Grant Management

- Financial Principles
- Type of payments and reporting modalities
- Common errors
- Best practice
- H2020 financial reports/payments new
Financial principles

- Reimbursement of expenses up to a maximum envelope
  100% of direct eligible costs + flat rate 20% overheads (except on subcontracts)

- Pre-financing paid as from signature of the Grant Agreement
  - 160% of an average period for StG/AdG grants and 100% for COG (e.g. 40% or 25% for a 5-year project)
  - of which a part (5% of total grant) is blocked on a Guarantee Fund (GF)

- Interim payments made upon approval of 18 months financial reports
  up to 90% of the maximum contribution (balance released at the final payment only)

- Final payment made upon approval of the final scientific and financial reports
  Limited to the maximum Union contribution (Art. 5 of the GA)
Eligibility of costs – Direct costs

Direct costs are all those eligible costs which can be attributed directly to the project and are identified by the beneficiary as such, in accordance with its accounting principles and its usual internal rules.

(Art. II.15.1 - Annex II - General Conditions to the ERC Grant Agreement)

- Personnel costs
- Equipment
- Consumables
- Travel
- Publications
- Subcontracting
Eligibility of costs – Direct costs (1)

- **Personnel**
  - Only the costs of the actual hours worked by the persons directly carrying out work under the project can be charged.

- **Equipment**
  - Only depreciation costs can be charged, must be in line with the depreciation policy of the Host Institution.
  - Only the portion of the equipment used on the project may be charged.

- **Consumables & Supplies**
  - Must be identifiable and assigned to the project.
Eligibility of costs – Direct costs (2)

- **Publications costs**

- **Travel and subsistence allowances**
  - Linked to the project must be clear (e.g. attendance in a conference to present the results of the project)

- **Subcontracting costs**
  - Should not be core task of the project;
Eligibility of costs – Indirect costs

- **Flat-rate of 20%** of the total direct eligible costs, excluding subcontracting costs and the costs of resources made available by third parties which are not used on the premises of the beneficiary.

- Covers all those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project
  - e.g. costs connected with infrastructures, water/gas/electricity, maintenance, insurance, supplies and petty office equipment, communication and connection costs, postage, etc.
  - e.g. costs connected with horizontal services such as administrative and financial management, human resources, training, legal advice, documentation, etc)
**Pre-Financing**

- Usually **paid within 10 days** from the ERCEA signature of Grant Agreement (GA) (in case of fixed starting date not before 45 days)
- **5%** of the overall EU contribution is transferred by the ERC to the GF;
- remains **property of the EU** until the final payment;
- interests yielded until 31/12/2012 have to be reported with each Financial Report (only on the pre-financing amount).
The processing of interim payments is only possible if the Financial Report is complete and accepted by ERCEA;

Financial Reports must be prepared online via the Participant Portal, at the following link:
http://ec.europa.eu/research/participants/portal/desktop/en/home.html;

Financial Statement (Form C) + Certificate on Financial Statements (CFS) still to be sent in original if the GA has not been amended with e-submission.
The processing of the Final Payment is only possible if both (Scientific and Financial) reports are complete and accepted by ERCEA;

The Final Scientific and Final Financial reports must be prepared online via the Participant Portal, at the following link: http://ec.europa.eu/research/participants/portal/desktop/en/home.html

Financial Statement (Form C) + CFS still to be sent in original if the GA has not been amended with e-submission

Release of the GF as part of Final Payment.
Timing to report – Interim payments

- Templates sent 15 days before end of reporting period;
- Submission of deliverables within 60 days after end of reporting period;
- Payment due within 90 days after the reception of complete set of acceptable documents by the ERCEA.
Timing to report – Final payment

- Submission of deliverables (Final Financial Management Report and Scientific Report) due within 60 days after the end of the project;
- Final payment is based on approval of both the scientific and financial reports;
- Final payment is due within 90 days after the reception of complete set of acceptable documents by the ERCEA.
Reports covering the **financial aspects** of the grant

- Prepared by Host Institution (HI) in consultation with the PI
- Submitted 4 times over 5 years: months 18, 36, 54, 60
- Assessment by the relevant unit (StG, AdV, CoG)
- Mid-term Scientific Assessment taken into account before processing the 2nd Interim Payment
- Reminders regularly sent with interval of 30 days to avoid delays until a final notice letter
Reporting – Financial

➔ Project management

- Description of expenses of the period compared to the budget originally foreseen in the Description of Work (DoW-Annex I) and their link to the project

- Explanation of any “over/under-consumption” in comparison to the budget foreseen
  
  (tasks of the various team members, the equipment used, details of travel, consumables, other direct costs, etc. …)

- Explanations on any proposal for budget reallocation

- Clarifications on adjustments submitted and confirmation that recommendations from audits and technical reviews (if any) have been taken into consideration
Reporting – Financial

