

# ***Financial Management of Marie Skłodowska-Curie actions (MSCA) in Horizon 2020***

## ***The practitioner's perspective***

***November 2017***

## Preface

Being one of the key instruments of Horizon 2020 (H2020), the EU's framework programme for research and innovation, Marie Skłodowska-Curie actions (MSCA) are aimed at providing grants in order to facilitate career development and promote Research Excellence in Europe. We hope that those that are responsible for application process, and particularly for the financial management of these grants may find this guide useful for this tasks.

This document is written by practitioners for practitioners. It is one of the many results of the COST action BESTPRAC – The Voice of Research Administrators (COST Targeted Network 1302), which started in October 2013 and is scheduled to end in October 2017.

This document is the result of collaborative effort, drawing on contributions by a number of administrators with comprehensive experience with these and other EU Research and Innovation programmes.

### *Acknowledgements*

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### *Disclaimer*

The purpose of this document is to assist participants in H2020 EU-funded MSCA (Marie Skłodowska-Curie actions) projects, in particular TN 1302: BESTPRAC participants, to identify financial issues that may arise before or during the preparation of the proposal, the preparation of the Grant Agreement and other relevant agreements, and the implementation and closure of the project.

This document is provided for information purposes only and its content is not intended to replace consultation of any applicable EU sources or the necessary advice of an expert, when appropriate. Neither the authors of this document nor any member of the BESTPRAC Finance Working Group contributing to the preparation of this deliverable by sharing their knowledge, experience or best practices while discussing financial issues during WG2 meetings or ex-post can be held responsible for the use made of this document.

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## 1. Introduction

Horizon 2020 (H2020) is the EU's largest framework programme for research and innovation ever. It involves not only Europe's leading researchers, but researchers from across the world. Participating organisations – be it universities, research organisations, small and medium sized enterprises, large corporations, national government agencies or local and regional government - engage administrative staff to support their researchers in the management of their H2020 projects.

Achieving high quality and efficiency in the management of H2020 projects requires combining a high level of general administrative knowledge and skills with in-depth knowledge of the rules and regulations of H2020. In the COST Targeted Network BESTPRAC we have worked extensively on exchanging information, ideas and experience on how best to manage international research projects. H2020 has been a primary area of interest in BESTPRAC. Our primary target group has been research managers/administrators who are in the early stages of their career, and they have been important participants in and contributors to BESTPRAC.

In this document, we are focusing on Marie Skłodowska-Curie actions (MSCA), which is one of the main programme sections of H2020. Within the realm of management, this document will be concerned with financial management. We aim to present a compact and user-friendly guide to the financial management of MSCA projects, as seen from the perspective of practical experience. This document may also be helpful in the preparation and submission stage of the grants in the support of a sound budget plan, which may facilitate later on the implementation phase.

## 2. Defining characteristics: What are Marie Skłodowska-Curie actions (MSCAs)?

From a financial perspective, the key characteristics of MSCA projects stem from the fact that the EU financial contribution (project funding) is determined by unit costs, rather than by reimbursement of actual costs. What this means is that the EU funding is based on the number of months of researcher training or researcher visits (secondments).

This has the following implications:

1. No budget is submitted with the proposal. The budget is calculated automatically by the European Commission (EC) in its system.
2. The financial report to the EU is based on the number of units of researcher training/visits and the unit costs, rather than actual costs.
3. Some of the cost categories are personal allowances for the researchers, and the organisation employing them is not allowed to keep any of this or use it for any other purposes. They are obliged to pay these allowances to the researcher or to use part of them to pay the corresponding taxes and social costs as determined by national legislation.
4. Any audits will focus on verifying by means of appropriate documentation that,
  - i. the reported months of researcher training or visits have taken place,
  - ii. that the employer – and, if relevant, the host organisation(s) – have made the appropriate arrangements to facilitate the researcher training and/or visits in accordance with the Grant Agreement, and
  - iii. that the personal allowances for the researcher have been paid as required by the EU.

The MSCA Work Programme consists of the following instruments

- ITN – Innovative Training Networks, which may take one of the following forms:
  - ETN – European Training Networks
  - EID – European Industrial Doctorates
  - EJD – European Joint Doctorates
- IF – Individual fellowships, which may take one of the following forms:
  - EF – European Fellowships
  - GF – Global Fellowships
- RISE – Research and Innovation Staff Exchanges
- COFUND – Co-funding of regional, national and international PhD or Postdoctoral programmes that finance fellowships involving mobility to or from another country.

This guide will focus on the ITN, IF and RISE instruments. We will not discuss MSCA COFUND activities in detail in this guide.

