



HORIZON 2020

Financial Guidelines for Applicants

Funding rates

Project = Action

100%

70% (100%)

25%

Elegible vs. ineligible costs

Each project is specific. What is eligible in one project doesn't have to be eligible in another.

List of eligibility conditions:

- actually incurred by the beneficiary
- incurred during the action duration
- entered as eligible costs in the estimated budget of the action
- connected to the action as described in Annex 1
- identifiable and verifiable
- in compliance with applicable national laws on taxes, labour and social security
- reasonable, justified and must comply with the principles of sound financial management, in particular regarding economy and efficiency

Cost categories

- Personnel costs
- Direct costs of subcontracting (can't claim indirect costs)
- Other direct costs:
 - travel costs and related subsistence allowances
 - depreciation costs of durable equipment, infrastructure and other assets
 - costs of other goods and services
 - consumables
 - dissemination costs
 - costs of IP
 - CFS
- Indirect costs

Budget categories: budget transfers

Budget transfers and re-allocation	Amendment needed?
From one beneficiary to another	NO
From one budget category to another	NO
Re-allocation of Annex 1 tasks	YES
Transfers between forms of costs (actual costs, unit costs, etc.)	YES if the 'form' receiving the transfer was not included in the budget (a new unit cost under column F)
↳ Transfers within <i>personnel costs</i>	NO
↳ Transfers to costs of internally invoiced goods and services	NO
New subcontracts	YES (strongly advised)

NEW !
(2017)

Classifying workforce contracts

Is it an employment contract or another type of contract?

Is it the only contract with the person or are there several contracts?



Is the contract concluded with a person or with a company?

Does the contract establish the working time conditions?

And what about 'consultants'?

What contract under what budget category

A. Direct personnel costs		B. Direct costs of subcontracting	C. Direct costs of fin. support	D. Other direct costs	E. Indirect costs ²
A.1 Employees (or equivalent)	A.4 SME owners without salary			D.1 Travel	
A.2 Natural persons under direct contract	A.5 Beneficiaries that are natural persons without salary			D.2 Equipment	
A.3 Seconded persons				D.3 Other goods and services	
[A.6 Personnel for providing access to research infrastructure]				[D.4 Costs of large research infrastructure]	
Actual	Unit ⁷	Unit ⁸	Actual	Actual	Flat-rate ⁹

Workforce costs

Personnel costs: Calculation



Hours worked



Hourly rate
EUR/hour



Additional remuneration



Time records



Formula for actual costs & specific unit costs

Applies only to beneficiaries with project-based remuneration schemes

Only the hours actually worked on the action can be charged.



You cannot declare:

- Budgeted time (what you indicated for the budget)
- Estimated time (e.g. person 'guessing' at the end of the year)
- Time allocation (e.g. x % of the contractual time of the person)



Hours declared to the action must be supported by reliable records and documentation !

⇒ **Depends if the person works exclusively on a H2020 action**

↳ For this purpose, "*working exclusively*" refers to an uninterrupted period of at least one full calendar month during which all the hours worked by the employee for the beneficiary were dedicated to the H2020 action.

Working exclusively	Records	Conditions (full details available in the AGA; page 160)
YES	Declaration on exclusive work for the action	<ul style="list-style-type: none">→ only one per reporting period (per person)→ covering one uninterrupted period of exclusive dedication of at least one calendar month
NO	Time records (i.e. timesheets)	<ul style="list-style-type: none">→ dated and signed at least monthly by the person and his/her supervisor→ minimum conditions and information needed are detailed in the AGA

Time records: common errors

- ✘ Inconsistency with HR records
- ✘ Time sheets not properly dated or signed
- ✘ More than full time employment charged among different projects → double funding!
- ✘ Poor or limited information captured



**Indicate nothing else
but
The Reality**

Keep time records

Time records should include, as a minimum:

- ✓ title and number of the action
- ✓ beneficiary's full name
- ✓ full name, date and signature of the person working for the action
- ✓ number of hours worked for the action
- ✓ supervisor's full name and signature
- ✓ reference to the action tasks or work packages of Annex 1



Information included in time-sheets must match records of annual leave, sick leave, other leaves and work-related travel.

