

**PRIORITY 2  
INFORMATION SOCIETY TECHNOLOGIES (IST)**



**FREQUENTLY ASKED QUESTIONS  
on Project management in FP6**

This document can be downloaded from

<http://cordis.europa.eu/ist/projects/project-management.htm>

Version 2, June 2006

## Evolution of the consortium

### UPDATED

1. If a sum has been allocated within the budget for new members, is a call for tender to select the new members mandatory when Annex I stipulates it differently?

**Competitive calls** are necessary for IPs and NoEs, when it is foreseen in Annex I ‘Description of work’ that a proportion of the original budget is reserved for specific tasks to be carried out by new contractors and that a competitive call in line with the terms of Annex III has to be implemented to select those new contractors. If a competitive call is not carried out to select a new contractor, justification for the selection of this contractor and justification for not having used a competitive call must be provided. An amendment to the contract will be necessary.

### UPDATED

2. Is it always necessary to open a competitive call to include new partners in a consortium? If not, in which cases?

Under FP6, consortia can at their own initiative **add new contractors** to the project (without any increase in the Community contribution to the project). The addition of a new contractor is done by means of ‘Form B – Request for Accession of a New Contractor to the Project’.

Competitive calls apply only to IPs and NoEs when foreseen in Annex I (see Answer N°1).

3. Which countries are eligible to join the consortium and receive funding?  
Which countries are eligible to join the consortium if there is no financial payment to them from EC funds?

In principle a legal entity from any country in the world can **participate in FP6**. However, different rules for participation and funding apply to different groups of countries. The rules which apply to the addition of a new contractor to a project are the same as those specified in the Rules for participation, the Work programme and the Call for proposals to which the original proposal was submitted. An overview of participation and funding rules applying to different groups of countries can be found at <http://cordis.europa.eu/fp6/stepbystep/who.htm>

## Eligible costs

**General statement:** As categories of eligible costs are not identified in FP6, eligible costs must be

<p>determined in accordance with the contractor's usual accounting principles, as long as these accounting principles meet recognised standards and are not created purely for the EC contract.</p>	
<p>4. What are the main criteria for the acceptance of partner costs by the European Commission?</p>	<p>According to Article II.24 of the contract, <b>the Community financial contribution is based on</b> the reimbursement of eligible costs claimed by the contractor; in accordance with the reimbursement rates per activity (except for NoEs) and with the cost reporting model of each contractor; on the basis of financial statements provided by each contractor, accompanied by audit certificates as required by the contract; and taking into account any interest received on the pre-financing of the project by the coordinator. The final amount of the Community financial contribution will take into account any receipts of the project received by each contractor.</p> <p><b>Eligible costs</b> need to be actual, economic and necessary for the implementation of the project; determined in accordance with the usual accounting principles of the contractor; incurred during the duration of the project; and recorded in the accounts of the contractor (or, in the case of resources of third parties in the corresponding financial documents of those third parties); exclusive of any identifiable indirect taxes, including VAT or duties; exclusive of interest owed; and may not give rise to profit (see Article II.19 of the contract).</p>
<p><b>Equipment</b></p>	
<p><b>UPDATED</b></p> <p>5. Concerning durable equipment, how is the accounting mechanism of the purchase of this asset? The total cost of equipment can be considered as eligible cost or just the depreciation of it?</p>	<p><b>Equipment</b> used on the project should be accounted for in accordance with the normal depreciation rules of the contractor.</p> <p>Equipment bought before the commencement date of the project can be depreciated over the project duration – in case the accounting rules of the contractor allow this.</p>
<p>6. A software research centre regards computers as expenses. For statutory financial statements they are regarded as such.</p>	<p>Equipment used on the project should be accounted for in accordance with the normal depreciation rules of the contractor.</p>

<p>However, for tax purposes, the national tax law (depreciation) is used as a basis. What procedure is governing FP6 projects: expenses or depreciation?</p>	
<p>7. How do we split equipment costs throughout the project?</p>	<p>Depreciation is charged to each relevant reporting period.</p>
<p>8. Do the consortium members have to buy all equipment in the first year or equipment can be bought when needed?</p>	<p>Contractors have to buy equipment as needed and charge depreciation to each relevant reporting period.</p>
<p>9. How do we account the amortization of equipment (e.g. computers)?</p>	<p>The calculation of the depreciated value of equipment must be based on the contractor's own depreciation system.</p>
<p>10. Is software considered as a "consumable" or "durable equipment" cost? If "durable equipment", does it need to be depreciated according to our accounting conventions and policies?</p>	<p><b>Software</b> maybe considered as consumable or durable equipment depending on the principles established by the contractor's own accounting system.</p>
<p><b>Bank charges</b></p>	
<p>11. Are bank transfers (related to funding distribution among partners) considered as eligible costs under management activities and therefore can be claimed?</p>	<p>Bank charges related to the funding distribution among partners are eligible costs under management.</p>
<p>12. Can we offset the cost of bank charges for payment transactions against receipts?</p>	<p>No. <b>Bank charges for funding distribution</b> among partners may be claimed as direct costs under management.</p> <p>Receipts must be reported by the contractors at each reporting period; they will be taken into account by the Commission at the end of the project in order to calculate the final amount of the Community financial contribution.</p>
<p>13. As project coordinator we have opened a specific bank account for the project financial</p>	<p>Only the bank charges related to the funding distribution among partners are eligible</p>

<p>management. May the bank account costs be considered as eligible management costs (reimbursable at 100%)?</p>	<p>management costs.</p>
<p>14. Is each partner required to open a separate bank account dedicated to the project?</p>	<p>There is no requirement for each contractor to open a <b>specific bank account for the project</b>. However, in order to facilitate the financial follow-up of the project, particularly regarding interest generated by the pre-financing, the coordinator is strongly recommended to open a specific bank account for the project.</p>
<p><b>Personnel</b></p>	
<p>15. Partner X under the FC model uses a person, who apart from salary has other benefits in his/her payment contract (like a car, or a company mobile phone). These costs have specific entries in the partner's accounting system. Are these costs acceptable direct costs by the EC?</p>	<p>Yes, as long as they are considered as direct costs in the contractor's accounting system and form part of the normal payment package of personnel. They also need to meet the eligibility criteria and be attributed to the appropriate activity in which they have been used.</p>
<p>16. For those partners using the Full Cost Reporting Model can the following costs be considered as direct eligible costs:</p> <ul style="list-style-type: none"> <li>➤ Consultants,</li> <li>➤ Internal personnel,</li> <li>➤ PhD students,</li> <li>➤ Summer interns</li> <li>➤ Post-doc students,</li> <li>➤ and those who receive a research grant?</li> </ul>	<p>Yes, as long as they are considered as direct costs in the contractor's accounting system, they fulfil all conditions for eligible costs stipulated in Article II.19 of the contract, and they are attributed to the appropriate activity in which they have been used.</p>
<p><b>UPDATED</b></p> <p>17. Certain contractors in FP6 projects are not able to deliver information on specific salary rates of individuals. Would the following suggested solution steps work:</p> <ol style="list-style-type: none"> <li>1) Determining average rates per personnel category (e.g. project manager, senior researcher, researcher)</li> <li>2) Calculation of personnel costs for FP6 financial statements: check against actuals and correction if required,</li> </ol>	<p>In general when at the time of the establishment of the financial statement (and the audit certificate) actual costs are not available, <b>estimates or averages</b> will be accepted proviso:</p> <ul style="list-style-type: none"> <li>• The organisation in its accounting normally uses estimates/averages, i.e., the estimates/averages are not purpose-made for the Commission. Participants could be asked to confirm this in writing.</li> </ul>

<p>specification using average rates, audit and statement of the accountant that it represents actual costs.</p>	<ul style="list-style-type: none"> <li>• The estimates/averages provide the closest possible approximation of the actual cost and are based on the most accurate information/data available at the moment the financial statement is made.</li> <li>• In case an audit certificate is required, the auditor should report the use of estimates/averages in the audit certificate and confirm that costs claimed using estimates/averages reflect the requirements of the contract, and they provide the closest possible approximation of the actual costs.</li> </ul>
<p><b>UPDATED</b></p> <p>18. According to the financial guidelines of FP6 ‘Remuneration costs must be calculated individually for each researcher’. Thus personnel rates will no longer be calculated on category? To large organizations using large numbers of staff (like my organization) it is complicated.</p>	<p>See Answer N°17.</p>
<p>19. If a permanent staff of the organization applying the AC Cost Model, uses 50% of his/her work time for our project and the other 50% for another project, can this personnel cost be charged to our project? In what percentage?</p>	<p>Normally not. A contractor using the AC model may only charge <b>the cost of permanent staff</b> involved in the project providing they have a contract which depends in full or in part upon external funding additional to the normal recurring funding of the contractor.</p> <p>There is a special case where contractors using the AC cost reporting model may charge permanent personnel costs under Management activities, <i>where these costs can be identified with precision by the contractor</i>. However, as these costs are not additional direct costs, no indirect costs can be claimed on them.</p>
<p>20. Within a Network of Excellence, are the following costs eligible to carry out research in line with the joint programme of activities:</p> <ul style="list-style-type: none"> <li>➤ Post-doc</li> <li>➤ Permanent researcher if institution is not under Additional Costs</li> <li>➤ Database</li> <li>➤ Computer</li> </ul>	<p>Yes, as long as they are considered as direct costs in the contractor’s accounting system, they fulfil all conditions for eligible costs stipulated in Article II.19 of the contract, and they are attributed to the appropriate activity in which they have been used.</p>

<p><b>UPDATED</b></p> <p>21. How many days are in a person-month?</p>	<p>Contracting parties must calculate their specific <b>productive days</b> according to their normal procedures (taking into account national holidays, illness, training, etc.).</p> <p>Audit evidence indicates that in general a plausible number of productive hours is in the order of 1680 hours per year. If in the calculation of the hourly personnel rate a significantly lower number of productive hours is used, a solid justification should be provided.</p>
<p><b>Time sheets</b></p>	
<p>22. If we pay a PhD student from the project funds then how should we show that this student actually worked for the project? Must s/he also maintain a time sheet? Must his/her name appear on a deliverable?</p>	<p>Working time to be charged must be recorded throughout the duration of the project by any reasonable but reliable means (including time sheets). A simple estimation of hours worked is not sufficient. There must be a system that allows the time of anyone working on the project to be followed and audited (a name on a deliverable is not sufficient for an audit).</p>
<p>23. Who must sign the time sheets? Which information should the time sheets contain? How should a time sheet template look like?</p>	<p>The person in charge of the work designated by the contractor should certify the time sheets. Certified time sheets must include the person's identity and its time spent on the project (the project needs to be identified by acronym and contract number as well). Productive hours must be calculated according to the contractor's normal practices (taking into account particularly national holidays, illness, training, etc.).</p> <p>Contractors may use a standard model for time sheets. The Commission does not provide any such model.</p>
<p>24. If a person manually fills in time sheets for each EU project s/he is involved in, then who and how checks that overall time of involvement into the project does not exceed the limit?</p>	<p>Employees normally record time sheets on a daily basis and the certification by the person in charge is done monthly. If the person is working in different "activities" under the same contract, or in different contracts, it is necessary to be able to distinguish among the tasks as they relate to each activity/contract. In addition, a full overview of the working time should be possible in the event of an</p>

