

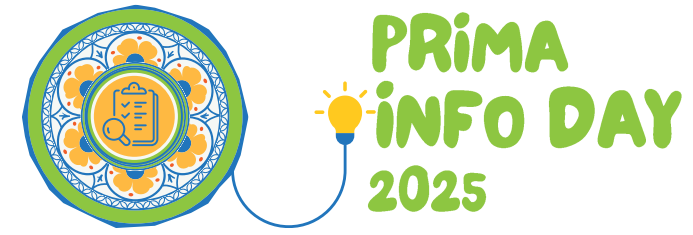
PRIMA iNFO DAY 2025

PRIMA financial guidelines

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PRIMA Financial guidelines

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- Summary

- 1- Costs Eligibility

- 2- Types of costs

- 2.1 Personnel costs

- 2.2 Subcontracting costs

- 2.3 Purchase costs

- 3- Exchange rate calculation

- 4- Keeping records

- 5- Checks and audits

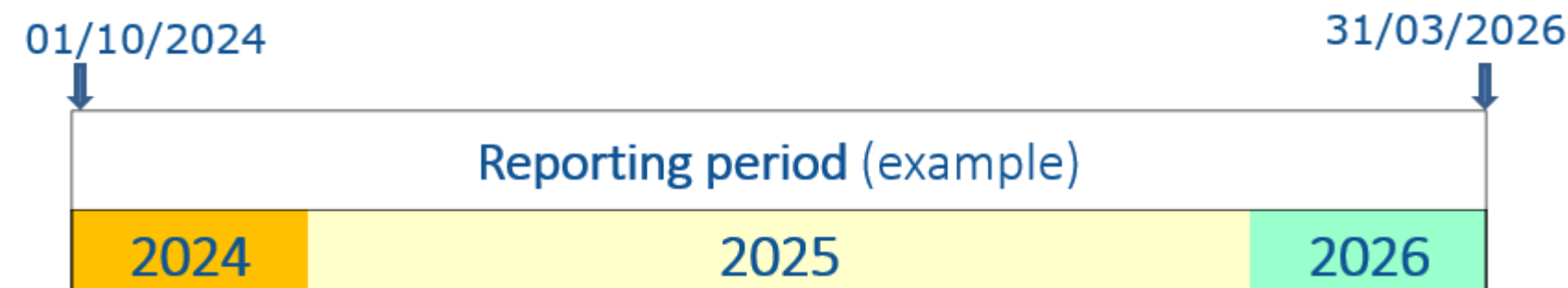
- 6- GA Payments

- 7- Reporting



1- Costs eligibility

- Action Period-Reporting Period



- Connection with Annex 1 (Description of the Action) and during the period of the action
- Must be declared under one of the Budget categories
- Must be identifiable and verifiable
- Incurred **ONLY** by the beneficiary
- Comply with the applicable national law on taxes, labour and social security
- Must be reasonable, justified and must comply with the principle sound financial management
- 3 different options:

ACTUAL

UNIT

FLAT RATE



**Only Indirect
Costs!**

2- Types of costs

Template Estimated Budget for the action

		Estimated eligible ¹ costs (per budget category)											Estimated PRIMA Contribution ²			
		Direct Costs									Indirect Costs	Total costs	PRIMA Contribution to eligible costs			Maximum grant amount ⁵
		A. Personnel costs		B. Subcontracting costs	C. Purchase costs			D. Other Cost Categories		E. Indirect costs ³	Funding rate % ⁴		Maximum PRIMA contribution ⁵	Requested PRIMA contribution		
		A.1 Employees (or equivalent), A.2 Natural persons under direct A.3 Seconded persons		A.4 SME owners and natural person beneficiaries	B. Subcontracting	C.1. Travel and subsistence	C.2 Equipment	C.3. Other goods, works and services	D.1 Financial Support to third parties	D.2. Internally invoiced goods and services	E. Indirect costs					
	Forms of funding	Actual costs	Unit costs (usual accounting practices)	Unit costs ⁷	Actual costs	Actual costs	Actual costs	Actual costs	Actual costs	Unit costs (usual accounting practices)	Flat-rate costs ⁸					
Partner number ⁹	Partner acronym	a1	a2	a3	b	c1	c2	c3	d1	d2	e = 0,25 * (a1 + a2+ a3+c1+c2+c3)	f=a+b+c+d+e	U	g = f x U%	h	m
1			€ -								€ -	€ -	100,00%	€ -		
2			€ -								€ -	€ -	100,00%	€ -		
3			€ -								€ -	€ -	100,00%	€ -		
4			€ -								€ -	€ -	100,00%	€ -		
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9			€ -								€ -	€ -	100,00%	€ -		
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Σ Consortium		0	0	0	0	0	0	0	0	0	0	0		0	0	0

