



EUROPEAN
COMMISSION

Community research

Brussels, 9 June 2009

Average Personnel Cost Certification Modalities in FP7

Philippe Coenjaarts

European Commission

DG Research





FP7 – Ex-ante certification focussing on cost claims and methodology

HOW?

- In addition to the certification of periodic grant payment requests, introduction of the Certificates on Methodology
- External auditors provide a “report on factual findings”
- Mandatory format with defined Terms of Reference (Grant agreement, Annex VII) – “Agreed upon procedures” approach

WHY?

- Early detection and correction of methodological errors (“fix the future”)
- Simplification

Advantages:

- Waiver interim Certificates on Financial Statements
- Valid for the duration of FP7 (certainty)
- Lightened certification and ex-post audit procedures (compliance to methodology vs. audit tests)



FP7 Certificates at a glance

CFS

Certificate on Financial Statements

- Mandatory
- Covers the costs declared in the Forms C
- To be submitted only when cumulative EC contribution is \geq € 375,000
- Replaces FP6 Audit Certificates

CoMAv

Certificate on Average Personnel Costs

- Mandatory for beneficiaries intending to charge average personnel costs
- Covers personnel costs methodology only
- The methodology described in the certificate is analysed by the Commission which decides on the acceptance / rejection for the FP7 costs declarations

CoM

Certificate on the Methodology

- Optional for the beneficiaries fulfilling the eligibility criteria (*)
- Covers the methodology used to calculate the personnel costs (real or averages) and the indirect costs (analytical, simplified or flat-rate)
- Waives the obligation to submit interim CFS

() At least 8 participations in FP6 contracts with an EC contribution for each of them \geq 375000 € OR at least 4 FP7 Grant Agreements signed before 01/01/2010 with an EC contribution for each of them \geq 375000 € OR at least 8 FP7 Grant Agreements signed with an EC contribution for each of them \geq 375000 € at anytime during FP7*



About Averages...

Legal basis:

- Article 31.3 of the FP7 Rules of Participation Regulation (EC) No 1906/2006
- Article II.14.1 of the FP7 model Grant Agreement

Two conditions are to be fulfilled by an average personnel costs methodology to be approved by the Commission:

The very well known:

It should be the usual accounting practice of the beneficiary

...and the sometimes forgotten:

It can not lead to significant deviations vis-à-vis the actual costs



Methodological requirements for Averages...

In order to give reasonable ex-ante assurance that average costs charged will not significantly differ from the actual costs if calculated “per person”, the next conditions are to be fulfilled:

