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**LIVE WEBINAR**

# EXPERT INSIGHTS

A sneak-peek into daily personnel cost calculation in Horizon Europe

**FEBRUARY 13, 2024 11:00 - 12:00 (+30 MIN Q&A)**



## Kimberly ALBEÑO

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*Researchers are crucial in today's world and I want to do my part to help them.*



## Gabriella LOVÁSZ

Managing Director at @Europamedia

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In this webinar Gabriella Lovász, managing director at Europa Media, will explain personnel cost calculation using a practical examples.

### Today's Topics:

- The types of contracts you have with your employees
- Fringe benefit payments
- ... And other factors

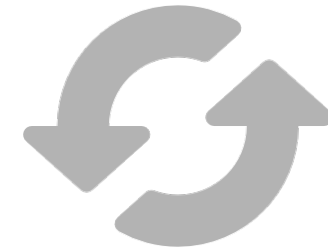
This webinar is presented by EMDESK in cooperation with Europa Media.

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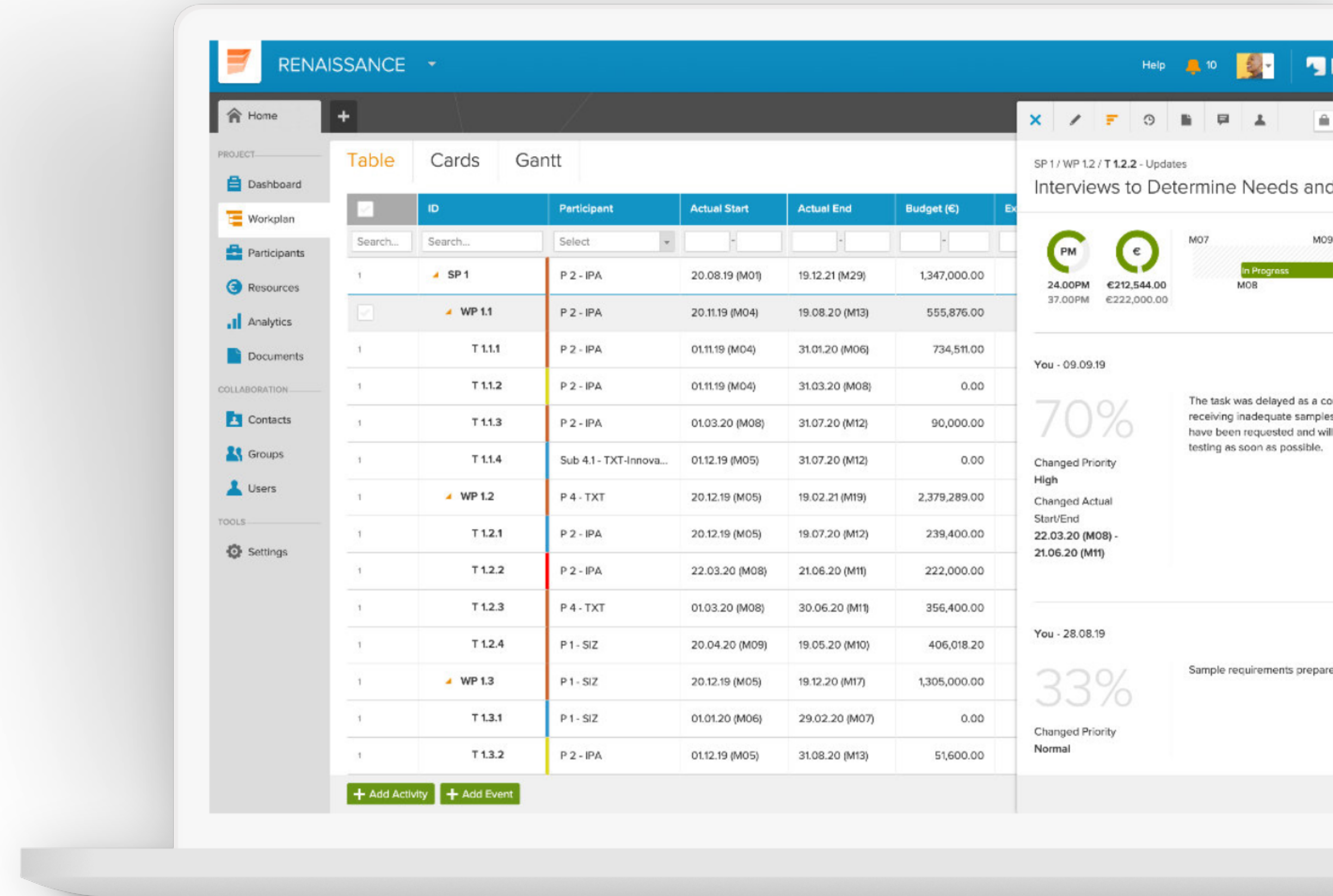
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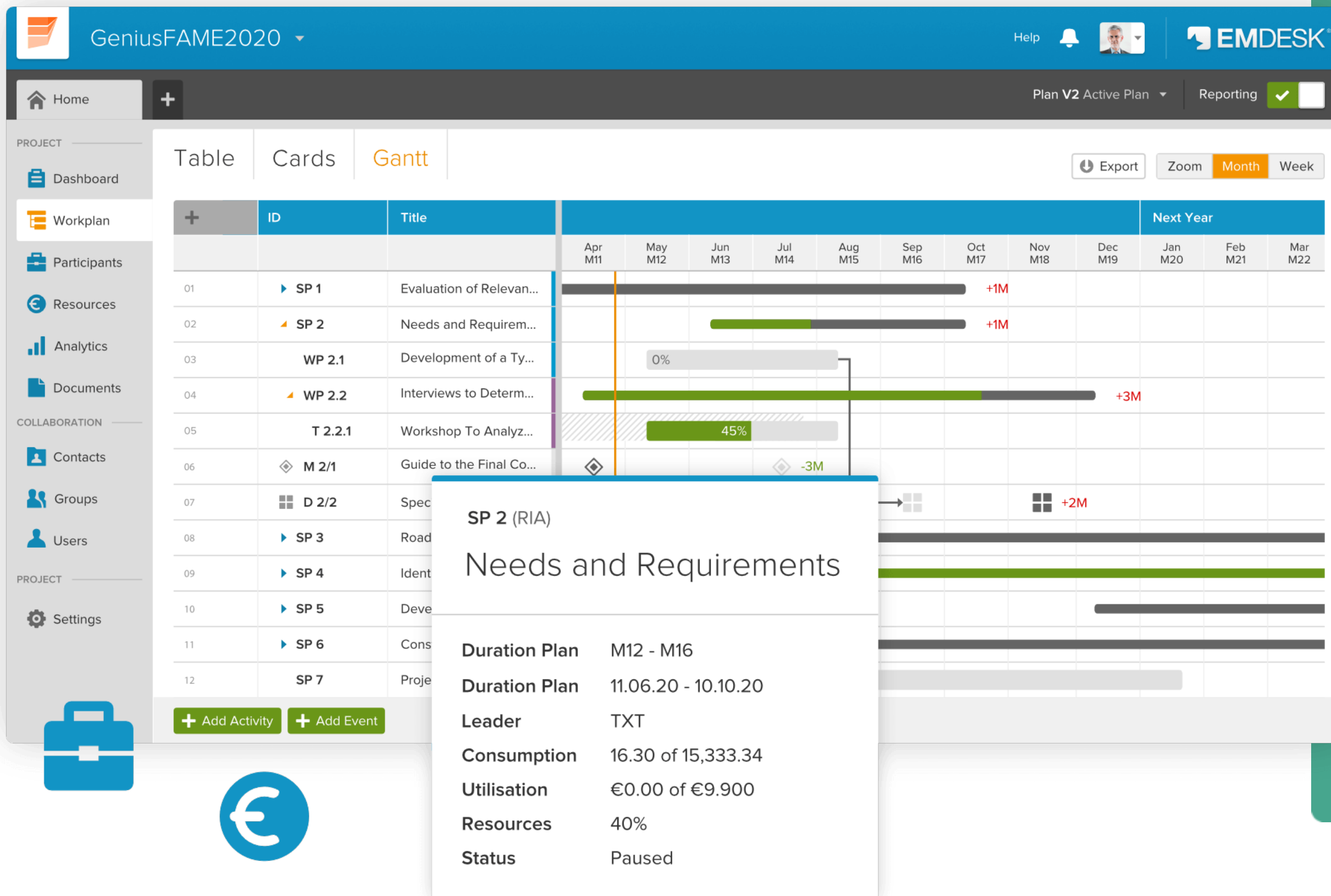
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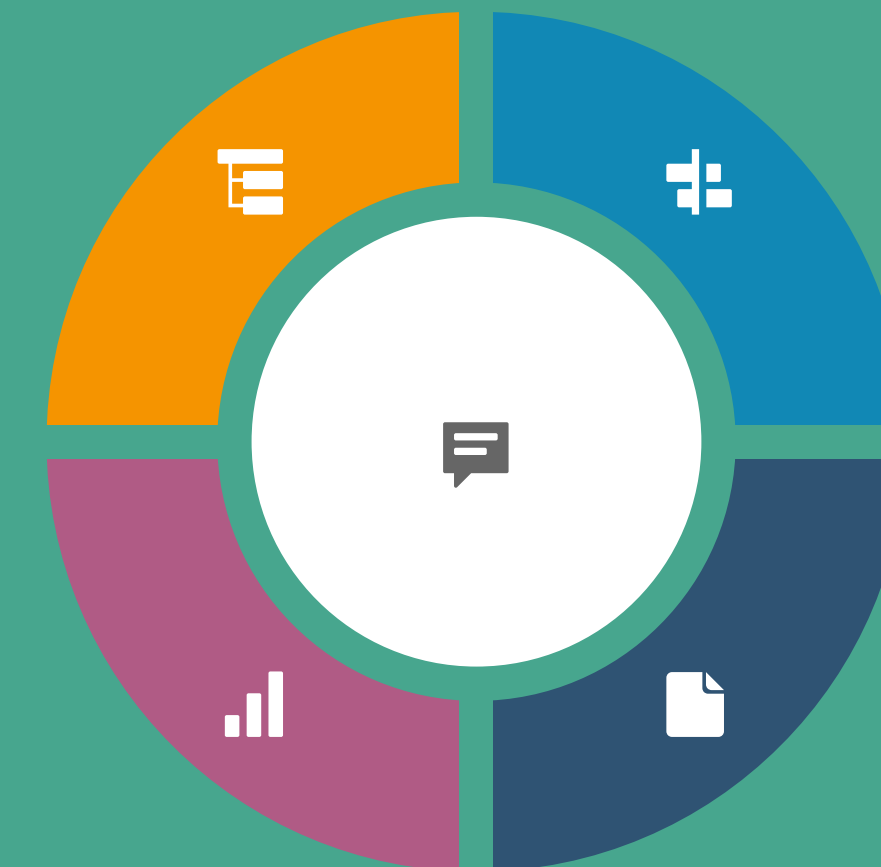


