

Legal and Financial Issues

Orbay BÜLBÜL FP7 Legal and Financial National Contact Point

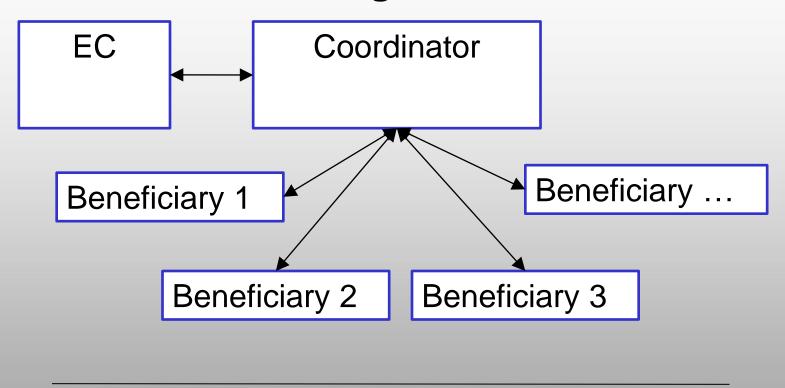
Workshop on FP7 Aspects

17 May 2012 Chinisau, MOLDOVA



Contractualisation

Grant Agreement



Consortium Agreement

Between the Beneficiaries,

Optional for CONCERT-Japan



→ Grant Agreement (GA) composed by

Core part: GA parameters

Annex I: Description of Work (Technical Annex)

Annex II: General Conditions

Annex III: Specific provisions for funding schemes

Annex IV, V & VI: Form A, B & C

Annex VII: Form D terms of reference for the certificate of

costs and Form E certificate on the methodology (NEW)



→ CORE part of Grant Agreement including

Introductory part

- Art. 1. Accession of other beneficiaries (+ CA)
- Art. 2. Scope
- Art. 3. Duration & start date
- Art. 4. Reporting periods and rep. language
- Art. 5. Max. Community financial contribution
- Art. 6. Pre-financing
- Art. 7. Special clauses
- Art. 8. Communication
- Art. 9. Applicable law and competent court
- Art. 10. Application of GA provisions
- Art. 11. Entry into force
- Dates, signatures



→ Annex I – Description of Work

Part A

Budget breakdown

Project summary

List of beneficiaries

Part B

Concept and objective, progress beyond state-of-the-art, S/T methodology and assoc. work plan

Implementation

Potential Impact

Ethical Issues (if applicable)

Consideration of gender aspects (optional)



→ Annex II – General Conditions

Part A. – Implementation of the project

- General principles
- Reporting and payments
- Implementation

Part B. – Financial provisions

- General financial provisions
- Guarantee fund and recoveries
- Controls and sanctions



→ Annex IV - Form A (Between the beneficiaries and Coordinator)

Consent of beneficiaries identified in the core GA (article 1.2) to accede to the GA. To be signed by both the legal representative of the beneficiary concerned and by the coordinator. Delay 45 days as of Commission signature.

→ Annex V - Form B

Accession of new legal entities to the GA. It amends the GA.

→ Annex VI - Form C

Financial statement per activity. Specific to each Funding Scheme. To be filled periodically by each beneficiary and signed in original by the legal representative.



GA

EC + Coord.

Form A

(For every beneficiary)

Coord. + Beneficiaries



Proposal Timescale

Proposal 3 months

Evaluation 6 months

Negotiation 3-5 months

- Contract
- Project Duration months
- Final Payment
- Audit

12 - 48

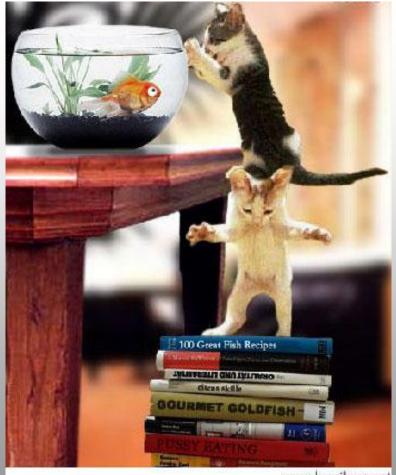
~12 months

max 5y

The proposal evaluation lasts a day, but to due to the total number of proposals and the internal EC procedures, the final decision may take up to 6 months.







