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**TITLE: CONTRACT ADMINISTRATION POLICY  
for RESEARCH, SCHOLARLY ACTIVITY and CONSULTING CONTRACTS**

**EFFECTIVE DATE: 15 January 2001  
(Replaces the policy dated November 1986)**

**AUTHORITY: Vice-President (Academic) delegated to Vice-President (Research,  
International and External Affairs)**

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### **Purpose**

In the recognition that contractual agreements with external agencies and industries are an increasingly important activity within the University, the following policy will govern the administration of research, scholarly activity and consulting contracts.

Contract activities conducted by individual faculty members are eligible for recognition for career progress, i.e., merit, promotion, and tenure, as per Article 24.24(a), because such activities represent the application of expertise and enhance the reputation of the researchers and the University. Such activities shall not detract from the normal workload as defined by the Collective Agreement nor compromise university operations. It is recommended that faculty members restrict outside activities to 20% over the duties expected by the University, to a maximum of 70 days per year.

### **Scope**

1. ***Faculty:*** Any activities outside the normal teaching load and normal research which involve use of the University name, University facilities (equipment, space, services), University-supported time, University-supported personnel, or the University accounting system, and which meet the definition of "contract" outlined below, are considered contract activities. As such, they must be approved by the Office of the Vice-President (Academic), and are subject to indirect cost charges. Exceptions to this policy are based on long-standing academic traditions and include the writing of works of scholarship or research for publication in traditional academic formats, creative works in the performing arts, and the presenting of invited seminars and lectures relating generally to a faculty member's area of academic expertise.
2. ***Support Divisions:*** Any services provided by a division for external individuals or organizations and which result in financial compensation are considered contract activities. All such contracts must be approved by the Vice-President (Academic) or Vice-President (Finance and Administration), as appropriate, must be administered by the latter, and are subject to indirect cost charges.



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3. ***Institutes & Divisions:*** The Institute of Urban Studies, the Marriage and Family Institute, the Prairie Women's Health Centre of Excellence, the Collegiate, and the Division of Continuing Education function as independent agencies within the University, one of the primary purposes of which is to conduct projects for and offer services to external organizations. As such, these agencies govern their contract activities independent of, but guided by, this policy.
  
  4. ***Centres:*** The Centre for Forest Interdisciplinary Research, the Centre for Scientific and Curatorial Analysis of Painting Elements, the Winnipeg Institute for Theoretical Physics, and the Centre for Rupert's Land Studies function as agencies within the University. As such, the contract activities of these agencies are governed by this policy. Any activities outside the normal teaching load and research which involve use of the University name, University facilities (equipment, space, services), University-supported time, University-supported personnel, or the University accounting system, and which meet the definition of "contract" outlined below, are considered contract activities. As such, they must be approved by the Office of the Vice-President (Academic) and are subject to indirect cost charges.

Personal contracts or private consultancies for research and other services negotiated between an individual and an external individual, agency or organization but not approved by the Office of the Vice-President (Academic) will not be accepted for administration by the University, nor may the University name, University facilities, staff, resources, or time be used for work carried out under such contracts, unless explicitly authorized in advance by the Vice-President (Academic). Such activities are not recognized for career progress within the University. (Note: Authorized contracts will be subject to indirect cost levies as described below.)

### **Responsibility**

1. ***Vice-President (Research, International and External Relations).*** Prior to the acceptance of the contract, the Office of the Vice-President (Research, International and External Affairs) is responsible for reviewing all contracts to ensure that all matters of form and content have been properly addressed and for clarifying with the faculty involved that the resource implications of the proposed contract have been fully explored, understood, and accepted. The Vice-President (Research, International and External Affairs) may consult the Vice-President (Finance & Administration) on matters concerning support resources. All contracts for research, scholarly activity and consulting involving use of the University name, University facilities (equipment, space, services, etc.), University-supported time, University-supported personnel, or the University accounting system must be signed by the Vice-President (Research, International and External Affairs) on behalf of the University.  
Following acceptance of the contract, the Office of the Vice-President (Research, International and External Affairs) is responsible for authorizing the opening of a designated account, interfacing with the sponsor with regard to administrative matters and obtaining contract amendments, assisting all parties in understanding contractual requirements and mediating in the case of problems.



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2. ***Faculty Members.*** Faculty members conducting contract work that involves use of the University name, University facilities (equipment, space, services, etc.), University-supported time, University-supported personnel, or the University accounting system must obtain the approval of the Vice-President (Academic), as per Article 18.01(a) of the Collective Agreement. This responsibility is delegated to the Vice-President (Research, International and External Affairs). Faculty members engaged in activities which have not been approved “agree to indemnify and save harmless the Board from any claim, action, or cause of action for any reason whatsoever brought, threatened, or made by any person relating to the outside professional activity” as per Article 18.04 of the Collective Agreement.

