



Workshop Financial Reporting - Personnel Costs

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Horizon Europe MGA cost categories

A. PERSONNEL COSTS

- **A.1** Employees
- **A.2** Natural persons under direct contract
- **A.3** Seconded persons
- **A.4** SME owners and natural person beneficiaries
- **A.6** Personnel Unit Costs

B. SUBCONTRACTING COSTS

C. PURCHASE COSTS

- **C.1** Travel and subsistence
- **C.2** Equipment
- **C.3** Other goods, works and services

D. OTHER COST CATEGORIES

- **D.1** Financial support to third parties
- **D.2** Internally invoiced goods and services

E. INDIRECT COSTS



What are the categories of personnel?

Article 6.2.A – Horizon Europe MGA

A.1. Employees

What?

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

A.2 Natural persons under direct contract

&

A.3 Seconded persons

- A.2 Costs for persons working natural 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.**

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**)
- Costs for **natural person beneficiaries** (i.e. beneficiaries that are **natural persons not receiving a salary**)

A.6. Personnel unit cost (PUC)

- This budget category replaces categories A1 to A4 and covers the cost of all personnel that works on HE actions. **Daily rate fixed ex-ante** for the individual beneficiary.





Category A.1 – Employees with a fixed salary



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Personnel Costs – Calculation for a reporting period

Category A.1 – Employees with a fixed salary

Personnel costs

To be calculated per person for each reporting period

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Day-equivalents

Up to a declarable maximum of:

$\{((215 / 12)$
multiplied by the number of months within the reporting period)
multiplied by the working time factor}

X

Daily rate

{actual personnel costs during the months within the reporting period}

divided by

{maximum declarable day-equivalents}

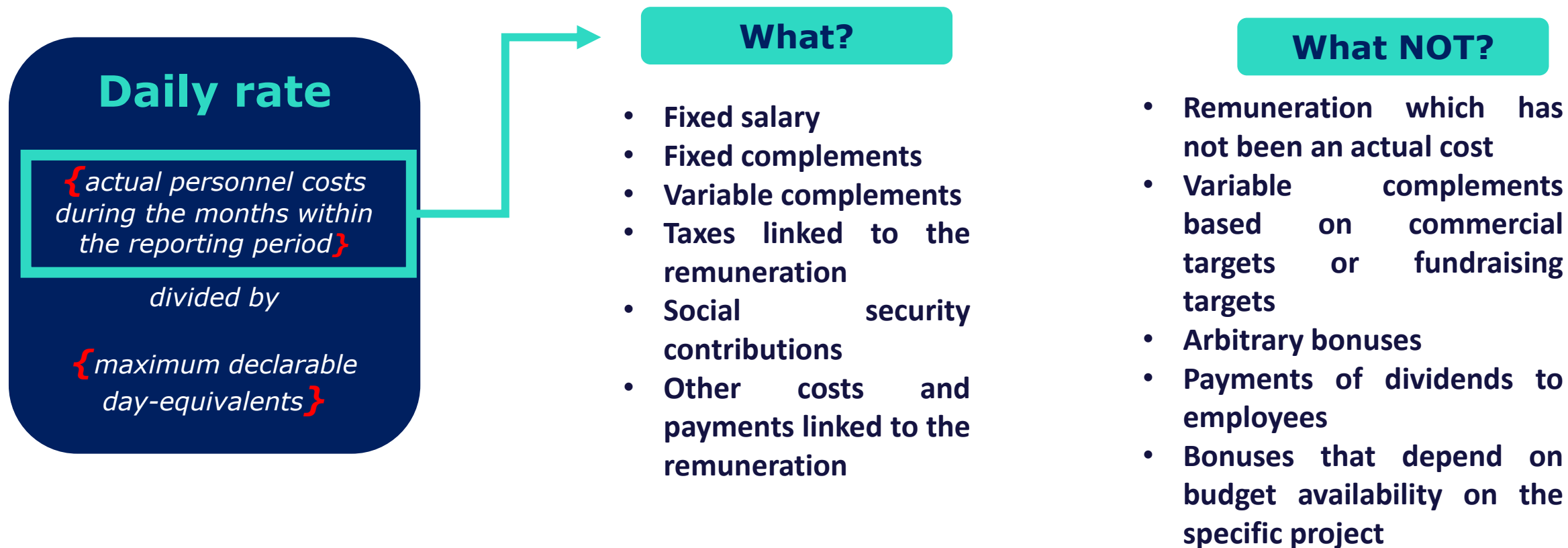


Recommended!

