



GLOSSARY

Term	Meaning	Source
AC	Additional Cost model with 20% fixed overhead rate	FH
Allowable costs	See Eligible Costs	FH
Apportion	The process of allocating indirect costs between direct activities	BBR
Audit certificates	<p>Audit certificate are used to enable the Commission to ensure that the costs charged to a European Community funded research project meet the conditions for financial support. In most contracts, contractors shall provide audit certificates prepared and certified by an external auditor (for public bodies by a competent public officer) at least once during the life of the project. (in Integrated Projects and Networks of Excellence each contractor must provide one per year). The audit certificate shall certify that the costs:</p> <ul style="list-style-type: none"> - are incurred during the duration of the project, - are recorded in the accounts of the contractor, - are determined in accordance with the usual accounting principles of the contractors, - meet the other main contractual requirements regarding eligibility of costs (except for necessity). 	FH
Average personnel costs	The provisions in FP7 are broader than in FP6 and go back to FP5, but in FP7 the average cannot be substantially different from actual costs. The use of average rates has to reflect normal accounting practices and be as close as possible to actual costs	DG Research
Budget	Budget means a financial plan estimating all the resources and expenditure needed to carry out a research activity.	FH
Collective Responsibility FP6	<p>This is a mechanism applied in FP6 contracts by which a contractor may be held liable, technically and/or financially, fully or partially, for the action of another contractor. It is a consequence of the principle of autonomy of the consortium, which can decide about the allocation of the grant and the tasks. It is applied as a last resort in the case of a breach of the contract by one or more participants. Financial liability of a participant is limited in proportion to the participant's share of costs in the project, up to the total payment it is entitled to receive.</p> <p>International organisations, public bodies or entities guaranteed by MS/AS are solely responsible for their own debts.</p>	FH
Collective Responsibility FP7	In FP7 the RoP contain the proposal to limit the Participant's full liability to technical liability.	YR
Community financial contribution	For indirect actions in FP6, in general the European Union contributes only a certain percentage of the total costs of a project. Participants have to mobilise their own resources accordingly. The percentage of the financial contribution depends on the type of activities to be carried out in the instruments and can be in the form of:	FH



- a grant to the budget, as a contribution to the cost incurred, with specified maximum rates of support for the different types of activity within the project; FH
- a grant for integration, as a fixed amount to support the joint programme of activities of a Network of Excellence; FH
- a lump sum for certain specific support actions, scholarships and prizes. FH

Contract Preparation Forms For successful proposals, the Commission will enter into negotiations to prepare a contract. The necessary administrative information from the consortium is collected in a set of forms, called Contract Preparation Forms (CPFs). For preparing these forms, coordinators have to use a software called CPF editor (to be downloaded at <http://www.cordis.lu/fp6/find-doc.htm#cpf>) . The electronic templates for the CPFs, pre-filled with data from the proposal, will be sent to the coordinator together with the letter opening the contract negotiation. FH

The CPFs cover only the administrative data of the contract. In addition to the administrative CPFs, coordinators have to provide a description of the work, the final version of which will be an annex to the contract.

Cost Categories FP7: The Commission wants to get rid of the cost categories in the **Funding Schemes** where a grant is used. At the same time there where Lump Sums and Flat Rates will be used as averages some system of cost categories is necessary according to the Commission. YR

Cost Models FP6 For the reporting of costs in FP6 contracts, participants have to use one of the three following models: FH

- Full Cost (FC)
- Full Cost with indirect flat rate cost (FCF)
- Additional Cost with indirect flat rate cost (AC)

Access to a particular cost model depends on the type of organisation and how it is able to account for indirect costs. The full cost model is the standard model applicable in all circumstances, but it requires the contractor to be able to calculate its real overheads associated with the project.

