News

European Commission

Change in personnel cost calculations for Horizon 2020.

The EC has removed the requirement for the personnel calculation to use the salary of an individual from the last closed financial year. The alternative methodology is the calculation of personnel costs on a monthly basis. This methodology should now be used for all reporting periods that have not already been submitted.

This means that the hours booked to the project each month are then applied to the actual salary for that month for each person working on the action.

- For individuals maintaining a 100% declaration, this means that the full salary is applied to the project. We would show records to auditors as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Month</th>
<th>Time spent</th>
<th>Productive hours</th>
<th>Salary</th>
<th>Eligible charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>J Bloggs</td>
<td>Jan</td>
<td>143.33</td>
<td>143.33</td>
<td>£2,000.00</td>
<td>£2,000.00</td>
</tr>
<tr>
<td>J Bloggs</td>
<td>Feb</td>
<td>143.33</td>
<td>143.33</td>
<td>£2,000.00</td>
<td>£2,000.00</td>
</tr>
</tbody>
</table>

- For individuals maintaining timesheets, the ‘time spent’ will be the actual hours taken from the time records. Note that the productive hours each month will always be 143.33, over the course of the year depending on when annual leave is taken there may be months where there is a low eligible charge; however, over the course of the year this should balance out.

- For individuals on extended parental leave or sick leave, a different calculation must be undertaken.
In 2015 Ms T took 5 months parental leave. During those five months the HMRC reimbursed the University a proportion of her salary. Ms T worked 320 hours in 2015 for the H2020 action. During the period of parental leave identify the total actual cost to the University for the employment of Ms T (net of government funding).

Take the proportion of time worked for the action in 2015 = Time worked for the action / Total productive time excluding the parental leave = 320 / {1,720 - {1,720 x 5/12}} = 320 / {1,720 – 716.7} = 320 / 1,003.3 = 31.89 %.

Cost of parental leave for the H2020 action (which are charged on top and separately of the hourly rate) = cost of parental leave to University x 31.89 %

You can download the Oct 2016 New rules eligible cost template for personnel (12kb)

The previous methodology calculating hourly rates based on the closed financial year should no longer be used.

- Finally, the EC guidance does allow individuals to claim more than 143.33 hours in one month. However, annual eligible claims are capped to 1,720 hours and the actual salary of an individual. Please also be aware that time records should not provide evidence that the EU working time directive has been breached.

**ITN awards: How to ring fence consortium budgets**

Where Oxford is a partner to a consortium, a separate sub-task will be set up ring fencing the budget. Research Accounts will post accounting entries centrally to ensure that the cash actually received from the co-ordinator matches the reporting and the budgets as agreed in the consortium agreement.

Where Oxford is the co-ordinator, a ring fenced subtask will be created on the project for the Oxford portion of the budget and a departmental project will be set up to manage the total budget and actual costs. Research Accounts will post accounting entries centrally to ensure that the cash actually received from the European Commission (and distributed to partners) matches the reporting and the budgets as agreed in the consortium agreement.

**Newton Funds**

**Royal Society Newton Fund audit: Newton Advanced Fellowship**

The Royal Society finance team has been requested by its Finance/Audit committee to begin a regime of inspection over high risk awards. This includes any award with a partner or beneficiary overseas such as awards linked to DFID actions and International Exchange as well as the Newton Fund. They intend to
visit the University around twice a year and will select a small sample of projects to inspect on each visit.

For the Newton Advanced Fellowship, the inspection required the provision of the following documents: collaboration agreement, invoices received from collaborator and confirmation from collaborator of receipt of payments. The auditor would also expect to review and undertake testing of the information required for the annual financial report, in the case of the award tested this information had not yet been received from the collaborator. The information required was:

To provide an itemised statement of costs including evidence of the following:

- Payment of Salary top up payments
- Receipts for any item purchased or services in excess of £500
- Receipts for flights
- Receipts for a repeat item purchased or service in excess of £200
- Support of PhD students (payment of stipends)
- The residual value of any equipment bought with an original cost of £10k or more or which has an approximate value of £1.5k after depreciation of the asset.

Standard questions on their checklist also included: whether the project supported a PhD student; whether the fellow was receiving training support from Oxford; how data produced by the project was being managed.

**Newton Fund reporting requirements**

Linked to the item above, please ensure that you are aware of the terms of your Newton award. In particularly the financial reporting requirements and evidence that we are required to collect from the participating overseas organisation. We have noted that Newton project contracts do not all have the same terms; in light of some of the problems that these awards can create we recommend that payments are made to the collaborators quarterly in arrears and that invoices are not paid until the required supporting evidence is received. Contracts ought to be signed off reflecting these terms.

