

TITLE

RESEARCH OVERHEAD REVENUE ADMINISTRATION**SCOPE**

Provincial: Research and Finance

DOCUMENT

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APPROVAL AUTHORITYVice President, Corporate Services & CFO, Vice President
Research Innovation & Analytics

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NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVES

- To establish the requirements and processes for the administration and allocation of research overhead revenues.
- To set out the criteria for assessing the eligibility of research expenses submitted for reimbursement from research overhead revenues.

PRINCIPLES

AHS is committed to using research and innovation to improve the quality of care and health outcomes of Albertans.

AHS shall effectively manage research overhead revenues by ensuring that these funds are applied against the costs of underlying infrastructure required to support excellence in research and innovation, and by defining expectations from all parties involved.

APPLICABILITY

Compliance with this document is required by all Alberta Health Services employees, members of the medical and midwifery staffs, Students, Volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary), who have responsibility for **research grants** and **clinical trial funding** (“research funding”) administered by AHS and their associated expenses. **Individuals with concurrent appointments** using AHS resources for the purpose of innovation and research shall also comply with this Policy.

ELEMENTS

1. Background

- 1.1 This Policy applies to overhead fees collected by AHS from research funding other than those with oversight from the Northern Alberta Clinical Trials and Research Centre (NACTRC). Overhead fees collected from research funding with oversight from NACTRC shall be managed in compliance with the terms outlined in the Collaborative Clinical Research Procedures of the AHS-University of Alberta Clinical Research Joint Venture Agreement.
- 1.2 A unique restricted research account for overhead revenue will be assigned to each **research unit**. This account shall be under the oversight of the Vice President, Research Innovation and Analytics (VP, RIA)
- 1.3 Overhead fees are collected by AHS, on receipt of research funding, at rates outlined in the AHS *Research Grants and Clinical Trial Funding Policy*.
- 1.4 Overhead fees levied on research funding are recorded as overhead expenses in restricted study accounts of research units, and as overhead revenue in restricted research overhead accounts under the oversight of the VP, RIA (RIA overhead accounts).

2. Roles & Responsibilities

- 2.1 Finance - Revenue shall:
 - a) generate financial reports on RIA overhead accounts, and provide these reports to RIA on a quarterly basis at minimum, or as requested by RIA; and
 - b) prepare the journal entries to:
 - (i) record the overhead fees as expenses in study accounts of research units, and as revenue in RIA overhead accounts; and
 - (ii) transfer revenue from RIA overhead accounts to the appropriate restricted research accounts of research units.
- 2.2 Finance - Business Advisory Services (BAS) shall:
 - a) prepare a monthly reconciliation of overhead revenue deposited into each RIA overhead account;
 - b) in coordination with the research unit, complete a *Restricted Contributions Transfer Request Form* to recover eligible overhead expenses, or to transfer overhead revenue for strategic re-investments from the applicable RIA overhead account; and

- c) provide projected overhead revenues to RIA or the research unit as needed.

2.3 Research unit shall:

- a) obtain pre-approval from the RIA for overhead expenditures in excess of \$200,000, or strategic re-investments requiring the carry-over of funds; and
- b) coordinate with Finance – BAS in completing the *Restricted Contributions Transfer Request Form* referred to in section 2.2 (b).

2.4 RIA shall:

- a) review and provide pre-approval for overhead expenditures in excess of \$200,000, or strategic re-investments requiring the carry-over of funds; and
- b) review and approve the overhead expense reimbursement, or overhead revenue transfer requests submitted by research units.

3. Recording of Overhead Revenue and Expenses

- 3.1 Eligible overhead expenses for each research unit shall be charged against the restricted research accounts under the research unit's oversight, and as applicable, in accordance with pre-approved proposals for overhead expenditures or strategic re-investments.
- 3.2 Reimbursement of eligible overhead expenses, or transfer of overhead revenue shall be requested by each research unit using the process outlined in Section 6.
- 3.3 Upon approval by RIA, overhead revenue shall be allocated to research accounts that are holding or will be holding the eligible overhead expenses of each research unit.
- 3.4 Notwithstanding Section 3.1, eligible overhead expenses of Corporate Services departments may be charged directly against an RIA overhead account if pre-approved by the Manager of the research unit or higher, and by the Director of RIA or higher.
- 3.5 Overhead revenue shall be recognized in the fiscal year eligible expenses are incurred. Subject to Section 8.3, any excess of overhead revenue over eligible overhead expenses shall be deferred to cover future eligible expenses or enable research units to respond strategically to the changes in clinical trial environment.

