CS2JU Financial Workshop

23 October 2019
09.30 – 17.30
The Square, Brussels
<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:30</td>
<td>Registration and welcome coffee</td>
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<tr>
<td>09:30 - 10:30</td>
<td>Financial Management - GAM 2018-2019</td>
</tr>
<tr>
<td>10:30 – 11:15</td>
<td>GAM reporting – H2020 tool</td>
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<tr>
<td>11:15 - 11:45</td>
<td>In Kind contributions</td>
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<td>11:45 – 12:00</td>
<td>Running costs</td>
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<tr>
<td>12:00 - 12:30</td>
<td>Q &amp; A Session</td>
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<tr>
<td>12:30 - 13:30</td>
<td>Lunch &amp; Coffee break</td>
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</tbody>
</table>

### Part II – Thematic Workshops

<table>
<thead>
<tr>
<th>Time</th>
<th>Hall 300</th>
<th>The Arc</th>
<th>311</th>
<th>312</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:30-14:30</td>
<td>Financial aspects</td>
<td>Legal aspects</td>
<td>Ex post audits</td>
<td>Discussion tables</td>
</tr>
<tr>
<td>14:35 – 15:30</td>
<td>Financial aspects</td>
<td>Legal aspects</td>
<td>Ex post audits</td>
<td>Discussion tables</td>
</tr>
<tr>
<td>15:35 - 16:30</td>
<td>Financial aspects</td>
<td>Legal aspects</td>
<td>Ex post audits</td>
<td>Discussion tables</td>
</tr>
<tr>
<td>16:30-17:30</td>
<td>Networking drink</td>
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</tr>
</tbody>
</table>
PART I
GENERAL SESSION
Financial Management
GAM 2018-2019
Financial Management

- Introduction
- Eligibility of costs
- Reporting in the H2020 tool for FINAL PERIOD
- Ex-post implementation for GAM 2018-2019
- New GAM 2020/2021
Financial Management

Introduction
From CS2 GAM 2018-2019, the GAMs are managed fully electronically via the H2020 IT tool SYGMA:
- GAM signature
- Amendments
- Submission of reports (technical and financial)
- Payments (Pre-financing, Interim and Final)

⇒ No more reporting in GMT2 for costs claims and for TPC (Total project costs replacing \textit{IKOP}) but GMT2 still to be used for IKAA
GAM signature and Amendments

The applicants should submit via the Coordinator all the data through the EC portal (Annex 1 Part A&B, Annex 2 (2a), Bank account, DoH, Reporting periods, GA options, WP, Deliverables, Milestones, ...
Submission of reports:
The Coordinator must submit a Periodic/Final report (technical and financial reports related to all beneficiaries of the GAM) within **60 days following the end of the reporting period.**

- **Submission of Final reports for GAM 2018-19:**
  1st March 2020

- Bear in mind that SYGMA is working under the **Single Submission rule** => reports from all beneficiaries should be submitted all together (Electronic submission ONLY) via the coordinator in due course.
Eligibility of costs
For actual costs

- Actually incurred by the beneficiary – NOT budgeted or estimated
- Incurred in the period set out in Article 3 of the GA
- Indicated in the estimated budget set out in Annex 2
- Incurred in connection with the action as described in Annex 1 and necessary for its implementation
Financial Management - Eligibility of costs

General conditions for costs to be eligible - Art. 6.1 MGA

- Identifiable and verifiable, in particular recorded in the beneficiary’s accounts in accordance with the accounting standards of the country where the beneficiary is established and with the beneficiary’s usual cost accounting practices

- Comply with the applicable national law on taxes, labour and social security

- Be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency
For unit costs

- A fixed amount per unit determined by the Commission
  Example: SME owners' unit cost
- For average personnel cost (A.1) or for costs of internally invoiced goods and services (D.5) - based on beneficiary’s usual accounting practices

In order to be eligible, unit costs must be:
- calculated by multiplying the number of actual units used to carry out the work by the amount per unit
- the number of units must be necessary for the action
- the units must be used or produced during the action duration
AND
- the beneficiaries must be able to show the link between the number of units declared and the work on the action.
### General conditions for costs to be eligible – Art. 6.1 MGA

<table>
<thead>
<tr>
<th>FORMS OF COSTS</th>
<th>BUDGET CATEGORIES</th>
<th>DIRECT COSTS</th>
<th>Indirect costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Personnel</td>
<td>Subcontracting</td>
</tr>
<tr>
<td>Actual costs</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Unit costs</td>
<td>Yes for</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Average personnel costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- SME owners &amp; Natural person without salary</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat-rate costs</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>
Financial Management - Eligibility of costs

**Budget transfers – Amendment needed?**

The GA allows transfers of budget without amendment, **NOT of tasks.**

<table>
<thead>
<tr>
<th>Budget transfer and reallocation</th>
<th>Amendment needed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>From one beneficiary to another</td>
<td>NO</td>
</tr>
<tr>
<td>From one budget category to another</td>
<td>NO</td>
</tr>
<tr>
<td>Reallocation of Annex 1 tasks</td>
<td>YES</td>
</tr>
<tr>
<td>Transfers between forms of costs (actual costs, unit costs, etc...)</td>
<td>NO</td>
</tr>
<tr>
<td>New subcontracts</td>
<td>YES (strongly advised)</td>
</tr>
</tbody>
</table>
Financial Management - Eligibility of costs

Budget categories: budget transfers

<table>
<thead>
<tr>
<th>Form of costs</th>
<th>Actual</th>
<th>Unit</th>
<th>Unit (EUR/hour)</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Unit</th>
<th>Flat rate 25 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary 1</td>
<td>500.000</td>
<td>0</td>
<td>100</td>
<td>3.213</td>
<td>150.000</td>
<td>0</td>
<td>325.000</td>
<td>0</td>
</tr>
<tr>
<td>Beneficiary 2</td>
<td>0</td>
<td>300.000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>125.000</td>
<td>0</td>
<td>106.250</td>
</tr>
</tbody>
</table>
## Cost categories - Overview

### Eligible costs (per budget category)

<table>
<thead>
<tr>
<th>Eligible costs</th>
<th>A. Direct personnel costs</th>
<th>B. Direct costs of subcontracting</th>
<th>C. Direct costs of fin. support</th>
<th>D. Other direct costs</th>
<th>E. Indirect costs[^2]</th>
<th>Total costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 Employees (or equivalent)</td>
<td>A.4 SME owners without salary</td>
<td>D.1 Travel</td>
<td>D.4 Costs of large research infrastructure</td>
<td>D.5 Costs of internally invoiced goods and services</td>
<td>Flat-rate[^3] 25%</td>
<td>i = 0.25 * (a + b + c + f +</td>
</tr>
<tr>
<td>A2 Natural persons under direct contract</td>
<td>A.5 Beneficiaries that are natural persons without salary</td>
<td>D.2 Equipment</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>A3 Seconded persons [A.6 Personnel for providing access to research infrastructure]</td>
<td></td>
<td>D.3 Other goods and services</td>
<td></td>
<td></td>
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<tr>
<td>Actual</td>
<td>Unit</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Unit</td>
</tr>
<tr>
<td>a</td>
<td>Total b</td>
<td>No hours</td>
<td>Total c</td>
<td>d</td>
<td>e</td>
<td>f</td>
</tr>
</tbody>
</table>

[^2]: Indirect costs

[^3]: Flat-rate 25%
Financial Management - Eligibility of costs

**Personnel Costs** – Overview

- Classification of workforce contracts in H2020
- Calculation of hourly rates
Financial Management - Eligibility of costs

**Personnel Costs – Classifying workforce contracts**

- Is the person hired by the beneficiary via an employment contract? [YES/NO]
- Is the contract concluded with a person or with a company? [YES/NO]
- Is the student hired under a work / training oriented agreement? [YES/NO]
- Any in-house consultants? Do they work on deliverables, or with timesheets like an employee? [YES/NO]
- Is the person provided by a temporary work agency responsible to deliver an action task or to provide a support to the action task? [YES/NO]
Personnel Costs – Classifying workforce contracts

Depending on the Answers, personnel costs shall be budgeted and may be reported under the categories below.

<table>
<thead>
<tr>
<th>Eligible costs per budget category</th>
<th>( a )</th>
<th>( b )</th>
<th>( c )</th>
<th>( d )</th>
<th>( e )</th>
<th>( f )</th>
<th>( g )</th>
<th>( h )</th>
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<tbody>
<tr>
<td>A. Direct personnel costs</td>
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<td>A.1 Employees (or equivalent)</td>
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<td>A.3 Seconded persons</td>
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<tr>
<td>A.6 Personnel for providing access to research infrastructure</td>
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<td>A.4 SME owners without salary</td>
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<td>A.3 Beneficiaries that are natural persons without salary</td>
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<tr>
<td>B. Direct costs of subcontracting</td>
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<td>C. Direct costs of fin. support</td>
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<td>D. Other direct costs</td>
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<td>D.1 Travel</td>
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<td>D.2 Equipment</td>
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<td>D.3 Other goods and services</td>
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<td>E. Indirect costs</td>
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</tr>
<tr>
<td>Flat-rate(^1)</td>
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<td></td>
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<tr>
<td>Formula: ( i=0.25x )</td>
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<tr>
<td>( (a+b+c+f) )</td>
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<td>( +[g]+h+i) )</td>
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</tbody>
</table>

Workforce costs
Beneficiary SuperFly has a contract with company ABC to perform initial tests needed in support of task 5.4.3.

How does SuperFly report these costs?

A: Personnel

B: Other Direct Cost/Other Goods and Services

C: Subcontracting
Beneficiary SuperFly has a contract with company ABC to perform initial tests needed in support of task 5.4.3.

How does SuperFly report these costs?

Correct Reply is B since ABC provides support to the task and is not responsible for carrying out directly some action tasks (S/C) Not A because contract with a Company and not an employment contract.
Company SuperFly has 5 persons working on the project. One of them is an external engineer Mr. Rotor who signed a direct contract for working on the action for the beneficiary under conditions similar to those of an employee.

How does SuperFly report his costs?

A. Personnel
B. Other Direct Cost/Other Goods and Services
C. Subcontracting
Financial Management - Eligibility of costs

Quiz: Personnel Costs – Classifying workforce contracts

Company SuperFly has 5 persons working on the project. One of them is an external engineer Mr. Rotor who signed a direct contract for working on the action for the beneficiary under conditions similar to those of an employee.

How does SuperFly report his costs?

The correct reply is A, external engineer working as in-house consultant under conditions similar to those of an employee but under a contract which is NOT legally the same as for employees. The costs should be reported in Personnel A2.
Company SuperFly has 5 persons working on the project. One of them is an external engineer Mrs. Blade who had won the tender to implement and deliver action task 6.2 web design.

How does SuperFly report her costs?

A. Personnel
B. Other Direct Costs
C. Subcontracts
Financial Management - Eligibility of costs

**Quiz: Personnel Costs – Classifying workforce contracts**

Company SuperFly has 5 persons working on the project. One of them is an external engineer Mrs. Blade who had won the tender to implement and deliver action task 6.2 web design.

**How does SuperFly report her costs?**

The correct reply is **C**: external engineer selected via tendering procedure and is responsible to implement and deliver an action task => Subcontracting

Not A because no direct contract signed
Financial Management - Eligibility of costs

Personnel Costs - Calculation

Hours spent in the project × Hourly rate EUR/hour = Personnel costs

Formula for actual costs & specific unit costs + Additional remuneration

Only eligible for non-profit legal entities
Financial Management - Eligibility of costs

Personnel Costs – Hours worked for the project

Time recording system

- Auditable time recording
- The time-records are authorised at least monthly by the project manager or other superior and should match with activities reported.
- Information included in the time records must be consistent with presences/absences recorded in HR-records
- Minimum requirement for a timesheet and template in the AMGA.
- Person working exclusively on a H2020 Action => declaration should be signed
Financial Management - Eligibility of costs

Personnel Costs – Time recording system (recommended)

| Reference (e.g. work package) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Total |
| Total Hours                  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |

Short description of the activities carried out in the month:

Signed (name of the person working for the action):
Date:
Signature:

Signed (name of the supervisor):
Date:
Signature:
QUIZ – Time reporting

During the 18 months covering the first reporting period of a project, lab technician Mrs. Blade worked 2 months full-time for the project and, for the rest of the period, she spent her time working on this, and on other projects and activities of the company.

