1 All proposed agreements for external financial or other support of Research and Research-Related Activities must be submitted to UTRS, which will ensure that the terms and conditions are consistent with all relevant University policies, regulations and procedures as may be, from time to time, enacted and amended. UTRS may require additional information from the proponent and may undertake direct discussions with the external organization.
- 3.2 For all such agreements, the contractor shall be identified as The Governing Council of the University of Toronto.
- 3.3 All such agreements must be signed by the Vice-President - Research & Associate Provost or another official authorized to do so by the *Policy on Approval and Execution of Contracts and Documents*. In cases where the agreement is to be executed under the University's seal, the agreement must also be countersigned by another officer authorized by the *Policy on Approval and Execution of Contracts and Documents* to execute documents under seal, normally the Secretary or an Assistant Secretary of the Governing Council.

### **4. Responsibilities of Principal Investigators**

- 4.1 The designated Principal Investigator for a research project is responsible for ensuring that the University complies with all applicable terms and conditions of the funding agreement for the project, including:
  - performing the work as stated in the agreement;
  - ensuring that everyone working on the project is aware of and agrees to comply with all applicable terms of the agreement, especially those relating to publication, intellectual property and confidentiality;
  - submitting reports and other deliverables in the form and by the dates specified in the agreement;
  - ensuring that all obligations with respect to inventions and other forms of intellectual property are met;
  - authorizing expenditures in accordance with the budget outlined in the agreement and the policies and procedures of the University;
  - following all relevant University policies and procedures in the conduct of the project; and
  - ensuring that the appropriate department and/or divisional officials and UTRS are informed as soon as possible of any circumstances which could prevent satisfactory completion of the project or compliance with any terms and conditions of the funding agreement.
- 4.2 Normally, the Principal Investigator's department or academic division shall be financially responsible for covering all shortfalls in revenue resulting from failure to comply with the terms of the funding agreement. They shall also be financially responsible for all overspending on project accounts.
- 4.3 Principal Investigators may be compensated for the performance of services in connection with a research project, subject to the *Policy on Conflict of Interest* -

*Academic Staff* and the terms of the funding agreement or other sponsor guidelines. In such cases, the Principal Investigator must complete and sign a secondary research contract/payment form or an equivalent document authorized by the Vice-President - Research & Associate Provost, which must be endorsed by the appropriate officials of the Principal Investigator's department and/or academic division as well as by the Vice-President - Research & Associate Provost.

## **5. Recovery of Indirect Costs**

- 5.1 The University expects to recover Direct and Indirect Costs from sponsors. The Indirect Costs of a project shall normally be calculated as a percentage of the total direct costs of that project. However, in cases where the policies of the sponsoring organization require and UTRS has so approved, an alternative method of calculation may be employed.
- 5.2 The Indirect Cost rates currently in effect for Research projects are listed in Appendix A of this Policy. The Vice-President - Research & Associate Provost is authorized to make adjustments to these rates from time to time in response to changing circumstances. Any such changes shall be promptly reported to the Planning and Budget Committee of the Governing Council.
- 5.3 The Principal Investigator's academic division shall allocate not less than 12.5% of the total Indirect Costs for a project to the infrastructure and related costs of the Principal Investigator's research program in a manner designated by the Principal Investigator, unless there is a policy within the division to provide support for the research program of the Principal Investigator in some other way. This provision does not apply to certain funding sources as set out in Appendix A of this Policy.

## **6. Personal Contracts**

- 6.1 Under the *Policy on Conflict of Interest - Academic Staff*, faculty members are permitted to enter into personal contracts to perform certain activities, providing that they conform to the requirements of all applicable University policies. Where the performance of such personal contracts involves use of the University's buildings, equipment, services or employees, the faculty member must inform the head of the relevant department(s) and enter into a written agreement to pay the University for all the direct and indirect costs of said use. Under the same agreement, the faculty member shall indemnify the University from all damages, losses and costs arising from the faculty member's performance of, or failure to perform, the personal contract.

## **7. Administration of the Policy**

- 7.1 The Vice-President - Research & Associate Provost is responsible for the administration of this Policy and may, in unusual circumstances, approve modifications to the application of this Policy if she/he is satisfied that it is in the best interests of the University to do so. Such modifications shall be reported annually to the Planning and Budget Committee of the Governing Council. The Vice-President - Research & Associate Provost is also authorized to approve guidelines, regulations and procedures pursuant to the Policy.