	<p>audit (i.e., for persons working part-time on the project it should be possible to determine where their time was spent when not on the project.)</p>
<p>25. How does the turnover of researchers and PhD students affect eligibility of costs (some partners are concerned that new PhD students are not eligible because they do not appear on the auditable list of researchers and PhDs presented at proposal time).</p>	<p>For <b>NoEs</b>, the amount of the grant for integration is <b>calculated</b> according to the headcount of the researchers and doctoral students <i>that are identifiable by name at the time of the deadline for the submission to the Commission of the original proposal</i>.</p> <p>However, the <b>payment of the grant</b> is based on the <i>eligible costs incurred in implementing the JPA for the reporting period</i>, including the personnel costs of those actually worked on the project (and not necessarily present or qualified to be counted at the time of the headcount).</p>
<p>26. Some partners want to fund (or partly fund) post doctoral positions through the project where the topic is one of the project's identified research areas. Is this possible?</p>	<p>Yes, as long as these <b>post doctoral students</b> work on the project and the research areas are included in the Description of Work (Annex I to the contract) and this corresponds to the normal practices of the organisation.</p> <p>For AC contractors, the rules for eligible additional costs need to be followed.</p>
<p>27. We are an institution with the FCF model. Is it possible for us to have PhD students working on a European project (NoE) as internal (structured) personnel?</p>	<p>Yes, as long as this corresponds to the normal practices of the organisation.</p>
<p><b>Subcontracting</b></p>	
<p>28. Is it possible to allocate budget under "Subcontracting" even if it has not been foreseen at the beginning of the project? If so, is it necessary to have the prior acceptance by the Commission? Or a communication is sufficient? Are there limits under which we can act autonomously? If it is necessary to ask the Commission, is there a formal procedure?</p>	<p>When tasks related to the project core work need to be subcontracted, then the prior approval by the Commission must be obtained (and the tasks must be clearly identified in Annex I to the contract). If such tasks are identified during the course of the project, an amendment to the contract must be introduced.</p> <p>During the implementation of the project, contractors may subcontract <b>minor services</b> which do not represent core elements of the project work.</p>

	<p>Such subcontracts do not require an amendment to Annex I. Where there is doubt about whether a subcontract would concern core work or minor services, contact should be made with the Commission so as to decide whether an amendment would be necessary.</p> <p>All subcontracts must be awarded to the bid offering best value for money under conditions of transparency and equal treatment, as specified in Annex II.6 of the contract.</p>
<p>29. Can we employ an external administrator (i.e., sub-contractor) under 'management activities' for deploying, verifying, managing all administrative documents in one IP with its charge on the project? This external administrator is not part of the Central Administration of the company and it is exclusively contracted for supporting the management of the project. In that case it shouldn't be incurred as an indirect cost.</p>	<p><b>Management</b> is considered to be a core element of the project and cannot be subcontracted, with the exception of minor administrative tasks.</p>
<p>30. What makes subcontracting different from the other kinds of contracts of employment (whose costs can be allocated in "Personnel Costs" category)? Is the fact that the object concerns competences external to the research group working on the project? Moreover subcontracting is excluded from the total in calculating the percentage of in direct costs.</p>	<p>Subcontractors can claim a market price for goods or services rendered (including profit), while personnel costs of contractors are limited to actual costs incurred by the contractor, excluding any profit.</p> <p>Subcontractors are paid in full, either in part from Community contribution and the rest from the contractor's funding or 100% by Community contribution (subcontractors to contractors using the AC cost model). In the case of contractors, the Commission reimburses a part of their eligible costs, according to the type of activity and the cost reporting model applied.</p>
<p><b>UPDATED</b></p> <p>31. If I subcontract the organisation of a Workshop or Conference, are the individual items of expenditure in the subcontract (e.g. room rental, catering etc.) subject to the same rules as the partner who subcontracts?</p>	<p>No, the subcontractor has to perform the subcontract according to the subcontract specifications and the applicable national regulations.</p> <p>Note that subcontractors do not need to provide an audit certificate, but they are subject to audits or controls (like contractors and third parties) arranged</p>

	by the Commission at any time during the contract and up to five years after the end of the project.
<b>Consultants</b>	
32. Our Institute adopts a particular type of consultancy agreement (a contract for occasional collaboration in order to carry out activities that are not part of the core activities of the project). Are the related costs considered as personnel costs or as subcontracting, and does this depend on whether the consultant is a physical person or a legal entity?	This depends on the accounting principles of the contractor: if they are treated as subcontractors on the accounts then they are subcontractors, if they are treated as personnel then they are not subcontractors. If they are subcontractors then the provisions of the model contract apply which require subcontracting to be awarded to the best bid.
33. If we have a consultant (not employee) with a contract for another project, but who does some work for our project, then can we charge some of his time to our project?	Yes, as long as a contractor from your project establishes a subcontract with the consultant and the rules for subcontracting stated in Article II.6 of the contract are respected.  Remember, the consultant's costs need to appear in your accounts and justified by a subcontract and an invoice.
34. Could we charge an in house consultant working the same number of hours like person-months of permanent staff working on the project? Could it be charged under 'other costs' category?	<b>In-house contractors</b> (working full-time exclusively for the contractor at the contractor's premises) may be considered as personnel if recorded as such in your accounts.
<b>Overheads</b>	
35. Do overheads apply to all expenses (i.e. personnel, travel cost, equipment, audit certificate)?	FC contractors apply overheads according to their usual accounting principles.  FCF contractors apply a flat rate of 20% of all direct costs minus costs of subcontracts.  AC contractors apply a flat rate of 20% of all direct additional costs minus costs of subcontracts.
<b>UPDATED</b> 36. Can the following costs be considered as	FC contractors must apply indirect costs according

<p>indirect eligible costs:</p> <ul style="list-style-type: none"> <li>➤ Missions,</li> <li>➤ Speakers,</li> <li>➤ The organization of events (like workshops organized by one of the partners),</li> <li>➤ Technical equipment (laptop, pc, etc.)?</li> </ul> <p>Which other costs can be considered as overheads?</p>	<p>to their usual accounting principles, i.e., items that are considered as overheads by the contractor's normal accounting system, must be considered as overheads for the project (by definition the FC cost model presupposes an accounting system that correctly identifies indirect costs and distinguishes between direct and indirect costs). Other costs normally considered as overheads include the costs of administration and management, depreciation of buildings, water, electricity, telecommunications, etc.</p> <p>Overheads must be identifiable and justified by the accounting system of the contractor as being incurred in direct relationship with the eligible direct costs attributed to the project.</p>
<p>37. Calculation of indirect costs using the Full Cost Model          Situation: indirect costs are not allocated to specific projects but charged to the overall consolidated R&amp;D budget          Question: would the following suggested solution steps work:</p> <ul style="list-style-type: none"> <li>➤ Calculating and specifying actual overall indirect costs of R&amp;D projects</li> <li>➤ Allocation to FP6 projects on the basis of the ratio (personnel costs of the FP6 projects / total R&amp;D personnel costs)</li> </ul>	<p>The answer is yes, provided that:</p> <ul style="list-style-type: none"> <li>➤ Indirect costs charged to R&amp;D projects are in accordance with the usual accounting principles of the organisation, and are not created purely for the EC projects, and</li> <li>➤ Indirect costs in your organisation are calculated only on personnel (as you are suggesting).</li> </ul>
<p>38. Which costs are "Indirect Costs" for a travel category?</p>	<p>The FC cost model presupposes an accounting system that correctly identifies indirect costs and distinguishes between direct and indirect costs. So you must use the same indirect costs on travel that you are using in your organisation.</p>
<p><b>Management, training, travel, etc</b></p>	
<p>39. On the management costs as coordinator can we consider not only the financial staff but also the personnel costs (Researchers and Engineers) that made the technical and coordination management of the project?</p>	<p>Yes, <b>the coordination of the technical and management activities</b> of the project is part of the consortium management (see Article II.2.4 of the contract).</p>
<p>40. What constitutes "management of the</p>	<p>Management of the consortium includes obtaining</p>

<p>consortium” as opposed to management of the activities of the various Work Packages?</p>	<p>audit certificates, implementing competitive calls, maintaining the consortium agreement, obtaining bank guarantees, coordinating technical and administrative activities, coordinating the knowledge management, etc. (see Article II.2.4 of the contract).</p>
<p>41. Training activities are considered eligible costs reimbursable at 100%. Do they include also expenses related to:</p> <ul style="list-style-type: none"> <li>➤ Travel of trainers and trained persons;</li> <li>➤ Board and lodging of trainers and trained persons;</li> <li>➤ Technical infrastructure/equipment leasing (PC, hosting services etc.), software licenses and telecommunication costs?</li> </ul>	<p><b>Training activities</b> do <u>not</u> cover:</p> <ul style="list-style-type: none"> <li>➤ salary costs of those being trained,</li> <li>➤ costs (including salary costs) of doctoral students or post-doctoral researchers.</li> </ul> <p>All other costs involved in training activities are eligible, as long as they satisfy the conditions for eligibility as specified in the contract.</p>
<p><b>UPDATED</b></p> <p>42. The definition of 'Training' as stated within the financial guidelines (page 40 of the April 2004 version) seems ambiguous: it is clearly stated that the salary costs of those being trained are not eligible. From the first part of this paragraph it can be understood that the cost for the attendance of a student to a conference is for instance eligible under 'Training' in an IP. However, the NB in the end of the text ("training activities do not cover the costs of a doctoral student or post-doctoral researcher.") introduces a contradiction: isn't the word "salary" missing in that sentence?</p>	<p>What is meant is: <b>The salary or other costs (like travel or subsistence) of doctoral students or post-doctoral researchers attending training cannot</b> be claimed under Training activities, i.e., cannot be reimbursed at 100%. The costs of those people, if they are involved in the project, are declared under the type of activities in which they are involved, to the extent that they are linked to work carried out under the project.</p> <p>Normally, conference attendance is not considered as training.</p>
<p>43. Can I charge to the project the costs for the publication of a book (pagination, revision of proofs...) concerning the results of the project (if the project foresees dissemination activities) even if the publication of the book is going to take place after the end of the project, due to the duration of the project for example?</p>	<p>If the <b>costs for publication</b> are incurred during the duration of the project (even if the book is published after the end of the project), and they fulfil the other conditions for eligibility (see Article II.19 of the contract), they may be charged to the project.</p>
<p>44. Can we pay external people travel to our project's events given that those people contribute to the project on behalf of our</p>	<p>Yes, if this is normal practice of your organisation and this provides an effective means to progress the research work.</p>