How can Mrs. Blade report her time spent on the project?

A. Submit declaration for a Person working exclusively on H2020 action for the whole period

B. Prepare timesheets for the whole period + Additional declaration for 2 months

C. Prepare Declaration for 2 months and Timesheets for the rest of the period
During the 18 months covering the first reporting period of a project, lab technician Mrs. Blade worked 2 months full-time for the project and, for the rest of the period, she spent her time working on this, and on other projects and activities of the company.

How can Mrs. Blade report her time spent on the project?

Prepare timesheets for the whole period + Additional declaration for 2 months

Prepare Declaration for 2 months and Timesheets for the rest of the period

Reply C is accepted: Mrs Blade can sign a declaration on exclusive work for the action for 2 months and monthly timesheets for the rest of the period.

But reply B is recommended: you should take a prudent approach with declarations and use it only for long and continuous period.
Financial Management - Eligibility of costs

**Personnel Costs – Hourly rates**

Personnel costs = Hours spent in the project \times Hourly rate

\[
\text{Annual Personnel Costs*} = \text{Hourly rate} \times \text{Annual Productive Hours*}
\]

*Per full financial year* (main method) but the Beneficiary may choose the alternative method => calculation of the hourly rate *per month*
**Third parties: basics**

**What is a third party?**

A legal entity which carries out work of the action, supplies goods or provide services for the action, but which did not sign the grant agreement.

**What types of third parties?**

1. Third parties directly carrying out part of the work described in Annex 1
   - Subcontractors or Linked third parties

2. Other third parties providing resources, goods or services to the beneficiaries for them to carry out the work described in Annex 1
   - Contracts (for purchase of goods and services) or In-kind contribution
Financial Management - Eligibility of costs

**Subcontracting Costs**

If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1 (*see Article 13 of MGA*).

*Subcontracting may cover only a limited part of the action.*

**Eligibility conditions:**

- Best value for money and no conflict of interest
- Subcontracting must be declared as actual costs
- Indirect costs are not applicable
- **NOT allowed:** Subcontracting between beneficiaries/ to affiliates / Coordination tasks
Financial Management - Eligibility of costs

**Other Direct Costs**

Financial Statement Column “D”

<table>
<thead>
<tr>
<th>D. Other direct costs</th>
<th>[D.4 Costs of large research infrastructure]</th>
<th>D.5 Costs of internally invoiced goods and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1 Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.2 Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.3 Other goods and services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 5 cost categories (but 3 reporting sub-columns)
- 2 forms of costs
- D.4 LRI: GA option needed *(article.6.2.D.4)* and positive ex-ante assessment required
Financial Management - Eligibility of costs

Other Direct Costs: 5 categories

D.1 Travel:
- travel costs and related subsistence allowances e.g. tickets, accommodation etc... related to action task

D.2 Equipment:
- either depreciation costs of equipment, infrastructure or other assets
- or costs of renting or leasing of equipment, infrastructure or other assets
- or costs of equipment, infrastructure or other assets contributed in-kind against payment.

D.3 Other goods and services
- Consumables, supplies, dissemination (including open access), protection of results, CFS, translations, publications, IPR, etc
- Should be used during the project duration
- Purchased by beneficiary in accordance with Article 10.1.1 (best value for money and conflict of interest) or provided by contributor in kind against payment and in accordance with Article 11.1 (e.g. set out in DoA, reimbursement of costs and not market price)
Financial Management - Eligibility of costs

**Other Direct Costs**: 5 categories

**D.4 Large research infrastructure:**
- ✓ Capitalized costs and operating costs of research infrastructure* used for the action. (*Value of EUR 20 million representing at least the 75% of the fixed assets)
- ✓ Used in the action
- ✓ Methodology already and positively assessed by the European Commission

**D.5 Internally invoiced goods and services**
- ✓ Costs for goods and services which the beneficiary itself produced or provided for the action.
- ✓ Directly used for the action and during the project duration
- ✓ Must be declared as unit costs
Financial Management

Reporting in the H2020 tool for FINAL PERIOD
The reporting should be done via the H2020 IT tools SYGMA.

Electronic submission only and following the single submission rule

⇒ All reports should be submitted via the Coordinator within 60 days after the end of the reporting period:

- **Technical reports**: Final core report, Critical risks, Deliverables, Milestones, Publishable summary and Questionnaire.

- **Financial reports**: Financial statements (Form C and Adj. Form C if needed), Use of resources, CFS (if required), TPC and CTPC (if required).
Financial Management - Reporting

Financial reports – UoR

As the UoR in SYGMA does not provide the same level of information as the excel file used in GMT2 and in order to ensure a good level of analysis and control, it was agreed for the reporting 2018 that each beneficiary continues to provide the UoR in excel format in addition to the one of SYGMA.

Same approach will be followed for the reporting 2019. Instructions to be followed by email.

Use of Resources (UoR) – 2 different documents:

1. SyGMa (summarized information)
   - Personnel costs: provide PM per WP
   - Subcontracting & ODC: insert amount + make reference to details in Excel file
Financial reports – UoR

2. Excel file (exhaustive information): The JU needs adequate back-up and supporting info in particular to deviations / variances in order to process the cost claims expediently.

- Use the spreadsheet provided as a preferred and pre-agreed format.
  Fill in only the tab(s) applicable to the GAM

- All cost categories must be fully detailed (no limitation to 15% for ODC)

- Personnel costs: explanations in case of deviations / variances with respect to Annex I
Financial reports – UoR

- WP aggregation level (WP L3 or WP L4...) selected by Coordinators based on their judgment and ‘at their own risk’ => prior check with PO is recommended

- Subcontracting / ODC: all costs should be explained; ODC travel costs can be aggregated (mentioning date & place)

- File to be provided to the PO and FO by **01.03.2020**; this file will be uploaded by the JU in SyGMA
## Financial Management - Reporting

### Financial reports – UoR

<table>
<thead>
<tr>
<th>Personnel costs (PC)</th>
<th>Actual number of P/M + associated WP + explanation in case of deviation wrt Annex 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subcontracting costs</strong></td>
<td>Clear description of each subcontracting cost (incl. name of subcontractor), associated WP and explanation if not foreseen in Annex 1</td>
</tr>
</tbody>
</table>
| **Other direct costs**
  *No limitation to 15% of PC* | Clear description of all costs incurred (date and place of meeting for travels, depreciation method for equipments,...), Category of costs (Travel, Other goods and services, Equipments, ...), associated WP and explanation if not foreseen in Annex 1 |
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)

⇒ CFS will be required in 2020 for the costs claims 2018 and 2019 if the threshold is reached (final period)
⇒ Reminder: If a cost claim is covered by an ex-post audit the related CFS for the period is not necessary
Financial reports – CFS

At Final reporting period, the system calculates automatically if the threshold is reached (325k). If the CFS is required, the upload of the CFS is mandatory for submitting the final reports.

⇒ The signed scanned copy should be uploaded in SYGMA and the original hardcopy should be kept by the Beneficiary/Linked third party.

The CFS costs shall be claimed in the Financial statement 2019 (under Other Goods & Services) – NO further adjustment will be accepted since the GAM 2018-19 will then be closed.
Financial reports – CFS

The mandatory CFS template is composed of 3 documents (Annex 5 of GAM – last available version)

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
Once all reports are submitted via the single submission tool => 3 options:

I. All reports are accepted => assessment + validation + payment

II. Request for additional information => 15 days for beneficiaries to reply via the coordinator, automatically resumed after the deadline

III. Rejection of reporting package => 15 days for beneficiaries to resubmit the corrected reports via the coordinator
Payment of the Balance

The amount due as the balance is calculated by the JU by deducting the total amount of pre-financing and interim payments (if any) already made, from the final validated contribution.

### Example:

- JU contribution (GA – 2 RP) 100.000 €
- Max 90% for Interim payments 90.000 €
- GF retention (5%) 5.000 €
- Initial pre-financing 60% (incl. GF) 60.000 € (1) (55 k net to Coord.)
- RP1 validated contributions 55.000 €
- RP1 paid (up to 90%) 30.000 € (2)
- RP2/FP validated contributions 40.000 €
- Total validated contribution (RP1 & RP2) 95.000 € (3)

\[
Payment of the balance = (3) - (1) - (2) = 5.000 €
\]

Release of GF to Coord.

\[
5.000 €
\]

\[
10.000 €
\]
Financial Management - Reporting

**TIMELINE – Final reporting period**

- **01/03/2020**
  - Deadline for submission of all reports

- **June 2020**
  - Deadline for Payment
  - 90 days for assessment and payment

- **Release of GF**
  - Project closed

**Reports not approved**

- A. Request for additional information
  - \( \Rightarrow \) Max 15 days to reply

- OR

- B. Rejection of reporting package (for correction)
  - \( \Rightarrow \) Max 15 days to resubmit

**Reports approved**

- Payment released
  + 30 days to request a payment review procedure

- Release of the GF if no observation submitted

- Project closed
Ex-post implementation for GAM 2018-2019
Since the GAMs 2014-2017 are closed, the results from ex-post audits (detected error / extrapolation) will be implemented through recovery orders issued directly to the beneficiary concerned.

From the GAMs 2018-19 onwards, the results from ex-post audits will be implemented in Sygma until the payment of the balance.
IMPLEMENTATION EX POST – HOW IT WORKS

**AUDIT CLOSURE**
Letter of Conclusion (LoC) and Final Audit Report (FAR) sent to beneficiary

- In favour of beneficiary
- Proceed with adjustment

**EXTENSION OF AUDIT FINDINGS CLOSURE (EXTRAPOLATION)**

- In favour of JU
- Audit implementation/Extension of findings

- Ongoing project
  - Request via coord (next REPA)
  - Payment to coord
  - REPA

- Closed project
  - Request via coord (compl. payment)
  - Restrictions apply

- Complementary payment (only if total paid < Max Grant Amount)

- Closed project
  - Cost adjustments
  - Calculation amount to recover

  - Pre-info letter to beneficiary

- Ongoing project
  - Cost adjustments
  - Offset at payment calculation

  - Payment letter to coordinator
New GAM 2020-2021
Financial Management

New GAMs 2020-2021

- End July: Stage 1 / call open (GAM preparation)
- End Sept: Stage 1 closed
- Stage 2 open => GAM elaboration until 30/11 (GAM + Annexes)

Proposed scenario presented in the last PCC meeting:

- Envelope foreseen for GAMs signed in 2019 = 145-150 M€
  - Batch 1: all SPDs except LPA / AIR proposed to be signed by end of year

- Early 2020: possibility to sign the other GAMs
  - Batch 2: LPA and AIR to be signed by early January 2020
Financial Management

New GAMs 2020-2021

Beneficiaries’s responsibilities before signature of the GAM

• Each Legal Entity participating to the GAM should ensure that their LEAR has been properly appointed and that the minimum configuration of the Identity and access management (IAM) is ensured:

  The **minimum configuration** is:
  - 1 LEAR per organisation
  - The Primary Coordinator Contact
  - 1 Participant Contact per beneficiary
  - 1 Legal Signatory per organisation
  - 1 Financial Signatory per organisation

• The SPD coord will have to check whether the list of benef are up-to-date;
• For each beneficiary of the GAM, SPD Coord (all SPDs) to input contact details.
Reference documents

H2020 Annotated Model Grant Agreement (last version 26/06/2019):

Clean Sky website:
http://www.cleansky.eu/key-documents
REPORTING AND PAYMENT

FUNDING AND TENDER OPPORTUNITIES PORTAL

23/10/2019
✓ **Continuous** Reporting
✓ **Periodic** Reporting
✓ **Final Reporting**

- Project starts
- End period 1
- Project ends

- Continuous Reporting
- Periodic
- Final
Funding & Tender Opportunities Portal

Single entry point (the Single Electronic Data Interchange Area) for Applicants, Contractors and Experts in funding programmes and procurements managed by the European Commission
Funding & tender opportunities
Single Electronic Data Interchange Area (SEDIA)

The Funding and Tenders Opportunities Portal is the single entry point (the Single Electronic Data Interchange Area) for applicants, contractors and experts in funding programmes and procurements managed by the European Commission.

