

Universities in the Knowledge Economy



Universities in the
Knowledge Economy

FINANCIAL HANDBOOK

Version 20 May 2013



EU Marie Curie
Initial Training Network (ITN)
7th Framework programme



Table of Contents

1. Budget overview	2
1.1 Total Grant budget	2
1.2 Number of fellows	2
1.3 Budget for 'Contribution to training expenses/research/transfer of knowledge'	2
2. Allocation between partners of the EU payment instalments	4
3. Documentation for living and mobility allowances	5
4. The flat rate budget categories explained	5
4.1 Tuition fees	5
4.2 Evaluation.....	6
4.3 Event Admin	6
4.4 Scientific management	6
4.5 Travel	7
4.6 Accommodation and subsistence	7
4.7 Lecturers teaching at summer/winter schools and workshops	7
4.8 Research costs.....	7
4.9 Fieldwork/Conference pool	8
5. Events – an overview of the budget	8
6. Management.....	8
6.1 Possible adjustments to the management amount	9
6.2 Certificates on the Financial Statements (CFS) for Periods 1 and 2	9
6.3 Financial audits and controls – documentation must be kept for 5 years	10
7. Overhead.....	10
8. Timesheets.....	10
9. Financial controlling of actual "flat rate" expenditure.....	10
10. Useful documents.....	11
10.1 Guidelines.....	11
10.2 Annexes.....	12
10.3 Other documents.....	12

1. Budget overview

1.1 Total Grant budget

According to the Grant Preparation Form, the grant is divided between the partners as follows:

Total EU Grant according to the Grant Preparation Form (GPF)

	Living allowance	Mobility allowance	Contribution to training expenses	Management	Overheads (10%)	Total
AU	615.519,00	150.460,20	237.600,00	375.571,00	137.915,03	1.517.065,23
UB	463.680,00	109.670,40	172.800,00	14.900,00	76.105,04	837.155,44
RU	306.432,00	82.252,80	129.600,00	10.400,00	52.868,48	581.553,28
UL	204.288,00	54.835,20	129.600,00	7.700,00	39.642,32	436.065,52
UPORTO	193.800,00	52.020,00	129.600,00	7.500,00	38.292,00	421.212,00
ENS DE LYON	245.551,50	55.263,60	100.800,00	8.000,00	40.961,51	450.576,61
Total Grant All Partners	2.029.270,50	504.502,20	900.000,00	424.071,00	385.784,38	4.243.628,08

The annual living allowance is set at EUR 38,000 per PhD, at EUR 58,500 per Postdoc. These amounts are adjusted by the country correction coefficients. For this project, the coefficients are DK: 134,1 – UK: 134.4 – SI: 89.6 – PL: 85.0 – FR: 116.1.

The mobility allowance is based on a monthly rate of EUR 700 for fellows without dependents and EUR 1,000 for fellows with family at the time of employment. The budget assumes an even distribution between the two. The mobility allowance is also adjusted by the country correction coefficient.

1.2 Number of fellows

The budget assumes a total of 15 fellows in the project divided between the 6 partners.

	PhDs	Post-docs
AU	3	1
UB	2	1
RU	2	0
UL	2	0
UPORTO	2	0
ENS DE LYON	1	1
Total	12	3

The project has a total of 500 fellow months; each PhD has 36 months, and each Postdoc 24 months, except in France where the Postdoc has 20 months.

1.3 Budget for 'Contribution to training expenses/research/transfer of knowledge'

The budget for 'Contribution to training expenses/research/transfer of knowledge' is based on a flat rate of EUR 1,800 for every fellow month which is completed. The amount is NOT

adjusted by the country correction coefficient. In the UNIKE project, the grant is given for 500 months, a total of EUR 900,000.

As the contribution for training expenses is fully dependent on how many fellow months are 'completed', the EU pays no grant for any period when a fellow is sick (more than a few days), on parental leave or not engaged in his/her research for some other reason. To prepare for such a contingency, the budget includes a buffer of approximately 12 months flat rate.

