



Europa Media Trainings

Financial rules of Horizon Europe and H2020

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Part 1 / Chapter One

The Hitchhiker's guide to Financial Reporting

Why Reporting costs?

- „Budget-based, mixed actual cost grant” (HE Art. 5.1)
 - In 90-95% of the actions funding is based on actual/unit-based direct costs incurred and reported
 - Apart from:
 - Flat-rate financed costs (for the indirect costs)
 - Pre-fixed unit-cost grants (e.g., MSCA)
 - Lump-sums financed actions (e.g., IA-LS)

No joint financial responsibility but joint technical responsibility!

The „LOGIC”

Duly accounted in the PnL's?

No

(exception of in-kind by third parties (foreseen))



Accounting or Reporting

„all cost reported must be in line with the beneficiary’s usual cost accounting practices”

(H2020 GA; Art.6.1.a – HE GA; Art.6.1a)

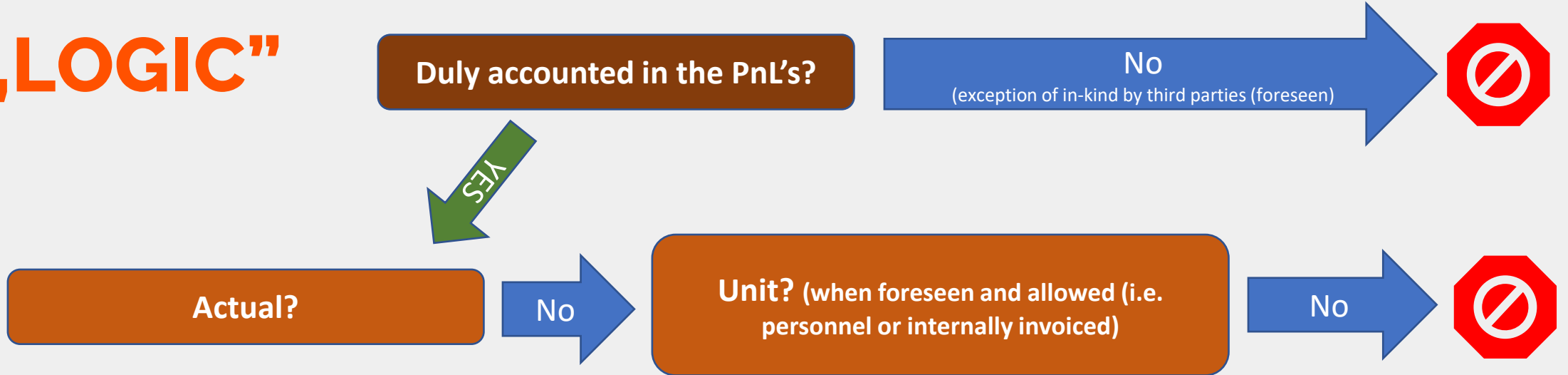
Compare the following:

Do I have to do anything differently compared to normal businesses?

VS

Can I do anything differently compared to normal businesses?

The „LOGIC”



Actual-cost versus Unit-cost



€86.000
-----= €50/hour x 100 hours on project = €5.000
1720 Hours



€77.400
-----= €45/hour x 100 hours on project = €4.500
1720 Hours

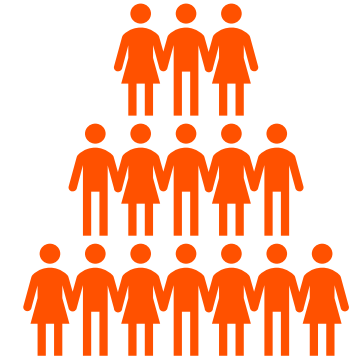


€94.600
-----= €55/hour x 100 hours on project = €5.500
1720 Hours



€82.560
-----= €48/hour x 100 hours on project = €4.800
1720 Hours

Total actual personnel cost: €19.800



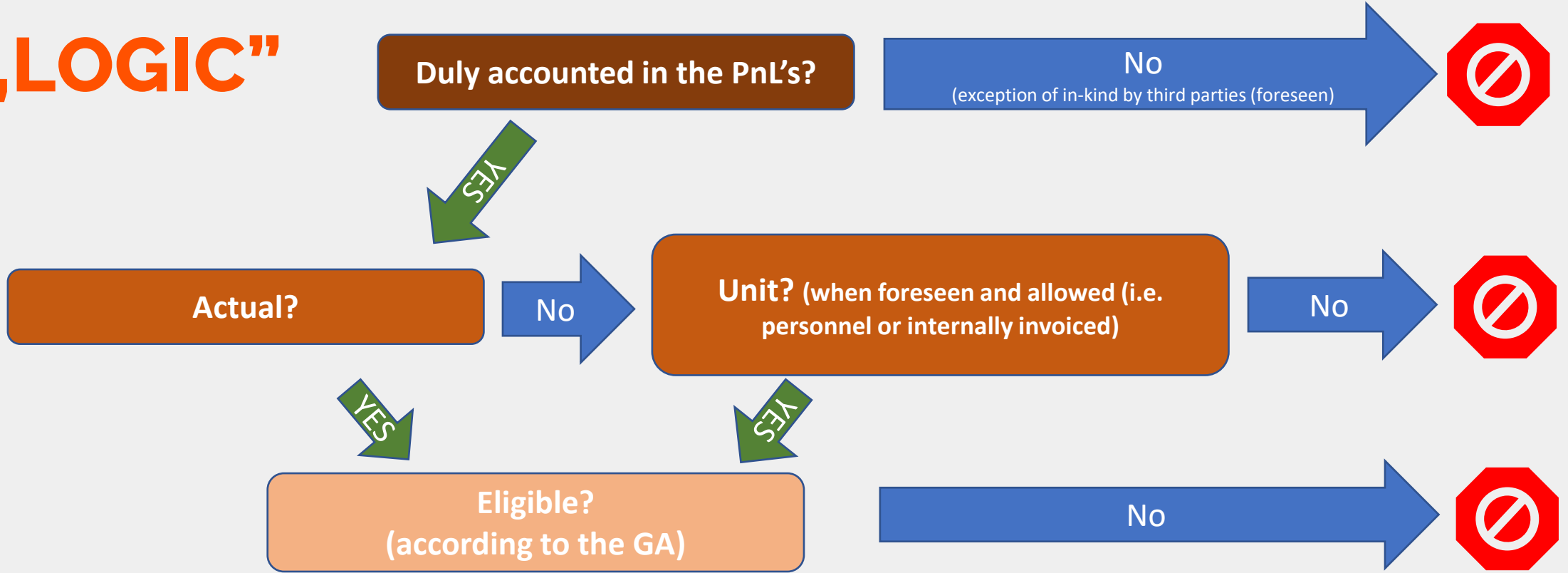
Team: Researchers:

Unit cost: **€ 50/hour***

Total hours spent on
the project by Team
Researchers: **400**


Total unit-based
personnel cost:
€20.000

The „LOGIC”



What makes **ANY** cost **ELIGIBLE**?

