

FINANCE – Office of Research Grants and Contracts

Preparing Your Budget

Kevin Goggin, Research Support Officer

**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

6. VAT

7. Q & A

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1. Compliance! Compliance! Compliance!

Compliance with Funding Body Rules & Guidelines



1. Compliance! Compliance! Compliance!

Compliance with Funding Body Rules & Guidelines



An Roinn Tithíochta,
Rialtais Áitiúil agus Oidhreachta
Department of Housing,
Local Government and Heritage



An Roinn Turasóireachta, Cultúir,
Ealaíon, Gaeltachta, Spóirt agus Meán
Department of Tourism, Culture,
Arts, Gaeltacht, Sport and Media



1. Compliance! Compliance! Compliance!

General Cost Eligibility Rules - Will vary by funder

1. Costs must be actually incurred by the beneficiary
2. They must be incurred during the period of the project as set out in the grant agreement (*exceptions may apply to costs relating to final report*)
3. They must be declared under the budget categories as set out in the grant agreement
4. They must be incurred in connection with the action description and be necessary for its implementation.
5. They must be identifiable and verifiable and compliant with accounting standards

1. Compliance! Compliance! Compliance!

General Cost Eligibility Rules

6. They must comply with the national laws relating to taxes, labour and social security
7. They must be reasonable and justified and compliant with UCC Procurement guidelines.

1. Compliance! Compliance! Compliance!

Compliance with.....

2. UCC Policies & Procedures...including but not limited to:

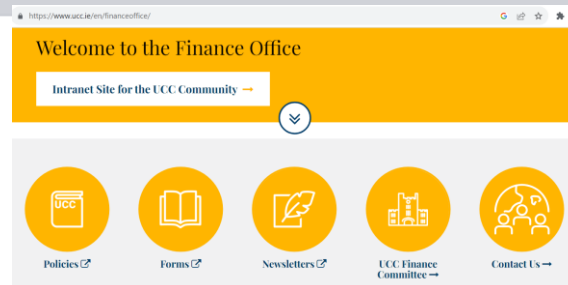
UCC
Procurement
Policies &
Procedures:

- <https://www.ucc.ie/en/procurement/>



UCC Finance
Office Policies
& Procedures:

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



1. Compliance! Compliance! Compliance!

Compliance with.....

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



1. Compliance! Compliance! Compliance!

Compliance with.....

4. UCC Research Procedures:

- “UCC Research” are always the main point of contact
- Call Documentation / Programme Guidelines – Eligible cost rules
 - Interpret and understand:
 - What costs can be claimed
 - How costs are calculated
 - Is there an allowance to claim indirect costs / overheads
 - What amount / % of costs are reimbursed / **Is match funding required?**
- Submit your budget for review no later than **5 working days** pre-submission of application

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2. PAY Costs

QUESTION?

UCC recruited a staff member in late 2023 with an annual salary as per IUA salary scales of €40,000. The staff member commenced employment on 01-JAN-2024. What will be the total pay cost of that employee be to UCC for the 12-month period to 31-DEC-2024?

€54,387

2. PAY Costs

Salary Calculation

PAY Cost Forecast:	
Commencement Date	01-Jan-24
Employee Salary	40,000

Month	Salary:
Jan-24	3,427
Feb-24	3,427
Mar-24	3,427
Apr-24	3,427
May-24	3,427
Jun-24	3,461
Jul-24	3,461
Aug-24	3,461
Sep-24	3,461
Oct-24	3,503
Nov-24	3,503
Dec-24	3,503
Total	41,490

3.1 Pay Adjustments

3.1.1 This Chapter sets out the agreed approach to public service pay for the period 1 January 2024 to 30 June 2026.

3.1.2 The following pay adjustments will apply over the lifetime of this agreement:

2024

- A general round increase in annualised basic salary for all public servants of 2.25% or €1,125, whichever is greater, on 1 January 2024.
- A general round increase in annualised basic salary for all public servants of 1% on 1 June 2024.
- A general round increase in annualised basic salary for all public servants of 1% or €500, whichever is greater, on 1 October 2024.

