Time sheets	It is as simple as that – it is a must to record the time your employees work on a project. In case you do not have a formal time sheet system embedded in your organisation, the EC provides a time declaration template tailored to Horizon Europe actions that meets their minimum reporting requirements. Monthly signatures by the employees on these time declarations or on time sheets are recommended for accuracy and compliance.
Eligibility period	You cannot claim costs that occurred before the official project start or after the end of the project (except staff costs related to the preparation of the final reports after the end of the project that can still be claimed).
Personnel costs	In the most common case of "normal" employees, calculate as follows (it might be slightly different in specific cases): · **Daily rates**: For each employee and completed year, calculate a daily rate by dividing the annual personnel costs of the employee by 215. *Sidenote: you may wonder where this strange number is coming from. Those of you who have been in H2020 projects may recall that there was the option to use a standard number of 1.720 productive hours per year. With 8 hours per day, this converts to 1720/8 = 215 days.* · **Days worked on the project:** Multiply the daily rate by the number of days worked on the project (strictly speaking, it is "day-equivalents", as if you worked 16 hours on the project over several days, it would still be 2 day-equivalents). · **Person Months:** One Person Month is equal to 215/12= 17.9 days. However, in this case, the EC rounds up to the closest half, which makes it 18 days. · **Working days per year:** The total number of working days claimed per employee per year cannot be higher than 215 (1720 hours / 8 hours per day).
Work time	This may sound straightforward, but you can only claim time worked on the project. This means that the working time documented in the timesheets must match records of annual leave, sick leave, and other types of leave. You cannot claim hours during absences such as annual leave or sick leave. However, you can deduct the actual working days spent on parental leave from the fixed number of 215 days.
Yearly staff costs	The yearly claimed staff costs for an employee cannot be higher than the total staff costs recorded in your accounts (for that same person in the same year).
Remuneration	The remuneration should be in line with your usual employment practice and must reflect the actual salaries and costs consistent with the organization's standard payroll practices. If your organization utilizes project-based remuneration, it should be consistent with such practices and not be adjusted upwards solely for the EU project. It

	is essential that these remuneration policies are documented and applied uniformly across the organization and are justifiable in the event of an audit.
Documentation	Maintain critical documentation such as payroll records, salary slips, and employment contracts (which are standard practices for any well-organized entity). In case the EC requests a financial audit, which they can do up to 2 years after the final payment of the balance, you will need to provide them with these documents as proof.
Overhead costs	As a general rule, costs that occur for several projects or the whole company and cannot be attributed to an individual project should be considered overhead costs and be covered by the 25% flat rate for indirect costs. Typical examples of such costs are office rent, heating, electricity and basic IT infrastructure, but also general office software licenses or costs for general support staff such as IT or facility management. These costs cannot be declared as direct costs for a project.
Purchases	The purchase of goods and services (in particular subcontracting, but also other direct costs) must follow the "best value for money" principle. Usually, collecting at least 3 offers is an acceptable procedure. If, for certain purchases, specific procedures are defined internally or prescribed by applicable law, then you must be able to demonstrate that these procedures were followed.

The **Financial Report** consists of the structured individual and consolidated Financial Statements (retrieved from the Grant Management System). In addition, most programmes require either a detailed cost reporting table (Excel table) or the use of resources report (online wizard) and, for payments above a certain thresholds, a certificate on the financial statements (CFS).

The technical report Part A and the financial report is generated automatically on the basis of the data in the Grant Management System; Part B needs to be prepared outside the tools (using the template downloaded from the system) and then uploaded as PDF (together with Annexes, if any).

All participants should contribute to the parts, but it is the Coordinator who will have to submit them as a single report.

Certificate on the Financial Statements (CFS)

The CFS is a report produced by an independent auditor (or, for public bodies, public officer) using the template available on Portal Reference Documents. Its purpose is to give assurance to the Granting Authority about the regularity of the costs claimed.

