Financial Workshop

18 January 2018
09.30 – 17.00
White Atrium, Brussels
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:30</td>
<td>Registration and welcome coffee</td>
</tr>
<tr>
<td>09:30 - 10:30</td>
<td>Financial Management - GAM 2014-2017 closure</td>
</tr>
<tr>
<td>10:30 - 10:45</td>
<td>In Kind Contributions</td>
</tr>
<tr>
<td>10:45 - 11:15</td>
<td>Legal aspects</td>
</tr>
<tr>
<td>11:15 – 11:45</td>
<td>GMT2 Reporting Module</td>
</tr>
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<td>11:45 - 12:15</td>
<td>Running/administrative costs</td>
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<td>12:15 - 12:30</td>
<td>Next actions/deadlines</td>
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<td>12:30 - 13:00</td>
<td>Q &amp; A Session</td>
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<td>13:00 - 14:00</td>
<td>Lunch &amp; Coffee break</td>
</tr>
</tbody>
</table>

### Part I – General sessions

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:30 - 14:30</td>
<td>In Kind contributions / Financial – CFS / Financial – eligibility of costs (personnel, subcontracting, other direct costs)</td>
</tr>
<tr>
<td>14:30 - 15:30</td>
<td>In Kind contributions / Legal aspects / Financial – eligibility of costs (personnel, subcontracting, other direct costs)</td>
</tr>
<tr>
<td>15:30 - 16:30</td>
<td>Ex post audits / Legal aspects / Financial – CFS</td>
</tr>
<tr>
<td>16:30 - 17:30</td>
<td>Networking drink</td>
</tr>
</tbody>
</table>
PART I
GENERAL SESSION
Financial Management

1. Reminders:
   1.1 H2020 funding rates and Indirect Costs
   1.2 Closure of the GAM 2014-2017

2. Form of costs and budget categories

3. Submission of Financial reports

4. Financial checks performed
   4.1 Form C
   4.2 Use of resources
   4.3 CFS
1. Reminders:
   1.1 H2020 funding rates and Indirect Costs
   1.2 Closing of the GAM 2014-2017
2. Form of costs and budget categories
3. Submission of Financial reports
4. Financial checks performed
   4.1 Form C
   4.2 Use of resources
   4.3 CFS
1. H2020 reminders
1.1 H2020 funding rates and Indirect Costs

**Funding Rates:**

*CS2 GAM H2020*

for Innovation Actions (IA), the funding rate shall be

- 70% of the total eligible costs (TEC) – ‘for profit’ organisations
- up to 100% of TEC - for non-profit organisations

*All members’ actions in GAMs are considered as Innovation Actions (70%)*
1. Reminders H2020

1.1 H2020 funding rates and Indirect Costs

Funding Rates: Example of Eligibility of costs:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Not for profit entity</th>
<th>DIRECT PERSONNEL COSTS (1)</th>
<th>SUBCONTRACTING COSTS (2)</th>
<th>OTHER DIRECT COSTS (3)</th>
<th>TOTAL (4) = (1) + (2) + (3)</th>
<th>ELIGIBLE INDIRECT COSTS (5) = 25%*[4] - (2)]</th>
<th>TOTAL ELIGIBLE COSTS (6) = (4) + (5)</th>
<th>Max VALIDATED JU Contribution TOTAL (7) = (6) *70% or =(6) *100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENEF 1</td>
<td>No</td>
<td>11.000</td>
<td>1.750</td>
<td>2.000</td>
<td>14.750</td>
<td>3.250</td>
<td>18.000</td>
<td>12.600</td>
</tr>
<tr>
<td>BENEF 2</td>
<td>Yes</td>
<td>5.000</td>
<td>500</td>
<td>1.000</td>
<td>6.500</td>
<td>1.500</td>
<td>8.000</td>
<td>8.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.000</td>
<td>2.250</td>
<td>3.000</td>
<td>21.250</td>
<td>4.750</td>
<td>26.000</td>
<td>20.600</td>
</tr>
</tbody>
</table>

- Indirect costs (Flat 25%): e.g. (11.000+2.000)= 13.000x25%= 3.250
- Total JU Contribution: 70% of TEC(6) ➔ “No”
  100% TEC(6) ➔ “Yes”
1. H2020 reminders

1.1 H2020 funding rates and Indirect Costs

**Indirect costs**

Indirect costs are costs that cannot be identified as specific costs directly linked to the performance of the action.

Flat rate of **25% of total direct eligible costs (TEC)**, excluding:

- direct eligible costs for subcontracting and;
- the costs of resources made available by third parties which are not used on the premises of the beneficiary (Direct Costs of In kind contribution not used on premises).
1. H2020 reminders
1.2 Closure of the GAM 2014-2017

2017 = FINAL year of the current CS2 GAMs 2014-2017:

→ Submission of FINAL Technical and Financial reports (Form C, CFS and IKOP / CIKOP) via GMT 2 by **1 March 2018**
→ According to H2020 recommendations, costs will be either accepted or rejected => NO on-hold amount.
→ Adjustments on previous periods should be submitted this year
→ No further adjustment will be accepted after final validation/payment
→ Pre-financing 2017 will be totally cleared and the Guarantee Fund will be released
1. Reminders:
   1.1 H2020 funding rates and Indirect Costs
   1.2 Closing of the GAM 2014-2017

2. Form of costs and budget categories

3. Submission of Financial reports

4. Financial checks done by JU
   4.1 Form C
   4.2 Use of resources
   4.3 CFS
2. Form of costs and Budget categories

Costs should be specified by Form of costs:

- **Actual costs** - i.e. costs which are real and not estimated or budgeted (Personnel costs, subcontracting costs, other direct costs, costs of providing financial support to third parties)
- **Unit costs** - i.e. an amount per unit
  - direct personnel costs of *SME owners*/natural persons not receiving a salary
  - direct personnel costs calculated by the beneficiaries in accordance with their usual cost accounting practices (**average personnel costs**)  
- **Flat rate** - i.e. costs calculated by applying a percentage fixed in advance to other types of eligible costs
  => for indirect costs (**25% flat-rate** for indirect costs)
## 2. Form of costs and Budget categories

<table>
<thead>
<tr>
<th>FORMS OF COSTS</th>
<th>BUDGET CATEGORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DIRECT COSTS</td>
</tr>
<tr>
<td></td>
<td>Personnel</td>
</tr>
<tr>
<td>Actual costs</td>
<td>✓</td>
</tr>
<tr>
<td>Unit costs</td>
<td>Yes for:</td>
</tr>
<tr>
<td></td>
<td>- Average personnel costs</td>
</tr>
<tr>
<td></td>
<td>- SME owners &amp; natural persons without a salary</td>
</tr>
<tr>
<td>Flat-rate costs</td>
<td>✓</td>
</tr>
</tbody>
</table>
2. Form of costs and Budget categories

- Budget table (Annex 2 of the GAM)

<table>
<thead>
<tr>
<th>Nr.</th>
<th>Name</th>
<th>Non-Profit</th>
<th>Funding Rate</th>
<th>Direct Personnel Costs</th>
<th>Subcontracting Costs (Actual)</th>
<th>Other Direct Costs (Actual)</th>
<th>Total Eligible Direct Costs</th>
<th>Eligible Indirect Costs (25% Flat Rate)</th>
<th>Total Eligible Costs</th>
<th>Max. JU Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DAV - DASSAULT AVIATION</td>
<td>No</td>
<td>70%</td>
<td>3.442,119</td>
<td>0</td>
<td>1,362,130</td>
<td>157,400</td>
<td>4,961,649</td>
<td>899,880</td>
<td>5,861,529</td>
</tr>
<tr>
<td></td>
<td>SUBTOTAL</td>
<td></td>
<td></td>
<td>3,442,119</td>
<td>0</td>
<td>1,362,130</td>
<td>157,400</td>
<td>4,961,649</td>
<td>899,880</td>
<td>5,861,529</td>
</tr>
<tr>
<td>2</td>
<td>SAAB - SAAB AB</td>
<td>No</td>
<td>70%</td>
<td>600,076</td>
<td>0</td>
<td>215,382</td>
<td>328,079</td>
<td>1,143,537</td>
<td>232,039</td>
<td>1,375,576</td>
</tr>
<tr>
<td></td>
<td>SUBTOTAL</td>
<td></td>
<td></td>
<td>600,076</td>
<td>0</td>
<td>215,382</td>
<td>328,079</td>
<td>1,143,537</td>
<td>232,039</td>
<td>1,375,576</td>
</tr>
</tbody>
</table>
### 2. Example of costs declared in GMT 2
#### Form C – costs categories

<table>
<thead>
<tr>
<th>Reporting of Costs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>**A</td>
<td>DIRECT PERSONNEL COSTS**</td>
</tr>
<tr>
<td>Staff receiving salary A1/A2/A3</td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>2 436 125,43 €</td>
</tr>
<tr>
<td>Unit</td>
<td>0,00 €</td>
</tr>
<tr>
<td>Staff not receiving salary A4/A5</td>
<td></td>
</tr>
<tr>
<td>Hourly Rate</td>
<td>0,00 €</td>
</tr>
<tr>
<td>Nº of Hours</td>
<td>0,00 €</td>
</tr>
<tr>
<td>Total</td>
<td>0,00 €</td>
</tr>
<tr>
<td>**B</td>
<td>SUBCONTRACTING COSTS (ACTUAL)**</td>
</tr>
<tr>
<td>**C</td>
<td>DIRECT COSTS OF FINANCIAL SUPPORT (ACTUAL)**</td>
</tr>
<tr>
<td>**D</td>
<td>OTHER DIRECT COSTS**</td>
</tr>
<tr>
<td>Other direct costs D1/D2/D3</td>
<td>29 019,87 €</td>
</tr>
<tr>
<td>D4 - Costs for Large research infrastructure</td>
<td>0,00 €</td>
</tr>
<tr>
<td><strong>TOTAL ELIGIBLE DIRECT COSTS</strong></td>
<td>3 898 382,27 €</td>
</tr>
</tbody>
</table>
## 2. Example of costs declared in GMT 2

**Form C – costs categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>**E</td>
<td>ELIGIBLE INDIRECT COSTS (25% FLAT RATE)**</td>
</tr>
<tr>
<td>**F</td>
<td>SPECIFIC CATEGORIES OF COSTS UNIT**</td>
</tr>
<tr>
<td><strong>TOTAL ELIGIBLE COSTS</strong></td>
<td>4 514 668,60 €</td>
</tr>
<tr>
<td><strong>RECEIPTS ACCORDING TO ART. 5.3.3</strong></td>
<td>0,00 €</td>
</tr>
<tr>
<td><strong>JU CONTRIBUTION</strong></td>
<td></td>
</tr>
<tr>
<td>REIMBURSEMENT RATE 70% / 100% (if not for profit organisation)</td>
<td>70%</td>
</tr>
<tr>
<td><strong>THEORETICAL MAXIMUM JU CONTRIBUTION</strong></td>
<td>3 160 268,02 €</td>
</tr>
<tr>
<td><strong>MAXIMUM GRANT AMOUNT (BUDGET ANNEX 2)</strong></td>
<td>4 514 752,55 €</td>
</tr>
<tr>
<td><strong>REQUESTED JU CONTRIBUTION</strong></td>
<td>3 160 268,02 €</td>
</tr>
<tr>
<td><strong>DIRECT COSTS OF IN KIND CONTRIBUTION NOT USED ON PREMI: (ALREADY INCLUDED IN DIRECT COSTS)</strong></td>
<td>0,00 €</td>
</tr>
</tbody>
</table>
1. Reminders: H2020 funding rates and Indirect Costs
   1.1 H2020 funding rates and Indirect Costs
   1.2 Closing of the GAM 2014-2017

2. Form of costs and budget categories

3. Submission of Financial reports

4. Financial checks done by JU
   4.1 Form C
   4.2 Use of resources
   4.3 CFS
3. Submission of financial reports

What – When – How?

• What?
The following documents should be submitted:

1. Form C
2. Description on the Use of Resources
3. CFS if required (see further slides)
4. IKOP incl. CIKOP if required

Each Form C and CFS is per beneficiary/linked third party and per SPD!
3. Submission of financial reports

What – When – How?

• **When?**

Within 60 days following the end of the reporting period (31 Dec 2017)

→ by 1 March 2018
3. Submission of financial reports

What – When – How?

• How?

1. Via electronic submission in GMT 2 AND
2. Sending of original signed documents by post
   • Form C
   • CFS and CIKOP if required

Reports will be considered complete when all required documents are electronically submitted and received by post from all beneficiaries
3. Submission of financial reports

Reminder on the Coordinator’s roles and responsibilities

The Coordinator must:

- act as the intermediary for all communications between the beneficiaries and the JU;
- request and review any documents or information required by the JU and verify their completeness and correctness before passing them on to the JU;
- collect and verify all the original signed documents (Form C, CFS and CIKOP) from all beneficiaries of the GAM;
- submit the reports electronically to JU via GMT 2 (see submission workflow in further slides on GMT2);
- send the reports in batch to the JU by post => No direct sending to the JU by individual members.
3. Submission of financial reports

Reminder on the Coordinator’s roles and responsibilities

The coordinator may not delegate or subcontract the above-mentioned tasks to any other beneficiary or third party (including linked third parties).