Role of the Coordinator

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Role of the Coordinator

- → Communication with EC (negotiations, payments, reporting, etc.)
- → Overall Management of the project
- → The coordinator manages (when necessary) access rights of beneficiaries in electronic reporting tools
- → Beneficiaries are represented towards EC by the coordinator

- → The coordinator shall:
- administer the EC financial contribution
- collect and review reporting documents
- monitor the compliance by beneficiaries with their obligations under this grant agreement.





Consortium Agreement



Consortium Agreement

General Principles

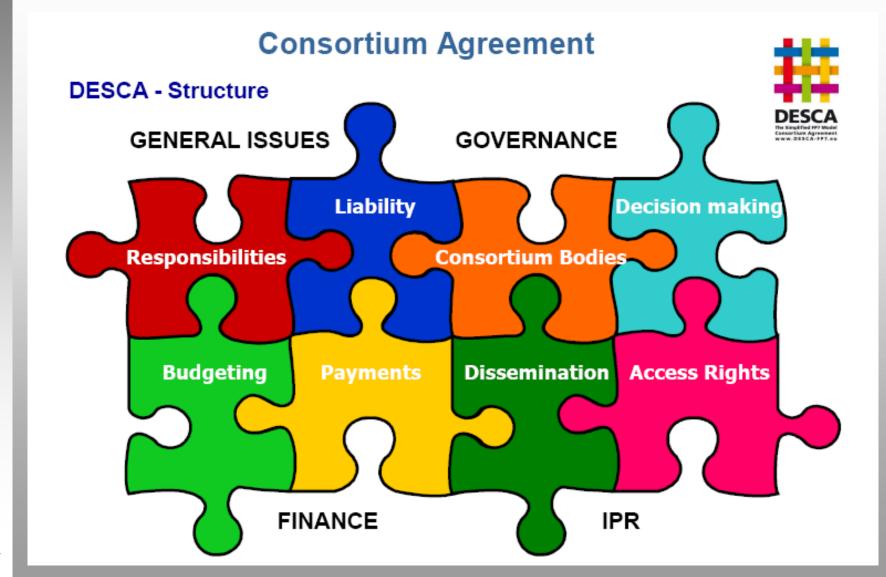
- Agreement between project partners (Commission does not sign)
- Obligatory if GA does not foresee an exception (not obligatory in one of our projects)
- No conflict with the Grant Agreement

Model Consortium Agreement

- Initiative DESCA
- European project
- Targets:
 - Not many different models but one model with several modules and options
 - Single model for all types of participants (research organisations, universities, SME)
 - Development of a simplified Consortium Agreement



Consortium Agreement







Key for Successful Implementation

Key for Successful Implementation

Official contact = coordinator

Partners always contact coordinator for question/problem/doubt If necessary coordinator contact EC officers

PO = Project Officer → for general/technical matters about the project

LO = Legal Officer → for legal query/matter

FO = Financial Officer → for financial query/matter

- PO/LO/FO are available
 - for support
 - for information
 - to find solution to specific cases
 - to agree (or not) on changes proposed by consortium



 In some circumstances EC officer(s) can attend specific meetings (kick-off, yearly or special large scale meetings)

Key for Successful Implementation

For Coordinator

- DEFINE <u>AT THE START</u> of the project and FOR ALL PARTNERS a clear financial management and monitoring of costs and funds
- **IMPLEMENT** a common monitoring system/tool (excel, access, ...) including all details related to a cost
- ENSURE periodic (monthly) financial monitoring
- CONTACT EC officers for doubt, questions, advices, ...

For ALL

- READ / UNDERSTAND FP7 financial and contractual rules
- ORGANISE your administrative management in order to be in total respect with EC rules. If financial monitoring will be managed by another staff member/department, check that rules and EC requirements are understood and correctly implemented.
- CONTROL the eligibility of any cost before committing it (and paying it)
- RECORD and COLLECT details and justification on a regular basis → direct availability → report easier





Financial Aspects of FP7

Content

- General Legal and Financial Issues
- Legal, Budgetary and Administrative Management: General Overview
- Reporting
- Keys for Management



Basic Informations About the Project

How much budget allocated to my organisation?

