

Clarification of the guidelines for budgeting and accounting of NTNU's commission funded projects

Definition:

Commission funded projects are projects where NTNU carries out work for payment from contractors, and where NTNU is obliged to specific deliveries in the contract. In these kind of contracts NTNU has no right to the results of the research delivered, we only deliver consultancy services without rights to use the outcome of the project in own research. Since NTNU has no right to the results and findings of the projects, all costs must be covered by the contractors (both direct and indirect costs). NTNU must also deliver its services at the current market price to avoid distortion of competition.

Selling prices and accounting:

NTNU has the following list of hourly rates for 2018, which is to be used in commission-funded projects:

Kat.	Salary	Scientific staff				Techn./administrative staff			
		Costing price	Selling price	Selling price SINTEF	Selling price Statoil	Costing price	Selling price	Selling price SINTEF	Selling price Statoil
1	>960'	1 185	2 430	1 670	1 770	1 034	2 120	1 085	1 085
2	720'-960'	952	1 950	1 670	1 770	799	1 640	1 005	1 085
3	610'-720'	838	1 720	1 185	1 360	656	1 345	785	825
4	540'-610'	764	1 570	1 185	1 360	582	1 195	785	825
5	480'-540'	710	1 460	1 055	1 210	528	1 080	695	745
6	420'-480'	657	1 350	1 055	1 210	483	995	695	745
7	<420'	536	1 095	905	960	425	875	625	660

NTNU has agreed specific prices with SINTEF and Statoil, but it is also possible to use this price list in other commission-funded projects when negotiating terms in the contracts. However, it is not acceptable to use a lower price than the agreed price for Sintef-projects.

In commission-funded projects, there is a deviation between the accounted hourly rate (costing price) and the invoiced hourly rate (selling price). This profit is not transferred to EPT's operating account, but is transferred to EPT's equity capital when the project is closed (due to NTNU's regulations for external funded projects). The equity capital account is EPT's "collateral", and we are not allowed to spend from this account as long as the department has sufficient funds in the operating accounts (including the 69-accounts).

Budgeting:

It is important to calculate a realistic number of hours in the projects in order to agree to a realistic level of costs and need for funding with the contractors. The budgets should include a risk margin in case unexpected incidents occur in the projects. If any unforeseen delays or other incidents occur,

leading to an increase of working hours without an increase of the financing, the project leader must immediately notify the Head of Department and/or the Head of Office. Our financial guidelines instruct us to account all hours even though this leads to a lower profit (or a deficit) in the projects, but hours accrued beyond budget will not be transferred to the respective 69-accounts.