## 3. Preparation of MSCA proposals: Financial considerations

### 3.1 General financial considerations for MSCA proposals

#### 3.1.1 Assessment and estimate of potential funding gaps

Budget is automatically calculated in Part A of the MSCA proposal. The budget will be calculated automatically by the European Commission (EC) in its system during the Grant Agreement preparation stage, using predetermined unit costs. The relevant unit costs will be presented later in this guide, for each respective category of MSCA project. The general principles and parameters that will be applied to the calculation of the budget will also be presented at that stage in this guide.

MSCA budget follows the principles of sound financial management that each partner of an MSCA proposal – be it mono-beneficiary or multi-beneficiary – should perform an internal financial assessment of the budget and its ramifications. The following questions should be addressed:

1. Is the EU financial contribution (the EU funding) likely to cover all the actual costs of the project?
  - o As suggested by the "Mid-term review of Marie Skłodowska-Curie actions unit costs" published by the European Commission<sup>1</sup> on 17 February 2017, this may vary across Europe.
2. If the answer to question no. 1 is "No", the funding gap should be calculated, and the appropriate procedures for internal approval of the amount of own funding should be executed.

For the purpose of the internal calculation of potential funding gaps, estimated actual costs should be compared against the EU financial contribution resulting from the number of planned researcher months per beneficiary and the unit costs for the relevant Work Programme year and the relevant MSCA Action (eg. ITN, IF, RISE). The relevant unit costs and country correction coefficients are presented in Appendix 1.

#### 3.1.2 Allocation of EU financial contribution between organisations

The EU funding for the MSCA cost categories for "institutional costs" (these will be explained later in this guide) may be allocated between the organisations involved differently from the budget allocation in the project Grant Agreement. For MSCA proposals that involve more than one organisation – be it as beneficiary or as "partner organisation" – it should be explicitly agreed among these organisations whether to make use of this opportunity. As a minimum, a Yes/No decision should be agreed at prior to the proposal submission deadline. If the decision is "Yes", the principles of reallocation should also be agreed. Ideally, one could also agree on the exact budget amounts to be reallocated, but this may also be delayed until the Grant Agreement preparation stage.

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<sup>1</sup> <https://publications.europa.eu/en/publication-detail/-/publication/0f44192e-5499-11e7-a5ca-01aa75ed71a1>

### 3.2 MSCA ITN specifics

By definition, MSCA ITN proposals will always involve more than one organisation. Thus, the issue of allocation of EU funding between the organisations involved should always be addressed in the manner described in section 3.1.2 of this guide. This applies to:

- 1) By requirement, to the several beneficiaries
- 2) As an option, also to one or more partner organisations, which are not beneficiaries, but which typically host researchers for secondment periods.

### 3.3 MSCA IF specifics

European Fellowships (EF) are mono-beneficiary proposals. There is an option to include a secondment period to another European organisation during the fellowship, in which case the allocation of the EU financial contribution during the secondment period should be addressed.

For the Global Fellowship (GF) form of the MSCA IF instrument, there will always be more than one organisation involved:

- 1) A beneficiary based in the EU or an associated country
- 2) A non-European partner organisation hosting the outgoing (global) phase
- 3) Optionally, also a European partner organisation hosting a secondment during the return period to Europe.

In other words, for Global Fellowship (GF) proposals the issue of allocation of EU funding between the organisations involved should always be addressed in the manner described in section 3.1.2.

### 3.4 MSCA RISE specifics

MSCA RISE proposals by definition will involve several organisations:

- 1) At least 3 beneficiaries (2 of them must be established in different EU Member States and/or Associated Countries)
- 2) As an option, also one or more partner organisations, which are not beneficiaries, but which typically host researchers for secondment periods.

By implication, the issue of allocation of EU funding between the organisations involved should always be addressed in the manner described in section 3.1.2.

Secondment of personnel involved in the RISE project should be:

- intersectoral dimension: between academic and non-academic partners or;
- international dimension: between a beneficiary in an EU Member State or Associated country and a partner organisation established in a Non-Associated Third Country.

## 4. Preparation of MSCA Grant Agreements (GA): Financial considerations

### 4.1 General financial considerations for MSCA Grant Agreements (GA)

Once the Grant Agreement (GA) has been compiled by the EC, it is signed by the beneficiaries and then the GA budget becomes available in the Participant Portal. Each beneficiary should validate their GA budget against the relevant unit costs and their country correction coefficient. In the case of multi-beneficiary projects, the Coordinator should remind all beneficiaries of this task, as well as perform an overall validation for the consortium. Occasionally, mistakes may occur in the EC's system or procedures, so the beneficiaries should always perform their own quality assurance procedures.

For multi-beneficiary projects, the consortia should consider whether a Consortium Agreement would be appropriate to their project. We will discuss this further under each MSCA instruments below.

