

The Temporary Provisions on the Management of Indirect Costs in Research Funds at GTIIT

Article 1 These provisions were formulated to standardize the management of indirect costs in research funds at GTIIT, improve usage benefits of the indirect costs, and have no limitations on the faculties' enthusiasm in scientific research, according to "The Several Opinions on the Policies about Funds Management of Research Projects Supported by State Revenue" issued by Central Committee General Office and State Council, "Management Measures on Funding from National Natural Science Foundation" issued by NSFC, and relevant policies and regulations on the management of research funds issued by state, Guangdong Province and Shantou City.

Article 2 These provisions are applicable to all types of national and local research projects for which the indirect costs are specified in the regulations.

Article 3 The indirect costs refer to those spent by the research group during the implementation period but cannot be listed as an expense in the direct costs. It mainly includes equipment and housing provided by the university for project research, water, electricity, gas and heating consumption, subsidized expenditures related to administrative costs, and performance incentives to motivate research staff. The university (GTIIT) is responsible for the overall management and use of indirect costs by preparing the budget of indirect costs. The full amount of indirect costs should be incorporated into the financial management of GTIIT in the manner of direct retrieval.

Article 4 The Budgeting of Indirect Costs

The funding agency has regulation on indirect cost, the budgeting will follow the related regulations, or follow other related specific project budget regulations.

For explicit budgeting, the percentage will be according to the approved project budget; for non explicit budgeting, but there is clear rules about indirect cost percentage in the budget management rules or contract, it will follow the specific rules; for non explicit budgeting, and there is no clear rules about indirect cost percentage, it will follow the university's regulation and the management fee will be 5% of the total budget.

1. In general, the indirect costs can be budgeted according to the reality, and based on the upper limit of a prescribed ratio as follows:

The indirect costs shall be determined according to a certain ratio after deducting the cost for the purchase of equipment from the direct costs in the project fund. The specific proportions are as follows:

- 1) 30% for 5,000,000 Yuan and below;
- 2) 25% for the range over and from 5,000,000 to 10,000,000 Yuan;
- 3) 20% for above 10,000,000 Yuan.

From the indirect budget, 50% shall be used by the university according to its discretion to cover the indirect costs of research management and operations. 50% shall be made available to augment the salaries of the PI(s) and research staff directly involved in the

specific research project. This salary incentive will be monitored by RIGS and AHO and implemented by the Finance Office, with a total salary incentive limit of 90% to the PI(s) involved, where vertical funding has a limit of 50% and horizontal funding has a limit of 40%. Funding available from the 50% of the incentive which is above the salary incentive limit can be used for direct research expenses, costs directly related to participation in conferences related to the research topic, general laboratory operation costs and office expenses that may not be budgeted in the direct cost.

Project leaders shall follow the specific requirements of the project authority for budget preparation, draw up a budget based on the characteristics of research tasks, the actual needs, the compliance with relevant policies, and project targets in a scientific, reasonable, truthful, and cost-effective manner. The Finance Office and RIGS will provide guidance and suggestions for project budgeting in accordance with relevant policies, respectively.

2. The management fees and performance incentives of horizontal research projects are implemented in accordance with the regulations on the management of horizontal research projects of the university. The management fee is 15 % of the actual received payment amount, where 10% are incorporated into the university financial budget, and 5% are transferred to the project leader's research account (can be used for performance incentives).

3. Other specific projects: The budget should be formulated according to the regulations on indirect costs in each specific project.

Article 5 For projects with external cooperation, each unit will specify the indirect costs allocation scheme in the budget application (contract) according to the research tasks and funding amount undertaken by each unit.

Article 6 Principle of Spending Indirect Costs

1. Indirect costs are included in the unified financial management of the university, and are used by the university, program (department), and project leaders in a coordinated and reasonable manner.

2. Indirect expenses shall be charged according to the principles of reasonableness, legality, relevance and authenticity, and the arrangement of performance incentives shall be linked to the actual contribution of researchers in the project work, reflecting the value of researchers, inclined to teams and individuals with outstanding innovation performance, and giving full play to the incentive effect of performance incentives.

3. It is strictly forbidden to fictitious economic business and use false bills for reimbursement; it is strictly forbidden to reimburse personal family consumption expenditure in indirect costs.

4. The principle investigator shall strictly distinguish the scope of direct costs and indirect costs, and if the project is found to be not allowed to be charged in direct costs or over budget in the closing and acceptance audit, it shall be transferred to the relevant indirect costs in accordance with the requirements.

5. Project incentive should be applied and allocated according to the related regulation of the university. Once the project is defined fail in the annual execution, or terminated, fail in inspection, part or all incentive will be withdrawn.

Article 7 Distribution Portions of Indirect Costs

Category	University Management	Project Team (Including Performance Incentives)
Portion	50% of the total amount of indirect costs	50% of the total amount of indirect costs, among which the portion of performance incentive is not limited

For research projects without indirect costs management, the university management fees should be budgeted in full according to the regulations of the project authority; for projects without regulations of the authority, the university management fees should be charged 5% of the total project budget. For this type of projects, individual approval by management will be required for each project.

The management fees and performance incentives of horizontal research projects are implemented in accordance with the regulations on the management of horizontal research projects of the university.

Article 8 Management of Performance Incentives in Indirect Costs

As a guiding principle, the performance incentives of the project leader should not exceed 50% of the total performance incentives of the project team (except for the project undertaken by only one scientific and technical personnel), and should be applied by the project leader and submitted to the finance department after review by RIGS, AHO and the department. The recipients are those who have made actual contributions to the implementation of the project (in general, they should be members of the project team and the actual participants, except students).

The rules for release of research project indirect costs: The release of performance incentive can happen after one year of project implementation according to the progress, and the performance incentives cannot exceed 50% before the mid-term inspection of the project and 80% before the completion of the project. If the project does not pass the mid-term inspection, the performance incentives will be suspended; if the project does not complete the research task at the end of the project, or if the acceptance result is poor, the remaining performance incentives will not be released. The department head of each faculty approves the performance release according to the project progress check.

The release process of research project indirect costs performance incentive is as follow:

1. Application by the project leader: The project leader fills out and submits the Application Form for the Release of Performance Incentives from Indirect Costs for Research Projects according to the project progress and budget.

2. Assessment and approval by the department head of the faculty: The department head of the faculty where the project is issued conducts performance assessment of the actual research work and puts forward approval opinions.

3. RIGS reviews the project performance incentives application submitted by the project leader according to the relevant regulations, the submitted project proposal (contract), and the budget plan.

4. AHO reviews the project performance incentives application submitted by the project leader according to the relevant regulations on salary.

5. The finance department will release the project performance incentives in accordance with the relevant procedures within the balance of the project indirect costs (including performance incentives).

Article 9 After a research fund is transferred to the bank account designated by GTIIT, the finance department shall withdraw and transfer the indirect costs to the relevant account of the university according to the above regulations and the confirmed budget plan provided by RIGS, and create the budget codes for the project. The university and project leader will be responsible for the overall arrangement and usage of the indirect costs according to the above-mentioned regulations.

Article 10 For a sub-project undertaken by GTIIT faculty, the indirect costs shall be calculated and withdrawn according to the proportion of the sub-project fund in the total fund. If an explicit agreement was set by the research group, the PI of the project shall provide the research management department of GTIIT with the total budget of the project and allocation plan. With the acknowledgement of the research management departments, the allocation plan will be used as the foundation for the withdrawal of indirect costs.

Article 11 The provisions shall come into force as of the date of promulgation.

Article 12 The provisions shall be interpreted by RIGS Office, Finance Office and Academic HR Office within their job responsibilities.