Cost Models FP7 For the reporting of costs in FP7 grant agreements, the RoP propose that all participants have use the same model, with an optional difference for the calculation of the indirect eligible costs: YR

Total Eligible Costs (EC); direct and indirect eligible costs are claimed

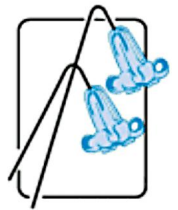
Direct Eligible Costs with a flat rate for **indirect eligible costs (DEC)**

Access to a particular cost model depends whether a participant is able to account for indirect costs. The Total Eligible Cost is the standard model applicable in all circumstances, but it requires the contractor to be able to calculate its real overheads associated with the project.

CPF See **Contract Preparation Forms** YR



Double-counting	e.g. on academic staff time, when working more than a standard working week or counting equipment in direct cost and indirect costs	TRAC/YR
Eligible costs FP7	Costs that are actual; incurred during the project; determined according to usual accounting principles/practices; used only to achieve project objectives; consistent with principles of economy, efficiency and effectiveness; recorded in accounts (or the accounts of third parties); paid; exclusive of non-eligible costs.	DG Research
Total Eligible Costs	Consists of all direct and indirect eligible costs	
Direct Eligible Costs	shall be composed of costs attributable directly to the action	Rules, art 32
Indirect Eligible Costs	Costs which are not attributable directly to the action, but which have been incurred in direct relationship with the direct eligible costs attributed to the action	Rules, art 32
Estimation of costs	Statistical method on how time is spent, see TRAC	
Recording of costs	Having available an audit trail by which any given cost can be substantiated by original documentation.	
FC	FP6 term for Total Direct Eligible Cost with calculated overhead	FH/YR
FCF	FP6 term indicating a fixed overhead of 20% to costs excluding subcontracts	FH/YR
Fellowship	Marie Curie fellowships are either fellowships, where individual researchers apply directly to the Commission, or host fellowships, where institutions apply to host a number of researchers	FH
FF	Full Cost with fixed overhead of 80%- Only in FP5	FH
Financial Guidelines	The financial guidelines of the Sixth Framework Programmes (FP6 Financial Guidelines) are intended to provide to the participants in FP6 projects, as well as to the Commission services, in a single and, as far as possible, complete document: - information on the financial aspects of the main indirect actions of the Sixth Framework Programmes; - relevant references to the applicable legal framework; - concrete examples, as well as suggestions for good financial practices to be applied when carrying out EC-funded RTD projects. The guidelines include sections on: the first principles; the nature of the grant; the principles applicable to grants which reimburse eligible costs; the Community financial contribution (including cost models); subcontracts; collective responsibility; sanctions and recoveries.	FH
Financial Regulations	The Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the "Financial Regulation applicable to the general budget of the European Communities" and the Commission Regulation laying down detailed rules for the implementation of this Council Regulation, see the documents on the CD rom made available in the folder belonging to this course.	FH/YR



Fixed price contract	The contractor is required to perform the work described in the contract. The price is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. Upon satisfactory completion of the work and delivery of all items required, the contractor is paid the remaining contract amount. In many EU contracts the contractor is paid based upon the hours expended, and "completion" (usually a final report) with less than the stated number of hours expended will result in final payment of less than the total contract price.	SBIR/YR
Flat Rate FP7	Flat Rates do not require the justification of eligible costs. This term is used in two different meanings: A percentage of the direct eligible costs for the reimbursement for indirect eligible costs Scale of Unit Costs which can be used in place of average costs but without need for further justification. Unit costs will depend on meeting requirements (e.g level of qualification) for the relevant scale and may vary from country to country.	YR
Form A	Form to be obligatory filled in by each contractor of a consortium, for the purpose of voluntarily acceding to the contract concluded between the coordinator and the European Community. It requires from the contractor to accept all the rights and obligations of a contractor provided for this aforesaid contract. In case of non-compliance, the Commission may withdraw its offer to contract with the contractor. (FR:Formulaire A, IT:Modulo A)	IPR
Form B	Form to be obligatory filled in by a new contractor, who joins the consortium in the course of the project either in addition to the existing contractors or in place of a contractor withdrawing from the contract. With this form, the new contractor will accede to the contract concluded between the coordinator and the European Community and therefore accept all the rights and obligations of a contractor provided in this aforesaid contract. (FR:Formulaire B, IT:Modulo B)	IPR
Form C	Form providing the financial statements to be filled in by each contractor for the purpose of reporting on its costs. Those financial statements have to be audited and certified by an independent external auditor. (FR:Formulaire C, IT:Modulo C)	FH
Fundamental research	Fundamental research is an activity designed to broaden scientific and technical knowledge not directly linked to industrial or commercial objectives.	FH
Grant agreement	Means a written agreement between the Community and the participants concerning the performance of an indirect action establishing rights and obligations between the Community and the participants on the one hand, and between the participants in that indirect action on the other;	SEC(2005) 431 par 2.9 en 2.10



