Contract Research and Grants Financial Management Procedure

Section 1 - Purpose and Scope

(1) The University of Queensland (UQ or the University) derives research income from multiple public and private sources including federal, state and local government, industry, foundations and donors. Research funding is provided to UQ via contract research and research grants.

(2) This Procedure outlines UQ's requirements for the effective financial management of research funding to ensure that:

a. the revenue and its related expenditure is managed and recorded appropriately in the financial statements;
b. the research funding has been used in accordance with the grant and contract conditions, and the University's policies and procedures; and
c. the University can effectively discharge its financial compliance and external reporting obligations.

(3) This Procedure applies to all UQ staff who are responsible for or involved in the financial management of contract research and grants.

Section 2 - Process and Key Controls

(4) The process for financial management of contract research and grants comprises four distinct phases:

a. Pre-award.
b. Acceptance and Establishment.
c. Post-award Management.
d. Project Close and Reporting.

(5) Multiple parties across UQ work together across these phases in order to facilitate effective financial management and acquittal of research funding. These include:

a. The Research Office (RO) - responsible for administering contract research and grants and for the processing, acceptance and recording of applications as well as research policy maintenance.
b. The Research Partnerships Managers (RPMs) - responsible for advice and support with commercial or industry-related funding and contracts;
c. Contract and Grants Accounting (CGA) within Finance and Business Services - responsible for financial project account establishment, maintenance and close; recording and billing of research income, and external financial reporting.
d. Accounts Receivable within Finance and Business Services - responsible for credit risk assessment, collections and debt management relating to research funding.
e. The Chief Investigator, assisted by the Finance Advisory and Transactional teams - responsible for financial budgeting, planning and expenditure approval and expense management of research funds in accordance with

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contract conditions.

(6) A financial project is required to be established in UQ's financial system (UniFi) for every research contract or grant to enable:

a. effective identification and recording of the project income and expenditure; and
b. the acquittal of research funding for financial reporting purposes.

Section 3 - Key Requirements

(7) The overall process of financial management related to contract research and grants consists of the following key activities:

Part A - Pre-Award

> See linked diagram: Diagram - Pre-Award Process

(8) The Chief Investigator, or their nominee, prepares the contract research or grant budget for the funding application. The UQ Costing and Pricing Tool must be utilised wherever possible and the costing and pricing of contract research must be in accordance with the procedure relating to research and consultancy costing and pricing.

(9) The Finance Advisory Professional Services team (PSt) is available to provide financial input and advice on a needs basis to support the Chief Investigator in the development of the funding application budget. Finance Advisory input and responsibilities takes cognisance of existing research administration support and local roles and is prioritised on a risk basis.

(10) The Chief Investigator, or their nominee, must submit the Funding Application Coversheet (FAC), including the UQ Costing and Pricing Tool, to the Research Office for approval.

(11) The Research Office reviews the funding proposal documentation to ensure that budget categories are consistent with the funding rules and application form, the budget is realistic and that indirect costs have been adequately budgeted for in accordance with the procedure relating to research and consultancy costing and pricing.

Part B - Acceptance and Establishment

> See linked diagram: Diagram - Acceptance and Establishment Process

Credit Risk Assessment

(12) A process of credit risk assessment for new domestic industry contracts exceeding $250,000 in contract value, is undertaken in accordance with the procedure on credit, billing and collections.

Project Account Creation

(13) Following approval of a funding application by the external funding body:

a. Contract and Grants Accounting (CGA) in Finance and Business Services creates a finance project account when a project is afforded a "Pending Contract" or "Approved" status in the Research Master system by the Research Office on receipt of the funding notification.

b. The project account is created by Contract and Grants Accounting in Finance and Business Services in UniFi with a “Pending-GRL” status and the Chief Investigator is notified of the new account.
c. In unusual circumstances, where contracts are considered a high risk for early project account access, they will be flagged in Research Master by the Research Office and the finance project account will only be available when the Grant Record Letter (GRL) is issued.
d. Expenditure cannot be incurred until the start date of the project stipulated in the contract and subject to the necessary ethics clearances being obtained. Guidance documents on appropriate use of the “Pending-GRL” project, including Ethics compliance, are available on the Research Management Website.
e. The Finance Advisory PSt will:
    i. plan the project income and assign access to the project for the Chief Investigator in MyBalance; and
    ii. monitor and regularly report spending on projects with a “Pending-GRL” status to the Head of School (or equivalent). The Head of School (or equivalent) may elect to stop the unit spending on a project where there is a high risk that the contract will not be approved.

