|  |  |  |
| --- | --- | --- |
| **Cost Category** | **Evidence Upload Required** | **Supporting Guidance** |
| Labour Costs  If any irregularity on the timesheet or timekeeping record | Time Sheet  **OR**  Time Keeping Record  Payroll / PAYE records may be requested for viewing via an online call.  **OR**  Anonymised extract of payroll information. | System based time recording is usual practice for capturing time for Engineers, Scientists, the direct labour etc. For Admin functions i.e., budgetary control, material procurement, hiring of new project staff, some form of time sheet must be kept and verified by the Project Manager. Records such as basic timesheets or even outlook calendar printouts are sufficient for this verification.  To validate the level of day rate for that position, not the individual. i.e., Grade A Engineer, Scientist Level 2.  To confirm actual employment with the company. In the case of Audit by the Investigations Manager/Team.  \* Only those persons authorised or legally able to do so.  To validate the level of day rate for that position, not the individual, i.e., Grade A Engineer, Scientist Level 2.  To confirm actual employment with the company. In the case of Audit by the Investigations Manager/Team.  \* Only those persons authorised or legally able to do so. |
| Overhead Costs | No upload required | Claimed in line with labour activities i.e., Admin additional costs as incurred and Direct as a percentage in line with labour days activities. |
| Material Costs | Invoices, Receipted.  **OR**  Transaction report (if above 5 line items) | Addressed to the applicant company, dated within the project start and end dates.  Costs may be consolidated and identified as a single line item where all the following apply:  (1) the participant’s project costs >£499k.  (2) the consolidated costs relate to a larger single definitive component with a value of over £10k.  (3) the individual item costs making up the single definitive component are all less than £10k. |
| Capital Usage Costs | Fixed asset register, monthly transfer in cashbook  **OR**  Copy Invoices | Cashbook posting monthly - part of the month end process. |
| Subcontract Costs | Invoices, Receipted.    **OR**  Transaction report (if above 5 line items) | Addressed to the applicant company, invoice including schedule of work undertaken for this payment. Occasionally set out as stage payments to be made at set project milestones or at regular periods. Payment terms will have been agreed by the two parties. Up-front payments are very rare and not normally eligible. If requested, very strong justification must be obtained for consideration and submitted via the usual PCR route and will be referred to Senior Operational Managers at Innovate UK.  Transaction report detailing all material cost, including relevant VAT treatment. |
| Travel & Subsistence Costs | Travel tickets, expenses claim (mileage)  **OR**  Transaction report (if above 5 line items) | Economy class only, if greater the difference must be funded by the business itself.  Transaction report detailing all material cost, including relevant VAT treatment. |
| Other Costs | Various forms of evidence may be used.  Transaction report (if above 5 line items)  Total workshop, production line, lab charged on an hourly/daily basis  Intercompany charges are commonly posted at regular intervals such as monthly/weekly for extended periods of use or alternately may be charged as a single one-off charge for a shorter period of use.  Transporting of equipment or vehicles. | A flexible approach is preferred for this section and the information required to cover any costs entered here must show  The applicable period of use  What cost has been incurred to the business  The basis of the calculation for this cost  The form of payment i.e., invoice/transfer  Transaction report detailing all material cost, including relevant VAT treatment.  The facility cost rate will be held centrally as normally this would be used as the basis for commercial contracts and is often recorded as verified by the companys Accountants.  Will be evidenced by regular intercompany transfer postings in the cashbook and bank transfers supporting the cash movement.  Supplier Invoice. |
| SBRI Projects | Invoice | An Invoice is required with each claim but the detail on the invoice should simply record the activity delivered, along with the net and gross (VAT inclusive) costs. |

**If an Independent Accountants Report is provided with a claim, this can be used as the evidence for the costs incurred and defrayed, for that particular claim period.**

**Innovate UK may request further evidence documentation, above that of the IAR, on a case-by-case basis.**

**Additional Guidance for Academic Labour Costs**

The below guidance sets out the evidence Innovate UK Monitoring Officers require from Academics in order to be assured that the claim is an accurate reflection and can be processed.

**Directly Incurred Staff (80%)** – For staff that are allocated 100% of their time on the project and have been subject to a JES submission assessment/approval we do not require timesheet analysis. Instead, we will request annual periodic confirmation from those staff or the Project Manager that the time stated on the JES submission is still correct. However, where there is sufficient deviation from the original plan this should be brought to the attention of the MO immediately.

For staff that work less than 100% of their time on the project then timesheets will be required and made available to the Monitoring Officer as necessary.

The auditors will then test the staff time in more detail and timesheets or other evidence provided to the auditor if it is found that individuals have not worked exclusively on the project.

**Directly Allocated Staff (80%)** – as these staff are involved in more than one project we require evidence of the time these individuals are working on the project. This ideally would be supported by a time recording system or spreadsheet showing staff allocated and number of days assigned to project per quarter. Where no such recording system is in operation the percentage of time allocated by each individual to the project will suffice, which is signed off by the individual or the Project Manager on an annual basis and available for MOs to review for reasonableness as they feel fit.

If it is determined by the auditors that the Directly Allocated Staff have not spent the required time on the award, this will be reconciled in line with the audit requirements.

**Staff Exceptions (100%)** – as these staff are from other establishments, usually overseas, acting as “consultants/subcontractors” and as such “billing” the applicant organisation for their services/work undertaken. Here the invoices should be provided as evidence to substantiate claims.  This documentation will be made available for any MO enquiries.