
EXPERT SESSION

BASIC MISTAKES IN H2020 PERSONNEL COST
CALCULATION AND REPORTING
RECORDED WEBINAR - 28 MAY, 2019



Basic mistakes in H2020 personnel cost calculation and reporting.

- Expert insights

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WELCOME!

Gabriella will go over the most common mistakes and give practical guidance on personnel cost calculation methodologies acceptable for the European Commission in the Horizon 2020 EU programme

PERSONNEL Costs

Key questions

- ✓ What is the eligible basic salary?
- ✓ What other fiscal or in-kind benefits can be added to basic salary?
- ✓ Financial year or monthly-based calculation?
- ✓ Which productive hours should be used?
- ✓ What is then the eligible hourly rate?
- ✓ When and why do we need timesheets?



The calculations:

Personnel costs – general

ACTUAL Personnel costs

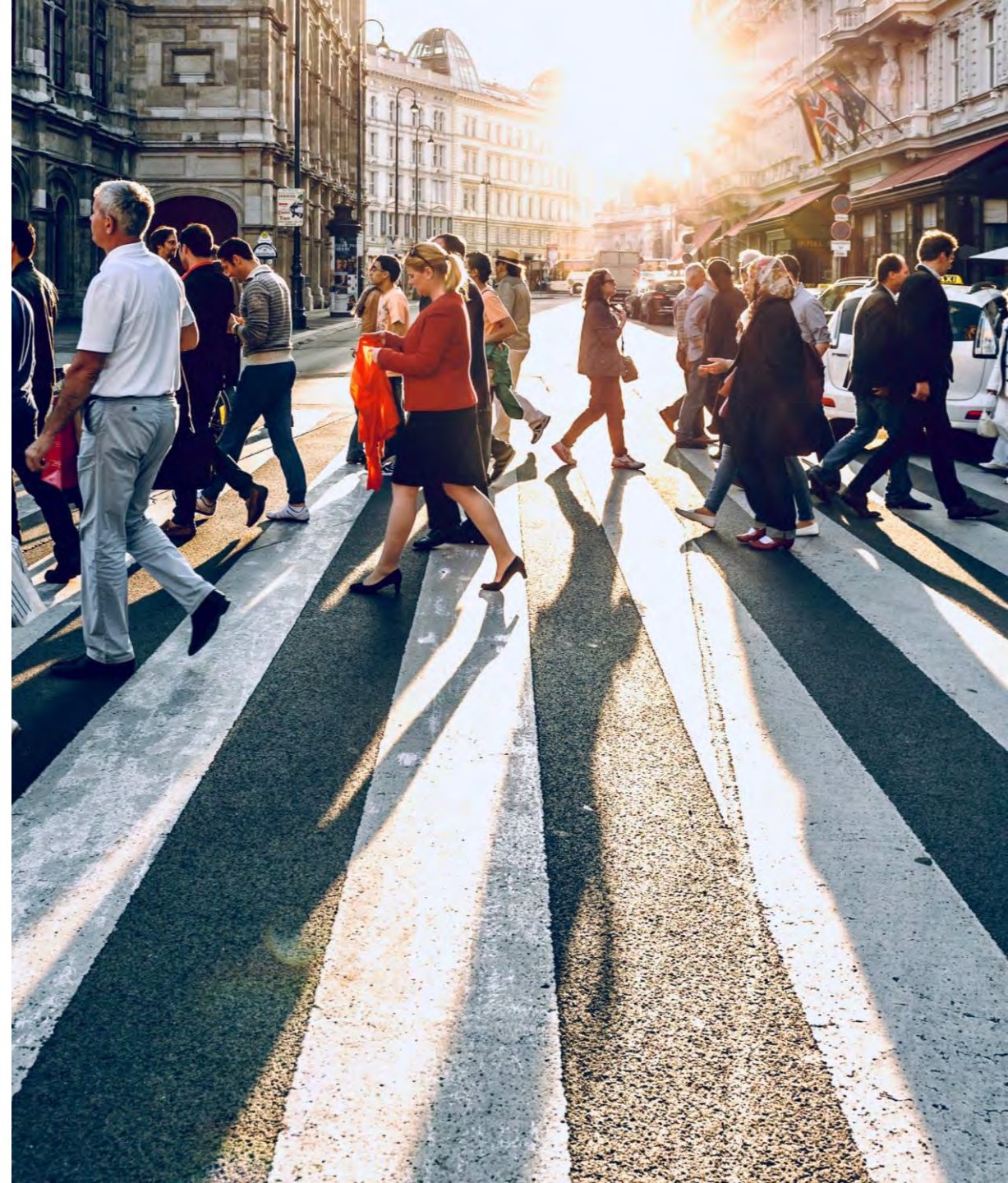
- Employees or equivalent employment contracts
- Seconded employees
- In-house consultants