N.B.: This last submission session of costs 2017 will close the GAM 2014-2017 and therefore no further adjustment will be accepted after final validation.
1. Reminders: H2020 funding rates and Indirect Costs
   1.1 H2020 funding rates and Indirect Costs
   1.2 Closing of the GAM 2014-2017
2. Form of costs and budget categories
3. Submission of Financial reports
4. Financial checks performed
   4.1 Form C
   4.2 Use of resources
   4.3 CFS
   4.4 Focus on specific financial rules
5. Validation process and on-hold amounts
4. Financial checks performed
4.1 Form C

Only costs 2017 should be declared in the Form C 2017. Any adjustments on previous periods should be submitted via Adj Form C on previous periods (together).

• The FO will perform a cross check of financial figures between the Form C and the budget table Annex 2 per cost categories (i.e. planned vs actual)

• The PO will assess the costs and explanations in the use of resources with regard to the activities

These are the essential checks needed for the validation / rejection of costs.
4. Financial checks performed
4.2 Use of Resources – UoR

- **Direct personnel costs**: Verification of claimed amount and P/M according to the budget planned (Annex 1 & 2 – last validated amendment)

- **Subcontracting costs**: Clear description. JU will check if foreseen in Annex 1 & 2 (main condition)

- **Other direct costs**:
  - **Travels**: description of date and place of meetings recommended
  - **Equipment**: description + depreciation method
  - **Other goods and services**: Clear description of the goods or services
4. Financial checks performed
4.2 Use of resources – UoR

UoR – Common errors:

✓ Direct Personnel costs:
  • Planned figures (costs and P/M) not encoded in the UoR
  • Planned figures in UoR do not match GAM Annex 1 and 2 (Man / months, budgeted costs)
  • Discrepancies Actual / Planned without explanations
  • Actual P/M not encoded

✓ Subcontracting costs:
  • Amount and description not foreseen in Annex 1 & 2 and no prior agreement from the CSJU or
  • No explanation in the Technical report.
4. Financial checks performed
4.2 Use of resources - UoR

UOR – Common errors:

✓ Other direct costs:

• Travels: date of travel not reported => CSJU is not able to verify if the travel occurred during the appropriate reporting period.
• Other Goods and Services: Insufficient description provided – e.g. consumables, raw materials, ...
• Equipments: information on depreciation is not specified

In such cases, the CSJU will reject the Form C (with comments in GMT 2) and inform the beneficiary of the required information and action to be taken.
According to the H2020 rules, the CFS is requested at the end of the project IF the Beneficiary/linked third party requests a total JU contribution of EUR 325,000 (or more) as reimbursement of actual costs and unit costs calculated according to its usual accounting practices (average personnel costs and costs for internally invoiced goods and services) (thus excl. reimbursement of the flat rate on Indirect Costs and/or unit costs for SME owner/Natural person not receiving salary)

=> CFS required in 2018 for the costs claims 2016 and 2017 and all non audited previous reporting periods if the threshold (325 K€ of direct costs) is reached
4. Financial checks performed

4.3 CFS - Certificate on the Financial Statements

Example: CFS needed if JU contribution as reimbursement of direct actual costs is >= 325 K€ (thus excl. reimbursement of indirect costs)

<table>
<thead>
<tr>
<th>Case 1</th>
<th>Costs claimed</th>
<th>Funding 70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>400</td>
<td>280</td>
</tr>
<tr>
<td>Subcontracting</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total direct costs</strong></td>
<td><strong>500</strong></td>
<td><strong>350</strong></td>
</tr>
<tr>
<td>Indirect costs 25%</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total eligible costs</strong></td>
<td><strong>600</strong></td>
<td><strong>420</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case 2</th>
<th>Costs claimed</th>
<th>Funding 70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>360</td>
<td>252</td>
</tr>
<tr>
<td>Subcontracting</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total direct costs</strong></td>
<td><strong>460</strong></td>
<td><strong>322</strong></td>
</tr>
<tr>
<td>Indirect costs 25%</td>
<td>90</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total eligible costs</strong></td>
<td><strong>550</strong></td>
<td><strong>385</strong></td>
</tr>
</tbody>
</table>
4. Financial checks performed
4.3 – CFS planning

<table>
<thead>
<tr>
<th>GAM 2014 - 2017</th>
<th>New GAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Form C 2014</td>
</tr>
</tbody>
</table>

**When above 325 K € threshold**
Leaders + Core Partners

When above 325 K € threshold
Leaders + Core Partners

**OR**

CFS

CFS
The mandatory CFS template is composed of 3 documents (Annex 5 of GAM v.5)

1. Terms of Reference
2. Independent Report of Factual Findings
3. Table of Procedures (67 procedures)

Reminder: all original invoices, documents, evidence, ... relating to the project must be kept for audit purposes
4. Financial checks performed

4.3 CFS - New requirements in the Table of procedures:

<table>
<thead>
<tr>
<th>Ref</th>
<th>Procedures</th>
<th>Standard factual finding</th>
<th>Result (C/E/N.A.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1</td>
<td>Pers. Costs</td>
<td>2) Personnel costs were recorded in the Beneficiary's accounts/payroll system.</td>
<td>E</td>
</tr>
<tr>
<td>A.2</td>
<td>Prod. Hours</td>
<td>...</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the table of Procedures, the wording of Standard Factual findings shall not be modified

Only 3 options are possible in the new result column:
- C – confirmed
- E – Exceptions
- N/A – Not Applicable
4. Financial checks performed
4.3 CFS – Quality aspects

Best practices for presentation of findings in CFS:

- In case of Exceptions and/or N/A findings, the Auditor should list them and explain the reasons in the Independent Report.
- For Exceptions, the Auditor should specify the corresponding amount in the Independent Report.
- The Auditor has also room to make general remarks ("Further remarks")
- The Auditor should also mention if he had carried out additional procedures or if another audit of the Financial statements was performed in which other matters might have come to his attention and would have been included in the Report
Best practices for presentation of findings in CFS:

- Example for Exceptions:
  The beneficiary was not able to substantiate the Finding n°1: 1 out of the 10 employment contracts was not verified as the client was able to provide only unsigned copy of the employment contract. The personnel costs claimed for this employee totalled 20,669 €.

- Example N/A:
  The procedure and finding relating to ‘beneficiaries with accounts established in euro’ do not apply to ‘beneficiaries with accounts established in a currency other than euro’.
4. Financial checks performed
4.3 CFS – Quality aspects

Most common errors

All shaded fields must be completed

**ToR**

- The related covered period should be indicated
- Pay attention to the starting date

**Independent Report**

- The auditor should report
  - the « total eligible costs » and
  - The total of actual costs and direct personnel costs declared as unit (if any) → this represents the « total eligible direct costs » of the Form C.
4. Financial checks performed
4.3 CFS – Quality aspects

Most common errors

- **Inconsistency** in the result of the standard factual findings: e.g. Personnel actual costs declared in Form C but unit costs are confirmed by the Auditor in the CFS.

- The Auditor **did not provide complete and clear information** regarding the exceptions (reasons, possible impact, related amount, ...)

- The Auditor must base its reports on the **evidence gathered and verified** and not based only on declarations provided by the beneficiary.
Reporting of costs 2017
Best Tips!

1. Do not wait for the 1st March 2018 to start your reporting
2. Ensure that the costs claimed meet the eligibility rules
3. Prepare your draft Form C as soon as possible in GMT2
4. Report your IKOP and ensure that the correct IKOP method is used
5. If CFS/CIKOP needed - Prepare all required documents/Procedures/statements for the Auditor
6. Prepare your accounting data and details by Work package
7. Ensure that the Planned data are correct (Annex 1 and 2)
8. Ensure a clear and complete description of costs in the UoR
9. CFS – check the Auditor’s findings before submitting it to JU
10. Submit in GMT2 the Form C/IKOP 2017 and the CFS/CIKOP (if needed) by 1st March 2018
11. Submit in GMT2 all adjustments to previous years together with Form C 2017
12. Ensure that your Form C & Adj Form C are Submitted to JU in the GMT2 reporting workflow
13. Send the signed hardcopies of your Form C / Adj. Form C / CFS / CIKOP to the Coordinator
14. Submit the IKAA and CIKAA
15. Contact the CSJU in case of problem
Reference documents

H2020 Annotated Model Grant Agreement (last version 26/10/2017):

Clean Sky website:
http://www.cleansky.eu/key-documents
In Kind Contributions
IKC scheme CS2 Programme

CS2 Joint Technical Programme 2014-2023
IKC scheme accord. art. 4 Council Regulation

Funding scheme of H2020 for Clean Sky projects:

IKC of EUR 2 193 750 000 consisting of:

IKOP (in kind contribution from operational projects) of EUR 1 228 500 000*

IKAA (in kind contribution from additional activities) of at least EUR 965 250 000**

* Global achievement of 2.2 bn € IKC is mandatory, however, the partition into IKAA and IKOP as well as the share by each Member is an agreement to be reached amongst the Members (only condition: at least 965m € IKAA). The IKOP figure may decrease if the IKAA increases from 965m € ...

** AAs outside the Work plan contributing to the objectives of the CSJTI.
Funding scheme of H2020 for Clean Sky projects:

H2020 innovation actions will be funded by 70% of total eligible costs.

Total eligible costs = 100 % of direct costs + 25 % of direct costs (excl. subcontracting) as flat rate for indirect costs.

For 1 € EU contribution => 0,7 € IKOP + 0,56 € IKAA (minimum)
Relevant documents:

Document set includes:

1. *In-kind contribution procedure - for operational projects (IKOP)*
2. *Guidance for the implementation of the in-kind contribution procedure for operational projects (IKOP)*
3. *Guidance for members and auditors: Certification of the declaration of IKOP-B (IKC related to projects funded by CSJU) for the purpose of valuing the in-kind-contribution*
**Timing:**
15 January n+1 estimates for IKOP (together with estimates for eligible costs) 
1 March n+1 declarations of IKOP (together with cost claims) 
April - May n+1 GB opinion on IKOP

**Evaluation:**
3 options/methods available based on either eligible costs or on total project costs 
A: unfunded part of reported eligible costs (30%) 
B-1: IKOP A + unfunded part of total indirect costs 
B-2: unfunded part of total project costs

**Certification:**
A: covered by CFS 
B: Terms of reference for Members’ auditors attached to IKOP procedure (Annex 4) 
(Certification of IKOP will follow same timing as certification of cost claims) 
Scope: the auditors certify that declared IKOP is established in accordance with the Council Regulation, the IKOP procedure and the relevant guidance documents)
Certificates on IKOP (CIKOP) take different approach than CFS:

2 options are provided to the auditors in the revised version of the IKOP procedure:

- Independent audit opinion according to the International Standard on Auditing (ISA) 805
- Independent reasonable assurance report in accordance with International Standard on Assurance Engagements (ISAE) 3000

For both approaches: no agreed upon procedures are defined, no standard findings, no exception reporting.

Instead of a detailed description of indicative procedures, the JU provides **guidance for the auditors**, how the certificate shall be established.

The auditors **issue a conclusion**, which is based on their professional judgment and is carried out according to the International Standards (see above) as promulgated by the IFAC; and in compliance with the Code of Ethics for Professional Accountants issued by the IFAC.
When is a CFS or Certificate for IKOP (CIKOP) needed?

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>JU contribution less than 325k</th>
<th>JU contribution more than 325k</th>
<th>JU contribution less than 325k</th>
<th>JU contribution more than 325k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate Type</td>
<td>IKOP less than 325k</td>
<td>IKOP more than 325k</td>
<td>IKOP less than 325k</td>
<td>IKOP more than 325k</td>
</tr>
<tr>
<td>CFS</td>
<td>No</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>CIKOP</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*In this case, a CFS would be required although the threshold of 325K is not reached, since the certified value of the JU contribution is needed for the certification of the IKOP.*
JU monitoring and reporting:

In the JU annual reporting process relating to GAMs, the JU management and the Governing Board monitors the fulfillment of the commitment for the IKOP regarding the total private sector contribution whether it contributes adequately to the minimum level of private contribution as set out in the Clean Sky 2 JU Regulation.
IKAA procedure and guidance
- as revised December 2016 -
Relevant documents

Document set sent out by JU on 22 Dec 2016 – it includes:

1. In-kind contribution procedure - for Additional Activities (IKAA)
2. Guidance for the implementation of the in-kind contribution procedure - for Additional Activities
3. Guidance for members and auditors: Certification of the declaration of IKAA (IKC related to additional activities) for the purpose of valuing the in-kind-contribution
IKAA Management

Timing

Planning

- 1st November n-1 planned activities are submitted by Members to JU (via GMT)
- December n-1 approval of AA plan by GB
- Year n subsequent amendments (if necessary) => any amount reported must be included in an approved IKAA plan by the GB.

Reporting:

- 15th January n+1 declaration of best estimates
- 1 March n+1 declarations of AA and certificates
- April - May n+1 GB opinion on IKAA

Reporting is done via GMT2 tool.
Guidance terms for the Members’ certifying auditors are attached in Annex 3 of the IKAA procedure.