2- Types of costs



PERSONNEL COSTS

- ❖ Cost of **the time worked for the project** by:
 - **A.1** Employees
 - **A.2** Natural person under direct contract
 - **A.3** Seconded person
 - **A.4** SME owners and natural person beneficiaries



SUBCONTRACTING COSTS

- ❖ You contract **another entity to do part of the work allocated to you** in the description of the action



PURCHASE COSTS

- ❖ **Travel and subsistence costs** for trips necessary for the project
- ❖ **Equipment** used for the project. In most cases, only depreciation costs are eligible (but exceptions exist)
- ❖ **Other goods, works and services**



OTHER COST CATEGORIES e.g.

- ❖ **Financial support to third parties**
- ❖ **Internal invoices**
Cost charged internally from one department to another of the same beneficiary; but only if you have a defined cost accounting method



INDIRECT COSTS

- ❖ **25% flat rate** applied on most of the other budget categories. When reporting, the IT system will calculate this automatically!



2.1 – Personnel costs (Article 6.2 HE MGA)

A.1 Employees (or equivalent)

- ❖ For your personnel working under an employment contract (or equivalent appointing act, e.g. for civil servants) and assigned to the action.

Three cases:

- ✓ Employees with a fixed salary
- ✓ Employees whose remuneration increases when working in projects ('project-based remuneration')
- ✓ Employees of a beneficiary whose usual cost accounting practice is to calculate average personnel costs ('average personnel costs')

A.2 Persons under direct contract &

A.3 Seconded persons against payment

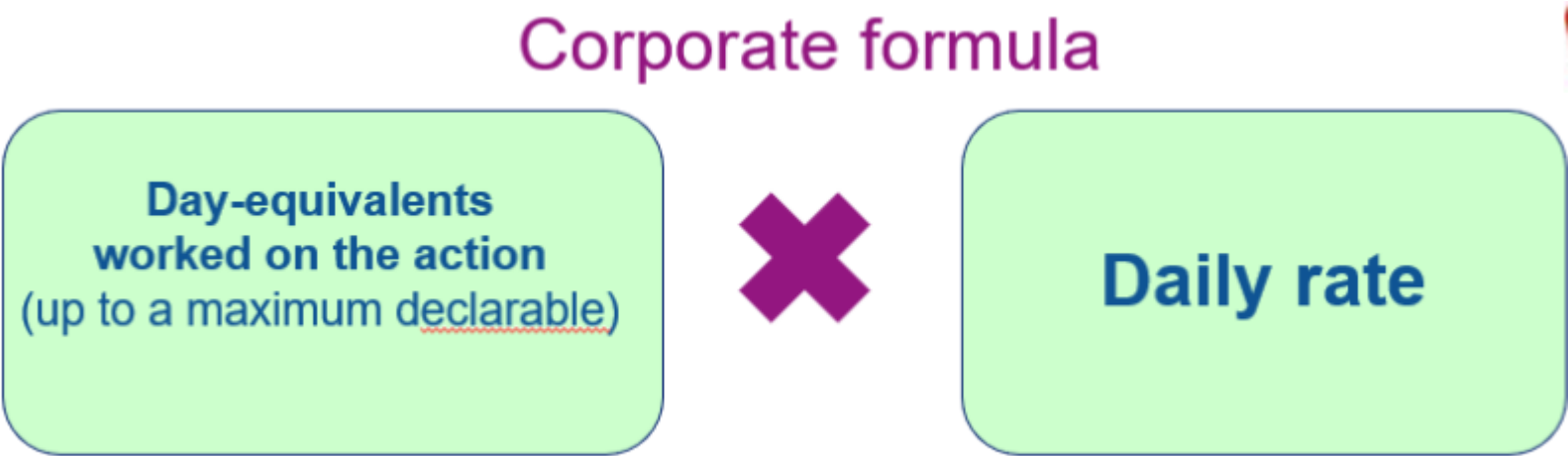
- ❖ A.2 Costs for natural persons working under a direct contract other than an employment contract (e.g. in-house consultants)
- ❖ A.3 costs for seconded persons by a third party against payment.
 - i. work under conditions similar to those of an employee
 - ii. the result of the work belongs to the beneficiary