Find calls for proposals and tenders

Search calls for proposals and tenders by keywords, programmes...

What are calls for proposals?
What are calls for tenders?
How to participate in 5 steps

Calls for proposals by EU Programme

News
Other funding and data
### My Project(s)

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Call</th>
<th>Program</th>
<th>Project</th>
<th>Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALGeSMo</td>
<td>H2020-CS2-CFP02-2015-01</td>
<td>H2020</td>
<td>717179</td>
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<tr>
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<td>H2020</td>
<td>820819</td>
<td>Active</td>
</tr>
</tbody>
</table>

See p 64
Continuous Reporting

Deliverables plus Reporting information that can be entered at any time during the life of the project
Continuous Reporting

Activated at the time project starts
Summary for Publication

- All fields are mandatory
- Strongly recommended to upload at least one image under "Images attached to the Summary for publication"

Summary of the context and overall objectives of the project (For the final period, include the conclusions of the action)

[No text provided]

Work performed from the beginning of the project to the end of the period covered by the report and main results achieved so far (For the final period please include an overview of the results and their exploitation and dissemination)

[No text provided]
Deliverables, ...(1)

Upload / Comment

Allowed formats: doc, docx, odt, rtf, pdf, csv, zip

---

All H2020 Deliverables flagged with the dissemination level 'PUBLIC' will be published in Cordis. A warning message will be now displayed when a public deliverable is submitted to makes Project Officers aware that, once approved, the deliverable will be sent to Cordis for publication.
- Before submission a comment can be added and user is asked for confirmation whether s/he wants to submit
- Each time a deliverable has been submitted, the EU Officers will be notified
- Each time the EU Officers reject the deliverable, the Coordinator Contacts and the Participant Contacts are notified through the Participant Portal Notification System
### Deliverables, Ethics, DMP, Other Reports

<table>
<thead>
<tr>
<th>WP</th>
<th>De</th>
<th>Del</th>
<th>Title</th>
<th>Description</th>
<th>Lea</th>
<th>Natur</th>
<th>Disser</th>
<th>Est. Del</th>
<th>Receipt</th>
<th>Approval I</th>
<th>Status</th>
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<tr>
<td>WP6</td>
<td>D6.2</td>
<td>D28</td>
<td>High-level Fusion</td>
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<td>ISM</td>
<td>Demc</td>
<td>Confi</td>
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<td>Demc</td>
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<td>Demonstrates the Monica Decision Support platform</td>
<td>CNE</td>
<td>Demc</td>
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<td></td>
<td>Pending</td>
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<td>D7.1</td>
<td>D33</td>
<td>Testing and Integration Plan</td>
<td>Testing and Integration Plan describing test m...</td>
<td>ATC</td>
<td>Repo</td>
<td>Publi</td>
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<td>D34</td>
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<td>Describes the deployment view of the MONICA pla...</td>
<td>ATC</td>
<td>Other</td>
<td>Confi</td>
<td>31 Oct</td>
<td>31 Oct</td>
<td>Submi...</td>
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</tr>
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<td>D7.3</td>
<td>D35</td>
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<td>Describes the deployment view of the MONICA pla...</td>
<td>ATC</td>
<td>Other</td>
<td>Confi</td>
<td>31 Dec</td>
<td></td>
<td>Pending</td>
<td></td>
</tr>
<tr>
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<td>D7.4</td>
<td>D36</td>
<td>Annual Platform D</td>
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<td>ATC</td>
<td>Other</td>
<td>Confi</td>
<td>30 Jun</td>
<td></td>
<td>Pending</td>
<td></td>
</tr>
<tr>
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<td>D7.5</td>
<td>D37</td>
<td>The MONICA Devel</td>
<td>An open source development toolbox and generic...</td>
<td>CNE</td>
<td>Other</td>
<td>Publi</td>
<td>31 Dec</td>
<td></td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>WP7</td>
<td>D7.6</td>
<td>D38</td>
<td>The MONICA Devel</td>
<td>An open source development toolbox and generic...</td>
<td>CNE</td>
<td>Other</td>
<td>Publi</td>
<td>31 Dec</td>
<td></td>
<td>Pending</td>
<td></td>
</tr>
<tr>
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<td>D8.1</td>
<td>D39</td>
<td>Site Surveys and P</td>
<td>Detailed site surveys describing the pilots inf...</td>
<td>FRA</td>
<td>Repo</td>
<td>Publi</td>
<td>31 Oct</td>
<td></td>
<td>Approval I</td>
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</tr>
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<td>Reports on the demonstration progress of each p...</td>
<td>FRA</td>
<td>Repo</td>
<td>Publi</td>
<td>31 Dec</td>
<td></td>
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<td>D42</td>
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<td>Define how impact assessment shall be done in a...</td>
<td>LBL</td>
<td>Repo</td>
<td>Publi</td>
<td>30 Sep</td>
<td>30 Sep</td>
<td>Submi...</td>
<td></td>
</tr>
</tbody>
</table>
The milestones entered during the Grant Preparation are displayed here. It has to be indicated whether the milestone has been achieved or not and select the delivery date.
**Critical Risks (1)**

- Foreseen risks have already been indicated at the Grant Agreement Preparation phase and are automatically displayed.
- Unforeseen risks can be added.
- The State of play for any risk (both unforeseen and foreseen) can be updated.

---

### Critical Risks

#### Foreseen Risks (Annex-I)

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Work Package No.</th>
<th>Risk Mitigation Measures</th>
<th>State of the Play</th>
<th>State of the Play</th>
<th>State of the Play</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Scientific and technical (MED)</td>
<td>2, 3, 4 ...</td>
<td>Written alert sheet transmitte</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Human (MEDIUM) Resignation</td>
<td>1, 2, 3 ...</td>
<td>Back-up available for each dev</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>External (LOW) Difficulties for</td>
<td>1, 2, 3 ...</td>
<td>Application of the plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Financial (LOW) Grant Financ</td>
<td>1</td>
<td>To ask during negotiation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Project duration is underestimated</td>
<td>1, 2, 3 ...</td>
<td>The management team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Exploitation of results (LOW)</td>
<td>7</td>
<td>The aim of the WP7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Unforeseen Risks

There are no unforeseen critical risks.
Under Horizon 2020, each Beneficiary must ensure open access to all peer-reviewed scientific publications relating to its results.

Note:
Suggested publications from OpenAIRE: a list of publications that could be linked to the project and available in Open Access repositories, collected by OpenAIRE

Project publications: shows the publications which the Consortium has confirmed as linked to the project (by clicking on a suggested publication and clicking on Import Publication)
Dissemination & Communication Activities

Specify the total funding amount used for Dissemination and Communication activities linked to the project.

Total Funding Amount

Specify the number of Dissemination and Communication activities linked to the project for each of the following categories:

- Organisation of a Conference
- Organisation of a Workshop
- Press Release
- Non-scientific and non-peer-reviewed publication (popularised publication)
- Exhibition
- Flyer
- Training
- Social Media
- Website
- Communication Campaign (e.g. Radio, TV)
- Participation to a Conference
- Participation to a Workshop
- Participation to an Event other than a Conference or a Workshop

0
### Dissemination (2)

Specify the estimated number of persons reached, in the context of all dissemination and communication activities, in each of the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video/Film</td>
<td>0</td>
</tr>
<tr>
<td>Brokerage Event</td>
<td>0</td>
</tr>
<tr>
<td>Pitch Event</td>
<td>0</td>
</tr>
<tr>
<td>Trade Fair</td>
<td>0</td>
</tr>
<tr>
<td>Participation in activities organized jointly with other H2020 projects</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
<tr>
<td>Scientific Community (Higher Education, Research)</td>
<td>1500</td>
</tr>
<tr>
<td>Industry</td>
<td>350</td>
</tr>
<tr>
<td>Civil Society</td>
<td>200</td>
</tr>
<tr>
<td>General Public</td>
<td>10000</td>
</tr>
<tr>
<td>Policy Makers</td>
<td>150</td>
</tr>
<tr>
<td>Media</td>
<td>250</td>
</tr>
<tr>
<td>Investors</td>
<td>0</td>
</tr>
<tr>
<td>Customers</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
</tr>
</tbody>
</table>
Patents (IPR)

- This project does not have any Registered Intellectual Property Right yet.

Important: If a filed application is rejected by the IPR authority during the course of the EU funded action (the project’s duration) then you must remove the concerned item from the IPR list.

There are no Intellectual Property Right registered.
## Innovation

<table>
<thead>
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<th>Activity</th>
<th>Count</th>
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</thead>
<tbody>
<tr>
<td>Prototypes</td>
<td>0</td>
</tr>
<tr>
<td>Clinical Trials</td>
<td>0</td>
</tr>
<tr>
<td>Testing Activities (Feasibility/Demo)</td>
<td>0</td>
</tr>
<tr>
<td>Companies Introducing Innovation(s) new to the market</td>
<td>0</td>
</tr>
<tr>
<td>How many of these are SMEs?</td>
<td>0</td>
</tr>
<tr>
<td>Companies Introducing Innovation(s) new to the company</td>
<td>0</td>
</tr>
<tr>
<td>How many of these are SMEs?</td>
<td>0</td>
</tr>
</tbody>
</table>

**Does the project include the following activities and, if so, how many of each?**

**Will the project lead to launching one of the following into the market?**

(please tick all relevant boxes)

- New product (goods or service) (Crossed out)
- New process (Crossed out)
- New method (Crossed out)

**How many private companies in your project have introduced or are planning to introduce innovations?**

(within the project lifetime or 3 years thereafter)
The **Open Data questionnaire** is available for all standard H2020 projects in which **Art. 29.3** ("Open access to research data") of the Model Grant Agreement applies.

If your dataset is:

- **openly accessible/reusable** – give your **Digital Object Identifier (DOI)** (if available)
- **linked to a publication** – give the DOI of the publication.

**Accessible** means Open Access, defined as free internet access for anyone. Answer is "yes" if the open access to the data is already established or if it will be established after an embargo period.

**Re-usability** has 2 aspects:
- **technical** - the technical standards used are compatible
- **legal** - the necessary rights are in place for other users to use the dataset.
Gender

Note: list of Beneficaries updated automatically in case of UTRO (Declared male /female numbers transferred automatically)
At the END of the project

FINAL REPORTING

Payment of the Balance
Reporting and Payment
End of PROJECT

!!!! Deadline for submission of Reports:

60 days after the end of the Project (G.A. ➔ Art 20.3 – 20.4)
All beneficiaries receive a notification at the end of the Project

1. **All Beneficiaries:**
   - contribute to the **technical** Part of the Report
   - complete their own **Final Financial** Statement
   - **Final** reporting requirements – including **CFS**
   - **PFSIGN** (of each Beneficiary) e-signs and submits the Financial Statement to the Coordinator

2. **The Coordinator approves & submits the elements**
   (Technical part and Financial Statements) of the Report

3. **The EU Services review the submitted Reports and accept or reject them**
   - Deadline for payments: 90 days after first submission (subject to approval of the FINAL REPORT)
   - If report incomplete – Session back to coordinator ➔ Suspension of the payment deadline

4. **Payment of the Balance**
Payment of the Balance (4 steps)

Step 1 → Based on financial statements (EU contribution = eligible costs approved * reimbursement rate)

Step 2 → Limit to maximum grant (Article 5.1) - minimum

Step 3 → Reduction due to the no-profit rule (deduction if: Step 2 + \( \Sigma \) Receipts – total eligible costs > 0)

Step 4 → Reduction due to improper implementation or breach of other GA obligations @ PoB

Final Grant amount ⇒ Min | Step 3 | ; | Step 4 |
How are financial statements for linked third parties in Horizon 2020 grants prepared and submitted?

