

DPRT PP002/11/Revision 10

1 April 2020

EXTERNAL GRANTS DISTRIBUTION OF INDIRECT RESEARCH COST RECOVERY

Indirect Research Cost (IRC) is levied to meet the additional costs incurred by the University in accepting externally-funded research projects, no matter where the research is conducted. The University incurs substantial IRC expenses from the provision of general resources and facilities. In addition, the University provides support in IT, library, finance management, human resource, grant administration, and research governance (such as intellectual property (IP) management, safety compliance and research ethics), all of which incur costs.

The NUS IRC Policy applies to all sponsored and contract research supported by all external funding agencies. Deviations from the IRC Policy requires the written approval of the Deputy President (Research and Technology) (DPRT) before an agreement is negotiated or application is submitted to an external agency/grantor/company for funding consideration.

Applicable IRC Rate

1. A **minimum** rate of **20%** is levied on the total research project direct cost awarded by all external agencies, grantors and companies supporting scientific research.
2. A rate of **at least 60%** of total project direct costs is applicable to all Contract Research ("Fee-for-Service") engagements in which the contracting party, typically an industry partner, agrees to pay a lump sum or fixed fee to cover all costs required to conduct the project and expects to own all IP and reports arising from the research.
3. The following table summarises the respective minimum rates levied.

Project Type	MINIMUM rate of IRC
<u>Sponsored Research</u> funded by public sector agencies, industry and/or other external parties	20% of total research project direct cost
<u>Contract Research</u> ("Fee-for-Service") commissioned by public sector agencies, industry and/or other external parties	60% of total research project direct cost

NOTE:

- a. Contract Research should not include salary or honorarium payments for the NUS Principal Investigator (PI) or any other academic staff. Staff who are engaged directly by external parties to undertake consultancy work in their personal capacity should do so in accordance with the [OHR Consultancy Work Scheme¹](#) (which has a 52-day limit per year on consultancy work).
- b. "Buy-out" of academic staff's time can be included in the budget of a research agreement or other proposal where the funding agency allows this. The approved funds will be distributed to the

¹ Visit <https://share.nus.edu.sg/corporate/policies/hr2/conduct-and-responsibilities/consultation-work-scheme.pdf> for more information.

relevant dean or directors who may use it to procure replacement teaching and/or to support costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically to a research project or programme.

4. There are some funding agencies that do not support IRC at all or only provide a reduced rate as a matter of principle or policy. Principal Investigators must obtain written support of their deans/directors that indirect costs resulting from the research will be covered by Faculty/School/University-level Research Institute funds, and approval of DPRT to waive the IRC or allow a reduced IRC rate. DPRT's approval must be obtained before the application is submitted to the agency.²

Distribution Guidelines

5. The following distribution will apply for all IRC funds disbursed to the University with effect from **1 April 2020**:

Capital Financing	15%
Central Research Support	40%
Faculty/School/University-level Research Institute³ Research Support	35%
Principal Investigator (PI)⁴ Research Support	10%

6. Where a PI has not negotiated at least the minimum applicable IRC, the University will have the highest priority of claiming the IRC for Capital Financing and Central Research Support based on the minimum IRC rate as appropriate for that project type. The remainder, if any, will be distributed between Faculty/School/University-level Research Institutes and PI based on the ratio of **3.5:1**.
7. In the event a funding agency has reduced the total approved direct cost, the claimable IRC amount will be adjusted accordingly. Should funding agency initiate a clawback of disbursed funding, the corresponding IRC received will be returned to the agency. Where there is insufficient funds in the PI-IRC account, the amount will be borne by Faculty.
8. IRC funds will be distributed to Capital Financing, Central Research Support, Faculty/School/University-level Research Institute Research Support and PI Research Support ("Party/Parties") based on actual funds received from grantors/funding agencies.

² This does not apply to grant calls administered/managed by the Office of the Deputy President (Research & Technology).

