FAQ

des Research Enquiry Service der Europäischen Kommission zum 6. und 7. Rahmenprogramm

Stand 21.8.2015

FAQ Research Enquiry Service

1 FP7

1.1 Rules for Participation

1.1.1 S&T Agreements – funding for US, New Zealand, Korea etc.

Antwort: 6.02.2009

The Rules for Participation state in Art. 29 "2. In the case of a participating international organisation, other than an international European interest organisation, or a legal entity established in a third country other than an associated country or international cooperation partner country, a Community financial contribution may be granted provided that at least one of the following conditions is satisfied:
(a) provision is made to that effect in the specific programmes or in the relevant work programme;
(b) the contribution is essential for carrying out the indirect action;
(c) such funding is provided for in a bilateral scientific and technological agreement or any other arrangement between the Community and the country in which the legal entity is established."
According to the updated list you may find under http://ec.europa.eu/research/iscp/pdf/st_agreement_ec_euratom_en, there are countries listed under II. that have an S&T Agreement with the EC. Are these countries (exactly the non-ICPCs Australia, Canada, New Zealand, United States and Korea) now eligible for funding ("such funding")under 2.c ?

No, these countries are not eligible for funding under Article 29.2.c of the FP7 Rules for Participation. The above mentioned S&T Agreements with the EC does not include provisions concerning the funding under FP7 for these countries.

1.1.2 Funding of Beneficiaries from Tahiti

Antwort: 29.10.2010

Dear RES,

I have a question concerning the status of Tahiti - where does it belong to in FP7? Is it France like with the DOM-TOM or seen differently, as it is a POM?

Best Regards

Thank you for your question. Tahiti is part of French Polynesia. As stated in Annex II of the TFEU, French Polynesia belongs to the Overseas Countries and Territories (OCT). The status of legal entities established in the outermost regions is set out by Article 355(2) of the TFUE.
Consideration (7) to the FP7 EC Rules for participation (http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:391:0001:0018:EN:PDF) mentions explicitly that the FP7 (EC) should promote participation from the outermost regions of the Community. Article 58 of the Council Decision 2001/822/EC which was modified in 2007 (19.03.2007 by Council Decision 2007/249/EC amending Decision 2001/822/EC on the association of the overseas countries and territories with the European Community, OJ L 109, of 24.4.2007) states:
"Individuals from an OCT and, where, applicable, the relevant public and/or private bodies and institutions in an OCT, shall be eligible for Community programmes, subject to the rules and objectives of the programmes and the arrangements applicable to the member State to which the OCT is linked. The programmes shall apply to OCT nationals within the framework of the quote for the Member State to which the OCT concerned is linked, if the programme concerned uses such a quota. The main programmes that are open to the OCTs are those listed in Annex II F, as well as any programme succeeding them."
Annex II F provides an explicit reference to FP7. The above article provides a legal basis of equal treatment under FP7 of legal entities established in the OCT with those established in a Member State.
Hence, legal entities established in French Polynesia, including Tahiti, enjoy the same status as legal entities established in a Member State and are eligible for funding under the Seventh Framework Programme.

Best regards,

RTD A2

For your general questions about the EU, get in touch with EUROPE DIRECT: call the toll free number 00800 6 7 8 9 10 11 from anywhere in the EU or send an e-mail via our web submit form at: http://ec.europa.eu/europedirect/index_en.htm

1.1.3 Participation of a natural person

Frage des L&F NCP of Turkey
Antwort an uns Feb 2010

In the guide for applicants of ICT thematic area (FP7-ICT-2009-5) on page 6 it is written that:
"Who can participate? In principle, a legal entity may participate in a proposal no matter where it is established. A legal entity can be a so-called "natural person" (e.g. Mme Dupont) or a "legal person" (e.g. National Institute for Research)."
Could you please give more precise examples for "natural person"? Can he/she declare the overhead?

A "natural person" means a real living individual like you or me, as opposed to a "legal person" (i.e. a company or organisation which is registered as a legal entity).
If someone participates in a project as a natural person then he (or she) will only be able to claim very limited direct costs. Since a natural person does not pay himself a salary, when he was doing the research he would only be able to attribute travel and hotel accommodation, plus any equipment which he bought, as direct costs. And of these costs the Commission would support 50%, he would have to pay the rest himself.
Equally a natural person doesn't apply an overhead charge to his non-existent salary, so there would be no overhead payment.

1.1.4 Participation of EEIG with S.c. 10

Antwort: 23.02.2010

Dear RES,
I have a question relating to EEIGs.
If an EEIG wants to take part in an EU project and two of the members work in the project, is it possible that only the EEIG is partner with one Form C as an EEIG is a legal entity?
Or do EEIGs always have to take S.C. 10 and have the second member as third party with an own Form C?
Best regards

Thank you for your question. If the members of the EEIG are going to carry out work for the project, they will have to participate directly as beneficiaries or as members of EEIG inserting the special clause 10. If the EEIG performs the work directly (not through the members), then the EEIG can be a beneficiary.
Best regards,
RTD A2

1.1.5 Status of international organisations

Antwort: vom Legal and Financial NCP Schweiz
27.10.2010

The various international organisations based in Geneva regularly appear in the call statistics as belonging to Switzerland. With regard to fulfilling the minimum requirements in Cooperation CPs or when it comes to the evaluation criterion of European coverage, however, they do count as independent participants (i.e. not as Swiss ones). Am I right?

Thank you very much for your kind help.

Thank you very much for your enquiry. Answering to your question, it should be verified if the international organisation is: - established under the international public law (and have characteristics of an international organisation as defined in Article 2.10 of the FP7 Rules for participation). or - it is established under domestic law of the country where it is located (Switzerland). In the first case, international organisations (other than international European interest organisation or an entity created under Community law) are treated as entities established in a Third country and may participate in the FP7 actions only over and above minimum consortium composition (provided for in Article 5.1 of the "Rules"). In the second case, the organisation would be considered as a Swiss participant. Since Switzerland is an associated country, the legal entity established in Switzerland fulfils the condition of Article 5.1.a of the "Rules" for the minimum consortium composition. We will contact the services responsible for the statistics and inform them about your remark.

Kind regards,

RTD A2

1.1.6 Taking part of organisations in EU when bought

Frage des L&F NCP DK
Antwort an uns Dez 2010

A Danish company has been bought up by a company establisehd in Hong Kong. The Danish company is involved in several FP7-projects. Will the company be able to continue its FP7 projects, including receive fundings from the EU until the projects have been completed?

Thank you in advance.

Best regards

If the legal entity in question is established in Denmark, it will be considered as a EU participant and will be able to participate and obtain the funding. The criteria on the eligibility for funding are not related to the ownership of the legal entity, but to the legal establishment of the beneficiary and can be found in Article 29 of the Rules for participation:
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:391:0001:0018:EN:PDF

The definition of a legal entity is included in Article 2.1. of the the Rules.

Best regards,

RTD A2

1.2 Lump sums for ICPC

1.2.1 75% for ICPCs – no matter what activity?

Antwort: 22.01.2009

*Dear RTD A2, in Annex II it says at the end of 4. in II.16 wherein the upper funding limits of 50, 75 and 100% are described, that "Paragraphs 1 to 4 shall apply also in the case of projects where flat rate financing or lump sum financing is used for the whole or for part of the project." So these percentages are also employed on the lump sums given in the Guide to financial issues (e.g when a partner of an ICPC-country, a university, is doing demonstration they would get logically 50% * rate e.g. 50% * 8.000 per researcher-year full-time).*
In the Guide there might be something wrong with Table 2 on page 59 because there are only the upper funding limits for research in this table (and not for other activities).
According to this table an SME from an ICPC would get a 75% funding for all kinds of activities no matter if it does demonstration (which would be funded at 50%) or management (normally funded at 100%).
Please verify if there is a misinterpretation of the Rules for Participation and Annex II in the Financial Guide or if the Guide is correct and RfP and Annex II are wrong.
Please provide an example how to calculate when an ICPC is involved in different activities (research, demonstration, management) of a project.

We apologise for the delay in replying due to both the high number of questions received and the holiday period. Answering to your question:

According to the Commission decision on lump sums, for simplification purposes, for funding schemes with research and technological development activities, participants opting for the use of lump sums are deemed to be undertaking only research and technological development activities in the project. Hence we confirm that the upper funding for research are the only one to be applied.

1.3 Form C/FORCE/NEF

1.3.1 Third Party

Antwort: 15.12.2008

How is Form C (the part concerning the Summary Financial Statement) filled in correctly in terms of third parties? Shall an own row be taken for each third party? Shall the number of the beneficiary linked to the 3rd party be indicated in this row and then the name of the third party? Or is there just one row for each beneficiary, the third parties written into the second column and the costs consolidated?

In case of subcontractors and third parties making resources available there is only one row for the beneficiary and the third party and the costs are consolidated.
In the case of special clause 10 there should be one row per beneficiary and one row per third party. To respect the numbering, you should enter first the beneficiaries and afterwards the third parties.

Example:

Beneficiary no.	If 3rd party linked to ben.	Adjustment	Organisation short n.
1			@@@@
2			MMMM
3			SSSSS
4	@@@@		OOOOO

1.3.2 Signature of Form C

Antwort: 4.12.2008

We had our Form C always signed by the Head Financial Officer of our Financial Department - now the coordinator says that it should be signed by the LEAR. Is this correct? Our LEAR is Head of the Legal Department and not a Financial Officer.
Best regards

Form C should be signed, as stated on it, by the person(s) authorised to sign this Financial Statement. Hence it is a person that prepared the Form C and has an authorisation for signing such documents within the entity (duly authorised Financial Officer). It doesn't have to be LEAR.

1.3.3 Sending of Form C within 60 days after period

Antwort: 19.05.2010

Dear RES,
is it correct that when doing the financial reporting for DG INFSO via NEF, the signed paper version of the Form C may reach the Commission after 60 days after the end of the reporting period and when reporting in FORCE for the other DGs, the signed paper versions have to be at the Commission's within 60 days after the end of the reporting period? Please explain.
Best Regards

Thank you for your question. The rule in the Grant Agreement is clear, reports have to be submitted to the Commission within 60 days after the end of each reporting period (II.4). That is the obligation of the beneficiary. The Commission is of course entitled to grant on one or several cases extensions, but this is not a right.

Best regards,
RTD A2

1.3.4 FORCE and CFS submission

Antwort: 11.06.2009

For which Form C do the partners have to submit the CFS? For the version when they send it to the coordinator to have the information put into FORCE and submitted the first time or for the final Form C already revised by the FO? How does this whole procedure look like?

As indicated in the Guidance Notes for Beneficiaries and Auditors on Certification, the Form C has to be attached to the CFS. Indeed Part II, section 5 of the Guidance Notes for Beneficiaries and Auditors on Certification (version 27/11/2008) indicates as follows:
"Please note that the beneficiary's Financial Statements (Form C) signed by the beneficiary are attached to the Report of Factual Findings."

The paragraph should be understood as follows:
"As a general rule, the Certificate on the Financial Statements has to be transmitted by the beneficiary to the Commission with the Financial Statements (Forms C)."

In this case the Certificate on the Financial Statement has to be provided with the Form C (first version) that is submitted to the Commission services in order to be analysed by the Financial Officer. This Form C should also correspond to the Form C encoded into FORCE.

Based on the analysis of the Form C and related CFS by the Financial Officer in charge of the project, additional information or modifications of the Form C and CFS might be requested to the beneficiary. The eventual submission of revised documents has to be decided by the Financial Officer and beneficiary.

1.3.5 FORCE and 7% indirect costs in CSA

Antwort: 18.09.2009

In a CSA when there is a partner calculating "actual indirect costs", but the partner only gets 7% of the direct costs as indirect costs, what does the partner has to put into the Form C?
The partner always put in the real indirect costs in the Form C and also in the total costs line. Only in the line where the maximum EC-contribution is filled in, the 7% were calculated and added.
Is this correct or shall always only 7% be calculated in the whole Form C , so the real costs are never displayed?
Will the next Version of FORCE calculate the 7% automatically?

The first option is correct, i.e. in a CSA the beneficiary also calculates its real indirect costs. The 7% rule is applied only for the calculation of the EC contribution.
There is one exception: if the real overheads (only for beneficiaries using as ICM ' real') are lower than 7 % of the direct costs then we take the real overheads.
Examples on how to calculate the indirect costs in CSA can be found in the guide to financial issues page 60.

1.3.6 Adjustment in FORCE

Antwort: 22.02.2010

Dear RES,
this is a question concerning adjustments in FORCE. Imagine an adjustment of EUR 100 that were forgotten in period 1.
What do we have to fill in –
1) a complete new Form C of period 1 with all the "old numbers" and 150 EUR more or
2) a Form C which only says "150" on it.
Best Regards

Thank you for your question. In FP7 any adjustment requires the submission of a supplementary Form C for the period, where the details of that adjustment will appear. Together with the new Form C, the justification and details for the change should be presented by the beneficiary with the relevant documents. Therefore, the procedure to follow in order to correct a previous Form C is this: 1. One Form C for the current period 2. Another Form C for the previous period, which will include only those supplementary, in your case forgotten, costs not declared before. If these costs need to be supported by a Certificate on Financial Statements (CFS), they could be supported either via a new CFS for the past period and only for the supplementary costs, or within the current CFS for the last period but with a specific indication by the auditor certifying both the supplementary costs incurred in previous periods and those claimed in the current one.

Best regards,

RTD A2

1.3.7 Adjustment to an Adjustment Form C

Antwort: 06.04.2011

Dear RES,

if a Partner makes an adjustment in Period 2 of Period 1 but then realises that the adjustment was not correct in Period 3 - how can the adjustment be adjusted?
Is it possible to differentiate in Period 3 between "adjustment to Period 1" and "adjustment to Period 2" or are the changes put into one Form C and then justified in the interim report?

Best regards

In FP7 any adjustment requires the submission of a supplementary Form C for the period where the details of that adjustment will appear.

Taking this into account to make the adjustment, this Partner will have to submit:

1. One Form C for the current period 3.
2. Another Form C for period 1 which will include ONLY THOSE adjustments NOT DECLARED BEFORE (in period 1 and in the adjustment in period 2).
3. One more Form C for period 2 which will include ONLY THOSE adjustments in period 2 NOT DECLARED BEFORE (if applicable).

Along with the Forms C, the Partner should provide the justification and details for the change.

Kind regards,

RTD A.4

1.3.8 FORCE and DG MOVE

Antwort: 10.03.2010

Dear RES,

is it correct that DG Mobility and Transport still uses Excel-sheets for financial reporting and not FORCE?

Best Regards

For the time being, DG Mobility and Transport still uses Excel-sheets for financial reporting. Like DG Information Society and Media, the DG Mobility and Transport does not use the FORCE application. A new system will be soon put in place through the NEF Application to manage financial reporting .

We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.4 Receipts

1.4.1 Sponsoring of dinner

Antwort: 6.02.2009

In the case of one of our clients they have a sponsor for a dinner at a conference. This dinner would not be an eligible cost in the project – does then the sponsoring of the dinner have to be taken into the Form C as a receipt?

Since the cost of the dinner is not charged to the project, the sponsoring shall not be regarded as a receipt.

1.4.2 Funding of VAT

Antwort: 3.02.2009

In the case of one of our clients, they are not possible to claim back the VAT in Austria.
In a project they get funding from a Ministry specifically dedicated to be used for the VAT they have to pay in the project (which is not covered by the EC contribution and non-eligible in the project, but still in existence for an organisation which is not possible to claim back VAT so they would have to pay it themselves).
Is this funding of VAT seen a receipt in the project and has to taken into Form C or is this no receipt because it covers non-eligible costs?

VAT does not generate an income for the participant since it is returned to the national authorities. It shall not be taken under consideration when calculating receipts for the project since it is not an eligible cost and you can not charge the VAT costs to the project.

1.4.3 Basic funding of universities

Antwort: 21.09.2009

In the Finance Guide, on page 38 \"The case of resources (professors/equipment) working for, or used by a university but whose salaries/costs are paid by the Government\" is described. There it says that universities whose professors are paid by the government have to declare this in Annex I.
Imagine there is money for equipment given to the university by the government, e.g. 50 mio. EUR and the university buys a CT and a lot of microscopes for this money and is the owner of the equipment. Now the CT is used in a project and not totally depreciated by the time of the use in the project, so that the depreciation costs will be reimbursed.
Does the university have to mention the government in Annex I as third party making available resources or not because the equipment is owned by the university?

If the equipment is bought by the beneficiary, and the costs for it are registered in the accounts of the beneficiary, it is the beneficiary's money, and no need in principle to mention the government. Only in the case that the money is given to the university in order to buy equipment for the project should this amount be declared as a receipt to the project, declared in the form C at the time of the submission of reports, and if known beforehand, be stated in Annex I.
If the money is given to the university just to buy equipment in general, without "earmarking" it for the EC project, there is no need to declare this as a receipt, the equipment will be considered as the university own resources and the university should depreciate it.

1.5 Competitive Calls

1.5.1 Prerequisites for publishing

Antwort: 28.11.2008

What are the exact prerequisites for a Competitive Call? In how many journals in how many countries does it have to be published as a minimum?

According to Article II.35 of the model grant agreement:

1. When required by the terms of Annex I, the consortium shall identify and propose to the Commission the participation of new beneficiaries following a competitive call in accordance with the provisions of this Article.
2. The consortium shall publish the competitive call at least in one international journal (1) and in three different national newspapers in three different Member States or Associated countries (3). It shall also be responsible for advertising the call widely using specific information support, particularly Internet sites on the Seventh Framework Programme, the specialist press and brochures and through the national contact points set up by Member States and Associated countries. In addition, the publication and advertising of the call shall conform to any instructions and guidance notes established by the Commission. The consortium shall inform the Commission of the call and its content at least 30 days prior to its expected date of publication.
3. The competitive call shall remain open for the submission of proposals by interested parties for a period of at least five weeks.
4. The consortium shall evaluate offers received in the light of the criteria that governed the Commission's evaluation and selection of the project, defined in the relevant call for proposals, and with the assistance of at least two independent experts appointed by the consortium on the basis of the criteria described in the Rules for Participation.
5. The consortium shall notify the Commission of the proposed accession of a new beneficiary(ies) in accordance with Article II.36. At the same time, it will inform the Commission of the means by which the competitive call was published and of the names and affiliation of the experts involved in the evaluation. The Commission may object to the accession of any new beneficiary within 45 days of the receipt of the notification.

Please note that the implementation of competitive calls by the consortium for the participation of new beneficiaries, where required by Annex I of the concerned grant agreement is part of the management activities.

1.6 PIC URF LEAR – Participant Portal

1.6.1 How to contact the LEAR

Antwort: 24.11.2008

Question:
Is there a possibility to find out about the LEAR of an Organisation - e.g. on a website? Is the LEAR displayed somewhere (e.g. when entering the PIC in NEF?)

We acknowledge receipt of your message and in response to your question would like to inform you that LEAR data is not publically available on a website. However, if you would like to know who the LEAR of your organisation is, please contact us again providing details of your organisation, and we will put in contact with the LEAR.

In addition, the National Contact Points provide help on all aspects of the Seventh Framework programme (FP7) in the national language. For contact details, please consult the following URL:
http://cordis.europa.eu/fp7/ncp_en.html

We hope this information will be of help to you.

1.6.2 Change of ICM in URF

Antwort: 8.05.2009

What is the exact procedure to change the indirect cost method in URF if there is e.g. a mistake or the cost method changed?

We acknowledge receipt of your message and in response to your question would like to inform you that to modify any legal or financial data you need to appoint the so-called LEAR - Legal Entity Appointed Representative. The LEAR will be the correspondent towards the Commission on all issues related to the legal status of the entity. If your organisation has not yet appointed a LEAR, then follow these steps described at the following website:
http://cordis.europa.eu/fp7/urf-lear_en.html

The LEAR has send the requested changes to the Central Validation Team via the following email address:
RTD-URF-VALIDATION@ec.europa.eu

1.6.3 Start-Up SME – turnover/balances for URF not available

Antwort: 9.11.2009

Dear URF Team,

if an SME which is a start Up registers in URF and ticks the field for SME it has to fill in last years turnover and balance data. As they don't have any numbers as the company was founded in January this year, what do they have to fill in to be able to finish the registration?

Best regards

Following-up to your query, we would like to inform you that as a general rule, when making the staff and financial calculations, you should use the data contained in your last approved annual accounts.

For newly established enterprises which do not have approved annual accounts, you should make a realistic bona fide estimate of the relevant data during the course of the financial year(in this case for 2009).

This means in practice, that you must provide a business plan showing financial forecasts for the next few years including data for estimated annual balance sheet, annual turnover and staff headcount. Please also take into account that any SME validation at this point will only serve as a temporary (light) validation and you should take the initiative to submit to the REA Validation Services the actual financial data of your enterprise once the financial year is closed.

1.6.4 2 different short names and change of status

Antwort: 24.11.2009
REA FP7 Support Unit

An organisation (which is validated and has one PIC) submitted at the same time 2 proposals. As you can see on the screenshots, the short name is not the same - how can this happen, if URF is just one single database?
Also they wanted to change the status "research organisation" into "no" through the LEAR but there was always the request to insert a date. If a status is not given it is hard to fill in a date.
What should they do?

Please note that the short name is a free field in NEF. The acronyms can be adapted should there be two organisations that use the same abbreviation.

In order to change the status, it is true that the system asks for an applicable date. This is an important feature for change of address or when a modification affects the reimbursement rate. In this case, please have them put the creation date of the university or 01-01-1900. This signals to us that it concerns an 'editorial' change that will not afect the grant or prject in any way.

Please do not hesitate to come back to us should you have any further questions.

Kind regards,

REA A.1 - FP7 Support Unit

1.6.5 Mistake in legal status I

Antwort: 20.10.2009

Dear CVT,

when there was a mistake in the legal status of a beneficiary made when the FP started - the beneficiary has to send an information letter like the one on p. 40 of the Amendments Guide to URF.

Who is responsible for the change - to whom shall this letter be addressed to?

Who shall sign this letter - it says contact person - is the LEAR meant by this? Or do the authorised representatives have to sign? Or both?

We acknowledge receipt of your message and, in response to your enquiry, we wish to inform you that the LEAR should send a request to the URF validation team at the following email address:

REA-URF-validation@ec.europa.eu

We hope this information will be helpful to you.

1.6.6 Mistake in legal status II

Antwort: 22.10.2009

Dear RES,

a partner in a project seems to have made a mistake when it comes to the legal status. So they have to send an information letter to URF to change this.

1. Do they only have to send one letter for all projects together with a list of the other projects or do they have to send one letter for each project they take part in?

2. Which legal documents do they have to send with to support that it was a mistake?

3. Do they have to send the information letter in copy to all Coordinators of all projects they are in?

Best

We would like to inform you that the URF Team identifies participants, based on the PIC code of each entity, and not based on the projects.

Therefore, the partner in question, has to send an email to the :
REA-URF-VALIDATION@ec.europa.eu
using their PIC code (in the reference of the email) and put in copy all the Project Officers/Coordinators.

In this email, they should clearly describe the mistake, the correct legal status and provide the relevant supporting documents (e.g. for registration data, the URF Team needs a recent extract of registration, ...).

They don't have to send an information letter by regular post; an email is sufficient.

As you are not mentioning if the partner has been validated or not in the URF database, please note that if it is validated and the LEAR (Legal Entity Appointed Representative) has been appointed , the email has to be sent by the appointed LEAR.

Please, remember to state the relevant PIC in all future correspondence with the REA A1 Validation Service.

Best regards,

1.6.7 Mistake in legal status III

Antwort: 3.11.2009

Dear CVT,

when there was a mistake in the legal status of a beneficiary made when the FP started - the beneficiary has to send an information letter like the one on p. 40 of the Amendments Guide to URF.
Who is responible for the change - to whom shall this letter be adressed to?
Who shall sign this letter - it says contact person - is the LEAR meant by this? Or do the authorised representatives have to sign? Or both?

The answer we received was:
We acknowledge receipt of your message and, in response to your enquiry, we wish to inform you that the LEAR should send a request to the URF validation team at the following email address: REA-URF-validation@ec.europa.eu

Please explain in detail the coherence of your answer and the Amendments Guide on p. 27, where it says that "Requests sent via e-mail are not valid as the letter must be a signed original."
Best

We acknowledge receipt of your e-mail and following-up to your query we would like to clarify that the Amendments Guide for FP7 Grant Agreements is currently under a review procedure.

Ahead of this review, in case of a change in the legal status of a beneficiary, the LEAR is obliged to inform the REA Validation Services of the change in its legal status via the Participant Portal (URF) and shall also provide the related supporting legal documents.

If the beneficiary concerned has already appointed a Legal Entity Appointed Representative (LEAR), then this person needs to introduce the request for change (including the supporting documents) online on the Web interface of the Unique Registration Facility (URF), which is accessible via the Participant Portal (http://ec.europa.eu/research/participants/portal).

The online request will trigger a request for supporting documents to the LEAR, which will need to be uploaded in the URF via the "Document management" section.

Once this electronic procedure is accomplished, in principle, no further communication between the LEAR and the Commission is necessary, unless there is a problem, such as for example around missing supporting documents.

If no LEAR has yet been appointed, before being able to introduce any change, the beneficiary has to appoint a LEAR for its organisation, who has to be validated first, by the Commission (REA A1.).

For further information on the appointment of LEAR's, please follow the steps described on:

- the Cordis portal: http://cordis.europa.eu/fp7/pp-lear_en.html; or
- on the Participant Portal FAQ (frequently asked questions) section: http://ec.europa.eu/research/participants/portal.

It comes from the above, that under the current practice, any request for a change in the legal status, does not need to be accompanied by a written information letter addressed by the beneficiary to the Validation Services but should be introduced electronically by the LEAR via the URF interface.

Kind Regards

1.6.8 Replacement of LEAR

Antwort: 6.05.09

1) *How is the procedure when an organisation wants to exchange the LEAR to a new one instead of the old one?*
2) *How does this work with the LEAR-codes for ECAS and URF?*

We acknowledge receipt of your message and, in response to your enquiry, wish to inform you that to appoint a new Legal Entity Appointed Representative (LEAR), the procedure is the same as before. A legal signatory of each legal entity will be asked by the Commission to appoint one person (the so-called LEAR) for being the correspondent towards the Commission on all issues related to the legal status of the entity. The LEAR provides the Commission with up-to-date legal and financial data (including supporting documents, where necessary) and commits to maintain the account so that it is up-to-date enabling future use for grants and other transactions between the entity and the Commission research (and other) programmes.
The legal entity has to provide the DGs with the following LEAR appointment form and the LEAR role and tasks document, filled in and duly signed. These documents are available to download from the following webpage: http://cordis.europa.eu/fp7/urf-lear_en.html
If you scroll halfway down this page, you will be able to download the documents, in ".pdf" or ".doc" form, by clicking on the links to "PDF" or "DOC".

The documents must be sent by regular mail to:
European Commission
Research Directorate-General
T5 Framework programme logistics - URF Validation Team
SDME 11/083
B-1049 Brussels
Belgium

A first notification will be sent to the LEAR by e-mail to confirm the creation of their user account and to inform them how to activate it. The email contains the hyperlink and username.
A second letter will be sent by regular mail containing the PIN Code required for account activation.
In order to make changes in the URF, the LEAR should send all supporting documents to the Unique Registration Facility's (URF) central validation team (CVT) for validation, at the following email address: RTD-URF-VALIDATION@ec.europa.eu

1.6.9 1 person as LEAR for 2 companies

Antwort: 17.12.2009

Is it possible that the LEAR of a company which owns other companies (holding) becomes also the LEAR of one (or more) companies owned by the holding?

Best Regards

We acknowledge receipt of your e-mail. In response to your enquiry, we would like to inform you that the LEAR of a company can also be the LEAR of another company provided that this second company is a separate legal entity, having a legal personality and can thus be validated on its own and get attributed an individual PIC and LEAR. What is important in this case, is that the LEAR, despite being the same person for both entities, should have a different e-mail address for his appointment for Company B than the one used for his nomination for company A.

We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.6.10 LEAR already needed in negotiations?

Antwort: 29.09.2011

In the negotiation phase, when the GPF shall be signed and sent to the Commission, it is a problem when the LEAR in A 2.1 is not filled out by all parties?

Example 1) there is no LEAR nominated in the partner organisation - do they have to nominate a LEAR before the end of GA negotiations?

Example 2) the LEAR is already nominated by the organisation but not yet accepted by REA - do you write him/her into the GPF although he/she is not yet officially the LEAR? Or does the consortium have to wait until all LEARs of all partners are nominated and accepted?

Thank you of your message. Following-up to your inquiry, we would like to clarify that the LEAR or Legal Entity Appointed Representative is the unique correspondent towards the Commission on all issues related to the legal status of the entity, responsible for providing the legal and financial documents to the Validation and other relevant Commission Services and of requesting, using URF, modifications to the legal and financial data of the validated organisation. Nomination of the LEAR is done only after the validation of the organization is finalised. Please take into account that, once the entity has been validated, any communication or request concerning the data encoded in the URF database should be introduced only by the LEAR. The documents requested for the nomination of the LEAR should be therefore introduced along with the other documents requested for the validation of the entity, so that the nomination of the LEAR can immediately follow the validation of the entity.