**Other processes**

**Studentship awards**

We have been reviewing the financial accounting requirements of studentship awards following the creation of a ‘studentship’ team within Research Accounts and feedback received from HEFCE; HEFCE
were reviewing the University’s HESA return and identified some anomalous information regarding studentship reporting.

Currently, this team is responsible for the setting-up and reporting of Research Council funded studentship awards as well as co-funding associated with these (normally from University Colleges).

We have received guidance from HESA/HEFCE, which identifies a requirement for the University to report the following awards separately from research projects:

- Studentship funding when awarded by charities (these can be eligible for QR funding)
- Industry funding linked to Research Council training awards either CASE or general top-up (these will not be eligible for QR funding going forward)

Previously, these awards would have been set up as research projects and would have been managed through the B ledger for accounting processes; going forward, these will no longer be set up as research projects but as studentship projects and managed through the A2 ledger for accounting purposes.

In consultation with Research Services, there will be a change to the process of setting up the above two categories of studentship awards. Going forwards, they will be set up and reported by the Research Accounts studentship team.

- Charitable funded studentships (block funded or for individuals/individual projects) will continue to have a project set up on Oracle, and academic departments and faculties should manage this process directly with the Research Accounts studentship team. X5 can still be used so that workflow authorisation and monitoring activities are still active; Research Services will accept the costing in X5 but will not review or set up these awards.

- Awards made by industrial sponsors that are linked to Research Council training awards: once a contract has been reviewed and signed by Research Services, Research Services will cc. studentships-ra@admin.ox.ac.uk into the confirmation email sent to the department to make the RA team aware that a project set-up on Oracle is required. As above X5 will continue to be used for workflow authorisation and monitoring activities.

(NB. For the time being, standalone industrial funding for individual students that do not supplement Research Council funding will continue to be set-up as research projects as per the current practice, i.e. an RPF1 will be generated from X5 by RS and sent to RA in the normal way for award set-up).

Summary of award types and how these awards will be processed:

<table>
<thead>
<tr>
<th>Funder</th>
<th>Project type</th>
<th>Support process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studentship funding</td>
<td>when awarded by charities</td>
<td>(these can be eligible for QR funding)</td>
</tr>
<tr>
<td>Industry funding</td>
<td>linked to Research Council</td>
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<table>
<thead>
<tr>
<th>Charity: block funded</th>
<th>Studentship</th>
<th>X5 used and RPF-1 generated. No input by Research Services. Research Accounts to undertake checks and request additional information for set-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charity: individual award</td>
<td>Studentship</td>
<td>X5 used and RPF-1 generated. Research Services will review terms and conditions if needed. Research Accounts to request additional information for set-up</td>
</tr>
<tr>
<td>Industry: CASE/ Research Council top-up</td>
<td>Studentship</td>
<td>X5 used and RPF-1 generated. Research Services will review contract and negotiate if needed. Research Accounts to request additional information for set-up</td>
</tr>
<tr>
<td>Industry: individual/project</td>
<td>Research</td>
<td>No change to current Research project process</td>
</tr>
<tr>
<td>Research Council (and co-fund Colleges)</td>
<td>Studentship</td>
<td>No change to current Studentship project process</td>
</tr>
</tbody>
</table>

Studentship awards require an additional form to ensure set-up is correctly processed. Please see our [Forms pages](#) for more information and support. Once the RPF-1 is passed to Research Accounts, arrangements will be made to collect the additional information for the project set-up using the Studentship New Project set-up template. Information already received from the RPF-1 will not be required again.

Information regarding the Studentship administration undertaken by Research Accounts is on our [webpages](#), and will updated over the coming days to reflect the additional awards that follow this process.

If you have any questions, please don’t hesitate to get in touch. Feel free to forward this note to relevant staff within your department.

**Pre-award task request form: additional fields**

The pre-award task request form has recently been updated. There is now a field for Med/Vet Tax Exemption, with a choice of Yes or No. This will aid us when setting up the task with the appropriate tax treatment. Please ensure that this is completed correctly.

**Returning underspent funds to research sponsors**
Please be advised that your Research Accounts adviser will request confirmation from the Head of Department where more than £50,000 will be returned to a research sponsor following the completion of a project. This policy is consistent with the sustainability objectives currently in place at the University.