



Full Project Title: Bridging the gap between science and stakeholders: Phase 1 – Common Ground

Acronym: GAP1

EC Ref: 217639

Coordination and Support Action (Support Action)

Duration 18 months

Start Date 1st April 2008

End Date 30th September 2009

Reporting Periods:

1 -18

Total Estimated Cost: €795,383.62

EC Requested Contribution €648,390.04

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FP7 General Financial & Administrative Guidelines – a short summary

Main Changes from FP6 to FP7:

Out

Funding instruments – STREPS, NoEs, CAs, SSAs etc

Cost models – FC, FCF, AC

In

Funding schemes – Collaborative Projects, NoEs, CSAs (Coordination & Support Action)

Method of calculation of indirect costs – real; simplified 60%; flat rate 20%

Guarantee Fund

1. COST AND REIMBURSEMENT

a) **Coordination and Support:**

Support actions: aimed at contributing to the implementation of the Framework Programmes and the preparation of future Community research and technological development policy or the development of synergies with other policies, or to stimulate, encourage and facilitate the participation of SME's, civil society organisations and their networks, small research teams and newly developed or emote research centres in the activities of thematic areas of the Cooperation programme, or for setting up of research-intensive clusters across the EU regions. Funding is 100% of eligible costs.

b) Management: they **include** the activities mentioned under Article II.2 of Grant Agreement. They may include others, such as the costs to organise a call or a tender to choose a beneficiary or subcontractor.

Eligible Costs

Costs must be:

- Actual,
- Incurred during the project's lifetime,
- Determined according to the usual accounting and management practices of the organisation,
- Used only to achieve project objectives,
- Consistent with the principles of economy, efficiency and effectiveness,
- Recorded in accounts and paid for (or the accounts of third parties),
- Exclusive of non-eligible costs.



Reimbursement of Eligible Costs

FP7 is based on the principle of co-financing.

As a coordination and support action project, reimbursement will be based on eligible costs (based on maximum rates of reimbursement specified in the grant agreement for different types of activities within the project). For GAP1, reimbursement will be made at 100% of eligible costs.

The limit on the EC **reimbursement of 'Management Activities'**, which was up to 7% of project costs in FP6 has also been removed in FP7, although should still be used as a rough guide.

During the lifetime of the FP7 project, participants will not be able to make a profit, as all receipts must be declared and will be used in the calculation of reimbursement.

Reimbursement of 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.

Examples of direct costs considered eligible:

- Cost of personnel assigned to the project (all except overheads)
- Travel and subsistence allowances for staff taking part in the project
- Purchase costs of durable equipment
- Cost of consumables and supplies provided they are identifiable and assigned to the project
- Certificate on the methodology and certificate on the financial statements

Reimbursement of Indirect costs (overheads)

In the case of Coordination and Support Actions, there is a maximum 7% of the direct eligible costs that are eligible as 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.

Indirect costs (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. Indirect costs must be in accordance with normal accounting practices of the beneficiary and should be extracted from or reconciled with the official accounts.

In FP7 there are no cost reporting models. The beneficiaries must declare their actual costs. Beneficiaries, which have an analytical accounting system that can identify and



group their indirect costs in accordance with the eligibility criteria should report their **real indirect costs** (or chose the 20% flat rate option)

Another option is to use a **Simplified Method**, which applies to organisations which do not aggregate their indirect costs at a detailed level (centre, department), but can aggregate their indirect costs **at the level of the legal entity**. It is a system that can be used if the organisation does not have an accounting system with a detailed cost allocation.

If the beneficiary organisation is a non profit public body, secondary and higher education establishment, research organisation or SME and does not have an accounting system with a detailed cost allocation then they should opt for either the special transitional method (60%) of calculation of indirect costs or the 20% flat rate.

Note that the 60% rate is subject to be reviewed for FP7 calls published after 01/01/2010, but will not decrease below 40% nor will the decision affect projects funded through calls before this date.