This being clarified, any organisations negotiating an FP7 contract should have appointed a LEAR. If, during negotiation of an FP7 grant agreement, an organisation is asked to submit any legal or financial documents, if the organisation has already been validated and a LEAR has been appointed, then it should be the LEAR to submit the requested documents to the Validation Services.

However, in case of a LEAR has not been appointed yet, any correspondent of the organisation with the Validation Services can submit the requested documents and should on its turn ask the organisation to formally appoint a LEAR. The name of the LEAR whose appointment has not yet been completed can be indicated in the GPF.

On this point, please take into account that the indication of the LEAR on the GPF is not equivalent to, and can not replace, the necessary procedure for the appointment of the LEAR. If an entity intends to nominate a LEAR, it must sign and send by mail (to REA-URF-VALIDATION@ec.europa.eu) the LEAR Appointment form and the LEAR role and tasks.

Kind regards, EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.6.11 Role of the rapporteur

Antwort: 01.02.2011

Dear RES,

is there an up-to-date description of the roles in the Participant Portal and their responsibilities (who is able to submit to coordiantor, EC, etc.)? The descriptions in the User Manual (Nov. 2010) as well as the old NCP Quick Guide are not up-to-date at all.
If there is no such guide out by now, coud you please explain the roles in detail (more than there is given in the portal when reading the mouse-over information please).
What are the responsibilities for the newly introduced Rapporteur?

Best Regards

Thank you for your questions and remarks. There is indeed an issue with the guidance documents. After the recent restructuring of DG RTD, new resources will be dedicated to the updating of all the guidance documents and available information. For your concretee question related to the "rapporteur" we can confirm that this is one of the new functions integrated in the participant portal. It gives the possibility for external experts appointed by the Commission for project technical reviews of ongoing FP7 grants to access the project information directly via the portal. For this, new roles in the identity and access management of the portal were created, including also a role of "rapporteur" for the cases were a group of experts is asked to review a project. The roles related to these review experts are managed directly between the Commission and the experts. Their is no need for intervention by the coordinator of the project or any other member of the consortium.

Best regards,
The Research Enquiry Service Back-office

1.7 Negotiation Phase

1.7.1 Financial viability check

Antwort: 22.04.2010

Dear RES,
this is a question concerning the financial viability check. In the "Rules to ensure consistent verification of the existence..." it says on p. 13 that "each legal person subject to a verification of its financial capacity requesting an estimated EC financial contribution exceeding €500.000 shall provide to the Commission services an audit report certifying the accounts of the last available financial year.
"What shall this "audit report" look like? Can it be provided by the Auditor who set up the balance sheet?
In Austria a GmbH (limited liability company) does not have such a report. A "balance audit" would costs about 10.000 EUR which would result in a report - do the GmbHs have to set up such an (expensive) report?
Best Regards

Thank you for your question. The external audit report to be provided may be the statutory audit, where the national law applicable provides for permanent monitoring of the annual accounts of certain organisations; if there is no legal obligation to have a statutory audit, a specific contractual audit performed by an external auditor can be provided. Whether the audit of the accounts is statutory or contractual, the objective of the audit and the responsibility of the auditor remain the same: the principal objective of the audit of accounts is to verify the regularity and integrity of the accounts of the organisation audited and confirm that they present a true and fair view of the situation. The Communities' financial rules do not contain any specific requirement as to the form or content of the audit report to be submitted. The aim is simply to use the conclusions of the external audit report of the accounts of the previous financial year. Although the beneficiary is not under a statutory audit obligation, it will have to have its accounts for the last financial year audited by an external auditor. The conclusions of the audit exercise are set out in an audit report signed and dated by the auditor responsible and clearly showing the financial year concerned. The report is an opportunity for the auditor to express an impartial opinion on the financial statements audited. The professional terminology used in the reports usually refers to the organisation's accounts giving "a true and fair view", in accordance with generally accepted (or other specified) accounting principles. The exact expressions to be used and the conclusions/verifications to be presented in the audit report are determined by the conventions and laws of the country, but the overall objective of the audit of the accounts remains the same. This request shall apply only to the first application made by a beneficiary to the Commission in any budgetary year. As a general rule, no prospective financial data should be used, except in the case of "young" legal entities (such as start up companies) with no closed accounts. For these legal entities, a Business Plan will be required (cf especially "young" SMEs) or (a) similar relevant document(s) of prospective activities, if available.
Best regards,
RTD A2

1.7.2 Partner at Negotiation Meetings

Antwort: 20.04.2010

Dear RES,
this is a question concerning the Negotiation Guidance Notes. On page 7 in the notes it says that "The coordinator normally attends all meetings, accompanied by a small number of the participants, as appropriate, and the Commission may be assisted by external experts. This may be one or more of the experts who assisted the Commission in the evaluation of the proposal."
From a client we received an email saying that in Research for SMEs Negotiations the Coordinator and all SME partners have to attend the negotiation meeting. Is this correct and if so, will there be an update of the Negotiation Guidance Notes (and when)? Is this the case for all Negotiations at REA?
Best Regards

In the negotiation guidance notes if you also read the sentence above the one you mention, you will realize that the notes leave full freedom to the Project Officer to require a Negotiation Meeting. For this reason there is no need of an update of the guidelines. REA services in general do require Negotiation meeting except for the Marie Curie actions.

1.7.3 Authorised representatives in NEF – not pre-filled

Antwort: 23.04.2010

Dear RES,

is it correct that in the negotiation phase the information on the authorised representatives is not transferred from URF to NEF?
Does this information really have to be always newly filled into NEF as this is a big source of mistakes?

Best Regards

The information on the authorised representatives is treated as grant-specific information. In many organisations (in particular the bigger ones), the authorised representatives are different for different grants. It is therefore not possible to re-use by default for a new participation of the same organisation the same information on authorised representatives as in earlier grants. This might not be convenient for smaller organisations where there is indeed only one or two authorised representatives but we have no possibility to automatically distinguish the cases.
We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.8 Budget shift

1.8.1 Threshold for a budget shift?

Antwort: 21.02.2012

In FP6 there was the guideline that each beneficiary could make budget shifts up to 20% between their respective budget categories, as long as the total budget was not exceeded, without the need of a contract amendment.
Is there a similar rule of thumb in FP7 regarding what type of shifts between a beneficiary's budget categories (e.g. between personnel and travel costs) are allowed without the need of a contract amendment or special endorsement?

Thank you for your question.
The rule of 20 % you indicate in your enquiry seems to refer to the provisions of article II.22 of FP5. In fact, such rule was removed already in FP6. Under FP6, as under FP7, since the cost breakdown included in Annex I to the EC contract/Grant Agreement is an estimate, beneficiaries are allowed to transfer budget between different activities and between partners in so far as the work is carried out as foreseen in Annex I.
Nevertheless, if necessity of the transfer of budget arises from a substantial change of the work and/or the re-distribution of tasks between partners, then it should be subject to an amendment of the grant agreement. The coordinator should verify the need for an amendment on a case-by-case basis. In practical terms, coordinators (and beneficiaries via the coordinator) are encouraged to discuss with the Project Officer in the Commission (e.g. by e-mail) any transfer with a potential impact on the "Description of Work". This would avoid eventual disagreements on the interpretation of this condition at a later stage.
Please note that "substantial change" refers to a change that affects the technical work as foreseen in Annex I, including the subcontracting of a task that was initially meant to be carried out by a beneficiary.

More information about this issue can be found in the Guides to Financial Issues: For FP6: http://ec.europa.eu/research/fp6/model-contract/pdf/fp6-guide-financial-issuesfeb05_en.pdf For FP7: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

Kind regards,

RTD A4

1.8.2 Transfer of budget to a cost category which was not initially budgeted

One short question concerning budget shift which is not mentioned in the Finance Guide. According to article 5.2 of the Grant Agreement, beneficiaries are allowed to transfer budget between different activities and between themselves in so far as the work is carried out as foreseen in Annex I.
However, what if a beneficiary has not budgeted any costs at all in a certain cost category - may this beneficiary still transfer costs to this category? E.g. the beneficiary has only budgeted personal costs, but no other direct costs. Is it possible to transfer a part of the personal costs to "other direct costs" as long as the work is carried out as foreseen?

We confirm that the cost breakdown included in Annex I to the FP7 Grant Agreement is an estimate, thus beneficiaries are allowed to transfer budget between different activities without the need to amend the grant agreement, in so far as the work is carried out as foreseen in Annex I.

Nevertheless, if necessity of the transfer of budget arises from a substantial change of the work, then it should be subject to an amendment of the Grant Agreement. A significant change affects the technical work as foreseen in Annex I to the Grant Agreement. The coordinator (and beneficiaries via the coordinator) are encouraged to discuss with the Project Officer in the Commission any transfer with a potential impact on the Description of Work. This would avoid eventual disagreements on the interpretation of this condition at a later stage.

A transfer of budget to a cost category which was not initially budgeted is subject to the same principles.

In this regard, it should be kept in mind that each work package must in principle relate to one and only one specific activity type (see the "Structure of Annex I of the Grant Agreement" at ftp://ftp.cordis.europa.eu/pub/fp7/docs/negotiation_en.doc - page 14). Work packages with several types of activities should be avoided.

Kind regards,

RTD A4

1.9 Eligible direct costs

1.9.1 Negative interest of a bank account

Antwort: 17.12.2008

In an ERC Action an accout has to be established for each investigator. The prefinancing and the money after each period is sent to this account and the investigator is paid from this account. The interest generated by this account is part of the EC-contribution – we are aware of all that. How shall be proceeded the time before the final payment when there is 10% retention and 5% in the Guarantee Fund so the account for the PI is in the red (because he has to get his payment) - is this negative interest also not eligible or can it be offset with the interest gained by the prefinancing?

As stated in Article II.14.3 of the model grant agreement the interest owed is not an eligible cost. It can not be offset.

1.9.2 Interest generated by pre-financing

Antwort: 03.03.2011

Dear RES,

a coordinator received the prefinancing before project start. From when do they have to calculate the interest - from the say when they received the money or from the day the project started? As there cannot be any costs before project start it would be logical to start the interest from the project start date. If it is different, please explain in detail.

Best Regards

Thank you for your question. Interest generated by the pre-financing has to be declared and shall be recovered by the Commission. As the pre-financing generates interest from the moment it is received by the beneficiary, it is from that moment that it has to be declared.

Kind regards,
RTD A4

1.9.3 Interest generated by pre-financing

Antwort: 08.08.2012

Dear RES,

does the coordinator need to declare the interest yielded by the bank account used for an FP7 project

a) until the last day of the project, or
b) until the last possible moment of the final accounting (=after the project has already ended)?

We have of course checked the Finance Guide, but we would like to make sure we understood things correctly...

Many thanks in advance for your support.

Thank you for your question. Please note that the Enquiry Service cannot validate individual cases.

Please note that it is only the pre-financing which generates interest, and not either the final or interim payments. Under FP7 normally only the first payment, as defined in Article 6 of the Grant Agreement, is a pre-financing. As mentioned in the Guide to Financial Issues, pages 93-96, only the interest yielded by the share of the pre-financing not distributed or distributed late by the coordinator to the other beneficiaries of the consortium (excluding the coordinator's own share to implement the project) has to be declared and deducted from the subsequent interim payment. The interest is calculated on the amount of pre-financing from the moment of the transfer of the money from the Commission until such pre-financing is either:

1) transferred to other beneficiaries (for multi-partner actions),

2) spent on the project (for mono-partner actions)

Therefore, the amount on which there is a need to calculate interest decrease as the funds are spent/transferred. At the end of the reporting period the coordinator has to declare the amount yielded as interest by the pre-financing in its financial statement (Form C). It will be deducted from the subsequent interim payment. As for the pre-financing itself, it can be expected that it has been fully distributed (or spent for mono-partner actions) largely before the end of the project.

Frage des L&F NCP CZ

Antwort an uns Feb 2009

1.9.4 Subcontracting / Minor tasks

I have 2 questions concerning subcontracting/minor services,
1) Are minor services considered as apart of subcontracting or are they "other Costs"? Can overheads be calculated on the amount of minor services?
For example - invoice for renting a conference room is according to the Financial Guide a minor service. Can be overheads calculated on this amount?
2) Talking about subcontracting - sometimes it is confusing to say if something is subcontracting or other cost - especially for CSA projects, where usually a lot of work is done "on invoice" - renting a conference room, catering, selling a web page, printing brochures. Do I understand it correct that all these activities are subcontracting/minor service (because everything what has cost based on invoice is subcontracting/minor service) even though it is a core task of the project? Which of them are subcontracting (that has to be planned in Annex I) and which of them are minor services in this case of CSA project? What is the basis for calculating overheads (amount including or excluding minor services)? Are the same rules for subcontracting applied for CP projects as well or are there any differences?

Answer:
The key question is if the cost is a subcontract. If the services in question are a subcontract then the subcontract can not be taken into account when calculating overheads. The classification of the services depends on their character. They could be RTD activities, demonstration, management, etc. For example expenses relating to organisation of meetings are charged as costs of management activities.
Some costs incurred in relation to organisation of the meeting may be considered as subcontracting (e.g. catering services provided by an external company) whereas others (renting the rooms directly in a hotel) would not fall within this category. In this sense remember that subcontracting is a business transaction by which the subcontractor performs some work for a beneficiary.
Subcontracting costs are direct costs. Whether major or minor costs, they have to be identified by beneficiaries in the financial statement form (Form C, Annex VI to GA). In any case, they should be reported as subcontracting (if you are paying for a service; the difference is that the GA allows that these minor subcontracts do not previously appear in the Description of work of the project, As subcontracts, they are a cost to a beneficiary for a work/service which is performed by a third party and not by the beneficiary, and therefore indirect costs can not be charged by the beneficiary on them; in this cases, the indirect costs are already covered by the price paid by the beneficiary to the subcontractor. The same rules for subcontracting apply to all projects, including CSA.

1.9.5 Minor task Subcontracting – selection procedure

Antwort: 06.08.2009

When there is a minor task subcontracting (e.g. printing of leaflets) - do I have to take the same selection procedure as for normal subcontracting (as described on p. 28 of the Finance Guide with at least 3 offers) also if the value is very small (e.g. 300 EUR)?
In a company it is usual practice to have a second offer between costs of 5.000 and 20.000 EUR, over 20.000 EUR three offers have to be invited.
How do they have to proceed? All of the minor tasks are far under 5000 EUR, so they would never have any offers for a minor task.

Does the contract for minor task subcontracting have to include all the parts compulsory for Annex I Subcontracting contracts (e.g. audits and controls - will the Commission audit a Catering service firm or a printing firm???).

Thank you for your question.

We apologise for the delay in replying due to both the high number of questions received and the holiday period.
Here is the answer to your enquiry:
Yes, as stated on page 29 of the FP7 Financial Guide, "the selection procedure mentioned above also applies to these (minor) subcontracts". You should follow the rules that usually apply in your company, respecting in any case the terms of the ECGA.
In particular, the procedure must ensure conditions of transparency and equal treatment. There should be a proportional relationship between the size in work and cost of the tasks to be subcontracted on the one hand and the degree of publicity and formality of the selection process on the other.
At the request of the Commission and especially in the event of an audit, beneficiaries must be able to demonstrate that they have respected the conditions of transparency and equal treatment and that the selection was guaranteed with the best value for money given the quality of the service proposed. All the costs must be auditable.

Best regards,
RTD A2

1.9.6 Minor task Subcontracting – selection procedure II

Antwort: 08.12.2010

Dear A2 and/or Auditors,

we got following comment from a FO concerning minor task subcontracting: As you already know, Article II.7 of ECGA for FP7 Indirect Actions indicate ' the need for subcontracting must be detailed and justified in Annex I ....'. The 2 activities of interest are not considered under 'subcontracting' in Annex I of XXX project. Therefore, to avoid an additional amendment to the contract, they should be considered as 'minor tasks' which cannot be undertaken by the concerned participant to the contract. IN SUCH A CASE, THE SELECTION PROCEDURE ASSURING THE BEST VALUE FOR MONEY AND TRANSPARENCY SHOULD BE FOLLOWED:"
What does the last sentence mean in practice? Does the organisation have to send the selection procedure respectively the description how the selection was made?

Kind regards

Thank you for your question. Even if it is a minor task, it is still a subcontract (though not required in Annex I) and should comply with Article II.7 of the model grant agreement. It means that the procedure must ensure conditions of transparency and equal treatment. At the request of the Commission and especially in the event of an audit, beneficiaries must be able to demonstrate that they have respected the conditions of transparency and equal treatment. Beneficiaries must be able to prove that:
- the criteria and conditions of submission and selection are clear and identical for any legal entity offering a the bid;
- there is no conflict of interest in the selection of the offers;
- selection must be based on the best value for money given the quality of the service proposed (best price-quality ratio). It is not necessary to select the the criteria defining lowest price, though price is an essential aspect.
- "quality" must be clear and coherent according to the purpose of the task to subcontract, in order to provide a good analysis of the ratio price/quality.

Answering to your second question, there is no need to send to the Commission the description of a selection procedure previously. However, this should be proved in case of an audit. More information can be found in the FP7 Guide to Financial Issues, page 31: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

Kind regards
RTD A2

1.9.7 Minor task Subcontracting – students in projects

Antwort: 21.10.2009

Dear RES,
it is often the case in Austria, that university professors have students working on EU projects. As they are not working at the university, they usually get remunerated under a contract for services.
As all contracts for services fall under Subcontracting - how can the work of the university students be reimbursed? Do these Subcontracts have to be mentioned in Annex I?
If they do small works like the translations of a questionnaire, data transfer and statistical analysis - could this fall under minor tasks and therefore did not have to be mentioned in Annex I? Do these subcontracts have to be put under subcontracting into the Form C or is there a possibility to put it under other/other direct costs?
Please explain in detail as this occurs quite often in Austria.
Best Regards

As you know, the beneficiary should have the resources to carry out the tasks of the project. As an exception certain parts of the work may be subcontracted.

In principle, the need for a subcontract must be detailed and justified in Annex I to ECGA. As an exemption, minor tasks correspond to minor services, which are not project tasks identified as such in the Annex I but are needed for implementation of the project (quite different from, for instance, analysing samples or building a pilot plant). They do not have to be specifically identified in Annex I to ECGA, as by definition their importance is minor (the amounts involved are also normally small).

More information on this issue can be found in the FP7 Guide to Financial Issues, in particular p. 25: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

Moreover, we would advise you to discuss this issue per project with the Project Officer.

Best regards,

RTD A2

1.9.8 Hotel and Catering lump sums – Subcontracting?

Antwort: 22.09.2009

Dear Research Enquiry Service,

we understand that the rent of a room in a hotel for a meeting has to be recorded under other direct costs and the money spent on the catering for the meeting under subcontracting, due to the fact that there is a contract for services for the catering.
If now for a meeting there had been a lump sum for a meeting calculated, including the room for the meeting, the catering and a few hotel rooms and this lump sum cannot be split up - where do we put this in Form C? Under other direct costs or under Subcontracting?

Best regards

We are afraid such a lump-sum calculation is not possible. As you know, it is the actual costs for the room for the meeting, the catering and the hotel rooms which may be charged, and not any lump-sum including all of this in a single amount.

Best regards,
RTD.A.2. Legal & Financial Enquiry Service Helpdesk

Nachfrage, ob dies tatsächlich stimmen kann…
Antwort 22.10.2009

As stated in our previous reply, such a lump-sum calculation is not possible. As you know, it is the actual costs for the room for the meeting, the catering and the hotel rooms which may be charged, and not any lump-sum including all of this in a single amount.

1.9.9 Hotel and Catering lump sums – Subcontracting? II

Antwort: 26.05.2011

Dear RES,
some time ago we received your answer no. Case ID: 0190191 / 0000000 (22.9.2009) and Case ID: 0197041 / 0000000 (22.10.2009) on the issue of "lump-sum" payments in hotels for workshops/conferences wherein you stated that these "lump-sums" including food and hotel are not possible and have to be split.
But we also received a different opinion by REA saying: "Regarding the workshop expenses you should submit the costs according to how they are incurred by the beneficiary, and not according to how the hotel incurs the costs. If the beneficiary pays the full sum to the hotel for the full service, these costs should be submitted together. If on the contrary, they pay the hotel for the rooms and separately a separate contractor for the coffee, then they can differentiate the costs and then yes the second item will be considered as minor subcontracting."
Which of these opinions is now correct?
Best Regards

Thank you for your question.
Both answers are correct. The answer from REA that you quote and our answers of 22/09/2009 and 22/10/2009 are complementary. Under FP7 the general rule is that the reimbursement of costs is made on the basis of actual eligible costs. Reimbursement in the form of lump sums/flat rates is only possible for the reimbursement of indirect costs, and for the specific cases foreseen in the ECGA (financing of; SME owners, International Cooperation Participant Countries, Networks of Excellence..).
Taking this into account, the beneficiary has to charge to the project the related costs on the basis of the actual costs incurred (not on the basis of a lump sum). If the beneficiary has paid the costs for the meeting, catering and hotel rooms together, these costs should be submitted together, but this is not a lump-sum, as the beneficiary will charge the actual costs incurred for these activities, and those costs will be auditable and supported by the invoices. If on the contrary, the beneficiary has paid these costs separately it shall differentiate each item and claim them separately.
Perhaps your beneficiary refers to "lump-sum" to be charged to the EU (not possible in this case) meaning a negotiated price.
Kind regards,
RTD A4

1.9.10 Hotel and Catering lump sums – Subcontracting? III

Antwort: 14.06.2011

Dear RES,
lump-sum in this case (as well as in Case ID: 0190191 / 0000000 (22.9.2009) and Case ID: 0197041 / 0000000 (22.10.2009)) means a price which is either a sum per person who attends the conference or a whole sum wherein rent, catering and hotel rooms are included.
The question is, if there is an element of (minor task) subcontracting in this sum, is it possible to have the whole sum put under "other costs" or do all participants have to ask the hotel for a receipt listing all services with the costs to be able to put the catering-part put under "subcontracting"?
Best Regards

Thank you for your question.
First, on the basis of the information provided it is not clear who will incur the costs, the coordinator or the beneficiaries?
Secondly, any service contract should be reported as subcontracting and not as "other costs".
Therefore, as stated in the FP7 Financial Guide, organisation of the rooms and catering for a meeting could be considered as minor subcontracting. These costs could be paid by the coordinator/ a partner who organises the meeting. Accommodation costs are usually paid by each beneficiary, they are reimbursed if they fulfil the eligibility criteria of Art II.14 in accordance with the upper funding limits described in art. II.16 of the ECGA and they should be charged under the activity related to the work carried out
Best regards, RTD A4

1.9.11 Sub-subcontracting

Antwort: 30.06.2009

Subcontractors in FP7 – if they are mentioned in Annex I are these subcontractors allowed to subcontract certain tasks they have to fulfil to other sub-subcontractors?

As a general rule, beneficiaries, the signatories to the grant agreements (GA), should have the capacity to carry out the work themselves.

If part of the work must be subcontracted by a beneficiary, the choice of the subcontractor must follow the conditions established in the FP7 model grant agreement, in particular Article II.7.

The subcontractor selected by the beneficiary in conformity with Article II.7 should perform the work/services described and will be responsible vis-à-vis the beneficiary. The beneficiary will be responsible for all the work (including the subcontracted) towards the Commission.

There is no specific rule which prevents the subcontractor to perform its work in the way they think best.

1.9.12 Subcontracting for renting a room?

Antwort: 12.10.2010

Dear RES,

in the new Negotiation Guidance notes (as well as in the old ones) it says on page 48 where Subcontracting is described, that "Subcontracting can also include the costs for (...) renting a room (...)".
Is this really correct? As Subcontracting occurs in relation to contracts for services, the renting of a room can never be reimbursed under subcontracting (as the contract closed is a rental agreement).

Best Regards

Thank you for your enquiry. The subcontracting may include organisation of the rooms and catering for a meeting. This is the meaning of the sentence in question.

Best regards,

RTD A2

1.9.13 Travel costs – Combined flights

Antwort: 17.07.2009

Dear RES, this is a very urgent question. A project employee, working in two different projects had a meeting in Paris (flight Vienna-Paris) for one of the projects (X) and afterwards he flew to a meeting for another project (Y) to Moscow (from Paris) and then from there back to Vienna. The invoice of the ticket only mentions one price for the whole booking. How can the costs be split up between the two projects? Shall we just take half the costs into one project and the other half into the other project? How shall we proceed?

According to Article II.14 of the FP7 model grant agreement, in order to be eligible cost must be actual. That means that they must be real and not estimated.

We would suggest contacting the airways in order to send you two separate invoices for the 2 parts of the travel.

1.9.14 Travel costs – Combined travels

Antwort: 17.07.2009

I have a question referring to travel costs.
1) When an NCP, involved in an NCP project is going to Bonn for a meeting and then, the next day by train to Brussels to attend an NCP-meeting there and then back to Vienna, which costs can be reimbursed in the project?
Only the costs for the travel to Bonn or the costs for the flight to Bonn and the train to Brussels or the flight to Bonn and the flight from Brussels to Vienna? Or how does this work? By counting kilometres? Are there any official kilometers or shall they be taken from the flight company?
2) Can costs of a cancellation insurance be taken into account in the project?
3) Can costs in relation with travel costs (booking, cancellation, etc.) that are incurred for a training that is postponed to a different date be reimbursed in the project?

The acceptance of costs will be a subject to fulfilment of eligibility criteria established in Article II.14 of the FP7 model grant agreement.
Please contact your Project Officer in order to discuss the particularity of the project.

The Project Officer should decide which types of activities/travels are concerned to be necessary.
Please notice that costs of insurance are a priori not necessary for the project so they are as well usually not eligible unless there is a clear justification (see in particular points in II.14.d and e of GA).

1.9.15 Travel costs – interruption of journey

Antwort: 14.08.2012

Dear *RES,*

what if someone becomes sick during business trip in the frame of a project and needs to buy an additional ticket to go back earlier than planned? Would the two tickets be eligible for funding?

Article 40.4 of the FP7 Grant agreement provides the following:

"Where beneficiaries cannot fulfil their obligations to execute the project due to force majeure, remuneration for accepted eligible costs incurred may be made only for tasks which have actually been executed up to the date of the event identified as force majeure. All necessary measures shall be taken to limit damage to the minimum."

Therefore, only costs incurred for tasks actually executed can be eligible. If due to its early return the person could not carry out, at least partially, the activities for the project then the cost of the trip would not be eligible. For instance, if the purpose of the trip was to attend a project meeting and the person did not participate eventually in the meeting, the costs of the trip cannot be charged to the project.

The additional ticket would not be eligible in any case. These situations are normally covered by a travel insurance.

Regards,

RTD A4

1.9.16 Preserving the boarding pass as a proof

Antwort: 15.11.2013

Dear RES,

I have a question concerning the eligibility of travel costs: An increasing number of Austrian project participants does not use printed boarding passes any longer, but have their boarding pass sent to their smart phone. In particular, this is the case for the return journeys (printed boarding pass for the outbound flight, electronic check-in and boarding pass for the return flight). As we have been told, it would be possible to print out the electronic boarding pass, but only with quite some additional efforts.

So we are wondering if a boarding pass for the outbound flight, together with an agenda or list of participants containing the names of the respective project staff, would be a sufficient proof that the travel costs have incurred, or if it is really necessary to obtain a hard copy of both boarding passes.

Many thanks in advance, regards,

Dear Ms Rohsmann,

As indicated in the Guide to Financial Issues relating to FP7 Indirect Actions - pages 64-65, travel costs not covered by the flat rate for subsistence costs and accommodation need to be justified by real costs. Article II.14 of the Model Grant Agreement provides among the cost eligibility requirements that a cost must be, notably, actual, incurred by the beneficiary and project related. The cost must also be registered in the accounts.

In case of audit, you will need to prove the existence and eligibility of the costs charged. The boarding pass is the most direct way to prove that the cost for the project was actually incurred. However, the invoice with the price or the receipt attesting the travel cost could be also enough evidence provided that other documents (for instance hotel invoices, participant lists, signatures or minutes of the meeting) confirm in a reliable manner that the concerned person attended the event.

