



Procedure

Procedure Name	<i>Recovery of Costs of Applied Research</i>		
Procedure #	RI 9.01	Parent Policy	RI 9.0: Recovery of Costs of Applied Research
Policy Owner	VP Academic, Neil Fassina	Effective Date	December 16, 2015
Procedure Owner	AVP Research & Innovation, Chris Dambrowitz	Review Date	December 2018
Approved by	AVP Research & Innovation	Approval Date	December 16, 2015

1.0 Purpose/ Background

The purpose of this procedure is to appropriately recognize and recover the costs incurred by the Institute in supporting applied research activity.

2.0 General Principles

2.1. NAIT's Recovery of Costs of Applied Research Policy and Procedures are based on the following general principles:

- 2.1.1 To satisfy the need to comply with NAIT operational and administrative policy.
- 2.1.2 To satisfy the need to act in accordance with funder policy and eligibility compliance.
- 2.1.3 Where a research grant does not provide for indirect costs the Institute makes provision for indirect cost recovery by subsidizing the indirect cost through base funding.
- 2.1.4 Where grants for applied research allow for the recovery of indirect costs, Principal Investigators must include them in their proposals. Many charitable organizations and foundations have formal rules against paying for indirect costs while others have guidelines providing for certain indirect costs.
- 2.1.5 The Institution's standard rates for recovering indirect costs of applied research activities target an objective not to exceed 15% of an initiative's direct costs, to be included as a direct and explicit budgeted item.

Exceptional cases may be considered at the discretion of the AVP, Research and Innovation (AVP-RI), in consultation with the AVP Finance.

3.0 Definitions

Term	Definition
Contract	An agreement or contract is an agreement between legal entities, namely the sponsor and the Institute, to provide financial support for an investigator or investigators, to conduct applied research in a particular subject area or field under specific stipulations and conditions.
Direct Cost of Research	Costs that can be directly attributed to the research itself and includes items such as materials and supplies, salaries for research assistants, technicians, professionals and faculty members. Other direct costs include specific equipment and research or dissemination related travel.
Grant	A grant is financial support for an investigator, or investigators, or group or Centre or institute conducting research in a particular subject area or field.
Indirect Cost of Research	Indirect Costs of Research, referred to as “indirect costs of research” by the Tri-Agency or “overhead” by other agencies and institutions, include, but are not limited to those costs associated with: <ul style="list-style-type: none">• the operation and maintenance of facilities and processes that support Research;• the management of the entire Research administration process;• and regulation and safety compliance (including human ethics, animal care and environmental assessment).
Principal Investigator	The researcher with overall responsibility for the direction of an applied research project or contract.
Sponsor	A sponsor can be either a funder or an industry partner.

4.0 Procedures

- 4.1 Research proposal and budget development must anticipate and include all direct and indirect costs bearing in mind administrative overhead cannot exceed the funder’s defined limits.
- 4.2 The indirect costs recovery rate is capped at 15% of the direct costs; exceptions to this rate are determined at the discretion of the AVP-RI, in consultation with the AVP Finance.
- 4.3 Indirect costs may be identified as a separate budget item or expressed as a function of the total cost.

- 4.4 All direct costs must be itemized in the project funding application. Direct costs typically include personnel, capital and supplies directly related to the performance of project responsibilities and activities.
- 4.5 All research proposals, grant applications and contract agreements must be reviewed by the Office of Research and Innovation and receive approval from the AVP-RI and the Dean of the school relating to the applied research activity.

5.0 Exceptions to the Procedure

- 5.1 Exceptions to this procedure must be documented and formally approved by the Policy Lead.
- Procedure exceptions must include:
- The nature of the exception
 - A reasonable explanation for why the procedure exception is required
 - Confirmation that the exception aligns with the general principles
 - Any risks created by the procedure exception and how they will be managed.

6.0 Related Documentation

Related Policies:
RI 9.0 Recovery of Costs of Applied Research Policy

Document History

<i>Date</i>	<i>Action/ Change</i>
December 2015	New procedure created.