

FINANCE – Office of Research Grants and Contracts

Preparing Your Research Project Budget

Kevin Goggin, Research Support Officer - Finance

**A TRADITION OF
INDEPENDENT
THINKING**



UCC

University College Cork, Ireland
Coláiste na hOllscoile Corcaigh

Agenda – Session 1

Contents:

- 1. Compliance! Compliance! Compliance!**
- 2. Pay Costs**
- 3. Equipment Costs**
- 4. Other Costs**
- 5. Direct Costs versus Indirect Costs / Overheads**
- 6. VAT**
- 7. Q & A**

Agenda

Contents:

1. Compliance! Compliance! Compliance!

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5. Direct Costs versus Indirect Costs

6. VAT

7. Q & A

1. Compliance! Compliance! Compliance!

Compliance with.....

1. Funding Body Rules & Guidelines:



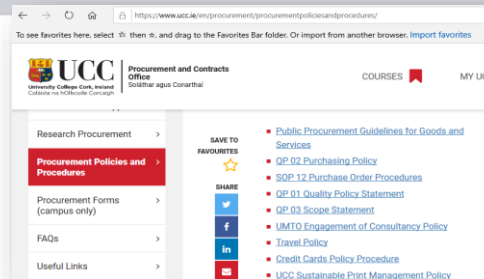
1. Compliance! Compliance! Compliance!

Compliance with.....

2. UCC Policies & Procedures:

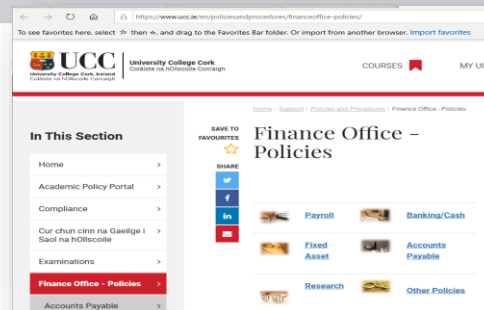
UCC
Procurement
Policies &
Procedures:

- https://www.ucc.ie/en/procurement/procurement_policiesandprocedures/



UCC Finance
Office Policies
& Procedures:

- <https://www.ucc.ie/en/policiesandprocedures/financeoffice-policies/>



1. Compliance! Compliance! Compliance!

Compliance with.....

3. Local regulatory compliance –Taxation and all Legal compliance:



1. Compliance! Compliance! Compliance!

Compliance with.....

4. UCC Research Support Services Procedures:

- When preparing a research project budget:
 - Research Support Services are always first point of contact and will co-ordinate your communication with Finance and any other departments, e.g. OCLA
 - Submit your budget for Research Finance Office review no later than **5 working days** pre-submission of application

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2. PAY Costs

UCC hires a staff member with an annual salary of €24,000 on the 01-JUL-2021. What will be the cost of that employee be to UCC for the 6 month period to 31-DEC-2021?

~~€24,000~~

€15,805

2. PAY Costs

Month	Salary:
Jul-21	2,000
Aug-21	2,000
Sep-21	2,000
Oct-21	2,020
Nov-21	2,020
Dec-21	2,020
Total	12,060



“Building Momentum”:

- 1% increase in Oct-2021
- 1% increase in Oct-2022

2. PAY Costs

Month	Salary:
Jul-21	2,000
Aug-21	2,000
Sep-21	2,000
Oct-21	2,020
Nov-21	2,020
Dec-21	2,020
Total	12,060

Employer's PRSI @ 11.05% of Salary:
221
221
221
223
223
223
1,333

Employer Pension Costs @ 20% of Salary:
400.0
400.0
400.0
404.0
404.0
404.0
2,412

Total:
2,621
2,621
2,621
2,647
2,647
2,647
15,805

2. PAY Costs

Multi Year Forecasts

- When considering multi-year forecasts what needs to be considered?
 - Known salary scale inflationary adjustments
 - Unknown salary scale inflationary adjustments
 - Staff member's starting point on scale
 - Annual pay scale movements

UCC are currently preparing a budget for a new Horizon Europe project of 5 year duration. The project will require the recruitment of a Research Assistant to work full time on the project. The projects is expected to commence on 01-OCT-2021. How much should we forecast for the Research Assistant Pay costs?