Technically, for the encoding of data in the financial Part of the third party in the reporting system, there are 2 possibilities:

- the Third Party transmits the data offline to the beneficiary, and a person of the beneficiary with access rights encodes the data
- the Beneficiary gives temporary access rights (as “task manager” of the beneficiary) to a trusted person of the third party for encoding the data

In any case, the financial Part of the third party, once encoded, must be printed, signed on paper by the third party and kept in the project (paper) file of the beneficiary.
Participant Contacts, Project Financial Signatories or Task Managers can contribute to the scientific report; the Coordinator Contact can finish the drafting and lock the data in order to review the generated report.
HOW TO PARTICIPATE
REFERENCE DOCUMENTS / H2020
TEMPLATE and FORMS
PROJECT REPORTING TEMPLATES
Technical Part of Final Reporting
Lock for review

Task to be performed by the Coordinator
Technical Part of Final Reporting
Accept & Include

Task to be performed by the Coordinator

Reject this report item. The beneficiary will be requested to restart the drafting.
Financial Statement
Complete data

Task to be performed by each Beneficiary
Cost declaration – UoR - Reminder

As the UoR in SYGMA does not provide the same level of information as the excel file used in GMT2 and in order to ensure a good level of analysis and control, it was agreed for the reporting 2018 that each beneficiary continue to provide the UoR in excel format in addition to the one of SYGMA. Same approach will be followed for the reporting 2019. Instructions to be followed by email.

Use of Resources (UoR) – 2 different documents:

1. **SyGMA** *(summarized information)*

2. **Excel file** *(exhaustive information)*: Extra ZIP FILE to be submitted to CLEANSKY (via SHAREPOINT or via e-mail to PO/FO)
   For each Beneficiary, detailed EXCEL tables with all costs categories + explanation of deviations.

=> See detailed slides in general presentation on “Financial Management”
Cost declaration\(^{(1)}\)

**Personnel: actual or unit costs**
- Number of PM broken down per WP
- Amounts and description if in kind contribution from third parties

**Subcontracting: actual costs paid for subcontracts (usually in Annex 1)**
+ Third parties – in kind contribution not used on the premises (Art 11 & 12 + Annex 1)
  - Breakdown of total + explanation + if foreseen in Annex 1
  - Details to be provided if not foreseen
    → explicit approval from the PO is required during the payment process
      (no need to process amendment before approving)

**Other direct costs: actual incurred for**
- Travel & subsistence, Equipment, Costs of other goods and services, Costs of large research infrastructures
  - Explanation needed for all claimed costs
    → Cost, description, WP, if foreseen in Annex 1, explanation if not
  - Amounts and description if in kind contribution from TP

**Direct costs of Fin Support to TP (Art. 15 + Annex 1)**
- Breakdown per item in cost & description
Some costs have an editable field, others have a link to click. Some have a Use of Resources to complete Link to 'How to complete your financial statement' in the PP.
The personnel costs calculation wizard is offered within the Reporting module as a help for Beneficiaries to report on personnel costs → Optional, voluntary basis

Attach CFS !!!!! certificate if total contribution of EUR 325 000 or more

See next slide
Beneficiaries can go through the different steps of the wizard.

A series of questions (e.g. *Type of reporting – per full financial year or per month*, if adding persons working on the action what is the *Work contract type* ...) will capture the necessary information for the wizard to calculate the total personnel costs.

→ At the end of the process the respective field in the financial statement will be filled in with that amount.

Link to the **User manual**:  
https://webgate.ec.europa.eu/fpfis/wikis/display/ECResearchGMS/How+to+use+the+Personnel+Costs+Wizard
### Financial Statement

**Fill in data (1)**

**Direct Personnel costs as actual costs**

**Direct Personnel costs declared as unit costs**

#### Financial Statement

<table>
<thead>
<tr>
<th>Period</th>
<th>Adjustment</th>
<th>Requested Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/07/2015 - 03/03/2016</td>
<td>No</td>
<td>0.00 €</td>
</tr>
</tbody>
</table>

#### Financial Statement for period ‘1’ (04/07/2015 - 03/03/2016)

**Eligible costs:**

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Unit Cost</th>
<th>Number of Units</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Direct personnel costs declared as actual costs</td>
<td></td>
<td></td>
<td>120,000.00 €</td>
</tr>
<tr>
<td>b) Direct personnel costs declared as unit costs (average cost)</td>
<td></td>
<td></td>
<td>0.00 €</td>
</tr>
<tr>
<td>c) Direct personnel costs declared as unit costs</td>
<td></td>
<td></td>
<td>0.00 €</td>
</tr>
</tbody>
</table>

**Persons/month per WP**

<table>
<thead>
<tr>
<th>No.</th>
<th>Person Months</th>
<th>Associated Work Package</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>(none)</td>
<td></td>
</tr>
</tbody>
</table>

**Use of in kind contribution from third party**

There are no Use of Resources provided.
Direct Costs of subcontracting

Direct Cost of providing financial support to third parties

Financial Statement
Fill in data (2)
Financial Statement
Fill in data (3)

Other direct Costs

Financial Statement

Financial Information from contract
No contribution requested?
- Yes  - No

Financial Statement for period '1' (04/07/2015 - 03/03/2016)

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Unit Cost</th>
<th>Number of Units</th>
<th>Subtotal</th>
<th>Total</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Direct personnel costs declared as actual costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Direct personnel costs declared as unit costs (average costs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Direct personnel costs declared as unit costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c1) SME owner/Natural person costs</td>
<td>33.92 €</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Direct costs of subcontracting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Direct costs of providing financial support to third parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Other direct costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Requested Contribution: 181,250.00 €

Other direct costs

Explanation of major cost items if the amount exceeds 15% of personnel costs

Amount to be explained: € 7000

<table>
<thead>
<tr>
<th>No.</th>
<th>Costs</th>
<th>Short Description</th>
<th>Category</th>
<th>Associated Work Package</th>
<th>Foreseen In Annex I</th>
<th>Explanations (If not foreseen in Annex I)</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>(none)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Equipment
Other goods and services
Travel

Use of in kind contribution from third party

Ok  Cancel
In-kind contribution to operational activities:

**IKOP** consists of the costs incurred by the private members in implementing the actions less the JU contribution and any other Union contribution to those costs. The costs shall be determined in accordance with the usual cost accounting practices of the entities concerned.

The Total project costs (TPC) including IKOP should be declared under the dedicated field “t” and these costs shall be certified by an independent external auditor appointed by the entity concerned if the IKOP amount reached the threshold of EUR 325,000.

=> See detailed slides in general presentation on “In-Kind Contributions”
## Financial Statement

### Use of Resources summary

| Project Number | 781643 |
| Acronym        | 781043 REPA TRAINING PROJECT: REPA 4 |
| Period Number  | 1 |
| Period covered | From 04/07/2015 to 03/03/2016 |
| Beneficiary Number | 1 |
| Beneficiary Short Name | Shortname for 966984508 |

### Direct personnel costs

1. Direct personnel costs declared as actual costs

<table>
<thead>
<tr>
<th>Person Months</th>
<th>Associated Work Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>30</td>
<td>1</td>
</tr>
</tbody>
</table>

2. Direct personnel costs declared as unit costs (average costs)

   No use of resources was specified for this category.

3. Use of in-kind contribution from third party

   No use of resources was specified for Direct costs.

### Direct costs of subcontracting

<table>
<thead>
<tr>
<th>Description</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Direct costs of providing financial support to third parties

<table>
<thead>
<tr>
<th>Description</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Additional information for indirect costs:

- Use of costs of in-kind contributions not used on premises? (a) Yes ☐ No ☐

---

**Financial Statement for period 04/07/2015 - 03/03/2016**

**Eligible costs:**

- 1

**Cost Category**

- a) Direct personnel costs declared as actual costs
- b) Direct personnel costs declared as unit costs
- c) Direct personnel costs declared as in-kind contribution
  - c1) SME owner/Natural person
- d) Direct costs of subcontracting
- e) Direct costs of providing financial support to third parties
- f) Other direct costs
- g) Indirect costs = 0.25 * (a + b + c + d + e + f)
- h) Total costs = a + b + c + d + e + f + g + h + i + k + l + m + n
- i) Receipts
- j) Maximum EU contribution (100%)
- k) Requested EU contribution

**Total**

- 20,000.00 €
- 0.00 €
- 0.00 €
- 0.00 €
- 0.00 €
- 0.00 €
- 25,000.00 €
- 36,250.00 €
- 181,250.00 €
- 181,250.00 €
2 different documents:

1. **SyGMA** *(summarized information)*

2. **Excel file** *(exhaustive information)*: Extra ZIP FILE to be submitted to CLEANSKY (via SHAREPOINT or via e-mail to PO/FO). For each Beneficiary, detailed EXCEL tables with all costs categories + explanation of déviations.

=> See detailed slides in general presentation on “Financial Management”
Financial Statement
Lock for review → PDF

This action will freeze the data (prevent changes) and generate a PDF document.
Financial Statement
Sign & Submit

The Project Financial Signatory is invited to electronically sign the financial report and submit it to the Coordinator, who may then include it in the periodic report.

The beneficiary hereby confirms that:
- The information provided is complete, reliable and true.
- The costs declared are eligible (see Article 6).
- The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 17, 18 and 22).
- For the last reporting period: that all the receipts have been declared (see Article 5.3.3).
Financial Statement "Sent to Coordinator"
Financial Statement to be included

Coordinator approves by including in the Final Report
When Financial Statements have status

- "Accepted by COO"
  ("included" see previous page)
- "Submitted to EU »

 possibilità to extract:
- Use or Resources to PDF
- Financial Statements summary to EXCEL
Once the elements of the Periodic Report are approved, the Periodic Report can be submitted to the EU Services in one single submission.

Only users with the role Primary Coordinator Contact and Coordinator Contact can perform this action.

If Submission not done within the 60 days, a Reminder will be sent by Cleansky (7 days after deadline).
EU Officers can:

- accept
- ask for revisions → Suspension Letter → modify reports
- or ask for additional information → Suspension Letter → send document with information
IF you have received less than the final grant amount → EU makes 2 payments (to cover the Balance and to release your contribution to the Guarantee Fund)
If Reports accepted by EU
→ Attachments

→ Process closed

Interim Payment Letter - 2

- Financial Statement Assessment (per participant)
- Payment of the Balance Letter to Coordinator
- Financial Situation (project overview)
- Payment Calculation Sheet

Project Overview

<table>
<thead>
<tr>
<th>N°</th>
<th>Official name</th>
<th>Type</th>
<th>Expected cost</th>
<th>Requested EU contribution</th>
<th>Accepted (€)</th>
<th>RPS accepted (€)</th>
<th>Rejected (€)</th>
<th>Accepted (€)</th>
<th>RPS accepted (€)</th>
<th>Rejected (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>130,697.60</td>
<td>37,060.00</td>
<td></td>
<td>130,697.60</td>
<td>37,060.00</td>
<td></td>
</tr>
</tbody>
</table>

Payment Calculation Sheet

Current Reporting Period

<table>
<thead>
<tr>
<th>N°</th>
<th>Full official name</th>
<th>Type</th>
<th>Declared</th>
<th>Rejected</th>
<th>Accepted</th>
<th>Reimbursement rate</th>
<th>EU Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>202,343.84</td>
<td>0.00</td>
<td>202,343.84</td>
<td>70%</td>
<td>141,704.42</td>
</tr>
</tbody>
</table>

Consolidation

Total:

<table>
<thead>
<tr>
<th>PF</th>
<th>RP1</th>
<th>RP2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid</td>
<td>286,860.00</td>
<td>37,060.00</td>
</tr>
<tr>
<td>Cumulative paid</td>
<td>286,860.00</td>
<td>333,774.00</td>
</tr>
<tr>
<td>GF (contribution to coordinator, for the action)</td>
<td>-18,543.00</td>
<td>18,540.00</td>
</tr>
</tbody>
</table>
The Funding & Tenders Portal is the entry point (the Single Electronic Data Interchange Area (SEDIA)) for funding opportunities and collaborations, participants and experts in funding programmes and tenders managed by the European Commission and other EU bodies.

IT Helpdesk Contact Form

IT Helpdesk answers to your questions about the Funding & Tenders Portal tools and processes.

For any questions about European research and the EU research and innovation programmes, please contact Research Enquiry Service and Participant Validation.

Before contacting our IT Helpdesk, please check our Frequently Asked Question (FAQ) section.