### Plan & Organize

Design and budget projects of any scale

### Execute & Report

Gain control by building reports that matter



### Collaborate & Communicate

Increase productivity with efficient communication

### Control & Analyse

Take control with power analytics

### Write & Review

Create documents and collaborate real-time

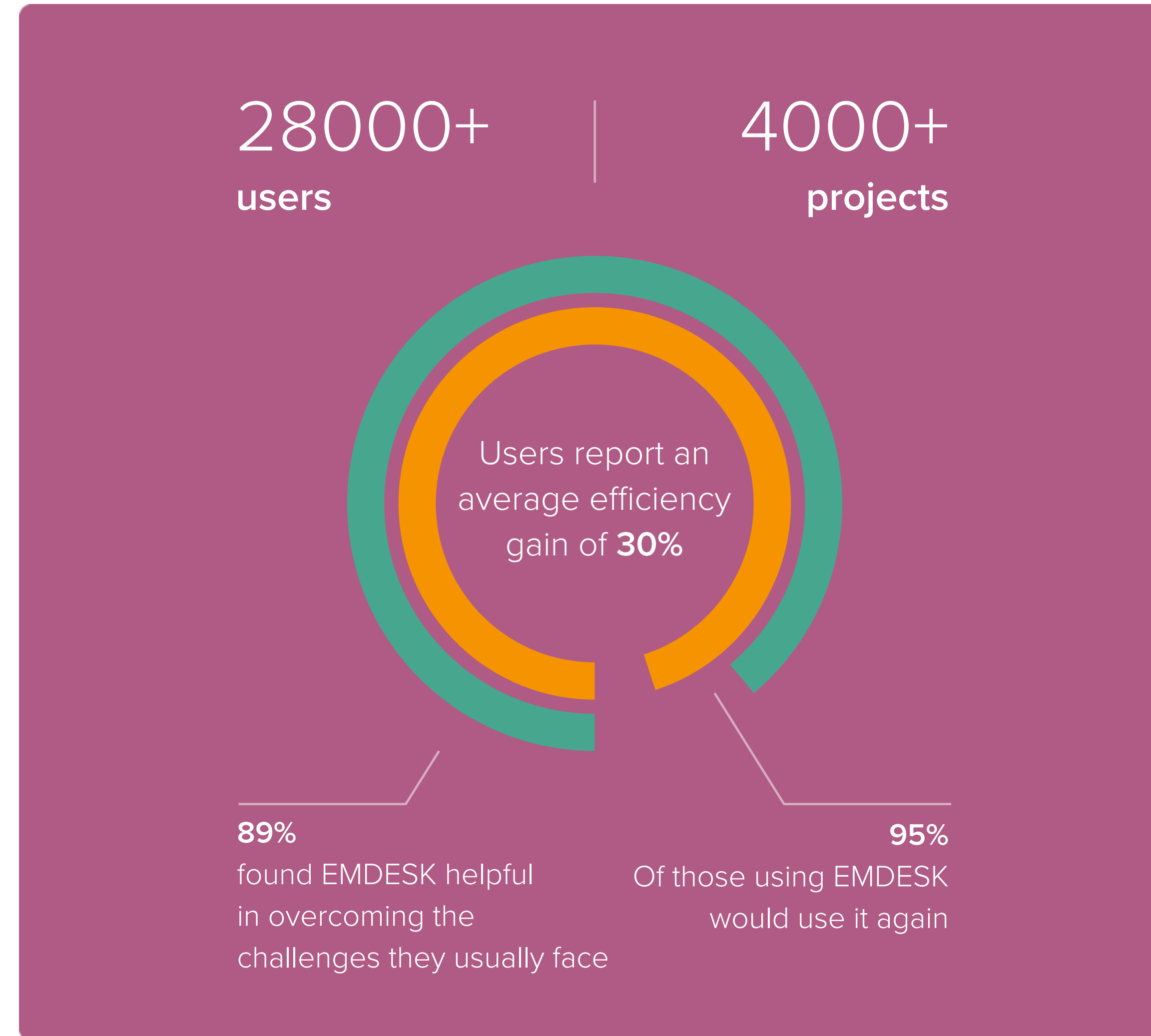
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Dr. Katarina Boustedt  
Head of Administration of the EU FET Graphene Flagship at Chalmers University of Technology





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Europa Media/EMDESK  
webinar

# A sneak-peek into daily personnel cost calculation in Horizon Europe

Speaker: Gabriella Lovász  
Europa Media

11:00 – 12:30 CET // 13 February 2024

# SPEAKER

## Gabriella Lovasz

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# Cost categories

# Direct Cost Categories

## H2020

### Personnel cost

as actual costs  
as unit costs

### Subcontracting

as actual costs only!

### Other direct costs, including

Travel cost – as actual costs only!  
Equipment and infrastructure costs- as actual costs only!  
Other costs and services – as actual costs only!

### Providing financial support to third parties (only if foreseen by the EC)

as actual costs only!

### Internally invoiced goods and services

as unit costs

### Costs of Large-scale infrastructure (optional)

### Specific Unit costs (only if foreseen by the EC):

Energy Efficiency measures – as unit cost set by the EC  
Cost of Clinical Trials – as unit cost calculated by the Beneficiary(es)  
Access cost to Research Infrastructure – as unit costs calculated by the Beneficiary

## HE

### Standard:

### Personnel cost (A)

as actual costs  
as unit costs

### Subcontracting (B)

as actual costs only!

