TRAINING SEMINAR ON

"Writing and management of FP7 projects for MPC scientists and administrative officers"

FP7 Project Management

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FP7 Projects Management

- GENERAL OVERVIEW
- CONTENT OF PERIODIC REPORT
- FINANCIAL STATEMENT AND CERTIFICATES
- FORCE SYSTEM
- KEYS FOR MANAGEMENT
- BRIEF EXPLANATION BEFORE STARTING WITH THE EXERCISE: THE FUNDING SCHEMES AND THE ELIGIBLE COSTS
- EXPLANATION OF THE EXERCISE
GENERAL OVERVIEW
LEGAL BASIS

ECGA: European Commission Grant Agreement
http://cordis.europa.eu/fp7/calls-grant-agreement_en.html

Adopted by the European Commission in April 2007 to be used in research projects funded under the 7th Framework Programmes (EC and Euratom Treaties).

It’s applicable to indirect actions under the 'Cooperation', 'Capacities' and 'Nuclear Research' (fission) Specific Programmes of FP7 (EC and Euratom Treaties). It consists of a core text and several annexes. There is also a list of special clauses to be introduced in the grant agreement where necessary.

Separate model grant agreements have been adopted for the 'People' (Marie Curie) and for the 'Ideas' (European Research Council) Specific Programmes.

ANNEX II: GENERAL CONDITIONS
WHY DO WE HAVE TO REPORT?

• **Article II.4** sets the reporting obligations of the Consortium

• **Article II.5** sets the evaluation and payment terms of the Commission

The Commission may initiate a technical audit or review at any time during the implementation of the project to assess the work carried out under the project (**Article II.23**).
HOW MANY TIMES?

• **During the project**
  
  – Periodic report at the end of each reporting period defined in Article 4 (within 60 days)
  – Deliverables identified in Annex I

• **End of the project (within 60 days)**
  
  – Final report

• **After receiving final EC payment (within 30 days)**
  
  – Report on the distribution of EC financial contribution between beneficiaries
WHAT DO WE HAVE TO REPORT?

- **Periodic report includes:**
  - Description of progress of work, including a publishable summary report
  - Explanation of use of resources
  - Financial Statements + Summary

- **Final report includes**
  - Publishable summary report of results
  - Report covering wider societal implications and plan on use and dissemination of results
HOW DO WE SEND IT?

Transmission modalities

- Reports and other deliverables to be submitted to the Commission by electronic means
  - Each report shall be in the form of ONE single report in electronic format (e.g. PDF)
  - Using a web-based system (FORCE)
- Originals of signed financial statements, certificates and self declaration of the coordinator shall be sent to the Commission by post
LET´S SEE AN EXAMPLE

FP7 PROJECT STARTING ON 1ST JANUARY 2008 AND FINISHING ON 31ST DECEMBER 2011.

• WHY TO REPORT?

• WHEN AND WHAT?

• HOW DO WE SEND IT?
FP7 PROJECT STARTING ON 1ST JANUARY 2008 AND FINISHING ON 31ST DECEMBER 2011.

- **WHY TO REPORT?**
  It’s compulsory, following the ECGA we have signed.

- **WHEN AND WHAT?**
  Deliverables, Periodic Reports at the end of each reporting period; Final Report; Report on the EC Distribution of the Financial Contribution.

- **HOW DO WE SEND IT?**
  Through the FORCE and the originals by post.
CONTENT OF PERIODIC REPORT
Content of periodic report

1 KEY LINK AND 4 KEY DOCUMENTS:

FIND A DOCUMENT ON CORDIS

ANNEX I: DOCUMENT OF WORK

ANNEX II: GENERAL CONDITIONS

GUIDANCE NOTES ON PROJECT REPORTING

GUIDE TO FINANCIAL ISSUES
Content of periodic report

Template

- FRONT PAGE
- SELF DECLARATION
- TABLE OF CONTENT

1. Publishable summary
2. Project objectives for the period
3. Work progress and achievements during the period
4. Deliverables and milestones tables
5. Project management
6. Explanation of the use of the resources
7. Financial statements – Forms C and Summary financial report
8. Certificates
Content of periodic report

- FRONT PAGE -

Grant Agreement number:

Project acronym:

Project title:

Funding Scheme:

Date of the latest version of Annex I against which the assessment will be made:

Periodic report:

Period covered:

Project co-ordinator contact details:

Project website address:
Content of periodic report

- SELF DECLARATION -

• Report is an accurate description of the work carried out for this reporting period

• The project (tick as appropriate):
  o has fully achieved its objectives and technical goals for the period;
  o has achieved most of its objectives and technical goals for the period with relatively minor deviations;
  o as failed to achieve critical objectives and/or is not at all on schedule

• The public Website is up to date

• To my best knowledge, the financial statements are consistent with the report on the resources used for the project

Signature of Coordinator: ........................................
Content of periodic report

1. Publishable summary

- Summary description of the project objectives
- Description of the work performed since beginning of project and main results achieved so far
- Expected final results and their potential impact and use
- Project public website
  + diagrams or photographs illustrating and promoting the work, project logo, contact details, ...
Content of periodic report

2. Project objectives for the period

- Overview of the project objectives for the reporting period (as included in Annex I of GA)
- Summary of recommendations from previous reviews (if any) and resulting actions
3. Work progress and achievements

For each work package

- Summary of progress toward the objectives and details for each task
- Most significant results to be highlighted
- If applicable:
  - reasons for deviations from Annex I and impact on other tasks and planning
  - reasons for failing to achieve critical objectives
  - justification on deviations between actual and planned man-months
Content of periodic report

4. Deliverables and milestones tables

- List of all deliverables due by WP in the reporting period (as indicated in Annex I of the GA) in the format of report

<table>
<thead>
<tr>
<th>Del. no.</th>
<th>Deliverable name</th>
<th>WP no.</th>
<th>Lead participant</th>
<th>Nature</th>
<th>Dissemination level</th>
<th>Due delivery date from Annex I</th>
<th>Delivered Yes/No</th>
<th>Actual / Forecast delivery date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Table 1. Deliverables
Deliverables that are non-written reports, eg. "prototypes", "demonstrators" or "others", should also be accompanied by a short report.

<table>
<thead>
<tr>
<th>Name of deliverable such as &quot;prototypes&quot;, &quot;demonstrators&quot; or &quot;others&quot;</th>
<th>Report (1/4 page)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of deliverable such as &quot;prototypes&quot;, &quot;demonstrators&quot; or &quot;others&quot;</td>
<td>Report (1/4 page)</td>
</tr>
</tbody>
</table>
4. Deliverables and milestones tables

- List of all milestones as specified in Annex I of the GA

<table>
<thead>
<tr>
<th>Milestone no.</th>
<th>Milestone name</th>
<th>Due achievement date from Annex I</th>
<th>Achieved Yes/No</th>
<th>Actual / Forecast achievement date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
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</table>
Content of periodic report

5. Project management

- **Summary of management activities**
  - Consortium management tasks & achievements
  - Problems which have occurred and solutions
  - Changes in the consortium, if any
  - List of project meetings, dates and venues
  - Project planning and status
  - Impact of possible deviations from the planned milestones/deliverables
  - Any changes to the legal status of any of the beneficiaries
  - Development of the Project website
  - Use of foreground and dissemination activities

- Comments and information on **coordination activities**, eg. communication between beneficiaries, cooperation with other projects/programmes etc.
6. Explanation of the use of the resources

- Explanation of **personnel costs**, **subcontracting** and any **major costs** incurred by each beneficiary

<table>
<thead>
<tr>
<th>Table 3.1 Personnel, subcontracting and other major cost items for Beneficiary 1 for the period</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work Package</strong></td>
</tr>
<tr>
<td>Personnel costs</td>
</tr>
<tr>
<td>Subcontracting</td>
</tr>
<tr>
<td>Major cost item 'X'</td>
</tr>
<tr>
<td>Major cost item 'Y'</td>
</tr>
<tr>
<td>Remaining costs</td>
</tr>
<tr>
<td>TOTAL DIRECT COSTS AS CLAIMED ON FORM C</td>
</tr>
</tbody>
</table>
Content of periodic report

IMPORTANT!!!!
Explanation of the use of the resources:
check with the EC Financial Officer the breakdown needed for each cost.
7. Financial Statements – Forms C and Summary financial report

