

# Research and Consultancy Costing and Pricing Procedure

## Section 1 - Purpose and Scope

(1) This Procedure aims to support sustainable research and consultancy activity at the University of Queensland (UQ or the University) through the appropriate and transparent pricing of research and consultancy contracts as well as the consistent internal distribution of the recovery of the costs incurred by undertaking a research or consultancy project.

(2) This Procedure aligns with:

- a. [Administration of Research Funding - Applications, Grants and Contract Research Policy](#);
- b. [Contract Research and Grants Financial Management Procedure](#);
- c. [Consultancy, Secondary Employment and Internal Work Policy](#); and
- d. [Consultancy Procedure](#).

(3) This Procedure specifies:

- a. The components of pricing:
  - i. Direct costs;
  - ii. Indirect costs;
  - iii. Mark-up (including margin);
  - iv. Pricing of the academic salary as in-kind; and
  - v. The distribution of indirect costs.

(4) Research grants, contract research, tenders and consultancy activity funded by an external body and managed through UQ or a University controlled entity are collectively referred to as 'Projects' throughout this Procedure.

## Section 2 - Process and Key Controls

(5) The costing and pricing of contract research, tenders and consultancy activities must be calculated using the UQ Costing and Pricing Tool (from the [UQ Costing and Pricing Tool](#) website).

(6) The costing and pricing of research grants should be calculated, wherever possible, using the UQ Costing and Pricing Tool.

(7) The University will seek to price projects so as to recover, as a minimum, all direct costs and indirect costs from project funds.

(8) Consultancy work, contract research and tenders should be in line with market prices to reflect the value of University services.

(9) Budgets and expenditure must comply with the specific rules and guidelines set by the funding provider and UQ policies and procedures.

(10) Project budget (costing) development guidance for projects can be found in the [Contract Research and Grants Financial Management Procedure](#) and the [Consultancy Procedure](#).

## Section 3 - Key Requirements

### Part A - Direct Costs

(11) Direct costs are either directly incurred costs or directly allocated costs specific to the project work and must be directly related to achieving the objectives and outcomes of the project. Direct costs include:

- a. personnel costs;
- b. scholarships;
- c. equipment;
- d. consumables/maintenance;
- e. travel;
- f. hospitality;
- g. collaborative payments;
- h. subcontracts; and
- i. other.

(12) Multi-year projects must include annual increments for personnel and project costs wherever possible.

#### Personnel Costs

(13) Personnel costs for consultancy and contract research projects must include an appropriate proportion of the full-time equivalent (FTE) salary of any staff member engaged in the work, related to the amount of time dedicated to the work that will be undertaken, including academic salaries.

(14) When costing projects, applicants must include salary on-costs for any salary items included in the budget. The components of UQ salary on-costs are workers' compensation, payroll tax, employer superannuation, and leave provisioning. On-costs are automatically calculated within the UQ Costing and Pricing Tool.

- a. Personnel costs must also include anticipated [overtime](#) if any person eligible for overtime will be required to work on the project outside or in excess of normal working hours. Overtime is subject to on-costs.
- b. Personnel costs must also include any salary loadings that are applicable to the staff member.

#### Pricing of academic salaries as in-kind

(15) The University has a strong preference that direct costs, including the academic salary incurred in the delivery of contract research and tenders, are fully priced into the contract.

(16) The CI salary must be fully priced for consultancy projects.

(17) Under limited conditions, the lead investigator salary may be priced as in-kind with written approval by the Level 4 Authorised Officer (or above) in accordance with the [Human Resources Sub-delegations Schedules](#). When considering pricing the CI salary as in-kind, the loss of UQ funds should be assessed against criticality of the project to the CI's career, UQ's strategic objectives, and the partner's ability to pay.

(18) For any projects with UQ in-kind contributions, the detailed composition of in-kind contributions should be included in the UQ Costing and Pricing Tool.

