Research Funding, Costing and Pricing Policy and Procedure

Section 1 - Preamble

(1) Charles Darwin University ('the University', 'CDU') is committed to the sustainable delivery of high-quality research.

(2) This policy sets out the requirements for costing and pricing, including indirect cost recovery and funding management, for all externally funded research and research-related activities under the auspices of the University.

Section 2 - Purpose

(3) The purpose of this policy is to:

a. Ensure all externally funded research and research-related activities are costed accurately, consistently and transparently, and that cost recovery is maximised where appropriate.
b. Clarify the roles and responsibilities associated with the costing, pricing, approval, management, distribution, and acquittal of external research funds.
c. Promote best-practice research funding management to strengthen the University's research sustainability and support the continued growth of its research capacity and impact.

Section 3 - Scope

(4) This policy applies to:

a. All University staff, students, visiting researchers and honorary or adjunct appointees undertaking externally-funded research and research-related activities under the auspices of the University.
b. Research management and faculty professional staff involved in supporting or administering externally funded research and research-related activities.
c. Institutional approving delegates responsible for reviewing, endorsing or authorising externally funded research proposals, budgets, and reporting.

(5) This policy applies to research and research-related activities where the University is in receipt of research funding or making a cash or in-kind contribution, whether as the lead institution or as a partner organisation, including but not limited to competitive research grants, contract research and tendered research projects funded by an external body.

(6) Research conducted under the auspices of the Menzies School of Health Research is subject to that School's policies and procedures.

This policy document may be varied, withdrawn or replaced at any time. Printed copies, or parts thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of staff printing this document to always refer to the Governance Document Library for the latest version.

Section 4 - Policy

(7) All externally funded research and research-related activities must be costed and priced on a full-cost basis, including all direct and indirect costs, and an applicable margin where relevant.

(8) Research pricing must reflect the full cost of delivery, comply with competitive neutrality principles, and support the University's financial sustainability.

(9) Project costings must be reviewed and approved in accordance with the financial delegations in the Delegations Register.

(10) Indirect cost recovery is mandatory, except where:

a. funder requirements explicitly prohibit or limit overheads/infrastructure levy; or
b. a waiver has been approved by the appropriate delegate.

(11) Variations to the standard indirect cost rate may only be approved by an authorised officer according to the Delegations Register.

(12) Any unrecovered indirect costs must be recognised as an institutional in-kind contribution.

(13) A margin should be applied to commercial or contract research to manage risk and support strategic reinvestment.

(14) Recovered indirect costs and margin funds must be used to support any of the following, as determined by the appropriate delegate:

a. research infrastructure;
b. capacity/capability development; or
c. strategic research priorities.

(15) Aside from exceptional circumstances that demonstrate a significant return on investment to the University, projects that require a University cash or in-kind contribution without bringing external funding to CDU are not permitted. Any exceptions must be costed, approved and recorded in line with this policy and applicable funding requirements.

(16) Where funder requirements conflict with this policy, funder rules take precedence.

Section 5 - Procedure

(17) The CDU lead investigator must:

a. submit all applications for externally funded research and research-related activities applications through the University's research information system; and
b. prepare project costings using the current CDU Costing Sheet template (available at the Applying for funding Waterhole page), which calculates direct costs, indirect costs, applicable margins and allocates indirect costs between the University Central and Faculty/research institute.

(18) The CDU Costing Sheet template and underlying rates must be regularly reviewed in consultation with Finance, and approved by an authorised officer according to the Delegations Register.

(19) Project costings must be prepared in consultation with the relevant Faculty or research institute finance officer and management accountant to ensure accuracy and alignment with the University's financial requirements.

(20) Any exemptions or adjustments must be documented and approved by the appropriate delegate, with written evidence of the approval uploaded to the University's research information system.

(21) Prior to submission to the funder, applications must be reviewed by Research and Innovation and approved by the appropriate delegate in accordance with the Delegations Register.

Indirect Cost Recovery

(22) Indirect cost recovery must be applied at 30% of direct costs unless explicitly restricted by funding guidelines. The recovered amount will be allocated as 15% to University Central and 15% to the Faculty or research institute.

