

**Management System of Shenzhen Institute of Advanced Technology,
Chinese Academy of Sciences on Scientific Research Project Funds**

Chapter 1 General

Article 1 To strengthen the management of research project funds, effectively improve the execution rate of research project budgets, and establish an incentive and constraint mechanism for the use of research project funds, this System is formulated in accordance with the *Budget Law of the People's Republic of China*, the *Several Opinions of the General Office of the State Council on Reforming and Improving the Management of Central Government Scientific Research Funds* (GBF [2021] 32), and relevant regulations on fund management policies currently in effect at the provincial and municipal levels, combined with the actual management of project funds at Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences (SIAT).

Article 2 This System applies to all research departments, research units, department of public service for science and technology, and management departments of SIAT.

A research unit refers to the center where the project (research topic) leader is located; a research department refers to the research institute where the research unit is located; and the unified project management department (hereinafter referred to as the competent department) includes the Department of Science & Technology Development, Department of Human Resources, Department of Industry Cooperation and Innovation Development, Department of Research and Knowledge Transfer Services, Department of Education, Students' Affairs Department, and Department of Public Service Platform for Science and Technology.

Article 3 Scientific research project funds refer to funds provided by government, enterprises, foundations, and other organizations through certain means to project undertaking units for solving specific scientific and technological problems.

Article 4 Projects funded by national and local governments have certain public welfare attributes, are vertical projects, including various scientific research and talent projects, and are managed by budget. Projects tendered by the government or funded or commissioned by enterprises, private organizations, or individuals have certain commercial attributes, are horizontal projects, and are managed by contracts.

Article 5 SIAT implements project-based management of scientific research project funds, namely, full-budgeting, full-process control, full-cost accounting by unit, and organically combines budget management, process control, cost accounting, and final settlement to form a scientific and reasonable "cash pool" for coordinated allocation.

Article 6 Scientific research project funds are managed by the unified department and the finance department. Both vertical and horizontal projects are included in the unified financial management of SIAT, and special management is implemented (one project, one number), with separate accounting (one number, one department) and special-purpose funds. Expenditures must be made in accordance with relevant policies, regulations, and approved project fund expenditure budgets or contract execution.

Article 7 The use of scientific research project funds is the responsibility of the unified department, which establishes scientific research project and research topic numbers in the scientific research project fund management system. The finance department, together with the unified department and various units, decomposes the project fund budget and is responsible for the review, collection, accounting, and final settlement of project funds expenditure. The project (research topic) leader is directly responsible for the budget of the research topic fund and is accountable for its authenticity and reasonableness.

Article 8 Establish a "Scientific Research Project Fund (Software) Management System" ledger and normalize the use of the annual year-end assessment form. The finance department is responsible for classifying and collecting information on the source, nature, unit of use, user, and use of scientific research project funds to establish a ledger, in order to achieve the management goal of "pre-budgeting, in-process supervision, and post-event feedback" of research project funds and to provide an information platform shared by the entire institute.

The ledger system is divided into three levels. The first level reflects the total amount of project resources, including the budget, income, surplus, and carry-over of research project funds for the entire institute and each unit. The second level reflects the budget, payment, carry-over, and surplus of funds for each project under research. The third level reflects the total amount of scientific research projects and surplus funds for each scientific research personnel.

Article 9 In the process of using research project funds, the project (research topic) leader is the first person responsible and shall establish risk awareness and efficiency awareness in the use of scientific research project funds, and prevent phenomena such as reckless spending and rush spending. The head of the research unit is directly responsible for the management and use of project funds undertaken by the unit, and the research department is responsible for supervising the management and use of project funds undertaken by the unit.

Article 10 The research financial assistants of each unit provide specialized services to scientific research personnel in project budget preparation, fund expenditure, financial settlement, and final acceptance.

Chapter 2 Scope and Control Standards for Scientific Research Project Fund Expenditure

Article 11 The scope and standards of scientific research project fund expenditure are determined based on pragmatism and strict economy. Government procurement matters must be strictly managed according to government procurement regulations. Affairs subject to special national policy management (such as travel expenses and conference expenses) are executed according to relevant systems and must be transparent, open, and traceable.

Article 12 The expenditure scope of scientific research project funds must be consistent with its budgeting basis and generally divided into direct costs and indirect costs.

(I) Direct costs: refer to expenses directly related to the implementation of the projects. It mainly includes:

1. Equipment expenses: refer to the expenses incurred in the purchase or trial production of specialized instruments and equipment, the upgrading and transformation of existing instruments and equipment, and the expenses for leasing equipment from external units during the implementation of the projects. Calculation-type instruments and equipment and software tools can be included in the equipment expenses category. Equipment purchases shall be strictly controlled, and efforts shall be made to encourage open sharing, independent development, leasing of specialized instruments and equipment, and upgrading of existing instruments and equipment to avoid duplicate purchases.