Pre-invoicing

(14) Where contractually required or requested by the funder, invoices can be raised in advance of the GRL (and executed contract) by Contract and Grants Accounting once a Research Master project number has been issued by the Research Office

(15) In instances where the financial project code has been opened, income will be reflected in the “Pending-GRL” project account.

Contractual Arrangements

(16) To assist in the process of review, drafting and negotiation of contract research, the Finance Contract Checklist and Guidelines for negotiating financial contract clauses should be used by the Research Partnerships Managers, Research Office and/or UQ Legal to enable adequate consideration of financial items.

(17) Accurate billing information must be provided to Finance by the Research Partnerships Managers, Research Office and UQ Legal though completion of the applicable billing information schedule in standard UQ contracts or through the completion of the Billing Information Form and provision to the Research Office for attachment to the GRL.

(18) For contracts requiring the funding provider to deposit directly into UQ’s bank account without billing (Recipient Created Tax Invoices or RCTI), the Research Office or the Research Partnerships Managers will provide the UQ Banking Details Form to the funding provider at the contracting stage to ensure that adequate payment reference details are provided by the funding provider.

Project Operationalisation

(19) Once the contract or grant is formally established in the research system, the Grant Record Letter (GRL), together with the fully executed agreement (including awarded budget), application or proposal, UQ Costing and Pricing Tool supporting the budget application, completed Billing Information Form and Multi-Institutional Agreement or Collaborative Research Agreement (for collaborator payments) will be issued by Research Office to all relevant parties.

Part C - Post-award Management

See linked diagram: Diagram - Post-award Management Process

Project Account Update

(20) The receipt of the GRL triggers an update of the project financial account by Contract and Grants Accounting and results in a change in status of the project in the financial system from “Pending-GRL” to “Approved”.

(21) If a research grant involves collaboration internally across organisational units, multiple projects can be created and linked via a summary project for reporting to the grantor. A Split Site Form needs to be completed to generate the additional project/s.

Project Financial Planning and Monitoring

(22) On receipt of the GRL and supporting documents, the Finance Advisory PSt will initiate a meeting or communications with the Chief Investigator to assist in developing the project financial plan. The Finance Advisory PSt will input the project financial plan, together with funding rules information, into the organisational unit’s Budget Workbook.

(23) The Chief Investigator is responsible for decision-making regarding how funds will be spent on a research project, within the constraints of the awarded budget, and for approving any subsequent changes to the project financial plan.

(24) The Chief Investigator has access to MyBalance and is responsible for reviewing actual project expenditure in comparison to project financial plans on an ongoing basis during the project and engaging the Finance Advisory PSt in required changes to project financial plans.

(25) The Finance Advisory PSt will review actual project expenditure on an ongoing basis throughout the life of the project, in comparison to project financial plans, funding rules and updated forecasts. Finance Advisory PSts must prioritise their review based on higher risk and complex projects and those in their final year, with the overall objective of quarterly interaction with Chief Investigators to revisit project financial plans.

(26) Supported by the Finance Advisory PSt, the Chief Investigator must engage with the Research Office for advice should changes to financial plans indicate the potential need for funder approval of project variations.

Payments to Collaborator Institutions

(27) Where the University has agreed to collaborate with another institution on a research project, a Collaborative Research Agreement (CRA) or Multi-Institutional Agreement (MIA) is established by the Research Office.

(28) Standing Purchase Orders are raised in UniFi for the whole of life contractual commitment by the Finance Transactional PSt, on instruction from the Finance Advisory PSt when they receive the GRL with the CRA or MIA attached.

(29) When individual tax invoices are received from collaborators over the life of the project, payments are made on approval of the Chief Investigator that the services have been delivered by the collaborator institution.

Expenditure

(30) The Chief Investigator should be assigned the Budget Holder role in the UniFi financial system for their research project.

(31) The Chief Investigator is accountable for the management of the project expenditure; and must ensure that funds are spent in accordance with funding conditions, for a valid project purpose and within the time limits imposed by the grant or contract conditions. MyBalance provides the Chief Investigator with the necessary financial information to discharge these responsibilities.