A.4 SME Owners and Natural Person Beneficiaries

- ❖ Costs for SME owners (i.e. owners of beneficiaries that are small and medium-sized enterprises not receiving a salary) or
- ❖ Costs for natural person beneficiaries (i.e. beneficiaries that are natural persons not receiving a salary)

2.1 – Personnel costs

How to calculate the personnel costs?

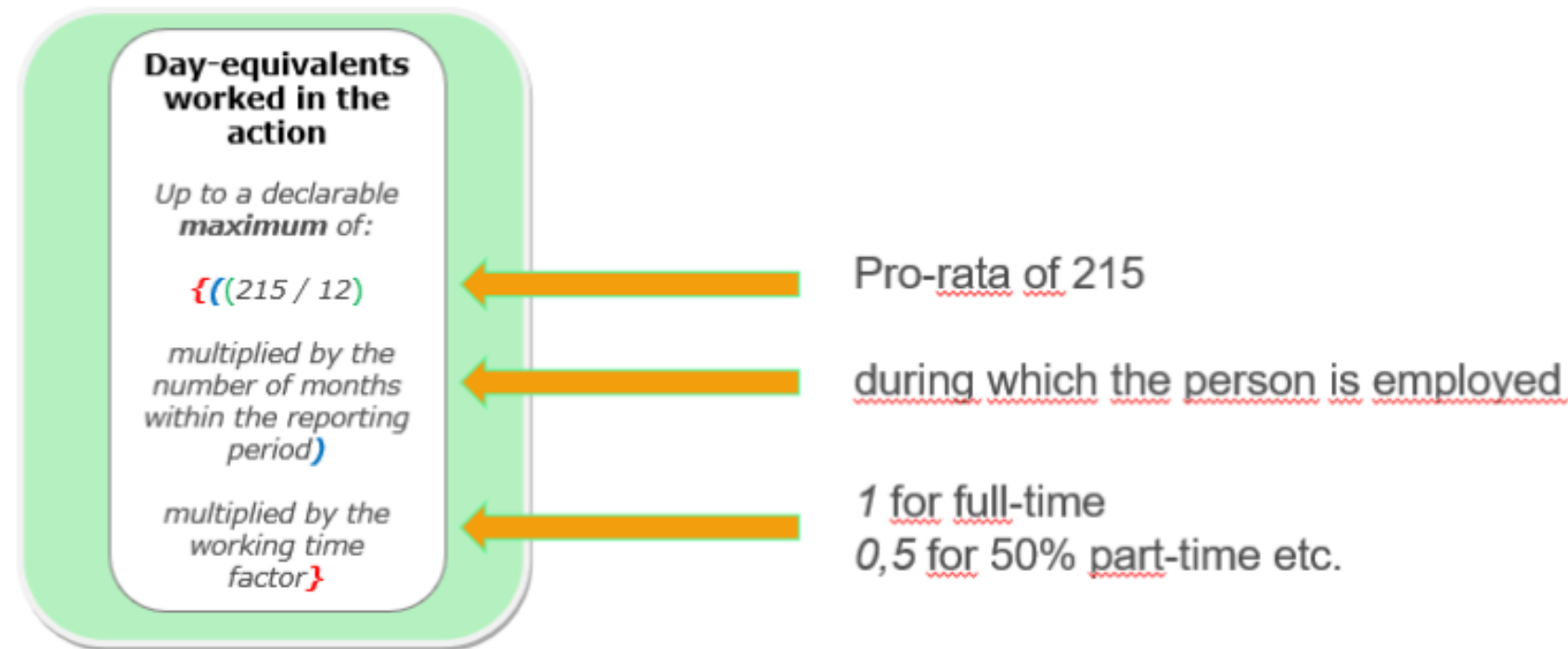


- Single calculation for the reporting period
- Per person who worked in the action
- Single formula to cover most situations encountered by beneficiaries
- Maximum declarable days: pro-rata of 215 days
- Recorded days: TIMESHEET
- Reliable system recording
- Monthly Declaration

EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT				YEAR:
To be filled in and uploaded as deliverable in the Funding & Tenders Portal Grant Management System, at the due date foreseen in the system.				
Project acronym:		Project number:		
Participant name:				
Name of the person:		Type of personnel: (employee/ natural person under direct contract/ seconded/ other)		
Month	Days worked in the action ¹ (e.g. 15, 7,5, 0,5)	Work Packages worked on (e.g. WP2; WP5)	Date and signature of the person	Name, date and signature of the supervisor
January			Signature: Date:	Name: Signature: Date:
			Signature:	Name:

2.1 – Personnel costs

Maximum declarable day-equivalents

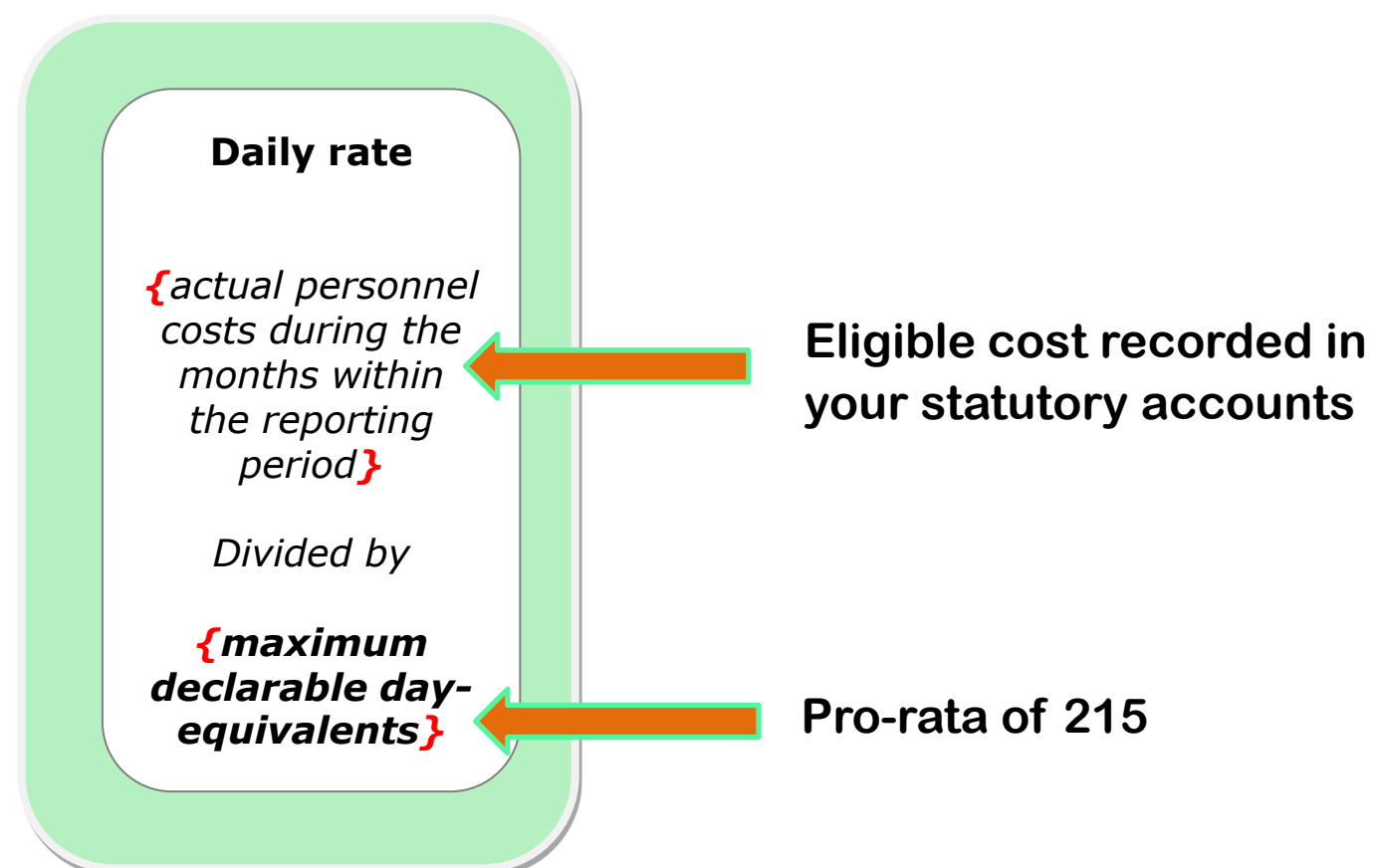


Double capping:

- ✓ **Horizontal ceiling:** the actual number of day-equivalents declared cannot be higher than **215 per calendar year**
- ✓ **Reporting period ceiling:** the number of days-equivalents to be declared is **capped at the maximum declarable day-equivalents per reporting period**

2.1 – Personnel costs

Calculation of the daily rate



YES

- Fixed Salary
- Social Security Contributions
- Taxes
- Fixed/variable Complements (paid in a consistent manner)
- Other Payments linked to the remuneration

NO

- Remuneration which has not been an actual cost
- Arbitrary bonuses
- Payments of dividends

2.2 – Subcontracting costs

- What?

Action tasks to be implemented in the action but NOT by the beneficiary

- Type of costs?

They must be declared as ACTUAL costs.

- Eligibility conditions:

- a) Best value for money
- b) General conditions to be eligible
- c) Not be subject to conflict of interests
- d) They should be indicated in the Description of the Action document (Annex 1)

IT IS NOT ALLOWED TO SUBCONTRACT A BENEFICIARY OF THE SAME GRANT!

2.3 – Purchase costs

- A) Travel and Subsistence

1- Travel policy: usual practice

2- Linked to the action

3- Declared in Actual Costs



Mistakes to avoid!