SME owner without a salary

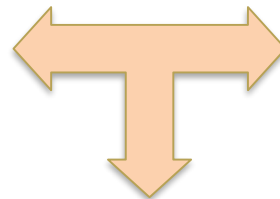
- Hourly rate (unit cost) fixed in the grant by the Commission

Average personnel costs

- Average hourly rate (unit cost) calculated in accordance with the beneficiary's usual cost accounting practices

Actual costs

1.A Salary **is** project-based

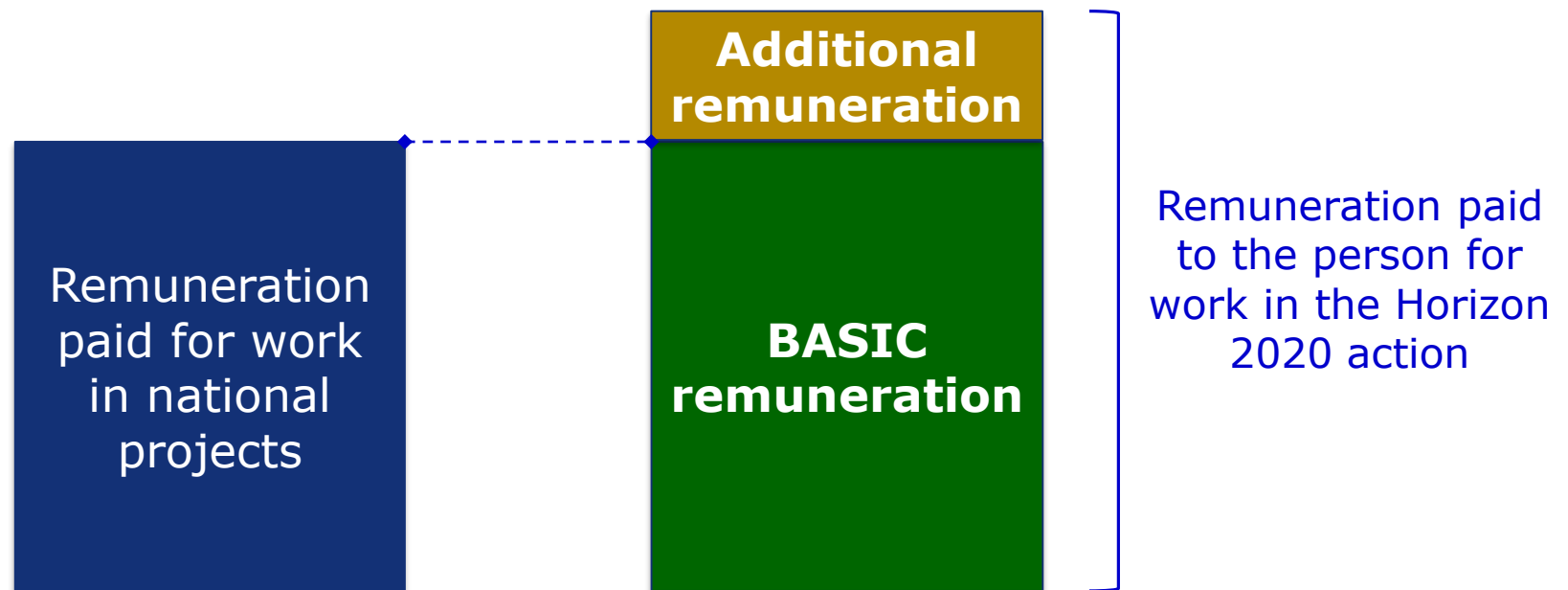


1.B Salary is **NOT** project-based

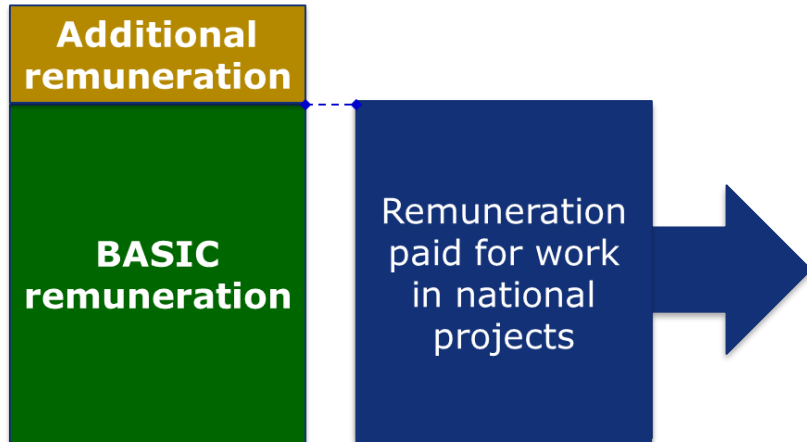
