

The European Research Council

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**ERC Executive Agency
Audit and Ex Post Controls
Unit C4**

**Personnel Costs Calculation
March 2021**



European Research Council
Executive Agency

Established by the European Commission

Personnel Costs Session - Objectives

Help You...

- **Correctly Calculate Personnel Costs**
- **Avoid Errors**



Personnel Costs = 69% of audit errors



H2020 – Types of Personnel Costs

- **Employee**

- Permanent, temporary, fixed-term
- Normal salary rate based on qualifications/experience

- **Natural Person (In-house Consultants)**

- Self-employed person, freelance, independent consultant
 - Costs/conditions similar to an employee
 - If paid for deliverables rather than time = Subcontracting
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- **Subcontracting**

Note: Third-Parties & Subcontracting covered in separate session

- E.g. Use of Temporary Agency staff – commercial rates incl. VAT
- Action Task – mentioned in DoA

- **Other Goods & Services**

- Minor task – not mentioned in DoA

H2020 – Calculating Personnel Costs

- **Step 1**

*Identify the hours worked for the Action
(Time-Recording Session)*

- **Step 2**

Calculate the Hourly Rate

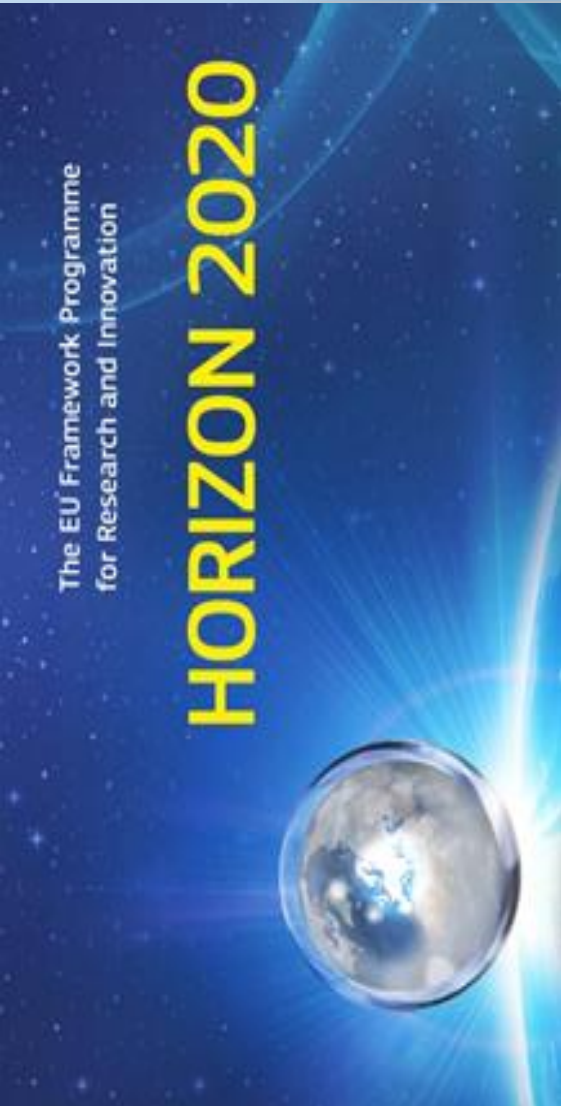
- **(Step 3)**

(Identify/calculate any additional remuneration)

