



**UNIVERSITEIT  
GENT**

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# WG2: INTERNAL INVOICING IN HORIZON EUROPE

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# INTERNALLY INVOICED GOODS AND SERVICES IN HORIZON EUROPE

1. What is it?
2. Our challenges
3. How to implement?

\*Reference: [pre-Draft Annotated Model Grant Agreement V0.2 \(30.11.2021\)](#)

# 1. WHAT IS IT?



# 1. WHAT IS IT?

Costs for goods and services which are produced or provided **within** the beneficiary's organisation **directly for the action** on the basis of its usual cost accounting practices

Examples (see AMGA HEU p.77):

- Self-produced consumables
- Use of specific device or facility
- Hosting services (housing, canteen,...)

But **NOT**: Cost of goods and services NOT directly linked to the action: e.g.

- General cleaning
- Administrative support
- Accounting

# 1. WHAT IS IT?

- Costs must be declared as **unit costs** based on actual costs or cost drivers
- No internal invoice required BUT documented **methodology** and record of the **number of units** used
- Methodology and cost accounting practices: **consistent** regardless of the funding source

## 1. WHAT IS IT?

- Cost elements that are **ineligible under the GA** must be removed
- **No** double funding, no profit
- Reported under **category D.2**
- **No** flat rate 25% indirect costs
- **Actual** indirect costs can be included in the unit cost, **no** flat rate %

# 2. OUR CHALLENGES



## 2. CHALLENGES

1. How to develop and implement a methodology?
2. How to recover loss of 25% indirect costs?

## 2. CHALLENGES: DEVELOPING METHODOLOGY

- **Cost calculation model** to determine the unit costs based on 4 cost drivers:
  1. Personnel
  2. Device (cost & maintenance)
  3. Consumables
  4. Actual indirect costs
- How to **apply the same methodology** for different funding sources?
  - “client types” to meet the different cost eligibility criteria of different funding sources.

## 2. CHALLENGES: DEVELOPING METHODOLOGY

- **Advantage**

- Uniformisation of the unit costs

- **Disadvantage**

- How to control the usage of this cost calculation methodology across the 85 departments of our university?

- Extra overhead costs!

## 2. CHALLENGES: CALCULATING ACTUAL INDIRECT COSTS

- **Traceable Calculated cost approach** to identify the **indirect costs** via **allocation keys**.

2 main cost drivers:

### **1. Facility costs** (m<sup>2</sup> research space)

- Depreciation costs of buildings
- Maintenance (i.e. airco, sanitary, electricity,...)
- Energy (water, electricity, cleaning)

### **2. Supporting Staff cost** (per 1FTE researcher)

- Departments as direct service provider to researchers (Education, Research, HR, ...)
- Departments as indirect service provider to researchers (Finance, Legal, ...)

▪ Indirect costs of University are approx. 30%

▪  Following eligibility criteria for actual indirect cost in HEU → possible claim between 10-15%

# 3. HOW TO IMPLEMENT

## 3. IMPLEMENTATION

### 1. PROPOSAL PHASE:

- Internal or external purchase?
  - Internal lower price than external but complex process
  - If unclear: budget under other goods and services (budget transfer between categories)
- If the internal goods/service is estimated  $\geq 25\text{k€}$  we budget 25% indirect costs
- Track all proposal submitted with internally invoiced goods

### 2. EXECUTION PHASE:

- Supplying department needs to engage to use the calculation model
- Finance and Research Departments: extra checks of internal invoices, records showing how the actual costs are directly or indirectly included in the unit cost calculation



### 3. REPORTING PHASE:

- Simplification during Audit?

DISCUSSION/QUESTIONS?



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