2. PAY Costs

Multi Year Forecasts

As staff member will commence post 01-OCT-2021 then the relevant scales from the UCC / IUA website should be used

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Guidelines for Contract Researchers Salary Scales										
Applicable from 1st October 2020										
Researchers Salary Scales (Applicable from 1st October 2020)*										
		GRAND TOTAL	Obligated contribution	Obligated contribution	Budget amount					
		Y	Z	AA	AB					
Contract 1		Contract 2	Contract 3	Contract 4	Annual Leave Budget 10%					
Researcher Salary Scales		Gross Salary (€)	Employer's PPS contribution (20% of G)	Employer's Pension (€) (20% of G)						
Research Assistant	LEVEL 1	Point 1	23,061	2,548	4,612	30,221	<p>and contract staff. In accordance with the Employment Control Framework, and in recognition of the fact that staff in contract research and other externally funded posts have entitlements to future pension benefits which is a deferred cost or liability for the Eschequer, any such new posts created or any renewal / renegotiation of existing contracts must include an employer's pension contribution charge of 20% of gross pay. This represents the estimated contribution required from the project funder, in addition to the employer's own personal pension contribution, to cover the deferred cost to the Eschequer of future pension entitlements.</p> <p>HOW MUCH SHOULD I PAY?</p> <p>The relevant scale will relate to the nature of the work. These are the TYPICAL qualifications/experience you would expect for this level of remuneration.</p> <p>Minimum of primary Degree in relevant discipline with title or no research experience.</p> <p>For higher points on scale secondary degree (Masters/PhD) and/or some research experience desirable.</p> <p>Level on scale dependent on funding availability and experience, and will also be market-driven and discipline-related.</p> <p>Consideration also needs to be given to government policy in respect of direct entry level grades and the application of a</p>			
		Point 2	24,056	2,658	4,811	31,525				
		Point 3	25,143	2,778	5,028	32,949				
		Point 4	25,885	2,858	5,173	33,897				
		Point 5	26,309	2,940	5,252	34,501				
		Point 6	27,074	3,025	5,475	35,574				
		Point 7	27,787	3,088	5,553	36,388				
		Point 8	28,928	3,157	5,714	37,439				
		Point 9	29,730	3,248	5,879	38,519				
		Point 10	30,448	3,342	6,040	39,630				
		Point 11	31,200	3,439	6,224	40,782				
		Point 12	32,001	3,503	6,340	41,544				
		Point 13	32,996	3,602	6,519	42,717				
		Point 14	33,362	3,685	6,670	43,707				
		Point 15	33,907	3,753	6,750	44,510				
		Point 16	34,930	3,860	6,988	45,776				
		Point 17	36,522	3,983	7,181	47,676				
Post-Doctorate Researcher	LEVEL 2	Point 1	38,830	4,269	7,708	50,807	Minimum of PhD or equivalent* research experience (including industrial PhD).			
		Point 2	39,386	4,200	7,527	51,263	Capable of independent research.			
		Point 3	41,005	4,513	8,206	53,783	Level on scale dependent on funding availability and experience, and will also be market-driven and discipline-related.			
		Point 4	42,200	4,683	8,440	55,363				
		Point 5	43,440	4,797	8,652	56,689				
		Point 6	44,657	4,935	8,931	58,524				
Research Fellow	LEVEL 3	Point 1	45,242	5,077	9,180	60,207	*EU defines PhD equivalent 4 years fulltime research after primary degree.			
		Point 2	47,264	5,223	9,453	61,940	Minimum of significant post-doctoral and/or industrial research experience.			
		Point 3	48,827	5,373	9,725	63,725	Level on scale dependent on funding availability and experience, and will also be market-driven and discipline-related.			
		Point 4	50,028	5,528	10,006	65,564				
Senior Research Fellow	LEVEL 4	Point 1	55,871	6,967	11,362	73,340	Minimum of very significant post-doctoral and/or industrial research experience.			
		Point 2	57,609	6,346	11,636	75,342	Record of post-graduate supervision, international collaboration and funding acquisition.			
		Point 3	59,887	6,530	11,819	77,447	Factor of research leadership and research management.			
		Point 4	60,914	6,720	12,063	79,697	Level on scale dependent on funding availability and experience, and will also be market-driven and discipline-related.			
Research Fellow	LEVEL 4	Point 1	63,000	7,502	13,570	84,070				
		Point 2	63,871	7,721	13,974	85,568				
		Point 3	70,932	7,835	14,462	92,799				
		Point 4	72,887	8,081	14,871	95,479				

