



Name of Policy:	Research Cost Recovery		
Description	This policy sets out the principles that provide the framework for project cost calculations and the recovery of infrastructure charges		
	<input type="checkbox"/>	New	<input checked="" type="checkbox"/> Revision
Description of Revision	Previously called "Policy on Commercial Research Conducted by Academic Staff". Major changes to the coverage of the revised policy, distribution of infrastructure charge and clarification on administrative processes, including appeal mechanism.		

RESEARCH SERVICES
Policy and Revision Number 2/2010
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Approval Authority – Deputy Vice-Chancellor (Research)
Policy Contact – Grants Unit, Research Services



1.0 Principles of Indirect Cost Recovery

Service and infrastructure costs, commonly referred to as overheads or indirect costs, are real costs incurred by the University and are to be recovered through the funding provided by the client, unless an approved exemption is in place. These costs can include equipment, maintenance; service provision such as IT, Libraries, Research Services, Human Resources, Insurance; buildings and equipment; etc.

The sum of the direct costs, as well as an amount to reflect indirect cost recovery is the minimum price that should apply to research projects and consultancies. This pricing policy does not necessarily cover ALL of the cost of the University's provision of infrastructure. However, researchers are encouraged wherever possible to seek full commercial rates (i.e. prices in excess of the minimum). ACU is a provider of high quality services based on specialist knowledge and facilities and must price these services accordingly rather than compete to be the lowest cost provider. To this end, researchers should discuss project pricing with their Faculty Business Manager, Associate Dean of Research and/or Research Services when preparing a budget and before discussing pricing with a potential contracting party, to ensure costs are covered.

There are four essential elements to this policy:

1. It affirms ACU's position that all research contracts (i.e. for both competitive grants AND contract research) include a provision for indirect cost recovery, grant agency conditions permitting.
2. It ensures that there is full accountability and responsibility for decisions taken on pricing of research projects.
3. It encourages researchers to adopt a more commercial approach to negotiating agreements with outside parties.
4. It affirms the position of the University as a provider of high quality and high value services which contract prices should reflect. Prices that are at or below cost only devalue these services and ACU's market position.

By meeting these objectives, the University will satisfy its National Competition Policy obligations, adopt a more transparent methodology for costing, and will obtain the necessary funding to cover the full cost of research activities.

2.0 Cost Definitions



The following definitions apply:

- 2.1 Total Employment Costs include but are not limited to:
- Direct salary costs of staff employed on the project such as research assistants/research officers (either casual, part-time or full-time);
 - Imputed costs of salaried academic staff for the time they work on the project;
 - Salary on-costs, normally levied at 28% to recover costs of superannuation, payroll tax, workers' compensation premiums, annual leave loading and provision for long service leave and parental leave.
- 2.2 Other direct costs include but are not limited to:
- Cost of consumable items;
 - Bona fide contracts with unrelated external suppliers of specialist services (contracts which are labour supply contracts must be included under total employment costs);
 - Laboratory and facility rental or usage charges;
 - Travel costs;
 - Other maintenance costs; and
 - Items of equipment purchased.
- 2.3 Indirect Costs are calculated as a percentage of direct costs and are intended to cover the following overhead items:
- The provision of general facilities including the Library, buildings, IT.
 - Insurance and other jurisdictional charges
 - Support from Research Services, HR, Marketing, Information Services, etc.
- 2.4 For the purposes of calculating indirect costs, the following items should not be included:
- Costs of using facilities neither owned nor financially supported by the University; and
 - Costs of providing support for postgraduate and research higher degree student thesis projects, including scholarships, stipends, the imputed costs of salaried academic staff for student supervision, and costs directly related to the thesis project and provided that there are no obligations on the student or the University other than to provide progress reports and a copy of the thesis should the student complete the project.
- 2.5 Where any part of the project is subcontracted to or is done in collaboration with another researcher/research team within the University, the pricing of that part must comply fully with this policy, that is, it must make full provision for indirect cost recovery. It should be noted that the procedure for calculating indirect cost recovery is applied once only for any part of the work undertaken within a research project.