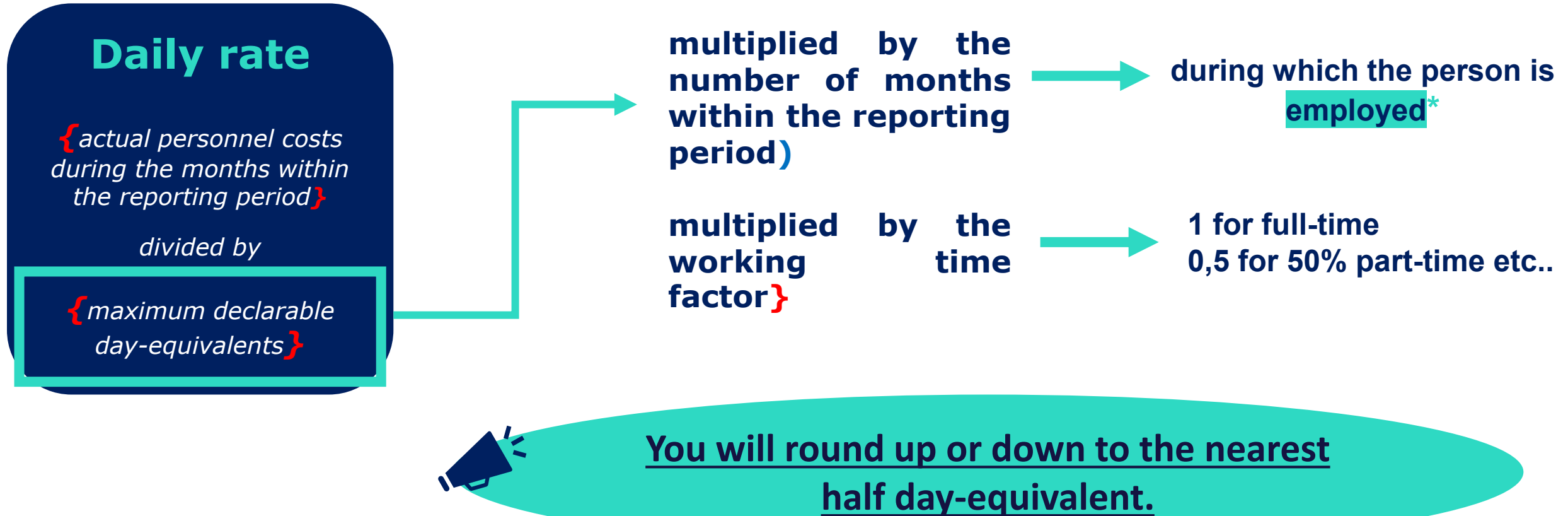
Alternatively, the calculation may be **done separately for each calendar year within the reporting period**, if this is consistently applied (i.e the same calculation for all your Horizon Europe actions and all your personnel) In that case, the ‘number of months within the reporting period’ referred to in the formulas is to be understood **as the number of months of the respective calendar year that are within the reporting period.**

Actual Personnel Costs – What & What Not

The actual personnel costs for the person are those eligible cost recorded in accordance with your usual cost accounting practice in your (statutory) accounts within the reporting period for which you are calculating the daily rate.



Maximum declarable **day-equivalents**



*The number of months used for the calculation either equates the length of the reporting period, or the length of **employment** of the person during this reporting period, if the latter is shorter (e.g. the person is newly hired or no longer employed at any point during the reporting period).

Maximum declarable day-equivalents – Parental Leave

Days on parental leave during the reporting period may be deducted for the calculation of the maximum declarable days and the calculation of the daily rate (i.e. by reducing the maximum declarable day-equivalents in the formulas by the number of day-equivalents spent on parental leave).