First Name
Last Name
Type in the characters
The last name is not valid
Email
Phone
## Private members’ contributions

<table>
<thead>
<tr>
<th>Area of contribution</th>
<th>Form of contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution to the running cost of the JU (administrative expenditure)</td>
<td>Cash contribution (50%)</td>
</tr>
<tr>
<td>Contribution to the cost related to the JU work plan (operational expenditure)</td>
<td>In-kind contribution (IKC); in-kind contribution to the operational cost (IKOP)</td>
</tr>
<tr>
<td>Contributions incurred by implementing additional activities outside the work plan of the JU contributing to the objectives of the broader Clean Sky Joint Technology Initiative.</td>
<td>In-kind contribution (IKC); additional activities (IKAA)</td>
</tr>
</tbody>
</table>
Article 4(4) of the Regulation on valuing the in-kind contributions

For the purpose of valuing the contributions ... (both IKOP and IKAA) .... the costs shall be determined in accordance with the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where the entity is established, and to the applicable International Accounting Standards and International Financial Reporting Standards. The costs shall be certified by an independent external auditor appointed by the entity concerned. The valuation method may be verified by the Clean Sky 2 Joint Undertaking should there be any uncertainty arising from the certification. For the purposes of this Regulation, the costs incurred in additional activities shall not be audited by the Clean Sky 2 Joint Undertaking or any Union body.
IKOP reporting

• IKOP reporting: in SyGMA together with the reporting of the GAMs (from 2018 reporting period)

• Based on Total Project Costs (TPC)

• Calculation methods remained the same:
  - Method A: based on H2020 eligibility criteria (unfunded 30%)
  - Method B: based on usual cost accounting practices

• Reported TPC has to be equal or higher than eligible project cost - > can not be lower!
IKOP reporting

• **Method A**: the TPC is equal to the total eligible costs as reported in the Form C and therefore, the unfunded part (up to 30%) of the total eligible H2020 project cost declared constitutes the IKOP. Hence, IKOP established according to this method is valued according to the eligibility criteria of the H2020 programme. The In-Kind contribution is certified through the Certificate on Financial Statements (CFS) covering the total eligible project cost.

• **Method B**: the member declares the TPC of the project calculated according to its usual accounting practice and as far as applicable in line with national and international standards on accounting and financial reporting. Therefore, the TPC need to be certified by an external auditor according to the specific methodology and terms of reference (ToR) provided by the JU, independently from the H2020 eligibility criteria.
IKOP is calculated by the JU as the difference between the reported Total Project Cost (TPC) and the validated JU Contribution (JUC):

\[\text{IKOP} = \text{TPC} - \text{JUC}\]
IKOP reporting is done in **SyGMA**: dedicated field (t):

(t) “Total project cost including IKOP”

Always declare your calculated total project cost (TPC)!

Possibility to upload certificate (CTPC):
IKOP reporting
Method A - H2020 eligibility

Total Eligible Costs declared in the GAM:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>k) Total Costs (incl. Indirect costs 25%)</td>
<td>250.000</td>
</tr>
<tr>
<td>if IKOP method A =&gt; Repeat the same amount</td>
<td></td>
</tr>
<tr>
<td>t) Total project cost including IKOP</td>
<td>250.000</td>
</tr>
</tbody>
</table>

IKOP will be calculated by CSJU as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>o) Validated JU contribution (70% of Total Eligible Costs)</td>
<td>175.000</td>
</tr>
<tr>
<td>IKOP = Total Project Costs - JU contribution</td>
<td>75.000</td>
</tr>
</tbody>
</table>
### IKOP reporting

**Method B - Total project cost**

Total Eligible Costs declared in the GAM:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>k) Total Costs (incl. Indirect costs 25%)</td>
<td>250,000</td>
</tr>
</tbody>
</table>

If IKOP method B $\Rightarrow$ **Total Project Costs** calculated according to usual cost accounting:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>t) Total project cost including IKOP</td>
<td>450,000</td>
</tr>
</tbody>
</table>

IKOP will be calculated by CSJU as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>o) Validated JU contribution (70% of Total Eligible Costs)</td>
<td>175,000</td>
</tr>
</tbody>
</table>

$\text{IKOP} = \text{Total Project Costs} - \text{JU contribution}$

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>275,000</td>
</tr>
</tbody>
</table>

Can only be higher than Total eligible costs (k)!

Report ALL project Costs!
Change of certification scope: it certifies the value of the Total Project Costs (TPC), and not the value of IKOP. No major changes were applied compared to the templates used before, only the necessary changes were introduced (total project costs replacing the IKOP).

Certificates on Total Project Costs (CTPC) take different approach than CFS: 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 as promulgated by the IFAC; and in compliance with the Code of Ethics for Professional Accountants issued by the IFAC.
Similarly to the previous guidance the CS2JU also provides the Terms of Reference (TORs) and model certificates based on the standards ISA805 and ISAE 3000.

Certification for TPC follows same timing as certification requested for cost claims: at the final reporting period of the GAM (together with CFS).

Certificates requested in 2020:
1) CFS needed for final period of GAM 2018-2019 (if threshold is reached)
2) CTPC covering the cumulated value 2018-2019 (if threshold is reached)

If the TPC value declared in the 1st reporting period is not correct, adjustment should be issued.
When is a CFS or CTPC needed?

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

*: as reimbursement of direct costs, excl. any flat rate (SME owner, indirect costs)
CSJU will **check** the TPC incl. IKOP reported in the Form C:

- **if no amount of TPC** has been reported => **Form C will be rejected** for correction

- **if the amount of TPC reported** is *smaller* than the amount reported as Total Costs => **Form C will be rejected** for correction

- **For method B**, the CSJU will check that the amount reported as TPC matches the amount certified in the certificate (CTPC).

- **In case of difference**, the amount will have to be **corrected** by the member directly in **SyGMA**.
In-kind contribution – IKOP procedure

The CSJU revised the procedure for IKOP taking into account these changes.

Relevant document:

GUIDANCE ON THE DECLARATION OF IN-KIND CONTRIBUTION OF CO-FUNDED OPERATIONAL PROJECTS (IKOP) AND CERTIFICATION OF TOTAL PROJECT COSTS (TPC)

Applicable from 2018 reporting period
CS2JU updated IKOP guidance

- End May 2019: updated IKOP guidance (incl. certificates) submitted to coordinators + sherpas for feedback (by End August)

- Few (positive) feedback received (Safran, RR, Dav, UTC)

- CS2JU considers the consultation as closed;

- Ad-hoc questions can be further addressed and discussed during the financial workshop
Timetable

- **15 Jan n+1**: estimates for IKOP (together with estimates for eligible costs) => Excel

- **1 March n+1**: declarations of TPC (together with cost claims) => SyGMa

- **June n+1**: GB opinion on IKOP
## IKOP Summary

<table>
<thead>
<tr>
<th></th>
<th>Method A</th>
<th>Method B</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKOP calculated</td>
<td></td>
<td>TPC - JUC</td>
</tr>
<tr>
<td>Reporting SyGMa</td>
<td>TPC = TEC</td>
<td>TPC &gt; TEC</td>
</tr>
<tr>
<td>Calculation basis</td>
<td>eligibility criteria h2020</td>
<td>usual accounting practices</td>
</tr>
<tr>
<td>Certification</td>
<td>CFS</td>
<td>CTPC</td>
</tr>
</tbody>
</table>

TPC: Total Eligible Costs H2020 project  
CTPC: Certificate on Total Project Costs  
JUC: validated JU Contribution (funding)
IKAA procedure
Relevant documents => NO change

Document set dated 22 Dec 2016 – 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 remains in GMT2 tool!

Planning in GMT2

- **18 October 2019**: planned activities submitted by Members to JU
- **21 November 2019**: approval of AA plan by GB
- **2020**: subsequent amendments (if necessary)

Reporting in GMT2

- **15th January 2020**: declaration of estimates => to be reported as DRAFT
- **1 April 2020**: declarations of AA and certificates => to be SUBMITTED TO JU only with certificate and signed declaration
- **June 2020**: GB opinion on IKAA
GMT 2 – IKAA Planning and Reporting

**Member**

- **SUBMIT** IKAA Plan

**CSJU**

- **Approve AAs Planning**

**GB**

- **Decision on Planning approval**

**IKAA Reporting**

- **DRAFT** IKAA Reporting Estimates in **DRAFT**

**Inform GB**

**SUBMIT**

- Update IKAA Reporting & upload:
  - CIKAA
  - Signed declaration
  => **SUBMIT TO JU** + send the documents in original

**Approve IKAA report**

**GB IKAA Opinion**

*Signed*
IKAA - Reminders

• **18/10/2019**: IKAA Planning 2020 to be submitted in GMT2

• **01/04/2020**:
  • IKAA reporting 2019 to be submitted in GMT2
  • Certification on IKAA to be submitted covering 2018 and 2019

• **Report IKAA**:
  • Use and fill in the report directly available in GMT2

• **Certification IKAA**:
  • Use the template previously submitted by CSJU and available on JU website (no change)
  • Check that the value certified matches the value reported in GMT2
In-Kind contributions (IKC) – IKOP & IKAA

Objective for JU members

- **Collective responsibility** for the members to bring the required level of in-kind contributions (as per CS2JU regulation)
- However, level of IKC shows the **level of involvement** of JU members in CS2 programme and is an important message for the **budgetary authorities**
- Therefore, JU strongly encourages each member to provide **sufficient In-Kind contributions** to ensure that the **overall target is met**

<table>
<thead>
<tr>
<th></th>
<th>Targets CS2 Regulation m€</th>
<th>Actual * 2014-18 m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max. EU contribution for operational expenditure</td>
<td>1,716.00</td>
<td>652.43</td>
</tr>
<tr>
<td>Max. total EU contribution to operational costs (Leaders/Core-Partners)</td>
<td>1,201.00</td>
<td>509.51</td>
</tr>
<tr>
<td>Min. expected IKC from private members for operational activities (IKOP + IKAA)</td>
<td>2,155.00</td>
<td>1,233.13</td>
</tr>
<tr>
<td>Private Members contribution for operational expenditure for funded projects – in-kind (IKOP)</td>
<td>1,190.00</td>
<td>431.40</td>
</tr>
<tr>
<td>Minimum Private Members contribution for additional activities – in-kind (IKAA)</td>
<td>965.00</td>
<td>801.72</td>
</tr>
</tbody>
</table>
Running costs contribution
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 running costs contribution *(article 4)*:

- Each private Member's contribution to the CS2JU administrative costs is **proportional** to that private Member's participation in the CS2 Programme.

- The requested contribution is calculated **annually** *(including the Core Partners who have joined the CS2JU and have acceded to the GAM(s))* on the basis of the private Members’ participation in the signed GAMs for each year, expressed in percentage of the budget allocated to the Leaders and to the Core Partners compared to the total allocated GAM budget for the current year.
CS2 running costs contribution

• Annual invoicing in one instalment.
• The JU sends pre-information letters about the calculated annual contributions – the Members are asked to provide purchase order numbers (if needed for their own accounting) and mailing/billing address (if differs from official address).
• Running costs contributions are not eligible under the GAM.
## Calculation Method

### 1. Contribution from Members: GB adopted budget for the financial year

<table>
<thead>
<tr>
<th>Title</th>
<th>Heading</th>
<th>Financial year 2019* Amend 1</th>
<th>Financial year 2019* Amend 1</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>290.114.107</td>
<td>323.005.259</td>
</tr>
<tr>
<td>2 0</td>
<td>CONTRIBUTION FROM MEMBERS (NON-EC)</td>
<td>4.760.172</td>
<td>4.760.172</td>
</tr>
<tr>
<td>3 0</td>
<td>CARRY OVER FROM PREVIOUS YEAR (executed and estimated)</td>
<td>9.920.408</td>
<td>12.651.069</td>
</tr>
<tr>
<td>5 0</td>
<td>FINANCIAL REVENUES (BANK INTEREST)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>304.794.687</strong></td>
<td><strong>340.416.500</strong></td>
</tr>
</tbody>
</table>

Amount to be paid by the private Members to the JU for the given year (50% of the administrative costs)
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 % of the budget

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

### 3. Calculation of the annual contribution: example

<table>
<thead>
<tr>
<th>IAPD</th>
<th>n°</th>
<th>Short Name</th>
<th>Organisation</th>
<th>Max JU contribution Annex II 2019</th>
<th>Proportion Max JU contribution 2019</th>
<th>CSJU Running costs contribution 2019 - CS2</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR</td>
<td>1</td>
<td>SPFLY</td>
<td>SUPERFLY</td>
<td>200,000.00</td>
<td>0.10%</td>
<td>4,760,17</td>
</tr>
<tr>
<td>LPA</td>
<td>15</td>
<td>SPFLY</td>
<td>SUPERFLY</td>
<td>2,200,000.00</td>
<td>1.10%</td>
<td>52,361,89</td>
</tr>
</tbody>
</table>

| TOTAL | 57,122.06 |

(*) 50% OF THE JU ANNUAL ADMIN BUDGET

Total year Maximum JU Contribution (A2) private Members and their affiliates

Annual private Members’ contribution to the JU’s administrative budget (*)
Which Private Members are contributing to CS2JU running costs?