In the case of projects that include secondments, the consortium should agree on the principles and amounts of reimbursement of costs for the partner organisation(s) prior to the signing of the Grant Agreement. The consortium may consider agreeing on a Secondment Agreement template to this end.

### 4.2 MSCA ITN specifics

MSCA ITN projects are, by definition, multi-beneficiary projects. In general, they include extensive researcher training activities, joint networking events, and sharing of knowledge and information across the network. For these reasons, it is now mandatory that the consortium establishes a Consortium Agreement, governing – among other things – the distribution of funding for shared network activities and intellectual property rights.

#### 4.2.1 Consortium Agreements (CA)

Throughout H2020, the most widely used template for consortium agreements is the DESCA template<sup>2</sup>. This template has been adapted to fit MSCA ITN projects and made publicly available by LERU<sup>3</sup>. The LERU template serves as a useful starting point for MSCA ITN consortia that have decided to enter into a consortium agreement for the implementation of their project.

As far as financial management is concerned, the key tasks of the consortium agreement are related to the distribution among the beneficiaries of the EU financial contribution for institutional costs – "Research training and networking costs" and "Management and indirect costs" – see Appendix 1. Also, the conditions for the reimbursements of costs for partner organisations – who are not consortium members – should be regulated in this agreement.

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<sup>2</sup> <http://www.desca-2020.eu/>

<sup>3</sup> <http://www.leru.org/index.php/public/news/good-agreements-make-good-friends-a-leru-model-contract-for-european-training-networks/>

In the LERU Template for MSCA ITN Consortium Agreements, Article 7.1.5 addresses the allocation of Management and Overheads cost category. According to this article, “The Parties agree that the estimated budget for the Project as indicated in Annex 2<sup>4</sup> does not apply. Instead, the Coordinator will retain 50% (...%,€...per eligible person month) of the other Parties’ Total amount of category B.2, Management and indirect costs in order to cover the cost of the Management Support Team.” There is the same type of article for RISE Projects.

Advice on the reallocation of the budget:

- ✓ The budget allocation for management for the Coordinator should always be based on real costs and real needs, as it reduces the funding for indirect costs for all beneficiaries. The Coordinator should always calculate the direct personnel costs for management based on the numbers of person months that are deemed necessary for this purpose, and the actual costs per person month for the personnel in question. This calculation should be made available to all beneficiaries, facilitating a transparent justification of this budget allocation.

A further elaboration of this template, which has been developed by the Norwegian University of Science and Technology (NTNU), has been presented at one of the BESTPRAC meetings (in Sofia, Bulgaria on 10 – 11 September, 2016). This version includes a setup for managing the Research training and networking costs, along with some other details.

#### 4.2.2 Calculation of the family allowance in the Grant Agreement budget

In the Grant Agreement, the EC calculates the budget for the family allowance based on the assumption that the number of ESRs that will qualify for the family allowance will not be higher than corresponding to 50% of the total number of recruited researcher months in the consortium. This will constitute the maximum EU contribution for this allowance.

However, recruited researchers who qualify for the family allowance are entitled to receive this in full, regardless of the amount of EU financial contribution that is available for this purpose. Consequently, in the event that the family allowance entitlements exceed 50% of the researcher months, the consortium will have to cover the difference out of their own funding. Although on average the probability of this occurring is quite low, MSCA ITN consortia should be prepared for this eventuality. The consortium agreement should specify how such a funding gap is to be managed within the consortium.

#### 4.3 MSCA IF specifics

As MSCA IF projects will never include more than one beneficiary, consortium agreements will not be relevant.

For Global Fellowships (GF), and for European Fellowships (EF) that include secondments to European partner organisations, an agreement concerning the principles and amounts of

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<sup>4</sup> H2020 Model Grant Agreement for Marie Skłodowska-Curie actions Innovative Training Networks - Annex 2: Estimated budget for the action.

reimbursement of costs for the partner organisation(s) should be signed. This may take the form of a Partnership Agreement (GF) or a Secondment Agreement (EF).

#### 4.4 MSCA RISE specifics

MSCA RISE projects are strictly about secondments. The consortium should discuss whether to develop a simplified agreement governing the conditions for the secondments – including the financial conditions.

##### 4.4.1 Consortium Agreement: reallocation of the budget for management activities

In the LERU Template for MSCA ITN Consortium Agreements, Article 7.1.5 addresses the allocation of Management and Overheads cost category. According to this article, “The Parties agree that the estimated budget for the Project as indicated in Annex 2<sup>5</sup> does not apply. Instead, the Coordinator will retain 50% (...%,€...per eligible person month) of the other Parties’ Total amount of category B.2, Management and indirect costs in order to cover the cost of the Management Support Team.” There is the same type of article for RISE Projects.

