

## AP1120 – CLINICAL RESEARCH OVERHEAD RATES

### 1.0 PURPOSE

To acknowledge that indirect costs are attributable to all industry and academic sponsored research projects including clinical research, and to provide a mechanism for Interior Health (IH) to optimize its recovery of some or all of these indirect costs through clearly established overhead rates to support sustainability.

### 2.0 DEFINITIONS

TERM	DEFINITION
Direct Cost	The cost that is attributable to a specific research project.
Indirect Cost	The central, and/or departmental, and/or facility cost that IH incurs to support research but that is not attributable to specific research projects.
Overhead Cost	The amount set out in a research budget to cover the indirect costs associated with a specific research project.
Special Research Fund (SRF)	A means to handle grants and other funds received on condition that they are spent only for stated purposes.

### 3.0 POLICY

- 3.1 This policy applies to all sponsored research conducted within IH facilities, using IH resources and/or IH personnel.
- 3.2 Overhead Costs are indirect expenditures incurred by IH in the conduct of research and are not readily identifiable as specific expenses to a specific protocol. They are real costs to IH which enable the conduct of research in accordance with regulatory, ethical and operational standards and include, but are not limited to:
- Regulatory requirements and compliance training
  - Standard operating procedures (SOP) development and maintenance
  - Quality system development and maintenance
  - Research facilitation and methods support
  - Clinical research unit facilities
  - Clinical trials study management
  - Hazardous goods pick up and destruction
  - Administrative services for applicable IH departments
  - Facilities maintenance and upgrade
  - Equipment purchase, maintenance, and upgrade
  - Accounting support
  - Administrative supplies

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- Library and electronic resources
- Document storage and archiving
- Communications and IT support (including data security)
- Knowledge translation activities including but not limited to; capacity building, research promotion, knowledge dissemination and mobilization, and developmental activities

- 3.3 Overhead costs are recovered through an overhead charge incorporated into the research project budget. This applies to all research that is not publicly funded (e.g. CIHR) where indirect costs are recovered via alternative mechanisms. Funding sources include but are not limited to:
- Industry sponsored
  - Grant
  - Grant-in-aid

### 4.0 PROCEDURES

- 4.1 Overhead is charged as a percentage of the total direct costs of a research project unless another calculation has been negotiated with the sponsor. Exemptions may be given in certain cases (e.g. funding from charitable organizations, institutional cooperative group trials).
- 4.2 Overhead rates are negotiated in the budget for each research project. The rates are charged and paid according to the agreement and must be sufficient to cover IH costs. Overhead rate structure:
- Overhead charged to industry is at a rate of 35%;
  - Overhead charged to Government or academic institutions is at a minimum of 15%;
  - Subcontracts are usually charged the same overhead rate as the primary contract.
- 4.3 Adjustments to overhead rates may be negotiated by IH taking into consideration factors specific to the agreement.
- 4.4 Overhead charges will be recorded in the financial management for each study and reported to the Principal Investigator and funding agency as required.
- 4.5 Overhead funds will be managed and allocated by the Research Department as required to cover the indirect expenditures incurred by IH in the conduct of research.

### 5.0 REFERENCES

- Interior Health. (2018). Administrative Policy Manual: *AP1000 Research Finance*.
- Interior Health. (2018). Administrative Policy Manual: *AP1110 Special Research Funds*.
- Island Health Authority. (2015). Research Policy 706: *Research Finance Policy*.

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