



## Proposal Budget Preparation in H2020 projects

6th IMS Workshop

Istanbul 11 May 2017

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# Eligibility for funding

## 3<sup>rd</sup> countries (= not EU Member States)

### Associated countries (AC):

Iceland, Norway, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Israel, Moldova, Switzerland, Faroe Islands, Ukraine, Tunisia, Georgia, Armenia

*Automatically eligible for EU funding*

### Industrialised countries and Emerging economies:

- Countries with jointly agreed co-funding mechanism covering most or all thematic areas:  
China, Hong Kong & Macao, Republic of Korea, Mexico, Russia, Taiwan
- Countries with jointly agreed co-funding mechanism covering selected thematic areas:  
Australia, India, Japan
- Countries with co-funding by a region:  
Brazil, Canada
- Countries without jointly agreed co-funding mechanism:  
New Zealand, USA

*EU funding under conditions:*

- *Foreseen in call*
- *Existence of bilateral agreement*
- *Deemed necessary*

### Developing countries:

~ 130 other countries

*Automatically eligible for EU funding*

- What about UK?

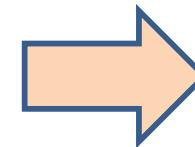
# Eligibility conditions for participation

<b>Research &amp; innovation actions (RIA)</b>	At least three legal entities each from a different EU Member State or Associated country. All three legal entities must be independent of each other.
<b>Innovation actions (IA)</b>	At least three legal entities each from a different EU Member State or Associated country. All three legal entities must be independent of each other.
<b>Coordination &amp; support actions (CSA)</b>	At least one legal entity from an EU Member State or Associated country.
<b>SME instrument</b>	At least one for-profit SME from an EU Member State or Associated country. No concurrent submission or implementation with another SME instrument phase 1 or phase 2 project.

# Reimbursement Rates

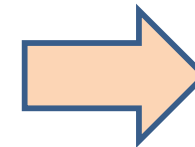


- Research & Innovation Actions (RIA)
- Innovation Actions (IA) (*not-for-profit entities*)
- Coordination & Support Actions (CSA)
- MSC Actions (*unit costs*) (*not COFUND*)
- ERC Grants



**100%**

- Innovation Actions (IA) (*for-profit entities*)
- SME Instrument phase I (*lump sum*)
- SME Instrument phase II



**70%**

- *The reimbursement rates apply to all **forms of costs** (actual, unit, lump sums and flat-rates costs) and all **budget categories**.*
- *Always **check** the reimbursement rate in the **call documents***

# Proposal Budget in H2020

## Importance of appropriate Budget **estimation** and **distribution**:

- *Evaluation criteria: “...appropriateness of the allocation of tasks & resources.”*
- *Demonstrates **clear vision** of tasks and objectives (budget should be structured according to Project’s needs)*
- *Reduces the risk that costs may be found **ineligible** during the report/ audit. Usually, **eligibility** of costs is **overlooked** during proposal preparation*
- *Minimizes potential **changes** during the project’s implementation (amendments, re-distribution of costs between partners, request for EC’s approval, ...)*
- *Allows for **proper budget consumption** without deviations during implementation demonstrating that the budget requested was **necessary***

# Budget & Evaluation

## 3. Quality and efficiency of the implementation\*

*Note: The following aspects will be taken into account:*

- Coherence and effectiveness of the work plan, including appropriateness of the allocation of tasks and resources;
- Complementarity of the participants within the consortium (when relevant);
- Appropriateness of the management structures and procedures, including risk and innovation management.


Comments:

**Score 3:**  
*Threshold 3/5*

# Proposal Budget in H2020

Part B  
(Research  
Proposal)

## 3.4 Resources to be committed

 *Please make sure the information in this section matches the costs as stated in the budget table in section 3 of the administrative proposal forms, and the number of person/months, shown in the detailed work package descriptions.*

Please provide the following:

- a table showing number of person/months required (table 3.4a)
- a table showing ‘other direct costs’ (table 3.4b) for participants where those costs exceed 15% of the personnel costs (according to the budget table in section 3 of the administrative proposal forms)

# Proposal Budget in H2020

Part B  
(Research  
Proposal)

**Table 3.4a: 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.*

	WP <sub>n</sub>	WP <sub>n+1</sub>	WP <sub>n+2</sub>	Total Person/ Months per Participant
<b>Participant Number/Short Name</b>				
<b>Participant Number/ Short Name</b>				
<b>Participant Number/ Short Name</b>				
<b>Total Person/Months</b>				



# Proposal Budget in H2020

Part B  
(Research  
Proposal)

**Table 3.4b: ‘Other direct cost’ items (travel, equipment, other goods and services, large research infrastructure)**

Please complete the table below for each participant if the sum of the costs for ‘travel’, ‘equipment’, and ‘goods and services’ exceeds 15% of the personnel costs for that participant (according to the budget table in section 3 of the proposal administrative forms).

Participant Number/Short Name	Cost (€)	Justification
Travel		
Equipment		
Other goods and services		
Total		

# Proposal Budget in H2020

Part B  
(Research  
Proposal)

Please complete the table below for all participants that would like to declare costs of large research infrastructure under Article 6.2 of the General Model Agreement<sup>6</sup>, irrespective of the percentage of personnel costs. Please indicate (in the justification) if the beneficiary's methodology for declaring the costs for large research infrastructure has already been positively assessed by the Commission.

Participant Number/Short Name	Cost (€)	Justification
Large research infrastructure		

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<sup>6</sup> Large research infrastructure means research infrastructure of a total value of at least EUR 20 million, for a beneficiary. More information and further guidance on the direct costing for the large research infrastructure is available in the H2020 Online Manual on the Participant Portal.



# Proposal Budget in H2020

Part B  
(Research  
Proposal)

## 4.2. Third parties involved in the project (including use of third party resources)

*Please complete, for each participant, the following table (or simply state "No third parties involved", if applicable):*

Does the participant plan to subcontract certain tasks (please note that core tasks of the project should not be sub-contracted)	Y/N
<i>If yes, please describe and justify the tasks to be subcontracted</i>	
Does the participant envisage that part of its work is performed by linked third parties <sup>1</sup>	Y/N
<i>If yes, please describe the third party, the link of the participant to the third party, and describe and justify the foreseen tasks to be performed by the third party</i>	
Does the participant envisage the use of contributions in kind provided by third parties (Articles 11 and 12 of the General Model Grant Agreement)	Y/N
<i>If yes, please describe the third party and their contributions</i>	

<sup>1</sup> A third party that is an affiliated entity or has a legal link to a participant implying a collaboration not limited to the action. (Article 14 of the Model Grant Agreement).



# Proposal Budget in H2020

Part A  
(Administrative  
forms)

## Research and Innovation actions

No	Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub- contracting/€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs / € (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs / €	(H) Total estimated eligible costs / € (=A+B+C+D+F +G)	(I) Reimburse- ment rate (%)	(J) Max.EU Contribution / € (=H*I)	(K) Requested EU Contribution/ €
			?	?	?	?	?	?	?	?	?	?	?
1			0	0	0	0	0	0,00	0	0,00	100	0,00	0,00
	Total		0	0	0	0	0	0,00	0	0,00		0,00	0,00

## Innovation actions

No	Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub- contracting/€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs / € (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs / €	(H) Total estimated eligible costs / € (=A+B+C+D +F+G) BENEFICIARY	(I) Reimburse- ment rate (%) BENEFICIARY	(J) Max.EU Contribution / € (=H*I) BENEFICIARY	(K) Costs of third parties linked to participant THIRD PARTIES	(L) Max.EU Contribution / € THIRD PARTIES	(M) Total Costs for BENEFICIARY & THIRD PARTIES (=H+K)	(N) Max.EU Contribution / € BENEFICIARY & THIRD PARTIES (=J+L)	(O) Requested EU Contribution / € BENEFICIARY & THIRD PARTIES
			?	?	?	?	?	?	?	?	?	?	?	?	?	?	?
1			0	0	0	0	0	0,00	0	0,00	100	0,00	0	0	0,00	0,00	0,00
	Total		0	0	0	0	0	0,00	0	0,00		0,00	0,00	0,00	0,00	0,00	0,00