Advice on the reallocation of the budget:

- ✓ The budget allocation for management for the Coordinator should always be based on real costs and real needs, as it reduces the funding for indirect costs for all beneficiaries. The Coordinator should always calculate the direct personnel costs for management based on the numbers of person months that are deemed necessary for this purpose, and the actual costs per person month for the personnel in question. This calculation should be made available to all beneficiaries, facilitating a transparent justification of this budget allocation.
- ✓ For the basis of the percentage calculation we may have for example:
  - a) X % of the consortium's budget for management and indirect costs;
  - b) Taking X % of all other beneficiaries' budget for management and indirect costs, in addition to keeping the entire Coordinator's original budget in this category.

**For anticipating some questions during the negotiation phase, it is necessary to think about the max % agreed by your Institution!**

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<sup>5</sup> H2020 Model Grant Agreement for Marie Skłodowska-Curie actions Innovative Training Networks - Annex 2: Estimated budget for the action.

## Host organisation Travel fees (international secondment)

There are three possibilities for the host organization in Europe to support the travel fees of a partner in a country outside Europe:

- ✓ transfer the amount directly to the sending beneficiary for covering their travel fees
- ✓ or pay directly the travel costs of the personnel
- ✓ pay against proof of secondment (check of eligible criteria)

**A letter of commitment or an agreement between the host institution (Beneficiary) and the partner organization is needed to be sure that the mobility conditions are clear between the 2 entities**

## 5. Implementation of MSCA projects: Financial considerations

### 5.1 General financial considerations for MSCA project implementation

#### 5.1.1 Payment procedures for researcher allowances

##### 5.1.1.1 *Mobility allowance*

It should be noted that the purpose of the mobility allowance is to contribute to the expenses of the researcher caused by the mobility. As such, it should not be used for costs for travel to participate in research, training events or other activities within the project. These costs should be covered by the budget for Research, training and networking (RTN) costs.

Normal practice

- Included with monthly payment to the researcher
- This would make it taxable income in many countries

Alternative practice

- Managed as a 'virtual real cost' category in ??
- accordance with internal administrative procedures
- Fellows given opportunity to submit receipts for rent, household bills etc.
- May qualify for partial exceptions from tax

##### 5.1.1.2 *Allowances during secondments*

Regarding the timing of payments of allowances during secondments, practices vary:

- Some universities pay all the allowance before the secondment
- Some universities pay an advance before the secondment and the remaining allowance after the secondment;
- Others pay after the secondment has been completed and following the presentation of all relevant proof of this.

The total top-up allowance has to be paid for each secondment.

#### 5.1.2 Documentation procedures

From the starts of the implementation of the project, each beneficiary should set up internal procedures to ensure that all documentation that will be required for reporting and audit purposes is created and filed along the way, i.e., at the time when the subject of documentation occurs. To this end, each beneficiary should familiarise itself with the documentation requirements for reporting and audits, respectively.

Moreover, the consortium should agree on a system and procedures for documenting network/joint activities in the consortium.

### 5.1.3 Supporting documents for financial management

According to Article 18.1.2 of the Grant Agreement, “The beneficiaries must keep adequate records and other supporting documentation to prove the number of units declared.” The documents should be kept for 5 (five) years after the payment of the balance – with the exception of "low value grants", where the Grant Agreement requirement may be reduced to 3 (three) years.

#### 5.1.3.1 Living and Mobility Allowance

Issue	Supporting Documents	✓
<b>Proof of secondments</b>	Travel documents (all original plane or train tickets, invoices of the hotel or other accommodation) and mission orders	
	Reports for each secondment: - "host organisation report", drafted by the host organisation and signed by the host and the researcher; - "scientific/activity report" drafted from the researcher and signed by host organisation, the beneficiary and the researcher	
	If applicable, time records (including time sheets) of the personnel involved in the Project	
	Employment contract or equivalent document signed in original by the incoming/recruited researcher/staff (pay attention to relevant dates)	
	Contract with the home (sending) organization	
<b>Engagement letter</b>	Declaration of involvement/engagement letter signed in original by the outgoing researcher/staff, attesting the involvement for the relevant period	
<b>Proof of payment (bank statement)</b>	Copy of the bank statements showing the pre-financing and final payments made by the European Commission.	
	For coordinators only, copy of the bank statement(s) showing the transfer(s) to the relevant individual beneficiaries of their part of the pre-financing and of any other financial distribution payment made by the European Commission.	
	Proof of the payment of each beneficiary to each researcher (Ledgers/accounts, payroll records)	

Issue	Supporting Documents	✓
	Proof of the deductions for taxes and contribution to social security insurances (Reconciliation between the amount claimed in the Form C and the payroll detailed breakdown)	
<b>Budget</b>	List of any transfers made between the budgeted activities. Copy of the approval obtained from the EC concerning these budgetary transfers (if relevant).	
<b>Full time evidence (evidence that the person worked exclusively and full-time for the project)</b>	Time-sheets, reports to supervisor, e-mails, attendance list for courses, travel expenses	
<b>Evidence that the person worked on the project under the beneficiary's premises</b>	Lab books, conference abstracts, library records, etc.	

