

## ADMINISTRATION OF FUNDING AGREEMENTS – KEY PRINCIPLES

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The Royal Society Te Apārangi (the Society) has responsibility for administering agreements for funding fellowships and research projects (including those directed by the Marsden Fund Council for Marsden Fund awards). This includes negotiating funding agreements, distributing the funds, monitoring the progress of the projects (**Programmes**) and use of funding, and evaluating the achievements arising from those activities.

In administering the agreements, the Society is to exercise flexibility wherever appropriate to take account of the uncertain nature of research and the needs of individual researchers, but remain cognisant of the intentions of the Programme and the Key Personnel required to undertake the research.

The Society must also ensure that it meets its obligations to Ministry of Business, Innovation and Employment (**MBIE**) under its Master Agreement and Work Programme Agreements with MBIE, including that the Society:

- must ensure that it carries out its role with reasonable skill and care, and consistent with best practice;
- maintains necessary records; and
- meets its obligations to account to MBIE for the performance of its role, and for the use of funds.

The purpose of this document is to set out the key principles that will guide the Society when it is undertaking its role of administering agreements.

### **Negotiating new funding agreements**

The Society will (in most cases) use the template funding agreement for all fellowships and research grants. The template funding agreement is between the Society and a Host Organisation, including those cases where there is an individual researcher to whom a fellowship / research grant is associated. That individual is likely to be a Key Contact Person under the agreement, but will not be a party to the agreement.

The template funding agreement is made up of:

- fund-specific clauses (e.g. Key Contact Person, funding amounts) in Schedule 1; and
- standard terms in Schedule 2.

While the general approach is to maintain the standard terms in Schedule 2, the Society can account for individual requirements relating to each fund through Schedule 1. For example, if a particular Programme involves the provision of funding to postgraduate students, a term could be added in Schedule 1 to require that, if a postgraduate student is funded from the funding, the Host Organisation must ensure that:

- the Key Contact Person is the primary supervisor of that postgraduate student; and

- if the postgraduate student is a PhD student, the PhD student begins their studies within 12 months from the Commencement Date (unless agreed otherwise in writing by the Society).

### **Funding levels**

The level of funding offered to successful applicants (Host Organisations) may differ from their request. The Society will notify the applicant in writing of the level of funding that is available, and that amount will be reflected in the funding agreement.

### **Alterations to the proposal contained in the application**

An application for funding will generally set out matters that will then need to be reflected in the funding agreement – for example, a Budget, Key Personnel, and a description of the Programme. When negotiating a funding agreement, the Society may need to consider a request by the Host Organisation to reflect changes to those (or other) aspects of the application.

If an applicant is offered funding at the full level requested, changes to the overall aim of the Programme, personnel, and budget should only be considered when negotiating the agreement if a new situation or new information has become available since the application was submitted.

If an applicant is offered funding at a lower level than was requested, a revision of the aims and objectives of the Programme may be required, and a change to the budget will need to be discussed when negotiating the agreement. The Society will ensure that changes to the aims and/or objectives are consistent with the extent of the funding reduction and take into account any other feedback received by the applicant. Budget amendments may include either changes to personnel and their cost, or to the other costs.

Before agreeing to any reduction to the FTE levels of funded Key Personnel, the Society will consider the guidelines on FTE levels given to applicants. A person may be eliminated completely from the Programme if that is necessary to allow for the funding available, but, wherever a person is retained for a Programme, the Host Organisation will be required under the agreement to ensure that minimum levels of FTE time are adhered to.

Substitution of a Key Contact Person (eg. a Principal Investigator) for another person will not normally be permitted. Substitution of one or more Other Key Personnel for another person will only be considered if the original person is no longer available and the new person has similar skills. However, more flexibility will be given to requests for the substitution of named postdoctoral fellows or the introduction of new postdoctoral fellows into the Programme.

The overhead rates used in the agreement must be consistent with those given in the original application. The level of direct expenses should also be consistent with those requested in the application and the level of funding awarded. Only in exceptional circumstances will an increase in direct expenses be approved, if the increase is at the expense of researcher time.

### **Adherence to Code of Ethics**

Both the Royal Society Te Apārangi and the Marsden Fund Council have adopted the Society's Code of [Professional Standards and Ethics](#) and require all Key Personnel (including Key Contact Persons) to comply with the Code when undertaking research funded by the Society.

As the template funding agreement is between the Society and the Host Organisation (not Key Personnel), the template agreement provides that the Host Organisation must ensure that each Key Personnel:

- provides to the Host Organisation a signed declaration that they will comply with the Code; and
- complies with the Code. Accordingly, a Host Organisation will be in breach of the agreement if any of the Key Personnel fail to comply with the Code (see clause 7.3 of the Schedule 2 of the template funding agreement).

## **Monitoring and Reporting**

### **Regular reporting**

Progress reports are required at the times set out in the agreement (see clause 6 of Schedule 1 and clause 9 of Schedule 2 of the template funding agreement for obligations relating to reporting).

If a Programme is extended through a variation to the funding agreement, the Society should consider whether it is appropriate, at the same time, to vary the reporting requirements in the funding agreement. For example, the Society may agree in writing to extend the reporting period to 12 months or longer, and, where the final report has already been received, the reporting could take the form of an (abbreviated) supplementary report.

The Society will endeavour to provide feedback on reports to all Host Organisations. Host Organisations will be informed of any requirement for additional information or issues noted by the Society in the progress report.

