

Research Funding Costing Procedure

Version 1 – Approved 7 December 2021

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Purpose

This procedure documents the University of Tasmania’s (the University) costing practices for the development of research grants, contract research and University consultancies related to research that aim to support sustainable research activity by appropriate and accurate pricing of research projects.

Applicable governance instruments

| Instrument | Section | Principles |
|---|--------------------------------|--------------------|
| <i>Research Policy</i> | 3 Research Funding and Costing | Principles 3.1-3.2 |
| <i>Compliance Policy</i> | 2 Conflicts of Interest | Principles 2.1-2.2 |
| <i>People Policy</i> | 3 Consultancy | Principle 3.1 |
| <i>General Delegations Ordinance</i> | | |
| <i>Australian Code for the Responsible Conduct of Research 2018</i> | | |

Procedure

1. Introduction

- 1.1. The University is a provider of high quality and high value research and consultancy services. The costs of research to the University must be calculated in accordance with this Procedure to ensure the quality and value of University services, including in-kind contributions, are appropriately accounted for. Prices that are at or below cost, only serve to devalue these services and in some cases represent an undermining practice to industry in the same sector.
- 1.2. This procedure applies to all University researchers, professional staff and their Academic or Divisional Unit who are involved with or in receipt of externally awarded funds for the following purposes:
 - a. Research grants - involving a research project that is funded by an external funding agency via a competitive application process (includes tenders).
 - b. Contract Research – involving a research project that uses skills and expertise of University staff and equipment providing mutually beneficial research outcomes to the University and its partners through a direct offer of funding.
 - c. Consultancies that are University consultancies.
- 1.3. This procedure applies to research funding received from a funding body which satisfies the Higher Education Research Data Collection (HERDC) specifications with regard to definition of research and income category. It includes income received for research grants and contract research. It does not include income received from consultancies.

2. General Principles

- 2.1. Research grants, contract research and consultancy projects will be priced at full commercial rates.
- 2.2. Where permissible, the University will seek to recover, as a minimum, all direct and indirect costs associated with a project from funding bodies and collaborators in accordance with this Procedure.
- 2.3. A Chief Investigator should discuss any proposed subsidy or discounting of direct and/or in-direct costs with an appropriate UTAS Financial Officer within their College (School Business Manager or Hub Finance).
- 2.4. Where any part of the project is subcontracted to, or is done in collaboration with, another research group within the University, the pricing of that part must comply fully with this procedure.
- 2.5. The costing of research grants, contract research and consultancy projects must be calculated using the Research Funding Costing Tool.
- 2.6. Project budgets and all associated expenditure must comply with the specific funding body guidelines and all relevant University policies and procedures.
- 2.7. Academic Units have the discretion to specify higher rates of indirect costs than specified within this procedure. Where a Chief Investigator, or Academic Unit negotiates a price for a project in excess of the cost recovery rates, the additional funds will be allocated to the College Academic Unit.

3. Direct costs

- 3.1. Direct costs are directly incurred or allocated costs specific to achieving the objectives or outcomes of the research grants, contract research or consultancy project.
- 3.2. Direct costs may include personnel costs (incl. salary on-costs), University infrastructure, data

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management, laboratory consumables, maintenance, travel, partner costs, equipment and any other cost that can be directly attributed and charged to a project.

- 3.3. All personnel costs charged to a project must include the appropriate Full Time Equivalent (FTE) rate as well as on-costs. On-costs include expenses incurred in addition to standard salary payments and include superannuation, payroll tax, central leave levy and workers compensation. On-costs are automatically calculated within the Research Funding Costing Tool.
- 3.4. All travel costs must be in accordance with the University *Procurement Policy* and consistent with the University's travel guidance.

4. Indirect costs

- 4.1. Indirect costs (overheads) are those incurred by the University in supporting a project, through the provision of services and facilities. Indirect costs are substantial costs to the University and should always, where allowable, be recovered through the funding body.
- 4.2. Indirect costs can include, but are not limited to, University physical space, Information Technology (IT) equipment and resources, administration services (i.e. Human Resources, Legal Services, Research Services, Campus Services), University utilities (i.e. water, gas, electricity) and general University infrastructure including libraries, laboratories and research facilities. Where indirect costs or overheads are not able to be recovered via the funding body, the program of research is then being subsidised by the University.
- 4.3. Research grants, contract research and consultancy budgets must be calculated following a comprehensive assessment of the direct and indirect costs associated with the relevant project, taking into consideration any relevant University policy or procedure as well as the conditions of funding as outlined by the relevant funding body.
- 4.4. Indirect cost rates are calculated as a percentage of direct costs as follows:

| Type of funding | Percentage of Direct Costs |
|---|----------------------------|
| Research grants and contract research (Category 1, 2 and 3) | 35% |
| Consultancy and other commercial projects | 55% |
| Clinical trials | 25% |
| Category 4 Collaborative Research Centre (CRC) income | exempt |

- 4.5. For projects managed through the University, funds recovered for indirect costs will be allocated to the College from which the project team (as named on the Research Funding Clearance Form) originate to fund ongoing overhead costs as outlined in 3.2.