### Purchase cost (C)

Travel cost – as actual costs only! (C1)  
Equipment - as actual costs only! (C2)  
Other goods and services – as actual costs only! (C3)

### Programme-specific cost categories:

### Other costs (D)

### Financial support to Third Parties (FSTP) (D1)

### Internally invoiced goods and services (D2)

*Transnational access cost to Research Infrastructure (D3)*

*Virtual access cost to Research Infrastructure (D4)*

*PCP/PPI (D5)*

*Euratom Cofund staff mobility costs (D6)*

*ERC Additional funding (D7)*

*ERC Additional funding – SC, FSTP, IIGS (D8)*

# Personnel cost reporting

## H2020

- **Employees**
  - Actual-cost based
    - Fiscal-year based calculation, with
      - 1720
      - Actual hours
      - Beneficiary's standard hours
    - Monthly based calculation, with
      - 1/12 of Beneficiary's standard hours
      - 1/12 of 1720
  - Unit-cost based
    - For all employees
    - For selected categories
    - Set by the beneficiary
    - Set by the GA – MSCA actions
  - Special calculation
    - National reference rates
    - Project based remunerations
    - Additional remuneration
- **Seconded Employees**
- **In-house consultants**
- **SME-owner rate**
- **Natural person rate**

## HE

- **Employees:**
  - Actual cost based:
    - **Reporting-period based** calculation with the **215 days/year/FTE FIXED**, and adjusted to the length of the RP and (?) the status of the employee
    - ***Or, alternatively..... ☺...yearly calculation with 215 days/year***
    - **NO monthly option**
  - Unit costs
    - Same (?) as in H2020
  - Special Calculation
    - National reference rates /project-based remuneration
    - **NO additional remuneration option**
- **Seconded employees**
- **In-house consultants**
- **SME Owners**
- **Natural Persons**



# Timesheets



# Time recording

Every Beneficiary must have a reliable and certified time recording system, recording ALL hours /days **(HE)** worked on the action, person by person!

For persons who work for the action (regardless if they are full-time or part-time employees and/or if they work exclusively or not for the action; **new for 2021-2027**), the beneficiary may either:

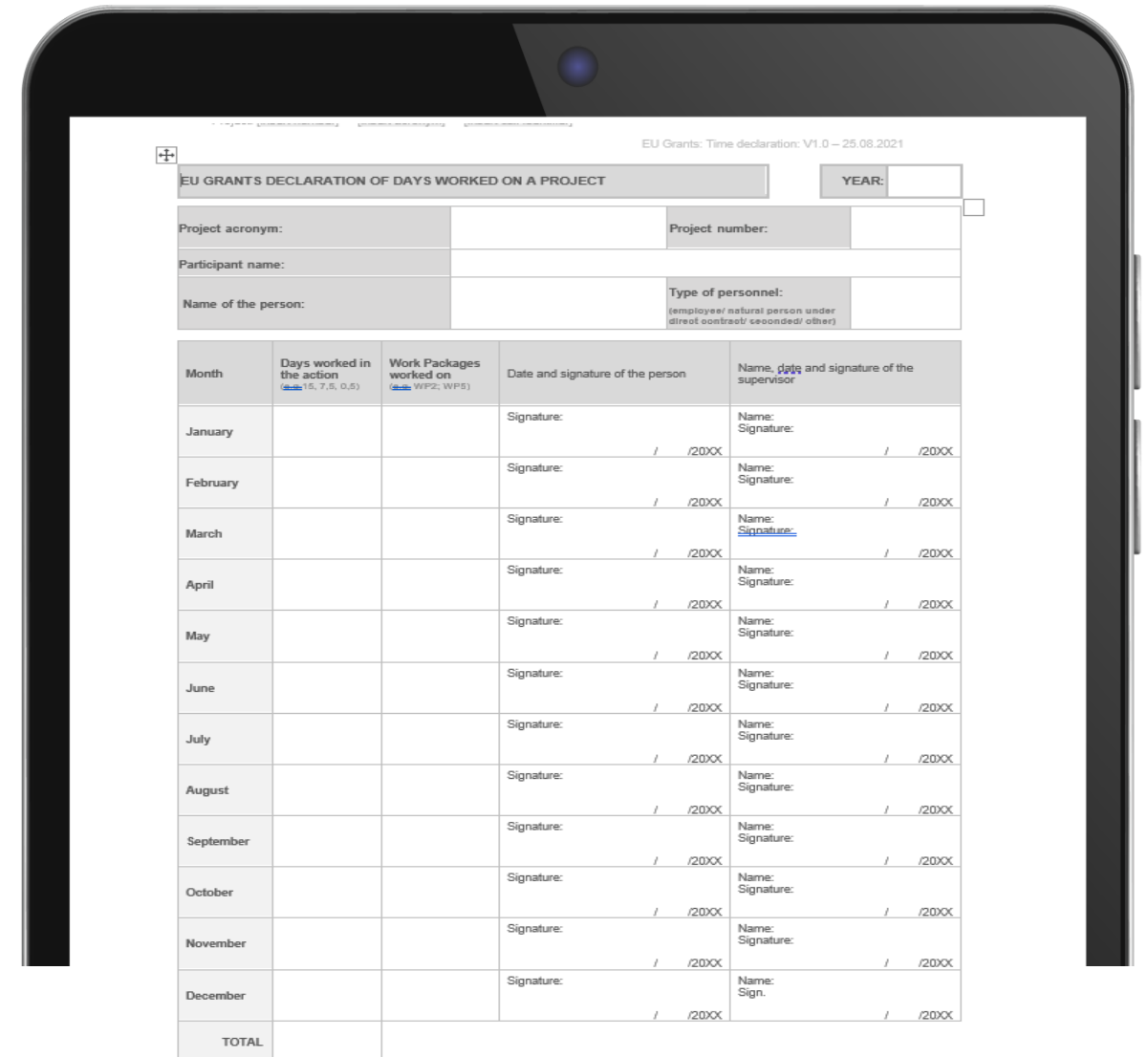
- use reliable time records (*i.e. time-sheets*) either on paper or in a computer-based time recording system, to record (at least) all the hours worked in the action

Reliable time records must be dated and signed at least monthly by the person working for the action and their supervisor.