### **Monitoring**

The Society has various powers to monitor the Programme, in addition to the regular reporting that is required of Host Organisations. For example, the Society can require the provision of information on an ad hoc basis (see clause 9.4 of the template funding agreement) and has the right to access information and enter the Host Organisation's premises to obtain the information it requires relating to the Programme (see clause 12 of the template funding agreement). Examples of when the Society may use its monitoring powers include the following:

- entering the Host Organisation's premises to conduct site visits and carrying out interviews with those involved in a Programme;
- requesting further information when the Host Organisation's regular reporting has been inadequate.

### **Late reporting**

The Society may decide to waive the reporting requirements, or extend the reporting deadlines through a variation to the agreement. Reporting deadlines may be extended for up to two months, or longer in exceptional circumstances, in the Society's discretion. The Society will adopt a pragmatic approach when determining whether to require a formal variation to a reporting deadline, and, in some cases, may agree to amend a reporting date through an exchange of emails with the Host Organisation.

Host Organisation coordinators should be advised of reports that are overdue and for which the deadline has not been extended (or waived). If overdue reports are not forthcoming after a

reasonable time, the Society may withhold funding (see clause 3.2 of Schedule 2 of the template funding agreement). Research coordinators will be advised of this in sufficient time for the situation to be rectified.

### **Changes during the course of a funding agreement**

During the term of an agreement, something may occur that warrants a change to the funding agreement, or the termination of the agreement. For example, something could occur that:

- necessitates a change to information in Schedule 1 of the funding agreement (e.g. Key Personnel) or to a document incorporated in the agreement (e.g. the Budget, the Travel Exchanges);
- triggers the Change Event process in the agreement (see clause 20 of the template funding agreement); or
- necessitates the agreement to be transferred to another Host Organisation. Where relevant, the Society has a template novation and variation agreement that should be used.

### **Changes to Key Personnel**

A principle to be borne in mind is that, in most cases, each award is made in respect of a particular Programme, which has a Key Contact Person (often known as the Contact Principal Investigator). If the Key Contact Person is not able to proceed with the Programme because they are no longer able to carry out the research, they move overseas, or the interim results from research already underway indicate that it would be fruitless pursuing a line of research any further, then the funding agreement should generally be terminated (see clause 22 of Schedule 2 of the template funding agreement). Otherwise, efforts should be made to amend (through a variation) the overall aim of the Programme or personnel mix to ensure that the Programme can continue. This is particularly the case if a change in the direction or the termination of the funding agreement will have an impact on the careers or training of postdoctoral fellows or postgraduate students associated with the Programme.

Certain funding awards have the primary objective to support an individual (e.g. Marsden Fund Fast-Start grants and Research Fellowships). If the Key Contact Person is no longer able to fulfil their obligations to participate in research based in New Zealand, the Society should terminate the agreement (see, for example, clauses 22.1 (c) and (e) of the template funding agreement). At that time, it will be important to consider whether the support of postdoctoral fellows or postgraduate students is adversely affected.

### **Suspension and termination**

The Society may agree, via a variation, to suspend the payment of funds to a Host Organisation at the request of the Host Organisation. The maximum period of suspension is normally one year. Examples of acceptable reasons for requesting a suspension include if the Key Contact Person is temporarily unavailable to work on the Programme, or is on parental leave.

The Society may also initiate the suspension or termination of an agreement. The situations when this would occur are included in the template funding agreement (see clauses 8.2, 22 and 23 of Schedule 2). Issues relating to Key Personnel because of pressures of other work, especially if the situation has not been brought to the Society's attention as soon as the Host Organisation became aware of it, is to be considered a severe lack of progress.

## Transfers of funding agreements to new Host Organisations

A review of an agreement must be undertaken whenever the Key Contact Person moves to a new employer. If the new employer is a New Zealand entity that can provide the necessary support to the Key Contact Person, and the Key Contact Person is able to continue working on the Programme, then, wherever practicable, the agreement should be transferred to the new host organisation (see clause 21 of Schedule 2 of the template funding agreement).

Before agreeing to transfer the funding agreement to another host organisation, the Society should consider whether it is appropriate to contract with that host organisation. For example, the Society should appraise and approve the proposed host organisation's infrastructural support. Any request to transfer to an entity that the Society has not previously contracted with, and therefore does not have a history of good standing, requires additional due diligence. It is essential for any proposed new entity to have an established track record of research. For Marsden Fund agreements, a delegated group made up of representatives of the Marsden Fund Council or the Society (or its nominated representative) will be convened to consider any request to transfer an agreement to a new entity.

The Society will run a check on the companies or charities register. Additional information sought may include (but is not limited to):

- NZBN (<https://www.nzbn.govt.nz/get-an-nzbn/>)
- GST number (<https://www.ird.govt.nz/gst/registering-for-gst>)
- for sole traders verification of the individual and proof of address.

In addition, information such as (but not limited to) the following may be considered:

- evidence that the new host organisation has an established track record (e.g. Host Organisation Application Form);
- revised budget (with the full-cost funding of proposals – in relation to the Marsden Fund, the Marsden Fund Council is responsible for assuring that the methodology by which organisations cost their proposals results in the appropriate share of overhead costs apportioned to the Marsden Fund);
- resubmission of the Roles and Resources section of the original application;
- letters of support (e.g. from academic institutions that will allow access to infrastructure);
- ethical approval letters; and
- any required MOUs or other agreements (eg, relating to research facilities, overseas partner organisations).

In making these decisions, the relevant delegated group will make a decision as soon as practicable.

This additional due diligence is intended to provide the governance bodies overseeing the funding (the Society and/or the Marsden Fund Council) with a level of assurance and confidence that there is appropriate infrastructural support available for the original Programme to continue when/if the funding agreement is transferred to another host organisation.

If the transfer is approved, there is a template novation and variation agreement that should be used, which must be signed by the current host organisation, the new host organisation and the Society.