(32) The Chief Investigator may delegate the UniFi Budget Holder activities to an authorised proxy under defined

conditions and with the necessary approvals. The accountability under clause 31, however, remains with the Chief Investigator.

(33) The Finance Advisory PSt is responsible for supporting and advising the Chief Investigator and researchers in budget management and compliance with contract financial conditions.

(34) The Finance Transactional PSt is responsible for research project expenditure transactional processing in accordance with contract conditions.

(35) It is the responsibility of the Finance Advisory PSt to ensure that the project expenditure is accurate and up to date at the end of each reporting period.

Other Research Transactions

(36) There are some expenditure transactions relating to contract research and grants that create challenges for best practice financial management of research activities or are currently treated inconsistently across the University. This provides additional guidance to support effective management of these transactions:

Prepayments

(37) For contract research and grants, prepayments of research expenses before services are rendered are not permitted. This would include internal or external prepayments for speculative future expenditure of services, salaries or consumables. Allowable payments in advance include such items as deposits on the eligible procurement of infrastructure items, milestone payments for works that are contractually bound and where delivery of a full service occurs over multiple milestones, formal grant collaborator payments, and advance bookings for travel.

Research Infrastructure Services

(38) Research Infrastructure Services are internal or external services provided by University-owned and operated equipment and research infrastructure to support delivery of contract research and grants. Fees should be charged for internal services on a fee-for service basis and these costs are charged against the research projects through the use of journals or Internal Services Charges (ISCs).

(39) The income earned by either the central University Research Infrastructure platforms or by the local area in relation to research infrastructure, will be governed by the procedures on consultancy and internal work and by the procedure on research and consultancy costing and pricing.

Collaborative Research Services

(40) Research collaboration is encouraged and should be treated as follows:

a. where named UQ investigators on a research contract or grant span multiple organisational units and the project income needs to be apportioned, the preferred method of apportionment is the Split Site Funding method. When Split Site Funding is employed, the secondary gains from the distributed research income are attributed to the individual projects; and
b. where eligible costs are incurred by a staff member who is not a named investigator on the contract or grant, the following options are available:
    i. The preference is that the Split Site Funding method is applied for at any time during the project and separate financial project accounts are created.
    ii. Actual costs per line item should be transferred from the cost source into the research project account through Internal Services Charge or journal, approved by the research project lead Chief Investigator. Costs must retain their nature when being charged to the project.

(41) Unless specifically budgeted for and contractually approved, UQ Researchers are not permitted to charge their services to a UQ research project as an individual consultancy fee. Services provided into a research project are deemed to be research services. Transfers of UQ research funds are therefore not generally permitted into individuals' UQ Academic Consultancy and Award (ACA) accounts.

Income

(42) Invoices for all contract research and grants are raised by Contract and Grants Accounting in accordance with contract conditions. The Chief Investigator will be requested to confirm completion prior to billing, if the billing is conditional upon performance or progress reporting milestones.

(43) The Finance Advisory PSt is responsible for ongoing monitoring and follow-up of outstanding milestone confirmations and unpaid invoices.

(44) Income is recorded in the project financial account when income is deposited or when UQ raises an invoice to the funding provider. It is the responsibility of both the Finance Advisory PSt and the Chief Investigator to monitor unpaid invoices through the use of MyBalance. It is the responsibility of the Chief Investigator to follow-up and action unpaid invoices.

Debt Management and Recovery

(45) Debt management and recovery is primarily led by Accounts Receivable (AR) in FBS and requires input and information provision by the Research Office, the Research Partnerships Managers, Chief Investigator, Finance Advisory PSt, Heads of School and School Managers as applicable. Debt management and recovery processes are conducted in accordance with the procedure on credit, billing and collections.

Interest on Grant Funds

(46) The University will generally not agree to accept grants which specify that interest earned on the grant funds is to be credited back to the project, however if this is non-negotiable, processes are in place to manage this.

(47) For those contracts that stipulate interest is to be credited to the project, interest is calculated on the monthly project credit balance using the thirty day average bank rate. This interest is allocated monthly to the project by the UniFi financial system.