<table>
<thead>
<tr>
<th>Organisation</th>
<th>CS2 private Member (Leader / Core Partner)</th>
<th>Participating affiliates of Leaders/CP whose administrative costs to the CS2JU are paid by the respective Leader/CP organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dassault Aviation SA</td>
<td>Leader</td>
<td>----</td>
</tr>
<tr>
<td>Airbus Helicopters</td>
<td>Leader</td>
<td>• Airbus Helicopters España SA&lt;br&gt;• Airbus Helicopters Deutschland GmbH&lt;br&gt;• Airbus Helicopters Polska sp.z.o.o.</td>
</tr>
<tr>
<td>Politecnico di Milano</td>
<td>Core Partner</td>
<td>----</td>
</tr>
<tr>
<td>ITP SAU</td>
<td>Core Partner</td>
<td>• ITP Next Generation Turbines SLU&lt;br&gt;• ITP Externals SL</td>
</tr>
</tbody>
</table>
Mid-term revision

• A **review** of the actual participation was performed by the JU based on the actual validated costs for the years 2014-2017 (after the last payments were made).

• The JU communicated the **result** of the calculation (entities with **under/overpayment**).

• **Adjustments** were added accordingly to the 2019 running costs contributions.

• Similar revision will be done at the end of the program.
Q & A session

www.cleansky.eu
Reporting of costs 2019
Good Tips!

1. Do not wait for the 1st March 2020 to start your reporting
2. Ensure that FSIGN has been nominated
3. Ensure that the costs claimed meet the eligibility rules
4. Prepare your draft Form C as soon as possible in Sygma
5. IKOP: Report ALL your Total Project Costs (TPC)
6. If CFS/CTPC/CIKAA needed
   - Plan the audit dates with your auditors asap
   - Forward the updated IKOP guidance to your auditors asap
   - Prepare all required documents/Procedures/statements for the Auditor
7. Prepare your accounting data and details by Work package
8. Ensure that the Planned data are correct (Annex 1 and 2)
9. Ensure a clear and complete description of costs in the UoR which will be uploaded separately in SyGMA
10. CFS – check the Auditor’s findings before submitting it to JU
11. Ensure that your Form C are submitted to the coordinator through Sygma before the deadline
12. For questions contact the IT helpdesk on the participant portal
Thank you for your attention!

CS2Finance@cleansky.eu
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:30</td>
<td>Registration and welcome coffee</td>
</tr>
<tr>
<td></td>
<td><strong>Part I – General sessions</strong></td>
</tr>
<tr>
<td>09:30 - 10:30</td>
<td>Financial Management - GAM 2018-2019</td>
</tr>
<tr>
<td>10:30 – 11:15</td>
<td>GAM reporting – H2020 tool</td>
</tr>
<tr>
<td>11:15 - 11:45</td>
<td>In Kind contributions</td>
</tr>
<tr>
<td>11:45 – 12:00</td>
<td>Running costs</td>
</tr>
<tr>
<td>12:00 - 12:30</td>
<td>Q &amp; A Session</td>
</tr>
<tr>
<td>12:30 - 13:30</td>
<td>Lunch &amp; Coffee break</td>
</tr>
<tr>
<td></td>
<td><strong>Part II – Thematic Workshops</strong></td>
</tr>
<tr>
<td>13:30-14:30</td>
<td>Hall 300: Financial aspects</td>
</tr>
<tr>
<td></td>
<td>The Arc: Legal aspects</td>
</tr>
<tr>
<td></td>
<td>311: Ex post audits</td>
</tr>
<tr>
<td></td>
<td>312: Discussion tables</td>
</tr>
<tr>
<td>14:35 – 15:30</td>
<td>Financial aspects</td>
</tr>
<tr>
<td></td>
<td>Legal aspects</td>
</tr>
<tr>
<td></td>
<td>Ex post audits</td>
</tr>
<tr>
<td></td>
<td>Discussion tables</td>
</tr>
<tr>
<td>15:35 - 16:30</td>
<td>Financial aspects</td>
</tr>
<tr>
<td></td>
<td>Legal aspects</td>
</tr>
<tr>
<td></td>
<td>Ex post audits</td>
</tr>
<tr>
<td></td>
<td>Discussion tables</td>
</tr>
<tr>
<td>16:30-17:30</td>
<td>Networking drink</td>
</tr>
</tbody>
</table>

*The Arc: Room numbers 311 and 312 are available for discussions.*
PART II

Thematic Workshops
Thematic Workshop

Financial aspects
Thematic Workshop on Financial aspects

- Eligibility of costs
  - Personnel costs
  - Subcontracting
  - Other Direct Costs

- CFS – Certificates on Financial Statements
Workshop on financial aspects
Eligibility of Costs
PERSONNEL COSTS are eligible:

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

- for natural persons (e.g. consultants) working under a direct contract with the beneficiary.

- for personnel seconded by a third party against payment. The beneficiaries must respect 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.
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?

According to the Decision n°5 of the HAF, staff provided by temporary work agency may be eligible under *Other goods and services* or under *Subcontracting*:

- As **‘subcontracting cost’** (the person is **responsible to deliver an action tasks**)
- OR
- As **‘purchase of services’** in “Other Direct costs” (the person **only provides support to an action task**)

http://www.cleansky.eu/sites/default/files/inline-files/04-HAF%20Decision%20on%C2%B0Eligibility%20of%20Temporary%20Workers%20Agency%20costs.pdf

**In both cases** ➔ The beneficiary must award the contracts ensuring best value for money and avoiding any conflict of interests.
Personnel costs - eligibility

Extract of Decision HAF n°5:

<table>
<thead>
<tr>
<th>Cost category</th>
<th>costs for staff provided by a temporary work agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>NO</td>
</tr>
<tr>
<td>Other Direct Costs Article 10 of MGA</td>
<td>YES (in general)</td>
</tr>
<tr>
<td></td>
<td>If the agency only provides services or staff resources expressed in the contract as number of man/ days put at the disposal of the beneficiary</td>
</tr>
<tr>
<td>Subcontracting Article 13 of MGA</td>
<td>YES (in specific cases)</td>
</tr>
<tr>
<td></td>
<td>If the temporary work agency directly supervises the outsourced staff executing part of the task of the action described in Annex 1 to the grant agreement and takes full responsibility for the execution of the specific work package</td>
</tr>
</tbody>
</table>
How to calculate Personnel costs

AGA art. 6.1

1. Actual costs
   - 1A: beneficiaries (actual costs, not project-based remuneration)
   - 1B: beneficiaries (actual costs, project-based remuneration)

2. Unit costs
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 (or fiscal year, if it is different from the financial year)

  \[
  \text{Actual annual personnel costs for the person} \div \text{Number of annual productive hours}
  \]

  OR

- **Per month**: for each person for each month:

  \[
  \text{actual monthly personnel costs} \div \frac{\text{Number of annual productive hours}}{12}
  \]
**Personnel Costs** – Hourly rates

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

**Annual** hourly rate

*Hourly rates calculated per full financial year*

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

**Monthly** hourly rate

*Hourly rates calculated per month*

\[ \frac{\text{Monthly personnel costs}}{\text{Monthly productive hours}} \]
Personnel costs – Unit costs

Unit personnel costs
(in accordance with the usual cost accounting practices)

In order to be eligible:

• the hourly rate is calculated based on average actual personnel costs recorded in the beneficiary’s account (excluding any ineligible element)

• hourly rate is calculated using one of the three options for the number of annual productive hours.

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

NB. Costs for persons seconded by a third party may be declared ONLY as actual costs.
Personnel costs – annual productive hours

**Personnel Costs** – Hourly rates

Annual productive hours (3 options)

\[
\text{Hourly rate} = \frac{\text{Annual Personnel Costs}}{\text{Annual Productive Hours}}
\]

Option 1

- Fixed 1720 hours
- Use Option 1 if employment contract doesn’t specify working time or "workable hours" - Default option which won’t be questioned

Option 2

- Individual annual productive hours
- Annual workable hours + overtime - absences

Option 3

- Standard annual productive hours
- Minimum threshold \( \geq 90\% \) of Standard annual WORKABLE time
Personnel costs – annual productive hours

**OPTION 2: Individual annual productive hours**

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

Annual Workable hours

(working days - Annual leave - Public holidays
× hours per day)

**Individual annual productive hours**: Annual Workable hours + individual overtime
- individual annual sick leave

*Additional conditions may be applied – see annotated Grant*

**OPTION 3: Standard annual productive hours**

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

Annual Workable hours

(working days - Annual leave - Public holidays
× hours per day)

**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 = or > 90% of 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)

\( \Rightarrow \) 1,696 hours can be applied.
**Personnel Costs – Hourly rates**

**Annual Personnel Costs**

**Hourly rate**

\[
\text{Annual Personnel costs} = \frac{\text{Annual Personnel Costs}}{\text{Annual Productive Hours}}
\]

**Mandatory extras**

- Fixed by law or by contract to remunerate main activity of employee
- Payment not subject to discretion by the employer
- Not linked to a specific project

*Examples: 13th month, hazardous work allowance, etc.*

**Basic salary**

\[
\text{Basic salary} + \text{Mandatory extras} + \text{Social Contributions & Taxes by Employers}
\]
The annual hourly rate is to be calculated per full financial year. If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the last closed financial year available.

Last closed financial year available refers to the most recent full financial year for which all information necessary to calculate the hourly rates in accordance with the GA is available at the end of the reporting period. Therefore, it is NOT necessary to wait until the annual accounts have been audited.
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:

  \[
  \text{Amount per unit} = \frac{\text{EUR 4,650}}{143 \text{ hours}} \times \text{country-specific correction coefficient of the country where the beneficiary is established}
  \]
Eligibility conditions *(in addition to the conditions for basic remuneration)*:

- be a **non-profit legal** entity
- be paid for the performance of **additional work or different expertise** than his/her usual tasks
- be consistently applied whenever the same kind of work or expertise is required and regardless of the source of funding used
**Personnel costs – additional remuneration**

Eligible additional remuneration is subject to a eligibility ceiling fixed at **EUR 8 000** for a full-time employee working **exclusively for the action during the entire year**.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>hired full time during the entire year</td>
<td>NOT hired full time during the entire year</td>
</tr>
<tr>
<td><strong>working exclusively for the EU action during the entire year</strong></td>
<td><strong>EUR 8 000</strong></td>
</tr>
<tr>
<td><strong>NOT working exclusively for the EU action during the entire year</strong></td>
<td>{8 000 / annual productive hours FTE}* hours worked for the action over the year</td>
</tr>
</tbody>
</table>

*The ceiling covers the additional salary + all additional taxes, costs and social security contributions triggered by the additional salary.*
Personnel costs - Time recording

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)
## Personnel Costs – Time recording system (recommended)

### TIME RECORDING FOR A HORIZON 2020 ACTION

<table>
<thead>
<tr>
<th>Title of the action (acronym):</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary’s / linked third party’s name:</td>
<td>2</td>
</tr>
<tr>
<td>Name of the person working on the action:</td>
<td>3</td>
</tr>
<tr>
<td>Grant Agreement No:</td>
<td></td>
</tr>
<tr>
<td>Type of personnel</td>
<td></td>
</tr>
</tbody>
</table>

#### Reference

| DAY | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | Total |
|-----|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
|     |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |

#### Total Hours

<table>
<thead>
<tr>
<th>Total Hours</th>
<th>4</th>
</tr>
</thead>
</table>

#### Short description of the activities carried out in the month:

<table>
<thead>
<tr>
<th>7</th>
</tr>
</thead>
</table>

#### Signed (name of the person working for the action):

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature:</td>
</tr>
</tbody>
</table>

#### Signed (name of the supervisor):

<table>
<thead>
<tr>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature:</td>
</tr>
</tbody>
</table>
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)
If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1 (see Article 13 of MGA).