Non-eligible costs

The following costs shall be considered non-eligible and may not be charged to the project:

- Identifiable indirect taxes including VAT (including VAT on T&S i.e. hotel bills)
- Duties
- Interest owed
- Provisions for possible future losses or charges
- Exchange losses, cost related to return on capital
- Costs declared or incurred, or reimbursed in respect of another Community project
- Debt and debt service charges, excessive or reckless expenditure

Airport taxes:

Eligible - fuel surcharge, insurance surcharge etc.

Ineligible – air passenger duty

Maximum Funding Rates

Co-ordination and Support Actions: GAP1 is a CSA and therefore reimbursement from the EU is 100% of eligible costs, (but remember eligible indirect (overheads) costs are limited to 7% of direct eligible costs).

Guarantee Fund

The Guarantee Fund is a 5% levy on all projects withheld by the Commission at the start of the project to provide resources across the FP7 programme for defaulters. It is returned to the project at the time of the final payment.



The amount of the beneficiaries' contribution to the Guarantee Fund (Article II.21 of the Grant Agreement) is part of the pre financing but will be immediately subtracted from the prefinancing before it is paid by the Commission to the Coordinator, and transferred directly by the Commission to the Guarantee Fund.

The 5% EC contribution transferred to the Guarantee Fund will be returned to the beneficiaries via the coordinator at the moment of the final payment, at the end of the project; however, a maximum deduction of 1% of the EC contribution may be applied to some beneficiaries – not applicable to public bodies or legal entities whose participation in the grant agreement is guaranteed by a Member State or an Associated country, and higher and secondary education establishments.

Payment Modalities

1. The Commission shall make the following payments:
 - a) a prefinancing in accordance with Article 6 of the Grant Agreement
 - b) The Commission shall make a final payment of the Community financial contribution corresponding to the amount accepted for the last reporting period plus any adjustment needed.

Where the amount of the corresponding Community financial contribution is less than any amount already paid to the Consortium, the Commission shall recover the difference.

Where the amount of the corresponding Community financial contribution is more than any amount already paid to the Consortium, the Commission shall pay the differences the final payment within the limit of Articles 5.1 and II.20 of the Grant Agreement.

2. Payments by the Commission shall be made in Euro.
3. Costs shall be reported in Euro by the beneficiaries
4. The Coordinator's bank account shall allow that the Community financial contribution and related interest are identified. (Cefas bank account is a non-interest account)
5. Any payment may be subject to an audit or review and may be adjusted or recovered based on the results of the audit/review.
6. Payments by the Commission shall be deemed to be effected on the date when they are debited to the Commission's account.

Pre-financing

The Grant Agreement (Article 6) gives information on the pre-financing. Pre-financing can only occur once the grant agreement has been signed by all parties, including each of the beneficiaries (Form As). The pre-financing amount is paid to the coordinator within 45 days following the date of entry into force of the grant agreement.



The beneficiaries contribution to the Guarantee Fund is transferred from the pre-financing into the Guarantee Fund.

Expected pre-financing for GAP1 (not yet confirmed by the Commission)

GAP1 Prefinancing

Requested EC contribution	648,390.04
reporting periods	1.00
Average EC contribution per reporting period	648,390.04
Prefinancing 75%	486,292.53
Contribution to guarantee fund 5% of EC cont'n	32,419.50
Net transfer to coordinator	453,873.03

Prefinancing by beneficiary

	Total EC cont'n €	Prefinancing €
Cefas	160,313.82	112,219.68
UDC	46,598.50	32,618.95
AAU	65,297.82	45,708.47
AWI	27,723.70	19,406.59
DTU-Difres	36,921.42	25,844.99
NCFS	45,014.90	31,510.43
SBF	29,690.36	20,783.25
IRD	22,482.84	15,737.99
Technalia-AZTI	23,201.88	16,241.32
ICRAM	16,702.70	11,691.89
MRAE	22,630.50	15,841.35
CSIC	27,124.50	18,987.15
ULEIC	15,140.50	10,598.35
LATFRA	19,848.50	13,893.95
UTARTU	20,704.50	14,493.15
C Jarnmark	68,993.60	48,295.52
TOTAL	648,390.04	453,873.03