If the time recording system is computer-based, the signatures may be electronic (*i.e. linking the electronic identity data, e.g. a password and user name, to the electronic validation data*), with a documented and secure process for managing user rights and an auditable log of all electronic transactions.

or

- sign a monthly declaration on days spent for the action ([template](#)).



EU Grants: Time declaration: V1.0 – 25.08.2021

EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT

YEAR:

Project acronym:  Project number:

Participant name:

Name of the person:  Type of personnel:   
(employee/ natural person under direct contract/ seconded/ other)

Month	Days worked in the action <small>(S, F, T, S, D, S)</small>	Work Packages worked on <small>(WP1, WP2, WP3)</small>	Date and signature of the person	Name, date and signature of the supervisor
January			Signature: / / 20XX	Name: / / 20XX Signature:
February			Signature: / / 20XX	Name: / / 20XX Signature:
March			Signature: / / 20XX	Name: / / 20XX Signature:
April			Signature: / / 20XX	Name: / / 20XX Signature:
May			Signature: / / 20XX	Name: / / 20XX Signature:
June			Signature: / / 20XX	Name: / / 20XX Signature:
July			Signature: / / 20XX	Name: / / 20XX Signature:
August			Signature: / / 20XX	Name: / / 20XX Signature:
September			Signature: / / 20XX	Name: / / 20XX Signature:
October			Signature: / / 20XX	Name: / / 20XX Signature:
November			Signature: / / 20XX	Name: / / 20XX Signature:
December			Signature: / / 20XX	Name: / / 20XX Signature:
TOTAL				



# Calculation Employees

# Daily rate

## Eligible salary

### Eligible salary costs are limited to:

-include net payments during parental leave, social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act).

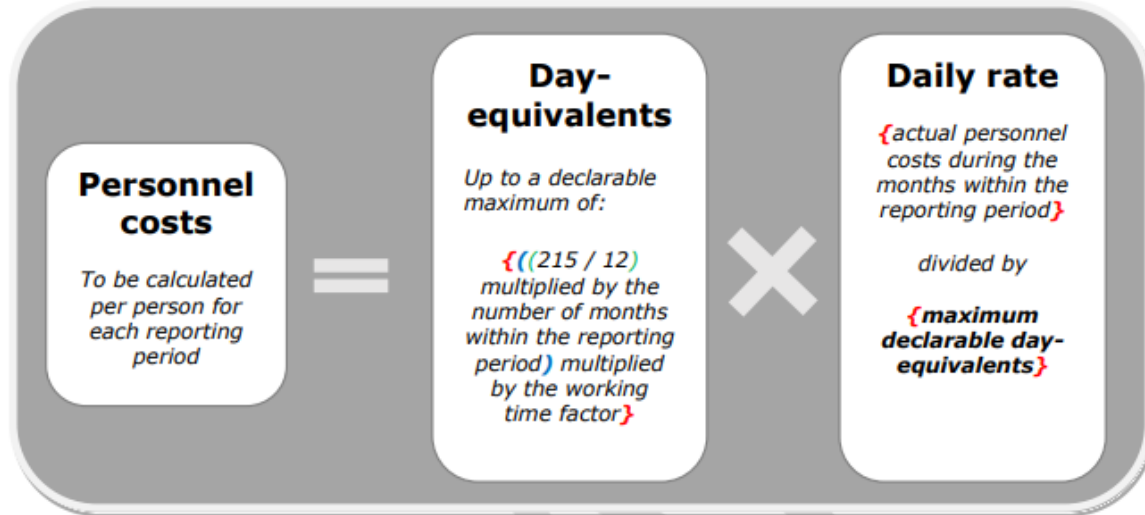
### How to calculate the daily rate?

$$\text{Daily Rate} = \frac{\text{Total eligible personnel costs of the employee over the reporting period}}{\text{Maximum declarable day-equivalent over the reporting period over the reporting period}}$$



# Personnel costs

Calculate eligible personnel costs



***{daily rate for the person multiplied by number of actual days worked on the action (rounded up or down to the nearest half-day)}***

You must do these calculations normally once per reporting period (RP)<sup>6</sup> for each person who worked in the action

<sup>6</sup> Alternatively, the calculation may be done separately for each calendar year within the reporting period, if this is consistently applied. In that case, the 'number of months within the reporting period' referred to in the formulas is to be understood as the number of months of the respective calendar year that are within the reporting period.



# Personnel costs

## Calculate eligible personnel costs

 Associated with document Ref. Ares(2022)4201288 - 07/06/2022 [HF MGA - Multi & Mono: v1.0](#)

**A.1 Costs for employees (or equivalent)** are eligible as personnel costs if they fulfil the general eligibility conditions and are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action.

They must be limited to salaries (including net payments during parental leave), social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act) and be calculated on the basis of the costs actually incurred, in accordance with the following method:

{daily rate for the person  
multiplied by  
number of day-equivalents worked on the action (rounded up or down to the nearest half-day)}.

