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**NOTE FOR THE ATTENTION OF ALL BENEFICIARIES AND PARTNERS
OF ONGOING LIFE III AND LIFE+ PROJECTS**

Subject: Registration of time devoted to the projects – timesheets

The findings from recent ex-post audits and evaluations of final financial reports have revealed frequent problems with time registration of staff involved in the projects. This has been identified as the most frequent cause of ineligibility of costs.

The purpose of this note is to highlight the importance of strictly following the recommendations of Article 25.2 of the Common Provisions for what concerns the eligibility of personnel costs, in particular regarding time registration systems and time recording. This article reads:

25.2 Personnel costs shall be charged in respect of the actual time devoted to the project. They shall be calculated on the basis of the actual gross salary or wages plus obligatory social charges and any other statutory costs included in the remuneration, but excluding any other cost. The time, which each employee spends working on the project, shall be recorded on a timely basis using timesheets or an equivalent time registration system established and certified regularly by the coordinating beneficiary / associated beneficiary.

In practice, every coordinating or associated beneficiary must establish a time registration system that, as a minimum, respects the following rules:

1. Timesheets or a time registration system (on paper or electronic) which contain at least the following information:
 - a) Clear identification or reference to the LIFE project.
 - b) Clear identification of the employee.
 - c) Clear identification of the year, month and day.
 - d) Number of time units worked for the LIFE project.
 - e) Number of time units worked for other EC-funded projects.
 - f) Number of time units worked in total.

- g) Date and signature of the employee.
- h) Date and signature of the supervisor.

A model time sheet can be obtained from the following web site:

<http://ec.europa.eu/environment/life/toolkit/pmtools/lifeplus/timesheets.htm>

- 2. The time worked for the project must be registered in a timely manner, normally every day.
- 3. The completed timesheets for a given month must be signed by the employee and approved by the supervisor in a timely manner – ideally during the first week following the month that they concern.
- 4. It is highly recommended that a description of the time registration procedure is written down for future reference.

The purpose of recording the total hours actually worked per employee (see point 1.f above) is to allow the Commission to verify the correct time unit rate.

If a time registration system is not already employed, the coordinating and associated beneficiaries are strongly advised to use the model timesheets made available on the LIFE website. Employing inappropriate or unreliable timesheets or time registration systems may jeopardize the eligibility of the personnel costs reported, resulting in a reduction in the eligible costs which may lead to a reduced payment amount or a recovery of payments previously made.

The most frequently asked questions are listed in Annex I.

A related area in which problems are often detected concerns the calculation of the annual personnel costs and of the annual number of (total) working time units. A note on that subject is included as Annex II.



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ANNEX I – FREQUENTLY ASKED QUESTIONS

1. ARE PERSONNEL COSTS REFUSED IF THE LIFE MODEL TIMESHEET IS NOT USED TO REGISTER THE TIME ACTUALLY WORKED FOR THE PROJECT?

No, as long as the time registration system used by the beneficiaries (including electronic registration systems) contains, as a minimum, all the information provided in the model timesheet.

2. SHOULD THE TIME WORKED FOR THE PROJECT ALWAYS BE REGISTERED ON A DAILY BASIS?

Yes. In general, only timesheets where time per day devoted to the project is specified and registered are accepted. There are two main reasons for it:

- reliability of information provided – it is unlikely that an employee would be able to remember the time actually worked on the project after a long time, for example after a month.
- audit trail - a daily work record can be cross checked with other time records (holidays, travel, sickness, meetings etc.).

There are exceptions for the daily registration requirement in cases where the employee might not have immediate access to the time recording system, for example during fieldwork, travels, meetings and conferences. The time recording system should in such cases be updated as soon as the employee gets access to the time recording system.

Timesheets that only state the total number of time units devoted to the project in a given period (e.g. one month) without providing daily details day are unacceptable, since it will not fulfil the two functions mentioned above: reliability and a possibility to cross check records.

Please note that timesheets based on estimates of the time needed to complete each task cannot be accepted.

3. ARE THERE ANY CASES WHEN PERSONNEL COSTS CAN BE ACCEPTED WITHOUT TIMESHEETS?

According to the Common Provisions, "NO". Exceptionally, if the beneficiary can provide evidence that a member of staff is employed to work exclusively for the project, the absence of timesheets is tolerated. This should be documented through the contract of employment or an instruction letter from the Human Resources department or the relevant managers in which the employee in question is instructed to work exclusively for the project.