➤ Go to DoW – Pg.41

➤ Part B Pg.52



Detailed Budget

W18: Project Effort and costs

Project Number ¹ 266604 Project Acronym ² CONCERT-Japan

Project efforts and costs Estimated eligible costs (whole duration of the project) Benefi-Indirect costs Beneficiary Total Requested EU ciary Subcontracting Other Direct Personnel OR lump sum, short name receipts (€) contribution (€) Effort (PM) Total costs number costs (€) flat-rate or costs (€) scale-of-unit (€) TUBITAK 51.50 154.500.00 0.00 24,000.00 95,700.00 50.040.00 324.240.00 291,714.00 2 MEXT 19.25 77.000.00 0.00 42,000.00 23.800.00 142.800.00 0.00 0.00 3 **JSPS** 12.75 51,000.00 0.00 68,000.00 23,800.00 0.00 68,000.00 142,800.00 4 JST 18.50 74.000.00 2,000.00 159,800.00 46,760.00 282,560,00 0.00 252,166.00 5 CNRS 198.000.00 52,900.00 33.00 10.000.00 66,500.00 327,400.00 0.00 293,015.00 6 PT-DLR 28.50 182,400.00 10,500.00 51,500.00 97.071.00 341.471.00 0.00 260,773.00 ZENIT 16.75 125,625.00 0.00 40,600.00 33.245.00 199,470.00 0.00 177,860.75 8 BZAKA 24.25 97.000.00 0.00 64,200,00 32,240.00 193,440.00 0.00 172,484.00 9 CESTEC SPA 15.00 96,750.00 0.00 92,600.00 37,870.00 227.220.00 0.00 202,604.50 10 RL 2.25 12.375.00 0.00 16,600.00 5.795.00 34,770.00 0.00 31,003.25 11 RCN 8.50 59.500.00 0.00 30,600.00 18.020.00 108,120.00 0.00 96,407.00 12 MICINN 17.25 86.250.00 0.00 21.500.00 21.550.00 129.300.00 0.00 115,292.50 13 ETH 11.50 73.301.00 0.00 30,600.00 20,780.20 124,681.20 0.00 111,174.07 463,871.20 0.00 Total 259.00 1.287,701.00 46,500.00 780,200.00 2.578.272.20 2.072,494.07



Basic Informations About the Project

How do I know how many person / months have been allocated to my organisation?

➤ Go to DoW Pg.39



P/M Table

WT7: Project Effort by Activity type per Beneficiary

Project Number ¹ 266604			Project Acionym ²					CONCERT-Japan						
				In	dicative et	fforts per A	ctivity Typ	e per Ben	eficiary					
Activity type	Part 1 TUBITAK	Part 2 MEXT	Part 3 JSPS	Part 4 JST	Part 5 CNRS	Part 8 PT-DLR	Part 7 ZENII	Part 8 BZAKA	Part 9 CESTEC	Part 10 RL	Part 11 RCN	Part 12 MICINN	Part 13 ETH	Lotal
3. Consortium Mana	agement ac	tvities												
ML e	20.00	1.50	1.00	2.25	2.75	2.00	1.00	2.00	1.00	1.00	1.00	1.00	2.00	38.50
Total Management	20.00	1.50	1.00	2.25	2.75	2.00	1.00	2.00	1.00	1.00	1.00	1.00	2.00	38.50
Work Packages for	Coordinatio	on activitie	s											
WP 1	3.00	2.75	3.75	3.75	0.75	0.75	11.00	8.25	3.50	0.50	0.75	3.25	5.50	47.50
WF 2	8.75	6.25	1.75	2.25	4.50	2.25	1.25	8.50	3.25	0.25	4.00	5.00	0.25	48.25
WP 3	1.00	3.75	3.75	7.25	19.50	15.50	2.00	1.00	4.00	0.00	1.00	6.00	1.50	66.25
WP4	7.00	3.75	2.25	2.75	5.25	7.75	0.25	1.25	1.75	0.25	0.25	1.75	2.00	36.25
WF 5	11.75	1.25	0.25	0.25	0.25	0.25	1.25	3.25	1.50	0.25	1.50	0.25	0.25	22.25
Total Coordination	31.50	17.75	11.75	16.25	30.25	26.50	15.75	22.25	14.00	1.25	7.50	16.25	9.50	220.50
4. Other activities														
Total other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	51.50	19.25	12.75	18.50	33.00	28.50	16.75	24.25	15.00	2 25	8.50	17.25	11.50	259.00



Basic Informations About the Project

How much total budget has been allocated to my organisation for particitation to the meetings and organising meetings?

