

Manual on Research Fund Management

for National R&D Projects

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National Research Foundation of Korea



MSIP
Ministry of Science, ICT and
Future Planning



MINISTRY OF
EDUCATION
REPUBLIC OF KOREA



**National Research
Foundation of Korea**

Manual on Research Fund Management

for National R&D Projects



Purpose of Publication ▼

- To introduce detailed standards on the execution and management of R&D funding under the Regulation on Management of National R&D Projects (Nov 29, 2014), Regulation on MSIP-run Science & Engineering R&D Projects (Nov 17, 2014), Regulation on MOE-run Science & Engineering R&D Projects (May 13, 2014), Sciences Promotion Act Enforcement Decree (Mar 23, 2013), Sciences Promotion Act Enforcement Rule (Jun 14, 2013), and the Regulation on Humanities & Social Science Support Projects (Aug 21, 2014).
- To provide key FAQs on research fund management, execution, and settlement for MSIP-run Science & Engineering R&D projects (e.g., basic research, fundamental technology development, nuclear power R&D, space technology development, nuclear fusion energy R&D, and international cooperation in science and technology) and MOE-run Humanities & Social Science support projects as well as Science & Engineering R&D projects and give easy-to-understand explanations of research fund usage report and settlement process under the e-Settlement system.
- To provide guidelines for research fund execution, management, and settlement to establish an autonomous and reliable system for research institutions and researchers.



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Chapter

I

General Overview of R&D Funding

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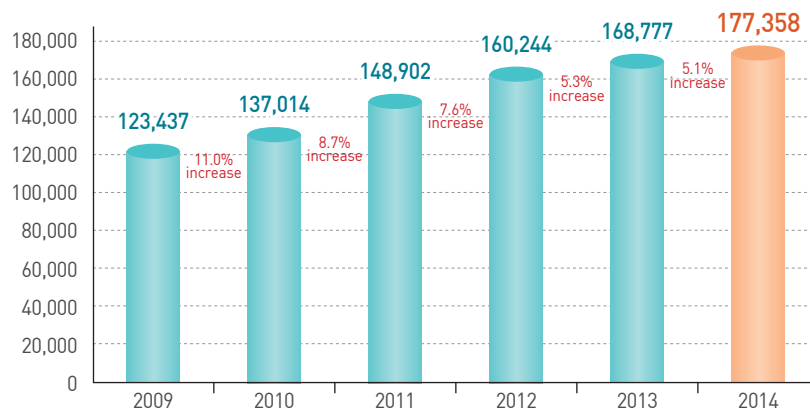


1. Current status of R&D funding

- ③ The ratio of Korea's investment in national R&D projects marks a huge growth each year.
- ③ The Korean government keeps on expanding its investment in creative R&Ds to create future sources of national livelihood and invested KRW 17 trillion 735.8 billion in 2014, a 5.1% increase over the previous year.

(Unit: KRW 100 million)

Government R&D budget* (2009~2014)



* Source: National Assembly(2014)

- ③ With such rapid increase of research fund for national R&D projects, Koreans' interest in research fund and the expectations for the results of investment becomes even bigger, making the demand for rational, efficient, and transparent execution of research fund to rise as well.

The most fundamental method for more efficient and transparent investment of R&D support fund:

Rational execution and management of R&D funding

2. Regulations and guidelines on R&D funding

- ③ The “Framework Act on Science and Technology” and the “Sciences Promotion Act” provide the legal basis of research fund management for national R&D projects (academic support projects), and the various levels of legislations have shaped the execution and management of research fund.

Criteria	Science & Engineering	Humanities & Social Science
Acts	<ul style="list-style-type: none"> • Framework Act on Science and Technology 	<ul style="list-style-type: none"> • Sciences Promotion Act
Presidential Decrees	<ul style="list-style-type: none"> • Regulation on Management of National R&D Projects 	<ul style="list-style-type: none"> • Sciences Promotion Act Enforcement Decree
Administrative rules (directives, guidelines, and announcements)	<ul style="list-style-type: none"> • Regulation on MSIP-run Science & Engineering R&D Projects • Regulation on MOE-run Science & Engineering R&D Projects • Guideline on Management of College Student Labor Cost in National R&D Projects • Announcement on Appropriation Criteria for Indirect Cost in National R&D Projects 	<ul style="list-style-type: none"> • Sciences Promotion Act Enforcement Rule • Regulation on Humanities & Social Science Support Projects • Announcement on Appropriation Criteria for Indirect Cost in National R&D Projects
Guidelines	<ul style="list-style-type: none"> • Standard Manual on Research Management in National R&D Projects • Manual on Research Fund Management in National R&D Projects 	<ul style="list-style-type: none"> • Manual on Research Fund Management in National R&D Projects • Standard Guideline on Research Management in Humanities & Social Science Support Projects 119 • Management guidelines by project (e.g., HK, SSK, academic research professor)

<Legislative framework on R&D funding>



3. Definition of R&D funding terms

Specialized institution

An institution wherein the Minister establishes or to which the Minister entrusts his/her duties by delegating administrative authorities for the purpose of planning, managing, evaluating and utilizing R&D projects

Lead research institution

An institution that leads an R&D project

Partner research institution

An institution that performs an R&D project that is divided into two or more sub-projects in partnership with the lead research institution by performing the sub-project as set forth in the agreement

Joint research institution

An institution that jointly performs an R&D project with the lead research institution or jointly performs a sub-project with the partner research institution

Entrusted research institution

An institution that performs part of an R&D project or its sub-project entrusted by the lead research institution or the partner research institution as set forth in the agreement

Participating company

A company that bears part of the R&D funding for a R&D project in order to acquire a license for the R&D output, an industrial technology research association established under Industrial Technology Research Association Act, and any other institution designated by the Minister

National R&D project management service

An information system established and operated by the MSIP Minister to comprehensively manage and provide the results of survey, analysis, evaluation, and coordination of national R&D projects as well as the information about the national R&D projects of various ministries (www.ntis.go.kr)

Contribution

A research fund that is provided free of charge by the state to research-implementing institutions from its budget or fund to achieve the goals of national R&D projects

Cost category

Large-category cost items that combine similar costs that make up the R&D funding based on attributes thereof
- Direct cost, indirect cost

Detailed cost category	<p>Mid-category cost items that expresses a cost category's components in relative detail</p> <ul style="list-style-type: none"> - Labor cost, student labor cost, research equipment/materials cost, research activity expense, research project implementation expense, research allowance, entrusted R&D funding - Indirect cost (personnel support expense, research support expense, result utilization support expense) <ul style="list-style-type: none"> ※ Humanities & Social Science support projects: specialized labor cost, student labor cost, equipment/materials cost, academic research fund, academic activity allowance, and indirect cost
Purpose of use	<p>Small-category cost items based on which the research fund is executed</p> <ul style="list-style-type: none"> - Travel expense, taxes, utilities and fees, technical information activity expense, etc.
Settlement	<p>Any accounting inspection performed by MSIP and MOE Ministers, the head of the specialized institution, or the head of lead research institution against the use of R&D funding</p>
Obligated Balance	<p>Used balance + settlement balance</p>
Used balance	<p>R&D funding balance from the research fund at the end(suspension) of R&D</p>
Settlement balance	<p>R&D funding concluded as unjustifiably executed* after the accounting inspection</p> <p>* The execution of research fund in violation of research fund management regulations wherein the execution is detected through research fund settlement, external audit, etc.(The unjustified execution includes not only the intentional unjustified execution, such as embezzlement, misappropriation, and defrauding of research fund, but also the negligent unjustified execution, such as ignorance of regulations)</p>
Head of accounting audit department	<p>The auditor or the inspector that audits the operations and financial conditions of the lead research institution (including partner and entrusted research institutions)</p>
Centralized research fund management	<p>A system wherein the lead research institution sets up an exclusive research fund management division and oversees the purchase, its contracts, execution, etc., related to research with the efficiency and the expertise of research fund management in mind</p>
Fixed-amount research project (Humanities & Social Science fields)	<p>A project (e.g., theoretical research project) without a great demand for research fund, which means a small, fixed amount of research fund is provided, and in which the research fund settlement process is simplified</p> <ul style="list-style-type: none"> - A research project that receives a project fund without settlement process (Humanities & Social Science fields)



4. Principles and restrictions of R&D funding use

A

Principles of R&D funding use

G Accuracy of research fund appropriation

- In the preparation of original research plan, necessary research fund shall be accurately appropriated after sufficient preview.

G Research fund execution serving its goals purposefulness of research fund execution

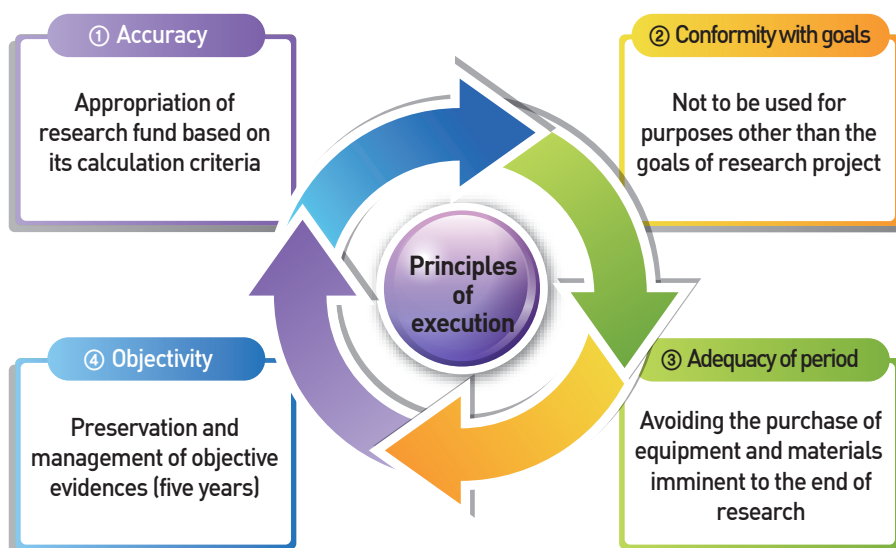
- The research fund shall be executed to serve research plan and goals.

G Adequacy of research fund execution period

- The research fund shall be executed during the research period under the agreement, in principle.

G Objectivity of evidences

- The research fund execution shall be proved through objective documents (e.g., spending resolution, receipt, e-tax receipt), which shall be kept for a minimum five years from the end of research.



B**Restrictions on R&D funding use****G Restriction on maximum calculation rate (Science & Engineering fields)**

- An increase of 20% or more in labor cost over the original plan shall be reported to specialized institution.
- The research project implementation expense, if not settled, shall be 10% or less of the direct cost (evidence required).
- The research allowance shall be 20% or less of the labor cost.
- The indirect cost shall not exceed the direct cost (excluding unpaid labor cost, in-kind expense, and entrusted R&D funding) as multiplied by the MSIP-announced indirect cost rate or the fixed indirect cost rate.
- The R&D performance reward shall not exceed 10% of the relevant year's total indirect cost.
- The funding/contribution for technology start-up can be executed up to 10% of relevant year's total indirect cost and up to five years after incorporation.

G Restriction on new cost categories (Science & Engineering fields)

- The indirect cost and research allowance, if missing in the original research plan, cannot be created.

G Restriction on change of detailed cost categories

- An increase of 20% or more in the entrusted R&D funding over the original plan requires an approval from the head of the specialized institution (Science & Engineering fields).
- An increase or decrease of 5% or more in student labor cost in the institution with integrated management of such cost from the original plan and in the labor cost of SMEs' newly hired researchers from the original plan requires an approval from the Minister or the head of the specialized institution (Science & Engineering fields).
- Purchase of research equipment/facility (worth KRW 30 million or more) without an original plan or change thereof into one different from original plan: approval from the Minister or the head of the specialized institution required (Science & Engineering fields)
- The indirect cost and research allowance cannot be increased over the original plan (Science & Engineering fields).



- It is not allowed to divert 20% or more of the direct cost into labor cost (Humanities & Social Science fields)
 - The labor cost cannot be diverted into direct cost (Humanities & Social Science fields).*
- * However, where a PhD.-level or full-time researcher is appointed or hired as a full-time teaching staff, the labor cost can be diverted into academic activity allowance (Article 24, Paragraph 5 of the Regulation on Humanities & Social Science Support Projects).

Restriction on usage period

- The R&D funding shall be used during the term of agreement in principle, and the machinery/equipment shall be purchased* at least two months (one month for Humanities & Social Science fields) before the final (by-phase) completion of the R&D project so that it can be used for the research.
- * The delivery of the machinery/equipment and its acceptance test being completed

Restriction on method of use

- The R&D funding expenditure shall be made through the research fund card or account transfer* in principle, but cash can be used within 1% of the direct cost (excluding the entrusted R&D funding) if the research fund card cannot be used.
- * Humanities & Social Science fields: up to 2% of scope if the research fund card cannot be used (For more details, see Chapter II 2. R&D funding use)

Restrictions on change in cost categories of R&D funding (Science & Engineering fields)

Cost category	Detailed cost category	Uses and restrictions per cost category		Remarks
		Possibility of increase	Possibility of diversion	
Direct cost	Labor cost	△	△	<ul style="list-style-type: none"> - An increase of 20% or more* over the original plan: A report to the specialized institution is required. * Institution without the integrated management of student labor cost: the sum of the total labor cost and the student labor cost shall be applied. - Decrease in labor cost of SMEs' newly hired researchers from the original plan: the approval from the Minister or the head of the specialized institution is required.
	Student labor cost	△	△	<ul style="list-style-type: none"> - An increase or decrease of 5% or more in student labor cost from the original plan by the institution with integrated management of student labor cost: the approval from the Minister or the head of the specialized institution is required.
	Research equipment/materials cost	○	○	
	Research activity expense	○	○	
	Research project implementation expense	○	○	<ul style="list-style-type: none"> - When settlement not performed: appropriation up to 10% of direct cost * Expense of meeting only attended by employees (internal participating researchers included) of a single institution without the external institution's participation: execution is not allowed * Execution without prior authorizations or minutes: not allowed (exception: meeting expense worth KRW 100,000 or less and attached by receipt)
	Research allowance	×	○	<ul style="list-style-type: none"> - Increase over the original plan: not allowed * Up to 20% of labor cost (labor cost-in-kind as well as unpaid labor cost and student labor cost included) * Where labor cost is decreased from original plan and cannot be paid in excess of 20% thereof
Indirect cost	Entrusted R&D funding	△	△	<ul style="list-style-type: none"> - An increase of 20% or more over the original plan: the approval from the Minister or the head of the specialized institution is required. * Up to 40% of direct cost (excluding entrusted R&D funding)
	Indirect cost	×	○	<ul style="list-style-type: none"> - An increase over the original plan: not allowed - R&D performance reward: up to 10% of the relevant year's total indirect cost - Funding/contribution for technology start-up: up to 10% of relevant year's total indirect cost and up to five years after incorporation

* ○ (The lead research institution can decide.), △ (The approval from the specialized institution is required as well as the report to such institution.)



Restrictions on change in cost categories of R&D funding
(Humanities & Social Science fields)

Cost category	Detailed cost category	Uses and restrictions per cost category		Remarks
		Possibility of increase	Possibility of diversion	
Labor cost	Specialized labor cost	○	×	- The labor cost cannot be diverted into direct cost. * If a PhD.-level or full-time researcher is appointed or hired as full-time teaching staff, the labor cost can be diverted into academic activity allowance.
	Student labor cost	○	×	
Direct cost	Equipment/materials cost	○	○	
	Academic research fund	○	○	
	Academic activity allowance	○	○	- KRW 400,000 a month* per person per project * Applied to projects (from 2012) under the agreement (KRW 350,000 a month for projects (before 2012) under the agreement)
Indirect cost	Indirect cost	×	○	- Academic promotion and efficiency reward: up to 10% of relevant year's total indirect cost)* * Applied to projects (from Jun 14, 2013) under the agreement

* ○ (The lead research institution can decide.)

Chapter

II

Management and Use of R&D Funding

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1. Management of R&D funding

A Framework of R&D funding management

- Ⓒ Researchers shall autonomously and responsibly use the research fund to serve the purpose of research, and research institutions, by building a research management infrastructure and establishing an internal control system, shall manage transparent and efficient execution of national R&D funding.



B Authorities and responsibilities of R&D funding managers

G Head of the lead research institution

- Comprehensive management of R&D implementation
- Designate manager of R&D funding
- Use and manage R&D funding and report the use of research fund
- Settle the research fund used by partner (entrusted) research institutions, recover obligated balance, and report the results
- Provide priority support to research support personnel, facility, and administration for researchers

G Manager of R&D funding

- Deposit research fund in financial institutions and manage it with due care, as delegated by the head of research institution
- Keep financial institution-issued certificates of deposit (bankbook), ledgers, written evidence, etc., pursuant to lead research institution's regulations for at least five years from the end of research period
- Record and manage, by total amount and by cost category, the receipts and payments in the comprehensive electronic management system of the research fund

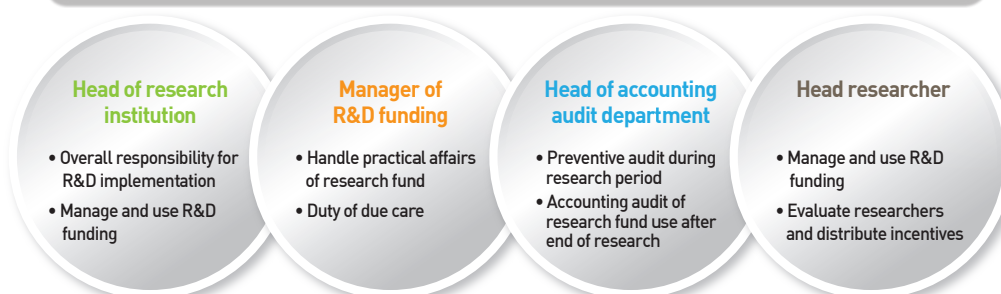
G Head of the accounting audit department

- Maintain records on preventive audit and self-accounting audit of the research fund use

G Head researcher

- Use and manage R&D funding
- Evaluate participating researchers and decide allocation of incentives

Duties of R&D funding managers





C

Management of R&D funding by research phase

G Research commencement phase

- The head of the lead research institution shall designate the manager of the research fund and the manager of the assets purchased using the research fund.
- The R&D funding shall be deposited in the research fund account at a financial institution nearby, and in case two or more research projects are being performed, a bank account separate from other funds can be opened so that the R&D funding can be managed efficiently.
- The research fund card shall be linked to the research fund account, and the research fund card ledger to manage the research fund card shall be furnished.