- It is duly accounted in the Beneficiary's Profit & Loss Accounts

 Exceptions?

- In compliance with the relevant applicable national laws

- Incurred during the implementation of the project

 Exceptions?

- In accordance with the Beneficiary's usual accounting and management principles

 Exceptions?

- Foreseen in the project's budget
- Needed for and linked to the project's implementation
- **Reasonable, justifiable – efficient!!!**

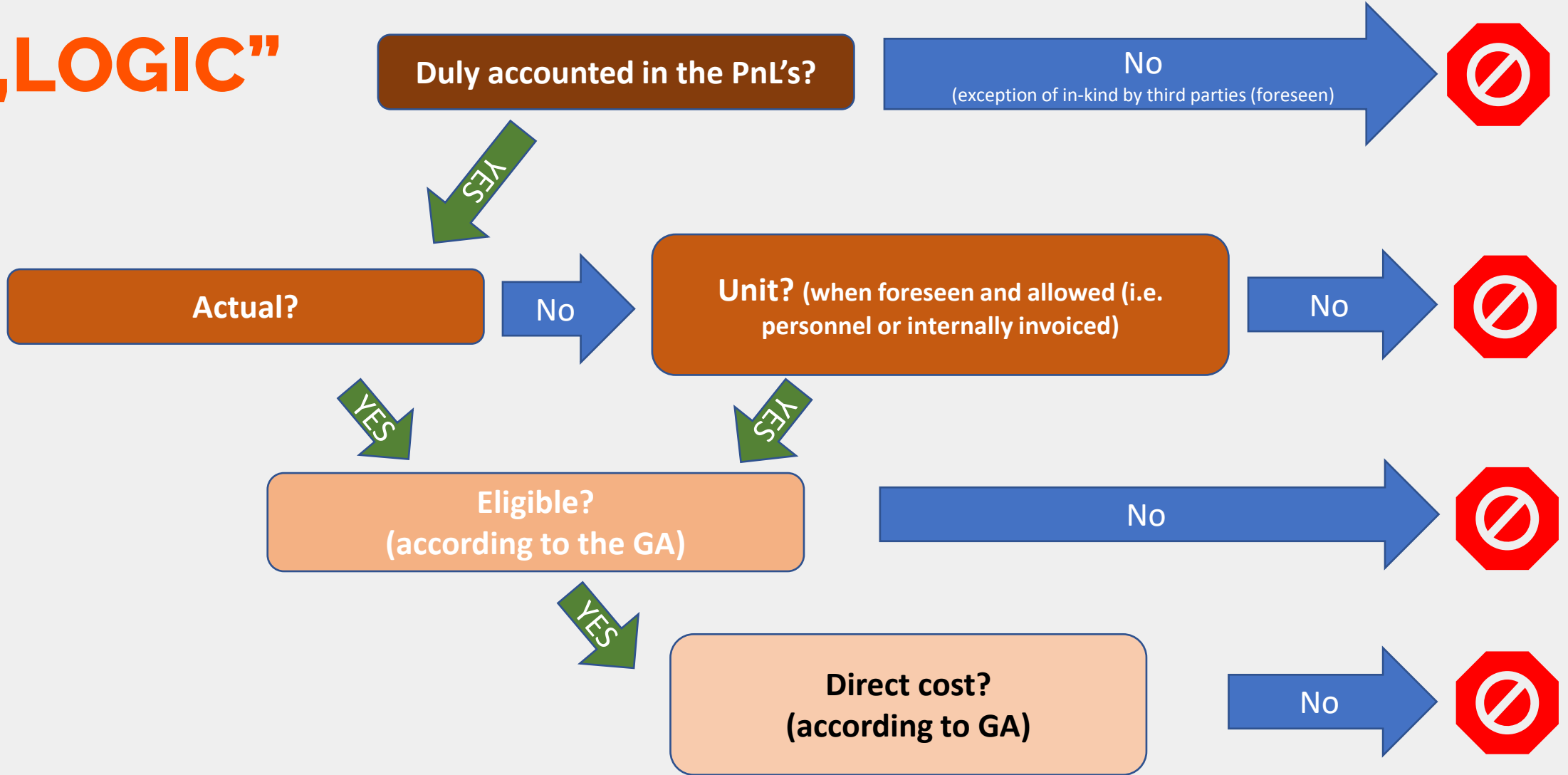


What makes a cost **NON-ELIGIBLE**?



- **Not foreseen** in the proposal/GA (particularly the subcontracting!)
- Related to return on capital, debt and debt-service charges, future losses or debts
- Interest owed, future liabilities
- **Currency exchange losses**
- Bank costs charged by the Beneficiary's bank for receiving the transfers of grants from the EC
- **Excessive or reckless expenditure**
- Deductible VAT
- Cost incurred during suspension of the action
- **Double funding** – no mixing of EU Grants!

The „LOGIC”



What makes any costs DIRECT costs?

Can be directly linked with the project

The Beneficiary has to **prove the link** between the project and the costs

Example: travel costs to Brussels - link: project meeting in Brussels, reported in the (periodic) reports

Can be proportionated to the project

The Beneficiary must provide evidence on the **“usage-rate”**

Example: salary cost of a staff member - timesheets show the link and help identify the involvement level