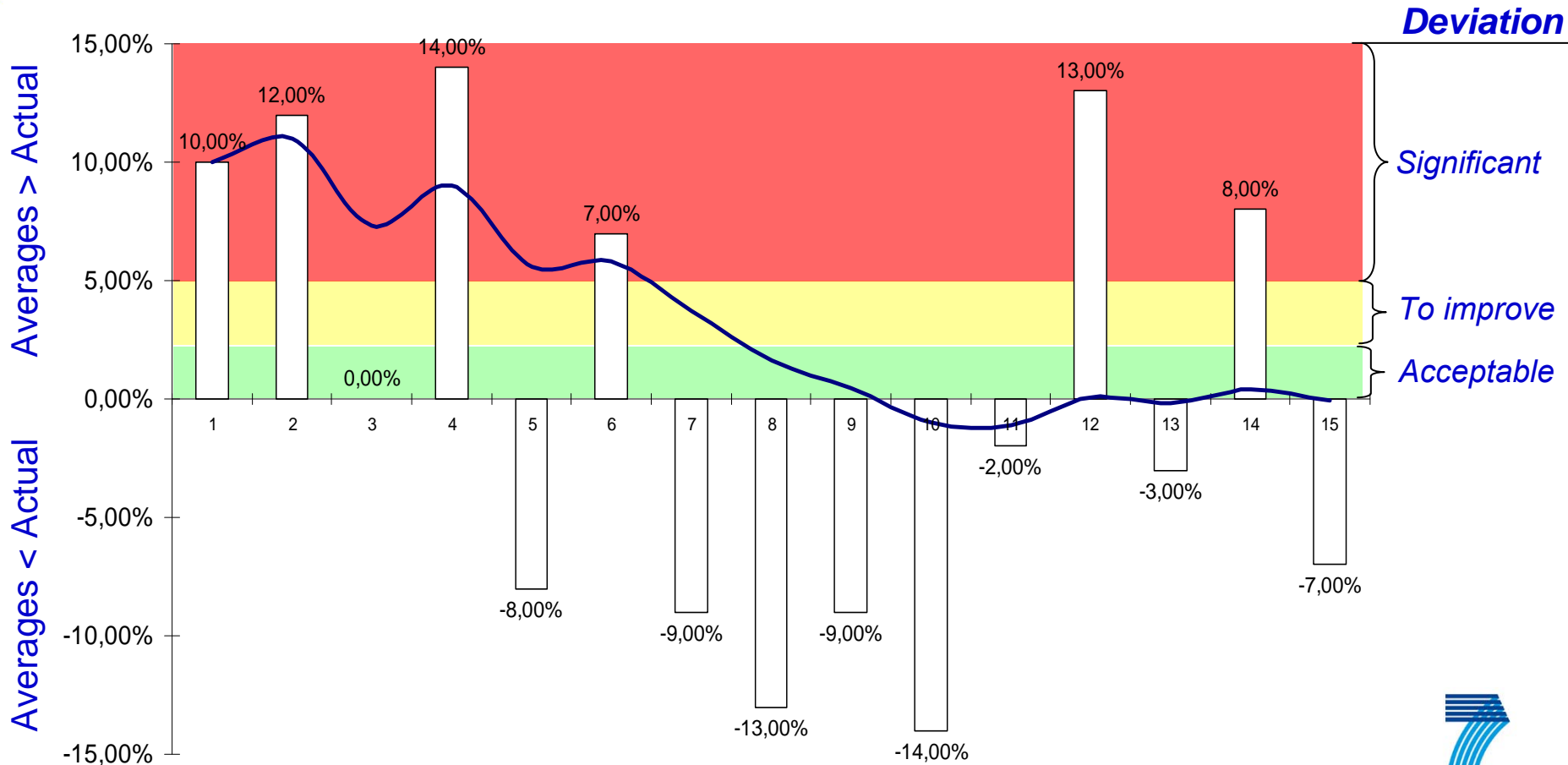
- costs used to calculate the average rates must be actual and not budgeted or estimated figures
- sufficient number of personnel categories (the fewer categories the higher the risk of deviations)
- methodology must be applied in a fair manner (i.e. not selecting the researchers working on EC projects using « financial » criteria)
- sufficient number of researchers working on EC projects as to give reasonable assurance on the level-out of the individual deviations



"Significant deviation" in practice...