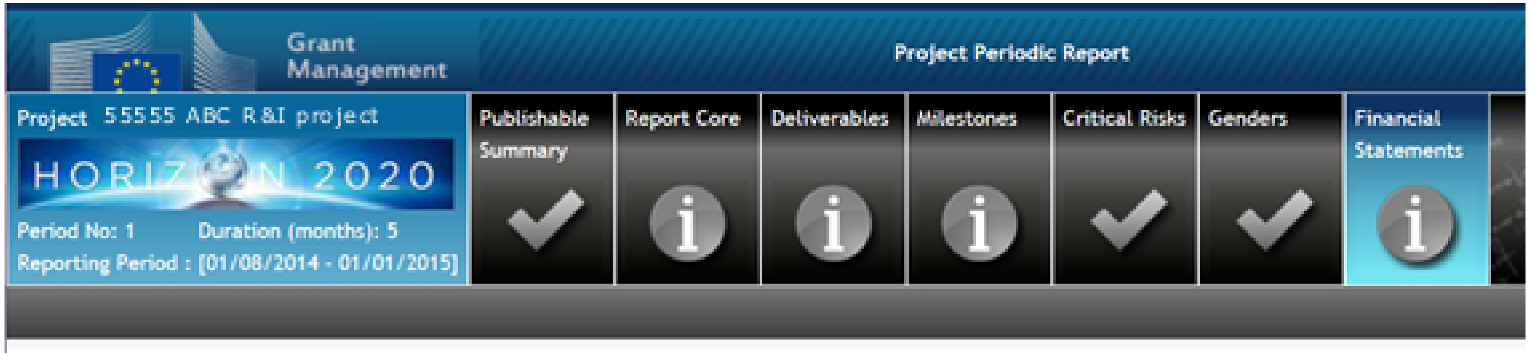
The thresholds depend on the EU programme and type of action *(see call conditions on the Topic page)*. For the MFF 2021-2027, there is usually a single threshold of EUR 325 000 requested EU contribution.

Please note that costs already audited by the Granting Authority do not have to be covered again by the CFS (the EU contribution covered by the audit can therefore be excluded from the calculation of the threshold).

The CFS must be uploaded as a scanned copy (PDF) together with the Financial Statement. The originals must be kept in the your files.

Financial Report

You can fill in your financial statement in structured forms in the grant management system (under *Financial Statement drafting*).



Individual financial statements

Beneficiaries and **linked third parties** must fill these in and submit them to the Commission, as part of the periodic report.
They will be combined automatically by the system into a **consolidated financial statement**.

- If you fail to do so, your **costs will be considered 'zero'** for this reporting period (though you can declare them in the next reporting period).

For more information, please refer to the HOW TO

You can find a template for your individual financial statement in Annex 4 of your GA, with all the details for eligible costs, EU contribution, etc. and a sample financial statement in the Periodic report template.

Explanation of the use of resources & financial statements

If applicable

Explain in your financial statement how the resources were used during this period: for each cost you declare, you will be prompted to give a justification, by clicking *View/Edit the Use of Resources*.

A. Direct personnel costs- line a)-c)

- Declare here your direct personnel costs a) as actual costs or b) as unit costs (average costs).

  With the aim to help you calculating and reporting the actual direct personnel costs, a "personnel costs calculation wizard" is available inside the financial statement screen. On a completely voluntary basis you can first define the required parameters for the calculations through a set of questions proposed by the wizard. Then you can introduce the costs for the persons having worked in the action over the reporting period. The wizard will then calculate the total personnel costs and fill in the respective field in the financial statement.

  Alternatively, you may decide not to use the tool at all, or not to take into account the outcome of the calculation (in this case, you should delete all data introduced in the wizard), and thus simply continue using your own calculations outside the wizard and insert the total personnel costs in the financial statement. Nevertheless, if your organisation is relatively new to the programme, or does not have enough administrative or accounting capacity, or has recently been object of ex-post audits on which errors in the calculation of actual personnel costs were identified, you may find the wizard particularly helpful.