Regards,
Research Enquiry Service Back Office

1.9.17 Travel costs after the end of the project

Antwort: 8.02.2010

Dear RES,
are costs incurred during the 60 days after the end of the project for reporting meetings also eligible or only personnel costs for creating the reports (no travel, etc.)?
Best Regards

Thank you for your question. The GA foresees an exception for costs incurred in relation to final reports and reports corresponding to the last period as well as certificates on the financial statements when requested at the last period and final reviews if applicable. These costs may be incurred during the period of up to 60 days after the end of the project or the date of termination, whichever is earlier. There is no a closed catalogue, but there must be a direct link between the costs incurred and the final reports, reports corresponding to the last period as well as certificates on the financial statements when requested at the last period and final reviews if applicable. These costs should be normally included as management costs. Taking this into account, the travel and subsistence costs, personnel cost of employee preparing final report can be eligible if the above conditions are fulfilled. However, travel or personnel costs related to performing research would not be eligible since the scientific work should have been finalised before this 60 days period.
Best regards,
RTD A2

1.9.18 Travel costs booked as direct and as indirect costs

Antwort: 3.06.2010

In the Finance Guide, on page 50 concerning travel costs it says: "Where it is the usual practice of the beneficiary to consider these costs as indirect costs, they cannot be charged as direct eligible costs, but only as indirect costs. On the other hand, if the contractor considers this category of costs on a direct basis, the same category (other travel and subsistence costs not attributed directly to the projects) cannot be charged as indirect costs."

Taking into account the second sentence above for a beneficiary having double entry accounting and employing the ICM "actual indirect costs":
Does that mean if the project travel costs are booked under direct costs and the non-project related travel costs of the administrative personnel are booked under indirect costs (and are therefore part of the indirect costs of the project), that the travel costs in the indirect costs would not be eligible? Please explain.

Thank you for your question. If the travel related to the project are inputed directly to the projects, other travels cannot be charged as indirect costs.

Best regards,

RTD A2

1.9.19 Travel costs with flate rates for subsistence

Antwort: 19.05.2011

Dear RES,

an organisation choosing the flat rates for subsistence/daily allowances in the negotiation phase - do they have to budget the money for it under "lump sums/flat-rate/scale of unit costs" or under "other direct costs"?
Do they have to put these costs under "other direct costs" or under "lump sums/flat-rate/scale of unit costs" into the Form C?

Best regards

Thank you for your question. In both cases (negotiation and Form C) the options chosen should be "lump sums/flat-rate/scale of unit costs". However, as regards Form C, currently, as it is implemented in FORCE, you have to put it under "other direct costs" because otherwise these costs will not be taken into account in the basis for calculating indirect costs (if they use a flat rate option). The row "flat rates..." is currently in FORCE only accommodated for the ICPC lump sum option. For the time being, in the report explaining the use of the resources the use of flat rates has to be mentioned. A modification of the system in FORCE has been requested. We will keep you informed.

Kind regards,

RTD A4

1.9.20 Eligibility of travel costs during parental leave

Antwort: 8.11.2013

Dear RES,

I have a question concerning the eligibility of travel costs if the following situation occurs: A staff member is on parental leave after having worked for an FP7 project for some time. During the parental leave, no personell costs are claimed. However, the staff member continues to attend project-related meetings during the leave (so that it will be easier to catch up afterwards). Can the travel costs of this person be claimed under „other direct costs“?

Many thanks in advance,
Regards,

Please note that the enquiry service cannot validate specific cases.

Having said that, in order to be eligible, costs related to personnel must firstly comply with the applicable labour law and conventions. From your enquiry we understand that the person concerned is officially in parental leave. If the national labour legislation allows persons in parental leave to continue carrying out certain activities for his/her employer, and if this corresponds to the beneficiary's usual practices, both the related personnel costs and the travel costs may be eligible if the fulfil the other eligibility criteria set up in the FP7 grant agreement.

On the contrary if that situation is not allowed under the applicable labour law or does not correspond to the beneficiary's usual practices, no cost can be charged to the project for that person during the parental leave except those referred to in page 60 of the FP7 Guide to Financial Issues (http://ec.europa.eu/research/participants/portal/ShowDoc/Extensions+Repository/General+Documentation/Guidance+documents+for+FP7/Financial+issues/financialguide_en.pdf).

Kind regards,
RTD A4

1.9.21 Costs for going to the airport

Antwort: 25.02.2010

Dear RES,
in a company the employees going on a business trip are getting a 15 EUR flat rate for the way to the airport and back by car. The evidence for this is a note for the file which says that the employee went to the airport by car.
Is this note for the file a proper audit trail and therefore the 15 EUR eligible when going on a travel for an EU project?
Best Regards

Thank you for your question. As a general rule, in order to be eligible must be actual, real (Article II.14 of the FP7 model grant agreement). However, in case of travel and subsistence allowances for staff taking part in the project, if such costs are reimbursed on the basis of a lump sum/or per diem payment, it is the lump sump/or per diem and not the actual costs that are considered to be eligible costs (FP7 Financial Guidelines, page 50). Therefore, if costs in question are travel costs for staff taking part in the project, this is a general practice of the company to pay 15 euros for the way to the airport, and this could be justified in case of an audit, they could be eligible.

Best regards,

RTD A2

1.9.22 Costs for booking

Antwort: 8.02.2010

Dear RES,
costs for the booking of flights to a project meeting - are they eligible in the project?
Best regards

Thank you for your question. If what you mean by "booking of flights" refers to charges/administration fees etc. that you are obliged to incur in order to complete the booking, we confirm that as a general rule, actual travel and related subsistence costs relating to the project may be considered as direct eligible costs, providing they comply with the beneficiary's usual practices and are adequately recorded, like any other cost.

Best regards,

RTD A2

1.9.23 Credit card manipulation costs

Antwort: 8.02.2010

Dear RES,
when paying on a project trip with the credit card in a non-EURO country (e.g USA), there is a "manipulation amount" (costs for converting) added to the costs incurred. Is this amount eligible?
Best Regards

Thank you for your question. We understand that by the "manipulation amount" you mean bank charges. Please note that the general eligibility of bank charges depends on their nature. For example, debit service charges are not eligible (see Article II.14.3.g of the GA) but charges relating to transfers may constitute eligible costs relating to the management activity (provided that all eligibility criteria stipulated in the grant agreement are met). In general, the charges may constitute eligible costs under two conditions:
• all eligibility criteria are met (see Article II.14.3 of the GA), and
• the nature of the charge is such that they are not included in the negative list of ineligible costs identified in Article II.14.3.

Best regards,

RTD A2

1.9.24 Eligibility of bank charges I

Antwort: 8.02.2010

Are bank charges eligible?

The general eligibility of bank charges depends on their nature.
For example, debit service charges are not eligible (see Article II.14.3.g of the GA) but charges relating to transfers may constitute eligible costs relating to the management activity (provided that all eligibility criteria stipulated in the grant agreement are met).

In general, the charges may constitute eligible costs under two conditions:

• all eligibility criteria are met (see Article II.14.3 of the GA: ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v5_en.pdf), in particular necessity and efficiency of these costs; and

• the nature of the charge is such that they are not included in the negative list of ineligible costs identified in Article II.14.3.

Kind regards,

RTD A2

1.9.25 Eligibility of bank charges II

Antwort: 22.04.2010

Dear RES,

if a Coordinator of a projects opens a new account and the account administration charges are booked in the account of the Coordinator in the direct costs - are these costs eligible under management?

Best Regards

Thank you for your question.

We understand that it is a new account opened exclusively for the project and used only for the project.
In general, bank charges may constitute eligible costs under two conditions:
• all eligibility criteria are met (see Article II.14.3 of the GA), and
• the nature of the charge is such that they are not included in the negative list of ineligible costs identified in Article II.14.3.
They may constitute eligible costs relating to the management activity if all the eligibility criteria are met.
Best regards,
RTD A2

1.9.26 Eligibility of bank charges III

Antwort: 16.07.2015

Dear RES,

for FP7 projects with a Grant Agreement signed after January 1, 2013, there is no more obligation to open an interest-bearing bank account for the project.

If a beneficiary has decided to open a project-specific bank account anyway, would the account administration charges still be eligible costs? Would the beneficiary be able to treat them as direct costs of the project if this is its usual practise?

Regards,

As explained in the FP7 financial guidelines p. 60, the general eligibility of bank charges depends on their nature. In general, the charges may constitute eligible costs under two conditions:

• all eligibility criteria are met (see Article II.14.1 of the FP7 ECGA).

• the nature of the charge is such that they are not included in the negative list of ineligible costs identified in Article II.14.3 ECGA.

Bank charges for a project specific bank account are not per se contrary to the eligibility condition requiring that costs must be for the sole purpose of achieving the objectives of the project in compliance with the principles of economy, efficiency and effectiveness (Article II.14.1.e)). It should be checked in practise that the level of the charges comply with the principles of economy, efficiency and effectiveness.

In principle, bank charges should be covered by indirect costs. However bank charges directly and exclusively linked to the project may be considered as direct costs if this is in accordance with the beneficiary's usual accounting practices.

Kind regards,

Legal and financial helpdesk

1.9.27 Eligibility of bank transferral charges

Antwort: 23.04.2010

Dear RES,
the costs incurred by the distribution of funding - e.g. bank charges related to the transferral - are they eligible only for the coordinator under management or also for the beneficiaries if the coordinator chooses a way of transferral where the beneficiaries have to bear the costs?
Best Regards

Thank you for your question. In general, bank charges for both, the coordinator and other beneficiaries, may constitute eligible costs under two conditions:
• all eligibility criteria are met (see Article II.14.3 of the GA), and
• the nature of the charge is such that they are not included in the negative list of ineligible costs identified in Article II.14.3.

Best regards,
RTD A2

1.9.28 Conversion rate when not available

Antwort: 8.05.2009

Dear Helpdesk,
sometimes we need a conversion rate for e.g. Russia and there is no rate provided by the ECB for the day we have to take. How do we have to proceed? If there is a rate a few weeks after the day the cost incurred shall we take this rate? Or the rate that was published before?
How do we have to proceed if there is only one rate per year published?

Beneficiaries with accounts in currencies other than EUR shall report in EUR on the basis of the exchange rate that would have applied either:
- on the date that the actual costs were incurred or
- on the basis of the rate applicable on the first day of the month following the end of the reporting period. For both options, the daily exchange rates are fixed by the European Central Bank. For the days where no daily exchange rates have been published by the ECB (forinstance Saturday, Sunday and New Year's Day) you should take the rate on the next day of publication. When a website of the ECB does not contain the daily exchange rates for the particular currency, please use the exchange rates presented at the website of DG Budget (Euroinfo) which includes the Russian rouble:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=160&Language=en

Kind regards,

RTD A2

1.9.29 Conversion rate – credit card bills – usual practice I

Antwort: 6.10.2009

If I pay with a credit card in a foreign currency, the credit card company uses their own conversion rate (and not the ECB conversion rate) for converting the amount paid into EURO.
Is it possible to take the amount on the credit card bill into the Form C or do I have to convert the original amount (in foreign currency) with the ECB conversion rate and put then this amount I calculated myself into the Form C?

If you have an accountancy in Euro you shall convert costs incurred in other currencies according to your usual accounting practice.
Beneficiaries with accounts in currencies other than EUR (e;g. british entities) shall report in EUR on the basis of the exchange rate that would have applied either:
- on the date that the actual costs were incurred or
- on the basis of the rate applicable on the first day of the month following the end of the reporting period.

For both options, the daily exchange rates are fixed by the European Central Bank. Beneficiaries are required to use the daily ECB exchange rates as it ensures an equal treatment.

1.9.30 Conversion rate – credit card bills – usual practice II

Antwort: 30.09.2009

As our accountancy is in Euro, according to you previous mail, we shall do the conversion according to our usual accounting practice.
I would like to illustrate this briefly:
If one of our project employees on travel in a "non-Euro country" pays with credit card there, it is our usual practice to take the amount written into the credit card bill as what it cost. This amount in Euro (as it had been converted by the credit card firm) is booked in our accountancy.
Is it correct when we take the amount (of the credit card bill) or do we have to take the original amount in the other currency and convert it with ECB rates?

On the basis of Article II.6.4. of the model grant agreement if you have an accountancy in Euro you shall convert costs incurred in other currencies according to your usual accounting practice.

Best regards,

RTD A2

1.9.31 Conversion rate when having accounts in Euro

Antwort: 2.12.2009

If we (we have accounts in EURO) convert our bills in other currencies than EURO according to our usual practice (this is made e.g. by our bank and by the credit card company) and we would gain additional income through this (compared to the ECB conversion rate) - would this be problematic concerning actual costs?

What would be the consequences?

We confirm that as stipulated in Article II.6.4 of the FP7 grant agreement, beneficiaries with accounts in Euro shall convert costs incurred in other currencies according to their usual accounting practice.

Best regards,

RTD A2

1.9.32 Costs of external experts I

Antwort: 28.10.2009

Dear RES,
in a lot of projects there are external experts on conferences and working as Advisors.
These experts are normally not employed by one of the beneficiaries. If they now work for a certain daily fee - is this to be classifiified as subcontracting? If not, under which headline do we have to take it into the Form C? Under other direct costs / other?

As you know, the general rule is that beneficiaries shall implement the indirect action and shall have the necessary resources to that end. In cases where the beneficiary intends to claim the costs of this third party as eligible costs of the project there is an obligation of listing "third parties" in the GA.
We presume that there must be some kind of contract/arrangements between the beneficiary and the experts in question.

1.9.33 Costs of external experts II

Antwort: 2.12.2009

Dear RTD A2,
in a lot of project calls e.g. Advisory Boards or Groups are welcome and even wanted by the Commission. So there are a lot of these Advisors in many projects. Other external experts are mostly speaking at meetings/conferences.
1) Mostly the travel expenses and a per diem payment are paid to the external expert, who invoices these expenses. Under which headline should these costs be taken into the Form C? E.g. under other direct costs / other?
2) Sometimes the experts are really high level experts who have certain daily fees they normally charge. If such an expert invoices e.g. 800 EUR for a 1-day conference and so this fee is paid to him/her (additionally to the travel expenses). Under which headline should these costs be taken into the Form C? E.g. under other direct costs / other?
3) What shall be written in Annex I to get experts mentioned under 1) or 2) reimbursed in the project?
Please explain in detail.

In both cases the cost in question should appear in Annex I and needs to be approved by the Commission.
Concerning the first case, costs relating to experts' honorarium and reimbursement of travel and subsistence expenses may by charged to the project provided that all eligibility criteria stipulated in Article II.14 of the EC grant agreement model. In this sense, the per diem and travel expenses reimbursed should follow the beneficiary's accounting practices. These costs are going to be reimbursed in accordance to the reimbursement rate the beneficiary who is going to claim the costs is entitle to. The costs should be charged under the activity related to the work carried out by that person.

In general these costs should be charged to the project by the beneficiary who is going to incur them.
However, it is possible for the consortium to decide that all such costs will be allocated to the coordinator's budget and that it will be the coordinator who is responsible for all such payments. In the Consortium Agreement it could be stated that other beneficiaries will contribute to these costs.
In the second case you are not talking about travel or per diem but a remuneration for work (i.e. 800EUR/day) so this cost would seem to fall within the field of consultancy work and the normal rules for subcontracting should be applied.
Best regards,
RTD A2

1.9.34 Costs of “external” experts who work for a beneficiary

Antwort: 27.06.2011

Dear RES,

this is a very urgent question concerning the reimbursement of costs for experts as described on p. 60 (Travel expenses of experts participating on punctual basis in the project).
Is it possible to have e.g. a person who is employed by a Ministry (project beneficiary) and the same person an expert in the project (acting on his own behalf in his free-time with his expertise as an expert) and then his travel expenses are reimbursed (in his function as an expert to his personal bank account) by another beneficiary?

Best regards

Thank you for your question. It should be avoided that the same person takes part in the project as personnel and also as external expert. The possibility you mention should be limited to people not involved in the project for the Ministry-beneficiary, even if they are employed by the ministry-beneficiary. Under these conditions, and provided that this is in compliance with the national law, it could be possible.

Best regards,
RTD A4

1.9.35 VAT of Belgian bills

Antwort: 17.11.2009

In our FP projects we often go to Brussels and therefore have bills with Belgian VAT on it. The Finance Guide says on p. 41 that VAT which is not identifiable is allowed: "This may be for example the case with foreign invoices where the price indicated is gross without identifying the tax." If we have 4 bills from Belgium and in 3 bills the VAT is identifiable and in one bill the VAT cannot be identified, only the price in gross is displayed.
Are we obliged to find out about the VAT percentage in Belgium and have to deduct it from the 4th bill? If yes, how detailed do we have to investigate to get the correct VAT percentages?

According to Belgian law, the VAT should be identified on all bills in Belgium

- either by stating the amount of the VAT,
- or the percentage of the VAT.

Therefore you should be able to identify and remove the VAT.
We would suggest asking for a correct bill to make sure those cost will not be rejected in the future by the Commission (auditors).

Kind regards

RTD A2

1.9.36 VAT “not identifiable”

Antwort: 10.03.2010

Dear RES,
in the Finance Guide on p. 41 it says that "indirect taxes' will be allowed when not identifiable". How shall the identification process look like?
When is VAT classified exactly as not identifiable?
Please explain.
Best Regards

Thank you for your question. There is no legal definition of the word "not identifiable", but it means that it is not possible from the invoice to indicate the % and/or amount of the indirect tax. VAT in Europe is always identifiable.

Best regards, RTD A2

1.9.37 Internal invoices

Antwort: 23.04.2010

Dear RES,

we are the legal and financial NCP of Austria - we have checked the Audit and the Financial Guide and would like to clarify:

Department A is working on an EU project. Is an internal charging by means of internal invoice from department A to department B in an organisation possible?
Is it possible to have the real costs of department B reimbursed in the EU project?

Best Regards

Thank you for your question. It is possible to charge to the project costs arising from internal invoices delivered by units or groups which belong to the same legal entity so long as the other eligibility requirements are met (excluding profit, etc.) and there has been no attempt to "subcontract" within a single entity (i.e. to charge market prices for work carried out by the same contractor within the EC grant). The cost in question is for the organisation in this case and has to be compliant with the eligibility criteria listed in the general conditions of the FP7 model grant agreement (Article II.14). Internally invoiced personnel costs for project specific activities may be eligible if the time worked on the project is substantiated by records covering all the workable time of the relevant personnel. The eligible hourly rate should be calculated based on the actual cost for salaries and social charges incurred by the beneficiary.
We hope this information will be helpful to you.

Best regards, RTD A2

1.9.38 Invoices between Partners

Anfrage der dänischen Nationalen Kontaktstelle für Recht und Finanzen

Antwort: 23.05.2014

Dear RES

Is invoicing between partners possible if it concerns the purchase of products (not services)? In our case beneficiary A supplies one or several other beneficiaries participating in the project with devices/ equipment in order for them to be able to carry out the work foreseen for the project.

The question is whether beneficiary A may invoice the other beneficiaries for that. We are aware that the only price that can be charged are cost prices and that no profit can be made.

If the answer to this question is yes, does beneficiary A have to be able to prove that only cost prices were charged?

Also, do the invoices fall under Art. II.17.b and have to be reported as receipt? And maybe as costs as well?

Your quick reply is highly appreciated.

Best regards

Thank you for your message.

All participants, by definition, contribute to and are interested in the research project. Thus as a general rule, if one participant needs a supply or a service for the action from another beneficiary in the same project, it is the latter beneficiary who should declare and charge the cost in accordance to the cost eligibility criteria. This is intended to avoid the grant being used to cover the profit margin inherent to a commercial transaction.

There could be specific cases where the purchase of equipment from another partner in the project could be considered eligible. This situation would have to be properly justified (e.g. it is the best option in the market, better price, a framework contract between both entities, etc.), it would have to be in conformity with its usual accounting procedures and meet the definition of eligible costs in the GA (Article II.14), notably the need for the costs to be used for the sole purpose of achieving the objectives of the project and in a manner consistent with the principles of economy, efficiency and effectiveness. In case of an audit, the beneficiary may be requested to prove that these requirements have been fulfilled.

This would not fall under receipts as it would neither be free of charge nor provided by a third party. Besides, the same cost cannot be charged twice.

However, please note that as a general rule the eligible costs for equipment correspond to the depreciation costs incurred during the lifetime of the project (i.e. not to the price paid). Those depreciation costs must fulfil the eligibility conditions laid down in Article II.14(1) of the FP7 model grant agreement. Moreover, only the portion of the equipment to be used on the project may be taken into account. Depreciated costs of equipment can never exceed the purchase price of the equipment, nor can depreciation be spread over a period exceeding the useful life of the equipment.

Kind regards,

Legal and financial helpdesk

1.9.39 Financial Leasing

Antwort: 09.07.2012

Could you please help us with the following question concerning financial leasing with the option to buy durable equipment.

As in most cases, the depreciation period is longer than the project duration, we are wondering if the costs claimed may not exceed the total purchase price of the same equipment, or the proportion of the price which can be depreciated during the project duration?

One example:
project duration: 3 years
purchase price for durable equipment: 100.000 €
depreciation period: 5 years -> 60.000 € can be depreciated during the project duration
leasing rate for three years: 75.000
Is it
a) acceptable to lease the equipment because the leasing rates are below 100.000 or
b) not acceptable because the leasing rates exceed 60.000 €?

Many thanks in advance for your clarification.

Regards,

Thank you for your question.

Note that the Commission does not prescribe by which type of contract the beneficiaries should acquire the equipment necessary for the implementation of a FP7 project.

As mentioned on page 66 of the "Guide to Financial Issues relating to FP7 Indirect Actions", financial leasing with the option to buy durable equipment must be charged in accordance with the beneficiary's own accounting practices. However, there is a limit in the cost you can claim in this financial leasing (page 65 of the Guide). The cost claimed for durable equipment which is leased with an option to buy (like in your case) cannot exceed the costs that would have been incurred if the equipment had been purchased and depreciated under normal practices.

Therefore in the case raised, for this type situations in FP7 you should apply your usual policy and practices in similar cases, but if you choose financial leasing with option to buy, the maximum amount of leasing rates that you could charge as a cost to the project would be 60.000 euro, and not 75,000 euro, and this because these 60,000 are the maximum costs that would have been incurred and charged to the project if the equipment had been purchased and depreciated under normal practices.

Kind regards,

1.9.40 Costs incurred by a third party

Frage des L&F NCP DK
Antwort an uns Dez 2010

A Danish SME is writing a proposal for a Collaborative Project.

They are now defining their budget and would like to understand in which way they need to consider some of the costs.

The researchers working for the SME in order to perform their research activities will use a Lab Facility (a Clean Room) called Danchip, which is a non profit organization.

The SME's researchers will only use the equipment and not the personnel at the Facility.

Therefore they will only need to pay for the time they use the Lab Facility.

The SME would like to know if these costs should be considered subcontracting or not.

Can you please let us know how they need to consider these costs?

We acknowledge receipt of your message and, in response to your enquiry, we wish to inform you that
the costs should be included in the RTD costs.

The Network of National Contact Points provides help on all aspects of the Seventh Framework programme (FP7) in the national language. For contact details, please consult the following URL:
http://cordis.europa.eu/fp7/ncp_en.html

We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.9.41 Maintenance of machines

Antwort: 27.01.2009

Dear RES,

if in an FP7 project a machine is used and machine hours are charged to the project for its use, is it possible to add costs of maintenance agreements, as these are needed to keep the machine working?

Best regards

Thank you for your question. Please notice that the Enquiry Service can not validate individual cases. However, part of the maintenance cost corresponding to the usage of the equipment for purposes of the project may constitute its eligible cost, provided that all the eligibility criteria are met. Treatment of these expenses should be in accordance with the usual accounting procedures of the contractor. The national regulations in force, and the practices of the contractor, especially these concerning depreciation should be applied.

Kind regards,

RTD A2

1.9.42 Costs for patent searches and patent attorney advice

Antwort: 16.05.2011

Dear RES,

when there were costs budgeted in Annex I under "other costs" for patent searches and advice from a patent attorney and during the project a contract for services was signed with the patent attorney was signed for his work, where do we get the costs reimbursed?
Under activity other - subcontracting or under activity other - other direct costs?

Best regards

Thank you for your question.

As for the type of activity, this is indeed part of other activities.

As for the type of costs, any service contract is a subcontract.

Best regards,
RTD A4

1.9.43 Costs for dinners

Antwort: vom Legal and Financial NCP Schweiz
07.11.2011

Dear Madam, Sir,

As the financial guidelines are rather vague concerning this topic, we would like to know whether dinners held at consortium meetings are eligible for funding and if so, under which conditions. Informal discussions of the consortium staff on sometimes delicate matters, the internal preparation of a review meeting, invitation of external stakeholders etc - do those activities justify the costs incurred for such a dinner?

If so, please also let us know, if they are considered RTD or MGT activities.
Of course expenses should not be reckless. Are there any further restrictions, such as "no alcohol"?

One of the criteria of MGT activities is that they are "over and above WP level". Does this mean that the host of a meeting may declare costs incurred for the hosting of the whole consortium and potential invited guests under MGT?
All participants could also pay themselves - a somewhat lengthy alternative. In this case, each participant could claim the costs as subsistence costs, no? Thus the overall costs incurred and requested for the dinner from the EC would be the same, no?

Many thanks in advance for letting us know!

Kind regards

Thank you for your question.
Costs relating to travel and subsistence will constitute eligible costs of the project, provided that the requirements listed in Article II.14 of the FP7 grant agreement are met.

If the expenses for the dinner meet the eligibility criteria of the model FP7 grant agreement (i.e. actual, economic, and necessary), they are not excessive or reckless and the beneficiary applies its normal accounting policies and practices, they may be claimed as eligible costs.

There is no need to deduct from the bill the amount paid for alcoholic beverages (a glass of wine/beer) if this is in accordance with the normal principles and practice of the beneficiary. In any case, as you mentioned, these costs should not be excessive or reckless and they have to fulfil the eligibility criteria of Article II.14 of the model grant agreement.

Please notice that the Commission can not pay twice for the subsistence costs incurred. Therefore it is up to the partners to decide whether only the coordinator should pay for the expenses in question which it would declare (the whole cost) in its financial statement, or whether each participant pay its own share and declare it. If the first solution is chosen then it should be clear that the individual beneficiaries could not claim the same costs already paid by the coordinator.

The classification of these costs will depend on the type of activity in relation with which they incur.

In any case you should contact your Project Officer in order to discuss the particularity of the project. The Project Officer should decide which types of expenses are considered to be necessary.

Kind regards
RTD A4

1.10 Personnel Costs

1.10.1 Calculation of hourly personnel rates

Antwort: 27.01.2009

How is the hourly personnel rate calculated? Do we have to calculate as given in the Template in Annex 3 of the Auditor Guide? Do we have to calculate with actual productive hours per person or with a standard?
How was this in FP6?

Thank you for your email and your interest in the 7th Research Framework Program.
First of all we would like to remind you that, as correctly indicated in your question, the template model for calculation of hourly personnel rate given in the Annex 3 of the Guidance Notes for Beneficiaries and Auditors is an example. It should be adapted based on the usual accounting rules and principles applied in that frame by the beneficiary.

In the context of the FP7, there are three possibilities to calculate the hourly personnel rate:

- Actual personnel cost per person divided by actual productive hours per person;
- Actual personnel cost per person divided by average/ standard productive hours;
- Average personnel costs per person divided by average/ standard productive hours.

Concerning the productive hours, if the beneficiary has a person-based full time recording that permit to calculate actual productive hours per person, therefore it is recommended to use actual productive hours per person.

If the beneficiary does not have such a personnel time recording or uses an average or standard productive hours (for the company), therefore the template provided in the Annex 3 of the Guidance Notes for Beneficiaries and Auditors can be used.

Those possibilities of determining the productive hours already existed in the context of the FP6.

1.10.2 Calculation of hourly rate and Simplified method

Frage des L&F NCP DK
Antwort an uns Dez 2010

Dear Mr. Marc Bellens,

As the Legal and Financial Issues NCP for Denmark I would like to ask you to clarify the situation regarding the two following issues:
1. The updating of the rate of the "Simplified method"
2. The calculation of the hourly rate.

I would also like to add that I got an oral answer to the questions at the last NCP meeting. The answer was unfortunately not very clear and moreover I really need a written answer since one of these questions has an influence on the way in which two of the biggest universities in Denmark reports their personnel costs.

1. The updating of the rate of the Simplified method
In the FP 7 Grant Agreement Annex VII - Form D, paragraph 11, regarding the "Simplified method" there is written:
"The beneficiary may use a simplified method of calculation (…). This does not permit the use of a generalised estimate, or the use of a 'standard' rate that is not derived from the accounting records of the period in question. Thus the rate (but not the methodology) should be updated for each accounting period."

On page 53 of the "Guide to Financial Issues relating to FP7 Indirect Actions" there is written:
"…This simplified method has to be in accordance with their usual accounting and management principles and practices; it does not involve necessarily the introduction of a new method just for FP7 purposes.
Beneficiaries are allowed to use it, provided this simplified approach is based on actual costs derived from the financial accounts of the last closed accounting year."

The Commission uses the expression "accounting period" in the Annex VII and "last closed accounting year" in the Guide to Financial Issues.
According to my interpretation the Commission's position is that the rate used in the Simplified method should be updated every year, after the financial accounts of the last closed accounting year have been made public. I don't think that the Commission's position is that the rate should be updated according to the project's reporting periods. In that case some institutions would have to update the model every month.
Can you please explain the Commission's position? When should the rate used in the Simplified method be updated?