UNIT-based Personnel costs

- Average personnel costs – set by the Beneficiary
- SME owner rate – set by the EC/GA
- Natural person rate – set by the EC/GA



Actual personnel costs are calculated one by one, while unit personnel costs a unit rate is set up by using historical costs on staff members concerned!



Personnel costs – Employees

Who and what can be included?

- **WHO?** - Project personnel working at the Beneficiary and ASSIGNED to the Grant
- **WHAT?** - Basic salary plus all mandatory charges and taxes - but excluding any other costs (e.g. "internal overheads"!) paid for his/her USUAL work/duties



WHAT #2? – project based remuneration using "action reference" and "national project reference" is a new option for some beneficiaries



Personnel costs- Employees

Who and what can be included?



Eligible salary components:

- Usual gross salary stated on the payroll
- Social security contribution paid (a.k.a. charges paid by the employer)
- Taxes included in the remuneration
- Mandatory complements to the basic salary (*including 13th month salary or similar*)
- Variable components, when set at the Beneficiary's level (*including extra salary, must not be arbitrary*) not



Non-eligible salary components:

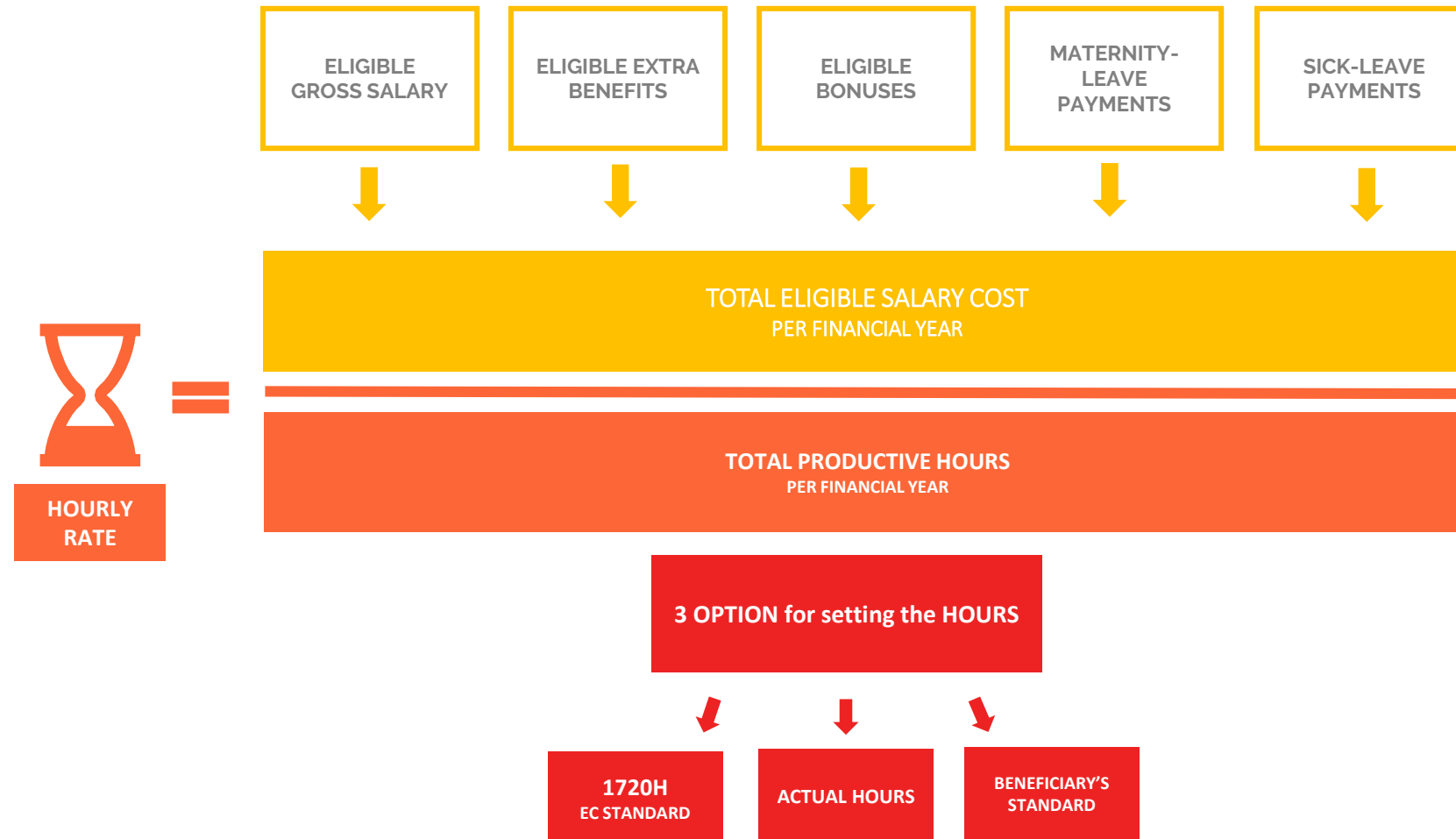
- Any salary component paid for working on the project ("triggered by the action")
- Recruitment costs/HR costs, etc.
- Internal overheads/Future liabilities



Specific cases to be discussed:

- Overtime?
- Tele-working?
- In-kind benefits (like company cars)?
- Lost academic fees
- Sick-leave
- Parental (maternity) leave

