



Eesti Teadusagentuur
Estonian Research Council

Financial reporting

Oskar Otsus

May 2013

Croatia

Topics:

- Payment modalities
- Reporting
- Personnel costs and timesheets
- Changes in the budget
- Certification and audits

Payment modalities

Pre-financing

There is only one payment of pre-financing during the project:

- For projects with duration of more than two reporting periods, it should be equivalent to **160% of the average EC contribution per period**.
- For projects with one or two reporting periods, the amount of the pre-financing should be between **60-80% of the total EC contribution**.
- The pre-financing payment will be received by the coordinator within **45 days** of the entry into force of the grant agreement and distributed to the other beneficiaries

Interim and final payments

- After the approval of the periodic reports interim payments will follow and will be calculated on the basis of the accepted eligible costs.
- The interest generated on the amount of pre-financing will be deduced from the payment. Only for the coordinator.
- The total amount of interim payments + pre-financing will be limited to **90%** of the maximum EC contribution.
- The final payment will be transferred after the approval of the final reports and will be calculated:

Maximum EC contribution – amounts already paid = final payment

Guarantee fund

Beneficiaries' financial responsibility is limited to their own debt.

- To manage the financial risk, the beneficiaries contribute 5% of EC funding to Guarantee Fund. The contribution will be made from pre-financing.
- The Fund will be returned to the beneficiaries with the final payment.
- The Guarantee Fund is the property of the beneficiaries. The EC is managing the Fund by depositing it in a bank. Interest generated by the Fund will be used by the EC to recover the financial risk.

Funding during the project

3 year project receiving 3.000.000 € in EC contribution:

1. First year

Pre-financing :	1.600.000 € ¹⁾
Guarantee fund contribution:	-150.000 €²⁾
Advance to consortium:	1.450.000 €

2. Second year

1st interim payment to consortium:	1.000.000 €
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3. Third year

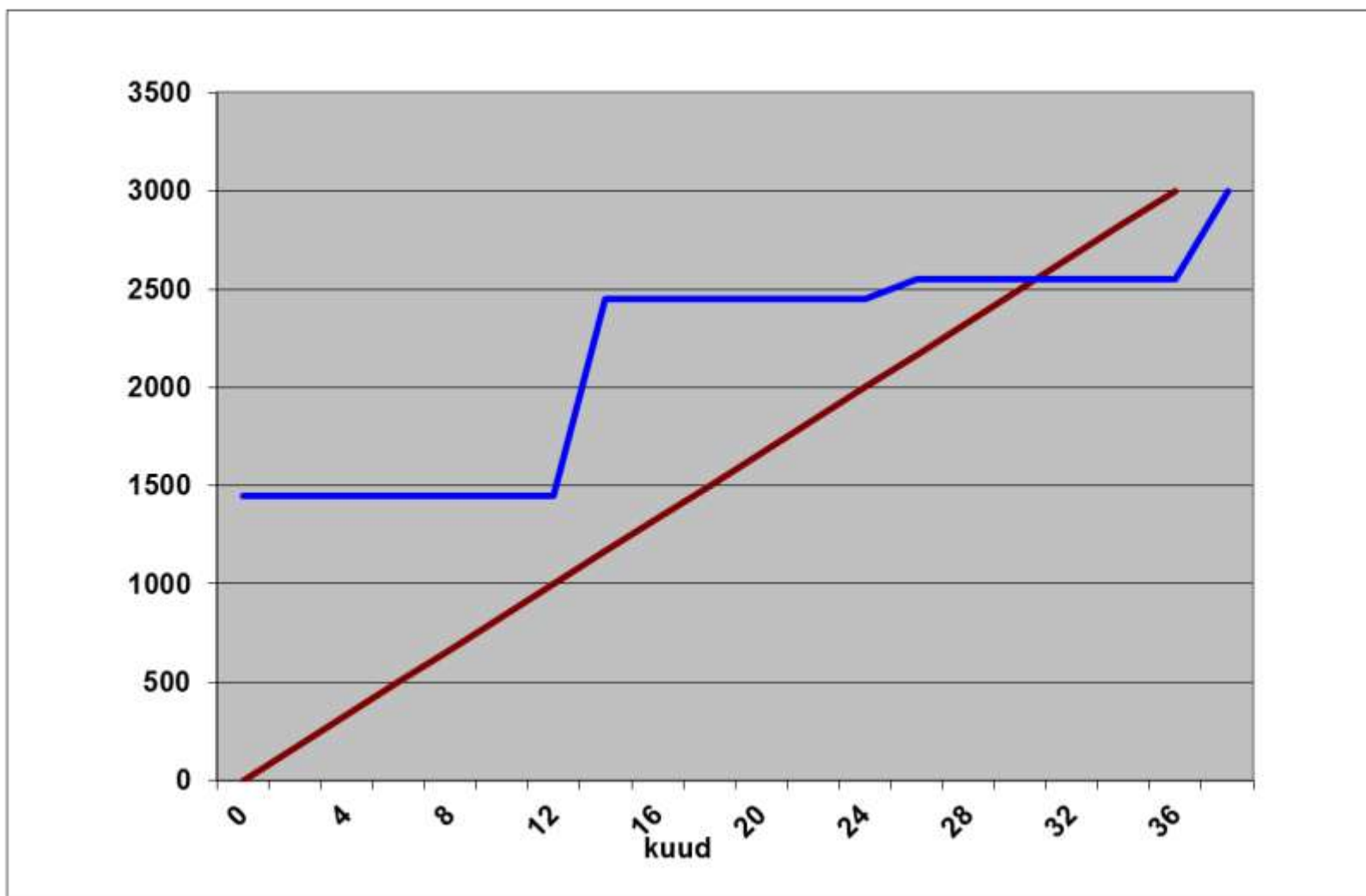
2nd interim payment to consortium:	100.000 € ³⁾
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4. After the project