Parental leave is any leave directly related to the birth or adoption of a child. Other leaves or absences can **NOT** be deducted, including long-term sick leave, breastfeeding leave and leave to take care of a sick child.

$$\begin{array}{lcl} \text{Maximum} & & \{((215 / 12) \\ \text{declarable} & & \text{multiplied by the number} \\ \text{day-} & \text{=} & \text{of months within the} \\ \text{equivalents} & & \text{reporting period)} \\ & & \text{multiplied by the} \\ & & \text{working time factor} \} \end{array} \quad \text{---} \quad \begin{array}{lcl} \{((215 / 12) & & \\ \text{multiplied by the number} & & \\ \text{of months} & \text{on parental} & \\ \text{leave)} & & \\ \text{multiplied by the} & & \\ \text{working time factor} \} & & \end{array}$$



You will round up or down to the nearest half day-equivalent.

Day-equivalents **worked for the action (1)**

It is the sum of the day-equivalents actually worked for the action, rounded to the nearest half-day, and recorded in the monthly declarations or in your time-recording system (if you have a reliable time-recording system where you record, at least, all the actual time worked in the action).

Day-equivalents

Up to a declarable maximum of:

*{((215 / 12)
multiplied by the number
of months within the
reporting period)
multiplied by the working
time factor}*

To be recorded via:

- A monthly declaration ([Commission template](#))
- Or another **reliable** time-recording system in place that includes, at least:
 1. Project acronym and number
 2. Beneficiary's full name
 3. Name of the person and type of personnel, date and signature
 4. **Days worked on the action**
 5. Name of supervisor, date and signature
 6. WP reference



Recommended!



You will round up or down to the nearest half day-equivalent!



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Day-equivalents worked for the action (2)

Monthly declaration Commission template

Information included in time–declarations must match records of annual leave, sick leave, other leaves and work-related travels.



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EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT			YEAR:	
To be kept on file in case of audits.				
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; 0,25)	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:
February			Signature: Date:	Name: Signature: Date:
March			Signature: Date:	Name: Signature: Date:
April			Signature: Date:	Name: Signature: Date:
May			Signature: Date:	Name: Signature: Date:
June			Signature: Date:	Name: Signature: Date:
July			Signature: Date:	Name: Signature: Date:
August			Signature: Date:	Name: Signature: Date:
September			Signature: Date:	Name: Signature: Date:
October			Signature: Date:	Name: Signature: Date:
November			Signature: Date:	Name: Signature: Date:
December			Signature: Date:	Name: Signature: Date:
TOTAL				

Day-equivalents **worked for the action (3)**

Best practice: It is recommended to explore the simplification potential of using monthly declarations on days worked for the action. This limits record-keeping burden and avoids the need for conversion of hours into day-equivalents.



Day-equivalents

Up to a declarable maximum of:

$\{((215 / 12)$
multiplied by the number of months within the reporting period)
 $\}$
multiplied by the working time factor

NO rounding (up or down to the nearest half day-equivalent) for the time recording in the monthly declarations. The rounding rule applies ONLY for the cost calculation (i.e. the number of day-equivalents to declare and the maximum declarable day-equivalents) and for the conversion from the total hours worked on the action into day-equivalents (**in case of time-recording systems based on hours**). By contrast, it is NOT allowed to round up or down to the nearest half day-equivalent in the monthly declaration.

Example: If a person with a standard working day of 8 hours worked 2 hours on the action during a given month, 0.25 day-equivalents should be recorded for that month in their monthly declaration. NO rounding up or down to the nearest half day-equivalent.



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Day-equivalents worked for the action (4)

Conversion of hours into day-equivalents: If the monthly declaration of days are not used, and instead record the time worked in hours, it must be converted the total hours worked into day-equivalents to calculate the personnel costs for the grant.

To convert hours into day-equivalents:

{ *number of hours worked by the person on the action during the reporting period*
divided by
(number of hours of a day-equivalent **)** **}**

The resulting figure must be rounded up or down to the nearest half-day (e.g. 17,79 = 18 day-equivalents; 17,64 = 17,5 day-equivalents).

Three options to determine the number of hours of a day-equivalent:

- **Option 1:** a day-equivalent is 8 hours.
- **Option 2:** average working hours as per contract (or another binding document, e.g. collective labour agreement, national labour legislation). You can **NOT** use this option if the contract (or other binding document) **does not allow to determine the average number of hours** that the person must work per day.
- **Option 3:** the higher between the **standard annual productive hours** of a full-time employee according to the usual practice and **90% of the standard annual workable hours** of a full-time employee **divided by 215**.



The chosen option must be applied consistently.

