

# Introduction to Research Grants

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## Overview

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Many Departments are awarded funds to carry out research on behalf of a **sponsor** (body external to the university). Each research grant is a discrete, ring-fenced area of activity. All detailed information about University of Cambridge research grants is held within the Grants module. This includes details such as the start and end dates, principal investigator, sponsor, terms and conditions, budget, expenditure and claims made to the sponsor. This information can only be accessed via the Grants inquiry screens.

A **grant** consists of two main parts:

- the **project** describes the way in which the funds are spent. A project may consist of one or more **tasks**, which are used to break down the project into separate areas of activity if required. Although most grants will consist of a single award and project, one award may fund several projects, and conversely, a project may have funding from several different awards.
- the **award** represents the sponsor funding

Goods and services are purchased and paid for to undertake the research using the Purchasing and Accounts Payables modules. Expenditures are recorded to the correct grants by filling in the project region of the distributions screens, it is necessary to specify the Project, Task and Award codes, as well as the expenditure type (e.g. Other Costs – Consumables) and expenditure organisation (department or research group). There is daily processing to pass data from these modules to the Grants module.

## The Award

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Each individual source of funding is set up as an award in the grants module and allocated an award code (format either **RG** plus five numeric, e.g. RG12345, or since Aug 18 **G** plus six numeric, e.g. G123456). The following details are stored on the award screens, and “govern” how the award is to be spent.

- Period of research (start and end dates)
- Key Member
- The Award Budget
- Budgetary Control
- Overheads or Non-direct Costs
- Pooled Labour
- How the sponsor is to be billed

## Period of Research

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There are three key dates that govern the period of research.

**The sponsors start date** when the research starts, after this date expenditures can be charged to the project.

**The sponsors end date** when the research will finish, after this date no new expenditure can be incurred and this date cannot be extended without the permission of the sponsor.

**The close date** is the date that the award is closed for making postings in the Grants module.

The award close date is set to be two months after the sponsors end date. This will allow any expenditure, which relates to the research where the expenditure was incurred during the active dates of the research (before the sponsor's end date) to be posted during the two-month period between the end close date.

During the two months between the end date and the close date it is possible for the following grant transactions to take place in CUFS;

- Match an invoice to an existing purchase order, if the goods have been received prior to the end date, and approve for payment.
- Pay an invoice or travel claim which has an item date of on or before the end date (i.e. the expenditure was incurred within the active period of the grant).
- Post a grants journal for which the expenditure lines have an item date of on or before the end date (i.e. the expenditure was incurred within the active period of the grant).

## **Key Member**

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The Principal Investigator is named on the award as the key member, and they can give authority for other members of staff in their department to also be named on the award. Access to view grants information is controlled by means of key member security, any individuals named explicitly in the key member's area on the grant will be able to view the grant as read only, using the responsibility "Grants Investigator". Thus, a Principal Investigator should be able to see all information about his or her own grants, but not those relating to anyone else, even in the same research group.

## **The Award Budget**

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The amount awarded by the sponsor to be spent undertaking the research is set up in the module as the budget, and is used as part of the funds checking calculation to determine the available funds when committing expenditures. The budget is set according to the sponsor's heads of expenditure, known as Expenditure Categories, which are:

- Equipment
- Other costs
- Travel and Subsistence
- Staff costs
- Pooled Labour
- Overheads or Non-direct costs
- Exceptional items
- Contingency
- Co-ordination costs
- Research Facilities

## Budgetary control

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The award budget allows limits to be placed on the expenditure against each expenditure category. There are two types of budgetary control set up. These are *Absolute* and *Advisory*.

*Absolute* means that the amount set as the limit cannot be exceeded, whilst *Advisory* means that the amount is a guide but, provided there are funds available overall, can be exceeded.

These controls are decided by the funder and are part of the award set up in the Grants module. Each award must be checked to establish its particular controls. The usual variations are given below:

### **Absolute at award level, absolute at task level and absolute at expenditure category:**

This restricts the expenditure to the budget which has been set at each task, as well as each expenditure category level (e.g. other costs) and will prevent any over spending at both task and expenditure category level. Once the budget has been spent, further transactions will fail funds checking.

### **Absolute at award level, absolute at task level and advisory at expenditure category:**

This restricts expenditure to each task, within the overall award budget. However, it is possible to overspend an expenditure category if there are funds available on another category, as long as this is in line with sponsor rules.

### **Absolute at award level, advisory at task level and advisory at expenditure category:**

This restricts the expenditure to the overall award budget, but it is possible to overspend on the task and/or the expenditure category, provided there are funds available on another task or category, and the sponsor rules allow that type of spend.

## Overheads

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When the research is applied for, funding to provide for the indirect costs (overheads) incurred by the University of undertaking the research should be applied for from the sponsor. Not all sponsors provide overheads e.g. Charities. The indirect items include the cost of providing libraries, secretarial support, central admin, building maintenance and utilities.

Usually EC awards, and some industry sponsors, have an overhead indicator that determines how the overheads are charged to the award and credited between the Chest and Department. Overheads are charged as an expense to the sponsor and the departmental share is credited to a GL account. [see section 17].

## Non – Direct Costs

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Full Economic Costing (fEC) is the method of costing research grant applications and applies to grants effective from 01 September 2005. The fEC is defined as "A price, which if recovered across an institution's full programme, would recover the total cost (direct, indirect and overhead) of the institution, including an adequate recurring investment in the institution's infrastructure."

Projects costed under fEC guidelines will not include overheads but will include the Principal Investigator/Co PI salary charges, plus:

- an Indirect Cost Rate
- an Estate Rate

These are known as Non-direct costs and are to help fund similar items as per the old Overheads. They are charged to task 100 each month as an expense to the project

## **Pooled Labour**

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Some sponsors may provide a budget for Pooled Labour; to pay for staff that cannot be charged directly to an individual project as their work is split within the department. Pooled labour is charged as an expense to the sponsor and credited to a departmental GL account.

## **Billing**

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The Cambridge Research Operations Office is responsible for raising invoices for amounts due from sponsors. Departments should not bank any cheques received from sponsors or raise invoices to sponsors.

## **The Project**

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The project (activity) that is being undertaken is set up with a project code (format departmental research cost centre and three numeric characters e.g. PDAG/001) and linked to the award that is funding the activity. The following details are stored on the project screens, and “govern” how the project is to be spent. The project can be further broken down into tasks in order to manage the activity if required.

- Project Budget
- Tasks
- Period of Research
- Key Members
- Transaction Controls

## **Funds Checking**

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Purchase orders and invoices are checked against the budget to calculate the available funds; if there are sufficient funds the expenditure can be posted. It is not possible to approve an order or invoice payment if there are insufficient funds.

Grants journals and costs which are imported into the grants module (e.g. payroll) are funds checked in the Grants module and are flagged as a Funds Check Failure if there are insufficient funds and are held in the suspense grant.