5. Variations and exemptions

- 5.1. Where a funding body such as a charity, foundation, or international competitive schemes (for example, National Institutes of Health (NIH) or National Science Foundation (NSF)) have indirect cost recovery restrictions, the project should recover the maximum indirect cost amount available under the funding guidelines or rules.

- 5.2. There are a limited number of exceptions to the application of indirect costs, with them not being charged to:
 - a. donations received through the University of Tasmania (UTAS) Foundation
 - b. University internal grants
 - c. project funds for grants where the funding body's guidelines expressly disallow indirect costs
 - d. project funds paid to collaborators or industry partners who are named on an original application or proposal
 - e. Higher Degree by Research candidate stipends, and
 - f. Higher Degree by Research Projects involving a thesis in which income for project costs does not exceed \$20,000.
- 5.3. There may be circumstances that occasionally justify a reduction in indirect cost recovery. These may include projects which provide for provision of large-scale, specialised equipment that would remain in the possession of the University at the end of the project and would be fully available to support further research by the University.
- 5.4. Only in certain circumstances can indirect costs be waived. All requests for indirect costs to be waived must be approved by the Chief Investigator's College Executive Dean (or approved delegate) and submitted to the Research Hub.
- 5.5. Approval for a reduction in indirect cost recovery must be obtained before a research grant is submitted or a contract research or consultancy contract is signed with the client.
- 5.6. In the case of unapproved reductions of indirect costs (where formal approval has not been obtained from the College Executive Dean (or approved delegate)), the correct indirect cost amount will be deducted from the project.

6. In-kind

- 6.1. University in-kind contributions account for any non-cash costs (direct and indirect) provided by the University but not charged to the funding body (for example, a portion of Chief Investigator salary).
- 6.2. University in-kind contributions to research and consultancy projects should be minimal and must be considered in accordance with what is necessary for the successful completion of the project.
- 6.3. Applications that include an in-kind contribution that is valued at 30% or more of the requested budget must be approved by the relevant Head of Budget Centre (College Executive Dean or approved delegate).
- 6.4. In-direct costs not eligible to be covered by the funding scheme should be declared as in-kind and reflected as such in the Research Funding Costing Tool.

7. Research Block Grant Funding

- 7.1. Research block grants provide funding to eligible Australian higher education providers for research and training.
- 7.2. Funding is provided by the Government through two programs:
 - a. The Research Training Program - this provides funding to the University to support the training of domestic and international students undertaking Research Doctorate and Research Masters courses (i.e., Higher Degree by Research)

- b. The Research Support Program – this provides funding to support the systemic costs of university research such as such as libraries, laboratories, consumables, computing centres and the salaries of support and technical staff not funded through any other means
- 7.3. The funding is allocated to the University on a calendar year basis, calculated using a program specific formula and rewarded based on the relative performance of each higher education provider in attracting research income and supporting students to complete Higher Degree by Research programs.
- 7.4. The University uses this same methodology to allocate the funding to each College and Academic Unit within the University based on the Academic Unit split approved in the project’s Research Funding Clearance Form.

8. Academic Resource Accounts

- 8.1. Academic Resource Accounts (ARA) are available to all University academics. A single account, in the individual researcher’s name, will be opened in the University’s financial system. The College Finance Hub can assist with the opening of an ARA on project completion.
- 8.2. ARAs provide a mechanism for all University academic to have access to research funds that can be used to enhance research outputs, performance and impact. The funds can be generated by the researcher when managing their existing research projects with financial efficiency, creating surplus funds that are available at the end of the project, or by performing consultancy or commercialisation projects.

Related procedures

Collaborative Research Procedure

Conflicts of Interest Procedure

Insurance procedure

Versions

| Version | Action | Approval Authority | Responsible Officer/s | Approval Date |
|-----------|----------|-----------------------------------|-------------------------------|---------------|
| Version 1 | Approved | Deputy Vice-Chancellor (Research) | Executive Director (Research) | 7/12/2021 |

Definitions

[University Consultancy](#) |

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