Certification of IKAA should be done annually, but exceptionally private members can opt to follow same timing as certification of cost claims and IKOP (bi-annually).

Scope of the certification: the auditors certify that declared IKAA is established in accordance with the Council Regulation, the IKAA procedure and the relevant internal guidance.

More precisely, the task of the auditors is understood as confirming the reported value of the AAs to be established according to the entity’s usual cost accounting practice and to applicable national and international accounting and financial reporting standards. The auditors do not validate the contribution of the AAs to the CS JTI objectives (this is done by the JU management).
Guidance terms for the CIKAA provide for the same professional audit approach as for the CIKOP, i.e.

- Independent audit opinion according to the International Standard on Auditing (ISA) 805
- Independent reasonable assurance report in accordance with International Standard on Assurance Engagements (ISAE ) 3000
CSJU legal framework

1 Grant Agreement for Members (GAM) x each ITD/IADP/TA

Core Partners

ITD/IADP Leaders

Clean Sky 2 JU

1 Grant Agreement per topic (GAP)

Call for Proposals

Partner

Implementation Agreement with TM or accession to ITD/IADP CA (where applicable)
New management of Grant Agreements for Members (GAMs)

As of 1st January 2018 all GAMs are managed by the JU via the H2020 Participant Portal

On 27th November 2017 the JU notified in written all ITD/IADP/TA Coordinators about the closure of the GAMs 2016-2017 and the beneficiaries’ obligation to submit the final report

The new GAMs 2018 shall be signed via the H2020 Participant Portal by the ITD coordinator and will enter into force upon its signature by the JU with the starting date of the action as indicated in Article 3

All other beneficiaries (Leaders and Core Partners) which are members of the GAM will accede to the GAM by electronic signature of the Accession Form (Annex 3) in the Participant Portal

*Accession Form must be signed by the beneficiary within 30 days after entry into force the GAM*
Grant Agreement for Members (GAMs)

- The CSJU Model GAM is structured in a way to include in the same grant agreement the Members (Leaders and Core Partners) and their participating affiliates performing activities in the same ITD/IADP/TA.

- The grant amount set in the GAM is awarded to support the ITD/IADP/TA “action” which develops and is extended over the time to implement the long-term CS2 Programme (in line with the Joint Technical Programme and Development Plan).

- Based on the CSJU Work Plan (which constitutes the JU financial decision for the grants award) adopted by the Board and related updates, the GAMs 2018 will be extended to prolong their activities in line with the Work Plan scope and its timeframe.
Leaders are listed in the CSJU Regulation (Annex II)

Leaders + their affiliates: 49

Core Partners selected by the JU in the open calls and accepted by the Board are entitled to accede to the GAM as “beneficiary” upon successful completion of the negotiation, acceptance of the Statutes of CSJU, signature of the declaration of honour and the Accession Form (Annex 3 to the GAM).

Core Partners and their third parties: 187
(Figures are subject to signature of FRC and LPA 2018 GAMs)

• Membership to the CSJU goes beyond the implementation of the action under the GAM as beneficiary (see Article 3, 4, 15, 16 of the Statutes of the CS2 JU – Annex I to the Council Regulation no 558/2014)


• List of the CSJU Members is published on the Clean Sky website and regularly updated by the JU

The contractual amendments are requested in the H2020 Participant Portal by the ITD/IADP coordinator on behalf of the ITD/IADP consortium and are analysed and approved by the JU. The amendment process is fully digitalised.

Members have a legal obligation to keep up to date all data of its organisation in the Participant Portal (LEAR role and tasks).

Members must notify the ITD/IADP coordinator any legal changes in course of implementation (universal/partial transfer of rights (e.g., acquisitions, mergers, incorporation, sales of assets), addition of linked third party/affiliates, request of termination etc).

The ITD/IADP coordinator will submit the changes to the JU for approval via the consultation mode in the H2020 PP.
Beneficiaries obligations

• Beneficiaries must **carry out the action** (and the research work) as detailed in Annex 1 and 2

• Beneficiaries must comply with all other provisions of the GAM and applicable provisions of EU, international and national law

• Beneficiary must notify the ITD/IADP coordinator any other aspect which may affect its participation in the action (e.g. inability to perform its tasks in the action, termination of participation as Core Partner, possible default, financial insolvency proceeding, bankruptcy etc)
Revisions of the CSJU GAM model are drawn up by the European Commission based on the updated of the H2020 model GA.

Version 5 of the model GA is applicable as of 28th November 2017. However all new GAMs 2018 have been signed in the H2020 PP with version 3 model GA.

The modifications introduced by the newest versions adopted by the European Commission which are more favourable to the beneficiaries apply to them retroactively (from the start date of the action).

Overview of the changes of the articles in H2020 model GA with retroactive effect can be found on CSJU website and H2020 Participant Portal:

Revision of the CSJU model GA

CSJU model Grant Agreement v5 is published:


The main changes are: (complete list will be published on the CSJU website)

- Changes in the wording of several Articles (Art. 27, 28, 29, 38 addition of the text in italic):

  ‘JU funding and support ‘from JU members’

  ‘The project leading to this application has received funding from the Clean Sky 2 Joint Undertaking (JU) under grant agreement No [number]. The JU receives support from the European Union’s Horizon 2020 research and innovation programme and the Clean Sky 2 JU members other than the Union’.

- Ethics and Integrity – new Code of Conduct (Article 34.1 of the GA)
- Smaller changes in Annex 2a and Annex 5
**Third Parties: carrying out work in the action**

- **Beneficiary**
  - Linked third parties
    - Affiliated entities
    - Third parties with a legal link
  - Subcontractors

- **Article 14** of the GAM
- Implement part of the action
- Must be identified in the GAM
- Same cost eligibility criteria like for beneficiaries
- **⚠** JU may request them to accept joint and several liability for their JU contribution

Disclaimer: Information not legally binding
Third Parties: carrying out work in the action

- **Beneficiary**
  - **Linked third parties**
    - Affiliated entities
    - Third parties with a legal link
  - Subcontractors

### Linked third parties

- Ensure best value for money and avoid any conflict of interests
- Estimated costs and tasks **must be identified** in the budget and Annex 1
- **NEW**: if not identified in Annex 1, according to GAM, the JU may still approve them **on an exceptional basis**, JU will interpret this strictly (!)- beneficiary bears the risk of rejection of costs

- **Article 13** MGA

Disclaimer: Information not legally binding
1) The costs are **justified on technical aspects**

2) The costs are **limited to only part of the action and not core research tasks**

3) The costs are reasonable, economic, efficient and not reckless

   => Beneficiary should ensure and document:

   - **Technical justification**
   - **Best value for money** = competitive process or proof that service or goods are priced at market value
   - **Avoidance of Conflict of interest** (CoI)

3) If a framework contract is used, in order to be eligible, that framework contract must have been awarded on the basis of best-value-for-money and absence of conflict of interest.
The subcontracting costs must be:

1) clearly described in Annex 1 and 2 in terms of nature and amount at the signature of the GAM

or

2) approved by the JU via an amendment in case of subsequent need to perform the action

In case the subcontracting is not described in the Annexes, it may be approved on an exceptional basis by the JU on the basis of description and justification from the beneficiary in the technical reports (dedicated section) if:

• no major substantial changes affecting the Core Partners selection process / equal treatment principle
• not affecting the key operational capacities/capabilities of the selected Core Partner
Subcontracting: specific cases

1) Subcontracting provided by a beneficiary of the same GAM => forbidden

Exception only for unique “wind tunnels” justified service provision

2) Subcontracting provided by a Member or by a Member’s participating affiliate active in another GAM:

1. Should first consider adding the Member to the GAM
2. If not viable for technical reasons, H2020 rules will apply with a prior approval of the CSJU through amendment:
   • Technical justification
   • Limited to only part of the action
   • Best value for money = competitive process or proof that service is priced at market value
   • No Coi => declaration to be made by the beneficiary wrt membership structure, governance, ITD / IADP programme management ...
3) Subcontracting outside Europe: if duly justified against H2020 rules and with prior approval of the CSJU

4) Subcontracting from a Member to its affiliated entity => forbidden

- The affiliate shall be added as linked third party to carry out part of the work
- Exception only when duly justified and with prior approval by the CSJU
- If approved, only eligible costs incurred by the affiliate excluding any profit margin (no financial markups) may be approved
Third Parties: others

Contracts necessary for the implementation

- For the purchase of goods, works or services
- Ensure best value for money and avoid any conflict of interests
- Article 10 MGA
  - Free of charge or against payment are eligible costs if they meet the eligibility conditions
  - Must be set out in Annex 1
  - NEW: if not identified in Annex 1, they may be approved on exceptional basis by the JU with the periodic technical report JU will interpret this strictly (!)

Contributions in kind brought by third parties such as staff, facilities, laboratories etc

- Articles 11 & 12 MGA

Disclaimer: Information not legally binding
GMT2 Reporting module
Introduction to GMT 2
Content

1. GMT 2 state of play
2. Connection to GMT 2
   • Access and Users
   • Presentation of different menus
3. Planning module
   • Different sub menus
   • Reporting with / without planning data
4. Reporting of costs claims
   • Submission process
   • Form C + IKOP + TA + UoR
   • Adjustments Form C
   • Validation workflow
   • Comments
   • Documents
GMT 2 – State of Play

- GMT 2 used for the reporting of costs in CS2 since 2014;
- Evolution of the IT application used for CS1
- Other functionalities: IKOP, IKAA, Planning GAM data, quarterly reporting, upload of deliverables ...
- Web based application: [https://gmt2.cleansky.eu](https://gmt2.cleansky.eu)
- 2017 reporting includes now Core partners Wave 4
- Volume:
  - Ca 240 companies / > 1300 users
  - 270 Form Cs submitted in 2017
• Last year of reporting of costs claims and IKOP in GMT2 for CS2 GAMs 2014-2017;

• No possibility to submit adjustments costs claims after 2018, except for ex-post audit results

• Reporting will be done in H2020 tool in 2019 (for the GAM 2018 costs claims and IKOP)

• For IKAA, the reporting will continue to be done in GMT2
GMT 2 – User manual videos

- User manual on videos with explanation text
  https://gmt2.cleansky.eu/manuals/external.html
GMT 2 – User manual videos

• Or on the front page of GMT2
GMT 2 – User manual videos
Each registered user has received a notification email to create a password.

Dear benef user,

An request was made to reset the password with the following username:

benef

Please [click here](http://gmt2.netsas.com/igotit.void?u=orars%7C9f5c93a044f3a36c245971d138290c5e1f71d5ea83429112e341e21e1d0b671a) to reset your password

or copy the following link and paste it into your web browser address:

http://gmt2.netsas.com/igotit.void?u=orars%7C9f5c93a044f3a36c245971d138290c5e1f71d5ea83429112e341e21e1d0b671a

Best regards

"Clean Sky" Support Team
GMT 2 – Login

- Confirm twice your password
- Can update your password in Profile
- If password forgotten,
  - Log in
  - Click on “Forgot Password”
  - Put your username
  - Reset your password
GMT 2 – Login

https://gmt2.cleansky.eu/
GMT 2 – Menus

- Dashboard => Welcome page with general info about Form C’s;
- Administration => Manage Users, Roles, Companies, ITDs...
- Planning => Manage GAM planning data
- IKAA => Planning; Reporting;
- Grant => Manage GAMs budget, RfC, Amendments
- Financial => Manage Form c’s and Adjustments Form C’s
- IKOP Documents => Manage Documents: View, Upload and Download
- Accounting => SFR’s and Payment Orders
- Reports: Planning data / Actual data
- Data Export (CORDA)
GMT 2 – Menus

Edit User Profile

Logout User

Role Selector
(if user have more than one Role assigned to him)

Online User Manual
GMT 2 – Menus

Videos in User manual
Planning Data
GMT 2 – Planning Process

- **Report WITHOUT Planning Data => FRC / REG / SYS / SAT / TE / ED**
  - UoR Planned data needs to be imputed on Cost Claim;
  - WP structure and beneficiaries needs to be created **AND UPDATED**
  - => Reminder to coordinators: Need to add the new Core Partners Wave 4 to the WPs

- **Report WITH Planning Data => ENG / LPA / AIR**
  - UoR Planned data is automatically filled based on PP data
  - WP Structure is already in place
  - Deliverables list already available in the Upload documents module;
GMT 2 – Planning Process

• Planning Process through API
  – Provides an interface between SPD own systems and GMT
  – Can transfer data through XML or JSON
  – Allows full interaction with the Planning Process

• LPA / ENG / AIR are already using it and transferred 2016-17
  Planning data to GMT with this interface
Reporting Cost Claims
GMT 2 – Cost Claims

Key rules

• Only one Form C per Year / Company / SPD

• As many Adjustment Form C of previous periods as needed

• Form C reporting Workflow
  – [BENEF] → [SPDCO] → [BENEF] → [CSJU]
    • Upload CFS
    • Upload Signed Form C

• Validation of costs: accepted, rejected, on hold*

• Profile to report => Beneficiary (not Coordinator)

*: only used during the assessment of the costs by the JU; once the validation of costs is closed, no costs will remain on-hold (costs are accepted / rejected)
GMT 2 – Cost Claims
Steps

• Form C
  – List of all Form C’s of your company

• Create Form C
  – Overview
  – Reporting of Costs
    • Reminder: Do not forget to fill in the requested JU contribution
  – Declarations on the honour
  – Final: signature (person registered as authorised to sign Form C) + Submit

• Use of Resources
  – Fill in the data per Work Packages: man month, costs, explanations
  – Special attentions to Subcontracting
GMT 2 – Form C Workflow

1. Beneficiary fills all data and submit to SPDCo;
2. SPDCo validates the Form C and informs Beneficiary;
3. • Beneficiary can Print Form C for CFS purposes and to be signed;
   • Upload CFS
   • Upload Signed Form C
   • Submit to CSJU
### GMT 2 – Form C Workflow

See the progress

<table>
<thead>
<tr>
<th>SPID</th>
<th>YEAR</th>
<th>MEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPA · LARGE PASSENGER AIRCRAFT</td>
<td>2017</td>
<td>AIRBUS SAS</td>
</tr>
</tbody>
</table>

**Warning:**
The JU contribution on direct costs of all cumulated Form C's and Adjustments is >= 325,000 €. A CFS is Mandatory. The Original signed CFS send to the CJSU should be identical to the version uploaded.