Revised salary contribution scales reflect the Public Service Stability Agreement 2018-2020, issued by the Department of Public Expenditure and Reform.

HOW TO USE THE GUIDELINES

A. Decide on the level of experience you require for the research (Column 1) and at what level you would like to advertise the post (Column 2). Please ensure that you use the rates that will apply at the time of receipt of funding (see Page 2).

B. Allow for Annual Salary Scale point increases.

C. In general, additional ANNUAL costs to your budget will be employers PPS contribution and pension costs. The employer's PPS contribution is a deferred cost or liability for the Eschequer, any such new posts created or any renewal / renegotiation of existing contracts must include an employer's pension contribution charge of 20% of gross pay. You should contact your own university for information on the pension scheme for contract researchers.

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Guidelines | IUA Scales 1.01.19 | IUA Scales 1.09.19 | IUA Scales 1.01.20 | IUA Scales 1.10.20

The IUA website features current and future agreed pay scales

2. PAY Costs

Multi Year Forecasts

Guidelines for Contract Researchers Salary Scales					
Applicable from 1st October 2020					
Researchers Salary Scales (Applicable from 1st October 2020)*					
		GROSS SALARY	Obligatory contribution	Obligatory contribution	Budget amount
Column 1		2	Column 3	Column 3	Column 4
Researcher Salary Scales		Gross Salary/ annum (€)	Employer's PPSI @ 11.05% (€)	Employer's Pension @ 20% (€)	Annual cost to budget (€)
Research Assistant	Point 1	23,061	2,548	4,612	30,221
	Point 2	24,056	2,658	4,811	31,526
	Point 3	25,143	2,778	5,029	32,949
LEVEL 1	Point 4	25,865	2,858	5,173	33,897
	Point 5	26,609	2,940	5,322	34,871
	Point 6	27,374	3,025	5,475	35,874
	Point 7	27,767	3,068	5,553	36,388
	Point 8	28,569	3,157	5,714	37,439
	Point 9	28,398	3,248	5,879	38,519
	Point 10	30,242	3,342	6,048	39,633



The staff member will move up one point on the salary scale on each anniversary of the employment commencement date!

	Pay costs:	Inflation:	Inflated
Year 1	30,221	1%	30,523.21
Year 2	31,526	1%	32,159.67
Year 3	32,949	3%	34,276.84
Year 4	33,897	3%	36,320.94
Year 5	34,871	3%	37,364.59
	163,464		170,645.26
	Known Increase - "Building Momentum"		
	Unknown Increase - 3% Increase		



In the interest of prudence pay cost forecasts, where possible, should include a 3% year on year inflationary pay increase.

Note: For training purposes the above calculation has been simplified and does not take into account the "Building Momentum" clause where the annual pay increase is the lower of 1% or €500.

2. PAY Costs

Useful Links

- UCC Salary Scales (Non Research):
 - <https://www.ucc.ie/en/media/support/hr/paysbenefits/SalaryScalesJanuary2020Revised.pdf>
- UCC Research Salary Scales
 - <https://www.ucc.ie/en/media/support/hr/paysbenefits/ResearchSalaryScales01January2020.pdf>
- IUA -University Research Salary Scales/Guidelines (Reflecting known future increases):
 - <https://www.iua.ie/for-researchers/researcher-salary-scales-career-framework/>
- DCU Pay Cost Forecasting tool:
 - <https://salarycalculator.adaptcentre.ie/>

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3. Equipment Costs

UCC purchase a piece of laboratory equipment for €20,000 on 01-JAN-2021?
How much will be recorded as expenditure for the year to 30-DEC-2021?