- ➤ Go to Dow Part B Pg.50-51for the budget per WPs
- Check your Budget Guideline in your file per Tasks



Event Table

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Partner #	1	2	3	4	5	6	7	8	9	10	11	12	13	TOTAL
Short Name	TUBITAK	MEXT	JSPS	JST	CNRS	DLR	ZENIT	BZAKA	CESTEC	RL	RCN	MICINN	ETH	850
EE Travel Own	22	0	0	0	14	13	11	20	9	9	10	12	10	130
E-J Travel Own	12	0	0	0	5	5	4	8	4	4	4	5	4	55
J-E Travel Own	0	21	14	14	0	0	0	0	0	0	0	0	0	49
EE Travel for Experts	24	0	0	0	14	23	11	23	21	0	10	0	10	136
E-J Travel for Experts	0	0	0	12	0	0	0	0	20	0	0	0	0	32
J-E Travel for Experts	4	0	20	44	10	0	4	0	1	0	0	0	0	83
Event Type 1	4,3	0	0	3	3	2	1	0	1	0	1	0	1	16,3
Event Type 2	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Event Type 3	0	0	0	0	0	0	0	1	0	0	0	0	0	1
Event Type 4	0	0	0	1	0	0	0	0	1	0	0	0	0	2

Travel	Unit Cost
E-E	1000
E-J	1900
J-E	2000



Basic Informations About the Project

How do I know who from my organisation is involved in Concert Japan project for the scientific work?

➤ Go to Dow Part B Pg.25-44



Beneficiary Information

Key Staff Members:

Prof. Omer ANLAGAN, TÜBİTAK: Prof. Omer ANLAGAN obtained his B.Sc. and M.Sc. degrees in the Mechanical Engineering Department of Middle East Technical University in 1967 and 1970 respectively and received his Ph.D. degree in the Machine Tool Technology Division of UMIST/England in 1975. He worked in Mech. Eng. Dept. of METU between 1975-1982 as Assistant Professor and Associate Professor; taught Manufacturing Engineering and Metal Cutting courses as a visiting Professor in the Mechanical Engineering Department of University of Wisconsin/Madison/USA between 1982 and 1984; worked in Richland Industries/Wisconsin/USA as a consultant and helped the company to modernize their manufacturing facilities between 1984 and 1986; returned to Turkey in 1986 and worked in Emek Holding A.Ş. as the Director of R&D; was appointed as the Director of Computer Center of METU for years 1988 and 1993; has worked as a full Professor in Mech. Eng. Dept. of METU between 1989 and 2001; has appointed as the Director of TUBITAK SAGE (Defense Industry Research and Development Institute) between 1995 and 2004. He has been appointed as the Vice President of TUBITAK since 2004. International Cooperation Department of TUBITAK is under the authority of Prof. ANLAGAN.

Assoc. Prof. Dr. Nilay BASARAN Prof. BASARAN is the Head of International Cooperation Department of TUBITAK since May 2009. Born in 1959, Prof. Basaran has started to work at TUBITAK in 1996. She has worked as the "Acting Head" of International Cooperation Department of TUBITAK and the European Union Framework Programmes in Turkey between 2005 and 2009. Previously, she has been the National Contact Point and National Delegate for LifeSciHealth thematic priority of EU FP6 Programme. Between 1996 and 2004, she has worked as the Administrator of Scholarship Programmes in the Directorate of Science Fellowship and Grant Programmes of TUBITAK. She has been a Research Assistant at the Middle East Technical University Biology Department between 1984 and 1994. In her capacity as the



Basic Informations About the Project

How do I know who from my organisation is involved in Concert Japan project for legal, administrative and scientific work?

➤ See Grant Agreement Preperation Forms (GAPF)s



TUBITAK GAPF

A2.3: Authorised Representatives

Project number ¹	266604	Project acronym ²	CONCERT-Japan	Coordinator number in this project ¹⁰	1	Coordinator short name 11	TUBITAK	
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One form per participant First authorised representative to sign the grant agreement or to commit the organisation for this project ANLAGAN Family name First name(s) Omer Gender 35 (Female - F / M Title 34 Prof. Male - M) Position in the organisation 36 Vice President Department/Faculty/Institute/Laboratory name/... 37 TUBITAK Address (if different from the legal address) 12 Street name 15 Number 15 Town 15 Postal code / Cedex 15 Country 16 Phone 1 21 Phone 2 21 +90 312 468 5300 +90 312 467 8280 E-mail omer.anlagan@tubitak.gov.tr Fax 21 +90 312 4274024