G Research implementation phase

- Written evidence necessary to prove the R&D funding's' description of use shall be prepared and managed.

<Basic written evidence for research fund execution required>

Classification	Written evidence
Spending resolution, etc.	Spending resolution, revenue resolution
Receipt	Card sales slip, statement of account transfer, e-tax receipt, purchase confirmation (acceptance test report), statement of transaction
Other documents proving payment	Estimates, contracts, invoices, etc.

- ※ If the R&D funding is executed by the research fund card, the evidence can be waived for card slips only pursuant to the lead research institution's regulations.
- Within 30 days of R&D funding use, R&D funding uses shall be entered, by research fund cost category and by day, into the comprehensive electronic management system of research fund (www.rndcard.re.kr) daily (Humanities & Social Science fields excluded).



<Comprehensive electronic management system of research fund>

- The R&D funding execution shall be proven pursuant to the research institution's accounting regulations, and the management of accounting (receipts and payments) shall be proved per research project
- The head of the accounting verification-related department shall conduct preventive audit on R&D funding use and maintain records on the use and accounting inspection of R&D funding.
- Any written evidence related to research fund execution shall be kept for at least five years from the end of relevant project

Research end phase

- The head of the lead [partner] research institution shall conduct research fund settlement for the relevant project, partner project, and the entrusted project, and within three months after the end of research, he/she report the result to the MSIP Minister (MOE Minister) or the head of the specialized institution.
- The head of the lead [partner] research institution, if necessary for the settlement of the relevant project, partner project, and entrusted project, shall receive and review the statement of detailed cost category, written evidence, etc.
- The head of the lead [partner] research institution shall notify the amount of unjustified execution of the settled project to relevant institutions and head researchers, give an opportunity for explanation, and have the government's share in the fixed amount of unjustified execution be returned to the specialized institution's comprehensive management account.



- In return of the used balance, interest, and settlement balance, a by-project obligated balance remittance and withdrawal report (Regulation on MSIP-run Science & Engineering R&D Projects, Schedule No. 8 Form) shall be prepared and submitted on the return per project and institution (head researcher) with evidence of return attached.

- ◉ **(Humanities & Social Science)** The head of the lead research institution (lead head researcher) shall complete the research fund settlement within three months after the end of research and report the result to the head of the specialized institution.
- ◉ **(Humanities & Social Science)** Non-college lead research institution or lead head researcher shall submit, as an attachment, the bankbook copies, project fund usage ,etc., which shows the execution of the entire project fund, to the head of the specialized institution.
(Regulation on Humanities & Social Science Support Projects, Article 25)

G Common criteria of unjustified execution: criteria of unjustified execution common to all cost categories are as follows:

- Amount executed before or after the term of agreement
 - The direct cost whose authorization occurs during the research period and whose execution is completed no later than the reporting about the use of the research fund shall be excluded
(exception: machinery/equipment purchase expense, out of research equipment/materials cost).
 - The report printing expense, research allowance, settlement fees, public utilities fees, etc., after the end of research period shall be excluded.
- Amount notified by the head of relevant central government agency as unjustified execution based on appropriation criteria for research fund cost categories
- Executed amount not related to R&D project or lacking written evidence
- Amount not executed through research fund card (or card registered in the research fund management system) or account transfer
 - * The same shall not apply where cash use is recognized under Joint Management Regulation, Article 12-2, Paragraph 1.
- Amount executed without approval or used in excess of the prescribed extent and the amount with false project fund usage report
- Direct cost (labor cost excluded) executed without the head researcher's proposal and the amount paid to researchers not participating in R&D project
- Interest accrued during the research period and used for purposes not approved by the head of central government agency
 - * Reinvestment in R&D to strengthen capacity of research result management is excluded
- Amount of unjustified appropriation or execution of charges-in-kind
- Refundable amount (e.g., tariff or VAT) included in the executed amount

D

Sanctions related to the use of research fund for other purposes

01 Restriction on participation

G Framework Act on Science and Technology (Article 11-2)

〈Restriction on participation in national R&D projects〉

- ① The head of a central government agency, if the head researcher, research institution, participating company, or (IPR) licensed company participating in such agency's national R&D project falls into any of the following, may restrict their participation in such national R&D project up to five years and recover the already-paid project fund in whole or in part.

1. ~ 4. (Omitted)

- ⑤ Use of R&D funding for other purposes

The head of a central government agency, regarding the act falling into Paragraph 1 Subparagraph 5, may impose on or collect from the relevant institution, organization, company, head researcher, researchers, or employees the monetary sanction up to five times the amount of use for other purposes. (Revised 2014.5.28.)

(following clauses omitted)

G Regulation on Management of National R&D Projects (Article 27) and Regulation on MSIP-run Science & Engineering R&D Projects (Article 45)

〈Restriction on participation period and project fund recovery criteria〉

- ① The per-cause restriction on participation period under the Act Article 11-2, Paragraph 1 shall be as follows:

1. ~ 4. (Omitted)

5. Where R&D funding is used for other purposes. However, if the Minister detects the use for other purposes but the relevant amount is already restored to R&D funding account, he/she may reduce the following restriction period by one year or more:

- A. If the amount used for other purpose is 20% or less of the relevant year's R&D funding: three years or less
 B. If the amount used for other purpose exceeds 20% of the relevant year's R&D funding but is 30% or less thereof: four years or less
 C. If the amount used for other purpose exceeds 30% of the relevant year's R&D funding: five years or less

(following clauses omitted)



02 | Recovery of project fund

- ④ Table 5 of the Regulation on Management of National R&D Projects (Article 27, Paragraph 10) and Table 9 of the Regulation on MSIP-run Science & Engineering R&D Projects (Article 45, Paragraph 9)

Detailed criteria of project fund recovery per cause	
Cause of recovery	Criteria of recovery
Use of R&D funding for activities other than its purpose	Within the relevant year's total amount of contribution

03 | Decrease of indirect cost

- ④ Regulation on MSIP-run Science & Engineering R&D Projects (Article 23, Paragraph 8)

〈Payment of R&D funding〉

- ① ~ ⑦ (Omitted)
- ⑧ If a researcher is restricted to participate because of the unjustified execution of the research fund, the project adjusting officer, may adjust the rate of the indirect cost paid to the lead research institution.

04 | Termination of agreement

- ④ Regulation on Management of National R&D Projects (Article 11)

〈Termination of agreement〉

- ① The head of the central government agency, in any of the following cases, may terminate the agreement as set forth therein. In such case, for an R&D project that has a participating company, there has to be prior consultation with the participating company's representative.
1. ~ 8. (Omitted)
9. If the head researcher is finally restricted to participate under Article 27 because of the reasons, such as the use of R&D funding in another R&D project (following clauses omitted)

Regulation on MSIP-run Science & Engineering R&D Projects (Article 21)

〈Termination of agreement〉

① The Minister, in any of the following cases, may terminate the agreement, and the head of the specialized institution shall have the Minister's prior approval to terminate the agreement.

1. ~ 4. (Omitted)

5. If the researcher is finally restricted to participate under Article 45 because of the material breach of agreement (e.g., extra-purpose use of research fund) and it becomes difficult to continue the R&D project (including when the restriction is finalized in another research project) 〈Revised 2014.11.17.〉 (following clauses omitted)



2. Use of R&D funding

A

Cost categories by field (Science & Engineering, Humanities & Social Science)

Science & Engineering fields

Two cost categories, eight detailed cost categories	
Cost category	Detailed cost category
Direct cost	Labor cost
	Student labor cost
	Research equipment/materials cost
	Research activity expense
	Research project implementation expense
	Research allowance
	Entrusted R&D funding
Indirect cost	Indirect cost

Humanities & Social Science fields

Three cost categories, six detailed cost categories	
Cost category	Detailed cost category
Labor cost	Specialized labor cost
	Student labor cost
Direct cost	Equipment/materials cost
	Academic research fund
	Academic activity allowance
Indirect cost	Indirect cost

B

Direct cost

Consists of seven detailed cost categories

- Labor cost, student labor cost, research equipment/materials cost, research activity expense, research project implementation expense, research allowance, entrusted R&D funding
- ※ Only the participating researchers can be paid and use the R&D funding.

Purpose of use for direct cost by sub-categories

<Science & Engineering fields>

Sub-categories	Purpose of use
Labor cost	<ul style="list-style-type: none"> • Labor cost paid to internal/external researchers directly participating in R&D project
Student labor cost	<ul style="list-style-type: none"> • Labor cost paid to student researchers directly participating in R&D project *Including post-doc researchers (research fellows included)
Research equipment/ materials cost	<ul style="list-style-type: none"> • Machinery / equipment / accessory equipment purchase expense *General-purpose equipment not related to R&D project excluded • Research facility installation/purchase/lease/usage expense, and incidental expense (e.g., operation expense) • Reagents/materials purchase expense • Computer processing expense • S/W purchase expense (general-purpose S/W excluded) • Prototype/test equipment manufacturing expense
Research activity expense	<ul style="list-style-type: none"> • Overseas travel expense • Printing/copying/developing/slide-making expenses, public utilities, taxes and fees, and research project-related public notice expense • Expert expense, domestic and overseas education/training expense, literature purchase expense (e.g., books), conference room fee, seminar hosting expense, conference/seminar attendance fee, manuscript fee, interpretation fee, translation fee, shorthand fee, subscription fee, technology transfer fee, etc. • Article publishing fee, thesis examination fee • Test/analysis/inspection fee, clinical trial fee, technical information gathering fee, patent information survey fee, information DB fee, etc. • Questionnaire expense • Subsidy for the recruitment of a scientist and an engineer • Expense necessary to coordinate and manage any sub-project
Research project implementation expense	<ul style="list-style-type: none"> • Domestic travel expense, local transportation fee • Office supplies expense, expense of research environment-maintaining machinery/equipment • Meeting expense (excluding conference room fee and expert expense, out of research activity expense) • Overtime meal expense related to R&D project
Research allowance	<ul style="list-style-type: none"> • Rewards and subsidies for head researcher and participating researchers related to R&D project
Entrusted R&D funding	<ul style="list-style-type: none"> • Expense necessary to entrust part of the research to outside institutions



G Consist of three detailed cost categories

<Humanities & Social Science fields>

Detailed cost category	Purpose of Use
Equipment/ materials cost	<ul style="list-style-type: none"> • Materials / reagents / consumable parts purchase, use, analysis and testing expense, computer processing fee • Cost of installing, purchasing, and leasing the machinery, equipment, accessory equipment, research facility that can be used for a month or so for academic activity, and incidental expense thereof
Academic research fund	<ul style="list-style-type: none"> • Domestic/overseas travel expense and local transportation fee for academic activity participants
	<ul style="list-style-type: none"> • Printing, copying, developing and slide-making expenses, public utilities, taxes and fees, office supplies expense directly related to academic activity
	<ul style="list-style-type: none"> • Expert expense, domestic and overseas education/training expense, domestic/overseas information DB network fee, domestic/overseas technical information collecting fee, literature purchase fee (e.g., books), meeting expense, seminar hosting expense, conference/seminar attendance fee, manuscript fee, interpretation fee, shorthand fee, text beautifying/editing fee, translation supervision fee, project-related meeting expense, patent information survey expense, domestic/overseas standards registration activity expense, standards information survey expense, etc.
	<ul style="list-style-type: none"> • Activity expense necessary to survey and research (e.g., questionnaire, opinion survey) in site survey
Academic activity allowance	<ul style="list-style-type: none"> • Expense necessary to coordinate and manage any sub-project
	<ul style="list-style-type: none"> • Rewards and subsidies for the head researcher and joint participants related to an academic activity <ul style="list-style-type: none"> - KRW 400,000 or less a month* per person per project * Applied to projects (from 2012) under the agreement. (KRW 350,000 a month for projects (before 2012) under the agreement)

01 Labor cost

Definition

- Labor cost paid to internal/external researchers directly participating in R&D project

Appropriation criteria

- The total amount of wage* during the research period under the research institution's criteria shall be appropriated by applying relevant project participation rate but cannot exceed 100% of the total annual salary.

* Including the major four insurances as well as the burden of the researcher and the institution in the retirement benefit appropriation fund

<Criteria of labor cost calculation>

		Details of calculation
Government-funded research institutions and specific research institutions	Annual salary system-applied institution	<ul style="list-style-type: none"> • Total annual salary × participation rate ※ Legal charges: Governed by the institution's regulations
	Annual salary system-unapplied institution	<ul style="list-style-type: none"> • 12 government-recognized items × participation rate - Base wage (base salary, bonus) - Fixed-amount payment (base research activity expense, base efficiency enhancement allowance) - Fringe benefit (family allowance, lunch subsidy, self-drive subsidy) - Legal charges (retirement benefit appropriation fund, national pension, health insurance, unemployment insurance, workers' compensation)
Other institutions		<ul style="list-style-type: none"> • Actual payment under the institution's regulations × participation rate

* Project participation rate: Ratio of labor cost paid by the project against the participating researcher's total annual salary (100%)

- When the labor cost of government-funded research institutions and specific research institutions is not 100% secured
 - Appropriation of labor cost in new R&D project: up to 130% of the sum of all participation rates in R&D projects in progress
 - For researchers having reached the maximum, participation rate cannot be appropriation for the purpose of calculating linked cost category.
 - KAIST, GIST, and DGIST: the unpaid participation rate can be appropriation up to 30% per project, but research allowance cannot be appropriated.
- Colleges, companies, national/public research institutions, etc.
 - For professors and their subordinate researchers, the labor cost to be paid by the original institution shall be appropriated as in-kind or unpaid labor cost, but it should not be paid in cash.



※ If the labor cost is already secured and the participating researcher is not paid with a separate labor cost, for linked cost category calculation, the participation rate can be appropriated up to 30% per project.

(However, there is no detailed cost category of unpaid labor cost in academic support projects.)

- The participating researchers who do not belong to the employer's institutions may participate in national R&D projects on the condition of entering into a project participation agreement with the lead research institution first.

• Other institutions (The appropriation of labor cost in cash is allowed.)

- Labor cost of researchers of SMEs implementing the project (including knowledge service development)
- Labor cost of researchers directly participating in the R&D project and belonging to a company reported as R&D service provider under Special Act on Support of Scientists and Engineers for Strengthening National Science and Technology Competitiveness(Presidential Decree No. 21551) Article 18
- SMEs: Labor cost of researchers newly hired for the R&D project (including researchers hired at least six months before the date of public notice of project) shall be recognized
- Labor cost of other researchers recognized by the head of central government agency that payment in cash is necessary
- ※ Researchers receiving labor cost from their original institutions or contractual employees employed on the condition that labor cost be paid cannot be paid labor cost either (including post-retirement reemployment or contract change).

Method of use

- The taking over of the lead research institution and its head's proposal and method of use
- The external labor cost shall be paid to participating researchers under the R&D plan and belonging to other institutions with the approval of such institutions or through (confirmation of payment) its labor cost payment department.

※ Participation rate management

- The replacement of participating researchers requires the head researcher's proposal thereof and requires proof such as a document signed by their own institution's head or a person therein with relevant authority.
- An increase of 20% or more* over the original plan shall be reported to the head of the specialized institution (Science & Engineering fields).

* Institution without integrated management of student labor cost: For projects (from 2013) under the agreement, the student labor cost shall be included. (For more details, see the notes about labor cost.)

- It is not allowed to divert 20% or more of the direct cost into labor cost (Humanities & Social Science fields).

Written evidence required

<Internal labor cost>

- Current status of participating researchers (including the researcher's name, participation period, participation rate, changes)
- Statement of wage (monthly)
- Evidence of account transfer

<External labor cost>

- Labor contract
- Current status of participating researchers (including researcher's name, participation period, participation rate, changes)
- Statement of wage (monthly)
- Evidence of account transfer
- Confirmation of the head of institution to which external participating researchers belong

Examples of unjustified execution

<Common>

- Payment in kind or unpaid labor cost in cash
- Payment after unjustified replacement of participating researcher
- No account transfer to participating researcher's personal account
- Payment in excess of personal annual salary (difference)
- (Humanities & Social Science) Labor cost diverted into direct cost
 - * However, if a PhD-level or full-time researcher is appointed or hired as a full-time teaching staff, he/she can be changed to a general joint researcher and, in that case, monthly external labor cost can be diverted into academic activity allowance (Article 24, Paragraph 5 of Regulation on Humanities & Social Science Support Projects).

<Internal labor cost>

- Amount appropriated in excess of the personal participation rate of 130% (government-funded institutions, specific research institutions)
- Execution of internal labor cost for research support department personnel (e.g., administration, assistance, facility management)

<External labor cost>

- Researcher's joint management for the participating researchers' labor cost
- Payment in excess of research-implementing institution's external labor cost criteria
- For researchers who belong to other institutions, the appropriation and execution without such institutions' approval or the transfer of fund to personal account and not through (or by confirmation of payment of) such institutions' labor cost payment department
- Failure to transfer to the participating researcher's personal account



Notes

1. 〈Measures to increase labor cost〉

- An increase of 20% or more in labor cost over original plan shall be reported to the head of the specialized institution, and an increase or decrease of 5% or more in student labor cost from original plan shall be approved by the Minister or the head of the specialized institution.

