

Guide to completing the Research Budget Template

The budget template is designed to help researchers and service accountants plan the anticipated research costs, income and expected surplus/deficit, based on estimated participant recruitment. It is not essential that you use this guide but the elements within are minimum requirements for a budget to be submitted to the Research Review Committee for approval.

The template consists of five pages: 1) Budget Sheet Baseline Template, 2) Oracle Budget Wizard, 3) Fixed Fee, 4) Timeline, and 5) Version Management Schedule. This guide mainly deals with the Budget Sheet Baseline Template.

1) Budget Sheet Baseline Template

- Enter the ADHB number, the Ethics number (if known), the Trust RC number, Department Name, Title of the Research, Short Title (limit of 30 characters including spaces), Version number of the budget, Date of the budget. Please note that these are mandatory fields that should not be left blank when completing a budget.
- The Estimated Participant Recruitment Summary is based on estimated participant numbers that are anticipated will be recruited into the study. The purpose of this summary box is to easily illustrate the potential numbers and the timing of the interventions/visits within the study. For complex studies with a large number of similar visits please be creative i.e. enter visit 1-10 then 11-20 etc. rather than map out each individual one.

The estimated participant numbers is also the basis for which the budget is determined. It is important to realise that this is not the real income or expenditure given that participation may vary from what is planned i.e. more or less than expected.

Projected Participant Numbers: based on attached timing schedule	X	2010/2011	2011/2012	2012/2013	2013/2014	Project Total
Screened						
Randomised						
visit 1						
visit 2						
visit 3						

(Above table is only for illustration, there are more columns on the real budget template)

EXPENDITURE

Direct Costs - This section is for you to describe the totality of all your direct costs (see *Research Finance Information*).

Working Expenses

For laboratory, pharmacy, radiology and cardiac services (e.g. ECG) there is a process by which you can obtain quotes (for more details visit webpage: http://www.adhb.govt.nz/ResearchOffice/Budget/develop_a_budget.htm#Obtai)

ning_Quotes). Note that there is usually a set up fee as well as the actual costs for services such as laboratory and pharmacy. It helps to state the number of patients and the cost for each test in the left hand box to enable a reviewer to clearly see how the total figure is calculated.

Salaries

These salaries are all staff working on the project, i.e. data managers, research administrators, nurse coordinators etc. It excludes the medical time with the exception that they have no specific CME time to allocate to research.

With respect to research fellows etc, it is important that they are acknowledged on the budget but at this point no costs are inputted.

Indirect costs - This section is where you calculate the overheads associated with the research. For the spreadsheet to calculate the correct fixed cost and % recovery on revenue, enter 1, 2, 3 or 4 into box C116, based on the following:

Research Category Type	Fixed Fee	% Recovery on Revenue
1 = Level I: Simple primarily unfunded projects	\$0	0%
2 = Level II: Investigator initiated public good funded projects (examples of funding bodies included: NHF, Cancer Society, Lotteries – all whom specifically state they will not fund overheads).	\$1,500.00	0%
3 = Level III: Investigator Initiated non-commercial funded projects (examples of funding bodies included: HRC, NHMRC, NIH - all of which make some if not all contribution to overhead costs).	\$2,500.00	20%
4 = Level IV: Industry sponsored funded projects.	\$6,500.00	20%

The spreadsheet will calculate the overhead costs for your research once you enter details of external funding being received for the project, based on the type of funding being received (as outlined above). The new 20% recovery on revenue includes **all costs** associated with the research and not just indirect costs associated with salaries. The fixed fee is applied to the cost of the research **after** the 20% overhead rate has been applied to the total cost of the research – the spreadsheet will take this into account when calculating the overhead rate for the 1st year of the project.

The overhead charges outlined above covers those costs of research that relate to administration of the project (e.g. legal, research office support, finance department review and ongoing involvement), and costs of employment and supporting of research staff (e.g. HR, facilities, payroll, library, IS support and security).

For category 2 and 3 projects where the total direct costs are less than \$5000, the fixed fee and recovery on revenue can be waived at the discretion of the Research Office. Please contact the Research Office to confirm whether the overheads for your project can be waived. When the Research Office is not consulted the overheads will automatically apply.

If the project is less than one year, the fixed fee payment can be spread over the first 6 months of the project.

If the project is longer than one year, the fixed fee payment can be spread over the first year of the project.

If a funder believes that the "per patient" payment (or similar) covers the fixed fee then the budget would still need to reflect the fee and it would be accrued as per above (over first year or first 6 months).

Equipment - If you are required to purchase equipment to undertake the project, please name the piece and put the cost in where it is likely to be purchased i.e. necessary at the beginning of the study or not needed until the end. Please remember that the process for purchasing equipment, including computers etc. should follow the standard ADHB procedures and policies

(go to Materials Management

<http://adhbintranet.adhb.govt.nz/MaterialsManagement/>

or Capital Approval & Acquisition Policy

http://adhbintranet/adhb_policies_and_procedures/policies/finance/property_pla nt_and_equipment/capital_approval_&_acquisition.htm for further information)

Please note that capital acquisitions do follow a strict process which can take some time, therefore it is important to initiate this process as soon as you are able.