Employees who, according to their work contract or instruction letter as mentioned above, are expected to work on the project a fixed percentage of their time, e.g. 40 %, are not exempted from the obligation to register their time actually dedicated to the project. The percentage indicated is a planning tool, but the time registration is needed to demonstrate that the actual hours worked for the project correspond to the hours foreseen.

4. SHOULD TIMESHEETS ALWAYS BE SIGNED BY AN EMPLOYEE AND CERTIFIED BY A SUPERVISOR?

Yes. Timesheets should be signed and certified in the month following the month that they concern.

Timesheets which are signed and certified a long time after the period to which they apply, do not provide sufficient assurance that they were completed timely and on a daily basis and, therefore, that they reflect correctly the time actually dedicated to the project.

5. SHOULD ELECTRONIC NON-STANDARDISED TIME REGISTRATION RECORDS BE PRINTED OUT AND CERTIFIED WITH A SIGNATURE?

YES. Electronic systems such as Outlook or Excel are not accepted, unless the time is registered on a daily basis and the records are printed out and signed monthly. If such systems are used, it is strongly recommended that the model timesheet of the Commission is used.

Standardized and certified time registration systems are accepted. If electronic time registration is used by the employee and validated on a regular basis by a supervisor, it is not necessary to keep signed paper copies in addition to the forms validated electronically. However, a description of the certification system should be provided on request. In addition, print-outs of time registration records may be requested by the Commission to support the personnel costs reported. Please note that it must be possible to obtain such print-outs at any time during the project and for five years after the final payment is made.

6. WHAT TIME REGISTRATION UNITS SHOULD BE REPORTED IN THE FINANCIAL REPORT?

It should be the time units used in the time registration system employed by the beneficiary, i.e. if hours are used in the time registration system, hours should also be used as time units in the financial report.

ANNEX II - ESTABLISHING THE ANNUAL PERSONNEL COSTS AND ANNUAL NUMBER OF WORKING TIME UNITS

The calculation of personnel costs is based on the annual personnel costs, the annual number of working time units and the time actually worked on the project documented through daily time registration records.

On the calculation of annual personnel costs

When establishing the annual personnel costs the following elements should be considered:

Item	Text
1	Annual gross salary including 13 th and 14 th salaries, if applicable.
+ 2	Holiday allowance, if not included in #1 above
+ 3	Obligatory/compulsory social charges imposed by law, such as pension schemes, health schemes, insurance schemes, contribution to labour market funds, etc
+ 4	Pension schemes according to general trade union agreements
+ 5	Company specific pension schemes (that existed before the submission of project proposal) if offered to all employees in a non-discriminatory manner
- 6	Compensation received from insurance or other schemes in case of sickness, maternity leave, re-employment schemes to reactivate unemployed people, etc
=	Annual personnel cost (sum of 1-5 minus 6)

All additional and individual pension schemes and/or sickness insurances are not eligible, as well as company cars, bonuses and any other similar fringe benefits. Dividends or profit sharing are also not eligible. **NB – only actual salaries should be reported. Estimations or average salaries cannot be accepted. The rates indicated in the proposal are considered indicative and cannot be the default reference when reporting personnel costs.**

For part time employees and employees on short term contracts, the personnel costs should not be extrapolated to yearly figures. The actual personnel costs for the individual employees in question and their actual time worked should be reported.

On the calculation of annual working time

The total annual working time should be the time actually worked by the employee according to the time recording system, i.e. the productive time. It will normally result in a different number of annual working time units for each employee. The annual working time may be established on the basis of a calculation for some or all the staff ONLY IF the total working time is not recorded for these employees (please check the exceptions concerning time registration).

The non-productive time, which should not be included in the total, is:

Item	Absence
1	Holidays actually taken
2	Bank holidays
3	Flexitime compensation
4	Week-ends
5	Sickness/other absences

Please note, however, that if, due to the character of the work, some of it has to be done during bank holidays or week-ends, this time should be included in the productive time.

Time related to parental leave (maternity leave etc) is considered as non-productive time, whereas time used on meeting activities, training and similar absences is considered as productive time and should not be deducted.