2. Stakeholders: Coordinator, Participants/Beneficiaries

Coordinator:

One beneficiary who has additional responsibilities which include:

- Passing on of pre-financing (as agreed in Consortium Agreement)
- Passing on information regarding performance obligations of project to beneficiaries
- Responsibility for reporting finances, payments, task progress etc to the Commission

Participants/Beneficiaries:

Organisations signed up to the Grant Agreement with responsibilities including:

- Consortium and individual
- Capacity to do the project
- Managing own performance and finances, including declaring receipts
- Performance of any subcontractors they are attached to

3. Grant Agreement

Grant Agreement (FP6 – contract). The core part of the Grant Agreement contains confirmation of the beneficiaries (FP6 – participants), start date, duration, budget and reporting periods

Annex I Description of Work (DoW) covers the technical aspects of the project and is developed from the proposal.

Annex II general conditions lists the conditions applicable to all framework projects under Co-operation /Capacities.

Annex II extra conditions for certain areas – e.g SME actions, Infrastructures

Annex IV Form A document used to accede to agreement (**needs to be signed by all beneficiaries**)

Annex V Form B document used to add new beneficiaries to the project

Annex VI Form C Financial statement

Annex VII Form D (New in FP7) Terms of reference of the certificate on the financial statements (FP6 – audit certificate)

Form E Terms of reference for the certificate on the methodology (new in FP7) – for beneficiaries who want to get average personnel costs certified and/or for those who are unable to calculate real indirect costs and want to have a simplified method of calculating these certified.



4. The Grant Preparation Forms (gpf)

Generated during negotiation stage of proposal and using Commission on-line tool – NEF. Access limited to the coordinator via negotiation sessions opened by the EC Project Officer. The pdf forms generated include the A2.5 pages, which are printed off and signed by each of the beneficiaries.

5. The Consortium Agreement

Agreed and signed by each of the beneficiaries, the Consortium Agreement is obligatory in most projects financed under FP7. The CA is a legal binding agreement between the beneficiaries of the project. The Commission is not a party to the CA (unless the JRC is a participant) and the Commission does not verify or check the content of the CA. The terms of the CA cannot contradict or attempt to negate the provisions of the EC Grant Agreement. The CA should further develop the provisions of the GA, clarify details, specify the organisation of the work to be carried out and establish decision making/technical management of the project, and dispute settlement procedures for the Consortium. The CA also deals with issues such as protection of intellectual property rights, provisions for confidentiality and treatment of information, access rights to background or foreground for carrying out the project etc.

6. Useful documents to refer to:

Guide to Financial Issues relating to FP7 Indirect Actions Grant Agreement

Partner Budgets

Partner budget tables are to be found in:

Annex I Description of Work, page 3

Partner Resources

Partner resource tables are to be found in:

Annex I Description of Work, pages 18 - 24

7. Report Requirements

GAP 1 has only one reporting period, which is at the end of the contract, i.e Month 18.

At the end of each reporting period, the consortium has to submit a **periodic report** to the *Commission* within 60 days after the end of each respective period.

The report includes:



a) an overview, including a publishable summary, of the progress of work towards the objectives of the *project*, including achievements and attainment of any milestones and deliverables identified in Annex I. This report should include the differences between work expected to be carried out in accordance with Annex I and that actually carried out,

b) an explanation of the use of the resources, and

c) a financial statement, from each *beneficiary* together with a summary financial report consolidating the claimed *Community* contribution of all the *beneficiaries* in an aggregate form, based on the information provided in **Form C** (Annex VI) by each *beneficiary*.

At the end of each reporting period, the Commission shall evaluate and approve project reports and deliverables and disburse the corresponding payments within **105** days of their receipt.

