# Indirect Cost Recovery Procedure

# Section 1 - Purpose

(1) To ensure that all externally funded research, and project and consultancy activity undertaken by the University of Newcastle (University) includes the provision to recover the indirect costs associated with that activity.

# Section 2 - Audience

(2) University Researchers and professional staff who undertake or support research, project and consultancy work.

# Section 3 - Scope

### Indirect Cost Recovery

(3) This procedure applies to any proportion of funding from an external partner for the purposes of research, project or consultancy work.

### Exemptions

(4) The following funding types are exempt from the indirect cost recovery rate:

a. onshore or offshore funding agreements which provide for payments of fees by research students;
b. research funding which is classified as Higher Education Research Data Collection (HERDC) Category 1, Australian competitive grant research and development (R&D) income, subject to clause 13;
c. research partner funding which is required and listed up to the amount included on an awarded application for funding under a scheme classified as HERDC Category 1 Australian competitive grant R&D income (e.g. Australian Research Council Linkage Project partner funds). This exemption does not apply to partner funds already awarded to the University prior to the submission of the application; and
d. bequests received by the University via a gift in the Will of an individual, unless the inclusion of an indirect cost recovery is explicitly allowed for in the Will wording.

# Section 4 - Definitions

(5) In the context of this document the following definitions apply:

a. “research funding” means any funding to be administered by the University of Newcastle that meets the HERDC definition of research as outlined in the current HERDC Specifications for the collection of data available from the Australian Government Higher Education Research Data Collection page;
b. “Not-for-profit Organisation” means an organisation that is registered with the Australian Charities and Not-For-Profits Commission (ACNC) and on the ACNC register and approved offshore not for profit organisations;
c. “philanthropic funding” includes donations from individuals and/or organisations or grants from private or public ancillary funds or philanthropic trusts and foundations to the University. This excludes Not-for-profit

Organisations and/or non-government organisations that are eligible for a minimum indirect cost recovery rate as outlined in the Schedule – Indirect Cost Recovery Rates and Distribution. This funding is defined as money given to the University with no reciprocal expectation of material benefits or advantages, such as specific R&D deliverables, except for the recognition of the donor, stewardship reporting on the impact of the philanthropic funding, and the expenditure of the funding in line with the research purpose and the donor's wishes.

d. "external partner" means any individual, organisation or entity that is separate from the University and includes international partners;
e. "stipend" means an amount provided for a HDR candidate to use towards living and study-related expenses; and
f. "Project and Consultancy" applies to undertakings that do not meet the definition of "Research Funding"; and that are determined to be Commercial Activities under the Commercial Activities Policy.

# Section 5 - Procedure

(6) The minimum indirect cost rate will be determined annually by the Chief Financial Officer in consultation with the Deputy Vice-Chancellor (Research and Innovation) and published via amendment to the Schedule – Indirect Cost Recovery Rate and Distribution to this Procedure by 1 December each year.

(7) A stepped indirect cost recovery charge, as a percentage of total direct costs will apply for all activities as outlined in the Schedule – Indirect Cost Recovery Rate and Distribution.

(8) The calculation for the application of indirect costs will be:

> Indirect Cost = Total direct costs x indirect cost recovery rate

(9) Direct costs are those expenses incurred to deliver the required work under the contract including but not limited to salary, stipend, equipment, consumables, travel and University recharges.

(10) Further guidance for costing project and consultancy work is contained in the Projects and Consultancy Revenue Procedure.

(11) Indirect costs for research funding will be recovered and distributed in accordance with Schedule – Indirect Cost Recovery Rate and Distribution to this Procedure. This will be reviewed by 1 December of the year and specify the allocations to the University of Newcastle Chief Investigator to the relevant College incorporating the School, and to centrally held research support funds.

### Indirect Cost Recovery Waivers and Variations for Research Funding

(12) Approval from an appropriate delegate will be required where a reduction from the University indirect cost rate is required where external research funding is received from a Not-for-profit Organisation, philanthropic funding, or competitive research scheme and their publicly available policy states that they do not pay indirect costs or will pay at a rate lower than the relevant rate stated in the Schedule – Indirect Cost Recovery Rate and Distribution.

(13) Where research funding which is classified as Higher Education Research Data Collection (HERDC) Category 1 allows for the inclusion of indirect costs, then the rate specified under the terms of the funding must be included.

