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FAQ - Personnel Costs

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Q1:

We have part-time employees working only for the FCH project, do they need to prepare a timesheet?

- NOT necessarily, they can sign a “declaration on exclusive work for the action”;
- (!) EU may verify if there are any contradictions with the declaration of exclusive work for the action.

Q2:

Our company does not prepare timesheets, but our costing system enables to trace standard working time per product. Is it ok?

- NO, we strongly recommend to prepare timesheets (with minimum criteria) for time spent on the FCH project.

Q3:

Do my production people need to know that their salaries are financed under an EU grant?

- YES, as they should fill in timesheets (themselves) for the hours worked on the EU project & the timesheet mentions name of project and donor;
- They may be interviewed for their part in the project and their involvement in connection with the project.

Q4:

Our company has introduced an electronic time-recording system. The input for all hours for all people working on the FCH project is done by one designated person who knows the system. Is it ok?

- Yes, provided that the employee whose hours are recorded signs the timesheets electronically, and the min. requirements for a proper timesheet are fulfilled;
- Recommended: to include a brief description of the activities carried out in the timesheet.

Q5:

Can I charge company car, phone or other « benefits in kind » for a person working on the FCH project?

- YES, if costs can be measured and attributed directly to the project;
- YES, if they are in conformity with beneficiary's usual remuneration practices and part of the payroll;
- Otherwise it should be covered by 25% indirect cost rate.

Q6:

I want to pay a (performance) bonus to all the employees for their involvement in the FCH project. Is it allowed?

- YES, but it shall NOT be solely for participation in specific project;
- i.e. project-specific bonuses are NOT allowed.

Q7:

A new person joined the company, for whom we don't have salary data for 12 months from a previous closed financial year. Can we charge his costs and at what rate?

- YES;
- The hourly rate should be based on his/her personnel costs incurred during the reporting period;
- Based on your usual cost accounting practices for determining the hourly rates of your personnel.

Q8:

Can we switch from calculating personnel costs based on actual costs to averages?

- YES, but only if it represents a change of accounting practice for all projects, regardless on source of funding (EU projects, national projects, commercial projects);
- One of the 3 options for calculating the annual productive hours should be chosen as per H2020 rules;
- FCH2 JU should be informed about the change - amendment might be needed.

Q9:

What is an accepted amount of **STANDARD annual productive hours**?

- Fixed **1720 hours** - recommended, no other supporting documents are necessary;

OR

- **Standard** = at least **90% of the “standard annual workable hours”**
- (“standard annual workable hours” = max. number of productive hours if no absences (public holidays, vacation days, sick days) were recorded);
- Based on your usual cost accounting practices for determining the hourly rates of your personnel regardless of the source of funding;
- NOT 90% of the “standard annual workable hours”, but real hours;
- NOT billable hours (only time that is charged to commercial/ other projects).

Q9 - continued: What an accepted amount of standard annual productive hours (SAPH)? - **Example:**

SAPH calculation for y. 2016	Hours
Hours per week according to employment contract/ collective labour agreement (7,5 hours/day)	37,5
Standard annual WORKABLE hours (52 weeks * 37,5 hours)	1 950
Less: public holidays (10 days * 7,5 hours)	- 75
Less: annual holidays (25 days * 7,5 hours)	- 187,5
Less: average sickness days (7 days * 7,5 hours)	- 52,5
Standard annual PRODUCTIVE hours (1950 - 75 - 187,5 - 52,5)	1 635
Standard annual PRODUCTIVE hours - CAPPED (1950 * 90%)	1 755

Based on country/year

Based on verifiable statistics

100%

employment contract/ collective labour agreement

84%

90%

Conclusion: In this example, it is more favourable to use **1720 hours**

Q10:

My employees work less than 1720 hours a year, can I charge their individual hours?

- YES, if it is a standard practice also for other projects;
- YES, but the global timesheets need to provide full reconciliation of all hours spent on different project &, other activities;
- The global timesheets should also show individual absence days (holidays, sick leave) that can be reconciled to central register.

Q11:

I employ temporary workers via work agency. Can I charge them under personnel costs?

- **NO;**
- Only contracts signed with individual persons can be considered under personnel costs category;
- However, such costs may be eligible as “purchase of a service” (Article 10) or as a “subcontracting cost” (Article 13).

Q12:

I employ consultants who work as other « normal » employees in the company. Can I charge their cost as personnel?

- **YES**, providing that there is a direct contract based on hours between the individual and the beneficiary;
- The contract cannot be with a third party legal entity (company);
- **YES**, but the hourly rates should not be excessive (!);
- Same principles for calculating hourly rates/ time-recording as for “normal” employees should be in place.

Q13:

Can I contract an individual person for an agreed amount per month to work on the FCH project?

- **YES**, but if the contract fixes only a global amount and does not specify the time to be worked, the costs can **NOT** declared as personnel costs;
- However, such costs may be eligible as “purchase of a service” (Article 10) or as a “subcontracting cost” (Article 13).

Q14:

Is it practicable to define the PhD as member of the research team thus eligible in the staff cost category?

- **YES** - there should be a contract with the PhD student stating his remuneration or waiving his PhD fee, (or dormitory fee);
- PhD fees (even waived PhD fees) are considered to be eligible costs (same as under FP7).