institution?	
<p>45. Can furniture costs for 2 new researchers (desks, office chairs, cabinets, office lamps) be claimed as an eligible cost under the category “direct costs” In the case furniture can be claimed under direct costs, does it have to be depreciated, and how?</p>	<p><b>Furniture costs</b> meeting the eligibility criteria can be direct or indirect costs, depending on the contractor’s normal accounting principles. If they are claimed as direct costs, depreciation depends again on the contractor’s depreciation system.</p>
<p>46. Do books purchased for use in a project correspond to a direct or indirect cost (overhead)?</p>	<p>It depends on whether they are considered as direct or indirect costs by the contractor’s accounting system.</p>
<p>47. Duties and taxes are not eligible costs. It includes also other taxes (e.g. airport taxes)?</p>	<p>Any identifiable <b>taxes</b>, including airport taxes, are not eligible costs. However, for certain airlines these extra costs are considered as airport costs and not airport taxes, in which case they are eligible costs.</p>
<p>48. As far as we know, charging of VAT is not permitted within the costs.</p> <ul style="list-style-type: none"> <li>➤ Who pays the VAT (cf. Article II.19)?</li> <li>➤ Is VAT paid via another account?</li> <li>➤ For example, we want to buy a computer for €1160.- incl. VAT, resp. €1000.- without VAT. Which cost has to be declared?</li> </ul>	<p><b>VAT</b> is not an eligible cost. In the case quoted the amount of €1000 may be claimed using the normal depreciation applicable to your organisation. For reclaiming any VAT you should contact your local tax authorities.</p>
<p>49. In the first period of the project we identified certain ‘knowledge gaps’ and we now wish to perform joint research activity to address these gaps. What exactly constitutes an eligible ‘Joint Research Activity’?</p>	<p>The <b>Joint research programme</b> included in the Joint Programme of Activities is defined as "jointly executed research, which aims at achieving the purpose of durable integration, e.g. by developing common tools, or at filling gaps in the collective knowledge portfolio of the network” (see the Classification of the FP6 instruments at <a href="http://cordis.europa.eu/fp6/find-doc-general.htm#instruments">http://cordis.europa.eu/fp6/find-doc-general.htm#instruments</a>)</p>
<p>50. What elements of the work of a Researcher on an identified knowledge gap would be eligible for funding from the project? Would equipment specifically purchased to work in the area (and shared between partners) be</p>	<p>Elements that meet the eligibility criteria of Article II.19 of the contract.</p>

eligible for funding?	
51. We actively encourage mobility of researchers and PhD students and want to fund this from our project budget, where the person 'moving' is moving to another partner to work for a short period specifically on one of our identified research activities. Which of the two partners (sending or receiving) should claim the costs (this is important particularly if an AC researcher is going to a FC partner)? What costs would be eligible?	The costs must be claimed by the contractor who bears them, and meet the eligibility criteria of Article II.19 of the contract.
52. One of our integration tools is a videoconference system and a system for remote teaching. We plan to purchase these items centrally in order to save money. How do we account for the distribution of licences to partners?	This needs to be specified in the Consortium Agreement. Costs can only be claimed by the contractor that incurs the costs.
53. Where a researcher or PhD student attends a conference related to the work of the Network, what role must that person play in the conference in order for its expenses to be eligible for support from the Project (e.g. present a paper).	If the expenses meet the eligibility criteria stipulated in Article II.19 of the contract, they can be claimed by the contractor.
54. Where a Project meeting is organised the day after a conference (because some of the participants in the meeting are attending that conference anyway) what rules govern which costs can be charged to the project?	Proportionality and common sense.
55. Are travel days to conferences and meetings eligible expenditure, and do they count towards our person month totals.	<b>Travel to conferences and meetings</b> is an eligible cost as long as it meets the eligibility criteria of Article II.19 of the contract. If it is the contractor's policy to consider travel days as personnel costs, then they may count towards the person-month totals.
56. In IPs some management costs (i.e., the organisation of general meetings, etc) are incurred not by the coordinator directly but by another partner, as in many cases the	Eligible costs must be recorded in the accounts of the contractor that incurred them, and thus reported in Form C of this contractor.

<p>meetings are held in the different partner sites. In our specific IP we kept money not allocated to any partner for such purposes and the coordinator transfers the specific amount to the partner once the expense is paid by it. The question is:</p> <ul style="list-style-type: none"> <li>➤ is this expense to be in the cost statement (form C) of the partner that paid the expenses or in the cost statement of the Coordinator, that made the transfer later.</li> </ul> <p>Referring to the same subject: if the expense is made and paid by the partner in late 2004 but the transfer is made in 2005, is the cost eligible in 2004 or in 2005?</p>	<p>The cost is eligible in the cost reporting period in which it is incurred.</p>
<p>57. In the review meetings with the EC officer and external reviewers, it is possible that some expenses of a common dinner of the day before may be made. Are these costs eligible in the management budget? The same question but referred to other meetings with potential new partners and SMEs?</p>	<p>Costs for dinners are normally not necessary for the project.</p>
<p>58. The EC through CAs and SSAs supports specific meetings of IPs and NoEs with potential new partners from Eastern European Countries or INCO. Are these travel expenses eligible as a management cost or as RTD (under dissemination)?</p>	<p>Either suggestion is possible, and it depends on where in Annex I 'Description of work' these costs are foreseen.</p>
<p>59. Our project's description of work clearly indicates that this is the first part of a planned four-year project. EU resources cannot be used to prepare for the second phase. How does one ensure manpower is left for the consequent preparation of the planned second phase?</p>	<p>Resources spent on <b>proposal preparation</b> cannot be claimed under the FP6 indirect actions. This holds even for calls for supplementary proposals.</p>
<p><b>Budget transfers</b></p>	
<p>60. In the Annex 1 Description of Work, are the figures in the table called "estimated incurred eligible costs for the full duration"</p>	<p>Annex I indicates the estimated breakdown of costs and activities to be carried out under the project. The figures in this table are indicative</p>

<p>informative or binding? (total eligible costs and EC contribution)</p>	<p>(with the exception of the Community contribution), and some deviations from them are allowed, as long as the work is carried out as foreseen in Annex I and deviations can be justified in a subsequent review or audit.</p>
<p><b>UPDATED</b></p> <p>61. What is the procedure to reallocate person months and costs in general between partners, if the consortium decides that this is for the best of the project? Is it possible to request budget shifts between Types of Activities? Are there limitations in making budget adjustments during the years or between different partners, given that the total project budget remains unchanged?</p>	<p>Budget transfers <b>between partners</b> or <b>between activities</b> are possible, as long as the work is carried out as foreseen in Annex I and transfers can be justified in a subsequent review or audit.</p> <p>No approval is needed by the Commission for such transfers, but the Project Officer should be informed.</p> <p><i>Important: In the case of important budget transfers between partners not formalised via a contract amendment, in case the Commission is obliged to apply collective financial responsibility, it will use the share of budget as indicated in the contract or the last amendment (where pre-financing is to be recovered) or the share of budget based on accepted certified costs (where a settled payment is to be recovered).</i></p>
<p>62. Can a partner reallocate part of his budget, by moving money from travel, consumables, equipment to personnel? May he reallocate money between personnel and the other costs?</p>	<p>The concept of budget transfers <b>between cost categories</b> does not exist in FP6, as the only distinction that is made in the contract is between direct and indirect costs (and the separation of the cost of subcontracting from direct costs).</p> <p>Contractors may reallocate money between their own defined cost categories as long as the work is carried out as foreseen in Annex I.</p>
<p>63. If we have two cheap researchers can we charge for more person months than allocated in the budget so long as we remain within the estimated costs?</p>	<p>Yes, as long as the work is carried out as foreseen in Annex I and deviations can be justified in a subsequent review or audit.</p>
<p>64. What happens if some project partners have spent more on the first year of the project than initially planned in the first 18 month plan of the project on a given activity (in an IP) ?</p>	<p><b>Deviations</b> from the plan are allowed, as long as the work is carried out as foreseen in Annex I and deviations can be justified in a subsequent review or audit. This overspending will then have to be taken into account in the planning of the remainder</p>

	of the project.
65. Can we charge time of personnel who worked in Work Packages where we have foreseen 0 man months?	Yes, as long as the work is carried out as foreseen in Annex I and the transfer can be justified in a subsequent review or audit.
<b>Management</b>	
<p><b>UPDATED</b></p> <p><b>General statement:</b> Management costs are reimbursed at 100% up to the limit of 7% of the Community financial contribution (limit to be applied <b>at contract level</b>, NOT at contractor level, and <b>with respect to the total Community contribution</b>, NOT the funding for a specific reporting period) and the costs above this limit may be charged to another relevant activity and reimbursed at the rate applicable to this activity. Article II.2.4 gives an overview of the tasks that fall under management activities.</p>	
66. The workplan foresees that Partner X should receive 3% of the whole EC contribution for Management Activities and the rest (4%) should be distributed between the other partners proportionally to their involvement in management activities. What happens if some partners in the first cost statements submit eligible costs in management activities whose sum exceeds the 7% of the EC foreseen contribution? Does it imply that Partner X, which was supposed to get 3% (for management) during the whole project, will be somehow penalized? Or, independently of what Partners declare as eligible costs, will they receive what has been stated in the Consortium Agreement?	<p><b>The limit of 7%</b> of the Community financial contribution for management costs applies to the whole duration of the project. This implies that in some financial statements a contractor may claim more than 7% for management activities and that for a given period more than 7% for management activities may be claimed by the consortium as a whole.</p> <p>The Commission financial contribution is paid to the coordinator who should distribute it to the contractors according to the consortium agreement.</p>
67. According to Guidelines of 6th FP, a part of no more than the 7% of the total amount of the project could be allocated to administrative activities of the project itself. As a matter of fact, the project coordinator has actually more administrative activities to perform than other partners and could be compelled for this reason to employ a person ad hoc only for these tasks and therefore spend also a lot more than the 7% of its budget; on the contrary, a partner could need less than its 7%. In this case, it is possible for the coordinator to use also the parts that the	<p>The limit of 7% of the Community financial contribution for management costs applies at contract level and not at contractor level. This means that not every contractor needs to allocate 7% of its budget to management and some contractors may claim more than 7%. Management tasks (and management costs) may be distributed among partners according to the terms of the consortium agreement.</p>

<p>other partners won't spend for administrative activities? Indeed, in any case, the 7% of the overall budget won't be exceeded.</p>	
<p>68. IPs are allowed to have their management activities funded 100% up to 7% of their global budget (i.e. total eligible costs amount on the whole project duration). This 7% rule is non-applicable on a 12 month period, as the launch of a project requires a lot more efforts during the first year. =&gt; can you confirm that this understanding is the correct one?</p>	<p>The 7% rule applies to the whole duration of the project and not to each reporting period.</p>
<p><b>Audit certificates</b></p>	
<p><b>NEW</b> Working notes on audit certificates for contractors and certifying entities can be found at: <a href="http://cordis.europa.eu.int/fp6/find-doc-management.htm#audit">http://cordis.europa.eu.int/fp6/find-doc-management.htm#audit</a></p>	
<p>69. Do partners have to use the supplied template for the audit certificate or can they use other templates (like from previous FPs)?</p>	<p>The proposed <b>model for an audit certificate</b> which is provided in Annex 7 of the Financial Guidelines, URL: <a href="http://europa.eu.int/comm/research/fp6/model-contract/pdf/fp6-guide-financial-issues-feb05_en.pdf">http://europa.eu.int/comm/research/fp6/model-contract/pdf/fp6-guide-financial-issues-feb05_en.pdf</a>, is not mandatory, but is strongly recommended, as it contains all essential elements that an audit certificate must respect.</p>
<p>70. If one or more Audit Certificates are missing (delayed), should the Coordinator send to the EC the other audit certificates collected within the 45 days after the reporting period, or should the coordinator wait until all the audit certificates are available and therefore delay the delivery to EC?</p>	<p>As soon as the coordinator has the complete set of reports and deliverables for the reporting period in question, he/she should send it to the Commission, indicating which audit certificates are missing (if any) and by which date they are expected to arrive. If these certificates do not arrive in time, the payment will be processed for the contractors that delivered an audit certificate.</p>
<p>71. What happens if a partner submits neither a Form C nor an audit certificate?</p>	<p>The payment will be processed for the other contractors. The concerned contractor may submit the costs in the following reporting period under adjustments, together with an audit certificate covering the two periods.</p>

**UPDATED**

72. Two partners have eligible costs of € 1.800 and € 1.080 respectively in the first year of our integrated project. Is it necessary in this case to submit an audit certificate? Could we submit it after the second year? Another opportunity could be to define a minimum amount for eligible costs per year to submit the audit certificate.

