

Financial Aspects of EU projects

IT participation in EU projects meeting

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Preferred activities for CERN

Type of Activity	Direct Costs	Indirect Costs /Overheads	Total Costs	Reimbursed by EC
SA 'Other'	1,000 EUR	600 EUR	1,600 EUR	1,600 EUR
JRA 'RTD'	1,000 EUR	600 EUR	1,600 EUR	1,200 EUR*
NA 'Coordination'	1,000 EUR	600 EUR	1,600 EUR	1,070 EUR**
NA1 'Management'	1,000 EUR	600 EUR	1,600 EUR	1,600 EUR***

* 75% of the total of direct and indirect costs are reimbursed by the EC

**100% of direct costs reimbursed, 7% of direct costs is a reimbursement of indirect costs

*** same reimbursement as in SA activities, but a lot of additional responsibilities

Calculating a project budget for CERN

Project name: xxxxxx

List of required CERN resources

Personnel resources:

Provide required skill level (career path & band) for the resources to be hired, for the existing staff/fell/PJAS etc. only name is required.

Name	Career path & band	Activity/Work package	Start date on the project	End date on the project	PM to be provided
John Doe	not needed	SA1	1.5.2010	30.4.2013	10
John Doe	not needed	SA4	1.5.2010	30.4.2013	12
new staff	Ea00	JRA2	1.12.2010	30.4.2013	29
new fellow	Ze01	JRA2	1.12.2010	30.4.2013	29
TOTAL:					80

Travel & subsistence:

Please provide an estimated no. of trips within Europe and overseas and estimate of the average duration (in days) of the trips.

Activity/WP	Estimated no. of trips within Europe	Estimated no. of trips overseas	Average duration of the trip (in days)
SA1	75	5	3
SA2	45	3	4
JRA2			
Total:	120	8	

Other material:

PC and phone charges for 100% EC funded people only, office supplies, coffee breaks at project meetings at CERN, training necessary for achieving project objectives only, printing of project brochures, etc.

Activity/WP	Description	Estimated costs in EUR
SA1	PC for new staff to be hired working 100% on the project	1,000
Total:		1,000

The question of matching/co-funding

How it can be done?

Options:

1) Claim all PMs & ask for 50% reimbursement

Form C:

Direct costs	1,000
Indirect costs	600
Total Costs	1,600
Max. EC Req. contribution	1,600
Requested contribution	800

2) Negotiate 50% reimbursement rate with the EC

Form C:

Direct costs	1,000
Indirect costs	600
Total costs	1,600
Max. EC Req. Contribution	800
Requested contribution	800

3) Claim 1/2 PMs & ask for 100% reimbursement

Form C:

Direct costs	500
Indirect costs	300
Total costs	800
Max. EC Req. Contribution	800
Requested contribution	800

Options 1 & 2

Pros

Transparency of matching Very clear from the Form C what is the funding provided by the partners

PM reported in total No need to split the PM into funded and matching -> simpler timesheets, no funding ratios needed in PPT (if used)

Total costs signed off/audited Reduces the chances of creative accounting. Even the matching personnel claimed on the Form C -> traceable, matching done in PMs and EUR

No matching by cheap staff The matching must be in EUR as well as PMs

Cons

Total project costs higher More costs must be audited -> can increase audit fees

Reimbursement rates in NEF different The 50% reimbursement rate is agreed between the partners only -> the EC's reporting tool will have the official rates -> confusing for the partners
unless option 2 chosen

Internal budgeting may be more complex All PMs must be linked to the project (via e.g. budget codes) , but e.g. 50% must be funded by the institute. How to make the split?

Not all partners will be willing to accept this model In some cases the ½ PMs method is more beneficial for the partners for different reasons.

Option 3

Pros

Lower total project costs Matching PMs not claimed on Form C, don't have to be audited -> lower audit fees

Easier internal budgeting Clear separation of personnel into those funded by EC and those funded by the institute, e.g. by the use of different budget codes, funding source, etc.

Other costs can be 100%/75% reimbursed even for matching personnel If available EC funding permits and if mentioned in DOW

Same reimbursement rates in NEF The official EC rates will be used in NEF, less confusion for the partners

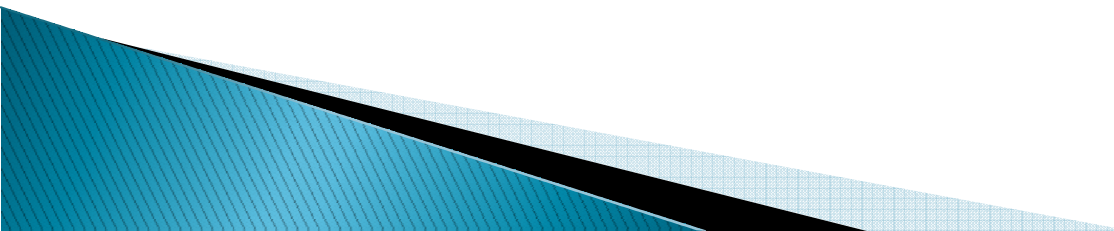
Cons

If matching in PMs only -> may be done by cheap staff May be a problem in case of EC audit -> agree matching in EUR as well as in PMs

Partners not respecting the rule May claim all PMs and ask for 100%/75% reimbursement. Coordinator may not spot it.

How to split the PMs? Some partners don't know how to deal with it. Split the people into 50/50 funding or split into 2 groups - 1 fully funded, 1 unfunded

Lower reimbursement of COORD activities 7% for overheads calculated from only 1/2 of the direct costs



Budgeting for the consortium

- ▶ applicable when CERN is a coordinator

Step 1

- Define PMs needed to complete the project objectives: per activity & partner (e.g. via bidding)
- Collect from the partners: average PM cost, average other costs per PM (both in EUR), overhead rates

Step 2

- Use e.g. the simulation tool to cost the project
- If available EC funds not sufficient -> cut PMs / agree on the co-funding

Step 3

- Prepare a table showing funded and matching PMs per partner & activity
- Include agreed co-funding option / reimbursement rates in the CA

Step 4

- Internal cost claims and timesheets should reflect the co-funding option agreed

Other considerations

- ✚ Get agreement from the EC on the co-funding options, include it in the DOW and the Consortium agreement (CA)
 - ✚ Negotiate new reimbursement rates (if applicable)
 - ✚ Negotiate the way of reporting the matching PMs & costs
 - ✚ Include the list of funded and matching PMs per partner in the CA
 - ✚ In CA include the clause on financial reporting (e.g. funded/matching PMs, internal cost claims, reporting of matching costs) and pre-financing distribution
 - ✚ Try to avoid combining the two models – overcomplicated
 - ✚ If possible use PPT for timesheets – simplifies the calculation and reporting of PMs
 - ✚ In JRA activity don't half the PMs but use 2/3 to get 50% reimbursement
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