

# External Research Costing Policy

## Section 1 - Purpose

- (1) Ensure full cost principles are applied consistently when pricing research projects.
- (2) Ensure all research contracts, research grants and research consultancy include a provision for Indirect Cost Recovery (also referred to as University Levy), granting body guidelines permitting.
- (3) Ensure all internal approvals are acquired before the commencement of research projects.
- (4) Ensure research is financially sustainable and presents value for money.

## Section 2 - Definitions

- (5) In this Policy, the following terms are used as defined:

Term	Definition
Bona Fide Donation	Gift made to the University to fund a broad target area for which there is no restriction placed by the donor.
Charitable Trust / Foundation	An organisation established for charitable purposes and recognised as such by the <a href="#">Australian Taxation Office</a> (ATO).
Chief Investigator	The lead researcher responsible for the conduct of the research project.
Collaborative Research Contract	An agreement between ACU and one or more organisations in which all partners make contributions of in-kind and / or cash to conduct a research project for the benefit of all the parties involved. Intellectual Property derived from the research is the property of the University; partners may be permitted to use the Intellectual Property on a non-exclusive or exclusive basis.
Commercial Research Contract	An agreement between ACU and one or more organisations in which ACU makes available the expertise of researchers for cash in return to conduct a project. Intellectual Property derived from the research will be negotiated between ACU and the external organisation.
Direct costs	Costs directly attributable to an identified project. This includes costs that are sought from the granting body such as: salaries and on-costs, consumables, equipment (for the specific project in question) and travel.
Discretionary Funding	Additional funding made available by the Deputy Vice-Chancellor (Research and Enterprise).
External Funding (for Research)	Grants, Contracts, Consultancy, Fellowships and any other research income.
Fellowship	Grant to support a research position.
Full Costs	Total of direct costs and indirect costs.
Indirect costs	Costs that are not directly attributable to a project but are incurred by the University in maintaining an environment and facilities for conducting the research activity. This includes, but is not limited to, utilities, library services, information technology, and administrative support at School, Centre, Faculty, Institute and University levels.

Term	Definition
Intellectual Property	Intangible property that is the result of creativity, such as patents, copyrights. Intellectual Property provisions of all grants, contracts and consultancies are subject to the <a href="#">Intellectual Property Policy</a> .
On-costs	Additional costs, above the annual salary, incurred in employing a person to undertake a position. These costs include provisions for Superannuation, Long Service Leave, Parental Leave, Workers' Compensation and Payroll Tax.
Research	Defined as that which meets the research requirements defined by the <a href="#">Higher Education Research Data Collection</a> ( HERDC ) Specifications (to be reported to the Federal Government as part of jurisdictional reporting requirements).
Researcher	University staff, adjuncts and students who carry out research on behalf of the University as part of their role or studies with the University.
Research Grant	Funding for a research project resulting from an application process which is open to more than one organisation.
Salary on-costs are	1. 27.5% for staff that are continuing or on a fixed term contract. 2. 17.8% for staff that are casual.
University	Australian Catholic University (ACU)
University Levy	Rates determined and approved by the Deputy Vice-Chancellor (Research and Enterprise).
Unspent Funds	Where there is a surplus of funds at the conclusion of an externally funded research grant.

## Section 3 - Scope

- (6) This Policy applies to all ACU staff undertaking research projects.
- (7) This Policy applies regardless of whether the University is the lead institution or a partner in a collaborative project.
- (8) This Policy applies to all proposals for external research funding and applications for Research Grants.
- (9) This Policy does not apply to Grants, Contracts and Consultancies which are not research related.