For IPs and NoEs audit certificates are normally required annually (see Article 7.2 of the contract). However, at present there are 2 special clauses which derogate from this article:

- **Special clause 32**, which applies only to IPs and NoEs and exempts all contractors from the obligation to submit audit certificates at certain reporting periods.
- **Special clause 39**, which applies to all instruments and exempts from the obligation to provide audit certificates the contractors requesting a Community financial contribution of less than € 150,000, until the cumulative request for funding equals or exceeds € 150,000.

*Note that, in case of a reporting period where no audit certificates are required, at least 70% of the pre-financing has to be used at the end of the reporting period before the pre-financing is renewed. This requirement applies at contract level and not at contractor level. If the 70% is not reached it is however foreseen that the consortium may (but is not obligated to) submit a complementary periodic management report once the above spending level has been achieved (see Article 8.2(d) of the contract).*

*Note that if there is a reporting period for which audit certificates are required but Special Clause 39 applies, then no audit certificates are submitted and, thus, the 70% rule does not apply.*

**UPDATED**

73. Is a physical audit of each partner by an outside organisation required every 12 months? With 59 contractors paying an average of €3,000 to have accounts audited, this will cost the project around €80,000 each time we perform the audit. The project is 30 months long, do we need to audit at 12, 24 and 30 months? Apart from taking almost €600,000 away from the core objectives of the project, it also severely affects the 7 percent threshold.

See Answer N° 72.

<p><b>UPDATED</b></p> <p>74. Auditing costs are notoriously high and some partners in our project have a very small budget. Is it acceptable for these to have only one audit at the end of the project? A ceiling should be set which would give the opportunity to those partners with smaller budgets to be given more flexibility and thus save resources.</p>	<p>See Answer N° 72.</p>
<p>75. Are audit costs direct or indirect costs? Should we include overheads for the audit certificate?</p>	<p>Audit costs are a direct cost. For what concerns overheads the following applies:</p> <ul style="list-style-type: none"> <li>➤ If the contractor is in Full Costs with actual overheads (FC) then it depends on its normal accounting practices.</li> <li>➤ If the contractor is in Additional Costs (AC) then the flat rate foreseen in Article II.22 of the contract applies for covering indirect costs. As the calculation basis of the flat rate is direct additional costs minus subcontracting costs, if an external auditor is used (i.e. a subcontract) the flat rate is not allowable. If an internal auditor (competent public officer) is used (option available only for public bodies), then in principle, the flat rate would not apply because they are not additional direct costs.</li> <li>➤ If the contractor is in Full costs Flat Rate (FCF) then the flat rate foreseen in Article II.22 of the contract applies for covering indirect costs. As the calculation basis of the flat rate is direct costs minus subcontracting costs, if an external auditor is used (i.e., a subcontract) the flat rate is not allowable. If an internal auditor (competent public officer) is used (option available only for public bodies) then the flat rate is allowable.</li> </ul>
<p><b>UPDATED</b></p> <p>76. The external auditors shall audit the costs reported in the financial statements (Form C)?</p>	<p>Audit certificates should certify all costs reported in Form C, namely: eligible costs, receipts, conversion rates, interest yielded by the pre-financing, accounting procedures, adjustments to previous periods and price paid for the audit certificate.</p>

<p>77. For those partners that do not have any eligible costs/Requested EC contribution allocated to "Management of the Consortium" activities as shown in Annex I, Table on Estimated incurred eligible costs, could their audit costs be submitted under JPA activities? And for IP projects, under RTD activities?</p>	<p>Annex I contains an indicative (estimated) breakdown of eligible costs, which may be modified during the course of the project, as long as the work is carried out as foreseen in Annex I and deviations can be justified in a subsequent review or audit. Audit certificates should be submitted under Management (Article 14.3 of the Rules for Participation).</p>
<p><b>UPDATED</b></p> <p>78. Are all Audit Costs considered as Management Costs? All partners must audit their Financial Statements, but only few partners have management costs in the contract. Audit Costs for the entire Consortium represent 1% or 2% of the total Costs in a project. As these Management costs are not included in the contract in the Management category, this will shift Management costs over 7%. Is this situation allowed? If not, should we change the contract (Annex I)?</p>	<p>Audit certificates should be submitted under management, even if not indicated in the indicative estimated breakdown of Annex I.</p> <p>If the management costs exceed the limit of 7% of the total Community financial contribution, the exceeding costs may be charged to another relevant activity and reimbursed at the rate applicable to this activity.</p>
<p>79. Can the financial statement be dated before the end of the reporting period? The audit certificate has to be dated before or after the signature date of the financial statement?</p>	<p>The date of signature of the Financial Statement is normally after the end of the reporting period.</p> <p>As the audit certificate certifies the costs of the Financial Statement, it needs normally to be dated after the date of the financial statement.</p>
<p>80. All partners within our Consortium have to go through an audit with related costs. This audit concerns the activities done in 2004, but the audit itself of course is done now in 2005. So the question is if these audit costs may be reported in the 2004- report or should they be included in the next year report for 2005?</p>	<p>Costs related to audit certificates (like all other eligible costs) need to be charged in the reporting period in which they occur (recorded in the accounts of the contractor).</p> <p>So, even if the certificate certifies costs incurred in 2004, the cost of the certificate itself should be <u>claimed</u> in the financial statement of 2005 (however, the cost of the certificate should be <u>indicated</u> in Section 6 of the financial statement of 2004).</p>
<p><b>UPDATED</b></p> <p>81. As annex of the first Audit certificate, it is requested to provide "Relevant information establishing this qualification". Is it</p>	<p>Yes. Relevant information establishing the <b>auditor's qualification</b> is needed if the auditor is not known internationally or for a competent</p>

<p>acceptable to provide as “copy of document of approval by the competent authorities that certifies the auditor’s qualification” the copy of some pages of the Official Journal in which as per Decree of the Ministry of Justice the name of the auditor results mentioned in the Official Register of Auditors (in compliance with the 8th Council Directive 84/253/EEC)?</p>	<p>public officer whose competence to provide an audit certificate has not been attested to by its national authorities.</p>
<p>82. Do auditor companies have to accomplish any special condition, or any auditor registered in any country is acceptable?</p>	<p>Each contractor is free to choose any qualified external auditor, including its usual external auditor, provided that it meets the cumulative following professional requirements:</p> <ul style="list-style-type: none"> <li>➤ the external auditor must be independent from the contractor;</li> <li>➤ the external auditor must be qualified to carry out statutory audits of accounting documents in accordance with the 8th Council directive 84/253/EEC of 10 April 1984 or similar national regulations.”</li> </ul>
<p><b>UPDATED</b></p> <p>83. For projects started in January 2004 or February 2004, the 1st year Financial Statements and the corresponding audit certificate must be provided within 45 days after the reporting period, this means 15th February or 15th March. In these audits, the indirect cost of the company must also be certified. However, company accounts may not yet be formally closed before these dates. We assume then that the audit can be done with non closed data. Or is it preferably to use previous closed accounts like 2003?</p>	<p>In general when at the time of the establishment of the financial statement (and the audit certificates) actual costs are not available, <b>estimates</b> will be accepted proviso:</p> <ul style="list-style-type: none"> <li>• The organisation in its accounting normally uses estimates, i.e., the estimates are not purpose-made for the Commission. Participants could be asked to confirm this in writing.</li> <li>• The estimates provide the closest possible approximation of the actual cost and are based on the most accurate information/data available at the moment the financial statement is made.</li> <li>• In case an audit certificate is required, the auditor should report the use of estimates in the audit certificate and confirm that costs claimed using estimates reflect the requirements of the contract, and they provide the closest possible approximation of the actual costs.</li> </ul> <p>Contractors that have used estimates will be asked to correct these costs and provide actual costs when these become available. Audit certificates</p>

	<p>which state that the costs claimed are based on estimates will not be rejected for that reason; however the auditor should report the use of estimates.</p>
<p><b>Consortium agreement</b></p>	
<p>84. How is it possible for a consortium of contractors to agree on Consortium Agreement changes (special clauses, budget transfers within the consortium...)? Are there some specific procedures to follow? What is the level of flexibility for the consortium?</p>	<p>Normally, conditions for modifying the Consortium Agreement should be clearly defined in the Consortium Agreement itself. The Commission is not involved in the maintenance of the CA.</p>
<p><b>Reporting</b></p>	
<p><b>General</b></p>	
<p>85. We have the guideline document (Project reporting in FP6) version 1, October 2004. Is this the latest version?</p>	<p>Yes, the latest version of the Guidance notes on project reporting in FP6 is version 1 of October 2004. However, this document is subject to updates, and you are strongly advised to check always on Europa for the latest version. URL: <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#reporting">http://cordis.europa.eu/fp6/find-doc-management.htm#reporting</a>.</p>
<p>86. How many copies of Form C cost claims and Audit certificates does the EC require? Do we need to submit electronic copies as well as paper?</p>	<p>All reports and deliverables mentioned in the Guidance note on project reporting (including Form C) should be submitted both on paper (1 copy) and electronically.</p> <p>For audit certificates only the original signed paper copy is required.</p>
<p>87. The term of 45 days after the period end to submit the reports is very short. Can it be prolonged?</p>	<p>The <b>45-day deadline</b> for the submission of the periodic reports is stipulated in the contract and cannot be prolonged. However, for the final activity and management reports, according to Article 7.3 of the contract, this delay may be extended by 45 days at the request of the consortium.</p>

<p><b>UPDATED</b></p> <p>88. Why keep track of the person-months effort of all the partners for all the work packages every two months when the audit certificates do not go in such detail?</p>	<p>The information on the person-month effort will be needed by the auditor in providing an audit certificate. The same information will also be checked by the auditors in the event of an audit arranged by the Commission during the contract or during the first five years after the end of the project.</p>
<p><b>UPDATED</b></p> <p>89. Is the periodicity of the activity reports fixed or is it subject to negotiation? For example, is bi-monthly reporting of the effort in person-months for 50 institutes subject to revision (towards 4 or 6 monthly reports?)?</p>	<p>The <b>periodicity of activity reports</b> is stated in the core contract. The periodicity of interim activity reports is agreed during contract negotiations and is normally stated in Annex I – Description of Work. For IPs and NoEs activity reports must be annual. However, the periodicity of interim activity reports can be changed via a contract amendment.</p>
<p>90. When must interim reports be delivered to the PO? At the interim periods indicated in Annex I or at the end of the reporting periods identified in Article 6?</p>	<p>As the purpose of <b>interim reports</b> is to help the Commission monitor the progress of the project, they need to be submitted according to the interim periods indicated in Annex I.</p>
<p>91. There is a lot of repetition in the requirements of the periodic report sections. The objectives are repeated in the publishable executive summary and sections 1 and 2. This creates long repetitive reports which could be reduced without losing important information.</p> <p>Furthermore, the project has quarterly reports so the information is provided several times. This also applies to the use of dissemination. The activity reports as all activities quarterly and periodically, but also provides all information in the deliverables. The addition of appendices for the use and dissemination of knowledge is repetition also.</p>	<p>All reports identified in the Reporting guidelines are required by the contract. In addition, different sections of the reports have a different aim/audience/dissemination level which makes in some cases repetition unavoidable.</p> <p>For example, the publishable executive summary of the activity report is a summary for publication, while Section 1 (objectives at project level) and Section 2 (objectives at Work package level) are confidential and are needed for the assessment of the work of the project at the end of each reporting period.</p> <p>Interim reports (quarterly in your case) should not be mixed with periodic reports: while the former aim at helping the Commission to monitor project progress between two reviews, it is the latter that are used for the contractual assessment of the project work at the end of each reporting period (and the subsequent payment).</p> <p>The plan for using and disseminating the knowledge needs to be a separate stand-alone part</p>

