

## ANNEX 4 (EN)

### Criteria for costs determination and financial statement drafting

#### General criteria

In order to obtain accurate project budget planning and correct final reporting of the expenses, the following directions apply:

1. As a general and binding rule expense reporting is cash based. Expenses are eligible only if they have actually incurred within the time frame allowed for the final report (sixty days from the end of the project).
2. The contribution from MIUR will be paid in one instalment immediately after the project is approved.
3. The total of the expenses indicated in the final report may differ from the total approved in the project by being either higher or lower. Where the total is higher, the contribution from MIUR will remain the same as approved; where the total is lower, the contribution will be recalculated following the criteria indicated below and MIUR will proceed to collect the refund of the contribution in excess, operating on other budget items where appropriate.
4. All expenditure items indicated in the application (including those reported as zero) may differ, by being either higher or lower, from the actual expenses incurred during the implementation of the project, provided that the objectives indicated in the project application are compulsorily maintained.
5. In order to ensure maximum flexibility of the project and complete responsibility of the Principal Investigator (PI), the composition of the research team may be modified at any stage of the project if required by the objectives, in order to achieve the best possible outcome. The PI is not required to communicate to MIUR the admission or exclusion of team members nor to receive authorization from MIUR.
6. Expenses partially covered with funds allocated to other projects are also eligible, although MIUR will only cover the remaining part of the expenses.
7. Teaching staff, researchers and technicians already employed on a permanent basis who are members (either temporarily or permanently) of the research team will not receive additional fees for their collaboration, but the costs related to their person-months can be counted.
8. For temporary staff (grant holders, PhD candidates etc.) specifically hired for the project, only costs incurred before the end of the project will be considered eligible in the final report.
9. For temporary staff (grant holders, PhD candidates etc.) hired by the host institution with its own funding (i.e. whose contracts already have financial coverage), costs related to the person-months will not be eligible as project costs. However, it will be possible to indicate in the report the time committed by this staff to the project, for the exclusive purpose of determining the overall time dedicated to the project by the research team as a whole.
10. For temporary staff (grant holders, PHD candidates etc.) hired by the host institution through funding allocated to other projects (i.e. whose contracts already have financial coverage), costs related to the person-months will not be eligible as project costs, neither will it be possible to indicate in the report the occasional time committed by this staff to the project, unless otherwise specified by the funding body covering their contracts.
11. For temporary staff (grant holders, PHD candidates etc.) hired by legal entities other than the host institution, costs related to the person-months will not be eligible as project costs, neither will it be possible to indicate in the report the occasional time committed by this staff to the project, unless otherwise specified by involved legal entity.
12. For all staff, the time commitment indicated in the project application and (more importantly) the actual time commitment indicated in the financial report must be consistent with the overall time commitment to other projects already approved and with the staff commitments (teaching or studying) to the host institution. In any case, time commitments indicated in the application budget are not binding. In conformity with the criterion of complete flexibility, the actual time commitments indicated in the financial report can be completely different from those indicated in the application, or even equal zero.

#### CRITERIA FOR THE CALCULATION OF MIUR CONTRIBUTION

Following the approval of the proposal, MIUR guarantees a contribution of 100% of the eligible costs, with the exception of:

- a) the cost of the person-months of teaching staff/researchers/technicians employed with a permanent contract who are members (either temporarily or permanently) of the research team;
- b) the expenses incurred by third parties for activities in addition to the project, even when these represent an actual integration and are explicitly mentioned in the proposal.

The contribution by MIUR is expected to be significant and to cover the actual needs of the project. In no instances can the contribution by MIUR be intended as supplementary funding for other projects.

When preparing the final report MIUR re-calculates the actual contribution owed, covering 100% of the expenses deemed actually eligible (according to the criteria indicated below, item by item), but always excluding all costs related to the above items a) and b); in case the calculated contribution is lower than the contribution already paid, MIUR will proceed to collect the refund of the contribution in excess, operating on other budget items where appropriate.

#### SPECIFICATIONS ON INDIVIDUAL EXPENDITURE ITEMS

For the individual expenditure items and without prejudice to MIUR's right to judge eligibility, suitability and relevance of individual expenses on the basis of the documentation submitted, the following general rules apply.

##### A) STAFF-RELATED COSTS

Costs for the following items are eligible, with the provision that point A.1 (Staff on a Permanent Contract) is not one of the items covered by the MIUR contribution.