As of 20 May 2013, the "flat rate" budget is broken down this way:

Contribution to Training Expenses by cost category
EUR 1.800 flat rate per fellow month x 500 month = 900.000 EUR

	FIXED				SAVINGS MAY BE POSSIBLE					EUR Total
	Tuition Fees	Evaluation	Event Admin	Scientific Mngmt of Sum/Win.schools and workshops	Partners Travel	Guests Travel	Accom. & Subsist.	Lecturers' teaching at sum/win.schools and workshops	Research costs	
AU	60.403	35.093	3.000	12.253	22.300	12.500	55.429	9.936	27.364	238.278
UB	51.030		720	4.595	22.650	5.000	8.950	4.968	19.901	117.814
RU	50.219		720	4.595	14.500	5.000	15.875	4.968	14.926	110.803
UL	20.478		720	4.595	15.200	5.000	22.075	8.280	14.926	91.274
UPORTO	16.500		720	4.595	15.550	5.000	6.500	8.280	14.926	72.071
ENS DE LYON	1.200		720	4.595	19.100	5.000	23.500	6.624	12.438	73.177
NZ - Auckland			5.000	7.658	-	25.000	69.300	16.560		123.518
Fieldwork/Conf. pool									50.000	50.000
Buffer										23.065
Total	199.830	35.093	11.600	42.886	109.300	62.500	201.629	59.616	154.481	900.000

The green columns (3rd to 8th) relate to the planned events; the blue ones (1st and 9th) relate to the fellows individual work.

The first 4 columns (marked at the top in light grey) show the budget elements that are considered to be fixed cost in the project. The following 5 columns (in darker grey) show budget elements where it may be possible to make savings. So for these categories, there may still be changes to the amounts and to the distribution between partners.

Because of the use of a flat rate, the only requirements for the EU approving the costs are that the activities have been completed according to the work packages in the grant agreement, and that the book keeping and documentation is done according to local rules. So no formal audit of this is required.

In the financial reporting to the EU, all partners must report the original amounts listed in the grant preparation form.

The different cost types are explained below in section 4 'The flat rate budget categories explained'.

2. Allocation between partners of the EU payment instalments

This section assumes an allocation between partners of the EU payments based on the budget version dated 14 March 2013.

The total grant is EUR 4,243,628. Of this, there is a guarantee fund contribution (5%) of EUR 212,181 as well as payment retention (10%) of EUR 424,362. The guarantee fund is established to cover losses in case of a beneficiary's bankruptcy where the obligations of the Grant Agreement cannot be fulfilled. With the payment retention, the EU wishes to secure that they do not end up paying out more than the approved costs after the final reporting.

Both amounts will be paid out when the whole project reporting has been approved.

The first payment from the EU, prefinancing, is EUR 2,546,176 when the guarantee fund contribution has been deducted. The payment is expected in mid-March 2013. The second payment after approval of Period 1-costs is EUR 1,060,907. This payment is expected around May 2015 (month 28).

The prefinancing will be allocated to the partners based on the expected cost of living/mobility allowance, tuition fees and research costs as well as the course costs up until month 28 (May 2015). The 'costs until month 28' calculation is based on a timeline model for the distribution of costs. The timeline distribution model assumes that all fellows are in place from month 8 (September 2013) – except for the Postdoc in Lyon who is scheduled to start in month 27, that course costs are paid 3 months before the event, and that research costs lie in the middle of each employment year (the first time in month 13). The allocation will include 10% overhead.

DISTRIBUTED BUDGET COST

INCLUDING OVERHEAD

Living/mobility + Tuition fees +

Research

	Until M28
Payments to AU	616.803,80
Payments to UB	480.986,63
Payments to RU	297.178,91
Payments to UL	192.233,19
Payments to UPORTO	180.779,77
Payments to ENS DE LYON	128.698,82
Courses	375.303,31
Total distributed costs	2.271.984,44

The budgeted cost of management (administrative), scientific management, the fieldwork pool and evaluation are not included in the timeline distribution model. After deducting the distributed cost including 10% overhead to the partners, EUR 274,192 remains of the prefinancing payment. This will be allocated to the coordinator as a contribution towards the cost of management and the other non-distributed costs to be paid by Aarhus Universitet.

The allocation of the second payment will take into account the first payment. So the first and second allocations are seen as a whole. And this whole will be divided according to the partners' share of the total grant, as specified in the Grant Preparation Form. Again, the allocation will include 10% overhead.

3. Documentation for living and mobility allowances

The living and mobility allowance MUST be paid out to the individual fellow with no deductions, except general income tax and social security charges. As a general principle this should happen month by month. Though, the EU will make allowances for looking at the three years as a whole.

As an example, in Denmark the EU living and mobility allowance is more than will be paid according to a standard employment contract in the first year. But in the last year, there is a special vacation payment to be paid out, so here the EU contribution is not enough. Therefore, the fellows are paid less in the first year than in the last year. However, should the standard employment contract give a much lower pay level than the EU level, a special supplement to the standard wages will be paid out.

