

# Fuel cells and hydrogen

## Joint undertaking

# Communication campaign

**Most common issues identified: analysis per cost category**



**Antonio Requena Fernández**  
FCH JU Financial Officer

# Personnel costs

**Personnel costs**



=

**Hours  
dedicated to  
the project**



X

**Hourly rate**



# Hourly rate

Salary

Social security

Pension contribution

Health insurance

Other statutory costs...

Hourly rate  
of an  
employee



=



Annual productive hours

# Hourly rate: Productive hours

Standard (ALL employees)	
Total days in a year	365
Weekends	-104
Subtotal	261
Annual holidays	-21
Statutory holidays	-15
Illness & others	-15
Productive days per year	210
Working hours per day	8
<b>Productive hours per year</b>	<b>1 680</b>

VS

Actual (individual)
You compute the actual individual number of productive hours for each employee



The time recording system must allow keeping track of this number of actual individual productive hours



If actual productive hours exceeds standard → use actual!!!



Don't use billable hours!!!



## Overtime may be accepted

- ✓ If actually paid according to beneficiary's policy **AND**
- ✓ If there is a system that allows the identification of normal / overtime hours worked for the project

The hourly rate applicable to these «overtime» hours has to be calculated separately from the hourly rate applicable to the normal working hours

- ✓ In any other case: either overtime not paid or there is not clear distinction between normal and overtime hours

The hourly rate is calculated:

- Adding in the numerator: normal costs + «overtime» costs (if any)
- Adding in the denominator: normal hours + «overtime» hours

# Hourly rate: Productive hours

## Activities included

Normal working activities of the personnel, including:

- ✓ Sales and Marketing
- ✓ Preparation of proposals
- ✓ Administrative time
- ✓ Non-project related, general research activities
- ✓ Teaching, training and similar hours (in the case of universities/similar bodies)

## Activities excluded


- General training (if not project related)
- General internal meetings (if not project related)

# Hours dedicated to the project



**The golden rule:** Claim ONLY actual hours worked on the project

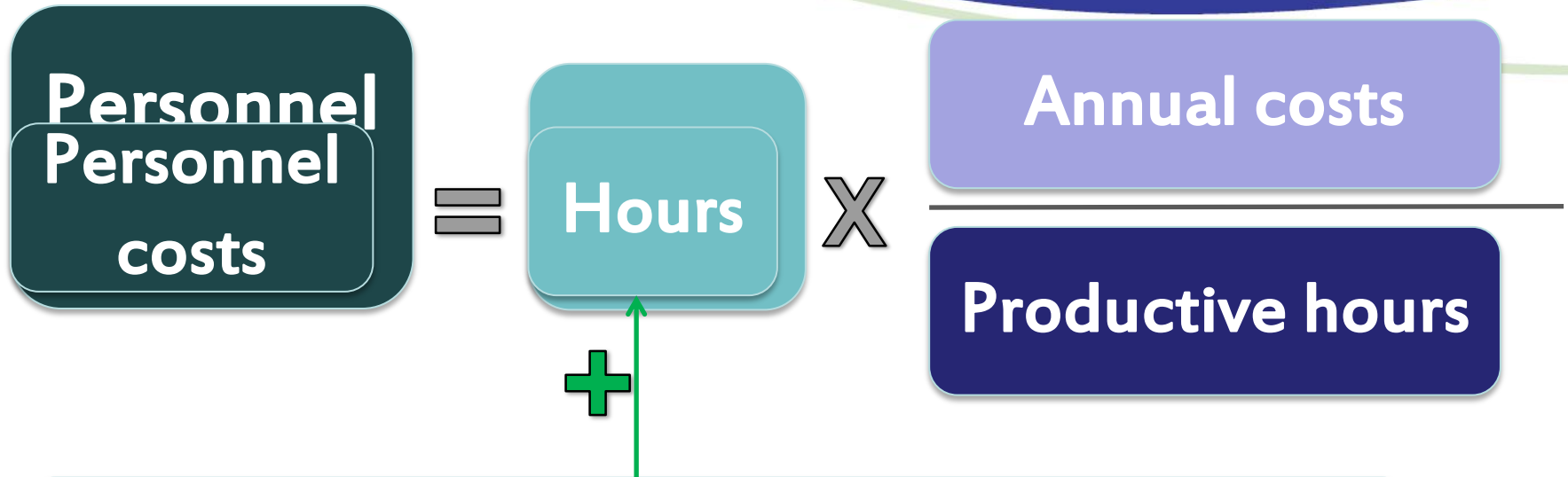
## Timesheets

- ✓ Whole duration of the project
- ✓ Daily, weekly or monthly basis
- ✓ Authorised by project manager or other superior
- ✓ Indication of all hours worked, not only project-related tasks 
- ✓ Project-related tasks: reference to the WP/task in the DoW