##### A.1 – Staff on a Permanent Contract

This item includes scientific staff (teaching staff/researchers/technicians) on a permanent contract and employed by the host institution and directly involved in the research activities. The related costs are determined on the basis of the time committed to the project and will be calculated as follows:

- a) for each person working on the project, the basic cost will be calculated on the actual annual gross cost (actual gross annual salary, with the exclusion of payments for overtime and daily allowances and with the addition of contributions imposed by law or by contract and deferred charges); the monthly gross cost will then be determined by dividing the annual gross cost by 12 working months (equivalent to 1500 hours);
- b) the cost covered by the project will be calculated by multiplying the monthly gross cost by the number of person-months actually dedicated to the project.

Costs related to this item may also include (to a maximum estimated around 20% of the total item) costs related to scientific staff (teaching staff/researchers/technicians) permanently employed by a legal entity different from the host institution and costs related to scientific staff temporarily attached to the host institution.

## A.2 – NON EMPLOYEES

### A.2.1 – The PI

If the PI is not a permanent employee of the host institution, then the project will need to include the costs of the PI's contract for the entire duration of the project. Where the PI is a temporary employee of the host institution (whichever the type of contract), the PI and the host institution are requested to evaluate whether maintain the existing contract (if this is possible, for example in case the existing contract is not entirely bound to the implementation of a different project, or in case laws and regulations do not allow for more than one contract at the same time), or whether they should find a more appropriate type of contract, which can vary from case to case. The choice of the type of contract will have to take into account potential limitations and all possibilities offered by laws and regulations in force at the time of the stipulation of the contract. It is therefore impossible for MIUR to specify a single type of contract beforehand.

However, it is important to take into account that, in order to promote the participation of young researchers to more than one project and unlike other funding agencies, MIUR does not deem appropriate to specify the researchers' time commitment to the project or to indicate it in terms of percentage. MIUR does therefore allow for the stipulation of part-time contracts (or project contracts which include obligations concerning the objectives). The obligation remains for the PI to work on the project for its entire duration. Therefore, lack of an appropriate contract for the PI at any stage of a MIUR funded-project is deemed unacceptable.

Any contract, whether full or part-time, must start with the official starting date of the project (indicated by MIUR in the decree approving the funding) or in any case within one month, and cannot terminate before the end of the project. In order to avoid unclear and/or non-admissible situations, all procedures for the stipulation of the PIs' contracts will have to be activated immediately after the communication that funding has been approved.

Cash basis applies to all expenses for the PIs' contracts. Expenses reported in the final report will therefore need to be commensurate with the actual time commitment reported.

### A.2.2 – Other Staff Specifically Hired for the Project

This item may include staff working exclusively and directly with the host institution and holding:

- researcher temporary contract;
- collaboration project contract;
- research grant;
- PhD grant.

This staff will need to be directly involved in the research activities.

The application cannot obviously indicate any staff members (to be nominated in the final report) as these will have to be selected through a public selection.

The selection calls (and related contracts) will indicate the title of the project that guarantees financial coverage, the objective and duration of the contract, the remuneration, the activities involved and operating methods.

Eligible costs will be determined following the same procedures indicated in A.1.

### A.2.3. – Other Personnel (Hired with Alternative Funding)

1) Project funding cannot cover the costs of staff contracted by the host institution with its own funding. Names of staff members may be indicated in the application, but can be modified (with additions or cancellations) in the final report.

2) Project funding cannot cover the costs of staff hired by the host institution using funding for other projects. Names of staff hired by the host institution using funding for other projects may not be indicated in the application, but only in the final report, and only if the time committed to the project has been explicitly approved by the institution covering the costs of their contract.

3) Project funding cannot cover the costs of staff employed by legal entities other than the host institution. Names of staff employed by legal entities other than the host institution may not be indicated in the application, but only in the final report, and only if their involvement in the project has been explicitly approved by the entity involved.

## B) – GENERAL EXPENSES

The total of this item will be calculated on a flat rate of 60% of the total costs of personnel as indicated at point A (A.1+A.2.1+A.2.2).