#### 5.1.3.2 Family allowance

Issue	Supporting Documents	✓
<b>Proof of the family situation</b>	Auto declaration of ESR necessary to apply fiscal deductions in the gross salary	
	Marriage certificate	

#### 5.1.3.3 Research training and networking costs

Issue	Supporting Documents	✓
<b>Research Activity</b>	Agendas in congress, presentations, papers, Publications, Attendance lists, seminars	
<b>Training Activity</b>	Career development plan defined, when requested	
	Reports, records, minutes, etc indicating the participation in the meetings/events, Training courses in/out, meetings, internal seminars	
	Original invoices and proof of payments for all travel expenses	

#### 5.1.3.4 Management costs

Issue	Supporting Documents	✓
Human resources	Timesheet	
	Contracts, ledgers/accounts, payroll records of the personnel involved	
	Hourly rates -	

#### 5.1.3.5 Evidence of the eligibility of researcher/staff

Requirements	Supporting documents	✓
Experienced researchers (ER) shall, at the time of the relevant deadline for submission of proposals (IF), recruitment (COFUND) or secondment (RISE) by the host organisation, be in possession of a doctoral degree or have at least four years of full-time equivalent research experience.	Academic title: certified degree in original language and official translation in English	
	CV in English	
At the time of the relevant deadline for submission of proposals (IF), or recruitment by the host organisation (ITN), researchers shall not have resided or carried out their main activity (work, studies, etc) in the country of their host organisation for more than 12 months in the 3 years immediately prior to the reference date.	Certificate from Consulate or copy of passport including expedition place, visa and email exchanges	
Specific rule for MSCA IF Career Restart Panel, Reintegration Panel and Future Society and Enterprise Panel: researchers shall not have resided or carried out their main activity in the country of their host organisation for more than 3 years in the 5 years immediately prior to the relevant deadline for submission of proposals.	Certificate from Consulate or copy of passport including expedition place, visa and email exchanges	
In RISE researchers (ESR and ER), administrative, managerial and technical staff shall be actively engaged in or linked to research and/or innovation activities for at least six months (full-time equivalent) at the sending institution prior to the first period of secondment. Secondments in RISE are not subject to the mobility rules.	...	

### 5.1.3.6 Employment/fellowship contract requirements

To be specified in the contract	✓
Starting date and duration	
Monthly gross and net amount, including full social security coverage. Total gross remuneration to the researcher must be equal to or greater than the EU allowances. For fixed fellowship agreement, minimum social security coverage has to be guaranteed	
The researcher should not receive other incomes from other sources for activities in the project	
The researcher must work exclusively on the project	
The researcher should have equal access to facilities and research equipment and be treated in the same way as locally recruited researchers by the beneficiary	
Obligation of the researcher to inform the beneficiary as soon as possible of any events or circumstances likely to affect the Agreement	
The intellectual property rights	
Researcher to maintain confidentiality	
Visibility of the EU funding	
Vacancy has to be published in the EURAXESS Jobs Portal	
Beneficiary should implement European Charter for Researchers and Code of Conduct for the Recruitment of Researchers	

### 5.1.4 Financial reporting

A financial statement must be submitted via the Participant Portal<sup>6</sup> at the end of the project:

- based on the unit costs
- for the actual number of researcher/months

To fill in the form C, remember to:

- ✓ Verify that correct unit costs have been applied
- ✓ Check national correction factor for living allowance
- ✓ Verify eligibility for family allowance
- ✓ Verify the number of person months (units)
- ✓ Verify that no other EU funding was received for these costs
- ✓ Gather all financial supporting documents from Consortium

<sup>6</sup> <https://ec.europa.eu/research/participants/portal/desktop/en/home.html>

Underpayment of researcher allowances to the researcher is not allowed. If it turns out at the end of a reporting period that this requirement has not been fulfilled, the beneficiary must include a declaration with the financial report confirming that this requirement will be fulfilled by the end of the researcher recruitment period.