~~€20,000~~

€4,000

3. Equipment Costs

Extract from “UCC Fixed Asset Policy & Procedures”:

4.6 In line with University sector norms and Irish GAAP¹, all fixed assets greater than €10,000 (incl. VAT) are depreciated on straight line basis using the following estimated useful lives:

↳ Freehold Land	Not Depreciated
↳ Freehold Buildings	50 Years
↳ Heritage	Not Depreciated
↳ Computer Equipment	3 Years
↳ Equipment – other (incl. Fixtures & fittings)	5 Years
↳ Motor Vehicle	5 Years

3. Equipment Costs

Depreciation versus Cash Flow

Equipment Cost:	
Cost of Asset	€20,000
Asset Category	Equipment - Other (Including Fixtures & Fittings)
Useful Life of Asset - Years	5
Date of Acquisition	01-Jan-21

Financial Year End.	Depreciation (5 Year Useful Life)	Cash Flow - Payment Made to Supplier:
2020	4,000	20,000
2021	4,000	-
2022	4,000	-
2023	4,000	-
2024	4,000	-
Total	20,000	20,000

Annual Depreciation:
 Cost of Asset (€20,000) divided by Useful Life of Assets (5 years)

Cash Flow Impact:
 The supplier of the assets is paid (€20,000) in full in the year of acquisition of the asset

NOTE: Research funding agencies may have Depreciation policies different to those of UCC and budgets & claims would have to be calculated accordingly

3. Equipment Costs

EU Horizon 2020 Example - Budget

- UCC are participating in a Horizon Europe project
- The project requires purchase of non-IT equipment costing €20,000
- The project will commence on 01-JAN-2021 and will be of a 5 year duration
- The budget assumes that the equipment required for the project will be acquired on the first day of the project
- The equipment was actually delivered to UCC with an accompanying invoice on 01-JUL-2021

3. Equipment Costs

EU Horizon 2020 Example - Budget

A	Cost of Asset	€20,000
B	Planned Start date of project	01-Jan-21
C	Planned End date of project	31-Dec-26
D	Duration of Project - Years	5
E	Duration of Project - Months	60
F	Monthly Depreciation (A / E)	€333.33

		Budget:	Actual:
A	# of months assets used in project	60	54
B	Monthly Depreciation	€333	€333
C	Value of Claim	€20,000	€18,000
D	Funding Shortfall	-€2,000	

€2,000 has been funded from alternative source, e.g. project overheads / departmental budget

3. Equipment Costs

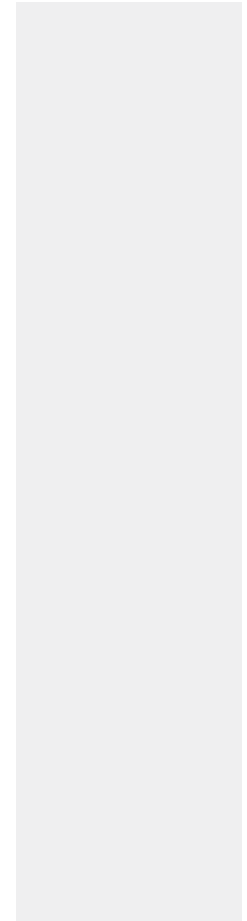
When to acquire an asset?

Key Message:

To maximise funds claimed from a funding authority be sure to purchase equipment as early as possible in the project life

3. Equipment Costs

- UCC Fixed Asset Policy & Procedures:
 - <https://www.ucc.ie/en/media/support/financeoffice/otherdocuments/FixedAssetPolicyProcedures2017.pdf>
UCC Fixed Asset Policy & Procedures:



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4. Other Costs

Ensure that all costs are included to ensure that project / activity can be completed successfully...subject to the eligibility rules of the funding agency!