□ The white columns represent deviations in a single project

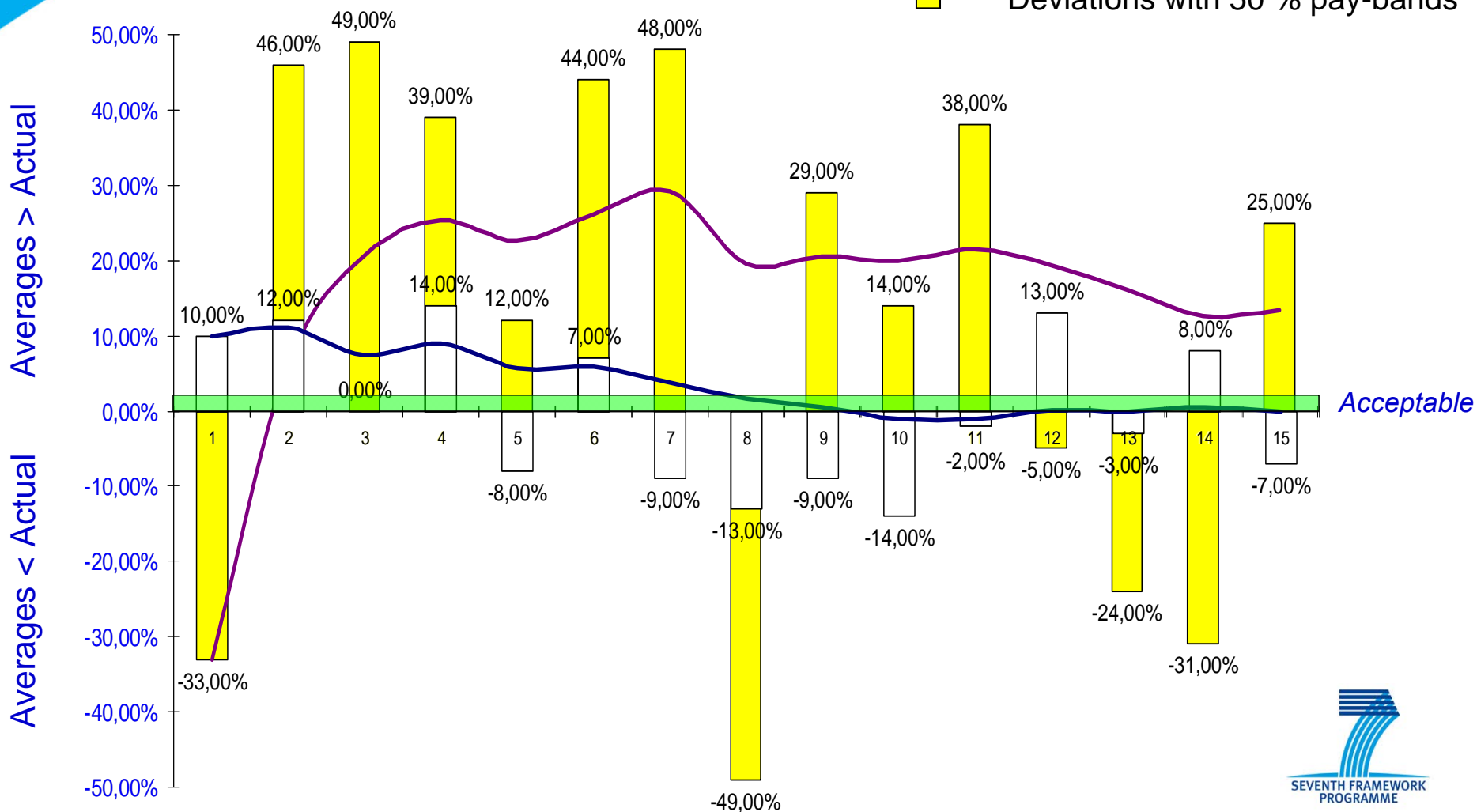
~ The blue line represents the cumulative deviation





The wider the pay-band the higher the risk

- ~ Deviations with 15 % pay-bands
- ~ Deviations with 50 % pay-bands





Ex ante acceptability criteria for Averages

- Pending Commission decision
- Key criteria to contain the risk of significant deviations
 - Number of FP6/FP7 participations
 - Payband spread per personnel category
- Inter-institutional debate on « tolerable rate of error »
- Annual budget discharge / European Court of Auditors



ADDITIONAL INFO



Guidance note on FP7 audit certification

http://cordis.europa.eu/fp7/find-doc_en.html#guidance



FP6 / FP7 Audit certification policy website

http://cordis.europa.eu/audit-certification/home_en.html



FP7 Certification FAQs

ftp://ftp.cordis.europa.eu/pub/fp7/docs/faq-certification_en.pdf



And in case of doubts: **RESEARCH HELPDESK**

ec.europa.eu/research/enquiries



Thank you very much for your attention!