4. Overhead Eligibility Criteria

- 4.1 RIA shall adopt the overhead categories and list of eligible expenses used by the federal Research Support Fund (RSF) program as published on the Government of Canada website.
- a) The RSF overhead categories are:
 - (i) research facilities;
 - (ii) research resources;
 - (iii) management and administration of an institution's research enterprise;
 - (iv) regulatory requirements and accreditation; and
 - (v) intellectual property and knowledge mobilization.
 - b) All expenses that are on the RSF list of eligible expense published on the Government of Canada website are deemed eligible for overhead funding.
 - c) Expenses outside of the RSF list of eligible expenses shall be evaluated by RIA using the additional criteria provided in Section 4.2.
- 4.2 Other overhead expenses that may be considered eligible for overhead funding include:
- a) overhead rebates distributed to the contingency account of a Principal Investigator to offset the expenses associated with an investigator initiated trial or research project;
 - b) overhead rebates distributed to indirect costs accounts to offset the excess of shared costs of affiliated studies or co-operative group studies over any indirect costs funding received from external sources;
 - c) AHS supplies and service department fees (e.g., Pharmacy, Diagnostic Imaging, and Laboratory Service fees) not fully funded by the study account's research funding;
 - d) salaries and benefits of research personnel not included in the RSF list of research administration personnel;
 - e) education and training activities required for the provision of research support that may not be directly covered under the RSF program categories; or
 - f) strategic re-investments, including:

- (i) direct or partner funding for local trials and research projects; or
 - (ii) research facility and capital equipment costs not included in the RSF list of eligible expenses.
- 4.3 Eligible travel and related expenses and approvals must comply with the AHS *Travel, Hospitality and Working Session Expenses – Approval, Reimbursement and Disclosure Policy*, the *Management and Oversight of Research Expenses for Travel, Hospitality and Working Sessions Standard*, and other applicable governance documents.
- 4.4 Salaries and benefits of staff and other costs associated with affiliated studies must be applied first against funding held in the relevant study, contingency, or indirect cost account prior to utilizing overhead revenue held in an RIA overhead account.
- 4.5 Capital equipment purchased with funds from overhead revenue will become the property of AHS.
- 4.6 Requests for clarification on the overhead expense eligibility criteria or additions to these criteria can be submitted to RIA at Research.Administration@ahs.ca.

5. Pre-approval of Overhead Expenses

- 5.1 Unusual or one-time overhead expenditures (e.g., consulting fees, equipment purchases, or renovations) expected to be in excess of \$100,000 per expenditure, or strategic re-investments requiring the carry-over of funds must be pre-approved by RIA in order to be reimbursed by or funded through an RIA overhead account.
- 5.2 Each research unit may take the optional step of obtaining pre-approval for overhead expenses other than those referred to in Section 5.1.
- 5.3 Pre-approval of overhead expenses shall be requested by submitting an outline of proposed overhead expenses, or a strategic re-investment proposal to RIA at Research.Administration@ahs.ca. A research unit shall provide RIA sufficient time to review the proposals by ensuring submission of the proposals at least 30 days prior to incurring the overhead expenses.
- 5.4 Proposals shall be reviewed by RIA, and as needed, by Finance – Revenue. A detailed feedback on eligibility of expenses shall be provided by RIA within two (2) weeks of receipt of proposal to allow the research unit sufficient time to revise the proposal if necessary.
- 5.5 Pre-approval of overhead expenses may be granted in whole or in part by RIA.
- 5.6 Pre-approval decisions shall be communicated in writing by RIA to the research unit and Finance - BAS.