# Proposal Budget in H2020

Budget table in Part A (stage 1 of a two-stage proposals)

Part A  
(Administrative  
forms)



European Commission - Research - Participants  
Proposal Submission Forms  
Directorate-General for Research and Innovation

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Proposal ID **SEP-210130198** Acronym **TEST**

## 3 - Budget for the proposal

Total requested amount / €	0
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# Budget key points

## Important points for Evaluation

- Allocation of resources according to the **scope** of the proposal (not over/ under estimated)
- Significant **imbalances** between partners should be justified by their individual roles
- No unjustified costs for **subcontracting**
- Participation of **3rd parties** under the suitable scheme
- Suitable effort foreseen for **coordination/ management**
- No **ambiguous / unclear** points

# A. Direct personnel costs

## Important points when structuring the budget of Personnel

- Identify the **tasks** to be carried out by the beneficiary
- Identify the **persons/ researchers** suitable for implementation of these tasks
  - Potential involvement of persons **NOT** working for the beneficiary?
  - Identify personnel on the basis of the **ENTITY** and **not** on the basis of the **research team, group, company department etc** they work for.
- Identify **persons/ researchers** according to:
  - **Level** (manager, professor, researcher, post-doc, technician, administrative, ...)
  - **Employment status** (permanent, temporary, natural persons with direct contract, SME owners, ...)
- Consider the **start date** of the project
- Consider **internal rules** for personnel costs when participating in H2020 projects
- Estimate their **effort** in the project (PersonMonths, PMs).
- Identify the **average monthly rate of the specific persons** according to the organisational practices
- Estimate **Personnel costs** according to the above

Q: Should I name in the proposal all the persons that are going to be involved in the implementation of the project?

Q: What if Actual PMs deviate from Planned PMs?

## B. Other Direct costs

### Important points when structuring the budget of Travel costs:

#### Estimate:

- Travels for **Project implementation**, communication and dissemination (Visits to research sites, Conferences, Infodays, Events, Exhibitions, ...)
- Travels for Project meetings **between** partners (General Assembly, Steering Committee, Consortium Board, Advisory Board, WP Leaders meetings, ...)
- Travels for Project meetings **with the** EC (Project reviews)
- Travels of **external experts/ invited speakers**
- Take into account the usual practices of the beneficiary



## B. Other Direct costs

### Important points when structuring the budget of Equipment:

- Equipment to be used according to the needs of the project (if any)
- Reimbursed **ONLY** on the basis of **depreciation** costs (except if foreseen in the call)
- Reimbursed **ONLY** for the % of actual use in the specific project
- Decide:
  - Purchase of new equipment?
  - Use of existing equipment?
  - Rent or lease equipment instead of purchasing?
- Equipment = **asset** according to national and international accounting standards. If **not asset** → *Other goods & services*
- Take into account internal rules for the purchase of equipment which may cause delays in the actual use

**Q:** Can I buy computers (desktop/ laptop) to cover the needs of my laboratory/ company?

# Proposal Budget in H2020

	Effort (Personmonths)											
		Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Total
WP 1		17.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	21.5
T 1.1		8.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	12.5
T 1.2		8.0										8.0
T 1.3		1.0										1.0
T 1.4												
WP 2		15.0	4.0	8.0	6.0	4.0		6.5	9.0		5.0	57.5
T 2.1			2.0	4.0	1.0	1.0		2.0	5.0		2.0	17.0
T 2.2		4.0	2.0	2.0	2.0	2.0		2.0	4.0		1.5	19.5
T 2.3		8.0		2.0	3.0	1.0		2.5			1.5	18.0
T 2.4		3.0										3.0
WP 3		8.0	2.0	4.0	6.0	7.5	7.0		7.0	7.0	7.0	55.5
T 3.1		4.0					3.0			2.0		9.0
T 3.2		2.0		3.0		2.0	4.0		6.0	2.0	3.5	22.5
T 3.3		2.0	1.0	1.0		4.0			1.0	3.0	3.5	15.5
T 3.4			1.0		6.0	1.5						8.5
WP 4		5.0	5.0	1.5	3.0	6.0	7.0	6.5	3.0	5.0	4.0	46.0
T 4.1					1.0	3.0				2.0	2.0	8.0
T 4.2		3.0	2.0			3.0	3.0	1.5			2.0	14.5
T 4.3		2.0	3.0	1.5			4.0	2.0				12.5
T 4.4								3.0	3.0	3.0		9.0
Total		45.0	11.5	14.0	15.5	18.0	14.5	13.5	19.5	12.5	16.5	180.5

# Proposal Budget in H2020

	Personnel costs										
	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Total
<b>PM rate (est.)</b>	<b>3,500.00</b>	<b>2,700.00</b>	<b>6,600.00</b>	<b>8,600.00</b>	<b>5,500.00</b>	<b>4,100.00</b>	<b>3,680.00</b>	<b>4,200.00</b>	<b>2,200.00</b>	<b>2,600.00</b>	
WP 1	59,500.0	1,350.0	3,300.0	4,300.0	2,750.0	2,050.0	1,840.0	2,100.0	1,100.0	1,300.0	79,590.00
T 1.1	28,000.00	1,350.00	3,300.00	4,300.00	2,750.00	2,050.00	1,840.00	2,100.00	1,100.00	1,300.00	48,090.00
T 1.2	28,000.00										28,000.00
T 1.3	3,500.00										3,500.00
T 1.4											
WP 2	52,500.0	10,800.0	52,800.0	51,600.0	22,000.0		23,920.0	37,800.0		13,000.0	264,420.00
T 2.1		5,400.00	26,400.00	8,600.00	5,500.00		7,360.00	21,000.00		5,200.00	79,460.00
T 2.2	14,000.00	5,400.00	13,200.00	17,200.00	11,000.00		7,360.00	16,800.00		3,900.00	88,860.00
T 2.3	28,000.00		13,200.00	25,800.00	5,500.00		9,200.00			3,900.00	85,600.00
T 2.4	10,500.00										10,500.00
WP 3	28,000.0	5,400.0	26,400.0	51,600.0	41,250.0	28,700.0		29,400.0	15,400.0	18,200.0	244,350.00
T 3.1	14,000.00					12,300.00			4,400.00		30,700.00
T 3.2	7,000.00		19,800.00		11,000.00	16,400.00		25,200.00	4,400.00	9,100.00	92,900.00
T 3.3	7,000.00	2,700.00	6,600.00		22,000.00			4,200.00	6,600.00	9,100.00	58,200.00
T 3.4		2,700.00		51,600.00	8,250.00						62,550.00
WP 4	17,500.0	13,500.0	9,900.0	8,600.0	33,000.0	28,700.0	23,920.0	12,600.0	11,000.0	10,400.0	169,120.00
T 4.1				8,600.00	16,500.00				4,400.00	5,200.00	34,700.00
T 4.2	10,500.00	5,400.00			16,500.00	12,300.00	5,520.00			5,200.00	55,420.00
T 4.3	7,000.00	8,100.00	9,900.00			16,400.00	7,360.00				48,760.00
T 4.4							11,040.00	12,600.00	6,600.00		30,240.00
Total	157,500.0	31,050.0	92,400.0	116,100.0	99,000.0	59,450.0	49,680.0	81,900.0	27,500.0	42,900.0	757,480.00

