

Call for application SFU 2022

Budget Guidelines

Introduction

Institutions applying for funds is required to lay out a budget which clearly indicates what part of the centre's costs the funds from HK.dir is meant to cover (centre budget). Types of allowed costs can be found in the call. Some calls require centres to have partly own funding of the total budget.

More comprehensive information e.g., about how to set up the centre budget, what the different budget categories can include and not, and the requirements set towards the justification of the budgeted costs can be found below. Finally, key requirements for financial management that centre receiving funds must be well acquainted with has been added.

We generally point out that it is the institution listed as the applicant that is responsible for ensuring that all estimated costs, including costs estimated and prepared by partners, is aligned with what is acceptable, calculated accurately and adequately justified.

Errors and deficiencies in the centre budget may result in HK-dir conducting reductions based on the applicable rules of calculations, or an assessment of the reasonableness of the calculated costs. If such budget reductions lead to key planned activities for the centre cannot be carried out, it may also lead to the centre being considered deficient and therefore receive a lower score.

Own contribution

If the call requires own contribution, the one applying for grant funding needs to contribute to the financing of the planned centre. If there are several who will collaborate on the implementation of the centre, own contribution can be distributed by own desire between the centre partners.

When setting up the centre budget, own contribution must be calculated based on the percentage specified under "Requirement of own contribution" in the call text. If you are rewarded with funding, you are free to decide which of the costs in the centre budget that will be covered by own funding and granted funds.

The one thing that is required in relation fulfilling the own contribution requirement in the application is that the person responsible for the centre confirms on behalf of the applying institution that they are familiar with requirements under own contribution

and that they will take the necessary steps to ensure that the requirements is met when running the centre.

Budget categories

Funding for a centre financed by HK-dir can generally only cover costs that fall within the budget categories as listed below, and which are calculated in line with the rules for the individual budget category.

Direct- and indirect costs (account 5***)

This includes costs in the form of salary for centre participants who are planned redeemed to contribute directly to the implementation and running of the centre. Calculation of costs related to redemption of time must be done separately for each centre participant who will contribute with working hours in the centre, and for each year the centre last. When calculating one must first calculate the number of working hours each participant realistically needs for the various centre years to complete the centre's planned activities.

The number of man-hours for the applicant institution is calculated by using the formula: $(\text{Total number of days in the year} \div (\text{Saturdays of the year} + \text{Sundays} + \text{"red days" outside weekends} + \text{number of holidays in accordance with [ferieloven](#) + any collective holidays in addition to those given by [ferieloven](#)})) \times \text{number of working hours per day}$. For an organisation with 1 collective holiday, it would be: $(365 \text{ days} \div (52 \text{ Saturdays} + 51 \text{ Sundays} + 7 \text{ "red days" without weekends} + 25 \text{ holidays} + 1 \text{ collective holidays})) \times 7,5 \text{ hours} = 1718 \text{ man-hours (rounded off to the nearest integer)}$.

Example: a centre participant with 100% position will contribute to the centre's 1st and 2nd year, and the estimate is to contribute with $\frac{1}{2}$ man-year in the first year and $\frac{2}{3}$ man-year in the second year. For the first year, the redemption of time is then $1718/2 = 859$ working hours, and for the second year, the redemption of time will be $((1718/3) \times 2) = 1145$ working hours (rounded up).

Example: a centre participant in a 50% position (part-time position) will contribute to the centre's 1st year, and the contribution is estimated at 2 months / $\frac{1}{6}$ of the calculated number of man-hours). The redemption of time will then be $1718/6 = 286$ working hours (rounded up).

When one calculates the number of man-hours that each participant will contribute/redeem for the relevant centre years, these must be multiplied by the internally calculated average hourly rate that applies to the individual participant's job title category.

The average hourly rates you operate with must include all social costs you include in the relevant job title category (expenses for holiday pay, insurance, etc.) and the

institution's usual surcharge for indirect costs (rent, general operating expenses, and administration costs, etc.). Average hourly rate must be reasonable.

