

Sitra

1 April 2022

Monitoring and Cost Annex for projects funded by Sitra

1 General

This Monitoring and Cost Annex (“Annex”) is applied to the projects funded by Sitra, the Finnish Innovation Fund (“Sitra”).

In the funding agreement, Sitra may exceptionally agree upon costs eligible for the project also in accordance with the funding terms and conditions of another financier of the project.

Sitra requires high-quality project planning, cost accounting and reporting from the beneficiary. The beneficiary shall arrange its accounting in a way that the costs arising from the project can be itemised, their connection to the accounting records and to the project cost report can be verified. The project costs shall be monitored separately in the beneficiary’s accounting records.

This Annex describes the minimum content of project planning and reporting and defines the costs that can be covered by Sitra's funding. In addition, this Annex sets out the principles for monitoring and reporting the costs incurred during the project.

This Annex is an annex to the funding agreement concluded with Sitra.

2 Project plan

The project shall have a sufficiently detailed project plan, including, but not limited to, a description of the project, its objectives and outcomes pursued, timetable, resourcing, budget, other potential partners and their funding contributions, an estimate of the amount of any own contribution of the beneficiary, responsible persons, and a description of follow-up and reporting. The project plan shall be prepared by the beneficiary, in collaboration with Sitra where necessary.

The costs of the project shall be itemised in the budget by cost type in accordance with the terms and conditions of this Annex. Voluntary work shall not be included in the project costs.

3 Reporting of costs

The beneficiary shall report to Sitra (to the person responsible for the project) the actual costs incurred in the project as agreed in the funding agreement and in any event no later than in conjunction with the final cost report. When the final report has been approved, no further costs may be presented for the project.

Project costs are reported by using Sitra’s project cost report template. Furthermore, the beneficiary shall ensure that all reported costs comply with this Annex.

Additional information shall be submitted to Sitra upon request in case the monitoring of the project so demands. Additional information may, for example, include accounting reports.

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4 Audit

Sitra shall have the right to carry out an audit on the beneficiary's finances and operations related to the project, conducted by an external auditor. The beneficiary shall cooperate with the party carrying out the audit and make available free of charge all the material and information needed for the proper conduct of the audit.

If the total amount of funding granted by Sitra exceeds EUR 400,000, the beneficiary shall submit to Sitra a project-specific audit report on the use of the funding. The audit report shall be submitted to Sitra within three months of the closing of the project. The costs of the audit may be included in the costs of the project, provided that the audit does not reveal any irregularities in the execution of the project.

5 Eligible costs

Sitra's funding may only be used to cover the costs under the funding agreement as presented in the project plan in accordance with this Annex. All costs must be reasonable and necessary for the execution of the project.

Eligible costs may include expenses that are:

- incurred during the duration of the project; and
- recorded in the beneficiary's accounts in accordance with the Accounting Act (1336/1997) and Decree (1339/1997) and good accounting practices.

The costs may be accepted inclusive of value added tax if the beneficiary is ultimately liable to pay the value added tax.

5.1 Wages and salaries

The beneficiary shall arrange the monitoring of the working hours of the people working in the project reliably and appropriately. The working hour records for each individual working directly for the project shall be maintained at an hourly level.

Sitra's funding can only be used to cover the share of wages and salaries paid that correspond to the effective working hours allocated to the project. Effective working hours do not include paid absence from work, such as annual holidays, sick leaves, maternity, parental and paternal leaves or other indirect working hours.

Wages and salaries paid in accordance with the collective agreements and other pay provisions applicable to the beneficiary are accepted as eligible project costs. The pay costs recognised for the project shall be actual costs exclusive on any profit margin. The materials related to the working hour records shall be retained for a period of ten years following the payment of the last funding instalment for the project.

5.2 Indirect costs

The breakdown of project costs into direct and indirect costs shall follow the principles generally applied in beneficiary's accounting.

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Indirect costs are allocated to the project by means of an indirect personnel cost factor and overhead cost factor. The factors used in the project shall be recorded in the project budget that is included in the project plan. Sitra approves the indirect personnel and overhead cost factors, which are calculated on the basis of beneficiary's accounting.

5.2.1 Indirect personnel costs

Indirect personnel costs are allocated to the project by means of the indirect personnel cost factor. The percentage of direct wages and salaries allocated to the project is used as indirect personnel cost factor. If the beneficiary is unable to reliably calculate indirect personnel cost factor derived from its accounting, Sitra will accept a factor that is a maximum of 50 per cent of the wages and salaries of the project's effective working hours, or 30 per cent if holiday pay is not paid.

Indirect personnel costs include, but are not limited to, pay for paid absence from work, holiday pay and social security contributions, pension payments, accident and unemployment insurance premiums and other equivalent employer contributions, and refunds of such contributions.

5.2.2 Overhead costs

Sitra's funding may only be used for covering the beneficiary's overhead costs if Sitra deems this justified for the execution of the project and only to the extent that they have been duly itemised in the project plan or its appendices. In this case, regarding eligible overhead costs, the provisions below concerning overhead costs shall be complied with.

Overhead costs are allocated to the project by means of the overhead cost factor. The overhead cost factor is the percentage of the combined sum of wages and salaries for effective working hours allocated to the project and indirect personnel costs.

The costs covered by the overhead cost factor may include, for example, costs incurred for administrative services, depreciation on machinery and equipment and the use of premises insofar as they are not treated as direct costs according to the general accounting policies applied.

5.3 Travel costs

Sitra will accept as eligible travel costs the actual travel and accommodation costs incurred in connection with the execution of the project. The hours travelled shall not be included in the working hours.

Travel costs are accepted in accordance with the current regulations of the Finnish Tax Administration:

- Decision of the Finnish Tax Administration on tax-exempt allowances for business travel
- Guidelines of the Finnish Tax Administration on the compensation of commuting expenses in taxation

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5.4 Material and supplies costs

Materials and supplies purchased that are necessary for the project are accepted as eligible in accordance with the invoicing.

5.5 Purchased services

Services purchased are accepted as eligible in accordance with the invoicing.

5.6 Machinery and equipment

Machinery and equipment that are necessary for the execution of the project will be accepted as eligible in accordance with the invoicing if the machine or equipment is mainly used in the project. If a machine or equipment is also used in activities other than the project, the acquisition cost will be accepted as eligible to the extent that the equipment is used in the project. If the useful life of the equipment is longer than the duration of the project, the portion of the acquisition cost corresponding to the accumulated depreciation over the duration of the project will be accepted as eligible.

The acquisition cost of personal computers, mobile phones and other similar tools are indirect costs and will not be accepted as eligible project costs unless overhead costs are accepted as eligible project costs pursuant to section 5.2.2. In this case, these costs shall be included in the costs stated by means of the overhead cost factor.

5.7 Other costs

Under other costs, costs that are necessary for the execution of the project and reasonable and not included in any of the above items, can be accepted as eligible in accordance with the invoicing. Other costs shall always be itemised in the project budget and reporting template.

5.8 Rejection of costs

Sitra reserves the right not to accept the costs presented in the cost reporting if the relevance of the costs to the project cannot be clearly substantiated.