



University Activities – Research and Consultancy Guidelines

Approved by Council: 20 November 2001

Amendments:

Reference Authority: Senior Management Group

Associated Guidelines: University Activities - Personal Risk Activities
University Activities - Intellectual Property: Ownership
and Commercialisation

Cross References: University Activities Policy (C-20.1)
Authorship Policy (RES-12.0) Risk Management Policy
(C-24)
Staff Appeals Policy (HR 6.3)
Vice Chancellor's Authorisations
University of South Australia Academic and General
Staff Enterprise Agreement 2000
Quality Management Policies and Procedures



Preamble

- 1.1 The University encourages staff members to become involved in externally focused activities. Such activities will generally benefit the staff members, the University and the broader community, including industry. However, there are risks associated with such activities which must be appropriately assessed and managed.
- 1.2 The objectives of these guidelines are to:
- Encourage staff entrepreneurship and participation in externally focused activities, to benefit the University, staff and the community;
 - Define the University's management and quality control procedures for activities involving external parties so as to provide guidance to persons inside and outside the University as to when and how such activities may be undertaken;
 - Ensure that the University conducts its activities in accordance with legislative requirements; in particular ensuring full cost recovery in compliance with the Trade Practices Act; and
 - Ensure that the University and staff are adequately protected against risks in undertaking activities involving external parties.

Definitions

- 2.1 The following words have the meanings given below:

Community Service is work undertaken for charitable or community purposes by staff in their professional capacity and in support of the University's mission. Community Service includes involvement in professional and community organisations, serving on government boards and membership of committees, volunteer work, occasional broadcasts, lectures, speaking engagements and appearances (including public lectures and professional contributions to the media). Community Service which involves payment (other than gratuitous payment or reimbursement of expenses) is a University Consultancy.

Contract Research is Research undertaken with or for a third party in return for a fee or some other consideration. For the purposes of these guidelines Contract Research includes Research undertaken on a collaborative basis but excludes Sponsored Research.

Costing means determination of all direct and indirect costs associated with University activities including Research and University Consultancies.

Fee Paying Non-Award Course means the provision of a course for a fee to the community, individuals or an organisation which does not lead towards the provision of a University award. In some instances participation may be considered for status or credit towards a University award. Common examples are short courses delivered to organisations or individuals, teaching of non-award students and conferences.



Full Cost Recovery means the recovery of all direct and indirect costs associated with commercial activities including infrastructure and administration costs. Full cost recovery is a requirement of the Trade Practices Act.

pricing means the determination of the amount to be charged to a third party for the provision of services (Consultancies, Contract Research, Fee Paying Non-Award Courses).

Research means creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of humankind, culture and society, and the use of this knowledge to devise new applications. Such activity necessarily involves an appreciable element of novelty (innovation), uncertainty with respect to outcomes, the potential for publication of outcomes in peer- reviewed scholarly media and/or a high level of technical risk.

Scholarship is work of a conventional scholarly nature undertaken by academics within their field of expertise. Examples include publications, reviewing journal articles, examination of theses, membership of professional committees, serving on editorial boards, occasional broadcasts and lectures, exhibitions and performances and refereeing books. Any Scholarship involving payment (excluding reimbursement of expenses or gratuitous honorariums) is a University Consultancy. Returns from the licensing or sale of intellectual property developed in Scholarship will be treated in accordance with the University Activities Intellectual Property - Ownership and Commercialisation guidelines.

Sponsored Research means Commonwealth and State competitive grants covering only direct costs. Examples of such Sponsored Research include National Health and Medical Research Committee, Australian Research Council and Research and Development Corporation grants and funding for Cooperative Research Centres and Special Research Centres.

Staff means all persons employed at the University including academic, general, casual and part time staff members and **staff member** shall be similarly construed.

Supervisor means a Head of School, Director, Manager of area/unit, Dean: Whyalla, Pro-Vice- Chancellor or other appropriate person to whom a staff member immediately reports and who is suitably authorised pursuant to the Vice-Chancellor's Authorisations in each instance.