Procurement of services (accounts 6^{*})**

In this context, Procurement of services include all services that an external party must deliver to the centre, and which do not constitute equipment, cf. below. In many centres there will be a need to purchase services from external parties, e.g., from a printing, a publishing house, or a translation company.

There are no restrictions as to which services it is permitted to purchase, other than that the services must be necessary to carry out activities and achieve its planned results. It must be clear that the service in question would not have been purchased if it were not for the centre. If there are any doubt as to whether the service meets this necessary requirement, the necessity must be substantiated in more detail in the comments to budget.

Unless otherwise stated in the announcement, it is also permitted for various partners to undertake the purchase of necessary services, whether this takes place in Norway or abroad. The applicant institution is in all cases responsible for the quality assurance that the purchasing costs stated in the budget are correct.

Only actual costs should be entered in the budget. This means that if the organization who is carrying out the purchase is exempt from VAT, then a deduction must be made for this tax when the cost is calculated (price excluding VAT). The applicant is also responsible for ensuring that any purchases that is planned made abroad are deducted from deductible taxes (VAT or similar).

Please note that the applicant institution is responsible for ensuring that purchases from external parties take place in accordance with current legal rules in Norway. We mention here in particular [lov om offentlige anskaffelser \(med forskrifter\)](#). If any of the centre participants or any of their close relatives (partner/spouse/children) have financial interests (Board positions, shareholdings, etc.) in any of the external suppliers who are to provide services to the centre, these must be explained separately in the budget comments.

Procurement of equipment (accounts 4^{*})**

This budget category includes costs related to the acquisition of ownership of all physical items, as well as usage rights (licenses, rental rights, etc.) for physical items/software, etc., that is necessary to be able to carry out activities described in the application.

For it to be considered necessary, it must be clear that the equipment in question would not have been procured if it were not for the centre. If there are any doubt as to whether

the equipment meets this necessary requirement, the necessity must be substantiated in more detail in the comments to budget. One must also choose the most affordable available version of the equipment needed. Costs associated with the purchase/ depreciation of equipment acquired before the centre's planned start-up cannot be covered and should therefore not be included in the centre budget.

Only actual costs should be entered in the budget. This means that if the organization who is carrying out the purchase is exempt from VAT, then a deduction must be made for this tax when the cost is calculated (price excluding VAT). The applicant is also responsible for ensuring that any purchases that is planned made abroad are deducted from deductible taxes (VAT or similar).

Furthermore, you must calculate the depreciation cost for the equipment. This is done by estimating the lifespan of the equipment (depreciation period) and dividing the actual purchase cost for this period.

Only the part of the depreciation cost that can be attributed to the period from purchase to the end of the centre period is to be entered in the budget. Specification of how budgeted depreciation costs are calculated must be stated via budget comments.

Unless otherwise stated in the call, it is also permitted for various partners to undertake the purchase of necessary equipment, whether this takes place in Norway or abroad. Even if procurement is to be carried out by partners, it is the applicant's responsibility to ensure that the procurement is necessary, and the budgeted cost is correctly calculated.

The applying institution is responsible for ensuring that purchases from external actors take place in accordance with current legal rules in Norway. We mention here in particular [lov om offentlige anskaffelser \(med forskrifter\)](#). If any of the centre participants or any of their close relatives (partner / spouse / children) have financial interests (board positions, shareholdings, etc.) in any of the external suppliers who are to provide services to the centre, these must be explained separately in the budget comments.

Other operational costs (account 6 and 7 *)**

Under this budget category, you can list all costs that does not fit into any of the other categories, but which you still believe are necessary to run the centre in a good way. For all such costs, a justification must be given for why the cost is necessary because of the centre, and the amount. Such costs can exceptionally be approved after a specific assessment.

Example: Costs under this budget category can e.g. include expenses for renting premises, travel and accommodation costs, expenses for necessary domestic transport, or costs necessary to carry out the dissemination of results.

For centre participant, expenses for both domestic and international travel can be covered under this budget post, regardless of the role of the centre participants.