2025

- A general round increase in annualised basic salary for all public servants of 2% or €1,000, whichever is greater, on 1 March 2025.
- A general round increase in annualised basic salary for all public servants of 1% on 1 August 2025.

2026

- A general round increase in annualised basic salary for all public servants of 1% or €500, whichever is greater, on 1 February 2026.
- A general round increase in annualised basic salary for all public servants of 1% on 1 June 2026.

2. PAY Costs

Incremental Employer Pay Costs

PAY Cost Forecast:	
Commencement Date	01-Jan-24
Employee Salary	40,000

Month	Salary:	Employer's PRSI @ 11.05% / 11.15% of Salary:
Jan-24	3,427	379
Feb-24	3,427	379
Mar-24	3,427	379
Apr-24	3,427	379
May-24	3,427	379
Jun-24	3,461	382
Jul-24	3,461	382
Aug-24	3,461	382
Sep-24	3,461	382
Oct-24	3,503	401
Nov-24	3,503	387
Dec-24	3,503	387
Total	41,490	4,599

As per the PRSI Roadmap which has been agreed by Government, there will be incremental increases in all classes of PRSI (employer, employee and self-employed) over the coming years. These increases will support the retention of the State Pension Age at 66. They are as follows:

- 2024: 0.1 percentage points
- 2025: 0.1 percentage points
- 2026: 0.15 percentage points
- 2027: 0.15 percentage points
- 2028: 0.2 percentage points

2. PAY Costs

Incremental Employer Pay Costs

PAY Cost Forecast:	
Commencement Date	01-Jan-24
Employee Salary	40,000

Month	Salary:	Employer's PRSI @ 11.05% / 11.15% of Salary:	Employer Pension Costs @ 20% of Salary:	Total:
Jan-24	3,427	379	685.4	4,491
Feb-24	3,427	379	685.4	4,491
Mar-24	3,427	379	685.4	4,491
Apr-24	3,427	379	685.4	4,491
May-24	3,427	379	685.4	4,491
Jun-24	3,461	382	692.3	4,536
Jul-24	3,461	382	692.3	4,536
Aug-24	3,461	382	692.3	4,536
Sep-24	3,461	382	692.3	4,536
Oct-24	3,503	401	700.6	4,605
Nov-24	3,503	387	700.6	4,591
Dec-24	3,503	387	700.6	4,591
Total	41,490	4,599	8,298	54,387

2. PAY Costs

Multi Year Forecasts

- When considering multi-year forecasts what needs to be considered?
 - Know salary scale adjustments
 - Unknown salary scale adjustments
 - Annual pay scale movements

QUESTION?

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-Jan-2025. How much should we forecast for the Research Assistant Pay costs?

2. PAY Costs

Multi Year Forecasts

As staff member will commence post 01-JAN-2025 then the relevant scales from the UCC / IUA website should be used

	A	B	C	D	E	F	G
1	Guidelines for Contract Researchers Salary Scales						
2	Applicable from 1st October 2024						
3	Researcher Salary Scales (Applicable from 1st October 2024)						
4			GROSS SALARY	Obligatory contribution	Obligatory contribution	Budget amount	
5	<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 3</i>	<i>Column 4</i>		
6	Researcher Salary Scales		<i>Gross Salary/ annum (€)</i>	<i>Employer's PRSI @ 11.15% (€)</i>	<i>Employer's Pension @ 20% (€)</i>	<i>Annual cost to budget (€)</i>	
7							
8	Research Assistant	Point 1	31,962	3,564	6,392	41,918	
9		Point 2	32,782	3,655	6,556	42,994	
10		Point 3	33,203	3,702	6,641	43,545	
11		Point 4	34,062	3,798	6,812	44,673	
12		Point 5	34,945	3,896	6,989	45,831	
13		Point 6	35,856	3,998	7,171	47,025	
14		Point 7	36,796	4,103	7,359	48,258	
			Salary Scales 01.03.25	Salary Scales 01.08.25	Salary Scales 01.08.25	Salary Scales 01.08.25	