Basic Informations About the Project

How much total budget allocated to my organisation on the task level? (Personnel, Travels, Events, Subcontracting, other)

> See the Task descriptions in DoW



Task Description

be taken as reference and complementarities as well as synergies will be sought with this agreement. These recommendations will be applied in the Pilot Joint Call and a coordinated approach to IPR issues in cooperation with Japan will be tested. These recommendations will also be put into use in the development of durable mid-term programme, accompanied by the lessons learned with regard to IPR arrangements in the Pilot Joint Call. Proposed recommendations will be presented at the first Steering Committee meeting for approval. TUBITAK, MEXT, CESTEC

Advice from external experts on IPR issues will be consulted. At least 1 Japanese and 1 European external experts will be consulted in the development of recommendations. TUBITAK, MEXT, CESTEC

Task Leader: TUBITAK

Task Contributors: MEXT, CESTEC, JSPS, JST, DLR, CNRS, BZAKA, MICINI Main Costs: TUBITAK (3,0 PM; subcontracting for external experts: 2000 €; 1 I 1 J-E travel in kind); JSPS (1 J-E travel); JST (1 J-E travel); DLR (1 E-E travel) E-E travel); MICINN (1 E-E travel); RCN (1 E-E travel); ETH (1 E-E travel); CE 15 participants, 1 J-E travel and 1 E-E travel for IPR experts); ZENIT (1 E-E tra

l'erson-Months per l'articipant

Participant number 10	Participant short name 11	Person months per participant				
	1 TUBITAK	8.75				
	2 MEXT	6.25				
	3 JSPS	1.75				
	4 JST	2.25				



Project Budget Preperation Phase in FP Projects



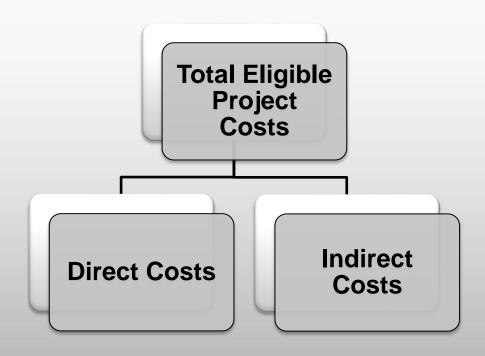


Project Finance in FP7

- 1. Project Preparation Phase (Forecast)
- Forecasting the activities
- Forecasting the staff efforts for this activities
- Forecasting the other budget items needed for this activities
- Calculating the budget
- 2. Project Implementation Phase (Real)
- Reporting the activities
- Reporting the actual staff effort
- Reporting the other costs
- Financial Statement



Eligibility Criteria



- <u>Direct Costs</u>: eligible costs which can be attributed directly to the project and are identified by beneficiary as such
- <u>Indirect Costs:</u> eligible costs which cannot be identified by 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 (such as electricity, and other supplies, ...)



Eligibility Criteria

To be considered eligible, costs must be;

- > ACTUAL (real, not estimated or budgeted)
- INCURRED by the beneficiary
- In accordance with its USUAL ACCOUNTING and management principles (no specific accounting system for FP7 projects)
- Incurred during the PROJECT DURATION (exc. personnel cost for the final reporting and audit costs)
- Used for the sole purpose of ACHIEVING THE PROJECT OBJECTIVES (consistent with the principles of economy, efficiency and effectiveness)
- > RECORDED in the account of the beneficiary
- > INDICATED IN ANNEX | of the GA



Eligible Costs

Economic

Actual

Incurred during duration of project



Necessary

In accordance
with the
accounting
principles of the
beneficiary

In accordance with the general accounting principles

Recorded in the acconting system of 3rd party if any



Ineligible Costs

"There is no such thing as a good tax"

Winston Churchill

"(on filling for tax returns) This is too difficult for a mathematician. It takes a philosoper."

Albert Einstein

"The avoidance of taxes is the only intellectual pursuit that carries any reward."

John Maynard Keynes

"Like mothers, taxes are often misunderstood, but seldom forgotten"

Lord Bramwell

"Next to being shot at and missed, nothing is really quite as satisfying as a tax refund"

F.J.Raymon

"I am proud to be paying taxes. The only thing is I could be just as proud for half of the money."