- Projects (on or before Jan 1, 2013) under the agreement
 - Increase of labor cost and student labor cost: apply the same criteria before the revision. (An increase of 20% or more in the sum of labor cost and student labor cost over original plan shall be reported to the head of the specialized institution)

- Projects (from Jan 1, 2013) under the agreement

Detailed cost category	Institution with integrated management of student labor cost	Institution without integrated management of student labor cost
Labor cost	An increase of 20% or more in labor cost over the original plan: report to the head of the specialized institution	An increase of 20% or more in the sum of the labor cost and the student labor cost over the original plan: report to the head of the specialized institution
Student labor cost	Increase of student labor cost over the original plan: approval from the Minister or the head of the specialized the institution	

- Projects (from Feb 22, 2013) under the agreement

Detailed cost category	Institution with integrated management of student labor cost	Institution without integrated management of student labor cost
Labor cost	An increase of 20% or more in labor cost over original plan: report to the head of the specialized institution	An increase of 20% or more in the sum of the labor cost and the student labor cost over original plan: report to the head of the specialized institution
Student labor cost	increase or decrease in student labor cost over original plan: approval from the Minister or the head of the specialized institution	

- Projects (from Sep 26, 2013) under the agreement

Detailed cost category	Institution with integrated management of student labor cost	Institution without integrated management of student labor cost
Labor cost	An increase of 20% or more in labor cost over original plan: report to the head of the specialized institution	An increase of 20% or more in the sum of the labor cost and the student labor cost over the original plan: report to the head of the specialized institution
Student labor cost	An increase or decrease of 5% or more in student labor cost over the original plan: approval from the Minister or the head of the specialized institution	

2. <Labor cost for researchers belonging to other institutions>

- For researchers belonging to other institutions, appropriation and execution without such institution's approval or personal account transfer not through such institution's labor cost payment department is unjustified.

- Example) paid labor cost

- If a researcher belonging to "B" institution (Institution required to pay internal labor cost) participates in (lead, partner, entrusted) research project implemented by "A" institution, the external labor cost shall be appropriated with B institution's confirmation of participation, and the labor cost shall be paid via (or by confirmation of payment of) B institution's labor cost paying department.

- Example) Unpaid labor cost Example: Unpaid labor cost

- The labor cost of "B" professor who is participating in a research project whose lead research institution is "A" University cannot be appropriated as an internal labor cost but as an unpaid external labor cost.

* Humanities & Social Science support project: the academic activity allowance is paid in fixed amount for one person per project, so there is no unpaid labor cost.

02 Student labor cost

Definition

- Labor cost paid to student researchers directly participating in R&D project
 - ※ Including post-doc researchers under Basic Research Promotion and Technology Development Support Act Enforcement Decree Article 2, Subparagraph 3 (research fellows included) (Science & Engineering fields)

Appropriation criteria

- Based on the total number of personnel deployed to relevant R&D project (man-month)
 - The relevant project participation rate shall be applied to the following amounts (at 100% participation rate). The R&D project participation rate shall not interfere with the regular classes.
 - Bachelor's degree program: KRW 1 million a month
 - Master's degree program: KRW 1.8 million a month
 - PhD program: KRW 2.5 million a month
 - The R&D project participation rate shall not interfere with the regular classes.
 - ※ Total man-month: the total cost for the period in which a person has to be wholly deployed to implement the project based on his/her one-month amount of work



- Criteria of monthly labor cost for student researchers(participation rate: 100%)

Science & Engineering fields	Bachelor's degree program	Master's degree program	PhD program
	KRW 1 million	KRW 1.8 million	KRW 2.5 million
Humanities & Social Science fields	(Specialized) Bachelor's degree program students and those having finished the program but not received their diplomas yet, bachelor-level researchers	Master's degree program students and those having finished the program but not received their diplomas yet, master-level researchers	PhD program students and those having finished the program but not received their diplomas yet
	KRW 1 million	KRW 1.8 million	KRW 2.5 million

※ Participation of student researchers with labor cost unpaid: not allowed

Method of use

- The amount of per-program monthly labor cost for student researchers multiplied by the participation rate shall be paid.
- The labor cost for student researchers in degree program does not include legal charges.
- It shall be directly transferred to student researcher's personal account each month.
- The labor cost cannot be diverted into direct cost (Humanities & Social Science fields).

Written evidence required

- Statement of account transfer, (monthly) confirmation of participation rate per participating researcher, document that proves the status of student, etc.

Examples of unjustified execution

- Amount executed in excess of the 100% participation rate
- Criteria of monthly payment to bachelor/master/PhD program students exceeded
- Collection and joint management of the participating researchers' labor cost
- Labor cost diverted into direct cost (Humanities & Social Science fields)

Notes

〈Labor cost management〉

- Joint management of labor cost (e.g., head researcher's recovery and management of labor cost paid to the college's student researchers): relevant amount shall be recovered.
- Non-participating researcher's execution of research fund in research project: unjustified execution



Q1 Legal charges for student researchers

Q Do the college's labor cost appropriation criteria for student researchers include legal charges (national pension, health insurance, unemployment insurance, workers' compensation)?

A No. Because students are not workers under Labor Standards Act, the subscription to the big four insurances (national pension, health insurance, unemployment insurance, workers' compensation) is not mandated.

- The worker under the Labor Standards Act (Article 2) is a person who provides labor for wage in the place of business regardless of the type of job. The students who are participating in R&D projects has the following characteristics:
 - Do not belong to the place of business, and
 - Their goal is to get a degree, not wage, so they are not classified as workers.
- Based on the Income Tax Act, labor cost is a miscellaneous income.
 - The labor cost paid to R&D project-participating students under the Income Tax Act cannot be deemed as worker's labor income (Income Tax Act Article 20). Also, because it serves as a scholarship grant that reduces the amount of tuition or a research support allowance and a temporary provision of human services without employment, it shall be classified as miscellaneous income (Income Tax Act Article 21, Paragraph 1, Subparagraph 19, Item D)

Q2 Payees of student labor cost

Q Can student labor cost only be paid to student researchers belonging to the head researcher?

A Researchers who are bachelor/master/PhD graduates (including those having finished the program but not received their diplomas yet), in principle, are not included as student researchers.

- As such, bachelor/master/PhD graduates (post-doc researchers excluded) and those having finished the program but not received their diplomas yet shall be registered as participating researchers pursuant to employment contract and the institution's internal regulations when performing the project and shall be paid with the external labor cost other than the student labor cost.
- However, if those having finished master/PhD program but not received their diplomas yet performs a research after being registered as researchers, they shall be included as student researchers (to be paid student labor cost; the current status of belonging to the institution shall be proven through the student registration system or HR system.)

Q3 Labor cost for student researchers belonging to other colleges

Q Can the student labor cost be appropriated for student researcher of another college?

A Science & Engineering fields: impossible. For student researchers of another college, regardless of whether the integrated management of student labor cost is implemented therein, the external labor cost shall be appropriated.

Humanities & Social Science fields: possible. The labor cost paid to the participating researcher, who is a student, shall be appropriated in the cost category for research assistants (student labor cost).



03 | Research equipment/materials cost

Definition

- The cost of installing, purchasing, leasing, and using machinery, equipment, accessory equipment.¹⁾ and research facility that can be used in the R&D project for two months or more, and incidental expense.²⁾ (e.g., operation expense)
 - n.1) Excludes general-purpose equipment not related to relevant R&D project; one month or more for Humanities & Social Science fields
 - n.2) Includes construction cost and site purchase/creation cost, for projects to create research infrastructure
- The cost of purchasing reagents and materials as well as the cost of computer processing and management
- The cost of manufacturing prototypes and test equipment

Appropriation criteria

- Required expenses

Method of use

- Principle of use

Purpose of use	Card use	Card use or account transfer
Machinery / equipment / accessory equipment purchase expense, Research facility installation / purchase / lease / usage expense and incidental expense (e.g., operation expense)	<ul style="list-style-type: none"> • Durable machinery / equipment / accessory equipment purchase expense • Research facility installation / purchase / lease expense, and incidental expense • Machinery manufacturing / processing expense 	<ul style="list-style-type: none"> • Cost of purchasing equipment directly imported from overseas (excluded if via domestic import agency)
Reagents / materials purchase expense, Computer processing and management expense	<ul style="list-style-type: none"> • Reagents / materials purchase expense (service life of one year or less) • Computer supplies expense • External computer use / processing expense 	<ul style="list-style-type: none"> • Internal computer use / processing expense
Prototype/test equipment manufacturing expense	<ul style="list-style-type: none"> • Entrustment of outside production 	

※ Research institution's internal transaction (e.g., central warehouse purchase): account transfer within the institution. However, the account transfer method shall be allowed in government-funded research institutions.

• Execution process by purpose of use

Purpose of use	Execution process and management
Machinery / equipment / accessory equipment purchase expense, Research facility installation / purchase / lease / usage expense and incidental expense (e.g., operation expense)	<ul style="list-style-type: none"> The head researcher, before the purchase of equipment, shall check the NTIS whether there is an equipment in or outside the research institution, which can be used jointly. Equipment/facility necessary to purchase: request for purchase shall be made in consultation with relevant department Equipment/facility purchased: acceptance test department's confirmation required *The purchase shall be completed at least two months (one month for Humanities & Social Science fields) before final (by-phase) completion (machinery/equipment arriving and its acceptance test being completed). Any equipment whose acquisition value is KRW 30 million or more or that can be jointly used: the head of lead research institution shall register it with NTIS (www.ntis.go.kr) within 30 days of acquisition.
Reagents/materials purchase expense, Computer processing and management expense	<ul style="list-style-type: none"> The head researcher shall purchase pursuant to the research institution's regulations and administrative procedures and furnish relevant written evidence.
Prototype/test equipment manufacturing expense	<ul style="list-style-type: none"> The head researcher, before manufacturing of prototype, shall decide between external and internal manufacturing. The account transfer shall be allowed for internal manufacturing. The D&A, profit, and general administrative expense shall be excluded from the total cost in the manufacturing entrusted to the participating company. Internal manufacturing: the cost of materials or labor necessary to manufacture prototype is recognized, with labor cost only recognized for additional personnel necessary for the manufacturing.

※ The research equipment and machinery shall be purchased through a rational, transparent process and method. In case bidding is required, the "Korea Online e-Procurement System" (www.g2b.go.kr) of Public Procurement Service ("PPS") will enable convenient, transparent purchase.



◀ "Korea Online e-Procurement System" system of PPS ▶



Written evidence required

- Purchase worth less than KRW 1 million
 - Spending resolution, card sales slip (tax receipt or evidence of account transfer), statement of transaction
- Purchase worth KRW 1 million or more (centralized purchase mandated)
 - Spending resolution, card sales slip (tax receipt or evidence of account transfer), purchase confirmation (acceptance test report), estimates
- Foreign-currency purchase (overseas import): importation documents included
- Internal manufacturing: statement of expenditure (specifically stated) attached
- Entrustment (contracting) of external manufacturing: estimates and tax receipt required
- Written evidence for management of asset (e.g., equipment, S/W, facility) required

Examples of unjustified execution

- Cost of maintaining common equipment/facility and building common research environment in the institution
- Rent for internal equipment, facility, and space that is not reflected in the R&D plan
- Cost of maintaining an OA equipment/facility that is not related to the project (use of indirect cost required)
- Cost of maintaining an OA equipment/facility that is not reflected in R&D plan and cost of purchasing general-purpose equipment (including OA equipment and peripherals such as PC, printer, and copier)
However, personal computers can be purchased if the R&D project-implementing institution is a non-profit institution and if the process indicated in the institution's regulations is observed.
- Purchase of manufacturing equipment that is not related to research
- Purchase of machinery, equipment and accessory equipment (contributing to the research project for less than two months ※ One month for Humanities & Social Science fields) imminent to completion of research projects (or by phase).
- Purchase of research equipment worth KRW 30 million or more but not without the attachment of the "certificate of national research facility/equipment information registration" in the report of the project fund usage or purchase of research equipment worth less than KRW 30 million but jointly usable
- Equipment worth KRW 30 million or more but less than KRW 100 million, which are purchased without the approval coming from the R&D Project Evaluation Group or equipment worth KRW 100 million or more, which are purchased without the approval coming from the research equipment budget committee (Research Equipment Introduction Review/Evaluation Group)

- Cost of research equipment/facility worth KRW 30 million (VAT included) or more and not appropriated in the R&D plan executed without the specialized institution's prior approval
- Transaction among the research institutions (lead research institution, partner research institution, joint research institution, entrusted research institution)
(Exceptions are allowed if recognized by the specialized institution for a justified reason (e.g., single seller).)
- In-kind appropriation of research equipment/facility purchase expense at acquisition value and not the research institution's book value (difference)
- Failure to exclude from the research fund executed, delay of the penalty imposed by the purchaser because of the breach of delivery deadline, etc.
- Cost of purchasing reagents/materials among the research institutions (lead research institution, partner research institution, joint research institution, entrusted research institution)
(Exceptions are allowed if recognized by the specialized institution for a justified reason (e.g., single seller, unique manufacturing technology).)
- Cost of computer processing/management that is not reflected in the R&D plan and cost of manufacturing prototype among research institutions (lead research institution, partner research institution, joint research institution, entrusted research institution) (e.g., general-purpose software, computer-running program, office work software, virus vaccine)
(Exceptions are allowed if recognized by a specialized institution for a justified reason (e.g., single seller, unique manufacturing technology))
- Purchase of unnecessary equipment and materials to use the research fund
- Taking over of the entire computer processing expense that is not related to the research project
- Cost of the manufacturing production facility in return for the participating company
- D&A, profit, and general administrative expense included in the cost of manufacturing prototypes, which is entrusted to the participating company
- Written objective evidence related to the missing purchase



Notes

1. 〈When to purchase research equipment〉

- Purchase of machinery, equipment, and accessory equipment shall be completed at least two months before the final (by phase) completion of the R&D project.

* Delivery of the machinery/equipment and completion of the acceptance test ※ One month for Humanities & Social Science fields

However, the cost of materials shall be recognized if used for the research project regardless of the time of purchase.

2. 〈Equipment cannot be purchased from the participating company〉

- During the execution of research, the purchase of research equipment or materials from a participating company is banned in principle. If the research absolutely needs the participating company's equipment or materials, the types and quantity of the equipment or materials shall be identified in preparation of the research plan, and the agreement shall provide that the participating company shall provide the equipment or materials in-kind.

3. 〈General-purpose equipment not related to research project cannot be purchased〉

- General-purpose equipment (e.g., iPad, iPhone, MacBook, Galaxy tab, tablet PC) cannot be purchased. However, personal computers can be purchased if the R&D project-implementing institution is a non-profit institution and if process of the institution's regulation is used.

4. 〈Management of assets (e.g., research equipment)〉

- Designate a manager for tangible assets (e.g., research equipment/facility), find out the remaining service life, and perform continuous maintenance and management.
- The head of the lead research institution shall register with NTIS within 30 days of acquiring the equipment whose acquisition value is KRW 30 million or more or which can be used jointly.

〈NTIS registrations〉

- Name and serial number of national R&D project being implemented
- Name (Korean/English) and model of research equipment
- Manufacturer, country of origin, and supplier of research equipment
- Principle, characteristics, key specification, usage, and utilization plan of research equipment
- Purchase price, usage procedure, and usage fee of the research equipment



Q1 Purchase of research equipment without fund appropriated

Q Whether the research equipment without fund appropriated in the original plan can be purchased

- A** The purchase process differs depending on the price and purpose of the research equipment.
- Purchase of research equipment/facility (worth KRW 30 million or more) without an original plan or change thereof into one different from original plan: the approval from the Minister or the head of the specialized institution is required.
 - Purchase of research equipment/facility (worth less than KRW 30 million): the approval from the purchasing institution and not from the Minister or the head of the specialized institution is required.

Q2 Purchase of general-purpose program

Q Whether computer software can be purchased

- A** OS software (e.g., Windows) to run computers, package software (e.g., Word, Excel, and PowerPoint) and general-purpose program (e.g., virus vaccine) can be purchased with indirect cost but not with direct cost.
- However, a software that is directly necessary for the research can be purchased by materials cost and computer processing expense.

Q3 Purchase of research equipment in link with other projects

Q In case a research equipment is purchased in link with another project because of insufficient research equipment expense budget and whether the specialized institution's approval is required

- A** Specialized institution's approval not required
- Nonetheless, the internal process for the purchase of the research equipment requires an evidence that can objectively prove the use of the research equipment budget for the research project.

Q4 Research equipment repair expense

Q Whether the repair expense for research equipment purchased for another project can be executed

- A** Yes, if the research equipment purchased for another project is necessary for the research project.



04 | Research activity expense

Definition

- Participating researcher's overseas travel expense
- Printing, copying, developing, and slide-making expenses directly related to project, public utilities, taxes and fees, public notice expense related to research project, etc.
- Cost of hiring an expert (allowance and travel expense for the advising and meeting with relevant experts (excluding researchers directly participating in the research project and employees of such researcher's department*), etc.), cost of domestic and overseas education/training, cost of purchasing literature (e.g., books), conference room fee, seminar hosting expense, conference/seminar attendance fee, manuscript fee, interpretation fee, shorthand fee, technology transfer fee, etc.
 - * Referring to research labs in the case of colleges and research institutions under Specific Research Institutions Support Act Enforcement Decree Article 3, Subparagraphs 1 through 3 (Science & Engineering fields)
- Cost of using R&D service (test, analysis, inspection and clinical trial, technical information gathering, patent information survey, information DB fee, etc.)
- Subsidy for the recruitment of a scientist and an engineer
- Expenses that are necessary to coordinate and manage any R&D sub-project

Appropriation criteria

- The criteria established by the R&D project-implementing institution shall apply. Without such criteria, the required expense shall be appropriated.