2. Calculation of the hourly rate

Many institutions in Denmark enter the salary costs in the relevant project's accounts every month. This means that also the salary costs of the employees that work in projects funded by the European Commission are entered in the accounts of the relevant projects every month according to the timesheets and the hourly rates of the employees.
There is though a difference between the hourly rate that is calculated in the following way:

> *Annual salary (inclusive special holiday allowance)/ Standard number of productive hours per year*

And the hourly rate, which is entered in the accounts of the project every month, according to the following calculation:

> *(Previous monthly salary*1,015 (special holiday allowance)*12)/ Standard number of productive hours per year*

The hourly rate is calculated for every month, and at the end of each reporting period the average of the hourly rates is taken into consideration.

The difference between the hourly rate calculated with the first model and the hourly rate calculated with the second model is in any case very small and it is due to the changes in the salary in the reporting period.
That happens extremely often since most of the projects have reporting periods that are 18 months long.

If the difference must be 0%, the salary costs have to be entered into the accounts of the project at the end of the reporting period. That could give some problems, because the institutions are interested in a continuous follow-up of the project costs. That can only happen if the costs are entered regularly in the project's accounts.

The following example may help in understanding the situation.
For practical reasons a 12 months long reporting period has been used.

Example:
Total salary indicated in the accounting system for the period: DKK 384.528,36
Standard number of productive hours per year: 1450
Hourly rate: 384.528,36/1450,00=265,19

The hourly rate for December is calculated in the following way:
Salary for November: DKK 32.976,74
*Hourly rate: 32.976,74*1,015*12/1450= DKK 277,01*
(the same method applies for every month)

Personnel costs recorded in the relevant project based on the monthly calculation: DKK 83.886,00
Total hours worked for the project: 317,00
Average hourly rate in the project: 83.886,00/317,00= DKK 264,62

Difference between 265,19 og 264,62= 0,21%

In the document FP 7 Grant Agreement Annex VII - Form D under "Standard factual finding and basis for exception reporting" for "personnel costs" there is written:
"For each employee in the sample of ___, the Auditor obtained the personnel costs (salary and employer's costs) from the payroll system together with the productive hours from the time records of each employee.
For each employee selected, the Auditor recomputed the hourly rate by dividing the actual personnel costs by the actual productive hours, which was then compared to the hourly rate charged by the Beneficiary.
No exceptions were noted.
The average number of productive hours for the employees selected was _____."
And also:

"'Productive hours' represent the (average) number of hours made available by the employee in a year after the deduction of holiday, sick leave and other entitlements. This calculation should be provided by the Beneficiary".

In the document is not clearly indicated if a small deviation is allowed. The auditors reads the sentence "No exceptions were noted", as the proof that it is not allowed to have any difference between the hourly rate calculated by dividing the actual personnel costs by the actual productive hours and the hourly rate charged by the beneficiary.

I have enclosed the following standard documentation, which one institution uses (and that has been used in the example) regarding the calculation and the reporting of personnel costs:

- Payroll information for 2008, where there is indicated base salary, benefits of all kinds, pension contributions, employers' payroll taxes etc.;
- Accounting records, where it is possible to see the hourly rates;
- Reconciliation/calculation table, which shows how the hourly rates were calculated from the payroll information.

Can you please let me know if it is possible to accept a small difference in the hourly rate?

In case it is necessary I would be happy to provide more documentation and explanations.

Thank you in advance for your attention and help.

Thank you for your email and your interest in the FP7 issues and please accept our aplogies for the delay in replying.
We would like to remind you that the FP7 Helpdesk web service (http://ec.europa.eu/research/enquiries) has been set up by the Commission to answer the specific questions concerning the FP7 framework programme and the FP7 Certification. We would therefore be grateful if you could send any future question to this Helpdesk.

We analysed the questions raised in your email. Please find below the answers to these questions.

1. The updating of the rate of the Simplified method

The indirect cost rate should be updated based on the contractor's latest closed accounting period.Usually an accounting period coincides with a company's period of accounts. This is the period for which the company draws up accounts. Accounts are as a general rule drawn at least once a year.

2. Calculation of the hourly rate

"The calculation of the eligible hourly personnel rate can be done either on a yearly or on a monthly basis. A calculation on a monthly basis would normally be more accurate but contractors have to use either of the two methods based on their normal accounting principles. The beneficiary should charge costs to the projects which are derived from its official financial statements. The hourly rate is calculated by dividing the monthly or annual cost of the employee by the monthly or annual standard productive hours. Costs to be charged to the EC should be the exact hours worked by the person on the project from the time sheets multiplied by the established hourly rate.

Additional payments such as a 13th salary, retroactive salary increases or bonuses, made in a particular month have to be divided by the total annual productive hours and distributed on the actual hours worked on the relevant projects/activities."
With kind regards,

Marc BELLENS
Head of Unit
RTD.A.4 External Audits

1.10.3 Calculation of productive hours

Antwort: 23.03.2010

Dear RES,
when calculating the productive hours how do we have to do this exactly:
We calculate the actual productive hours per person as well as a standard in our company. If the number of actual productive hours of an employee is higher than the standard we take the higher number.
When the actual productive hours are lower than the standard we take the standard productive hours to calculate the hourly rate with.
Is this correct?
If not - how are the productive hours calculated correctly?
Best Regards

This way of calculating the productive hours will be acceptable if in accordance with your standard practices.

Best regards,

RTD A2

1.10.4 Calculation of productive hours II

Antwort: 14.04.2011

For the calculation of hourly rates we use the actual productive hours, only when they are quite low, we use the standard productive hours (SPH).
1) Are the SPH a company related standard based on general considerations or are the SPH an average based on the company's employees performances?
Holidays:
- every employee receives p.a. additional 25 days for holidays, justified by law
- in 2010 on average every employee was 26,8 days on holidays
Sickness:
- 10 days were accepted by a FP6 2nd level auditor on behalf of the EC
- Average in Austria: 12,5 days per year, justified by Austrian officials
- Average in our company in 2010: 6,29 days
1a) Which of these figures should be used for the calculation of SPH?
2) In the finance guide there is no distinction between standard and actual productive hours in the explanation which activities are not considered to be part of the productive hours. In case of the SPH how shall general training/general internal meetings be justified?
General training:
- every employee is entitled to 5 days of general training
- company average 2010 was 3,36 days of general training per employee
2a) Which figures should be used for the calculation of SPH?
Internal meetings:
- each week there is a minimum of one internal meeting which lasts 1,5 hours, not justified within the time sheets but justifiable through meeting protocols
2b) For the calculation of SPH could the time be deducted?
3) For the calculation of hourly rates we use the actual productive hours as a general rule. In case the actual productive hours are lower than the SPH…
3a) Do we have to use the standard productive hours for the calculation of the hourly rate if actual productive hours are lower than SPH?
3b) Is it OK to use actual productive hours unless the hourly rate gives unrealistic numbers, e.g. 300 EUR/h?
3c) Is there a margin up to actual productive hours can be applied? E.g. until 1500?

The organisation is free to opt between standard and real productive hours. The calculations must be done according to the organisation's data and not from other sources. If it opts for standard, it shall re-adjust if deviations are observed. In both cases, it has to substantiate the approach applied. Please note that the time recording system must allow keeping track of the number of actual or standard number of productive hours. Regarding what can be considered or not as productive hours and other information please refer to page 54 of the Financial Guidelines.
Notice also that in any case auditors are entitled to ask for evidence to the extent needed by their professional judgement, in accordance with the relevant applicable International Standards on Auditing.

Kind regards, RTD A4

1.10.5 Standard/actual productive hours/Overtime

Antwort: 12.05.2009

In the Finance Guide for FP7 on page 41 \"Productive hours have to be clearly justified and should match the underlying time records. If hours actually spent in productive tasks (as supported by time records) exceed the standard productive hours, the first shall be used for the calculation of the personnel costs, unless overtime is paid.\"
How do we have to understand this?
1) Is it correct that if the actual hours are higher than the standard productive hours then the actual productive hours shall be used as divisor?
2) Is it correct that if overtime is paid then the actual productive hours shall be used as divisor? What does this say? Please describe in detail.
3) What does \"unless overtime is paid\" exactly mean?

We apologise for the delay in replying due to the high number of enquiries being received at the moment. Here is the answer to your enquiry:
A simple estimation of hours worked is not sufficient. Productive hours must be calculated according to the beneficiary's normal practices. The annual number of productive hours can be calculated in two ways:
- by using a standard number of productive hours used for all employees;
- by calculating an actual individual number of productive hours for each employee.

The first option, the use of the standard number of productive hours, is the most efficient one. The use of actual productive hours per employee to compute the hourly personnel rate is the most precise. In general, the actual productive hours should be close to the standard productive hours. In addition, the time recording system of the beneficiary should allow keeping track of this number of actual individual number of productive hours. The beneficiary can not claim more hours than the ones he used for the computation of the personnel hourly rates. Otherwise, it would charge more than its actual personnel costs.
If the beneficiary uses the standard productive hours, it can not claim more hours than the standard productive hours, even if the actual time spent exceeds them. If the beneficiary uses the actual productive hours, it can not claim more hours than the individual actual productive hours.

Example:
Total productive hours= 210 X 7,5 hours= 1570 hours
Total Salary (statutory costs, including holiday pay, etc...): 30.000 Euro/year
Hourly rate= 30.000/1570= 19,1 Euro hour
Total hours worked for the project= 650
Total costs charged to the project= 650 x 19,1= 12.415 Euro
The productive hours have to be clearly justified and should match the underlying time recording system.

Overtime may be accepted provided that:
- if there is a system that allows the identification of the productive hours worked for the project and is in conformity with the usual practices of the beneficiary.
- the overtime is actually paid,
- the overtime is necessary to the project and in conformity with the beneficiary's national legislation,
- it is the policy of the beneficiary to pay overtime.

Only the hours worked on the project can be charged. The hourly rate applicable to these "overtime" hours has to be taken into account separately from the standard working hours and there must be a system that allows the identification of the productive hours worked for the project.

Kind regards,
RTD A2

1.10.6 Personnel costs for Professors

Antwort: 10.03.2010

Dear RES,

this is a question concerning personnel costs calculation.

At the university, the professors receive a certain wage. If they teach classes they receive an amount additional to the basis wage. If they have exams, then they receive a certain amount for the exams. Are the teaching wages a part of the salary which is then divided by the productive hours or does the teaching salary have to be taken out (and so the teaching hours are taken out of the productive hours)?

Or is it possible to have the teaching salary in the overall salary as well as the hours from teaching in the productive hours? What about the "exam salary"?

Please explain in detail.

Best Regards

Thank you for your question.
In accordance with the FP7 Financial Guidelines (p.42) "personnel costs should reflect the total remuneration: salaries plus social security charges (holiday pay, pension contribution, health insurance etc.) and other statutory costs included in the remuneration".

In our opinion both the teaching and the exam salary should be included in the remuneration used for the calculation of the hourly personnel rate. The time spent on teaching and exams is considered productive and may not be deducted from the productive hours used for the hourly rate calculation.

Best regards,

RTD A2

1.10.7 Personnel costs at universities

Antwort: 28.06.2011

Dear RES,

I was forwarded your answer regarding teaching wages of university professors because I have an additional question in this context.

You stated that the teaching salary and the exam salary should be included in the remuneration for the calculation of the hourly rate. But what about the case that the professor only prepares project related time sheets, so that total actual productive hours are not available. Therefore hourly rate calculation has to be done with standard productive hours (1.680 hours).

Does the usage of standard productive hours for the hourly rate calculation have an impact on your answer below? In general professors have to work more if they want to charge higher teaching salary/exam salary. If hourly rate calculation is done with standard productive hours, standard productive hours remain the same (1680) while the remuneration increases.

I would be grateful for your advice.

Kind regards

Thank you for your question.
Beneficiaries are entitled to use standard productive hours for the hourly rate calculation according to their usual practices, provided that this number of productive hours reflects their actual working standards in compliance with the applicable legislation and labour agreements and that the calculation is based on auditable data. In this sense we presume that the figure of 1680 hours you mention corresponds to the standard hours of the beneficiary and can be justified.
By definition, the standard productive hours cover the standard schedule for which the individual is normally remunerated. In your example, you seem to indicate that the teaching and exam duties are done in addition to the standard working hours and are paid by an extra remuneration additional to the normal salary of the individual. If this is the case, both additional figures (the extra hours and the extra salary) must be included in the calculation of the personnel rates. The extra remuneration would be added to the normal remuneration in order to calculate the total annual personnel costs. In the same manner, the extra hours would be added to the standard productive hours in order to determine the total annual number of productive hours.
In contrast, if the hours dedicated to teaching and exams are not in addition to the normal working hours (i.e. the extra remuneration does not imply working more hours), the standard number of productive hours can be used to calculate the hourly rate. The extra remuneration, as part of the actual personnel cost of the individual, would be taken into account for the calculation this hourly rate.
Best regards, RTD A4

1.10.8 Calculation of hourly rate for personnel with 2 contracts

Antwort: 22.12.2011

Dear RES,

this is a question concerning personnel costs calculation.

At the university employees are categorized according to their activities performed (eg. tutor, project assistant, professor, etc) into different payment categories. The payment categories are relevant for all employees of the university.

It is possible that one employee has two working contracts with the university regarding two different activities at the same time. E.g. the person is employed as tutor for 1 semester hour (is equivalent to 15 working hours for the whole calendar year) with an hourly wage of EUR 10 (gross salary). Furthermore the same person has an employment contract as project assistant for 16 hours per week and hourly wage of EUR 15 (gross salary).Need the university consider both employment contracts for the calculation of hourly rates if

a) both employment contracts are clearly separated (two contracts, two salary slips, two timesheets)

b) only one salary slip for both contracts exists where the gross salary for each contract is presented separately but payroll related expenses are summarized in one line. Therefore payroll related expenses need be split up manually.

*If the both contracts have to be considered, hourly rate decreases since the hourly wage for the tutor contract is lower than for the project assistant contract. Furthermore is quite unclear how to calculate standard productive hours for the tutor contract (our suggestion: 1680/(40 hours *52 weeks)= 0,81 => 0,81*15 hours =12 standard productive hours)*

Please explain in detail. Kind regards.

Thank you for your enquiry and apologies for the delay in replying due to the fact that the answer to the issue you raise required consultation with other services.

Answering to your question, in this specific case of 2 clearly identified employment contracts, the hourly rate could be the one of the contract referred to the activity related to the work in the project, as this will reflect the cost of that employee for that activity to the beneficiary.

As for the productive hours, if the annual standard productive hours are 1 680, the monthly productive hours for temporary and part time staff are 140 hours/month multiplied by the relevant percentage of a full time employment. In any case the the beneficiary has to use its own standard or actual productive hours. Please remember that the costs charged to the project have to fulfil the eligibility criteria stipulated in Article II.14 of the FP7 model grant agreement.

In particular we draw you the attention that the beneficiary should be able to prove that this practice is the usual or standard one according to its internal regulation and/or practices, and it is not the result of an "ad hoc" arrangement.

Yours sincerely, RTD A4

1.10.9 Calculation of hourly rate for personnel with 2 contracts II

Antwort: 22.02.2012

Dear RES,

as we understood the financial guidelines, the hourly rate of a person is found by taking the total salary (no matter if the person hast different employment contracts with the beneficiary) and divide this by the productive hours.
Is this correct or is it also possible to have e.g. a 20 hours contract on teaching and a 15 hours contract on the project for research and so only the 15-hour-contract-salary and the corresponding hours are taken as basis of the hourly rate?

Thank you for your question and we apologise for the delay in replying due to the fact that the answer to the issue you raise required the consultation. Answering to your enquiry, as a general rule, the hourly rate of a person should be calculated taking into account the total gross salary paid to the employee by the beneficiary divided by the total number of productive hours. However, if the employee has more than one labour contract with the entity and these contracts refer clearly to different types of activities (for instance one contract for teaching and one contract for research), the hourly rate could be the one resulting exclusively from the contract under which the work in the project is performed. In contrast, cumulative contracts made for the same type of activities (for instance, researches who have one labour contract per project) should follow the general rule described above. In these cases, the hourly rate should be calculated on the gross salary resulting from all cumulative contracts divided by the total productive hours resulting from all cumulative contracts.

Best regards,

RTD A4

1.10.10 Calculation of hourly rate for personnel with 2 contracts III

Antwort: 21.02.2012

Dear RES,

Regarding your reply "in this specific case of 2 clearly identified employment contracts, the hourly rate could be the one of the contract referred to the activity related to the work in the project, as this will reflect the cost of that employee for that activity to the beneficiary." we kindly ask for further clarification for one example:
The employee is a project assistant for a FP7 project (e.g. 20 hours, TEUR 20) and for a national funded project (e.g. 10 hours, TEUR 8) - the beneficiary can identify and prove for each contract the exact staff costs (incl. social charges,...) but on the salary slip both contracts are summarized and are not distinguished.
The reason for different salaries for the contracts are that each employment is assessed by the HR department according to the activities performed (and according to the collective contract) and therefore different classifications per project may lead to different salaries

In our opinion there are 2 possibilities:
Possibility 1: over all contracts a calculation of the yearly hourly rate. We have provided to examples of alternatives below which happen if the beneficiary follows the rules of FP7 guidelines (we also attach the two following tables as Excel).

Conclusion 1: Claiming more than paid to employee in total

	Data per project	Data per project			
	FP7 project	national funded project		Overall Yearly basis	
Employment in months	12 months	12 months			
Employment in hours/we	20	10			
Total Salary Year 2011	20.000,00	8.000,00	<- These costs TEUR 20 and TEUR 8 are recorded in SAP on the **relevant project**	28.000,00	<- TEUR 28 on **salary slip**
Standard productive	840,00	420,00			
Actual productive hours	1.100,00	420,00		1.520,00	
Hourly rate (divided by actual prod. hours)	18,18	19,05		18,42	
Personell costs (rate 18,42 EUR -	**20.263,16**	**7.736,84**			
Conclusion	**Beneficiary would - following the rules - claim more costs than paid to employee in total (TEUR 20,3 by FP7 and TEUR 8 by national authorities)**	**TEUR 8 are funded by national authorities (see above Total salary 2011)**			

Conclusion 2: Claiming less than paid to employee in total

	Data per project	Data per			
	FP7 project	national funded project		Overall Yearly basis	
Employment in months	12 months	12 months			
Employment in hours/we	20	10			
Total Salary Year 2011	20.000,00	8.000,00	<- These costs TEUR 20 and TEUR 8 are recorded in SAP on the **relevant project reference**	28.000,00	<- TEUR 28 on **salary slip**
Standard productive	840,00	420,00			
Actual productive hours	900,00	420,00		1.320,00	
Hourly rate (divided by actual prod. hours)	22,22	19,05		21,21	
Personell costs (rate 18,42 EUR -	**19.090,91**	**8.909,09**			
Conclusion	**Beneficiary would - following the rules - claim less costs than paid to employee in total (TEUR 19,1 by FP7 and TEUR 8 by national authorities) and has to fund the delta in-kind without any possibility to get that delta funded.**	**TEUR 8 are funded by national authorities (see above Total salary 2011)**			

<u>Possibility 2</u>: Identifying only the FP7 contract and therefore claiming TEUR 20 according to the contract and the cost center analysis (see calculation above)

Could you please give us as soon as possible guidance how to handle this case.
Kind regards

Thank you for your question and we apologise for the delay in replying due to the fact that the answer to the issue you raise required the consultation. Answering to your question, we are afraid the case you describe in this follow-up query refers to a situation different from the one we replied to in your initial query.
Indeed, as replied to your first question, if a person has two separate contracts for clearly different activities (in your original example: tutor and project assistant), the hourly rate could be the one resulting exclusively from the contract under which the work in the project is performed. However, if the two contracts refer to the same general activity (in this case: project assistant), the hourly rate should be calculated based on the gross salary resulting from both contracts together divided by the total productive hours resulting from both contracts together.
Best regards,
RTD A4

1.10.11 Overtime (lump sum)

Antwort: 18.03.2009

In a company it is usual to give employees if required a lump sum overtime allowance (5 or 10 hours a month more work, therefore a higher payment). If they get a lump sum overtime allowance they receive an Annex to the employment contract. Is this lump sum overtime allowance (more money, more hours) eligible for an employee working full-time for an EU-project and part of the eligible personnel costs?
What is eligible if the employee is working half of his time on a national project and the other half on an EU-project? Is there a difference between FP6 and FP7?

In FP6 as in FP7 it is possible to charge the costs of overtime to the project, provided that:
- the overtime is actually paid,
- it is the policy of the organisation to pay overtime,
- the overtime is necessary to the project and in conformity with the beneficiary's national legislation .

If it is the policy of the beneficiary to pay overtime, the hourly rate applicable to these "overtime" hours has to be taken into account separately from the standard working hours and there must be a system that allows the identification of the productive hours worked for the project.

Please notice as well that only the hours worked on the project can be charged. Therefore, it should not be a "lump sum" payment, but a payment which would allow precise recording of the working time charged to the project.

For more information please consult the Financial Guidelines: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide

1.10.12 Overtime (einzelne Stunden ausbezahlen)

Antwort: 19.03.09

In a company it is usual to pay overtime when it occurs on business journeys. Are payments for overtime hours caused by business journeys for the EU-project actually paid to the employee eligible costs in the project if he/she is full-time working on the EU-project?
Is it different when he/she is working only a few hours a week on the project?

Is there a difference between FP6 and FP7?

As stated in our previous reply concerning the overtime:
Overtime: may be accepted provided that: if there is a system that allows the identification of the productive hours worked for the project and is in conformity with the usual practices of the beneficiary.

- the overtime is actually paid,
- the overtime is necessary to the project and in conformity with the beneficiary's national legislation,
- it is the policy of the beneficiary to pay overtime. Only the hours worked on the project can be charged. The hourly rate applicable to these "overtime" hours has to be taken into account separately from the standard working hours and there must be a system that allows the identification of the productive hours worked for the project.

Please remember that travel costs should be limited to the necessity for the project; any extension of the travel for other professional or private reasons is not an eligible cost.

In principle, there is no difference between FP6 and FP7.

Kind regards,

RTD A2

1.10.13 13th 14th monthly salary aliquotly?

Antwort: 19.03.2009

In Austria it is usual practice that employees receive a 13th and 14th monthly salary (by national law). Usually the employees receive the 13th monthly salary with the regular monthly salary in June and the 14th monthly salary in December (together with the regular monthly salary).
For calculation of the hourly rate we intend to consider the period and add all the salaries received in this period. So this is an actual calculation method but would lead to different hourly rates in certain periods.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
regular mon. salary	y	y	y	y	y	y	y	y	y	y	y	y
13th monthly salary						y						
14th monthly salary												y

period Jan-Mar: personal costs = 3 x regular monthly salary eligible
period Jan-Jul: personal costs = 7 x regular monthly salary + 13th monthly salary eligible
Is this calculation method correct for FP6 and FP7?

Or should the salary always be calculated "over the whole year" (14 salaries divided by 12 and then this amount shall be taken as salary) because the employee is entitled to receive the money? (When somebody resigns e.g. in May, then he/she would get 5/6th of the 13th salary when leaving, because the employer is obliged to pay it aliquotly for every month he/she was working.)

Indeed:
The hourly personnel rate is the ratio between:
Total Annual Personnel Costs of the researcher and Total Annual Productive hours of the researcher In particular, the total annual personnel costs of the researcher are the full cost that the organisation incurs for employing that researcher, over a period of 12 months.
Therefore the first example given in the question is not acceptable. The correct methodology is the second proposal where the salary always be calculated "over the whole year".

Kind regards,
RTD A2

1.10.14 13th 14th monthly salary – personnel costs at university

Antwort: 21.06.2011

Dear RES,
this is another question concerning personnel costs calculation.
The Beneficiary is an university which calculates the hourly rates on a yearly basis using actual personnel costs and standard productive hours (1.680 hours for a full time employee).
If a project period ends at calendar year's end, it is no problem to obtain personnel costs. But how to calculate personnel costs if the period ends for example in May 2011? In Austria it is usual practice that employees receive a 13th and 14th monthly salary (by national law). Usually the employees receive the 13th monthly salary with the regular monthly salary in June and the 14th monthly salary in December (together with the regular monthly salary).
Anyhow the Beneficiary want to avoid a systematic error in case of an audit by the EC. Therefore he is ready to renounce the proportional amount of the 13th and 14th monthly salary in the calculation of interim hourly rates, in order that subsequently an adjustment is only possible in favor of the Beneficiary.
*It is acceptable to apply on project hours during the timeframe January 2011 - May 2011 an interim hourly rate which can be obtained dividing actual personnel costs from January 2011 - May 2011 (without 13th and/or 14th monthly salary) by the proportional amount of standard productive hours (1680/12*5=700)? We are aware that the personnel costs have to be adjusted in the next project period by using annual rates, but in case of a final period, no post-adjustment is possible.*
Please explain in detail.
Kind regards.

Thank you for your question. The basic rule is that the beneficiary must always apply actual costs when calculating personnel costs. If the beneficiary is not able to calculate the actual hourly rates because the total annual personnel cost is unknown at the time of preparation of the Financial Statement Form C), the beneficiary may use instead the previous' year data. For interim reporting periods, the beneficiary is also allowed to use the best possible estimation of the actual personnel costs if this is in accordance to its usual accounting practices. For instance, certain beneficiaries add a percentage, accounting for the potential salary increase, to the last year personnel rates in order to estimate the rates of the ongoing year. When estimations are used, once the beneficiary knows the actual personnel cost for the period, it shall declare the necessary adjustments in the next reporting period. However, in the final report the beneficiary is required to claim in all cases the personnel costs as close to the actual as possible. In such context, and to answer your question, the beneficiary could declare the proportional amount of the 13th and 14th monthly salary based on the previous year data, like for any other eligible personnel cost component whose precise amount is not known at the moment of the submission of the Form C. Certainly the option you propose would also be possible, as it removes completely the effect of the 13th and 14th monthly salary in the calculation of the interim hourly rates. However, as you correctly remark in your question, this latter option would lead to lower hourly rates and, thus, a lower EU contribution.
Best regards, RTD A4

1.10.15 Hourly rates – periodical or yearly calculation?

Antwort 16.10.2009

I have a question concerning the calculation of personnel costs. Do I always have to calculate with the annual costs? So when the project starts in November 2008 and the first reporting period is in November 2009. For the calculation of the hourly rates for November and December 2008 - do I have to take the annual costs of the employee and the annual productive hours of 2008 to calculate the hourly rates for November and December?
Or do I just take the costs of the whole period (from November 2008 bis November 2009) and calculate the rate with the money the employee gained in this period and the productive hours the employee had in this period?
Please explain which option is correct and why (where exactly the regulation on which your answer is based upon con be found).

We apologise for the delay in replying which is due to the high number of questions we are receiving.
Hourly personnel rates should be calculated by dividing the total annual salary (12 months personnel costs) including social charges, by the number of average or individual annual productive hours.
The salary always has to be calculated "over the whole year", over a period of 12 months. Whether the period starts in November or in January has to be determined in accordance with the beneficiary's usual accounting and management principles and practices (Article II.14 of the Grant Agreement).

Best regards,
RTD.A.2. Legal & Financial Enquiry Service Helpdesk

1.10.16 Hourly rates – last project period

Antwort 15.08.2012

Could you please answer the following question concerning the calculation of productive hours during the last reporting period, raised by a coordinator from Austria:

The last reporting period of our project will end on August 31, 2012, however management costs incurred for the final reporting by October 31 can still be charged on the project.

So, when calculating the personal costs per productive hour for 2012, do we need to use the productive hours until the end of the project (i.e. January 1 to August 3) or until the end of the final reporting (i.e. January 1 to October 31)?

Please note that for costs incurred in relation to final reports, you need to use the productive hours until the end of the reporting period. Please note that for calculating the hourly rates for a fraction of the financial year (in this case until the end of the reporting period) you need to use the corresponding pro-rata of the annual personnel cost and of the annual productive hours.

Kind regards,

RTD A4

1.10.17 Bonus

Antwort: 26.03.2009

In a company it is usual to get premiums for some extra work (e.g. working as a lecturer on many occasions or leading of a working group, etc.) in the company – never bound to the work in an EU project. If somebody gets this kind of premium and is working e.g. 10 hours for an EU project - is the premium taken into account when calculating his/her personnel costs? When somebody is working full-time on an EU-project - is the premium then eligible?