(23) Any waivers or adjustments to indirect cost recovery must be approved by the relevant authorised officer according to the Delegations Register.

a. Waivers of the Faculty portion of indirect cost recovery may be granted for projects that are strategically important, strengthen key client relationships, enhance competitive positioning or demonstrate a significant return on investment.
b. Waivers may also be sought in instances where it is not appropriate to apply overheads/infrastructure levy (e.g. for projects funded by small not for profits companies).
c. Waivers of the University Central portion will only be considered in exceptional circumstances.

Margin for Reinvestment

(24) A margin must be considered for commercial or contract research activities.

(25) Margins must consider project complexity, risk, market value and strategic benefit.

(26) A margin is applied only after full direct costs and indirect costs (30%) have been applied.

(27) The allocation of a margin is conditional on all project costs, including staff time, being fully and accurately costed. Uncosted (in-kind) staff contributions are not permitted where a margin is applied.

(28) The relevant approving delegate must review and confirm that costings, including staff time allocations, are appropriate and consistent with the project scope prior to approval.

(29) The total margin amount is allocated to the relevant research account of the researcher/research team responsible for the project.

(30) Margin funds must be used to support research-related activities and infrastructure, enhancing research capacity, capability and strategic outcomes.

Post-Award Management

(31) Project funds must be used only for approved purposes.

(32) Any changes or reallocation of funds:

a. must align with any applicable funding requirements; and
b. may require a formal variation approved by the appropriate delegate in accordance with the Delegations Register.

(33) Direct costs will be reimbursed to the relevant cost code where the expenditure is incurred.

(34) Funding that requires acquittal must be allocated to a restricted cost code. Non-acquittable funds are allocated to the relevant cost code as advised by the Faculty/management accountant.

(35) At the end of each financial year, unspent funds including rollover funds must be managed in accordance with the funding agreement and/or in consultation with Research and Innovation, Faculty appropriate delegate, Finance and/or management accountant.

(36) Any project surplus, after all approved direct costs, indirect costs and applicable margin have been applied, must be managed in accordance with the funding agreement and/or in consultation with Research and Innovation, Faculty appropriate delegate, Finance and/or management accountant. Where permitted by the funder, residual funds remaining after project closeout will be retained by the University and transferred to the researcher/research team's research support account, and must be used to support future research activities, research infrastructure or strategic initiatives.

(37) At project completion, all required financial and milestone reports must be submitted in accordance with the funding agreement. Finance and ORI will reconcile accounts, confirm indirect cost recovery and margin allocation, and close relevant cost codes. No further expenditure may be charged after closeout.

(38) Any project deficit must be recovered from the relevant faculty operating budget, taking into account the indirect cost recovery and margin applied to the project.

(39) Indirect cost recovery and any approved margin must be used to support any of the following, in accordance with University priorities and as determined by the appropriate delegate:

a. research infrastructure;
b. capability development; or
c. strategic initiatives.

Roles and responsibilities

Lead investigator (CI) or delegate

(40) Develop project budgets and costings in collaboration with Faculty, Research and Innovation, and Finance to ensure accuracy, completeness and alignment with this policy, full cost recovery principles and funding requirements.

(41) Ensure project budgets include all allowable direct and indirect costs and any applicable margin and that costing sheets are accurate, complete, and updated as required through the project lifecycle.

(42) Obtain approval for any waiver or reduction of indirect cost recovery.

(43) Monitor expenditure and manage the project budget to ensure funds, including margin, are used in accordance with the approved budget and funding purpose.

(44) Ensure compliance with funding agreements and University governance documents.

Faculty Pro Vice-Chancellor or delegate

(45) Ensure staff are aware of and trained in this policy.

(46) Review and support the development of project budgets and costings, in collaboration with the lead investigator, Research and Innovation, and Finance, to ensure accuracy, completeness and alignment with Faculty priorities and resourcing.

(47) Approve/not approve project costings to maximise full cost recovery.

(48) Review and approve/not approve the Faculty portion of indirect cost recovery waivers.

(49) Manage the Faculty allocation of indirect cost recovery funds.

(50) Ensure appropriate oversight of project expenditure, in collaboration with Research and Innovation, in line with approved budgets and funding purpose.

Research & Innovation

(51) Maintain and update this policy and the University Costing Sheet template, and provide guidance and training on their use.

(52) Ensure externally funded research applications are appropriately recorded in research management/information systems and submitted for approval in accordance with the Delegations Register.

(53) Review and support the development of project budgets and costings, in collaboration with the lead investigator, Faculty and Finance, to ensure accuracy, completeness and alignment with this policy and funding requirements.

