



# Research Funding and Research Consultancy, Costing and Pricing Policy

## Section 1 - Preamble

(1) This Policy is effective from 6 February 2024.

## Section 2 - Purpose

(2) This Policy supports sustainable research through the appropriate, consistent, and transparent costing and pricing of externally funded research and the management of research and research consultancy project funds.

## Section 3 - Scope

(3) This Policy applies to all externally funded research and research consultancy projects.

(4) The Policy does not apply to research funding applications submitted prior to the introduction of this Policy which are subject to the rules that applied at the time of application.

## Section 4 - Policy

### Costing and Pricing

(5) The University recognises that there are direct and indirect costs to the University in undertaking projects.

(6) The University adopts a transparent methodology for costing research and research consultancy projects in alignment with the Victorian Government's [Competitive Neutrality policy](#).

(7) The University is committed to developing sustainable research capability by recovering costs incurred in the course of undertaking externally funded research and research consultancy and seeks to price research projects to recover, as a minimum, all direct and indirect costs from project funds where permitted by the funding organisation. The University provides approved costing tools to facilitate costing and pricing of research.

(8) The costing and pricing of research and research consultancy projects must be calculated using one of the University's approved costing tools (on the [Project Accounting Sharepoint site](#)) and as prescribed in the [Research Costing and Pricing procedure](#).

(9) Researchers must seek specialist advice from the Deakin Research Innovations Team on costing and pricing for research and research consultancy projects:

- a. valued at \$100,000 or more or;
- b. that are commercial in nature, and/or require a tender submission or;
- c. where Intellectual Property rights are not retained in full by Deakin.

(10) The indirect cost fee will not be applied to agreements:

- a. for research income from Australian Competitive Grants Schemes or;
- b. which include contractual or regulatory restrictions to indirect cost recovery.

(11) Where the funding organisation allows the application of indirect costs:

- a. the maximum prescribed amount by the funding organisation must be applied; or
- b. a minimum indirect cost rate of 30% or higher of total direct salary costs must be applied and charged to the funding organisation as part of the full cost of completing the project. The indirect cost rate will be reviewed annually.

(12) Pricing of research and research consultancy projects should reflect the high quality and value services provided by the University. Research and research consultancy projects must be priced in line with market prices and an additional mark-up of 20% or greater of direct costs should be applied where the market allows.

(13) The relevant Executive Dean or Institute Director, in exceptional circumstances only, may approve pricing below full cost as defined within Policy definitions. Where approved, the deficit (difference of amount) must be met from the internal research budget of the relevant Faculty or Institute and listed in the agreement as in-kind.

## **Research Accounting and Direct Cost Allocation**

(14) All research revenue received into the University will be managed in accordance with the revenue accounting standard AASB15 and AASB1058 as applicable.

(15) Salaries should be charged directly to the project in the HR system. By exception only, where staff work across multiple projects, with no set time allocations, a recovery process to individual projects will be completed by the Research Finance team within the University's financial year. Where salaries are included in the funding agreement but are paid from Deakin's operating funds, funds must be recovered within the University's financial year from the project back to the operating fund where the salary is paid from.

(16) In exceptional circumstances where it is not possible to directly allocate an allowable expense at the time of the transaction, the Director, Research Finance may approve a recovery journal. The journal must be processed within the University's financial year.

## **Indirect Cost Allocation**

(17) Where an indirect cost rate is included in a research or research consultancy project and is able to be charged to the funding organisation, the Research Finance team will either:

- a. apply the indirect costs at the point of invoicing and make the transfer directly at the invoicing stage; or
- b. process a recovery journal for indirect costs during the University financial year that the funds are received.
- c. in the case of multi-Faculty/Institute/School projects, the locations of the second and following investigators may negotiate with the location of the first Chief Investigator regarding the appropriate level of recovery to each location.

(18) Revenue from indirect costs:

- a. One third of the 30% indirect cost rate recovery will be retained centrally at University level.
- b. The remainder will be held at the Faculty, Institute or School level with use to be approved by the Executive Dean or for central institutes within the Deputy Vice-Chancellor Research and Innovation portfolio by the Institute Director.

- c. The position location of the Chief Investigator of the project will determine the Faculty, Institute or School.
- d. Indirect cost revenue is to be used to support indirect cost of conducting research within the area within the current year.

## **Treatment of residual balances at the conclusion of a project**

(19) After all expenses allowed by the funding organisation, including salaries and indirect costs, have been allocated in the finance system to the project and the funding organisation does not require the return of unspent funds, the residual balance may be transferred into a Strategic Growth Fund in accordance with the [Strategic Growth Funds Procedure](#).

(20) Strategic Growth Funds are to be used to support and incentivise researchers to attract more research funding and grow their overall research performance, including supporting continuity and expansion and external resourcing of research of the University. Use of these funds should be strategic and planned and expended in accordance with the [Strategic Growth Funds Procedure](#).

## **Section 5 - Procedure**

(21) The following procedures document how to comply with this Policy:

- a. [Research Costing and Pricing procedure](#)
- b. [Strategic Growth Funds Procedure](#).

## **Section 6 - Definitions**

(22) For the purpose of this Policy:

- a. direct costs: are amounts that can be easily attributed to a specific project and would not have been incurred if the project was not undertaken. These include but are not limited to:
  - i. salaries (including oncosts)
  - ii. consumables, materials and supplies (including laboratory supplies and animals)
  - iii. equipment
  - iv. travel and fieldwork expenses.
- b. indirect costs: are costs borne by the University in carrying out its business, in particular to deliver research but are not directly attributable to the research project. These include but are not limited to:
  - i. space (offices, laboratories, studios, workshops)
  - ii. information and communications technology, and equipment
  - iii. services such as research administration, HR, IT, legal, security, finance and insurance
  - iv. University overheads such as management, shared buildings, grounds and utilities.
- c. cost/costing: the real and full cost of completing the project. It includes both direct and indirect costs associated with completing the work
- d. mark-up: the amount that is charged to the funding organisation based on the value of the work, and is in addition to both direct and indirect costs
- e. price/pricing: the amount that is charged to the funding organisation for the work undertaken as part of the research project
- f. residual balance: the financial surplus at the end of a research project when the actual total cost of executing the relevant obligations under the research contract are less than the actual revenue received from the funding

organisation

- g. salary/salaries: amount paid to a staff member in return for work performed (base salary) and includes all oncosts, eg. superannuation, payroll tax, workers compensation, leave provisions
- h. Strategic Growth Fund/s: an account that residual balance from externally funded research project can be transferred into. These funds are used to support and incentivise researchers to attract more research funding and grow their overall research performance, including supporting continuity and expansion and external resourcing of research of the University
- i. Australian Competitive Grant Schemes: are schemes that provide competitive research grants to higher education providers. These schemes are included in the Category 1 income reportable to the Higher Education Research Data Collection (HERDC) which in turn is a metric used in driving the allocation of the Australian Government's Research Block Grants.
- j. University costing tool: specialised tool that accurately estimates and calculates costs associated with research projects and consultancies to provide a comprehensive breakdown of expenses, both direct and indirect, required to conduct a specific research project or consultancy.

## Status and Details

<b>Status</b>	Current
<b>Effective Date</b>	6th February 2024
<b>Review Date</b>	1st January 2025
<b>Approval Authority</b>	Council Secretary
<b>Approval Date</b>	5th February 2024
<b>Expiry Date</b>	To Be Advised
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