

The European Research Council

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Unit C4

H2020 Costs of Internally Invoiced
Goods and Services

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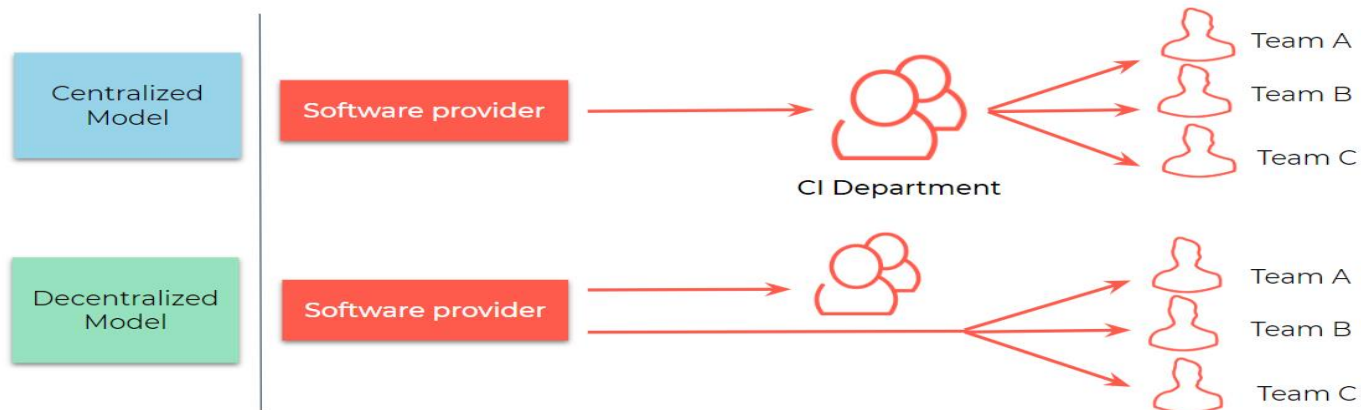
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Objective

Help You...

- Understand the correct charging of Internal Invoices in H2020 Actions
- Avoid Errors & best practice advice
- Walk-through example of internal invoicing methodology



Internally Invoiced Goods & Services

Definition:

- Costs of goods or services **provided by the HI directly for the Action**
- Valued on the basis of the **HI's cost accounting practices** (consistently applied)
- Declared as **unit costs** based on **actual costs** methodology
- Financial Reporting: **D5** cost category

Example Components:

- Staff working for a shared facility
- Consumables used in the shared facility
- Depreciation of items in the shared facility
- Maintenance & supplies if costs are directly identifiable

Unit Costs – What is Acceptable

- ✓ **Self-produced consumables**

 - e.g. electronic wafers, electronic circuits, chemicals

- ✓ **Use of devices or facilities**

 - e.g. clean room, supercomputer, microscope

- ✓ **Specialised premises**

 - e.g. animal house, aquarium

- ✓ **Standardised processes**

 - e.g. genomic test, mass spectrometry analysis

- ✓ **Hosting services for researchers**

 - e.g. housing & canteen costs for visiting researchers

Unit Costs – What is Not Acceptable

- ✘ Methodology not based on Unit Costs
- ✘ Unit Costs set-up for EU Actions only
- ✘ Unit Costs based on estimates or commercial rates
- ✘ Indirect, ineligible or profit components
- ✘ Supporting services e.g. cleaning, administrative support
- ✘ Cost components charged in other H2020 Action cost categories

Unit Costs Reported as Other Goods & Services

- **Supplies & Consumables in HI stock**
e.g. use of internal warehouse for everyday consumable items
 - ✗ *Exclude any internal mark-ups*
- **Self-produced consumables with an accounting value in HI inventory**
e.g. plants, mice etc.
 - ✗ *only the direct costs within the accounting value (cost of production) may be charged, if not possible to accurately determine then the 25% indirect costs are to be removed)*
 - ✗ *Amount resulting from this calculation should not be higher than market price*

Above costs not claimed in part D5 of FS!

Audit checks

- ✓ Compliancy with HI's normal practices
- ✓ Reported costs are identifiable & verifiable
- ✓ Direct link to the Action
- ✓ Costs are precisely measured/charged (not estimated or apportioned)
- ✓ Number of actual units are identifiable/verifiable and supported by records and documentation

Unit Costs Formula

{Costs per unit calculated by the beneficiary
in accordance with its usual cost accounting practices*

multiplied by

the number of actual units}

*Overheads & costs reported in other cost categories excluded

Key message

- ✓ Take advantage of internal invoices, do not favour external providers (efficient use of EU funds)
- ✓ Your normal accounting methodology will usually be accepted
- ✓ The full Capacity Concept has been removed but usage should be reasonable, verifiable & identifiable
- ✓ Demonstrate the methodology behind the charging of Unit Costs/valuation methods

Methodology example



Your task

Identify eligible components of an internal costing methodology for a shared DNA sequencing machine (Excel)