#### Financial Statement

<table>
<thead>
<tr>
<th>PROJECT NR</th>
<th>PROJECT ACRONYM</th>
<th>PERIOD FROM</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS2·LPA·GAM 2014-2015 01</td>
<td>LPA</td>
<td>01/01/2017</td>
</tr>
<tr>
<td>PERIOD TO</td>
<td>ORGANISATION SHORT NAME</td>
<td>LEGAL NAME</td>
</tr>
<tr>
<td>31/12/2017</td>
<td>A·CE</td>
<td>AIRBUS SAS</td>
</tr>
</tbody>
</table>

**PARTICIPANT IDENTITY CODE:** 999963010

**BENEFICIARY NUMBER:** 1

**FUNDING % FOR RTD ACTIVITIES:** 70%

#### Reporting of Costs

**A | DIRECT PERSONNEL COSTS**

| Staff receiving salary A1/A2/A3 | 0,00 € |
| Actual | 0,00 € |
| Unit | 0,00 € |
| Staff not receiving salary A4/A5 | 0,00 € |
GMT 2 – Form C Workflow + Instructions

FORM C PROGRESS

CURRENT FORM C STATE:
APPROVED BY CSU

DESCRIPTION:
THIS FORM C WAS APPROVED BY THE CSU AND IS AWAITING PAYMENT.

Click here for instructions on how to proceed.
GMT 2 – Adjustment Form C

• Adjustment Form C
  – Always based on a existing Form C
  – Reported as Delta to the initial Form C
  – List of all Adjustment Form C’s of your company

• Create Adjustment Form C
  1) Through an existing Form C
  2) Through the Form C Adjustment menu
    – Adjustment (Type and Reason)
    – Reporting of Costs
    – Declarations
    – Final
GMT 2 – Adjustment Form C

Videos in User manual
GMT 2 – Cost Claims

• See Validation Workflow
  – Status of Form C
  – View of Validation Results / Details done by CS2JU

• Export Form C as PDF (Sign)

• Upload Signed Form C as pdf file

• Export UoR
GMT 2 – Validation

Videos in User manual
Comments (function)
GMT 2 – Comments

- Comments
  - Public
    - Initiated always by CSJU (FO/PO)
    - Beneficiary can reply in the tool
  - CSJU
    - For internal use of CSJU
    - Communication between FOs and POs
  - Notes
    - Private annotations for CSJU users
    - Only visible by the user that created it
GMT 2 – Comments

Videos in User manual
In Kind contributions
IKOP and IKAA
GMT 2 – IKOP

- Specific menu for IKOP
- IKOP can be created on an existing Form C only
- Form C must be at least Submitted to SPD Coordinator before you can report the IKOP
- Need to Report the method (A / B1 / B2) and the amount
- IKOP declared is calculated automatically by the tool
- Need to attach the certificate (CIKOP) when required
IKAA
See Thematic Workshops during the afternoon
GMT 2 – Reports

- Form C State of Play
  - View of created Form C’s for a given ITD / Year;

- UoR State of Play
  - View of UoR by ITD / Year aggregated by WP;

- GAM State of Play
  - View of the Budget for a given ITD / Year affected by approved RfC;

- Additional Report / Menu Accounting
  - SFR for closing
GMT 2 – Reports

Videos in User manual
Reporting of costs 2017 – GMT 2

Your 10 Tips!

1. Ensure you have a login and access to GMT 2
2. Select the profile Beneficiary
3. Prepare your accounting data and details by Work package
4. Check with the Coordinator that your company is allocated to the correct work packages
5. Ensure that the Planned data are correct (Annex 1 and 2)
6. Submit all adjustments needed to previous years
7. Look at the status of your Form C (Progress button) to see the next step
8. Look at the videos and instructions
9. Do not wait for the 1 March 2018 to start your reporting
10. Contact the CSJU in case of problem
In case of problems, please contact the CSJU:

Romain Borgat
CS2JU Financial Controller

romain.borgat@cleansky.eu
Thank you for your attention

Questions?
Running costs
Art. 15(2) of the CS2JU Council Regulation:

“The administrative costs of the Clean Sky 2 Joint Undertaking shall not exceed EUR 78 000 000 and shall be covered through financial contributions divided equally on an annual basis between the Union and the private members of the Clean Sky 2 Joint Undertaking.”
The Funding Agreement determines the modalities and conditions applicable to the payment of the administrative costs by the private members (Leaders and Core Partners) of the CSJU participating in the Clean Sky 2 Programme.

Expected invoicing: May 2018

The JU will send pre-information letters about the calculated 2018 contributions – the members will be asked to provide purchase order numbers (if needed for their own accounting) and mailing address (if differs from official address).

Running costs contributions are not eligible under the GAM.
Modalities of Members contribution to the JU Running costs

• Annex II

« From 2016 onwards a new breakdown will be applied [...] to the members on the basis of their participation in the GAM for each year, expressed in percentage of the budget allocated to the Leaders and Core-Partners compared to the total allocated GAM budget for the current year. »

• Same principle will apply for 2018 running costs contribution
1. Contribution from Members: GB adopted budget for the year 2018

<table>
<thead>
<tr>
<th>Title Chapter</th>
<th>Heading</th>
<th>Financial year 2018*</th>
<th>Financial year 2018*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Commitment Appropriations</td>
<td>Payment Appropriations</td>
</tr>
<tr>
<td>1 0</td>
<td>SUBSIDY FROM THE COMMISSION</td>
<td>290.035.012</td>
<td>331.863.910</td>
</tr>
<tr>
<td>2 0</td>
<td>CONTRIBUTION FROM MEMBERS (NON-EC)</td>
<td>4.554.181</td>
<td>4.554.181</td>
</tr>
<tr>
<td>3 0</td>
<td>CARRY OVER FROM PREVIOUS YEAR (executed and estimated)</td>
<td>1.084.606</td>
<td>4.084.606</td>
</tr>
<tr>
<td>5 0</td>
<td>FINANCIAL REVENUES (BANK INTEREST)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>TOTAL REVENUE</td>
<td>295.673.799</td>
<td>340.502.697</td>
</tr>
</tbody>
</table>

Amount to be paid (shared) by the Private Members to the JU for 2018
2. GAM Annex 2: « The participation rate of the private Members will be identified based on the state of play at the end of March of the current year. »

- **Participation rate** = Leaders/Core-Partners share expressed in %

- **State of play** = total Max JU Contribution allocated to each private Member in 2018
## Calculation Method

### 3. Reconciliation and final status: example

<table>
<thead>
<tr>
<th>IAPD</th>
<th>n°</th>
<th>Short Name</th>
<th>Organisation</th>
<th>Max JU Contribution Annex II 2018</th>
<th>Proportion Max JU Contribution 2018</th>
<th>CSJU Running costs contribution 2018 - CS2</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR</td>
<td>1</td>
<td>BENEF</td>
<td>BENEFICIARY 1</td>
<td>200,000.00</td>
<td>0.10%</td>
<td>4,554,181</td>
</tr>
<tr>
<td>LPA</td>
<td>15</td>
<td>BENEF</td>
<td>BENEFICIARY 1</td>
<td>2,200,000.00</td>
<td>1.10%</td>
<td>50,095,99</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TOTAL</td>
<td></td>
<td>54,650.17</td>
</tr>
</tbody>
</table>

*50% OF THE ANNUAL ADMIN BUDGET

**Total year Maximum JU Contribution (A2 ) Private Member and their affiliates**

**Annual private members’ contribution to the Jus administrative budget (50%)**
Which Private Members are contributing to CSJU running costs?

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Legal Address</th>
<th>Participating affiliates of Leaders whose administrative costs to the CSJU are paid by the respective Leader organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Rolls-Royce Plc</td>
<td>65, Buckingham Gate SW1E 6AT London, United Kingdom</td>
<td>• Rolls-Royce for Profit Corporation PIC: 951103334</td>
</tr>
<tr>
<td>PIC: 999945356</td>
<td></td>
<td>• Rolls-Royce Deutschland LTD &amp; CO KG PIC: 999919554</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rolls-Royce Controls and Data Services Limited PIC: 974544451</td>
</tr>
<tr>
<td>14. Saab Aktiebolag</td>
<td>58188 Linköping Sweden</td>
<td></td>
</tr>
<tr>
<td>PIC: 999959615</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIC: 999964659</td>
<td></td>
<td>• Sagem Defense Securite SA PIC: 999954668</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Labinal Power Systems PIC: 999955444</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Turbomeca SA PIC: 999957772</td>
</tr>
</tbody>
</table>

JU’s invoices are sent to Leaders and Core-Partners.

In accordance with the total Max JU contribution allocated to Members and participating affiliates.
Mid-term revision

• A review of the actual participation will be performed in September 2018 based on the actual validated costs for the years 2014-2017.

• Adjustments will be performed accordingly from the 2019 running cost payments.
Next Actions and Deadlines
# Next deadlines/actions

<table>
<thead>
<tr>
<th>Financial/Administrative Milestones</th>
<th>Expected from</th>
<th>Submitted to the JU by</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual preliminary estimates</strong> for real execution of funded projects for the year 2016 <em>(estimate Form C)</em> and Annual <strong>IKC (IKOP and IKAA) preliminary declarations</strong> for the year 2017</td>
<td>All GAM beneficiaries, to be submitted through the coordinator (excel file) IKOP through coordinator excel table to fill in; IKAA report to be submitted individually through GMT2 (in draft mode)</td>
<td>15/01/2018</td>
</tr>
<tr>
<td><strong>Amendment of AA PLAN 2018</strong> via GMT2 indicating the estimated value of these contributions (if applicable)</td>
<td>Leaders and CP via GMT2</td>
<td>15/02/2018</td>
</tr>
<tr>
<td><strong>Cost statements for 2017 (Form Cs) + CFS</strong></td>
<td>CS2 GAM beneficiaries (Leaders, Associates and CP) through GMT2</td>
<td>01/03/2018</td>
</tr>
<tr>
<td><strong>Annual IKC (IKOP and IKAA) final declarations</strong> for the year 2017, including <strong>CIKOP / CIKAA</strong></td>
<td>CS2 GAM beneficiaries (Leaders and CP); to be submitted: <strong>IKOP with CIKOP</strong> through Coord. in GMT2; <strong>IKAA</strong> directly to JU through GMT2 and original <strong>CIKAA and Terms of reference sent to JU</strong></td>
<td>01/03/2018</td>
</tr>
<tr>
<td><strong>(Annual) Technical Report</strong> of the ITD/IADP</td>
<td>CS2 ITD/IADP coordinators through GMT2</td>
<td>01/03/2018</td>
</tr>
<tr>
<td><strong>AA Plan 2019</strong> via GMT2 indicating the estimated value of these contributions</td>
<td>CS2 GAM beneficiaries (Leaders and CP) via GMT2</td>
<td>01/11/2018</td>
</tr>
</tbody>
</table>
Action 1 – practical aspects Estimates for execution (Form c) and IKOP and IKAA declarations by 15/01

1. Submit Annual declaration of execution of the previous year’s [2016] grant agreements ‘Report of estimated execution (Form C) & report of in-kind contributions from operational activities (IKOP)’:
   • estimate of the execution is needed for the CS2 grant agreement for all beneficiaries of the GAM in order to report this estimate in the provisional accounts.

   open excel file>>

   • report the in-kind contributions (IKOP) template to report the IKOP values (same excel file).

   Fill in the mandatory part in a first instance, then report the IKOP thru available methods (B-1 or B-2). We recommend to those who reported last year to choose the same method this year. Please have this table completed by all the beneficiaries of the CS2 GAM for each ITD/IADP.

   NOTE: sent to ITD/IADP Coordinator, who compiles and sends to JU by 15/1/18.

2. Submit report of IKC from Additional Activities 2017 (IKAA reporting)

   Only members that have planned AAs for the year 2017 will need to report the value of the additional activities.

   Please submit [per member] the IKAA info through GMT2 (Reporting IKAA Module: https://gmt2.cleansky.eu/ikaareporting/index.void) in [draft mode if it is only preliminary -> meaning that is not supported by a signed declaration and by CIKAA] by 15/1/2018.