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 2024						
Researcher Salary Scales (Applicable from 1st October 2024)						
Column 1	Column 2	Column 3	Column 3	Column 4		
GROSS SALARY	Obligatory contribution	Obligatory contribution	Budget amount			
Gross Salary/ annum (€)	Employer's PRSI @ 11.15% (€)	Employer's Pension @ 20% (€)	Annual cost to budget (€)			
Research Assistant	Point 1	31,962	3,564	6,392	41,918	
	Point 2	32,782	3,655	6,556	42,994	
	Point 3	33,203	3,702	6,641	43,545	
	Point 4	34,062	3,798	6,812	44,673	
	Point 5	34,945	3,896	6,989	45,831	
	Point 6	35,856	3,998	7,171	47,025	
	Point 7	36,796	4,103	7,359	48,258	

Pay costs:	
Year 1	41,918
Year 2	42,994
Year 3	43,545
Year 4	44,673
Year 5	45,831
Total	218,960

In the interest of prudence pay cost forecasts, where eligible, should include a 4% year on year inflationary pay increase.

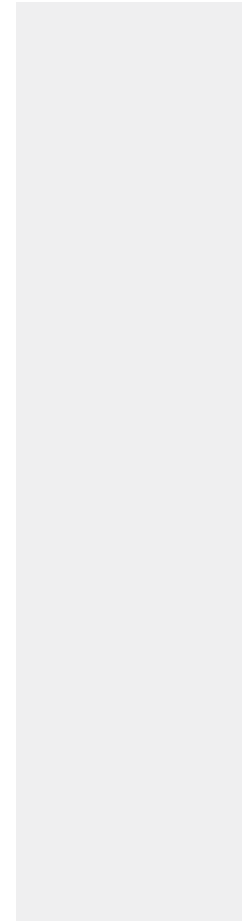
The staff member will move up one point on the salary scale on each anniversary of the employment commencement date!

	Pay costs:	Contingency for 4% year on year salary increase:
Year 1	41,918	41,918
Year 2	42,994	44,714
Year 3	43,545	47,099
Year 4	44,673	50,251
Year 5	45,831	53,615
Total	218,960	237,596

2. PAY Costs

Useful Links

- UCC Salary Scales (Research & Non Research):
 - <https://www.ucc.ie/en/hr/salaryscales/>
- 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

Depreciation versus Invoicing / Cash Flow

UCC purchase a piece of laboratory equipment for €20,000 on 01-OCT-2023?
How much will be recorded as expenditure in UCC's financial statements for the period to 30-SEP-2024?

€4,000

3. Equipment Costs

Depreciation versus Invoicing / 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-Oct-23

Financial Year Ended 30th September....	Depreciation (5 Year Useful Life)	Cash Flow - Payment Made to Supplier:
2024	4,000	20,000
2025	4,000	-
2026	4,000	-
2027	4,000	-
2028	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: Depreciation method applies to some funding agencies, e.g. EU, EPA & SEAI. Other funding agencies may have Depreciation / Equipment cost claim rules, e.g. Allow to claim full purchase price of equipment, so budgets & claims would have to be calculated accordingly.

3. Equipment Costs

Extract from “UCC Fixed Asset Policy & Procedures”:

4.3 In this regard, for all assets with a value greater than **€10,000 (incl. VAT)** the University has developed a centrally maintained consolidated Fixed Asset Register (FAR) module in Agresso to meet custodial obligations, for internal control and insurance purposes. For all assets less than €10,000 a local register must be maintained at departmental/research centre. The maintenance of such a register of fixed assets should be in line with the scheme laid out in the [Recording of Fixed Assets](#).

Type:	Time:
Freehold Land	Not Depreciated
Freehold Buildings	50 years
Building Upgrades	20 years
Heritage	Not Depreciated
Computer Equipment	3 years
Equipment – other (incl. Fixtures & fittings)	5 years
Motor Vehicle	5 years

UCC Depreciation policy is currently under review, we expect useful life of IT Equipment / Other Equipment to increase versus current policy.

