

Policy Title	Indirect research costs
Responsible AIU Office (Higher Management/Directorate)	Office of the VP for Research Affairs
Policy Owner (Executive Department/Office)	Chief Financial Manager (CFO) or Office of Research Services
Pertinent Dates	Draft1: 24 th April 2022.

I. SCOPE OF POLICY

[Provides a comprehensive description of the policy, the need for it, different parties interested, the problem or conflict the policy addresses, legal or regulatory reasons for the policy, and an outline for the procedures required and operational activities affected.]

This policy applies to all Research Funding Agreements supported by external funds; to all University Members as defined by this policy; and when Alamein International University (AIU) Resources are used for the purposes of Research or under the oversight of AIU in a range of respects, including but not limited to those:

- (i) utilizing (AIU) facilities or equipment;
- (ii) contracted or advertised under the auspices, label, or brand of AIU;
- (iii) generating funds to be held in trust in AIU accounts and disbursed subject to university policy.

Research not supported by the government, particularly those sponsored through private sector partnerships on a contract basis, has no formal policy for addressing indirect costs. In these cases, it is for the University to set the overhead rate intended to mitigate the indirect costs of the research enterprise. This policy applies to such research agreements.

Excluded from the scope of this policy are contracts and revenues from commercial licensing (patent or software) agreements. The financial terms for these services are negotiated on a case-by-case basis by the Office of Research Services. Suppose any provision of this Policy is found to be inconsistent with the provisions of a collective agreement. In that case, the collective agreement will prevail, unless the Policy provision is required by law, in which case the Policy provision will prevail.

II. DEFINITIONS

[Provides a list of definitions for terms that may be unfamiliar or used in a specialized context in the policy.]

Indirect costs: Expenditures incurred in the conduct of Research, that are not readily or effectively traceable to specific expense activities yet. Often referred to as “overhead” or “indirect costs”. Indirect costs are real costs that must form part of the budget for a research project (are a legitimate component of the actual cost of Research and not an “added” cost.) and are indirectly related to research projects or incurred for common or joint objectives. Indirect Costs of Research include, but are not limited to those costs associated with:

- *The operation and maintenance of facilities and processes that support Research. Example: building operating costs, including heating, cooling, power, cleaning, maintenance, and landscaping.*
- *The management of the entire Research process (from providing seed funds and supporting the preparation of grant applications through the commercialization and the dissemination of results).*
- *Regulation and safety compliance (including human ethics, animal care, and environmental assessment).*
- Faculty and departmental services include machine and electrical shops, secretarial and office assistance, purchasing, shared equipment, etc.
- *academic services* such as the library and computing service
- *university-provided administrative services* such as Purchasing, Finance, and Human Resources, as well as the university administration itself, president’s office, deans, department heads and directors, and administrative staff
- *research and contract administration and regulatory support* such as Office of Research Services, Occupational Health, and Safety, agreement management, Office of Community-based Research, etc.
- *Information technology.*

The University is dependent on maximizing the recovery of indirect costs to maintain the infrastructure necessary to support externally funded Research.

Direct costs are expenditures directly attributable to a research project. Direct costs include without limitation:

- Salaries and on-costs (including without limitation superannuation contributions, payroll tax, worker’s compensation insurance, annual leave loading, and provisions for long service leave) of research project staff1 (full and part-time);
- Scholarships and stipends;
- Computing and database charges;
- Consumables, materials, and supplies;
- Equipment and components;
- Brokerage, freight, customs, and quarantine charges;
- Large volume communication (new telephone, networks, courier, postage);

- Photocopying, report production and dissemination/publication costs (open access charges, page charges, copyright licenses etc.);
- External consulting and subcontracted services;
- Workshop, laboratory, and other technical services;
- Site access charges;
- Travel and living expenses;
- Conference fees;
- Training and development costs;
- Directly incurred taxes;
- Additional insurance costs;
- Foreign currency exchange gains/losses; and/or
- Allocated costs directly attributable to the project, for example under a project-specific shared service model for technical support, project management, or infrastructure access.

University Member, for the purposes of this policy, means a person at the University under one of the following categories:

- a tenured appointment or an appointment with eligibility for tenure as assistant professor, associate professor, or professor;
- senior instructor;
- limited-term appointment with a term of more than one year;
- artist-in-residence;
- lecturer;
- adjunct professors and honorary professors;
- post-doctoral fellows and research associate appointees;
- grant tenured faculty; or
- any other similar employment categories as established in the future.

University Resources include but are not limited to, university infrastructure, personnel (including students), and support services.

Research Funding Agreement means funding provided through an agreement with the University to be used for research purposes, whether the agreement would be considered a grant, contract, contribution agreement, or whether the agreement takes any other form, and whether it is legally enforceable or not.

III. POLICY STATEMENT

[This section clearly and concisely states AIU's position (goals, plans, or intentions) on the subject matter addressed by the policy, lists the various parties that are required to follow the policy and the situations where the policy applies. This section also includes a clear description of how the policy will be enforced together with any conditions or restrictions.]