Final Payment to consortium:	300.000 €
+ Reimbursement from Guarantee F	150.000 €
Total Final payment:	450.000 €

- 1) 160% of average contribution per period
- 2) 5% of total EC contribution
- 3) Up to retention rate = 10% of total EC contribution

Funding during the project



Receipts

The financial contribution of the Union/Euratom may not have the purpose or effect of producing a profit for the beneficiaries.

What are Receipts?

- Financial transfers or their equivalent to the beneficiary from third parties;
- Contributions in kind from third parties;
- Income generated by the project;

What are not Receipts?

- Funding received by REA on previous periods!

**If Total EU contribution + receipts \leq total eligible costs
= No reduction of EU/Euratom contribution**

Reporting

- **Periodic scientific report** shall be submitted within 60 days after the end of each respective period. This shall inform the Commission about the scientific progress of the work.
- **Final scientific report** shall be submitted within 60 days after the end of the project. This shall present the final results and conclusions of the project, describe their use and dissemination, and include achievements, such as publications.
- **Periodic financial management report** shall be submitted for each reporting period within 60 days after the end of each period. The financial report consist of the so called Form C and the „allocation of budget“.

Deliverables and milestones

In the project application and also in the annex I of the grant agreement you need to define your project deliverables and milestones.

Deliverables are different reports on the progress of the project (reports, publications, information materials like leaflets, web-page concept etc.)

Milestones are project goals that should be achieved by a certain point of the project (background information collected, prototype ready, web-page up, handbook ready, conference organized etc.)

List of Deliverables – to be submitted for review to EC/REA – including those with 'classified information' -							
Del. no. ¹⁵	Deliverable name	WP no.	Lead participant	Estimated indicative person-months	Nature ¹⁶	Dissemination level ¹⁷	Delivery date ¹⁸ (project month)
				TOTAL			

Financial reporting – Form C

1- Declaration of eligible costs/lump sum/flat rate/scale of unit (in €)