   For additional questions please contact Laura Trofin (laura.trofin@cleansky.eu)
Lunch & Coffee break
13.00 - 14.00
## Agenda

### Part I – General sessions

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:30</td>
<td>Registration and welcome coffee</td>
</tr>
<tr>
<td>09:30 - 10:30</td>
<td>Financial Management - GAM 2014-2017 closure</td>
</tr>
<tr>
<td>10:30 - 10:45</td>
<td>In Kind Contributions</td>
</tr>
<tr>
<td>10:45 - 11:15</td>
<td>Legal aspects</td>
</tr>
<tr>
<td>11:15 – 11:45</td>
<td>GMT2 Reporting Module</td>
</tr>
<tr>
<td>11:45 - 12:15</td>
<td>Running/administrative costs</td>
</tr>
<tr>
<td>12:15 - 12:30</td>
<td>Next actions/deadlines</td>
</tr>
<tr>
<td>12:30 - 13:00</td>
<td>Q &amp; A Session</td>
</tr>
<tr>
<td>13:00 - 14:00</td>
<td>Lunch &amp; Coffee break</td>
</tr>
</tbody>
</table>

### Part II – Thematic Workshops

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Financial – CFS</th>
<th>Financial – eligibility of costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:30 - 14:30</td>
<td>In Kind contributions</td>
<td>Financial – CFS</td>
<td>(personnel, subcontracting, other direct costs)</td>
</tr>
<tr>
<td>14:30 - 15:30</td>
<td>In Kind contributions</td>
<td>Legal aspects</td>
<td>Financial – eligibility of costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(personnel, subcontracting, other direct costs)</td>
</tr>
<tr>
<td>15:30 - 16:30</td>
<td>Ex post audits</td>
<td>Legal aspects</td>
<td>Financial – CFS</td>
</tr>
<tr>
<td>16:30 - 17:30</td>
<td>Networking drink</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART II
Thematic Workshops
Workshop on Financial aspects
Certificate on the Financial Statements
According to the H2020 rules, the CFS is requested at the end of the project IF the Beneficiary/linked third party requests a total JU contribution of EUR 325,000 (or more) as reimbursement of actual costs and unit costs calculated according to its usual accounting practices (average personnel costs and costs for internally invoiced goods and services) (thus excl. reimbursement of the flat rate on Indirect Costs or unit costs for SME owner/Natural person not receiving salary)

=> CFS required in 2018 for the costs claims 2016 and 2017 and all non audited reporting periods if the threshold is reached
Example: CFS needed if **JU contribution as reimbursement of direct costs and unit costs calculated according to its usual accounting practices is >= 325 K€**

<table>
<thead>
<tr>
<th>Case 1</th>
<th>Costs claimed</th>
<th>Funding 70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>400</td>
<td>280</td>
</tr>
<tr>
<td>Subcontracting</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total direct costs</strong></td>
<td><strong>500</strong></td>
<td><strong>350</strong></td>
</tr>
<tr>
<td>Indirect costs 25%</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total eligible costs</strong></td>
<td><strong>600</strong></td>
<td><strong>420</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case 2</th>
<th>Costs claimed</th>
<th>Funding 70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>360</td>
<td>252</td>
</tr>
<tr>
<td>Subcontracting</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td><strong>Total direct costs</strong></td>
<td><strong>460</strong></td>
<td><strong>322</strong></td>
</tr>
<tr>
<td>Indirect costs 25%</td>
<td>90</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total eligible costs</strong></td>
<td><strong>550</strong></td>
<td><strong>385</strong></td>
</tr>
</tbody>
</table>
### Workshop on Financial aspects CFS planning

<table>
<thead>
<tr>
<th>GAM 2014 - 2017</th>
<th>New GAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>Form C 2014</td>
<td>Form C 2015</td>
</tr>
</tbody>
</table>

*When above 325 K € threshold Leaders + Core Partners*

*OR*

*When above 325 K € threshold Leaders + Core Partners*

*OR*
The mandatory CFS template consists of 3 documents (Annex 5 of GAM v.5)

1. Terms of Reference *(signed by the Auditor and the Beneficiary)*
2. Independent Report of Factual Findings *(signed by the Auditor)*
3. Table of Procedures - 68 procedures *(signed by the Auditor)*

*Reminder: all original invoices, documents, evidence, ... relating to the project must be kept for audit purposes*
In the table of Procedures, the wording of Standard Factual findings shall not be modified.

Only 3 options are possible in the new result column:
- C – confirmed
- E – Exceptions
- N/A – Not Applicable
The FO will consider the Auditor’s findings for confirming the validation of costs => result “C”

In case of exceptions (result ‘E”), the relating costs will be consider as ineligible, unless the Auditor mentioned a valid reason for non-compliance with the relevant Procedure => each Procedure’s results will be assessed by the FO

- The Beneficiary is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures => please be prepared and provide all documents, procedures and evidences that would allow the Auditor to confirm the Procedures and therefore avoiding any unduly rejection of costs.
Once the CFS report is finalised by the Auditor, the Beneficiary should read carefully the findings and exceptions before submitting the CFS to JU and ensure that all findings are relevant.

In some cases, some exceptions were due to missing evidence or documents => ensure with the Auditors that you provided them all available documents/evidence. If not, you still have the room to correct the situation before sending the final report to JU.
## Workshop on Financial aspects - CFS
**Beneficiary’s responsibilities**

### List of supporting documents to be provided to Auditor (non-exhaustive)

| Relevant internal rules, Procedures/Policies | Summary of usual accounting principles and rules used by the beneficiary  
• Finance and Accounting Procedures  
• Human resources Procedures  
• Equipment Purchasing Procedures and Depreciation Policy  
• Procurement Procedures  
• Travel and Subsistence Procedures |
|---|---|
| **All costs claimed** | Purchase order, invoices, Proof of payments  
***do not forget to mention the project reference on all relevant documents*** |
# Workshop on Financial aspects - CFS Beneficiary’s responsibilities

## List of supporting documents to be provided to Auditor (non exhaustive)

| **Personnel costs** | • List of personnel involved in the project  
| | • Timesheets (**authorized & signed**), employment contracts, payroll records  
| | • Method of calculation of workable hours, productive hours calculation used for the calculation of hourly rates  
| | • Explanation on social costs and the relevant legislation/procedures |

| **Subcontracting / Other Goods and Services** | • Original subcontracts, relating invoices and proof of payment (bank statement).  
| | • Evidences of respect of the procurement policies and rules (tendering/procurement procedures)  
| | => evidence of best value for money analysis (if required) |
### Workshop on Financial aspects - CFS Beneficiary’s responsibilities

#### List of supporting documents to be provided to Auditor (non exhaustive)

| Travel and subsistence expenses | • Lists of trips with dates  
|                                | • Mission approval forms, original invoices and proof of payments, reports records, minutes, ... |
| Equipment                      | • Inventory lists of all equipment dedicated to the project  
|                                | • Original purchasing invoices and proof of payment  
|                                | • Rental contracts (if any)  
|                                | • Justification of the portion of costs allocated to the Project (in case of partly used equipment)  
|                                | • Depreciation policy applied and detailed calculation of depreciation |

![EU logo]
Best practices for presentation of findings in CFS:

- In case of Exceptions and/or N/A findings, the Auditor should list them and explain the reasons in the Independent Report.

- Regarding the Exceptions, the Auditor should specify the corresponding amount.
Best practices for presentation of findings in CFS:

- Example for Exceptions:
  The beneficiary was not able to substantiate the Finding n°1: 1 out of the 10 employment contracts was not verified as the client was able to provide only unsigned copy of the employment contract. The personnel costs claimed for this employee totalled 20,669 €.

- Example N/A:
  The procedure and finding relating to ‘beneficiaries with accounts established in euro’ do not apply to ‘beneficiaries with accounts established in a currency other than euro’.
Best practices for presentation of findings in CFS:

- The Auditor has also room to make general remarks (“Further remarks”): e.g., the Auditor has carried out some additional procedure.

- The Auditor should also mention if he had carried out additional procedures or if another audit of the Financial statements was performed in which other matters might have come to his attention and would have been included in the Report.
Most common errors

All shaded fields must be completed

Terms of Reference

- The related covered period should be indicated
- Pay attention to the starting date

Independent Report

- The auditor should report
  - the « total eligible costs » and
  - The total of actual costs and direct personnel costs declared as unit (if any) → this represents the « total eligible direct costs » of the Form C.
Most common errors

- Inconsistency in the result of the standard factual findings: e.g. Personnel actual costs declared in Form C but unit costs are confirmed by the Auditor in the CFS.

- The Auditor did not provide complete and clear information regarding the exceptions (reasons, possible impact, related amount, ...).

- The Auditor must base its reports on the evidence gathered and verified and not based only on declarations/statements provided by the beneficiary.
Some **good examples** of explanation of Exceptions:

- **Procedure 38**: In the case of 2 out of 10 sub-contract items sampled, there was no evidence of value-for-money analysis having been completed prior the selection of sub-contractor. This equates to 247,596 of costs included within the Financial Statement.

- **Procedure 46**: The travel costs are overstated by 75,26 Euro due to ineligible costs, VAT misstatements and rounding errors.

- **Procedure 57**: According to Beneficiary Internal Procedures, different offers are collected exclusively for the purchasing of goods and services higher than 20,000 Euro. All items sampled for other goods and services are below this threshold.
1. Do not wait for the 1st March 2018 to start your reporting
2. Ensure that the costs claimed meet the eligibility rules
3. Prepare your draft Form C as soon as possible in GMT2
4. Report your IKOP and ensure that the correct IKOP method is used
5. If CFS/CIKOP needed - Prepare all required documents/Procedures/statements for the Auditor
6. Prepare your accounting data and details by Work package
7. Ensure that the Planned data are correct (Annex 1 and 2)
8. Ensure a clear and complete description of costs in the UoR
9. CFS – check the Auditor’s findings before submitting it to JU
10. Submit in GMT2 the Form C/IKOP 2017 and the CFS/CIKOP (if needed) by 1st March 2018
11. Submit in GMT2 all adjustments to previous years together with Form C 2017
12. Ensure that your Form C & Adj Form C are Submitted to JU in the GMT2 reporting workflow
13. Send the signed hardcopies of your Form C / Adj. Form C / CFS / CIKOP to the Coordinator
14. Submit the IKAA and CIKAA
15. Contact the CSJU in case of problem
Workshop on financial aspects
Eligibility of Costs
Workshop on Eligibility of costs
Personnel costs

a) Personnel costs
b) Subcontracting / Other Direct Costs
c) Budget transfer
d) Large Research Infrastructure
e) Other
Personnel costs - eligibility

PERSONNEL COSTS are eligible:

- If they are related to personnel working for the beneficiary under an employment contract.

- for natural persons working under a direct contract with the beneficiary.

- for personnel seconded by a third party against payment. The beneficiaries must respect some recruitment and working conditions (see Art.32). The third parties and their contributions must be set out in Annex 1.
Special case: students

Remuneration of students working for the beneficiary under a scholarship, internship or other similar agreement (not employees), is eligible as personnel costs provided that:

• this remuneration complies with the application national law on taxes, labor and social security
• the assignment of tasks respects the laws in force in the place of establishment of the beneficiary
• the students have the necessary qualifications for the performance of the tasks attributed to them in the context of the H2020 action.

Thus, if the agreement is training-oriented (i.e. aimed at helping the student to acquire professional skills) its cost can NOT be charged to the grant.
Workshop on Eligibility of costs
Personnel costs

Personnel costs - What **CANNOT** be declared under personnel costs?

- Contracts with temporary work agencies
- Natural persons (e.g. consultants) **not** fulfilling the conditions (hierarchical dependence, premises, similar cost for similar tasks, ownership of results).
  e.g. working autonomously on the tasks assigned to them
- Natural persons (e.g. consultants) paid for deliverables rather than for working time
Personnel costs - What CANNOT be declared under personnel costs?

![Warning symbol]

Those costs may be eligible under 'Other goods and services' or under 'Subcontracting'.

- As ‘subcontracting cost’ if the work done is part of the action tasks identified in Annex 1.

OR

- As ‘purchase of services’ in “Other Direct costs”, if the work done is not part of the action tasks.

In both cases → The beneficiary must award the contracts ensuring best value for money and avoiding any conflict of interests.
Actual Personnel costs – Hourly rate : How?

Two ways to calculate:

- **Per full financial year**: hourly rate is calculated based on the last closed financial year (for fiscal year if it is different from the financial year)

  Actual annual personnel costs for the person
  
  Number of annual productive hours

- **Per month**: or each person:

  actual monthly personnel costs
  
  Number of annual productive hours/12
Unit personnel costs

In order to be eligible:

• The unit costs must be calculated by multiplying the number of units (number of hours) used by the hourly rate.

• The hourly rate should be calculated based on average actual personnel costs and in accordance with the usual accounting practices of the beneficiary.

NB. Costs for persons seconded by a third party may be declared **ONLY** as actual costs.
Annual Productive hours

**Annual personnel costs** = **Hourly Rate**

**Annual productive Hours**

*Advised*

**Fixed 1720 hours** *(accepted without questioning)*

**Individual annual productive hours** *Annual workable hours + overtime – absences (**)*

**Standard annual productive hours**

According to the beneficiary's usual accounting practices, shall be at min = or > 90% of standard WORKABLE time, or options 1 or 2 to use.