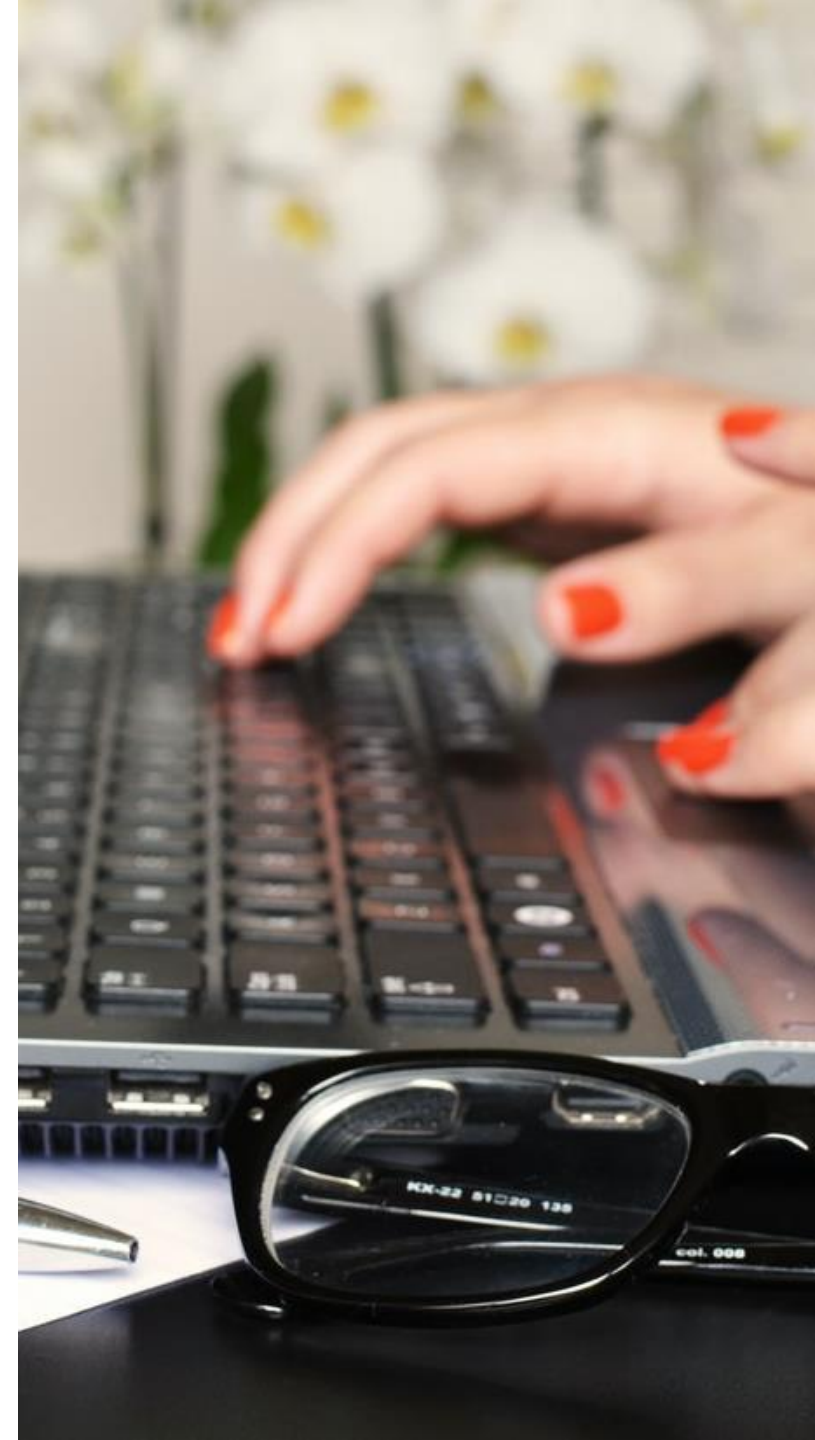
The daily rate must be calculated as:

{annual personnel costs for the person  
divided by  
215}.



# Maximum Declarable Day Equivalents

To calculate the daily rate, you first need to determine the maximum declarable day equivalents. Since you may not declare more than 100% of your personnel cost, the number of declarable day-equivalents in each reporting period is capped.