→ Project achievements

➢ Global overview of the project's implementation for the period (no more than ½ page)

➢ Elaborate on the problems (including delay, cancellation, postponement of activities/work tasks) which have incurred and how they have been addressed (if applicable)

➢ Publications, papers, etc. must be uploaded in SESAM via "Publications" button in the main page "FP7 work with the project"

➢ Dissemination activities, patents, awards and research expeditions must also be mentioned in SESAM
Financial reports – Documents to submit

→ Annex IV – Financial Statement (Form C)

Electronic form to be submitted through the participant portal:

- Personnel costs
- Subcontracting
- Other direct costs
- Flat rate (20%) of indirect costs
- Signed and stamped (original)
- Cost of Certificate on Financial Statements
Financial reports – Documents to submit

Breakdown of direct costs

- Same amounts as in Annex IV;
  - Personnel costs per person;
  - Same costs categories as in DoW (equipment, consumables, travel, ...)
  - Depreciation of equipment;
  - Subcontracting costs;
  - Third Parties’ costs.

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of purchase</th>
<th>Number of months</th>
<th>Cost of purchase</th>
<th>Number of months of utilisation during the reporting period (B)</th>
<th>Amount charged to the project (C)</th>
<th>Amount charged to the project (D)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sub-Total**

**Third party costs which DO NOT generate indirect costs**

1. Third party costs reimbursed by the beneficiary and incurred outside its premises
2. Sub谅 cases

**Sub-Total**
Same costs categories as in DoW

- Update the column with real costs incurred (previous period(s) if any)
- Fill in the other columns re-modulating the remaining budget according to the needs of the project (Total should be equal to max EU contribution)

⇒ Explain relevant deviations (over or under spending) in Section 1 "project management" of the FR
Compulsory when cumulative costs claimed are \( \geq 375.000\)€

**Example:** Accepted costs in 1\(^{st}\) period: 200.000€ \( \Rightarrow \) no CFS needed
Accepted costs in 2\(^{nd}\) period: 185.000€ \( \Rightarrow \) CFS needed

\[(200.000\)€ + 185.000€ = 385.000€ \( \geq 375.000\)€\]

Template to be used by the Auditors is available at:

**Simplification:**
If an audit is carried out by the Commission's external audit services (or the external auditors hired by the Commission), the obligation for the audit certificate for this period is waived.

\( \Rightarrow \) counter is re-set excluding the audited amount

(a CFS is still obligatory for the subsequent costs when the amount claimed is \( \geq 375.000\)€)
In "My Projects", select "Financial Report" and "Form C"

http://ec.europa.eu/research/participants/portal

RD : Hyperlink to Financial Report

FR : Hyperlink to Form C

⇒ to be filled in as usual in FORCE
Financial reports – New reporting modalities

Under "Financial Report", complete the FR electronically

- Fill in all the bullet points of the Financial Report
  - Declaration of Honour
  - Project management
  - Project achievements

- Attach the Annexes:
  - Breakdown of direct costs (using the Adobe form)
  - Budget follow up table (using the Adobe form)
  - CFS (if required)

- Upload the publications

- Click on "submit"

- Print the Financial Report and the Attachments

- Sign and send the original documents to the ERCEA (unless e-submission amendment signed)
Common Errors

- Lack of original documents when needed
- Signatories not according to GA
- CFS missing when threshold ≥ 375,000 € and wrong template used
- In the Breakdown of Direct Costs table:
  - Equipment depreciation not indicated or wrong
  - Wrong employment period
  - Productive time identical to actual man/hours when staff is not working 100% on the project
  - Wrong budget categories
Best Practice

- Verify completeness of the Financial Report before submitting it in SESAM
- Don't forget CFS
- Respect submission deadlines
- Use updated templates
- Fill in budget tables (breakdown of direct costs + budget follow-up table)
- Justify and explain ANY deviation from DOW, in particular new cost categories or budget transfers
- If changes relate to Subcontracting always refer to us for advice (an amendment might be needed)
H2020 Financial reports/payments

- Electronic signature & communication (including financial reporting)
- Non-deductible VAT paid is also eligible
- Indirect costs = 25% Direct costs
- Wider acceptance of average personnel costs
- Less requirements for time records (no time records for researchers working exclusively in the project)
Acceptance of additional remuneration (subject to specific conditions and up to 8000€/year)

Exchange rate provisions

CFS only for final payments when total EU contribution claimed by the beneficiary on the basis of actual costs + unit costs for average personnel ≥ EUR 325,000

Ex-post audits limited to two years after the payment of the balance
Useful links

- Access to the Participant Portal:

- Practical user guide to fill in the Financial Report

- Horizon 2020 Documents

- Horizon 2020 On-line Manual
  http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html#
Questions or Suggestions?

Mail box:
ERC-C2@ec.europa.eu

Please do not forget to complete/leave behind the evaluation forms!