	<p>of the activity report as stipulated in the contract.</p> <p>For a complete description of the reporting requirements for FP6 projects, please see Article II.7 of the contract (plus Annex III for IPs and NoEs).</p>
<p>92. Appendix 1 - Plan for using and disseminating the knowledge How do we fill in the table in section 1 in order to avoid double reporting with the activity reports? Can we simply refer to the activity report thus neglecting the textual description? How do we define "exploitable results"?</p>	<p>The <b>plan for using and disseminating the knowledge</b> needs to be a separate, stand-alone part of the Activity report, as stated in the contract. Thus, some repetition is unavoidable.</p> <p>Exploitable results are those results arising from the project having a potential for industrial or commercial application in research activities, or for developing, creating or marketing a product or process or for creating or providing a service (see definition of 'use' and 'knowledge' in Article II.1 of the contract).</p>
<p><b>UPDATED</b></p> <p>93. In case that Exploitation tasks start later than month 12, how is it possible to fill Exploitation chapter in Appendix 1, when Exploitation task has not yet started?</p>	<p>The Plan for using and disseminating the knowledge is mandatory for each reporting period (see Article II.7.2.a of the contract). The idea is that you provide an overview of the possibilities for exploitation.</p> <p>See "Innovation in FP6 - Guidelines for FP6 Applicants, Participants and Evaluators of FP6 Research Projects / Proposals" at <a href="http://cordis.europa.eu/fp6/find-doc-specific.htm#innoguide">http://cordis.europa.eu/fp6/find-doc-specific.htm#innoguide</a></p>
<p>94. Periodic management report: effort reporting for deliverables This is a remark only. In this report (PMR) we are asked to state how many man-months have been devoted by project deliverables: this seems very strange, as from the project start (an IP) we never had to officially say how much effort will be devoted per deliverable. The only comparison figures we have are man-month per work packages.</p>	<p>The "Deliverables list" table of your Annex I should include a column on <i>Estimated indicative person-months</i> (see Negotiation guidance notes for coordinators of IPs at <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#negotiation">http://cordis.europa.eu/fp6/find-doc-management.htm#negotiation</a>).</p>
<p><b>UPDATED</b></p> <p>95. What is the web address and the procedure to</p>	<p>The <b>on-line questionnaires</b> can be accessed at</p>

<p>fill the reporting questionnaires referenced in Appendices 13-16 of the “Project Reporting in FP6” guidance notes?</p>	<p><a href="http://cordis.europa.eu/fp6/project-management.htm">http://cordis.europa.eu/fp6/project-management.htm</a>. They require a username and password. Usernames and passwords will be communicated to each project participant via an e-mail. Until then, there is no obligation for consortia to submit the questionnaires, with the exception of ending projects that will need to submit the final questionnaires on paper in order to receive the final payment. The word versions of the questionnaires can be found at <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#reporting">http://cordis.europa.eu/fp6/find-doc-management.htm#reporting</a> (Appendices 13-16 of the Guidance notes on Project reporting)</p>
<p>96. Coordinators responsibilities with respect to control over cost claims of partners (whether their claims are justified at workpackage level). What happens if partners claim that actual costs are the same as planned costs while actual person months are less than planned person months?</p>	<p>The coordinator shall be the intermediary between the contractors and the Commission. However, according to the contract, there is no general obligation for the coordinator to verify the Forms C submitted by the contractors (the performance obligations of the coordinator are described in Article II.3.3).</p> <p>In case a contractor is found to have overstated expenditure, the Commission will recover the unjustified financial contribution and may claim liquidated damages (see Article II.30 of the contract).</p>
<p>97. Concerning the periodic activity reports we would like to know if they have to contain also information about the status of the project’s resources (financial and personnel resources: namely do we have to present the status of the costs and of the person months for each partners and WP?)</p>	<p>The status of each work package in Sections 2 and 3 of the Activity report should make reference to the overview tables of major costs and resources of Section 1 of the Management report, and vice versa.</p>
<p><b>UPDATED</b></p> <p>98. Periodic report on the distribution of the Community’s contribution: in the case the whole amount of the 1st EU pre-financing has been already distributed for example in March 2004, it can be signed in a particular date before the end of the reporting period (i.e. December 15, 2004)?</p>	<p>The periodic report on the distribution of the Community contribution shows the distribution of funds by the coordinator to contractors during the reporting period. The signature at the bottom of the form (like in all other forms) certifies that the information provided is correct. The date of signature has nothing to do with the distribution dates.</p>
<p>99. Whilst I understand that each project is</p>	<p>General guidance notes on <b>performance</b></p>

<p>different, I would be grateful if you could indicate any relevant documents to suggest “evidence of durable integration” which is an essential part of our JPA. I have the relevant FP6 documents which appear on CORDIS but there seem to be no clear guidelines as to the concept of “integration.”</p>	<p><b>indicators</b> in the frame of Networks of Excellence can be found at <a href="http://cordis.europa.eu/fp6/find-doc-general.htm#instruments">http://cordis.europa.eu/fp6/find-doc-general.htm#instruments</a>.</p>
<p>100. In “Project Reporting in FP6” document special clause 23 is referenced a number of times. Please explain it.</p>	<p><b>Special clause 23</b> refers to entities composed of one or more legal entities (EEIGs/Joint research units/Enterprise groupings). The effect of the clause is that the contractor may charge the costs of the members of the grouping as third parties contributions. These costs shall not be considered as receipt and are reimbursable.</p> <p>Any special clause that may apply to a specific contract, is inserted in Article 9 – Special clauses of the contract. A full list of special clauses applicable to the FP6 model contract and guidelines on how and when to use them can be found at <a href="http://cordis.europa.eu/fp6/find-doc-specific.htm#modelcontracts">http://cordis.europa.eu/fp6/find-doc-specific.htm#modelcontracts</a>.</p>
<p><b>Templates</b></p>	
<p>101. As well as the cover report model, are there any standard formats for the reports and deliverables (for example .dot files)?</p>	<p>There are no standard formats for the reports and deliverables.</p>
<p>102. Does the publishable executive summary must have a specific layout?</p>	<p>Not for the moment.</p>
<p><b>UPDATED</b></p> <p>103. Is the table in appendix 5 (summary financial report) given in “Project Reporting in FP6” available in a usable form (not as a picture but as an xls or other spreadsheet file). If yes where can it be found?</p>	<p>An <b>electronic tool</b> has been developed in order to help consortia fill in the financial statement forms (Form C and Summary Financial Report). The tool is a Form C Excel workbook and can be downloaded from the following web page <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#reporting">http://cordis.europa.eu/fp6/find-doc-management.htm#reporting</a> under the sub-heading "Project reporting in FP6- Financial Statements (Form C) - Electronic Version 1.1".</p>

	<p>The use of the electronic tool is strongly encouraged for all projects.</p>
<p><b>UPDATED</b></p> <p>104. Is there an easy way to expand the number of partners accommodated in the Summary Financial Report (Form C)? The template is restricted to 5 partners, and I need to summarize the Financial Statements of 25 partners in the project.</p>	<p>See Answer N°103.</p>
<p>105. Is table 3 in Appendix 2 (budget vs actual costs) given in "Project Reporting in FP6" available in a usable form (not as a picture but as an xls or other spreadsheet file). If yes where can it be found? The same question for table 4 in Appendix 2 (person month status table).</p>	<p>The whole of Appendix 2 is now available in Word format at <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#reporting">http://cordis.europa.eu/fp6/find-doc-management.htm#reporting</a>.</p>
<p>106. Appendix 2, Table 4: Do the "Planned WP totals" refer to the duration of the reporting period or the whole project duration?</p>	<p>The templates provided in Appendix 2 of the Reporting guidelines are only indicative. This means that the co-ordinators can use their own internal management tables (in whatever format they may be) in order to report on costs and person-months, as far as they indicate estimated vs actual figures for the reporting period and for the total duration of the project. For the AC contractors this means estimated additional vs actual additional figures.</p> <p>In addition, the AC contractors need to indicate all the resources <u>employed</u> and all the costs <u>incurred</u> for this period.</p>
<p>107. In the Periodic report on the distribution of the Community's contribution, please confirm if these statements are true:</p> <ol style="list-style-type: none"> <li>1) Part I includes the transfers done by Commission to Coordinator along each period. The date refers to the date of transfer reception</li> <li>2) Part II includes the transfers done by Coordinator to rest of partners and itself in each period. The date refers to the date when Coordinator orders the transfer.</li> </ol>	<p>Both statements are true.</p> <p>Regarding the final payment, please note that the final report on the distribution of the Community contribution is due within 60 days after the receipt by the coordinator of the final payment from the Commission.</p>

<p>As final payment will be done after the projects ends, this payment must be included in Final Payment column.</p>	
<p><b>Form C</b></p>	
<p><b>UPDATED</b>          108. Section 5 of FORM C 'Request of FP6 Financial contribution (in €)'          =&gt; can you confirm that, as we understood, the content of this cell should include the total of the direct costs + the indirect costs i.e. the total for requested EC funding.</p>	<p>Contractors need to indicate in <b>Box 5</b> the amount that they request the Commission to reimburse to them for the reporting period. This amount is based on eligible costs for the period (Box 2), and is calculated by applying to the eligible costs the reimbursement rate according to activity type, cost model and instrument.</p> <p>For the reimbursement rate, please refer to the table of Article II.25 of the contract.</p> <p>The Summary financial report will indicate the total requested funding for the period:</p> <ul style="list-style-type: none"> <li>➤ For instruments other than NoEs, this will be the sum of the funding requests by the contractors.</li> <li>➤ For NoEs, this will be             <ul style="list-style-type: none"> <li>○ The sum of the funding requests by the contractors, if the sum of the eligible costs of the contractors is lower than the grant for the period;</li> <li>○ The grant for the period, if the sum of the eligible costs of the contractors is equal or higher than the grant for the period.</li> </ul> </li> </ul>
<p>109. In the case of a Joint Research Unit (JRU): how do we declare the costs of the 2 entities, should we simply add them up and no distinguish which party claims what, which is what we have done.          =&gt; please confirm.</p>	<p>According to Special clause 23, the contractor shall submit:</p> <ul style="list-style-type: none"> <li>➤ an individual financial statement (Form C) from each member;</li> <li>➤ an audit certificate from each member in accordance with the contract;</li> <li>➤ a summary financial report consolidating the sum of the eligible costs of each member and the contractor, appended to the contractor's financial statement.</li> </ul>
<p>110. Point 7 of Form C - Conversion rates</p>	<p><b>Box 7</b> of Form C should be completed by</p>