Day-equivalents worked for the action (5)

If time record system not compliant with condition 4 i.e number of days worked in the action

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Alternative Procedure

Indicative Audit Programme (Point 8 » Days Declared)

In case of unreliable time recording, the participant will be requested to provide alternative evidence to support the number of declared day-equivalents worked for the action.

The alternative evidence must:

- clearly identify the person concerned.
- clearly link the person to the project.
- allow to clearly quantify the time (day-equivalents) spent on project-related tasks.



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Best practice: It is recommended to explore the simplification potential of using monthly declarations on days worked for the action.

Day-equivalents declared – Double ceilings rule

Double ceilings to comply with:

✓ **Horizontal ceiling:** the actual number of day-equivalents declared across EU and Euratom grants 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**.

Example: Reporting Period 01/01/2023 – 30/06/2024 = 18 months Time factor = 1 (full time)

Horizontal ceiling per calendar year

2023: $((215 / 12) \times 12) \times 1 = 215$

2024: $((215 / 12) \times 6) \times 1 = 107,5$

Reporting period ceiling

$(215/12) \times 18 \times 1 = 322,5$

Reporting period calculation vs. calendar year calculation

Example: Reporting period 01/06/2022 - 30/11/2023

Period of employment = reporting period → duration 18 months

Working time factor : 1

Daily rate – reporting period (RP)

$$\text{Max declarable days} = \left[\frac{215}{12} \right] * 18 = 322.5 \text{ days}$$


$$\text{Daily rate RP} = \frac{\text{personnel costs recorded between June 2022 and November 2023}}{322.5 \text{ days}}$$

Daily rate – calendar year [alternative method]

$$\text{Max declarable days 2022} = \left[\frac{215}{12} \right] * 7 = 125,41 \gg 125.5 \text{ days}$$

[rounded to the nearest half day-equivalent]

$$\text{Max declarable days 2023} = \left[\frac{215}{12} \right] * 11 = 197,08 \gg 197 \text{ days}$$

[rounded to the nearest half day-equivalent]

$$\text{Daily rate 2022} = \frac{\text{personnel costs recorded between June 2022 and December 2022}}{125.5 \text{ days}}$$

$$\text{Daily rate 2023} = \frac{\text{personnel costs recorded between January 2023 and November 2023}}{197 \text{ days}}$$



Calendar year calculation – Error!

Example: Reporting Period 01/06/2022 – 30/11/2023

What they wanted to do? » Daily rate calculation for each calendar year within the reporting period (Alternative method)

What they did
(error)

Daily rate
2022

$$= \frac{\text{personnel costs recorded between January 2022 and December 2022}}{215 \text{ days}}$$

Daily rate
2023

$$= \frac{\text{personnel costs recorded between January 2023 and November 2023}}{(215/12) \times 11}$$

What they
should have
done

Daily rate
2022

$$= \frac{\text{personnel costs recorded between June 2022 and December 2022}}{(215/12) \times 7}$$

Daily rate
2023

$$= \frac{\text{personnel costs recorded between January 2023 and November 2023}}{(215/12) \times 11}$$

Rounding Rules – Errors!

Maximum declarable day-equivalents

Example: In the reporting period from 01/01/2022 to 31/03/2023 (i.e. 15 months) you hire a new person starting in full-time on 16/01/2023, with 2.5 months left in the reporting period.

The number of months for the calculation of the maximum declarable day-equivalents is accordingly 2.5, not 15.

The maximum number of declarable day-equivalents is:

$((215/12) \times 2,5) \times 1 = 44,79 \gg 45$ [rounded to the nearest half day-equivalent].

Day-equivalents worked for the action

What is wrong in this table?



'You will round up or down to the nearest half-day equivalent'

Costs declared by the beneficiary		
Daily rate	Days	Total direct personnel costs
800,00	36,25	29 000,00
850,00	41,63	35 381,25
259,97	14,50	3 769,57
272,24	33,63	9 154,07
304,43	25,00	7 610,75
286,15	96,88	27 720,78

Costs accepted		
Daily rate	Days	Total direct personnel costs
800,00	36,50	29 200,00
850,00	41,50	35 275,00
259,97	14,50	3 769,57
272,24	33,50	9 120,04
304,43	25,00	7 610,75
286,15	97,00	27 756,55

If it happens that the number of days is xx.25 or xx.75, the number is rounded to the nearest half day above.



Examples – New Hire

For the purpose of all personnel cost calculations a month is considered to have 30 days.

