



Financial management of H2020 projects: Tips & Tricks

BESTPRAC Training School:
"Finance for Beginners"

Per Inge Andresen
Senior adviser

NTNU - Norwegian University of Science and Technology



Agenda

- General tips & tricks
- Preparing for project implementation
- Setting up the project in your system(s)
- Payment transfers of EU funding
- Internal project follow-up (monitoring)
- Consortium project follow-up (monitoring)
- Budget reallocations
- Questions?

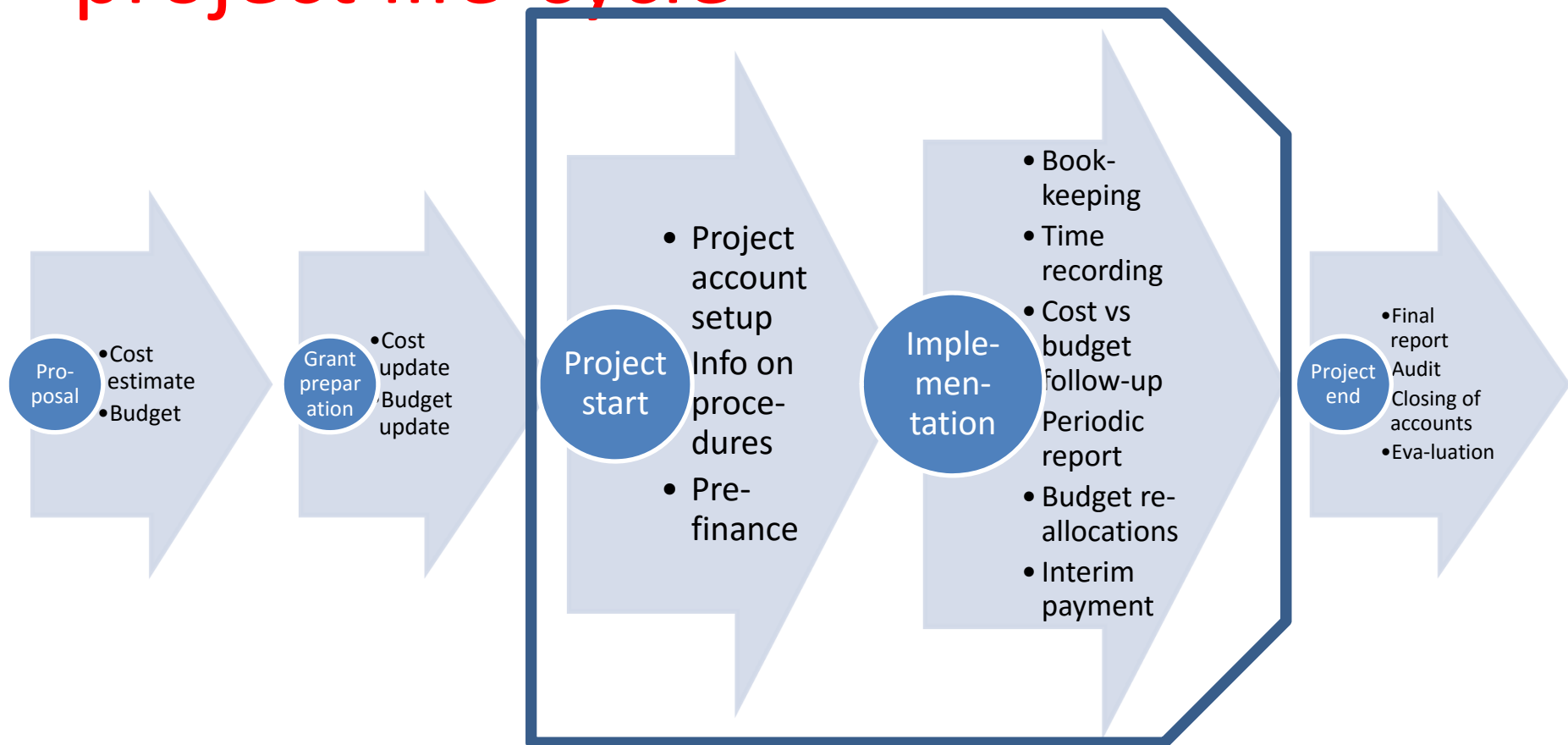


General tips & tricks

- People skills
 - Communication
 - Motivating people to deliver quality on time
- Develop / Use check lists
- Agree on timelines
- Insert time buffers – expect the unexpected
- Who does what?
 - Agree on assignment of responsibilities



Financial management in the project life-cycle





Grant preparation stage

- Financial validation
- Coordinator in a non-Euro country?
- Consortium Agreements
 - Financial provisions
- MSCA ITNs
 - Allocation of budget for institutional costs
 - Researcher recruitment



Financial validation

- This takes time, and may delay the Grant preparation
- As a Coordinator, check if any partner has not been validated, alert them, and guide them
- As a non-validated partner, give this a high priority
- The EC Validation Services manages this
- Ask the EC Project Officer for help if necessary



Coordinator in a non-Euro country?