## Section 4 - Policy Statement

- (10) This Policy should be read in conjunction with the National Competition Policy.
- (11) The minimum amount of funding requested from a granting body / sponsor must include the total of all direct and indirect costs of a research project.
- (12) Researchers are encouraged, wherever possible, to seek / apply full commercial rates, that is, prices in excess of the minimum as determined by this Policy. Indirect costs are to be considered in costing and pricing external research grants, please refer to section 6 of this Policy.
- (13) The full cost of all projects must be determined, using ACU's standard Costing Template and ICR Calculator.
- (14) Where funding bodies have already specified higher minimum rates of indirect cost recovery (ICR) than proposed here, the higher rates will remain in force. The University will reserve the right to charge a higher ICR if a higher maximum is provided for under the funder's stated public policy.
- (15) Industry Partner contributions as required for collaborative grant schemes such as ARC Linkage Projects are not required to include the ICR.

(16) Where a research project and / or associated contract requires an audit, the research project budget must include the audit cost if this cost is allowed.

(17) Where a research grant is priced above full cost, the surplus will be administered inline with the Treatment of Unspent Funds framework determined and approved by the Deputy Vice-Chancellor (Research and Enterprise).

## Section 5 - Treatment of Unspent Funds

(18) The framework for the treatment of unspent research funds which are not required to be returned to the funding body is determined and approved by the Deputy Vice-Chancellor (Research and Enterprise).

(19) As required, the use of unspent funds at the conclusion of an individual research grant is approved by the Deputy Vice-Chancellor (Research and Enterprise) or Nominee.

## Section 6 - Indirect Cost Recovery Fee

(20) Research grants, research contracts and consultancy contracts, with the exception of those that are associated to Category 1 funding body e.g. ARC, NHMRC, must include a provision for indirect cost recovery, granting body conditions permitting.

(21) The University will seek to price research contracts grants and consultancy to recover, as a minimum, all direct costs and indirect costs from project funds.

(22) Research Finance levy the grant at the end of each month based on the invoice generated within that month.

(23) The direct cost component is distributed to the Chief Investigator to be used to carry out the project; and

(24) The indirect cost component is distributed 60% to the host School or Institute to meet local costs, with the other 40% distributed to support Office of the Deputy Vice-Chancellor (Research and Enterprise) (ODVCRE) costs.

Indirect Cost Recovery Fee	Allocation Retained ODVCRE	Allocation to School / Institute
20%	40%	60%

## Section 7 - Indirect Cost Recovery Fee (ICRF) Exemptions and Variations

(25) On a case-by-case basis, the Deputy Vice-Chancellor (Research and Enterprise) may approve a reduction or complete waiver of the ICRF.

(26) Applicants seeking full or partial exemption from the ICRF require approval by the Head of School / Research Institute Director and Associate Dean, Research prior to being considered by the Deputy Vice-Chancellor (Research and Enterprise).

(27) The following categories of external research funding are exempt from including a charge for indirect costs:

- commonwealth schemes listed on the [Australian Competitive Grants Register \(ACGR\)](#).
- travel and Equipment Grants.
- bona fide donations to the University.
- fellowships and scholarship stipends for training of Postgraduate students.

- e. schemes that specifically prohibit or cap the recovery of indirect costs in their publicly available Terms and Conditions.

## Section 8 - Research Project Approval Requirements

(28) The nominated School or Research Institute staff (as indicated on the relevant research application form) must endorse all submissions of funded research project requests prior to submission to the ODVCRE by the internal deadline. This endorsement will include confirmation:

- a. that the project meets the [HERDC](#) specifications definition of research;
- b. that the necessary facilities required for the proposed research is available;
- c. that each staff member named on the project has the necessary workload allocation and is able to conduct the research in the light of teaching, supervision and other responsibilities as appropriate; and
- d. that the project has been costed at a minimum to recover all costs and so as not to adversely affect the University.

(29) All applications for externally funded research projects, including commercial, consultancy and professional services that satisfy the definition of research, must be approved in line with [Delegations of Authority Policy and Register](#).

(30) All successful applications for research will be covered by a contract or other formal agreement between the funding body, the University and any third parties and approved in line with [Delegations of Authority Policy and Register](#).