Personnel costs – Employees: Calculation - FISCAL YEAR

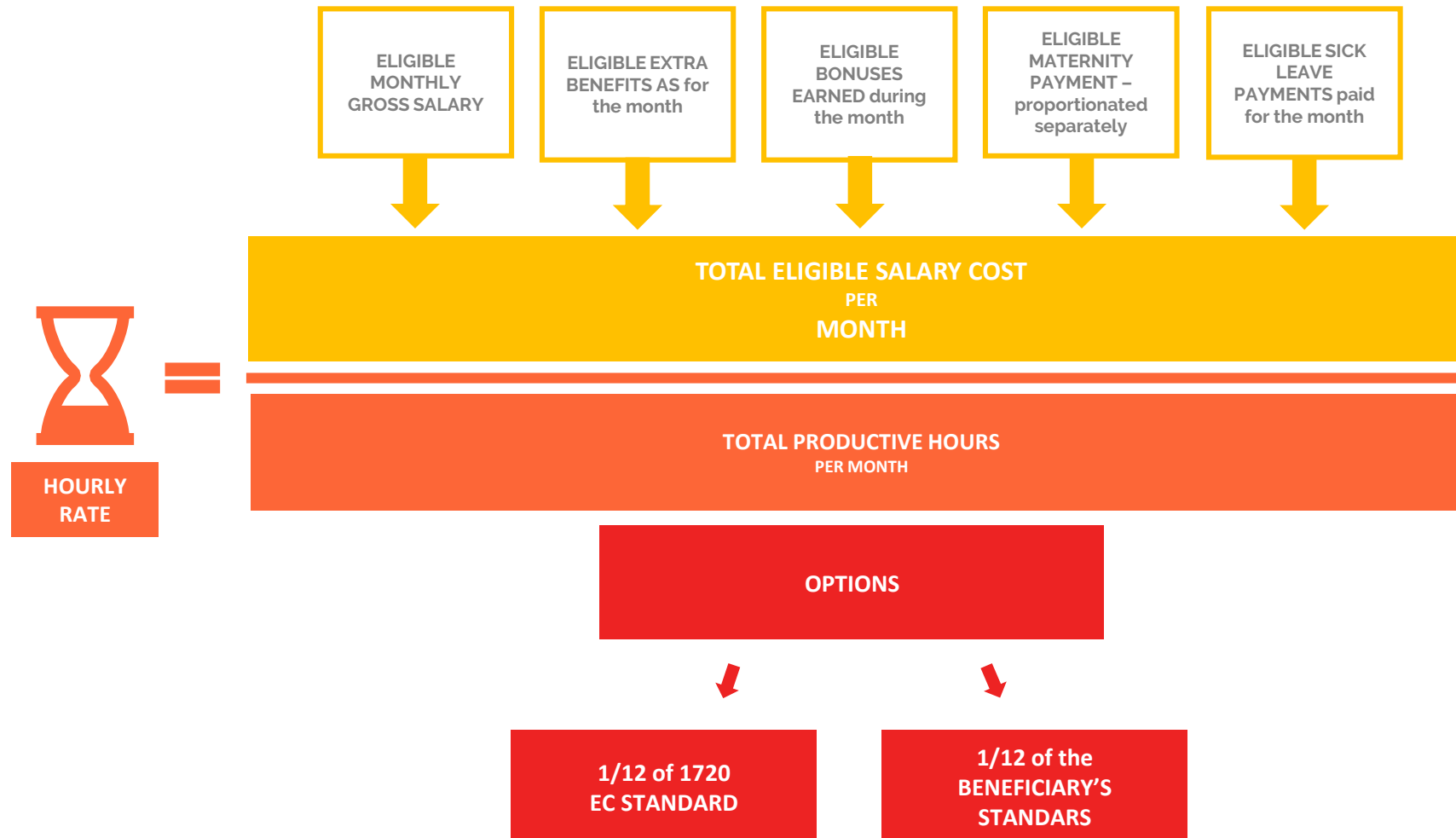


Calculation example

	A	B	C	D	E	F
1	Beneficiary's financial year:	01/01 - 31/12	each year			
2	Actual Salary costs for Ms. X.Y					
3	Financial year	Total eligible salary costs/month	total eligible salary costs/fiscal year	productive hours	hourly rate for H2020	
4	01/01/2014-31/12/2014	6 000,00 €	72 000,00 €	1720	41,86 €	2014
5	01/01/2015-31/12/2015	7 000,00 €	84 000,00 €	1720	48,84 €	2015
6	01/01/2016-31/12/2016	6 500,00 €	78 000,00 €	1720	45,35 €	2016
7	01/01/2017-31/12/2017	7 500,00 €	90 000,00 €	1720	52,33 €	2017
8						
9	Example - Project A					
10		Duration	36 months			
11		Start date	01/11/2014			
12		End Date	31/10/2017			
13		Reporting Period	2 times 18 months			
14						
15						
16						
17	Reporting period 1					
18	Start of period	01/11/2014				
19	end of period	30/04/2016				
20						