  Before using the wizard you should read the User's Guide (describing the main principles and working logic of the wizard, including the list of use cases and scenarios currently not supported) in conjunction with the relevant section of the Annotated Model Grant Agreement (art. 6.2.A).

  Importantly, the wizard is currently offered in testing mode (beta version). You are therefore advised to systematically double-check all amounts against your own calculations and contact us in case of issues. You may send your feedback or ask questions through the IT Helpdesk Contact Form (selecting the domain "personnel cost wizard") available in the Support section of the Funding & Tenders Portal.
- If you are an **SME owner or individual not receiving a salary** /reimbursed on the basis of unit costs, declare your personnel costs **in column A.4** (c).
- You need only supply data on the **person-months per work-package** (not per deliverable).
- At this stage, you **don't have to provide details** like names, level of experience etc. (though we may ask you to later).
- **Use of in-kind contributions from third parties**: if you need to report any related personnel costs, the system will prompt you for details of the costs, name and type of third party, and whether or not the costs were planned in Annex 1 or not.
  If the costs were not planned, you must give more explanation.

B. Direct costs of subcontracting - line d)

- In this pop-up, break down the total direct costs for the period into the **costs for individual subcontractors**, under *Unforeseen subcontracting not indicated in the grant agreement (Annex 1)* (in addition to the information provided in the technical report - par.1.2).

A + D Direct costs of Third Parties (not linked third parties) – line a)-d)

- Declare direct cost related to in-kind contributions from third parties in the pop up appearing in the columns for personnel and/or other direct costs, depending of the type of cost.
- If you used any unforeseen in-kind contributions, either for payment or for free, as well as describing them in the technical report (par.1.2), you must specify here the cost of the resources.

C. Direct cost of providing financial support – line (e) pop-up

This concerns "cascade funding" and prizes (Article 15, GA). Declare third parties here.

D. Other direct costs – line f)

You should have detailed costs related to contracts to third parties for providing goods, works or services in line f9 (Article 10, GA).

- If costs declared under "other direct costs" are **equal to or less than 15%** of the personnel costs, you are claiming for this reporting period, you *do not need to provide an explanation* (though you must still keep all the proof you have of any costs you declare as eligible, in case you are audited).
- If costs declared under "other direct costs" are **higher than 15%** of these personnel costs, then you **must explain other major direct cost items** (*This means costs declared in your accounts according to your internal accounting practices.*) in the table provided in the pop up in line f). You must explain all items apart from those that add up to less than 15% of your personnel costs. Start from the highest-value cost items.

If you are reporting other direct cost items, you must provide:

a. **if indicated in the DoA** – a simple reference to the DoA
b. **if not indicated in the DoA** – cost/amount per item, description of the item, nature of item (travel, equipment, other goods & services), work package(s), project relevance/explanation

Example

- *Personnel costs: €100 000*
  Other directs costs: €35 000
- *Since the other direct costs represent 35% of the personnel costs, you must justify an amount representing 20% of the personnel costs, i.e. €20 000.*
- *If the €35 000 is the sum of items recorded in the accounts (e.g. €8 500 + €7 500 + €6 500 + €5 500 + €4 000 + 3 x €1 000)...*
  *... you must **list and justify the items €8 500, €7 500 and €6 500**.*
- *The remaining amount (a total of €12 500) is less than 15% of the personnel costs, so no details are required for it.*

F. Specific costs – line i)

Report individual specific costs in the pop-up that appears here:
e.g. costs for energy-efficiency measures in buildings, costs for providing transnational access to research infrastructure, costs for clinical studies.

Additional information – line o)

You can declare again the different third party costs that need to be removed from your total eligible costs, in order to calculate your indirect costs (e.g. costs of in-kind contributions from third parties, but only those which are not used on your premises). More on eligible & ineligible costs.