Ineligible Costs

Interest owed

Indirect Taxes (VAT, stamp duty, etc)

Bank charges



Exchange losses

Provision due to unpredicted cost

Costs of other projects



Direct Costs

Direct Costs are classified in specific cost categories:

- Staff (personnel costs)
- Travel and subsistence costs
- Equipment costs
- Subcontracting
- Consumables, supplies, event and other costs
- Certificate costs

- Direct Costs can be directly attributed to the project and identified by the beneficiary as such
- Direct costs shall be made in accordance with accounting principles and its usual internal rules





Personel Costs

Total cost of a personnel working in the project in terms of time spent for the project per activity (Man-month concept) including social security costs, etc...

The personnel

- must be directly hired by the beneficiary in accordance with its national legislation
- must work under the sole technical supervision and responsibility of the beneficiary
- should reflect the total remuneration (holiday pay, health insurance, etc.)
- must be remunerated in accordance with the regular practices of the beneficiary



✓ Only the costs of the actual hours worked by the persons directly carrying out work under the project may be charged!

Personnel Costs

Hourly rate:

Total Yearly Gross Salary

Total productive hours

Total productive hours a year:

Hours per employee in a year after deduction of non productive hours. (e.g. annual and public holidays, sick leave, weekends, training,...)

 Productive hours must be clearly justified and should match the underlying time recording system



Example

Days in a year: 365

Weekends: -104

National holidays: -12,5

Annual leave: -20

Ilness/Other: -15

Productive days: 213,5

Productive hours: 213,5 days X 8 hours = 1708 hours

Annual Gross Salary: 30.000 € (assumption)

Hourly Rate: 30.000 / 1708 = 17,56 €



Time Recording System

Time-Recording System:

- Must allocate project and all the other productive hours
- Must allocate project hours to the corresponding project, when the staff is working on several projects
- Time-records must be authorized
- Time sheets are not obligatory, electronic time recording is also possible
- Estimation of project hours is not possible



Example of a Time Sheet

Number of hours envisaged i.e. according to the employment contract: 20 hours/week Person : Prof. W. 2008 January Only the yellow cells are write able Indicate the time in hours 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 Sun Mo Tue Wed Thu Fri Sat Sun Mo Day R&D Activities 58,5 15,5 Project y Project z 74 Total RTD 8 5,5 3,5 Demonstration Project x Project y Total Demonstration 0 Mana gement 17.5 Project x Project y Project z Total Managemen 0 3.5 0 17,5 Other Activities Project x Project y Project z Total Other Teaching 12.5

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

8 8



Annual Leave Special Leave

Total Absences

Total hours

Total productive hours

0

12,5

24

112

168

Personel Costs – to keep

To Keep

- Pay rolls
- Time sheets
- Contracts
- Methodology used for productive hours
- Reports on the activities carried out



Travel Costs

- Are necessary for the work in the project and for activities related to it
- Foreseen in Annex I
- Must be limited to the necessity for the project
- Must occur during the project
- Accounting respective to the regular practice of the beneficiaries and their regulations
- Receipts and travel expenditures must include the project name and/or number
- Must be recorded costs in the project accounts
- Identifiable VAT must be deducted from travel bills and receipts



Travel Costs

To Keep

- Boarding pass
- Agenda of the meeting
- Actual reimbursement
 - taxi, hotel, restaurant, bus, invoices, tickets, etc..
- Per diem
 - Any documents stating the costs incurred (internal rules)



Other Direct Cost

- **Equipment:** purchased for the purposes of carrying out the action, must be determined according to the beneficiary's usual accounting practice. Only depreciation can be charged.
- Consumable: Any consumables necessary for the implementation of the project may be considered as direct eligible costs if bought after the start date of the project
- Other costs: organisation of events, promotional materials.



Other Direct Cost

To Keep



- Any document stating the cost incurred (invoice, receipt, etc.)
- Any useful documents explaining the beneficiary's own procedure(s) used to identify the costs (depreciation costs, tender, reports, etc.)



Subcontracting

A subcontractor is a third party which has entered into an agreement on business conditions with one or more beneficiaries, in order to carry out part of the work of the project without the direct supervision of the beneficiary and without a relationship of subordination.



Subcontracting

To Keep

- Invioces, contracts
- Any useful document(s) explaining the beneficiary's own procedures (awarding criteria, tender, etc.)