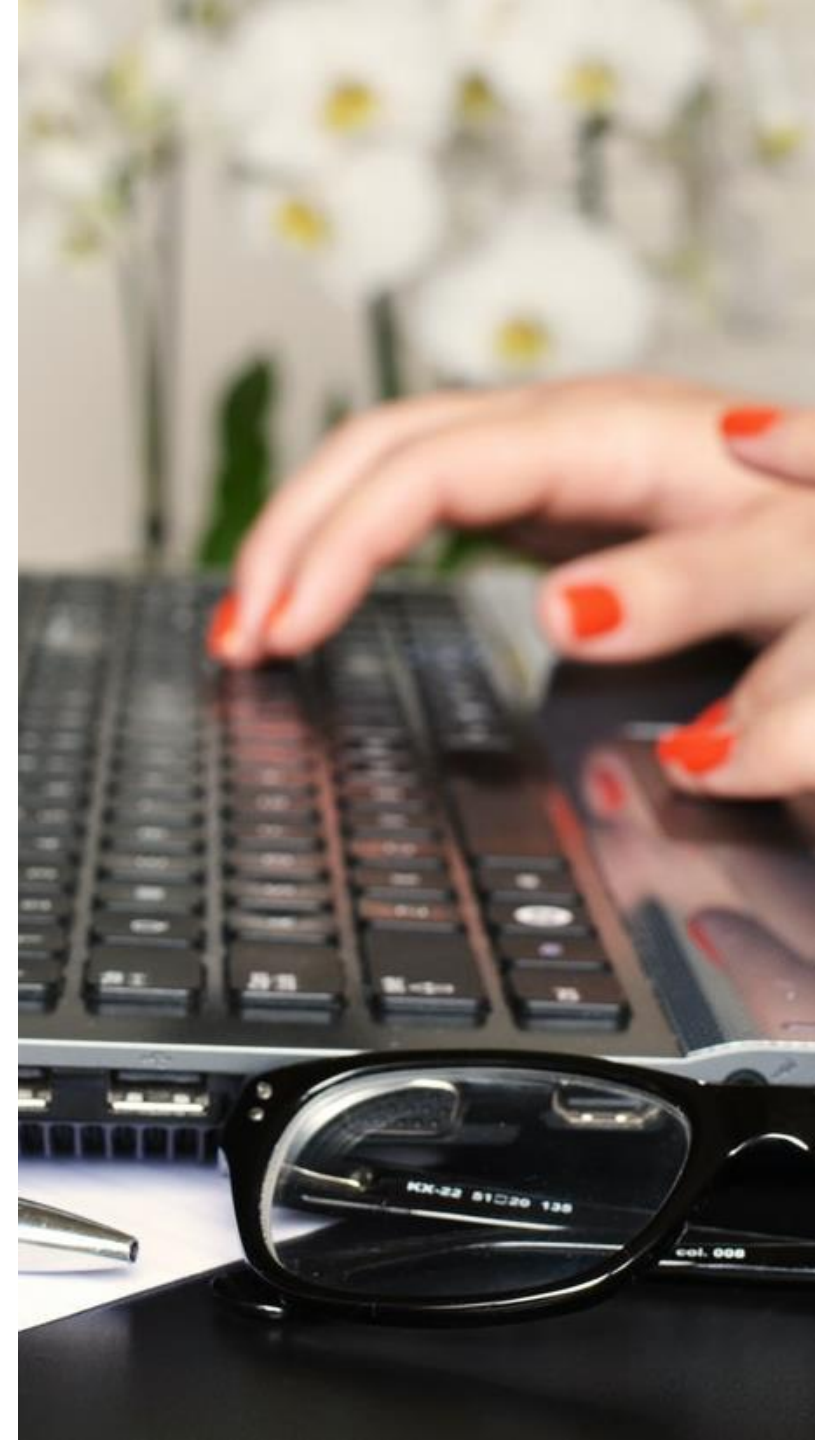


# Maximum Declarable Day Equivalents

To calculate the daily rate, you first need to determine the maximum declarable day equivalents. Since you may not declare more than 100% of your personnel cost, the number of declarable day-equivalents in each reporting period is capped.

$$\frac{215}{12} \times \text{number of months [during which the person is employed] within the reporting period} \times \text{working time factor}$$

For the purpose of all personnel cost calculations a month is considered to have 30 days



# Maximum Declarable Day Equivalents

Reporting period from 01/09/2022 to 28/02/2024 – 18 months

	Months of employment	Working time factor	MDDE
<u>215</u> 12	10 months	Full-time	
	x10	x1	179,16= 179
	5 months	50% part time	
	x5	x0,5	44,79=45
	Hired 16/01/2024	Full time	
	x1,5	x1	26,87=27