The excel sheet will not be shared with the participants

Personnel costs – Employees: Calculation - MONTHLY



Monthly calculation

Period: 01/01/2017 – 30/06/2018

Month	jan.17	febr.17	márc.17	ápr.17	máj.17	jún.17	júl.17	aug.17	szept.17	okt.17	nov.17	dec.17	jan.18	febr.18	márc.18	ápr.18	máj.18	jún.18	TOTAL
Eligible salary costs	5 750 €	5 750 €	5 750 €	5 750 €	5 750 €	5 750 €	5 750 €	5 750 €	5 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €	6 750 €
number of productive hours (1/12 of 1720)	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33	143,33
hourly rate	40,12	40,12	40,12	40,12	40,12	40,12	40,12	40,12	40,12	47,09	47,09	47,09	47,09	47,09	47,09	47,09	47,09	47,09	47,09
Hours on ENVIRES	81	48	65	40	62	67	99	24	77	88	71	71	66	80	55	97	59	86	
Total basic salary costs	3 249,42 €	1 925,58 €	2 607,56 €	1 604,65 €	2 487,21 €	2 687,79 €	3 971,51 €	962,79 €	3 088,95 €	4 144,19 €	3 343,60 €	3 343,60 €	3 108,14 €	3 767,44 €	2 590,12 €	4 568,02 €	2 778,49 €	4 050,00 €	54 279,07 €