2. Business expenses: refer to the costs incurred in the process of project implementation for the purchase, transportation, loading and unloading, and organization of various materials, auxiliary materials, and other low-value consumables, as well as expenses for testing, processing, fuel and power, publishing/literature/information dissemination/intellectual property affairs, meetings/travel/international cooperation and exchanges, and other related expenditures.

3. Labor expenses: refer to the labor costs paid to participants in projects during implementation process of projects, such as graduate students, postdoctoral fellows, visiting scholars, project-employed researchers, and scientific research assistants, as well as fees paid to temporarily hired laborers and consulting experts. Labor costs are generally transferred to individual bank accounts and personal income tax is withheld and paid in accordance with the law. Fees paid to temporarily hired consulting experts shall not be paid to personnel involved in the project and affiliated project research and management, and their management shall be carried out in accordance with relevant national regulations.

The standard for labor expenses for project-employed personnel is based on the average salary level of local scientific research and technical service industry practitioners in principles, determined according to their work tasks in project research, and includes subsidies for social insurance and housing provident funds paid by the unit in the labor expenses category.

(1) Labor costs for project-hired personnel and scientific research support staff are determined by the project (research topic) leader based on the project's progress and the actual work situation of the beneficiaries. They provide project employment certificates;

(2) Labor costs for project-hired personnel and scientific research support staff are included in the salary management system of SIAT. They are disbursed based on the principle of fair compensation for the work undertaken in the project (research topic) research. For amounts significantly higher than the average salary level, auxiliary proof materials shall be provided, such as senior professional title certificates and special industry qualification certificates;

(3) The project (research topic) group and the scientific research project (research topic) leader shall strengthen the management of labor costs and scientific research work records of relevant personnel, enhance performance assessment, and ensure that the payment of labor costs is well-founded;

(4) Expenditure on labor costs, such as those for graduate students, postdoctoral fellows, visiting scholars, and temporarily hired laborers and consulting experts participating in the project, is governed by relevant regulations of SIAT.

(II) Indirect costs: refer to the related expenses incurred by the unit undertaking project tasks in organizing and implementing projects that cannot be included in direct costs. They mainly include subsidies for existing instruments and equipment, housing, water, electricity, gas, heating, and other public consumption costs provided for project research, as well as subsidies for related management expenses and performance expenditures.

1. SIAT extracts scientific research management fees (development funds) from indirect costs to compensate for public cost expenses that cannot be included in projects' direct costs, and coordinates them for public expenditure and scientific research layout and development.

2. In addition to extracting scientific research management fees that the project (unit) shall bear, indirect costs are used for the distribution and use of performance award funds according to the rules and regulations of SIAT for scientific research personnel's performance reward funds.

(1) The beneficiaries of performance expenditures are mainly members of the project (research topic) group, and the list of recipients is reviewed by the unified management department;

(2) Performance expenditures are allocated based on the principle of "valuing contribution, valuing effectiveness," and the amount is determined according to the regulations or approved budget execution of the relevant competent department of the project funds management, included in the salary management system of SIAT, and managed, assessed, and distributed by SIAT;

(3) The project (scientific research) leader and the research unit provide the basis for performance expenditure distribution.

(III) If there are specific requirements for budget items, they shall be implemented according to the relevant regulations of special fund management.

Chapter 3 Budget Management of Scientific Research Project Funds

Article 13 Longitudinal scientific research projects are subject to budget management according to the funds retained by the Institute, including budget preparation, adjustment, and execution. Project budgets serve as the basis for financial closure and acceptance. The budget preparation, adjustment, and execution management of non-institute funds for longitudinal scientific research projects are organized and implemented by the project (research topic) leader.

Article 14 The project declaration unit prepares the project funding budget based on the application guidelines and various budgetary control requirements, according to the relevance of objectives, compliance with policies, and economic rationality. After review by the unified department and the finance department, it is submitted to the project's competent unit (department).

Scientific research projects with self-raised funds are independently raised by the project (research topic) leader according to the source of funds (other fiscal appropriations, funds from the undertaking unit's monetary funds, bank loans, other funds).

Article 15 Project funds budgets are included in the annual financial revenue and expenditure budget of the project unit, and the execution rate of central fiscal budgets is included in the annual assessment system. The project (research topic) leader is responsible for the safety, standardization, balance, timeliness, and effectiveness of project funds and needs to arrange the use of funds according to the requirements and the actual scientific research activities. Unfunded research topics, regardless of whether the project funds have been received, are not included in the year-end assessment indicators.

Article 16 To ensure timely use of project funds by scientific research personnel, the finance department informs the unified department within the month of receiving notification of project funds. The unified department, based on the project declaration plan, initiates the project, establishes research topic numbers, and organizes implementation within one month. The project (research topic) leader is responsible for organizing the implementation, expenditure, and management of self-raised funds for scientific research projects.

