

# The European Research Council Executive Agency

## ERCEA GRANT MANAGEMENT EVENT FOR HOST INSTITUTIONS

*WEBINAR*

**OTHER DIRECT COSTS**

*Equipment*

*Travel & Visiting Experts*

*Other goods and services*



# Agenda: OTHER DIRECT COSTS

## INTRODUCTION



### Budget cost categories

1. **Equipment**
2. **Travel costs**
3. **Other goods and services**

## INTERACTIVE CASE STUDY

## What can be claimed as equipment costs?



- Equipment purchased for the purpose of carrying out the project.
- Depreciation costs (in line with the depreciation policy of the HI and with International Accounting Standards).
- Depreciation costs for equipment used for the project but bought before the start of the project (under certain conditions).
- The portion of the equipment used on the project.



## Financial management of an ERC grant : Equipment costs

You are a newly appointed administrative officer of the central EU office of the *University of Science*, in charge of a portfolio of ERC H2020 grants. Every day you assist and accompany the PIs in the legal and financial management of their grants...

# Case study question 1



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The PI has decided to buy a 4X4 car for his fieldwork in Africa instead of renting it, as foreseen in the DoA. He comes to consult you whether this purchase option would be acceptable for the ERCEA. What do you tell him?

# Case study question 1

*Answer: it is up to the HI to decide, according to internal rules, if it is more economically viable to purchase the car or authorize the PI to rent it. However the ownership of equipment items remains always with the legal entity (i.e. the HI) and never with natural persons (like the PI or his team members).*

*In case you decide it is better to rent the car, costs of renting equipment to be used for the action are eligible provided that they:*

- fulfil the general conditions for actual costs to be eligible (i.e. incurred during the action duration, necessary, linked to the action, etc.; see Article 6.1(a))*
- do not exceed the depreciation costs of similar equipment*
- do not include any financing fees. This means that the costs declared can NOT include any interest on loans taken to finance the purchase, or any other type of financing cost.*

## Case study question 2



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The PI tells you that he has to purchase special IT hardware foreseen in the DoA. He proposes you to buy it from company Y, with which your HI has already a framework contract. What do you tell him?



# Case study question 2



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*Answer: You have to follow the usual HI procurement rules that have to comply with the national law on public procurement. If the HI has signed a framework contract with company Y to be your supplier of IT equipment, you can allow the PI to purchase his/her piece of hardware from company Y.*

*Please bear in mind that in order to be eligible, the framework contract must (have) be(en) awarded on the basis of best-value-for-money and in the absence of conflict of interest.*

*Framework contracts can be used for selecting a provider, if this is the usual practice of the beneficiary (e.g. for a type of goods).*

*The framework contract does not necessarily have to be concluded before the start of the action.*

# OTHER DIRECT COSTS

## *Travel & visiting experts*



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Flight ticket and transportation costs, hotel, food and/or per diem, for team members and visiting experts

- Team Members = those working on the project, paid or non-paid by the grant
- Visiting experts = participation foreseen in DoA or “simplified approval procedure” (AMGA, Article 6.2.D.1)
- Conference fees are not "travel costs" but "other goods and services"

# OTHER DIRECT COSTS

## *Other goods & services*



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- Costs for consumables
- Dissemination costs & Publications
- Costs related to intellectual property rights (IPR)
- Costs for certificates on financial statements (CFS)
- Translation costs (if necessary for the action's implementation)

# OTHER DIRECT COSTS

## *Other goods & services*



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- Purchase of goods and services: if necessary to implement the action
- Best value for money (best price-quality ratio), or, if appropriate, the lowest price
- Avoid conflict of interest
- National law on public procurement
- Framework contracts

# Case study question 1



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PI runs a big lab and makes extensive use of a Functional magnetic resonance imaging (fMRI) machine in his ERC grant. The insurance came to an end recently and he would like to know from you if the renewal could be charged to his ERC budget line. What do you tell him?

Incidentally, the warranty for the maintenance also comes to an end soon, so he would like you to see what can be covered by the ERC. What do you do?

# Case study question 1

*Answer: It depends on the HI's internal accounting practices for charging such costs. In principle, such costs are considered as overheads (especially the insurance).*

*If the piece of equipment has just been bought for the exclusive use in the project and it requires a specific service level agreement for its installation and maintenance, such cost might be charged to the project (the Agency tends to analyse these cases on a case by case basis).*

*In case of shared usage only a proportion of the costs are eligible.*

## Case study question 2



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PI leads an ERC project about bullying in schools. She needs to interview pupils and parents in several schools across the country. In order to stimulate the necessary cooperation she plans to hand out some sort of reimbursement to the people who will attend the study. She is asking you to suggest what format for such disbursements would be eligible under the ERC rules?