<p>Could you please confirm: in the case of a contractor with an EURO currency, option 1 is the only option. An UK partner for example will use option 2, because they are converting their costs in EURO when submitting their cost statement?</p>	<p>contractors incurring costs in currencies other than the Euro. As eligible costs declared in Form C must be in Euro, these contractors must indicate the basis for the conversion rate used. They may choose between:</p> <ul style="list-style-type: none"> <li>➤ the conversion rate that would have applied on the date that the actual costs were incurred</li> <li>or</li> <li>➤ the rate applicable on the first day of the month following the end of reporting period.</li> </ul> <p>The choice of one basis must be applied for the whole duration of the project.</p> <p>The conversion rates may be obtained at the following internet address:  <a href="http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html">http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html</a>.</p>
<p>111. What should we indicate as “receipts” in part 3 of the form C?</p>	<p>There are three main kinds of <b>receipts</b>:</p> <ul style="list-style-type: none"> <li>➤ Financial transfers or their equivalent to the contractor from third parties;</li> <li>➤ Contributions in kind from third parties;</li> <li>➤ Income generated by the project.</li> </ul> <p>The first two cases (financial transfers or contributions in kind), are considered as receipts of the project if the third party has provided them <u>specifically</u> to be used in the project. However, if the use is <u>at the discretion of the contractor</u> or if the third party makes available its resources on the basis that they <u>are to be reimbursed</u> or used for a common interest then they may be considered not to be receipts.</p> <p>Where contributions from third parties are used by the contractor for the project, the latter is required to inform the third party of this use, in accordance with the national legislation or practice in force.</p> <p>In the case of income, any income generated by the project itself, including the sale of assets bought for the project (limited to the initial cost of purchase) is a receipt of the project (e.g. admission fee to a conference carried out by the consortium; sale of the proceedings of such a conference; sale of equipment bought for the project, etc.). Any</p>

	<p>income generated for the contractor from the exploitation of the IPR resulting from the project is not a receipt.</p>
<p><b>UPDATED</b></p> <p>112. Should interests earned by the project partners other than the coordinator from the pre-financing received a year ago be declared in form C, and if so where?</p>	<p>Only the coordinator should declare in Form C <b>interest</b> earned from the Commission pre-financing not distributed or distributed late, minus the part that is the coordinator's own pre-financing. All other partners are entitled to use their own pre-financing according to their needs, and not declare interest in case it stays at the bank.</p>
<p><b>AC contractors</b></p>	
<p>113. In the Periodic Management Report, AC contractors are required to provide "a tabular overview of all resources employed on the project and a global estimate of all costs". In case, the structural costs and man-months of permanent personnel have not been foreseen in the Annex 1 to the EU contract, do we have the freedom to indicate "now" the budget?</p>	<p>According to Article II.24.1.d of the contract, contractors using the additional cost model must also identify <u>in their periodic reports</u> all the resources <u>employed</u> on the project and provide a global estimate of all the costs <u>incurred</u> (not just the additional eligible costs which are reported in the financial statement).</p> <p>In practical terms this means that, at the time of the periodic reporting, in addition to the additional eligible costs that need to be reported in Form C in order to be reimbursed by the Commission, AC partners need to identify ALL resources and costs employed on the project, even if only the additional part is eligible for funding. The contract does not require that the budgeted figures of all resources and costs for AC partners are included in Annex I.</p>
<p>114. Management Report, "Person Month Status Table", for AC partners: AC partners have (a) person-months which are funded (directly employed additional personnel) and (b) person-months which are provided, but not funded (personnel with fixed employment at university etc.). Which person months should be reported in which column? I guess that (a) should be reported under "partner" and (b) under "AC own staff"</p>	<p>Correct.</p> <p><b>Table 4 of Appendix 2</b> of the Project reporting guidelines proposes a template for the reporting of the person-months the cost of which is eligible for funding (this means non-permanent staff for AC contractors).</p> <p>The person-months of permanent staff having worked on the project for this period can be reported in the "AC - own staff" columns ("own" meaning "permanent").</p>

<p>115. As German AC partners are not required to state person-months of AC own-staff, can we leave the column blank?</p>	<p>According to Article II.24.1.d of the contract, ALL contractors using the additional cost model must also identify in their periodic reports all the resources employed on the project and provide a global estimate of all their costs (not just the additional eligible costs which are reported in the financial statement).</p>
<p>116. Appendix 2, Table 3: Is there a template for the requested 2nd table concerning the AC contractors? Does the item "Budget" mean eligible costs over the full project duration? If yes, then for AC partners it is only the non permanent staff (for JPA activities)?</p>	<p><b>Table 3 of Appendix 2</b> of the Project reporting guidelines proposes a template for the costs that are eligible for funding (this means additional costs for AC contractors).</p> <p>There is no proposed template for the global costs for AC contractors. These contractors may choose a similar table to report on the global costs incurred in the period.</p>
<p>117. The periodic management report and the final management report require, for AC contractors, a tabular overview of all resources employed on the project and a global estimate of all costs. Is this estimate enough to fulfil the requirements of article III.2.2 last indent, although this article speaks about "eligible costs" ? or the AC contractors have to justify a total amount of eligible costs higher than the amount they claim for reimbursement.</p>	<p>The contract requires AC contractors to report on all the resources employed on the project and to provide a global estimate of all their costs, in order to give to the Commission a global overview of the resources and costs employed in the project.</p> <p>This requirement has nothing to do with the payment of the grant. The payment of the grant is conditional upon the contractors incurring eligible costs that are greater than the amount of the grant itself. For AC contractors, eligible are only direct additional costs plus the flat rate for indirect costs.</p>
<p>118. Some partners with AC cost model were asked by the project officer during contract preparation to include in the project the person power effort of their staff in addition to the person power specifically contracted for the project. Does the Form C have to include the person power of the staff at zero cost, or only the person power that is a real eligible cost for the partners of AC?</p>	<p>Form C includes only eligible costs (for AC contractors this is direct additional costs plus the flat rate for indirect costs).</p>
<p>119. Do A/C universities for whom an internal office bodies undertakes the audit have to submit costs? If so, how do they enter these details on the forms?</p>	<p>Any contractor <u>wishing to request Community financial contribution</u> needs to claim its eligible costs on the basis of the Financial statements provided in the contract. Eligible costs are reported by activity type broken down in direct and indirect</p>

	costs.
<b>Contractors with no Community financial contribution</b>	
120. One of our partners receives no funding from the EC for their involvement in the project and therefore has no budgeted expenditure. With reference to the financial reports for period one and the audit certificates, should these show no expenditure or do you require them to report on the costs incurred (staff time etc) and record that no funding is required from the EC?	<p>Contractors who do not receive any Community financial contribution do not need to fill in Form C or submit an audit certificate. However, they should identify in their periodic reports the resources employed on the project and provide a global estimate of their costs.</p> <p>Where contractors participate with eligible costs but no Community financial contribution, ensure that the contract contains Special clause No. 14.</p>
121. Do Swiss partners have to fill in Form C and Audit Certificate?	<p><b>Swiss partners</b> that do not receive any Community financial contribution do not need to submit Form C or audit certificates. For these contracts Special clause No. 14 should be included in the contract; if not, the contract will need to be amended.</p> <p>Swiss partners that receive a Community contribution should submit Form C and audit certificates as required by the contract.</p>
<b>Third parties</b>	
122. Third parties: Making the assumption that during the project life another Institution offers a financial contribution for the project: is it possible to report the financial contribution of the additional financing body in the same cost statement usually adopted for the project? In this assumption could be acceptable a process of co-financing started after the beginning of the project?	<p>A prior agreement must exist between a third party and the contractor stipulating that resources are or will be made available by third parties to the contractor. Third parties and their resources to be made available to the contractor (on the basis of the agreement) must be identified in Annex I to the contract.</p> <p>A new third party identified during the course of the project can be introduced to the project by means of a contract amendment. No reimbursement of third party resources can be made, if this party and its resources are not identified in Annex I.</p>
123. Spin-offs of one of the project contractors	Yes, where they are a separate legal entity, spin

<p>could be considered as a third party? Do they have to be mentioned in the contract? If yes, in which terms do they have to be defined in the contract?</p>	<p>offs will be considered to be a third party. If it is intended that they should contribute to the project in some way and be reimbursed for that contribution, this should be specified in writing by agreement prior to signature of the EC contract and indicated in Annex I (see Article II.19.e of the contract).</p>
<p>124. The JRU mechanisms need further clarification. They are described in the FAQs but this does not give sufficient information to partners to easily understand the details of the scheme, as opposed to third parties.</p>	<p>A <b>Joint Research Unit</b> (JRU) means a partnership with no legal status as such formed between entities of the same nationality and meeting the following conditions: scientific and economic unity, lasting a certain length of time, recognised by a public authority. In case of participation of a JRU a special clause must be added in the contract. The effect of the clause is that the contractor may charge the costs of the members of the grouping as third parties contributions. These costs shall not be considered as receipt and are reimbursable.</p>
<p>125. Consortia of Universities          In the project we have four groups of Universities, not created ‘specifically for the project’. In one case, University researchers and PhD students work on the project and are paid by the Universities (not the project Partner). The project funds, however, go to the project Partner, and the partner does not pass them on to the Universities. The questions are:          Does a list of the institutions need to be added to the contract          Are the costs a ‘receipt to the project’?          How do we account for the person months of people who are not employees of the partner          - What cost model is appropriate</p>	<p>A prior agreement must exist between the Universities and the contractor, stipulating that resources will be made available to the contractor. A list of the institutions and the resources to be made available to the contractor (on the basis of the agreement) must be identified in Annex I to the contract. If this is not the case, an amendment to the contract must be introduced.</p> <p>The resources from the institutions are considered as receipts of the project if they are provided specifically for the project. However, if the use is at the discretion of the contractor they may be considered not to be receipts. Third parties for which Special Clause 23 does not apply, must use the contractors cost reporting model.</p>
<p><b>Major cost items</b></p>	
<p>126. In the Cost Budget Follow-up Table (Appendix 2 – Standard reporting templates, Table 3: Budget vs. Actual Costs of the Periodic Management Report) what should we indicate as “major cost items”? Can we</p>	<p>There is no definition of ‘major cost items’. Contractors may define them on their own, according to their relative importance compared to the total budget of the contractor, or their individual value.</p>

<p>consider “project meetings”, “dissemination and exchange”, and “computer equipment” major cost items?</p>	
<p>127. How are major cost items defined? - is there an approximate figure of a limit what is meant by "major" cost items? It is necessary to know, e.g. whether we have to report travel costs per travel or as a whole.</p>	<p>There is no figure defining major cost items. Travel costs for project meetings normally should not be a major cost. However, travel overseas for attending a major conference might be.</p>
<p>128. In Table 3, Appendix 2 of report, which type of classification “major cost items” refers to? Must be based on categories (travel, equipment...) or based in Direct/Indirect costs? How about personnel costs: should they incl. overheads or should overheads be reported as another major cost item?</p>	<p>Major costs can be reported by type of cost, or as isolated cost items, if major.</p> <p>Personnel costs should not include overheads. If overheads are considered a major cost item of the eligible costs, then they should be reported as such.</p>
<p><b>Deliverables</b></p>	
<p>129. With regard to Project deliverables that are software prototypes: What is expected for delivering prototypes to the EC for FP6 projects and at reviews? E.g. Demos deliverable at review, Disseminate using a movie to show how it works, prototype deliverables are just accompanied by a short document - not longer than 2-4 pages basically the ‘readme’ file Installation, instructions and a general overview of the functionality Are there any EU procedures / policies for software prototype delivery?</p>	<p>When a deliverable is a <b>software prototype</b>, it should be accompanied by a short report explaining its functionality, testing, limitations, envisaged enhancements, etc.</p> <p>It is up to the consortium to decide together with the Project Officer which is the best way to present the prototype at the periodic review.</p> <p>There are no procedures / policies on software prototype delivery.</p>
<p>130. Are the project’s deliverables due at the date reported in the Annex 1 or at the end of the first project year (first reporting period)?</p>	<p>Deliverables are due at the date reported in Annex I, so that the Project Officer can monitor progress, and at the latest 45 days after the end of the respective reporting period.</p>
<p>131. Regarding the deliverables classified as “other” (for example web site or data), should they be accompanied by written reports describing the deliverable’s content?</p>	<p>Absolutely.</p>