Time recording – PERSONNEL Costs

Every Beneficiary must have a reliable and certified time recording system, recording ALL hours worked on the action, person by person!



Exception: One works on the project exclusively, full-time: a certified declaration is sufficient!

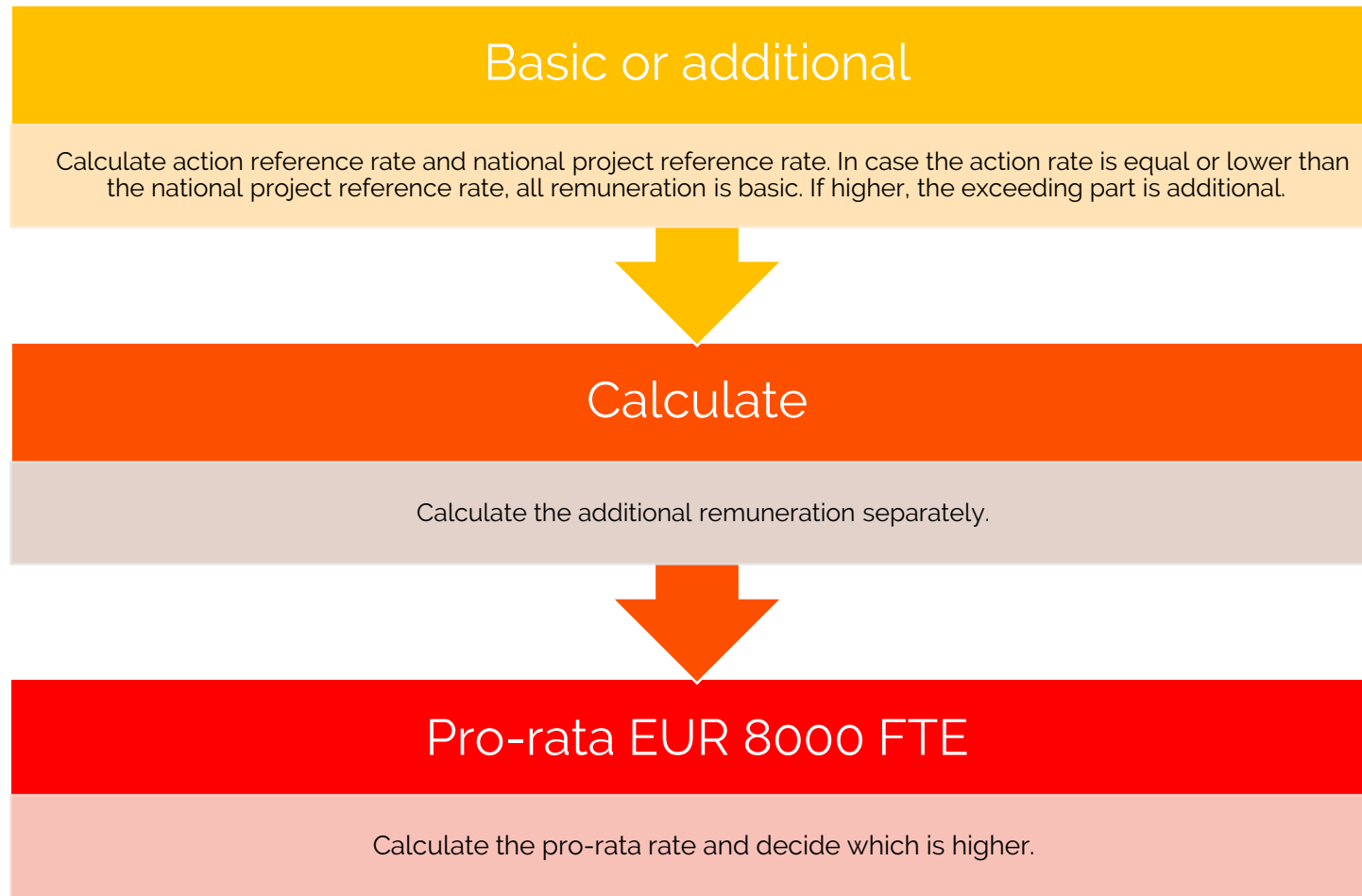
TIME RECORDING FOR A HORIZON 2020 ACTION		Month	Year																															
Title of the Action (Acronym)		Grant Agreement Number																																
Beneficiary's / third party's name																																		
Person working in the action																																		
Name of the person		Type of personnel <small>(see art. 6.2.A grant agreement)</small>																																
Reference <small>e.g. Work Package</small>	DAY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Σ	
					</																													