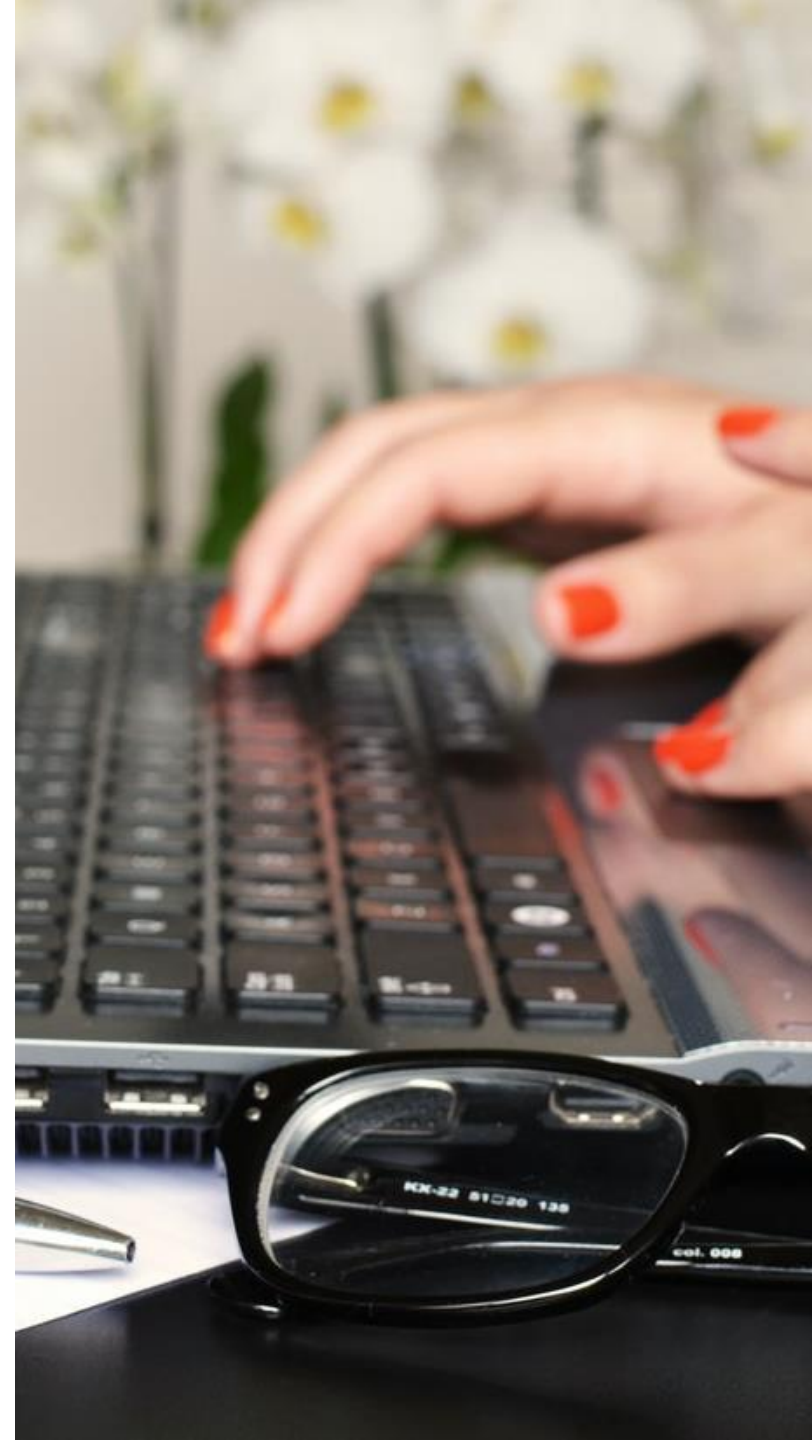


# Daily rate

Reporting period from 01/09/2022 to 28/02/2024 – 18 months

Period	Eligible costs	MDDE
10 months	Full-time	
01/09/2022 – 30/06/2023	65 000 EUR	179,16= 179
5 months	50% part time	
1/08/2023 – 31/12/2023	17 500 EUR	44,79=45
Hired 16/01/2024	Full time	
16/01/2024 – 28/02/2024	11 250 EUR	26,87=27
	Total	
	93 750 EUR	251

**Daily rate:  $93\,750 / 251 = 373,5$  EUR**



# Day Equivalent

Worked in the action

It is the sum of the day-equivalents actually worked for the action, rounded to the nearest half-day, and recorded in the monthly declarations or in your time-recording system (if you have a reliable time-recording system where you record, at least, all the actual time worked in the action).

**AGA Best practice:** It is recommended to explore the simplification potential of using monthly declarations on days spent for the action. This limits record-keeping burden and avoids the need for conversion of hours into day-equivalents.



# Measuring days?

- Are you ready as a researcher to measure your time spent on the project in days?
- Are you ready having timesheets in H2020 measuring hours and keep changing the measurement for the same researcher for a HE project into days?
- How many hours is a day - a workday?
  - 8?
  - 7.6?
  - 7 hours 36 minutes?
- Monday-Thursday is the same as Friday?
- How about a 25% position, how about leaves? How HR is measuring it?



# Day Equivalent

Worked in the action

*Do you register hours?*

*- how to convert your working time on the action into day-equivalents?*

OPTION 1: a day equivalent is 8 hours

OPTION 2: average working hours as per contract (or another binding document)

OPTION 3: A conversion based on the usual standard annual productive hours of a full-time employee, if it is at least 90% of the standard annual workable hours of of a full-time employee. (divided by 215)

 **Horizontal ceiling** — To avoid double-funding of personnel cost, the actual number of day-equivalents declared across EU and Euratom grants for the person can NOT be higher than 215 per calendar year (or the corresponding pro-rata by multiplying 215 with the working time factor).



# Day Equivalent

Worked in the action

*Do you register hours?*

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 **Horizontal ceiling** — To avoid double-funding of personnel cost, the actual number of day-equivalents declared across EU and Euratom grants for the person can NOT be higher than 215 per calendar year (or the corresponding pro-rata by multiplying 215 with the working time factor).



# Day Equivalent

Worked in the action

OPTION 2: average working hours as per contract (or another binding document)

You CANNOT use this option if the contract (or other binding document) does not allow to determine the average number of hours that the person must work per day.

- 2a: If the number of working hours is specified per day:
  - $\{\text{working hours per day divided by working time factor}\}$
- 2b: If the number of working hours is specified per week or month:
  - $\{(\text{working hours per week [or month] divided by working time factor}) \text{ divided by working days per week [or month]}\}$



# Day Equivalent

Worked in the action

**⚠** A chosen option must be applied consistently, i.e. using the same option at least per group of personnel employed under similar conditions (e.g. same type of contract, same cost-centre). You cannot apply the most favourable option for each employee individually.

**⚠** A conversion normally needs to be done only once per person per reporting period for the purpose of reporting to the granting authority. It is not required that you keep a parallel record system that directly converts hours into day-equivalents.

**⚠** **If you keep parallel time record systems, e.g. weekly time-sheets of hours and monthly declarations of days, they must be consistent.** In case of significant discrepancies discovered e.g. during checks, reviews and audits, only the set of documents recording the lower amount of days will be accepted.



# Eligible personnel costs

Daily rate:  $93\,750 / 251 = 373,5$  EUR

## OPTION 2

XY has a contract specifying that XY works 35 hours weekly. Thus, the day equivalent would be 7 hours.

XY worked 50% part-time for 5 times

If for XY you considered this when calculating the daily rate, do not consider the working time factor into the conversion of hours into day equivalent.





# Eligible personnel costs

Daily rate:  $93\,750 / 251 = 373,5$  EUR

## OPTION 2

XY has a contract specifying that XY works 35 hours weekly. Thus, the day equivalent would be 7 hours.

Her timesheets will show, she spent 800 hours on the project over the 18 months

$373,5 * (800 / 7)?$

$373,5 * 114 = 42\,579$  EUR





# Tips

## All in all ...

### Summary

- There is only one calculation methodology
- Follow AGA calculation method
- Keep one time recording system
- Conversion of working time of a part-time employee. Take it into account just once.
- Do not work more than 215 days? How about overtime? (Capping)
- Life is never linear – how to consider the level of involvement in projects and the part-time/full-time working time?



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Thank  
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*for your attention*

Gabriella Lovasz

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