<b>Plan for next 18 months</b>	
<p>132. When planning again months 13 to 30, and in case the consortium considers that some partners must reduce their effort, while some others must increase it, is it necessary any amendment to redistribute the budget or is the change legally covered by the new planning?</p>	<p>Flexibility of implementation is one of the main characteristics of the new instruments, and it is reflected in the annual updates of the work programme. Annex I contains an outline Implementation Plan / JPA and a detailed one only for the first 18 months. At the end of each 12-month reporting period, the consortium must update the Implementation Plan / JPA by updating only the detailed one for the following 18 months, or the whole Annex I in case of significant changes (see Annex III to the contract, Sections on Definitions and Updating the Implementation Plan/JPA).</p> <p>The answer to your question is “YES”, IPs and NoEs may propose changes to resources, budget distribution or work programme when submitting their planning for the next 18 months. If these changes are approved by the Commission, the contract will be amended accordingly.</p>
<p>133. Upon ending the first project year, a revised implementation plan is to be drafted for the next 18 months, i.e. months 13 to 30. Will CPFs have to be provided to support that revised implementation plan, and if so</p> <ul style="list-style-type: none"> <li>➤ when should the revised CPF be produced?</li> <li>➤ where can the form be found, and</li> <li>➤ how can this form be used with the CPF editor?</li> </ul> <p>Are better interfaces (in particular with users and with Excel) of the CPF editor planned for release soon? Currently, this editor is poor.</p>	<p>Updated versions of the CPFs (especially the new budget forms) will need to be provided. They should be provided with the remainder of the periodic reporting material, and should be based on the versions that are the basis of the latest contract amendment (or of the original contract, if there have been no updates since then).</p> <p>There is some work being done on the CPF Editor; however, this is not scheduled to be available in the near future.</p>
<p>134. Periodic report must include Draft planning for following 18 months. Is this document considered a legal/contractual document? (i.e.: like Description of Work is the Contractual document for work to be done in months 1 to 18)</p>	<p>The approved planning for the next 18 months for IPs and NoEs shall be appended to the contract by means of a formal amendment procedure. In this way, it will become a contractual document.</p>
<p>135. When you are in month 12 and you are planning following 18 months, there are two scenarios: months 13 to 18 are to be planned</p>	<p>The detailed plan for the next 18 months (Implementation plan or JPA) may propose changes for months 13 to 18. And, when approved,</p>

<p>again, but are already detailed in contract (Annex I). Months 19 to 30 are to be plan in detail. When planning again months 13 to 18, it is allowed to change names and dates of Workpackages, Deliverables, Action lines, etc.? In affirmative case, is it possible to start working according to that before getting approval from EC?</p>	<p>the plan will be effective as of the first day of month 13 (unless otherwise specified in the amendment).</p> <p>However, contractors need to be aware that legally speaking, during the time lapse between the end of a reporting period and the approval by the Commission of the amendment request to append the planning for the next 18 months to the contract, the existing contract and its annexes will apply.</p>
---	---

**Reviews**

<p>136. Could you outline precisely the different phases following the reviews? In particular, in case the new JPA is not accepted immediately (+45 days) and needs new submission &amp; reviewing, what are the activities to be undertaken with no approved JPA? What happens if the JPA is not signed after month 18?</p>	<p>The review meeting will be followed by a formal letter from the Commission announcing the outcome of the review. If the outcome is positive and the proposed plan for the next 18 months for IPs and NoEs is approved, the coordinator will submit an amendment request to the Commission in order to append the approved plan to the contract, normally with effect from the first day of month 13 of the project. Payment will be made within 90 days from the submission of the periodic reports and deliverables.</p> <p>During the time lapse between the end of the reporting period and the approval by the Commission of the amendment request, the existing contract and its annexes will apply.</p> <p>If the review outcome is not satisfactory and there is a need for re-negotiation of the plan for the next 18 month period, the existing contract and its annexes will apply, and this until the plan is approved and amended to the contract.</p>
--	---

<p>137. What will be the main criteria of integration retained by the reviewers for NoEs?</p>	<p>As Networks of Excellence can vary in nature, content, structure and objectives, their performance towards durable integration will be assessed according to the description of work in Annex I to the contract. Some general guidance notes on performance indicators for NoEs can be found at <a href="http://cordis.europa.eu/fp6/find-doc-general.htm#instruments">http://cordis.europa.eu/fp6/find-doc-general.htm#instruments</a>.</p>
---	---

**Payment modalities**

**UPDATED**

138. When an audit certificate is not due every year, but for example at the end of the 1st reporting period and at the end of the project (so covering 3 years), the pre-financing cannot be re-qualified as settled payment. But what happens with the further pre-financing? Can it be increased without taking into account the non audited costs and therefore still considered as pre-financing?

After each reporting period the Commission reimburses costs that have been incurred by the Consortium and renews the pre-financing. The reimbursement of costs for the reporting period may be initiated in two ways according to the submission or not of audit certificates. The reimbursement of costs, in case an audit certificate has been provided, settles the amounts justified and accepted during a reporting period. In case no audit certificate has been submitted the amount justified and accepted is taken into account in the calculation of the new pre-financing.

Pre-financing that is justified by costs claimed, and accepted by the Commission, and covered by an audit certificate is considered as a **cleared payment**. The legal consequence is that this amount is no longer the property of the Commission but becomes the property of the contractor.

If an audit certificate is due and is not delivered or not accepted the corresponding costs are rejected.

**Accepted costs** are those justified either with Audit Certificates (AudC) or with Financial statements (Form C) and accepted by the Commission.

In case costs are covered by audit certificates the Financial statement is used to clear any 'open' pre-financing and if all pre-financing is cleared to make a normal payment.

In case costs are not covered by an audit certificate the invoice remains 'open' (but the payment clock is stopped) until an audit certificate covering the costs of the reporting period is received and accepted.

Article 8 of the contract may include a paragraph that limits the maximum pre-financing to 80% of the Community financial contribution or of the difference between the Community financial contribution and payments covered by an audit certificate.

Note that the contract states that 'Where less than 70% of a pre-financing has been used at the end of

	<p>the reporting period ...subsequent intermediate pre-financing may be paid only (i) if an audit certificate is provided for that reporting period, or (ii) on the basis of a complementary periodic management report ... that shall be submitted to the Commission once the above-mentioned spending rate has been achieved.</p>
<p>139. Will the FP6 EC payment for cost statements in period one be similar to the “cost statement – payment request – summary report” used in FP5? Actual CS amounts – advance payment made = amount to be paid Or will the payment following period one simply be the grant for the next 18 months?</p>	<p>FP6 resembles FP5 in the sense that the Commission reimbursement is based on eligible costs incurred by the contractors (with a percentage of the contribution advanced to the consortium in the beginning of the project). For details on the payment modalities of the Community financial contribution, see Answer N° 138.</p>
<p><b>UPDATED</b> 140. When will the outstanding 15% of the pre-financing amount of the beginning of the project be paid?</p>	<p>Please refer to Answer N°138. The final payment will be made within 45 days following approval by the Commission of the reports relating to the last period and the final reports.</p>
<p><b>UPDATED</b> 141. Receipts: For NOEs, the maximum contribution is the difference between eligible costs and receipts? How does it work when eligible costs are greater than funding? Is the maximum contribution then the difference between funding and receipts?</p>	<p><b>Receipts</b> have to be declared at contractor level at each reporting period. At the end of the project receipts will be taken into account at contractor level, in order to verify that no contractor makes any profit out of the project.</p> <p>The rule to be applied is:  <math display="block">\text{Total receipts} + \text{Total EC contribution} \leq \text{Total eligible costs}</math></p> <p>If this is not the case, then the total EC contribution will be reduced by the amount exceeding the total eligible costs.</p>
<p><b>UPDATED</b> 142. Consequences of underspending and of overspending after year 1 for NoEs.</p>	<p>For <b>NoEs</b>, when eligible costs are equal or higher than the grant for the reporting period, the Commission will reimburse the amount of the grant.</p>

	<p>When eligible costs are lower than the grant, a contract amendment needs to be made in order to reduce the amount of the annual grant to the eligible costs. This way the amount of the eligible costs – which now will be equal to the grant – can be paid. The 'unused budget' will be distributed over the remainder of the project.</p>
<p>143. According to Annex II of the contract, article II.25, the maximum reimbursement rate for the NoEs is 100% of the eligible costs. According to Annex III, if at the end of the project, the total eligible costs are lower than the grant for integration, the payment for the last period shall be limited to 95% of the eligible costs incurred in that period."</p> <p>The first interpretation would be that, if all the eligible costs incurred during the project are lower than the grant calculated at the beginning of the project, the reimbursement rate will be lower than 100%, because the 100% are a maximum. The partners will be reimbursed less than the eligible costs incurred, although the grant allocated to the project is enough to pay all the costs, because the hypothesis is that the total eligible costs are lower than the grant.</p> <p>The other understanding would be that 5% is only a retention to be paid to partners once the final reports and costs statement are agreed by the Commission. So the reimbursement rate is 100%, and all the eligible costs are paid.</p> <ol style="list-style-type: none"> <li>1) Which is the right understanding of the articles?</li> <li>2) If the first interpretation (reimbursement rate lower than 100%) is the good one, does this apply whatever the cost model is? i.e. in a project with all partners using the Additional costs model, this means that these partners have to justify a total amount of eligible costs higher than the amount of eligible costs they claim for reimbursement, and therefore have to pay eligible costs on their own budget.</li> </ol>	<p>The first interpretation is the right one. The grant for integration has as purpose to COMPLEMENT the resources deployed by the contractors in order to carry out the JPA. This means that the grant should be a portion of the total resources deployed for integration.</p> <p>That's why there is the requirement that the full amount of the grant is paid only when total eligible costs are at least equal to the grant. Otherwise, the consortium is penalised by receiving for the last period 95% of the eligible costs for this period, whatever the cost model of the contractors.</p> <p><u>All projects need to report on total eligible costs – irrespective of the maximum Community financial contribution.</u></p>