PERSONNEL Costs – Employees: Additional Remuneration

 **It's not for (project) bonuses!!!**

- For non-profit entities only
- Up to EUR 8,000 /year/person FTE
- Pro-rata rule applies, i.e.:
 - someone works 100% on his/her time on the project for a year: limit is 8,000 EUR
 - someone works 50% of his/her time on the project for 6 months in a fiscal year: limit is 2000 EUR (8000/12x6x50%)
- Paid for additional work/responsibility:
 - Paid for doing research
 - Paid for being WP/Task leader, team member, etc.
 - Using English – **NOT eligible**
- Must be paid to all, net depending on the source of funding (e.g. arbitrary decision)
- To be calculated separately – i.e. not part of the previously described calculations!

Additional remuneration calculation



PERSONNEL Costs

Typical mistakes

- ✓ Costs claimed for people not directly employed nor paid by the beneficiary.
- ✓ Personnel costs claimed based on a budgeted, standard, estimated or internal accounting rates.
- ✓ Billable hours are used instead of number of workable hours.
- ✓ Standard annual productive hours used are significantly lower than 1720/annum
- ✓ Time spent by individuals related to maintaining general expertise, administration internal training and/or sales is excluded from the calculation of the number of productive hours on the project.
- ✓ Absence of timesheets or timesheets not approved by an authorized person



PERSONNEL Costs

- Typical mistakes

- ✓ In the calculation of the hourly personnel rate, the payroll costs are divided by the number of productive hours on the project (only), instead of being divided by the total number of productive hours.
- ✓ Personnel costs claimed include overtime hours for which staff have not been paid.
- ✓ Personnel costs claimed include the remuneration of an in-house consultant hired through a contract with a consultancy firm (no labor contract, no direct instructions, not on the premises, commercial rate, etc.).
- ✓ Overhead costs included in the personnel costs calculation.

Pre-sent questions

Your questions...

