Procedure: Costing and pricing of externally funded research projects, university consultancies and commercial services

Purpose
To outline the procedure for calculating the full costs and appropriate market price of externally funded research projects, University consultancies and commercial services.

Procedure

Calculating the full costs
1. The full costs, comprising the total of direct costs and indirect costs, must be calculated using the ANU budget tool to record all direct and indirect costs of undertaking the work.
2. Direct costs are either directly incurred costs or directly allocated costs.
3. All reasonable attempts should be made to identify as many direct costs as possible to avoid project overspend, and to make estimates as accurate as possible.
4. Directly incurred costs include, but are not limited to;
   a. Salaries and on-costs (superannuation contributions, payroll tax, worker’s compensation insurance, annual leave loading, and provisions for long service leave) of research project staff (full and part-time), including:
      • principal investigators
      • research assistants
      • dedicated technical and support staff
      • fieldwork assistants
      • project managers (for larger and complex research projects)
      • scholarships
   b. Computing and database charges
c. Consumables, materials and supplies

d. Equipment and components

e. Brokerage, freight, customs and quarantine charges

f. Large volume communication (new telephone, fax, courier, postage)

g. Photocopying, report production and dissemination/publication costs (open access charges, page charges, copyright licences etc.)

h. External consulting and subcontracted services

i. Workshop, laboratory, and other technical services

j. Site access charges

k. Travel and living expenses

l. Conference fees

m. Training and development costs

n. Directly incurred taxes

5. Directly allocated costs that are attributed to a project need to be included in calculation of the cost. For example, where pooled staffing arrangements exist for project management or technical staff or where replacement of School infrastructure is budgeted for. These costs will be highly project specific.

6. Indirect costs include, but are not limited to;

   a. Provision, maintenance and refurbishment of buildings and physical infrastructure

   b. Heat, light, air-conditioning and power

   c. University provided information resources and technology

   d. University provided telecommunications

   e. Insurance and legal services

   f. Financial management services (external)

   g. Security

   h. Central, College and School administrative services and academic management costs

Calculating the market price

7. The ANU budget tool will calculate the full costs, and can calculate a draft market price based on known sponsor conditions (see 4(a) and 4(b) of the Policy).
The ANU budget tool cannot set market price with reference to the other factors set out in 4(c)–(f) of the policy, and the market price may be manually adjusted accordingly.

8. The Dean of the relevant College may approve a market price lower than that identified by the ANU budget tool.

9. Any subsidy of direct or indirect costs must be approved by relevant budget delegates in all cases, at the time of proposal submission – for example, meeting salary on-cost shortfalls from specific funds providers, or reducing the amount of indirect costs to be recovered by that delegate’s area.

Recovery

10. Each payment to ANU received in respect of the project will represent a mix of recovered direct costs and recovered indirect costs.

11. The amount of indirect cost recovered will be allocated according to the following table, by transferring amounts from the project ledger as received:

<table>
<thead>
<tr>
<th></th>
<th>University</th>
<th>College</th>
<th>School/Centre</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to the ANU Indirect Cost Recovery Rate</td>
<td>33.3%</td>
<td>33.3%</td>
<td>33.3%</td>
<td>–</td>
</tr>
<tr>
<td>– ‘Recovery’</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above the ANU Indirect Cost Recovery Rate – ‘Surplus’</td>
<td>–</td>
<td>–</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

2. Surplus allocated to the project ledger must be retained on the ledger as contingency funds during the life of the project. At completion of the project any surplus will be transferred to another ledger for use by the chief investigators.

Responsibilities

3. The Director of Research Services with the Chief Financial Officer will recommend all ANU rate formulae and the ANU indirect cost recovery rates to the Deputy Vice Chancellor (Research).

4. Research Services Division will provide guidelines, and advice on costing and pricing procedures of major research funders, development tools and systems to
support effective costing and pricing.

**Note:** definitions of terms used in this procedure can be found in the Policy - Costing and Pricing of Externally Funded Research Projects, University Consultancies and Commercial Services.