It is important to highlight that as general expenses are calculated on a flat rate they do not need to be itemized; specific documentation is not necessary for this item. As a general rule, the flat rate refers to all costs (however connected to the research activity) which cannot be classified under other expenditure items. For example, the 60% flat rate may be used to cover the costs of the following items (as well as it may be used for other needs such as, for example, covering the difference between the cost of equipment and the costs covered by the project according to the principle of amortization):

- staff not directly employed on the project (for example delivery men, warehouse staff, secretaries etc.);
- premises overhead costs (surveillance, cleaning, heating, electricity, water, gas, etc.);
- operations costs (mail, telephone, telex, telegraph, stationery, photocopying, subscriptions, accessories, library etc.);
- staff support (first aid unit, canteen, transport, social security plans, accident prevention, insurance etc.);
- organization costs (non-technical/scientific coordination, accountancy, buying etc.);
- travel on the national territory;
- costs for courses, conferences, exhibitions, fairs (enrolment costs, teaching materials etc.);
- general expenses for the premises (amortizations, planned and condition-based maintenance, insurance etc.) and the maintenance (planned and condition-based) of the research equipment;
- information and dissemination costs, including the publication and advertising of calls for selections;
- costs of publications and expenses related to open access and open data;
- charges and fees of contracts of guarantee, legal and administrative advice etc.
- tax and contribution burdens.

### C) EQUIPMENT, INSTRUMENTS AND SOFTWARE

This item includes all the new equipment, instruments and software purchased. The cost will be calculated on the basis of the invoice, including custom duties, transport, packaging and assembly (where applicable), excluding any extra margin on the general expenses, according to the following formula:

$$C = (M/T) \times F$$

where:

M = number or months of actual use of the equipment or software for the project

T = depreciation time, normally calculated in 36 months;

F = cost of the equipment, instruments or software as indicated in the invoice (plus packaging, transport, assembly and custom duties where applicable).

Where the equipment, instruments and software are also used in other projects at the same time, the cost determined above will generally be amended as follows:

$$Q = C \times P$$

where P is the percentage of use of the equipment, instruments or software for the research project.

### D) ADVICE SERVICES AND OTHERS

This item includes all the activities carried out by other legal entities or physical persons, as follows:

d.1) Scientific advice and/or scientific collaboration (also occasional) regulated by a valid commitment procedure, which will generally indicate purpose and relative fee. The costs will be determined on the invoice/fee including VAT.

d.2) Non-scientific assistance. The costs will be determined on the invoice including VAT.

d.3) Acquisition of patents, know-how and licence fees. The costs will be determined on the invoice including VAT.

### E) OTHER OPERATING COSTS

**Eligible costs:** the report will need to indicate the expenses for the acquisition of raw materials, components, intermediate goods, materials for specific use (for example reagents), products for cultivation and livestock breeding (for example for research of agricultural interest) but also for courses, conferences, exhibitions and fairs organized within the time-frame of the project. These costs will be determined on the invoices including VAT.

This item will also include all the expenses incurred for missions abroad, including those aimed at the participation to relevant courses and conferences. These costs will be considered eligible if the mission is formalized through a letter of appointment specifying the name of the person on the mission, the period and the scientific reasons, which will need to be relevant for the project.

**Non-eligible costs:** accessories necessary for the general operations (such as utensils, metallic or electric parts, protective items such as gloves and glasses, printer paper and toner, stationery etc.) and missions on the national territory cannot be included in this item as these are already included in the general expenses. Expenses for furniture are not eligible in any case.

### F) THIRD PARTIES' COSTS

Such costs may only be indicated as supplementary information. As indicated in the call for proposals, they are related to activities in addition to the project and specifically mentioned in the application, and will be covered by the third parties.

### G) HOST INSTITUTION BONUS

In order to guarantee the appeal of funding for the host institution, a 10% bonus will be awarded to the host institution when the PI is not already a permanent employee of the host institution. The 10% is applied on the total of items A.1+A.2.1+A.2.2+B+C+D+E, therefore excluding item F.

Summary Table

	A.1	A.2.1	A.2.2	A.2.3	B	C	D	E	F	G
1 For the calculation of B	X	X	X	n.r.	(60%)					
2 For the calculation of G (where applicable)	X	X	X	n.r.	X	X	X	X		(10%)
3 For the calculation of the cost (100%)	X	X	X	n.r.	X	X	X	X	X	X
4 For the calculation of the contribution (100%)		X	X	n.r.	X	X	X	X		X
5 Amendable by the evaluation panel (CdS)	X		X	n.r.	NO (flat rate: 60% of items on row 1)	X	X	X		NO (flat rate: 10% of items on row 2)

n.r. = not required – the indication of the cost is not required