(31) Before a research project can commence the following requirements must be met:

- a. Contracts have been executed with all parties outlined in clause 29 of this Policy.
- b. All approvals including but not limited to human, animal ethics and biosafety requirements have been obtained;
- c. Where awarded budgets differ from the requested amount, a revised budget signed by the nominated faculty and chief investigator must be submitted to the Pro Vice-Chancellor (Research) or nominee (as detailed in the [Delegations of Authority Policy and Register](#)) for approval.

(32) The Lead Chief Investigator is responsible for ensuring that the project deliverables or milestones as specified in the contract are provided by the due dates.

(33) Research funds may not be used for any purpose other than that approved under the contract conditions, unless a variation is approved.

(34) The Lead Chief Investigator is responsible for ensuring expenditure against the research project budget is incurred in accordance with the conditions of the funding agreement and any related contracts, government regulation or act and University policy.

(35) NHMRC and ARC final reports and all financial acquittals are to be submitted to the ODVCRE for review, recording and project closure. All other reports are to be submitted directly to the granting body by the chief investigator or delegate with a copy forwarded to Post-Award after receiving all relevant approvals.

(36) Any unspent funds at the end of the project (that is, the end date specified in the contract) must be dealt with in the manner set out in the contract. Where unspent funds are not addressed in the contract, they should be referred to Post-Award for determination of their use.

(37) All deficits in research accounts at project end will be recovered from the relevant School or Institute operating

budget.

## Section 9 - Foreign Exchange Risk

(38) Due to volatility in exchange rates, research income awarded in foreign currency may be potentially subjected to material changes once converted to Australian Dollars. The unpredictable markets can also influence expenditure and payments pertinent to an overseas research contract.

(39) Prior to agreeing to enter an international contract or applying for overseas research funding the researcher should consult with the ODVCRE to ascertain the potential risks associated with the specific contract or application at hand.

(40) Once it has been agreed that it is in the best interest of the University to proceed with the contract or application, the following options are available to minimise foreign exchange risk:

- a. Endeavour to negotiate the contract or application in Australian Dollars.
- b. Upon referral by the ODVCRE, Finance and Planning will undertake an assessment of the research contract that will encompass the review of elements such as:
  - i. the amount and currency of the awarded overseas contract;
  - ii. current volatility;
  - iii. the market exchange rate;
  - iv. the potential interest rate differential between the two currencies being exchanged over the period of the foreign exchange contract;
  - v. the duration of the contract between trade date and settlement date where trade date is the date the University would enter into the forward contract and the settlement date is the date the currencies are exchanged; and,
  - vi. whether an optional delivery period is required and / or feasible for the foreign currency risk management.

(41) In consultation with the Finance and Planning Directorate, two options are available:

- a. A guaranteed exchange rate (hedge) for foreign currency grants from the signing of the research grant contract. Market rates will be used to determine the guaranteed rate. Under this option, the budget of the research grant will not be affected by any volatility in the markets.
- b. An exchange rate being fixed at the point of an invoice or purchase order being raised.

(42) These two options provide researchers with additional surety with a foreign exchange rate that is fixed from the time of the grant contract execution or the raising of an invoice or purchase order.

## Section 10 - Review

(43) The University will review this Policy every five years or as necessary to ensure compliance and relevance.

(44) Unless otherwise indicated, this Policy will still apply beyond the review date.

## Section 11 - Compliance and Breaches

(45) The University may commence disciplinary procedures if a person to whom this Policy applies breaches this Policy

or any of its related procedures.

## **Section 12 - Associated Information**

(46) For related legislation, policies, procedures and guidelines and any supporting resources, please refer to the Associated Information tab.

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	10th October 2024
<b>Review Date</b>	10th October 2029
<b>Approval Authority</b>	Governance Officer
<b>Approval Date</b>	18th September 2024
<b>Expiry Date</b>	Not Applicable
<b>Responsible Executive</b>	Abid Khan Deputy Vice-Chancellor (Research and Enterprise)
<b>Responsible Manager</b>	Paul Zappia Associate Director, Research Operations
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