3. Equipment Costs

EU Horizon Europe Example - Budget

- UCC are participating in an EU Horizon Europe funded project
- The project requires purchase of non-IT equipment costing €20,000
- The project will commence on 01-JAN-2024 and will be of a 5 year duration
- The budget assumes that the equipment required for the project will be acquired and out in use on the first day of the project
- The equipment was delivered to UCC with an accompanying invoice on 01-OCT-2024

3. Equipment Costs

EU Horizon Europe Example - Budget

A	Cost of Asset	€20,000
B	Planned Start date of project	01-Jan-24
C	Planned End date of project	31-Dec-28
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	51
B	Monthly Depreciation	€333	€333
C	Value of Claim	€20,000	€17,000
D	Funding Shortfall	-€3,000	

€3,000 has be funded from alternative source, e.g. project overheads / departmental budget

3. Equipment Costs

When to acquire an asset?

Key Message:

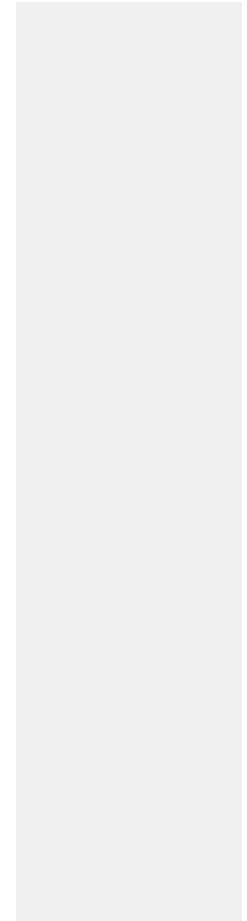
To maximise funds when claims are based on Depreciation, be sure to purchase equipment as early as possible in the project life.

3. Equipment Costs

Useful Links

- UCC Fixed Asset Policy & Procedures:

<https://uccireland.sharepoint.com/sites/FinanceOfficeCapitalAccounting/SitePages/Fixed%20Asset%20Policy%20Procedure.aspx#1.-purpose>



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4. Other Costs

Ensure that costs of all direct resources required are included in the budget, including but not limited to:

1. Subcontracting

2. Travel & Expenses

- *Forecast values in compliance with the UCC policy, <https://uccireland.sharepoint.com/sites/accounts-payable-ucc/SitePages/Travel-%26-Expenses-Policy.aspx>*

3. Consumables, including equipment <€10,000

4. Dissemination, Publication & Open Access Costs

5. Audit Fees

- *E.g. In Horizon Europe a certificate on the financial statements is required when the EU contribution to a project \geq €430,000*

4. Other Costs

Subcontracts vs. Contracts to purchase goods, works & services

Article 10 Contracts to purchase goods, works or services	Article 13 Subcontracts
These contracts do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.	Subcontracts concern the implementation of action tasks; they imply the implementation of specific tasks which are part of the action and are described in Annex 1.
Do not have to be indicated in Annex 1.	Must be indicated in Annex 1.
The price for these contracts will be declared as 'other direct costs' — column D in Annex 2 — in the financial statement; they will be taken into account for the application of the flat-rate for indirect costs.	The price for the subcontracts will be declared as 'direct costs of subcontracting' — column B in Annex 2 — in the financial statement; they will not be taken into account for the application of the flat-rate for indirect costs.

Subcontracts

Subcontracting – EU Guidance:

A project action task that will be completed by a third party who:

1. Works independently. The contract is based on business conditions, subcontractors are not directly supervised by the beneficiary, no access to IPR.
2. Must be mentioned, estimated and justified in the application. If not, cost can be rejected.
3. Subcontractors must be bound by certain requirements of the EC (e.g. subcontractors may also be audited!)
4. Must be appointed in compliance with UCC Procurement policies and procedures.

Addition of subcontractors after a grant agreement has been signed requires a grant amendment.

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5. Direct Costs versus Indirect Costs

What are they?

"Indirect costs" 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

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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6. VAT (Value Added Tax)

When are Research services Vatable?

Academic research is carried out in educational establishments by students and lecturers to enhance or expand learning and is in many cases an integral part of education. The supply of research services by educational bodies is subject to VAT only in certain circumstances. This guidance aims to assist educational bodies in determining what constitutes the supply of taxable research.