6. Approval of Overhead Expense Reimbursement or Overhead Revenue Transfer Requests

- 6.1 At the end of each fiscal quarter, or as needed, each unit will submit a request to RIA at Research.Administration@ahs.ca to recover or obtain funding, for actual or estimated eligible overhead expenses, from the applicable RIA overhead account. For this submission, Finance - BAS shall complete a *Restricted Contributions Transfer Request* Form in coordination with the research unit. The transfer request form shall be approved by the Manager of the research unit or higher prior to being submitted to RIA.
- 6.2 The submission referred to in Section 6.1 needs to include sufficient details regarding expenses for which reimbursement or overhead revenue transfer is being requested in order for RIA to assess the appropriateness of the request.
- 6.3 RIA shall review the overhead expense reimbursement or overhead revenue transfer requests submitted by the research units relative to the eligibility criteria per Section 4, and if applicable, the pre-approved overhead expense or strategic re-investment proposal.
- 6.4 An overhead expense reimbursement or overhead revenue transfer request may be fully or partially approved by RIA. RIA reserves the right to reject such request involving expenses which do not meet the eligibility criteria, or the pre-approval requirement outlined in this Policy.
- 6.5 RIA shall inform the research unit and Finance - BAS of the approval decision in writing.
- a) If the request is approved, the Director of RIA, or higher, shall sign off on the *Restricted Contributions Transfer Request* Form, and send the signed form along with relevant supporting documents to Finance - Revenue.
 - b) If the request is not approved:
 - (i) RIA shall provide an explanation for the rejection, as necessary, to Finance – BAS and the research unit; and
 - (ii) the research unit can initiate an appeal of the decision by submitting a written request to RIA at Research.Administration@ahs.ca.

7. Recording of Overhead Expense Reimbursement or Overhead Revenue Transfer

- 7.1 Finance - Revenue shall prepare the journal entry to transfer revenue from an RIA overhead account to restricted research accounts of a research unit in accordance with an approved *Restricted Contributions Transfer Request* Form.
- 7.2 Finance - BAS supporting Corporate Services shall prepare the journal entry to record the recovery of eligible overhead expenses incurred by Corporate

Services referred to in section 3.4. This journal entry must be approved by Finance – BAS supporting the research unit, and by Finance - Revenue.

8. Monitoring of Unspent Overhead Revenue

- 8.1 Finance – Revenue shall provide RIA with financial reports on RIA overhead accounts on a quarterly basis at minimum, or as requested by RIA.
- 8.2 RIA shall review the RIA overhead account financial reports.
- 8.3 At the end of the fiscal year, unallocated overhead revenue held in an RIA overhead account should not exceed \$250,000 or a more appropriate threshold set jointly by RIA and Finance - Revenue. If the unallocated revenue amount exceeds such threshold, RIA shall work with the research unit to provide rebates to Principal Investigators or co-operative groups in the following fiscal year.

9. Reporting Requirements

- 9.1 Within 60 days after the end of each fiscal year, each research unit shall provide a report on the utilization of overhead revenue allocated to strategic research re-investments to RIA at Research.Administration@ahs.ca.
- 9.2 Upon completion of a strategic re-investment initiative funded by overhead revenue, RIA may require the research unit to return surplus overhead revenue, if any, to the applicable RIA overhead account.
- 9.3 If overhead revenue is transferred from RIA to the research unit based on estimated overhead expenses, the research unit shall provide a reconciliation between estimated and actual expenses to RIA at Research.Administration@ahs.ca. RIA may require the research unit to return any surplus overhead revenue identified through the reconciliation process. In the event of an overhead revenue shortfall, the research unit may submit a request to RIA for additional expense reimbursement or overhead revenue transfer.

DEFINITIONS

Clinical trial funding means funding awarded to eligible individual(s) to support a clinical trial project. This includes revenue for research-related travel and other allowable research-related expenses.

Individual(s) with concurrent appointment(s) means an individual who holds an academic appointment at an academic institution (e.g. University of Alberta or University of Calgary) and a clinical function with AHS.

Research grant(s) means funding awarded by an external funding agency to eligible individual(s) to support a health research project. This includes revenue for research-related travel and other allowable research-related expenses.

Research unit means a clinical trial unit or research area without oversight from NACTRC.

REFERENCES

- AHS Policies and Procedures:
 - *Management and Oversight of Research Expenses for Travel, Hospitality and Working Sessions Standard (#RESEARCH-001)*
 - *Research Grants and Clinical Trial Funding Policy (#1150)*
 - *Travel, Hospitality and Working Session Expenses – Approval, Reimbursement and Disclosure Policy (#1122)*
- Form:
 - *Restricted Contributions Transfer Request Form*

VERSION HISTORY

Date	Action Taken
Click here to enter a date	Optional: Choose an item
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