- **Step 4**

Step 1 X Step 2 + (Step 3) = Personnel Costs to Declare

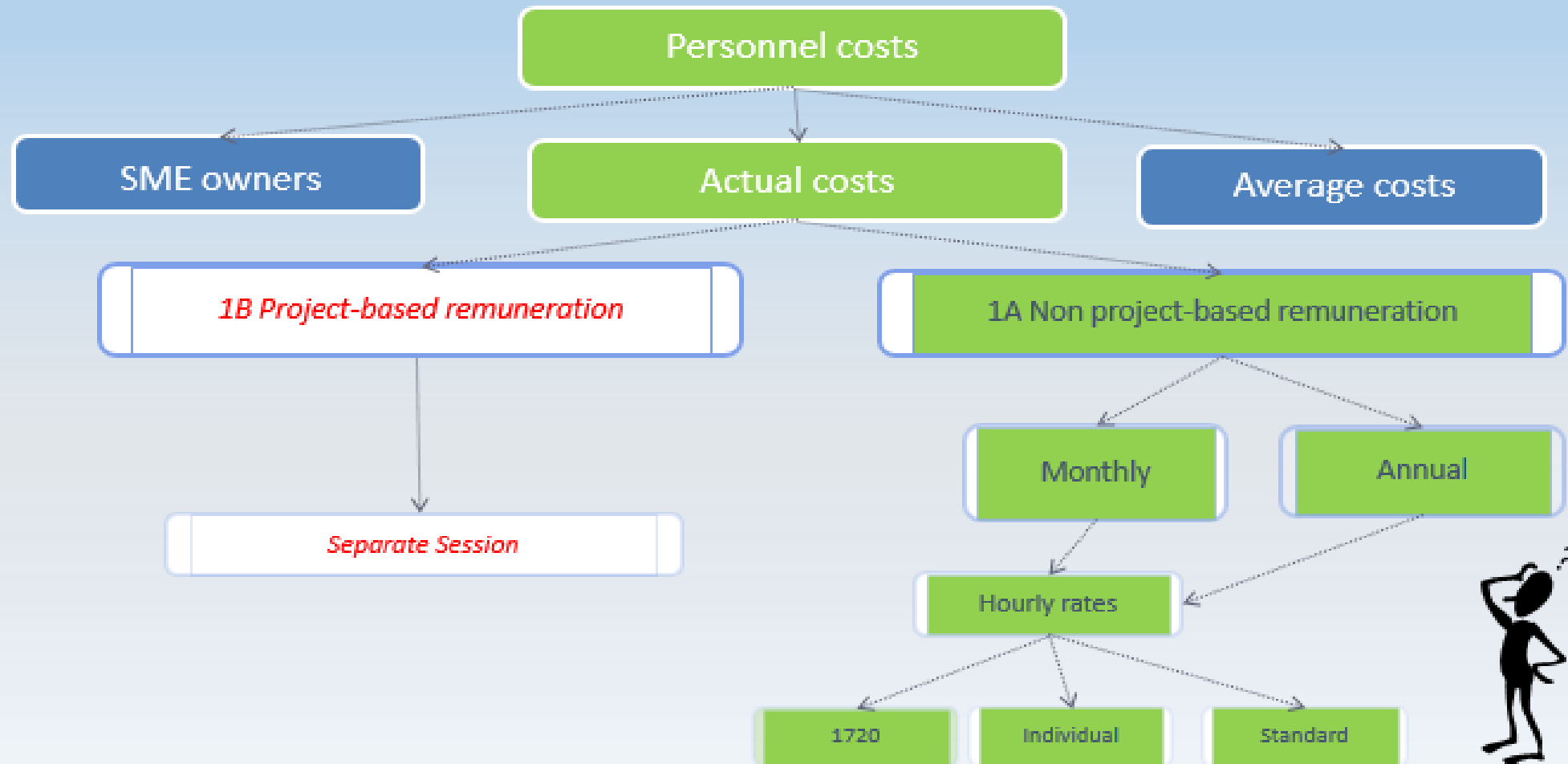
Direct Personnel Costs



References

- **Model Grant Agreement
general & specific eligibility conditions**
https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf
- **A. Direct personnel costs (Article 6.2)**
 - **Case 1: beneficiaries declaring personnel costs as actual costs (most common case)**
 - **Case 1A: non-project based remuneration**

Calculating Values to Report



Summary - 3 Productive Hour options



Option 1

1720 annual fixed hours
Figure set by Commission



Option 2

Individual Annual Productive hours
Individual APH = AWH + Overtime - Absences



Option 3

Standard Annual Productive hours
Beneficiary's usual accounting practice, $APH \geq 90\%$ of AWH

Option 1: 1720 Fixed Annual Hours

Option 1

Option 2

Option 3

Option 1 rules:

- ✓ Recommended option, can be used in all cases
- ✓ Compulsory if Annual Workable Hours (AWH) cannot be determined via employment contract or labour law

Case objectives:

Reporting Period: 1/10/2018-31/03/2020

- ✓ Demonstrate Monthly calculation methodology
- ✓ Calculate and illustrate pro-rata productive hours
- ✓ Demonstrate handling of Maternity Leave

Personnel costs calculation

Productive hours

Option 1

Option 2

Option 3

Personnel costs calculated per:
financial year or month for options 1 & 3

a) **actual personnel costs** divided by
number of productive hours

= Hourly rate

b) **ERC Action hours** multiplied by
Hourly rate

= Costs to declare (18 months/RP)

Option 2: Individual Annual Productive Hours

Option 1

Option 2

Option 3

Option 2 rules:

- ✓ Annual Workable Hours (AWH) must be identifiable (employment contract or equivalent)



Covid-19 – use of option 2 only – annual basis

Case objectives:

- ✓ Cross-check salary costs with salary grid
- ✓ Calculate the individual Annual Productive Hours (APH)
$$\text{APH} = \text{AWH} + \text{overtime} - \text{absences}$$

Option 3: Standard Annual Productive Hours

Option 1

Option 2

Option 3

Option 3 rules:

- ✓ Annual Workable Hours must be Identifiable (employment contract or equivalent)
- ✓ Beneficiary's usual accounting practices consistently applied

Case objectives:

- ✓ Check the 90% rule: APH \geq to 90% of AWH
- ✓ Illustrate double ceiling rule

Summary - 3 Productive Hour options



Option 1

1720 annual fixed hours
Figure set by Commission



Option 2

Individual Annual Productive hours
Individual APH = AWH + Overtime - Absences



Option 3

Standard Annual Productive hours
Beneficiary's usual accounting practice, $APH \geq 90\%$ of AWH

Productive Hours – Points to Note

- ✓ Chosen option = ALL H2020 grants + one option per financial year
- ✓ Different options for different staff categories possible (Consistent use!)
- ✓ Monthly option = 1720 and standard only
- ✓ Double-ceiling Rule:
 - ✓ Annual Action Hours can't be higher than the chosen annual productive hours
 - ✓ Total actual annual personnel costs can't be higher than those recorded in the accounts
- ✓ 13th salary (and similar) – pro-rata in each month & not in full when paid

WIZARD for Calculating Personnel Costs

Good News!

- Wizard tool facilitates calculation of H2020 **Actual** Personnel costs
Unit Costs & specific cases such as Maternity Leave currently outside the scope
- **Optional** use for all H2020 Actions
- Tool available in Sygma via the FS – ‘Direct personnel costs declared as actual costs’
- Go ahead & experiment...

User Manual

http://ec.europa.eu/research/participants/data/ref/h2020/other/gm/reporting/guide-personnel-costs_en.pdf

Horizon Europe - Simplification!

Even better news...

- Same AGA to be used across the Commission for all Direct Management Programmes
- Simplified time reporting/calculation of Personnel Costs
(days rather than hours)

Additional information

Funding Portal

<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>

COVID-19 outbreak

<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/faq/14234>

Helpdesk for Host Institutions

ERC-HI-EVENTS@ec.europa.eu