



POLICY ON THE ADMINISTRATION OF CIDA GRANTS

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| Effective Date: | December 14, 1998 | Originating Office: | Office of the Chief Financial Officer |
| Supersedes /Amends Policy dated: | n/a | Policy Number: | CFO-7 |

SCOPE

This policy applies to the administration of all grants received from the Canadian International Development Agency ("CIDA").

PURPOSE

The purpose of this policy is to outline the rules governing the financial management of funds received from CIDA grants including the recovery of overhead generated by these grants.

PREAMBLE

In performing research, contracted teaching or international development activities funded by a third party, the University incurs costs which are not itemizable and which are commonly termed indirect costs. Overhead revenue represents a recovery of indirect costs and should not be considered to be income derived from the contracted activities.

All such contracted activities must ensure that the University recovers all direct and indirect costs associated with the execution of the work. The University will only accept to perform those activities which provide for cost recovery through the charging of overhead.

Overhead charges recover the costs related to services provided by the University for the preparation, performance and administration of such contracted activities.

Among the principal sources of indirect costs are the following:

- Maintenance costs for installations and equipment (heating, lighting, ventilation, air conditioning, cleaning, telephone, mail distribution);
- Depreciation of University installations and equipment;
- Administrative costs for central services;
- Insurance costs (equipment, liability, vehicle, etc);
- Administrative costs at departmental levels (e.g. secretarial, technical, and administrative staff);
- Costs of managing services directly linked to research support (research services, financial services, personnel);
- Costs for use of library services;
- Costs of managing student services.



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POLICY

I. OVERHEAD

1. CIDA-funded projects differ from other research projects. These differences include:
 - CIDA projects are normally Faculty ventures. They are conceptualized and administered at the Faculty level. Although not at the core of a Faculty's mission, as is the case for research activity, CIDA projects constitute important international activities;
 - The Centre for International Academic Cooperation ("CIAC") acts in an advisory capacity and coordinates much of the administrative support required i.e. secretarial, preparation of requests, and renewals of the project;
 - In most cases, an in-kind contribution is required from the University. This contribution may take the form of course remissions to faculty members. In these cases, the Faculty will absorb the cost of such course remissions.

See Appendix A for a summary of the differences between CIDA-funded projects and other research projects.

2. CIDA grants provide for the recovery of facility support costs as well as for overhead charges.

Facility Support Costs

3. Facility support costs relate to office space, miscellaneous office equipment, access to and the maintenance of laboratories, computing facilities, special equipment rentals, office supplies, telephone, facsimile charges, couriers and like charges.
4. Because of the nature of facility support costs, the amount provided for in the project budget will be returned to the Faculty for redistribution amongst the departments which housed and supported the project. Such redistribution shall be determined at the Faculty level.

Overhead Charges

5. The overhead rate is currently set at 54% of the on-campus personnel salary budget.
6. Projects conducted on-campus, whether related to research or teaching, generate similar additional indirect costs to the University while off-campus projects do not involve, for example, use of library services, heating, lighting, cleaning and other similar services. In recognition of this fact, different distribution rates have been adopted:



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For projects which are mainly conducted on-campus:

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| Percentage of overhead credited to general University revenues | 35% |
| Percentage of overhead credited to Endowment and Special Funds Unit | 5% |
| Percentage of overhead credited to CIAC | 10% |
| Percentage of overhead credited to Faculty | 50% |

For projects which are mainly conducted off-campus:

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|---|-----|
| Percentage of overhead credited to general University revenues | 25% |
| Percentage of overhead credited to Endowment and Special Funds Unit | 5% |
| Percentage of overhead credited to CIAC | 10% |
| Percentage of overhead credited to Faculty | 60% |

7. Overhead charges shall be encumbered in the project account at the beginning of each reporting year based upon the amount provided for in the project budget for that particular year. However, because the calculation must be based upon actual payroll expenses, the actual distribution of the overhead shall take place every quarter.
8. Redistribution within the Faculty shall be done at a time to be determined by the Faculty Dean.
9. Before approving any overhead distribution based on an in-kind contribution by the University, Financial Services shall require proper documentation as detailed in paragraph 17 below.
10. The distribution of overhead as outlined above shall begin with 1998-1999 fiscal year and shall apply to all projects begun after March 1995.

II. OTHER FINANCIAL ISSUES

Actual Expenses vs. Budget

11. The budget submitted to CIDA must be respected by category of expenses (budget line). While it is not necessary to respect each budget line in each specific year, the total actual expenses from the beginning of the project to its completion must not exceed the overall budget allowed for that specific budget line.