Following initial contact by faculty or staff with an external sponsoring party regarding a potential contract, the Office of the Vice-President (Research, International and External Affairs) must be notified and become involved early in the negotiations if the contract is to involve use of the University name, University facilities (equipment, space, services), University-supported time, University-supported personnel, or the University accounting system. Individual faculty or staff are not authorized to sign contracts on behalf of the University.

### **Definitions:**

1. ***Contract.*** Refers to funds that are assigned for research purposes through a legally enforceable agreement which may include conditions setting forth specific terms governing the conduct, direction and scheduling of the tasks to be performed; designating ownership of proprietary rights to the research results; laying out the financial regimen to be followed; and placing other restrictions on the research. Some or all of the following characteristics are normally present:
- A. definitions of the scope and nature of the work
  - B. a set time period for the activity
  - C. ownership of intellectual property, patent rights and licensing arrangements are established
  - D. deliverables are defined
  - E. provision for the confidentiality of information supplied and/or created
  - F. limitations on publication, perhaps including prior review of material for publication to check for confidentiality or patent issues
  - G. budget approvals and payment schedules
  - H. acceptance and termination clauses
  - I. limits to the liability of participants (hold harmless and indemnity clauses)
  - J. possible remuneration to principal investigator
2. ***Grant*** Refers to funds that are awarded to the recipient to enable the performance of self-



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directed research, where there is no contractual obligation for prescribed outcomes. The following characteristics are normally also present.

- A. The project is initiated and directed by the principal researcher.
- B. Any project protocol is designed by the principal researcher and can be changed by the principal researchers without further approval of the sponsor.
- C. The funds are not attached to a specific performance outcome and cannot be retracted as a function of level of performance.
- D. The principal researcher may publish findings with no approval process or time delay involving the sponsor.
- E. Any intellectual property arising from the work belongs to the principal researchers or to the University, and not to the sponsor.
- F. There is no honorarium or other similar payment to the principal researcher.
- G. The project is open, with no proprietary data involving the sponsor or other contractual commitment, and no transfer of data or results to the sponsor.
- H. The funds are provided in advance of expenditures and not in arrears.
- I. Capital equipment purchased from the grant belongs to the University and not to the sponsor.

The University's policies governing research grants are articulated in the *Research Manual: Policy and Procedures*, available from Research Services.

- 3. *Direct Costs.* Contract research incurs direct costs to the University which must be supported by the contracting agency and included, in full, in the contract proposal budget. These costs may include, but are not limited to: salary, wages, benefits, and payroll tax for research, support and technical staff; materials and supplies; equipment; travel and subsistence; printing and duplicating; postage; office supplies; telephone and telecommunication, freight and delivery charges, and administrative/secretarial support.
- 4. *Indirect Costs.* Indirect costs, also known as overhead costs, are related to provision by the University of space, heat, light, water, electricity and similar services; the use of equipment already owned by the University, and the time of support personnel in such departments as Human Resources, Accounting, Payroll, Purchasing, Research Services, University Relations, etc. These costs normally approach or exceed 100% of the direct costs of research.



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### **Indirect Cost Rates**

Indirect costs may be identified as a separate budget item or expressed as a function of the total cost. Other alternative methods of costing can be considered provided that the indirect costs are recovered. These methods must be approved in advance by the Vice-President (Research, International and External Affairs).

When indirect costs are charged as a percentage of the direct costs associated with the proposed project, the direct costs must be based on full cost recovery and must include the costs of specialized equipment, facilities or supplies; maintenance, repair and depreciation on equipment with a value beyond that associated with the contract; space which must be acquired or assigned to the project and associated utility costs; and faculty and staff time.

In some cases, the contracting agency permits payments from the contract in recognition of the faculty member's time, effort and expertise. Payments to faculty members from contract funds may be called a fee, stipend or honorarium and may be permitted at the discretion of the Department Chair and Area Dean concerned, in consultation with the Vice-President (Academic). A suggested minimum per diem rate is 1/225 of the gross annual salary of the faculty member plus 15% for benefits, for a maximum of 70 days per annum. Payments will be reported as consulting income on T4A slips. Payment to principal investigators is released at the conclusion of the contract once complete payment for the work has been received from the sponsoring agency. In some cases, such payments may be released during the course of the contract if the duration of work is greater than twelve months. Such arrangements are to be discussed with the Vice-President (Research, International and External Affairs) once the project account is established.