(**) not applicable if the hourly rate is based on a monthly basis
### OPTION 2: Individual annual productive hours*

**Conditions**: Existence of workable hours in: either the employment contract, the applicable collective labour agreement or by national law.

<table>
<thead>
<tr>
<th>Annual Workable hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>(working days - Annual leave - Public holidays</td>
</tr>
</tbody>
</table>

**Individual annual productive hours**:

- Annual Workable hours + **individual** overtime
- **individual** annual sick leave

---

### OPTION 3: Standard annual productive hours*

**Conditions**: Existence of workable hours in: either the employment contract, the applicable collective labour agreement or by national law.

<table>
<thead>
<tr>
<th>Annual Workable hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>(working days - Annual leave - Public holidays</td>
</tr>
</tbody>
</table>

**Standard annual productive hours**:

- compliant to the usual cost accounting practices.

*example*: annual workable hours – days for general training – **average** annual sick leave
- other unproductive activities

⚠️ **total => 90% of annual workable hours**

* Additional conditions may applied – see annotated Grant
Personnel costs – Adjustments

Principle: direct costs have to be stated on the basis of the best available accounting information at the time of the due date of the financial statement.

- No adjustments of financial statements — Adjustments are normally allowed ONLY for mistakes (e.g. incorrect accounting information; error in the calculation; etc).

- Example: An internal audit on the annual accounts of the beneficiary finds later errors in the accounting information used to calculate the hourly rates. Adjustment can be done.
Personnel costs – SME owner without salary – hourly rate

- These costs must be **declared** on the basis of the unit cost (hourly rate) and set out in Annex 2 and 2a of the GA.
- The hourly rate must be calculated for each individual — before signature of the GA — according to the following formula:

  \[
  \text{Amount per unit} = \frac{\text{EUR 4,650}}{143 \text{ hours}} \times \text{country-specific correction coefficient of the country where the beneficiary is established}
  \]
Workshop on Eligibility of costs
Personnel costs

Hourly rate = \frac{\text{Personnel costs}}{\text{Productive hours}}

**Annual** hourly rate

*Hourly rates calculated per full financial year*

\[
\text{Annual personnel costs} \\
\text{Annual productive hours}
\]

**Monthly** hourly rate

*Hourly rates calculated per month*

\[
\text{Monthly personnel costs} \\
\text{Monthly productive hours}
\]

Two options

NEW!
a) Personnel costs – calculation of productive hours

The beneficiaries may choose one of the following 3 different methods:

- **A: fixed number of hours 1,720 hours.** This method can be used in all cases; any beneficiary can use this option.
- **B: individual annual productive hours** = the total number of hours worked by the person in the year for the beneficiary.
- **C: standard annual productive hours:** the standard number of annual hours generally applied by the beneficiary for its personnel in accordance with its usual cost accounting practices.
• B: individual annual productive hours

  = the ‘total number of hours worked’ (individual annual productive hours) calculated as follows:

  \[\text{[annual workable hours of the person]} + \text{[overtime worked]} - \text{[absences]}\]

NB. This option cannot be used if the contract or the applicable collective labour agreement or national law does not allow to determine the annual workable hours.
Workshop on Eligibility of costs
Personnel costs

• **C: standard annual productive hours**
  = annual productive hours’ generally applied by the beneficiary for its personnel and which correspond to usual accounting practices

Conditions to meet in order to use this option:

- the calculation method is consistently applied (per group of personnel under similar conditions)
- This number must be **at least 90%** of the ‘standard annual workable hours’.
The standard annual workable hours is the standard number of hours that a full time employee of the group, having the same standard productive hours, (‘reference group’, e.g. a category of employees, employees of a cost centre, etc.) must be present at work under normal circumstances, as defined in:

- the employment contracts of the reference group
- an applicable collective labour agreement or
- the national law on working time legislation.

If there is no applicable reference for the standard annual workable hours, this option cannot be used.
Example for calculation of standard annual workable hours:

- Employment contract that states that they must work eight hours per day, from Monday to Friday. National legislation provides for 22 working days of annual leave, plus eight days of public holidays. The applicable collective labour agreement adds three extra days of annual leave.

- **The standard annual workable hours** would therefore be:

- 365 days — 104 days (Saturdays and Sundays) — 22 days (annual leave) — 8 days (public holidays) — 3 days (collective agreement) = 228 days * 8 hours per day = **1 824 hours**

- **Standard annual productive hours**:

- Beneficiary would like to use its usual cost accounting practices to calculate the hourly rates. It calculates the number of standard annual productive hours as follows:

  - Annual working days = 228
    - average annual sick leave (days) = 3
    - days of general training = 4
    - other unproductive activities (days) = 9

  - Nb of Productive days = 212
  - Multiplied by 8 working hours per day \(\rightarrow\) standard annual productive hours = **1 696**

**Standard annual productive hours should be at least 90% of the standard annual workable hours**:

**Standard annual productive hours 1 696 hours (usual cost accounting practice) > 1 642 hours (90 % annual workable hours)**

\(\rightarrow\) **1696 hours can be applied.**
Personnel costs – compulsory Time recording System –

Minimum requirements: recording of time on a daily, weekly or monthly basis, paper or computer based, **authorization at least monthly**, hours declared fall into the project period, consistency with presences/absences records.

**Reminder ! You cannot declare :**

- Budgeted time (what you indicated for the budget)
- Estimated time (e.g. person 'guessing' at the end of the year)
- Time allocation (e.g. x % of the contractual time of the person)
The JU recommends following details to be ensured in the time recording system:

1. the title and number of the project, as specified in the GA
2. the beneficiary’s full name, as specified in the GA
3. the full name, date and signature of the person working for the project
4. the total number of hours worked for the project in the period covered by the time record (i.e. hours worked in the month)
5. the supervisor’s full name and signature & date
6. a reference to the project tasks or work package described in the GAM
7. a brief description of the activities carried out, to understand and show what work was carried out (i.e. one sentence)
b) Subcontracting / Other Goods and Services under « Other Direct Costs cat. »
Subcontracts:

Specific cases:

- **Subcontracting between beneficiaries** — *Is NOT allowed* in the same GA.

- **Subcontracting to affiliates** — *Is NOT allowed*, unless they have a framework contract or the affiliate is their usual provider, and the subcontract is priced at market conditions.

- **Coordination tasks of the coordinator** *(e.g. distribution of funds, review of reports and others tasks listed under Article 41.2(b))* — *Can NOT be subcontracted.*
Transfers between budget category or among other beneficiaries are allowed, if:

• the incurred eligible costs are lower than the estimated eligible costs, the difference can be allocated to another beneficiary or another budget category

However:

• The GA allows transfers of budget, not of tasks. Therefore any transfer between budget category and beneficiaries should be well explained in the UoR.

• If the budget transfer is due to a significant change in Annex 1, an amendment to the GA is needed.

NB. A transfer of budget to increase de subcontracting costs is considered a significant change!
Workshop on Eligibility of costs
Large Research Infrastructure

3. Ex-ante assessment

Only beneficiaries that have obtained a positive ex-ante assessment of their costing methodology may declare capitalised and operating costs for large research infrastructure under this budget category.

⚠️ Recalculations & adjustments of financial statements (exceptional) — Costs can be declared under this budget category ONLY after having obtained the positive ex-ante assessment from the Commission. Once obtained, the beneficiaries may, however, exceptionally adjust previous financial statements.

⚠️ Costs declared in accordance with a positive ex-ante assessment will not be challenged during audits, except in case of irregularity or fraud. The auditors will only:
   - ensure that the methodology used is the one that was submitted for ex-ante assessment and
   - verify that the calculations (applying the methodology) are correct.
Costs for reporting at end of the action — Costs related to drafting and submitting the periodic report for the last reporting period and the final report are eligible even if they are incurred after the action duration.

Those costs include the cost of certificates on the financial statements (CFS) required by the GA and the cost of participating in a final review carried out by the Commission/Agency before the submission of the final reports. They may also include the cost of personnel necessary to prepare the periodic report for the last reporting period and the final report. However, they do NOT include research or innovation activities undertaken after the end date of the action.

Clean Sky website: http://www.cleansky.eu/key-documents
Typical Financial Problems to avoid
N°1 - Use of budgeted costs instead of actual costs
Typical Financial Problems to avoid

According to the MGA (Art. 6.1), only costs that were incurred may be declared.

**Description:** Some beneficiaries think they can claim costs on the basis of budgeted costs listed in Annex 2, even if such costs have not actually been incurred by the beneficiary

**Impact:** Declared costs are ineligible

**Action:** The claim must be recalculated on the basis of the costs actually incurred at interim or final payment
N°2 – In-house consultants costs reported under the wrong costs category
Typical Financial Problems to avoid

According to the MGA (Art.6.2), costs incurred in employing in-house consultants may be declared as personnel costs subject to certain conditions (category A.2 or A.3).

Description: Beneficiaries declare as personnel costs the costs of in-house consultants when all conditions are not met (e.g. Contract between the beneficiary and another entity).

Impact: Ineligible costs, though some costs could be eligible under other budget category.

Action: Costs to be reclassified as:

- Subcontracting costs (if the work refers to project tasks in the DoA)
- Or as costs of Other goods and services (if the work done does not relate to project tasks)
Typical Financial Problems to avoid

N°3 – No proper time registration
Typical Financial Problems to avoid

The MGA (Art. 18) states that for all personnel costs, the beneficiaries must keep records of the number of hours declared.

**Description:** Time-sheets are compulsory.

**Impact:** Ineligible costs. Personnel costs for which there are no reliable time-sheets (plus any flat-rate indirect costs) will be rejected.

**Action:** The beneficiary is required to revise their time registration system and make it compliant.

There is one exception. Indeed, no need to keep time records on people working exclusively on the project if the beneficiary signs a declaration confirming that that was their sole activity and certified by an auditor.
Typical Financial Problems to avoid

N°4 – Use of wrongly calculated hourly rate
Typical Financial Problems to avoid

According to MGA (Art. 6.2), Costs must be real and Hourly rate calculated correctly.

**Description:** The calculation of hourly rate are incorrect (use of estimates, wrong number of productive hours, ineligible bonuses included in the hourly rate calculation, etc...)

**Impact:** Ineligible costs. These costs (plus any flat-rate indirect costs) will be rejected.

**Action:** The beneficiary is required to revise their hourly rate calculation.
Workshop on In Kind contributions
IKOP and IKAA
IKOP
• Specific menu for IKOP
• IKOP can be created on an existing Form C only
• Form C must be at least Submitted to SPD Coordinator before you can report the IKOP
• Need to Report the method (A / B1 / B2) and the amount)
• IKOP declared is calculated automatically by the tool
• Need to attach the certificate (CIKOP) when required
• Declare IKOP:
  – select Method A / B1 / B2
  – Specify amount if unfunded costs
• Upload IKOP Certificates / Documents
• GMT 2 will automatically calculate the declared IKOP

**Warning:**
A certificate on IKOP should be provided when the amount of declared IKOP is \( \geq 325,000 \) € following the CFS rules (bi-annual basis)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declared IKOP A (Unfunded Eligible Costs)</td>
<td>0.00 €</td>
</tr>
<tr>
<td>Declared IKOP B (Unfunded Cost According to Usual Cost Accounting)</td>
<td>0.00 €</td>
</tr>
<tr>
<td>Total Declared IKOP (IKOP A+B)</td>
<td>0.00 €</td>
</tr>
</tbody>
</table>

**IKOP Certificates / Documents**

+ NEW DOCUMENT
GMT 2 – IKOP

- IKOP Validation by CSJU
  - Check and review the certificate
  - Update the certification status

**DECLARATION OF IN KIND CONTRIBUTIONS - IKOP**

<table>
<thead>
<tr>
<th>Certification Status</th>
<th>FORM C 100 000,00 €</th>
<th>FORM C 0,00 €</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-1 (TOTAL INDIRECT COST)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DECLARED IKOP A (UNFUNDED ELIGIBLE COSTS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DECLARED IKOP B (UNFUNDED COST ACCORDING TO USUAL COST ACCOUNTING)</td>
<td>75 000,00 €</td>
<td>0,00 €</td>
</tr>
<tr>
<td>TOTAL DECLARED IKOP (IKOP A+B)</td>
<td>75 000,00 €</td>
<td>0,00 €</td>
</tr>
</tbody>
</table>

**Select One**
- Rejected
- Validated with certificate
- Validated without certificate
- Non validated

**IKOP CERTIFICATES / DOCUMENTS**

No available documents
GMT 2 – IKOP

Videos in User manual
IKOP Examples
Examples depending on the method A, B-1, B-2:

- All costs validated
- Validation with costs rejected

Funding rate: 70%
# IKOP A (unfunded part of total eligible costs)