3.0 Principles for All Research Activities including Commercial Research

3.1 Involvement in research activities, including commercial and consultancy research, results in important benefits to the University and the community. These include:

- Enriching the skills and knowledge base of University staff;
- Making specialist knowledge, skills and facilities available to the wider community;
- Facilitating collaboration with industry and government departments, and
- Providing the University, its Faculties/Schools/Research Centres with financial and other resources.

3.2 All research activities shall be consistent with the purposes of the University and should be such as to enhance the standing of the University and the academic community and professional reputation of staff. In particular, commercial and consulting activities performed as a staff member shall conform with relevant professional standards.

4.0 Research Project Requirements

In order to ensure the University is able to implement its obligation effectively the following is required:

- 4.1 All research projects, including commercial, consultancy and professional services that satisfy the definition of research as detailed in the Higher Education Research Data Collection (HERDC) guidelines, shall be covered by a contract between the funding body and the University, and approved by the Deputy Vice Chancellor (Research), or nominee.
- 4.2 Every contract shall protect the Intellectual Property Rights of the University, any University staff member listed as a chief investigator, co-investigator or associate investigator and student(s) appropriately.
- 4.3 Wherever possible, use of the results of the research in the staff member's teaching and postgraduate supervision should be ensured as well as publication of the results with no undue restrictions being imposed.
- 4.4 Research higher degree students, using project data in a thesis will be guaranteed the use of such data in the thesis, subject to any approved confidentiality agreement or thesis moratorium. This extends to the retention of copyright in the thesis as a minimum requirement for a student's involvement in the research.



- 4.5 The Principal Researcher is responsible for ensuring that the project deliverables or milestones as specified in the agreement are provided in a timely manner in accordance with the contract.

5.0 Contract Approval and Reporting

In order to ensure that University interests are protected and ACU is able to report all Higher Education Research Data Collection (HERDC) eligible income, it is essential that all financial arrangements with other institutions are acknowledged and approved in writing. Generally this will require a contract as per the following:

- 5.1 Written approval of the Head of School (or Executive Dean/DVC(R), DVC(A) where appropriate for Centres/Institutes) shall be obtained prior to lodgement of an agreement/contract with Research Services. The Head of School or Executive Dean shall confirm that the School has the necessary infrastructure to meet the requirements of the proposed research, and that the staff member is able to conduct the research in the light of teaching, supervision and other research responsibilities. To this end, it is important that the Research Grant Coversheet be submitted at the time of applying for a grant or submitting a tender or research consultancy. The form is available for download - http://www.acu.edu.au/about_acu/research/for_researchers/applying_for_research_grants/
- 5.2 All research agreements that satisfy the HERDC definition of research and are to be reported to the Federal Government in the annual HERDC return must be signed by the authorised representative of the University who is the Deputy Vice-Chancellor (Research). These agreements are to be submitted through Research Services allowing sufficient time for review of contract conditions, negotiation with sponsors and third parties (as required), briefing the Deputy Vice-Chancellor (Research) and consideration by the Deputy Vice-Chancellor (Research).
- 5.3 If, due to the complexity of contractual arrangements, it is necessary to obtain external legal advice the cost will be borne by the project account in the first instance. This will only apply to those projects where an infrastructure levy is being applied. It will be at the discretion of the Deputy Vice-Chancellor (Research), in consultation with key ACU stakeholders (chief investigator, Head of School, Faculty Executive Dean) to decide upon the apportionment of legal fees. As a general principle, if external legal advice is sought on grants from sponsors listed under the HERDC Category 1 Australian Competitive Grants Register the cost will be met centrally.
- 5.4 ACU staff must seek the approval of the Faculty Executive Dean and Deputy Vice Chancellor (Research) prior to any contractual changes where there is the possibility of a conflict of interest arising.