Activities not regarded as exempt educational activities

- management and IT consultancy and business process advice
- collection, recording, collation, analysis and interpretation of statistics
- market research and opinion polling
- writing computer software
- testing and analysis of materials, components and processes.

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>

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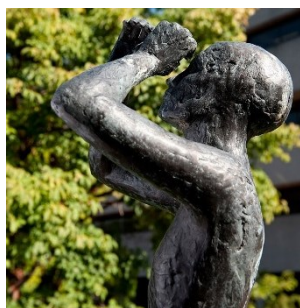
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6. VAT

7. Q & A

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
Caitriona Doyle	Research Accountant (Interim)
Open Position	Deputy Research Accountant
Joanne O'Sullivan	Assistant Deputy Research Accountant – Financial Support & Grant Administration EU H2020 / HE, Enterprise Ireland Overhead
Kevin Goggin	Research Support Officer – EU & HE Budget applications
Margaret O'Connell	Research Support Officer – EU & HE Budget claims
Caitriona O'Leary	Financial Support & Grant Administration – Marine Institute, SEAI, CFF
Lillian Guerin	Financial Support & Grant Administration – IRC / HRB
Erica Constant	Financial Support & Grant Administration – EU, EPA, Wellcome Trust, Cancer Research

Who and where?

Main Finance Office, North Wing

Name	Role / Funding Body
Maria Buckley	Research Bank Accounts / Payments, Journal transfers
Catherine Donovan	Financial Support & Grant Administration – Enterprise Ireland, Teagasc, HEA
Maeve Nagle / Robert Buckley	Grant Administration
Open Position	Research Employment Contracts
Mary Aherne	Research Income, Invoicing & Debtors, VAT
Ger Aherne	Research expenses and hourly payroll
Open Position	Grant administration

Who and where?