Grant for integration	The system introduced in FP6 for Networks of Excellence will be continued in FP7, the Community financial contribution shall take the form of a Lump sum (in FP6 this was a fixed grant) for integration to attain the objective of the joint programme of activities. The amount of the grant is calculated taking into account the degree of integration, the number of researchers that all participants intend to integrate, the characteristics of the field of research concerned and the joint programme of activities. This contribution is to be used to complement the resources deployed by the participants in order to carry out the joint programme of activities.	FH/YR
Grant to the budget	For Integrated Projects and other instruments, with the exception of those which require a public procurement procedure and those for which a lump sum contribution is made, the Community financial contribution shall take the form of a grant to the budget. It is calculated as a percentage of the costs estimated by the participants to carry out the project, adapted according to the type of activity (research, demonstration, training...) permitted by the instrument and taking into account the cost model used by the participant concerned.	FH
Industrial research	Research and investigation activities aimed at the acquisition of new knowledge with the objective to use such knowledge for developing new products, processes or services or in bringing about a significant improvement in existing products, processes or services.	FH
Irregularity	Any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by a contractor which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them through unjustified expenditure.	FH
Grant agreement	For implementing indirect actions in FP7, the Commission shall conclude contracts with all participants of a project. These contracts are based on a standard model - the model contract.	YR
JCPSPG	Joint Costing and Pricing Steering Group for the implementation of TRAC	TRAC
JPA	See Joint Program of Activities	FH
Joint Program of Activities	The Joint Programme of Activities is the plan of action for implementing a Network of Excellence. Network of Excellence are expected to induce and to manage processes of change: to remove mental, financial, technical and legal barriers to integration; to durably "institutionalise" the links between the institutions involved, which will imply the restructuring of the research portfolios and of the existing organizational structures. The JPA must show the serious commitment of all partners to organizational change.	FH
Lump sum:	Idiomatic English. Means a single monetary payment. It could be in the form of annual minimum royalties, milestone payments all depending on the way the payments are structured in the license agreement.	LES



Words and phrases sometimes used for same meaning: *initial payment or fee, fixed fee*. Sometimes erroneously used as down payment.

Preferred phrase: lump sum. See also *Down Payment*

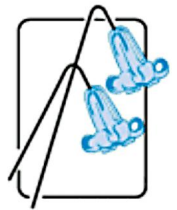
Lump Sums in EU projects	Can be used for the whole project or a part thereof. Lump sums do not require justification of costs. For seen for individual projects, Marie Curie, coordination support actions, envisaged for NoE	DG Research SEC par 2.9 en 2.10
Maximum contribution	Cost reimbursement with a fixed ceiling	
Model contract	For implementing indirect actions in FP6, the Commission concludes contracts with all participants of a project. These contracts are based on a standard model - the model contract - that is applicable to all instruments of FP6. In FP 7 the Model Contract is called Grant Agreement.	FH/YR
Normalise	To adopt explicit accounting measures; e.g. the norm of workable hours in a year is for example 1680 hours. To normalise would mean that any overwork time conducted by a person has to be normalised to the standard of 1680 hours. Other term used is to apportion . Preferred term normalise.	
OLAF	The mission of the European Anti-Fraud Office (OLAF) is to protect the interests of the European Union, to fight fraud, corruption and any other irregular activity, including misconduct within the European Institutions.	YR
Overhead	See, indirect costs	YR
Over recovery	See double-charging (avoidance of) of certain costs, EU funding can not exceed 100% of a project's costs	TRAC/YR
Overtime	The time spent 'outside normal working hours' but, generally, not any overtime payments	TRAC/YR
Percentages (time recording)	Acceptable method when recording time by activity not a recommended method for estimating time on a project	TRAC
Personnel	Universities have lots of different people walking around doing research, who are or are not employed by the university: students, researchers, visiting professors, PhD students, special grant researchers. What to do with people hired to certain work, agents, advisors etc.	Lambert
- Key personnel	People whose involvement is important to the success of the Project Those persons essential for the carrying out of the research activity as described in the agreement;	YR
- Principal Investigator	The researcher who carries out the most important tasks with regard to the agreement, it is not necessarily the most senior scientist.	Lambert / YR