Travel and subsistence costs shall be budgeted in accordance with the rates in [Statens personhåndbok](#) (see Chapter 9.2 for domestic travel, and Chapter 9.3 for international travel). For guidance on these rules, we refer to [Arbeidsgiverportalen](#) and [Lovdata](#).

We encourage you to have a clear focus on setting up a reasonable travel plan for centre participants. It is generally assumed that digital alternatives are considered and used where this is appropriate, so that unnecessary travel costs and environmental effects are avoided. We also encourage the use of other more environmentally friendly transport alternatives (e.g., trains) where possible. Travel that is considered not sufficiently justified can be cut when assessing the application.

Important information about financial management in centres

Below you will find some information about key requirements for financial management in centres that receive grants. We encourage anyone applying for grants to familiarize themselves with these requirements. Knowledge of what these requirements are can give an advantage in various risk assessments that you are asked to do in the application.

Use of own contribution

Applicants who receive grants must themselves ensure that the own contribution requirement is met during the implementation of the centre, and that such use of own funds is reflected in the reporting to HK-dir.

Use of grants

Grants received from HK-dir to finance a centre shall only be used to cover the type of cost stated in the centre budget. If you recognize a need for reallocation of funds in relation to what was planned when the centre budget was made, you must calculate whether the reallocation is above or below the threshold value. The value of the threshold in this call is 20%. If the reallocation exceeds this threshold value, you must seek written consent from HK-dir before you implement the changes / reallocation.

When purchasing equipment and services, the applicant must ensure the necessary documentation of the transaction. This also applies to personnel and administration costs incurred by foreign partners. Such documentation must be kept for 5 years after

the end of the centre period, as it must be available for inspection by HK-dir and the Office of the Auditor General.

Transfer of grant funds to centre partners at home and abroad

If your centre has been granted funding, it is up to you as the applicant / grant recipient how these funds are best used to achieve the centre's planned result. In this way, you can transfer parts of the grant to partner institutions, whether these are in Norway or abroad.

The institution that is the applicant and grant recipient is responsible for the funds being used in line with the prerequisites in the centre. In practice, this means that one must control both one's own others' use of subsidy funds.

Transfers to private individuals are not permitted unless written consent has been obtained from HK-dir.

Reporting duty

All grant recipients are obliged to inform HK dir without delay if significant problems / deviations arise during implementation of activities during the centre period. In addition, all centres must report in writing at fixed times, using HK-dir's report form. More information about reporting will appear after the funding has been granted.

Duty to protect against misuse of subsidies (anti-corruption)

Corruption undermines the legitimacy and achievement of public institutions and contributes to breaking down the web of society that aims to ensure stable and predictable framework conditions for individuals and organisations. In this way, corruption also undermines the basis for economic development, the rule of law and the fair allocation of society's benefits. Corruption can occur at all levels, and institutions within education, research and development of skills are not exempt.

The term "corruption" is multifaceted and covers a wide range of different forms of improper actions and omissions in connection with several different public and private goods. The core of the concept of corruption is nevertheless quite clear: it is actions and omissions that result in public goods being unjustly turned into private benefits, which is the characteristic of corruption. The term "public good" must in this context be understood broadly and includes most benefits that may be perceived as desirable or useful to access.

Norwegian anti-corruption legislation is among the strictest in the world, with many provisions that affect various forms of corruption. Performing or contributing to acts of corruption is punishable and will regularly also involve liability for damages and various sanctions related to one's work situation (disciplinary action, dismissal, etc.).

For everyone who receives grants to run a centre from HK-dir, there is a requirement for proactive fight against the risk of corruption. The most important duties for the recipients can be summarized as follows:

- refraining from all forms of corruption;
- vigilance with regard to centre-relevant corruption risk;
- control related to transfers;
- Duty to discuss potential corruption risk;
- documentation obligation related to preventive measures;
- reporting obligation related to handling corruption risk; and
- Duty to notify in case of specific suspicion of acts of corruption.

The responsibility for following up on these rules rests with the institution that receives funding from HK-dir, and the project coordinator has a special responsibility for ensuring that those involved in the project are made aware of the requirements.