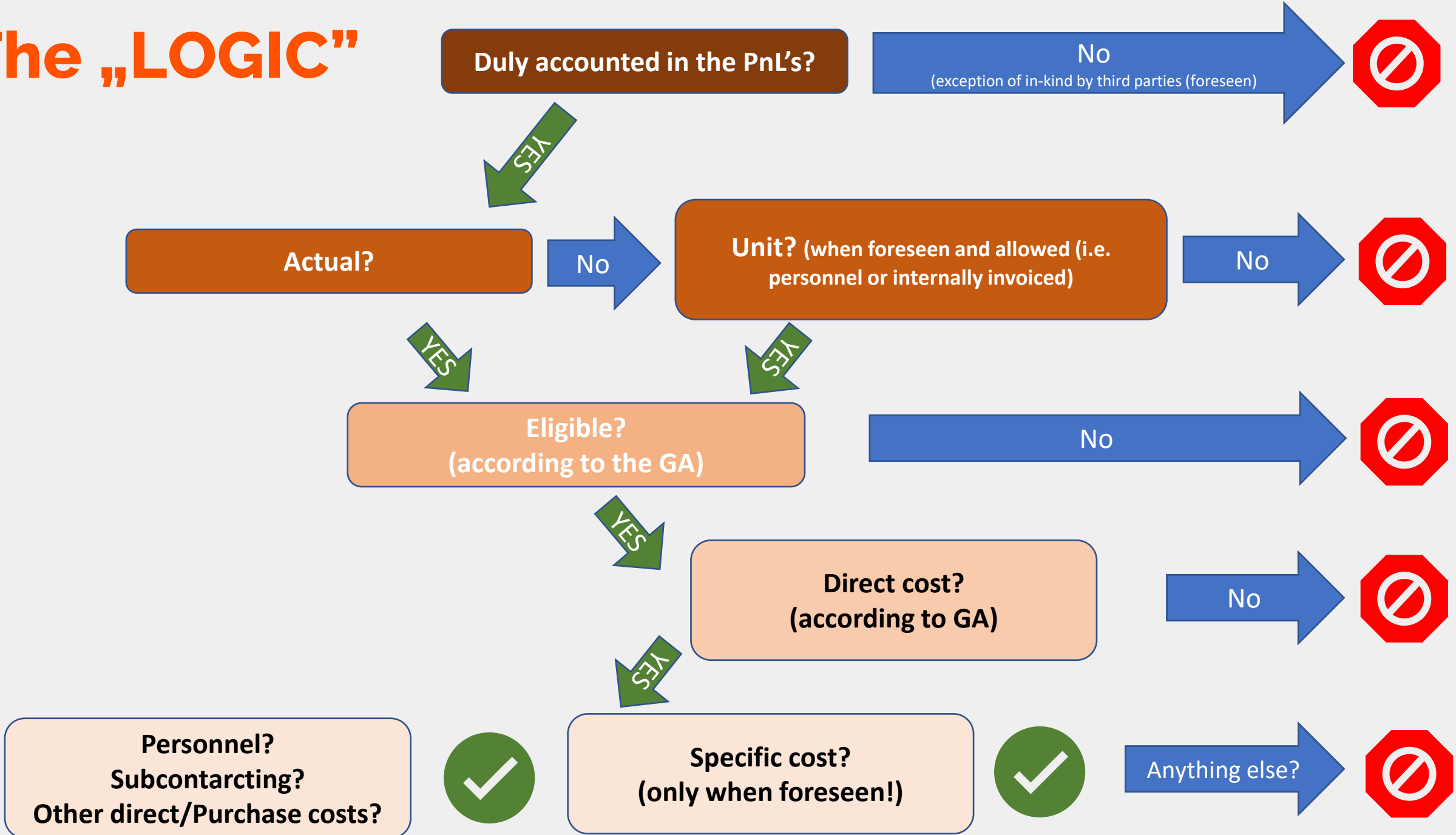
What makes any costs **INDIRECT** costs?

Cannot be measured directly due to practical or administrative reasons:

- Overheads or running costs
- Equipment or staff costs, if cannot be proportionated or linked to the project
- Any other costs with no linked to the project (i.e. travel “forgotten” to be reported; Equipment fully depreciated, etc.)



The „LOGIC”



Direct Cost Categories

H2020

Personnel cost

as actual costs
as unit costs

Subcontracting

as actual costs only!

Other direct costs, including

Travel cost – as actual costs only!
Equipment and infrastructure costs- as actual costs only!
Other costs and services – as actual costs only!

Providing financial support to third parties (only if foreseen by the EC)

as actual costs only!

Internally invoiced goods and services

as unit costs

Costs of Large-scale infrastructure (optional)

Specific Unit costs (only if foreseen by the EC):

Energy Efficiency measures – as unit cost set by the EC
Cost of Clinical Trials – as unit cost calculated by the Beneficiary(es)
Access cost to Research Infrastructure – as unit costs calculated by the Beneficiary

HE

Standard:

Personnel cost (A)

as actual costs
as unit costs

Subcontracting (B)

as actual costs only!

Purchase cost (C)

Travel cost – as actual costs only! (C1)
Equipment - as actual costs only! (C2)
Other goods and services – as actual costs only! (C3)

Programme-specific cost categories:

Other costs (D)

Financial support to Third Parties (FSTP) (D1)

Internally invoiced goods and services (D2)

Transnational access cost to Research Infrastructure (D3)

Virtual access cost to Research Infrastructure (D4)

PCP/PPI (D5)

Euratom Cofund staff mobility costs (D6)

ERC Additional funding (D7)

ERC Additional funding – SC, FSTP, IIGS (D8)

Part 2 / Chapter One

Personnel cost - Options

Personnel cost reporting

H2020

- **Employees**
 - Actual-cost based
 - Fiscal-year based calculation, with
 - 1720
 - Actual hours
 - Beneficiary's standard hours
 - Monthly based calculation, with
 - 1/12 of Beneficiary's standard hours
 - 1/12 of 1720
 - Unit-cost based
 - For all employees
 - For selected categories
 - Set by the beneficiary
 - Set by the GA – MSCA actions
 - Special calculation
 - National reference rates
 - Project based remunerations
 - Additional remuneration
- **Seconded Employees**
- **In-house consultants**
- **SME-owner rate**
- **Natural person rate**

HE

- **Employees:**
 - Actual cost based:
 - **Reporting-period based** calculation
 - 215 days/year/FTE **FIXED, and** adjusted to the length of the RP and the status of the employee
 - **NO monthly option**
 - Unit costs
 - Same (?) as in H2020
 - Special Calculation
 - National reference rates /project-based remuneration
 - **NO additional remuneration option**
- **Seconded employees**
- **In-house consultants**
- **SME Owners**
- **Natural Persons**

Time recording

Every Beneficiary must have a reliable and certified time recording system, recording ALL hours (H2020)/days (?? HE) worked on the action, person by person!

Exception: One works on the project a certified declaration is sufficient

For persons who work for the action (regardless if they are full-time or part-time employees and/or if they work exclusively or not for the action; **new for 2021-2027**), the beneficiary may either:

- use reliable time records (*i.e. time-sheets*) either on paper or in a computer-based time recording system, to record (at least) all the hours worked in the action

Reliable time records must be dated and signed at least monthly by the person working for the action and their supervisor.

If the time recording system is computer-based, the signatures may be electronic (*i.e. linking the electronic identity data, e.g. a password and user name, to the electronic validation data*), with a documented and secure process for managing user rights and an auditable log of all electronic transactions.

or

- sign a monthly declaration on days spent for the action ([template](#)).

TIME RECORDING FOR A HORIZON 2020 ACTION		Month	Year
Title of the Action (Acronym)	Grant Agreement Number		
Beneficiary's / third			

31 Σ

Time recording

Every Beneficiary must have a reliable and certified time recording system, recording ALL hours (H2020)/days (**?? HE**) worked on the action, person by person!

Exception: One works on the project exclusively, full-time: a certified declaration is sufficient!

EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT				YEAR:
Project acronym:		Project number:		
Participant name:				
Name of the person:		Type of personnel: <small>(employee/ natural person under direct contract/ seconded/ other)</small>		
Month	Days worked in the action <small>(4,5, 1,5, 7,5, 0,5)</small>	Work Packages worked on <small>(WP1; WP2; WP5)</small>	Date and signature of the person	Name, date and signature of the supervisor
January			Signature: / /20XX	Name: / /20XX Signature:
February			Signature: / /20XX	Name: / /20XX Signature:
March			Signature: / /20XX	Name: / /20XX <u>Signature:</u>
April			Signature: / /20XX	Name: / /20XX Signature:
May			Signature: / /20XX	Name: / /20XX Signature:
June			Signature: / /20XX	Name: / /20XX Signature:
July			Signature: / /20XX	Name: / /20XX Signature:
August			Signature: / /20XX	Name: / /20XX Signature:
September			Signature: / /20XX	Name: / /20XX Signature:
October			Signature: / /20XX	Name: / /20XX Signature:
November			Signature: / /20XX	Name: / /20XX Signature:
December			Signature: / /20XX	Name: / /20XX Sign.
TOTAL				

Part 2 / Chapter Two

Personnel cost - Employees

Personnel costs – DEFAULT (,Case 1A')

3 Steps to follow:

1. Eligible salary costs - *Whose and what part can be included?*

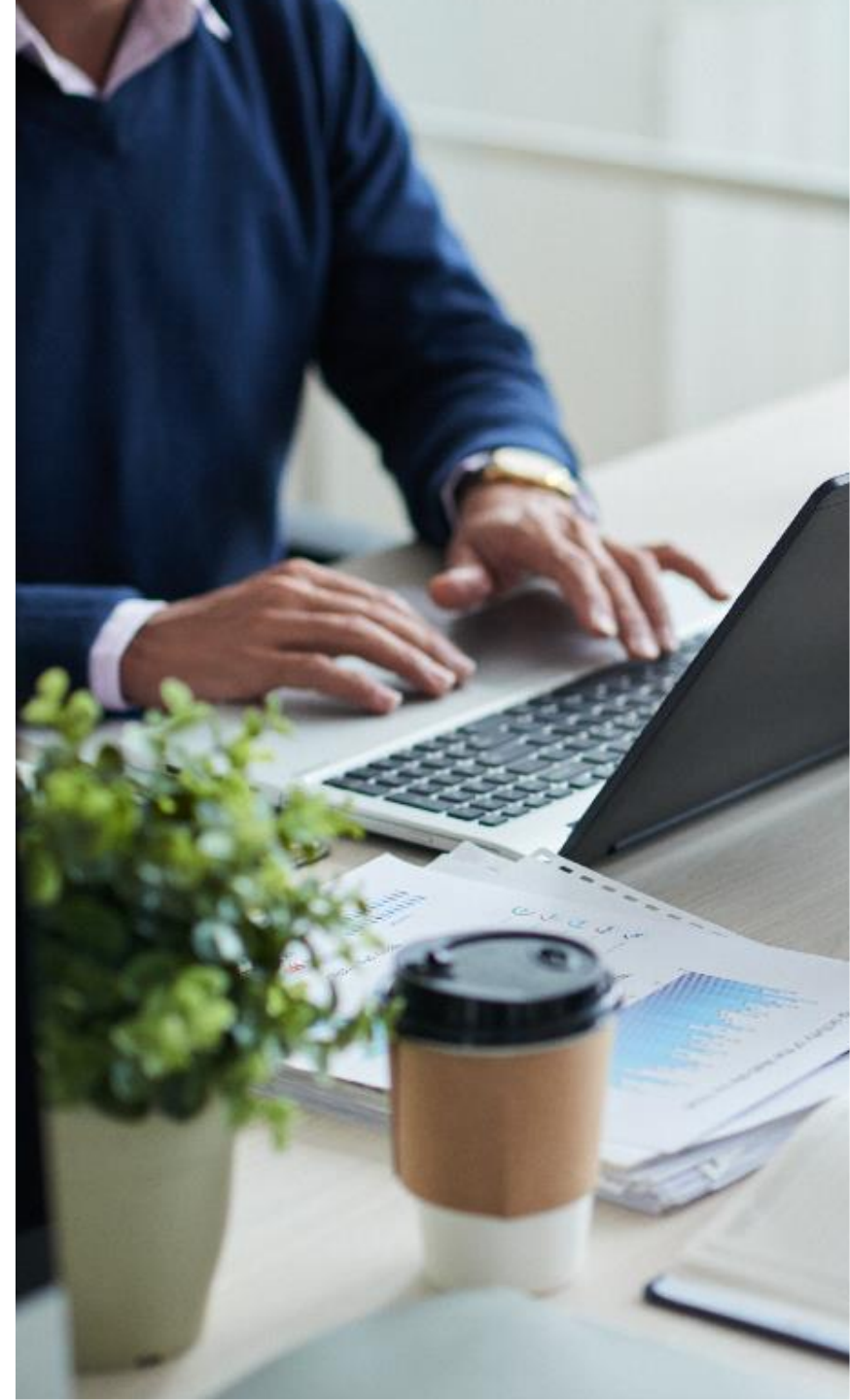
- **WHO?** - Project personnel working at the Beneficiary and ASSIGNED to the Grant
- **WHAT?** - Basic salary plus all mandatory charges and taxes - but excluding any other costs paid for his/her USUAL work/duties

2. Eligible hourly/daily rate – *via various calculation protocols:*

- **H2020: Hourly rate** - yearly (1720/Actual/Beneficiary standard (BS)) or Monthly (1720 and BS)
- **HE: daily rate** – reporting period based (!) with a yearly 215 days/FTE + 3 different day equivalent calculations if needed (contracted, BS, 8)

3. Eligible personnel costs:

- **H2020:** Eligible *hourly rate x hours worked* on the project – with special rules
- **HE:** Eligible *day-rate x days worked* on the project – with special rules, but different ones...



Step 1 – Eligible Salary costs

Who and what can be included?



Eligible salary components:

- Usual **gross salary** stated on the payroll
- **Social security contribution** paid (a.k.a. charges paid by the employer)
- Taxes included in the remuneration
- Mandatory complements to the basic salary (*including 13th month salary or similar*)
- **Variable components**, when set at the Beneficiary's level (*including extra salary, must not be arbitrary*)



Non-eligible salary components:

- **Any salary component paid for working on the project** (“triggered by the action”)
- Recruitment costs/HR costs, etc.
- Internal overheads/Future liabilities
- Staff by temporary workforce agency(ies)



Specific cases to be discussed:

- Overtime?
- Tele-working?
- End-of-contract indemnities
- In-kind benefits (like company cars)?
- Lost academic fees
- Sick-leave
- Parental (maternity) leave

Step 2: Daily rate calculation (HE)

Eligible salary costs are limited to:

- include net payments during parental leave, social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act).