(54) Review and coordinate execution of research contracts, in accordance with the Legal Agreements Policy and Procedure and the Delegations Register, to ensure agreed project costing and funding arrangements are accurately reflected and documented.

(55) Request cost code creation and oversee post-award activities, including milestones tracking, invoicing, financial compliance, acquittals, and reporting in collaboration with Finance/management accountant.

(56) Manage institutional reporting requirements for research income, including HERDC, in accordance with Australian government reporting requirements.

(57) Ensure accurate HERDC category specification and classification of research income in line with Australian Government HERDC guidelines.

Finance (CFO or delegate)

(58) Review and approve/not approve the Central portion of indirect cost recovery waivers.

(59) Manage the Central allocation of indirect cost recovery funds.

(60) Review and support the development of project budgets and costings, in collaboration with the lead investigator, Faculty and Research Innovation, to ensure accuracy, completeness and alignment with approved rates and financial requirements.

(61) Create or allocate cost codes for externally funded research activities.

(62) Prepare financial acquittals in collaboration with Research and Innovation to ensure compliance with funding requirements. Provide financial data and support for HERDC and other institutional reporting requirements.

Section 6 - Non-Compliance

(63) Non-compliance with governance documents is considered a breach of the Code of Conduct - Employees or the Code of Conduct - Students, as applicable, and is treated seriously by the University. Reports of concerns about non-compliance will be managed in accordance with the applicable disciplinary procedures outlined in the Charles Darwin University and Union Enterprise Agreement 2025 and the Code of Conduct - Students.

(64) Complaints may be raised in accordance with the Complaints and Grievance Policy and Procedure - Employees and Complaints Policy - Students.

(65) All staff members have an individual responsibility to raise any suspicion, allegation or report of fraud or corruption in accordance with the Fraud and Corruption Control Policy and Whistleblower Reporting (Improper Conduct) Procedure.

Status and Details

Status	Current
Effective Date	16th June 2026
Review Date	16th June 2027
Approval Authority	Vice-Chancellor
Approval Date	10th June 2026
Expiry Date	Not Applicable
Responsible Executive	Ksenia Sawczak Director Research
Implementation Officer	Fransisca Tenorio Associate Director Research Funding, Strategy & Compliance
Enquiries Contact	Fransisca Tenorio Associate Director Research Funding, Strategy & Compliance

Glossary Terms and Definitions

"University" - Charles Darwin University, a body corporate established under section 4 of the Charles Darwin University Act 2003. The University is comprised of the various faculties, CDU TAFE, organisational units, and formal committees, including the governing University Council and Academic Board.

"Governance document" - means policy or procedure published in the Governance Document Library. Policies and procedures are collectively called 'governance documents' and are often referred to as 'policy' or 'University policy'.

"Research grant" - Competitively awarded funding provided by government agencies, industry partners, philanthropic organisations or other external bodies to support research activities. Research grants generally require submission of a formal proposal, assessment through a competitive process and compliance with funder rules and reporting requirements.

"Contract research" - Research commissioned by an external organisation under a negotiated agreement that specifies deliverables, timelines and payment schedules. Contract research is typically fully costed and may be commercial in nature, and can also include consultancy activities where specialised advice or expertise is provided.

"Tendered research project" - Research projects secured through a formal tender or procurement process, where the University submits a competitively priced bid responding to defined requirements and deliverables.

"Direct cost" - Costs that can be directly attributed to a research project, including salaries, on-costs (e.g. superannuation, payroll tax, workers compensation, etc.), consumables, equipment, travel and subcontractors. Direct costs may also include a proportion of costs for support staff where their contribution is directly attributable and necessary for project delivery.

"Indirect cost" - Costs incurred by the University in supporting research activity that are not attributable to a specific project, including central administration, infrastructure, facilities, utilities, insurance, finance, IT support and library resources. Also referred to as 'overheads' or 'infrastructure levy'.

"Margin" - An additional percentage applied to projects (generally commercial or contract research) to provide discretionary funds for reinvestment.

"Project deficit" - A shortfall that occurs when the total expenditure on a research project exceeds the total funding received.

"Surplus" - Funds remaining after all direct and indirect costs and any approved margin have been recovered.

"HERDC" - Higher Education Research Data Collection. The Australian government's annual collection of data on research income, publications and higher degree by research activity, as specified in the Department of Education HERDC Specifications.