The EU requires documentation in the form of employment contracts, monthly payslips, proof of eligibility and family status as well as proof of the fellows actually working on the project.

When it comes to claiming the costs from the EU in the Period 1 reporting in case of underpayment, the lower amounts must be declared so the level of underpayment is identified, and the necessary correction of this is done in a later period. Underpayment is not allowed for the project as a whole, and overpayment will not be covered.

Though timesheets are not compulsory for the fellows, the financial audit requires evidence that the fellow worked full time on the project. This can be provided through dated notebooks with research activities, library records, publications, conference abstracts, participation in training events etc.

The easiest way to document the full time requirement is by using timesheets for the fellows, so this is what we will do.

4. The flat rate budget categories explained

4.1 Tuition fees

Tuition fees are eligible costs in UNIKE. Here is a FAQ reply about this:

http://ec.europa.eu/research/fp7/index_en.cfm?lg=en&pg=faq&sub=details&idfaq=41199

REA (Research Executive Agency) has written a note on tuition fees:

http://www.ukro.ac.uk/mariecurie/schemes_orgs/Documents/110217_tuition_fee_note.pdf

The AU Post Award Unit interprets this note to mean that it is necessary for the partners to get their local auditors' approval of the breakdown of the tuition fee in a form like:

Assessments:	4,000
Courses:	6,000
Conferences:	1,500
<u>Travel and fieldwork:</u>	<u>8,000</u>
Total for 3 year PhD:	11,500

So a precise breakdown is not necessary, just a plausible one.

For the UK we have assumed that half of the PhDs come from overseas, and the rest from the EU. If all UK-PhDs come from overseas, the tuition fee will increase by approx. EUR 50,600.

All other partners have the same tuition fee for EU and overseas PhDs.

The tuition fees are considered to be fixed costs.

4.2 Evaluation

The budget covers the annual scientific evaluation of the project. The assumption is 1 month's work annually with an overseas trip every year. The "salary" is calculated based on a 37 hour working week using the rate for a so-called "ekstern lektor" in Denmark.

The evaluation of the project is considered to be a fixed cost.

4.3 Event Admin

The amount is a contribution towards the cost of the practical arrangements for the events.

Event admin is considered to be a fixed cost.

4.4 Scientific management

This amount is allocated to the partners based on who is the event organiser for the different workshops and winter/summer schools. The budget is a contribution towards their time.

The budget assumes:

- 3 weeks per workshop/summer/winter school for events 2, 3, 4, 5, 7 & 8 (12 weeks in total) and
- 5 weeks each for the NZ summer school and the final conference (8 weeks in total for events 6 & 9).

The hourly rate is the same as for the lecturers, see below.

Scientific management is considered to be a fixed cost.

4.5 Travel

Intra-European travel is budgeted at EUR 350 and overseas travel at EUR 2,500. This is on the high side with the present prices. But the amounts are set to cover future rises in taxes and energy charges. Hopefully, the project will spend less on travel than budgeted. If there are savings on travel, it will be possible to spend more on the content in the training events or other activities.

The expected travel costs are allocated to the partners according to the number of expected travels for each partner. In other words, the money follows the traveller.

Each partner receives:

- the funds for their own travel (partners travel) to all events as well as
- the funds for guest lecturers and other non-partner participants (guests travel) attending the partner's own events.

4.6 Accommodation and subsistence

The budget is based on local costs. And the budget is placed with the event organiser so that accommodation and subsistence is arranged locally. In other words, the money follows the local event organiser.

4.7 Lecturers teaching at summer/winter schools and workshops

The local rules (so-called 'ekstern lektor') and wage level in Denmark has been used as the basis for the budget. For every teaching (contact) hour, another 4 hours preparation time is included (i.e. 5 hours in total).

Local rules are very different in the partner countries. So this budget will be revised according to the local rules and as the event programmes are planned.

4.8 Research costs

The research cost relates directly to each fellow's work. The budget assumes the same amount per year to all fellows, as the partner universities are fairly similar facilities in terms of facilities (office, library, pc etc.) as well as PhD supervision/courses for their fellows.

If the partner university uses per diems in relation to travelling, these can be taken from the research costs.

When the fellows have made their individual scientific and training plans, the research cost budget will be revised.

4.9 Fieldwork/Conference pool

This is set aside to be able to "equalise" the fellows' participation in secondments and conferences. The pay level varies depending on country coefficients irrespective of where the fellow may be travelling and therefore working, and some secondments are particularly expensive.