Method of use

• Principle of use

Purpose of use	Card use	Card use or account transfer
Overseas travel expense	<ul style="list-style-type: none"> Settlement in actual expense 	<ul style="list-style-type: none"> The fixed-amount expense under the institution's criteria shall be transferred to researcher's personal account.
Taxes, utilities and fees	<ul style="list-style-type: none"> Printing, copying, developing, and slide-making expenses 	<ul style="list-style-type: none"> Public notice expense related to research project Taxes and fees Public utilities (mailing, phone, leased line) directly related to project
Technical information activity expense	<ul style="list-style-type: none"> Seminar hosting expense, conference room fee Literature purchase expense (e.g., books) Specialized journal subscription fee related to research project 	<ul style="list-style-type: none"> Domestic/overseas expert expense, meeting allowance Domestic and overseas education/training expense Technology transfer fee Conference/seminar attendance fee Manuscript fee, interpretation fee, translation fee, shorthand fee Article publishing fee, thesis examination fee
R&D service expense	<ul style="list-style-type: none"> Test, analysis, and inspection fees (external) 	<ul style="list-style-type: none"> Test, analysis, and inspection fees (internal) * Government-funded research institutes: account transfer allowed Questionnaire expense, clinical trial expense Technical information gathering expense, patent information survey expense Information DB fee
Subsidy for the recruitment of a scientist and an engineer	<ul style="list-style-type: none"> Settlement in actual expense 	<ul style="list-style-type: none"> Transfer to personal account of the scientist and the engineer
Sub-project management expense	<ul style="list-style-type: none"> If the use of research fund card is mandatory in principle 	<ul style="list-style-type: none"> If the use of research fund card is not mandatory in principle



- Execution process by purpose of use

Purpose of use	Execution process and management
Overseas travel expense	<ul style="list-style-type: none"> • Overseas travel expense: national/public colleges and research institutions shall be governed by the Regulation on Public Official's Travel Expense, and other research institutions shall be governed by their own criteria. In the absence of a criteria, actually-required expense shall be appropriated and executed. * A new travel expense regulation established for the R&D project notwithstanding the institution's existing travel expense regulation: not recognized • Participating researchers shall prepare travel application pursuant to lead research institution's travel expense regulations and procedure and request the department in charge for travel expense. • Execution of actual travel expense: exchange rate as of the travel date shall apply • Travel expense department: check the traveler's application and transfer fund to each traveler's personal account
Taxes, utilities and fees	<ul style="list-style-type: none"> • Printing, copying, developing, and slide-making: executed or purchased pursuant to the institution's regulations and administrative procedure • Public utilities calculation: executed public utilities × (participating researchers/ total researchers) × average participation rate
Technical information activity expense	<ul style="list-style-type: none"> • The expert expense, manuscript fee, interpretation fee, translation fee, and shorthand fee shall be transferred to the account of expert (institution) pursuant to the lead research institution's criteria.
R&D service expense	<ul style="list-style-type: none"> • Internal test/analysis fee: the time and amount of use shall be recorded based on reasonable analysis fee schedule. Also, the usage register signed by the users and the slips controlled by the head of the institution's accounting department shall be furnished.

Written evidence required

〈Overseas travel expense〉

- When there is internal criteria for travel expense
 - Written evidence under the internal criteria
- When there is no internal criteria for travel expense
 - Travel application*, travel report**, travel-related document, research fund card sales slip (transportation, lodging, meal expense, etc.), passport copies, etc.
 - ** Includes the traveler, travel period, area, purpose, and description
 - ** Includes the traveler, travel period, area, purpose and result

〈Taxes, utilities and fees〉

- For copying, printing, etc., written evidence such as estimates, purchase request form (when managed by purchase department), contract, card sales slip (tax receipt or evidence of account transfer) and statement of transaction (purchase), acceptance test report (when managed by purchase department), and asset management (research lab items and facility for the maintenance of the environment, etc.) required

〈Technical information activity expense, etc.〉

- Domestic and overseas expert expense: internal approval document, confirmation of expert advising (including list of advices), confirmation of advisory meeting attendance, list of advices, receipt of account transfer, etc.
- Domestic and overseas education/training expense for researchers: internal approval document, education institution-issued receipt of education expense, education certificate, certificate of account transfer for education expense, etc.
- Technical information gathering expense, and patent information survey expense: internal approval document, certificate of account remittance, etc.
- Information literature purchase expense (e.g., books): card sales slip, and statement of transaction
- Conference/seminar attendance fee: receipt of conference/seminar registration expense, and card sales slip
- Technology transfer fee: internal approval document, technology transfer agreement, certificate of account remittance, technical acceptance test report, etc.



Examples of unjustified execution

<Overseas travel expense>

- Overseas travel expense paid pursuant to a separate regulation other than the institution's travel expense regulation established for national R&D project
- Exchange rate as of the date of overseas travel expense payment not being applied
- In the case of actual-amount travel expense, amount used outside the travel period or area
- In the case of actual-amount travel expense, amount on the evidence being less than that applied for
- Overseas travel expense without a travel report submitted
- Lodging and meal expenses paid by relevant organization in the travel area
- Travel expense paid in excess of internal criteria
- Travel expense paid for private purpose not related to research or for false attendance of conference

<Taxes, utilities, and fees>

- Newspaper subscription fee, name card production expense, car wash expense, car repair and insurance premium, uniform expense, fuel expense, penalty, civil penalty, and other personal or institution-running expense
(Exception: repair expense, insurance premium, and fuel expense for test vehicles directly related to the project)
- Electricity, water, gas, and mobile phone fees not reflected in R&D plan
- Expediency fund of the institution, donations, wreath purchase expense, etc.
- Car insurance premium, regular uniform expense, and other expenses to run the institution
- Public utilities for services used outside the research period
(Example: for public utilities, such as phone where usage for the current month is charged in the following month, the research fund from the relevant year cannot be used to cover the usage for the month prior to the beginning of research.)

<R&D service expense>

- Cost of using the R&D service requested among the lead research institution, partner research institution, joint research institution, and entrusted research institution unless recognized in advance by specialized institution for justified reasons (e.g., single seller)

<Technical information activity expense>

- Education/training expense to develop the skills of employees (language, qualifications) not related to the project
- Refundable education/training expense for unemployment insurance refund programs under the Workers' Job Skill Development Act and Unemployment Insurance Act (including the expense that is refundable but whose application for refund was not made because of the circumstances faced by the institution)
- Thesis director's fee for master/PhD degree in colleges
- Non-specialized books necessary for the project or the receipt without purchase list
- Institution-wide book purchase expense, attendance fee for meetings/seminars not related to the research project, etc.
- Expense related to the activities of the academic society but benefiting the relevant person or institution (e.g., lifetime membership fee, annual membership or attendance fees for academic society not related to the project or held after the end of final-phase research, etc.)
※ Humanities & Social Science fields: academic society subscription and annual membership fees are not allowed.
- Cost of purchasing gifts (memorabilia) (exception: gifts for projects and questionnaires intended for large events attended by the general public)
- Cost of purchasing academic e-information (Web-DB, e-Journal) not reflected in the research plan, article publishing fee, etc.
- Expert expense paid without a specific written evidence that proves the transfer or payment to relevant expert's account
- Expert expense (manuscript fee, advisory fee, etc.) paid for the participating researchers or the employees of such researchers' research lab
- Establishing and executing intellectual property rights ("IPR") application/registration fees, out of direct cost
- Execution of expense related to research project PR, which is out of the direct cost
 - Expense related to creating research project PPT files as well as other indirect cost-type scientific and cultural activity expenses



Notes

〈Academic society fee and travel expense for multi-year projects under the agreement〉

- In multi-year projects under the agreement, considering their continuity in per-phase evaluation, if there is an existing research fund balance from the relevant year, the execution of academic society fee and travel expense, which is expected in the following research period, shall be recognized. The research management department of the lead research institution shall keep evidences and internal approval documents of the research fund for multi-year projects under the agreement that is executed in link during the relevant year and the following year.



Q1 Waste liquids treatment expense

Q Can labs that conduct research project producing waste liquids execute taxes, utilities, and fees for waste liquid-related expenses?

A Impossible in principle

- It is difficult to accurately identify the quantity and disposal expense of waste liquids from the project so even if related to the project, it is desirable to dispose them with indirect cost in principle.
- Also, the disposal of waste liquids, given its method or cost, is difficult for individual projects' research fund to bear and thus should be approached as a matter of the institution's infrastructure. Moreover, the waste liquids, having the nature of by-products rather than cost elements of the research, shall be disposed with indirect cost.
- However, if it is difficult to tackle the problem only with indirect cost in special projects that produce waste liquids, exceptions to the above could be recognized depending on the situation, provided that relevant matters are specified in the original plan, and a guideline (e.g., criteria on calculation and disposal of waste liquids) is set forth in the research institution's internal regulations.

05 Research project implementation expense

Definition

- Participating researchers' domestic travel expense and local transportation fee
- Office supplies expense, research environment-maintaining machinery/equipment purchase and maintenance expense, etc.
- Meeting expense (excluding conference room fee and expert expense on top of the research activity expense)
- Meal expense related to R&D project (Humanities & Social Science fields: N/A)

Appropriation criteria

- The criteria established by the R&D project-implementing institution shall apply. Without such criteria, the required expense shall be appropriated.
- If there is no settlement (Joint Management Regulation, Article 19, Paragraph 11), the amount decided by the head of the central government agency within 10% of the direct cost (cash and properties) shall apply.
- If the institution has its own travel expense criteria, the appropriation of domestic travel expense pursuant to a separate travel expense criteria established for the R&D project shall not be allowed.
- Public-official researchers shall be governed by the Regulation on Public Official's Travel Expense

Method of use

- Principle of use

Purpose of use	Card use	Card use or account transfer
Domestic travel expense	<ul style="list-style-type: none"> • Settlement in actual expense 	<ul style="list-style-type: none"> • Fixed-amount expense under the institution's criteria shall be transferred to the researcher's personal account
Research environment maintenance expense	<ul style="list-style-type: none"> • Office supplies expense 	<ul style="list-style-type: none"> • Research environment-maintaining machinery/equipment purchase and maintenance expense
Meeting expense	<ul style="list-style-type: none"> • Meeting expense 	
Meal expense	<ul style="list-style-type: none"> • Overtime meal expense 	



• Execution process by purpose of use

Purpose of use	Execution process and management
Domestic travel expense	<ul style="list-style-type: none"> National/public colleges and research institutions shall be governed by Regulation on Public Official's Travel Expense, and other research institutions shall be governed by their own criteria. In the absence of such criteria, actually-required expense shall be appropriated and executed * A new travel expense regulation established for the R&D project notwithstanding the institution's existing travel expense regulation: not recognized
Research environment maintenance expense	<ul style="list-style-type: none"> Governed by research institution's regulations and administrative procedures (Humanities & Social Science fields: N/A)
Meeting expense	<ul style="list-style-type: none"> Prepare and maintain internal approval documents or minutes*(exception: meeting expense of KRW 100,000 or less if receipt attached) (Science & Engineering fields) * Shall include meeting purpose, date/time, attendees, agenda, etc. * Weekend/holiday execution (adequate reasons related to research project shall be shown) * 23:00-06:00 execution not allowed in principle (allowed only if unavoidable and directly related to project) * Execution of meeting expense of KRW 100,000 or less: meeting summaries showing participation of outside attendees required
Meal expense	<ul style="list-style-type: none"> Overtime and extra work meal expense related to the participating researcher's research project (Humanities & Social Science fields: N/A) * Overtime documents required

• Execution cases per type of meeting expense (Science & Engineering fields)

- (Facts) "A" University is implementing "A" Project, and participating researchers thereof are "SH," "IS," and "HB." "SH" and "IS" belong to "A" University while "HB" belongs to "B" University.
- Case 1) Can the expense for a meeting attended only by "SH" and "IS" be executed? Impossible (single institution)
- Case 2) Can the expense for a meeting attended by "SH" "IS" and "HB" be executed? Possible (attendees from different institutions)
- Case 3) Can the expense for a meeting between "SH" of "A" University (Hospital) and "JK," a professor of "A University Hospital," be executed? Impossible (SH is both a professor of "A" University and a doctor of "A" University hospital, so there is no attendance from the external institution.)

- Case 4) Can the expense for a meeting between "IS," a non-medical professor of "A" University, and "JH," a non-professor researcher of "A University Hospital," be executed? Possible (JH is not from A University.)

※ It is recommended to classify the institutions based on a separate individuality. In the case of R&DB foundation, however, there shall be a single institution despite a separate individuality.

Examples of unjustified execution

- Public officials' travel expense not governed by the Regulation on Public Official's Travel Expense
- Evidences for the actual-amount travel expense, which are insufficient for the amount
- Meeting and meal expenses used during a travel where the meal expense is included in the travel expense
- Travel expense paid for travels with private purpose not related to the research (examination meeting for another project, board or committee meeting for an academic society, etc.) or for false attendance of conference
- Evidences for actual-amount travel expense that are insufficient for the amount
- Meeting expense executed without internal approval documents or minutes or with those not related to the research (meeting purpose, meeting date/time, attendees, and meeting agenda shall be included)
- Expense for meetings attended by a single institution's employees (internal participating researchers included) without the participation of outside institution
- Amount executed without prior authorizations or minutes (meeting expense of KRW 100,000 or less excluded if the receipt is attached)
 - ※ Applied to project with agreement entered into on or after Aug 12, 2014. Execution of meeting expense (KRW 100,000 or less) also needs a summary showing outside attendees, etc.
- Use in entertainment establishment (entertainment bar, karaoke, etc.)
 - Location permitted as general restaurant but doing business as bar
- Research environment-maintaining machinery/equipment purchase and maintenance expense not specified in R&D plan
- Meal expense for weekday lunch
- Meal expense for participating researcher's overtime that cannot be confirmed
- Overtime meal expense paid in addition to travel expense that includes meal expense
- Meal expense including entertainment-type expense (e.g., alcoholic beverages)



Written evidence required

〈Domestic travel expense〉

- When there is internal criteria for travel expense
 - Written evidence under the internal criteria
- When there is no internal criteria for travel expense
 - Travel application, travel-related document, research fund card sales slip (transportation, lodging, meal expense, etc.)

〈Meeting expense〉 (Science & Engineering fields)

- Meeting expense: evidences such as prior authorizations (documents), card sales slip, and minutes* required
 - * Includes Meeting purpose, meeting date/time, attendee, meeting agenda, etc.
 - Meeting expense (weekend/holiday meetings included) requires internal decision-making (documents) or evidences proving that a meeting was held in connection with research project (meeting expense of KRW 100,000 or less excluded if receipt attached)

〈Meal expense〉 (Humanities & Social Science fields: N/A)

- Evidences that can show overtime
 - * Specific list of meal expense users shall be on the spending resolution, etc.

Notes

〈Research environment maintenance expense〉

Recognized	Not recognized
<p>① Equipment/machinery necessary to maintain research environment</p> <ul style="list-style-type: none"> • Heating/cooling machine (e.g., fan, refrigerator, air conditioner, hot-air fan, heater), air purifier, sunlight shield, humidifier, stand, cleaning tools and its storage, waste can, water purifier, fresh water machine (installed under contract with fresh water supplier), fresh water, etc. * Centralized heating/cooling and air-conditioning facility purchase and maintenance expense: not recognized • Desk, chair, cabinet, partition, etc. 	<p>① Cost of purchasing and maintaining equipment/machinery with little direct relation to research and lab environment</p> <ul style="list-style-type: none"> • TV, video player, radio, audio set, exercise machine, flowerpot, carpet, coffee machine, etc. <p>② Non-cost of purchasing and maintaining equipment/machinery</p> <ul style="list-style-type: none"> • Cost of maintaining and repairing facility (e.g., building repair, painting and plumbing) • Cost of purchasing fresh water (without fresh water machine installed), coffee, tea, drinks, and cookies • Other personal favorite items and items recognized but not furnished or used in research lab

※ Humanities & Social Science fields: research environment maintenance expense not recognized



Q1 Petty (small-amount) purchase

- Q** If the price office supplies, materials, etc., is too low for card use, is cash receipt allowed?
- A** The research fund card shall be used for petty research fund, in principle.
- However, given the difficult of card use, cash receipt shall be allowed for up to 1% of the direct cost (entrusted R&D funding excluded) per project,
 - ※ Humanities & Social Science fields: up to 2%

06 Research allowance

Definition

- Rewards and subsidies for head researcher and participating researchers related to R&D project
- (Humanities & social science) Rewards and subsidies for the head and joint participants related to relevant academic activities
(cannot be appropriated if labor cost is paid within the academic activity allowance)

Appropriation criteria

- Within 20% of labor cost*

Labor cost × 20% or less

* The labor cost (including in-kind and unpaid labor cost) and the student labor cost shall be included, but unpaid labor cost of government-funded institutions (PBS-inapplicable institutions) and specific research institutions (KAIST, GIST, DGIST) shall be excluded.

- (Humanities & Social Science) KRW 400,000 or less a month* to one person per project
- * Applied to projects (from 2012) under the agreement (KRW 350,000 a month until 2012)

Method of use

- The research allowance, rewards, and subsidies for participating researchers shall be paid pursuant to the institution's payment process and method.
- The head researcher evaluates the participating researchers during the research period and conducts the account transfer to them (Humanities & Social Science : fixed amount paid without evaluation).

Written evidence required

- Head researcher's evaluation document on contribution of participating researchers, payment application, certificate of personal account remittance, materials on research allowance payment process and method of the lead research institution (Science & Engineering fields)
- Certificate of personal account remittance (Humanities & Social Science fields)



G Examples of unjustified execution

- Rewards and subsidies paid to personnel who is neither a participating researcher nor included in the original plan or its revision
- Taking over and execution through the integration with labor cost by the institution
 - ※ Includes cases wherein the research allowance decreases and the head researcher's labor cost increases
- Cost category linked in excess of participation rate (e.g., research allowance)
- Execution by recipient-signed proof cash receipt without a specific written evidence that proves the transfer or payment to participating researcher's personal account
- Incentive executed as gift expense
- Appropriation and execution in excess of calculation criteria of per-detailed cost category plan

Notes

〈Criteria for recovery of unjustifiably-executed research allowance〉 (Science & Engineering fields)

- 1) Amount used in excess of R&D plan (even if labor cost increases over R&D plan, research allowance cannot be increased over R&D plan)
- 2) Amount paid without rational criteria (e.g., evaluation of contribution)
- 3) Amount paid only to head researcher (excluding projects with one participating researcher (head researcher))
- 4) If labor cost decreases below the amount of R&D plan, the amount paid in excess of 20% of labor cost
- 5) Research allowance paid at the launch of research (within one month)
- 6) If the evaluation result is the same but research allowance allocated is different
- 7) If the evaluation result is different but research allowance allocated is the same
- 8) Research allowance paid monthly in fixed amount
- 9) Research allowance integrated with wage



Key

Q & A's

Q1

Increase of research allowance over original plan

- Q** When it is found that the research allowance was appropriated less than prescribed by its criteria in the agreement, is it possible to increase it up based on the criteria?
- A** Increase impossible
- Under Table 3 of Regulation on MSIP-run Science & Engineering R&D Projects (Nov 17, 2014), the execution in excess of the original plan is not allowed so the agreement plan shall be prepared carefully in accordance with the appropriation criteria.
 - ※ Humanities & Social Science fields: adjustments allowed within the cap of monthly payment

07 | Entrusted R&D funding

G Definition

- Cost of entrusting part of the research to external institutions
※ Humanities & Social Science fields: N/A

G Appropriation criteria

- In principle, up to 40% of direct cost (excluding entrusted R&D funding)

(Direct cost – entrusted R&D funding) × 40% or less

* The unpaid labor cost shall be excluded from the labor cost in the direct cost. However, the amount of charges-in-kind (including labor cost-in-kind) shall be included.

