

TANZANIA VETERINARY LABORATORY AGENCY



**ISO/IEC 17025:2017
ACCREDITED**

OVERHEAD COST POLICY

28th February 2023

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1. INTRODUCTION

1.1. Background

Research is one of the core functions at Tanzania Veterinary Laboratory Agency (TVLA). Currently, research activities have increased immensely at TVLA, reflecting the Agency's commitment to undertake high-quality research as one of its core function. Funding from research activities is one of the sources of funds for TVLA from internally generated income. TVLA ensures that research funding, apart from funding direct research activities, also supports the Agency's research capacity through overheads. This Agency Overhead Policy and Operational Guidelines stipulate the requirements and procedures that funded projects through TVLA should follow and include funds for indirect costs. Indirect cost funds are essential for the smooth conduct of the funded projects and supporting research capacity at TVLA. These expenditures are, in this policy document, referred to as Agency Overheads. The Policy directs that the Agency Overhead cost be at least 10% of the project grant's total direct cost budget. This Policy is also meant to strengthen appropriate structures and functions that ensure compliance in administering sponsored project funds.

1.2. Policy Justification

TVLA intends to ensure that research projects undertaken have enough funding that provides their successful completion. Researching at TVLA involves costs that may not be directly related to the project, referred to as indirect costs. They include frequently overlooked expenditures but are real costs incurred by the Agency to support the infrastructure and functions required to allow a sponsored research project to proceed as planned. If the Principal Investigator (PI) or Sponsor of the research project do not budget for these costs, the Agency will ultimately incur them. It is recognized that indirect/overhead costs are a necessary part of any institution's operations. TVLA will need to be compensated for these Institutional Overheads as part of the Sponsor's agreement with the TVLA.

Therefore, this Policy is developed to inform Agency staff, stakeholders, organizations and institutions that work with TVLA, how sponsors supporting research at TVLA will offset indirect costs or overheads for the research project they support before they enter into an agreement with TVLA. The Policy provides direction to determine which costs are eligible for compensation. It aims to ensure uniformity in estimating indirect cost to all collaborating institutions and sponsors who support research at TVLA. This Policy covers the allowable level of indirect cost overhead that can be charged on project agreements with Partners either on their indirect costs or on flow-through funding.

1.3. Purpose and context

This Policy provides guidance on Agency Overhead charges that will be applied to all research projects undertaken at TVLA and provides guidelines on how the Agency overhead funds charged should be utilized by TVLA. The Agency, funding agencies, and researchers desire to have a policy that clearly outlines the mechanism of recovering overhead costs.

Implementation of this Policy will be in line with

- (i) TVLA values demand that the Agency fulfil public accountability through transparent decision-making, open review, responsible and efficient use of resources;
- (ii) Tanzania Development Vision 2025, which emphasizes, among other things, good governance that adopts the strategies aimed at building integrity by promoting accountability and transparency and
- (iii) Grant policies of major funding agencies require the institution applying for project grants to show precisely how the funds, including the Agency Overheads, will be utilized. This Agency Overhead policy addresses this requirement. The benchmarked policy documents from referred Universities stipulate the per cent to be deducted as Agency Overheads

1.4 Scope

This Policy applies to the TVLA employees, collaborators and others who conduct sponsored project activities or approve sponsored project budgets or sponsored project agreements under the auspices of the TVLA.

1.5 Definitions

In this Policy:

“Direct costs” means costs that are identified as directly attributable to a research project. Direct costs include, but not limited to, the cost of:

- a) Salaries and related benefits of research project personnel prorate if the individuals are working on many projects;
- b) Acquisition and maintenance of equipments and other fixed assets
- c) Capital costs;
- d) Consumables;
- e) Laboratory services;
- f) Insurance cover;
- g) Travel and transportation;
- h) Audit;
- i) Space hiring;
- j) Field costs;
- k) Data management and storage;
- l) Internal and external regulatory certification;
- m) Cost of meetings and conferences and
- n) Project information, data dissemination and publication costs.

“Indirect costs” means central, departmental or directorate costs that the Agency incurs to support sponsored Project and other operations which are not directly attributable to a specific sponsored project. Indirect costs include but not limited to the costs of:

- a) Utilities;
- b) Cleaning;
- c) General liability, property damage and other insurance;
- d) General administrative support;
- e) Security;
- f) Legal and financial administration;
- g) Environmental health and safety services;
- h) IT services;
- i) Building maintenance services; and
- j) Library services.

“Agency” means the Tanzania Veterinary Laboratory Agency.