How to calculate the daily rate?

$$\text{Daily Rate} = \frac{\text{Total eligible personnel costs of the employee over the reporting period}}{\text{Maximum declarable day-equivalent over the reporting period over the reporting period}}$$

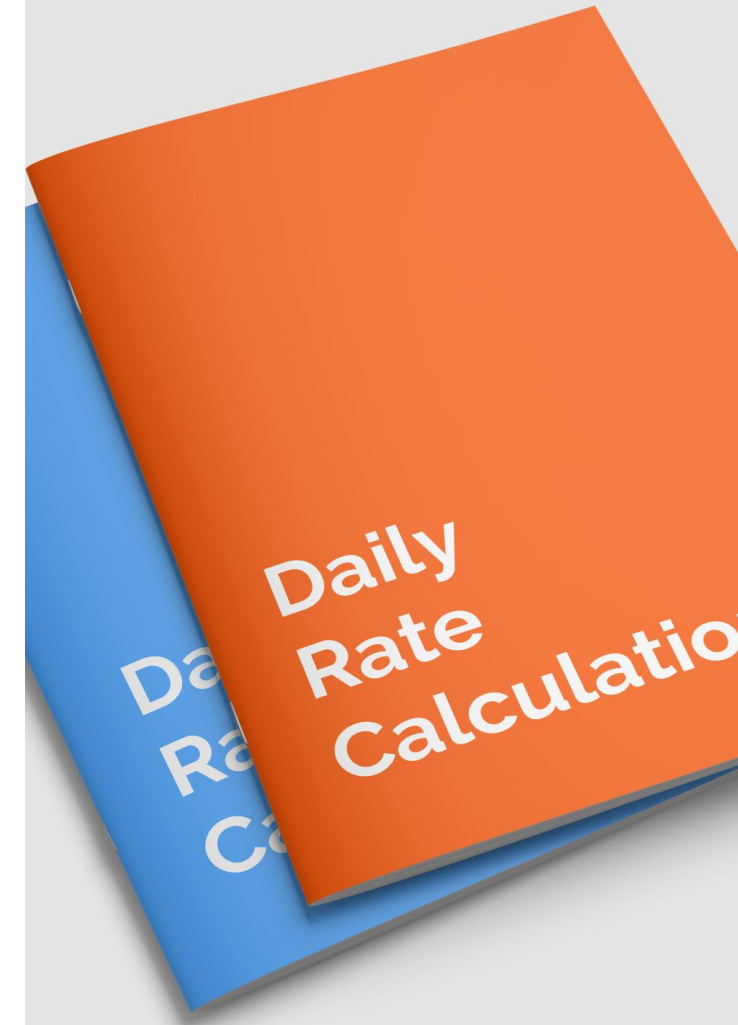
How to calculate eligible personnel costs?

Daily rate for the RP



Days worked during RP

{daily rate for the person multiplied by number of actual days worked on the action (rounded up or down to the nearest half-day)}



Time recording system in hours

Day equivalent – 3 conversion rules at hand (Step 3)

1. A conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in their contracts nor standard annual productive hours): 1 day-equivalent= 8 hours

2. A conversion based on the average number of hours that the person must work per working day according to her/his contract.

EXAMPLE: If the contract says that the person must work 37,5 hours per week distributed in 5 working days, a day-equivalent for the person is 7,5 hours (37,5/5). In the same example if the person works 50%, part time, the day-equivalent would be 3,75 hours (18,75/5)

3. A conversion based on the usual standard annual productive hours of the Beneficiary, if it is at least 90% of the annual workable hours of the beneficiary

EXAMPLE: Standard annual productive hours of the beneficiary=1558,75. Standard annual workable hours of the beneficiary=1700.

$1700 \times 90\% = 1530 < 1558,75$ $1558,75 / 215 = 7,25 \text{ hours} = 1 \text{ day-equivalent}$

Part 2 / Chapter Three

Employees – calculation examples

Example:

Eligible personnel cost calculations:

Project „Hybrid”

- Start Date: 01/SEP/2021
- End Date: 31/AUG/2024
- Duration: 36 months
- RP1: M1-M18
- RP2: M19-M36

Employee „Z”

- Employed since 2011
- Category: researcher
- FTE: 1
- **Works 50 hours on the project „HYBRID” each month**

Beneficiary „U”

- Regular, yearly salary raise, effective from each July
- 13th month salary
- Performance related bonuses paid each year
- 1000 EUR each month is paid to all involved in H2020/HE project(s)
- **HE/DE: unknown (8) / 7,6**

2021					eligible		
	Gross Salary	13 th month salary	Annual Bonus	eligible gross salary	employer's charges	eligible total salary costs	
	JAN	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	FEB	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	MAR	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	APR	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	MAY	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	JUN	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €
	JUL	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	AUG	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
RP1	SEP	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	OCT	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	NOV	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	DEC	5 500,00 €	5 500,00 €	6 000,00 €	17 000,00 €	3 400,00 €	20 400,00 €
		63 000,00 €	5 500,00 €	6 000,00 €	74 500,00 €	14 900,00 €	89 400,00 €

2022					eligible		
	Gross Salary	13 th month salary	Annual Bonus	eligible gross salary	employer's charges	eligible total salary costs	
RP1	JAN	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	FEB	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	MAR	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	APR	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	MAY	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	JUN	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €
	JUL	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	AUG	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	SEP	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	OCT	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	NOV	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	DEC	6 000,00 €	6 000,00 €	7 200,00 €	19 200,00 €	3 840,00 €	23 040,00 €
	69 000,00 €	6 000,00 €	7 200,00 €	82 200,00 €	16 440,00 €	98 640,00 €	

2023					eligible		
	Gross Salary	13 th month salary	Annual Bonus	eligible gross salary	employer's charges	eligible total salary costs	
RP1	JAN	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	FEB	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
RP2	MAR	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	APR	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	MAY	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	JUN	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €
	JUL	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	AUG	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	SEP	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	OCT	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	NOV	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	DEC	6 500,00 €	6 500,00 €	8 400,00 €	21 400,00 €	4 280,00 €	25 680,00 €
	75 000,00 €	6 500,00 €	8 400,00 €	89 900,00 €	17 980,00 €	107 880,00 €	

2024					eligible		
	Gross Salary	13 th month salary	Annual Bonus	eligible gross salary	employer's charges	eligible total salary costs	
RP2	JAN	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	FEB	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	MAR	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	APR	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	MAY	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	JUN	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €
	JUL	7 000,00 €	- €	- €	7 000,00 €	1 400,00 €	8 400,00 €
	AUG	7 000,00 €	- €	- €	7 000,00 €	1 400,00 €	8 400,00 €
	SEP	7 000,00 €	- €	- €	7 000,00 €	1 400,00 €	8 400,00 €
	OCT	7 000,00 €	- €	- €	7 000,00 €	1 400,00 €	8 400,00 €
	NOV	7 000,00 €	- €	- €	7 000,00 €	1 400,00 €	8 400,00 €
	DEC	7 000,00 €	7 000,00 €	9 600,00 €	23 600,00 €	4 720,00 €	28 320,00 €
	81 000,00 €	7 000,00 €	9 600,00 €	97 600,00 €	19 520,00 €	117 120,00 €	

Step 2+3: How to do it in HE?