▪ **INCOME**

This section asks where the funding is being supplied from and how much. It is essential that you enter the name(s) of all funding contributors. In most cases the funders allocate their funding as a total per patient payment. This payment is then divided into a payment per visit/intervention. This payment is generally pro-rata on the work to be undertaken for each visit, i.e. the baseline visit with consent, assessment, bloods, radiography etc may have a higher remuneration than a follow up visit that only involves a weight and blood pressure. As such you need to work out the number of visits that will be undertaken per participant each year and multiply that by your estimated number of participants to be recruited and this is the total for each financial year. This budget is not set in stone and can be easily adjusted as more information is available. However it is essential that you are as accurate as possible as this baseline budget enables the service accountant and the Trust accountant to set up your project finances in the accounting system.

Surplus - When there are identified surpluses in the department research account, these may be used to supplement research projects where there is a funding shortfall. This should be discussed with, and agreed to by the department Clinical Director/Leader, and Service Manager.

- Prepare the budget as per the guidelines. Enter into the revenue section the A+ Trust account number and the amount spread across the timeline as appropriate.
- It is necessary to complete the A+Trust application form

Total value = less than \$500

([http://adhb.intranet/CorpFinance/_docs/A+%20Trust%20Application%20Form%20Under%20\\$500.xls](http://adhb.intranet/CorpFinance/_docs/A+%20Trust%20Application%20Form%20Under%20$500.xls))

Total value = greater than \$500

([http://adhb.intranet/CorpFinance/_docs/A+%20Trust%20Application%20Form%20Over%20\\$500.xls](http://adhb.intranet/CorpFinance/_docs/A+%20Trust%20Application%20Form%20Over%20$500.xls))

and obtain appropriate signatures to access these funds. This application is necessary and is required for audit purposes as the Trust is a separate legal entity to the ADHB.

- Submit the signed form to the A+Trust (A+Trust Accountant, Finance, Level 1, Building 10, Greenlane Clinical Centre) and enclose a photocopy along with your RRC application.

Operational Contribution - If the service believes that the particular research project is part of the service priority areas then it is within the decision making authority for that service management team to agree to financially support the research. This funding will follow all policies for funding research for example, if it is to support a research staff member then the indirect costs still need to be accounted for. Please note that if this is a decision by the service then the amount supported (actual funds) will be transferred into the ADHB Trust account from the operational account. Each service will need to demonstrate a clear process for determining how research priorities are determined before this will be accepted i.e. it cannot be on a first come first service basis.

Savings - In some instances research can have a positive impact on the operational budget of a service, for example when a standard drug is provided for free and the ADHB does not need to purchase it for those participants. This savings can be identified to the budget according to the ADHB Research Financial policy. Please read this before entering any savings as an income.

N.B. If you require use of savings - *prior to* submitting it for the Research Review Committee approval, Savings use must be discussed and approved by your Clinical Director, Service Manager and final sign off by the Chief Finance Officer. It is recommended that you include a cover note to describe why the study is not fully funded, the importance of the research to the service/area/field, and the amount of savings required. Currently each application will be assessed on a case by case basis and that the request is to cover the actual deficit rather

than develop a budget which identifies a surplus due to savings. Please note that savings are generally dependent on your recruitment numbers and therefore the amount if approved, actually used to support the study will reflect the true saving versus baseline budget projection. (Refer p.5 of the RRC form guide)

For current documentation purposes, if you identify savings, ensure that they are identified in the appropriate line i.e. under SAVINGS and enter the amount. Please describe the rationale for the savings in the RRC form under Section C: Describe ADHB Resource Impact e.g. *drug savings of XX due to sponsor reimbursing XX which is standard care and would be purchased for patients irrespective of the research.* It must be actual savings and not a potential saving which the research may or may not demonstrate.

Total [(surplus) or deficit] - Once you have identified all the costs and revenue, please calculate the budget total [(surplus) / Deficit] per year. It is acknowledged that some projects may have a deficit due to timing of payments but as long as the total budget is either neutral or in a surplus balance, this is not a problem.

Invoice Details - It is essential that you provide not only the sponsor name but most specifically the invoice company name and billing address as quite often the sponsor is not whom to be invoiced. Also provide any reference details for invoicing purposes, i.e. protocol number, grant number, etc. Without these data, the project cannot be loaded in the system, raise or pay invoices and receive income.

Please ensure to provide the correct billing details because once the project has been set-up, the billing data can no longer be changed or updated under that same project number as we have been restricted to one project number one customer number by the system.

GST Status - It is important that you ascertain whether your study revenue has accounted for its GST status. Just having an overseas customer does not automatically constitute GST exempt or a Zero GST Rating. GST is a consumption tax. Therefore, zero-rating applies as long as the consumption does not take place in NZ. See the following for more detail.

Statutory Provisions

Section 11A(1)(k) of the GST Act allows zero-rating for exported services. However Subsection (2) disallows zero-rating if the services are delivered to a related-party of the overseas customer in New Zealand. Section 11(2) provides that:

- (2) Subsection (1)(k) and (1)(l) do not apply to a supply of services under an agreement that is entered into, whether directly or indirectly, with a person (person A) who is [a non-resident] if—
 - (a) the performance of the services is, or it is reasonably foreseeable at the time the agreement is entered into, that the performance of the services will be, received in New Zealand by another person (person B), including—
 - (i) an employee of person A; or
 - (ii) if person A is a company, a director of the company;

It may help to have included on the Financial Agreement the following statement or similar to avoid any confusion:

[Sponsor Name] will take the responsibility for any possible GST liability arising out of any IRD audit if it is found that Zero Rating is found to be incorrect.

Name and Position - All budgets need to be supported and approved by your service accountant. Their name should be entered to confirm this and they should sign the hard copy or email the document themselves to the Research Office to verify its accuracy.