## **Scholarships**

(19) Scholarship costs may include stipends and allowances of any person funded for a Higher Degree by Research scholarship or other scholarship to work on the project. Scholarship tuition must be costed or a tuition fee scholarship awarded by the UQ Graduate School. Scholarship costs, including stipends, tuition fee and allowances are not subject to salary on-costs (workers' compensation, payroll tax, employer superannuation and leave).

## **Equipment**

(20) The purchase, use, transfer and disposal of equipment using research funds must be in accordance with the [Assets Procedure](#) and the relevant funding rules or agreement.

## **Consumables/Maintenance**

(21) Maintenance includes consumable items or services that are essential for the conduct of the project. Consumable costs may, but are not limited to, include expendable materials and supplies, glassware (other than equipment), the purchase and agistment of laboratory animals and subscription charges for specialised services.

## **Travel**

(22) Travel costs include eligible fares, kilometric reimbursement, accommodation and subsistence for travel and fieldwork to be undertaken in the course of the project. Where permitted by the funding provider, travel may include attendance at conferences.

(23) All travel must be conducted in line with the [Travel Policy](#) and funding guidelines and the terms of the agreement.

## **Hospitality**

(24) Hospitality costs must be in accordance with the [Hospitality Procedure](#) and funding guidelines and/or terms of the agreement.

## **Collaborative External Payments**

(25) Collaborative external payments occur when the University has entered into an agreement to collaborate with another organisation on a consulting or research project. Collaborative research payments must be in accordance with the [Contract Research and Grants Financial Management Procedure](#).

## **Subcontracts**

(26) A subcontract is where a part of a project is performed for a fee by parties outside of UQ. UQ indirect cost recovery rates are to be applied as part of the proposal.

(27) Staff, students and Title Holders (or external entities controlled by staff) are not permitted to be engaged and paid by UQ, directly or indirectly, under a subcontract or consultant agreement and are not permitted to charge their services to a project as an individual consultancy fee. University staff involved in a project across organisational units should be included in the provisions about Personnel Costs (clauses 13-14, above).

(28) The preferred method of apportionment of project income between UQ staff across organisational units is the Split Site Funding method where separate financial project accounts are created.

(29) University equipment or research infrastructure is utilised on a fee for service basis in accordance with the

provisions about Other Direct Costs (clause 30, below), and is not considered a subcontract.

## **Other**

(30) Other costs may include those not already covered by the direct cost categories above; these may include, but are not limited to:

- a. The use of both centrally managed and local equipment, research infrastructure and laboratories should be charged internally on a fee-for service basis;
- b. Eligible relocation expenses for a new appointee to relocate and take up a research staff position on the project at the relevant University campus where permitted by the funding provider;
- c. Publication and dissemination costs; and
- d. Facilities access and subscription charges.

## **Part B - Indirect Costs**

(31) Indirect costs (overheads) are those incurred by the University in supporting a project, including when UQ is the subcontracted party, but which cannot be directly attributed to individual projects. Provision and maintenance of services, facilities and infrastructure are substantial costs to the University and should be recovered through the project pricing.

(32) Indirect costs include, but are not limited to:

- a. insurances;
- b. space;
- c. information technology;
- d. administration, security, legal and accounting;
- e. utilities such as water, gas, electricity; and
- f. libraries, laboratories, research facilities and other resources.

(33) The minimum indirect cost recovery rate for research and consultancy funding will be calculated as:

- a. 50 per cent of total actual direct costs (equivalent to using a price multiplier of  $1.5 \times$  total direct costs).

(34) Commercial entity-funded Higher Degree by Research scholarship costs (see provisions on Scholarships, clause 19, above), including stipends, personal allowances, and associated project costs of any person funded for a HDR scholarship, or other scholarship, to work on the project are subject to indirect costs.