Daily rates:

RP1: 01/SEP/2021 - 28/FEB/2023

					eligible			
		Gross Salary	13 th month salary	Annual Bonus	eligible gross salary	employer's charges	eligible total salary costs	
2021	JAN	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	FEB	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	MAR	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	APR	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	MAY	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	JUN	5 000,00 €	- €	- €	5 000,00 €	1 000,00 €	6 000,00 €	
	JUL	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	AUG	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	SEP	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	OCT	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	NOV	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	DEC	5 500,00 €	5 500,00 €	6 000,00 €	17 000,00 €	3 400,00 €	20 400,00 €	
2022	JAN	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	FEB	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	MAR	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	APR	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	MAY	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
	JUN	5 500,00 €	- €	- €	5 500,00 €	1 100,00 €	6 600,00 €	
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	NOV	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €	
	DEC	6 000,00 €	6 000,00 €	7 200,00 €	19 200,00 €	3 840,00 €	23 040,00 €	
2023	JAN	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €	
	FEB	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €	153 240,00 €

1634

Step 2+3: How to do it in HE?

Daily rates:

RP1: 01/SEP/2021 - 28/FEB/2023

- Total Salary costs: 153.240.- EUR
- Total Day equivalent: $215/12*18= 322,5$ days
- Daily Rate: 475.16 EUR

RP2: 01/MAR/2023 - 31/AUG/2024

- Total Salary costs: 157.080.- EUR
- Total Day equivalent: $215/12*18 = 322,5$ days
- Daily Rate: 487.07 EUR

2023	RP2	MAR	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €			
		APR	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €			
		MAY	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €			
		JUN	6 000,00 €	- €	- €	6 000,00 €	1 200,00 €	7 200,00 €			
		JUL	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
		AUG	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
		SEP	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
		OCT	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
		NOV	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
		DEC	6 500,00 €	6 500,00 €	8 400,00 €	21 400,00 €	4 280,00 €	25 680,00 €			
		2024		JAN	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €	
				FEB	6 500,00 €	- €	- €	6 500,00 €	1 300,00 €	7 800,00 €	
MAR	6 500,00 €			- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
APR	6 500,00 €			- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
MAY	6 500,00 €			- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
JUN	6 500,00 €			- €	- €	6 500,00 €	1 300,00 €	7 800,00 €			
JUL	7 000,00 €			- €	- €	7 000,00 €	1 400,00 €	8 400,00 €			
AUG	7 000,00 €			- €	- €	7 000,00 €	1 400,00 €	8 400,00 €			
SEP	7 000,00 €			- €	- €	7 000,00 €	1 400,00 €	8 400,00 €			
OCT	7 000,00 €			- €	- €	7 000,00 €	1 400,00 €	8 400,00 €			
NOV	7 000,00 €			- €	- €	7 000,00 €	1 400,00 €	8 400,00 €			
DEC	7 000,00 €			7 000,00 €	9 600,00 €	23 600,00 €	4 720,00 €	28 320,00 €			
								157 080,00			

Step 2+3: How to do it in HE?

Daily rates:

RP1: 01/SEP/2021 - 28/FEB/2023

- Total Salary costs: 153.240.- EUR
- Total Day equivalent: $215/12 \cdot 18 = 322,5$ days
- Daily Rate: 475.16 EUR

RP2: 01/MAR/2023 - 31/AUG/2024

- Total Salary costs: 157.080.- EUR
- Total Day equivalent: $215/12 \cdot 18 = 322,5$ days
- Daily Rate: 487.07 EUR

RP1: 01/SEP/2021 - 28/FEB/2023 (to be reported in April 2023)

- 18 months, 50 hours each month
- 900 hours worked on the project in total = $900/8 = 112,5$ days
- $112,5 \text{ days} \times 475,16 \text{ EUR daily rate} = 53.455,81 \text{ EUR}$

Total eligible personnel costs for RP1 = € 53.455,81 EUR

RP2: 01/MAR/2023 - 31/AUG/2024 (to be reported in October 2024)

- 18 months, 50 hours each month
- 900 hours worked on the project in total = $900/8 = 112,5$ days
- $112,5 \text{ days} \times 487,07 \text{ EUR daily rate} = 54.795,35 \text{ EUR}$

Total eligible personnel costs for RP2 = €54.795,35

Total eligible personnel costs for the project = €108.251,16

Step 2+3c: How to do it in HE?

Daily rates:

RP1: 01/SEP/2021 - 28/FEB/2023

- Total Salary costs: 153.240.- EUR
- Total Day equivalent: 322,5 days
- Daily Rate: 475.16 EUR

RP2: 01/MAR/2023 - 31/AUG/2024

- Total Salary costs: 157.080.- EUR
- Total Day equivalent: 322,5 days
- Daily Rate: 487.07 EUR

RP1: 01/SEP/2021 - 28/FEB/2023 (to be reported in April 2023)

- 18 months, 50 hours each month
- 900 hours worked on the project in total = $900/7,6= 118,5$ days
- 118,5 days x 475.16 EUR daily rate= 56.306,79 EUR

Total eligible personnel costs for RP1 = € 56.306,79 EUR

RP2: 01/MAR/2023 - 31/AUG/2024 (to be reported in October 2024)

- 18 months, 50 hours each month
- 900 hours worked on the project in total = $900/7,6= 118,5$ days
- 118,5 days x 487.07 EUR daily rate= 57.717,77 EUR

Total eligible personnel costs for RP2 = €57.717,77

Total eligible personnel costs for the project = €114,024,56

PERSONNEL Costs – Employees: UNIT COSTS („Case 2”)

Average (UNIT-COSTS) personnel costs calculation

Unit costs are not internal RATES – they are calculated based on historical actual data, coming from the accounts, by setting a consistent manner to calculate the average (unit) of the actual costs

- Beneficiary can choose unit-based personnel costs reporting, when foreseen in the Proposal/GA
- General cost accounting principles must be applied and used
- A “hybrid system” is possible to be used – e.g. actual costs for senior researchers, unit-costs for lab-staff

Part 2 / Chapter Four

Personnel cost – Seconded Employees

PERSONNEL Costs – Seconded Employees

- An expert needed by the Beneficiary is employed by a third party
- Therefore his/her salary is paid by the third party!
- To engage him/her to the action, a secondment contract is signed between the Beneficiary and the Third Party in which this person is seconded to the Beneficiary
- The Beneficiary must reimburse the COST OF EMPLOYMENT related to the secondment to the third party
- The invoice is to be charged as Direct Personnel Costs by the Beneficiary
- The calculation of costs by the Third Party (i.e. the employer of the seconded person) must be the same as set in the GA



It is based on Article 11 in H2020/ in HE – just do it 😊!