University Consultancy is the provision of the professional services of staff to an external party for a fee or other consideration through the application of pre-existing knowledge (know-how) rather than the creation of new knowledge (intellectual property). University Consultancies will be undertaken in the name of the University and may involve the resources of the University. University Consultancies include surveys, the provision of reports, testing, training, professional tutoring or lecturing, the provision of products and other services, secondments to other organisations and involvement with committees, companies and other bodies for profit. University Consultancies do not include Research, Award or Fee Paying Non-Award Courses or services provided by one part of the University to another. Services provided by one part of the University to another should be governed by



mutually agreed arrangements. University Consultancies do not include Personal Risk Activities which are governed by the Personal Risk Activities Guidelines.

Broad Guidelines

- 3.1 University Consultancies, Contract Research, Fee Paying Non-Award Courses, Community Service and Scholarship will be undertaken as specified in these guidelines.
- 3.2 Business Development Managers in consultation with Research Services will determine the appropriate categorisation of Research and Consultancy activities.
- 3.3 University Consultancies, Contract Research, Fee Paying Non-Award Courses, Community Service and Scholarship should:
 - 3.3.1 be of a standard which enhances the prestige of the University and the professional reputation of the staff members undertaking those activities;
 - 3.3.1 only be undertaken by staff members with appropriate expertise in the field; and
 - 3.3.1 serve as a means of creating or enhancing links between the University and external organisations.
- 3.4 Unless otherwise approved by the relevant Pro-Vice-Chancellor University Consultancies, Contract Research, Fee Paying Non-Award Courses, Community Service and Scholarship should not:
 - 3.4.1 give rise to any potential conflicts of interest or undermine the intellectual freedom of staff members; or
 - 3.4.2 compete with or jeopardise the University's core interests or a staff member's performance of such core interests.
- 3.5 Where University Consultancies, Contract Research, Fee Paying Non-Award Courses, Community Service and Scholarship are approved and conducted in accordance with policy:
 - staff members are automatically covered by the University's professional liability and public indemnity insurance;
 - University resources may be used, including University letterhead and academic ranks; and
 - such activities will be administered by the University.
- 3.6 Ownership and publication of any intellectual outcomes of University Consultancies, Contract Research, Fee Paying Non-Award Courses, Community Service or Scholarship will be determined in accordance with the University Activities Intellectual Property - Ownership and Commercialisation Guidelines.



Undertaking a University Consultancy, Contract Research or Fee Paying Non-Award Course

- 4.1 The project management of University Consultancies and Contract Research is accredited to the International Standards Organisation (ISO) 9001 quality standard. Staff are encouraged to promote University Consultancies and Contract Research as ISO 9001 accredited.
- 4.2 As part of the ISO 9001 accreditation Quality Management Policy and Procedures have been established. The maintenance of these Quality Management Policies and Procedures is the responsibility of the Quality Management Review Committee which reports to the Pro-Vice- Chancellor (Research and International).
- 4.3 Each University Consultancy, Contract Research or Fee Paying Non-Award Course must be managed in accordance with the Quality Management Policy and Procedures. This is the responsibility of the staff involved and the Business Development Manager. The Business Development Manager is responsible for providing advice on quality management (Business Development Managers list). Staff wishing to undertake a University Consultancy, Contract Research or Fee Paying Non-Award Course should in each instance provide a completed Project Input Form to the relevant Business Development Manager prior to the commencement of such activity.
- 4.4 Through the Quality Management Policy and Procedures, the University is particularly concerned to ensure that:
 - 4.4.1 costing of full costs in accordance with the University's financial procedures for costing has occurred (see Schedule 1);
 - 4.4.2 appropriate pricing has occurred;
 - 4.4.3 appropriate approval is obtained within the University; and
 - 4.4.4 a legal contract, as approved by the Legal Officer, has been executed on behalf of the University (in accordance with the Vice-Chancellor's Authorisations), and the client. Contributions to be made by an outside party, including adjunct appointees, may require a separate subcontract.
- 4.5 Unless approved by the relevant Pro-Vice-Chancellor, a University Consultancy, Contract Research or Fee Paying Non-Award Course may not commence until the requirements of the Quality Management Policy and Procedures have been met.
- 4.6 All University commercial activities, including University Consultancies, Contract Research and Fee Paying Non-Award Courses, must be accounted for in accordance with the financial procedures described in Schedule 1.
- 4.7 Distributions of the profits of University commercial activities, including payments to staff members for University Consultancies, occur in accordance with the procedures described in Schedule 1. Unless otherwise stated, normally the supervisor will provide authorisations for distributions.