If you are referring to a policy for FP7 on bonus, please notice that as a general rule, payment of additional payments and bonuses that are not an employer's obligation arising from the national regulation relating to labour law or even from the employment contract and that are within its discretion may not be considered as part of normal remuneration, even though identified as a payment on the payroll, and their eligibility under the provisions of FP7 may be questioned (in particular with respect to the criterion of necessity for carrying out the project).
However, if such payments are part of the normal salary and benefit package of an employee and must be paid if warranted they could be considered as part of the normal personnel costs. However this cost has to be compliant with the eligibility criteria of Article II.14 (FP7) of the contract, in this case the most important of which will be criterion of economy and coherence with the contractor usual accounting practices. The costs must be in relation with the normal behaviour of the participant.
The principle is that any salary system should be of general application preventing any bias towards charging higher hourly rates to EU projects. The annual salary and the annual eligible bonus should be distributed evenly on the employee's annual productive time. The hourly rate for one employee should be the same for all activities and for all periods of the year regardless of when the bonus is paid (hourly rate = annual salary including eligible bonus of the researcher / annual productive hours of the researcher).
The following criteria should be applied to the "bonus payments" to be considered eligible. Failing to meet one of these criteria means, in principle, rejection of the "bonus payments":
1) The bonus scheme should be provided for in the internal regulations and/or practices of the organisation (calculation method, category of employees falling under this scheme, maximum amount, etc);
2) The bonus scheme should apply to all projects (EU and non-EU projects, national and international);
3) The bonus payments should not result in a level of remuneration inconsistent with the current market conditions for a worker of the same category/grade/experience;
4) The bonus payments must be recorded in the accounts of the contractor as personnel costs and must be subject to taxes and social security charges applicable to salaries or specifically exempt from such taxes and/or charges;
5) These bonuses can only be paid as part of the employee's gross remuneration.
The nature of the criteria (qualitative or financial targets, research activities carried out, contractor's profitability, etc) used to calculate the amount of the bonus are not relevant but these criteria must be of general application within the beneficiary's organisation and they must be objective.
General recurrent (limited) bonuses (like for example bonuses for the year end, bonuses paid for the birth of a child, bonuses for obtaining a special graduation) are considered eligible if they are paid on an objective basis.

1.10.18 Bonus II

Antwort: 31.03.2009

In a company there are some people receiving all kinds of allowances according to their position or former position (there had been a fusion of more than 1 company). These allowances are not bound to an EU project. Are these additions eligible as personnel costs as they are part of the contracts of the employees?

As we stated in the previous reply, under FP6 and FP7, as a general rule, payment of additional payments and bonuses that are not an employer's obligation arising from the national regulation relating the labour law or even from the employment contract and that are within its discretion may not be considered as part of normal remuneration, even though identified as a payment on the payroll, and their eligibility may be questioned (in particular with respect to the criterion of necessity for carrying out the project).

However, if such payments are part of the normal salary and benefit package of an employee they could be considered as part of the normal personnel costs. However these costs have to be compliant with the eligibility criteria of Article II.19 of the FP6 contract and Article II.14 of the FP7 ECGA, in this case the most important of which will be the criterion of economy and coherence with the beneficiary's usual accounting practices. The costs must be in conformity with the usual behaviour of the participant.
The following criteria should be applied to the “bonus payments” to be considered eligible. Failing to meet one of these criteria means, in principle, rejection of the "bonus payments":

1) The bonus scheme should be provided for in the internal regulations and/or practices of the organisation (calculation method, category of employees falling under this scheme, maximum amount, etc);
2) The bonus scheme should apply to all projects (EU and non-EU projects, national and international);
3) The bonus payments should not result in a level of remuneration inconsistent with the current market conditions for a worker of the same category/grade/experience;
4) The bonus payments must be recorded in the accounts of the contractor as personnel costs and must be subject to taxes and social security charges applicable to salaries or specifically exempt from such taxes and/or charges.
5) These bonuses can only be paid as part of the employee's gross remuneration.
6) These criteria must be of general application within the beneficiary's organisation and must be objective.

Hence, if extra payments for the personnel of this department are due to the fact that they were agreed and standard practice before the merger of the company, the respect of this practice within the new one could be acceptable provided that criteria above are fulfilled.

1.10.19 Benefits in kind

Antwort: 26.03.2009

Some employees get a monthly or yearly ticket for the public mass transit as part of their remuneration. Would these payments in kind be eligible and part of the personnel costs? What about other payments in kind like company cars, garage places etc. that are usual and not bound to working in an EU project?

Benefits in kind (company car, vouchers, etc.): may be accepted only if they are justified and in conformity with the usual practices of the beneficiary. Like all costs, they should fulfil the conditions of Article II.14.1 of ECGA.

1.10.20 Personnel costs of trainees

Antwort: 30.03.2009

In the Finance Guide it says on page 55 that "5. Training activities are also part of "other activities" – they may cover the salary costs of those providing the training (if in conformity with Article II.14 of GA) but not the salary costs of those being trained."
1) Is this also the case for CSA where it is mainly the case to have trainings?
2) Does it mean that an organisation cannot have reimbursed the salary costs of their employees who go somewhere and take part in a training in the project?
3) What about those who are invited (externals) to take part in the training?
4) Can the salary costs of employees of the organisation organising the training who take part in the training be reimbursed?

In the Finance Guide it says on page 55 that "5. Training activities are also part of "other activities" – they may cover the salary costs of those providing the training (if in conformity with Article II.14 of GA) but not the salary costs of those being trained."

1) Is this also the case for CSA where it is mainly the case to have trainings?
Yes.

2) Does it mean that an organisation cannot have reimbursed the salary costs of their employees who go somewhere and take part in training in the project?
Correct, it can not.

3) What about those who are invited (externals) to take part in the training?
You pay the salary/cost of those training (trainer) and not the trainees.

4) Can the salary costs of employees of the organisation organising the training who take part in the training be reimbursed?
No.

1.10.21 Personnel costs of people doing twinning

Antwort: 4.11.2009

Dear RES,
we understand, that if trainings are organised in the scope of the projects, then the costs of the trainers can be reimbursed, but not the costs of the trainees. What if personnel of project partners take part in the trainings as this is one of their tasks in the project - do they get their personnel costs reimbursed?
When it comes to twinning - there is mutual benefit in twinning activities. Is twinning considered as training and therefore the "incoming" party cannot get their personnel costs reimbursed or do both parties in twinning get their personnel costs reimbursed?
Best regards

Since the main aim of the standard research grants is not to provide or obtain the training, we confirm that training activities may cover the salary costs of those providing the training (if in conformity with Article II.14 of ECGA) but not the salary costs of those being trained.

Answering to your second question, the same answer applies; as you know, the acceptance of costs will be subject to the fulfilment of eligibility criteria established in Article II.14 of the FP7 model grant agreement. Therefore, the beneficiary will not be able receive the reimbursement of its personnel costs unless they were inter alia essential and incurred to carry out the work under the project.

Best regards, RTD A2

1.10.22 Eligibility of reserves / dismissal pay

Antwort: 24.02.2009

In Austria there had been a system where a certain amount was "laid back" for every employee (dismissal pay) by the employer. Are these reserves for severence payments taken into account when calculating the personnel costs in FP6 (and FP7)?

Personnel costs should reflect the total remuneration: salaries plus social security charges (holiday pay, pension contribution, health insurance, etc.) and other statutory costs included in the remuneration. Hence the eligibility of costs mentioned by you will depend on their mandatory character as a part of remuneration under your national law.
However, on the basis of the information provided it seems that this amount might have a character of the provision for possible future charges. Please note that according to Article II.14.3 of the model grant agreement, this cost is not eligible.

This and more information can be found in the FP7 Guide to Financial Issues: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

1.10.23 End-of-contract indemnities/compensation for unused holidays

Antwort: 07.04.2014

Dear RES,

in Austria, employees are entitled to a financial compensation for unused holidays at the end of their employment period (so-called ‚Urlaubsersatzleistung').

What if an employee has a project-based fixed-term work contract (working only for one FP7 project) and, when the contract ends on the last day of the project, he/she has some holidays left. Would the financial compensation for the unused holidays be an eligible cost under the condition that it is paid during the duration of the project?

End-of-contract indemnities/compensation may be accepted only if they arise from the applicable national labour law. In order to be eligible the cost must be recorded in the accounts and must be incurred during the duration of the action, although the actual payment may take place latter. Only the part of the indemnity corresponding to the time worked by the person in the action can be charged (i.e. pro-rata of the total time during which the entitlement was generated). As the entitlement to the indemnity is most often generated over a period of time longer than a financial year, the beneficiary may charge to the project the corresponding part of the indemnity in the reporting period in which the employee's contract ended.

Best regards,
Legal and financial helpdesk

1.10.24 Personnel costs for Associations

Antwort: 5.06.2009

In Austria there is a problem concerning associations. Sometimes the association does not employ any persons at all, only members are working for the association on basis of a contract for work and services. If these associations now take part in an EU-project, how can they have the costs the "employees" working on the project cause, reimbursed?
1) Is this possible on basis of the concept of inhouse-consultants? How does the contract have to look like?
2) Is it possible to take special clause no. 10 and have all the members (persons) as third parties in the project which leads to the problem that all of them have to do reporting?
3) Is this somehow possible to have for these employees under subcontracting who do core parts of the work as an exception to be discussed with the PO while negotiations?

1) Is this possible on basis of the concept of inhouse-consultants? How does the contract have to look like?
Yes this would be possible if the conditions established in the GA are fulfilled.
Please refer to p.47 of the FP7 Guide to Financial Issues:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

2) Is it possible to take special clause no. 10 and have all the members (persons) as third parties in the project which leads to the problem that all of them have to do reporting?
Yes. It would be possible to include special clause 10 which is meant for the members which are legal entities with their own research facilities which carry out the work themselves. It is not meant for physical persons.

3) Is this somehow possible to have for these employees under subcontracting who do core parts of the work as an exception to be discussed with the PO while negotiations?
It is possible to subcontract the core part of the work if it is foreseen in Annex 1.

In any case your questions should be discussed carefully during negotiations with the Project Officer in charge of your project.

1.10.25 Personnel costs for temporary workers

Antwort: 14.7.2009

My question is referring to "interim" or temporary workers (as defined on p. 38 in the Finance Guide of April 09). It is clear that work done by workers from a temporary work agency is not a third party contribution. But how can these costs be charged? As subcontracting?
Or is it possible to have the work performed by these workers under personnel costs? Which prerequisites would have to be fulfilled to hav them reimbursed under personnel costs?
Or can these people be classified as inhouse-consultants? What does the contract have to contain then? Please explain in detail.

The costs related to the interim" or "temporary workers" can be charged to the project as personnel costs, or subcontracting costs depending on the specific situation.
As stated in the FP7 guide to financial issue, the related costs can be charged as personnel costs assigned to the project under the following conditions;
• The personnel must be directly hired by the beneficiary in accordance with its national legislation.
• The personnel must work under the sole technical supervision and responsibility of the beneficiary.
• Personnel costs should reflect the total remuneration: salaries plus social security charges (holiday pay, pension contribution, health insurance, etc.) and other statutory costs included in the remuneration
• Personnel must be remunerated in accordance with the normal practices of the beneficiary.
Consultants are natural (physical) persons, working for one or more beneficiaries in an FP7 project. They may be either self-employed or working for a third party. Consultants could be assimilated to the own staff (employees) or subcontractors.
The costs related to the consultants can be considered as personnel costs regardless of whether the intra-muros consultants are self-employed or employed by a third party, if the following cumulative criteria are fulfilled:
• The beneficiary has a contract to engage a physical person to work for it and some of that work involves tasks to be carried out under the EC project,
• The physical person must work under the instructions of the beneficiary,
• The physical person must work in the premises of the beneficiary,
• The costs of employing the consultant are not significantly different from the personnel costs of employees of the same category working under labour law contract for the beneficiary.
• Travel and subsistence costs related to such consultants' participation in project meetings or other travel relating to the project would have to be paid directly by the beneficiary in order to be eligible.
On the other hand costs related to consultants can be considered as subcontracting costs if the beneficiary has to enter into a subcontract to hire these consultants to perform part of the work to be carried out under the project and the conditions set out in the FP7 Grant Agreement, in particular if the provisions of Article II.7 of GA relating to subcontracting are fulfilled. In these cases, the beneficiary's control over the work to be performed by the subcontractor is determined by the nature of the subcontract. The subcontractor does not usually work on the premises of the beneficiary and the terms of the work are not so closely carried out under the direct instruction of the beneficiary.

1.10.26 Personnel costs for the last period

Antwort: 14.08.2009

We calculate our hourly actual per person.
A project runs from June 2007 to June 2009 with 2 periods. In June 2008 I only know about the exact hourly rates of the employees of 2007 (as I know all their absences etc. after 2007 has closed), so I take the 2007 rates plus valorisation (increase of wage of about 3-4% every year, has to be done by law) for the 2008 months when handing in the Form C in June 2008.
In 2009, when the project ends I can adjust the hourly rates for 2008 but the hourly rates of 2009 will never be exact in the year of 2009 (because I only know the exact data afterwards).
For 2009 hourly rates - which rates can be reimbursed? The hourly rates of the last year (2008) plus the valorisation and also pay rise if the employee gets a pay rise in 2009 or just the hourly rates of 2008 plus valorisation? Or only the hourly rates of 2009 (without valorisation)?
Please explain.

We apologise for the delay in replying due to both the high number of questions received and the holiday period.
In answer to your question, to be considered eligible costs must be actual (Article II.14.1.a) of ECGA.
Costs must be actually incurred (actual costs). That means that they must be real and not estimated, budgeted or imputed.
Where actual costs are not available at the time of establishment of the certificate on the financial statements, the closest possible estimate can be declared as actual if this is in conformity with the accounting principles of the beneficiary. This must be mentioned in the financial statement. Any necessary adjustments to these claims must be reported in the financial statement for the subsequent reporting period.
For the last period the costs should be submitted based on the information available at the moment of preparing the financial statement.
This and more information can be found in the FP7 Guide to Financial Issues: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf
Best regards,
RTD A2

1.10.27 Personnel costs per year when working contract changes

Antwort: 15.10.2010

Dear RES,
one of our clients is confronted with a new problem. One of the project employees works in the project until September 2010 and after that as a lecturer with a different work contract, no obligation to have time sheets and a significantly different salary. How shall the hourly rate for 2010 be calculated? Shall only the salary and the productive hours until September be taken for calculation or shall the whole year be taken into account?
Best Regards

Thank you for your question.

The claim should be based on the actual salary for the period worked on the project (until the end of the employee's participation and change in work contract in September 2010).

Nevertheless we draw your attention to the fact, that expenditure claimed should not be excessive and the salary claimed should not be purposely set for the EC financed project. Amongst others this means that the salary paid for the participation in the project should be assessed against the normal salary of the researcher in question, the remuneration to other staff with similar qualification, remuneration for other non-EU related activities (private or commercial work, other non-EU projects), the national rules and the rules of the beneficiary, the absolute level of the salary and the usual remuneration in the country and sector concerned. The eligible cost level results from this assessment.
Therefore if the subsequent salary of this researcher following the end of her participation in the EU project was much lower than the one perceived during the duration of the EU project, this might be questioned by the auditor.

Best regards,

RTD A2

1.10.28 Costs for pensions of new collective treaties for universities

Antwort: 4.10.2010

Dear RES,

in Austria, in the scope of the new contracts for university employees, there is a possibility of letting rest the payment of 3% of the wage to the pension fund for 2 years. So this part of the wage is not paid for 2 years, and has to be paid after the two years (for the two years retroactively).

If an employee starts to work in an EU-project just when the (obligatory) pension fund contribution has to be paid, his/her wage is much higher than before (as the contribution for the 2 past years have to be covered). Is this higher wage eligible as direct costs in the EU-project as these are the real costs of the employee at that moment?

Additional information sent:
Under http://www.i-med.ac.at/betriebsrat2/files/kv/kv_201001.pdf you may find the collective bargaining agreement of Austrian universities. In § 73 para. 5 it says that the pension contributions (3% of the wage) has to be paid after an employment of the person of two years. The amount has to paid at once (retroactively for the last two years).

Example:
An employee is working at the university since January 2010. In September 2011 she starts working for an EU project. She is paid 3.000 EUR gross per month (about 4.000 EUR with all social charges etc.), therefore (x14) 42.000 EUR per year (about 55.100 EUR with all social charges). In January 2012 the 3% for the pension fund have to be paid retroactively for the last 2 years at once (EUR 2.520), therefore the monthly total cost amounts up to 6.520 EUR in January (and to 57.520 EUR in 2012).

The contribution for "normal" personnel of 3% is not that significant - when it comes to professors, the contribution is 10% which is significantly higher (also due to the fact that the wage of the professors is higher).

From my side this pension contribution should be eligible as these costs are actual costs at the moment they incur - this is two years after employing the person and they are obligatory for the university due to the collective bargaining agreement.
If the costs incur in the year the employee is working in an EU project, the amount has to be taken into account in the yearly salary which is needed to calculate the hourly rate.

Best Regards

Thank you for your question.

From the information provided by you we understand that a certain category of employees enjoy, following the latest Collective Agreement between the social partners in force, retroactive contributions to an extra pension scheme once they are employed for more than two years. We understand accordingly that if this personnel is employed for less than those minimum 2 years, no extra entitlement is due at all.
On this basis, some costs of the extra pension scheme would be eligible within the following cumulative conditions:

1) Only the costs corresponding to the months/period of time during which this person worked for the RTD project (and, like any other costs, proportionate to the time it spent on the project) and
2) Provided the Grant Agreement (GA) is not closed/finished (i.e. the last payment has not been made yet) at the time the entitlement to this extra pension scheme is generated (i.e. 24 months).
If the GA is closed and all payments made before the 24 months' period has expired, no costs can be claimed later. This is so because at the time of the end of the GA no cost would have been incurred, and at that moment the right/entitlement was not certain/incurred yet.
These costs would be charged by the beneficiary in the next reporting period as an adjustment to previous costs statements.

To give you 3 according examples:

A.) An employee works for less than 24 months at an Austrian university and during this time, he works also on a project - (S)He does not receive any contributions for the pension; accordingly, the EU does not pay anything either.

B.) (S)He works for 36 months with the beneficiary, and from the 7th to the 26th month (=20 months), (s)he works on an EU project. At the time the right to the extra pension is generated (month 24) the RTD grant is still open: the EU pays in the next reporting period the proportionate part of the contribution corresponding to the 20 months worked in the EU project and not for the previous months not worked on the project.

C.) S)He works for 36 months in the university, and from the 7th to the 16th month (=10 months), (s)he works on an EU project, which then finishes in month 12. The GA is closed in month 15 (i.e. last payment made in month 15). After month 24th (s)he is entitled and receives the extra pension: NO charge can be made to the EU project since when the costs are charged to the project the extra pension has not been paid and the obligation to pay it is not certain.

Best regards,
RTD A2

1.10.29 Use of ore man months than estimated

Frage des L&F NCP of Turkey
Antwort an uns Feb 2010

In order to prepare the budget of a project because costs are assumed, for the person-month rate an assumption is done for a personnel with the definite qualifications.
And number of person-month is calculated. In the implementation period of the project, if planned personnel with necessary qualifications could not be found, several less experienced personnel have to be assigned for the same project rather than single experienced personnel. Consequently, more man-month number has to be claimed for the project than planned. Is there any misunderstanding in this issue?

EC grants are based on an estimation of eligible costs prepared by the partners and negotiated with the Commission. Budgets are cost estimates. The provisional budget must be shown as an estimation of the eligible costs needed for the project. The transfer of budget is possible under FP7, but if the eligible costs of the project happen to be higher than planned, no additional funding is possible Throughout the duration of the project you might find helpful contacting the Commission Project Officer in charge of your project in order to discuss any suggested changes, particularly if the expected experienced personnel mentioned in the proposal can not perform the work.
For more information please read the FP7 Guide to Financial Issues: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

1.10.30 Calculation of hours in a person month

Antwort: 2.12.2010

Dear RES
How can we calculate how many hours there are in one person month?
Is it always 140 hours or more or less depending on the average vacation, illness etc. of the corresponding organisation?
I was asked this question in the context of cost calculation but indeed it would also be very interesting the differences there are then in budget negotiation and reporting.

Best regards

Thank you for your question. We understand you indicate 140 hours as equivalent to a person-month because 140 is the result of dividing the annual productive hours indicated in the FP7 Guide to Financial Issues (1680) by 12 months. However this figure is provided in the financial guidelines as an indicative example aimed to illustrate the calculation of the annual productive hours. The actual number of annual productive hours (and its monthly equivalent) indeed depends on the organisation. In particular, the workable days in a year depend on the vacations, illness, etc. Moreover, the number of working hours in a workable day varies between Member States and, potentially, even between activity sectors and entities. In summary, the standard number of productive hours in a month depends on the organisation. These standards need to be supported by auditable information.

Kind regards,

RTD A2

1.10.31 Maternity leave

Frage des L&F NCP DK
Antwort an uns Dez 2010

Maternity leave:

According to the Financial Guideline, costs related to a maternity leave are eligible provided that they are mandatory.

According to Danish law a mother-to-be has the right to go on maternity leave four weeks before due date and fourteen weeks after having given birth.

This is a right - not an obligation. The mandatory maternity leave is of two weeks after having given birth.

Is it the part of the maternity leave that a mother is obliged to take according to Danish law that will be an eligbile cost?

In other words: does that mean that the part of the maternity leave where the mother has the right (i.e. four weeks before and fourteen weeks after having given birth), to take it, but is not obliged, cannot be considered an eliglble cost?

Thank you for your question. If as you say, this right for an employee is in accordance with the national law, then this cost is mandatory for the beneficiary and the allowance may be an eligible cost in proportion to the time dedicated to the project.

Kind regards,

RTD A2

1.10.32 Temporary employees employed by an agency

Antwort: 09.02.2011

Dear RES,

how do we charge people working on a project but being employed by a temporary employment agency - under personnel costs? If there is commercial percentage fee and an allowance to compensate for insecurity of employment, can these be charged under personnel costs too or is the fee not eligible?
Is a temporary worker an inhouse-consultant?
Best Regards

Thank you for your question.
We apologise for the delay in replying due to the high number of enquiries being received at the moment. Here is the answer to your enquiry:

The case of an "interim" or temporary work agency that makes available staff to a beneficiary is mentioned on page 43 of the FP7 Guide to Financial Issues. This is not a third party contribution because the beneficiary pays the agency for the use of those resources. That use has a price charged to the beneficiary, who will declare it according to its usual accounting practices.

They can be considered as personnel costs, regardless of whether the intra-muros consultants are self-employed or employed by a third party (i.e. an temporary employment agency), if the following cumulative criteria are fulfilled:
• The beneficiary has a contract to engage a physical person to work for it and some of that work involves tasks to be carried out under the EU/Euratom project,
• The physical person must work under the instructions of the beneficiary (i.e. the work is decided, designed and supervised by the beneficiary),
• The physical person must work in the premises of the beneficiary (except in specific cases where teleworking has been agreed between both parties and provided such a practice is in full compliance with the provisions regarding teleworking and instructions given by the beneficiary as described here above),
• The result of the work belongs to the beneficiary (Article II.26 of ECGA),
• The costs of employing the consultant are not significantly different from the personnel costs of employees of the same category working under labour law contract for the beneficiary,
• The remuneration is based on working hours rather than on the delivering of specific outputs/products,
• Travel and subsistence costs related to such consultants' participation in project meetings or other travel relating to the project would have to be paid directly by the beneficiary in order to be eligible
As you know, in order to be eligible all the costs need to fulfil the eligibility criteria stipulated in Article II.14 of the FP7 model grant agreement.

If following this analysis, these people working on a project are employed by a temporary employment agency, and fulfil the above criteria, then the cost of these people, including the fee of the "temporary employment agency" might be eligible. The social charges to be paid for these people have to be included in the amount charged by the interim agency to the beneficiary.

Kind regards,
RTD A4

1.10.33 Late payment of salary eligible?

Antwort: 22.03.2011

Dear RES,

based on financial problems it happened that salaries of project employees were not paid like they are usually at the end of the month but later. E.g. salaries of May to July could only be paid in August.
If the project ended in June, could the salaries of the project employees be taken into the Form C as they worked on the project but their payments were not incurred in the project duration?

Best regards

Thank you for your question. This case is described on page 31 of the FP7 Guide to Financial Issues:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

We understand that this company is working on accrual accountancy basis. As stipulated in the Guide, those costs might be eligible.

Best regards,
RTD A4

1.10.34 Personnel costs or subcontracting?

Antwort: vom Legal and Financial NCP Schweiz
29.08.2011

One of my clients is the leader of two Work Packages in a running FP7 project with a total effort of about 90 person months. In order to properly fulfil this work, my client is searching for additional employees. They have somebody in mind from Israel, with whom they have very well collaborated in a previous FP7 project.
As the researcher in question will stay in Israel for the duration of the project, he cannot be hired as a normal employee from a Swiss legal point of view. According to Swiss law, however, he could be hired as a (temporary) "freelancer". As such his salary would also appear in the beneficiary's books and he would work fully under their supervision as all other of their employees, but simply not on their premises.
Our question now is whether or not the EC/REA accept such a freelance contract as equivalent to a normal temporary employment contract (and the researcher thus as a regular employee) in accordance with ECGA II.15.1 or whether the researcher would still be considered as a kind of third party (ECGA II.14.2), and if so, for what reasons.
Thank you very much for your kind assistance.

Thank you for your question. Please be aware that we can not validate individual cases.
In general, As stipulated in Article II.15 of the Annex II to the FP7 Grant Agreement (ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2_en.pdf): with regard to personnel costs, only the costs of the actual hours worked by the persons directly carrying out work under the project may be charged.
Such persons must:
– be directly hired by the beneficiary in accordance with its national legislation,
– work under the sole technical supervision and responsibility of the latter, and
– be remunerated in accordance with the normal practices of the beneficiary.
It seems that in the case of a person working abroad, the condition of the sole technical supervision could raise problems.
The case as described by you seems to be that of a consultant more than of an employee. Also the consideration of this type of personnel as a freelancer seems to point to this character of self-employment. As stated in the FP7 Guide to Financial Issues (ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf), page 57, the cost of a consultant can be considered personnel costs only under certain conditions. One of these conditions is that the person must work in the premises of the beneficiary, which is not the case in the situation you described. .This would be therefore a subcontract.
As you know, usually subcontracts do not concern the research work itself. As stipulated in the Financial Guide, page 29, in cases where it is proposed to subcontract substantial/core parts of the work, this question must be carefully discussed with and approved by the Commission and those tasks identified in Annex I to ECGA.
Best regards, RTD A4

1.11 New eligibility criteria 2011 for average costs and SME-owners

1.11.1 New eligibility criteria of 2011 retroactively in force?

Antwort: 26.01.2011

Dear RES,

this is a very urgent question and refers to the new Annex II and therefore the new II.14 eligibility criteria published on January 24, 2011.
Are these criteria also in force for ongoing Grant Agreements or just for those which are signed from now onwards?

Best regards

Thank you for your question. The measures adopted by this Commission Decision apply to new and already signed indirect actions under FP7. Regarding the acceptability criteria for average personnel cost, these new criteria are applicable to costs declared in all FP7 projects. Beneficiaries can therefore directly apply their usual average personnel costs calculation method, if compatible with these criteria, for any cost declaration. However, the beneficiary is not allowed to recalculate costs which were already reported by application of other calculation methods due to the fact that the usual methodology is now acceptable under the criteria described in the new Decision. For instance, if the beneficiary has charged individual actual costs due to the fact that its average personnel cost methodology was not acceptable by the Commission under the prior criteria, the beneficiary can not re-calculate at present those costs by using averages, even if its methodology is now acceptable. The Commission will also apply these new criteria in all ongoing and future FP7 audits. The retroactive application concerns as well the flat-rate financing for SME owners and natural persons in the case of physical persons and SME owners who do not receive a salary. This form of flat-rate financing shall apply to all grant agreements signed under the Seventh Framework Programmes, including those already signed. Therefore it applies to ongoing GAs without the need for amendments.

Kind regards,

RTD A4 Enquiry Service Team

1.11.2 Still need of CoMAv after Simplification decision?

Antwort: 27.01.2011

Dear Certification Team,
Is it correct that it is now possible for an organisation to get reimbursed average personnel costs even if it does not have a valid CoMAv?
Or is a CoMAv still mandatory but set up based on the new criteria established in II.14.1. (a)-(d) GA?
Best regards

Following the Commission Decision adopted on 24.1.2011 beneficiaries may opt to declare average personnel costs if the following cumulative criteria are fulfilled:
1)The average personnel cost methodology shall be the one declared by the beneficiary as its usual cost accounting practice; as such it shall be consistently applied to all indirect actions of the beneficiary under the Framework Programmes;
(2) The methodology shall be based on the actual personnel costs of the beneficiary as registered in its statutory accounts, without estimated or budgeted elements;
(3) The methodology shall exclude from the average personnel rates any ineligible cost item as defined in Regulations (EC) No 1906/2006 and (Euratom) No 1908/2006 and the model Grant Agreements established by Decisions C(2007) 1509 and C(2007) 1625 (hereinafter "the model Grant Agreements") and any costs claimed under other costs categories in order to avoid double funding of the same costs;
(4) The number of productive hours used to calculate the average hourly rates shall correspond to the usual management practice of the beneficiary provided that it reflects the actual working standards of the beneficiary, in compliance with applicable national legislation, collective labour agreements and contracts and that it is based on auditable data If you use average personnel costs and you meet the above criteria you are no longer obliged to have an approved Certificate on the Methodology for Average Personnel costs. Of course if you wish you can still apply for a Certificate on the Methodology for Average Personnel costs.
Should you have any more questions, please do not hesitate to contact us again.

