



HÁSKÓLI ÍSLANDS

RULES OF PROCEDURE
on overhead charges
Based on the Regulation on overhead
charges at the University of Iceland, no.
160/2016

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Guarantors: GRJ/HJ/JBJ
Approved by the UC
4 February 2016
Case number: HI15110203
Authorised translation

1. Purpose and scope

Overhead charges are intended to cover the operating costs for projects at the University of Iceland funded by non-governmental income, cf. [Regulation no. 160/2016](#), approved by the University Council on 4 February 2016.

The charges cover project expenses which are not recognised by the grant provider except as indirect expenses. These indirect expenses may fall to the project/operating unit, the relevant school or the University's central administration and support services. Expenses may vary depending on the nature of research projects and the internal organisation of schools.

These rules of procedure apply to grants from domestic and foreign funds that permit the collection of overhead charges and contract research projects conducted by University of Iceland staff for external parties.

Overhead charges are not collected on grants from University of Iceland funds.

2. Overhead charges

Generally, 25% overhead charges are collected on University work funded by non-governmental income. This work might be sold services or projects funded by an external party, unless the rules of the fund in question stipulate otherwise.

All grant applications in the name of either the University of Iceland or staff/institutes at the University of Iceland shall specify 25% overhead charges unless the rules of fund in question stipulate otherwise.

3. Allocation

Income from overhead charges shall be allocated in the following manner:

1. 40% to the relevant project/operating unit,
2. 40% to the relevant school,
3. 20% towards central University expenses.

The project or operating unit is the body within the University professionally and financially responsible for the work funded, e.g. a faculty, institute, centre or research team within the relevant school. Further allocation of this portion is determined, as applicable, jointly by the project manager and relevant operating unit.


The school dean is authorised to direct part of the sum allocated to the school to individual projects / operating units if there is cause to do so. This applies when expenses in accordance with item b of Article 4 of these rules of procedure fall first and foremost to the project / operating unit.

The same proportions apply should research funds authorise higher or lower charges.

When more than one UI school or a party outside UI is involved in the project, overhead charges are divided proportionally in the same way as the grant itself, unless a written agreement stipulates otherwise.

4. Expense items

- a. Expense items for the project/operating unit** considered overhead expenses can be: various expenses for which the research grant cannot be used, but which are related to the project, e.g. VAT, currency exchange losses, equipment purchase or rental costs, etc.
- b. Expense items for the school are generally:** school support services for the project – office, premises, computer and telephone services, etc.

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- c. **Expense items under central University expenses** are central support services, assistance and supervision for grant applications, contracts and legal services, accounting, archiving, supervision of project management and accounts, human resources and salary issues, etc.

5. Records and financial statements

a. Grants

Interim and final financial statements for grants from foreign funds shall record overhead charges in accordance with the project's expenses and rules on financial statements. In the case of domestic grants, the charges shall be recorded as soon as the University of Iceland receives the grant.

Any corrections or repayments of grants shall also apply to overhead charges.

b. Contract research projects

Overhead charges for contract research projects shall be implemented on 1 January 2017. Invoices for sold services shall add 25% overhead charges onto the wage component, distinct from other items. Charges are recorded as soon as the invoice is issued.

c. Supervision and transfer of information

The Division of Science and Innovation and the Division of Finance shall have a supervisory role, ensuring that records and financial statements comply with the above rules.

Information on grants and contract research projects requiring overhead charges must be submitted to the Division of Science and Innovation.

6. Follow-up and review

In the first year following the entry into force of these rules, the Division of Finance, in collaboration with the Division of Science and Innovation and school administrative staff, shall closely monitor the financial statements of research projects and the collection and allocation of overhead charges, as well as analysing overhead costs for research projects and where these costs arise.

These rules must be reviewed within two years of entering into force, cf. Article 3 of the [Regulation on overhead charges at the University of Iceland, no. 160/2016](#). The review shall take into consideration analysis, cf. paragraph 1, implementation, proportional distribution of income and also whether and how income from the charges has changed or improved services to the projects in question.

Should the Regulation on overhead charges be amended, these rules of procedure shall be updated accordingly.

7. Entry into force

These rules of procedure enter into force alongside the entry into force of the University of Iceland Regulation on overhead charges.