³ Involved Parties may negotiate the apportionment of Faculty/School/University-level Research Institutes IRC entitlement in the case of research that is to be carried out at the premises of two or more Faculties/Schools/University-level Research Institutes, or involves PIs from two or more Faculties/Schools/University-level Research Institutes.

⁴ For large **multidisciplinary research grant** applications that involve multiple PIs, the lead PI should decide in consultation with their Faculty/School/University-level Research Institutes on how the 10% IRC should be distributed among the PIs. It is recommended that the lead PI takes a 1.5x share in view of the effort required to coordinate. The rest may be distributed equally among the other PIs.

9. The recovery and distribution of the IRC will be administered by the Office of Finance (OFN) under the oversight of the Office of the Deputy President (Research and Technology) (ODPRT).
10. The procedure on distribution of IRC is shown in Annex B. The procedure in Annex B may be revised from time to time without prior notice to be in-line with relevant NUS policies, procedures and guidelines.

Utilisation of IRC

11. The use of IRC is governed by NUS' prevailing policies, procedures and guidelines.
12. The IRC earned and distributed to Faculties/Schools/University-level Research Institutes and PIs can be used to support costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically to a research project or programme.
13. Annex A provides a sample of items that are fundable/non-fundable from IRC. Note that the use of IRC is not limited to the items listed as the Annex is meant to be a guide on acceptable and unacceptable use of IRC. The guidelines in Annex A may be revised from time to time without prior notice to be in-line with relevant NUS policies, procedures and guidelines.
14. Typically, agencies that practice disbursement of grants/funds by reimbursement will release indirect research cost based on the actual qualifying direct cost expenses incurred. Faculties/Schools/University-level Research Institutes and PIs cannot commit manpower hires and/or intended purchases against expected and/or projected IRC funding. Such funding must have been earned and received.
15. Faculties/Schools/ University-level Research Institutes shall continue to work with their PIs to ensure efficient utilisation of their accumulated IRC.

PI IRC upon Cessation of NUS Service

16. In the event a PI leaves service, his/her unspent IRC will be transferred to the Faculty/School/University-level Research Institutes IRC pool. Faculty/School/University-level Research Institute may, if they wish, transfer some or all unspent IRC earned under the project to the replacement PI, if the project has been transferred.
17. PIs who intend to leave service are required to ensure the effective transfer of the IRC by completing the **Declaration/Checklist for Academic Staff leaving NUS Service** form available at <https://staffportal.nus.edu.sg/staffportal/research/manage/resignation.html>.

Report on Receipt and Utilisation

18. Faculty/School/University-level Research Institute is responsible to monitor and ensure that the IRC funds allocated to the Faculty/School/University-level Research Institute and PI IRC accounts are used in accordance with the NUS IRC Policy and all relevant NUS prevailing policies, procedures and guidelines.

19. ODPRT will continue to monitor and may request for Faculty/School/University-level Research Institute to report on the receipt and utilisation of IRC funds, when necessary. Where applicable, the information shall also include the expected IRC for the period according to previously planned budget phasing schedules.

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ANNEX A

GUIDELINES ON ACCEPTABLE USE OF INDIRECT RESEARCH COST (IRC)

IMPORTANT NOTE:

- The use of IRC is governed by the NUS IRC Policy and all relevant NUS prevailing policies, procedures and guidelines.
- The items listed in this Annex is meant as a guide only and is not meant to be an exhaustive list of allowable and non-allowable expenses.
- The guidelines in this Annex may be revised from time to time without prior notice to be in-line with relevant NUS policies, procedures and guidelines.

Fundable Items

The IRC earned and distributed to Faculties/Schools/University-level Research Institutes and PIs can be used to support costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically to a research project or programme. A sample of items that are fundable from IRC is shown below.