- Establish a Euro-denominated bank account for the Consortium's EU funding
 - Declare this bank account to the EC
 - Distribute EU funding to the Consortium from this bank account
 - To all the other beneficiaries
 - To the Coordinator's regular operating account
- If this is not done, exchange rate fluctuations will be a risk factor
 - The Coordinator would have to bear this risk alone



Consortium Agreements (CA)

- Use the DESCAs template for IRAs, IAs, CSAs:
 - <http://www.desca-2020.eu/>
 - Current version: v. 1.2.4, October 2017
- Define your organisation's preferred options within the DESCAs template
 - Financial provisions (Ch. 7): Choose option for payment schedule (7.3.2)
- Compare the template to CA versions distributed by Coordinators
- For MSCA ITNs, use the LERU adaptation of the DESCAs template:
<https://www.leru.org/news/good-agreements-make-good-friends-a-leru-model-contract-for-european-training-networks>



MSCA ITNs

- Allocation of budget for institutional costs
 - This should be included in the CA
 - Must be clear before the project starts
 - Applies to "Management and indirect costs"
 - May also apply to "Research, Training and Networking costs"
 - As an alternative to budget reallocation, costs in this category may be invoiced between beneficiaries
- Researcher recruitment
 - Recruitment should be started early
 - For many partners, it may start in the beginning of the Grant preparation stage
 - depending on national and internal regulations



Project startup: Project accounts

- Establish the project in the accounting system
 - Before the start date
- A project accounting system would be preferable
- If your organisation does not have a project accounting system
 - Define a tag/label/identifier in the accounting system facilitating tracing of all project costs
 - Project ID /No.
 - As a minimum one for the project as a whole
 - Preferably one per WP (Work package)



Project startup: Internal kick-off

- Internal startup meeting
- Who?
 - Involved researchers and administrative staff
- When?
 - Before the project start date
- Agenda
 - Project budget
 - Planned effort – who will be working on the project?
 - Internal project structure – project accounts
 - Internal cost approval procedures
 - Time recording – internal format and procedures



Project startup: Time recording tips

- Time recording procedures
 - Hours should be recorded on a daily basis
 - Timesheets should be delivered and approved every month
 - Signatures (with dates) are required (electronically/on paper)
- Timesheet format
 - Hours per day, per WP
 - Recommendation: Also per Task No.



Project startup – Coordinator

- Collecting banking information from the beneficiaries
 - Develop template and check list
 - Insist on documentation or confirmation from the bank
 - a) Financial ID form with the bank's stamp and authorised signature
 - b) Bank account transcript with the beneficiary's stamp and authorised signature
- Transfers of pre-financing to the beneficiaries
 - Follow the payment schedule in the Consortium Agreement
 - If payments are to be divided into instalments (option 2 in the DESCA template, paragraph 7.3.2):
 - Development template for payment plan
- Internal consortium reporting arrangements
 - Develop template and communicate procedure
- Consortium project monitoring/follow-up procedures
 - Should be communicated and agreed at the Consortium kick-off meeting



Implementation stage – Tips

- Periodic checks for missing time recording (timesheets)
- Payments of EU funding
- Internal monitoring at the beneficiary level
- Internal monitoring at the consortium level
- Reporting
- Audits



Payments of EU funding

- For the Coordinator, if payments are divided into instalments:
 - Update the payment plan, taking into account:
 - reported/accepted costs
 - any other provisions in the Consortium Agreement
 - any budget reallocations between partners



Internal financial monitoring at the beneficiary level

- Check if a new report should be created in your internal financial reporting system
- Develop your check list
 - early warning signals
 - deviation indicators
 - KPIs?
 - budget issues
 - non-eligible costs