	Type of Activity					TOTAL (A+B+C+D+E)
	RTD (A)	Demonstr ation (B)	Coordinati on/Support (C)	Managem ent (D)	Other (E)	
Personnel costs	100 000	10 000	0	10 000	0	120 000
Subcontracting	10 000	0	0	0	0	10 000
Other direct costs	50 000	0	0	1000	0	51 000
Indirect costs	90 000	6000	0	6600	0	102 600
Access Costs						0
Lump sum/flat rate/scale of unit declared			0	0	0	0
Total	250 000	16 000	0	17 600	0,00	283 600
Maximum EC contribution	187 500	8000	0	17 600	0	213 100
Requested EC contribution	187 500	8000	0	17 600	0	213 100


 75%


 50%


 100%

Submitting the financial report

Report on the costs of 1 period

1. Partner

fills in the Form C electronically and submits to the coordinator

2. Coordinator

collects and checks all the form C-s and sends them to the Commission

3. Partner

prints the form C, stamps, authorized representative signs 2 copys, sends to the coordinator

4. Coordinator

Collects the paper form C-s, checks them and send to the project officer

New projects (starting 2013) will sign form C-s electronically

Ongoing projects can choose to use electronic signature as well

Amendments have to be sent separately

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WHAT'S NEW

HOME

Manage Organisations



Identify Opportunities



Proposals



Other



RESEARCH & INNOVATION

Participant Portal

European Commission > Research & Innovation > Participant Portal > My Projects > Active

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WHAT'S NEW

PROJECT LIST FOR OSKAR OTSUS

If you are a LEAR of your organisation, please visit the tab My Organisations and follow the link "View projects" to have the list of projects linked to your organisation. A LEAR can only view projects their organisation is linked with. Granting access to projects is done separately.

Please visit the [user manual](#) for roles nominations details

Refresh 

LEGEND		AA	AN	FR	PR	RD	
		Access Amendment	Access Negotiation	Financial Reporting	Periodic Reporting	Reporting & Deliverables	
Show	10	entries		Copy	Excel	Print	Search:
Acronym	Call	Prog.	Project ID	Roles	Phase	Actions	
ACUMEN	FP7-SCIENCE-IN-SOCIETY-2010-1	FP7	266632		Grant Management	 	
SEREN 2	FP7-SEC-2010-1	FP7	261814		Grant Management	  	
Showing 1 to 2 of 2 entries							First Previous 1 Next Last



RESEARCH & INNOVATION

Participant Portal - Grant Management - Financial Reporting

Project Information

General


Show

Details

Reporting Period : no. 1 (from 01/03/2011 - to 31/08/2012)

Beneficiaries List ?

Reporting Period : no. 1 (from 01/03/2011 - to 31/08/2012)
no. 1 (from 01/03/2011 - to 31/08/2012)
no. 2 (from 01/09/2012 - to 31/02/2014)

Beneficiary		Short Name	Status	Actions
UNIVERSITEIT LEIDEN	1	UL	Submitted to EU (Version 1)	
BAR ILAN UNIVERSITY	2	BIU	Submitted to EU (Version 1)	
AGENCIA ESTATAL CONSEJO SUPERIOR DE INVESTIGACIONES CIENTIFICAS	3	CSIC	Submitted to EU (Version 1)	
UNIVERSITY OF WOLVERHAMPTON	4	Univ Wolverhampton	Submitted to EU (Version 1)	
SIHTASUTUS ARCHIMEDES	5	Archimedes	-	 
HUMBOLDT-UNIVERSITAT ZU BERLIN	6	HUB	Submitted to EU (Version 1)	
TECHNISCHE HOCHSCHULE WILDAU	7	TH Wildau	Draft (Version 1)	
DANMARKS BIBLIOTEKSSKOLE	8	RSLIS	Submitted to EU (Version 1)	
KONINKLIJKE NEDERLANDSE AKADEMIE VAN WETENSCHAPPEN - KNAW	9	KNAW	Submitted to EU (Version 1)	

Showing page 1 | 1

Beneficiary

Contractor's Legal Name: SIHTADUTVE ARCHIMEDES
 Short Name: Archimedes
 Comment:

Lump Sums Used:
 Funding % for RTD activities: 20

Participant Identity Code: 000000400
 Beneficiary No.: 5

Indirect Cost Method: Standard Flat Rate
 Flat Rate for Indirect Costs %: 20

1. Declaration of eligible costs/lump sum/flat-rate/scale of unit (in €)

Eligible costs (in €)	Type of activities				Total (E)+(A)+(B)+(C)+(D)
	RTD (A)	Demonstration (B)	Management (C)	Other (D)	
Personnel costs	0.00				0.00
Subcontracting					0.00
Other direct costs					0.00
Indirect costs	0.00				0.00
Lump sums / flat-rate / scale of unit declared					0.00
Total	0.00				0.00
Maximum EU Contribution	0.00	0.00	0.00	0.00	0.00
Requested EU contribution					0.00

2. Declaration of receipts (in €)

Did you receive any financial transfers or contributions in kind, free of charge from third parties?
 Or did the project generate any income which could be considered a receipt according to Art.II.17 of the grant agreement?

If yes, please mention the amount (in €)

3. Declaration of interest generated by the pre-financing (in €) (To be completed only by the coordinator)

Did the pre-financing you received generate any interest until 31/12/2012 according to Art. II.10?

If yes, please mention the amount (in €)

4. Certificate on the methodology

Do you declare average personnel costs according to Art. II.14.1?

RTD/Personnel costs

Cost	Explanation	Work Package
0.00		
0.00	TOTAL	

Clear All

Done

Personnel costs

Personnel costs

You must know the value of your **person month**

Person month = salary + social charges + regular bonuses

Example:

Your person month rate is 2500 €

Researcher works 6 month for the project (50% of his time)

$$\text{Personnel costs} = 2\,500 * 6/2 = 7\,500$$

In FP7 you have to keep **timesheets**, unless you have a better system of proving your dedicated working time. Timesheets must be filled in with one day accuracy.

Standard productive hours = 1680 hours/per year = 140 hours/per month

This means: **1 person month = 140 hours**

Productive hours

Question: How many hours is 1 person month?

You need to know the number of your productive hours

European Commission calculation for standard productive hours:

Days/year: 365

Weekends: 104

Vacation: 21

National holidays: 15

Average days on sick leave: 15

Working days in year: $365 - 104 - 21 - 15 - 15 = 210$

Hours per one working day: 8 hours

Productive hours per year: $210 \times 8 = 1680$

Productive hours per month: $1680 / 12 = 140$

Time contributed to the project

Timesheets are mandatory in FP7 projects, unless you have a better time recording system. Even people working full time for the project are recommended to use timesheets.

Minimum requirements for timesheets:

- Beneficiary name
- Name and signature of the employee
- Project name
- Number of hours worked (daily)
- Name and signature of the superior
- Timesheets must comply with sick leaves, holidays and travels

Additional recommendations for timesheets

- Hours divided by work packages
- Explanation of work done

2008 January

Indicate the time in hours Only the yellow cells are writeable

Date	1	2	3	4	5	6	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total	
Day	Sun	Mo	Tue	Wed	Thu	Fri	Sat	Sun	Mo	Tue	Wed	Thu	Fri	Sat	Sun	Mo	Tue	Wed	Thu	Fri	Sat	Sun	Mo	Tue	Wed	Thu	Fri	Sat	Sun	Mo		
EU-Projects																																
R&D Activities																																
Project x		3	4	7	8								3,5			3	2	8	9	4											7	58,5
Project y		5	5			5,5																										15,5
Project z																																0
Total RTD	0	8	9	7	8	5,5	0	0	0	0	0	0	3,5	0	0	3	2	8	9	4	0	0	0	0	0	0	0	0	0	7	74	
Demonstration																																
Project x																															0	
Project y																															0	
Project z																															0	
Total Demonstration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Management																																
Project x												8	3,5				5				1										17,5	
Project y																															0	
Project z																															0	
Total Management	0	0	0	0	0	0	0	0	0	0	0	8	3,5	0	0	0	5	0	0	1	0	0	0	0	0	0	0	0	0	0	17,5	
Other Activities																																
Project x								3							5																8	
Project y																															0	
Project z																															0	
Total Other	0	0	0	0	0	0	0	3	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	
Internal and National Projects																																
Teaching						2,5										6	1			3											12,5	
B																															0	
C																															0	
Total	0	0	0	0	0	2,5	0	0	0	0	0	0	0	0	0	6	1	0	0	3	0	0	0	0	0	0	0	0	0	0	12,5	
Absences																																
Annual Leave																									8	8	8	8			32	
Special Leave						0																									0	
Illness									8	8	8																				24	
Total Absences	0	0	0	0	0	0	0	0	8	8	8	0	0	0	0	0	0	0	0	0	0	0	0	0	8	8	8	8	0	0	56	
Total productive hours	0	8	9	7	8	8	3	0	0	0	0	8	7	0	5	9	8	8	9	8	0	0	0	0	0	0	0	0	0	7	112	
Total hours																															168	