#### 5.1.4.1 Specific issues for Non-EUR beneficiaries

- Researcher remuneration not paid in € - Conversion rate policy /method applied for converting costs incurred in foreign currencies into Euro
- Monthly payments based on pre-set, estimated exchange rate
- Monthly allowances may be calculated using a conservative exchange rate. However, a corrective payment must be made to the researcher at the end of each reporting period, so that EUR equivalent of the actual allowance payments are equal to or greater than the MSCA allowance rates. The corrective amount must be calculated with the periodic report exchange rate (see next point).
- Underpayment issue must be verified at the end of the project against actual exchange rates:
  - Average of the daily exchange rates for the corresponding reporting periods
  - Retrieve exchange rates from the ECB: [http://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/index.en.html](http://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html)

#### 5.1.5 Audits initiated by the EC (level 2 audits)

The EC (European Commission) may initiate ex-post audits of MSCA projects. According to article 22.1.3, the European Commission has the right to carry out an audit of a project at any time during the project and up to two years after the payment of the balance. These audits shall not focus on the documentation of actual costs in the same sense as in most other H2020 projects. Rather, the primary focus of these audits shall be verifying that:

1. the EUR equivalent of the researcher allowances have been paid in full to the researcher (GA, Article 6.1 and 6.2),
2. the researcher has spent the reported number of person months on the action (GA, Article 6.2),
3. the researcher has worked exclusively for the project for the reported number of person months (GA, Article 15.1),
4. the researchers were eligible for the project (GA, Article 15.1),
5. the beneficiary's obligations towards the researcher have been fulfilled (GA, Article 32.1).

See section 5.1.3 - Supporting documents for financial management - for further details.

## 5.2 MSCA ITN specifics

### 5.2.1 Agreements between the beneficiary and the recruited researcher

The employment contract for the researcher (or fixed-amount-fellowship agreement, if national legislation does not allow employment) must include a number of details that are specified in Article 32.1 of the GA.



This can be done in one of the following manners:

- a) Adapting the beneficiary's normal employment contract template, adding text which addresses the missing topics, or
- b) Creating a separate, supplemental researcher agreement complying with the requirements of Article 32.1 of the GA, to be signed in addition to the normal employment/fellowship contract.

### 5.3 MSCA IF specifics

The employment contract for the researcher (or fixed-amount-fellowship agreement, if national legislation does not allow employment) must include a number of details that are specified in Article 32.1 of the GA.

This can be done in one of the following manners:

- a) Adapting the beneficiary's normal employment contract template, adding text which addresses the missing topics, or
- b) Creating a separate, supplemental researcher agreement complying with the requirements of Article 32.1 of the GA, to be signed in addition to the normal employment/fellowship contract.

For MSCA IF Global Fellowships (GF); two different country correction coefficients for the Living allowance apply:

- 1) Outgoing phase: coefficient applicable to the country of the secondment hosting partner Organisation;
- 2) Return phase: coefficient applicable to the country of the beneficiary.

This must be taken into account when verifying that the researchers has received the researcher allowances in full.

### 5.4 MSCA RISE specifics

It is important to check that the person who will be seconded has worked for your entity at least 6 months before his/her secondment.

Unit costs

The participant portal calculates automatically the number of months as soon as the person secondment period declaration is filled.

There are two possibilities for the category 1 (staff member unit cost):

- ✓ Pay a fixed amount
- ✓ Or Reimburse the real travel cost (bearing in mind that the staff member unit costs cannot exceed the MSCA RISE fixed amount).

Keeping Records

Article 18.1.2 of the GA: "Records and other documentation to support the costs declared. The beneficiaries must keep adequate records and other supporting documentation to prove the number of units declared."



Proofs for the secondment:

- ✓ Evidence of the eligibility of the fellow;
- ✓ lab book (workbooks) ;
- ✓ Short report of the work of the secondment;
- ✓ The mission order (assignment);
- ✓ All original tickets, invoice, of the hotel, plane, ...;
- ✓ Declaration of involvement, engagement letter

**Your Institution has to establish a procedure to be sure to be eligible for each secondment**

Top-up allowance:

- ✓ some Universities pay all the allowance before the secondment;
- ✓ some Universities pay an advance before the secondment and the remaining allowance after the secondment;
- ✓ some others pay after the secondment following all proofs given;
- ✓ the total top-up allowance has to be paid for each secondment;

**Your Institution has to define internal rules with your accounting holder and your financial department**

## 6. Wrapping up MSCA projects: Financial considerations

### 6.1 General financial considerations for MSCA project closure

#### 6.2 MSCA ITN specifics

Underpayment of researcher allowances to the researcher is not allowed. If it turns out at the end of a reporting period that this requirement has not been fulfilled, the beneficiary must include a declaration with the financial report confirming that this requirement will be fulfilled by the end of the researcher recruitment period.

#### 6.3 MSCA IF specifics

Underpayment of researcher allowances to the researcher is not allowed. If it turns out at the end of a reporting period that this requirement has not been fulfilled, the beneficiary must include a declaration with the financial report confirming that this requirement will be fulfilled by the end of the researcher recruitment period.