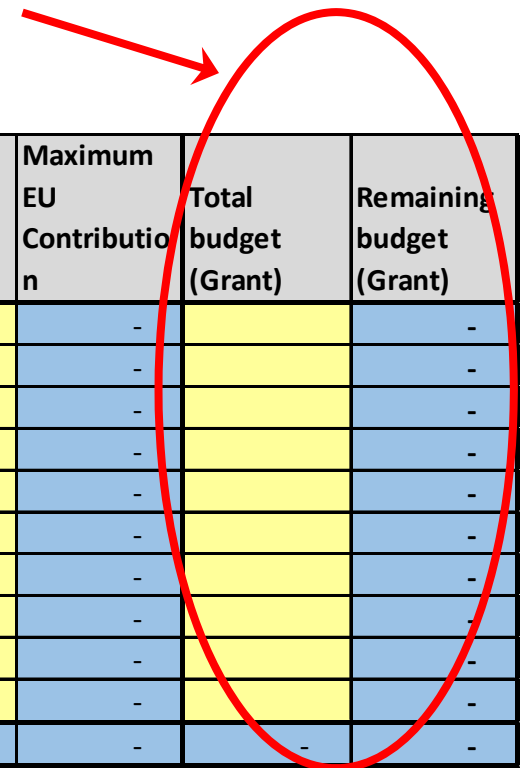
Internal financial monitoring at the consortium level

- Develop/use the consortium reporting template
- Develop your check list
 - early warning signals
 - deviation indicators
 - KPIs?
 - budget issues
- Develop/use a template for summarising key issues
 - for the Coordinator PI
 - for the Consortium decision-making (governance) bodies



Financial monitoring template – H2020: Example 1

	Person months	(A) Direct Personnel costs	(B) Direct costs of sub-contracting	(D) Other direct costs	(E) Indirect costs	Total Costs	Receipts	Maximum EU Contribution	Total budget (Grant)	Remaining budget (Grant)
WP1					-	-		-		-
WP2					-	-		-		-
WP3					-	-		-		-
WP4					-	-		-		-
WP5					-	-		-		-
WP6					-	-		-		-
WP7					-	-		-		-
WP8					-	-		-		-
WP9					-	-		-		-
WP10					-	-		-		-
Total	-	-	-	-	-	-	-	-	-	-





Financial monitoring template – H2020: Example 2

	Person months	(A) Direct Personnel costs	(B) Direct costs of sub-contracting	(C) Direct costs of financial support to third parties	Travel	Equipment	Consumables	Costs of large research infrastructure	(D) Other direct costs	(E) Indirect costs	(F) Costs of..	Total Costs	Receipts	Reimbursement rate	Maximum EU Contribution	Requested EU Contribution	Total budget (Grant)	Remaining budget (Grant)
Partner1									-	-		-		100%	-	-		-
Partner2									-	-		-		100%	-	-		-
Partner3									-	-		-		100%	-	-		-
Partner4									-	-		-		100%	-	-		-
Partner5									-	-		-		100%	-	-		-
Partner6									-	-		-		100%	-	-		-
Partner7									-	-		-		100%	-	-		-
Partner8									-	-		-		100%	-	-		-
Partner9									-	-		-		100%	-	-		-
Partner10									-	-		-		100%	-	-		-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Progress report

- Develop/use the consortium reporting template
- Develop your check list
 - Realised delays
 - Expected delays
 - Early warning signals
 - Deviation indicators
 - KPIs?
 - Remaining work
 - Forecast / projection



Progress & Cost follow-up





Progress – Planned vs. Actual effort: Example 1

WP No.	Task No.	Task Name	Partner 1		
			Planned	Actual	Diff./ Remain
WP1			-	-	-
	Task 1.1				-
	Task 1.2				-
	Task 1.3				-
	Task 1.4				-



Progress – Planned vs. Actual effort: Example 2

WP No.	Task No.	Task Name	Partner 1			Partner 2			Partner 3			Partner 4			Partner 5			Consortium totals		
			Planned	Actual	Diff./Remain	Planned	Actual	Diff./Remain	Planned	Actual	Diff./Remain	Planned	Actual	Diff./Remain	Planned	Actual	Diff./Remain	Planned	Actual	Diff./Remain
WP1			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Task 1.1				-			-			-			-			-			-
	Task 1.2				-			-			-			-			-			-
	Task 1.3				-			-			-			-			-			-
	Task 1.4				-			-			-			-			-			-
WP2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Task 2.1				-			-			-			-			-			-
	Task 2.2				-			-			-			-			-			-
	Task 2.3				-			-			-			-			-			-
	Task 2.4				-			-			-			-			-			-
WP3			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Task 3.1				-			-			-			-			-			-
	Task 3.2				-			-			-			-			-			-
	Task 3.3				-			-			-			-			-			-
	Task 3.4				-			-			-			-			-			-
WP4			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Task 4.1				-			-			-			-			-			-
	Task 4.2				-			-			-			-			-			-
	Task 4.3				-			-			-			-			-			-
	Task 4.4				-			-			-			-			-			-
WP5			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Task 5.1				-			-			-			-			-			-
	Task 5.2				-			-			-			-			-			-
	Task 5.3				-			-			-			-			-			-
	Task 5.4				-			-			-			-			-			-
Totals			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