- 4.8 Audits will be conducted periodically by Assurance Services and independent auditors to ensure compliance with these guidelines and the University's Quality Management Policy and Procedures.

Undertaking Sponsored Research

- 5.1 Academic staff members are encouraged to undertake Sponsored Research. The level and type of Sponsored Research undertaken by an academic staff member is to be agreed with the supervisor as part of performance management.
- 5.2 Full costing of direct and indirect costs relating to Sponsored Research will occur. However Sponsored Research (including contributions from industry partners in relation to such Sponsored Research) is generally exempt from infrastructure charges as the University receives some infrastructure support in the form of an institutional grant and Research Infrastructure Block Grant. Pricing may be less than full costing for Sponsored Research to the extent that indirect costs are not applied and grant guidelines do not permit the recovery of such costs. Further information is available from the Director Research Services.
- 5.3 A contract must be established with the granting body and prior to execution approved by the Legal Officer. Execution must occur in accordance with the Vice-Chancellor's Authorisations prior to commencement of the grant.
- 5.4 Where an industry partner is providing consideration towards Sponsored Research, such involvement must be treated in accordance with the Quality Management Policy and Procedures as described in Clause 4.

Undertaking Community Service

- 6.1 Community Service supports and exemplifies the University's mission and is consistent with the University's founding commitment to less advantaged sections of the community. Community Service often provides a section of the wider community with a service it might not otherwise receive. It may be more likely to target a disadvantaged rather than an affluent community sector.
- 6.2 Staff may undertake Community Service with the approval of the relevant supervisor. In granting permission the supervisor must ensure that the work is appropriately categorised as Community Service and that it involves minimal risk. Where Community Service involves an appreciable element of risk, Research Services must be contacted for advice and if necessary, will provide an appropriate contract for the Community Service.
- 6.3 Where relevant these activities will be reported into the University's Community Service database by the staff member undertaking the Community Service.



Undertaking Scholarship

- 7.1 Academic staff members are expected to undertake Scholarship to ensure that courses are abreast of the most recent international development within their discipline. The level and type of Scholarship undertaken by an academic staff member is to be agreed with the supervisor as part of performance management.

Dispute Resolution

- 8.1 Any internal dispute in relation to these guidelines will be dealt with in accordance with the relevant Enterprise Bargaining Agreement in relation to matters dealt with by that Agreement and otherwise in accordance with the University's Staff Appeals Policy (HR- 6.3). Breaches of these guidelines will be considered as misconduct and the University may initiate disciplinary proceedings in accordance with the relevant contract or Enterprise Bargaining Agreement.



Schedule 1

FINANCIAL PROCEDURES APPLICABLE TO UNIVERSITY COMMERCIAL ACTIVITIES (COSTING, PRICING AND DISTRIBUTION OF RETURNS)

Introduction

- 1.1 The purpose of these procedures is to facilitate appropriate costing and pricing and financial management in relation to the Universities' commercial activities and ensure compliance with the law.
- 1.2 The principles of competitive neutrality enshrined in the Trade Practices Act require the University to ensure that it does not enjoy any net advantage in relation to its business activities as a result of its public ownership. If the University competes unfairly with corporate entities it will contravene the Trade Practices Act and be liable to prosecution.
- 1.3 To meet the requirements of competitive neutrality, for every commercial activity the University is required to:
 - establish a full and competitively neutral cost by including full costing and costs to adjust for any net advantage due to public sector ownership; and
 - set price to fully recover the competitively neutral cost across all commercial activities.
- 1.4 Every commercial activity must be entered into with knowledge of full cost and with appropriate pricing (described below). A budget for each commercial activity must be approved in accordance with the procedures established in the Quality Management Policy and Procedures prior to the University committing to undertake the activity.
- 1.5 A cost centre will be established for each commercial activity in accordance with the Quality Management Policy and Procedures.