## Case study question 2

*Answer: you have to chose a format in line with your internal written rules. Consider that the disbursements should be recorded in your accounts and that you have to keep supporting documents. A list of the participants to the experiments and of the recipients of the compensations should exist so that, in case of audit, a one-to-one match is possible.*

*Such disbursements should also be compliant with the applicable national law on taxes, labour and social security and any other applicable national legislation on the subject.*



## Case study question 3



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PI needs to organise a very competitive panel to fill in a postdoc position in her ERC project. She plans advertisements in world-class journals and websites plus travel costs, accommodation and subsistence to all the potential candidates. She wants to see if you can cover them with ERC funds. What do you do/tell her?

## Case study question 3

*Answer: While recruitment costs would generally be covered by the overheads, in the light of ERC's specificity such costs (travel costs, accommodation and subsistence to all candidates) may be accepted as direct eligible costs if they are:*

- necessary for the implementation of the action,*
- reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency;*
- part of the normal written rules of the Host Institution,*
- clearly attributable to the project,*
- in line with the general conditions of GA*

## Case study question 4



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It's a hard week because the day after the Director of the Department of Ancient History, an ERC advanced grantee, pops up stating that he needs to attend a scientific conference in New York on 21/22 December. He would like to take advantage of this trip to discuss his future job opportunities and spend the whole Xmas break in New York till 06/01.

He also wants to travel business class. What do you tell him? What kind of documents would you request to him to keep in your file in case of an audit?

## Case study question 4

*Answer: 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. How to split the costs and/or how to find the most cost efficient solution remains up to the HI.*

*If business class is in line with the beneficiary's usual practices on travel ie. if the beneficiary usually pays for staff in this category to travel in business class, then it's eligible.*

*Moreover, in case of combination with personal travels or travels for other purposes, the costs of a combined travel can be charged to the action — but ONLY up to the cost that would have been incurred if the travel would have been made exclusively for the action AND if:*

- it is the usual practice of the beneficiary to pay for such travels (e.g. travels combining professional and personal reasons)*
- it has been an actual cost for the beneficiary*
- In such a case, the beneficiary must pay attention at the record keeping.*

## Case study question 5



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The Starting Grant of a young PI of yours, comes to an end on 31/03/2021. He will disseminate all project results in a great international conference, which takes place in Montreal each year in June. He is asking you if he can charge at least the cost of the flight to his STG grant. What do you tell him?

# Case study question 5



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*Answer : Unfortunately the travel cannot be charged to his grant, even if the ticket is bought before the end of the project because the event generating this cost (the conference), is going to take place after the end of the action.*

*'Eligible costs' are costs that comply with the general and specific conditions set out in Article 6.1 of GA, they must be incurred in the period set out in Article 3, with the exception of costs relating to the submission of the periodic report for the last reporting period and the final report (see Article 20).*

## Case study question 6



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*Prof Croft*, your world-famous PI, would like to send her two Post-docs to a conference in Madrid to present the first results of her ERC project. They both work on the ERC grant, but their salaries are not charged to it, since they both secured personal funding from other sources. Prof Croft wonders if she could still cover their travel costs and conference fees with the ERC money. What do you tell her?

## Case study question 6

*Answer: Travel and subsistence costs relate to the personnel of the beneficiaries so, as long as the usual eligibility criteria are respected, it does not matter whether the ERC covers the salary of the person travelling or not.*

*It might also be worth reminding that travel and subsistence costs might also relate to experts that participate in the action on an ad hoc basis (e.g. attending specific meetings), if:*

- the experts' participation is foreseen in Annex 1 or*
- their participation is specifically justified in the periodic report and the Commission/Agency approved it without formally amending the GA (simplified approval procedure).*
- The beneficiary may reimburse the experts or handle the travel arrangements itself (and be invoiced directly). There is no distinction between travelling in or outside Europe.*



# Case study question 7



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Your ERC grantee, just recruited as a post-doc a Chinese national. This person will work 50% on the ERC grant, the rest of the time being busy on other projects in the PI's lab. This researcher needs a working VISA to enter in your country. The PI is planning to charge its full cost to the project. What do you tell him?

By the way, the PI would like also to send this person to an English language training, since he expects this Post-Doc to write important contributions to his scientific articles. Is the cost of the training eligible?

## Case study question 7



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*Answer: in this case a working VISA is a mandatory requirement to allow the researcher to work. Hence its cost, pro-rata to the real involvement of the person on the ERC grant (for example 50%), is necessary to carry out the action and therefore eligible.*

*The language training instead is of such general nature, aiming at helping the team member to acquire skills that are not possible to define as necessary to the action, that it cannot be considered as direct eligible cost.*

## Key messages

- Depreciate equipment during its useful life
- Follow usual accounting practices of HI and comply with international accounting standards
- Respect procurement procedures of the HI
- Explain consumable and travel costs per item (15% rule)
- Keep supporting documents in case of audit