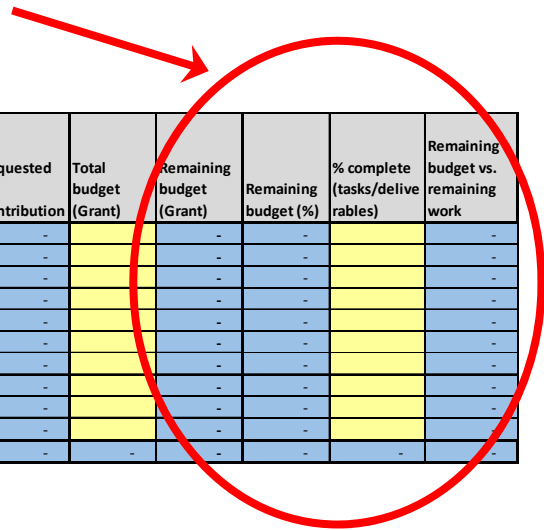
Finance & Progress: Remaining budget vs. remaining work – H2020: Example 1

	Person months	(A) Direct Personnel costs	(B) Direct costs of sub-contracting	(D) Other direct costs	(E) Indirect costs	Total Costs	Receipts	Maximum EU Contribution	Total budget (Grant)	Remaining budget (Grant)	Remaining budget (%)	% complete (tasks/deliverables)	Remaining budget vs. remaining work
WP1					-	-		-		-	-		-
WP2					-	-		-		-	-		-
WP3					-	-		-		-	-		-
WP4					-	-		-		-	-		-
WP5					-	-		-		-	-		-
WP6					-	-		-		-	-		-
WP7					-	-		-		-	-		-
WP8					-	-		-		-	-		-
WP9					-	-		-		-	-		-
WP10					-	-		-		-	-		-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-



Finance & Progress: Remaining budget vs. remaining work – H2020: Example 2

	Person months	(A) Direct Personnel costs	(B) Direct costs of sub-contracting	(C) Direct costs of financial support to third parties	Travel	Equipment	Consumables	Costs of large research infrastructure	(D) Other direct costs	(E) Indirect costs	(F) Costs of..	Total Costs	Receipts	Reimbursement rate	Maximum EU Contribution	Requested EU Contribution	Total budget (Grant)	Remaining budget (Grant)	Remaining budget (%)	% complete (tasks/deliverables)	Remaining budget vs. remaining work
Partner1									-	-		-		100 %	-	-		-	-		-
Partner2									-	-		-		100 %	-	-		-	-		-
Partner3									-	-		-		100 %	-	-		-	-		-
Partner4									-	-		-		100 %	-	-		-	-		-
Partner5									-	-		-		100 %	-	-		-	-		-
Partner6									-	-		-		100 %	-	-		-	-		-
Partner7									-	-		-		100 %	-	-		-	-		-
Partner8									-	-		-		100 %	-	-		-	-		-
Partner9									-	-		-		100 %	-	-		-	-		-
Partner10									-	-		-		100 %	-	-		-	-		-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





Budget reallocations

- Beneficiaries generally want to keep their budget
- The GA (Grant Agreement) max grant can never be increased
- Always use your budget calculation tools
- Check whether prior EU approval is required
- Better safe than sorry
 - When in doubt ask the EC Project Officer
 - As a beneficiary, ask the Coordinator to ask the EC Project Officer
- Reallocating work/tasks between beneficiaries
 - Take into account differences in cost levels
- Adding/replacing beneficiaries
 - Determine the new beneficiary's costs
 - Determine budget that can be made be available

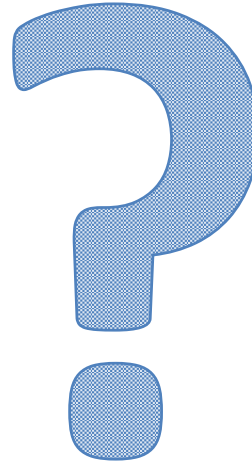


Project finish - Budget reallocations between beneficiaries

- Coordinator's perspective
- The last internal consortium monitoring report may provide indications of "overspend"/"underspend"
- Review the draft Financial Statements
 - Consider whether budget reallocations should be proposed
- Follow consortium procedures for reallocation before submission deadline for final report
- Tip: For justified, overspending beneficiaries
 - Increase their budget in proportion to their share of the last, approved budget



Any questions?



**Thank you very much for your
attention!**