Indirect cost rates will apply on research contracts administered by the University of Winnipeg and will be based on the following guidelines:

Canadian Government: For research contracts or agreements with a Canadian federal government ministry or agency, the indirect cost charges specified in the agreement between the Department of Supply and Services and AUCC shall apply; i.e. 65% of direct payroll costs for on-campus work and 30% of direct payroll costs for off-campus work, plus 2% for travel and subsistence.

Manitoba Government: For research contracts or agreements with a Manitoba government ministry or agency, indirect costs are to be charged at 20% of the direct costs.

Other: For research contracts or agreements with any other agency, indirect costs may be charged at up or exceeding 100% of the direct costs, depending on the restrictions imposed by the contract or agreement, and normally shall not be less than 30% of the direct costs.

In exceptional circumstances, the Vice-President (Research, International and External Affairs) has the authority to negotiate with contracting agencies concerning the amount indirect cost



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charged.

If it is agreed that indirect costs are not to be fully covered by the sponsor (i.e. the cost of the project is to be partially born by the University and the University has agreed to do so), the contract must specify that the project is jointly sponsored by the contractor and the University. In this case, the ownership of intellectual property and the control and distribution of the original data are vested in the University.

### **Allocation of Indirect Cost Revenue**

Indirect cost revenue from a specific contract will be collected at the time each payment is received by the University and deposited to a general Indirect cost Account in Research Services. This revenue will not be used as base income in the budgeting process since contracts are for a limited term, and therefore it would not be appropriate to use indirect cost revenues to meet continuing financial obligations. Transfers from the Indirect cost Account in Research Services to the General University Operating Fund, Home Area and Department Indirect cost Accounts will be made only following completion of all contract work; that is, following the submission of the Final Report, the receipt of all revenue per outstanding invoices, and the closure of the research contract account. On completion of the contract work, the revenue generated by the indirect cost recovery will be shared as follows:

A. For Faculty-Generated Contracts:

General University Operating Fund	= 30%
Research Services Indirect Cost Account <sup>1</sup>	= 35%
Home Area Indirect Cost Account	= 15%

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<sup>1</sup> Revenue allocated to Research Services will be used to offset research costs associated with the administration of contracts (approximately 20%), to provide seed money to stimulate and enhance innovative research activities across the University (approximately 65 - 70%), and for the distribution of this revenue which ensures that the principal researcher who signed the contract receives additional (generally 10 - 15%) research support at the time of the contract or in the future.



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Home Department Indirect Cost Account = 20%



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B. For Centre-Generated Contracts

General University Operating Fund	= 10%
Research Services Indirect Cost Account <sup>1</sup>	= 15%
Home Department Indirect Cost Account	= 10%
Centre Indirect Cost Account <sup>2</sup>	= 65%

### **Negotiating and Signing Contracts**

Following initial contact by faculty with an external sponsoring party regarding a potential research contract, the Vice-President (Research, International and External Affairs) must be notified and become involved early in the negotiations if the research contract is to be administered by the University.

After discussion and drafting of the contract by the Researcher and V-P (Research, International and External Affairs), and the potential sponsor, a Researcher is to seek written approval of both the project and related budget from her/his Chair or Director and his/her Dean of the Area by having the Contract Cover Sheet (see attached) signed.

This approval means that as a consequence of the proposed research:

- J. the academic and financial interests of the University, the Researcher(s), and the public, are considered to be reasonably protected;
- K. the normal teaching duties or other responsibilities of the Researcher(s) will not be affected adversely, or that acceptable adjustments to these duties have been made and budgeted for in the proposal, and as appropriate in the related departmental budget;
- L. the existing University space and facilities will not be unduly burdened, or that

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<sup>2</sup> Revenue allocated to the Centre Indirect cost Account may be used for direct and/or indirect costs associated with the Centre's research and operation.





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needed additions to those have been budgeted for in the proposal; and

- M. that all direct costs and indirect cost charges have been considered and included as appropriate in the proposed budget.



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**Contracts must include the following:**

- A. If a principal investigator leaves the University before the completion of a contract, the sponsoring party is to be notified by Research Services. The Vice-President (Research, International and External Affairs) is then responsible for ensuring that financial matters and contractual agreements are concluded to the satisfaction of all parties, including the principal investigator, University and sponsor.
- B. The title to any donated or purchased equipment should be specified in the contract. Any equipment or materials purchased by the University, as it may agree to do, as part of the Project shall remain the property of the University unless otherwise specified.
- C. Contracts must include reasonable and appropriate mechanisms for renewal, termination or extension of the contract. In the case of termination, the University must be paid for all costs incurred or committed to the date of termination.
- D. Contractual obligations must be integrated into the ongoing activities and responsibilities of the individuals involved, and of those of his or her academic unit.
- E. No right or obligation related to research contracts shall be assigned by either party without the prior written permission of the other. The University shall not subcontract any work to be performed except as specifically set forth in the Research Contract or as may be subsequently agreed to by all contract signatories.