## Example 1a: all costs validated

### FORM C

<table>
<thead>
<tr>
<th>Direct Cost other than subcontracting</th>
<th>Beneficiary declared</th>
<th>JU onhold</th>
<th>JU rejected</th>
<th>JU validated</th>
</tr>
</thead>
<tbody>
<tr>
<td>300.000,00</td>
<td></td>
<td></td>
<td></td>
<td>300.000,00</td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td>50.000,00</td>
<td></td>
<td></td>
<td>50.000,00</td>
</tr>
<tr>
<td>25% indirect flat rate</td>
<td>75.000,00</td>
<td></td>
<td></td>
<td>75.000,00</td>
</tr>
<tr>
<td>Total cost</td>
<td>425.000,00</td>
<td></td>
<td></td>
<td>425.000,00</td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td></td>
<td></td>
<td></td>
<td>297.500,00</td>
</tr>
</tbody>
</table>

### VALIDATION OF IKOP (JU)

<table>
<thead>
<tr>
<th>Declaration method (choose from pop-up)</th>
<th>Cost declared according to usual cost accounting</th>
<th>IKOP A (unfunded eligible costs)</th>
<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method A (Unfunded cost according to H2020 eligibility criteria)</td>
<td>0,00</td>
<td>127.500,00</td>
<td>0,00</td>
<td>127.500,00</td>
</tr>
</tbody>
</table>

IKOP = unfunded part of total eligible costs (425 K€ X 30%)
## IKOP A (unfunded part of total eligible costs)  
**Example 1b: final validation with costs rejected**

### FORM C

<table>
<thead>
<tr>
<th>Direct Cost other than subcontracting</th>
<th>Beneficiary declared</th>
<th>JU onhold</th>
<th>JU rejected</th>
<th>JU validated</th>
</tr>
</thead>
<tbody>
<tr>
<td>300.000,00</td>
<td>50.000,00</td>
<td>250.000,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td>50.000,00</td>
<td>50.000,00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% indirect flat rate</td>
<td>75.000,00</td>
<td>12.500,00</td>
<td>62.500,00</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>425.000,00</td>
<td>62.500,00</td>
<td>362.500,00</td>
<td></td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td>43.750,00</td>
<td>253.750,00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### VALIDATION OF IKOP (JU)

<table>
<thead>
<tr>
<th>Declaration method (choose from pop-up)</th>
<th>Cost declared according to usual cost accounting</th>
<th>IKOP A (unfunded eligible costs)</th>
<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method A (Unfunded cost according to H2020 eligibility criteria)</td>
<td>0,00</td>
<td>108.750,00</td>
<td>0,00</td>
<td>108.750,00</td>
</tr>
</tbody>
</table>

IKOP = unfunded part of validated total eligible costs (362,5 K€ X 30%)
IKOP B-2 (Total project costs)  
Example 2a: all costs validated

<table>
<thead>
<tr>
<th>FORM C</th>
<th>JU validation</th>
<th>Beneficiary declared</th>
<th>JU onhold</th>
<th>JU rejected</th>
<th>JU validated</th>
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</thead>
<tbody>
<tr>
<td>Direct Cost other than subcontracting</td>
<td></td>
<td>300.000,00</td>
<td>-</td>
<td>-</td>
<td>300.000,00</td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td></td>
<td>50.000,00</td>
<td>-</td>
<td>-</td>
<td>50.000,00</td>
</tr>
<tr>
<td>25% indirect flat rate</td>
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<td>75.000,00</td>
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<td>75.000,00</td>
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<tr>
<td>Total cost</td>
<td></td>
<td>425.000,00</td>
<td>-</td>
<td>-</td>
<td>425.000,00</td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>297.500,00</td>
</tr>
</tbody>
</table>

**VALIDATION OF IKOP (JU)**

<table>
<thead>
<tr>
<th>Declaration method (choose from pop-up)</th>
<th>Cost declared according to usual cost accounting</th>
<th>IKOP A (unfunded eligible costs)</th>
<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method B-2 (Total project cost)</td>
<td>515.000,00</td>
<td>0,00</td>
<td>217.500,00</td>
<td>217.500,00</td>
</tr>
</tbody>
</table>

IKOP = difference between total project costs and validated JU contribution (515 K€ - 297,5 K€)
## IKOP B-2 (Total project costs)  
**Example 2b: final validation with costs rejected**

### FORM C

<table>
<thead>
<tr>
<th>Description</th>
<th>Beneficiary declared</th>
<th>JU onhold</th>
<th>JU rejected</th>
<th>JU validated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Cost other than subcontracting</td>
<td>300,000.00</td>
<td></td>
<td>50,000.00</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td>50,000.00</td>
<td></td>
<td></td>
<td>50,000.00</td>
</tr>
<tr>
<td>25% indirect flat rate</td>
<td>75,000.00</td>
<td></td>
<td>12,500.00</td>
<td>62,500.00</td>
</tr>
<tr>
<td>Total cost</td>
<td>425,000.00</td>
<td></td>
<td>62,500.00</td>
<td>362,500.00</td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td>290,000.00</td>
<td>43,750.00</td>
<td></td>
<td>253,750.00</td>
</tr>
</tbody>
</table>

### VALIDATION OF IKOP (JU)

<table>
<thead>
<tr>
<th>Declaration method (choose from pop-up)</th>
<th>Cost declared according to usual cost accounting</th>
<th>IKOP A (unfunded eligible costs)</th>
<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method B-2 (Total project cost)</td>
<td>515,000.00</td>
<td>0,00</td>
<td>261,250.00</td>
<td>261,250.00</td>
</tr>
</tbody>
</table>

**IKOP = difference between total project costs and validated JU contribution (515 K€ - 253,75 K€)**
IKOP B-1 (Total indirect costs)  
Example 3a: all costs validated

### FORM C

<table>
<thead>
<tr>
<th>Beneficiary declared</th>
<th>JU onhold</th>
<th>JU rejected</th>
<th>JU validated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Cost other than subcontracting</td>
<td>300.000,00</td>
<td>-</td>
<td>300.000,00</td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td>50.000,00</td>
<td>-</td>
<td>50.000,00</td>
</tr>
<tr>
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<td>75.000,00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total cost</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### VALIDATION OF IKOP (JU)

<table>
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<tr>
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<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method B-1 (Total indirect cost)</td>
<td>140.000,00</td>
<td>127.500,00</td>
<td>65.000,00</td>
<td>192.500,00</td>
</tr>
</tbody>
</table>

IKOP = unfunded part of total eligible costs (425 K€ X 30%) + difference between the actual IC and the validated 25% flat rate IC (140 K€ - 75 K€)
IKOP B-1 (Total indirect costs)
Example 3b: final validation with costs rejected

<table>
<thead>
<tr>
<th>FORM C</th>
<th>JU validation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beneficiary declared</td>
</tr>
<tr>
<td>Direct Cost other than subcontracting</td>
<td>300.000,00</td>
</tr>
<tr>
<td>Direct Cost subcontracting</td>
<td>50.000,00</td>
</tr>
<tr>
<td>25% indirect flat rate</td>
<td>75.000,00</td>
</tr>
<tr>
<td>Total cost</td>
<td>425.000,00</td>
</tr>
<tr>
<td>JU contribution (70%)</td>
<td>-</td>
</tr>
</tbody>
</table>

**VALIDATION OF IKOP (JU)**

<table>
<thead>
<tr>
<th>Declaration method (choose from pop-up)</th>
<th>Cost declared according to usual cost accounting</th>
<th>IKOP A (unfunded eligible costs)</th>
<th>IKOP B (unfunded cost according to usual cost accounting)</th>
<th>Total IKOP (IKOP A+B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method B-1 (Total indirect cost)</td>
<td>140.000,00</td>
<td>108.750,00</td>
<td>77.500,00</td>
<td>186.250,00</td>
</tr>
</tbody>
</table>

IKOP = unfunded part of total eligible costs (362,5K€ × 30%) + difference between the actual IC and the validated 25% flat rate IC (140 K€ - 62,5 K€)
GMT 2 – IKAA

- Planning
- Reporting
- Validation
- GB Decision

Beneficiary

CSJU
### GMT 2 – IKAA

#### IKAA Planning

**EDIT IKAA (IN-KIND CONTRIBUTION FOR ADDITIONAL ACTIVITIES)**

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>YEAR</th>
<th>SPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESTCO2 - TEST CO 2</td>
<td>2018</td>
<td>AIR - AIRFRAME</td>
</tr>
</tbody>
</table>

**VALUE OF ADDITIONAL ACTIVITIES (EXCLUDING UNION FUNDING)**

250,000.00€

**IS THIS AN ADJUSTMENT OF A PREVIOUS PLAN FOR THIS PERIOD?**

- [ ] YES
- [x] NO

### TECHNOLOGY STREAMS / DEMONSTRATOR AREA IN CS1/CS2 (IF APPLICABLE)

- **AIR - AIRFRAME**
  - Manage Additional Work Package
  - WP1 - WP1

### WP ACTIONS IN CS1/CS2 AFFECTED

- **AIR - AIRFRAME**
  - Manage Additional Work Package
  - WP1 - WP1
### EDIT IKAA (IN-KIND CONTRIBUTION FOR ADDITIONAL ACTIVITIES)

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESTCO2 - TEST CO 2</td>
<td>2018</td>
</tr>
</tbody>
</table>

**ACTIVITIES**

**TYPE OF ACTIVITY**

- [ ] UPSTREAM ACTIVITY ENABLING AND/OR UNDERPINNING CS2 ACTIONS
- [ ] PARALLEL RESEARCH ACTIVITY FOCUSING ON NON-CS2 / NON-CS2 ALTERNATIVE AREAS OF INVESTIGATION AND/OR AMPLIFYING CS2 / CS2 ACTIONS
- [ ] SUPPORTING INFRASTRUCTURE AND CAPACITIES
- [ ] DOWNSTREAM INNOVATION ACTIVITY [GOING BEYOND CS2 / CS2 ACTIONS TOWARDS EXPLOITATION]
- [ ] OTHER

**REFERENCE TO CS2 PROGRAMME HLOS**

To be taken from Regulation and aligned with H2020 EC decision

**NATURE OF CONTRIBUTIONS**

- e.g. amortization of fixed cost of major infrastructure, R&T project expenditure, etc...

**DESCRIPTION OF ACTIVITY AND RELEVANCE FOR CS MANAGEMENT ASSESSMENT**

Used only internally by JU management and if necessary by the private members auditors; not disclosed to other Members of the Governing Board, in accordance with art. 15 of the CSJU Council regulation 558/2014
## IKAA Planning Available

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COMPANY</th>
<th>SPD'S</th>
<th>STATUS</th>
<th>CREATED AT</th>
<th>OPTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>testco2-testco2</td>
<td>AIR-AIRFRAME</td>
<td>Approved by GB</td>
<td>2017-01-09 17:08:28.0</td>
<td><img src="Create" alt="Create" /></td>
</tr>
</tbody>
</table>

Records found: 1
• IKAA Reporting:
  – Planning data are transferred
  – specify the actual amount
  – Update the activities if needed
GMT 2 – IKAA

- IKAA Reporting:
  - Submit for signature (data frozen)
GMT 2 – IKAA

- IKAA Upload Signed Declaration:
  - Go to upload signed declaration
  - Upload signed declaration + certification
  - Submit to CSJU
• IKAA Adjustment only available after Reporting has GB decision.
• IKAA Adjustment has the same flow as the Reporting.
GMT 2 – IKAA

Videos in User manual
Workshop on Legal aspects
Third Parties: carrying out work in the action

- Beneficiary
- Linked third parties
  - Affiliated entities
  - Third parties with a legal link
- Subcontractors

- Article 14 of the GAM
- Implement part of the action
- Must be identified in the GAM
- Same cost eligibility criteria like for beneficiaries
- JU may request them to accept joint and several liability for their JU contribution

Disclaimer: Information not legally binding
Third Parties: carrying out work in the action

**Beneficiary**

- **Linked third parties**
  - Affiliated entities
  - Third parties with a legal link

- **Subcontractors**

  - Ensure best value for money and avoid any conflict of interests
  - Estimated costs and tasks **must be identified** in the budget and Annex 1
  - If not identified in Annex 1, according to GAM, the JU may still approve them **on an exceptional basis**, JU will interpret this strictly (!)-beneficiary bears the risk of rejection of costs

- **Article 13 MGA**

*Disclaimer: Information not legally binding*
Subcontracting
Rules and Eligibility of costs

1) The costs are **justified on technical aspects**

1) The costs are **limited to only part of the action and not core research tasks**

2) The costs are reasonable, economic, efficient and not reckless

=> Beneficiary should ensure and document:

- **Technical justification**

- **Best value for money** = competitive process or proof that service or goods are priced at market value

- **Avoidance of Conflict of interest** (CoI)

3) If a framework contract is used, in order to be eligible, that framework contract must have been awarded on the basis of best-value-for-money and absence of conflict of interest.
Third Parties: carrying out work in the action

Subcontractors - approval process

The subcontracting costs must be:

1) clearly described in Annex 1 and 2 in terms of nature and amount at the signature of the GAM

or

2) approved by the JU via an amendment in case of subsequent need to perform the action

In case the subcontracting is not described in the Annexes, it may be approved on an exceptional basis by the JU on the basis of description and justification from the beneficiary in the technical reports (dedicated section) if:

• no major substantial changes affecting the Core Partners selection process / equal treatment principle
• not affecting the key operational capacities/capabilities of the selected Core Partner
Membership to the CSJU

Termination of the membership

A private Member who wishes to terminate its Membership must:

• 6 months prior notification to the other Members → obligation to inform the ITD/IADP Coordinator, the Steering Committee and the JU about its intention to terminate its membership – Article 4 of the Statutes of CSJU and Article 4.3 of the Funding Agreement *(MEMBERSHIP LEVEL)*

• Request to terminate its participation in the GAM via formal notification and the amendment request to the GAM submitted by the ITD/IADP Coordinator via H2020 Participant Portal – Article 50.2 of the GAM *(CONTRACTUAL LEVEL)*
Termination of Membership

**MEMBERSHIP LEVEL**

- Termination of the membership becomes effective 6 months after its notification;
- Funding Agreement Article 4—Impact on the Member’s contribution to the JU administrative costs.