1- Missing support documentation to support the costs: tickets, pictures, agenda, attendance list...

2- Clear link with the action

3- Costs declared do not correspond to the travel policy applicable.

4- Costs paid in advance corresponding to RP2 and not RP1



2.3 – Purchase costs

- B) Equipment

1- Depreciation costs: Only a certain % of the asset's value is eligible

$$\begin{array}{|c|} \hline \text{Acquisition} \\ \hline \text{Cost} \\ \hline \end{array} \times \begin{array}{|c|} \hline \% \text{ Annually} \\ \hline \text{Depreciation} \\ \hline \end{array} \times \begin{array}{|c|} \hline \% \text{ Use for the} \\ \hline \text{action} \\ \hline \end{array}$$

2- Prototype or Pilots: 100% is eligible if:

- a) If it is foreseen in the Annex 1 of the GA
- b) Costs are included in the budget
- c) Eligibility criteria are fulfilled

Errors to avoid!

- 1- Full depreciation it is not accepted.
- 2- Report the depreciation corresponding to RP1 and RP2 in the RP1
- 3- Not follow the national rules and internal rules

- C) Other goods, works and services

- a) Best value for money
- b) General conditions to be eligible
- c) Not be subject to conflict of interests
- d) They should be indicated in the Description of the Action document (Annex 1)

3 – Exchange rate calculation

- It is mandatory to calculate it for each reporting period.
- 2 options depending on the countries:

A) Option 1: Daily Exchange rate publication: TURKEY and ISRAEL

https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

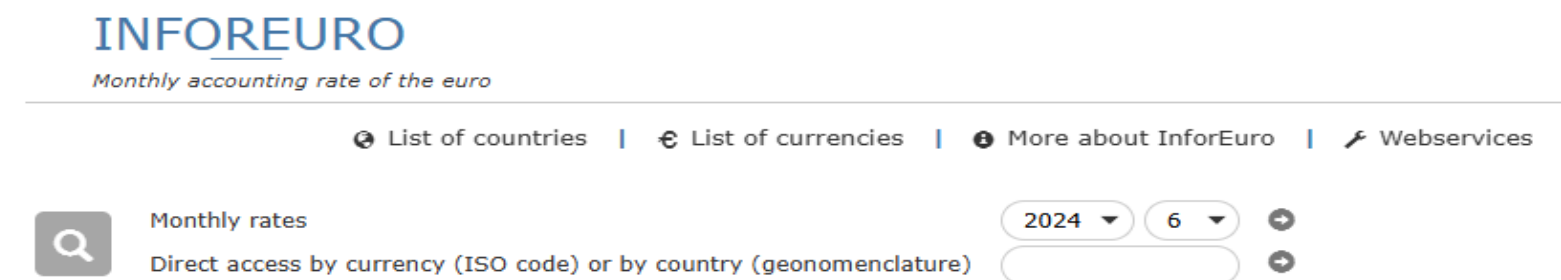


B) Option 2: Monthly Exchange rate publication: LEBANON, EGYPT, JORDAN, TUNIS, ALGERIA and MOROCCO

[Link Exchange Rate Monthly rate](#)

Errors to avoid!

1. Do not use the correct link. You can not use other Websites!
2. Use the exact amounts (including all the decimals)
3. Apply to all the cost categories



4 – Keeping records

- 1- All the partners should keep the documents for up to 5 years after the payment of the balance
- 2- PRIMA recommends scanning all the documents and keeping the originals.
- 3- Accounting records are mandatory
- 4- In case of an audit, the partner should prove all the reported costs with supported documents (contracts, invoices, timesheets, agenda, tickets....)
- 5- Procurement procedures: Apply the same rules of the organisation to prove the Best value for Money

5 – Checks and audits

- 1- All the partners can be audited up to 5 years after the payment of the balance
- 2- PRIMA will audit 30% of the projects funded.
- 3- Besides PRIMA's audits, ECA and OLAF can also audit and check the implementation of the actions.
- 4- New threshold for mandatory CFS: 430.000 EUR

Audits findings regarding documents!

1. No documents to prove the eligibility.
2. No link with the action
3. Costs not well reported: no invoices, proof of payments, no records in the Accounting
4. Lack of bank payments and cash payments supporting documents

6 – GA Payments (only in Section 1)

1. Pre-financing payment (60% of the Max.Grant Amount)

- It is paid after the signature of the Grant Agreement.
- PRIMA pays only to the coordinator
- 5% retention for Mutual Insurance Mechanism (MIM) .It will be paid, if need be, only at the end of the action!)

2. Interim payment (up to 30% of the Max.Grant Amount)

- It is paid after the approval of the mid-term report
- Maximum amount received: 90% of the total grant amount (pre-financing + interim payments) including the MIM.

3. Payment of the balance (up to 10% of the Max.Grant Amount)

- It is paid after the final approval of the project.
- Maximum grant amount: 10% if the project reaches the max. Grant Amount
- The MIM will be also reimbursed at the end of the action.

7 – Reporting

- Section 1 projects

- Partners will have to fill in and complete all the information in the MEL (PRIMA own monitoring platform).
The mandatory information is the same as in the EC Portal
- 2 reporting periods: mid-term and final term.
- Financial statements signed and uploaded.
- The coordinator should report on the payments done to the partners (at least once per year)

- Section 2 projects

- Partners must fill in and complete all the information in the MEL (PRIMA's own monitoring platform).
Check with your Funding National Agency's mandatory information.
- 2 reporting periods: mid-term and final term.
- Requested funding and Own Funding
- **Check with each Funding National Agency's mandatory reporting.**



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THANK YOU

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