Include but not limited to:

- Travel:
 - Refer to UCC policy for guidelines on rates to be applied, <https://www.ucc.ie/en/media/support/financeoffice/financialaccounting/TravelandExpensesPolicy-June2018.pdf>
- Consumables
- Dissemination, Publication and Open Access costs
- Audit Fees:
 - Is the research project subject to Audit? (e.g. H2020 projects with a claim value €325k are subject to audit. Guideline costs are €1,000 per project year but this can vary depending on the total claim value – Refer to finance for guidance on forecast value)
- Subcontractor Costs

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5. Direct Costs versus Indirect Costs

What are they?

"Indirect costs" / "Overheads" are costs which are necessary for implementing the project, but are not "directly" linked to it (because their share in the project cannot be exactly established).

Examples thereof are:

- Office of the Vice President for Research
- Computing
- Energy
- Cleaning
- Insurance
- Space
- Minor works
- Post
- Grounds
- Human Resources
- Finance
- Library
- Security
- Secretarial

In Research Projects
these costs can be
recovered, where
applicable/
allowable, via an
"Overheads" charge

5. Budgeting for Indirect Costs

Questions for Consideration

Key question:

How much “Overheads” (Indirect Costs) should I include in my budget / can I charge to a funding agency?

5. Direct Costs versus Indirect Costs

Questions for Consideration

1. How much “Overheads” (Indirect Costs) should I include in my budget / can I charge to a funding agency?

This will be determined by:

A. The rules determining what % can be earned and what are eligible costs to which this % can be applied, where applicable, as set out by the relevant funding authority, e.g. Horizon Europe = Normally 25% of “eligible” costs.

B. UCC Research Overheads Rates Policy
([https://www.ucc.ie/en/media/research/researchatucc/documents/OverheadRatesPolicy.FINAL\(1\).pdf](https://www.ucc.ie/en/media/research/researchatucc/documents/OverheadRatesPolicy.FINAL(1).pdf))

C. Parameters for determining overhead rate (30% to 100%):

1. Foreground IP Ownership
2. Partner – Enterprise type / size
3. Partner Licensing Terms
4. Desk Based versus Lab Based Research

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2. Pay Costs

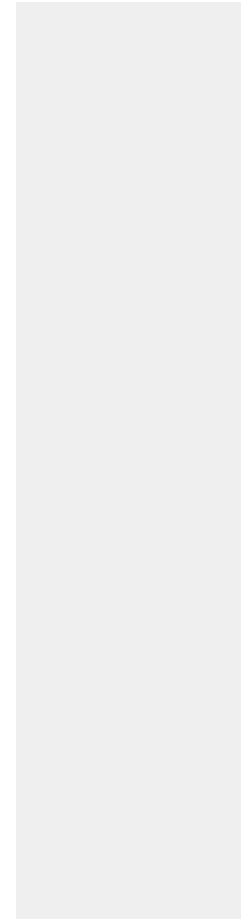
3. Equipment Costs

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6. VAT (Value Added Tax)

QUESTION?

Does the VAT status of my research project impact on the resources available to me?

YES!! It can impact...

1. the amount of research income available to fund project activities, and,
2. the value of expenses incurred in the project.

6. VAT (Value Added Tax)

If your project is.....	VATABLE	NON-VATABLE
Income	We must pay Irish Revenue VAT on Research Income generated	We do not pay Irish Revenue VAT on Research Income generated
Expenditure	We can reclaim VAT on expenditure incurred on a Research Project (i.e. Expenses are incurred NET of VAT)	We can reclaim VAT on expenditure incurred on a Research Project (i.e. Expenses are incurred inclusive of VAT)

6. VAT (Value Added Tax)

When are Research services Vatable – 6 Pointers?

1. Is there a direct link between the service provided and the consideration received?
2. Is there a legal relationship between the supplier and the recipient pursuant to which there is reciprocal performance and consideration passes from the funder to the researcher?
3. What type of research is being carried out?
4. Is the objective of the educational body carrying out the research to improve its standing in the research world or improve knowledge in a particular field?
5. Is the objective of the funder the production of specific results or deliverables, which could be commercially exploited, or the generation of knowledge in a general area of study or in the public interest?
6. Who gets ownership rights of the research outputs?

