Guidelines on approved expenditure and co-funding for projects funded by The Knowledge Foundation

*Applied from January 1st, 2015*

The purpose of these guidelines is to provide support in drafting a budget when applying for project funding from the Knowledge Foundation. It also provides a framework to indicate how such funding from the Knowledge Foundation, universities, companies and institutes may be utilized in an approved project.

Budget and financial control should be conducted in cooperation with an economist at the university.

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Prerequisites for budgeting and reporting

The following applies to all costs financed by the Knowledge Foundation, co-financed by participating companies or by universities.

For an incurred cost, the following must be met:
- The cost must be factual and auditable, which means that it must have arisen and can be found in the accounts of the respective project partners. It must be borne by the project partner, which means that the project partner may only incur its own costs.
- It must have arisen during the period of disposal, which is stated in the agreement. This means that costs that have been incurred before or after the disposition period specified in the decision are thus not approved.
- It must be established in accordance with the project partner's usual accounting principles and good accounting practices.
- It must be accounted by the project partner who reports the cost.
- It is intended solely to achieve the objectives of the project, which means that the cost will be necessary for the implementation of the activities in the project.

Approved co-financing from companies

Costs in the project can be financed by partners other than the Knowledge Foundation, so-called co-financing from companies.

The following costs constitute approved co-financing:
- payroll
- consulting fees
- material costs
- travel expenses including conference fees
- the cost of using expensive equipment or software usage licenses
- communication and publishing costs
- premises costs (in case companies provides premises for the project).

Other costs require special approval in order to be counted as co-financing.
Approved expenditure for projects at universities

The main rule is that the project funds paid from the Knowledge Foundation should cover the university’s participation in the project. Business sector costs must be borne by participating companies and counted as co-financing.

Exceptions are found in programs such as Industrial Graduate Schools and are in that case listed in the call.

1. Salaries

Salary costs are costs incurred for staff involved directly in the project, such as research staff, training staff, technicians and other personnel. These costs are considered as a direct expense in the project. If the costs of administrative staff and support functions are included, the budget shall clearly state their operational role within the project.

Salary costs are calculated on the basis of gross salary plus an incremental charge of 50% to cover payroll tax, holiday pay, insurances, assessed rental value and salary increases during the project period.

1.1 Conditions for salary costs co-financed by companies

Salary costs are calculated at a standard amount of SEK 800 / hour including direct salary, holiday pay, benefit value, employer contributions and costs for insurance and indirect costs. Special justification is required for amounts exceeding 800 SEK / hour.

Indirect costs that are included in the company’s internal labour cost rate are approved as part of the co-financing.

Special rules apply to postgraduate students in co-financing companies. See the current call for the Industrial Graduate Schools program.

2. Cost of premises

The cost of premises used for the project is considered as a direct expense in the project.

Premises used by staff providing general administrative support for the project is considered an indirect expense.

3. Travel cost

Accounting of travel costs are to be made in compliance with the travel regulations applied by the respective university.

Travel expenses shall also include the cost of conference attendance such as fees, etc.
4. Cost of materials

Materials considered necessary for the project is to be accounted for as material costs. Everyday consumables and office supplies are not to be accounted for as material costs, but as an indirect expense.

5. Cost of equipment, licences, permits etc.

Costs for equipment, licences etc. are approved and processed in compliance with the rules governing investment in and depreciation of equipment, as applied by the individual university. Two fundamental approaches may be applied, depending on the cost and function of the equipment.

- Larger investments, which are subject to depreciation and used over an extended period, for several projects and/or for several units - only the cost of the portion/time/share used for the project in question may be accounted to the project.
- Minor investments, which are depreciated directly or where their use can be linked exclusively to the individual project - the full cost is to be accounted to the project.

The cost of PCs and standard software is included under indirect costs. Expenditure on permit testing is an approved cost.

5.1 Terms and conditions regarding costs associated with the use of expensive equipment and/or licences for the use of software

The use and modification/complementation of expensive equipment may be considered as co-funding. In such cases, the application should specify how the cost of using the equipment or licences has been calculated. The Knowledge Foundation assesses the reasonableness of the calculated cost. Costs for permit fees are approved co-financing.

6. Cost of communication and publishing

‘Cost of communication and publishing’ refers to publication and dissemination of results in the scientific context and in international journals, as well as the ongoing and final cost of communicating the project to various actors in society.

Reasonable costs for start and end activities for the project are included. Costs for language review are approved.

7. Consultancy costs

Consultancy costs are costs for individuals required to complete the project plan. They are accepted to a limited extent and shall reflect the market prices. Consultancy costs may derive from services supplied by commercial companies or research institutes. Costs may not be claimed for services supplied by research staff employed by the applying university, or by staff in companies co-funding the project.
8. Participation from Research institutes

The cost of resources provided by research institutes in which RISE Research Institutes of Sweden AB holds a joint interest, is calculated at the same rate as applied by the institute to its own members. This rate shall include no profit mark-up and is lower than the rate that other customers are charged. The cost level applied to other institutes shall be determined by special agreements.

8.1 Terms and conditions applicable to research institutes as company contribution

Resources from institutes such as in-kind contributions paid by participating companies are valued to the actual sum paid by the company.

8.2 Terms and conditions applicable to research institutes as project participants

In some programs, research institutes are invited to participate. Contact the program manager for each call for further information.

9. Unapproved costs

9.1 Intangible rights

Costs incurred when applying for project related patents are not eligible for Knowledge Foundation funding.

9.2 Grants

Knowledge Foundation funding may not be used for scholarships or training grants.

9.3 VAT etc.

Knowledge Foundation funds may not be used to pay VAT, apart from cases where the VAT constitutes a true cost for the grant recipient. If the recipient of project funding is exempt from VAT, any VAT actually charged is a true cost. Only in such cases may VAT be accepted as a viable part of approved costs. Foundation funding for projects is not subject to VAT.

10. In-kind contribution from participating companies

Cash funds can be counted as co-financing unless otherwise stated in the call. However, the type of effort should be described in the project plan.

11. Indirect costs

Indirect costs and overheads are the same thing. These costs shall not be budgeted in the application. The Knowledge Foundation adds a 20% overhead to the direct project costs (incl. direct costs for working premises) in conjunction with project approval and drafting of the contract.

Indirect costs refer to costs that are not project specific. Indirect costs sometimes comprise costs for

- administrative services provided by senior university/institutional managements,
- library services etc.
• administrative personnel who do not constitute a direct cost within the project
• existing equipment used only to a very limited extent for the specific project
• PCs and standard software
• telephone and postal charges
• insurances and other risk related costs
• consumable supplies and stationery.