For MSCA IF Global Fellowships (GF); two different country correction coefficients for the Living allowance apply:

- 1) Outgoing phase: coefficient applicable to the country of the secondment hosting partner Organisation;
- 2) Return phase: coefficient applicable to the country of the beneficiary.

This must be taken into account when verifying that the researchers has received the researcher allowances in full.

#### 6.4 MSCA RISE specifics

At the end of the project, we advise to check if the top-up allowance (the minimum staff member unit cost) is well used for each secondment. If not you have to make an adjustment to reimburse the secondment staff.

Each secondment has to be declared on SYGMA. This declaration will implemented the formC during the reporting period. This researcher declaration has to be submitted within 20 days after the secondment of each seconded staff member (depending on the Grant Agreement).

## 7. Concluding remarks

The financial management of Marie Skłodowska-Curie actions (MSCA) proposals and projects under Horizon 2020 differs significantly from that of most other H2020 proposals and projects. First and foremost, this is due to the fact that all EU funding for MSCA projects is defined in terms of unit costs per person month of project activity. On the other hand, in multi-beneficiary projects – such as MSCA ITNs and MSCA RISE – the beneficiaries are allowed to agree on a distribution the EU funding for institutional costs between themselves which differs from the allocation between beneficiaries in the Grant Agreement budget or in the financial reporting to the EU.

Key implications following from this are:

- **The proposal stage**
  - No budget is submitted by the consortium with the proposal. The budget is calculated automatically by the Commission in their system.
  - It is up to the consortium to decide whether or not to calculate a budget for internal purposes
    - i. internally for each beneficiary in order to estimate any expected own funding for internal approval prior to proposal submission
    - ii. in a multi-beneficiary project, the consortium as a whole may decide to agree on the principles for the allocation of the EU funding for institutional costs at the proposal stage, so that each beneficiary knows what to expect in this regard if the proposal is successful.
- **The grant preparation stage**
  - Again, the Grant Agreement budget is calculated automatically by the Commission in their system.
  - At this stage, it is definitely necessary for the consortium in any multi-beneficiary project to agree on the principles for the allocation of the EU funding for institutional costs. If the consortium decides to allocate this budget in a manner which differs from the Allocation in the Grant Agreement budget, the amounts should be agreed before the Grant Agreement is signed, and it should be included in the Consortium Agreement.
- **The implementation stage**
  - One key financial task is to verify and confirm that all researcher allowances are paid in full to the respective researcher (after deduction for social costs and taxes), in accordance with the number of implemented number of person months.
  - The full payment of researcher allowances is the key issue in financial reporting to the EU is concerned.
  - Apart from the full payment of researcher allowances, reporting to the EU is mostly concerned with the declaration and documentation of the number of implemented person months of project activity, i.e., researcher training, networking or secondment.

## 8. Authors

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## Appendix 1

### MSCA unit costs and country correction coefficients

The following unit costs are applicable for the 2016-2017 MSCA Work Programme:

#### 2016-2017 WP

MSCA	Research Unit Cost * (person/month)			Institutional unit cost (person/month)	
	Living Allowance**	Mobility allowance	Family allowance***	Research training and networking costs	Management and indirect costs
ETN/ITN	3110	600	500	1800	1200
IF	4650****	600	500	800	650
RISE	2000			1800	700
COFUND	Early-stage researchers	1855		325	
	Experienced researchers	2625			

\* These unit costs will be subject to a funding rate of 100%.

\*\*A country correction coefficient applies to the living allowance in the country of the beneficiary.

Exception for MSCA IF Global Fellowships (GF); two different country correction coefficients:

- 1) Outgoing phase: coefficient applicable to the country of the secondment hosting partner Organisation;
- 2) Return phase: coefficient applicable to the country of the beneficiary.

\*\*\* At the time of recruitment:

- 1) marriage or a relationship with equivalent status to marriage or
- 2) dependent children who are actually being maintained by the researcher.

\*\*\*\* In case of fixed fellowship (as opposed to employment) living allowance reduced by 50%.

The Work Programme 2018-2020 for Marie Skłodowska-Curie actions (MSCA)<sup>7</sup> includes the following MSCA unit costs:

<sup>7</sup> [http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-msca\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-msca_en.pdf)

**2018-2020 WP**

MSCA	Research Unit Cost (person/month)			Institutional unit cost (person/month)	
	Living Allowance*	Mobility allowance	Family allowance	Research training and networking costs	Management and indirect costs
ETN/ITN	3270	600	500	1800	1200
IF	4880	600	500	800	650
RISE	2100			1800	700
COFUND	Early-stage researchers	1935**		325**	
	Experienced researchers	2740**			

\* A country correction coefficient applies to the living allowance. This coefficient is the one applicable to the country of the beneficiary, as listed in Table 2 in the Work Programme<sup>8</sup>. The only exception are IF Global Fellowships with two different country correction coefficients:

- for the outgoing phase: the coefficient of the country where the researcher is hosted (i.e. the country of the partner organisation)
- for the return phase: the coefficient of the country where the researcher returns to (i.e. the country of the beneficiary).