# Proposal Budget in H2020

55													
56		Travel costs											
57													
58			Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Total
59		WP 1	50,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	95,000.00
60		T 1.1	28,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	73,000.00
61		T 1.2	22,000.00										22,000.00
62		T 1.3											
63		T 1.4											
64		WP 2	7,000.0	3,000.0	2,000.0	2,000.0	2,000.0	2,000.0		3,000.0	1,500.0		22,500.00
65		T 2.1	7,000.00		2,000.00	2,000.00	2,000.00	2,000.00			1,500.00		16,500.00
66		T 2.2											
67		T 2.3		3,000.00						3,000.00			6,000.00
68		T 2.4											
69		WP 3	3,000.0		2,000.0	3,500.0	1,000.0				1,500.0		11,000.00
70		T 3.1			2,000.00	3,500.00							5,500.00
71		T 3.2											
72		T 3.3	3,000.00				1,000.00				1,500.00		5,500.00
73		T 3.4											
74		WP 4	1,500.0	1,000.0					1,500.0		1,500.0		5,500.00
75		T 4.1	1,500.00	1,000.00					1,500.00		1,500.00		5,500.00
76		T 4.2											
77		T 4.3											
78		T 4.4											
79		Total	61,500.0	9,000.0	9,000.0	10,500.0	8,000.0	7,000.0	6,500.0	8,000.0	9,500.0	5,000.0	134,000.00
80													
81													

# Proposal Budget in H2020

	Other goods and services costs										
	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Total
WP 1	22,000.0	2,000.0		2,000.0	2,000.0	2,000.0		2,000.0	2,000.0	2,000.0	36,000.00
T 1.1	12,000.00	2,000.00		2,000.00	2,000.00	2,000.00		2,000.00	2,000.00	2,000.00	26,000.00
T 1.2											
T 1.3	2,000.00										2,000.00
T 1.4	8,000.00										8,000.00
WP 2	2,000.0	1,200.0					2,200.0		1,200.0		6,600.00
T 2.1	2,000.00								1,200.00		3,200.00
T 2.2											
T 2.3		1,200.00					2,200.00				3,400.00
T 2.4											
WP 3	6,000.0		3,000.0			2,300.0	1,200.0		2,600.0	2,200.0	17,300.00
T 3.1	6,000.00		3,000.00				1,200.00				10,200.00
T 3.2										2,200.00	2,200.00
T 3.3						2,300.00			2,600.00		4,900.00
T 3.4											
WP 4	2,500.0	1,100.0		1,500.0	3,200.0	1,200.0	1,000.0	2,200.0	2,200.0	2,200.0	17,100.00
T 4.1		1,100.00		1,500.00	1,500.00	1,200.00		2,200.00	2,200.00	1,200.00	10,900.00
T 4.2							1,000.00				1,000.00
T 4.3	2,500.00				1,700.00					1,000.00	5,200.00
T 4.4											
Total	32,500.0	4,300.0	3,000.0	3,500.0	5,200.0	5,500.0	4,400.0	4,200.0	8,000.0	6,400.0	77,000.00



BUDGET											
	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	Partner 8	Partner 9	Partner 10	Total
PM rate (est.)	3,500.00	2,700.00	6,600.00	8,600.00	5,500.00	4,100.00	3,680.00	4,200.00	2,200.00	2,600.00	
Funding rate (%)	100%	100%	70%	100%	70%	100%	70%	100%	100%	70%	
<b>WP 1</b>											
Personnel	59,500.00	1,350.00	3,300.00	4,300.00	2,750.00	2,050.00	1,840.00	2,100.00	1,100.00	1,300.00	79,590.00
Travel	50,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	95,000.00
Equipment											
Other goods & services	22,000.00	2,000.00		2,000.00	2,000.00	2,000.00		2,000.00	2,000.00	2,000.00	36,000.00
Subcontracting											
Indirect costs	32,875.00	2,087.50	2,075.00	2,825.00	2,437.50	2,262.50	1,710.00	2,275.00	2,025.00	2,075.00	52,647.50
Total costs	164,375.00	10,437.50	10,375.00	14,125.00	12,187.50	11,312.50	8,550.00	11,375.00	10,125.00	10,375.00	263,237.50
<b>WP 2</b>											
Personnel	52,500.00	10,800.00	52,800.00	51,600.00	22,000.00		23,920.00	37,800.00		13,000.00	264,420.00
Travel	7,000.00	3,000.00	2,000.00	2,000.00	2,000.00	2,000.00		3,000.00	1,500.00		22,500.00
Equipment	2,000.00	1,200.00					2,200.00		22,000.00		27,400.00
Other goods & services	2,000.00	1,200.00					2,200.00		1,200.00		6,600.00
Subcontracting	18,000.00				16,000.00			6,000.00			40,000.00
Indirect costs	15,875.00	4,050.00	13,700.00	13,400.00	6,000.00	500.00	7,080.00	10,200.00	6,175.00	3,250.00	80,230.00
Total costs	97,375.00	20,250.00	68,500.00	67,000.00	46,000.00	2,500.00	35,400.00	57,000.00	30,875.00	16,250.00	441,150.00
<b>WP 3</b>											
Personnel	28,000.0	5,400.0	26,400.0	51,600.0	41,250.0	28,700.0		29,400.0	15,400.0	18,200.0	244,350.00
Travel	3,000.0		2,000.0	3,500.0	1,000.0				1,500.0		11,000.00
Equipment											
Other goods & services	6,000.00		3,000.00			2,300.00	1,200.00		2,600.00	2,200.00	17,300.00
Subcontracting					6,000.00						6,000.00
Indirect costs	9,250.00	1,350.00	7,850.00	13,775.00	10,562.50	7,750.00	300.00	7,350.00	4,875.00	5,100.00	68,162.50
Total costs	46,250.00	6,750.00	39,250.00	68,875.00	58,812.50	38,750.00	1,500.00	36,750.00	24,375.00	25,500.00	346,812.50
<b>WP 4</b>											
Personnel	17,500.0	13,500.0	9,900.0	25,800.0	33,000.0	28,700.0	23,920.0	12,600.0	11,000.0	10,400.0	186,320.00
Travel	1,500.0	1,000.0					1,500.0		1,500.0		5,500.00
Equipment	9,500.0				1,700.0		3,200.0		2,200.0		16,600.00
Other goods & services	2,500.00	1,100.00		1,500.00	3,200.00	1,200.00	1,000.00	2,200.00	2,200.00	2,200.00	17,100.00
Subcontracting	6,000.00					2,600.00					8,600.00
Indirect costs	7,750.00	3,900.00	2,475.00	6,825.00	9,475.00	7,475.00	7,405.00	3,700.00	4,225.00	3,150.00	56,380.00
Total costs	44,750.00	19,500.00	12,375.00	34,125.00	47,375.00	39,975.00	37,025.00	18,500.00	21,125.00	15,750.00	290,500.00
<b>TOTAL costs</b>											
Personnel	157,500.0	31,050.0	92,400.0	133,300.0	99,000.0	59,450.0	49,680.0	81,900.0	27,500.0	42,900.0	774,680.00
Travel	61,500.0	9,000.0	9,000.0	10,500.0	8,000.0	7,000.0	6,500.0	8,000.0	9,500.0	5,000.0	134,000.00
Equipment	11,500.0	1,200.0			1,700.0		5,400.0		24,200.0		44,000.00
Other goods & services	32,500.00	4,300.00	3,000.00	3,500.00	5,200.00	5,500.00	4,400.00	4,200.00	8,000.00	6,400.00	77,000.00
Subcontracting	24,000.00				22,000.00	2,600.00		6,000.00			54,600.00
Indirect costs	65,750.00	11,387.50	26,100.00	36,825.00	28,475.00	17,987.50	16,495.00	23,525.00	17,300.00	13,575.00	257,420.00
Total	352,750.0	56,937.5	130,500.0	184,125.0	164,375.0	92,537.5	82,475.0	123,625.0	86,500.0	67,875.0	1,341,700.00
<b>Max Requested EC contribution</b>	<b>352,750.0</b>	<b>56,937.5</b>	<b>91,350.0</b>	<b>184,125.0</b>	<b>115,062.5</b>	<b>92,537.5</b>	<b>57,732.5</b>	<b>123,625.0</b>	<b>86,500.0</b>	<b>47,512.5</b>	<b>1,208,132.50</b>