(14) Where allowed by the funder and/or scheme rules, the indirect cost rate can be increased above the minimum rate as far as is allowable under the terms of the funding agreement.

(15) Where the University is a collaborative partner with another university for a research project funded by a grant, and this collaboration is subject to a formal agreement:

a. the University of Newcastle will not recover any indirect costs from the portion of funding to be transferred to the other university;
b. the University will recover indirect costs from non-university organisations who are a party to the agreement; and
c. the University will recover indirect costs from any funds transferred to us from another university.

(16) An authorised delegate may review any pre-existing arrangements and the continuation of these arrangements will be assessed on a case-by-case basis.

(17) An authorised delegate may agree to a reduced indirect cost rate in exceptional circumstances. In these cases the full direct cost of the research must be included in the budget, such as the inclusion of the salary for the Researcher's time working on the project. Researchers seeking a varied indirect cost rate are required to a request to the Research Grants Office, allowing a minimum of two weeks notice. Retrospective requests will not be considered.

(18) Where a funding body allows for a higher rate of indirect costs to be requested, this must be built into the pricing of the project.

(19) Extensions or variations to existing grants with additional funding will attract the current and relevant indirect cost recovery rate at that time.

(20) Where there is partial waiver of indirect costs, or debt write off that reduces income received, any distribution under the Schedule – Indirect Cost Recovery Rates and Distribution will be first taken from the Chief Investigator's allocation, then the College, and lastly the allocation retained by the Research and Innovation Division.

### Indirect Cost Recovery Waivers and Variations for Project and Consultancy Work

(21) Waivers to the indirect costs applied to project & consultancy work are subject to the requirements of the Project and Consultancy Procedure.

# Section 6 - Responsibilities

### Staff Seeking Approval for Research, Project or Consultancy Work

(22) Staff must cost all research and project and consultancy work in accordance with this Procedure, the Contract Research Procedure and the Project and Consultancy Procedure. Where this is not possible, staff are not permitted to provide agreement to a lower indirect cost rate without obtaining written approval from an appropriate delegate.

(23) The Chief Investigator with the support of Financial Services, Research and Innovation Division and their College and/or host institute is responsible for ensuring the key milestones associated with the funding are met, that a productive working relationship is maintained with the funder and in doing so ensuring that bad debts are minimised.

(24) Further guidance for the costing and pricing of projects and consultancies is provided in the Project and Consultancy Procedure.

### College General Managers / Heads of Division

(25) Senior executives of the University including Institute Directors should ensure that all existing, new Researchers and professional staff supporting Researchers and consultants are aware of this Procedure.

# Section 7 - Compliance

(26) Non-compliance with the requirements of this procedure may be considered as misconduct and may be subject to disciplinary action in accordance with any applicable enterprise agreement or contract of employment.

## Status and Details

| | |
|---|---|
| **Status** | Current |
| **Effective Date** | 6th March 2025 |
| **Review Date** | 6th March 2028 |
| **Approval Authority** | Deputy Vice-Chancellor (Research and Innovation) |
| **Approval Date** | 25th November 2024 |
| **Expiry Date** | Not Applicable |
| **Responsible Executive** | Craig Simmons<br>Deputy Vice-Chancellor (Research and Innovation) |
| **Enquiries Contact** | Judy Alexander<br>Director, Research Grants<br><br>Research and Innovation Division |

## Glossary Terms and Definitions

**"University"** - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

**"Student"** - A person formally enrolled in a course or active in a program offered by the University or affiliated entity.

**"Candidate"** - With regard to Higher Degree by Research it has the same meaning as student. For all other instances it is a person considered for appointment to a position.

**"Disciplinary action"** - When used in relation to staff of the University, this is as defined in the applicable and current Enterprise Bargaining Agreement, or the staff member's employment contract. When used in relation to students of the University, this refers to the range of penalties that may be applied under the Student Conduct Rule.

**"Research"** - As defined in the Australian Code for the Responsible Conduct of Research, or any replacing Code or document.

**"School"** - An organisational unit forming part of a College or Division, responsible for offering a particular course.

**"Staff"** - Means a person who was at the relevant time employed by the University and includes professional and academic staff of the University, by contract or ongoing, as well as conjoint staff but does not include visitors to the University.

**"College"** - An organisational unit established within the University by the Council.

**"Delegate"** - (noun) refers to a person occupying a position that has been granted or sub-delegated a delegation of authority, or a committee or body that has been granted or sub-delegated a delegation of authority.