

UNIVERSITY OF KWAZULU-NATAL
FINANCE PROCEDURES:
ADMINISTRATION FEE RECOVERY

Custodian:	Finance Division
Approved by:	Chief Finance Officer
Approval date:	
Effective Date:	
Frequency of revision:	Annual

1. Purpose Statement

The purpose of this procedure document is to regularise the administration fee calculation and recovery from all externally funded grants and contracts.

2. Scope

- 2.1 This procedure document covers all external grants, contracts and donations entered into by the University.
- 2.2 Honoraria, bursary and scholarships, royalties, sponsorships for conference attendance and payments received as members of any board or council are excluded.
- 2.3 This procedure document is part of and should be read in conjunction with the University Research policy on Grants and Contracts.

3. Goals

- 3.1 To ensure that sufficient resources exist to provide externally funded projects with the administration which they require.
- 3.2 To allocate costs incurred for the administration of all externally funded projects from Council Controlled funds to Specifically Funded Activities funds.

4. Definitions

External funds: All funds received from sources outside of the University's Council Controlled funds.

5. Policy

- 5.1 All externally funded projects, which are not included within the scope of Council Controlled funds, will be subject to an annual administration fee charge calculated as stipulated below under paragraph 6. The charge will be in lieu of administration and other support services provided to that project, which are funded from Council Controlled funds.
- 5.2 These funds will be used to supplement the current Main Fund budget and will enable the University to properly fund its administrative resources, including, but not limited to, Finance, Human Resources, RMS and other such services providers.

6. Calculation of administration fee

- 6.1 The calculation and levying of the administration fee will be performed annually by the Research Financial Services department within the Finance Division.
- 6.2 The fee will be calculated as a percentage of the total expenditure incurred within that cost centre on an annual basis.
- 6.3 The initial percentages to be used to calculate administration fee for all externally funded projects would be:
- 1% for projects with their own financial administrations and support sections
 - 2.5% for projects requiring general administration and support from the university.
 - 5% for projects requiring full administration and support, including drafting of financial reports and audits.
- 6.4 These percentages will be revised and approved by the University Research Committee (UREC) meeting on an annual basis
- 6.5 In determining the administration fee charges, all percentages mentioned in 6.3 above are inclusive of value added tax (VAT)

7. Exceptions

Prior written approval should be obtained from the Chief Financial Officer (CFO) and the Deputy Vice Chancellor (DVC): Research for the following projects which will not be charged an administration fee:

7.1 Projects where the contract or memorandum of understanding does not allow the administration fee charge.

7.2 Specific donors who do not allow for these charges to be made.

7.3 Projects which require no or minimal administration. These specifically include bursaries and scholarships.

In all cases the DVC: Research and the CFO will have to approve these exceptions.

Approved by

Mr. H. Clarkson: CFO

Date