Article 17 The total budget for the research topic remains unchanged. Adjustments to direct and indirect costs that comply with the budget adjustment regulations of project competent department are executed according to SIAT's scientific research project budget adjustment management measures. During the implementation of budgeted projects, if there is a need for budget adjustments due to the following circumstances, approval must be obtained from the project's competent department through the relevant procedures:

(I) Major adjustments to the total budget due to significant changes in research content or plans;

(II) Need for fund adjustments between different research topics within the same project;

Budget adjustments within the unchanged project budget line shall be made according to the following provisions:

(I) If equipment expenses need to be adjusted, the project (research topic) leader shall submit an application based on the actual needs of scientific research activities and obtain approval from the supporting unit. The supporting unit shall consider the existing equipment configuration, actual needs of scientific research projects, etc., and promptly handle the adjustment procedures;

(II) If labor and business expenses need to be adjusted, the project (research topic) leader shall arrange independently based on the actual needs of scientific research activities;

(III) In principle, the total budget for project's indirect costs shall not be increased. After consultation and agreement between the supporting unit and the project (research topic) leader, adjustments can be made to be used for direct costs.

If there are specific requirements for budget adjustments for the project (research topic) leader, they shall be implemented according to the relevant regulations of special fund management.

Article 18 For projects with SIAT as the main undertaking unit, supervision and management of transferred funds shall be strengthened. During the execution period, the project (research topic) leader shall, according to the financial management requirements of the project's competent department, collect the annual fund management systems of participating units, detailed statements of research topic income and expenditure, accounting vouchers, and related attachments, then report to unified department and finance department for review. If no audit application is submitted, the overall fund expenditure management will be the responsibility of the project (research topic) leader.

Article 19 Project funds shall not be arbitrarily adjusted or expenditures changed. During project implementation, if project expenditures do not comply with the principles of relevance and compliance or require accounting adjustments based on audit feedback, the project (research topic) leader and the undertaking unit shall submit a written application for accounting adjustments, stating the reasons for the adjustment. After written approval from the unified department and the finance department, the finance department will make accounting adjustments based on the budget, relevant regulations, accounting adjustment explanations, and detailed accounting adjustments.

Chapter 4 Project Conclusion and Utilization of Surplus Funds

Article 20 Within 60 days after the expiration of the project contract, the project undertaking unit shall, in principle, submit a financial conclusion application in accordance with the requirements of the project competent department. The finance department will conduct financial audits and final financial conclusion on the funds retained by the Institute based on the project funding budget, objectives, tasks, and work progress, and cooperate with the final financial conclusion and acceptance of the project's overall contract.

If the total expenditure of the project exceeds the amount received, regardless of whether it enters the final settlement process, the project funds cannot be used further. The finance department will notify the unified department to close the expired project account use rights.

Article 21 Implement conclusion warning signs. From 6 months before the project's conclusion deadline, the project enters the pending conclusion mode management. The project (research topic) leader proposes a conclusion response plan, and the project accountant reminds monthly and assists in accounting adjustments, fund utilization, and surplus arrangements. After passing the final acceptance, if there is a surplus in the project funds, it shall be promptly transferred out from the supervisory bank and distributed and used according to relevant regulations.

Article 22 For projects requesting extension due to special circumstances, the project unit or project (research topic) leader shall plan carefully and organize meticulously, consider elaborately for subsequent work difficulties, and formulate detailed implementation plans. Scientific research management and finance personnel shall track and inspect with focus and objectives to promote the acceleration of project execution.

Article 23 During project implementation, surplus funds are carried over to the next year for continued use. Upon completion of project tasks and acceptance, the surplus funds are used in accordance with national policy regulations, retained by SIAT for overall use, and allocated for direct expenditures related to scientific research layout and development and other scientific research activities.

Article 24 To encourage project units and scientific research personnel to use project funds reasonably, project units with surplus funds after acceptance and conclusion are governed by the *SIAT Management Measures on the Use of Scientific Research Project Surplus Funds*.

Chapter 5 Supervision and Inspection of Scientific Research Project Funds

Article 25 The unified department is responsible for implementing supervision and urging the progress of research projects, as well as supervising and inspecting the allocation and use of funds. The finance department monitors the progress of execution in real-time and conducts financial management analysis based on the scientific research project fund budget.

Article 26 It establishes accountability for negligence. If project funds are deducted by the competent department due to budget execution or other reasons, the project (research topic) leader bears the responsibility. If this results in financial losses for SIAT, the responsibility of the project budget unit and the project (research topic) leader will be pursued.

Chapter 6 Bylaw

Article 27 This System is interpreted by the Department of Finance and Assets and takes effect from the date of promulgation. The original Management System of Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences on Scientific Research Project Funds (SYC ZI [2016] No. 10) shall be repealed simultaneously upon issuance. (Implemented by Shenzhen Institute of Advanced Technology following these Measures).