## **Service Cost Recovery Charge - Rural Research Development Corporations and Industry-sponsored Clinical Trials**

(35) In instances where an indirect cost may not be accepted by a Rural Research Development Corporation, or in an industry-sponsored clinical trial, researchers will instead apply a Service Cost Recovery Charge. The remaining percentage of the standard indirect cost rate will be included as an in-kind contribution.

(36) A Service Cost Recovery Charge is the calculated cost of administrative and support functions that facilitate the execution of research projects.

(37) Researchers must use the Costing and Pricing Tool in order to apply the Service Cost Recovery Charge.

## **Exclusions**

(38) Indirect costs are not applied to Academic Consultancy, and Teaching Consultancy Type B.

(39) For projects with collaborators, UQ should only cost for the University's portion of indirect costs.

## **Variations to the Indirect Cost Recovery Rate**

(40) Approved variations to the minimum indirect cost recovery rate for research funding from grants, contract research and tenders with non-commercial entities are:

- a. Specific funding providers of research grants and government research tenders may stipulate indirect cost recovery rates that differ from the UQ indirect cost recovery rate under this Procedure. The maximum allowable indirect cost rate must be recovered. Where such stipulations are made, it should be able to be verified (a) by publicly available information published in scheme documents or on the provider's website, or (b) by advice from the Research Office.
- b. Where the funding provider offers an indirect cost recovery rate higher than UQ's, then the higher rate must be charged.
- c. A list of existing approved variations is available on the [UQ Indirect Costs Variation Register](#).

(41) Variations to the indirect cost recovery rate cannot be sought for:

- a. standard consultancy projects (Type 2),
- b. contract research and tenders with commercial entities,
- c. Rural Development Corporation and industry-sponsored clinical trials that apply the Service Cost Recovery Charge, or
- d. projects which include a margin.

(42) Variations to the indirect cost recovery rate will only be considered on a project-by-project basis by the Deputy Vice-Chancellor (Research and Innovation) for new major strategic research collaborations of significant value (normally over \$5 million).

## **In-kind**

(43) In instances where the indirect cost recovery rate of the funding provider is less than the UQ minimum indirect cost recovery rate, the difference should be considered in-kind contribution by the University. This can be included in the UQ Costing and Pricing Tool if appropriate.

## **Part C - Mark-up**

(44) The University is a provider of high quality and high value services and prices should reflect this position. Wherever possible, staff must price consultancy work and contract research in line with market prices, thereby recovering a mark-up on the project. The market price and related mark-up should be adjusted in line with factors such as market competition, the provision of intellectual property, risk, and the uniqueness of the expertise, infrastructure or personnel.

(45) A mark-up may not be costed to a project where indirect cost variations are sought.

## **Part D - Margin**

(46) The operating unit may seek to recover a percentage of funds that may be recovered from the mark-up applied to a Type 2 standard consultancy. The decision to recover margin may be made by the operating unit on an individual

contract basis.

## **Part E - Surplus**

(47) Surplus is defined as the funds left over after all direct and indirect costs have been recovered. It includes the mark-up and academic salary.

(48) For contract research and Type 2 consultancy, where indirect costs or service cost recovery have been applied, if the salary of the first investigator's academic salary (including on-costs and loading) is priced into the contract, the resulting surplus from salary funds is available to be directed to the CI's Academic Consultancy Award (ACA) account for use on other research activities, subject to the discretion of the Level 4 Authorised Office (or above) in accordance with the [Human Resources Sub-delegations Schedules](#). This excludes contract research undertaken by the Sustainable Minerals Institute, and Institute for Social Science Research.

## **Part F - Distribution of Indirect Costs**

(49) The requirement for distribution of indirect costs for consultancy contracts depends on the categorisation of the projects based on nature, size and definition. For consultancy contracts, these principles are set out in the [Consultancy Procedure](#).