# Proposal Budget in H2020

2														
3		3 - Budget for the proposal												
4														
		Participant	Country	(A) Direct personnel costs	(B) Other direct costs	(C) Direct costs of subcontracting	(D) Direct costs of providing financial support to third parties	(E) Costs of inkind contributions not used on the beneficiary's premises	(F) Indirect costs (=0.25 * (A+B-E))	(G) Special unit costs covering direct & indirect costs	(H) Total estimated eligible costs (=A+B+C+D+F+G )	(I) Reimburse ment rate	(J) Max. grant (=H*I)	(K) Requested grant
5														
6		1	Partner 1		157,500.00	105,500.00	24,000.00		65,750.00		352,750.00	100%	352,750.00	352,750.00
7		2	Partner 2		31,050.00	14,500.00	0.00		11,387.50		56,937.50	100%	56,937.50	56,937.50
8		3	Partner 3		92,400.00	12,000.00	0.00		26,100.00		130,500.00	70%	91,350.00	91,350.00
9		4	Partner 4		133,300.00	14,000.00	0.00		36,825.00		184,125.00	100%	184,125.00	184,125.00
10		5	Partner 5		99,000.00	14,900.00	22,000.00		28,475.00		164,375.00	70%	115,062.50	115,062.50
11		6	Partner 6		59,450.00	12,500.00	2,600.00		17,987.50		92,537.50	100%	92,537.50	92,537.50
12		7	Partner 7		49,680.00	16,300.00	0.00		16,495.00		82,475.00	70%	57,732.50	57,732.50
13		8	Partner 8		81,900.00	12,200.00	6,000.00		23,525.00		123,625.00	100%	123,625.00	123,625.00
14		9	Partner 9		27,500.00	41,700.00	0.00		17,300.00		86,500.00	100%	86,500.00	86,500.00
15		10	Partner 10		42,900.00	11,400.00	0.00		13,575.00		67,875.00	70%	47,512.50	47,512.50
16					774,680.00	255,000.00	54,600.00	0.00	0.00	257,420.00	0.00	1,341,700.00	1,208,132.50	1,208,132.50
17														

# Proposal Budget in H2020

- A.** Direct personnel costs
- B.** Other direct costs
  - *Travel*
  - *Equipment*
  - *Other goods & services*
  - *Large Research Infrastructure*
- C.** Subcontracting
- D.** Financial support to 3<sup>rd</sup> parties
- E.** In-kind contributions not used in the beneficiary's premises
- F.** Indirect costs
- G.** Special Unit costs
- H.** Total costs
- I.** Reimbursement rate
- J.** Maximum EU contribution
- K.** Requested EU contribution





## **H2020 cost categories and cost eligibility**

6th IMS Workshop

Istanbul 11 May 2017

Vangelis Argoudelis / FORTH

# Eligible costs

## Costs must be...

- Actually incurred by the beneficiary AND in the period of implementation
- Indicated in the estimated budget
- In connection with the action as described in Annex 1
- They must be identifiable and verifiable and recorded in the beneficiary's accounts
- Comply with the applicable national law on taxes, labour and social security
- Reasonable and justified

**Costs approved in proposal budget NOT automatically eligible during report/audit:**

- ▶ Evaluators approve the **NECESSITY** for the activity and the related cost
- ▶ **ELIGIBILITY** of the cost is determined on the basis of the procedures followed for the realisation of the cost (*modalities of implementation*)

# A. Direct personnel costs

- Related to personnel working for the beneficiary **under an employment** contract (or equivalent appointing act) and assigned to the action
- Limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the remuneration, if they arise from national law or the employment contract



# A. Direct personnel costs

## Types of personnel

1. **Employees** (both permanent staff and temporary)
2. Personnel **seconded** by a third party against payment
3. **Natural persons** working under a direct contract
4. **SMEs owners** not receiving a salary / **natural persons** participating as beneficiaries

# 1. Employees

## Calculation of personnel costs (during REPORTING)

$$\begin{array}{c} \text{[Hourly rate]} \\ \times \\ \text{[number of actual hours worked on the action]} \end{array}$$

- **Step 1**

Calculation of the hourly rate:

On an **annual** or **monthly** basis

- **Step 2**

X number of actual hours worked on the action

- **Step 3**

For non-profit legal entities: Addition of additional remuneration, if any

# 1. Employees

## Step 1

Calculation of the hourly rate

The hourly rate must be calculated either:

- Per financial **year** and on the basis of **closed** financial years:

$$\frac{\text{[Actual annual personnel costs (excluding additional rem.) for the person]}}{\text{[Number of annual productive hours]}}$$

**OR**

- Per **month** on the basis of the **current** financial year :

$$\frac{\text{[Actual monthly personnel cost (excluding additional rem.) for the person]}}{\text{[number of annual productive hours / 12]}}$$

**No adjustment** to previous reported hourly rate costs in order to adjust to **ACTUAL** costs (allowed only to correct mistakes)

# 1. Employees

## Example – use of last closed financial year

Report of 18 months spreading over 3 consecutive years

Year	2015	2016				2017
Trimester	4	1	2	3	4	1
Reporting period						
Hourly rate used	2015	2016				2016



# 1. Employees

## Annual productive hours

**Q:** Organisations  
using 1.680 on  
FP7 projects?

**Must use one of the following options:**

1. 1.720 hours for persons working full time (or corresponding pro-rata for persons not working full time)
  2. the total number of hours worked by the person in the year for the beneficiary ('individual annual productive hours')
  3. the 'standard number of annual hours' generally applied by the beneficiary for its personnel in accordance with its usual cost accounting practices ('standard annual productive hours').
- Same option per group of personnel employed under similar conditions (no individual application)



# 1. Employees

## **Step 2**

Multiplying the hourly rate by the number of actual hours worked on the action

## **Step 3**

For non-profit legal entities: Addition of additional remuneration, if any

# 1. Employees

## Additional remuneration

What it is:

- Extra payments made for the participation in projects ABOVE the beneficiary's usual remuneration practice for national projects resulting to a HIGHER hourly rate

Only for non-profit legal entities, IF:

- Part of the beneficiary's usual remuneration practices
- Paid in a consistent manner whenever the same kind of work or expertise is required
- Paid for additional work or expertise which results in higher hourly rate
- Criteria objective and generally applied by the beneficiary
- System established in the beneficiary's internal rules or at least be documented
- Rules for additional remuneration may not depend on the fund provider.