5. Events - an overview of the budget

The table below shows an overview of the events budget; for more detail, please see the UNIKE - ITN Budget spread sheet. The orange colour shows the funds for the event organiser, the green how much is available in total to the other partners' for travelling to the event.

Summary details of Events - as of 20 May 2013

Event no.	1	2	3	4	5	6	7	8	9
Event organiser	AU	AU	UB	UL	RU	AU/NZ	UPORTO	ENS D L	AU
No. of days (scientific + review/ann.meeting)	0+2	3+2	3+0	5+0	3+2	14+0	5+0	4+1	3+1
No. of people (of which are guests)	16 (0)	22(0)	25(2)	25(2)	27(2)	33(10)	25(2)	25(2)	40(5)
Partner Travel (EUR)	4.200	5.950	5.250	7.000	5.950	57.500	7.000	6.650	9.800
Guests Travel (EUR)	-	-	5.000	5.000	5.000	25.000	5.000	5.000	12.500
Event admin (EUR)	-	-	720	720	720	5.000	720	720	3.000
Cost unit for Acc. & Subst.	EUR 176 per day	EUR 176 per day	EUR 358 all 3 days	EUR 883 all 5 days	EUR 127 per day	EUR 150 per day	EUR 52 per day	EUR 188 per day	EUR 183 per day + 3000 conf. cat.
Total Acc.&Subst. (EUR)	5.632	19.360	8.950	22.075	15.875	69.300	6.500	23.500	30.437
No. of teaching days	-	3	3	5	3	10	5	4	3
No. of teaching contact hours	-	24	24	40	24	80	40	32	24
Teaching cost (EUR)	-	4.968	4.968	8.280	4.968	16.560	8.280	6.624	4.968
Total amount for organiser (EUR)	5.632	24.328	19.638	36.075	26.563	115.860	20.500	35.844	50.905
Total amount for other partners (travel) (EUR)	4.200	5.950	5.250	7.000	5.950	57.500	7.000	6.650	9.800
Total cost of event (EUR)	9.832	30.278	24.888	43.075	32.513	173.360	27.500	42.494	60.705

6. Guest PhDs at events

Guest PhDs at events cannot be charged a fee, but they are expected to cover the cost of participation (refreshments, lunches, dinners (optional), any printed materials, accommodation (optional and if available)). They must also cover their own travel expenses.

It is important that any payments from the guest PhDs are registered clearly as such in the project accounts in order to keep track of net expenditure relating to the flat rate budget.

7. Management

The management amount will cover the audit certificates and administrative hours. The hours must be documented with timesheets and pay slips. No scientific management costs may be charged to the (general) management cost category.

In case the coordinator travels as part of management (e.g. to Brussels for general ITN-meetings), tickets, boarding cards etc. must be kept as documentation.

7.1 Possible adjustments to the management amount

The partners can use the amounts given in the Grant Preparation Form. It must, however, be kept in mind that the EU will pay management at a maximum of 10% of their contribution as a whole. So if fellow months are "lost", the management amount will be lower too.

The calculation of mobility allowance assumes an even distribution between fellows with and without family. As the flat rate calculation is adjusted to reflect the actual family status of the fellows, the total amount for management will also change, to reflect the overall changes to the project budget. The changes will only affect the coordinator's budget, not the other partners, i.e. changes in total management for the whole project will be adjusted in the amount allocated to the coordinator.

7.2 Certificates on the Financial Statements (CFS) for Periods 1 and 2

The EU regulations state: A Certificate on the Financial Statements (CFS) shall be submitted by a beneficiary in the following circumstances:

- Period 1: when the total amount of the EU financial contribution claimed by the beneficiary in period 1 is \geq EUR 375.000
- Period 2: when the total amount of the EU financial contribution claimed by the beneficiary in period 2 is \geq EUR 375.000

OR

- when the total amount of the EU financial contribution claimed by the beneficiary in period 2 PLUS the total amount of accepted costs for the beneficiary in Period 1 added together are \geq EUR 375.000 and no CFS was submitted in Period 1.

This means that AU and UB have must submit CFSs in both Period 1 and Period 2.

All others, i.e. RU, UL, UPORTO and ENS DE LYON only have to submit a CFS at the end of Period 2.

7.3 Financial audits and controls – documentation must be kept for 5 years

Please note: The EU can come back and request extra audits and controls up to 5 years after the end of the project. This means that all partners must keep all documentation on file at least until 30 January 2022.