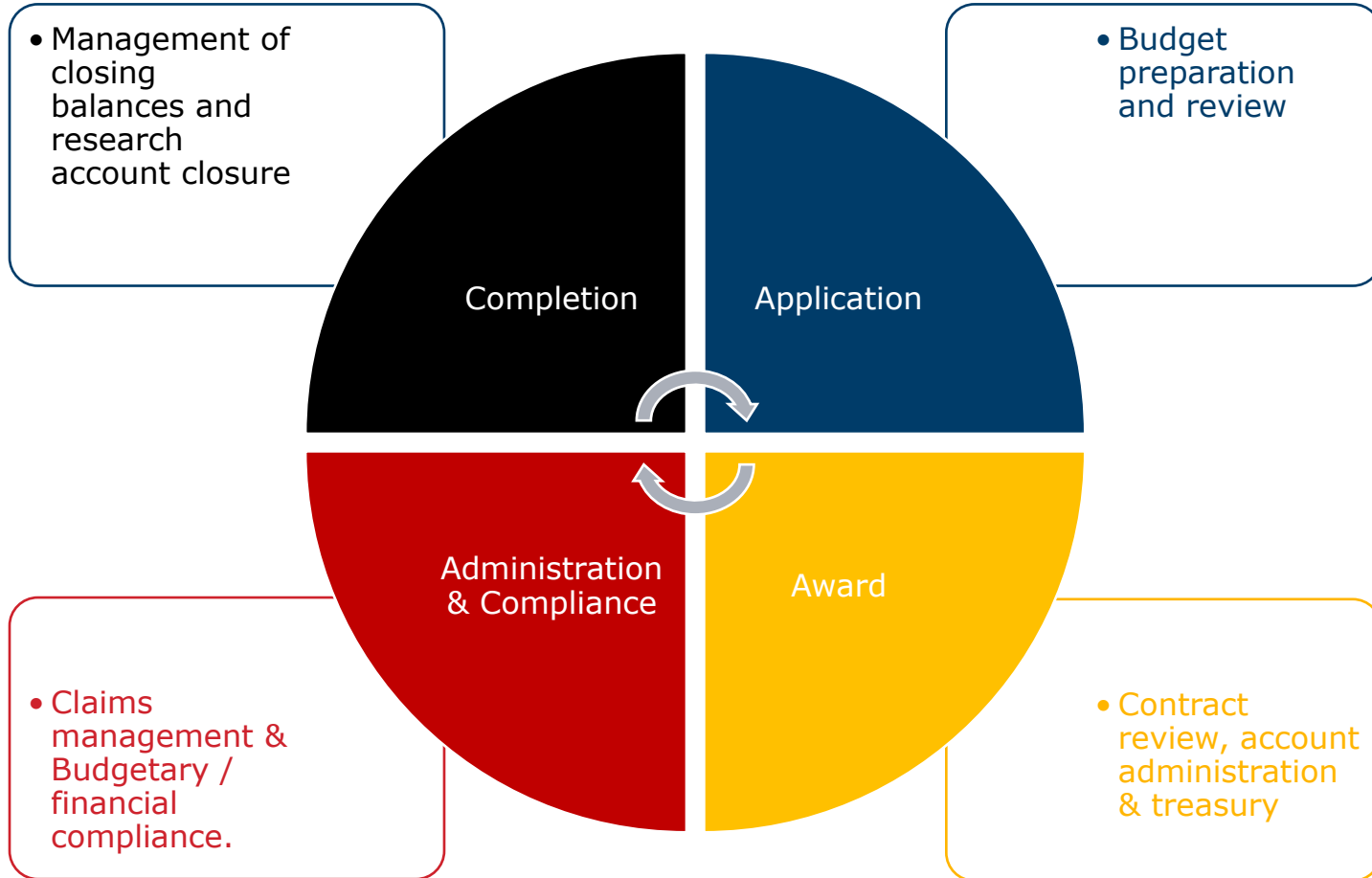
Kane Building Annex - SFI

Name	Role / Funding Body
Hugh Keane	SFI Accountant
Tim O'Mahony	SFI Reporting
Rozy Gay	SFI Centres
Conor Dowd	Financial Support & Grant Administration – SFI
Open Position	Financial Support & Grant Administration – SFI

<https://uccireland.sharepoint.com/sites/finance-office-intranet/SitePages/Finance-Office-Contact-List.aspx?csf=1&web=1&e=cRe8sR&cid=76a83bac-c389-4b6b-9b27-aaa7b66320b4>

Most up to date information is available on UCC Finance sharepoint site

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
- Manage Consortium payments / receipts

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 UCC Research 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

5. Direct Costs versus Indirect Costs

Questions for Consideration

1. Where will the “Overheads” income be recognised?

This will be determined by:

- UCC Contract Research Overhead Distribution Policy:
- https://www.ucc.ie/en/media/support/financeoffice/orgc/Contract_Research_Overhead_Distribution_Policy_Oct2014.pdf

1. Jointly Owned (shared)

Where a project is jointly owned by a Department and an RICU, 10% of the total overhead earned will be allocated to a Strategic Research Fund managed through the Office of Vice President for Research and Innovation for strategic purposes, The remaining overhead will be distributed in the following proportions:

- College 40%
- Department 20%
- Institute 20%
- Project 20%

Where a funding agency specifically precludes overhead from being returned to a research project as is currently the position with the HEA, HRB, SFI and Enterprise Ireland, the project portion of the overhead will be shared by the Department/Institute.

2. Research Initiative/Centre/Unit (RICU)

Where a project is RICU only (e.g. through postdoctoral researcher or Institute-appointed researcher) 10% of the total overhead earned will be allocated to a Strategic Research Fund managed through the Office of Vice President for Research and Innovation for strategic purposes, The remaining overhead will be distributed in the proportions:

- University 40%
- Institute 60%

3. Department

Where a project is within a Department and outside RICUs, 10% of the total overhead earned will be allocated to a Strategic Research Fund managed through the Office of Vice President for Research and Innovation for strategic purposes, the remaining overhead will be distributed in the proportions;

- College 60%
- Department 20%
- Project 20%

6. Minimum retained

In all cases, the minimum to be retained by the College/University under the relevant policy set out at 1-4 will be 10%.