Part 2 / Chapter Five

Personnel cost – In-house consultants

PERSONNEL Costs – In house consultants

In-house consultant (I under a direct contract)

- For self-employed
- Direct contract
- Works under
- Results of the
- The hourly rate
- Beneficiary!



Wh

- Verified time



An expert fee invoiced by a

1.2.3 The

- fulfil
- the be

General > Article 7 – Beneficiaries

Th
ev

EU Grants: AGA — Annotated Model Grant Agreement: V0.2 DRAFT– 30.11.2021

3.2.3 The costs must comply with the following **eligibility conditions**:

- fulfil the general conditions for costs to be eligible (*i.e. incurred/used during the action duration, necessary, linked to the action, etc; see Article 6.1(a)*)
- the person must be hired under either:
 - a direct contract signed between you and the natural person (not through another legal entity; e.g. a temporary work agency) or

- a contract signed between you and a legal entity fully owned by that natural person, and which has no other staff than the natural person being hired or

Part 2 / Chapter Six

Personnel cost – SME-Owner rate

PERSONNEL Costs – SME owners and natural persons

Exclusively for SMEs and for Natural Persons participating as a Beneficiary in the action

- The person concerned must not receive salary for their work!
- The Unit-rate set by the EC must be used:
 - 4,650 EUR/month until 2017; **4,880 EUR/month from 2018 on**
 - Multiplied by the country coefficient
- Divided by **1,720 hours per year (143 per month)**
- Actual time spent on the project is must be recorded in time-sheets (**1,720 at most!**)



This unit-cost is considered a flat-rate unit cost – no need to prove that it is actually paid!

Example

SME-owner from Norway

Rate: 5,080 EUR/month

Country coefficient (CC): 130,6%

Daily rate:

$5.080 / 215 \times 12 \times 130,6\% = 370,30$
EUR

Part 3 / Chapter One

Third Parties in H2020

Third party assistance

More than „just” subcontracting

Third parties can:

- **provide access** to their resources
Personnel cost or other costs
- **carry out** part of the work
Other cost or subcontracting
- **be linked** to the Beneficiary
Full cost report
- **receive financial support**
Sub-granting/cascade funding



Third party involvement

What are the preconditions?

- Any third-party assistance **must be foreseen in the proposal**. Your last resort is during Grant Agreement Preparation (**GAP**) so it can be inserted in the Description of Action (**DoA**)
- It must be declared as **actual costs**. **No unit cost** is accepted here.
- The tasks that are subcontracted should be described in DoA. The subcontractor itself does not have to be identified, except when using resources of linked third parties



How to select any Third Party?

Award criteria

Third parties are awarded according to the following principles:

- best value for money
- transparency
- equal treatment
- and/or public procurement procedure:
 - (public) procurement in case the Beneficiary is obliged to do so based on their usual protocol, or
 - at least 3 offers for 3 independent suppliers



Changes in TPs in Horizon Europe

1. Third party makes its resources available to the Beneficiary against payment (H2020 Art. 11)

No special article - simply charge as your own personnel costs or other costs (equipment, other goods and services)

2. Third party makes its resources available to the Beneficiary free of charge (H2020 Art. 12)

Article 9.2 in HE – no particular changes, COST-only!

3. Subcontracting (H2020 Art. 13) →

Article 9.3 in HE – no change

4. Linked third parties (H2020 Art. 14) →

Affiliated entity in HE (Art. 8) – no change

Part 3 / Chapter Two

Other costs in H2020 / Purchase costs in HE

Other direct costs H2020

Everything other than personnel or subcontracting comes here:

- Travel costs
- Equipment and assets
- Other goods and services
- Internally invoiced other goods and services

Special other cost categories for certain projects, like:

- Large infrastructure
- Energy efficiency measures
- Clinical trial cost
- Access to research infrastructure

Purchase costs Horizon Europe

Everything other than personnel or subcontracting comes here:

- Travel costs
- Equipment and assets
 - depreciation only, as default
 - full costs, if opted in by the GA
 - mixed, if opted in by the GA
- Other goods and services

Specific costs - Other Costs

Financial support to Third Parties (FSTP) (D1)

Internally invoiced goods and services (D2)

Transnational access cost to Research Infrastructure (D3)

Virtual access cost to Research Infrastructure (D4)

PCP/PPI (D5)

Euratom Cofund staff mobility costs (D6)

ERC Additional funding (D7)

ERC Additional funding – SC, FSTP, IIGS (D8)

Travel costs

- Actual travels costs, in accordance with the Beneficiary's account principles and travel policy - **you must have a travel policy!**
 - Business or Economy?
 - Per-diem or actual cost?
- The travel must be linked to the action, reported in the periodic report – **have a mission report form** with a written abstract what and why happened!
- No distinction between travelling in or outside of Europe!
- Travel costs are primarily eligible for the personnel working on the project
 - External experts? Invited lecturers?
- Proportionate travel costs in case of multiple purposes (*e.g. between projects, or between professional and private reasons*)
- Make sure **your travels are in line with your timesheets!**



Equipment and other assets



What is eligible?

- **Depreciation cost** for equipment, infrastructure or other assets (new or second hand) recorded in the Beneficiary's P&L can be reported.
- **Cost of installation**, site preparations, delivery etc.
- **Cost of renting or leasing** equipment, infrastructure or other assets (including related duties, taxes and non-deductible VAT) can be reported, if they do not exceed the depreciation costs of a similar asset and do not include any financing fees.
- The only portion of the cost related to an action can be reported i.e. costs which corresponds to the duration of the activity and rate of actual use for the purpose of the activity (**usage-rate records!**).



When it is eligible?

- Foreseen and needed to carry out the activity
- In accordance with:
 - the Beneficiary's accounting practice,
 - national/ local tax and accounting rules
 - **International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)**



What are the special cases?

