

# **UKZN POSITION STATEMENT ON OVERHEAD & INDIRECT COSTS**

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## **OVERHEAD RECOVERY**

Indirect costs associated with sponsored research projects are charged to the project at the current UKZN rate of 15%.

## **OVERHEAD CALCULATION**

Normally, overhead is charged as a function of total direct costs. Other methods of calculation may be acceptable provided that comparable revenues are produced, for example: charge-out rates for personnel, which are quoted as inclusive of overhead; or charges based on payroll costs. However, other overhead formulas and related rates must have prior University approval.

## **RESPONSIBILITIES**

Responsibilities associated with this policy are:

- a) Individuals preparing proposals must anticipate applicable overhead charges and include them in cost estimates
- b) Approval of the DVC Research is required for any exception to the normal overhead rates

## **PROCEDURES**

All contracts are subject to the approval of the Research Office.

Individuals must notify the Research Offices when a contract is contemplated.

Where there is doubt as to whether overhead should be

charged or the appropriate rate, project supervisors should contact the

Research Office Finance Manager before the proposal is submitted to the sponsor submitted to the sponsor.

### **EXCEPTIONS TO OVERHEAD RECOVERIES**

Overhead is recovered according to an established rate developed on the basis of cost studies. Exceptions to the normal overhead rates can occur when unusually favourable terms and/or conditions are offered or when the sponsor provides acceptable alternative compensation.

Institutions exempt include:

- National Research Foundation
- Protein Research Foundation
- SANPAD and any other scholarships or bursaries
- Donations

### **RECOVERY DISTRIBUTION**

<b>UKZN</b>	<b>School</b>	<b>Research Office</b>	<b>Inqubate</b>
<b>40%</b>	<b>30%</b>	<b>15%</b>	<b>15%</b>

### **RELATED POLICIES**

Research Policy VI as approved by Senate in March 2010