



**EM** TRAININGS



Europa Media Trainings

# Lump Sum vs Cost Reporting in Horizon Europe

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Europa Media Innovations/EMG Group

8 March 2023



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EU Project Knowledge



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Energy, Environment



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**Krisztina**  
**vs**  
**Gabor**



# Lump Sum vs Cost Reporting



## Today's Agenda

**Round 1: Budgeting**

**Round 2: GA/CA stage**

**Round 3: Amendments**

**Round 4: Record keeping**

**Round 5: Reporting**

# GOOD TO KNOW....

## ACTUAL COST GRANT

- Actual cost reporting used since the beginning of FP1
- Based on a fair, transparent approach and real cost incurred
- No need for proofs until cost incurred: budget with minimal effort, reporting with full-details
- Great built-in flexibility (?) as project implementation requires modifications:
  - In between cost categories
  - In between beneficiaries
  - Timing and costs
- Decent amount of documentation needed

## LUMP SUM GRANT

- Lump sum was designed to make the programme easier and decrease the financial errors of actual cost reporting.
- NO actual cost reporting
- NO CFS
- Requires more time to prepare your budget and justify your cost at proposal stage
- Flexibility during project implementation – bit more administration
- Less documentation needed

# BUDGETING

## ACTUAL COST GRANT

- A 5-to-15 minutes exercise 😊
- Budget is an estimation (see H2020 GA Art.4.1, HE GA Art.5.4): you need to try to foresee most costs
- Easy to use templates, little harmonisation needed between Beneficiaries / LTPs (AEs)
- Only few details needed: total efforts, personnel, other, subcontracting in full-details, though
- Evaluators' perspective on the budget: secondary importance

## LUMP SUM GRANT

- Mandatory attachment to present the detailed estimation of costs of your lump sum project and
- To calculate the lump sum breakdown per beneficiary and per work package
- You must provide realistic cost estimations for each cost category
- Do not underestimate the time it takes to prepare this budget table!
- Declaration at proposal stage
- Evaluators will assess your budget!



# Budgeting at the proposal phase

- The budget is important primarily for you
- The more detailed your estimation is, the easier project implementation will be
- Limited overestimation is suggested (5-10%)
- Any budgetary limits?
- Modifications and reallocations are possible during project implementation

Table 3.1g: 'Subcontracting costs' Items

For each participant describe and justify the tasks to be subcontracted (please note that core tasks of the project should not be sub-contracted).

Participant Number/Short Name	Cost (€)	Description of tasks and justification
Subcontracting		

Table 3.1h: 'Purchase costs' items (travel and subsistence, equipment and other goods, works and services)

Please complete the table below for each participant if the purchase costs (i.e. the sum of the costs for 'travel and subsistence', 'equipment', and 'other goods, works and services') exceeds 15% of the personnel costs for that participant (according to the budget table in proposal part A). The record must list cost items in order of costs and starting with the largest cost item up to the level that the remaining costs are below 15% of personnel costs.

Participant Number/Short Name	Cost (€)	Justification
Travel and subsistence		
Equipment		
Other goods, works and services		
Remaining purchase costs (<15% of pers. Costs)		
Total		

Table 3.1f: Summary of staff effort

Please indicate the number of person/months over the whole duration of the planned work, for each work package, for each participant. Identify the work-package leader for each WP by showing the relevant person-month figure in bold.

	WPn	WPn+1	WPn+2	Total Person-Months per Participant
Participant Number/Short Name				
Participant Number/Short Name				
Participant Number/Short Name				
Total Person Months				

Table 3.1i: 'Other costs categories' items (e.g. internally invoiced goods and services)

Please complete the table below for each participants that would like to declare costs under other costs categories (e.g. internally invoiced goods and services), irrespective of the percentage of personnel costs.

Participant Number/Short Name	Cost (€)	Justification
Internally invoiced goods and services		
...		

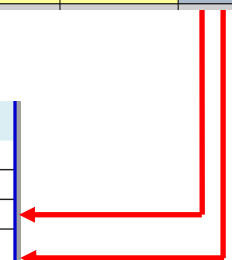
# Lump sum – Detailed budget table

- Read the **instructions** carefully
- Table to be filled in **per beneficiary**, providing a **breakdown** of all applicable cost categories **per WP**
- “**Units**” are defined only for personnel costs → person-month (PM)
- PM rates should be specified per **staff category**
- Estimated costs must follow the **eligibility** rules
- Costs must be realistic, value for money, and needed for implementation
- Additional details can be provided in the last tab “**Any comments**”