Signed:

Approved:

Productive hours per project:	Project x	84
	Project y	15,5
	Project z	0

Time sheet

Project name and GA number

Month:

Project Partner (name):

Organisation:

Name of employee

Name of organisation

Department

Month September 2010	Hours	Mo	Tu	We	Th	Fr	Sa	Su
Week 35	2				1	1		
Week 36	19	3	5	3	4	4		
Week 37	0							
Week 38	0							
Week 39	0							
Project time total:	21							

Date,

Name of Employee

Signature employee

Date,

Name of Authorized representative

Signature authorized representative

Title of Contract: XXX

Proposal acronym: XXX XXX

Project number: 123456

Name: Someone
Month Year: January 2010

Type of Activity:
related to Work Package No: 4

DAY	From-to	From-to	No of hours	Activity
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				

Total: 0

Signature Place/Date

Signature Place/Date

Project	XXX
Partner	XXX
Name	XXX

Year: 2011
Month: august

Date	Activity	WP1		WP4		WP6		WP7	
		RTD	M/O	RTD	M/O	RTD	M/O	RTD	M/O
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Date, signature		WP1		0,0				RTD	0,0
		WP4		0,0				M/O	0,0
		WP6		0,0			Kokku		0,0
		WP7		0,0					
Supervisor: date signature									

Holiday fees

- Holiday allowances are eligible in FP7 projects
- Holiday allowances paid from the project budget must be in proportion with your time dedicated to the project.
- Your vacation must take place during the lifetime of the project
- You don't need to fill in your days spent on holidays in the timesheets

Changes in budget

- During the lifetime of the project you can change the budget, but the entire work described in the Description of Work must be done
- All changes must be approved by the coordinator
- If there is a need to change activities foreseen in the Description of Work it must be approved by the project officer
- It is possible to change the allocation of budget between project partners, but the EC contribution always remains the same.
- *Person months* are not very strict. If you declare that your person month rate is 3000 €, it does not mean you have to pay all your employees 3000 €. The total budget for personnel costs is constant and average salaries should not differ much from the person month rate.
- The European Commission is always happy if you show you have contributed more to the project than foreseen :)

Audits

- **Audit of the Methodology** is necessary for beneficiaries using the real indirect costs to be performed once in the lifetime of FP7. It can be used for all FP7 Grant Agreements.
- **Audit of the Financial Statement** is obligatory only in the case of reimbursement of real costs, when EC contribution is **over 375 000.-EUR**.
- The **EC** may, at any time during the project and up to **5 years after the end of the project**, arrange for **financial, systemic and technical** audits to be carried out by external auditors or by the EC staff including European Anti-Fraud Office (OLAF).

Most Frequent errors in FP7

1. Costs claimed that are not substantiated or are not linked to the project
2. Third parties and sub-contracting
3. Depreciation
4. Indirect cost models
5. Indirect costs - Ineligible costs included in the pool of indirect costs
6. Personnel costs - Calculation of productive hours
7. Personnel costs - charging of hours worked on the project
8. Personnel costs - Use of average personnel costs
9. Payment of salaries to owner/managers of SMEs
10. VAT

We talked about:

- **Payment modalities**
- **Reporting**
- **Personnel costs**
- **Changes in Budget**
- **Auditing**
- **Most common errors**

Questions?

Oskar Otsus

Estonian Research Council

tel: +372 7 317 350

e-mail: oskar.otsus@etag.ee