Further information

- 2.1 Business Development Managers are responsible for assisting to ensure that these requirements are met. Initial advice and support should be obtained from the local Business Development Manager.

Costing

- 3.1 The full cost of the University's commercial activities includes all direct and indirect costs associated with the commercial activity. Direct costs are those costs directly incurred as part of an activity and which are booked directly to the project. Indirect costs are those costs incurred as part of an activity but which cannot be directly linked to that activity (for example the University's insurance) and which may be partly or fully



charged to the project by means of a levy or further on-cost charge. Direct and indirect costs are the total costs to the University of undertaking the work.

3.2 The full cost should also be adjusted to include the net effect of any competitive advantage or disadvantage arising from public ownership (such as taxation advantages).

3.3 Some examples of direct, indirect and competitive advantage costs are:

3.3.1 Direct Costs:

- Payroll and on-costs for all staff involved, including technical and administrative staff (salaries, superannuation, payroll tax, workers compensation, accrued leave, etc);
- Consumable materials and supplies used in the commercial activity (stationery,, photocopying, etc);
- All other direct costs in undertaking the activity (materials, travel, subcontracting, etc).

3.3.2 Indirect Costs:

- Infrastructure costs such as building and background equipment depreciation, maintenance (eg cleaning) and running (eg electricity, insurance) costs, telecommunications, mail, etc;
- Support services costs - Finance, Human Resources, Research Services, etc.

3.3.3 Competitive Advantage Adjustment Costs:

- Lack of required rate of return on equity;
- Lower rate of capital due to government guarantees on debts;
- Any immunity from government taxes or charges; and
- Any immunity from legislation giving rise to lower compliance with regulatory costs.

Financial Procedures for Direct Costs

4.1 All direct costs must be budgeted and approved prior to a commercial activity being undertaken.

4.2 All direct costs must be allocated to the cost centre for the activity.

4.3 If a direct cost is incurred by another cost centre (for example payment of staff salary) that cost must be reimbursed by the cost centre for the activity.

4.4 Where a commercial activity is undertaken above workload, costing of the salary component is required whether or not it forms an actual cost.



Financial Procedures for Indirect Costs - Levies

5.1 Levies are used within the University:

- to ensure that indirect and competitive advantage costs are costed to the appropriate commercial activity; and
- as a means for distribution of return.

5.2 These procedures describe the use of levies. Information on local applications of levies is available from the Divisional Accountant or Finance Officer. University wide information is available from the Finance Unit at <http://www.unisa.edu.au/FIN/Budget/Contents.htm>.

Levies - Indirect and Competitive Advantage Cost

5.3 All indirect and competitive advantage costs must be budgeted prior to a commercial activity being undertaken.

5.4 Indirect and competitive advantage costs are charged to the cost centre undertaking the activity by means of a levy on revenue and/or by means of a further on-cost on salaries.

5.5 Levies will include a component for indirect and competitive advantage costs at each level of the organisation (University wide costs, Division costs, School/Institute costs, Centre costs, Group costs, etc).

5.6 The costing component of levies will apply to all activities to which the University levy applies.

5.7 To ensure that levies include all indirect and competitive advantage costs of an activity, the Finance Unit maintains guidelines for such levies. Each levy must be developed in accordance with the costing model developed by the Finance Unit and approved at the local level in order to ensure that the requirements of competitive neutrality are met and a consistent approach is adopted across the University.

Levies - distribution of return

5.8 In addition to the required levy for costing purposes, levies may include a reasonable component for distribution of return.

5.9 The setting of such component is a matter to be determined at the local level and conveyed to the appropriate staff including the Divisional Accountant and Finance Officer.

Pricing

6.1 Price will generally be set to exceed full costs. Where this occurs the difference is profit. Any price lower than cost is a loss.