Pre-financing	Term defined in the Model contract as "any part of the Community financial contribution which is paid in advance of submission of proof of work having been carried out and in order to provide advance funds to permit the work on the project to begin." (FR:Préfinancement)	IPR
Project	All the work referred to in Annex I of a contract in FP6 or a grant agreement in FP7.	FH/YR
Public body	A public sector body or a legal entity governed by private law with a public-service mission providing adequate financial guarantees	FH
RACE	A software programme designed by TTO officers of the University of Newcastle to support Full Economic Costing at institutions; the capturing of costs as well as the calculation	YR
Receipts	To properly estimate the Community contribution, the budget of FP6 contracts must comprise in addition to the estimated eligible costs also the estimated eligible receipts of the contractors within the project. Receipts can be in the form of: <ul style="list-style-type: none"> - Financial transfers or their equivalent to the contractor from third parties; - Contributions in kind from third parties; - Income generated by the project. For FP7 the same definition is considered as in FP6 but it might be reviewed	FH FH FH DG Research
Regulation	The Regulation of the European Parliament and of the Council concerning the participation of undertakings, research centres and universities and for the dissemination of research results for the implementation of the European Community Framework Program 2002-2006 or the Regulation of the Council concerning the participation of undertakings for the implementation of the European Atomic Energy Community (Euratom) Framework Program (2002-2006).	FH
Reimbursement rate FP6	For FP6 indirect actions, the Community contribution covers in general only a part of the eligible costs. The maximum reimbursement rates for costs incurred are determined by the type of activity: <ul style="list-style-type: none"> - For contractors using the Additional Cost model: up to 100 % of their additional costs for all types of eligible activities (for the consortium management activity they may charge the cost of permanent personnel if they can determine their real costs). For contractors using the Full Cost or Full Cost Flat rate model: <ul style="list-style-type: none"> for research and technological development activities up to 50 % of eligible costs; for demonstration activities up to 35 % of eligible costs; for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution; for training up to 100 % of eligible costs; for other specific activities up to 100 % of eligible costs; 	FH FH FH FH FH FH



Reimbursement rate FP7	<p>For FP7 actions, the Rules of Participation establish as in FP6 a principal of co-financing by the participant, therefore the proposed Community contribution covers in general only a part of the Total Eligible Costs. The maximum reimbursement rates for costs incurred are determined by the type of activity:</p> <p>for research and technological development activities up to 50 % of the direct and indirect eligible costs;</p> <p>for demonstration activities up to 50 % of the direct and indirect eligible costs;</p> <p>for management of the consortium activities up to 100 % of eligible cost not exceeding 7% of the total Community financial contribution;</p> <p>for training up to 100 % of eligible costs;</p> <p>for other specific activities up to 100 % of eligible costs;</p>	<p>FH FH FH FH FH</p>
Rules of participation	<p>Rules of participation means the Regulation No.2321/2002 of the European Parliament and of the Council concerning the rules for the participation of undertakings, research centres and universities in, and for dissemination of research results for, the implementation of the European Community Sixth Framework Program (2002-2006).</p>	<p>FH</p>
State Aid Issues	<p>Any aid granted by a Member State or the European Union or through State Resources in any form, and which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the Common Market. As a result of this, public organisations that fund R&D may impose terms designed to ensure that there is no distortion of competition.</p>	<p>IPR</p>
State Aid Rules	<p>Term defined in the Model contract as "the Community framework for state-aid for research and development adopted by the Commission" (FR:Règles relatives aux aides d'État)</p>	<p>IPR</p>
Subcontract	<p>An agreement to provide services, supplies or goods concluded between a contractor and one or more subcontractors for the specific needs of the project.</p>	<p>FH</p>
Subcontractor	<p>For specific tasks of a fixed duration, a proposal / project may include sub-contractors, who do not participate in the project and do not benefit from the intellectual property rights acquired through achievements of the project.</p> <p>Third party carrying out minor tasks related to the project, by means of a subcontract with one or more of the contractors</p>	<p>FH</p>