 Form C - Annex VI of GA

8. Certificates

 Form D - Annex VII of GA
We (Coordinators) have sent our report to the EC, and now...
Approval of report and time-limit for payments

• Commission has 105 days to evaluate the project report and deliverables and disburse corresponding payment:
  – No tacit approval of report
  – Automatic payment of interests on late payment on expiry of the time-limit (new)

• After reception Commission may:
  – Approve the report
  – Suspend the time-limit requesting revision/completion
  – Reject the report giving justification, possible termination of GA
  – Suspend the payment (e.g. irregularity committed/suspected)
Payment modalities

- **Pre-financing** (upon entry into force) for the whole duration

- **Interim payments** corresponding to the amount accepted for each reporting period (EC contribution = eligible cost justified & accepted * funding rate)
  - Gross pre-financing + interim payments < 90% of max EC contribution

- **Final payment** + reimbursement of contribution to the guarantee fund
FINANCIAL STATEMENT AND CERTIFICATES
Financial Statements

To be submitted:

- a Financial Statement for each beneficiary (and for each third party, if any)
  
  Form C - Annex VI of Grant Agreement

  Use correct Form C which varies with funding scheme

- a Summary Financial Report
Completing Form C

- Reporting period
- Cost of certificate
- Beneficiary's Stamp
- Date and signature
Eligible costs

✓ actual
✓ during duration of project
✓ in accordance with its usual accounting and management principles
✓ recorded in the accounts of beneficiary
✓ used for the sole purpose of achieving the objectives of the project

Non-eligible (identifiable indirect taxes including VAT...)

Financial Statements
Financial Statements

- Personnel costs -

- Only the costs of actual hours worked by the persons directly carrying out work under the project

  - reliable time recording system necessary for reconciliation of

    - total hours where personnel work on several projects during the same period AND
    - activity (RTD, Support, Coordination or Management) because of different reimbursement rates
Financial Statements

- Personnel costs -

• Average personnel costs accepted if:
  ⊂ consistent with the management principles and accounting practices and
  ⊂ they do not significantly differ from actual personnel costs = if identified according to a methodology approved by the Commission (new)

• Detailed information and example of a time-sheet template is available in the “Guide to Financial Issues relating to FP7 Indirect Actions”
Certificate on financial statements (CFS)

- Detailed description verified as factual by an external auditor
- Compulsory report format and procedures to be performed (Form D – Annex VII)
- Mandatory for a beneficiary when its accumulated requested funding exceeds 375,000€

2 exceptions:
- For project of 2 years or less, no intermediate CFS, only at the end
- If a certification on the methodology is provided no intermediate CFS, only at the end
Certificates

Example:

- Year 1 EC contribution = 185,000€
  Is it a Certificate needed?

- Year 2 EC contribution = 200,000€
  Is it a Certificate needed?

- Year 3 EC contribution = 250,000
  Is it a Certificate needed?
Example:

- Year 1 EC contribution= 185.000€
  No CFS because <375.000€

- Year 2 EC contribution= 200.000€
  CFS has to be submitted
  (since 185.000€+200.000€> 375.000€)

- Year 3 EC contribution= 250.000
  No CFS because <375.000€
Certificates

- Auditors will provide information according to a specific format specified via agreed terms of reference (ToR)

- ToR are annexed to the grant agreement (Annex VII- Forms D & E)

- ToR are derived from common practice in audits and corresponds to international audit standards
Certificates

Who can provide these certificates:

- Qualified auditors under the 8th Directive
- Independent
- Public bodies, secondary and higher education establishments and research organisations may opt for a competent public officer
FORCE SYSTEM
FORCE is a web based tool to edit and submit Forms C, both for FP-6 and FP-7

2 possibilities to access to FORCE:
   Old way: via SESAM, being phased out by end 2009
   New way: via the European Commission Authentication Service (ECAS)
     Recommended to use as from now ECAS

FP-7: only 1 way to submit Forms C
   Web based application FORCE
Key services offered by FORCE

**Preparation** of FP-6 FORMS C and FP-7 FORMS C with updated and correct contract/grant information of each beneficiary participating in the project/grant

**Printing** of Forms C

For the beneficiaries: electronic **submission** of FORMS C to the coordinator

For the coordinator: electronic **submission** of FORMS C to the Commission (signed paper version to be sent afterwards)

**Correction** of Forms C after refusal by the coordinator or the Commission
- To get access as a beneficiary or coordinator to FORCE via ECAS
  - Register as a new user in ECAS
  - Login in FORCE via ECAS

- To obtain access to a specific project via FORCE
  - As a coordinator
  - As a beneficiary

- The coordinator can manage access right for the beneficiaries

- To accede to the Forms C of a specific project:
  - Login
  - Select project
  - Select Forms C of a selected project
  - Fill in/save/print/submit
What is the role of the coordinator?