Indirect Costs

(48) Contract and Grants Accounting is responsible for the distribution of all research indirect costs (overheads) as per the GRL and according to the procedure on research and consultancy costing and pricing through monthly journal entries.

Margins

(49) Some contract research includes margins which are known at inception and should be budgeted for at funding application stage in the UQ Costing and Pricing Tool.

(50) In instances where contracts contain margins that are required to be distributed back to the School, Centre or Research group in accordance with local area rules and budget management principles, it is the responsibility of the Finance Advisory PSt to process the necessary journal adjustments to the project account, over the life of the contract.

Refunds

(51) Contract and Grants Accounting is responsible for the return of unspent research income in instances where the University is contractually required to refund (also refer to 62-67, Project Close).

(52) Contract and Grants Accounting is responsible for initiating payment of the refund to the funder on receipt of a tax invoice. The unspent balance is held as a liability until the funds are repaid to the funding provider.

Project Maintenance

(53) When a need for a project change is identified, the Chief Investigator must consider whether contract conditions require a formal project and contract variation. The Finance Advisory PSts' input can be sought, together with that of the Research Office.

(54) Contract and Grants Accounting is responsible for finance project maintenance which is conducted based on either a GRL re-record letter (for formal project and contract variations) received from Research Office or through completion of the digital Project Change Request Form by the Finance Advisory PSt. The Project Change Request Form can be utilised for the following changes:

a. underwriting account;
b. fund code; or
c. opal unit.

(55) The Split Site Form is used to split research income across different project codes.

(56) Changes to project short title and Budget Holder are managed directly by the Finance Advisory PSt.

Financial Adjustments

(57) Billing adjustments to research projects are processed only by Contract and Grants Accounting by the creation and approval of an Adjustment Note.

(58) Other financial adjustments and internal charges to projects are processed by the Finance PSts by means of journal entries or ISCs and in accordance with the procedure on journal entries. Specific conditions pertaining to research projects are highlighted in this Procedure.

Project Exceptions

(59) MyBalance and Business Objects exception and informational Reports should be used by the Finance Advisory PSt to assist in managing contract research and grants. A MyBalance Management Reports User Guide and Projects Reports Guideline is available to assist Finance to use these reports effectively.

(60) Finance Advisory PSts are responsible for accessing these reports on a regular basis for review, monitor, follow-up and/or action based on report information.

Higher Education Data Collection (HERDC) Reporting

(61) Research Office is responsible for capturing the HERDC classification of contract research and grants in the research management system. Contract and Grants Accounting collates the research income data and the Research Office collates the research publications data for the HERDC return. The Finance Advisory PSt is responsible for responding to Contract and Grants Accounting queries or requests for further information or documentation.

Part D - Project Close and Reporting

See linked diagram: Diagram - Project Close and Reporting Process

Project Close

(62) Research and other finance projects are required to go through a close-out process after the end dates and prior to the preparation of the external financial reporting (where applicable).

(63) The Finance Advisory PSt has primary responsibility for initiation and preparation for the close-out process and should monitor projects approaching end dates on a monthly basis. Secondary responsibility, including monitoring and final financial project close in UniFi rests with Contract and Grants Accounting. The Project Close-Out Checklist is recommended to be used by Finance Advisory PSts as a guide to the process and decision-making steps.

(64) Any final project transactions or adjustments are required to be well substantiated through appropriate documentation. Chief Investigator approval is required for all significant project close adjustments.

(65) Subsequent to accounting appropriately for project margins throughout the life of the project and surpluses or deficits at the end of the project, project financial accounts are required to balance to nil in order to proceed to final project close.

(66) The Finance Advisory PSt must perform the following actions for project close:

a. Identify outstanding commitments, consider the need for variations and clear outstanding transactions, commitments and sub-ledger balances, including small balances less than $200.
b. After ensuring that all valid costs have been charged against a project, reverse any remaining project deficit from the project accounts by processing an adequately substantiated journal Operating funds, Consultancy Account or another research project per applicable line item.
c. After ensuring that all valid costs have been charged against a project, any remaining project surplus is only required to be returned to the funder if UQ has a contractual obligation to do so (refer to clauses 51-52, 'Refunds'). If there is no contractual obligation to refund and, depending on the research subsidisation and operating funding position of the organisational area, a journal should be processed by the Finance Advisory PSt to transfer the surplus to Operating funds or to the relevant Academic Consultancy and Award (ACA) account, with the approval of the Head of School.