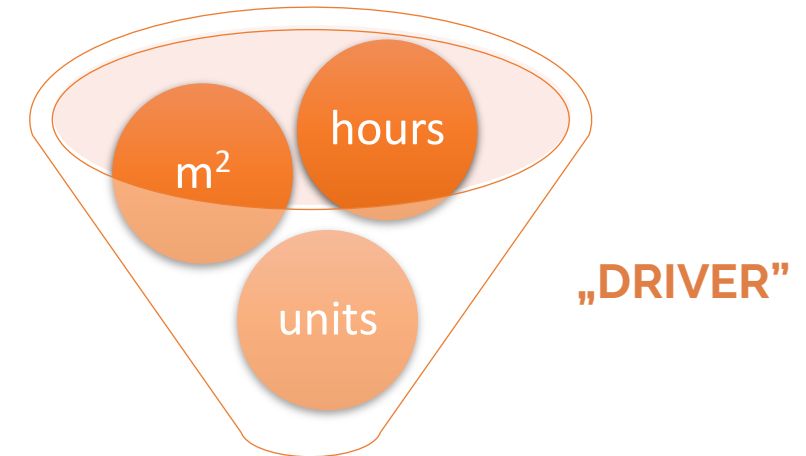
- Financing costs related to leasing contracts
- Buy-out costs related to leasing contracts
- Prototypes/Pilot plans?
- Full cost option in HE
- Full capitalised cost?
- Equipment bought before the project?

Internally invoiced goods or services

Based on unit-cost calculation (H2020)

- **What is this for?**
 - Self produced consumables or goods
 - Use of internal facilities or specialized premises
- **What's not?**
 - Cleaning, general accounting, HR/PR, admin, etc.
 - Costs that are already charged as direct costs (e.g., personnel?)
- Based on actual costs (!) only, excluding any internal overheads, profit or rates – it's a case-by-case calculation!
- Beneficiary has to ensure that the justification and/or calculation is available to prove that **"no-profit"** is kept
- The calculation itself is recorded in the accounts
- Goods/services internally invoiced are directly linked to the project concerned

„POOL”



Unit cost x number of units utilized on the project = eligible costs

Horizon Europe - internal rates (?) with overhead included (!)

Other goods and services

Subcontracting or Other service?

It's neither the EC, nor any of the Beneficiaries = a third party to the GA

- Any costs needed for the implementation of the action
- Consumables, material costs, dissemination costs, IPR protection fees, Certificate on Financial Statement, translations, proofreading, legal advice, publications costs, printing costs, meeting costs like catering and hotel costs, website design and development costs, etc.
- No need to foresee them one-by-one in the GA!

Article 10 Contracts to purchase goods, works or services	Article 13 Subcontracts
These contracts do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.	Subcontracts concern the implementation of action tasks; they imply the implementation of specific tasks which are part of the action and are described in Annex 1.
Do not have to be indicated in Annex 1.	Must be indicated in Annex 1.
The price for these contracts will be declared as 'other direct costs' — column D in Annex 2 — in the financial statement; they will be taken into account for the application of the flat-rate for indirect costs.	The price for the subcontracts will be declared as 'direct costs of subcontracting' — column B in Annex 2 — in the financial statement; they will not be taken into account for the application of the flat-rate for indirect costs.



Keyword: Providing assistance to a non-complete task(s) of the action!

Part 3 / Chapter Three

Indirect Costs

Indirect Costs

FLAT-RATE overhead costs calculation applies

For all Beneficiaries: 25% on the top of the total direct eligible costs, excluding:

- Subcontracting
- Costs of in-kind contribution provided by third parties, that are not used on the beneficiary's premises
- Costs of providing financial support to third parties
- Lump-sums or unit costs includes indirect costs
- **Specific cost categories (including internally invoiced goods and services) in HE**

It's automatically added to the reported direct costs.



Part 3 / Chapter Four

Funding rates in H2020

Funding rates

One project – One Rate principle

- No distinction between the activities (e.g. research, management, other)
- 100% reimbursement for all in Research and Innovation Actions (RIA) and in Coordination and Support Actions (CSA)
- 70% reimbursement for profit making entities in Innovation Actions (IA) with the exception of:
 - 100% funding for non-profit entities in IA
- Special funding rates for some grants, like:
 - ERA-NET
 - MSCA – COFUND
- The funding rate is always applied on the reported and accepted eligible costs, taking into account the funding ceiling



Part 3 / Chapter Five

Receipts

Receipts (1)

What are they?

A receipt is:

- A **dedicated** financial or in-kind contribution directly given to the project (**other than the EU contribution**), or
- An **Income** generated by the project, such as:
 - Participation fee on a project event
 - Equipment bought by and reported to the action sold before the end of the project



Exploiting the project results (foreground) is NOT a receipt
Receipt(s) can only be reported at the end of the project



Receipts - HE

Corporate approach with HE derogation

Financial Regulation

Article 192(2) FR

[...] **receipts are limited to the Union grant and the revenue generated** by that action or work programme.

Article 192(3)(c) FR

→ **non-profit** organisations are **NOT** concerned by receipts.

HE derogation

- Income generated by the exploitation of the results shall **NOT** be considered as receipts of the action (Art 36(2) HE RfP → continuity with H2020)

Part 3 / Chapter Six

Certificates

Certificate/s of Costs

What is a CFS?

- It must be provided by the concerned Beneficiaries individually, whenever requested
- It is to validate the Beneficiary's financial statement(s)
- All costs must be cross-checked, in exceptional cases "sampling" can be accepted
- CFS must be provided using the official template provided in the GA

When is it due?

- H2020: The requested "accumulated" funding on actual costs and unit costs (i.e. excluding the 25% indirect costs) reaches **€325,000**
- HE: The requested "accumulated" funding on total reported costs reaches **€430,000**; or *€725.000 for those having a **System and Process Audit***
- To be submitted STRICTLY at the end of the project

Who can provide?

- Qualified, independent auditors under the 8th Directive
- Public bodies, secondary / higher education establishments and research organisations may opt for a competent public officer

Part 3 / Chapter Seven

Payments and Exchange rates

Mutual Insurance Mechanism

Replacing the Guarantee Fund in Horizon Europe

5% Contribution to the Mechanism:
but it can be more, or less.

- Actions require a **5% contribution** by the Beneficiaries.
- **Periodic evaluation** may change it and bring it up to 8% or reduce it under 5%.
- The Mechanism may be extended to **beneficiaries** of any other directly managed **Union programme**.
- It can be offset from the **initial pre-financing** and be paid to the Mechanism on behalf of the beneficiaries.



Exchange rates (1)

Beneficiary with accounts in **EUR**, must report all costs accounted directly from their accounts

Beneficiary with accounts **other than in EUR**, must use the average of the daily exchange rate of the concerned currency over Euro, published by the European Central Bank.



Exchange rates (2)

Norwegian krone (NOK)

2 February 2022

EUR 1 = NOK 9.9228 -0.0410(-0.4%)

Change from 1 April 2020 to 29 October 2021

Min (26 October 2021)	Max (22 April 2020)	Average
9.6828	11.6775	10.4824



Select: EUR vs. NOK

Period: 01/04/2020

31/10/2021

Zoom:

1m

6m

1y

10y

all



THANK YOU!

for your attention

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Things you wished you knew about Horizon 2020 and Horizon Europe



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