- Manages access rights of beneficiaries (if authorisation given by project officer)
- Can fill in Forms C of beneficiaries (if authorisation given by project officer)
- Individual beneficiaries submit Forms C to coordinator
- Checks/verifies submissions done by beneficiaries
- Can reject Forms C
- Submits all Forms C to the Commission
KEYS FOR MANAGEMENT
Some keys for a good management of a FP7 Project:

- Working with the key documents before mentioned

- Ask precise information to beneficiaries (confirm previously with the EC)

- Fluent communication between the Coordinator and the Beneficiaries.

- Fluent communication between the Coordinator and the Project/Legal/Financial Officers (EC).

- Look for alternative solutions if one beneficiary is blocking the current justification.

- Exchange experiences with other Project Coordinators/Managers

- Work through the website
BRIEF EXPLANATION BEFORE STARTING WITH THE EXERCISE:

FUNDING SCHEMES
ELIGIBLE COSTS
Funding Schemes

A. To support actions which are primarily implemented on the basis of calls for proposals:

1. Collaborative projects
2. Networks of Excellence
3. Coordination and support actions
4. Support for “frontier” research
5. Support for training and career development of researchers
6. Research for the benefit of specific groups (in particular SMEs)

B. To support actions implemented on the basis of decisions by the Council and the European Parliament (or by the Council in consultation with the European Parliament) based on a proposal from the Commission, the Community will provide financial support to multi-financed large-scale initiatives:

1. A financial contribution from the Community to the joint implementation of well identified national research programmes, on the basis of Article 169 of the Treaty.
2. A financial contribution from the Community to the implementation of Joint Technology Initiatives to realize objectives that cannot be achieved through the funding schemes identified in part (a) above.
3. A financial contribution from the Community to the development of new infrastructures of European interest. This contribution may be decided on the basis of Article 171 of the Treaty or through the Specific Programme Decisions.
Funding Schemes

• **Collaborative projects**
  Support for research projects carried out by consortia with participants from different countries, aiming at developing new knowledge, new technology, products, demonstration activities or common resources for research. The size, scope and internal organization of projects can vary from field to field and from topic to topic. Projects can range from small or medium-scale focused research actions to large-scale integrating projects for achieving a defined objective. Projects will also be targeted to special groups such as SMEs and other smaller actors.

• **Networks of Excellence**
  Support for a Joint Programme of Activities implemented by a number of research organizations integrating their activities in a given field, carried out by research teams in the framework of longer term cooperation. The implementation of this Joint Programme of Activities will require a formal commitment from the organizations integrating part of their resources and their activities.

• **Coordination and support actions**
  Support for activities aimed at coordinating or supporting research activities and policies (networking, exchanges, trans-national access to research infrastructures, studies, conferences, etc.). These actions may also be implemented by means other than calls for proposals.

• **Support for “frontier” research**
  Support for projects carried out by individual national or transnational research teams. This scheme will be used to support investigator-driven ‘frontier’ research projects funded in the framework of the European Research Council.

• **Support for training and career development of researchers**
  Support for training and career development of researchers, mainly to be used for the implementation of the Marie Curie actions.

• **Research for the benefit of specific groups (in particular SMEs)**
  Support for research projects where the bulk of the research and technological development is carried out by universities, research centers or other legal entities, for the benefit of specific groups, in particular SMEs or associations of SMEs. Efforts will be undertaken to mobilize additional financing from the EIB and other financial organizations.
Eligible Costs

Direct Costs
Direct costs are all those eligible costs which can be attributed directly to the project and are identified by the beneficiary as such, in accordance with its accounting principles and its usual internal rules.