\*\* This figure represents the EU contribution, as established in Commission Decision No C(2017)6855.

<sup>8</sup> [http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-msca\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2018-2020/main/h2020-wp1820-msca_en.pdf). See Table 2, pp. 77 – 78.

## Appendix 2

Examples of **reallocation** of the budget allocated in Category 4 (Research training and networking) and category 5 (Management and indirect costs) set **in the Consortium agreement**

Example 1:

- The management budget is established to cover the coordination costs of the Project (Management and indirect costs category)
- Each party will keep a fixed percentage from their own budget as “Contribution to MGT costs”. This amount will be a 10% of the maximum EU contribution established in the Grant Agreement for each beneficiary. Management and overhead costs – 10% EU contribution
- The consortia will create a network-wide budget allocation in order to pay costs derived from the network activities (e.g. Kick-off meeting...).
- The Parties agree to contribute to the network-wide budget allocation with its remaining budget share, after deducting the 10% of the maximum EU contribution fixed in the GA, from their own “Contribution to MGT costs”

Example 2:

- The Parties agree to transfer to the Coordinator 480 euros (equalling 40%) from each of the Parties management and overhead allowance per eligible fellow month in that reporting period, in order to cover the costs of employing the Project Manager.
- The remaining 720 euros per eligible fellow month in this cost category will be paid to the relevant Party.

Example 3:

- The management budget is established to cover the coordination costs of the Project and it is quantified in EURO 109,986.80.
- The Parties agree to contribute according to their budget share. The Coordinator will withhold a percentage of each Party’s total contribution to the management budget (e.g. 14%)

Example 4

- From Category 4 (Research training and networking): In order to ensure efficient management of the funds for network-wide events, a Network-Training Fund will be created, amounting to 8% of the total Training budget which will be allocated for Network-wide expenses and transferred to the organizing institutions following the procedure established in the consortium agreement
- From Category 5 (Management and indirect costs): Management unit costs will be distributed proportionally to the person months of the recruited ESR contracted by each partner once:
  - the cost of a full time project manager employed by the coordinator institution and working for the full duration of the ETN has been deducted (approx. 20% of the Management unit costs in total, for a four year full-time contract)
  - the cost of developing and hosting the webpage accounted for (less than 0.3% of the Management budget)

## Appendix 3

The next points refer to the results of 5 BESTPRAC institutions experience on European Commission audits in MSCA ETN and what kind of documents were shown as proof of the items requested by the auditors

### *Living and Mobility Allowance*

European Commission audit requested:

Proof of secondments:

- Supervisor Report, travel documents, and possibly confirmation letter by the institution where secondment takes place
- Secondment agreement/ partnership agreement

Proof of payment (bank statement):

- Labour contract, payroll and proof of payment (provided by Human Resources Services)/ Payroll + internal calculations prepared. Final reconciliation at contract end date to ensure we did not underpay.

Proof of Full time evidence and evidence that the person worked on the project on the beneficiary's premises:

- Travel expenses with origin in host institution country/city, proof of payment of doctorate fees in which the ESR is enrolled, attendance list for courses in which the ESR was involved and located in the host institution country/city.
- Provide presence with time sheets, time recording system and travel orders
- Provide employment and payroll details, provide lab book.
- Agendas in congress, presentations, papers, PhD courses per year, Training courses in/out, publication costs
- Meetings in the University: Attendance lists
- ESRs courses per year.

### *Living and Mobility Allowance*

European Commission audit requested:

Proof of the family situation:

- Declaration of the ESR submitted before signature of the employment contract, verified by HR unit.

### *Research training and networking costs*

European Commission audit requested:

Research and training activities:



- Agendas in congress, presentations, papers, PhD courses per year, Training courses in/out, Publication. Costs, Meetings in the University: Attendance lists
- Career development plan (should be uploaded in the Participant Portal after commencement of the employment).
- Original invoices and proof of payments for several travel expenses in order to proof training

### *Evidence of the eligibility of researcher/staff*

European Commission audit requested:

Researchers Experience

- Official certificates translated into English, CV.

Mobility

- Passport, all pages, including expedition place, initial email where he/she said where she/he was, the master degree says where he/she was, email exchanges between ESR and host institution during the recruitment process

### *Employment/fellowship contract requirements*

European Commission audit requested:

Starting date and duration

- Employment contract and Grant agreement, Employment contract designed specifically for MSCA fellows, including all these aspects. The researcher should not to receive other incomes, work exclusively on the project, equal access to facilities...