Eligible up to the amount of **8.000 per year**

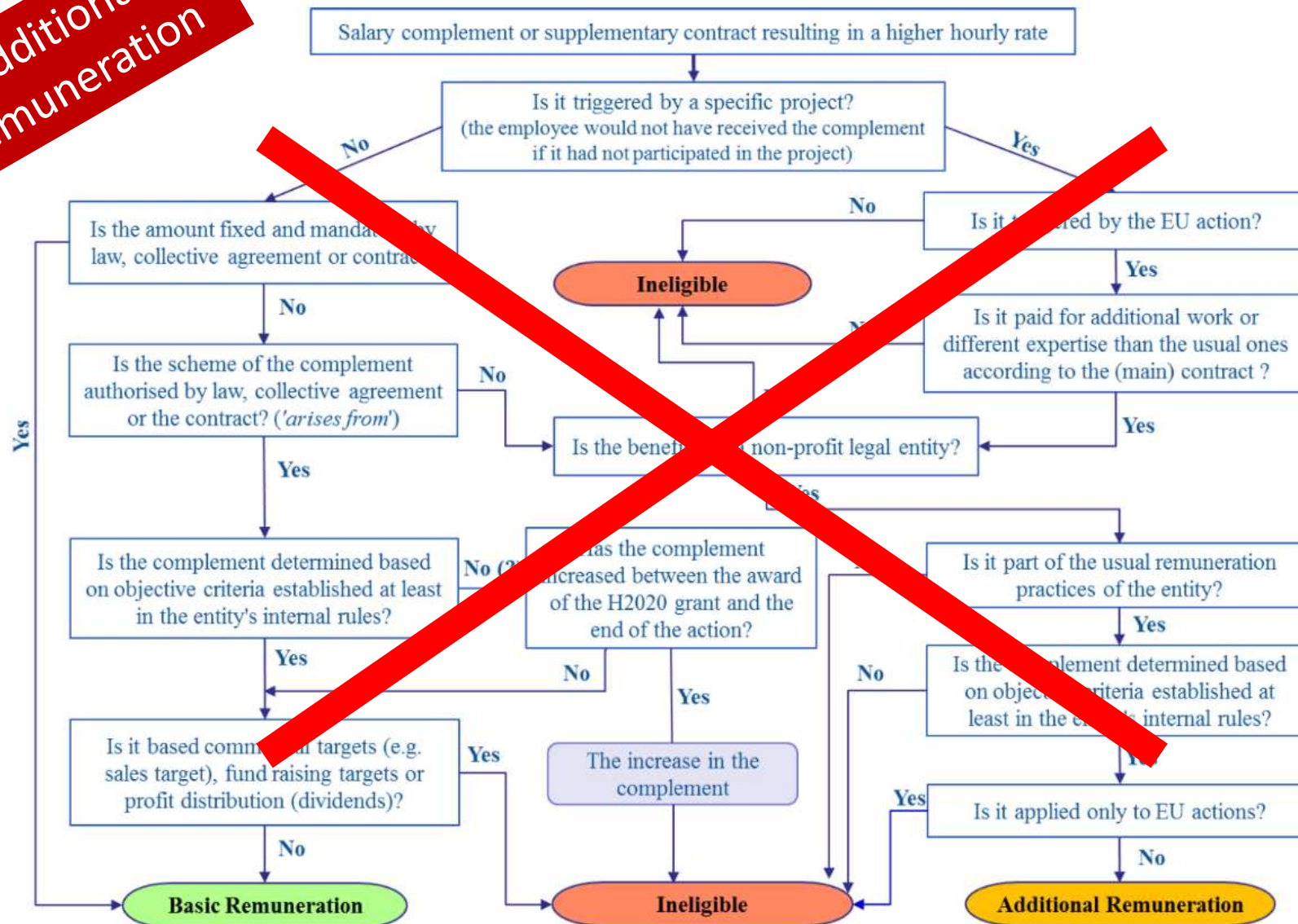
- Or PRO-RATA if not working full time or not working exclusively on the action

Limit of 8.000 will also be applied to the basic remuneration if artificially increased for participation in the EU action



# 1. Employees

Additional remuneration



Decision tree no longer applies

# 1. Employees

## Additional remuneration

How to determine if the remuneration is BASIC or ADDITIONAL:

1. Calculate the hourly rate applying for NATIONAL FUNDING PROGRAMMES (A)

Take into account:

- Previous remuneration data under National funding programmes
- Regulatory requirements (national laws or collective labour agreements) specifying the hourly rate to be used
- Internal rules specifying the hourly rate to be used

2. Compare the hourly rate (A) above with the hourly rate of the H2020 action (B)

3. If  $(A) \geq (B) \rightarrow$  then all cost charged to H2020 project will be **basic** remuneration

If  $(A) < (B) \rightarrow$  then the exceeding part  $(B-A)$  will be **additional** remuneration

## 2. Seconded personnel

### Costs for personnel seconded by a 3<sup>rd</sup> party

- MAY be eligible as personnel costs of the beneficiary, if all the general conditions for eligibility apply
- Additional conditions for eligibility:
  - The beneficiary pays the 3<sup>rd</sup> party (otherwise → Linked 3<sup>rd</sup> party OR In-kind contribution by 3<sup>rd</sup> parties)
  - The personnel works at the premises of the 3<sup>rd</sup> party or the beneficiary's
  - There must be a secondment agreement/ decision describing the work conditions (location, tasks, duration, ...)

### 3. Natural persons under a direct contract

*(“in-house consultants”)*

**Eligible as personnel costs, if all the following apply:**

- Incurred/used during the action duration, necessary, linked to the action...
- There is a **contract** between the natural person and the beneficiary (not legal person, not te agency)
- Works under conditions **similar to those of an employee** in terms of **PRESENCE** and **WORK SUPERVISION**
- The **results belongs** to the beneficiary
- The costs are **not significantly different** from those for personnel performing similar tasks under an employment contract with the beneficiary
- The remuneration must be **based on working hours**, rather than on specific outputs/products (time sheets)

**Q:** What if during an Audit the cost is found to be significantly different?



If **NOT**:



*Subcontracting **or** Other goods & services*

### 3. Natural persons under a direct contract

**[Personnel cost] = [Hourly rate] X [Number of actual hours worked on the action]**

#### Calculation depends on:

- If the contract specifies an hourly rate:

**[Personnel cost] = [hourly rate] X [actual hours on the action]**

- If the contract specifies a total number of hours:

**[hourly rate] = [total amount] / [total number of contract hours]**

**[Personnel cost] = [hourly rate] X [actual hours on the action]**

- If the contract does not specify an hourly rate NOR a total number of hours:

**[hourly rate] = [total amount] / [1.720] (or pro-rata)**

**[Personnel cost] = [hourly rate] X [actual hours on the action]**

## 4. SME owners / natural persons as beneficiaries

### Costs for SME owners not receiving a salary

**AND**

### natural persons participating as beneficiaries without a salary

**Q:** Is there a definition of the term “SME owner”?

... can be considered as personnel costs if conditions for eligibility apply

- Only if **not receiving a salary** but compensated through other means as dividends, service contract, etc.
- Declared as **UNIT costs**

**Q:** So how is the SME owner going to get paid by the SME for his/her effort?

... = Hourly rate = 55.800 € (yearly living allowance of the research fellow) / 1.720 hours (Standard Annual Productive Hours) X country correction coefficient (86,6% for TR)

**Q:** What if the SME owner has a direct contract with the SME, as in case (3) before?

- Standard Annual Productive Hours = 1.720



- **Maximum** declared hours of work in H2020 projects = 1.720 (time)

**Q:** So we can declare 1.720 hours of work for all SME owners?



# A. Direct personnel costs

Q: Our organisation's time sheet is different, can we use it?

- Time must be recorded through a reliable **Time Recording system** (time sheets or equivalent)
- Minimum requirements: *(NEW H2020 template provided)*
  - Updated and signed at least on monthly basis
  - Project title, number
  - Beneficiary's name
  - Person's name, date and signature
  - Supervisor's name and signature
  - Number of hours declared for the action in the period covered by the time record
  - action tasks or work packages
- No time sheets needed for persons working exclusively on an action (under declaration)

TIME RECORDING FOR A HORIZON 2020 ACTION – Minimum requirements								
Title of the action (acronym):							Grant Agreement No:	
Beneficiary's / linked third party's name:								
Name of the person working on the action:							Type of personnel (see H2020 Grant Agreement)	
Month	[Month / Year]	[Month / Year]	[Month / Year]	[Month / Year]	[Month / Year]	[Month / Year]	[Month / Year]	Total
Number of hours								
Work packages (of Annex 1) to which the person has contributed by the reported hours								
Date and signature of the person working for the action								
Name, date and signature of the superior								

## B. Other Direct costs

Q: Costs for participating in a scientific conference?