BENEFICIARY CALCULATION SHEET			
summary	BENEFICIARY 1: Europa Media		
COST CATEGORY	UNITS	COST PER UNIT	BE TOTAL COSTS
<b>COSTS WORK PACKAGE 1: Project Management and Coordination</b>			
<b>A. DIRECT PERSONNEL COSTS</b>			
<b>A.1 Employees (or equivalent)</b>			
SENIOR SCIENTISTS (or equivalent in the private sector)	3.00	7500.00	22,500.00
JUNIOR SCIENTISTS (or equivalent in the private sector)	2.00	4500.00	9,000.00
TECHNICAL PERSONNEL (or equivalent in the private sector)			0.00
ADMINISTRATIVE PERSONNEL (or equivalent in the private sector)			0.00
OTHERS			0.00
<b>A.2 Natural Persons under direct contract</b>			
<b>A.3 Seconded Persons</b>			
<b>A.4 SME owners and natural person beneficiaries</b>			
		3,657.60	0.00
<b>B. DIRECT SUBCONTRACTING COSTS</b>			
<b>C. DIRECT PURCHASE COSTS</b>			
<b>C.1 Travel and subsistence</b>			
	4.00	1050.00	4,200.00
<b>C.2 Equipment (complete 'Depreciation costs' sheet)</b>			
<i>Equipment</i>			0.00
<i>Infrastructure</i>			0.00
<i>Other assets</i>			0.00
<b>C.3 Other goods, works and services</b>			
<i>Consumables</i>			0.00
<i>Services for meetings, seminars</i>	1.00	3000.00	3,000.00
<i>Services for dissemination activities (including website)</i>			0.00
<i>Publication fees</i>			0.00
<i>Other (shipment, insurance, translation, etc.)</i>			0.00

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Any comments			
nr	BE ref	WP ref	Comments
1	1	1	Room rent and catering services for the 1st progress meeting
2	1	1	Travel cost unit rate for 1 person/2-night trip to project meeting/review meetings (4 units in total)



# GA & CA PREPARATION

## ACTUAL COST GRANT

- Evaluators usually will not comment the budget
- Typically, the same budget as in proposal – minor further breakdown on estimations may be required
- Easy-to-handle budget reallocation at GA stage
- CA should primarily focus on handling internally resource reallocation due to change in workload, under- or overspending partners, etc.
- No joint financial responsibility

## LUMP SUM GRANT

- Evaluators are instructed to assess the budget (Horizon dashboard for LS evaluation)
- Evaluators can make recommendations on changes to the detailed budget table, they can also suggest to decrease the lump sum amount OR to reallocate lump sum shares.
- Easy-to-handle budget reallocation at GA stage
- CA should primarily focus on handling non-performing partners, quality control, completion of the WPs.

# AMENDMENTS

## ACTUAL COST GRANT

- Is it needed at all – flexibility of your PO will define it
- Unforeseen costs – is anything concrete really foreseen in your budget?
- Excess budget and restructuring – usually doable up to +/- 15/20%
- Reallocation between Beneficiaries – primarily based on the CA, PO typically does not care

## LUMP SUM GRANT

- Budget flexibility does not apply! Changes to the LS breakdown (per WP and/or per Beneficiary) always require an amendment!
- Excess budget and restructuring – not an option in LS
- You be changed with an amendment:
  - Changes in the work plan; Adding or removing beneficiaries; Transfer of tasks between beneficiaries; Changing project duration or reporting periods;
- Can not be changed eg.:
  - Lump sum work packages that have already been paid

# RECORD KEEPING

## ACTUAL COST GRANT

You need (e.g.)



- Time-sheets
- Pay-slips or contracts
- Depreciation policy
- Invoices
- ...any documents proving the actual costs incurred

## LUMP SUM GRANT

You need (e.g.)



- Technical documents
- Publications, prototypes, deliverables
- Documentation required by good research practices such as lab books
- ...any document proving that the work was done as detailed in Annex 1

*Same as for all Horizon Europe grants*

You don't need



- Time-sheets
- Pay-slips or contracts
- Depreciation policy
- Invoices
- ...any documents proving the actual costs incurred

# FINANCIAL REPORTING

## ACTUAL COST GRANT

- Full actual direct cost reporting based on accounted expenses
  - With an option to unit-cost reporting for personnel and internally invoiced goods/services
  - With flat-rate indirect cost add-ons
- Variable calculation for personnel costs, including:
  - Different models for employees, hours
  - In-house consultants with updated protocols
  - Seconded employees and others
- Subcontracting costs – only if foreseen
- Other direct costs/Purchase costs – with some details
- Pre-defined Level-1 check-limit (CFS) and „*out-of-the-blue*” Level-2 audits (within 2 years?)

## LUMP SUM GRANT



- Status of Work Packages (Completed, Not completed, Partially completed)

# CONCLUSIONS?

## ACTUAL COST GRANT

## LUMP SUM GRANT

 Budgeting 

 GA/CA preparations and Amendments 

 Record keeping 

 Reporting 

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## HORIZON EUROPE ACADEMY PROJECT MANAGEMENT & FINANCIAL REPORTING

Master the art of Project management and Finances  
of Horizon Europe and Horizon 2020



23-24 March, Amsterdam

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## LUMP SUM IN HORIZON EUROPE: HOW DOES IT WORK?

Learn about key practices in lump sum  
proposals and projects



9:00 – 13:00 CET | 29 March 2023 | Online

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## MASTER OF FINANCE THE WEBINAR EDITION

HE/H2020 financial rules and  
reporting with an outlook on lump  
sum funding with **Gabor Kitley**

3-5 April | 3x half day

# Let's meet again!



A white rectangular card is suspended from a thin, black and white braided string by a black clothespin. The card is centered horizontally and has the word "QUESTIONS?" printed in a bold, orange, sans-serif font. The background is a plain, light gray wall.

**QUESTIONS?**

Thank  
you

*for your attention*

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