8. Overhead

Overhead is calculated at 10% of direct cost and management. Even though the partners have decided on another distribution between them of the 'contribution to training expenses' than anticipated in the grant preparation form, this will not affect the overheads for each partner. In the financial reporting, the partners must use the original figures, i.e. the number of fellow months multiplied by the flat rate. So actual spending relating to 'contribution to training' does not affect the overhead amounts.

The calculation of mobility allowance assumes an even distribution between fellows with and without family. As the mobility allowance calculation is adjusted to reflect the actual family status of the fellows, the partners' overheads will change accordingly.

9. Timesheets

Timesheets are only required for claiming management hours. However, the simplest way to document that the UNIKE fellows are actually working, is to get the PhDs and Postdocs to fill in timesheets too.

As a general rule, the appointed researcher must devote him/herself full-time and continuously to the project in order to claim the contribution to the benefit of the researchers.

Timesheet must be signed both by the fellow and the supervisor.

10. Financial controlling of actual "flat rate" expenditure

The 'contribution to training expenses' flat rate covers our communal costs, based on a budget that can be seen as connected vessels. Savings in one part of the "system" can be used for other events and activities.

In order to secure the best possible use of the 'contribution to training expenses', the coordinator will collect regular actual spending information from the partners. And for this purpose it is recommended that the partners keep track of expenditure in their accounting systems using the same categories as in the budget for the 'contribution to training expenses'.

If a fellow leaves the programme or for some reason is unable to pursue their studies/research work for a period of time (e.g. due to maternity or sickness leave), the EU

will not cover the 'contribution to training expenses' flat rate for the relevant months. This means that the whole project is affected if it happens. Therefore, all partners must report "loss" of months immediately because it has implications for the budget available for the training events. We have kept aside a buffer of approximately 12 months flat rate in our planned activity budget.

Tuition fees, evaluation, event admin and scientific management are considered to be fixed costs in our budget, so no reporting on actual expenditure is required.

In summary, all partners must report to the coordinator about the following costs:

- The expenditure on partner travel, guest travel, accommodation & subsistence and lecturers must be reported no later than 2 weeks after an event.
- For research costs, the expenditure must be reported every six months at the end of November and May, the first time at the end of November 2013.

A general comment: The EU does not cover identifiable indirect taxes including VAT.

11. Useful documents

Explanations about the different financial concepts are found in some of the Grant Agreement annexes as well as in specific Marie Curie guideline documents.

The EU is in the process of moving programmes from Cordis to the Participant Portal which will make many of the links below obsolete.

11.1 Guidelines

On the Marie Curie Actions, there is a collection of presentations used at the regular coordinators briefings in Brussels. They are all very good, and concerning finances, the documents 'Finances and Budget' and 'Reporting' are recommended.

[Coordinators briefings September 2012](#)  (7 MB)

There are also some more "official" guidelines of a more technical nature.

Link to Marie Curie financial guidelines:

http://ec.europa.eu/research/mariecurieactions/funded-projects/how-to-manage/funded-projects/how-to-manage/general_documents/mca_financial_guidelines_2011_onwards.pdf

FAQ Marie Curie financial guidelines:

http://ec.europa.eu/research/mariecurieactions/funded-projects/how-to-manage/funded-projects/how-to-manage/general_documents/frequently_asked_questions_to_the_marie_curie_actions_financial_guidelines.pdf

11.2 Annexes

There is a general page with all the FP7 grant agreement annexes:

http://cordis.europa.eu/fp7/calls-grant-agreement_en.html

The Marie Curie annexes are in the PEOPLE's section under REA.

There are various annexes with specific details about the financial issues, links below.

Annex II: ftp://ftp.cordis.europa.eu/pub/fp7/docs/rea-annex2-mc-multi-v4_en.pdf

(particularly Part B)

Annex III: ftp://ftp.cordis.europa.eu/pub/fp7/docs/rea-annex3-mc-itn-multi-v5_en.pdf

(particularly Part B)

Annex VII, form D: ftp://ftp.cordis.europa.eu/pub/fp7/docs/rea-annex7-mcform-d-v3_en.pdf

Annex VII, form E: ftp://ftp.cordis.europa.eu/pub/fp7/docs/rea-annex7-mcform-e_en.pdf

11.3 Other documents

There is also an annex VI, form C. But the version on Cordis is based on the old cost categories A, B, C etc.

The new cost categories are 1: living allowance, 2: mobility allowance, 3: contribution to research, 4: management and 5: overhead.

Annex VI form C with the old cost categories: ftp://ftp.cordis.europa.eu/pub/fp7/docs/rea-annex6-mcform-c-multi-v3_en.pdf