Unspent Money in a Budget Line and 5% Contingency Funds

12. The Project Director must receive written authorization from CIDA to spend unspent funds in a specific budget line for another purpose. Financial Services will require a copy of that authorization before processing such expenses.



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13. The Project Director must receive written authorization from CIDA to spend the 5% contingency funds. These funds are meant strictly for unforeseen events that might occur during the project. CIDA will not normally authorize usage of the contingency until the last year of the project. Financial Services will require a copy of that authorization before permitting the use of the contingency funds.

Interest Earned

14. Although government rules call for the return of all interest generated on grant funds, CIDA has chosen to permit the use of these funds by universities. The Project Director must, however, receive written authorization from CIDA prior to using these funds. Clear and concrete plans as to how the University intends to use the interest earned must accompany any such request. Financial Services will require a copy of that authorization before permitting the use of these funds.

In-kind Contributions and Overhead

15. In-kind contributions from the University cannot be directly recovered by the University and charged to the CIDA grant since such contributions represent the mandatory contribution of the University to the project. In-kind contributions may include the use of space and work performed by faculty members or administrative and support staff pertaining to the project.
16. Overhead shall be calculated on both the actual payroll expenses and the estimated monetary value of the in-kind contribution of the University for the services of its personnel. As such, it cannot be based solely on budgeted amounts. CIDA requires that the University keep convincing documentation in its files to prove the reasonability of in-kind contributions stemming from internal resources allocated to the project. As well, the Project Director is responsible for maintaining support documentation for in-kind contributions of foreign universities involved in the project.
17. Before approving any overhead transfers based on the in-kind contribution of the University, Financial Services will require a signed letter by the Dean of Faculty which outlines:
- the names of all employees who worked on the project;
 - the time spent on the project (by employee) for the period;
 - the estimated dollar value of that in-kind contribution (by employee).

Consultants

18. Project Directors may hire external consultants only in cases where the specific expertise required cannot be found at the University and where a specific budget line for such consultants has been provided for by CIDA. Internal consultants to the project are considered to be part of the in-kind contribution from the University. CIDA does not pay bonuses or honoraria to faculty members for work done on the project outside of



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their normal responsibilities unless it is specifically provided for in the project budget.

Canadian Purchases

19. CIDA is a Canadian government agency and consequently encourages the purchase of Canadian goods and services. Project Directors are permitted to buy foreign goods and services only if it is not feasible to acquire equivalent goods and services in Canada.

Documentation Archives

20. CIDA requires that the University keep all invoices and any other pertinent documentation for 5 years after the end of a project for auditing purposes.

Signing Authority

21. The necessary signing authorities are outlined in the *Signing Authority Policy*.



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Appendix A

Summary of the differences between CIDA-funded projects and other research projects

| | RESEARCH | CIDA GRANTS |
|---------------------------------------|--|---|
| Recovery of indirect costs | Overhead | Overhead and facilities support costs |
| Particularities | <ul style="list-style-type: none"> • Projects are conceptualized and conducted by Principal Investigator (PI) • PI is the manager of the project • Faculty involvement in project is minimal • Level of University services used is generally high; departmental facilities used by PI is usually charged back to project. <p>ORS acts in an advisory capacity</p> | <ul style="list-style-type: none"> • Projects are conceptualized and conducted at Faculty level • Faculty member is project Director • CIDA projects are Faculty ventures • Level of University services used depends on whether the project is held on or off campus or out of country. However, use of departmental facilities can be very extensive. • CIAC office acts in an advisory capacity |
| Retention of overhead | In full at start of project | Encumbered at beginning of fiscal year based on budgeted amount |
| Frequency of distribution of overhead | <p>Twice per annum</p> <ul style="list-style-type: none"> • if contracts of 12 months or less: at completion of contract • if contract of 12 months and more : based on amounts received to date | Every quarter, based on actual payroll expenses and properly documented in-kind contributions |



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| <p>Distribution of overhead</p> | <p>University revenue: 50 % Provost & V-R Research: 5 % Faculty Research fund: 25 % Principal investigator: 20 %</p> | <p>• If project on-campus: University revenue: 35 % Endow./Special funds: 5 % Faculty: 50 % CIAC : 10 %</p> <p>• If project off-campus University revenue: 25 % Endow./Special funds: 5 % Faculty : 60 % and CIAC: 10 %</p> <p>Facility support costs fully credited to the housing department.</p> |
| <p>Application of policy</p> | <p>March 1995</p> | <p>Projects started after March 95, but beginning with the fiscal 1998-99 year.</p> |