Technical Annex	An annex to the contract, known as the "technical annex", presents the scientific and technical details of the project. It is a technical document which presents all activities, actions and tasks which the partners are committed to undertake in order to fulfil the scientific and research objectives stipulated in the contract. In addition to its legal significance, the technical annex is meant to serve as benchmark for the contractors, the Commission and possibly external experts to effectively monitor and check progress during the life of the project. (DE:Technischer Anhang, FR:Annexe technique)	Rules FP7
Technological Audit	One of the audits that the Commission may carry out using either its own services or external auditors, concerning the technological aspects of a project co-funded under the Sixth Framework Programme. The terms "technological aspects" refer to the information provided by the contractors in the plan for using and disseminating knowledge (http://www.ipr-helpdesk.org) . The technological audit is thus carried out by the Commission in order to verify if the contractors' intentions for the protection, use and dissemination of their knowledge have been properly completed. The technological audit can be conducted during the project and even 5 years after its end. It should be noted that technological audits are, like all other audits carried under the FP6, confidential (see also Model Contract, Annex II, Article II.29)(FR:Audit technologique)	SEC(2005) 431
time allocation method	For the annual TRAC time allocation process clarification: sample sizes of respondents means that the data is robust at the level of research sponsor type, and discipline group, or lower if institutions are calculating more detailed rates (e.g. by type of staff or department) - response rates required when institution is not using a statistical sampling method guidance amended by the following: - separate identification of time spent supervising and training of post graduate research students - allocation of all RA and research fellows time to Research - data is collected over a three year cycle see annual retrospective time; diaries; interviewing; in-year time allocation; monthly time allocation; workload planning project level time recording is not required for TRAC fEC	TRAC
TRAC	The Transparent Approach to Costing, developed to meet the requirements of the Transparency and Accountability Review for Higher Education annual TRAC time allocation exercise/ annual TRAC cost allocation process which leads to (a) the five cost figures for the annual report to the FCs, (b) indirect cost rates and estates charges, and (and for institutional use c) cost information for use in calculation and verification of standard costs and charges to projects full economic costing of research projects, which covers the estimating, recording, reporting and verification of costs on research projects full economic costing of PGR students	www.jcpsg.ac.uk



full economic costing of Teaching and Other activities, see fEC

Two stage procedure	This submission and evaluation procedure of FP6 includes a first step where a relatively short outline proposal will be submitted and evaluated, followed by a second step of submission and evaluation of a full proposal only for the outline proposals evaluated positively. The application of this procedure will be announced in the work programmes and in the calls for proposals (see also one-stage procedure).	FH
VAT	Value Added Tax. VAT has never been an eligible cost to the project. It was reimbursed under FP4 and previous programmes, from outside the financial contribution to the project, but only if not reimbursed by national authorities, and this created many difficulties both for participants and for Commission Services	DG Research
Quality assurance	the process standards, compliance requirements and the internal audit role	TRAC
Sources BBR DG Research FH IPR Lambert LES YR	Bluebell Research Ltd Different documents provided by DG Research http://www.finance-helpdesk.org IPR Helpdesk glossary http://www.auril-cpd.org/links/publicdocs/lambert_review_final_450.pdf/file_view License Executive Society US and Canada, International License / Negotiating Thesaurus, 1995 Yellow Research	