Per **full-financial year** or per **month**

What is additional remuneration?

Article 6.2.A.1: 'Additional remuneration' means any part of the remuneration which exceeds what the person would be paid for time worked in projects funded by national schemes.



Additional remuneration may only be eligible for non-profit legal entities



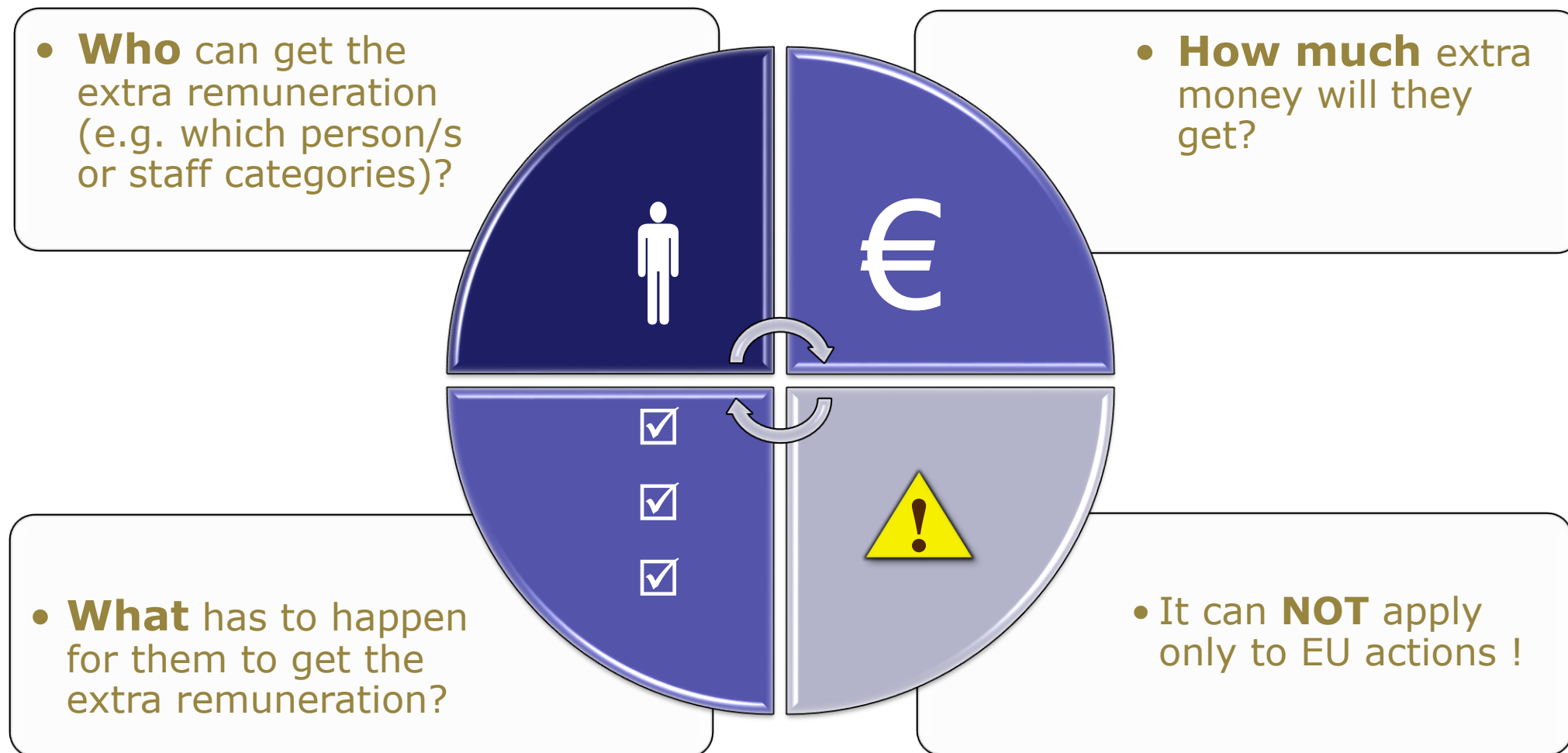
What is considered as remuneration paid for work in national projects?