**CONTRACTUAL LEVEL**

Termination of the beneficiary’s participation at the contractual level takes legal effect from the date of the electronic signature of the amendment request to the GAM by the ITD/IADP Coordinator in the Participant Portal.
Intellectual Property Rights – H2020 rules

✓ **Ownership**
  - for the beneficiary who generates results
  - joint-ownership only in specific circumstances (joint ownership agreement or consortium agreement)

✓ **Protection**
  - where appropriate if results will be commercially or industrially exploited (patent, industrial design, etc.)

✓ **Exploitation**
  - General obligation to exploit the results (beneficiaries receiving JU funding shall take appropriate measures to exploit the results either by themselves or by other beneficiaries/ third parties by transferring ownership or through licencing)

✓ **Dissemination**
  - General obligation to disseminate (always in compliance with the limitations resulting from the chosen form of the protection of the results

NB: exploitation and dissemination will be subject to close monitoring and detailed reporting on actions taken
Visibility of the JU funding

- Always use the JU logo and the EU emblem and standard sentence in the grant in all dissemination actions and all equipment/machineries/demos under the project, the same obligations to use the logo apply also to the subcontractors.

Access rights

- Beneficiaries must give access to their background and results for implementation of the action (Article 25.5 and 31.6 indicates the conditions under which these obligations apply).

- The access right is mutual/reciprocal vis-à-vis the beneficiaries for what needed to implement its action.
**Transfer and (exclusive) licences outside the Union/Associated Countries**

- Subject to the agreement of the other parties, each beneficiary may transfer ownership of its results but must ensure that obligations regarding the results apply to the new owner.
- Beneficiary may grant licences to their results.
- Exclusive licences may be granted only if all other beneficiaries have waived their access rights (Article 31 of the GA).
- The grant agreement foresees the prior approval of the JU and right to object a request of transfer of ownership or the exclusive licensing of results to a third party established in a non-EU country not associated with the H2020.
Open access to research data

• The **open access pilot** was extended by the Commission to all thematic areas of H2020 including also the Clean Sky 2 Joint Undertaking – Annex H of the CSJU Work Plan

• **Open access** refers to **research data generated and collected during the project, needed to validate results of the project presented in scientific publications (so called “underlying data”) or other data identified by the partners.**

• A **Data Management Plan (DMP)** at ITD/IADP/TA level is obligatory only for those ITDs/IADPs/TAs that do not opt-out and will be thus covered by Article 29.3 of the GAM, however projects are encouraged to submit a “DMP” if relevant for their planned research.

• The JU is developing a *DMP template* for members that will be made available.

• Currently the following ITDs/IADPs/TAs decided to be subject of the provisions of Article 29.3: LPA and AIR
1. Admissibility rules – Calls for proposals management rules (Annexes to CSJU Work Plan- 5.1 (A.2) “General Annexes”)

• The Core Partners and their affiliates may apply to calls for proposals only in another IADP/ITD where they are not involved as member

• Check the Membership table which lists all Leaders, Core Partners and participating affiliates

• Status of affiliation to be declared in the application form + declaration on non conflict of interest
Workshop on Ex-post Audits

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          Yolanda.Garcia-Castillo@cleansky.eu
Main objectives of the ex-post audits:

- **Assess the correctness** of cost claims submitted by our beneficiaries and validated by the JU
- **Issue recommendations** for improvement of beneficiaries’ financial reporting
- Provide the **basis for correction** of cost claims and **recovery of overpayments**
- **Provide assurance to the Executive Director of CSJU**, regarding the legality of the operational expense of the JU
Ex-post audit targets

Planning of EPA in H2020 (targets):

- Coverage of expenditure (value): approx. 20%
- Coverage of beneficiaries (numbers): max. 7%

Objective is to minimize audit burden by limiting the number of audited beneficiaries in the H2020 program. As a consequence, audits will cover mainly – but not exclusively - high value cost claims of big beneficiaries.
Main results:

- the **representative detected errors** are identified
- the **systematic part** of the detected errors are extended on unaudited cost claims (through extrapolation). This will cover the entire population of H2020 grants including unaudited claims from for the entire H2020 Research Family.
- **corrections** are performed through recovery of overpayments and through ex-ante correction of on-going reporting periods
- the **residual error rate** is established reflecting the error which remains in the JU’s expenditure after correcting the detected and extended errors - the JU target: res err % <2%, as it is the threshold applied by the European Court of Auditors.
During 2018 the following ex-post audits will be running in parallel:

- Audits on **FP7 Clean Sky grants** performed by external audit firms on behalf of JU (using the FWC of DG RTD with Lubbock Fine, KPMG and Ernst Young) initiated by JU.

- Audits on **H2020 Clean Sky grants** performed by CAS or by external audit firms (using a new FWC with Moore Stephens, KPMG and PWC) on behalf of the JU. These audits contribute to the representative sample of the CSJU and will provide the results for the H2020 error rates of CSJU, as published in the AAR of CSJU.

- Audits on **H2020 Clean Sky grants initiated by EC** performed by CAS or by external audit firms (using a new FWC with Moore Stephens, KPMG and PWC). The results of all H2020 audits of CS cost claims contribute to the audit results of the entire H2020 Research Family as published in the AAR of the EC.
Ex-post audits for FP7 grants Results achieved (2016)

Achieved results for KPIs of EPA process for FP7 until 2016:

<table>
<thead>
<tr>
<th></th>
<th>(a)</th>
<th>(b)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total audited value of the</td>
<td>295 Mill Euro</td>
<td>1,253 Mill Euro</td>
<td></td>
</tr>
<tr>
<td>years 2011 to 2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total audit population</td>
<td></td>
<td></td>
<td>1,253 Mill Euro</td>
</tr>
<tr>
<td>Coverage</td>
<td>(a) / (b)</td>
<td></td>
<td>23.50%</td>
</tr>
</tbody>
</table>

Results in FP7 audits improved in the course of the years:

<table>
<thead>
<tr>
<th>Accumulated Residual Error Rate evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>------</td>
</tr>
<tr>
<td>-4.22%</td>
</tr>
</tbody>
</table>

Final coverage and error rates of 2017 is not yet available

- Audits for FP7 cost claims can be carried out up to five years after the end of the projects; CSJU intends to launch the last audits for FP7 GAMs up to year 2018.
- Next audit batch to be launched during 2018 Q2. For that, we are in the process of performing a CSJU reopening of competition of a DG BUDG FWC. The contract has not yet been awarded.
Ex-post audits for H2020 grants: **Audit process with CAS**

**Execution of the audits:**

- H2020 Audits are *centrally managed by the Common Audit Service* of DG RTD (CAS). The JU involvement in the audit work is very limited. The preliminary audit findings as stated in the preliminary audit report are shared with the JU before sending the audit reports to the Members. Then, the JU does not normally see the report until it is finalized. Hence, if the Members *need the JU as mediator in controversial audit findings they need to actively inform the JU* well in time from their side. However, the implementation of the audit results remain exclusively under the responsibility of the JU.

- The EC aims at reducing the audit burden for H2020 beneficiaries. Overlapping audits concerning projects with different granting authorities (e.g. JUs and DG RTD) are tried to be avoided. However, overlapping with audits concerning other programs are possible (FP7). Hence, during the first years of H2020, audits on Fp7 and H2020 grants may overlap.
**Implementation of audit results:**

- At the end of the audit the CAS sends a Letter of Conclusions and the Final Audit Report to the audited Members. Afterwards the Financial unit of the JU calculates the precise amounts to be adjusted (either in favor of the Member or the JU) and issues a second letter, describing in details the steps to be taken (by the JU and/or by the Member).

- **Challenge for the JU is the timely correction of detected errors:**
  - For on-going grant agreements, according to Article 21.5 of the GAM, the CSJU will correct costs disallowed in audits with the payment for the same GAM for the next reporting period. Hence, errors detected in audits finalised in year \(n\) will be corrected by the JU latest with the payment for the same GAM in May year \(n+1\).
  - Implementation of complex findings in multi-entity audits will be agreed among the affected services (e.g. CSJU, REA, Commission).

The JU needs to recover the overpayments in a narrow time frame, i.e. before the closure of the annual accounts in May each year. The JU counts on the cooperation of the Members.
Ex-post audits for H2020 grants: Audit Program

- **H2020 Audit Program** – the scope of the audits is deeper than in FP7. Main audit steps:
  
  **Personnel costs**
  - Assess that costs claimed meet general eligibility conditions in Article 6 and are reasonable, justifiable and attributable to the project
  - Verify contractual basis (employment, other contract, secondment)
  - Reconcile and review calculation of productive hours
  - Verify accurate time recording and related reliable controls
  - Verify compliance with usual accounting practice; check type of costs (indirect vs direct)
  - Recalculate hourly rates

  **Subcontracting and Other Direct costs**
  - Check costs claimed against the description of tasks, costs estimated in Annex 1 and technical reports. (Link to the project.)
  - Review the accuracy, eligibility and substantiation of the costs claimed for the project
  - Verify that a competitive selection procedure for suppliers and subcontractors is in place, checking how *best value for money* was ensured
Achieved results for KPIs of EPA process for H2020 in 2016:

| Total audited value of the years 2011 to 2016 (a) | 13 Mill Euro |
| Total audit population (b) | 83 Mill Euro |
| Coverage (a) / (b) | 15.84% |

Results for H2020 audits (6 final audit reports received)

<table>
<thead>
<tr>
<th>Residual Error Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
</tr>
<tr>
<td>-0.95%</td>
</tr>
</tbody>
</table>

• Final coverage and error rates of 2017 is not yet available
• We consider the level of assurance provided through these first audit results as sufficient for the reporting year 2016.
• New LoAs have been sent out before Christmas 2017 for 2018 audits. (Audited period is often not properly described in the LOA, but clarified later on request of the Members by the Audit Firm and JU).
• 2018 audits will take place during Q1 and Q2 of 2018. Results will be reported in May 2019.
In 2017 we received **22 preliminary** audit reports and **9 final** audit reports.

**Frequent errors leading to financial adjustments:**

- **Personnel costs:**
  - **Unsubstantiated** costs, missing supporting evidence, unclear link to the audited project.
  - Data used are not the most **recent** ones (as available at the time of submission of the Form C).
  - Inclusion in the hourly rate calculation of **ineligible elements, i.e. costs** which are not actually incurred during the reporting period or do not comply with conditions under Article 6.2.A (e.g.: employee stock programme, bonus, incentives, pension costs).
  - **Methodology** used for calculation not appropriate according to the 3 methods described in GA Article 6.2.
  - Claiming **temporary agency workers** under personnel costs.
Frequent errors leading to financial adjustments:

- **Subcontracting and Other indirect costs:**
  - (!) Absence of a competitive selection procedure, not able to demonstrate how "best value for money" was ensured.
  - **Unsubstantiated** costs, missing supporting evidence, unclear link to the audited project.
  - Non eligible items included: Recoverable VAT
  - Using estimations and unsubstantiated usage rates for equipment depreciation partially/fully attributed to the project
  - Subcontracting performed with another GAM member
  - Subcontracting not declared in GA Annex 1 and no approval made by JU outside of the GA

Ex-post audits for H2020 grants: Main errors detected (II)
Ex-post audits for H2020 grants: Audit Recommendations

Recommendations for systems improvement (I)

• All costs declared should be actual, incurred during the reporting period of the action.
• Project hours should be formally approved by supervisor at least monthly and all employees should track and record their action hours monthly.
• Project time records should include a reference to the action tasks or work package.
• A proper split between deductible and non-deductible VAT shall be made.
• The Beneficiary needs to include in its contracts with suppliers and subcontractors specific clauses ensuring that OLAF, EC & ECA have the right to carry out checks, audits and investigations.
Recommendations for systems improvement (II)

- The Beneficiary must ensure that all accounting records, invoices, receipts, tendering documents, contracts and other supporting documentation are retained and correctly archived for at least 5 years after the grant balance has been paid. (Note that an audit can be launched only up to 2 years after the project final payment)
- Costs can be declared under LRI budget category only after having obtained the positive ex-ante assessment from the Commission.
- The Beneficiary is required to use only one appropriate productive hour calculation method as described in GA Article 6.2
- The beneficiary must be able to demonstrate how "best value for money" was ensured.
- Subcontracting tasks must be described in GA Annex 1 (see more details in the presentation of legal issues)
Networking cocktail
17.00-17.30