Yours sincerely,
FP7 Certification Team

1.11.3 Classification for average personnel costs I

Antwort: 08.03.2011

1) If an organisation wants to apply the new criteria for average personnel costs - do they have to have all employees classified in a category or is it enough to have only the researchers classified? Or only the employees of a certain department?

The criteria are defined in the Commission Decision C(2011) 174 of 24 January 2011. The methodology applied should be the usual cost accounting practice of the beneficiary . This criterion does not require the average personnel costs methodology to be equal for all types of employees, departments or cost centres. However, the overall methodology must be consistently applied in all FP7 participations of the beneficiary and can not be adapted ad-hoc for particular research actions or specific projects.

2) If there is an acceptable average cost system - does the organisation calculate a yearly average rate for each category?

We do not understand your question.

3) How does the standard productive hours of the organisation has to be found? If there is only time recording for project employees, shall the standard ponly include them or all employees (then on the basis of the contracts and absences)?

As a general rule, the number of productive hours should be that applied as the usual practice of the beneficiary. For instance, beneficiaries could use the actual productive hours of each researcher according to the time-records or instead use a standard number of productive hours (generally annual productive hours). When the beneficiary applies a standard number of productive hours, this should be representative of its working standards.
Background information used to determine the standard productive hours should be available and verifiable.

Kind regards

RTD A4

1.11.4 Classification for average personnel costs II

Antwort: 24.03.2011

Dear RTD A4,

I would like to clarify on my second question:

2) If there is an acceptable average cost system - does the organisation calculate a yearly average rate for each category?

I wanted to ask if the average rate shall be newly calculated or updated each year (according to the changing data like payroll, people changing from one category into another, valorisation or netback etc.)?

Kind Regards

The answer is yes, it should be updated every year.

Kind regards,
RTD A4

1.11.5 CoMAv after Simplification decision for SME-owners still possible?

Antwort: 01.02.2011

Dear Certification Team,

are SME-owners still allowed to hand in a CoMAv if it is better for them (e.g. CoMAv proves the methodology for calculating a higher hourly rate as the Marie Curie rates)?

Best Regards

Certificates submitted (by physical persons and SME owners not receiving a salary registered in the accounts) up to the date of the decision, or at the latest one month after such date will be treated and evaluated under the rules in force prior to the decision. Certificates submitted later than one month of the date of adoption will be considered not receivable.

Yours sincerely,

FP7 Certification Team

1.11.6 Use of CoMAv for SME-owners after using Marie Curie flat rates

Antwort: 02.02.2011

Dear Certification Team,

if an SME-owner already has a valid CoMAv and decides on taking the Marie Curie flat rates, is he able to go back and use his CoMAv again e.g. in a different FP7-project?

Best regards

All SME owners and natural persons having received the approval of their methodology are entitled either to:
- Continue applying the approved methodology
- Apply the flat rate system.

However, if the beneficiary chooses to apply the flat-rate system they will have to apply it for all cost statements in ongoing and future participations in FP7 projects. It is recommended that beneficiaries in this situation inform the Commission on their choice via the functional mailbox:
RTD-FP7-Average-Personnel-Rate-Certification@ec.europa.eu

Yours sincerely,
FP7 Certification Team

1.11.7 Marie Curie rates for SME-owners in reporting

Antwort: 15.02.2011

Dear RES,

when an SME-owner chooses to get reimbursed the Marie Curie rates he has to put this into the Form C under the cost category: "lump-sum/flat-rate/scale of unit declared".
As this is technically not possible if the organisation has not chosen lump sums - who has to be informed? The Po or URF directly?

Best regards

In any case advise the PO. From information given, it is not possible to be precise about the programme and call to which the query refers.

Best regards,
Marie Curie Helpdesk

Follow-Up: Antwort: 14.03.2011

Dear Marie Curie Helpdesk,
it was definitely no question for you - it is a question which refers to the new eligibility criteria and the usage of Marie Curie rates for SME-owners - please forward it to responsible department.
It is technically not possible to put in lump sums into FORCE as these cells are not open - is it possible to send an email to RTD-FP7-Average-Personnel-Rate-Certification@ec.europa.eu as said in Case ID: 0352001 / 3301467 - will then the cell be opened?
If an SME-owner did not have a valid CoMav but had money for himself reimbursed in the last Form Cs, is he able to hand in Adjustment Form Cs with the Marie Curie flat rates?

Best Regards

FORCE/NEF will be modified in order to allow introducing the flat-rates in the proper box.
In the meantime the flat-rate has to be declared under personnel costs. In the report on explanation of the use of resources the beneficiary has to indicate that it is using the flat rate.
Kind regards,
RTD A4

1.11.8 Reimbursement of costs for CoMAv which was not used?

Antwort: 15.02.2011

Dear Certification Team,

one of our clients, an SME, already has an approved CoMAv for its owner without salary. Now they would linke to apply the flat rates from Marie Curie instead of the CoMAv. However, is it possible for them to have the costs of the CoMAv reimbursed?

Best Regards

The cost of the Certificate on the Methodology (CoM and CoMAv) is an eligible cost in any of the financial statements submitted in any FP7 Grant Agreement in which the beneficiary participates after the acceptance of this Certificate by the Commission. Therefore, in the specific case you mention, the beneficiary is entitled to claim the cost of the accepted Certificate, even though he decides to revert to the new flat rate mechanism for SME owners not receiving a salary. In case the SME owner would withdraw from the Certification Process before acceptance of the methodology, the costs cannot be reimbursed.

Yours sincerely,
FP7 Certification Team

1.11.9 SME-owners under the research categories of Marie Curie

Antwort: 15.02.2011

Dear RES,

in the future Finance Guide (we received the pages from Ms. De Wolf) the new Simplification measures of January 24, 2011 are described. There it says that the Marie Curie rates shall be used, depending on the appropriate researcher category (early stage researcher, experienced researcher > 4 years, experienced researcher > 10 years), which shall be "(...) defined by considering the years of professional experience of the SME owner/natural person."
E.g. the Marie Curie definition for experienced researchers taken from Marie Curie Work Programme 2011 p. 7 is: Experienced researchers must, at the time of the relevant deadline for submission of proposals or recruitment by the host organisation, depending on the action, be in possession of a doctoral degree or have at least four years of full-time equivalent research experience.
As the Marie Curie categories foresee a doctoral degree as well as years of research experience this cannot be applied in many cases of SME owners/Natural persons that take part in Grants but are not coming from a scientific background. Therefore we have a few questions:
1) Are the 'research categories' mentioned for SME-owners determined with regard to the Marie Curie definitions?
2) If the "professional experience" of the SME-owner is taken into account instead of the Marie Curie definitions - does this mean professional experience in a certain "relevant" branch in which the person/SME-owner is working in the EU-Project or just professional experience in general?
3) What kind of documents do the SME-owners/natural persons have to provide to verify the years of professional experience in case of an audit?

Best Regards

Please find below the answers to your questions:

1) Are the 'research categories' mentioned for SME-owners determined with regard to the Marie Curie definitions?

The flat-rate system for SME owners and natural persons without a salary adopted last January by the Commission is based on the living allowances fixed in the annual PEOPLE Work Programmes (the Marie Curie rates). These allowances are different depending on the experience of the researcher concerned. However the criteria applicable in the Marie Curie grants to define the experience of the researcher (the category) do not apply to the flat-rate system for SME owners and natural persons. The latter is simplified in regard to the assessment of the experience of the researcher and do not require this experience to be on condition, for instance, to have a doctoral degree.

2) If the "professional experience" of the SME-owner is taken into account instead of the Marie Curie definitions - does this mean professional experience in a certain "relevant" branch in which the person/SME-owner is working in the EU-Project or just professional experience in general?

The category of the researcher should be determined with regard to the years of professional experience of the SME owner or natural person. This professional experience does not necessarily need to be linked to the specific area of the research project, nor exclusively related to technical/research activities. For instance, in the cases of SME owners and natural persons, is often not possible to differentiate between the experience as a researcher and as an owner/manager since both activities run in parallel. Thus, the period as owner-manager would be considered in full as professional experience for the determination of the category of the researcher;

3) What kind of documents do the SME-owners/natural persons have to provide to verify the years of professional experience in case of an audit?

The starting documentation is the Curriculum Vitae of the researcher and the supporting documents (e.g. labour contracts, publications, etc.) enabling the auditor to verify the correctness of the information stated in it. Please note that these are just examples of the kind of documents which may be requested, and they should not be taken as absolute benchmarks by the beneficiaries.

Note also that, in any case, auditors are entitled to ask for evidence to the extent needed by their professional judgement, in accordance with the relevant applicable International Standards on Auditing. When analysing this evidence, auditors may raise further questions and request further evidence to support the authenticity of the documents presented.

Kind regards,

RTD A4

1.12 Time sheets

1.12.1 Time sheets – minimum requirements

Antwort: 9.02.2009

The minimum requirements for time sheets in FP7 referred to in the Financial Guidelines - are these only valid for paper time sheets?
Is it possible to only have a computer-based time recording system and if yes, what information does it have to save exactly (also concerning the "signature" of a superior)? If there is only a computer-based system for time recording, does there always have to be a print-out for EU-projects? If yes, what information does it have to have on it exactly?

Please refer to the FP7 Guide to Financial Issues, p.38: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf
where you can find a detailed information concerning the time-recording system.

Employees have to record their time on a daily, weekly, or monthly basis using a paper or a computer-based system. In both cases the time-records have to be authorised by the project manager or other superior.

As stated in the FP7 Guidance Notes on Audit Certification (ftp://ftp.cordis.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf):

"For the time recording data to be reliable, some form of check preventing double counting should exist, normally carried out by a hierarchical superior and using the data compiled from the time sheets. The beneficiary should be able to demonstrate to the auditor how this is done, and show how the system prevents double claiming. Normally this will consist of showing that no more than the total actual productive hours of an individual researcher can be charged.
For paper based systems where aggregation must be carried out manually, the main form of check is the manager/ supervisor's signature on the time-sheet itself"
During the Commission audit the beneficiary should provide a description of the time-recording system and, for the employees selected for testing, make available all the time sheets or provide full access to the computer system which records the time of the employees. The auditor should be able to trace the time charged for the sample selected to the time records of each individual employee.

1.12.2 Time sheets – indication of work packages

Antwort: 2.03.2009

Concerning time sheets - is it necessary to indicate the work package for all EU project times recorded in the time recording or is it enough to indicate the activity?

If you decide to use timesheets to record working hours (please note that they are not compulsory – any other reliable way of measuring of working time may be applied) then they should meet at least the basic requirements indicated below:
- full name of beneficiary as indicated in the GA;
- full name of the employee directly contributing to RTD project;
- title of RTD project as indicated in the GA;
- project account number should be indicated;
- time period concerned (for instance on daily, weekly, monthly basis)
according to the beneficiary's normal practice;
- amount of hours claimed on the RTD project. All hours claimed must be able to be verified in a reliable manner;
- full name and a signature of a supervisor (person in charge of the project).

The complete time recording system should enable reconciliation of total hours in cases where personnel work on several projects during the same period. It is important to remember than an effective time-recording system (a system which certifies the reality of the hours worked) is a requisite for the eligibility of the costs. A contract, as a document signed before the work is actually performed, would not be sufficient.

There must be some system allowing the beneficiary to indicate the activity to which the hours have been attributed. It is worth mentioning that the above elements are the basic ones, thus there are no obstacles to running the timesheets in a more detailed way.

Aditionally, please notice that in activity report Commission may require the atribution of hours worked per work package.

Please find some more explanations in the FP7 Guide to financial issues (page 39) and the Example of a time-sheet on page 40: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

1.12.3 Time sheets – time not in accounting system

Frage des L&F NCP of Turkey
Antwort an uns Feb 2010

Permanent staff can declare the cost of the working hours in the financial reports (form C) in FP7. Are the time sheets enough for approval because this cost is not recorded in the accounting system?

No, the time sheets are not enough.
According to Article II.14.1 f of the model grant agreement, to be considered eligible costs must be recorded in the accounts of the beneficiary, and in the case of any contribution from third parties, recorded in the accounts of the third parties.
This and more information can be found in the FP7 Guide to Financial Issues:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

1.12.4 Reporting of detailed absences

Antwort: 25.01.2010

Dear RES,

I have a question concerning the necessity of having three lines for absences on the time sheets. In the example time sheet in the Finance and the Audit Guide it has to be shown exactly why the employee is absent (illness, annual leave, etc.). As this data is sensible data according to the data protection directive there might be a problem when the time sheets are looked at by external people.

Would it be sufficient to only have one line with all the absences cumulated in the time sheets to reach the demands of an FP7 time sheet also for a second level audit?

Best Regards

Reporting the different types of absences separately is our recommendation, since the greater level of detail, the more complete is the information substantiating the costs claimed. However, it would be possible to register all absences in one only line for as far as details can be obtained in case of an audit. Indeed the auditor would need this breakdown of the absences in order to cross check the information with the figures used to calculate the personnel costs charged to the project.

Yours sincerely,

FP7 Certification team

1.12.5 To the minute time recording and quarterly charging

Antwort: 31.01.2012

Dear RES,

In our time recording system the time of arrival and the going home can be measured to the minute. The system then rounds up or down to quarters of the hour as only quarters can be charged according to our usual practice. (E.g. if an employee is coming at 8:41, the system automatically saves the time but only quarters of the hour from 8:45 onwards can be charged to accounts). On the time sheets which are printed out and signed (as well as counter-signed) the actual time when the employee arrived (8:41) and went home (16:57) is shown but only the time from 8:45 – 17:00 is booked on accounts in the system (according to our usual practice).
Does a second level auditor calculate the working time from the printed and signed time sheets (time to the minute) or according to the system (rounded quarterly hours which is our standard)?
Are our time sheets in this form acceptable or do we have to adapt them that they only show the quarters of the hour instead of the to the minute records?

Best Regards

Thank you for your question. In principle an auditor should calculate the working time based on the actual time registered. However the rounded time could be also accepted if in accordance with the usual practice of the beneficiary. Therefore both systems (printed time sheets and IT system time recording) could be accepted in the frame of an audit. Based on the information provided in your message, the time recording system would seem to be acceptable.

Kind regards,

RTD A4

1.12.6 Time-sheets of internally invoiced personnel

Antwort: 20.12.2012

Dear RES,

I have a question concerning internally invoiced personnel costs. On p. 67 of the Financial Guidelines, it says that "internally invoiced personnel costs for project specific activities may be eligible if the time worked on the project is substantiated by records covering all the workable time of the relevant personnel."

What if a person is only working for an FP7 project for, e.g., two months and his/her personnel costs are internally invoiced from one department to another - does he/she need to keep time recordings for the whole year or just for the two months?

Thank you for your question.

Firstly, note that in the case of internally invoiced personnel costs the eligible hourly rate must be calculated based on the actual cost for salaries and social charges incurred by the beneficiary.

Regarding your question, if a person is going to work in a FP7 project for two months, his/her working time records need only to cover those two months of work in order to substantiate the hours charged to the project.

Regards,
RTD A4.

1.13 Indirect Costs

1.13.1 Indirect cost model for 60% in CSA

Antwort: 23.10.2008

Why do organisations have to change their indirect cost model to 20% if they take part in CSA although you receive a maximum of 7% for indirect costs - are they allowed to change back for the next GA to 60% then?

In CSA the reimbursement of indirect eligible costs for every beneficiary may reach a maximum of 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the beneficiary.

This 7% is not a flat rate; it is a maximum reimbursement rate.

Beneficiaries which identify actual indirect costs will still have to declare their indirect costs, and their auditor will have to certify them in the Certificate of Financial Statements in the cases foreseen in the GA. However, they will be reimbursed a maximum of 7%.

In CSA the use of the 60% flat rate is not allowed, because CSAs do not include RTD activities, which are those for which the 60% flat rate can be used. In the CSAs case the only flat rate available to the beneficiary is the 20%. If subsequently the beneficiary participates in another ECGA with RTD activities, and it is entitled to use the 60% rate, it may do so.

1.13.2 Indirect cost model – 20% for everybody in FP7 possible?

Antwort: 6.10.2009

Is a participant in FP7, that already took part in FP6 projects and took the FC model then, allowed to change to the 20% standard flat rate in FP7?

Yes.
Please notice it is not a case of 60% flat rate.

Or does this participant have to stick with the "actual indirect costs" ICM?

No.

1.13.3 Change of flat rate – impact on max. EU contribution?

Antwort: 14.12.2012

If it turns out after the start of a project that an organisation has chosen the 60% flat rate although for certain reasons it is only entitled to use the 20% flat rate, will the total project budget be cut accordingly?

Annex I of the grant agreement includes the budget of all the foreseen eligible costs of the project, including the expected indirect costs. This budget is the basis on which the maximum EU financial contribution is calculated. However, at the time of the signature of the grant both the total costs and their distribution among participants and costs categories is only an estimate. The actual distribution may be different at the end of the project. Therefore, if it turns out after the start of a project that an organisation has chosen the 60% flat rate although it is only entitled to use the 20% flat rate, this entity may only claim the 20 % flat rate. Yet, this does not necessarily imply that the total maximum EU contribution is to be reduced. A case by case assessment is necessary.

1.13.4 Travel of administrative personnel in the indirect costs

Antwort: 3.06.2010

Dear RES,
in the Finance Guide, on page 50 concerning travel costs it says: "Where it is the usual practice of the beneficiary to consider these costs as indirect costs, they cannot be charged as direct eligible costs, but only as indirect costs. On the other hand, if the contractor considers this category of costs on a direct basis, the same category (other travel and subsistence costs not attributed directly to the projects) cannot be charged as indirect costs." Taking into account the second sentence above for a beneficiary having double entry accounting and employing the ICM "actual indirect costs": Does that mean if the project travel costs are booked under direct costs and the non-project related travel costs of the administrative personnel are booked under indirect costs (and are therefore part of the indirect costs of the project), that the travel costs in the indirect costs would not be eligible?
Please explain.

Thank you for your question. If the travel related to the project are inputed directly to the projects, other travels cannot be charged as indirect costs.
Best regards,
RTD A2

1.14 Non-eligible costs

1.14.1 Accruals Provisions

Antwort: 27.08.2010

This is a question concerning financial/auditing issues in FP7. In Annex II.14.3 d) it says that "provisions for future losses" are not eligible. In Annex D p. 10 No. 10 it says, wherein the indirect costs are examined, that "For each element of the breakdown, the Auditor obtained the Beneficiary's confirmation that it contained non of the ineligible costs specified (typical examples are leasing costs, loan charges, provisions for doubtful debt (but not normal accruals), local business and property taxes (...)."
Our question relates to the correct interpretation/translation of the sentence "provisions for doubtful debt (but not normal accruals)". Accruals in German means "Rechnungsabgrenzungsposten" but also "Rückstellungen".
Would it therefore be possible to have e.g. accruals for pensions, vacation or for dismissal pay reimbursed over the indirect costs if these are located in the indirect costs of the beneficiary according to his normal accounting practice?

Best Regards

Thank you for your enquiry.

Generally, as correctly mentioned in the question, Provisions (Rückstellungen, long-term, liability of uncertain timing and uncertain amount) are not eligible, as not fulfilling the basic eligibility criteria (mainly cannot be reliably categorised as actual incurred cost).
The operational Accruals (Rechnungsabgrenzungsposten, short term, charge incurred in one accounting period that has not been paid by the end of it), can be deemed eligible, providing the information is reliable and accurate (can be subsequently substantiated by evidence, ensuring the costs were actual and incurred in the relevant period).
The costs related to pensions and dismisal pay can be deemed eligible, when paid regularly to the relevant scheme (state, pension fund etc.) even if e.g. One payment is accrued at the balance sheet/reporting date and intended to be paid the next month. Specific internaly recorded provisions by the beneficiaries are not eligible.

Provisions for holiday/untaken holiday pay to the direct staff are not eligble since the annual holidays are already paid for through the hourly rate (annual holidays are deducted from the productive time).

Kind regards,
RTD A2

1.15 Third Party – Third Party with special clause No. 10

1.15.1 Companies linked over a physical person I

Antwort: 28.10.2009

Dear RES,
this is a question concerning special clause No. 10.
Can linked organisations to use the special clause no. 10 also be linked over one (physical) person?
In our case a person owns 2 different companies. These companies don't have much to do with each other except for a few contracts for services.
The person (man) holds a majority of shares in both companies. Is it possible to have one of the companies as beneficiary in a GA and the second company as a third party (with s.c. 10)?

No.
The special clause 10 applies only to the structures, relationships explicitly mentioned on page 39 of the FP7 Guide to Financial Issues.
Best regards,
RTD A2

1.15.2 Companies linked over a physical person II

Antwort: 16.11.2009

As the Finance Guide p. 40 says "Affiliates: an affiliated entity means any legal entity that is under the direct or indirect control of the beneficiary, or under the same direct or indirect control as the beneficiary. Therefore it covers not only the case of parent companies or holdings and their affiliates, but also the case of affiliates between themselves" - would this not be a case of affiliates, if the physical person owns both of the companies? The physical person is directly controlling both companies.

Please explain in detail.

The physical person owns both companies. The companies are not affiliated among themselves.

In the case that you mention it could be possible to have the physical person and in clause 10, the two companies (provided that they fulfil the criteria to be considered as affiliates). We can not have one company as beneficiary and the other mentioned as 3rd party in special clause 10, because none of them owns the other.

Best regards,
RTD A2

1.15.3 Association/Grouping as Third party with special clause 10

Antwort: 16.03.2010

Dear RES,
in the Finance Guide on p. 40 it says concerning third parties: "Groupings: The clause is used here either for associations, federations, or other legal entities composed of members (in this case, the Grouping is the beneficiary and the members contributing to the project should be listed)."
In our case it would be the other way round: the association would be the third party with s.c.10 and one member the beneficiary.
Is this possible?
Best regards

Thank you for your query. Answering to your question, no, the member of a Grouping can not be a beneficiary and the Grouping itself the third party.

Kind regards, RTD A2

1.15.4 IPR rules for third parties with special clause 10

Antwort: 15.04.2011

Dear RES,

when a third party with special clause 10 is linked to the beneficiary and performs a lot of work in the project, is the IPR the third party may generate owned by the third party or does the contract regarding the work in the project between the third party and the beneficiary have to include a transfer of ownership regarding the IPR of the third party?

Best regards

There are no specific IPR rules foreseen for third parties carrying out part of the research on behalf of a beneficiary under special clause 10. The beneficiary must ensure that the third parties abide by the provisions of the grant agreement and remains solely responsible for its commitments under the grant agreement. Therefore, if these third parties can claim any rights to foreground which is likely to be the case, the beneficiary must ensure in accordance with Art. II.26.3 that it is possible to exercise those rights in a manner compatible with its obligations under the grant agreement. Concretely, this means indeed that the beneficiary must make sure that the necessary agreements with these third parties to respect these obligations are in place.

It would be advisable in such cases to mention this in the consortium agreement.

The FP7 IPR Guide (ftp://ftp.cordis.europa.eu/pub/fp7/docs/ipr_en.pdf ; page 7) tries to explain this : "... participants must ensure that, where necessary, they reach an agreement with their employees and other personnel if the latter are entitled to claim rights to foreground (including personnel of third parties such as subcontractors, students, etc.), in order for the participant to be able to meet its contractual obligations. Such agreements may for instance involve a formal transfer of ownership, or at least the granting of appropriate access rights (with a right to sub-license)."
Kind regards,
RTD A4

1.15.5 Sister companies as Third party SC 10 possible?

Antwort: 25.11.2011

Dear RES,

can Special clause 10 also be used for these two organisations A and C:

- organisation A (beneficary in the project)
- organisation B own 100% of organisation A
- organisation C owns 99% of organisation B and would like to be the third party linked to the beneficiary with SC 10 (organisation)

Best Regards

As you know the Enquiry Service cannot validate individual cases. The case of entities covered by special clause 10 are explained in the FP7 Guide to Financial Issues, page 48:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

The definition of an affiliated entity is stipulated in Article II.1.2 of the FP7 model grant agreement:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v6_en.pdf

"affiliated entity" means any legal entity that is under the direct or indirect control of a beneficiary, or under the same direct or indirect control as the beneficiary, control taking any of the following forms: (a) the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity; (b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned"

We confirm as well that special clause 10 can be used between mother companies and affiliates, and also vice-versa (affiliates and mother companies) and also between sister companies.

Your sincerely,

RTD A4

1.15.6 Third party making resources available – reimbursement

Antwort: 16.11.2011

If there is contribution of a third party in a project and the partner pays the third party for the resources and then wants them reimbursed - where does the partner fill in these costs (in which line) into the Form C? Under "other direct costs" (under the right activity) or under "Subcontracting" (under the right activity) as the partner is not allowed to declare indirect costs for the contribution of third parties?

Best regards

Thank you for your question.
However it is not totally clear to us. If you refer to the case described on page 44 of the FP7 Guide to Financial Issues, i.e. the third party making its resources available to a beneficiary when the beneficiary reimburses the third party, the costs of the resources of a third party charged to the project by a beneficiary must always be the actual costs incurred by the third party and should be reported in the Form C of the beneficiary under the type of activity concerned (RTD, Other, etc.).
In this case the resources are directly used by the beneficiary and usually the work is performed in its premises; which means that the overheads can be charged. These cases need to be indicated in the Annex I to the Grant Agreement for the costs to be eligible. For this case the cost type in the form C would be indeed "other direct costs".
However, since you refer to subcontracting, it is possible that your question concerns third parties carrying out part of the work themselves, and not covered by the special clause 10. If your question concerns indeed a subcontractor, you can charge the entire amount of the price paid to the subcontractor (excluding VAT or other indirect taxes) under the activity to which it corresponds, and under the cost type "subcontracting". This means that the price of the subcontract will be reimbursed according to the reimbursement rate applicable to the activity under which it was charged provided the subcontract was agreed in Annex I to the grant (no overheads can be charged on top) and its selection followed the criteria set in article II.7 of the GA.
Example: a cost of certificate on financial statement provided by an external company (what is considered as a subcontract) that is charged under the activity 'other' will be reimbursed at 100%, whereas costs of subcontracted R&D tasks will be reimbursed at 50% or 75%, depending on the partner's status.
Please do not hesitate to re-contact the enquiry service providing further details if we have not correctly understood your question.
Yours sincerely,
RTD A4

1.15.7 Third party making resources available – reimbursement II

Antwort: 30.11.2011

Dear RTD A4,

thank you very much for your answer.
I really meant third parties making resources available to a beneficiary who want the costs for the resources reimbursed. We are not sure about how to deal with the indirect costs and how to report them:

1) Is it possible to get indirect costs for these direct costs?

1a) If yes, indirect costs of the beneficiary or indirect costs of the third party?

1b) If not, are only the direct costs reported under direct costs and no indirect costs? How is this done in FORCE - we put in a smaller requested EU contribution?
Best Regards

Thank you for you question.

As mentioned in the Guide, when the beneficiary reimburses the third party for its costs this is not strictly a case of third party contribution, as this reimbursement will appear as an eligible cost for the beneficiary, and therefore as its own cost. However, they should fulfil also the eligibility criteria and, as we have to verify that both costs match (the one charged by the beneficiary ad those present in the third party books), the third party and the work to be performed by this are identified in Annex I of the Grant.
These costs are to be declared in the Form C of the beneficiary; contrary to third parties carrying out part of the work under special clause 10 who have to submit separate Forms C. If, apart from paying for the resources, those resources are used on the premises of the beneficiary, then the beneficiaries calculating indirect costs using the flat rate systems (20 % or 60 %) are allowed to charge also the flat rate on these resources. For beneficiaries using a real indirect costs system, the possibility to charge indirect costs on those resources used on the premises of the beneficiary would depend on their usual cost accounting practice.
If the resources are used in the premises of the third party (e.g. use of installation or piece of equipment) then the real indirect costs of the third party related to these resources can be included in the amount reimbursed by the beneficiary and charged by it in the beneficiary's form C.

Yours sincerely,
RTD A4.

1.15.8 Third party making resources available and project management

Antwort: 28.11.2011

Dear RES,

in the Finance Guide, on p. 45 there is the special case of a third party described, when a third party is created for the the management of the administrative tasks of the beneficiary.

1) If now such a third party not only hires personnel which works at the premises of the beneficiary but also takes over the management of the FP7-project (writing of reports etc.): is this already enough so that the third party is not only making resources available anymore (qualified as a third party making resources available) but also doing work in the project and therefore SC10 is needed (qualified as a third party linked to the beneficiary doing project work)?

2) If a third party making resources available charges only some money (actual costs) for their personnel costs, in the guide it says on p. 46 that only the real indrect costs can be charges (see the example on p. 46). How is this in CSA? Can also the 500 EUR (in case of the example on p.46) be charged or only 7% of the direct costs?

Best Regards

Please notice that the Enquiry Service can not validate individual cases. Having said that, please find here below our advice which may be of use in this case:

1. The situation may differ according to the involvement of the third party in the project:

• If the third party ensures only the administrative and financial management of the beneficiary's involvement in the project, including all issues relating to the employment and payment of personnel, purchase of equipment and consumables, etc. but does not perform scientific/technical work in the project, then we may be in the situation of third party making resources available to the beneficiary.