<p>144. In our NoE only 90% of the eligible costs are refunded. Are personnel cost of permanent staff eligible costs for the calculation of the 90%? How can we prove that permanent staff has worked on the project, but was paid from somebody else?</p>	<p>The grant for integration has as purpose to COMPLEMENT the resources deployed by the contractors in order to carry out the JPA. This means that the grant should be a portion of the total resources deployed for integration.</p> <p>For AC contractors, only additional costs are eligible costs for the project. All eligible costs – irrespective of the maximum Community financial contribution – need to be reported in Form C.</p>
<p>145. What guidelines exist as to the promotional materials which can be purchased in order to promote the Network? Are there any general EC, IST, FP6 promotional materials we can obtain from the Commission to use in events?</p>	<p>Please have a look at</p> <ul style="list-style-type: none"> <li>➤ The Guide to Successful Communications and</li> <li>➤ The Cordis service for the promotion of FP6 projects.</li> </ul> <p>They can be found at  <a href="http://cordis.europa.eu/fp6/project-management.htm#com">http://cordis.europa.eu/fp6/project-management.htm#com</a>.</p>
<p>146. The Financial Guidelines for FP6 which appear on the FP6 Home Page are still referred to as “Draft” – is there any indication of when these will become “definitive”.</p>	<p>The financial guidelines have been updated. The latest version (February 2005) can be found at:  <a href="http://cordis.europa.eu/fp6/find-doc-management.htm#finguid">http://cordis.europa.eu/fp6/find-doc-management.htm#finguid</a></p> <p>A list of changes is given at:  <a href="http://europa.eu.int/comm/research/fp6/model-contract/pdf/list-of-changes-guide-financial-issues-22feb2005_en.pdf">http://europa.eu.int/comm/research/fp6/model-contract/pdf/list-of-changes-guide-financial-issues-22feb2005_en.pdf</a></p>
<p><b>NEW</b></p> <p>147. Two of the main Work Packages in our Joint Programme of Activities are related to the organization of Summer/Winter Schools and Doctoral Schools on topics related to our project’s remit. The program for each school may contain a number of courses (typically 4 to 8) that pertain to specific research topics and apply to interested research students who either are about to choose a PhD subject or are already working on a specific research topic and want to enhance their knowledge. Each applicant will be able to choose to follow some of them in intensive weekly sessions.</p> <p>In addition to the scientific/technical aspect,</p>	<p>The costs of the external company for the organisation of the event are eligible as long as a contractor from your project establishes a subcontract with the external company and the rules for subcontracting stated in Article II.6 of the contract are respected.</p> <p>Where a subcontract is used, teacher fees paid by the external contractor are eligible where there is a direct contractual link between the subcontractor and the teachers. In line with the general rule that contracting participants in a project may not cross subcontract, the subcontractor may not use teachers which belong to a contractor.</p>

<p>the partner that takes care of organization of the School has to face a number of purely logistic matters. In order not to devote research person-months to organizational chores, it would be advisable to place a (sub)contract to an external company that would take care of the preparation of the event. This would include assessing availability and possible cost of rooms, collecting and copying teaching material, contacting teachers, advertising the school, preparing leaflets and printed programs etc.</p> <p>Three questions:          Q1: Would the cost of the external company for the organization of the event be eligible? Organizational costs sustained by the external company would possibly include also the fee that is due to the teachers for the time they devote to the school, in addition to the reimbursement of the bare travel/lodging expenses. This raises two questions:          Q2: Are teacher fees paid by the external company eligible?          Q3: If some of the teachers of the School belong to a project partner, is their fee (as paid by the external company) an eligible expense for the subcontract?</p>	<p>To conclude, teacher fees paid by an external subcontractor are eligible provided they are in accordance with the terms of Article II.19 and are used to pay teachers which are not employees of a contractor.</p>
<p><b>NEW</b></p> <p>148.- Can the contract for a NoE be amended with the Special Clause 39?</p> <ul style="list-style-type: none"> <li>- How do we have to show that the eligible costs are greater than the maximum Community financial contribution established in the contract? Do we explain the total costs in the management report as required in the "Project reporting in FP6" guidance notes, or do we have to have a greater sum of costs in the Financial Statement and in the Audit Certificate? Do the "greater costs" include the own contribution of AC partners?</li> <li>- Should the greater costs be shown (and verified) after every period or in the final report?</li> </ul>	<p>Yes, IPs and NoEs are encouraged to amend their contracts with Special Clause 39 where this is appropriate, ie; where (certain) contractors request quite low levels of funding and the provision of interim audit certificates would impose a disproportionate financial burden.</p> <p>Eligible costs are the costs reported in Form C. For AC contractors, only additional costs are eligible costs for the project (with the exception of management costs, which may be charged as a direct cost under the management activity provided these costs 'can be identified with precision by the contractor').</p> <p>For NoEs, eligible costs must be equal or higher than the grant for each reporting period, in order to have the amount of the grant reimbursed by the Commission for the period. When eligible costs are</p>

	<p>lower than the grant, a contract amendment is needed in order to reduce the amount of the annual grant to the eligible costs. This way the amount of the eligible costs – which now will be equal to the grant – can be paid. The 'unused budget' will be distributed over the remainder of the project.</p> <p>At the end of the project, if total eligible costs over the full duration of the project are lower than the full amount of the grant, only 95% of the eligible costs for the last reporting period will be reimbursed by the Commission.</p>
<p><b>NEW</b></p> <p>149. Financial guidelines, page 30, section 2.1.2.3.3 says the cost model used by the contractor applies to the costs of the third party.</p> <p>This suggests (as examples):</p> <p>(a) a large company, which as a participant must use FC, will use AC if it is a third party to an organisation using AC</p> <p>(b) an organisation which as a participant would use AC (eg a university), must use FC if it is a third party to a large company.</p> <p>Is this true?</p>	<p>AC contractors cannot claim <b>third party contributions</b> that are made available free of charge. However, if a partner using the AC cost reporting model reimburses the third party contribution, then these third party costs can be claimed.</p> <p>Third parties report all eligible costs and are reimbursed according to the cost model of the contractor.</p> <p>In your first example, the large company will report eligible direct (not additional) and indirect (no flat rate) costs via the AC contractor. Provided that this AC contractor reimburses the costs of the third party, then the third party costs will be reimbursed according to the AC cost model.</p> <p>In your second example, the AC third party will report direct additional costs plus a flat rate for indirect costs via the FC contractor. These costs will be reimbursed according to the FC cost model.</p> <p><i>If special clause 23 applies, then each third party (member in this case) should apply their own cost reporting model and fill in a separate Form C.</i></p>
<p><b>NEW</b></p> <p>150. In many New Member States and in Russia, salaries of permanent research staff in public sector bodies vary according to the number and nature of research contracts in which they participate. The basic salary is low - often well below a level sufficient to live (and</p>	<p>If a <b>legal entity established in a third country</b> may participate without receiving any EC funding, it has to calculate the person months and costs according to its usual accounting and management principles. This input should be identified in the technical annex to the contract (Annex I) and the</p>

<p>sometimes zero) – and the amount of working time to earn this basic salary is not defined, or the employment is considered as full time. There are no defined additional rates for salary when additional contracts are obtained. In such cases, how should the cost per person year be calculated?</p>	<p>budget estimated for that contractor’s costs will be included as part of the total costs of the project (but not part of the estimated maximum EC contribution).</p> <p>If a legal entity established in a third country may receive EC funding, it is treated like any other contractor: it must meet all the provisions of the contract including those concerning the eligible costs (Articles II.19, II.20, II.21, II.22 and II.25 of the FP6 model contract). See the answers to questions posed above under the section “Personnel”.</p>
<p><b>NEW</b></p> <p>151. One contractor’s company was merged to its mother company. The EC was informed about this change, but the official amendment has not been sent to the EC yet. The partner continued to work on the project (the same team was contributing to the project). While we were preparing an amendment the Company has informed that they want to leave the consortium form 30th June 2005. The replacement for this contractor has been found.</p> <p>The question is the following: Is it possible to include in the same amendment the accession to the contract of this “leaving new” contractor, his leave, and an accession of a new contractor (his replacement)?</p> <p>Or first of all we need to send an amendment concerning the accession to the contact of this new contractor (merged company), and then issue a new amendment for his leave and the entry of his replacement?</p>	<p>Including all the consecutive changes in the same <b>amendment</b> must be avoided but is possible as long as the reality of the facts is properly respected and reflected in the amendment. This possibility must be used exceptionally and on a case by case basis, especially when there are special clauses to be applied.</p> <p>You will need for this purpose to indicate the withdrawal of the former legal entity at the effective date of the merger, the entry of the mother (merging) company at the same date and the transfer of contractual rights and obligations.</p> <p>Then you indicate the date of termination of the participation of the said company in the table of "termination of a contractor's participation".</p> <p>In the table of "addition of contractors", you should indicate the date of accession of the new contractor.</p> <p>The version of Annex I must be the latest version with reference to the new legal entity (latest entry date). The work done by the mother (merging) company according to the Annex I is covered by the clause on transfer of rights and obligations.</p> <p>The amendment request must be accompanied by letters from the concerned contractors to the coordinator confirming their accession/withdrawal and the dates.</p> <p>The coordinator, on behalf of the consortium, will</p>

	<p>confirm the changes and the dates by means of a letter to the Commission.</p>
<p><b>NEW</b></p> <p>152. We are Coordinator of a NOE contract and would appreciate your advice in the understanding of the article 8(d) of the contract.</p> <p>Does the 70% threshold of the pre-financing used and complementary report modalities apply if no audit certificate is required along with the reporting period?</p>	<p>Yes, the <b>'70% rule'</b> applies to a reporting period for which no audit certificates are required under the terms of the contract.</p> <p>The application of the 70% rule is calculated on the basis of the cumulative pre-financing and the cumulative accepted funding not covered by audit certificates. This calculation is done at the contract/consortium level and not at the contractor level.</p> <p>If there is a reporting period for which audit certificates are required but Special Clause 39 applies, then no audit certificates are submitted and, thus, the 70% rule does not apply.</p>
<p><b>NEW</b></p> <p>153. A project partner is using his pre-existing patented know-how in a project. Can he charge a proportional part of such patent fees due during the project duration to the project like e.g. he charges depreciation of equipment previously purchased and used in the project.</p>	<p>No. Costs for <b>patent fees</b> cannot be charged by a partner to the project for IPR which he owns and has brought to the project. However, he can charge the other partners in the project for the provision of certain access rights in line with the terms of Article II.35 of the contract and the terms of any particular provisions in that regard within the consortium agreement. He can also charge to the project costs associated with innovation-related activities such as filing a patent application as a result of research and development carried out under the project being funded. Additionally, innovation related tasks associated with the management of the project can be funded within the ceiling for management activities. This would include for example coordination meetings in which "knowledge managers" from some or all of the consortium members take part.</p>
<p><b>NEW</b></p> <p>154. The question concerns the Headers of Form C.</p> <p>In some units it is asked that the box "contact person" is filled with the name of the contact person, that is also named in the CPF. We think that it should contain the contact person for this Financial Statement, who would be</p>	<p>The contact person at the <b>Header of Form C</b> could be the financial person who can answer questions, or the scientific contact person from the CPF who can forward questions to the financial person. A "wrong" contact person in Form C is not sufficient for rejecting a Financial Statement.</p>

<p>able to answer questions about it. The contact person in the CPF is the team leader, thus the scientific responsible (who also signs Form C on the last page).</p> <ul style="list-style-type: none"> <li>- are there any regulations on whose name should be in this field or is this up to the contractor?</li> <li>- if so, where can we find those regulations</li> <li>- is naming a "wrong" name here really a sufficient reason to refuse a Financial Statement?</li> </ul>	
<p><b>NEW</b></p> <p>155. Is it possible for a contractor to claim costs when the company put equipment at the disposal of the project? During for example the trials the company considers that during that time the equipment is put at the disposal of the project and it can't be used by others within the company and that it represents a cost. They consider that as a renting to the project.</p>	<p>The <b>depreciation of equipment</b> during the period that it is used for the project could be charged as eligible cost, according to the contractors usual accounting policy, ie, the costs can be treated as direct costs or as indirect ones, provided the contractor participates under FC.</p>