The Consortium shall submit a final report to the Commission within 60 days **after the end of the project**. The report shall comprise:

a) a final publishable summary report covering results, conclusions and socio-economic impact of the project.

b) a report covering the wider societal implications of the project, including gender equality actions, ethical issues, efforts to involve other actors and spread awareness as well as the plan for the use and dissemination of foreground.

c) a financial statement, from each *beneficiary* together with a summary financial report consolidating the claimed *Community* contribution of all the *beneficiaries* in an aggregate form, based on the information provided in **Form C** (Annex VI) by each *beneficiary*.

The Coordinator shall submit a report on the distribution of the Community financial contribution between beneficiaries. This report must be submitted 30 days after receipt of the final payment.

At the end of each reporting period, the Commission shall evaluate project reports and deliverables required by the provisions of Annex I and disburse the corresponding payments within 105 days of their receipt unless the time-limit, the payment or the project has been suspended.

Payments shall be made after the Commission's approval of reports and/or deliverables.

Notes to be aware of:

Absence of response within the time-limit shall not imply approval.

Interest on late payment does not apply to beneficiaries that are public bodies of the Member States of the European Union.



Further details in:

- Grant Agreement section II.5
- FP7 Reporting Guidelines (not yet published)

7.1 Financial Deliverables

- A. Financial Statement Forms (Form C)**
- B. Certificate on the Financial Statements**
- C. Certificate on the Methodology**
- D. Certificate on the Average Personnel Costs**

A. Financial Statement Forms

Cost statements are submitted using the forms provided at Annex VI Form C Financial Statement of the Grant Agreement. This form and instructions will be sent to all beneficiaries about one month before the end of the contract.

Costs shall be reported in Euro. Beneficiaries with accounts in currencies other than Euro shall report costs by using, either the conversion rate published by the European Central Bank that would have applied on the date that the actual costs were incurred, or its rate applicable on the first day of the month following the end of the reporting period. Beneficiaries with accounts in Euro shall convert costs incurred in other currencies according to their usual accounting practice.

The consortium shall transmit the reports and other deliverables through the coordinator to the Commission by electronic means. In addition, Form C must be signed by the authorised person(s) within the beneficiary's organisation, and the certificates on the financial statements and on the methodology must be signed by an authorised person of the auditing entity, and the originals shall be sent to the Commission.

Supporting Documents:

As part of your Financial Statement Forms, you will be required to keep copies of the following:

- Signed Timesheets (for **all** staff working on the project – n.b. organisations using AC in FP6 you now need to include both your permanent and additional staff in your costs and resource figures). This does not apply to stakeholder partners who are not claiming any associated personnel and overhead costs.
- Invoices, receipts etc supporting claims for consumables, travel & subsistence etc.



These documents will be needed for audit purposes.

B. Certificate on the Financial Statements (CFS) – Audit Certificate

In GAP1, all beneficiaries will be receiving EC financial contribution of less than the threshold, (€375,000) so there is no requirement for a CFS, (audit certificate).

C. Certificate on the Methodology

In FP7, the Grant Agreement allows for some beneficiaries to submit, prior to the costs being claimed, a certificate on the methodology that they will use for the identification of personnel and indirect costs (not for other costs).

This certificate on the methodology is submitted to and approved by the Commission. At the moment this option is only available to those beneficiaries who have participated in at least 8 contracts under FP6 with an EC contribution for each of them equal to or above €375,000.

Any significant changes to the methodology will mean that a new request for certification will have to be submitted.

Further reading: Article II.4.4 of the Grant Agreement

D. Certificate on the Average Personnel Costs

A beneficiary may opt to declare average personnel costs. For this purpose, a certificate on the methodology used to calculate the average personnel costs “certificate on average personnel costs” must be submitted to the EC services for approval. This methodology must be consistent with the beneficiaries management principles and usual accounting practices. Averages calculated according to the certified and accepted methodology are deemed not to differ significantly from actual personnel costs.

This certificate is mandatory where a beneficiary wishes to use average personnel costs.

Any significant changes to the methodology will mean that a new request for certification will have to be submitted.

Further reading: Article II.14 of the Grant Agreement / Section 2 of the Guide to Financial Issues relating to FP7 Indirect Actions.