(67) Contract and Grants Accounting is responsible for final financial project close. When projects reach six months' past close date, Contract and Grants Accounting will process a final adjusting journal to the underwriting account nominated at project initiation, and will close the project.

External Financial Reporting

(68) Contract and Grants Accounting is responsible for the preparation, review, approval and submission of all external financial reporting for contract research and grants for the University in accordance with the contractual conditions.

(69) Financial statements are based on the general ledger for the project and report the project income and expenditure according to Australian Accounting Standards, unless contractual conditions require otherwise.

(70) The Finance Advisory PSt is responsible for ensuring that the general ledger financial records for projects are up to date, complete and accurate prior to preparation of the financial statements by Contract and Grants Accounting and must provide a Project Financial Confirmation to Contract and Grants Accounting for all final financial statements.

(71) The Chief Investigator is responsible for confirmation of compliance with financial contract conditions, including "in kind" obligations, which is often required for external reporting obligations.

(72) In instances where funding bodies require special format financial statements, the Finance Advisory PSt is responsible for classification of the project financial information in that special format. Contract and Grants Accounting is responsible for the review, approval and submission of those final financial statements.

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(73) Contract and Grants Accounting is responsible for organising and managing the audit process, where required. The Finance Advisory PSt and Chief Investigator are responsible for responding to audit queries or requests for further information.

Section 4 - Roles, Responsibilities and Accountabilities

	Research Financial Management Roles and Responsibilities					
Project Phase	**Contract and Grants Accounting (CGA)**	**Accounts Receivable (AR)**	**Finance Transactional PSt**	**Finance Advisory PSt**	**Chief Investigator**	**Research Office**
Pre-Award				Funding application financial advice on a needs basis	Funding application budget establishment	Pre-award grant management
Acceptance and Establishment	Pre-invoicing Financial project account creation	New funding provider set-up and credit risk assessment (industry debt >$250,000)		Income plan set-up		Project establishment
Post-Award Management	Billing and revenue recognition Refunds Indirect costs distribution Financial project maintenance	New funding provider set-up (non-industry) Collections, debt management and recovery	Expenditure transactional processing and checking	Funding award financial plan advice Expenditure budget management and advice Financial project adjustments Monitoring of project unpaid invoices	Funding award financial plan establishment and maintenance Financial Budget Holder and budget management Delivery and confirmation of financial milestones Approval of financial project adjustments Initiation of purchasing decisions and transactions Monitoring and follow-up of project unpaid invoices	Project variations Input into debt management

	Research Financial Management Roles and Responsibilities					
Project Close and Reporting	Final financial project close Financial statement preparation, reporting and management of audit process			Financial project close-out preparation and management of surplus/deficit General Ledger financial reporting preparation and confirmation Special format financial statement reporting input	Confirmation of compliance with financial contract conditions	
End to end Research Financial Support	Functional owner Training Centre of expertise and advice HERDC financial reporting					Centre of expertise and advice HERDC classifications

Section 5 - Monitoring, Review and Assurance

(74) This Procedure will be reviewed on a triennial basis by the functional owner of the end to end process of financial management of contract research and grants, to ensure its ongoing relevance and effectiveness.

Section 6 - Recording and Reporting

(75) Transactions, activities, results and reports related to this Procedure are recorded primarily in the UniFi financial system, MyBalance project financial reporting system and Business Objects reporting system. Final financial statements, contracts and supporting documents are stored by Contract and Grants Accounting in TRIM.

Section 7 - Transitional Arrangements

(76) A number of the related procedures which are referred to in this Procedure are in the process of development. Those responsible for the financial management of contract research and grants should refer to the training resources developed to support this Procedure, which can be accessed at Learn.UQ, in the absence of a related procedure having been published in the Policy and Procedure Library. Items within this Procedure which refer to requirements in unpublished Procedures will not be mandatory until the related Procedure has been published.

Status and Details

Status	Historic
Effective Date	18th November 2019
Review Date	29th September 2022
Approval Authority	Chief Financial Officer
Approval Date	18th November 2019
Expiry Date	30th October 2024
Policy Owner	Gail Jukes Chief Financial Officer
Enquiries Contact	Finance and Business Services

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