6. VAT (Value Added Tax)

- Revenue Guidelines on VAT for University Research Activities:
 - <https://www.revenue.ie/en/tax-professionals/tdm/value-added-tax/part03-taxable-transactions-goods-ica-services/Services/services-third-level-educational-bodies-research.pdf>

**VAT ISSUES / QUERIES – RESEARCH
SUPPORT SERVICES ARE FIRST POINT OF
CONTACT !!!!!**

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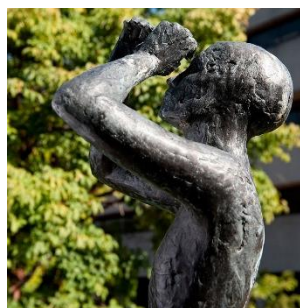
6. VAT

7. Q & A

Please e-mail any queries
to:

kevin.goggin@ucc.ie

BACK UP SLIDES



FINANCE – Office of Research Grants and Contracts

Research Support.....“Who,
What, Where, When?”

Kevin Goggin, Research Support Officer

A TRADITION OF
INDEPENDENT
THINKING



UCC

University College Cork, Ireland
Coláiste na hOllscoile Corcaigh

Who and where?

Main Finance Office, North Wing

Name	Role / Funding Body
Mary Cusack	Research Accountant
Caitriona Doyle	Deputy Research Accountant
Joanne O'Sullivan (On leave)	Assistant Deputy Research Accountant, EU, Enterprise Ireland Overhead Allocation
Kevin Goggin	Budget & Application Review, Horizon 2020 & Others
Margaret O'Connell	H2020 Reporting, Enterprise Ireland, Other EU
Caitriona O'Leary	Environmental Protection Agency, Marine Institute, International Funding
Lillian Guerin	Health Research Board, Irish Research Council
Erica Constant (On leave) – Rachel Murphy Coughlan covering	Environmental Protection Agency, Marine Institute, Enterprise Ireland, Irish Cancer Society

Who and where?