Subcontracting may cover only a limited part of the action.

Eligibility conditions:
- Best value for money and no conflict of interest
- Subcontracting must be declared as actual costs
- Indirect costs are not applicable
- NOT allowed: Subcontracting between beneficiaries/ to affiliates / Coordination tasks
## Third parties: summary

<table>
<thead>
<tr>
<th>Types of third parties</th>
<th>Does work of the action</th>
<th>Provides resources or services</th>
<th>What is eligible?</th>
<th>Must be indicated in Annex 1</th>
<th>Indirect costs</th>
<th>Selecting the third party</th>
<th>Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linked third party</td>
<td>YES</td>
<td>NO</td>
<td>Costs</td>
<td>YES</td>
<td>YES</td>
<td>Must be affiliated or have a legal link</td>
<td>Article 14</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>YES</td>
<td>NO</td>
<td>Price</td>
<td>YES</td>
<td>NO</td>
<td>Best value for money, avoid conflict of interest</td>
<td>Article 13</td>
</tr>
<tr>
<td>International partners</td>
<td>YES</td>
<td>NO</td>
<td>No EU funding</td>
<td>YES</td>
<td>No EU funding</td>
<td>Partner to one beneficiary</td>
<td>Article 14a</td>
</tr>
<tr>
<td>In-kind contributions by third parties</td>
<td>NO</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>YES</td>
<td>Not used to circumvent the rules</td>
<td>Articles 11 and 12</td>
</tr>
<tr>
<td>Contractors</td>
<td>NO</td>
<td>YES</td>
<td>Price</td>
<td>NO</td>
<td>YES</td>
<td>Best value for money, avoid conflict of interest</td>
<td>Article 10</td>
</tr>
<tr>
<td>Financial support to third parties</td>
<td>Only if allowed in the call</td>
<td>The beneficiaries’ activity consists in providing financial support to the target population</td>
<td>YES</td>
<td>NO</td>
<td></td>
<td>According to the conditions in Annex 1</td>
<td>Article 15</td>
</tr>
</tbody>
</table>
You must **demonstrate "best value"** in purchasing (MGA Article 10) and sub-contracting (MGA Article 13):

⇒ Sufficient level of **tendering** to demonstrate "best value" – e.g. tender, three offers, market survey ....

⇒ We will normally accept your **standard practices**, when properly used (to be substantiated)

⇒ We will normally accept commercial agreements **already in place** (to be substantiated)

⇒ Naming the supplier in the contract does not mean that you do not have to demonstrate best value
Third parties: summary

Start

Does the Beneficiary have a procurement procedure?

Yes

Is it the same for both, EU and non EU funded activities?

Yes

Check whether the procedure was applied for the sample

No

Was the procedure applied correctly?

Yes

Costs rejected

No

No

Has the Beneficiary followed a certain approach?

Yes

Does this approach ensure best value for money or lowest price?

Yes

Is it the same for both, EU and non EU funded activities?

Yes

Can the Beneficiary provide a persuasive justification for the cases where it was not applied?

No

No

No

Can the Beneficiary demonstrate now that best value for money or lowest price was respected?

Yes

Costs accepted
Subcontracting – Best value for money

**Regular errors:**

- "best value" not demonstrated – no tender, no offers, no market survey
- Participants own normal practices not applied
- No documentation kept or not available during audits
- CFS: in case of exception raised on Best value (E), lack of details provided by auditors to explain and quantify the finding
Subcontracting to another member of the same GAM

⇒ Not allowed!

⇒ If a beneficiary needs supplies from another beneficiary of the same GA, it is the latter beneficiary that should charge them to the action
⇒ Only in exceptional and properly justified cases
⇒ Prior approval of the JU

CS2JU exception: wind-tunnel testing
Subcontracting to affiliates

⇒ Not allowed! As general principle since affiliated entities can accede the GAM

⇒ Exceptional case subject to prior JU approval (mainly when their participation can’t be avoided & remains marginal and very limited in time & happens only few times along CS2 duration)

Conditions to be applied:
1. the affiliate entity is the usual supplier or there is an existing framework contract
   AND
2. the subcontracting is carried out at market conditions to be substantiated (other offers for instance) + no financial markup
Reminder – Coordination tasks:

- Monitor that the action is implemented properly (see Article 7)
- Act as the intermediary for all communications between the beneficiaries and Clean Sky 2 JU (in particular, providing the JU with the information described in Article 17)
- Request and review any documents or information required by the JU and verify their completeness and correctness before passing them on to Clean Sky 2 JU
- Submit the deliverables and reports to the JU (see Articles 19 and 20)
- Ensure that all payments are made to the other beneficiaries without unjustified delay (see Article 21)
- Inform the JU of the amounts paid to each beneficiary, when required under the Agreement (see Article 44 and 50) or requested by the JU

=> The coordinator may not delegate or subcontract the above-mentioned tasks to any other beneficiary or third party.
Other Direct Costs (ODC)

Financial Statement Column “D”

<table>
<thead>
<tr>
<th>D. Other direct costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1 Travel</td>
<td>[D.4 Costs of large research infrastructure]</td>
</tr>
<tr>
<td>D.2 Equipment</td>
<td>D.5 Costs of internally invoiced goods and services</td>
</tr>
<tr>
<td>D.3 Other goods and services</td>
<td></td>
</tr>
</tbody>
</table>

- 5 cost categories (but 3 reporting sub-columns)
- 2 forms of costs
- D.4 LRI: GA option needed (article.6.2.D.4) and positive ex-ante assessment required
Other direct costs (ODC) - Travel

What:
- travel costs and related subsistence allowances e.g. tickets, accommodation etc related to action task

When:
- during project period

Who:
- personnel of beneficiary or external experts participating on ad hoc basis (e.g. attending specific meetings, speakers, etc)

How:
- no specific calculation method; the costs must correspond to the eligible costs actually incurred and in line with beneficiary`s usual practices on travel

Where:
- no distinction between travelling in - or outside of Europe
Other Direct Costs (ODC) – Purchase of goods, works and services

What:
- **Purchase contract** = ordinary contract for services, works (i.e. buildings) or goods (e.g. equipment), needed to carry out the action, including the purchase of consumables and supplies
- usually limited in cost and scope

Principles (art. 10.1):
- General cost eligibility conditions (art. 6)
- Must be based either on the **Best Value for Money** (best price-quality ratio) principle or the **lowest price**
- **Any conflict of interest** should be avoided
Other Direct Costs (ODC) – Equipment

Calculation: Depreciation = \( \frac{A}{B} \times (C \times D) \)

A = the actual cost of the durable equipment
B = the depreciation period for the durable equipment
C = the period in months during which the durable equipment is used for the project after invoicing
D = the percentage of usage of the durable equipment for the project

Example: equipment purchased for 10,000 € depreciated over 5 years (60 months); used during the full reporting period (12 months) only at 50% for the CS2 project

\[ \left( \frac{10,000}{60} \right) \times 12 \times 50\% \]

Written off in accordance with the accounting principles of beneficiary and international accounting standards
Other Direct Costs (ODC) – Low value assets

The full cost of a low value asset may be eligible in the year when it is purchased if:

• the full cost is recorded in the accounts of the entity as expenditure of that year (i.e. NOT recorded as an asset subject to depreciation) and

• the cost of the asset is below the low value ceiling as defined under national law (e.g. national tax legislation) or other objective reference compatible with the materiality principle and

• the item is used exclusively for the action in the year of purchase.

If the item is not used exclusively for the action in the year of purchase, only the portion used on the action may be charged.
Financial Management - Eligibility of costs

General conditions for costs to be eligible - Art. 6.1 MGA

**Specific cases (actual costs) – most common**

- **Depreciation costs for equipment used for the action, but bought before the action’s start** - If the equipment has not yet been fully depreciated according to the beneficiary’s usual cost accounting practices, the remaining depreciation costs may be eligible (only for the portion corresponding to the action duration and for the rate of actual use for the action; see Article 6.2.D.2).

- **Travel costs for the kick-off meeting** — Even if the first leg of the journey takes place before the action starting date (e.g. the day before the kick-off meeting), the costs may be eligible, if the meeting is held during the action duration.

- **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.
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.
Classifying Workforce contract

- Is the person hired by the beneficiary via an employment contract?
- Is the contract concluded with a person or with a company?
- Is the student hired under a work / training oriented agreement?
- Any in-house consultants? Do they work on deliverables, or with timesheets like an employee?
- Is the person provided by a temporary work agency responsible to deliver an action task or to provide a support to the action task?
Classifying Workforce contract

Is the person hired by the beneficiary via an employment contract?

If Yes => costs of the persons working in the action for the beneficiary on the basis of an employment contract or equivalent appointing act should be declared in costs category A1 “Employee”

If No =>
- staff provided by a temporary work agency => Other direct costs or Subcontracting (see other slides)
- self-employed persons with a direct contract with the beneficiary, seconded staff => can be declared under other categories within the personnel costs (A2, A3 ...)
Is the contract concluded with a person or with a company?

If contract concluded with a **person** => Direct Personnel costs + sub cost category to be decided depending on the type of workforce (Employee A1 or self employed person with a direct contract A2)

If contract with a **company** => several options

- If contract with a **temporary work agency**: this qualifies typically as a purchase of service; thus, this cannot be claimed as personnel costs but can be charged under other budget category (i.e. D.3 other goods and services or B. subcontracting)
- If secondment contract from third party against payment: **Seconded Personnel A3**
Classifying Workforce contract

Is the person hired by the beneficiary via an employment contract?

Is the contract concluded with a person or with a company?

Is the student hired under a work/training oriented agreement?

If the work agreement is:
- **work-oriented**: Costs of students, PhDs, other researchers (Fellowships/scholarships/stipends) that work for the beneficiary can be accepted and claimed under A1 Direct Personnel costs for employees.

If the work agreement is:
- **training-oriented** (i.e. aimed at helping the student to acquire professional skills) => **CANNOT** be claimed as Personnel costs.

PhD agreements will be considered work-oriented. However, time for training, if any, may NOT be charged to the action.
To be eligible as personnel costs (A2), the costs of in-house consultants should comply with the following eligibility criteria:

- **General conditions of eligibility**
- **Direct contract** with the person
- **Work under conditions similar to those of an employee**
- **Results** belong to the beneficiary
- **Costs** are not significantly different from other employees performing similar tasks

If the remuneration of the consultant is **based on delivering specific outputs / products** rather than based on working time => Can be eligible under Subcontracting or Other direct costs (see eligibility conditions)

Any in-house consultants? Do they work on deliverables, or with timesheets like an employee? YES/NO
Is the person hired by the beneficiary via an employment contract?

If the person is responsible to deliver an action task:
⇒ Can be claimed as **Subcontracting**

(**full responsibility for the execution of the specific action task described in Annex 1**)

If the person only provides support to an action task:
⇒ Can be claimed as **Other Direct costs**

(under the direct supervision of the beneficiary)
Workshop on Financial aspects
Certificate on the Financial Statements
Rule for submission

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)

(thereby excl. reimbursement of the flat rate on Indirect Costs or unit costs for SME owner/Natural person not receiving salary)
Rule for submission

CFS will be required for the costs claims in the reporting periods 2018 and 2019 if the threshold is reached (final period)

Reminder: If a cost claim is covered by an ex-post audit the related CFS for the period is not necessary.

