

Kick-Off Meeting FIN-TECH, Aula Foscolo Pavia, Italy 01 february 2019



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Management & Financial Issues

Summary

- **Financial report:**

- *Short Overview of Eligible cost in Horizon 2020;*
- *What do you need to collect for the financial reporting? Records for actual costs;*
- *Certificates on financial statements (CFS): who need to do it?*
- *List of issues applicable to particular countries;*
- *Reporting deadline*
- *Reporting simulation;*

- **Technical report:**

- *Overview of technical report*

What does «eligible» mean?

Eligible costs' are costs that meet the following criteria:



(a) **for actual costs:**

- (i) they must **be actually** incurred by the beneficiary;
- (ii) they must **be incurred in the period** set out in Article 3
- (iii) they must be **indicated in the estimated budget** set out in Annex 2;
- (iv) they must be incurred **in connection with the action** as described in Annex 1
- (v) they must be **identifiable and verifiable**, in particular recorded in the beneficiary's accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices;
- (vi) they must **comply with the applicable national law** on taxes, labour and social security, and
- (vii) they **must be reasonable**, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency;

Direct cost: Personnel

costs for employees (or equivalent): costs are eligible if they are **related to personnel working for the beneficiary** under an employment contract (or equivalent appointing act) and assigned to the action.

costs for natural persons working under a direct contract with the beneficiary other than an employment contract are eligible personnel costs, if:

- **the person works under the beneficiary's instructions** and, unless otherwise agreed with the beneficiary, on the beneficiary's premises;
- **the result of the work carried out belongs to the beneficiary**, and
- the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

Direct cost: Personnel

Costs for 'beneficiaries that are small and medium-sized enterprises ('SME owners')

Individuals who are working on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit set out in Annex 2 of the GA multiplied by the number of actual hours worked on the action.

Direct cost: travel

Travel costs and related subsistence allowances (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are eligible if they are in line with the beneficiary's usual practices on travel and if they are necessary for the action (e.g. to present a paper explaining the results of a conference).

All travel costs must be limited to the needs of the action; costs related to extensions (for other professional or private reasons) are NOT eligible.

There is no specific calculation method; the costs must correspond to the eligible costs actually incurred.

Direct cost: Equipment

The beneficiaries **may declare the following types of equipment** costs as equipment costs:

- depreciation costs of equipment, infrastructure or other assets
- full purchase costs of equipment, infrastructure or other assets (**if option applies**)
- costs of renting or leasing of equipment, infrastructure or other assets
- costs of equipment, infrastructure or other assets contributed in-kind against payment.

Direct Cost: Other goods and services

Costs of other goods and services (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are eligible, if they are:

- purchased specifically for the action and in accordance with Article 10.1.1
- or
- contributed in kind against payment and in accordance with Article 11.1.

Direct Cost: Other goods and services

This budget category covers the costs for goods and services purchased for the action (or contributed in-kind against payment) including:

- **costs for consumables and supplies** (e.g. raw materials, scientific publications needed for the action, etc.)
- **dissemination costs** (including open access during the action) and conference fees for presenting project-related research

Direct Cost: Other goods and services

- **costs related to intellectual property rights (IPR)** (including costs to protect the results or royalties paid for access rights needed to implement the action)
- **costs for certificates on financial statements (CFS)** and certificates on methodology (unless unnecessary, for instance because the EU contribution is less than EUR 325 000 or the certificate was submitted not for the final report but before)
- translation costs (if translation is necessary for the action's implementation, is justified, etc.).

Indirect Costs

Indirect costs are **costs that cannot be identified as specific costs directly linked to the performance of the action.**

In practice, they are costs whose link to the action cannot be (or has not been) measured directly, but only by means of cost drivers or a proxy (i.e. parameters that apportion the total indirect costs (overheads) among the different activities of the beneficiary).

Indirect costs are eligible if they are **declared on the basis of the flat-rate of 25%** of the eligible direct costs, from which are excluded:

- costs of subcontracting
- costs of in-kind contributions provided by third parties which are not used on the beneficiary's premises.

What do you need to collect for the financial reporting? Records for actual costs

For actual costs, the beneficiaries must:

- keep detailed records and other supporting documents to prove the eligibility of the costs declared
- use cost accounting practices and internal control procedures that make it possible to verify that the amounts declared, amounts recorded in the accounts and amounts recorded in supporting documentation match up.

Records for actual cost: Best practice

The information included in the financial statements for each budget category (i.e. personnel costs, other direct costs, indirect costs) **must be broken down into details and must match the amounts recorded in the accounts and in supporting documentation.**

Best practice: personnel costs

Costs declared as '**personnel costs**' must be detailed per employee carrying out work for the action (individual hourly rate multiplied by the actual hours worked for the action).

They must match the accounting records (i.e. general ledger transactions, annual financial statements) and supporting documentation (i.e. **labour contracts, collective labour agreements, applicable national law on taxes, labour and social security contributions, payslips, time records, bank statements showing salary payments**, etc.).



Best practice: other direct costs

For 'other direct costs', the beneficiary must keep a breakdown of costs declared by type (i.e. travel costs and related subsistence allowances, depreciation, costs of other goods and services etc.) It should provide details of individual transactions for each type of cost. For depreciation, it must provide details per individual equipment used for the action.

Declared costs must match accounting records i.e. general ledger transactions, annual financial statements and supporting documentation i.e. **purchase orders, delivery notes, invoices, contracts, bank statements, depreciation policy, etc.**



In the calculation of depreciation keep in mind the % of utilisation of the equipment on the project

Just to to summarize briefly:

- **Personell cost:** supporting documents → copy of contract, timesheet completed and signed, the annual salary slip for any person involved in the project.
- **Travel:** supporting document → travel ticket, hotel invoice, meal invoice etc and documents showing the relationship between the «travel cost» and the «project» such as: meeting agenda or minute of the meeting.
- **Other goods and services:** supporting documents → copy of the invoice, copy of contract in case of purchases of services.

Periodic Financial Report - Deadlines



In order to ensure an efficient coordination of the FINTECH financial reporting, UNIPV will ask the Partners to provide:

2 internal financial reports, to allow the coordinator to monitoring the project financial situation, at **month 06** (June 2019) and **month 12** (December 2019).

2 financial reports: the official financial report requested by the European Commission, at **month 18** (June 2020) and **month 24** (December 2020)

Technical Report: Part A & B

- The periodic technical report consists of two parts:

Part A (**Done by the coordinator**) of the periodic technical report contains the *cover page, a publishable summary and the answers to the questionnaire covering issues related to the project implementation and the economic and social impact, notably in the context of the Horizon 2020* key performance indicators and the Horizon 2020 monitoring requirements.

Technical Report

Part B of the periodic technical **report is the narrative part that includes explanations of the work carried out by the beneficiaries during the reporting period.**

Part B needs to be uploaded as a PDF document following the template of Part B Periodic Technical report.

**Thank you for
collaboration!**

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