Main Finance Office, North Wing

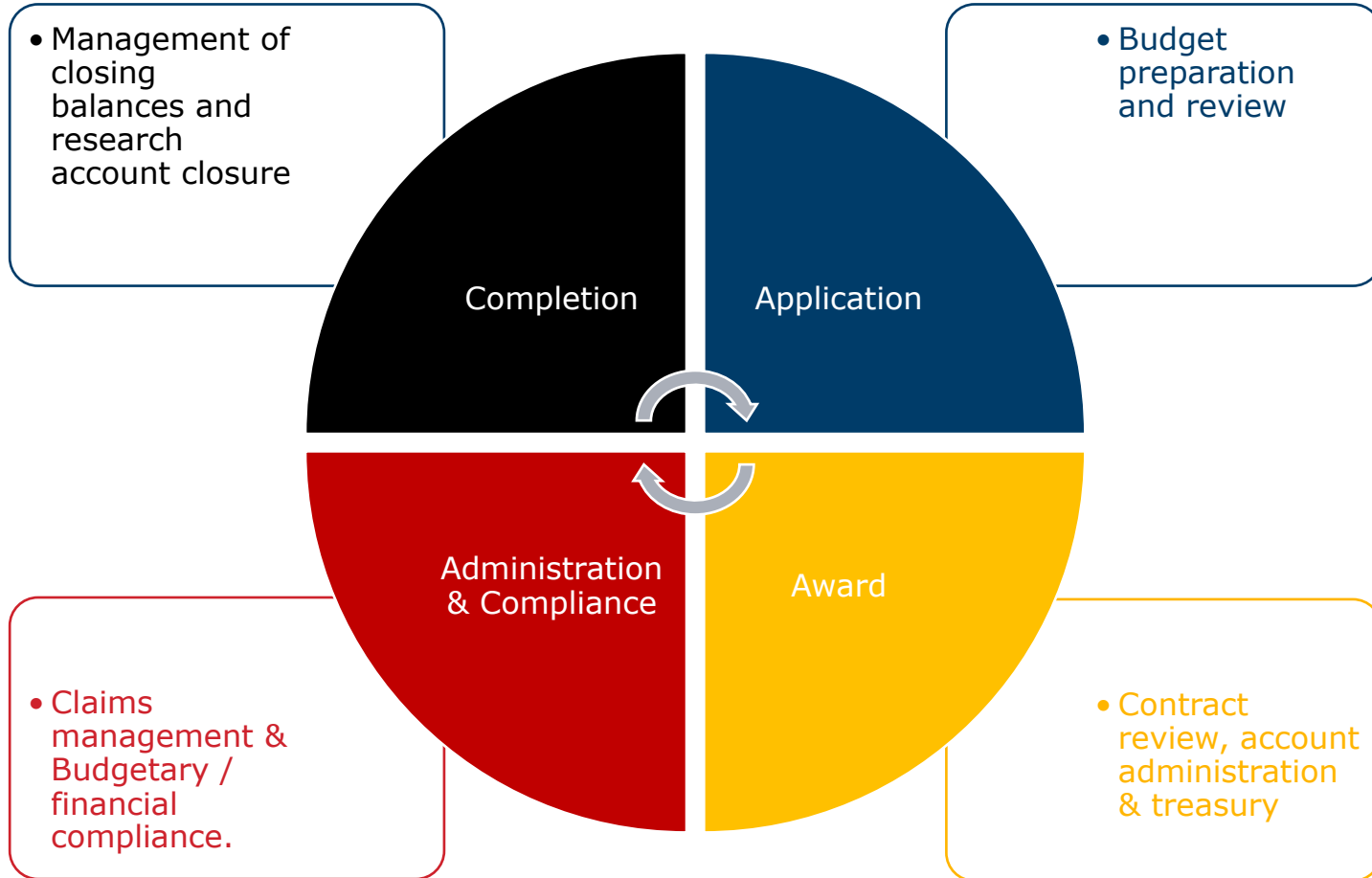
Name	Role / Funding Body
Fiona Young	Research Bank Accounts, Journal transfers
Catherine Donovan	Health Education Authority, Enterprise Ireland, Teagasc
Maeve Nagle	Grant Administration, Opening Research Accounts
Alice O'Leary	Research Expense Claims, Research Employment Contracts
Mary Aherne	Research Income, Invoicing & Debtors, VAT

Who and where?

Kane Building Annex - SFI

Name	Role / Funding Body
Sean Ahern	SFI Accountant
Tim O'Mahony	SFI Reporting
Roisin Campbell	SFI Centres
Conor Dowd	SFI Reporting
Rozy Gay	SFI Reporting

What?



What? : *Application*

Application

- Assist with budget preparation
- Review of proposed budgets prior to submission, reviewing for:
 - *Compliance*
 - *Completeness*
 - *Accuracy*
 - *Taxation status*

What? : *Award*

Award

- Financial review of legal agreement, e.g. Consortium Agreements, Sub-contract agreements
- Opening of research accounts (R-codes)
- Determine Overhead Distribution allocation %
- Set up project treasury processes

What? : *Administration & Compliance*

Administration
& Compliance

- Prepare research financial claims / invoices
- Allocate earned overheads
- Review / approve research expense claims
- Review / approve funding for research employment contracts
- Audit management / Liaison with external auditors
- Control research debtors and allocation of research income
- Management Reporting /Address internal & external ad hoc queries and requests

What? : *Completion*

Completion

- Prepare final research financial claims / invoices
- Accounting for any surplus / deficits on completed projects
- Closure of research accounts

When?

- Proposal / Application stage, with RSS co-ordination:
 - To request budget templates
 - To seek guidance on budget preparation
 - For review of budgets prior to submission....**but no later than 5 days prior to the application deadline**
- Claim / Invoice stage
- Requesting of budget reallocations
- Preparing research finance related information requests