### **Projects Managed Through the University**

(50) For all University-managed research projects and those consultancy contracts subject to indirect cost distribution, the indirect costs recovered are distributed as follows:

- a. 20%: Primary faculty/institute.
- b. 20%: Secondary faculty/institute/school/centre/research group allocation - distributed according to local priorities and practice.
- c. 60%: Central University.

### **Projects Managed Through University Commercialisation Companies**

(51) Any research and consultancy contracts that have a direct connection to a commercialisation activity being carried out by the University commercialisation companies, must be managed by these University commercialisation companies.

(52) The University commercialisation companies have discretion to apply an additional Commercialisation Management Fee of up to 17.5% to any research and consultancy contracts managed by them, which will be retained in full by the commercialisation company.

(53) Projects that do not have a direct connection to a commercialisation activity being carried out by the University commercialisation companies are managed through the University by default (refer to provisions about Projects Managed Through the University, clause 50, above).

(54) For all research and consultancy projects managed by a University commercialisation company, as the contracting party, the recovered indirect costs are distributed as follows:

- a. 20%: Primary faculty/institute.
- b. 20%: Secondary faculty/institute/school/centre/research group allocation - distributed according to local priorities and practice.
- c. 60%: University commercialisation company.

## **Part G - Transitional arrangements**

(55) At the implementation of this Procedure, all existing contracts with external parties signed and commenced prior to 27 November 2023 may continue under the existing arrangements until completion of the existing contracts.

(56) If a proposal, including budget, has been sent to the external party, but where contracts are yet to be signed, a different overhead rate that may have been negotiated/agreed with the external party may proceed with approval of the Associate Directors, Research Office or Executive Director, Research Office as appropriate. Evidence of the communication of the indicative budget to the external partner may be requested.

(57) Where a variation is required to an existing contract dated prior to 27 November 2023, the conditions under which the contract was signed may be extended into the variation. Such a variation in funding is permitted only once for each contract.

## **Section 4 - Roles, Responsibilities and Accountabilities**

### **Deputy Vice-Chancellor (Research and Innovation)**

(58) The Deputy Vice-Chancellor (Research and Innovation) is responsible for approving changes or review of this Procedure or related documents.

(59) The Deputy Vice-Chancellor (Research and Innovation) retains discretion for strategic research pricing approval for contracts and tenders in accordance with this Procedure.

### **Research Office**

(60) The Research Office is responsible for the following units:

#### **Research Grants Unit**

(61) The Research Grants Unit is responsible for:

- a. Maintaining the list of approved variations to the minimum indirect cost recovery rate;
- b. Maintaining the UQ Costing and Pricing Tool;
- c. Reviewing research competitive grants (pre- and post-award) for compliance with relevant guidelines and with this Procedure; and
- d. Advising on the indirect cost position of funders for competitive grants.

#### **Research Commercial Management Unit**

(62) The Research Commercial Management Unit is responsible for:

- a. Providing researchers with advice on budgets for contract research and tenders using the UQ Costing and Pricing Tool and ensuring compliance with this Procedure;
- b. Discussing pricing with a potential industry partner; and
- c. Reviewing research contracts and tenders (pre- and post-award) for compliance with relevant guidelines and with this Procedure.

## **Consulting and Research Expertise Unit (CoRE)**

(63) The Consulting and Research Expertise Unit is responsible for:

- a. Assisting staff in determining costing, developing budgets and negotiating market prices for consultancy contracts using the UQ Costing and Pricing Tool and ensuring compliance with this Procedure; and
- b. Reviewing consultancy budgets (for Type 2 consultancy in accordance with the [Consultancy Procedure](#)) for reasonability and compliance with this Procedure.

## **University Commercialisation Company**

(64) The University commercialisation company is responsible for managing research and consultancy contracts that have a direct connection to a commercialisation activity that they are carrying out. Accordingly, for such projects, the University commercialisation company is:

- a. Available to assist staff in determining costing, developing budgets and negotiating market prices for consultancy contracts; and
- b. Responsible for reviewing projects for reasonability and compliance with this Procedure and the [Consultancy Procedure](#).

