

Q&A catalogue  
following the live webinar

# **"Horizon Europe financial guidelines: How to read, understand, and comply with"**

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#	ORIGINAL PARTICIPANT QUESTION	ANSWER BY EUROPA MEDIA
1	I would like to know more about changes in rules for employing in-house consultants, if there're changes.	There is one change in terms of in-house consultants. The AGA states that in-house consultant contract can be signed between you and a legal entity fully owned by that natural person, and which has no other staff than the natural person being hired. This was not fully possible before, this extends the possibility for these special types of legal entities.
2	What is the Horizon Europe definition of in-house consultant and where we can find the contracting conditions for in-house consultants in HE?	The definition maybe in the HE glossary here: <a href="https://horizoneuropencpportal.eu/store/horizon-europe-glossary">https://horizoneuropencpportal.eu/store/horizon-europe-glossary</a> and contractual conditions are in the AGA, pages 42-44
3	How many years after the project is closed can this audit be made?	2 years after the receipt of the final payment
4	What is the minimum amount for which 3 offers are required?	The minimum is based on the purchase policy of your organisation - if you do not have anything specific set there, then follow the national rules. But take also a common sense approach, this is taxpayers money, so useful to ask for 3 offers also in case of smaller amounts.
5	For how many years after the end of the project does art. 202 apply?	Record keeping is article 20 - national rules apply here. In Hungary e.g. it would be 5 years post project.
6	Roughly for how many years should archives be kept "just to be sure" ?	same as above - follow national rules for record keeping 2-3 years for sure
7	When we talk about auditing rules which should be included in subcontracting agreements, should these also be applied to affiliated entities and the legal contracts /"links" established with these entities?	Affiliated entities will have an even stricter contract with more obligations transferred from the GA. So yes, also auditing applies.
8	Regarding Article 202, when you say "subcontractor" that refers also to service providers? (their obligation to disclose financial information)	A subcontractor can be service provider, but a contractor reported as purchase cost can be also a service provider - the audit rule does not apply to them. Only when an activity is outsourced to a subcontractor.
9	We want to build a type of cascade funding/financial-support-to-third parties mechanism (on a smaller scale) in order to attract SMEs to do demonstrations on our platform developed within the financed project. How can we best do this? Could we e.g. we go about as a procedure similar to "open call" with "expressions of interest" but defined in the project budget as sub-contracted actions?	If this has not been planned at all, this is a new activity, then you cannot use this scheme. Contact the Project Officer and discuss as this requires approval.

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10	<p>In Horizon Europe, according to MGA, costs for employees must be calculated 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)}.</p> <p>The daily rate must be calculated as: {annual personnel costs for the person divided by 215}</p> <p>If we use the actual cost as a reference, how can we claim for the months of a fiscal year that has not yet ended? E.g. RP1 from 1/09/2021-31/03/2023, how is it possible to calculate the actual cost for the three months of 2023? In this case (partial reporting period in a year - Jan-March 2023), can we continue to use as basis - as for H2020 - the annual cost incurred in the previous financial/ fiscal year (2022)?</p>	<p>You need to calculate the personnel costs for the full reporting period - not the fiscal year. It does not matter if the fiscal year is over or not. Check the AGA and follow that as the MGA and the AGA are in conflict here. If you want to be sure, ask for a specific information from the financial officer if you are at the reporting phase already.</p>
11	<p>We saw that in Horizon Europe there was a switch from hourly rates to daily rates. Do we need to change our procedures in any way as our tools and auditing company are set for hourly rates (we also still have other projects that are and have been managed via hourly rates)?</p>	<p>You do not need to change the system, how you record hours, how you pay salaries, but you need to calculate the costs to be reported differently. And your hours transform into days with a calculation offered by the EC. They offer three options to do this. Check the EC webinars on the portal or come to a Europa Media financial course.</p>
12	<p>We have a colleague working on a Horizon project, and his work on the project is additional to his base 8 hours. According to our internal policy, overtime is paid at a 200% rate. Are these costs eligible?</p>	<p>If you follow the policy yes, but not the 200% more rate should be reported, but follow the calculation of the AGA - all salary paid to the employee is the basis for calculating the daily rate.</p>
13	<p>In H2020 there was the possibility for beneficiaries to contribute in kind. Could you please provide some guidance with regard to the specificities of in-kind contributions? - e.g., calculations; most important aspects to take into account when reporting in kind. Many thanks.</p>	<p>There is no really in-kind contribution - not from your organisation as a beneficiary. But third parties can offer in-kind contribution against payment or free of charge that you can report as a beneficiary - do not mix up this. See AGA page 30 e.g.</p>
14	<p>Is Lumpsum Grant still doable?</p>	<p>Yes</p>