Manpower Support & Professional Services

- a. Employment of Safety Officers
- b. Employment of Executive & Professional and Non-Academic staff to support administration of research projects/research activities
- c. Bridging of salaries of research staff in between a completed and newly awarded grant
- d. Engagement of NUS students for part-time work under the NUS Student Work Scheme¹
- e. Professional editorial services for publications of papers
- f. Research publicity, including website development

Facilities & Maintenance Costs

- a. Utilities
- b. Renovations/retrofitting/relocation (for research only)
- c. General purpose equipment² and/or maintenance costs (e.g. mobile and storage devices, laptops, printers, scanners, bench-top equipment, software, office equipment, etc)

Operations & Other Costs

- a. Study Participant's compensation
- b. Costs of degaussing and hazardous waste disposal
- c. Conference travel / training support for PI, research staff and students
- d. Professional membership fees for relevant societies
- e. Consumables (e.g. supplies and materials, laboratory consumables, animals, publication charges/fees)
- f. Administration fees (amendment/cancellation of tickets/ accommodation for official travel)
- g. Occupational Health services when not paid by the grant
- h. GST when not paid by the grant
- i. Audit fees for grants that did not secure IRC funds

¹ Visit <http://nus.edu.sg/CFG/students/jobs-internships/nsws> for more information.

² Equipment purchased remains the property/asset of the department/ Faculties/Schools/University-level Research Institutes.

Non-Fundable Items

Funding agencies approve IRC funding to defray the additional administrative and facilities costs incurred by NUS in accepting the sponsored/contracted research. As a matter of principle, IRC earned must be used to support activities that promote research.

Sample of non-fundable items include:

- a. Hospitality expenses and Gifts
- b. Salaries of research staff hired to work on specific research projects
- c. Graduate scholarship support (including tuition fees, scholarship and related costs)
- d. Fines and Penalties
- e. Expenses associated directly with an ongoing research project
- f. Expenses that have been rejected by grantors due to non-compliance with grant terms and conditions

This update: 1 April 2020

ANNEX B

PROCEDURE ON DISTRIBUTION OF INDIRECT RESEARCH COST (IRC)

IMPORTANT NOTE:

- The use of IRC is governed by the NUS IRC Policy and all relevant NUS prevailing policies, procedures and guidelines.
 - The procedure detailed in this Annex may be revised from time to time without prior notice to be in-line with relevant NUS policies, procedures and guidelines.
1. Typically, agencies that practice disbursement of grants/funds by reimbursement will release indirect research cost based on the actual qualifying direct cost expenses incurred.
 2. IRC funds will be distributed to Capital Financing, Central Research Support, Faculty/School/University-level Research Institute Research Support and PI Research Support ("Party/Parties") based on actual funds received from grantors/funding agencies.
 3. Prior to 1 April 2020, OFN will set up two IRC accounts for each Party to receive the IRC funds as follows:
 - (A) IRC – Ministries/Statutory Boards
 - (B) IRC – Industries/DSTA/DSO
 4. IRC funds received from Singapore Ministries and Statutory Boards will be allocated to account (A); and IRC received from other funding agencies (such as private industries, organisations, overseas ministries, foundations and others) will be allocated to account (B).
 5. With effect from 1 April 2020, the management of IRC funds received will be streamlined and by June 2020, only one IRC account will be maintained for each Party.
 6. PI IRC accounts will be set up under the PI's primary department. For PIs who are also jointly appointed at University-level Research Institute, the IRC accounts will be set up and administered by their host Faculties/Schools.
 7. IRC funds received from grantors will be credited to the respective project accounts, and thereafter allocated to the respective Party's IRC accounts in accordance with the agreed distribution rates. The allocation will be done on a monthly basis.
 8. For projects where claims to grantors are submitted by departments via invoice billing (e.g. grants from industries, DSTA, etc.), departments will have to apportion the amount into direct cost (DC) and IRC and credit to the respective project DC and IRC WBS. After the invoice is paid and the IRC funds received, the funds will then be allocated to the respective Party's IRC accounts in the following month.

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