Indirect Costs - Overhead

- All the structural and support costs of administrative, technical and logistical nature
- All those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project
- Which can be identified and justified by its accounting system as being
- incurred in direct relationship with the eligible costs attributed to the project
- Must be in accordance with regular accounting practices of the beneficiary

Examples:

- Renting or depreciation of buildings, water/gas/ electricity, maintenance, communication and connection costs, supplies and petty office equipment
- Structural and Support costs (f. e. administration, technical personal)



FUNDING SCHEMES & UPPER FUNDING LIMITS



It varies according to;

- ☐ The accounting system
 - □Analytical / Non-Analytical
- Organisation Type
 - □SME, University or Industry
- □ Project Type
 - □RTD Project, CSA project
- ☐ EC Reimbursement Rates
 - □%75, %50 or %100



Org.Type – Project Type

Non Analytical Account		Analytical Account			
Organisation Type	Project Type	-Collaborative Projects			
-Non-profit public body -University -SME -Research Organisation, Institute % 60	-Collaborative Projects % 60 -Coordination and Support Actions % 7	%? -Coordination and Support Actions			
-Industry -Other	-Collaborative Projects % 20 -Coordination and Support Actions % 7	% 7			



Collaborative Projects

	RTD		Demo.		Man.		Other	
	O/h	EU Rate	O/h	EU Rate	O/h	EU Rate	O/h	EU Rate
-Non-profit public body -University -SME -Research Organisation, Institutes	% 60	% 75	% 60	% 50	% 60	% 100	% 60	% 100
-Industry -Other	% 20	% 50	% 20	% 50	% 20	% 100	% 20	% 100



Let's assume that we spent 10.000 € for each category;

	RTD		Demo.		Man.		Other	
	O/h	EU	O/h	EU	O/h	EU	O/h	EU
Group1	16	12	16	8	16	16	16	16
Group2	12	6	12	6	12	12	12	12

1. Group: Non-profit public bodies

SME

University

Research Organisation, Institutes

2. Group: Industry, Other



Preparing your budget

- 1. Direct Costs
 - 1. Personel
- 2. Other Direct Costs
 - 1. Travel
 - 2. Event
 - 3. Equipment
 - 4. Other
- 3. Subcontracting
- 4. Indirect Costs
- 5. Total Cost
- 6. Max. Requested EC Grant



Personel Cost

Sample:

- Monthly Salary: 4.000 TL
- Extras: 6.000 TL (for the whole year)



Calculating the Person Month Rate

Sample:

Person A monthly salary : 2.000 €

Person B monthly salary: 4.000 €

Person A will work 24 months for the project.

Person B will work 6 months for the project.

In such a case;

 $(2.000 \times 24) + (4.000 \times 6) = 72.000$

72.000 / 30 = 2.400 €



Personel Budget

Total PM X PM Rate = Personel Budget

5 PM X 2000 € = 10.000 €



Travel Costs

- > Internal rules will be applied if there is no rule in the project
- Making a provision to calculate the travel costs
- Usually the coordinator gives the beneficiaries avarage travel budget.





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Project Budget

1.Direct Costs – 10.000 €

Personel - 10.000 €

2.Other Direct Cost - 22.000 €

Travel - 12.000 €

Event - 5.000 €

Equipment – 2.000 €

Other - 3.000 €

3.Subcontracting – 5.000 €

4.Indirect Costs – Acc. to the organisation type

5.Total EC Request – Acc. to funding rates



Payment Modalities





PAYMENT MODALITIES

ADVANCE PAYMENT

- Is to be defined during negotiations
- As indicative general rule for project of more than 2 periods
- = 160% of the average EC funding per period as a general rule
- 2 limits
 - 5% of EC contribution deducted for Guarantee Fund
 - 10% retention will be kept until last payment
- Project with 1 or 2 reporting periods: pre-financing could be between 60 to 80% of the total EC contribution



PAYMENT MODALITIES

INTERIM PAYMENT

- After approval of the periodic reports
- Calculated on the basis of the accepted eligible costs and reimbursement rates
- Correspond to the accepted EC contribution under FP7 the advance remains pre-financing until the end of the project
- Limitation: advance + interim payments may not exceed
 90% of the total EC contribution