G Method of use

- Transfer to entrusted the research institution's account
- Execution of research fund per cost category in entrusted project: same as in the original project
- An increase of 20% or more over the original plan: specialized institution's prior approval required pursuant to regulations

G Written evidence required

- Certificate of remittance to entrusted research institution

G Examples of unjustified execution

- Appropriation and execution in excess of 40% of direct cost (excluding entrusted R&D funding)
- Change of entrusted R&D funding under research plan by 20% or more without prior approval (even with prior approval, appropriation, and execution in excess of 40% of direct cost (excluding entrusted R&D funding))

Notes

〈Criteria for appropriation of entrusted R&D funding〉

- The entrusted R&D funding shall be 40% or less of the direct cost (excluding entrusted R&D funding). This is to restrict the ratio of entrusted R&D funding against the total research fund to a certain level. As such, in linked calculation, the “unpaid labor cost not included in total research fund” shall be excluded from the labor cost.



C

Indirect cost

Definition

- Personnel support expense, research support expense, and result utilization support expense necessary for R&D

Appropriation criteria

Institution types	Indirect cost rate	Remarks
Non-profit institution (Indirect cost rate announced)	Direct cost* × indirect cost rate or less * Excluding labor cost, property and entrusted R&D funding unpaid	See NSTC's (National Science & Technology Council) criteria on indirect cost rate
Non-profit institution (Indirect cost rate unannounced)	Direct cost* × 17% or less * Excluding labor cost, property and entrusted R&D funding unpaid	
For-profit corporation (R&D service provider ^{n.1)})	Direct cost* × 10% or less * Excluding labor cost, property and entrusted R&D funding unpaid	
For-profit corporation (Other ^{n.2)})	Direct cost* × 5% or less * Excluding labor cost, property and entrusted R&D funding unpaid	

n.1) R&D service providing company under the Special Act on Support of Scientists and Engineers for Strengthening National Science and Technology Competitiveness (Presidential Decree No. 21551), Article 18

n.2) Public corporations under Act on Management of Public Institutions Article 5 Paragraph 3 Subparagraph 1 included

Method of use

- Used as proposed by the head of the research institution by the head of the research institution
- Managed in a separate account pursuant to the research institution's regulations
- The balance used shall be executed and managed separately.

Purpose of use	Description of use
Personnel support expense	<ul style="list-style-type: none"> • Labor cost for support personnel <ul style="list-style-type: none"> * For support personnel (e.g., specialists operating equipment necessary for R&D) * Labor cost of personnel directly supporting the head researcher's research fund settlement (only for R&D funding for one or more research labs, which is worth KRW 1 billion or more and gives a serious administration burden (e.g., settlement)). • R&D performance reward <ul style="list-style-type: none"> * 10% or less of the institution's annual total indirect cost shall be appropriated * Payment process and method of the institution shall be set up in advance.
Research support expense	<ul style="list-style-type: none"> • Institution-wide support expense • Project/research group-running expense • Research lab safety management expense <ul style="list-style-type: none"> * Institutions under Act on Establishment of Safe Laboratory Environment Article 2 Subparagraph 1 Items A through D: execution up to 1–2% of total labor cost * Institutions under Act on Establishment of Safe Laboratory Environment Article 2 Subparagraph 1 Items E and F: execution up to 2% of total labor cost • Research security management expense • Research ethics activity expense • R&D reserve • College research activity subsidy <ul style="list-style-type: none"> * Only if not appropriated as direct cost • Cost of running college's research-related infrastructure and equipment <ul style="list-style-type: none"> * Only if not appropriated as direct cost
Result utilization support expense	<ul style="list-style-type: none"> • Scientific & cultural activity expense • IPR application/registration expense • Funding/contribution for technology start-up <ul style="list-style-type: none"> * Execution up to 5% of the institution's annual total indirect cost and up to five years after incorporation

Examples of unjustified execution

- Use in excess of the amount under R&D plan
- Indirect cost taken over in full and spent by for-profit institution
- Execution for use not included in the original plan by for-profit institution
- Increase over research plan
- Execution in violation of the purpose of use



Notes

1. Indirect cost of Excellent Research Group Development Project

- In the Excellent Research Group Development Project, 50% or more of indirect cost shall be proposed and executed by the head researcher. (Institutions can manage and use less than 50% of indirect cost.)

2. Announcement on Appropriation Criteria for Indirect Cost

- Check announcement official gazette
 - Announced the appropriation criteria for the institution's indirect cost shall apply from the announcement date to the date immediately preceding that of criteria announcement of the following year.



Q1 Research lab safety management expense

Q What is the key scope of research lab safety management expense?

- A** The expenses for the prevention (e.g., education on research lab safety) of damages for the safety of the research lab environment (e.g., subscription for insurance) as related to the R&D project and prescribed in the Act on Establishment of Safe Laboratory Environment, which is up to 1–2%* of the total labor cost, shall be reflected in the budget.

* 2% or less for institutions based on the Act on Establishment of Safe Laboratory Environment, Article 2, Subparagraph 1, Item E (company-affiliated research institute) and Item F (legal entity, science, and engineering research institution as set forth in the Civil Act, etc.)

- Insurance premium prescribed by laws on safe research lab environment
- Cost of educating and training research personnel and research lab safety management personnel
- Cost of hosting and attending conference/seminar directly related to research lab safety
- Cost of making, purchasing and disseminating safety rules, books, posters, and videos necessary to research lab safety management
- Cost of health check for research personnel with risk of exposure to hazardous materials or viruses
- Cost of installing, maintaining, repositioning, and repairing equipment to maintain and manage research lab safety
- Cost of purchasing, maintaining, and repairing equipment to protect research personnel and research lab safety management personnel
- Cost of purchasing research lab safety/measurement equipment
- Cost of preparing and conducting research lab safety check and in-depth safety inspection
- Cost of events for Research Lab Safety Check Day, etc.

Q2 Scientific and cultural activity expense**Q** What expense can be used as a scientific and cultural activity expense?

- A**
- Scientific and cultural activity expense shall be executed as PR expense to disseminate research project and science and culture, and not simply for the research institution's PR.
 - Key uses of the scientific and cultural activity expense
 - Cost of disseminating science and culture (e.g., science PR materials, events, research lab opening, lecture, experiential activities), including organizing events and conducting expenses such as event materials (e.g., poster, invitation, placards) production expense, booth installation expense, rent of location, PR books, CD, and creation of Web sites.
 - Cost of education/training Science & Engineering PR experts
 - Cost of participating in Science & Engineering culture projects of the Korea Foundation for the Advancement of Science & Creativity ("KOFAC") (<http://www.kofac.or.kr>)
 - Shared cost of managing and hosting scientific and cultural activities together with various institutions
 - Other cost of scientific and cultural activities recognized by MSIP
 - Project PR-related evidences shall be furnished regarding the cost of making memorabilia distributed to interested-party and general-public attendees in connection with research project PR (e.g., exhibition).

Chapter

III

R&D Funding Settlement and Research Fund Usage Report

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1. “Who” and “what” of settlement

A

Within a research institution

It is important for those conducting the settlement (head researcher, research fund manager, and the head of accounting audit department) to diligently perform their duties so that the settlement can be conducted transparently and accurately.

※ Regulation on Humanities & Social Science Research Projects does not have provisions on the head of the accounting audit department.

01 | R&D funding manager

- To smoothen the settlement, give prior notice to the head researcher so that the latter may end the research and finalize the use of the research fund.
- Give prior notice to any partner or entrusted project so that the research may be concluded and the research fund settlement is completed. After that, have the research fund usage report be submitted.
- Receive settlement documents from head researcher and from partner (entrusted) research projects, check them, and have the head of the accounting audit department audit them.
- If the settlement by the head of accounting audit department requires supplementation or clarification, check the content and take measures by notifying head researcher or partner (entrusted) project managers.
- Check any obligated balance (used balance + settlement balance) from settled projects and return it to specialized institution.

02 | Head of the accounting audit department

- Receive settlement documents for research projects from R&D funding manager, check whether use of cost categories is appropriate, and return them upon any case of inappropriate use.
- Have R&D funding manager supplement any inaccurate or inadequate document.
- Manage and guide so that indirect cost may not be used for purposes other than R&D project.

03 | Head researcher

- Ⓔ The head researcher, at the request of R&D funding manager or the head of accounting audit department, shall promptly supplement or clarify relevant materials.

B

Among research institutions

Content of settlement differs by lead, partner, and entrusted research institutions so the roles and responsibilities on each institution's settlement shall be thoroughly understood.

01 | Lead research institution

- Ⓔ Settle its own projects as well as partner and entrusted research projects.
- Ⓔ Enter settlement results in the specialized institution's research project support system (ernd.nrf.re.kr) and submit them to the specialized institution.
- Ⓔ Urge subordinate institutions (partner, entrusted) to submit settlement documents so that settlement report deadline (within three months of the end of project) will be kept, and submit them to specialized institution in advance of deadline.
- Ⓔ Immediately remit to specialized institution any finalized amount of unjustified execution in its own project.
- Ⓔ Have any amount of unjustified execution in sub-projects (partner, entrusted) returned to specialized institution.
- Ⓔ Report remittances to obligated balance comprehensive management account to specialized institution.

02 | Partner research institution

- Ⓔ Settle its own projects and entrusted research projects.
- Ⓔ Enter settlement results in the specialized institution's research project support system (ernd.nrf.re.kr) and submit them to lead research institution.
- Ⓔ Urge subordinate institutions (entrusted) to submit settlement documents so that settlement report deadline (within three months of the end of project) will be kept, and submit them to lead research institution well in advance of deadline



- G Immediately remit to specialized institution any finalized amount of unjustified execution in its own project.
- G Have any amount of unjustified execution in sub-projects (entrusted) returned to specialized institution.
- G Report remittances to obligated balance comprehensive management account to specialized institution.

03 | Entrusted research institution

- G Settle its own projects.
- G Enter settlement results in the specialized institutions' research project support system (ernd.nrf.re.kr) and submit them to lead (partner) research institution.
- G Immediately remit to the specialized institution any finalized amount of unjustified execution in its own project.
- G Report remittances to the obligated balance comprehensive management account of the specialized institution.

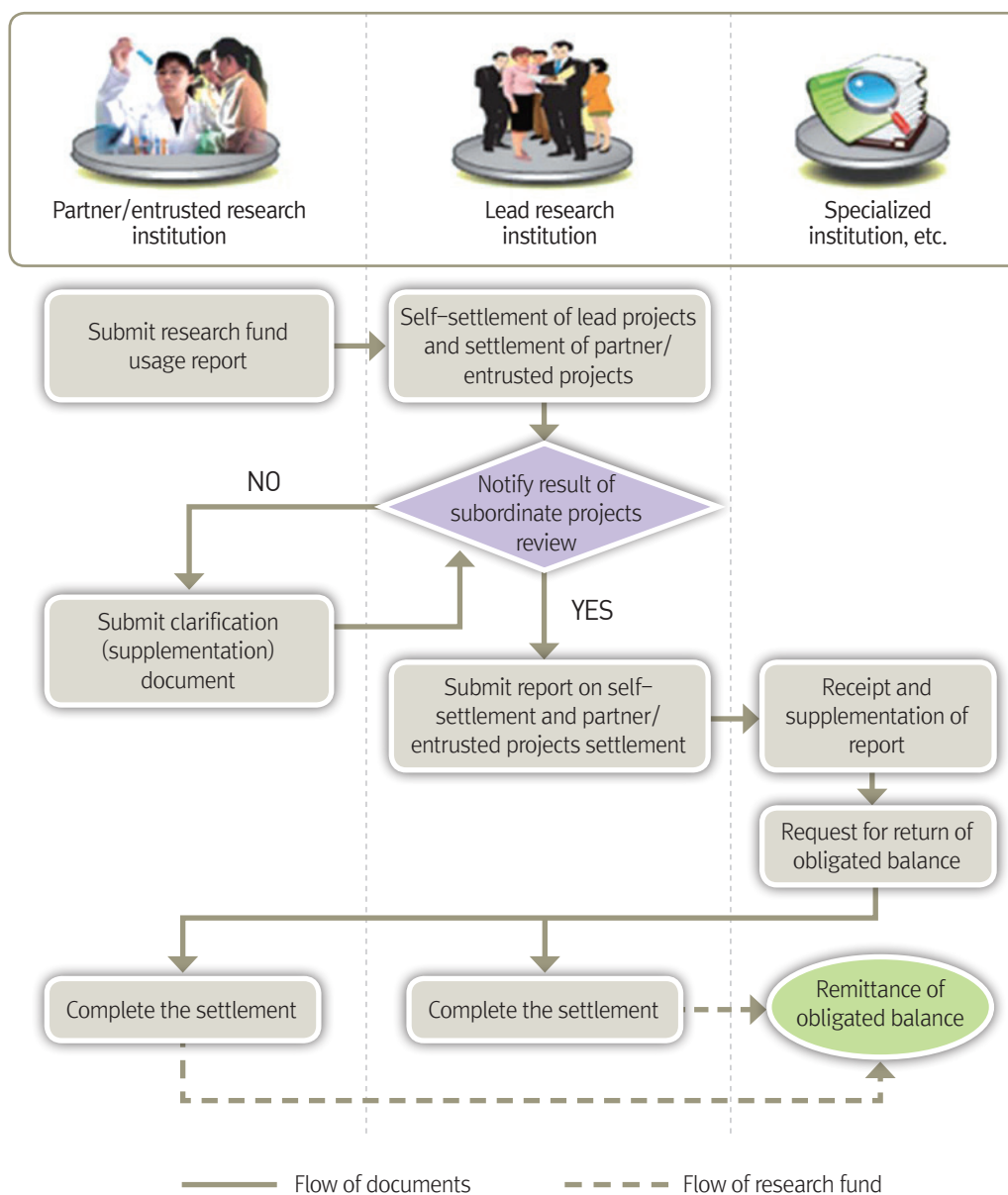
Notes

〈Measures due to outside institution's directions related to the inappropriate research fund management and use (Regulation Article 24, Paragraph 5)〉

- The head of the lead research institution, where inappropriate management and use of research fund by the lead research institution (head researcher included) causes investigation, audit, or data request by external agencies (Board of Audit & Inspection, prosecutor's office, police, etc.), shall immediately report to the Minister or the head of the specialized institution and immediately return to the specialized institution any amount concluded to be returned.

2. Settlement process

A R&D funding settlement process





B

Entry of cost category use (research project support system)

<Science & Engineering>

Detailed cost category	Purpose of use	Entries of execution (example)
Labor cost	Internal labor cost	Period — description — name
	External labor cost	Period — name — monthly payment
Student labor cost	Student labor cost	Period — name — monthly payment
Research equipment / materials cost	Purchase of machinery, equipment and accessory equipment	Product name — specification — supplier — purpose of use
	Installation and purchase of facility	Product name — installation location — supplier — purpose of use
	Rent	Product name — installation location — supplier — purpose of use — lease period
	Incidental expense	Product name — supplier — purpose of use
	Reagents/materials purchase expense	Product name — specification — quantity — supplier
	Computer supplies expense	Product name — specification — quantity — supplier
	Computer processing expense	Analysis name — usage time, etc.
	Prototype manufacturing cost	Cost of manufacturing prototype — materials type — manufacturer — purpose of use
	Test equipment manufacturing cost	Cost of manufacturing test equipment — materials type — manufacturer — purpose of use
Research activity expense	Overseas travel expense	Purpose — traveler — location — period
	Printing expense	Cost of printing — purpose of use — quantity — supplier
	Copying expense	Cost of copying — purpose of use — quantity — supplier
	Developing expense	Cost of developing — purpose of use — specification — quantity — supplier
	Public utilities	Public utilities — mailing fee — addressee — purpose of use
	Taxes	Taxes — description — purpose of use
	Fees	Fees — description — purpose of use — addressee
	Machinery/equipment purchase and maintenance expense	Cost of purchasing and maintaining machinery/equipment — purpose of use — supplier
	Meeting expense, seminar hosting expense	Title — executor — location

Research activity expense	cost of purchasing literature (e.g., books)	Name of books — quantity — purpose of use
	Conference/seminar attendance fee	Name of conference — location
	Domestic and overseas education/training expense	Name of education — purpose — educatee — education institution — training period, etc.
	cost of using domestic/overseas expert	Purpose of use — expert name — period, etc.
	Test/analysis fee	Name of analysis — number of test — number of input sample, etc.
	Technology transfer fee	Name of technology — transferee institution — purpose, etc.
	cost of gathering technical information	Information gathered — information source — description, etc.
	cost of managing sub—project	Purpose of use — location — time — attendee
Research project implementation expense	Domestic travel expense	Purpose — traveler — location — period
	Meeting expense	Title — executor — location
	Research environment maintenance expense	Product name — purpose of use — supplier
	Meal expense	Title — executor — location
Research allowance	Incentive	Incentive — participating researcher — period
Entrusted R&D funding	Entrusted R&D funding	Same as the main project



3. Settlement method

A

Key matters to check for each step

The steps/methods and matters to check for the settlement of R&D funding shall be standardized to faithfully perform the research institution's settlement of its own projects and sub-projects.

01 | Check the research fund usage report.

- ⓪ Whether the research fund usage (by research institution) report is submitted
- ⓪ If necessary, request supplementation of submitted document and addition of written evidence

02 | Check the effects caused by private-sector charges.