### Travel & Subsistence

Q: What about costs for travels which were cancelled and not realized?

- Travel and subsistence costs for **personnel** AND **external experts** if described in Annex I.
- According to usual practices of the beneficiary
- No distinction between travelling **in or outside** of EU or AC.
- Not planned or particularly expensive travels: MAY require **approval** of PO.

Q: Is 1<sup>st</sup> class ticket not allowed?



*Exceptions to the rule of “within the duration of the project”*

Q: What about travels for review meetings AFTER the end of project?

## B. Other Direct costs

**Q:** What if our national accounting standards for depreciation are in contrast with the international accounting standards?

### Equipment (Depreciation costs)

Depreciated costs  $\leq$  equipment's purchase price

- Depreciation period  $\leq$  equipment's useful life
- In compliance with the beneficiary's **usual accounting practice** and **international accounting standards**
- May include costs necessary for **first operation** (e.g. site preparation, delivery and handling, installation, etc.)
- Only the part of the equipment's 'working time' for the action may be charged (i.e. the % of actual use and % of time used for the action). (**AUDITABLE**)
- Costs of renting or leasing equipment, eligible if they do not exceed the depreciation costs of similar equipment



**Q:** What about costs for insurance of equipment?

## B. Other Direct costs

### Costs for other goods and services

- Consumables and supplies
- Dissemination, translations and publications
- Protection of results/ IPR
- Organisation of meetings, events, workshops
- Certificates on the Financial Statements (if required)
  - *When EU contribution  $\geq 325.000$  €, as reimbursement of actual costs the basis of usual cost accounting practices*
  - *Known as “1<sup>st</sup> level control”*
- Certificates on the methodology
- Any other costs required for implementation
- **Detailed breakdown in the proposal if >15% personnel costs**



Q: What is the difference with FP7?

## B. Other Direct costs

### Costs for other goods and services

Example – requirement of CFS or not		
Budget (RIA action)	Case 1	Case 2
Personnel costs (actual)	270,000	250,000
Personnel costs (SME owners unit costs)	60,000	80,000
Other direct costs	65,000	65,000
Indirect costs 25%	98,750	98,750
Total requested EU contribution	493,750	493,750
EU contribution requested as actual costs	335,000	315,000
CFS	required	not required

## B. Other Direct costs

*Difference between “Other goods & services” and “Subcontracting”?*

*Contracts to purchase  
goods and services*

**VS**

*Subcontracts*

Q: Creation of a  
website – Other  
direct costs **OR**  
Subcontracting?

- ☐ Not concern action tasks but necessary to implement tasks
- ☐ Not indicated in DoW
- ☐ Reported as Other direct costs
- ☐ Generate Indirect costs

- ☐ Concern action tasks
- ☐ Must be indicated in DoW
- ☐ Reported as Subcontracting
- ☐ Don't generate Indirect costs

## B. Other Direct costs

### Costs of Large Research Infrastructures (LRI)

**= Facilities, resources or services used by researchers to conduct research**

May be used also for education or public purposes

Examples:

- Major scientific equipment (or sets of instruments)
- Knowledge-based resources such as collections, archives or scientific data
- e-infrastructures, such as data, computing systems, and communication networks

## B. Other Direct costs

### Costs of Large Research Infrastructures (LRI)

May be eligible if:

- Total value of LRI  $\geq$  **20 million euros**
- Total value of LRI  $\geq$  **75% of the total fixed assets**
- Costing methodology is **positively ex-ante assessed**
- Declare **only the portion** which corresponds to the duration of the action and the percentage of actual use for the purposes of the action (**AUDITABLE**)

Capitalised costs



Operating costs



# C. Subcontracting

- Subcontracting costs **always checked diligently** by the EC
- According to **procurement rules** that apply for the beneficiary
- Awarded according to **Best value for money** OR **Lowest price**
- Transparency, equal treatment and avoid any **conflict of interests**
- Subcontracting **between beneficiaries NOT allowed**

**Q:** What about subcontracting to affiliate companies/entities?

**Q:** Can I award a subcontract to a relative of mine? (family ties)

# C. Subcontracting

Q: Can we subcontract any tasks of the coordinator?

- Must cover only a **limited part** of the action
- The majority of the work done by the subcontractor(s) must be located in the **EU MS or AC**
- Tasks and costs mentioned in **Annex 1 and Annex 2**. If not, approval is required and perhaps amendment.
- Specific rules may be set by the Authorising Officer (EC) for subcontracts higher than 60.000 euros

# C. Subcontracting

## 4.2. Third parties involved in the project (including use of third party resources)

*Please complete, for each participant, the following table (or simply state "No third parties involved", if applicable):*

Does the participant plan to subcontract certain tasks (please note that core tasks of the project should not be sub-contracted)	Y/N
<i>If yes, please describe and justify the tasks to be subcontracted</i>	
Does the participant envisage that part of its work is performed by linked third parties <sup>1</sup>	Y/N
<i>If yes, please describe the third party, the link of the participant to the third party, and describe and justify the foreseen tasks to be performed by the third party</i>	
Does the participant envisage the use of contributions in kind provided by third parties (Articles 11 and 12 of the General Model Grant Agreement)	
<i>If yes, please describe the third party and their contributions</i>	

**Q:** Can we identify the subcontractor at the proposal?

<sup>1</sup> A third party that is an affiliated entity or has a legal link to a participant implying a collaboration not limited to the action. (Article 14 of the Model Grant Agreement).

## D. Costs for providing financial support to 3<sup>rd</sup> parties

- Beneficiaries provide EU funding to recipient(s) that are **not party to the GA** (cascade funding)
- **ONLY** when foreseen in the Call / Work Programme
- Either in the form of **FINANCIAL SUPPORT** or in the form of **PRIZES**. *e.g.*:
  - *Financial support to farmers testing a new agricultural technology*
  - *Awarding research scholarships in the field of the action*
- **Limited** and pre-defined maximum amount per third party (exception if required)
- Criteria for determining **the amount** of financial support AND **the conditions** for finally approving to pass the financial support
- Clear and exhaustive list of the types of activities that qualify for financial support for third parties
- **ALL** described in the proposal
- **Best practice**: Contract between beneficiary/ies and third party/ies

# In-kind contributions by 3<sup>rd</sup> parties

## Costs for activities implemented by 3<sup>rd</sup> Parties

- **3<sup>rd</sup> party definition:** Any entity which is not a beneficiary
- The beneficiary is responsible towards the EC for the proper implementation of activities by 3<sup>rd</sup> parties
- Ways of involvement of 3<sup>rd</sup> Parties (other than Subcontractors and Contractors):



# In-kind contributions by 3<sup>rd</sup> parties

- **In-kind contributions:** Seconded personnel, equipment, infrastructure or other non-financial resources
- **Example:** Hospital providing medical equipment/ infrastructure to university, civil servant working for beneficiary but paid by Government (Ministry), independent unit created specifically for managing administration of EU projects of a beneficiary, ...
- If the beneficiary **PAYS** the 3<sup>rd</sup> party → the cost is recorded in the accounts of the beneficiary
- If the beneficiary **DOES NOT PAY** the 3<sup>rd</sup> party → the cost is recorded in the accounts of the 3<sup>rd</sup> party
- No separate Financial Statement but costs included in the beneficiary's Financial Statement)
- Identification of 3<sup>rd</sup> party and their tasks in Annex I
- Obligation to accept audits and reviews by the EC
- Indirect costs depending on the place of implementing the project