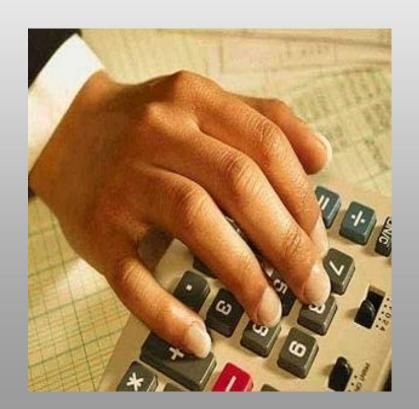
PAYMENT MODALITIES

FINAL PAYMENT

- After approval of the final reports
- = difference between the calculated EC contribution minus the amounts already paid
- Limited to the maximum EC contribution
- At this stage the Commission will order the Fund to release the amount of the Guarantee Fund



Financial Reporting





Periodicity

18 months default reporting period (very few cases of 12 months)

Modalities

- One core reporting document in English + deliverables defined in the Annex 1 of the grant agreement
- Direction in charge of the project is contractually allowed to request any additional information or document (before or during the analysis)

Submission

 Periodic reports to be submitted by coordinator 60 days after end date of each intermediary period (also last period – including original form C):



 Final reports to be submitted by coordinator 60 days after end date of project (including original form C)

Approval

- 105 days (evaluation and payment)
 - No tacit approval of reports
 - (NEW) Automatic payment of interests in case of late
 EC payment (except for public bodies of EU MS)
- After reception Commission may:
 - Approve or reject reports (technically and/or financially)
 and deliverables
 - Suspend '105 days term' in case of request revision/completion/correction by EC officers
 - Reject full or part of the costs giving justification (also possible termination if important problem)



- Purpose of the report: provide EC officers with clear, precise and extended information for approval of activities and costs.
- Financial part: reflect of the quality of the financial management implemented.
- VERY IMPORTANT: following details are expected:
 - staff (amounts, name, function, status (additional/permanent), working time spent on which WP, monthly salary),
 - travel (amounts, participants, dates, destination, purpose/link with project)
 - equipment (nature, net price, depreciation rate, % use, amount claimed, purpose/link with project),
 - consumables (amounts, nature and list of main components)
 - subcontracting (amounts, nature, name of subcontractor, tasks, EC agreement)
 - other costs (only for costs not covered by other FP7 headings of costs, precise details about the nature of each cost)
 - indirect costs (for ICM <> flat rate, exact method of calculation and nature of the costs covered)



- RTD-INCO financial analysis policy → to ask each (or some) beneficiary to provide details (see previous slide).
 - → importance of on-going financial monitoring with information available without delay
- Template available upon request and/or sent in informal reminder produced by RTD INCO Financial Unit

!!! Possible rejection of costs !!! in case of:

- late answer or lack of answer to EC request
- incorrect or incomplete information submitted
- lack of supporting document justifying a specific case (for example depreciation of durable equipment)



difference between costs claimed and costs detailled

- Participant portal (PP)
 http://ec.europa.eu/research/participants/portal/appmanag er/participants/portal
- Unique platform for all project related exchanges
 - URF: participant data: address, status, ICM, etc...
 - NEF: negotiation tool: contracts + amendments
 - SESAM: tool for submitting technical reports
 - FORCE: tool for submitting financial reports
 - Access to FP7 information (already available on Cordis)
 - Etc...



COMMON PROBLEMS

- Details (especially financial figures and details) not available or not in line with EC requirements → Solution = from the project's start date, consider the level of details expected by EC in reporting and implement this in your internal organisation.
- Costs ineligible → Solution = BEFORE committed any expense, check the eligibility of the cost. If necessary contact Coordinator who can contact FO.
- Costs not declared in correct FP7 categories of costs ->
 Solution = ANTICIPATE deadlines! Using an on going financial monitoring details should be available at any time
- Document not signed by the legal representative
- Hand written indication on legal form C
- Delay in submission → Solution = ANTICIPATE deadlines!
 Prepare all details for yearly meetings, discuss issues with
 Coordinator, organise internally with your accounting department if relevant, etc



Keys For a Good Management

- Working with the key documents
- Fluent communication between the Coordinators and the Beneficiaries
- All costs should be attributed to a task. (For example, travel to the Kick-off Meeting costs should be recorded as a cost under Task 6.2).
- All invoices, time-sheets, travel documents should be kept separately.
- There are some templates for project management developed by TUBITAK. Pay attention to use those templates, they will make the financial management easy.
- Inform TUBITAK about your project financial management system. Any kind of early detection of a problem about finance will solve most of the problems.









Thank you for your attention...

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