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15	We want to invite 'experts' for reviewing applications. Are there any rules for how we should budget and pay travel expenses of those experts?	Before submission no cost is eligible, if you want the proposal to be reviewed that is your own cost.
16	What is the difference between "exploitation of the results" (like licensing, etc.) and "selling products delivered within the grant duration", to the aims of the grant?	There is no difference. Selling products developed in the project during the project implementation is also exploitation of results. The income you generate out of this exploitation is not considered as a receipt.
17	I mean, to the aims of the receipts.. are the second types of income considered receipts?	Selling products developed in the project during the project implementation is also exploitation of results. The income you generate out of this exploitation is not considered as a receipt.
18	Not sure to understand the point on financial Statement. In case a partner has an overall grant of 400,000 € for instance, should he include a cost of audit for the end of the project ? Or is this only for grants over 430,000 € ?	This limit is on a partner level. If you know that your EU contribution will exceed 430.000 EUR, then allocate costs in the budget for a certificate on financial statement, so an audit process. This may be 6.000-8000 EUR or more depending on the company. If you have a public officer independent from the project, you can have the certificate done also in-house, no need for an external audit company then.
19	What happens if we make mistakes when calculating costs?	If you make mistakes you may correct them in the next reporting period submitting an adjustment to the previous period.
20	What is a "substantial change" in annex relating to budget flexibility?	There is no clear rule on this, calculate with the 20% thumb rule as a start, but use common sense.
21	Could it be possible you give us specifics in terms of co-liability (technical and financial) when executing grants under lump-sum scheme?	The joint technical responsibility means here strictly that if a task or work package is not finalised, no one involved in tat WP gets paid. So the consortium is jointly responsible.
22	If a certain task within the project is financed from other sources (it is an added value to the project outcome and it already has an allocated budget at a partner in the consortium), how is it included in the work plan? do we need to allocate man months to it? Does it have to be included in the budget?	If you want to include this, it has to be included everywhere - also the work plan, person month and budget stating the other source.
23	In the quality of deliverables, the partners are equally responsible even if they are not the ones writing this part. Is this right?	This is very much a detail, the EC has the right to reject a deliverable because of the bad quality - then that partner has to improve it investing their own time. Still overall for the task and WP implementation this deliverable blongs to, all partners involved hold the joint responsibility for quality implementation.

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24	<p>If a researcher, in past, has been working exclusively only on multiple Horizon 2020 projects at the same time running in parallel (in a non-profit public organisation) with an hourly rate of X euros and now with the inflation and energy crisis requests higher salary, for example, X+5 € for the new Horizon Europe project that the researcher just won. How this higher hourly rate can be officially implemented if the new Horizon Europe project will run in parallel with previous Horizon 2020 projects where the researcher has a lower hourly rate? In Horizon 2020 there was additional remuneration of up to 8000 €/year, but now in Horizon Europe, this is not the case anymore? So how we can increase the salary for a researcher who is working only on Horizon 2020 / Europe projects, especially in the Horizon Europe programme? Thanks.</p>	<p>If you increase the salary of this researcher, the daily/ hourly rate will be increased for all projects, you cannot differentiate between projects.</p>
25	<p>With Horizon EU hourly rates will no longer operate: now, daily rates will apply. Is it possible, as with H2020 projects, to continue reporting on Horizon EU projects even 1 hour? Or is it necessary to report the hours worked on the project in blocks of 8 hours/1 day or half day/4 hours (and so on...)?</p>	<p>The smallest unit in Horizon Europe is 0,5 day. You cannot report 1 hour.</p>
26	<p>If we want to invite countries from Latin America, you mention there is complimentary funding , can you give an example of what does mean? Is it you can receive more funding that the one already requesting? Which document gives example on how to do this inclusion of interested parties in Latin America with countries outside Europe if one is a non profit under German law, only with a legal entity in Germany?</p>	<p>The type of legal entity does not matter - there is no more funding than planned, you have to include into the overall budget also the entity coming from Latin America. For information on Latin America go here: <a href="https://eulacfoundation.org/en">https://eulacfoundation.org/en</a></p>
27	<p>Are external experts' travel costs in travel cost category or "Other goods &amp; services"? It changed from FP7 to H2020, but where now?</p>	<p>External people's travel belongs to Purchase costs - other direct costs.</p>