**Responsibility**

**Principal Investigator:** The principal investigator is the person closest to the research program and is therefore responsible for the management and conduct of the project, financial management, and ensuring compliance with contract terms and conditions. These responsibilities include:

- A. Doing the work, monitoring and controlling the project;
- B. The principal investigator is responsible for the financial management of the project and for ensuring that the contract budget is adhered to as closely as possible. The Budgets and Grants Office attempts to ensure that project accounts for contracts are not over extended. Nevertheless, should the overall budget of a contract be exceeded, it is the responsibility of the principal investigator to make arrangements for payment of the over-expenditure.
- C. Ensuring that all personnel, including graduate students, working on the project are aware of and agree to abide by the terms and conditions of the contract. Their



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agreement should be confirmed in writing before they start working on the project. This is particularly important with respect to intellectual property, confidentiality and publication provisions.

- D. Holding all scientific and technical discussions with the sponsor and reporting to the sponsor (progress and final reports, deliverables).
- E. Ensuring communications to relevant authorities within the University.
- F. Ensuring that any specified, detailed reporting required by the sponsor such as time sheets for research staff is completed and returned to the Budgets and Grants and/or Payroll Offices as appropriate.

#### **Financial Services:**

- A. Budgets and Grants opens an account only on authorization from the Vice-President (Research, International and External Affairs).
- B. During the course of the contract, Budgets and Grants is responsible for accounting, invoicing, cash management and preparation of financial statements.
- C. On completion of the project, Budgets and Grants is responsible for maintaining financial records and prompt submission of closing financial reports.

#### **Students**

Students may participate in contractual research under the direction of a faculty member. Students who are to become involved in contract research must agree in writing to the terms of the contract, including confidentiality requirements in advance of their participation. Their involvement in a research contract may result in part of their thesis work, so students' publication rights for such work must be protected by the terms of the contract. Students may not participate in work where contract stipulations restrict the student's right to publish their results or to defend their work in an open academic forum unless prior authorization has been obtained from the Vice-President (Research, International and External Affairs). Such authorization will not normally be given.

Research Office

CONTRACT COVER SHEET

REF. # \_\_\_\_\_  
Research Office use only

DATE:

RESEARCHER (Principal):

DEPARTMENT:  
PROJECT TITLE:

KEYWORDS:            1.                    2.                    3.                    4.                    5.  
SPONSOR:

BUDGET	DIRECT COSTS			INDIRECT COSTS
	Year 1	Year 2	Year 3	
Salaries, wages, benefits and payroll tax				
Materials and supplies				
Equipment				
Travel & Subsistence				
Admin/Sec Support				
TSC support				
Printing				
Communication/Postage				
Freight/Delivery				
Other (specify)				
TOTAL:				

SIGNATURES (see overleaf for implication of each signature)

\_\_\_\_\_  
Principal Researcher

\_\_\_\_\_  
Chair of Department

\_\_\_\_\_  
Co-researcher (if applicable)

\_\_\_\_\_  
Dean

\_\_\_\_\_  
Co-researcher (if applicable)

\_\_\_\_\_  
Vice-President (Research, International and External  
Affairs)

### IMPLICATIONS OF EACH SIGNATURE

**RESEARCHER(S):** The signature of each participating researcher indicates that the proposal satisfies all participants; that the funds will be administered by the University in accordance with the University's policies; that the participating researchers agree to the identity of the project director; and that the research will be performed in the manner specified in the proposal and in accordance with the research policies of the University and the regulations of the Sponsor including meeting all ethical, intellectual property, animal care, human subject, integrity, safety and financial requirements, regulations, and procedures of the University of Winnipeg.

### DEPARTMENT CHAIR or PROGRAM

**COORDINATOR:** This signature indicates that the Department Chair/Program Coordinator has knowledge of the proposal; has determined that the contract obligations can be fulfilled; and agrees that provision has been made for all necessary department space, equipment and other facilities. When additional direct costs (e.g. installation of any major equipment, etc.) are involved, the signature indicates that the Department will cover these costs. The Department Chair/ Program Coordinator must ensure that, where required, approval of the appropriate ethics or safety committee has been obtained by the researcher(s).

**DEAN :** The signature of the Dean acknowledges overall responsibility for everything assumed by the researchers and the Department Chair/ Program Coordinator, including responsibility for the provision of all resources other than those covered by the grant or contract. The signature of the Dean also signifies that the project is academically acceptable to the University, within the context of the particular Area.

### VICE-PRESIDENT (Research, International and External Affaris):

The signature assures that the University will administer the funds of the contract and that the research will be performed in accordance with the policies of the University and the conditions of the contract.