- ⓪ Whether cash and properties are contributed pursuant to "burden of private-sector charges" under the original agreement and plan.

03 | Check the research fund appropriation and its changes under the research plan (annual plan).

- ⓪ Whether the research fund by cost category under the original plan and that by cost category under the research fund usage report conform with each other
- ⓪ Whether the research fund by cost category the under original plan violates the appropriation criteria (including linked cost category)
- ⓪ Whether the research fund by cost category (indirect cost, research allowance, entrusted research fund, etc.) is increased in violation of regulations or whether cost category is changed without the specialized institution's approval

04 | Check the execution imminent to or after the end of research period,

- Ⓔ Whether the research equipment or reagent materials are heavily purchased imminent to the end of research
- Ⓔ Whether the research fund is executed after the end of research period

05 | Check the research fund payees (participating researchers, etc.) and the research equipment

- Ⓔ Whether the labor cost, travel expense, research allowance, etc. is paid to non-participating researchers
- Ⓔ Whether the expert expense is paid to a person that cannot receive such amount
- Ⓔ Whether the research equipment purchased in the relevant year is installed and registered (as asset)

06 | Check whether the research fund is executed pursuant to the use or purpose.

- Ⓔ Whether the research fund is executed for purposes not related to the research project or for personal purpose



B

Unjustified execution of research fund - types

<Science & Engineering as well as Humanities & Social Science fields>

Type	Definition	Key cost categories	Description
Excessive appropriation	Appropriation in excess of calculation criteria	Indirect cost, research allowance, entrusted research fund	Appropriation in excess of given rates, or excessive or false appropriation of linked cost categories in violation of labor cost appropriation criteria
Excessive increase or creation of cost categories	Execution after increase or creation of cost categories that cannot be increased	Indirect cost, research allowance	Increase or creation of cost categories in excess of that of original plan
	Execution after increase or creation of cost categories without approval	Entrusted research fund	Increase of more than 20% or creation of cost categories whose execution is not approved by specialized institution
Execution by non-participating researcher	Execution by non-participating researcher	All cost categories	Travel expense, labor cost, research allowance, etc. paid to non-participating researcher
Execution outside research purpose	Expense not related to research purpose and content	All cost categories	Travel, book purchase, education/training expense, degree program, manufacturing equipment purchase, etc. not related to research project
Personal expense	Expense used for personal purpose	Research activity expense	Executed as lifetime academic society membership fee, alcoholic beverages expense, gift expense, entertainment expense, etc.
Indirect cost-type expense	Execution of direct cost for purpose of indirect cost	Research activity expense, research equipment/materials cost	Execution of expense not included in direct cost (e.g., newspaper subscription fee, electricity fee, water fee, gas fee, heating fee) from direct cost
Execution outside research period	Execution outside research period under the agreement	All cost categories	Execution outside research period under the agreement

Evidence missing	No written evidence	All cost categories	No document (e.g., document of personal account transfer for labor cost, research allowance, advisory fee, instructor fee, etc.) that can prove actual payment.
Inappropriate use of accrued interest	Failure to use interest accrued during research period, pursuant to regulations	-	Interest accrued during research period shall be used for R&D of the relevant project or returned. However, as an exception, the use for R&D reinvestment or for the strengthening of the capacity to create, support, protect, and use research results requires the Minister's prior approval. (Humanities & Social Science : recognized as use for expense necessary to perform and support the project)



C

Preparations for settlement (lead research institution)

< Science & Engineering fields >

Cost category	Detailed cost category	Checklist	Remarks
Direct cost	Labor cost	<ul style="list-style-type: none"> • Check whether the internal labor cost paid. • Internal labor cost payable in the following cases: <ul style="list-style-type: none"> * Researcher belonging to government-funded research institutions and specific research institutions * Researchers belonging to MSIP Minister-approved institutions * R&D service-providing researcher (Check the R&D service business license.) * Researchers belonging to other research institutions and hired for research project • For change in research assistant and participating researcher (including change in participation rate), check the research institution's approval. • For a participating researcher, check the criteria of calculating participation rate and labor cost (employment contract, project participation agreement, etc.). 	Check if there is an increase of 20% or more on the research plan
	Student labor cost	<ul style="list-style-type: none"> • Institution with integrated management of student labor cost (treated as total amount use) → exemption of settlement. • Institution without Integrated management of student labor cost (settlement same as other cost category). • Check whether the student researcher participation rate criteria have been (100%) followed. <ul style="list-style-type: none"> * Bachelor's degree program (KRW 1 million), master's degree program (KRW 1.8 million), PhD program (KRW 2.5 million). • Check the status of student (through student register). 	
	Research equipment/materials cost	<ul style="list-style-type: none"> • Check the purchase of general-purpose equipment not included in research plan. • Check the cost of research equipment, reagents, and materials that are not contributing to the research. • Check whether purchase was completed two months in advance of the end of research and used two months or more thereafter • Check the rent payment for equipment/facility inside the institution. • Check the approval from the specialized institution or the head of the researcher's institution for the modified purchase of research equipment • Check overlapping execution of materials cost, research equipment, prototype manufacturing cost, etc. 	Check execution of research fund card
	Research activity expense	<p><Overseas travel expense></p> <ul style="list-style-type: none"> • Check whether the travel expense has been paid to personnel not included in relevant research plan (non-participating researcher). • Check the travel expense not related to the research project. • Check whether the research institution's travel expense criteria have been followed. • Check the written evidence on traveler, travel period, purpose and content, travel result, etc. • Check the written evidence on conference materials and presentation, for overseas conference 	

	Research activity expense	<p><Expert expense including advisory fee></p> <ul style="list-style-type: none"> • Check whether lead research institution's advisory fee criteria and the advices have been followed. • Check the advisory fee and meeting allowance paid to participating researcher. <p><Other></p> <ul style="list-style-type: none"> • Check the overseas dispatch for overseas execution. • Check the publishing fee of article not related to project (Check article acknowledgments, etc.) • Check whether the personal expense is not related to project (e.g., mobile phone fee, name card, newspaper subscription fee, expediency fund of the institution, donations, wreath purchase, academic society subscription fee, lifetime academic society fee, membership fee, education/training expense, contribution). 	Check execution of research fund card
	Research project implementation expense	<p><Domestic travel expense></p> <ul style="list-style-type: none"> • Check whether the travel expense paid to personnel not included in relevant research plan(non-participating researcher). • Check travel expense not related to research project • Check whether the research institution's travel expense criteria have been followed. • Check the written evidence on traveler, travel period, purpose and content, travel result, etc. <p><Meeting expense></p> <ul style="list-style-type: none"> • Check the certification of minutes and check the meeting agenda and the attendees in the written evidence. • Check the conference location, meeting expense executing location and execution time (check distance, time zone, and 23:00 to 06:00 execution). • Check the amount of unjustified execution (e.g., alcoholic beverages) in meeting expense execution. • Check if it is a one-person meeting for petty payment. 	
	Research allowance	<ul style="list-style-type: none"> • Check whether the execution has been in excess compared with the original plan. • Check whether it has been executed by the head researcher and the participating researcher. • Check the criteria and evaluation of research allowance (reward or subsidy). 	
	Entrusted R&D funding	<ul style="list-style-type: none"> • Check whether an increase of 20% or more over the original research plan has been approved. 	
Indirect cost		<ul style="list-style-type: none"> • Check whether the indirect cost has been executed in excess compared with the original plan. 	



<Humanities & Social Science fields>

Cost category	Detailed cost category	Checklist	Remarks
Labor cost	Specialized labor cost	<ul style="list-style-type: none"> • Check whether the labor cost is paid. • Internal labor cost payable in the following cases: <ul style="list-style-type: none"> * Researchers belonging to government-funded research institutions and specific research institutions * Researchers belonging to MOE Minister-approved institutions * R&D service-providing researcher (Check R&D service business license) * Researchers belonging to other research institutions and hired for research project 	
	Student labor cost	<ul style="list-style-type: none"> • Institution with integrated management of student labor cost (treated as total amount use) → settlement exempted • Institution without Integrated management of student labor cost (prepare settlement same as in other cost categories) • Check whether student researcher appropriation criteria followed (humanities & social science research project). <ul style="list-style-type: none"> * Bachelor's degree program (KRW 0.5 million), master's degree program (KRW 1 million), PhD program (KRW 1.5 million) * Changed to bachelor's degree program (KRW 1 million), master's degree program (KRW 1.8 million), PhD program (KRW 2.5 million) (Sciences Promotion Act Enforcement Rule enacted on Jun 14, 2013) • Check the lead research institution's approval, for the changing of the research assistant and the participating researcher (including change in participation rate). • Check the student's information through the student register. • Check the criteria of the calculating participation rate and labor cost (e.g., employment contract, project participation agreement), for the participating researcher. 	Check whether labor cost is diverted into direct cost
Direct cost	Equipment/materials cost	<ul style="list-style-type: none"> • Check the purchase of general-purpose equipment not included in the research plan. • Check the cost of research equipment, reagents, and materials not contributing to the research. • Check the rent payment for equipment/facility inside the institution. • Check the approval from the specialized institution or the head of the researcher's institution for a modified purchase of the research equipment. • Check the overlapping execution of materials cost, research equipment, prototype manufacturing cost, etc. 	Check whether 20% in excess of original plan when diverted into labor cost

Direct cost	Academic research fund	<p><Travel expense></p> <ul style="list-style-type: none"> • Check whether the travel expense paid to personnel not included in relevant research plan(non-participating researcher). • Check travel expense not related to research project • Check whether the research institution's travel expense criteria have been followed. • Check the written evidence on traveler, travel period, purpose and content, travel result, etc. <p><Meeting expense></p> <ul style="list-style-type: none"> • Check the certification of minutes and check the meeting agenda and the attendees in the written evidence. • Check the conference location, meeting expense executing location and execution time (check distance, time zone, and 23:00 to 06:00 execution). • Check the amount of unjustified execution (e.g., alcoholic beverages) in meeting expense execution. • Check if it is a one-person meeting for petty payment. <p><Expert expense, including advisory fee></p> <ul style="list-style-type: none"> • Check whether the lead research institution's advisory fee criteria and the advises have been followed. • Check whether the advisory fee and the meeting allowance has been paid to the participating researcher <p><Others></p> <ul style="list-style-type: none"> • Check the overseas dispatch for overseas execution. • Check the publishing fee of the article not related to project. (Check article acknowledgments, etc.) • Check whether personal expense not related to project (e.g., mobile phone fee, name card, newspaper subscription fee, expediency fund of the institution, donations, wreath purchase, academic society subscription fee, lifetime academic society fee, membership fee, education/training expense, contribution) has been executed. 	Check whether 20% in excess of original plan when diverted into labor cost
	Academic activity allowance	<ul style="list-style-type: none"> • Check whether cap per person is exceeded 	



D

In-depth settlement criteria for specialized institution

< Science & Engineering fields >

Cost category	Detailed cost category	Settlement criteria	Remarks
Direct cost	Labor cost	<ul style="list-style-type: none"> • Participation rate (including overlapping participation) exceeding 130% • At change of participating researcher, the labor cost shall be paid after getting the approval from the head of the researcher's institution. • Direct account transfer of labor cost by lead research institution • Expenditure in excess of labor cost under the agreement • Labor cost paid to non-participating researchers 	<ul style="list-style-type: none"> • Recover excess amount • Recover if unapproved • Shall be paid in cash • Recover excess amount • Recover
	Student labor cost	<ul style="list-style-type: none"> • Joint management of student labor cost and execution in excess of unit student labor cost (unit cost of student labor) 	<ul style="list-style-type: none"> • redistribute or recover
	Research equipment and materials cost	<Research equipment> <ul style="list-style-type: none"> • Research equipment not related to research purpose • Research equipment purchased at least two months before the end of research • Rent for equipment/facility inside the institution • Rent for research equipment/facility owned by project group • Modified purchase of research equipment (KRW 30 million or more) without specialized institution's prior approval 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover • Recover
		<Materials cost> <ul style="list-style-type: none"> • Cost of reagents and materials not related to research purpose • Materials purchased after the end of research period 	<ul style="list-style-type: none"> • Recover • Recover
		<Prototype> <ul style="list-style-type: none"> • Execution overlapping with research equipment/materials cost 	<ul style="list-style-type: none"> • Recover
	Research activity expense	<Overseas travel expense> <ul style="list-style-type: none"> • Travel expense for personnel not included in research plan • Travel expense not related to research project • Travel expense paid only with receipt (fuel expense, passenger ticket, parking fee, toll, car rental fee) • Overseas travel expense not based on actual exchange rate • Payment outside travel period and location • Overseas travel expense not in the research plan or different from the original plan (exception: overseas travel expense undergoing prior approval process for research purpose) 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover • Recover • Recover

Direct cost	Research activity expense	<Taxes, utilities and fees> <ul style="list-style-type: none"> • Office heating fuel expense, cleaning expense, car insurance premium, regular uniform expense, fuel expense • Expediency fund of the institution, donations, wreath purchase, etc. • Mobile phone fee, name card, newspaper subscription fee, etc. not related to project 	<ul style="list-style-type: none"> • Recover • Recover • Recover
		<Technical information activity expense> <ul style="list-style-type: none"> • Personal expense not related to project • Thesis director's fee in master/PhD program • Education/training expense not related to project (degree program education/training expense) • Execution in excess of lead research institution's advisory fee criteria • Advisory fee and meeting allowance paid to participating researchers 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover • Recover
	Research project implementation expense	<ul style="list-style-type: none"> • Domestic travel expense: payment to non-participating researchers and payment in excess of unit price • Meeting expense: minutes missing • Research environment maintenance expense: purchase of equipment/machinery not directly related to maintaining research lab environment • Meal expense for lunch 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover
	Research allowance	<ul style="list-style-type: none"> • Payment in excess of 20% of labor cost, monthly wage-type payment 	<ul style="list-style-type: none"> • Recover
	Entrusted research fund	<ul style="list-style-type: none"> • Payment over the amount of research fund under research plan by 20% or more without approval 	<ul style="list-style-type: none"> • Recover if unapproved
	Indirect cost	<ul style="list-style-type: none"> • Payment in excess of indirect cost under research plan 	<ul style="list-style-type: none"> • Recover



<Humanities & Social Science fields>

Cost category		Settlement criteria	Measures
Labor cost		<ul style="list-style-type: none"> • Participation rate (including overlapping participation) exceeding 100% • At change of joint researcher, labor cost shall be paid after getting the approval from the head of the specialized institution • Labor cost directly transferred to account by lead research institution • Expenditure in excess of labor cost under the agreement • Labor cost paid to non-participating researchers • Check whether diverted to direct cost 	<ul style="list-style-type: none"> • Recover excess amount • Recover if unapproved • Shall be paid in cash • Recover excess amount • Recover • Recover diverted amount
Equipment/ materials expense	Research equipment	<ul style="list-style-type: none"> • Research equipment not related to research purpose • Research equipment purchased at least one month before the end of research • Rent for equipment/facility inside the institution • Rent for research equipment/facility owned by project group 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover
	Materials expense	<ul style="list-style-type: none"> • Cost of reagents and materials not related to research purpose • Materials purchased after the end of research period • Fee paid to internal computing division 	<ul style="list-style-type: none"> • Recover • Recover • Recover
	Prototype	<ul style="list-style-type: none"> • Execution overlapping with research equipment/materials cost 	<ul style="list-style-type: none"> • Recover
Academic research fund	Travel expense	<ul style="list-style-type: none"> • Travel expense for personnel not included in research plan • Travel expense not related to research project • Travel expense paid only with receipt (fuel expense, passenger ticket, parking fee, toll, car rental fee) • Overseas travel expense not based on actual exchange rate • Use outside travel period and location • Overseas travel expense not in the research plan or different from the original plan (exception: overseas travel expense undergoing prior approval process for research purpose) 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover • Recover • Recover
	Taxes, utilities & fees	<ul style="list-style-type: none"> • Office heating fuel expense, cleaning expense, car insurance premium, regular uniform expense, fuel expense • Expediency fund of the institution, donations, wreath purchase, etc. • Mobile phone fee, name card, newspaper subscription fee, etc. not related to project 	<ul style="list-style-type: none"> • Recover • Recover • Recover
	Techno- logy information activity expense	<ul style="list-style-type: none"> • Personal expense not related to project • Thesis director's fee in master/PhD program • Education/training expense not related to project (degree program education/training expense) • Execution in excess of lead research institution's advisory fee criteria • Advisory fee and meeting allowance paid to participating researchers 	<ul style="list-style-type: none"> • Recover • Recover • Recover • Recover • Recover
Academic activity allowance		<ul style="list-style-type: none"> • Payment in excess of cap per person per project (KRW 400,000 a month*) * Applied to projects under the agreement (in or after 2012) (KRW 350,000 a month for projects under the agreement before 2012) 	<ul style="list-style-type: none"> • Recover

4. Research fund usage report and return of obligated balance

Research fund usage reporting: act of submitting to lead research institution or specialized institution, use of research fund, opinion letter of the reporting institution's head of accounting audit department, etc., using the forms under the applicable regulation after the end of research period

A

Where to submit research fund usage report

<Science & Engineering fields>

When to submit	Documents	Where to submit	
		Partner (entrusted) institution → Lead research institution	Lead research institution → Specialized institution
Within three months of the end of research (per project)	① Comparison table (R&D plan vs. execution result)	○	○
	② Statement by detailed cost category	○	○
	③ Self-accounting inspection/verification report	○	○
	④ Statement of remittance to obligated balance comprehensive management account (e-Settlement excluded)	○	○
April 30 yearly (per institution)	⑤ Indirect cost and interest usage report	No distinction between superior and subordinate institutions	
Common	⑥ Written evidence	△	

○ : mandatory, △ : if requested



<Humanities & Social Science fields>

When to submit	Documents	Where to submit	
		Partner (entrusted) institution → Lead research institution	Lead research institution → Specialized institution
Within three months of the end of research (per project)	① Comparison table (R&D plan vs. execution result)	○	○
	② Statement by detailed cost category	○	○
	③ Self-accounting inspection/verification report	○	○
	④ Statement of remittance to obligated balance comprehensive management account (e-Settlement excluded)	○	○
Common	⑤ Written evidence	△	

○ : mandatory, △ : if requested

B

Return of obligated balance

The act of returning, after the end of research, the unused R&D funding(used balance) and the amount returned as directed by the head of the accounting audit department voluntarily or by the specialized institution (settlement balance) to the bank account designated by MSIP/MOE Minister or the head of the specialized institution

01 | Preparations before return of obligated balance

- Head researcher, and research institution's research fund manager and head of accounting audit department shall check the amount of obligated balance to return and of carry-over to following year in the usage report.