• If the third party's involvement goes further than that, as you seem to mention in your question, as it "takes over the management of the FP7-project (writing of reports)", then we may be in the situation that the third party carries out itself part of the activities attributed to the beneficiary. In this case, and only for these activities, if the other requirements mentioned at point B on pages 47-50 of the Financial Guidelines are also fulfilled, then we may be in the situation of third parties carrying out part of the work covered by Special Clause 10.

However, please note that, as mentioned in the footnote on page 45 of the Financial Guidelines "in this case, there should be a clear distinction between the contributions

made available to the beneficiary, which should be charged under the costs and in the Form C of the beneficiary and detailed as such in Annex I, and the work carried out directly by the third party according to Special Clause 10, which the third party should charge as its own costs under its own Form C". 2) Please note that the total costs declared in a project are not the same as the reimbursement by EU.

As mentioned in the Financial Guidelines, page 72, in CSA, the reimbursement of indirect eligible costs for every beneficiary may reach a maximum of 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of resources made available by third parties, which are not used on the premises of the beneficiary. This means that in order to determine the maximum EU contribution, the Commission does not take into account either the actual indirect costs of the beneficiary or those of the third party making resources available. It will just apply a flat rate (7%) to fund the indirect cost incurred. More precisely, neither the amount or the choice of method for determining the indirect costs have any influence on the EU contribution in CSAs and they are only relevant for determining the costs of the CSA projects. However, the indirect costs of the third party should be declared under the costs and in the Form C of the beneficiary.

The case you describe in your question seems to be that in which the resources made available by the third party are used on its own premises and not those of the beneficiary. In this case, as mentioned on page 46 of the Financial Guideline, the third party must charge its real overheads (and can not apply a flat rate to determine its indirect costs).

In this situation, the direct eligible costs of the third party will not be taken into account when determining the indirect eligible costs that will be reimbursed by EU in CSA projects. Example: Let's take the example on page 46 of the Financial Guidelines and apply it to a CSA project in order to determine both the total costs of the projects and the total EU funding received in the project. None of the resources made available by the third party are used on the beneficiary's premises, which means that the third party will charge only real indirect costs.

Types of costs of the beneficiary/third party Amount EUR Direct eligible costs of the Beneficiary X 100.000 Indirect eligible costs of the beneficiary X 20.000 Direct eligible costs of the third party Y (Costs of administrative personnel of the third party working in its own premises) 5.000 Real Indirect costs of the third party Y 500 The costs of the project are as follows: Type of costs in CSA project Amount EUR Direct eligible costs of the project 105.000 = 100.000 + 5000 Indirect costs of the project 20.500 = 20.000 + 500 Total declared costs of the project 125.500 = 105 .000 + 20.500 Indirect eligible costs of the project 7.000 = 7%*(105.000 - 5.000) EU contribution 112.000 = 105.000 + 7.000 As it can be seen from the above mentioned example, the real indirect costs of the third party of EUR 500, do not influence in any way the eligible indirect costs of the project which are limited at EUR 7.000 and which are taken into account when determining the EU contribution of EUR 112.000.

Yours sincerely,

RTD A4

1.15.9 Overheads of a Third Party carrying out part of the work

Antwort: 20.12.2012

Dear RES,

I have a question regarding the interpretation of a sentence in the Finance Guide: On p. 48 (last para), it reads that "For the costs incurred by the third party and used in its premises, only the real overheads of the third party must be charged."
1. Does this mean that a third party performing work on its own premisses can never use a flatrate for overheads but must always charge the real indirect costs?
2. If yes, what if the third party does not know its real indirect costs?
This question is of high relevance for the so-calles Competence Centres in Austria which are usually linked to a university with SC10.

Many thanks in advance for your support!

Thank you for your questions.

A third party performing work for the project can never use a flat rate for the calculation of its overheads even if the work is performed in its own premises. The flat rate calculation method may only be used by beneficiaries.

However, if the work is performed in the third party's premises, it can charge its real indirect costs insofar as they are justified and the conditions for eligibility of costs laid down in Article II.14(1) of the model grant agreement are fulfilled. If the third party cannot aggregate their indirect costs at a detailed level, but can aggregate their indirect costs at the level of the legal entity, it can use the "simplified method" of calculation. For more information regarding this method, please refer to pages 69 to 71 of the "Guide to Financial issues relating to FP7 Indirect Actions".

It should be highlighted that it is an onus of the third party that carries out work for the project in its premises to identify and justify its real indirect costs related to the work performed. If it cannot do it (even by using the "simplified method"), it will not be able to charge those costs to the project.

Regards,

RTD A4.

1.16 Cost reimbursement

1.16.1 Costs of partners in your Form C I

Antwort: 09.03.2011

Dear RES,

is it possible to have costs of other project partners in reimbursed as your costs in your Form C?
What is needed for that this works?

Best regards

Thank you for your question. The answer is no, it is not possible. Please notice that costs incurred (paid and registered in the accounting system) by one beneficiary should be declared by that beneficiary. In other words, it is the beneficiary who is going to incur the costs the one that should register and charge the costs to the project and not charge its costs to other beneficiaries.

Best regards,
RTD A4

1.16.2 Costs of partners in your Form C II

Antwort: 22.03.2011

Dear RTD A4,

please imagine the following scenario:

It is foreseen in Annex I that a certain partner (A) has the whole money for a certain event including also the travel costs for other partners (budget in trust).

Partner B and C attend the event, have their costs paid and registered in their own accounting systems but put these costs not in their own Form Cs. Instead, Partner B and C invoice these costs and get them paid by Partner A (out of the budget in trust - e.g. by a scheme clearly defined in Annex I).

Partner A put these costs as costs incurred to him (as he pays the costs and registers the "invoices" in his accounting) into his Form C.

Is it then possible to have partner costs in the Form C of one partner reimbursed?

Best Regards

No, this is not possible.
Costs incurred (paid and registered in the accounting system) by beneficiaries B and C should be declared by that beneficiaries.

If there is a justified reason for one partner (A) to organise and pay directly the other accommodation and travel expenses, this is possible provided that it is the beneficiary who is going to incur the costs the one that should register and charge the costs to the project and not charge its costs to other beneficiaries.

Best regards,

RTD A4

1.16.3 Higher requested EU contribution in Form C as budget

Antwort: 29.07.2011

Dear RES,
is it possible or even preferable to put into the From C all the costs which incurred while the project period even if the costs are much larger than budgeted?
E.g. the requested EU contribution would be 100.000, the budget left only 50.000. So then the funding would only be 50.000 (or higher if the costs of other partners were not fully accepted) - is this correct?
Best regards

Thank you for your question. Yes, you are correct you can charge to the project all the eligible costs linked it. As you can see in Form C there is one box where beneficiaries have to indicate the total costs incurred, another box to indicate the Maximum EU contribution that they can get, and another box to indicate the EU contribution that they actually request.
Best regards, RTD A4

Antwort: 01.08.2011

Dear RES,
thank you for your answer. Is it therefore also possible to request e.g. 100.000 EUR if the budget/fudning was intitially only 30.000 EUR due to the fact that more costs incurred? It is clear that the beneficiary will not receive 100.000 as there will not be enough money left, but are they allowed to put 100.000 into the box "requested EU contribution"?"
Best Regards

Thank you for your question. As the Form C should be submitted by the coordinator on behalf of the consortium, the requested EU contribution should take into account the funds remaining available for the project as a whole. Requesting more EU contribution than it is actually available could be confusing and generate mistakes.
Best regards, RTD A4

Antwort: 30.08.2011

Dear RTD A4,
thank you for your answer. Does it mean that it is legally possible to request more than the budget in the Form Cs but not recommended to do so due to possible confusion issues? Best Regards

Thank you for your question. The maximum limit for request of EU contribution is fixed in the GA, globally for the Consortium, and at the individual level in the funding rates per type of participant and activity. If a Coordinator (on behalf of the Consortium) asks for more EU funding for a beneficiary in one form C(within the limits of the funding rate and activity of that beneficiary), this is possible, provided that the addition of the total EU contribution requested in all forms C by the Consortium, taking into account all the periods of the project, does not exceed the maximum EU contribution for the project fixed in the GA.
Best regards,
RTD A4

1.17 Reporting

1.17.1 Report on the Distribution of the Community's contribution

Antwort: 11.03.2010

Dear RES,

is it correct that in FP7 there is no template for the "Report on the Distribution of the Community's contribution"?

Is it possible to simply adapt the FP6 Excel sheet for this purpose or will there be a FP7 template in the future?

Best Regards

This report exists now in the new FP7 reporting IT system based on SESAM (Section 5). Coordinators should complete this report online in the system.

We hope this information will be helpful to you.
Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.17.2 Report on the Distribution of the Contribution of the Union DG INFSO

Antwort: 30.09.2011

In a DG INFSO Project, when the reporting is via NEF, how is the "Report on the distribution of the EU Financial Contribution" loaded into the system, as there is no session open when the report is due?
Does the PO open another session after the project, or shoudl there be the template copied into a word, filled in and sent to the Project officer?

Best regards

This issue should be clarified directly with the Project Officer in charge.

Regards,
Nathalie

ICT information desk
ict@ec.europa.eu

1.17.3 Highly detailed reporting

Antwort: 02.03.2011

Dear RES,

is it really possible that a FO in the report is able to claim very detailed information on personnel costs broken down to task level without having made these claims before? As the project employees did not know beforehand to have their time sheets/documents on task level (they prepared them on WP level), are they really supposed to bring this information then? As this data was not recorded during the period, it could only be made up now.

Best Regards

Thank you for your question. It is indeed not usual, however,

As concerns legal obligations, and as stipulated in Article II.22.2 of the FP7 model grant agreement, "the beneficiaries shall make available directly to the Commission all detailed information and data that may be requested by the Commission or any representative authorised by it, with a view to verifying that the grant agreement is properly managed and performed in accordance with its provisions and that costs have been charged in compliance with it. This information and data must be precise, complete and effective".

In your particular case we are not sure what is the context of the claim made by the Financial Officer. We suppose it is an exceptional case where some doubts may have been raised during the checking of the reports As for timesheet requirements, and as indicated in the FP7 Guide to Financial Issues, "it is also highly advisable that the time recording system meet the following additional criteria:
- a reference to the tasks or WP included in the Description of Work, allowing an easy reconciliation of the work done with the work assigned"
Therefore, in principle the reference to the WP should be satisfactory if it is in accordance with the beneficiary's normal practice. This is however a recommendation, not a legal imperative.

Kind regards,
RTD A4

1.18 Payments

1.18.1 Unjustified/Undue delay of payment from Coordinator

Antwort: 05.09.2011

Dear Research Enquiry Team,
I have a question concerning the transfer of the pre-financing from the coordinator towards the beneficiaries of the consortium in a FP7 project.
In particular it concerns the question, if a consortium can settle in its consortium agreement that parts of the amount of the pre-financing can be distributed to the partners after the fulfilment of certain activities and milestones. (e.g. 50 % of the pre-financing is immediately transferred to the partners and 50% is transferred after the first milestones.) This settlement was considered as in accordance with the respective legal regulations:

Clause 3a of Section 1, Sub-Section II.2. of the Annex II of the Grant Agreement states:
"3. The coordinator shall:
a) administer the financial contribution of [the Union] [Euratom] regarding its allocation between beneficiaries and activities, in accordance with this grant agreement and the decisions taken by the consortium. The coordinator shall ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay."

Under Nr. 19 of the preamble of the Rules of Participation it is laid down:
"(19) It is necessary that the Community financial contribution reaches the participants without undue delay."

Article 25 states:
"1. The legal entities wishing to participate in an indirect action shall appoint one of their number to act as coordinator to carry out the following tasks in accordance with this Regulation, the Financial Regulation, the Implementing Rules, and the grant agreement:
..... (c) to receive the Community financial contribution and to distribute it in accordance with the consortium and grant agreement"

Can you please specify "undue delay" and "unjustified delay"? Is a delay agreed upon in the consortium agreement a justified delay?

Under FP7 participants have great autonomy to manage the project and to regulate amongst themselves a number of issues relating to its management and operation, including the amounts to be paid to the beneficiaries and when these payments will take place.

The grant agreement establishes that the coordinator shall ensure that all the appropriate payments are made to the other beneficiaries without unjustified delay, but there are not established rules about how the Coordinator should formalised the payments to the beneficiaries.

The coordinator shall administer the Community financial contribution regarding its allocation between beneficiaries and activities, in accordance with the grant agreement and the decisions taking by the consortium. It is up to the coordinator and the beneficiaries to decide. Therefore, if the coordinator pays in accordance with the consortium agreement this cannot be considered as unjustified delay.

Best regards,
RTD A4

1.19 Research for SMEs

1.19.1 Time sheets RTD performer

Antwort: 28.07.2009

In a Research for SMEs project...

1) do the research partners have to have time sheets for the researching work they perform? What kind of documents do they have to have in case of an on-the-spot audit?

2) What does the subcontracting contract have to look like exactly (contract, payments, just invoice)? Are there any specific prerequisites for the subcontract?

We acknowledge receipt of your message and in response to your enquiry, we would like to inform you that the research partners have to have time sheets for the research work and have to keep them for at least 5 Jears after the end of the project. For the same period you have to keep all proof of the use of resources. There may be audits from REA, the Court of Auditors or OLAF. The subcontracting contract in general takes the form of the Consortium Agreement. The general principles of this, need to be set already in the Description of Work which is annex I to the Grant Agreement. A checklist for drafting the CA can be found in CORDIS: http://cordis.europa.eu/fp7/find-doc_en.html

Under the link above you can also find all other guidelines especially the financial guidelines and the work programme. In the work programm you will be able to find explanation about the priciple of subcontracting.

1.19.2 Computing

Antwort: 23.10.2009

My question concerns the funding scheme "Research for the benefit of specific groups (in particular SMEs): In the "Transaction" there are the cost categories "durable equipment", "consumables", and "computing".

While the first two categories are well defined in the Guide to Financial Issues, there is no exact definition for "computing" (e.g. does this include software and hardware, depreciation etc.). Where can I find this information?

We acknowledge receipt of your message and, in response to your enquiry, we wish to inform you that indeed computing are all costs relative to computers, software, hardware etc.

1.19.3 Invoice of RTD Performer – with/without VAT?

Antwort: 5.03.2009

Dear RES,
this is a question concerning "Research for SMEs". As there has to be an invoice by the RTD Performers, they often put VAT on the invoice. As VAT is not eligible and some recipients of the invoices are not able to claim back VAT this causes a major problem.
What do the invoices have to look like, esp. VAT or no VAT on them?
Please explain.
Best Regards

As you said the VAT cannot be reimboursed because it is not eligible. If the VAT is included in the Invoice of the RTD performers it will not be reimboursed. For this reason we leave it up to you to mention the VAT or not in the invoice.
Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.19.4 RTD Performer as coordinator?

Antwort: 26.02.2009

In this particular scheme the SMEs have to pay the RTDs for their R&D-work on basis of an invoice by the RTDs. So in order they can pay the RTDs, they need to receive their share of the EC-contribution first enabling them to pay the invoice. In this scheme it is possible that either one of the SME-partners acts as coordinator, or one of the RTD-performers.

In case a RTD-performer acts as project coordinator, he receives the EC-contribution from the Commission. This means in theory the RTD as coordinator must distribute the EC-contribution to the SMEs, and then they transfer money back to him as RTD and to the other involved RTDs.
Is there any other way to deal with the flow of money than this rather unpractical approach?

Is it possible that e.g. the SMEs give an authorisation to the coordinator to pay the RTDs (including himself), the RTDs send their invoice to the coordinator and a copy to the SMEs for information and the SME ask the coordinator to transfer the money to the RTDs? (This all of course be written down in the Consortium Agreement).

Is this more practical approach feasable?

With regard to the payments transferred to the RTD Performers, in case the consortium has unanimously agreed (consortium agreement) that the coordinator transfers the payment directly to the RTD Performers on behalf of the SMEs, that should be based on an explicit authorisation and instructions for payments from the SMEs in accordance with their accounting principles. The SME need to ensure that the invoices issued by the RTD performers are addressed to them and duly recorded in their accounts. The REA will require that the coordinator is able to prove at any moment that payments made to RTD performers on behalf of SMEs are based on explicit authorisation from the SMEs concerned.

Kind regards,
EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.19.5 Direct pay from coordinator to RTD Performer to reduce risk

Antwort: 26.02.2009

Shall the coordinator directly pay the RTD Performers on behalf of the SMEs in order to reduce the financial risk?

FP7 rules related to SME actions are significantly different from FP5 and FP6 rules, especially regarding the relationship between SMEs and RTD Performers and the way costs shall be charged as well as the guarantees for beneficiaries. Under the FP7 SME scheme, SMEs are given the opportunity to subcontract research to RTD performers in order to acquire the necessary technological knowledge. The relationship between SMEs and the RTD-performers under this programme is therefore a "customer-seller" relationship.

As regards the payment modalities chosen by the consortium and the argument on the reduction of risk, we remind you that the 7th FP provides for a Guarantee Fund mechanism which manages the risk associated with non-recovery of sums due to the Union by beneficiaries. (cf.art.II.20 of the grant agreement).
In addition, art.III.5 of the specific provisions related to "Research for SMEs" provides for guarantee for RTD performers. Indeed, "where a SME participant is in the legal impossibility to pay remuneration established in the transaction in favour of one or more RTD performers, the Commission/REA may authorise the said RTD performer to claim from the Union eligible costs in relation to their "research activities" and "demonstration activities" deemed to be remuneration by the said SME participant".

Therefore, your FP7 grant agreement already provides for protection measures in case of defaulting partners.

1.19.6 Direct pay from coordinator to RTD Performer

Frage des L&F NCP DK
Antwort an uns Dez 2010

A Danish coordinator of an R4SME project would like to keep the responsibility for paying all the RTD invoices. Results are to be shared according to the DoW and Consortium agreement, but he would like to keep the advance payments (-10% which he will send on to the partner SMEs) receive the invoices, and pay for them.

Can you help me in understanding if it is possible for the coordinator to do that?

I would have expected that the individual SMEs will pay individual parts of the RTD invoices, according to the results they are interested in and according to the budget included in the Annex I. If there is an issue of trust between partners and coordinators, I would have thought that the coordinator would keep the advance payment until the first invoices come and then send the money on to the SMEs who are to pay the invoices.

We acknowledge receipt of your message and in response to your enquiry, we would like to inform you that it is not possible that the coordinator pays the invoices on behalf of the SMes. This is clearly stated in the Work Programme and in the financial guidelines: the SMes have to pay the invoices.

However the coordinator can distribute the money before the SMEs have to pay. In this case the coordinator will have to pay to REA the interest yielded by the prefinancing it keeps on its account.

We hope this information will be of help to you.

With kind regards,

EUROPE DIRECT Contact Centre / Research Enquiry Service

1.19.7 SME owner owning 2 SMEs – are the SMEs affiliates?

Antwort: 11.12.2009

As the Finance Guide p. 40 says "Affiliates: an affiliated entity means any legal entity that is under the direct or indirect control of the beneficiary, or under the same direct or indirect control as the beneficiary. Therefore it covers not only the case of parent companies or holdings and their affiliates, but also the case of affiliates between themselves" - would this not be a case of affiliates, if the physical person owns both of the companies?
The physical person is directly controlling both companies.

To illustrate this with an example:
A physical person owns SME A and SME B - so they are under the same direct control and therefore affiliates. Why does this case not correspond to the definition on p. 40 of the Finance Guide where it says that affiliates are "under the same direct or indirect control as the beneficiary"?
Is this only the case because the owner is a physical person? If this is the case please update the Finance Guide in this respect as this is not clearly stated in there.

Our apologies. There has been a misunderstanding on our side. We confirm that the definition of an affiliate entity applies to legal entities under the same direct or indirect control as the beneficiary. Therefore, if this condition is fulfilled in your case, the SMEs A and B are affiliates.

Best regards,

RTD A2

1.19.8 Costs of RTD performers not accepted

Antwort: 4.11.2010

Dear RES,

I have a question concerning Research for SMEs.
Are the RTD partners liable for their costs if they are not acepted by the Commission/REA or is the SMEs as they are paying for it and the costs incur at the SMEs? As Res4SMEs is similar to subcontracting, the SMEs would liable (following the logic of subcontracting), and so their funding would be reduced. Or is it the "Subcontracting-costs" which will be reduced if costs for RTD are found to be not eligible?

Best Regards

The SMEs decide on the payment of the invoices of the RTD performers. If they pay, those costs will be assessed and eligibility will be checked. If they are found not to be eligible the amounts will be recovered from the SME.
We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.19.9 Legal impossibility for SME to pay to RTD performer

Antwort: 03.02.2011

Dear RES,

in Annex III GA for SME Actions III.5 states: "Where an SME participant or SME Association is in the legal impossibility to pay the remuneration established in the transaction in favour of one or more RTD performers..."
What does "legal impossibility" exactly mean in this case? Does there have to be a pending case against the SME, ineffective distraints, does there have to be a bankruptcy filing against the SME, a cancellation of the entry in the commercial register or are ineffective reminders enough evidence?
What is the procedure when it is clear that the SME won't pay but the Commission directly - does the RTD performer get paid directly by the Coordinator who gets the bill by the RTD performer?

Best Regards

In response to your enquiry, we would like to inform you that by legal impossibility (legal excuse or defence to an action for the breach of a contract) it is understood bankruptcy, liquidation… and other different legal status that may block the capacity of the beneficiary to operate and continue with its activities and therefore fulfil its contract obligations. On those cases Commission allows RTD performer to claim for those "research activities" and "demonstration activities" deemed to be remunerated by the SME participant. In order to activate the guarantee fund Commission might request the official document that prove the legal impossibility of the SME (letter from the liquidator, official bankruptcy recognition, court document….).

Delayed payment is a completely different case. A delayed payment might have several, and very different sources, (a way to negotiate with a provider, conflict on the quality and timing of the service provided, a possible default the provider…). Commission cannot know who is right on his demands and who is not. On those cases, where both companies (SME vs RTD performer) have a conflict on the remuneration of the services they should go to the national competent authority to solve their differences.
Kind regards,
EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.19.10 Legal impossibility for SME to pay to RTD performer: IPR

Antwort: 12.10.2011

Dear RES,
during the TransCoSME-Meeting on 28th of June 2011 in Brussels, Nicole Giacomuzzi-Moore from REA gave a presentation about financial issues for the scheme „Research for the benefit of SMEs".
Concerning the Guarantee fund the following information has been provided:
"Where an SME participant or SME association is in the legal impossibility to pay the remuneration established in the transaction in favour of one or more RTD-performers, the REA may authorise the RTD-performer to declare its eligible costs on the Form C regarding its RTD / demonstration activities deemed to be remunerated by the failing SME. The eligible costs would be reimbursed in accordance with Article II.4.2 (75% or 50% depending on its SME status).
Our question is: The relationship between the SMEs and the RTD performers under this programme is a "customer-seller" relationship, reflected in the transaction (whereas following the default regime the RTD-performers are remunerated accordingly to their RTD- and demonstration activities (100% according to the invoice to the SMEs including possible profit) and 100% of the IPR go to the SMEs). For the case described above this fact is not given any longer: although the RTD-performer is carrying out all RTD- and demo-activities (as described in the DoW) he / she will not be remunerated according to the Research for SME-scheme (not 100% but only 75 or 50% of eligible costs): does this mean that in such a case IPR will remain (partially) with the RTD-performers?
Best Regards

Thank you for your question concerning the ownership of the IPR in case an SME participant or SME association is in the legal impossibility to pay the remuneration of an RTD performer. It is correct that in the specific case described below the RTD performer will have the right to keep the IPR ownership at least partially following the IPR scheme established for the concerned project (there might be other SMEs involved in this part of the IPR who remunerated the concerned RTD performer). Therefore the transaction of the project has to be amended and the IPR issues shall be reassessed. Please note that in this case the RTD performer may declare only eligible costs in the Form C without any profit allocation as the EU will reimburse only real costs. These eligible costs will be reimbursed according to Article II.16 of the Grant Agreement (subject to Article II.4.2). The article of the Grant Agreement related to the Guarantee for RTD performers is Article III.5.
Hoping to have answered to your question sufficiently and best regards,

SMEs Research Enquiry Service Helpdesk

1.19.11 RTD Performer as coordinator?

Antwort: 16.11.2011

Dear RES,
what happens when during the implementation of a Res4SMEs project the SME changes into an industry partner and therefore does not have the status of an SME anymore? Also concerning IPR?
Best regards

Dear Sir/Madam,

In response to your question regarding the change of status of an SME during the course of a Res4SMEs that answer is that the company retains its SME status for the duration of the particular project in which it is participating and the IPR conditions can remain the same. For all future projects, it will participate as an industy partner.

Kind regards,
SME Research Enquiry Service

1.19.12 Suspension of the Res4SMEs GA

Antwort: 10.10.2012

Dear RES,

what if a project under the programme scheme "research for the benefit for SMEs" is suspended for a certain period - does the suspension have any effect on the rights and obligations stipulated by the subcontracts between the "SME partners" and the "research partners"?

Best regards,

Thank you for your question regarding suspension of a project in the framework of the Research for the Benefit of SMEs Programme.

Article II.8 of the relevant Grant Agreement foresees 2 cases for which the whole or part of the project could be suspended: (1) the force majeure or exceptional circumstances that render its execution excessively difficult or uneconomic and (2) the failure of the consortium to fulfil its obligations according to the grant agreement.

As the work performed by the RTD Performers under the transaction constitutes largely the main part of the project, it is more than likely that the part of the project carried out by the RTD performers would be affected by the suspension. In such case, the non eligibility of the costs linked to the transaction incurred by the SMEs during the period of suspension will apply.

Hoping that this information answers your question and best regards,
SMEs Research Enquiry Service Helpdesk

1.20 Marie Curie Actions

1.20.1 Interest bearing accounts

Antwort: 10.05.2010

Dear RES,
this is a question concerning interest bearing bank accounts.
As from March 2010 onwards it is possible to have an exoneration for ERC Grants (on the basis of the Workprogrammes 2010 and onwards) applied for to the REA-URF-validation@ec.europa.eu, I wanted to ask if this is also the case in Marie Curie grants.
Marie Curie coordinators do face the same problems as ERC-coordinators and would need such an approach too.
Best Regards

The procedure for Marie Curie Grant is about the same than for ERC regarding the interest bearing account and the exoneration that can be granted. We would anyhow advise you to contact directly the project officer in charge of your grant and ask her/she for the procedure to follow.

Best regards,
EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.20.2 Visiting scientists – employment contract

Antwort: 25.02.2009

Concerning Marie Curie ITN:
Visiting scientists usually have an employment contract with their home institution. It would sometimes not be to the benefit of the Visiting scientists if all the requirements of Annex III have to be implemented in the contracts between the beneficiary and the Visiting scientist. For example: The Visiting scientist is a full employee of a university in the UK and comes as Visiting scientist to a summer course in Austria. He might not be interested in another working contract with the beneficiary as his employer does not allow this. Furthermore he has full social security cover in the UK so another insurance in Austria would only be a waste of money.
Does it really make sense that the Annex III has to be implemented in any kind of contract with a Visiting scientist no matter if that is a real employment contract or a fellowship?
Many thanks in advance

The contract has to be implemented for all researchers with employment contract or fellowship. Of course, as written in the previous answer, for the Visiting Scientists some obligations might not be applicable. For example a career development plan is not needed for a Visiting Scientist.
We hope this information will be helpful to you.
Kind regards,
EUROPE DIRECT Contact Centre / Research Enquiry Service

1.20.3 IEF fellows and time sheets

Antwort: 28.01.2010

In Marie Curie IEF projects, do the fellows have to fill in time sheets although they use 100% of their time for the project?

Best Regards

We are not asking for time sheets, it's up to the host to find a way to insure that the fellow spends 100% of it's time on the Marie Curie fellowship.
Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.20.4 IOF – outgoing host and PIC

Antwort: 1.04.2010

Dear RES,
in a Marie Curie project, is the outgoing host of an IOF (the legal entity outside Europe) a beneficiary?
As it is mono-beneficiary, the organisation is not in the core agreement. Does it need have to have a PIC?
Best Regards

We acknowledge receipt of your message. In response of your enquiry regarding the Marie Curie International Outgoing Fellowships for Career Development (IOF) we would like to inform you that, as stated on page 3 of the Guide for Applicants, the host organisation (return host organisation/contracting organisation) is the legal entity established in a European Union Member State (MS) or Associated Country (AC) with which the REA will sign the grant agreement and where the re/integration phase of the project is going to take place.
Partner organisation (outgoing host organisation) is a legal entity established in a Third Country where the outgoing phase will take place. The partner organisation will conclude a partnership agreement with the host organisation.
Please see also page 7, where it is stated that, the grant agreement is the agreement concluded between the REA and the host organisation "the Beneficiary" which defines terms and conditions related to the financial contribution of the Union granted for the implementation of the IOF.
In addition, we would like to inform you that every legal entity participating in FP7 needs to have the Participant Identification Code (PIC).
We hope this information will be helpful to you.