## **Research Partnerships Managers**

(65) Research Partnerships Managers are responsible for:

- a. Providing researchers with advice on budgets for contract research using the UQ Costing and Pricing Tool and ensuring compliance with this Procedure;
- b. Discussing pricing with a potential industry partner; and
- c. Reviewing pre-award research contracts and tenders for compliance with relevant funding rules and with this Procedure.

## **Associate Directors, Enterprise Research Partnerships**

(66) Associate Directors, Enterprise Research Partnerships are responsible for:

- a. Negotiating partnership frameworks for university mission-driven research partnerships; and
- b. Providing advisory services for high value research partnerships at the enterprise level.

## **Head of Organisational Unit**

(67) The Head of Organisational Unit(s) is responsible for:

- a. Ensuring that the research has been appropriately priced in line with this Procedure; and
- b. Confirming cash and/or in-kind support from local area for the project as reflected in the application and/or agreement documentation.

(68) Where the Heads of Organisational Unit is the first named investigator, the senior officer to whom they report is responsible for the endorsement.

## **Researchers and Project Investigators**

(69) Staff responsible for undertaking research and consultancy projects are responsible for:

- a. Making all reasonable attempts to identify all direct costs and utilising the UQ Costing and Pricing Tool wherever

possible, to avoid project overspend and possible under-quoting of projects, and to make budget estimates as accurate as possible;

- b. Enlisting the help of the Research Office, Finance Advisory Professional Services Team, and other professional staff to assist in costing and pricing;
- c. Utilising the established UQ processes and the services of the Research Partnerships Managers and CoRE to negotiate, including pricing, research and consultancy contracts; and
- d. Ensuring project budgets and expenditure comply with specific rules set by the funding provider and relevant University policies and procedures.

## Section 5 - Monitoring, Review and Assurance

(70) The Deputy Vice-Chancellor (Research and Innovation) is responsible for continuously monitoring the effectiveness and application of this Procedure. The Deputy Vice-Chancellor (Research and Innovation) is responsible for the annual review of the indirect cost recovery rate.

## Section 6 - Recording and Reporting

(71) Wherever possible, all budgets for research and consultancy should be established and documented in the UQ Costing and Pricing Tool.

(72) The financial results and distribution of indirect costs relating to research and consultancy projects are recorded in the UniFi Financial System.

## Section 7 - Appendix

### Related Documents

(73) The [treatment of costs, margin and surplus for the different types of consultancy](#) is linked.

(74) A [diagram of Type 2 Standard Consultancy treatment](#) is linked. In the diagram:

- a. CPP means Consultancy Personal Payment.
- b. OU refers to Operational Unit.

(75) A [diagram of Contract Research](#) is linked.

### Definitions

| Term                 | Definition   |
|----------------------|--|
| Academic Consultancy | <p>Academic Consultancy involves services supplied for the dissemination of knowledge. This includes services such as honorariums; speaker fees; thesis reviews; grant reviews; journal editorships; allowances or stipends received while on Special Studies Program (SSP) from a host institution; reimbursement of travel costs; and participation on grant award and academic review panels.</p> <p>Further detail on Academic Consultancy is provided in the <a href="#">Consultancy Procedure</a>.</p> |
| Collaborator         | <p>A person, group or entity who works together on a project to generate new knowledge and achieve mutually beneficial research outcomes such as the generation of Intellectual Property, publications and HERDC benefits. The scope of the project would generally be designed collaboratively.</p>   |

