



# EU4Health - Work Programme 2021 Action Grant to support a HERA Laboratory network

## FINANCIAL MANAGEMENT

*10<sup>th</sup> June, 2022*

**Definition:** Grant is direct financial contribution to an action  
(Financial Regulation, 2018/1046. Title VIII – Grants)

- **Co-funding rule:** external co-financing from a source other than EC funds is required (own resources or financial contributions from third parties, project income)
- **Non-profit rule:** the grant may not have the purpose or effect of producing a profit for the beneficiary
- **Non-retroactivity rule:** only costs incurred after the starting date stipulated in the grant agreement can be co-funded
- **Non-cumulative rule:** only one grant can be awarded for a specific action carried out by a given beneficiary

## Nature of the grant

- Grant based on **actual costs** declared
- **Grant = partial reimbursement of eligible costs** that are incurred by beneficiaries and affiliated entities listed in the grant agreement **at the fixed reimbursement rate**.
  - **Standard reimbursement rate** under the EU4Health programme: **60%** of eligible costs
  - **Exceptional utility**: under certain conditions the rate is **80%** of eligible costs
- **“Maximum grant amount”** the maximum amount the Agency will pay as contribution to the action’s costs.
- **“Final grant amount”** equals to or is lower than the maximum grant amount. Established at the balance payment and based on eligible costs declared to the Agency.
- The grant is **not allocated** to any specific cost items or cost category. It is calculated over the total eligible costs of the action with the applicable reimbursement.

# Eligible costs

## General conditions - Cumulative requirements:

- **Connected with the action as described in Annex 1 and included in the Estimated Budget (Annex 2);**
- **Necessary** for the implementation of the action;
- **Reasonable and justified** - “good housekeeping”;
- Incurred **within the duration**;
- **Actually incurred by the beneficiaries / affiliated entities of the grant;**
- **Identifiable and verifiable**, in particular being recorded in the accounting records of beneficiary / affiliated entity in accordance with accounting standards and the beneficiary’ accounting practices.

## Ineligible costs

- **In-kind contributions** from third parties;
- **Financial support to third parties** (grant in a grant)
- **VAT**, when the beneficiary is unable to deduct or recover;
- **Reckless and excessive expenditures**;
- **Costs declared under another grant.**

# Budget categories

## Direct Costs

- A. **Direct personnel costs** (employees + natural persons with direct contract + seconded persons)
- B. **Subcontracting** (engagement of a 3<sup>rd</sup> party to carry out certain activities of the proposed action)
- C. **Purchase costs**
  - a. Travel, accommodation and subsistence allowances
  - b. Equipment (depreciation, renting, leasing)
  - c. Other goods and services

## Indirect Costs

- E. **Flat rate of 7% of total direct costs**

# Personnel costs

## Cost of employees

- Costs claimed: salary + social security + taxes;
- Any other costs included in the remuneration (= statutory charges) based on national law or employment contracts;
- Supplementary payments

## Cost for natural persons with a direct contract and seconded persons against payment

- Similar conditions as employment: at the beneficiary's premises, results belong to the beneficiary with similar costs of employment

# Subcontracting

- Contracts awarded to cover the execution of an action / task described in Annex 1 of the grant agreement.
  - Activities undertaken by the project and proposed for co-funding
  - **Service contracts**
  - **Invoices** (including taxes, charges, travel & subsistence costs)
- Core elements and technical / financial management of the action cannot be subcontracted
- Tasks subcontracted must be clearly set out in Annex 1;
- Requirement of transparency, best value for money and, if appropriate, lowest price. Conflict of interest must be avoided;
- Documents of procedures applied must be available.



## Travel and subsistence

Travel & subsistence incurred as costs by the beneficiary for all participants, except subcontractors shall be claimed here:

- Personnel
  - Collaborating stakeholders
  - Invited experts, speakers
  - Board members
  - Trainees, other participants
- 
- Option for unit costs or actual costs in line with beneficiary's usual practice and rules on travel and subsistence.

# Equipment

- **Specific equipment necessary for the action**
- **Costs eligible:**
  - Portion of **equipment's depreciation costs** only, for the period of the action, if recorded in the beneficiary's accounts. Purchase and depreciation is in accordance with international accounting principles and the beneficiary's usual accounting practices.
  - Costs of **renting** an equipment or **leasing** an equipment (excluding financing costs) – with limits to equivalent depreciation costs
- Office equipment and software (Microsoft Office, Excel, Word, furniture) are part of Indirect Costs

## Other goods and services

- Must be directly linked to and necessary to implement the action
- Requirement of **transparency, best value for money** and, if appropriate, lowest price. **Conflict of interest** must be avoided.
- Examples (non-exhaustive):
  - Dissemination of information;
  - Specific evaluation of the action;
  - Certificates of financial statements;
  - Translations, reproduction of reports;
  - Consumables and supplies (excluding general office supply);
  - Cost of financial guarantee, if applicable.

# Cash flow

Beneficiaries / affiliate entities carry out activities, generate costs – e.g. pay salaries, subcontracting, travel, purchases, etc.

Starting date



Pre-financing payment upon signature

Interim report(s)



Approval of reports, Assessment of costs, reimbursement

End date



Approval of reports, Assessment of costs, reimbursement

# Financial capacity assessment

- Beneficiaries must demonstrate that they have necessary financial capacity to carry the burden of the grant.
- Analysis of annual accounts (balance sheet / profit & loss account) before grant signature
- If requested individual grant > 750.000,00 EUR, audit certificate on the annual accounts / declaration on validity of the accounts must also be submitted
- Actions in case of weak financial capacity:
  - Reduced / no pre-financing payment
  - Extended liability of co-beneficiaries
  - Pre-financing guarantee

# Grant management

## Starting date / Duration

- All activities to carry out, timeframe of eligible costs
- Starting date usually after grant signature, but retroactivity might be allowed – specified in the call text;
- Recommended duration: 12 – 36 months, depends on actions, recommendation on the call

## Payment scheme - recommended

- Pre-financing payment after signature of the grant – 30%
- Interim payment(s)
- Balance payment at the end of the duration

## Certificates to submit

- At submission of the interim / final report: audit certificate on the financial report submitted – supports the assessment of the financial report to establish the amount of eligible costs.

## Personal tips

**Read the grant agreement / annotated grant agreement and the guidelines**

**Involvement of Accounting, HR and Procurement of the partners**

- Accounting – all available financial information and supporting documents
- HR department – who is staff, components of salary
- Procurement / Sourcing – contract management with third parties, applicable procedures

**Consortium composition:** ensure necessary expertise, balanced allocation of tasks, engagement of each partner

**Consortium agreement on internal grant management:** reporting within the consortium, close follow-up of expenditure.

**Communication, communication!**

# Thank you



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