"Overhead" means the amount required following the Research Overhead procedure to be set out in a Research Project's budget as a contribution towards Indirect Costs.

“Principal Investigator” means the individual who has primary responsibility for designing, executing, and managing a Research Project.

“Research Project” means research or research-related activities.

2. POLICY STATEMENTS

2.1 Overhead recovery rates in projects

(i) Unless stated otherwise, the budget for a sponsored project shall include Indirect Costs at a minimum rate of 10% of the Direct Costs or the percentage specified by the Sponsor's Policy. Where funding organizations have specified overhead amounts higher than 10%, the latter shall be adopted. Where the amounts are lower than 10%, TVLA overhead cost of 10% shall be used.

(ii) Other benefits that are outside the financial framework will be considered, and if they exceed 10 percent, the project will be allowed to continue without deducting 10 percent of its funds.

(iii) The Principal Investigators shall include all of the Research Project's Direct Costs, including renovations and or extension of buildings if applicable, and Overhead costs in the research budget when applying for external funding for Research Projects.

2.2 Procedures

a) During preparation for Sponsored projects proposals, the Agency Staff and or Collaborators shall consult the Office of Sponsored Projects (OSP) of the Directorate of Business Support / Research and Technology Development for Budget and overhead calculation compliance before the Project budgets specific funding requirements are agreed to with sponsors.

b) OSP shall ensure that the sponsored Project's Direct Costs, including renovations and or extension of buildings if applicable, and Overhead Charges have been

included in the sponsored project applications, proposals and agreements following this Overhead Policy and Procedures for Sponsored Projects.

2.3 Responsibilities

In line with this Policy's scope, TVLA employees conducting sponsored projects or approving research budgets or research agreements shall be familiar with this Policy, the Agency Overhead Procedures and guidelines, and sponsors' overhead policies.

2.4 Transfer of overhead funds

Sponsored projects Overheads (indirect cost funds) shall be transferred from the Project account to a specified Agency account.

Procedures

- a) Overhead costs shall be charged against actual direct cost expenditures determined from time to time through project financial reports to the Sponsor and periodic disbursements of funds from the Sponsor.
- b) The Finance Manager and Project PIs shall arrange and initiate indirect cost transfers immediately the funds are realized in the Agency project's account.
- c) As a good practice, the Finance Manager shall invoice projects PIs for overhead cost charges once the money is disbursed in the Project's account from the Sponsor.
- d) Project accountants shall seek approval from the PIs before affecting any transfer of overheads and shall inform the Finance Manager accordingly.
- e) As the custodian of Agency Finances, the Finance Manager must reconcile the transfer of overheads from the Projects accounts to the specified Agency account quarterly.

3 AGENCY OVERHEAD GUIDELINES

- i. Before the commitment of Agency resources to a research project, the Director of Research and Technology Development (DRTD) requires Indirect Costs to be included in the research project budget.
- ii. Overhead costs shall be deducted from research funds received.
- iii. Upon recommendation by the respective Principal Investigator (PI), all research contracts shall only be approved by the Chief Executive or his/her delegated representative. The PI shall ensure compliance with all other Agency and/or donor policies, regulations and procedures in the recommendation process.
- iv. Agency Overhead must be included in all applications/proposals for project grants/contracts

4 IMPLEMENTATION OF THE POLICY

All TVLA staff and administrative units shall have access to the hard copy of this Policy, and it will be available electronically on the TVLA website. DRTD through OSP shall disseminate the Policy through various meetings, including workshops where applicable and/or when deemed necessary. Monitoring the policy implementation will be done by assessing various projects and stakeholders' compliance with the Policy from time to time and shall be reported quarterly in

appropriate Agency meetings. Noncompliance shall be communicated to the responsible staff or stakeholder, and where necessary remedial action shall be taken.

5 POLICY STATUS

This is a new policy.

6 KEY STAKEHOLDERS

The following are key stakeholders: TVLA staff, Principal investigators, Centre Managers, Directors, Development Partners, Project Collaborators and Funding Organizations.

7 APPROVAL DETAILS

This Policy is approved by TVLA Ministerial Advisory board (MAB).

8 EFFECTIVE DATE OF THE POLICY

This Policy shall be operational immediately after the approval by the MAB.

9 NEXT REVIEW DATE

The Policy is reviewed after every three (3) years from the first approval date

10 POLICY OWNERS

TVLA Management, Audit and Administrative Committee.

11 POLICY CUSTODIAN

The Chief Executive of TVLA.