**Q:** Can an entity from the USA be funded as 3<sup>rd</sup> party?

# Linked 3<sup>rd</sup> parties

## Linked or affiliated 3<sup>rd</sup> parties implementing Action tasks

- Affiliated entities and entities with a legal link to a beneficiary
- Established, legal relationship which is pre-existing, broad and not specifically created for the work under the GA (NO ad-hoc collaboration)
- **Example:** Parent/ subsidiary, holding/ subsidiary, associations/ members, subsidiary/ subsidiary, entities with framework collaboration agreement...
- The entity performing most of the work should be the one participating as beneficiary, and the other should participate as linked third party
- Identification of LTP and their tasks/ amounts in Annex I
- Costs are recorded in LTP accounts
- Submit their own Financial Statement (submitted by the beneficiary to the electronic system)
- Obligation to accept audits and reviews by the EC
- Indirect costs depending on the place of implementing

**Q:** Can an entity from the USA be funded as **LINKED** 3<sup>rd</sup> party?

# 3<sup>rd</sup> Parties - Summary

Types of third parties	CHARACTERISTICS						
	Does work of the action (Annex 1)	Provides resources or services	What is eligible?	Must be indicated in Annex 1	Indirect costs	Selecting the third party	Articles
Linked third party	YES	NO	Costs	YES	YES	Must be affiliated or have a legal link	Article 14
Subcontractors	YES	NO	Price	YES	NO	Best value for money, avoid conflict of interest	Article 13
Third party providing in-kind contributions	NO	YES	Costs	YES	YES	Not used to circumvent the rules	Articles 11 and 12
Contractors			Price	NO	YES	Best value for money, avoid conflict of interest	Article 10
Financial support to third parties	On the pre-tar		Costs in the	YES	NO	According to the conditions in Annex 1	Article 15

Q: Are we free to choose under which of these options a 3<sup>rd</sup> party shall participate?



# F. Indirect costs



## Indirect costs

Q: What about indirect costs of personnel working under a direct contract (“inhouse consultants”) OUTSIDE the premises of the beneficiary due to a teleworking agreement?

- 25% of Total Direct costs excluding:
  - Subcontracting
  - costs of in-kind contributions incurred by 3rd parties outside the beneficiary’s premises
  - costs of providing financial support to 3rd parties



- Exceptions:
  - MSC Actions: unit costs (management and indirect)

# G. Special unit costs

## Forms of costs

- **Actual costs**

costs which are real and not estimated or budgeted

- **Unit costs**

- fixed amount per unit of measure, or
- amount per unit of measure calculated by the beneficiary in accordance with its usual cost accounting practices for personnel costs

→ *MSC Actions, SME owners, natural persons, average personnel costs, clinical trials...*

- **Flat-rate costs**

- calculated as a fixed percentage on another form of costs

- **Lump sum costs**

- fixed amount based on an estimation

→ *SME instr. Ph. 1 feasibility study*

Special Unit costs

# G. Special unit costs

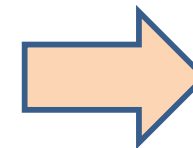
FORMS OF COSTS	BUDGET CATEGORIES					
	DIRECT COSTS				INDIRECT COSTS	SPECIFIC CATEGORIES OF COSTS
	Personnel	Subcontracting	Financial support to 3rd parties	Other		
<b>Actual costs</b>	✓	✓	✓	✓	✗	✓
<b>Unit costs</b>	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	✗	✗	Yes if foreseen by Comm. Decision
<b>Flat-rate costs</b>	✗	✗	✗	✗	✓	✗
<b>Lump sum costs</b>	✗	✗	✗	✗	✗	Yes if foreseen by Comm. Decision

# I. Reimbursement Rates

Q: What about a **not-for-profit** entity participating in IA as linked third party of a **for-profit** entity?

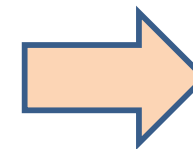


- Research & Innovation Actions (RIA)
- Innovation Actions (IA) (not-for-profit entities)
- Coordination & Support Actions (CSA)
- MSC Actions (*unit costs*) (*not COFUND*)
- ERC Grants



**100%**

- Innovation Actions (IA) (for-profit entities)
- SME Instrument phase I (*lump sum*)
- SME Instrument phase II



**70%**

*The reimbursement rates apply to all **forms of costs** (actual, unit, lump sums and flat-rates costs) and all **budget categories**.*

# Ineligible costs

Q: Costs for updating the CA?

- Costs for drafting the Consortium Agreement
- Depreciation costs for equipment bought before the action's start (if the equipment has been fully depreciated)
- Costs for preparing, submitting and negotiating the proposal
- Bank costs charged by the beneficiary's bank for transfers from the EC
- Currency exchange losses
- Excessive or reckless expenditure
- Deductible VAT
- Costs incurred during suspension of the implementation of the action
- Costs declared under another EU or Euratom grant
- ... (*non exhaustive list*)

Q: What if we drafted our CA after the start of the project?

Q: Costs for bank transfers when the coo transfers payments to partners?

# VAT

Q: How and when should we prove the “non-deductibility” of VAT?

- Non-deductible VAT is **ELIGIBLE**
- Deductible VAT is **NOT ELIGIBLE**
- Non-identifiable VAT is **ELIGIBLE**



# Budget transfers

Between beneficiaries and cost categories:

## Allowed if:



- Needed and justified
- Annex I not affected
- May require Amendment
- Total EC contribution not increased (*but different reimbursement rates taken into consideration*)

## Not allowed if:



- Costs declared as Lump Sum
- Subcontracting costs not foreseen in Annex I (*approval / amendment*)
- Affects significantly Annex I (*approval / amendment*)
- Challenges proper implementation

# Currency conversion into EUROS

- Costs are always reported in EUROS

	Accounting records in €	Accounting records NOT in €
<b>Costs incurred in €</b>	No conversion	No conversion
<b>Costs incurred NOT in €</b>	Conversion according to the usual practices of the beneficiary	<ul style="list-style-type: none"> <li>Average daily exchange rate for the reporting period (<i>source: ECB website</i>)</li> <li><i>(if no daily euro exchange rate is published)</i> Average monthly accounting rate for the reporting period (<i>source: ECB website</i>)</li> </ul>



The image shows a handwritten ledger page from the 'DAILY LOG' of the 'USS ALBATROSS (SSN 586)' dated '10/10/68'. The page is filled with handwritten entries in a grid format, organized by date and time. A yellow highlight is drawn across the middle of the page, and a black diagonal line is drawn from the bottom left corner towards the center.

