Research Accounts Bulletin 2017-01

News

Foreign currency: Policy for Research Awards

There has been significant volatility in foreign currency exchange rates in recent months and it is important that departments are aware of the University’s policy with regards to exchange rates for applications and subsequent reporting for Research Projects.

The Foreign Currency Policy covers areas such as:

- Rate to be used at application;
- What to do if all of the foreign currency budget is received in advance;
- European Commission projects and re-budgeting in the last 6 to 9 months to maximise the Euro budget;
- Spending in foreign currency from projects awarded in the same foreign currency;
- Rates to use in an application when spending in a foreign currency on a GBP award.

The policy has been designed to provide departments with budget certainty in managing projects made in foreign currency. This is particularly important where staff costs are being charged and the department has made a contractual commitment to staff. It also ensures that the Principal Investigator has sufficient funds available to meet the deliverables that have been promised to the funder.

The policy also helps protect the University from foreign currency fluctuations. The Finance Division does not have a foreign currency contingency fund, so budget rates are carefully and regularly monitored by the Treasury team so that the sterling budget is protected as per the policy.

Foreign currency: Fixed rate payments
The University has a significant exposure to FX through the procurement of equipment and consumables, collaborator or consultancy agreements, all of those which are priced in foreign currency and those where the market is impacted indirectly by foreign competition. Section 4 of the “Foreign Currency Policy for Research Projects” addresses ways in which the Finance Division can help departments manage the uncertainty. Where research projects are costed with the requirement for an element of the costs to be incurred in foreign currency, Finance Division will provide a bespoke X5 rate (unless the payments are in the same currency as the income) for the project. This will build a margin into the pricing, will ensure that the research budget is protected and that the central University bears the risk.

### Suppliers
Invoices and payment request forms requiring a fixed rate need to be sent to Research Accounts for processing. Documents sent directly to the Payments Team without Research Accounts approval will not be paid with the fixed rate and any exchange uncertainty will need to be absorbed by the department.

If the payments out are in a different currency to the income from the Funder, then Research Accounts needs email confirmation from the Treasury team that the rate used to pay the invoices is approved by them.

### Collaborators
Invoices from research collaborators can be processed without a purchase order as an exception (coding and authorisation requirements remain unchanged) however a purchase order with a daily rate can be raised for these.

When the invoice with PO is sent to Research Accounts, the exchange rate will be overwritten with the correct fixed rate. Please contact your Research Accounts advisor if the requisition fails fund checking at this stage.

### Timely processing
Fixed rate payment documents with the backing documents need to reach Research Accounts by 11 am on a Wednesday so that they can be processed and included in the following foreign payment run. If the invoices miss the deadline, they will be included in the next payment run.

Fixed rate invoices and payment request forms need to meet the University regulations, please see point 4 of the Expenses and Benefits Guide for details.
**Government funding and full economic costing**

The Research Councils and other government sponsors of FEC funded research sometimes issue award letters where the budget is solely classified as directly incurred. This often occurs under the GCRF and Newton Fund Schemes. However, the award letter states and the expectation is that the award is made on an FEC basis.

Please be aware then that these projects should still be set-up on an FEC basis, with the appropriate directly allocated and indirect costs forming part of the budget. On reporting, these costs will be disclosed as the various sponsors require.

**Sponsor terms**

**Update to European Commission Horizon 2020 annotated Model Grant Agreement**

The most recent update of the guidance in November-16 includes a number of points of clarification regarding the personnel costs previously circulated in Bulletin 2016-02.

The guidance has also been relaxed regarding the recovery of equipment costs. However, where the full value of equipment i.e. purchases greater than £25,000 foreseen in the annex 1 is to be claimed from the award, departments must be able to justify and explain the exclusive use of the equipment. This will no longer require full usage records as in the previous draft of the guidance.

**Reminder of British Heart Foundation funding rules**

An increase in the number of abatements has been noticed over the last year at the university. Here are some of the common funding rules of BHF which if not followed are the likely cause of costs being deemed ineligible:

1. Virement between budget headings is not allowed.
2. Obtain BHF’s written approval before appointing and replacing staff funded by the Grant; salary provisions may not be transferred to any other individual without approval.
3. Salaries will be reimbursed at a level no higher than the grade and level awarded and will include nationally agreed pay awards providing the grant commences within 6 months of the date of award. Any inflationary amounts used when costing the application will remain with BHF as surplus funds where actual increases are less than this.
4. Increases in salaries other than annual increments and nationally agreed pay awards will not be met by BHF. BHF reimburses salaries aligned to the national pay scales or recognised local pay models only.

5. BHF will not accept responsibility for staff salaries for any period after the end of a Grant period and prior to that Grant’s renewal or a new Grant commencing or as a consequence of the application process.

6. Only items of equipment which were awarded on the grant may be claimed.

7. Supplier’s invoice(s) must be attached for equipment purchases to each claim. The supplier’s invoice(s) should be countersigned by the Grant Holder and bear the item number to which it relates.

8. The department must take responsibility for installation, maintenance, repairs and insurance costs of the equipment throughout its useful life at its own expense.

9. In certain circumstances equipment might be subject to further conditions specified in the Award Letter.

10. Travel for conferences must be set out in the award letter. Once incurred, you can download a claim form here. This should be included with a quarterly claim from the University against the grant.

11. BHF do not reimburse publication costs; they only refund open access costs.

**Research Income reports available in BI**

The online Research Income reports have been updated with 2015/16 data and is available now.

**Research Accounts European Commission support**

Research Accounts European Commission team has been up and running for a few months now. Please direct queries to euresacc@admin.ox.ac.uk in the first instance and not to your normal Research Accounts advisor.

Tequila Osborne continues to oversee and support the EC reporting processes from an Assurance perspective.

**Training**

**Reports**
We will be presenting a ninety minute session that provides an overview of the reports available in Oracle Projects and how best to use these in the management and administration of research projects. There will be two sessions:

- 21 February: 10-11.30 am at OeRC Conference Room
- 23 February: 2.30-4pm at WTCHG Room K

Please contact Klajdia Bullari for more information and if you wish to attend.