AIU's Office of Research Services is committed to collaborating with researchers to ensure that Research is funded and supported. This commitment is echoed through the University's strategic priority to build research capacity across the University. A crucial part of that commitment is ensuring long-term sustainability through appropriate budgetary transparency and provisions for proper support of the necessary infrastructure to enable research activity and research support services at AIU. Collection of indirect costs ensures that Research continues in an environment with the required physical, administrative, legal, and regulatory approval. In addition, the direct costs that may be invoiced to a research project do not fully account for the investment and resources facilitating it.

IV. RESPONSIBILITIES

[This section includes a list of the roles or units who are responsible for policy implementation and related processes (e.g. faculty, students, operating units, departments, managers, etc.). A summary of the major responsibilities/key actions of each is required together with the framework of interactions/hierarchy among them. Details can be provided separately in the procedures section.]

The Vice-President of Research is responsible for monitoring the uptake and efficacy of this policy. The chief financial manager (CFO) or The Office of Research Services will make an annual report under this policy stating the number of revenues actually collected, amounts expected from existing agreements, and the allocations and distributions of indirect costs.

V. POLICY STANDARDS AND PROCEDURES

[The section contains the full text of the policy, including detailed information about the policy components and procedures.]

Research is expensive. Maintenance of and improvements to infrastructure and related administration requires ongoing reinvestment on a significant scale. For this reason, research project funding should cover the full costs incurred in support of the Research. If indirect costs are not recovered in research project funding, the University absorbs these costs from other revenue sources, negatively affecting other University operations. This is not acceptable since the intent is to recover the total costs of Research.

1. **PRINCIPLE** Indirect costs must be included in research project funding, as mentioned above, unless the sponsor has more restrictive, publicized terms or policies regarding indirect costs.
2. **RATE** The AIU's indirect costs rate is 10% of (Total Direct Cost minus Equipment cost) or 150,000 LE, whichever is less¹, or the maximum allowable rate as published by the

¹ According to Science, Technology & Innovation Funding Authority **National Regulations of STDF**, NATIONAL REGULATIONS, PRIMA Partnership for Research and Innovation in the Mediterranean Area, JANUARY 19, 2022, V9. <https://prima-med.org/wp-content/uploads/2022/02/National-Regulations-2022-v9.pdf>

sponsor. The indirect costs rate for grants, contracts, and proposals in place on the effective date will be honored until the end of the grant or contract or until the time of renewal. The indirect rates for various funders are included in the form section.

3. **DISTRIBUTION** Indirect costs shall be distributed to the faculty that holds the research project generating indirect costs. Overhead are to be distributed as follows:
 - a) 50% to the Dean(s) of Faculty(ies) in which the researcher(s) is (are) resident. The distribution among Deans of indirect costs incurred by co-investigators will be distributed proportionally to the distributed direct costs of the individual grant/contract.
 - b) 50% to central research administration. Specifically, the Office of the Vice-President for Research Affairs.

The Office of Research Services does not have the authority to waive the collection of indirect costs, where allowed by the funding entity, without approval from the Vice-President of Research.

4. **EXCEPTIONS** The University does not wish to disadvantage its researchers by refusing to sanction applications to granting organizations with formal regulations against paying indirect costs. However, the University may decline to accept funding from such sources if indirect costs are not recoverable. The University's capacity to absorb the indirect costs associated with these funding sources is extremely limited. The University may accept modified indirect cost rates and distributions from government and non-profit agencies when there is sufficient evidence that the modified rates are applied to all Egyptian universities. The Dean must approve any other modified indirect cost rate.
5. **AUDIT** Funds distributed to researchers and Deans are intended to be used solely to support the indirect costs of Research. Faculties that receive revenues shall report on how these funds have been spent or allocated upon reasonable request of the Vice-President of Research. Financial Services will perform annual audits of expenditures of indirect cost and revenues obtained by the University to ensure that they are used following the funder's or sponsor's requirements. Recipient units that do not employ overhead under the sponsor's requirements may be required to reimburse the University or the sponsor.

VI. FORMS/INSTRUCTIONS (if applicable)

[This section lists the forms that are required to comply with the policy and provides the purpose of each form with any conditions, restrictions, and/or exceptions for their use. A hyperlink to the applicable form(s) should be provided if available.]

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VII. APPENDICES (if applicable)

[This section includes any additional relevant information or documents in attached appendices.]

VIII. RELATED POLICIES

[This section lists policy titles and numbers that are related to the implementation and/or enforcement of this policy.]

1. Interaction with Industrial Partners for Research Funding Purposes
 2. Interaction with Extra-mural Research Funding Agencies
 3. Research Fund Management and Financial Practices
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VIV. CONTACT INFORMATION

[Lists relevant position titles and/or offices who may be contacted by University community members for any questions about the policy.]

Triggered by:	Name	Date	Sig.
Created by:	Name	Date	Sig.
Revised by:	Name	Date	Sig.
Approved by:	Name	Date	Sig.