

**Actions arising from the meeting of the Task Force on  
instruments  
5 April 2002**

**Chair:** P. Kind (RTD-B)

**Present:** P. Baader (INFSO), L. Karapiperis (RTD-B2) M.Moller (INFSO) J-D Malo (RTD-A3), N. Pantalos (ENTR), C.Profilis (RTD-B2), C. Renier (RTD-B2), M. Richards (RTD-G4), E. Rille (RTD-L4), K. Rouhana (INFSO), I.Sabater (TREN), N. Sabatier (RTD-A3), W. Schwarzenbrunner (INFSO), J.Van Oost (INFSO), R.Zimmermann (INFSO)

The purpose of this meeting was to continue the discussion regarding the cost methodology for integrated projects. Two papers had been circulated in advance: one by DG INSFO ("New Full Cost Model for FP6", proposing only two cost methodologies, FF and AC), and one by DG RTD ("Implementation Modalities of the FP6 Grant to the Budget", proposing to retain all three basic methodologies from FP5, FC, FF and AC).

There was general agreement that, whatever financial regime is chosen for the IPs, it should be based on the following principles compared to FP5:

- reduced administrative burden, simpler to implement and faster to process for all concerned;
- much reduced levels of micromanagement;
- reduced risks of error and of being overcharged by the contractor;
- enhanced legal and financial security for all concerned, and reduced risks of litigation;
- no significant change overall in the proportion of the contractors' costs that are being paid by the Community;
- improved accountability and reduced risks of criticism from other Community institutions.

The chosen financial regime must, of course, also have the blessing of the Commission's horizontal services.

It was also agreed that the IP financial regime must provide for the following:

- a robust contract negotiation stage that will include a thorough financial evaluation both of the overall budget for the IP and of the detailed budget for the first 18 months;
- an annual financial cycle (to approve the statement of expenditure for the previous period and to approve the detailed budget for the coming period) founded on the basis of sound financial management.

In the debate, representatives of DGINFSO and of DGRTD expressed concerns about each other's preferred cost methodology. As it was unclear to what extent the DGRTD scheme could be clarified/ modified/ strengthened in order to meet some or all of DGINFSO's concerns, it was agreed to establish a small working party to address the following issues regarding the DGRTD scheme and to report back to the next meeting:

- Will the use of a contractor's "normal accounting practices" (and no cost categories) provide the necessary legal and financial security for all concerned? What does the term "normal" mean in this context and does it require qualification to prevent contractors taking unfair advantage of multiple accounting practices where they exist? Could the use of normal accounting practices lead to substantially higher charges for the Community? Is it a simplification, particularly for the Commission services? (*Concepts could usefully be tested against personnel costs and depreciation*).
- What level of financial detail is needed to support contract negotiations and the annual financial cycle? What do DGRTD mean by "management level of cost"? If payments are to be settled annually (i.e. not rolled up as advances to the end of the project), what financial information will the Commission's authorising officer need?
- Will the FF system that forms part of the DGRTD scheme be materially different from the scheme proposed by DGINFSO?

**Khalil Rouhana (INFSO) and Jean-David Malo (RTD)** agreed jointly to lead the working party and to find further representatives as necessary from their respective DGs. They were asked to circulate their findings **by Thursday 11<sup>th</sup> April** in time for the next meeting the following morning.

A report of the Task Force on the IP cost methodology must be ready to be presented to the next meeting of the FP6 interservice steering group on 24 April.

**Applicability to other instruments:** The question of the applicability of the IP financial regime to other instruments supported by a grant to the budget will be examined once the IP regime is settled. It remains the aim to have a common financial regime for all such instruments.

**Next meeting: Please note that the meeting will take place on  
Friday 12 April, (room to be confirmed)**

**starting at 8.30 a.m.**

**due to the LINK programme presentation by Mr Wootton,  
arranged for 11.30 a.m.**