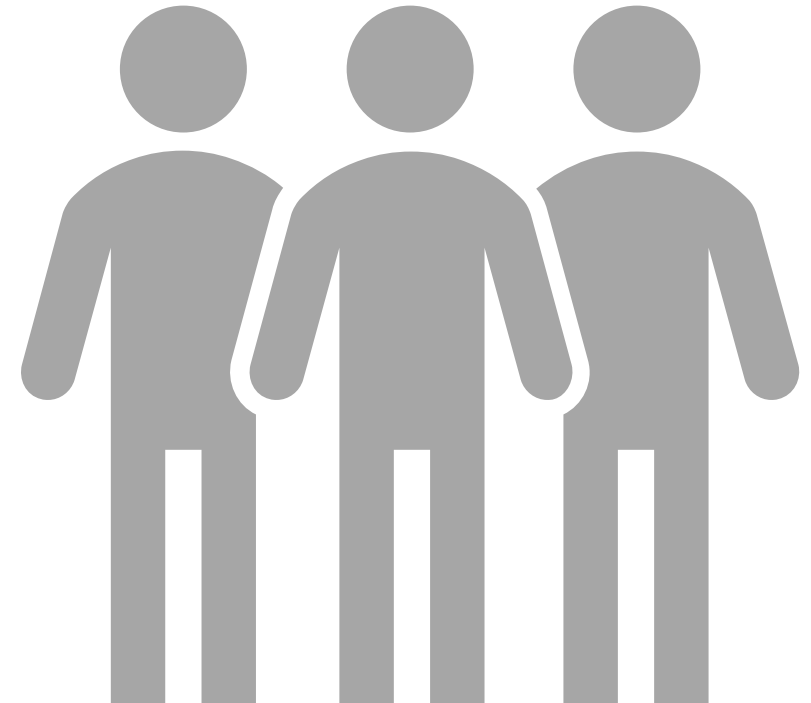
In H2020 when taking into account the hours of the person for a particular project, do we also have to consider his hours on some other subsidy project also. (National & EU) as some subsidy programs also have a national funding.

Example: Resource A is working on a subsidy program XYZ and also on other subsidy program, do we need to consider his hours on the other project and how to calculate those hours on the pro rata basis.

If project period say is 01.05.2018-30.04.2019. how to consider the hours for a resources if working on 2 or more than 2 programs?

As the maximum eligible hours are 1720 in a calendar year but as the project period say is 01.05.2018-30.04.2019 then the threshold is 1147 hours for 2018 ($1720/12=143.33*8$) and 550 hours for 2019 till April 19.

And the resources is also working on other projects so how to take into account his eligible hours and what is the best approach to consider the maximum eligible hours keeping in mind the threshold and other applicable guidelines for hours considerations?



You had a complex question ...

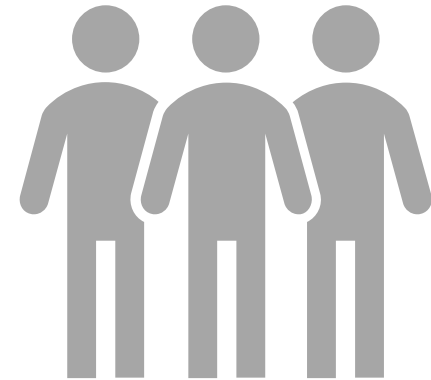
The general answer is that you should administer all hours in a year and all salary received from the employer.

However, project based contracts should be checked carefully because the *internal rules can state that*

„a professor or XY involved in research projects financed by external funders can get ...”

So calculate the H2020 hourly fee in a way as the contract stipulates, however for H2020 consider additional remuneration and compare with national project reference rate – for the fiscal year basis with 1720 productive hours!

Our Advice





AMGA example

- http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf
- AMGA pages 59-62 on Ms R gives a full example for Case 1B – project based work

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Q&A SESSION

Please use the Q&A panel to submit your questions.

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THANKS FOR YOUR ATTENTION

The slides and webinar recording will be shared in a follow up mailing.