- 6.2 Pricing will normally be guided by commercial rates charged in the marketplace. The University's price is likely to exceed prices charged in the marketplace for comparable services. This will depend on costs faced by the University and should take into account the level of University expertise and value to the client.
- 6.3 There may be benefit to the University beyond financial returns associated with undertaking a commercial activity. Due to the nature of the work in each instance such benefits may arise with research projects but will rarely be associated with University Consultancies. Examples include:
- The right to ownership or a share in returns from any intellectual property which is developed;
 - The right to ownership of items purchased during the activity;
 - The synergy of the activity with the University's mission, goals and research objectives;
 - The desire to establish a track record and potential for future work with the client;
 - Opportunities for teaching and learning (including access to expertise, experience or facilities) not otherwise available to the University.
- 6.4 Subject to obligations of confidentiality the right to publish will generally be reserved to the University and should therefore not be considered as an added benefit.
- 6.5 Where an activity has value to the University beyond financial return, the activity may be undertaken even though price does not exceed cost. In such instance the non-financial benefits should be weighed as a return on the investment the University makes by undertaking the activity at a loss. The reasons for undertaking the activity must be documented and the requirements of competitive neutrality must be met. Approval for the activity must be obtained from the relevant supervisor (eg Head of School, Unit Manager, Director of Institute etc) prior to the activity being undertaken. Any losses will be borne by the local area (eg. School, Unit, Institute etc).

Completion of an activity

- 7.1 When all revenue has been received and all direct, indirect and competitive neutrality costs have been paid, the profit in the cost centre will be distributed. The cost centre will be closed as soon as possible after the activity has been completed. The Business Development Manager and Finance Officer will be responsible for the closure of the cost centre.

Distribution of profits

- 8.1 Any profit remaining in the cost centre will generally be distributed to the area (School, Centre, Group, Institute, Unit etc) in which the activity was undertaken (eg profits placed in School Development Funds). Any other distribution of profits will normally be authorised by the supervisor. Unless agreement has been reached otherwise it is



presumed that the profit will be shared between areas contributing to the activity in proportion to each area's contribution to the activity.

- 8.2 A staff member has no personal right to any profit in a cost centre. However, profits may be authorised for use in the work related activities of a staff member or as a personal payment in accordance with the procedures described below.

Use of profits - staff work activities

- 8.3 A supervisor may authorise profits from commercial activities to be expended on the work related activities of a staff member including the pursuit of teaching, research and scholarship.

The supervisor must be satisfied that the expenditure is not a personal payment to the staff member in each instance.

- 8.4 Any personal benefit to a staff member unrelated to employment will be treated as a personal payment to that staff member and will be subject to all applicable taxes.

Use of Profits - Personal payments to staff members

- 8.5 Staff members may receive a personal payment from the profits of a commercial activity only in accordance with University policy. The procedures below detail such payments. Please note that the University is in the process of reviewing its remuneration policy. These procedures will be subject to that review.

- Personal payments from University Consultancies and Contract Research

- 8.6 A staff member undertaking a University Consultancy may be paid up to a 60% share of the profit from that University Consultancy in accordance with the following procedures. Although not standard practice a staff member undertaking Contract Research may be paid up to a 60% share of the profit from that Contract Research. Such payments may only be made with the approval of the Pro-Vice-Chancellor/Institute Director or in accordance with guidelines established by such person and otherwise in accordance with these procedures.

- 8.7 Acknowledgement of an intended distribution of profits to a staff member should be obtained from the supervisor (Head of School/Unit Manager etc) prior to the activity being undertaken. Notification of a proposed distribution should be through the procedures established in the Project Quality System. Where more than one staff member is involved, the staff members should reach agreement as to the proposed distribution of profits (to the maximum 60% share) and provide notification to the supervisor.

- 8.8 Where the supervisor has agreed that the activity is undertaken above workload there is no requirement for the cost centre incurring the staff member's normal salary to be



reimbursed. In this instance the profit will include the salary component costed to the activity.

- 8.9 Payments to staff require the final authorisation of the supervisor. The payment will be authorised from profit only after completion of the activity, collection of all revenues and expenditure of all costs.
- 8.10 Payments to staff from such activities will be processed through the payroll system on the appropriate Human Resources form using approved codes that facilitate reporting. On-costs will be taken out of the cost centre in addition to the payment to the staff member. Payments will be made in accordance with applicable laws and policy. Human Resources will provide an annual report to the Senior Management Group of payments received by staff members.