The calculation method involves subtracting the days not employed from the standard month of 30 days.

Example 1: In the reporting period from **01/05/2022 to 31/03/2023**, you calculate the number of months to be used when an employee is hired from **05/05/2022 until 20/10/2022**:

- May: 26 days as of the day of being hired, i.e. $(30-4) / 30 \gg 26 / 30 = 0,87$ months
- June-September: 4 months
- October: 20 days until end of employment, i.e. $(30-10) / 30 \gg 20 / 30 = 0,67$ months

That is for the person in the reporting period: $(26 / 30) + 4 + (20 / 30) = 5,54$ months.

The maximum number of declarable day-equivalents is:

$$((215/12) \times 5,54) \times 1 = 99,26 \gg 99,5 \text{ [rounded to the nearest half day-equivalent].}$$

Example 2:

Employee starting on February 26th

$$(30-25) / 30 \gg 5 / 30 = 0.17 \text{ months}$$



Examples – Parental Leave

In a reporting period from **01/12/2021 to 31/01/2023** (14 months), an employee working full-time on the action **takes four months of parental leave** after the birth of a child, that is **71,67** day-equivalents (i.e. $\{((215/12) \times 4 \text{ [months on parental leave]}) \times 1 \text{ [working time factor as per contract]}\}$).

The **maximum number of declarable day-equivalents for the reporting period** is calculated as follows: $\{((215/12) \times 14 \text{ [months]}) \times 1\}$ **minus 71,67** day-equivalents of parental leave = **179,16**, **rounded to 179** maximum declarable day-equivalents for the reporting period.

You **will use this number (179)** to **calculate the daily rate**, i.e. (actual personnel costs during the reporting period) divided by 179.



Common audit findings

- **Using the last closed financial year rule** as in H2020 grants.
- **Not rounding the day-equivalents worked on the action** over the reporting period up or down to the nearest half-day.
- **Daily rate calculation by full calendar year** instead of the number of months in the period.
- Incorrect calculation of maximum declarable day-equivalents – not based on 215 days.
- Incorrect conversion of number of hours to day-equivalents- not in accordance with the options allowed by the annotations of Article 20 of the Grant Agreement.
- **Time Record Systems not or partially compliant » This triggers the alternative procedure!**
Avoid at all cost!
- Differences between the time claimed and the Time Record Systems.

Be ready for an audit!

**Prepare yourself in advance by
knowing exactly what to expect!**



Have you had a financial audit under Horizon Europe?

Can you please share your feedback and the audit findings (if any!) in a short online bi-lateral meeting?

If so, please reach out to us by email and thank you in advance.





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HORIZON EUROPE

HORIZON EUROPE IMPLEMENTATION DAY

15th July, Centro de Congressos de Lisboa, Auditório 8
(Praça das Indústrias 1, 1300-307 Lisboa)

10h45

Opening Address

Maria Oliveira, Vice-President for Innovation, Agency for Research and Innovation (AFI)

10h50

Simplification in Horizon Europe (HE)

Isabel Vergara, Directorate-General for Research and Innovation (DG RTD), European Commission

- changes introduced in the 2026/27 Horizon Europe (HE) work programmes
- novelties on lump sum funding
- prepare for an ex post technical review (lump sum grants)

30 min presentation + 10 min Q&A

11h30

How to Manage your HE Grant

Aurora Mantas, DG RTD, European Commission

- financial rules
- non-financial rules
- other obligations

30 min presentation + 10 min Q&A

12h10

Bringing your Research Results to Market

Lara Passante, DG RTD, European Commission

- existing support services
- upcoming integrated support service

20 min presentation + 10 min Q&A

12h45

Lunch Break

14h00

Ex Post Controls

Angela Alvarez, DG RTD, European Commission

- preparing for a financial audit (real-cost grants)
- avoiding common errors

30 min presentation + 15 min Q&A

14h45

Evaluation Process: Insights & Challenges

Isabel Vergara, DG RTD, European Commission

- use of ex-aequo
- use of AI in applications and evaluations

20 min presentation + 10 min Q&A

15h15

Funding & Tenders Portal

Paul Schlag, DG RTD, European Commission

- novelties, EU Funding & Me mobile app – latest news

20 min presentation + 10 min Q&A

15h45

Closing Remarks

16h00

End of the Session



Thank you

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