- ➡ Remuneration set out in national law or internal rules for work in national projects (it must have been paid at least once before the proposal to any employee of the entity)

Only if there is no applicable national law or internal rules:

- ➡ Average of the salary of the person the previous year (excluding remuneration and time for work in H2020 actions)

What do the internal rules have to say?



Additional remuneration ceiling



Additional remuneration

Eligible additional remuneration is subject to a eligibility ceiling fixed at EUR 8 000 for a full-time employee working exclusively for the action during the entire year.

Occupation	Contract	
	hired full time during the entire year	NOT hired full time during the entire year
working exclusively for the EU action during the entire year	EUR 8 000	pro-rata amount of EUR 8 000
NOT working exclusively for the EU action during the entire year	$\{8\ 000 / \text{annual productive hours FTE}\} * \text{hours worked for the action over the year}$	



The ceiling covers the additional salary + all additional taxes, costs and social security contributions triggered by the additional salary.


Personnel costs: *bonuses*

BONUSES

Ineligible

- Arbitrary bonuses
- Bonus based on commercial targets (e.g. sales target), fund raising targets or representing profit distribution (dividends)
- Bonus applied only to EU actions

Additional Remuneration

- Triggered by specific projects and resulting in a level of remuneration higher than under national projects
- Paid for additional work or expertise
- Part of the usual remuneration practices of the entity
- Based on objective criteria established in the internal rules
-  **Eligible only for non-profit legal entities**

(also) Basic Remuneration

- If not triggered by specific projects OR if triggered by projects, up to the level of remuneration paid in national projects
- Scheme authorised by law, collective agreement of contract
- Determined using objective criteria established in the internal rules

Subcontracts vs. Contracts

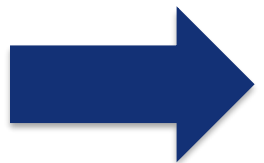
Article 10 Contracts to purchase goods, works or services	Article 13 Subcontracts
These contracts do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.	Subcontracts concern the implementation of action tasks; they imply the implementation 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.

Contracts in H2020 vs. FP7: What changed?

The following are considered as contracts:

(if not specifically mentioned in Annex 1 as action tasks)

- Catering for meetings
- Translation services
- Setting up and maintenance of a project website



To be reported as other direct costs

Subcontracting: characteristics

- Based on business conditions (includes profit)
- No hierarchical subordination, no direct supervision
- Responsibilities lie with the beneficiary
- No rights and obligations vs. the Commission/Agency or the other beneficiaries
- **BUT** the beneficiary must ensure that its subcontractors can be audited by the Commission/Agency, OLAF and the ECA
- Beneficiaries that are 'contracting authorities' must comply with applicable national law on public procurement

Subcontracting: additional eligibility conditions

- Tasks and estimated costs should be set in Annex 1 for each subcontract
- Total costs per beneficiary should be set in Annex 2
- The need for a subcontract should be clearly justified in Annex 1
- Existing framework subcontracts are acceptable: in such cases the name of the subcontractor may be indicated in Annex 1



These conditions do not lift the obligation to ensure best value for money!

- Do not wait for an audit!
- At grant signature:
Foresee and justify all subcontracts in Annexes 1 & 2
- During the grant execution:
 - Ask for amendment to include subcontracts
 - Justify subcontracts in the technical reports
 - Communicate clearly and in writing with the project officers





HORIZON 2020

**Thank you
for your attention!**

Find out more:

<http://ec.europa.eu/programmes/horizon2020/>

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Innovation*