02 | Time to return obligated balance

- Research institution's voluntary return: return government share in the obligated balance within three months of the end of research
- Amount directed by specialized institution to return: immediately when notified by the specialized institution

03 Calculation of government share in obligated balance

<Lead and partner research project>

Government share ratio (%)

- Ratio of government contribution in the sum of government contribution and private-sector's research fund (cash) per project (lead or partner)

$$\text{Government share ratio (\%)}^{n.1)} = \frac{\text{Government subsidy}}{(\text{Government subsidy} + \text{non-government cash support})^{n.2)}} \times 100$$

n.1) In the calculation of the government share ratio, any number below the second decimal place shall be discarded.

(e.g., government share ratio of 78.193% → 78.1%)

n.2) Research fund excluded in calculation of government share ratio

(Interest accrued and non-government support-in-kind of relevant year)

Government share amount (KRW)

- Amount calculated by applying the government share ratio (%) to the fixed obligated balance
 - ※ In the calculation of the government share amount in KRW, any number below the decimal point shall be discarded.
- Where actual amount of private-sector charges-in-kind is less than the amount set forth in the agreement, the deficiency shall be recovered in cash.

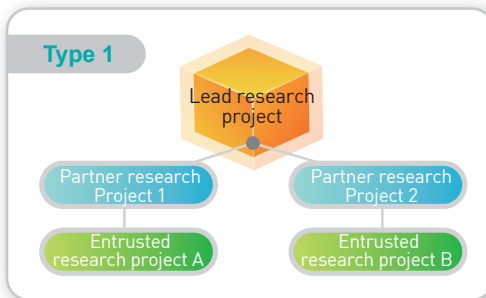
Notes

- The formula above on government share ratio (%) and amount (KRW) shall apply in calculation of the amount of accrued interest to return.



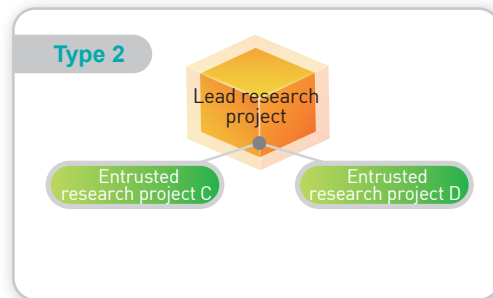
<Entrusted research project>

- Ⓜ The government share's ratio (%) and the amount (KRW) shall be calculated by the methods of lead and partner research projects (main projects).



<Type 1>

Entrusted research project (A): rate of return of partner research project (1) shall apply.
Entrusted research project (B): rate of return of partner research project (2) shall apply.



<Type 2>

Entrusted research projects (C and D): rate of return of lead research project shall apply respectively.

04 Method of returning obligated balance

Ⓜ Remittance through virtual account

- Obligated balance of the project (lead, partner, and entrusted) shall be remitted by each research-implementing institution through a virtual account using e-Settlement system to the specialized institution's obligated balance comprehensive management account for the project, in principle.
- Official document need not be sent for report to the specialized institution.

Ⓜ Direct remittance to the obligated balance comprehensive management account

- If remittance through virtual account is difficult for unavoidable reasons, direct remittance shall be made to the specialized institution's obligated balance comprehensive management account for the project.
- In addition to statement of remittance to the obligated balance comprehensive management account (Regulation Schedule No. 7 Form), an official document shall be sent to the specialized institution for report.

Miscellaneous

- In the preparation of self-accounting audit opinion letter, interest accrued during research period and the same after research period (interest from used balance) shall be stated separately.
- Account transfer fees for remitting obligated balance shall not be included in the research fund use.
- Amount of unjustified execution less than KRW 10,000 can be treated as the research institution's miscellaneous revenue (sum of used balances shall be less than KRW 10,000 in Humanities & Social Science fields)

05 Obligated balance-remitted bank account

Project	Bank	Account number	Account holder
Basic research project	KB Kookmin Bank	451-01-1027-715 (MSIP)	NRFK
	IBK	143-084684-04-532 (MOE)	
Fundamental technology development project	Hana Bank	621-910108-60105	
Big science research project			
Space technology development project	Hana Bank	621-910024-39204	
Nuclear power R&D project	IBK	143-025112-01-132 (fund)	
		143-025112-01-140 (general accounting)	
Science & Engineering globalization project	IBK	257-072586-04-019 (general accounting)	
	KB Kookmin Bank	451601-04-000887 (Science and Technology fund)	
Directorate for Humanities & Social Sciences-run projects	Woori Bank	1005-501-831628	
Directorate for Academic Promotion-run projects	Woori Bank	1005-801-831631	

Chapter

IV

Key Management Issues

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1. Revision of agreement (change of research institution)

The changing of research institution requires prior approval from the specialized institution (contract department), and the direct cost executed from the date on which the change becomes possible to the specialized institution's approval reference date shall not be recognized in principle.

- However, research fund execution whose authorization occurs before the date on which change becomes possible shall be recognized
- Unless otherwise mentioned, enforcement date of the approval document shall be deemed specialized institution's approval reference date.

01 Principle of settlement

- Ⓞ At the change of research institution, it can be deemed that post-change research institution succeeds to, and assumes from pre-change research institution, all rights and obligations related to the research, in principle.
- Thus, without a special circumstance, comprehensive settlement of the relevant year's research fund shall be conducted by the post-change research institution at the end of research, in principle.

02 Methods and precautions of research fund settlement

- Ⓞ Settlement reference date
 - Change of research institution due to head researcher's resignation: head researcher's pre-research institution change resignation date and post-change appointment date shall respectively be the dates on which change becomes possible and thus settlement reference dates.
- Ⓞ Research-implementing institutions, where change becomes possible(e.g., head researcher resignation), shall immediately suspend research fund execution, and request the specialized institution's department in charge of revision of the agreement(lead (partner) research institution in the case of entrusted research) to approve change of research institution.
- Ⓞ After the research fund execution is suspended, relevant research institutions shall have prior mutual consultation on research fund use, amount of research fund transferred, etc., and review and check relevant documents

- ③ Conduct self-accounting verification on research fund execution by pre-change research institution
- ③ Post-change research institution shall check pre-change research institution's used balance, interest accrued during research period, and documents on research fund use (including evidence if necessary)
- ③ After the self-accounting verification, settlement on the amount of unjustified execution and pre-change research fund use shall be conducted by lead research institution (specialized institution) and method on the return of unjustifiably executed amount shall be decided.
- ③ After receiving approval from the research institution change, all documents on research fund use shall be transferred and research fund execution shall be commenced.

| Review of cost category at change of research institution |

<Science & Engineering fields>

Cost category	Detailed cost category		Review at settlement
Direct cost	Labor cost	Internal	<ul style="list-style-type: none">• Paying institution → Non-paying institution: transfer balance after per-month calculation of actual amount payable• Non-paying institution → Paying institution: An increase of 20% or more in labor cost (including external labor cost and student labor cost*) requires report to specialized institution* Applicable to Institution without Integrated management of student labor cost and to projects on or after Jan 1, 2013 under the agreement (For details, see notes to labor cost)
		External	<ul style="list-style-type: none">• Transfer balance of actual amount payable until settlement reference date after per-month or per-day calculation based on pre-change participation rate
	Student labor cost		<ul style="list-style-type: none">• Transfer balance of actual amount payable until settlement reference date after per-month or per-day calculation based on pre-change participation rate
	Research equipment/ materials cost		<ul style="list-style-type: none">• Transfer balance after settlement of actual amount payable until settlement reference date
	Research activity expense		
	Research project implementation expense		
	Research allowance		
	Entrusted R&D funding		<ul style="list-style-type: none">• Settlement criteria for cost categories: refer to lead (partner) research project• Check whether entrusted research project is succeeded to
Indirect cost	Indirect cost		<ul style="list-style-type: none">• Transfer after per-month calculation (However, no indirect cost increased can be reimbursed)



<Humanities & Social Science fields>

Cost category	Detailed cost category	Review at settlement
Labor cost	Specialized labor cost	• Check diversion between labor cost and direct cost
	Student labor cost	
Direct cost	Equipment/ materials cost	• Transfer balance after settlement of actual amount payable until settlement reference date
	Academic research fund	
	Academic activity allowance	
Indirect cost	Indirect cost	• Transfer after per-month calculation (However, no indirect cost increased can be reimbursed).

※ Post-change research institution shall rebudget the research fund received pursuant to the calculation criteria and, if necessary, use it after getting an approval for the revision of the agreement.

2. Suspension of research and termination of agreement

- Ⓔ Upon the termination of research project agreement, lead research institution shall immediately suspend research fund execution of the research project.

 - After settlement of research fund use until research suspension and after recovery of the amount of unjustified execution, report thereof shall immediately be made to specialized institution and the relevant amount shall be returned.
- Ⓔ Research fund not executed from entry into research agreement until research suspension shall not undergo a separate settlement process, and government research fund shall be returned in whole.
- Ⓔ Specialized institution, if necessary, can conduct a separate in-depth verification of the project.

 - When an agreement is terminated under Regulation on MSIP-run Science & Engineering R&D Projects Article 21, Paragraph 1, Subparagraphs 2 through 4 and 7 through 9, government contribution can be recovered in whole or in part and, if necessary, participation can be restricted under the Act Article 11-2 (See p.14)

Regulation on MSIP-run Science & Engineering R&D Projects Article 21 (Termination of agreement) Paragraph 1

Subparagraph 1.	(Omitted)
Subparagraph 2.	Where it is difficult to continue R&D because of the material breach of contract by lead research institution or participating company
Subparagraph 3.	Where the lead research institution or the participating company gives up the implementation of the R&D project
Subparagraph 4.	Where the implementation of R&D has been delayed by the lead research institution or participating company and it is deemed that it is difficult to achieve research result originally expected or that lead research institution or participating company is not able to complete R&D
Subparagraphs 5 and 6. (Omitted)	
Subparagraph 7.	Where it is deemed by the head of central government agency that it is impossible or unnecessary for lead research institution or participating company to continue R&D project due to bounced checks, receivership, business closure, etc.
Subparagraph 8.	Where the security management under Article 40 is lax and material research information is leaked outside and thus it is deemed by the Minister or the head of the specialized institution that continuing R&D project is impossible
Subparagraph 9.	Where it is deemed by the Minister or the head of the specialized institution that continuing the R&D project is impossible because of research illegalities



| Review of cost category at change of research institution |

<Science & Engineering fields>

Cost category	Detailed cost category		Review at settlement
Direct cost	Labor cost	Internal	• Return of balance after per-month calculation of actual amount payable until research suspension
		External	• Return of balance after per-month or per-day calculation of actual amount payable until research suspension based on the research institution’s wage payment system
	Student labor cost		• Return of balance after per-month or per-day calculation of actual amount payable until research suspension based on participation rate
	Research equipment/ materials cost		• Return of balance after the settlement of actual amount payable until the settlement reference date
	Research activity expense		
	Research project implementation expense		
	Research allowance		
	Entrusted R&D funding		• Settlement criteria by cost category: refer to that of lead (partner) research project
Indirect cost	Indirect cost		• Return of balance after per-month calculation

<Humanities & Social Science fields>

Cost category	Detailed cost category	Review at settlement
Labor cost	Specialized labor cost	• Return of balance after per-day calculation of actual amount payable until research suspension
	Student labor cost	• Return of balance after per-day calculation of actual amount payable until research suspension based on participation rate
Direct cost	Equipment/ materials cost	• Return of balance after the settlement of actual amount payable until the settlement reference date
	Academic research fund	
	Academic activity allowance	
Indirect cost	Indirect cost	• Return of balance after per-month calculation

3. Multi-year projects under the agreement

01 Definition

- Ⓔ Projects under the agreement with term of two years or more and entered into for entire research period or phased research period based on unit price decided in the first year
 - ※ Research period shall be specified in “multi-year agreement research period” of the “standard R&D project agreement.”

02 Execution method

- Ⓔ The balance used cannot be carried over to the following year’s research fund.
- Ⓔ In principle, carry-over shall be made to the same detailed cost category.
- Ⓔ In a multi-year entrusted research agreement, research fund balance of an entrusted project can be carried over, and carry-over of each detailed cost category of the entrusted project shall be the same as in the original project.
- Ⓔ Charges-in-kind cannot be carried over (total amount in relevant year).
- Ⓔ An increase of 20% in the cost category whose change requires the specialized institution’s approval does not include the carry-over amount from the previous year.
- Ⓔ The carry-over amount cannot be reflected in calculation of linked cost categories (e.g., indirect cost or research allowance of the following year).
- Ⓔ After end of the term of agreement, the balance used shall be returned.



<Carry-over method by R&D funding cost category>

Cost category	Detailed cost category	Carry-over method	Restrictions on carry-over
Direct cost	Labor cost	Carry-over to the same detailed cost category (principle)	
	Student labor cost		<ul style="list-style-type: none"> • Institution with integrated management of student labor cost <ul style="list-style-type: none"> - Treated as total execution, based on transfer to integrated management account (no carry-over) • Institution without integrated management of student labor cost <ul style="list-style-type: none"> - Carry-over to student labor cost allowed - However, carry-over in excess of previous year's balance shall not be allowed.
	Research equipment / materials cost		-
	Research activity expense		-
	Research project implementation expense		-
	Research allowance		• Carry-over in excess of previous year's balance shall not be allowed
	Entrusted research fund		-
Indirect cost	Indirect cost		-

03 Settlement method

- ③ The research-implementing institutions shall conduct settlement each year.
- ③ After end of the term of agreement, the obligated balance and interest shall be returned to the specialized institution's obligated balance comprehensive management account.

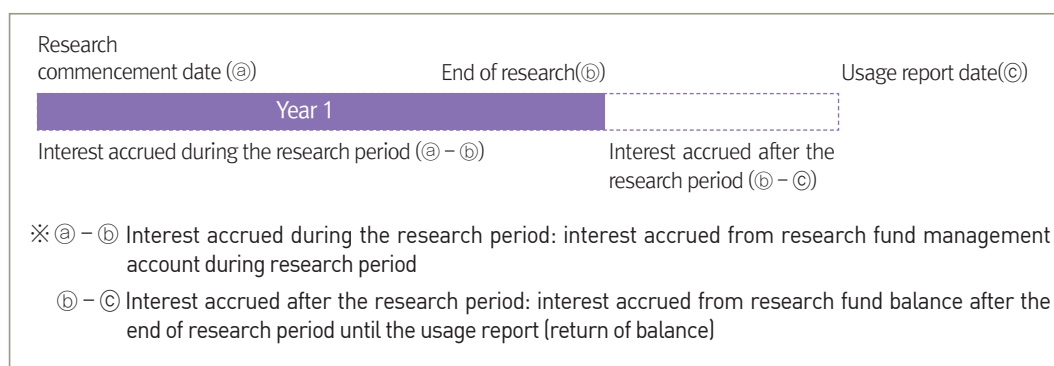
04 Scope of returned or recovered amount

- ③ In the return of the obligated balance and interest, the government share shall be calculated by applying the government contribution ratio to the sum of the government contribution and private-sector's cash research fund from the first year of agreement to the return or recovery.
 - When a multi-year project with a three-year total research period under the agreement is suspended after two years: the amount calculated by applying the government contribution ratio to the sum of government contribution and private-sector's cash research fund executed until the end of the second year
 - When a multi-year project under the agreement is settled each year, the ratio and amount of the government share shall be calculated for the relevant year and then returned.
 - ※ Interest accrued during the research period can be carried over, and Interest accrued after the research period (interest accrued from post-agreement balance) shall be returned (Science & Engineering fields).

4. Interest accrued

A

Classification of interest accrued



B

Use and settlement method

01 Interest accrued during the research period

Method of use

Type	Method of use
Inclusion in, and use for, the research project	<ul style="list-style-type: none"> Included in and used for the research project from the relevant year without approval, and the balance shall be returned in principle. * Limited to use as direct cost (excluding labor cost, student labor cost, and research allowance)
R&D reinvestment	
Strengthening of the capacity to create, support, protect, and use research results	<ul style="list-style-type: none"> Used for relevant year's R&D reinvestment or for the strengthening of the capacity to create, support, protect, and use research results without approval
Use for expense necessary to support the project (Humanities & Social Science research support projects only)	<ul style="list-style-type: none"> The lead institution may consider the interest accrued as a miscellaneous revenue and use it as an expense necessary to support the project.




Usage report

Classification	Form of report	Written evidence
Inclusion in, and use for, the research project	<ul style="list-style-type: none"> No separate form (Included in the research fund usage report for the year of use) 	<ul style="list-style-type: none"> Written evidence Basis of interest calculation (bankbook copies, etc.)
R&D reinvestment	<ul style="list-style-type: none"> Statement of use of accrued interest (Schedule No. 4 Form) 	<ul style="list-style-type: none"> R&D investment plan documents based on the use of the interest accrued during the research period (including statement of interest revenue)
Strengthening of the capacity to create, support, protect and use research results	<ul style="list-style-type: none"> Statement of use of accrued interest (Schedule No. 4 Form) 	<ul style="list-style-type: none"> R&D investment plan documents based on the use of the interest accrued during the research period (including statement of interest revenue)
Use for expense necessary to support the project (Humanities & Social Science research support projects only)	<ul style="list-style-type: none"> No separate form (Included in the research fund usage report for the year of use) 	<ul style="list-style-type: none"> Basis of interest calculation (e.g., written evidence, bankbook copies)

Settlement method

- The interest from government contribution may be included in the project's R&D funding or used for R&D reinvestment or for strengthening the capacity to create, support, protect, and use research results. Using it for any other purpose requires the Minister's approval, and violation thereof mandates recovery thereof.
- If included in and used for the project, the amount used for labor cost, indirect cost, or research allowance shall not be recognized.
- Interest accrued shall be objectively proven through the account-opened financial institution, even if it is difficult for the research institution to calculate the amount due to integrated management of research fund account, etc.