Kind regards,

EUROPE DIRECT Contact Centre/ Research Enquiry Service

1.20.5 Agreements in ITN, IAPP and COFUND

Frage des L&F NCP of Switzerland
Antwort an uns Dezember 2010

In Marie Curie host driven actions such as ITN, IAPP and COFUND: do recruited researchers under the above mentioned schemes have to sign a work agreement and a declaration on confirmity together with their host institution?
Thanks in advance!
Kind regards

According to Annex III.2 of the Grant Agreement the host institution has to conclude an agreement with each researcher: http://cordis.europa.eu/fp7/calls-grant-agreement_en.html#people_ga.
For ITN and IAPP the content of the agreement is described in Annex III.4. For ITN and IAPP a declaration of conformity has to be submitted in Sesam following the Reporting Guideline Notes.

Kind regards

The Marie Curie Helpdesk Team

1.21 Certification

1.21.1 Eligibility of CFS costs below 375.000 EUR

Antwort: 17.09.2009

A beneficiary of a FP 7 project needs to provide a CFS at the end of the project because the 375.000 EUR threshold is only reached at the end of the project.
Is it possible for this beneficiary to split the CFS and provide two CFS, one after the first half of the project and a second one at the end of the project? And can the costs for both CFS be declared at the end of the project in one form C?
This way the whole duration of the project would be covered by CFS. And in this particular case the costs for 2 CFS (each covering one period of the project) would be the same as for a single one covering the complete duration of the project.

Costs of CFS sent when the threshold is not reached by a beneficiary in a given project will not be eligible because not required by the Grant Agreement.

Costs of a CFS sent before the threshold is reached may be eligible if such threshold is reached in a subsequent period and the costs are not significantly different from those for a single one; however in this case the CFS will be verified by the Commission services at the time of the subsequent reporting period when the threshold is reached.

More information about can be found in the guidance notes for beneficiaries and auditors regarding certificates issues by external auditors;
ftp://ftp.cordis.europa.eu/pub/fp7/docs/guidelines-audit-certification_en.pdf

Best regards,

RTD A2

1.21.2 CFS of Third Parties with S.C. 10

Antwort: 17.09.2009

Dear Certification Team,
when there is a beneficiary in a project having two third parties with special clause no. 10 - do all three parties have to bring in a CFS after all periods where they cumulatively get more than 375.000 EUR?
I'd like to illustrate this:
1st period
beneficiary: 300.000 EUR - CFS over 300.000
1st third party: 70.000 EUR - CFS over 70.000
2nd third party: 30.000 EUR - CFS over 30.000

2nd period
beneficiary: 100.000 EUR - no CFS
1st third party: 70.000 EUR - no CFS
2nd third party: 30.000 EUR - no CFS

3rd period
beneficiary: 200.000 EUR - CFS over 300.000
1st third party: 10.000 EUR - CFS over 80.000
2nd third party: 20.000 EUR - CFS over 50.000

Is this correct?
Best Regards

The threshold of 375.000 € to submit the Certificate on Financial Statements (CFS) refers to the total EC Contribution (Beneficiary + Third party(ies)). It is considered that in the case of a third party (either providing resources to the beneficiary and not reimbursed or in the case of the special clause 10) the total EC contribution is the sum of the EC contribution of the beneficiary plus the EC contribution of the third party. This is how it will appear in the table of costs. The third party does not appear in the GA as beneficiary. Therefore, in these cases, the threshold for the submission of the CFS concerns the total EC Contribution. The CFS can be submitted in two ways: 1/ only one CFS submitted by the beneficiary covering the costs of the beneficiary and the costs of the third party(ies) 2/ different CFS for the beneficiary and the third party(ies), each for its respective costs.

Kind regards,

FP7 Certification team

1.21.3 Eligibility of CoM costs

Antwort: 14.05.2009

An organisation which has already EC-projects running wants to make a Certificate on the Methodology (and fulfills the criteria).
In which project can the costs of the CoM be reimbursed?
It is not possible to take the costs into one of the running projects, because these costs were not foreseen in the estimated budget.
If the costs are in the estimated budget of a new project which is in the proposal phase and this project is then not funded - could it be that the organisation is left with the costs of the CoM and will never get the costs reimbursed?

First of all we would like to remind you that as mentioned in the Guidance Notes for beneficiaries and Auditors under point 3 "Reimbursement of the costs of the Certificates", the cost of the Certificate on the Methodology, even if it will be used for all FP7 Grant Agreements has to be claimed in once in the costs of one single FP7 Grant Agreement.

This is the reason why it is recommended the consortium partners to anticipate their intention to provide such certification and identify the estimated costs already at the proposal stage and again at the negotiation stage. As such, this can be foreseen in due time in the project budget.

A mentioned in your question, it is indeed possible that a beneficiary foresees the cost of the CoM in the estimated budget when proposing a project and that the project is finally not funded by the EC.

In that case, the beneficiary has still the possibility to include the cost of the CoM in the estimated budget of the following project he proposes to the EC.

However, please note that it is always eligible to declare the cost of the CoM in a project already running even if that cost was not foreseen in the budget. It depends then on the EC contribution that is still available in that project.

1.21.4 Beginning of validity of a CoMAv I

Antwort: 10.12.2008

If a participant brings in a CoMav at the first day of the project and it is approved in the first period can he still only charge average costs from the 2nd period on?

The Certification on the Methodology for Average Personnel costs is mandatory if the beneficiary intends to use average personnel costs in FP7 grant agreements. If during the FP7 the beneficiary modifies its methodology to calculate its personnel costs, and decides to use actual individual personnel costs, it must inform the Commission Services. The Certification on the Methodology for Average Personnel becomes therefore invalid.

In the Guide it says only if it is approved in the period it possible to use average rates retroactively - if it is introduced during the 1st period then you are only able to use it from the next period onwards. Therefore it would never be possible to use average personnel costs in the first period - is this correct?

A Certificate on the Methodology for Average Personnel costs can be submitted at any time during the implementation of the FP7 but at the earliest on the start date of the project of the first Grant Agreement signed by the beneficiary under FP7.

It is indeed recommended to submit the Certificate on the Methodology for Average Personnel costs as soon as possible to the Commission as the average personnel costs can be only used by the beneficiary in it costs declaration if the methodology is previously approved by the Commission.

The acceptance or rejection of the methodology by the Commission can be expected within 60 calendar days with possible time extensions depending on the receipt of additional requested information to the beneficiary.

If submitted in a reasonable delay by the beneficiary the Certificate on the Methodology for Average Personnel costs could therefore be approved or rejected before the cost declaration for the 1st period of the project. However, if this is not the case, the beneficiary will indeed not be able to submit average personnel costs for the 1st period.

1.21.5 Beginning of validity of a CoMAv II

Antwort: 28.09.2009

Dear Certification Team,

a company has an SME-owner working in the project and not receiving a salary. So they had a CoMAv made by an auditor in the first period. They unfortunately did not send the CoMAv for approval in the first period and so the second period already started. When they have the CoMAv handed in and approved in the second period - what costs can they charge for the first period?

Can they make an adjustment for the first period in the second and use the approved hourly rate?

Or do they have to charge the "actual costs" for the first period – if so, which are the actual costs and how can they be calculated?

Thank you for your question and for your interest in the FP7 Certification.
First of all, it is important to recall to the beneficiary concerned to submit the Certificate on average personnel costs to the Commission services as soon as possible. This should prevent undue delays at the time of the periodic payments.
In the case of a physical person or a SME-owner not receiving a salary, the validity of the approval by the Commission of the average personnel cost methodology is retroactive as of the beginning of FP7.
Therefore, the beneficiary should submit any adjustment of the costs calculated on the basis of the approved average personnel cost methodology in the subsequent costs declaration.

We hope this information will be of help to you.

With kind regards,

EUROPE DIRECT Contact Centre / Research Enquiry Service

1.21.6 CoMAv only for a department/unit of a legal entity

Antwort: 24.02.2010

Dear Certification Team,

is it possible e.g. at a university to have a CoMAv created only for one unit, not for the whole university?

Best Regards

The CoMAv should detail the methodology/ies applied in the University as a whole. If the normal management/accounting practice of the university is, for instance, to calculate individual actual costs as a general rule but average personnel costs for a certain department, this should be described in the certificate. Obviously, the parts of procedure 3 that relate to average personnel costs would only be performed for the concerned department. In contrast, if the normal accounting practice of the beneficiary is to calculate individual actual costs in all cases, the Commission could not accept that an average personnel cost system was put in place ad-hoc for EC research projects. Such practice would be contrary to the cost eligibility criteria settled in article II.14.1 of the FP7 Grant Agreement, either if it concerns the whole entity or just a particular department.

Yours sincerely,

FP7 Certification team

1.21.7 Basis for CoMAv of SME-owners

Antwort: 2.12.2008

On what basis will the Certificate on the average personnel costs be calculated by the Auditor? E.g. the salary of an SME-owner: will the basis be the tax income of the last year or could this be an hourly rate as paid in similar activities?

No hourly rate. The methodology to calculate any cost to be charged by SME-owner who does not perceive a salary has to be certified previously by the Commission. Tax-income basis is usually a good system.

1.21.8 Basis for CoMAv of SME-owners II

Antwort: 24.02.2009

One of our clients, an external auditor, came up with the question what income to take for the calculation of Average Personnel costs when construing the Certificate on Average Personnel costs for a self-employed or an SME-owner.
In Austria there is an amount called "sum of earnings" in the tax statement. Then the special expenses and exceptional costs are deducted from this "sum of earnings" - so the "income", the basis of the tax statement, is found. Which amount, the "sum of earnings" or the "income" is taken to calculate the average personnel cost for the CoMAv?

The basis for calculating the eligible personnel cost of an owner manager, who cannot be employed by the business, should be the gross income in the tax statement (before any deductions for his/her own social charges, etc). But we should only take into account the part of the gross income which relates to his research activities / SME business.

1.21.9 Basis for CoMAv of SME-owners III

Antwort: 11.09.2009

When there is a Certification (CoMAv) made for an SME-owner - on what numbers/amount shall the certified hourly rate be based upon?
As there is a case where the SME-owner did not receive any income of the company last year, he did not have a tax income, so there are numbers that can be taken as a basis.
How shall the CoMAv be made then? Can rates from a collective bargaining agreement or from the association be taken?
Please explain in detail.

As a general rule the hourly rates must be calculated on the basis of the personnel costs registered as such in the accounts of the beneficiary (salary plus social charges). In those cases where the person participating in the project does not receive a salary, as could be the case of an SME owner, FP7 requires the submission of a Certificate on the methodology for average personnel costs prior to the costs being charged to the project. This certificate should describe the methodology used by the beneficiary to calculate the personnel costs. On this basis the Commission will decide on the acceptability of such method in regards of the FP7 provisions and inform accordingly the beneficiary.
Calculation methods can differ largely from case to case and there is not a unique guideline to define what calculation method is or not eligible. Each case is analysed separately by the Commission in the light of the respective national legislation and specific administrative and accounting requirements. Generally speaking the calculation method should be based on objective and auditable information (as could be the tax declarations) although when no such information is available alternative methods could be accepted in exceptional cases. The final decision is taken on the basis of the opinion of a dedicated audit expert group which analyses each particular case.
However, it is worth remarking that beneficiaries participate in EC projects under cost-sharing conditions and, thus, calculation methods for personnel should reflect the cost of the personnel efforts and not the commercial price (as could be presumably the case of prices fixed by a professional association). Furthermore, the personnel costs should be exempt of overheads which are to be declared separately to the Commission.

In summary, the calculation method should be based on the most objective and verifiable figures available for the beneficiary which can reflect in a true and fair manner the personnel costs exempt of commercial profit and overheads.
The Commission can only formally pronounce on a particular methodology once submitted for approval via the Certificate on average personnel costs, in the light of the full description of the methodology and the findings of the auditor.

1.22 Second level audits

1.22.1 Access to Health data of employees and data protection

Antwort: 11.03.2010

Dear RES,

in case of a second level audit, the auditor recalculates the hourly rates and therefore he/she needs the number of non-productive hours. The Guide for Auditors in Annex 3 (p.91) as well as in the Finance Guide in the timesheet (p.44) advise to report the kind of absence and especially the absence days due to illness, in detail.

An auditor as "external third party" so receives data relating to the health (absences due to illness) of single employees (who are involved in FP7 projects) - is this in accordance with the EU data protection directive?

Best Regards

Thank you for your question. The Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, does not exempt beneficiaries from providing the necessary data for compliance with their legal obligations. Therefore beneficiaries are obliged to provide the data required in order to comply with the EC RTD grant agreement. The auditor (hence the Commission services) is committed to confidentiality under his responsibility, in dealing with the received confidential data.

Best regards,
RTD A2

1.22.2 Second level audits 5 years after the end of the project

Antwort: 08.03.2010

Dear Research Enquiry Service,

please clarify if an audit is possible for 5 years after the end of the project (e.g. start date of project + duration of project) or for 5 years after the closure of the project (e.g. until after all reports - progress and financial ones - are approved by the EC, which could be up to a year later).

Thanks in advance for your advice.

Thank you for your question.

In FP6 as in FP7 the Commission may at any time during the implementation of the project and up to five years after the end of the project, arrange for audits to be carried out.

This is stipulated in Article II.29 of the FP6 model contract:
http://ec.europa.eu/research/fp6/model-contract/pdf/annex-ii-general-condit[..]
<http://ec.europa.eu/research/fp6/model-contract/pdf/annex-ii-general-conditions_en.pdf>

And in Articles II.22 and II.23 of the FP7 model grant agreement:
ftp://ftp.cordis.europa.eu/pub/fp7/docs/fp7-ga-annex2-v5_en.pdf

Best regards,

RTD A2

1.22.3 Second level audits 5 years “after the end of the project” – exact meaning

Frage des L&F NCP, Czech Republic
(22.4.2010)

Dear Sirs,

I have a question concerning the EC audit of the project. The Grant Agreement, Annex II, art. II.22 says: „The Commission may, at any time during the implementation of the project and up to five years after the end of the project, arrange for financial audits to be carried out, by external auditors, or by the Commission services themselves including OLAF.“

I would like you to explain the „up to the five years after the end of the project period. Does it mean:

1) five years after the project end, for example: project starts 1.1.2010, duration is three years (until 31.12.2012) ◊ EC audit can come after the end of the project (in the period of time 1.1.2013 – 31.12.2017)

2) Five years after the last payment is released by the EC, for example: project starts 1.1.2010, duration three years (until 31.12.2012) ◊ EC will release the final payment of the project in May 2013 and the audit can come within five years period from that time (May 2013 – May 2018)?

Can you comment on the two options and indicate the correct one?
Can you explain what does it mean "the end of the project"?
Thank you for your answer.

Best Regards,

Dear…..,

Thank you for your question. We confirm that your first interpretation is correct. The duration of the project is indicated in Article 3 of the FP7 model grant agreement.

We hope this information will be helpful to you.

Best regards, RTD A2

1.22.4 Electronic accounting system

Frage des L&F NCP of Switzerland
Antwort an uns Dezember 2010

A Swiss establishment of higher education wants to introduce a purely electronic accounting system. This means that any paper documents (incl. bills, receipts etc. for FP7 projects) will be scanned and then destroyed. Does the introduction of such a paperless accounting system create any problems for FP7 audits? And if so, what are the minimum conditions of an electronic accounting system to live up to FP7 (and possibly 'FP8') audit standards?
Thank you very much for your kind support.

Thank you for your question. In accordance with the FP7 Guide to Financial Issues: beneficiaries are required to keep the originals, or in exceptional cases, where the national legislation accepts or contemplates this possibility, duly authenticated copies – including electronic copies – of all documents relating to the grant agreement for up to five years from the end of the project. The Commission cannot approve specific IT systems used by the beneficiaries. However, the IT system used has to meet the requirements imposed by the relevant national legislation and the beneficiary has to ensure that the Commission's services, and/or any external body(ies) authorised by it, have on-the-spot access at all reasonable times, notably to the beneficiary's offices where the project is being or has been carried out, to its computer data, to its accounting data and to all the information needed to carry out those audits, including information on individual salaries of persons involved in the project. They shall ensure that the information is readily available on the spot at the moment of the audit and, if so requested, that data be handed over in an appropriate form. More information can be found in the FP7 Guide to Financial Issues: ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

The guidelines concerning the FP8 audit requirements are not yet available as FP8 has not been launched yet.

Kind regards,

RTD A2

1.22.5 Second level audits 5 years after the end of the project

Antwort: 23.03.2011

Dear RES,

a partner in a FP7-project had a second level audit by the Commission during the project lifetime, errors were found and a reovery note of approx. EUR 1000 was sent. As there had been some overclaimimg, will the funding for this partner be reduced as a consequence or is the partner able to claim the EUR 1000 in the next period if they have higher costs?

Best regards

Thank you for your question. Yes, if the project is still ongoing, the partner (or other beneficiary of the consortium) will be able to claim the 1000 EUR in the next periods if it has higher costs. Please contract the Project Officer/operational Unit in charge, in order to implement this issue.

Best regards,
RTD A4

2 FP6

2.1 Rules for Participation

2.1.1 Eligibility Bosnia

Antwort: 27.03.2009

In a FP6 project there shall be a city trained which is in Bosnia Herzegovina - they are not partner in the contract - they get training out of the project.
Q: Is this possible although Bosnia Herzegovina was not an associated state in FP6 that they now benefit from FP6 achievements although they did not contribute to the funding?

The conditions for eligibility are detailed in the FP6 RoP; entities established in Bosnia -Herzegovina should be treated according to the status of Bosnia-Herzegovina under FP6. Beyond that, we are not sure to understand your question, but keep in mind that in any case the conditions of eligibility as far as place of establishment and nationality is concerned apply to beneficiaries/contractors, and not to the place where the particular project is being carried out; we suppose that if part of the DOW of that project was foreseen to be carried out in Bosnia, this must have been validated during the evaluation and negotiation of the project.

Kind regards,

RTD A2

2.2 Personnel Costs

2.2.1 Hourly rates calculation – Productive hours

Antwort: 6.02.2009

In case of one of our clients they had an audit of a FP6 project and the hourly rates calculation was found to be not right by the Auditor. What is the exact way to calculate the hourly rate? Do they have to calculate the productive hours per person? Are standard productive hours okay and if yes standard of the company, department or country?

It is difficult to provide you with an opinion in the case below without knowing all details concerning the reason why the hourly rate calculation was found not correct by an auditor.
The costs for remuneration of personnel should be taken from the payroll account and should reflect the total gross remuneration plus (salary) the employer's portion of social charges (e.g. holiday pay, pension contributions, health insurance and social security payments). Working time to be charged must be recorded throughout the duration of the project by any reasonable but reliable means (including time sheets).
Productive hours must be calculated according to the contractor's normal practices (taking into account particularly national holidays, absenteeism, etc.). The normal accepted practice is to calculate personnel rates based on standard productive hours of the company or department rather than on productive hours of an individual.
Therefore, as far the situation in question is concerned; the actual employment costs (annual salary plus company portion of social security and related benefit costs) should be divided by the standard productive hours to develop an hourly rate. This hourly rate then would need to be applied to the actual hours worked (that is > 1680 hours), to generate eligible personnel costs to be charged to the project
For more information, please read the FP6 Guide to Financial Issues: http://ec.europa.eu/research/fp6/model-contract/pdf/fp6-guide-financial-issues-feb05_en.pdf

2.2.2 Hourly rates of an SME-owner

Antwort: 28.11.2008

In FP6, how can you calculate the hourly rate of an SME-owner who doesn't get a salary, correctly - is it based on the dividend if he gets one?

If an enterprise which is run by the single person (its owner) IS regarded as a SME (the new definition of SMEs established by Commission Recommendation of 6 May 2003 (JO L 124 of 20.05.2003) applies to SMEs participating in RTD actions after 1.01.05), it will not be possible to charge to the project the labour cost of its owner unless the owner is paid a salary by the SME.

Dividends cannot be considered as a form of salary as they are not remuneration for performed work, but they are attributable to being a company (co)owner/shareholder. As, according to your question, the directors are simultaneously owners of the company, dividends paid out would normally relate to return of capital which is ineligible, as stipulated in Article II.19 of the contract.

Please remember that in conformity with the Contract, the costs need to be recorded in the accounts of the contractor, and this according to the accounting principles of the contractor and the accounting rules of the State of establishment. Consequently, in the absence of salary, the only possibility would be if there is a trace in the accounts of the contractor of retribution, withdrawal of money, interim payment or other which can be reasonably inferred as being a retribution for its work. in such cases, then these costs might be allowable; this would be even more clear if these withdrawals of money are treated as a labour retribution under national law (and not as a return on capital), e.g. subject to personal income tax. Of course, the other conditions for the eligibility of costs (time recording, etc.) should be present.

2.3 Subcontracting/Minor Tasks

2.3.1 Where to write in Minor tasks in Form C

Antwort: 9.02.2009

In FP6 where had minor tasks to be written into the Form C? Under other costs or under Subcontracting?

Under subcontracting if they are subcontracted. Please remember that if they are subcontracted, they are a cost to a beneficiary for a work/service which is performed by a third party and not by the beneficiary, and therefore indirect costs can not be charged by the beneficiary on them; in this cases, the indirect costs are already covered by the price paid by the beneficiary to the subcontractor.
For more details please check the Guide on Financial Issues for FP6 Projects:
http://ec.europa.eu/research/fp6/model-contract/pdf/fp6-guide-financial-issues-feb05_en.pdf

2.4 Indirect Costs

2.4.1 Indirect costs on Audits certificates

Antwort: 8.04.2009

1) In the FP6 Audit Guide it says on p. 11, 2nd paragraph: "If an external auditor is used to provide the audit certificate (which is a form of subcontract), no overheads can be claimed on this amount by contractors using the AC or full cost flat rate (FCF) because the flat rate does not apply to direct costs related to subcontracting. Full cost (FC) contractors may charge indirect costs if their normal accounting practices and system permits and they do so normally."
This means if it is the usual practice of my organisation (FC) to have overheads on an audit we can charge it on the audit (subcontracting) costs. Is it also possible to charge overheads on other Subcontracting costs if it is the usual practice in my organisation?
2) What is the situation like in FP7?

The flat rates of 20% and 60% for overheads must exclude the direct elegible costs for subcontracting and those costs of resources made available by third parties not used in the premises of the benefciaires. For actual indirect costs, art. II.15.2 apply: "indirect costs are all those elegible costs which cannot be identified by the beneficiary as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project"

Best regards,
RTD.A.2

2.4.2 Indirect cost model when there is a merger

Antwort: 17.06.2009

When there was a merger of a company while FP6 projects were running and out of the old companies a completely new company emerged, how do the indirect costs have to be calculated when one of the old companies used the FCF model and the new company used the FC model? Is there just the old model to be used (FCF) until the end of all the running projects or does the company have to calculate with FCF until the merging is done and from then onwards with FC until the end of the project?

In principle, the contract signed using a given cost reporting model has to be completed with that cost reporting model. Therefore your specific situation shall be discussed carefully with the Commission.

However, in our opinion the method of calculation of indirect costs of a new company should meet the rules established in FP6 model contract and be in compliance with the usual accounting principles of the new participant. No subjective or arbitrary keys can be accepted.

Hence, if the new entity is an SME, non-commercial or non-profit organisations established either under public law or private law, or international organisations, it may use the full cost model with a flat rate for overheads (FCF).
If this is not a case, it will use the FC model. Please notice that where a legal entity may choose a cost reporting model it shall apply that model in all contracts established under the Sixth Framework Programme. By derogation to the principle established above, any legal entity eligible to opt for the FCF cost model may opt in this contract for the FC reporting model even if it has opted earlier for the FCF reporting model in previous contracts. However, if it does so, it must use that reporting model consistently in subsequent contracts established under the Sixth Framework Programme.

2.4.3 Use of FCF if the real indirect costs are lower

Antwort: 10.08.2009

Dear RES,
in an FP6 project, a partner chose the FCF and gets therefore a flat rate of 20% for indirect costs. If now it is clear that the overheads are not that high (e.g. 15 %) but the partner cannot determine his real indirect costs as in the FC model - could this be a problem in case of a Commission audit?
BR

We apologise for the delay in replying due to both the high number of questions received and the holiday period.
Here is the answer to your enquiry:
In the case of an audit where the real overhead rate is found to be below the 20%, no adjustments will be done, i.e. the contractor will not be asked to pay the difference.
Please remember that this refers exclusively to the 20% flat rate.

Another thing is that the auditor may request for the data concerning the overhead for the information purpose, but without adjusting the amount paid.

Best regards,

RTD A2

2.5 Form C

2.5.1 Conversion rate

Antwort: 20.04.2009

In an FP6 project costs are incurred in Jordan. According to the Financial Guide for FP6 on page 91 the conversion rate shall be taken from the homepage of the ECB (http://www.ecb.int/stats/eurofxref/) or from the relevant OJ of the European Union. Due to the fact that the ECB does not provide a conversion rate for Jordan - how shall we proceed, where shall we find all the valid conversion rates not provided by the ECB?

When a website of the ECB does not contain the daily exchange rates for the particular currency, please use the exchange rates presented at the website of DG Budget (Euroinfo) which includes the Jordanian dinar:
http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=currency_historique&currency=99&Language=en

Kind regards,

RTD A2

2.6 Receipts

2.6.1 Selling of Foreground

Antwort: 24.10.2008

In an FP6 project a partner wants to sell the foreground he invented to another partner in the project. Is the money he gets for selling a receipt or is it classified as use of foreground and therefore not considered as receipt?

Under the terms of the FP6, knowledge generated under the project belongs to the contractor carrying out the work leading to that knowledge. As a general rule, the contractor being the owner of the knowledge may transfer it to any legal entity, however the FP6 model contract provides for certain requirements and restrictions in this respect.

As provided for in Article II.32.4 and 5 of the FP6 model contract, a contractor that intends to transfers ownership of knowledge shall take steps or conclude agreements to pass on to the assignee its obligations under this contract, in particular regarding the granting of access rights, dissemination and use of the knowledge. As long as the contractor is required to grant access rights, it shall give at least 60 days prior notice to the Commission and the other contractors, of the envisaged assignment and the name and address of the assignee. The Commission or the other contractors may object within 30 days of notification to such a transfer of ownership

As stated in Article II.23.c of the model contract any income generated by the project itself, including the sale of assets bought for the project (limited to the initial cost of purchase) is considered as a receipt of the project.

However, by derogation to the above-mentioned principle, income generated in using the foreground resulting from the project is not considered as a receipt. The use of the foreground resulting from the project is often the main objective of any project supported by a Community financial contribution, and therefore considering it a receipt could penalise it. Use is defined in the FP6 contract as meaning the direct or indirect utilisation of knowledge in research activities or for developing, creating and marketing a product or process or for creating and providing a service. Transferring the knowledge (which as set out above must be coupled with the passing on of the obligation to use) is considered to be a form of indirect use.
FP6 model contract – Annex II – Article II.23 – indent (c):
“Income generated by the project:
• income generated by actions undertaken in carrying out the project and income from the sale of assets purchased under the contract up to the value of the cost initially charged to the project shall be considered as a receipt of the project;
• income generated for the contractor from the use of knowledge resulting from the project shall not be considered as a receipt of the project.”

2.7 Review

2.7.1 Appeal to a review

Antwort: 30.09.2008

In an FP6 project, is there a possibility to appeal a periodic review or object to a review? What can a partner do who does not agree with the outcome of the review? Is there a possibility to object in FP7?

Although the FP does not foresee an appeal procedure for the results of a review, should you do not agree with the outcome of the review, you could inform the Commission about it including the reasons why you consider the decision to be wrong; Please note however that the Commission would not consider arguments related to the scientific content of the review, but might possible attend others related to the review procedure itself (e.g. presence of a conflict of interest by one of the reviewers).

In principle, differences between the Commission and the contractors shall be discussed with the Project Officer. In any case, you might, where justified, lodge a complaint for maladministration to the European Ombudsman.

2.8 Audit and Controls

2.8.1 Competences of FO/PO

Antwort: 19.03.2009

Dear Helpdesk - this is a VERY URGENT LEGAL PROBLEM in a running project - please forward to A.2 - Legal matters. Is it true that we have to disclose our detailed overhead calculation to any PO or FO requesting it? If yes, is this within the scope of II.29 FP6 Contract?
Normally we only disclose the detailed calculation (e.g. in case of an audit) only on the spot at our office and it is not carried out of house.

It is indeed within the scope of Article II.29.2 that the Commission is entitled to ask for this information, and the contractors shall make available directly to the Commission all the detailed data that may be requested by the Commission with a view to verifying that the contract is being properly managed and performed.

Kind regards,
RTD A2

2.8.2 Reopening of an Audit

Antwort: 22.12.2008

How is the procedure to reopen an Audit (Audit was performed by the Commission, e.g. a year after the audit)? Are there any forms? Who is the one to talk to (PO or Audit section)?

An audit cannot be re-open once the letter of conclusion has been sent out.