6.0 Project Pricing

The University will seek to price research projects in order to recover, as a minimum, all direct costs and indirect costs from project funds.

- 6.1 The Infrastructure Levy on all research projects (as permitted within the sponsor's funding guidelines) will be calculated as 20% of total project costs exclusive of GST for net amounts of \$10,000 and above. For net amounts of less than \$10,000, a levy of 15% of total project costs will apply.

This will be apportioned as follows:

- University research central funds: 40% of the total indirect cost recovery component;
- Faculty: 60% of the total indirect cost recovery component (where the staff member works);

- 6.2 Where an indirect cost higher than the University's minimum rate of 20% has been charged in the past, then the higher rate will remain in force. The University will reserve the right to charge a higher infrastructure levy if a higher maximum is provided for under the organisation's stated public policy.
- 6.3 Projects funded under Category 1 of the Australian Competitive Grants Register will not generally be subject to any indirect cost recovery except where the granting body rules allow for such recovery, in which case the project should recover the maximum amount available under the rules.
- 6.4. In cases where total project funds or a part thereof are controlled by the funding provider (e.g. only paid upon submission of receipts directly to the grantor), the overhead charge need only apply to the revenue amount received and administered by the University.
- 6.5 The Infrastructure Levy must be shown as a separate budget item.

7.0 Infrastructure Levy Exemption Requests

- 7.1 All requests to charge less than the minimum of 20% of total project costs must be made in writing through Research Services to the Deputy Vice-Chancellor (Research) with the endorsement of the Faculty Executive Dean or equivalent (e.g. DVC (Academic) for organisational units such as the Institute for Advancing Community Engagement).

Note: A Faculty may decide to re-allocate its proportion of the project indirect cost recovery component to the research project. Any reduction in the Faculty component (i.e. 60% of 20% of the total indirect cost recovery component) must be accompanied



by the endorsement of the Executive Dean when a variation request is made through Research Services to the Deputy Vice-Chancellor (Research).

- 7.2 The decision of the Deputy Vice-Chancellor (Research) will be final and the decision will be communicated to the chief investigator and Faculty Executive Dean by Research Services. Research Services will be responsible for contract execution and arranging for the research account to be opened by the Finance Directorate, including details on the indirect cost recovery component and any variation approved by the Deputy Vice-Chancellor (Research).

8.0 Budget Preparation and Post Award Financial Administration

- 8.1 The University requires that academic staff seek to recover the full costs of undertaking research when preparing budget requests and, where permissible under the funding agency's guidelines, include 20% of the total project budget for indirect costs.

Costs associated with the provision of a report by an independent auditor shall be recovered from the grant if this has not already been included in the original budget approved by the granting agency.

- 8.2 Chief investigators are responsible for ensuring compliance with project reporting/milestone requirements, including any other deliverables specified in the agreement (excluding those clauses relevant to central University units such as a consolidated financial report to the sponsor or provision of insurance certificates).
- 8.3 Budgeted funds are to be expended within the timeframe specified in the agreement. Subject to the terms of an agreement, any unspent funds at the conclusion of the project may be used in a manner approved by the Deputy Vice-Chancellor (Research). Unspent funds that can be retained by the University without breaching contract conditions will be carried forward automatically for a period of up to twenty-four (24) months following the end date of the project as specified in the contract. At the end of 24 months, the funds will be returned to the University and the Faculty in equal proportion.
- 8.4 Research funds may not be used to employ contractors for consultancies where there is a likelihood of a conflict of interest with any ACU staff member, unless a declaration is made and endorsed by the Faculty Executive Dean and approved by the Deputy Vice-Chancellor (Research).
- 8.5 Subject to the conditions of the award, any assets which are purchased from research project funds remain the property of the University and must be accounted for as part of University assets. Transfer of any assets purchased from research project accounts to another higher education provider will be subject to the conditions of the contract and approval of the Deputy Vice-Chancellor (Research), in consultation with the academic organisational unit holding the assets or the Executive Dean of the relevant Faculty (or Deputy Vice-Chancellor (Academic) for



organisational units such as the Institute for Advancing Community Engagement) and the Director of Finance or nominee.