02 Interest accrued after the research period

-  The interest accrued from the balance until the time of usage report shall be returned. (Reinvestment and carry-over are not allowed).

5. Settlement of participating companies' "charges-in-kind"

01 Cost category (scope) and review (evidence)

Cost category	Scope of application	Ratio	Evidence of review
Labor cost	Limited to researchers belonging to the company and participating in the project	<ul style="list-style-type: none"> • Large corporations: up to 50% of the amount of investment-in-kind • Except SMEs or large corporations: up to 70% 	Receipt of labor income withheld, statement of wage, etc.
Research equipment/ facility expense	Rent (D&A) for research equipment/facility owned by the company and, cost of equipment purchased and used during the research period	<ul style="list-style-type: none"> • Large corporations: up to 50% of the amount of charges-in-kind (labor cost excluded) 	List of leases, criteria of unit rent (basis of D&A), tax receipt, etc.
Materials expense	Cost of materials owned by the company (actual purchase price)	<ul style="list-style-type: none"> • Except SMEs or large corporations: up to 70% of the amount of charges-in-kind (labor cost excluded) 	Retrieval ledger for materials held and inventory asset, evidence of purchase, etc.
Prototype manufacturing expense	Limited to cost of parts necessary to make prototype of the project (actual expense)		Same as above

02 Management of written evidence and reporting

- Ⓔ There search-implementing institutions and relevant institutions (participating companies) shall maintain the evidences in line with the security and the use of non-cash property as well as submit them if requested by specialized institutions or settlement institutions.
- ※ If the actual amount of the private sector's charges-in-kind is below that under the agreement, the deficiency of the in-kind portion shall be recovered in cash.



6. Integrated management of student labor cost

01 | **Clauses on student researcher labor cost (Regulation on MSIP-run Science & Engineering R&D Projects)**

- ④ Purpose of use and appropriation criteria (Table 3 “R&D appropriation and execution criteria by funding cost category”)

Detailed cost category	Purpose of use	Appropriation criteria
Student labor cost	<ul style="list-style-type: none"> • Labor cost paid to student researchers directly participating in R&D project (including post-doc researchers* under Basic Research Promotion and Technology Development Support Act Enforcement Decree Article 2, Subparagraph 3) *Research fellow included 	<ul style="list-style-type: none"> • The appropriation shall be based on total number of researchers deployed in a R&D project. • The following amounts (assuming participation rate of 100%) shall be adjusted based on actual participation rate. The R&D project participation rate shall not interfere with regular classes. <ol style="list-style-type: none"> 1. Bachelor's degree program: KRW 1 million a month 2. Master's degree program: KRW 1.8 million a month 3. PhD program: KRW 2.5 million a month

- ④ Exemption of settlement for R&D funding use (Article 29, Paragraph 5)
 - Student labor cost, out of direct cost, of Institution with integrated management of student labor cost shall be exempted from settlement. However, for any such institution canceled of designation, exemption of settlement shall be immediately suspended and, notwithstanding Article 30, Paragraph 1, used balance of student labor cost, out of direct cost, shall be recovered.
- ④ Non-recovery of used balance after the end of research (Article 30, Paragraph 1 Subparagraph 3)
 - The student labor cost balance out of the direct cost used by research institutions designated as institutions with integrated management of student labor cost shall not be recovered.

02 | College's integrated management of student labor cost

- G** (Basic concept) The college's research department (or R&DB foundation) integrates and manages student labor cost out of the direct cost (R&D cost category) per head researcher.
- G** (Purpose) Create an environment wherein student researchers in college research labs can stably perform research activities even when the head researcher has no follow-up research project after the end of relevant research.

 - Also provide flexibility of personnel management to college research labs with frequent member changes.
- G** (Applicable researchers) Researchers belonging to degree programs (bachelor, master, PhD, post-doc, research fellow) in the head researcher's college
- G** (Applicable institutions and projects) ① Research management excellency-certified colleges or colleges recognized as level "A" from survey of centralized research fund management, ② government-funded research institutes running joint master/PhD program with colleges or ③ institutions designated and announced by MSIP among specific research institutes running master/PhD program as institution implementing computer system necessary for the above-mentioned integrated management; and national R&D projects governed by Joint Management Regulation



03 | Student researcher labor cost management process

Classifi- cation	Institution with integrated management of student labor cost	Institution without integrated management of student labor cost								
Appro- priation	<ul style="list-style-type: none">• The state in a separate form in the “Statement of R&D funding demands by cost category — student labor cost”) of the research project plan- The head researcher shall appropriate the input of student researchers based on a monthly basis.- The man-month input shall be calculated based on the expected one-month participation rate of the relevant degree candidate of average ability. <p>< Example ></p> <ul style="list-style-type: none">• The average PhD candidate’s expected one-month participation rate shall be set at 40% and the project period at 12 months.• Total man-month: 12 months x 40% = 4.8 m/m <table><tr><th></th><th>Monthly wage</th><th>Total man- month input</th><th>Total wage</th></tr><tr><td>PhD program</td><td>KRW 2.5 million</td><td>12 months x 40% = 4.8m/m</td><td>KRW 12 million</td></tr></table>		Monthly wage	Total man- month input	Total wage	PhD program	KRW 2.5 million	12 months x 40% = 4.8m/m	KRW 12 million	<ul style="list-style-type: none">• Same as left
	Monthly wage	Total man- month input	Total wage							
PhD program	KRW 2.5 million	12 months x 40% = 4.8m/m	KRW 12 million							
Use	<ul style="list-style-type: none">• The student researcher labor cost account shall be opened per head researcher.- The student researcher labor cost accounts of a head researcher performing two or more research projects shall be integrated.• The head researcher, after fixing each student researcher’s labor cost based on the participation rate, shall apply to the research department (or R&DB foundation) for payment.• The research department (or R&DB foundation) shall remit the labor cost to student researcher’s personal account every month.	<ul style="list-style-type: none">• The student researcher labor cost account shall be opened per research project.- Integrated management is not allowed; payment can only be given to student researchers directly participating in the project.• The head researcher, after beginning the agreement, shall fix project-participating researchers and their participation rates; decide the amount of labor cost; and apply to research department (or R&DB foundation) for payment.• Same as left								
Settlement	<ul style="list-style-type: none">• Return and settlement of used balance of student labor cost shall be exempted (Regulation Article 29, Paragraph 5)- But, when designation of Institution with integrated management of student labor cost is canceled, used balance shall immediately be recovered (project in progress excluded)• In research fund settlement after the end of project that is considered as a total use based on the transfer to the integrated management account	<ul style="list-style-type: none">• The head researcher, when reporting the use of research fund within three months of the end of research, shall include the use of student labor cost.- Suspension period (one year) abolished								

7. e-Settlement Helper system

01 Background

- Ⓔ Provide researchers and research managers performing national R&D researches with prior assistance service on research fund use and settlement
- Ⓔ Enhance accuracy and customer satisfaction of research fund settlement by providing prior notice of settlement information to researchers and research institutions through “e-Settlement Helper”

02 Building and running of system

- Ⓔ Designate, as items of e-Settlement Helper, research fund card uses that are repeatedly cited for violation in settlement and must be verified, etc.
- Ⓔ Give prior notice of researcher’s checklist, and if research fund card use falls into the relevant items, send an SMS the following day and e-mails periodically
 - In the comprehensive electronic management system of research fund, researchers can check the relevant research fund card uses (marked by red siren)
 - After checking the relevant items, researchers and research managers shall conduct self-verification and handling
- Ⓔ Manage projects and research institutions requiring continued inspection and checking as targets of in-depth settlement

<Five items of e-Settlement Helper>

Items	Operation
① Domestic use of research fund card between 23:00 and 06:00	<ul style="list-style-type: none"> • For research fund card uses, next-day SMS and periodic e-mails sent • In the execution details screen, red siren appears on the card use requiring check • Pop-up on the relevant item opens when clicking the red siren
② Overlapped use of meeting expense (restaurants and bars) on the same date	
③ Personal expense (e.g., mobile communication, taxi fare)	
④ Weekend/holiday travel expense (e.g., KTX, express bus, domestic air ticket)	
⑤ Check overseas stores whose line of business is not approved	

03 Expected effects

- Ⓔ Enhance transparency and investment efficiency of national R&D fund execution by prior settlement thereof
- Ⓔ Strengthen research fund settlement’s accuracy and researchers’ self-control by prior notice about the settlement information to researchers and research managers

Chapter

V

e-Settlement

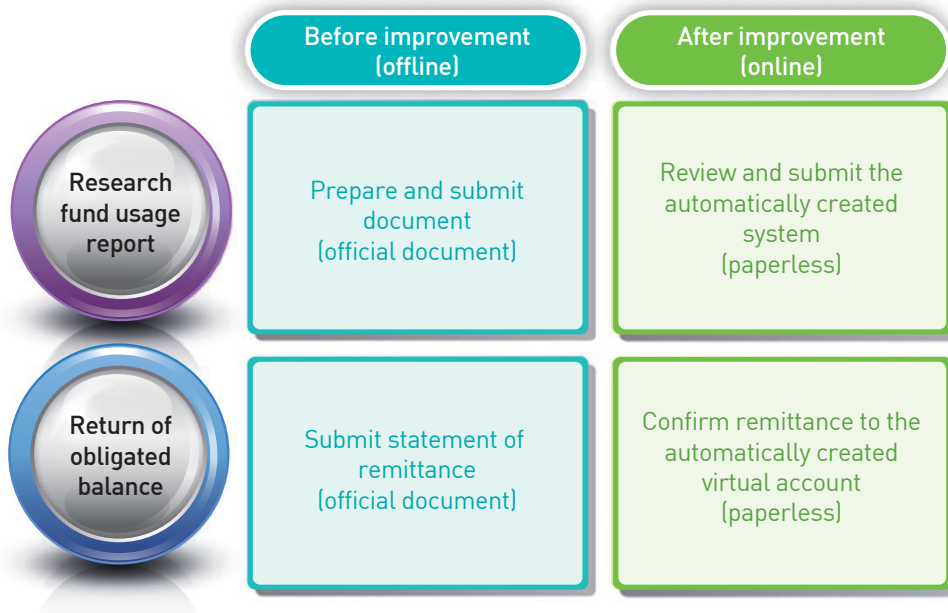
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1. Concept of e-Settlement

In e-Settlement, research institutions review and supplement the research fund usage report that is automatically created in the research project support system (ernd.nrf.re.kr) and then submit it online to the specialized institution. By returning the obligated balance through a virtual account automatically created after the completion of settlement, these research institutions will be able to handle settlement more promptly and accurately than in using the existing off-line method. It is an efficient, advanced settlement method that mitigates the administrative burden of research management.

<Concept of e-Settlement(before and after improvement)>



2. Background of e-Settlement

01 Occurrence of unnecessary budget

- Unnecessary budget such as mailing and warehousing expenses for usage report

02 Confusion on where to submit usage report and the account to return obligated balance

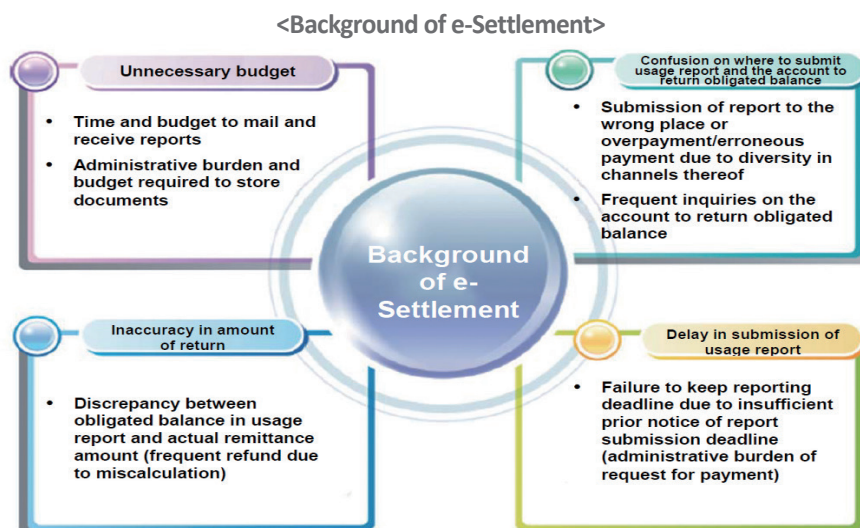
- Error regarding document submittal division (department) due to diversity in channels of submitting documents and obligate balance
- Over-payment or erroneous payment due to error in the return account
- Transfer of fund and refund of balance to the correct account in order to cure over-payment or erroneous payment

03 Discrepancy between obligated balance in usage report and actual remittance amount

- When there is a government share, the calculation errors can cause over-payment or erroneous payment, requiring the refund or remittance to be conducted again.


04 Delay in submission of usage report

- Failure to keep reporting deadline and the resulting unnecessary burden of being subjected to in-depth settlement due to insufficiency of knowledge and prior notice of the report submission deadline



3. Key functions of e-Settlement

01 Issuance of online invoices for obligated balance (one data)


-  The research fund's obligated balance, as the amount in usage report, shall be automatically notified using the research project support system and be returned to a virtual bank account that is specified in the written notice through Internet banking.

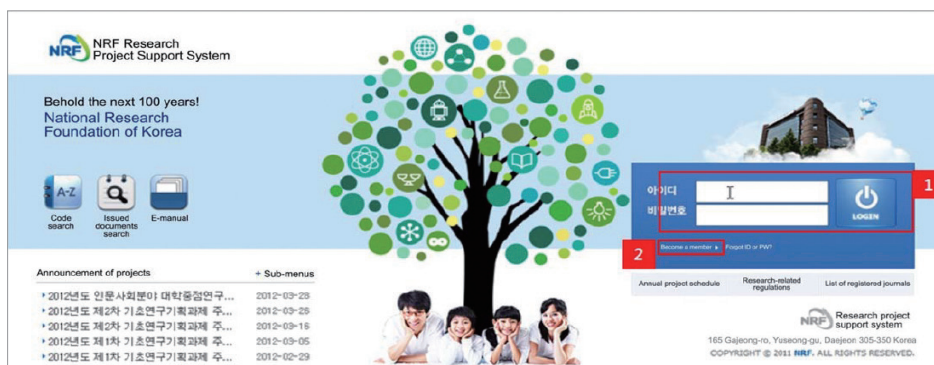
		Amount of return: KRW 15,482	
Deposit account	Industrial Bank of Korea 1430 000 1497168	Account holder	National Research Foundation of Korea
Depositor (as will be shown)	National Research Foundation of Korea	Deposit deadline	September 26, 2013

- > The deposit account (virtual account) can only be used to deposit the amount of return in this project.
- > Please return the amount of return in the invoice for research fund return to the deposit bank's account by non-passbook deposit, Internet banking, etc.
- > The invoice for research fund return shall only be used to check the amount of return and cannot be submitted to banks for use.

Information on the project related to the aforesaid deposit			
Program name	Support for promoting joint use of large-scale research facility		
Project name			
Research institution		Head researcher	
Research period	June 12, 2012 - May 31, 2014		

02 Convenience of research fund management (one gate)

-  Research institutions' researchers, research managers, and the heads of accounting audit department, by accessing NRFK's online "research project support system (lrnd.nrf.re.kr)," can promptly and conveniently manage the research fund.

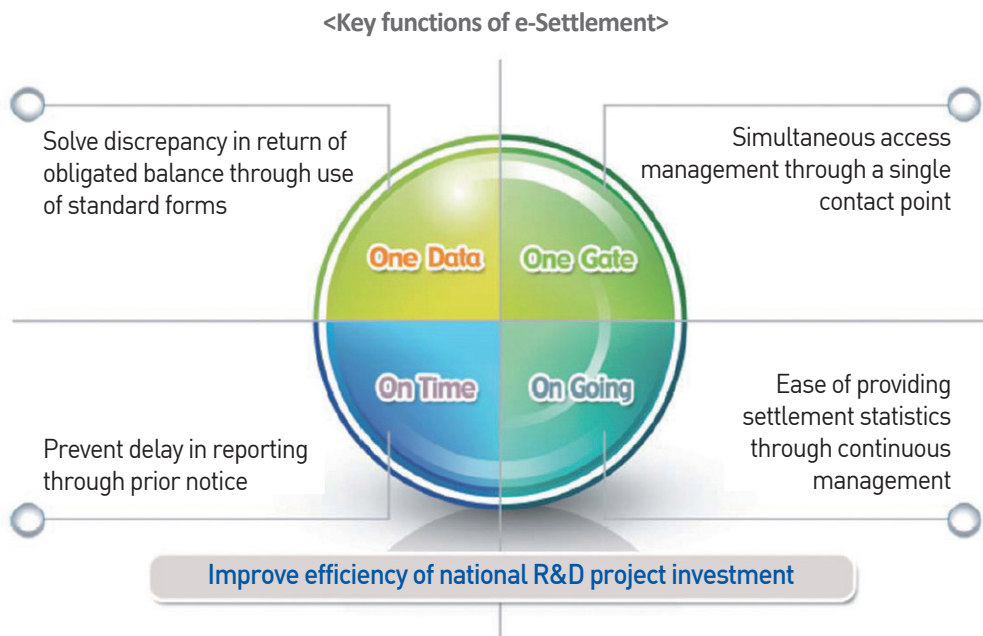


03 | Timely notice on report of fund use and return of obligated balance (on time)

- Function of prior notification, including schedules for research fund management

04 | Statistics on the research institutions' research fund (on-going)

- Research fund use/management data is kept in the cyber library. Thus, confusion in work due to change of research managers is minimized, and research institutions can come up with their own ways to improve through data analysis.





4. Expected effect of e-Settlement

G e-Settlement significantly reduces the time, cost, and space required to manage the research fund; mitigates researchers' non-research administrative burden; and allows research managers to do their job efficiently and effectively.





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