## Alternative evidence

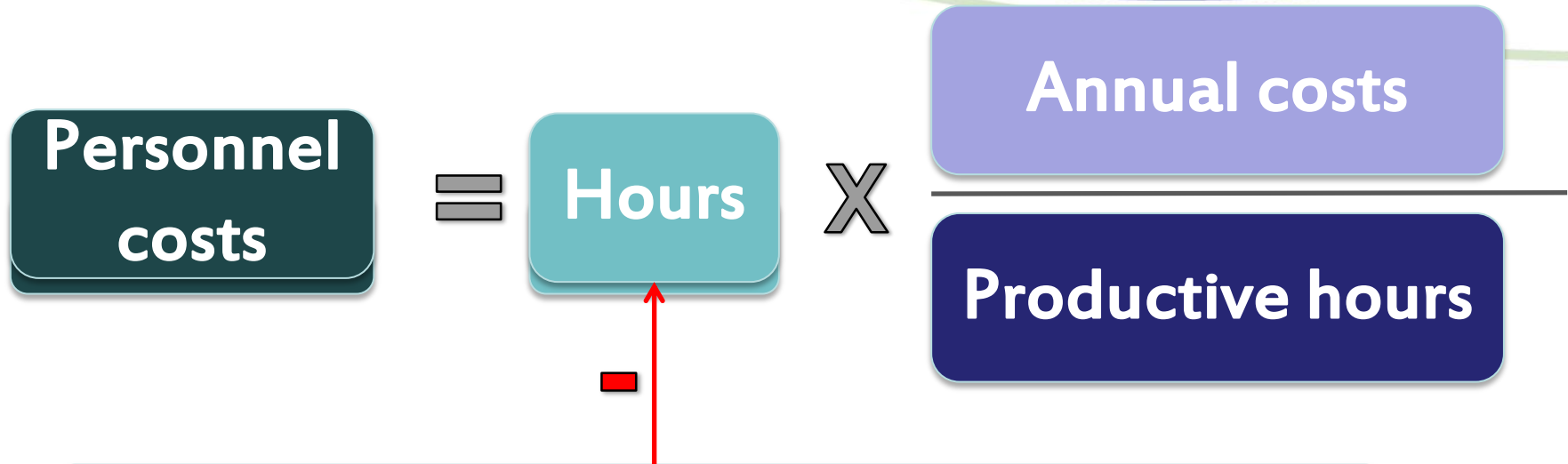
- ✓ Must give the same level of assurance as the timesheets
- ✓ To be assessed by the auditors

# Actual personnel costs. Some errors



- ✓ Claim of more hours than dedicated to the project
- ✓ Claim of more hours than substantiated by timesheets

# Actual personnel costs. Some errors



- ✓ **Timesheets not reliable (missing one or more of the compulsory elements)**
- ✓ **Claim of less hours than dedicated to the project**
- ✓ **Claim of less hours than substantiated by timesheets**

# Actual personnel costs. Some errors



- ✓ **Use of standard hours instead of actual when the latest are higher**
- ✓ **Use of billable hours instead of productive hours**

# Average personnel costs

## Acceptability criteria for average personnel costs

- ✓ Based on the **usual cost accounting practice** of the beneficiary and consistently applied to their participations in the Framework Programme
- ✓ Based on the **actual** personnel costs of the beneficiary as registered in its statutory accounts, **without estimated or budgeted elements**
- ✓ They **exclude** any **ineligible cost item** and **any cost claimed under other costs categories** in order to avoid double funding
- ✓ Number of productive hours shall correspond to **usual management practice** of the beneficiary and reflects its actual working standards



SME owners and other natural person who do not receive a salary

**Hourly  
rate**

=

Annual living allowance  
corresponding to the appropriate  
research category published in the  
'People' Work Programme of the year  
of the publication of the call to which  
the proposal has been submitted

**1 575**

X

Country  
correction factor  
published in the  
same document

**100**

# SME owners



Example: SME owner without salary from Austria with 4 years of experience at the time of deadline of submission of a proposal 2009



Use the **tool** available at **CORDIS**

35.23 €/h

=

54 300 €/year

1 575

X

102.2

100

# Subcontracting

**General rule:** Beneficiaries shall implement the action and shall have the necessary resources to do it



**However, a subcontractor can be used provided that:**

- ✓ **The tasks carried out do not concern :**
  - **The research work itself → Subcontracting between partners not allowed**
  - **Coordination tasks of the coordinator (distribution of funds, review of reports, monitoring of obligations...)**
- ✓ **The tasks (not the subcontractor) are mentioned and justified in Annex I of the FCH JU grant agreement (otherwise request an amendment)**
- ✓ **The procedure for selecting subcontractors must respect the principles of transparency, equal treatment and best value for money**

# Indirect costs

## Methods of calculation

### Actual indirect costs

Beneficiaries with an analytical accounting system that can identify their indirect costs and assign them to the different projects and activities

### Simplified method

Beneficiaries that cannot aggregate their indirect costs at a detailed level (centre, department), but only at the level of the legal entity

### Flat rate 20%

Industry whose accounting systems do not make a distinction between direct and indirect costs

Non-profit public bodies, secondary and High Education establishments and research organisations (optional)

# Actual & simplified method

**Indirect costs** are all those **eligible** costs which cannot be identified by the beneficiary as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project


## Costs excluded

- Identifiable indirect taxes including VAT
- Duties
- Interests owed
- Provisions for possible future losses or charges
- Exchange losses, costs related to return on capital
- Costs declared or incurred, or reimbursed in respect of another FCH JU or EU/Euratom project
- Debt and debt service charges, excessive or reckless expenditure



# Actual indirect costs

**Indirect costs** are all those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in **direct relationship** with the eligible direct costs attributed to the project

- ✓ **Linked to the project itself?**
- ✓ **Linked to EU-research projects in general?**
- ✓ **Linked to research in general?** 
- ✓ **Including other activities such as teaching, production or sales?**
- ✓ **Including all indirect costs at the level of the organization?**