- 8.6 Transfer of unspent research project funds to another higher education provider or organisation shall be in conformity with the contract conditions and with the approval of the Deputy Vice-Chancellor (Research), in consultation with the academic organisation unit or the Executive Dean of the relevant Faculty and the Director, Division of Finance or nominee.



Appendix A

Example of how an infrastructure charge is calculated

The following example illustrates how an infrastructure charge is calculated when using the two standard rates and the multiplier. It is based on a simple one-year budget.

Direct costs

Personnel

\$20,000 –

Equipment

\$4,000

Maintenance

\$5,000 -

Subtotal

\$29,000

Plus imputed costs of academic staff time (including salary on-costs) (for staff paid by sources other than the current application)

\$10,000

Total

\$39,000

Infrastructure costs

Example - Full cost recovery 20 per cent of total direct costs

\$9,750

Total project costs

Example (Total Project Costs of \$39,0000 ÷ 0.8 = \$48,780 to arrive at the total cost including 20% on costs)

\$48,750

1. The imputed cost must be included as a direct cost when estimating the total value of the University's in-kind contribution. Salary costs that can be directly attributable to a project and where the funding agency's guidelines/conditions allow, **MUST** be



included in the project budget. This can include a proportion of an academic staff member's time to release that staff member from teaching duties (i.e. teaching relief) to work on the research project.

2. **Cost substitution** means to use grant funds to pay for budget items that, if not funded from the grant, would nonetheless be covered by ACU. E.g.

You have an allocation from your Faculty of half a research assistant. You use your grant budget to reimburse the Faculty for the cost of the research assistant, as you will be using the RA for the project.

3. It is understood that any research project to have a G code allocated on the general ledger will require each chief investigator on a project to have a workload allocation approved by their Head of School or equivalent approving officer. It is a common, if not standard practice for Australian universities to recoup the imputed cost of academic staff salaries on research projects when the granting or sponsoring agency allows this to be included as a cost item in the budget. As involvement on research projects can be part of an academic staff member's workload, the cost of the academic staff member's salary is borne by the University and it is reasonable for the University to recoup such cost whenever possible.

Imputed salary costs for chief investigators cannot be paid to researchers. If the project is being undertaken as part of a staff member's workload as approved by the head of the organisational unit, then the imputed salary cost can be used to pay for replacement staff such as a casual academic to undertake teaching or other duties of the researcher/investigator.

Imputed salary costs could, for example, be used by the School/Centre/Institute to off- set other costs used to support the research grant application. For example, if a part-time research assistant was paid from School funds to assist the chief investigator in the development of the successful research project/tender, then imputed salary costs of the chief investigator could be used to "reimburse" the School for such costs (including administrative costs to support the development of the proposal).



Appendix B

Request for a Reduction or Waiver of the University's Infrastructure Charge

Please use the following format when submitting your request through the Grants Unit, Research Services to the Deputy Vice-Chancellor (Research)

Request for a reduction or waiver of the University's Infrastructure Charge on Research Grants

Name of Chief Investigator(s) and organisational units:

Project Title:

Total Funding (ex GST): \$

Reason(s) for requesting a reduction or waiver, including an explanation on the benefit(s) of the research to the University, Faculty, organisational unit of chief investigator and why a reduction or waiver should be granted (if requesting a complete waiver, explain why a partial waiver, such as relinquishing the CI's component &/or Faculty share, is not appropriate):

Endorsement of Executive Dean or relevant senior executive (e.g. DVC(Academic) for organisational units not within a Faculty) – by endorsing a waiver, the Executive Dean understands that the Faculty will be foregoing its share of the infrastructure charge:

Signature of Chief Investigator(s):



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