



2nd BESTPRAC – EARMA virtual two-day meeting

June 14-15, 2021

Internally invoiced goods and services – from H2020 to Horizon Europe

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Situation H2020 – 2014-2017

- General eligibility rules have to be applied
- Calculation of invoiced costs based on general cost categories necessary (e.g. 16 person hours for analytic work by technician plus 10 hours depreciation costs for durable equipment used)
- „all-in average costs“ e.g. for lab use or analytical work are NOT eligible anymore
- Use for the project an time-of-use must be documented an indicated on the invoice
- NO indirect costs must be included
- NO profit, NO additional gain marge

Internally invoiced personel costs:

Calculation of hourly rates according to the general aMGA principles

Time recording necessary and crucial

→ Reimbursement under „personel costs“

Internally invoced costs for the use of durable equipment:

Pro-rata depreciation costs for the relevant reporting period (time share for the project)

Time of use for the project must be recorded precisely in order to get measurable and auditable costs to the action

→ Reimbursement under „other direct costs“



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Updated MGA H2020 – from 27.02.2017(!)

- Commission recognized that the original rule caused huge problems especially for universities
- This led to a complete shift in philosophy – new eligibility conditions:
- (a) declared on the basis of **a unit cost** calculated in accordance with the **beneficiary's usual cost accounting practices**;
- (b) the cost accounting practices used are applied in a consistent manner, based on objective criteria, regardless of the source of funding;
- (c) the unit cost is calculated using the actual costs for the good or service recorded in the beneficiary's accounts, excluding any ineligible cost or costs included in other budget categories.
 - The actual costs may be adjusted by the beneficiary on the basis of budgeted or estimated elements. Those elements must be relevant for calculating the costs, reasonable and correspond to objective and verifiable information;
- (d) the unit cost excludes any costs of items which are not directly linked to the production of the invoiced goods or service.



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Situation in Horizon Europe - MGA

Art. 6.2.D.2 Internally invoiced goods and services

Costs for internally invoiced goods and services directly used for the action may be declared as unit cost according to usual cost accounting practices, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions for such unit costs and the amount per unit is calculated:

- using the **actual costs for the good or service recorded in the beneficiary's accounts**, attributed either by direct measurement or on the basis of cost drivers, and excluding any cost which are ineligible or already included in other budget categories; the actual costs may be adjusted **on the basis of budgeted or estimated elements**, if they are relevant for calculating the costs, reasonable and **correspond to objective and verifiable information**

And

- according to **usual cost accounting practices** which are applied in a consistent manner, based on objective criteria, regardless of the source of funding

‘Internally invoiced goods and services’ means goods or services which are provided within the beneficiary’s organisation directly for the action and which the beneficiary values **on the basis of its usual cost accounting practices**



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Definitions

- Cost of goods and services that are produced or provided between two units of the same beneficiary organisation like:
 - self-produced consumables,
 - the use of specific research devices or research facilities,
 - specialised premises for hosting the research specimens used for the project (e.g. animal house, greenhouse, aquarium)
- to be used directly on a Horizon Europe project
- a well-documented methodology for using allocation keys based on the organisation's usual cost accounting practices – both for direct and indirect costs of the goods and services
- Organisations that do not yet have a methodology for calculating actual indirect costs may wish to establish one
- the methodology must be used consistently, regardless of the source of funding (NOT HE specific)
- Can also be applied for ERC grants (regular and additional funds)
- NOT applicable for projects requesting
 - Transnational access to research infrastructure unit costs and
 - Virtual access to research infrastructure unit costs
- Usually higher reimbursement rates than the former 25% flat-rate model for indirect costs



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Internally invoiced costs at MUI

- **Animal house**
- **Core facilities**
 - **Protein Core Facility:** detection, characterization and quantification of proteins and peptides
 - **Sequencing and Genotyping:** identify determinants of health and disease related to genetic variability, environmental components and biochemical parameters
 - **FACS Core Unit:** high-throughput Fluorescence Activated Cell Sorting
 - **Biooptics:** access to advanced equipment, training and expertise in the field of light microscopy
 - **Micro CT:** high-resolution non-destructive 2D and 3D structure analysis within the μm range
 - **Neuroimaging Research:** 3Tesla magnet resonance tomography for neuroscience research
 - **Metabolomics:** expertise and state-of-the-art technologies for the qualitative and quantitative analysis of small bioorganic molecules.
 - **Deep Sequencing Unit:** high-throughput sequencing devices for targeted sequencing of genes and gene mutations as well as fungal, bacterial or mitochondrial whole genome/transcriptome analysis and genome/transcriptome studies of higher eukaryal genomes



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Take home messages

- Preconditions:
 - Documentation of the beneficiary's usual practice –precisely and verifiable – this is the key point
 - Evidence of goods and services used for the project (including their numbers)
- Much stronger acceptance of the beneficiary's usual practice (based on trust)
- **NEW**: 25% lump sum for indirect costs not applicable for unit costs
 - BUT: **actual** indirect costs can be calculated, verified and reimbursed within the unit costs calculation (usually higher rates)



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Thank you very much for your attention

Questions?

