

**European Commission**

**DG Research and Innovation**



# **Managing your project: Do's and don'ts**

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# **Financial issues: Please help us to help you to avoid errors!**

## **Tips to avoid common errors**

# Financial issues: Consequences of errors



Controls and audits are undertaken by the Commission services (MGA Article 22) and the European Court of Auditors

Identified errors could lead to:

Recovery of the undue amount (some time after you have received the money!)

Penalties

Reputational damage

Financial losses

....

....



# Financial issues: Consequences of errors



The Commission prefers that you avoid these errors in the first place!

- it makes life easier for you
  - it makes life easier for us
  - it avoids unnecessary conflict
- 
- it allows us all to concentrate on the provision of excellent science



# Our advice



Follow the simple steps set out in the following slides, which will help you to avoid the most common errors

Then check the guidance (Annotated Model Grant Agreement – MGA) when you need to!



## Grant proposal and signature stage:

Check that all third parties have been **clearly** declared  
(MGA Articles 6, 11, 12, 14)

Check that all sub-contracting of scientific (or other)  
work has been **clearly** declared (MGA Article 13)

Using in-house consultants? – please check the rules  
carefully (MGA Article 6.2 A2)

Is a partner an interest group without staff? – normally  
staff costs relate to employees, this may be better  
declared as sub-contracting (MGA Article 6.2, A1)

# Establishing systems from the start:

Staff working on the project must keep time records (MGA Article 18)!

- staff must record the hours they spend on the project
- regularly (daily, weekly)
- countersigned by a supervisor



# Establishing systems from the start:

You must keep time records!

Regular errors:

- Staff working on the project and sick or on holiday at the same time!!
- Hours claimed cannot be supported
- Impossible number of hours claimed





# Establishing systems from the start:

You must declare costs based on the actual amounts spent (MGA Article 5, Article 6(1))

- Personnel Costs based on actual staff costs
- Other direct costs based on actual costs for the project (MGA Article 6,2 D):
  - Depreciation costs for assets
  - Real costs of consumables
- Please declare all your costs (guidance to MGA Article 20) to mitigate potential disallowance



# Establishing systems from the start:

You must declare costs based on the actual amounts spent

## Regular errors

- Declaration of the agreed budget for the project – the budget is a maximum amount, not THE amount or a price!
- Full costs of assets charged
- Internal charging system with no relation to real costs
- No demonstrated link of consumables to the project



## Establishing systems from the start:

You must demonstrate "best value" in purchasing (MGA Article 10) and sub-contracting (MGA Article 13)

- some level of tendering to demonstrate "best value"
  - e.g. tender, three offers, market survey ....
- We will normally accept your standard practices, when properly used
- We will normally accept commercial agreements already in place
- Naming the supplier in the contact does not mean that you do not have to demonstrate best value



# Establishing systems from the start:

You must demonstrate "best value" in purchasing and sub-contracting

## Regular errors

- "best value" not demonstrated – no tender, no offers, no market survey
- Participants own normal practices not applied
- No documentation kept



Establishing systems from the start:  
You must demonstrate "best value" in sub-contracting

You may not, under any  
circumstances, sub-  
contract to a project  
partner (MGA Article 13)



Establishing systems from the start:

Don't charge costs incurred  
before the entry into force of  
the Grant Agreement

(Unless an earlier start date is agreed with the Commission)

MGA Article 3, Article 6(1)a(ii)





**Thank you!**