

The European Research Council

Horizon Europe

Horizon 2020

Record Keeping & Calculation of Personnel Costs

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Horizon 2020 (H2020) & Horizon Europe (HE) Record Keeping & Personnel Costs



Objective is to Help You...

- Correctly record time on the Action
- Correctly Calculate Personnel Costs
- Smoothly transition from H2020/HE
- Avoid Errors



H2020 Personnel Costs +/- 70% of audit errors



H2020 Record Keeping - References

- **MGA General and specific eligibility conditions**

https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

- **Article 18**

Obligation to keep records and other supporting documentation



H2020 Record Keeping - 'Hours' Worked

Hours Worked on the Action

- Use **reliable time records** (time-sheets) actual hours - paper/computer based - dated and signed at least monthly by the employee and supervisor
- **Or**
- **Declaration*** on **Exclusive work for the Action if 100% on project** (one per reporting period - dated & signed by employee & supervisor)

**Conditions of use: uninterrupted period of at least one month, absences in a month (other than annual holiday) are not >50% of days in the month.*

H2020 Record Keeping - Declaration on Exclusive Work - Example

Reporting period 01/01/2021 – 30/06/2022

A researcher works 5 days in August 2021 and sick for the rest of the month (15 working days)

- 1) What about the use of the declaration?
- 2) How to calculate the personnel costs? (working hours)

1

2021

Jan Feb Mar Apr May Jun Jul

declaration

2021-2022

Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

time records (time sheets)

2

Auditors may accept the 5 days worked in August 2021 if certified via a time records & signed upon return

Aug



H2020 vs HE Record Keeping

Simplified approach:

- Reporting in days rather than hours
- Fixed Annual Productive Days **215**
- Proportional reduction for part-time staff
- HI choice: Time-recording or Monthly Declaration for all staff regardless of whether working exclusively for the action or not



HE Record Keeping - References

- **Annotated Grant Agreement** (01/05/2024)
https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf
- **Article 20**
Record keeping



HE Record Keeping - 'Days' Worked

Days worked
on the action

- Sign a **monthly declaration** on days spent on the action

Or

- Use **reliable time records** (time-sheets) actual days/hours - paper/computer based
- **Hours** need conversion to day-equivalents
 - 3 options for conversion

- ✓ **Dated and signed at least monthly by the employee and supervisor**
- ✓ **Consistence with HR absence records!**



HE Record Keeping - Conversion Rules

Rules for Converting 'Hours' to 'Days':

- Chosen option for conversion of hours to days applied consistently using the same option per category of staff, type of contract, cost centre etc.
- Conversion normally only done once per reporting period or per calendar year (whichever option is used)



HE Record Keeping - 'Days' Worked

3 conversion rules for converting hours to days:

1 Fixed number of hours
(e.g. no reference in contract, no standard productive hours)
1 day-equivalent = 8 hours (8 hours x 215 days = 1720 hours)

2 Average number of hours according the person's contract
e.g. 37,5 hours per week - 1 day-equivalent = 7,5 hours (37,5/5)

3 Usual standard annual productive hours
If it is at least 90% of the workable time (Annual Workable Hours - AWH)
e.g. HI Standard Annual Productive Hours = 1600
HI Standard Annual Workable Hours = 1720 (90% = 1548)
1600/215 = 7,44 hours (1 day-equivalent)

Missing or Unreliable Time Records/Declaration

Timesheets

Declaration

Alternative evidence

Alternative Evidence may exceptionally be accepted

- ✓ If it proves the number of hours worked on the action with similar level of assurance

- ✓ **3 Criteria to be fulfilled to assess credibility**
 1. Clear identification of the person concerned
 2. Clear link to the project under scrutiny
 3. Possibility to quantify time spent on project-related tasks

Beneficiaries bear full risk of rejection of costs



Examples of Alternative Evidence

Non-exhaustive list:

- ✓ Travel documents (electronic flight ticket, hotel invoice)
- ✓ Agenda, minutes of meetings, attendance lists
- ✓ Working papers, documents related to presentations
- ✓ Letters, notes, memos, emails
- ✓ Scientific publications
- ✓ Laboratory logbooks
- ✓ Professional/personal diaries



HE Calculating Direct Personnel Costs - References

Annotated Grant Agreement (01/05/2024)

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf

A. Direct personnel costs (Article 6.2)

Actual costs (most common case)

- Case 1A: non-project-based remuneration
- Case 1B: project-based remuneration (specific case A.1)



HE Personnel Costs - Calculation simplification

Excel case 1A non-project-based remuneration

- Costs based on calendar year & reporting period
- Time records above & below maximum declarable day-equivalents
- Part-time & use of working factor

Quiz

- Maximum declarable day-equivalents

HE Personnel Costs - Calculation simplification

Case 1B project-based remuneration specific provisions

- Employee who receives **supplementary payments** for work in projects
- Reflects beneficiary's usual practice

HE project-based remuneration

How to calculate?



1) Action daily rate:

{actual personnel costs for work on the action} **divided by**
{day-equivalents worked on the action}

2) National projects daily rate (theoretical rate*)

**Regulatory requirements, written internal rules*

{theoretical personnel costs for similar work in a national project over the same number of months as the reporting period} **divided by** {maximum declarable day-equivalents}

3) Use the lowest rate for reporting costs in FS



HE project-based remuneration

Fall-back option

- No regulatory requirements/no written internal rules
- Internal rules provide for bonus range or maximum ceiling rather than a precise amount

➤ Calculate the national projects daily rate as per formula:

{(total personnel costs of the person in the last complete year)

minus (remuneration paid for EU actions during that complete year)}

divided by {215 minus (days worked in EU actions during that complete year)}



H2020 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**
(slides with summary of main formulas and productive hours)
 - **Case 1B: project-based remuneration**
(example additional remuneration with formulas in Excel)



H2020 Personnel Costs - Calculation

*Productive hours

Option 1

Option 2

Option 3

Personnel costs calculated per:

financial year (all 3 options) or monthly (options 1 & 3)

a) actual personnel costs

(excl. additional remuneration, covered in separate example)

divided by **number of productive hours***

= **Hourly rate**

b) ERC Action hours (time records) multiplied by

Hourly rate

= **Costs to declare (18 months/RP)**



H2020 Personnel Costs - 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

H2020 Personnel Costs - Case 1B

Additional remuneration example

- ✓ The case assumes a project-based remuneration and a non-profit legal entity
- ✓ Fictive data used to illustrate the calculation technique

Excel



Useful Links

- Funding Portal

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

- H2020 AMGA

https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

- HE MGA (01/05/2024)

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf

- Helpdesk for Host Institutions

ERC-HI-EVENTS@ec.europa.eu

