

Research St. Joseph's – Hamilton (RSJ-H)		Pages 1 of 2	Number 036-RSJ-H
Policy Title Overhead Rates on Research Contracts and Services		Date 14 September 2017	
Supersedes 08 December 2015	Cross Reference	Issuing Authority RSJ-H Scientific Director	
<input checked="" type="checkbox"/> Charlton Campus	<input checked="" type="checkbox"/> West 5th Campus	<input checked="" type="checkbox"/> King Campus	

Position responsible for developing and maintaining the policy: RSJ-H Scientific Director

1.0 INTRODUCTION

The purpose of overhead is to reimburse Research St. Joseph's - Hamilton (RSJ-H) for the indirect costs of research which cannot be charged directly to a research project as well as some of the costs covered by either RSJ-H or St. Joseph's Healthcare Hamilton. Indirect costs include, but are not limited to include libraries, building use, equipment use, physical plant and maintenance (including utilities, hazardous waste disposal, and security), insurance, research and financial administration.

2.0 DESCRIPTIONS OF OVERHEAD

The standard overhead rate on industry-funded research contracts is 30%. All budgets should include overhead. In order to ensure transparency, overhead will be collected after the funds are deposited into the research account. Definitions and examples are included in the chart below to assist in determining when overhead applies. However, should circumstances require a negotiation of these rates the ultimate decision regarding the overhead rate rests with the Scientific Director, RSJ-H.

Definition	Example	Overhead Rate
<p><u>Industry-funded clinical trials:</u> Research activity which receives financial support from a private for-profit company. The objectives of the clinical trial are well-defined in a specific protocol. There will be a formal agreement between the sponsor, RSJ-H and the investigator.</p>	<p>Pharmaceutical industry funded projects such as clinical trials which involve the testing of a pharmaceutical agent or a device, the development of diagnostic tests, or new pharmacological agents.</p>	<p>30% on the total cost of the project excluding the REB fee. Clinical trial overhead distributed as follows:</p> <ul style="list-style-type: none"> • 7% Research Institute • 15% Hospital Research Admin. • 8% Faculty of Health Sciences at McMaster University
<p><u>Investigator-initiated research with external funding:</u> Research activity which receives financial support from private, for-profit company. Entails a specific protocol usually written by the investigator. A formal written agreement between the sponsor, RSJ-H and the investigator will be required.</p>	<p>Private-sector funding of a research proposal put forth by an investigator to test a pharmaceutical agent in a specific population, for which it is not currently approved for use.</p>	<p>30% on the total cost of the project excluding the REB fee. In some situations a reduced rate is at the discretion of the Scientific Director.</p>

These Research St. Joseph's - Hamilton policies are **CONTROLLED** documents as are all management system files on the intranet. Any documents appearing in paper form are not controlled and should **ALWAYS** be checked against the intranet version (electronic version) prior to use.

Definition	Example	Overhead Rate
<u>Contractual Basic Science Research or Pre-clinical Activity:</u> A contract that calls for a faculty or staff member's time and effort to provide a service related to research, or industry sponsored pre-clinical research activity	Funding from private sector sources in exchange for providing a lab service.	A minimum 40% on total cost of project.

Appendix:

Memorandum of Understanding: Overhead Distribution between McMaster University and St. Joseph's Healthcare Hamilton and The Research Institute at St. Joseph's Hospital.

MEMORANDUM OF UNDERSTANDING:

OVERHEAD DISTRIBUTION
BETWEEN
MCMASTER UNIVERSITY
AND
ST. JOSEPH'S HEALTHCARE HAMILTON
AND
THE RESEARCH INSTITUTE AT ST.
JOSEPH'S HOSPITAL

AFFILIATION AGREEMENT

OVERHEAD DISTRIBUTION SJHH/MCMASTER

MEMORANDUM OF UNDERSTANDING

The following represents the agreed to principles regarding the affiliation agreement between St. Joseph's Healthcare Hamilton (SJHH), the Research Institute at St. Joseph's Hospital (RI@SJH) and McMaster University (MU) and, as such, form a Memorandum of Understanding (MOU). The detailed new policy applies to all Industry funded clinical research.

- Effective (retroactive) April 1, 2016, Industry Funded Clinical Trial (IFCT) Overhead Distribution is as follows:
 - Principal Investigator - 0/30 or 0%
 - Research Institute - 7/30 or 23.3%
 - Hospital - 15/30 or 50%
 - McMaster University - 8/30 or 26.7%

St. Joseph's Healthcare Hamilton (as the Hospital) will assign its share of the overhead to Research Institute at St. Joseph's Hospital (as the Research Institute) to offset the expenses related to research facilities and administration.

- The Research Institute at St. Joseph's Hospital will be the host entity for one or more research centers which meet the definition of a Joint Hospital/University Research Institute as set out in the memorandum of agreement between McMaster University, HHS and SJHH, entitled *Guidelines for the Establishment of Joint University/Teaching Hospital Research Institutes*. Within this legal entity, there will be research programs in the fields of chronic lung disease, kidney/urology, mental health and addictions and the Father Sean O'Sullivan group which include all remaining researchers at SJHH. For each of these centers, there will be a Research Lead who is jointly accountable to the Hospital Vice-President Research or Scientific Director, Research Institute and to the Chair of the relevant university department for the development of a strategic plan.
- The distribution of Federal Indirect Costs of Research (FICR), now called the Research Support Fund (RSF), overhead will not have additional administration fees attached (i.e. currently, if the Hospital is to receive 25% of the FICR/FRSF Overhead, McMaster applies a 25% administration fee which means the Hospital actually receives 18.75%).
- No overhead is applied on flow-through or pass-through funds. Flow-through funds are funds received by the Hospital from sponsors and then sent to external sites. The institute ultimately receiving the funds applies the overhead.

- Overhead will be charged at 30% of direct costs on all IFCT's. If a Principal Investigator is able to charge more than 30% overhead, that Principal Investigator may retain the additional overhead.
- SJHH and FHS will provide full disclosure to each other to ensure appropriate transparency. SJHH will provide the full total dollar value of each IFCT project and the total overhead generated, by project, to support the annual distribution of clinical trials overhead pursuant to this agreement. Likewise, FHS will provide the full financial details associated with FRSF to SJHH.
- The formal overhead policy, applicable to all researchers and institutes as appropriate, will be based on this document and will be drafted, agreed to, signed and published within six months of the signing of this MOU. Notwithstanding this time frame to formal documentation, it is the intent of the parties to honour the timing of the agreement phase-in as set above.

On behalf of McMaster University

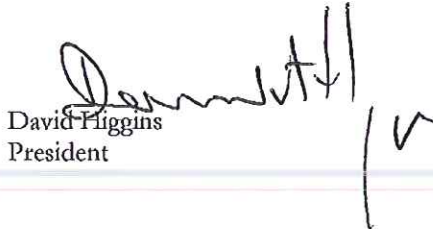


Bill Orovan
Associate Dean, Clinical Services



Paul O'Byrne
Dean/Vice-President, FHS

On behalf of St. Joseph's Healthcare Hamilton



David Higgins
President

On behalf of the Research Institute at St. Joseph's Hospital



Jack Gauldie
Vice-President, Research