| Term                         | Definition  |
|------------------------------|---|
| Commercial Entity            | Any corporation, partnership, limited partnership, proprietorship, sole proprietorship, firm, enterprise, franchise, or association that undertakes a commercial activity.  |
| Consultancy                  | <p>Consultancy can be generally defined as the provision of professional services based on existing knowledge.</p> <p>It entails the procurement/acquisition by external organisations of (a) skills and expertise of UQ staff and/or (b) access to UQ resources, equipment or facilities to work on a specific project with a specific end objective. It includes, without limitation professional services, expert opinion, advice, analysis, product development, product testing, general testing services, process development, and delivery of programs and courses to non-enrolled students. Where applicable, the external client would expect to own any intellectual property arising from the paid consultancy. Consultancy includes any work or services provided by UQ to an external party (e.g. industry, government or other organisations) in return for payment.</p> <p>Work with external organisations that might result in the "creation of new knowledge and/or the use of existing knowledge in a new and creative way so as to generate new concepts, methodologies and understandings" is defined as Research.</p> |
| Contract Price               | The total amount charged to industry partners or customers for undertaking contract research or consultancy activities.   |
| Contract Research            | Research commissioned by or negotiated with a funding provider via a non-competitive funding process.   |
| Funding Provider             | A party providing research funding, including but not limited to government, commercial, or other external entities.  |
| In-kind                      | Non-cash costs (direct and indirect) contributed by UQ (often the Chief Investigator salary costs and related indirect costs), and not included in the customer price.  |
| Margin                       | The percentage of funds that may be recovered by the operating unit on a Type 2 standard consultancy. The decision to recover margin may be made by the operating unit on an individual contract basis.   |
| Mark-up                      | The amount above direct and indirect costs that a commercial contract may be able to attract based on market forces.  |
| Market Price                 | <p>The commercial contract price that a consultancy or contract research project is able to command. The appropriate market price is influenced by many factors such as competition, the provision of intellectual property, risk, and the uniqueness of the expertise, infrastructure or personnel.</p> <p>Market Price = Direct Costs + Indirect Costs + Margin.</p>  |
| Non-commercial Entity        | Non-commercial entities are corporations, partnerships, proprietorships, firms, enterprises, franchises, or associations that do not undertake commercial activities.   |
| Projects                     | Collective term for research grants, contract research and consultancy.   |
| Research Grants              | Research activity(s) that is funded in response to an application into a competitive process that includes established rules and governance for the funding scheme. The funding provider of a research grant would not normally be a direct beneficiary of the research.  |
| Salary Loading               | A salary payment in addition to the base salary.  |
| Service Cost Recovery Charge | The calculated cost of administrative and support functions that facilitate the execution of research projects.   |
| Split Site Funding           | The process used by Financial Services to enable funds from a research grant to be allocated across UQ organisational units where appropriate.  |
| Subcontract                  | A contract for a person, group or entity to do work for another entity as part of a larger project. The party that is being subcontracted will retain its background IP and does not own new IP generated as a result of the project.   |
| Surplus                      | The funds left over after all direct and indirect costs have been recovered. It includes mark-up and academic salary.   |

| Term                                 | Definition  |
|--------------------------------------|---|
| Teaching Consultancy                 | Teaching Consultancy involves the delivery of programs, courses and professional development to non-enrolled student. Two types of Teaching Consultancy are recognised, as outlined in the <a href="#">Consultancy Procedure</a> .  |
| University commercialisation company | 1. JKTech Pty Ltd; or<br>2. UniQuest Pty Ltd.   |
| UQ Costing and Pricing Tool          | This tool calculates direct costs, indirect costs and margin in line with this Procedure, and personnel on-costs, salary indexation, and inflation for multi-year projects. Any in-kind or cash commitments must be included in the UQ Costing and Pricing Tool (available from the <a href="#">UQ Costing and Pricing Tool</a> website). The tool also allows market rates to be entered directly. |

## Status and Details

|                           |  |
|---------------------------|--|
| <b>Status</b>             | Historic   |
| <b>Effective Date</b>     | 15th November 2024   |
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| <b>Policy Owner</b>       | Sue Harrison<br>Deputy Vice-Chancellor (Research and Innovation) |
| <b>Enquiries Contact</b>  | Research Strategy and Performance                                |