Indirect Costs
Indirect costs are 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.
Indirect costs, also called **overheads**, are all the structural and support costs of an administrative, technical and logistical nature which are cross-cutting for the operation of the beneficiary body’s various activities and cannot therefore be attributed in full to the project. The nature of an indirect cost is such that it **is not possible**, or at least not feasible, to **measure** directly how much of the cost is attributable to a single cost objective.

Indirect costs must be in accordance with normal **accounting practices** of the beneficiary and should be extracted from or reconciled with the official accounts. When the accounting system of the beneficiary includes overhead costs which are not eligible under the ECGA, these costs must be removed when submitting financial reports.

*Examples:* hiring or depreciation of buildings and plant, water/gas/electricity, maintenance, insurance, supplies and petty office equipment, communication and connection costs, postage, etc.
Methods of calculation of Indirect Costs:

1. **Actual indirect costs.** Beneficiaries who have an analytical accounting system that can identify and group their indirect costs (pool of costs) in accordance with the eligibility criteria (e.g. exclude non-eligible costs) must report their real indirect costs or choose the 20% flat rate option. The beneficiaries must declare their actual costs (with the possibility for a beneficiary to use average personnel costs if this is approved by the Commission).

2. **Flat rate of 20%.** This flat rate is open to any beneficiary whatever the accounting system it uses. Accordingly, when this option is chosen, there is no need for certification of the indirect costs, only of the direct ones. Beneficiaries may opt to declare their actual direct costs plus a flat rate for indirect costs of 20% of the direct costs (minus subcontracting and third party costs not incurred on the premises of the beneficiary).
Methods of calculation of Indirect Costs:

3. **Flat rate of 60%**. This flat rate is called a "transitional flat rate" because it will apply to grants awarded under calls for proposals closing before 1st January 2010. The objective is to help the organizations during the transition from a flat rate calculation of their overheads (organizations using the AC cost basis in previous Framework Programmes) to an actual cost calculation.

The use of this flat rate is subject to three cumulative conditions: Status of the organisation (non-profit public bodies; secondary and higher education establishments; research organisations; SMEs); the organisations which are unable to identify with certainty their real indirect costs for the project; the funding schemes must include RTD and demonstration activities (NoE; CP).

Also, a **specific flat rate** is foreseen for certain types of organisations/activities in order to assure the transition between the old AC model to a real indirect cost method.
Indirect Costs

Special case of Coordination and Support Actions (CSA)

The reimbursement of indirect eligible Costs may reach a maximum of 7% of the direct eligible costs, excluding subcontracting and the costs of third parties not used on the premises of the beneficiary.

For this funding scheme, the Community financial contribution may reach a maximum of 100% of the total eligible costs but the reimbursement of indirect costs cannot exceed a maximum of 7% of the direct eligible costs.

This 7% is not a flat rate; it is a maximum reimbursement rate. Beneficiaries which identify actual indirect costs will still have to declare their actual indirect costs, and their auditor will have to certify them in the Certificate of Financial Statements in the cases foreseen in the ECGA.

However, they will be reimbursed a maximum of 7%. Those using the flat rate of 60% in projects with RTD activities cannot use it here, because there are not RTD activities funded under a CSA. They will have to use the 20% flat rate. Equally, they will also be reimbursed a maximum of 7%, but indirect costs will not need certification due to the use of the flat rate.
Examples of cost calculations in CSAs

• Method for determining indirect costs: **Actual costs**
  
  Direct costs: 100 (no subcontracting)  
  Indirect costs: 83 (determined according to the usual accounting principles of the entity)  
  Total costs of the CSA: 183  
  EC contribution: 107

• Method for determining indirect costs: **20% flat rate**
  
  Direct costs: 100 (no subcontracting)  
  Indirect costs: 20 (flat rate of 20% applied)  
  Total costs of the CSA: 120  
  EC contribution: 107

• Method for determining indirect costs: **60% flat rate**
  
  Direct costs: 100 (no subcontracting)  
  Indirect costs: 20 (flat rate of 20% applied)  
  Total costs of the CSA: 120  
  EC contribution: 107

The maximum EC contribution to CSAs in all cases is direct costs plus 7% of direct costs minus subcontracting. The choice of ICM has no influence on the EC contribution in CSAs. It is only relevant for determining the costs of CSAs.
EXPLANATION OF THE EXERCISE
THANKS!

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