**Header Information:**

- SHIP: USS ALBATROSS (SSN 586)
- DATE: 10/10/68
- TIME: 0000
- LOCATION: 10-10-68

**Log Entries (Sample):**

TIME	EVENT	REMARKS
0000	ARRIVED	ARRIVED AT 0000
0005	ARRIVED	ARRIVED AT 0005
0010	ARRIVED	ARRIVED AT 0010
0015	ARRIVED	ARRIVED AT 0015
0020	ARRIVED	ARRIVED AT 0020
0025	ARRIVED	ARRIVED AT 0025
0030	ARRIVED	ARRIVED AT 0030
0035	ARRIVED	ARRIVED AT 0035
0040	ARRIVED	ARRIVED AT 0040
0045	ARRIVED	ARRIVED AT 0045
0050	ARRIVED	ARRIVED AT 0050
0055	ARRIVED	ARRIVED AT 0055
0100	ARRIVED	ARRIVED AT 0100
0105	ARRIVED	ARRIVED AT 0105
0110	ARRIVED	ARRIVED AT 0110
0115	ARRIVED	ARRIVED AT 0115
0120	ARRIVED	ARRIVED AT 0120
0125	ARRIVED	ARRIVED AT 0125
0130	ARRIVED	ARRIVED AT 0130
0135	ARRIVED	ARRIVED AT 0135
0140	ARRIVED	ARRIVED AT 0140
0145	ARRIVED	ARRIVED AT 0145
0150	ARRIVED	ARRIVED AT 0150
0155	ARRIVED	ARRIVED AT 0155
0200	ARRIVED	ARRIVED AT 0200
0205	ARRIVED	ARRIVED AT 0205
0210	ARRIVED	ARRIVED AT 0210
0215	ARRIVED	ARRIVED AT 0215
0220	ARRIVED	ARRIVED AT 0220
0225	ARRIVED	ARRIVED AT 0225
0230	ARRIVED	ARRIVED AT 0230
0235	ARRIVED	ARRIVED AT 0235
0240	ARRIVED	ARRIVED AT 0240
0245	ARRIVED	ARRIVED AT 0245
0250	ARRIVED	ARRIVED AT 0250
0255	ARRIVED	ARRIVED AT 0255
0300	ARRIVED	ARRIVED AT 0300
0305	ARRIVED	ARRIVED AT 0305
0310	ARRIVED	ARRIVED AT 0310
0315	ARRIVED	ARRIVED AT 0315
0320	ARRIVED	ARRIVED AT 0320
0325	ARRIVED	ARRIVED AT 0325
0330	ARRIVED	ARRIVED AT 0330
0335	ARRIVED	ARRIVED AT 0335
0340	ARRIVED	ARRIVED AT 0340
0345	ARRIVED	ARRIVED AT 0345
0350	ARRIVED	ARRIVED AT 0350
0355	ARRIVED	ARRIVED AT 0355
0400	ARRIVED	ARRIVED AT 0400
0405	ARRIVED	ARRIVED AT 0405
0410	ARRIVED	ARRIVED AT 0410
0415	ARRIVED	ARRIVED AT 0415
0420	ARRIVED	ARRIVED AT 0420
0425	ARRIVED	ARRIVED AT 0425
0430	ARRIVED	ARRIVED AT 0430
0435	ARRIVED	ARRIVED AT 0435
0440	ARRIVED	ARRIVED AT 0440
0445	ARRIVED	ARRIVED AT 0445
0450	ARRIVED	ARRIVED AT 0450
0455	ARRIVED	ARRIVED AT 0455
0500	ARRIVED	ARRIVED AT 0500
0505	ARRIVED	ARRIVED AT 0505
0510	ARRIVED	ARRIVED AT 0510
0515	ARRIVED	ARRIVED AT 0515
0520	ARRIVED	ARRIVED AT 0520
0525	ARRIVED	ARRIVED AT 0525
0530	ARRIVED	ARRIVED AT 0530
0535	ARRIVED	ARRIVED AT 0535
0540	ARRIVED	ARRIVED AT 0540
0545	ARRIVED	ARRIVED AT 0545
0550	ARRIVED	ARRIVED AT 0550
0555	ARRIVED	ARRIVED AT 0555
0600	ARRIVED	ARRIVED AT 0600
0605	ARRIVED	ARRIVED AT 0605
0610	ARRIVED	ARRIVED AT 0610
0615	ARRIVED	ARRIVED AT 0615
0620	ARRIVED	ARRIVED AT 0620
0625	ARRIVED	ARRIVED AT 0625
0630	ARRIVED	ARRIVED AT 0630
0635	ARRIVED	ARRIVED AT 0635
0640	ARRIVED	ARRIVED AT 0640
0645	ARRIVED	ARRIVED AT 0645
0650	ARRIVED	ARRIVED AT 0650
0655	ARRIVED	ARRIVED AT 0655
0700	ARRIVED	ARRIVED AT 0700
0705	ARRIVED	ARRIVED AT 0705
0710	ARRIVED	ARRIVED AT 0710
0715	ARRIVED	ARRIVED AT 0715
0720	ARRIVED	ARRIVED AT 0720
0725	ARRIVED	ARRIVED AT 0725
0730	ARRIVED	ARRIVED AT 0730
0735	ARRIVED	ARRIVED AT 0735
0740	ARRIVED	ARRIVED AT 0740
0745	ARRIVED	ARRIVED AT 0745
0750	ARRIVED	ARRIVED AT 0750
0755	ARRIVED	ARRIVED AT 0755
0800	ARRIVED	ARR

A black and white photograph showing two men in a room filled with tall shelves of books and large stacks of papers on the floor. One man is standing on a small stool, reaching up to a high shelf. The other man is standing next to a large stack of papers, looking towards the camera. The room appears to be a library or a storage room for documents.

- TURKEY IN HORIZON 2020, Istanbul 11 May 2017

# Keeping records

## Supporting documentation to keep (1): *(for 5 years)*

For **ACTUAL** costs:

- Contracts, subcontracts, invoices, time sheets, payslips, ... ALL accounting and financial records
- The beneficiaries' usual cost accounting practices and internal control procedures must enable direct reconciliation between the amounts **declared**, the amounts **recorded** in their accounts and the amounts **stated** in the supporting documentation

For **UNIT** costs:

- Adequate records and other supporting documentation to prove the **number of units** declared
- No need to identify the actual eligible costs covered

# Keeping records

## Supporting documentation to keep (2):

For **FLAT RATE** costs:

- Adequate records and other supporting documentation prove the eligibility **of the costs to which the flat-rate is applied**
- No need to identify the actual eligible costs covered

Q: So when we are funded under Lump-sum we do not need to keep evidence / records of the actual costs?

For **LUMP SUM** costs:

- Adequate records and other supporting documentation to prove that the corresponding tasks or part of the action as described in Annex 1 **were implemented properly**
- No need to **identify** the actual eligible costs covered

# Reviews and Audits

- **Reviews** on the proper implementation of the action (including assessment of deliverables and reports).
  - May be started from end of PR1 up to two years after the payment of the balance → “review report”
- **Audits** on the proper implementation of the action and compliance with the obligations under the Agreement. (2<sup>nd</sup> level control)
  - May be started from end of PR1 up to two years after the payment of the balance → “draft audit report” and “final audit report”

# Reviews and Audits

## Audits

- Mainly focused on financial aspects, but may include technical aspects
- Less audits (max 7%), more targeted.
- **By whom:** EU Auditors, external collaborating auditing firms, OLAF, ECA
- **To whom:**
  - Beneficiaries selected through **sampling** (selection through statistical method targeted to a representative sample of beneficiaries)
  - Beneficiaries selected on the grounds of **reasonable doubt** or existence of **risk factors**
- **What:** one or more H2020 actions
- **Extension of the findings (extrapolation)** in case of systematic errors.

# Reviews and Audits

## Audits

### Process:

1. Inform the beneficiary with “Letter of announcement”
2. Request for preliminary documents
3. On the spot audit
4. Request documents/ evidence on the spot
5. Draft audit report
6. 30 days Contradictory procedure: feedback of beneficiary on draft audit report
7. Final audit report and audit closure with “Letter of closure”
8. Implementation of the audit findings by the EC to the beneficiary

# Reviews and Audits

## Audits

### Possible actions by the EU depending on the findings

- Rejection of ineligible costs
- Reduction of the grant
- Recovery of undue amounts
- Administrative and financial penalties
- Suspension of payments
- Suspension of the action implementation
- Termination of the participation of the beneficiary in the grant agreement
- Termination of the grant agreement
- Extension of Audit Findings

# Useful links

- ↳ Participant Portal
  - ↳ How to participate
    - ↳ Reference Documents
      - ↳ Grant agreements, contracts and rules of contest
        - ↳ Model grant agreements
          - ↳ General Grant Agreement
    - ↳ Guidance
      - ↳ Annotated Model Grant Agreement
    - ↳ Templates & forms
      - ↳ Proposal templates
  - ↳ H2020 Online user manual



# Useful contacts

## TUBITAK

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National Contact Points for Legal and Financial Aspects in Turkey

# The End

**Thank you for your attention !**

*Vangelis Argoudelis*  
*Legal & Financial NCP for HORIZON 2020 in Greece*  
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