The CFS costs are eligible and shall be claimed in the Financial statement 2019, under Other Goods & Services (ODC).
NO further adjustment will be accepted after final payment since the GAM 2018-19 will then be closed.
Example: CFS needed if JU contribution as reimbursement of actual 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>Total eligible costs</td>
<td>600</td>
<td>420</td>
</tr>
</tbody>
</table>

**>= 325 K€ => need for CFS**

<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>Total eligible costs</td>
<td>550</td>
<td>385</td>
</tr>
</tbody>
</table>

**< 325 K€ => no need for CFS**

**not counted for CFS threshold**
**Workshop on Financial aspects – CFS Certification required**

<table>
<thead>
<tr>
<th>GAM 2018-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
</tr>
<tr>
<td>Form C 2018</td>
</tr>
<tr>
<td>And, if requested,</td>
</tr>
<tr>
<td>CFS – covering 2018 and 2019 periods; When above 325 K € threshold</td>
</tr>
</tbody>
</table>
### Workshop on Financial aspects – CFS + CTPC Certification required

#### GAM 2018-2019

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form C 2018 (+ TPC 2018)</td>
<td>Form C 2019 (+ Adj 2018) + TPC 2019</td>
<td>And, if requested, CFS (+ CTPC)</td>
</tr>
</tbody>
</table>

CFS (+ CTPC) – covering 2018 and 2019 periods; When above 325 K € threshold

Leaders + Core Partners
The mandatory CFS template is composed of 3 documents (Annex 5 of GAM – last available version)

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
### Workshop on Financial aspects - 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
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 considered 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)**

<table>
<thead>
<tr>
<th>Relevant internal rules, Procedures/Policies</th>
<th>Summary of usual accounting principles and rules used by the beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Finance and Accounting Procedures</td>
</tr>
<tr>
<td></td>
<td>• Human resources Procedures</td>
</tr>
<tr>
<td></td>
<td>• Equipment Purchasing Procedures and Depreciation Policy</td>
</tr>
<tr>
<td></td>
<td>• Procurement Procedures</td>
</tr>
<tr>
<td></td>
<td>• Travel and Subsistence Procedures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All costs claimed</th>
<th>Purchase order, invoices, Proof of payments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>*** do not forget to mention the project reference on all relevant documents ***</td>
</tr>
</tbody>
</table>
**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, HR 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 |
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 and the related reporting period.
Best practices for presentation of findings in CFS - Examples:

- **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 **10,669 € for 2018** and **12,790 for 2019**.”

- **Example *N/A – Procedure 66***:
  “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 procedures

- 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

I. Terms of Reference

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

This document sets out the ‘Terms of Reference (ToR)’ under which

[OPTION 1: [insert name of the beneficiary] (‘the Beneficiary’)] [OPTION 2: [insert name of the linked third party] (‘the Linked Third Party’), third party linked to the Beneficiary [insert name of the beneficiary] (‘the Beneficiary’)]

agrees to engage [insert legal name of the auditor] (‘the Auditor’)

to produce an independent report of factual findings (‘the Report’) concerning the Financial Statement(s) drawn up by the [Beneficiary] [Linked Third Party] for the Horizon 2020 grant agreement [insert number of the grant agreement, title of the action, acronym and duration from/to] (‘the Agreement’), and
II. *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

Independent Report

we [name of the auditor] (‘the Auditor’),
established at [full address/city/state/province/country],
represented by [name and function of an authorised representative],

have carried out the procedures agreed with you regarding the costs declared in the Financial Statement(s) 3 of the [Beneficiary] [Linked Third Party] concerning the grant agreement [insert grant agreement reference: number, title of the action and acronym] (‘the Agreement’),

with a total cost declared of [total amount] EUR,

and a total of actual costs and unit costs calculated in accordance with the [Beneficiary’s] [Linked Third Party’s] usual cost accounting practices’ declared of

[sum of total actual costs and total direct personnel costs declared as unit costs calculated in accordance with the [Beneficiary’s] [Linked Third Party’s] usual cost accounting practices] EUR

and hereby provide our Independent Report of Factual Findings (‘the Report’) using the compulsory report format agreed with you.
Most common errors

III. Table of Procedures

• The Auditor should specify the selected sample when required

• The Auditor should NOT include any comment in the table

=> Only “C” (confirm) or “E” (Exception)
### Most common errors

#### Table of Procedures

<table>
<thead>
<tr>
<th>Ref</th>
<th>Procedures</th>
<th>Standard factual finding</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td><strong>ACTUAL PERSONNEL COSTS AND UNIT COSTS CALCULATED BY THE BENEFICIARY IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICE</strong>&lt;br&gt;The Auditor draws a sample of persons whose costs were declared in the Financial Statement(s) to carry out the procedures indicated in the consecutive points of this section A.&lt;br&gt;(The sample should be selected randomly so that it is representative. Full coverage is required if there are fewer than 10 people (including employees, natural persons working under a direct contract and personnel seconded by a third party), otherwise the sample should have a minimum of 10 people, or 10% of the total, whichever number is the highest)&lt;br&gt;The Auditor sampled [ ] people out of the total of [ ] people.</td>
<td>1) The employees were i) directly hired by the Beneficiary in accordance with its national legislation, ii) under the Beneficiary’s sole technical supervision and responsibility and iii) remunerated in accordance with the Beneficiary’s usual practices.&lt;br&gt;2) Personnel costs were recorded in the Beneficiary’s accounts/payroll system.&lt;br&gt;3) Costs were adequately supported and reconciled with the accounts and payroll records.</td>
<td>(C / E / N.A.)</td>
</tr>
<tr>
<td>A.1</td>
<td><strong>PERSONNEL COSTS</strong>&lt;br&gt;For the persons included in the sample and working under an employment contract or equivalent act (general procedures for individual actual personnel costs and personnel costs declared as unit costs)&lt;br&gt;To confirm standard factual findings 1-5 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary:&lt;br&gt; 1. a list of the persons included in the sample indicating the period(s) during which they worked for the action, their position (classification or category) and type of contract;&lt;br&gt; 2. the payslips of the employees included in the sample;&lt;br&gt; 3. reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system;&lt;br&gt; 4. information concerning the employment status and employment conditions of personnel included in the sample, in particular their employment contracts or equivalent;&lt;br&gt; 5. the Beneficiary’s usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay);&lt;br&gt; 6. applicable national law on taxes, labour and social security and</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Procedure 38</th>
<th>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 2018.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedure 46</td>
<td>The travel costs are overstated by 75,26 Euro due to ineligible costs, VAT misstatements and rounding errors</td>
</tr>
<tr>
<td>Procedure 57</td>
<td>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</td>
</tr>
</tbody>
</table>
Financial Workshop

Thematic Workshop – Legal aspects

23 October 2019
The Square, Brussels

Not legally binding
Most recurrent issues

1. Subcontracting
2. Eligibility of costs
3. Amendments – good practices
4. Termination
5. Grant reduction

Not legally binding
1. Subcontracting

“If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1” (art 13 of the GA)

- The tasks to be subcontracted (technical justification) and estimated costs must be described in the Annexes 1 and 2 of the GA

  - NEW: if not identified in Annex 1, according to GA, the JU may still approve them on an exceptional basis if justified in the technical report (subject to strict interpretation, beneficiary bears the risk of rejection of costs)

- Only limited parts of the action may be subcontracted
  - -> no core research tasks
  - -> no coordination and management tasks (listed in article 41.2(b) of the GA)

- Beneficiary remains responsible for the tasks carried out by subcontractors

---

Not legally binding
1.1 How to demonstrate best value for money and absence of CoI?

1) Best Value for money = best price-quality ratio or lowest price

Best value for money does not require systematically a competitive selection procedure:

- **Standard Procurement Process** according to national law;
- If beneficiary did not request several offers, evidence of market price of the service procured;

2) Conflict of interest = shared interests among stakeholders that can hinder transparency, competition, price and quality of the service

- Absence of Col is to be assessed against the specific framework of the CS2JU (membership structure, governance, ITD/IADP Programme Management Structure);
- Responsibility of the beneficiary to declare any potential Col;
- Written declaration of absence of Col (advised);
1.2 Subcontracting to beneficiaries in the same GA

If a beneficiary needs supplies from another beneficiary of the same GA, it is the latter beneficiary that should charge them to the action.

Purchases between beneficiaries will only be accepted in exceptional and properly justified cases.

CS2JU exception: wind-tunnel testing.
1.3 Subcontracting to affiliates

Reminder: “Affiliated entity” is according to H2020 rules, any legal entity that is under the direct or indirect control of a participant, or under the same direct or indirect control as the participant, or that is directly or indirectly controlling a participant. Control may take any of the following forms:

- the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;
- the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned;
1.4 Subcontracting to affiliates

To: CS2JU  
From: beneficiary

We are more or less forced to sub-contract work to a sister entity within our Group in order to obtain access to enough vital resources. There would be enough of these resources available on the market, but none we identified so far has the qualification which we require. We therefore seriously consider to sub-contract a sister company to support us as they have the right resources available. I do remember that this is in principle possible. Please advise the current situation and the procedure to follow to avoid these cost to become ineligible.

As a general rule, **it is not allowed.** The affiliate shall be identified as linked third parties under Article 14 and declare its own costs.

Exceptions:

• **Existing framework contract** (awarded on the basis of best-value-for-money / lowest price and absence of conflict of interest)

• **The affiliate is the usual provider, and the subcontract is priced at market conditions.**
Brief recall:

- **Thematic Topics** are launched outside the GAPs complementary framework of one IADP/ITD/TA.
- They are **not directly linked** to the actions/demonstrators implemented by the Leaders/Members under the GAMs (but contribute to the achievement of the High Level Objectives of the Clean Sky 2 Programme).
2.3 Participation of Members to Thematic Topics

The GAP Coordinator may decide (on behalf of the consortium) to involve a Clean Sky 2 Member in the implementation of the GAP to foster exploitation:

- Participation to “advisory body” set under the Thematic Topic project;
- Participation to “end-user group” set under the Thematic Topic project;
- Addition during the grant preparation to the Thematic Topic GAP as “beneficiary not receiving JU funding” – art 9 of the GA;

The GAP consortium may charge the related costs in the project according to the applicable rules.

- Bilateral Cooperation Agreement on a voluntary basis;

The Members may bear their costs linked to the monitoring of the technical activities in the framework of their GAM (as long as this is described in the Annex I of the GAM).
Amendment request letter & amendment are generated automatically by the IT system on the basis of modifications performed manually on the screen by an ITD/IADP/TA Coordinator in the Participant Portal

-> amendment justification!

-> ensure consistency of updated information (also in the Annexes)

Once signed and submitted, the amendment may be either fully accepted or rejected by the JU (no partial acceptance and no possibility for the JU to perform any additional modifications), or withdrawn by the coordinator.

-> The JU strongly recommends to use always consultation mode
Criticalities

• Keeping up to date LEAR/legal and financial signatory
• Notify the JU about any legal changes in the company structures
• Beneficiary/membership
• Bankruptcies/terminations
Membership to the CS2JU is a **long term commitment** that 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).

**Members signed the Statutes of CS2JU.**

According to the CS2JU Statutes, to terminate the membership, the Member concerned must notify in written.

Termination will become **effective after 6 months** from the date of notification to the JU.

**Impact on the JU administrative cost contribution**: the terminated Member will remain liable to pay administrative costs under the funding agreement, based on its share in the annual program budget.
Termination workflow can be initiated by:

- Coordinator (article 50.1 of the GA)
- Beneficiary (article 50.2 of the GA)
- CS2JU (article 50.3 of the GA)

The formal notification of termination is by design integrated into an amendment request, but:

- **Cannot be retroactive**
  “The ‘termination date’ must be a fixed date in the future or ‘the day after notification of termination’.”

- **Cannot be withdrawn**
  The notified termination remains valid and effective even if the amendment request is withdrawn or rejected.

- **Reporting obligations of the terminated beneficiary do not terminate**
List of Members and participating affiliates is published on:

- **CS2JU website**;
- Annexed to the CS2JU Work Plan;

Reminder:

**Not possible to add in the GAM any new legal entity with status of beneficiary, unless selected via call for core partners and approved by the Governing Board.**

**Possible to add participating affiliates to a Member to the GAM under article 14 of the GAM.**

The concerned legal entity should be first included in the Members table annexed to the CS2JU Work Plan or added with the next amendment to the Work Plan.
5. Grant reduction

Grounds for reduction in H2020 (art. 43 Grant Agreement)

- Substantial errors, irregularities, fraud;
- Serious breach of GA obligations (including ethical principles);
- Systematic errors, irregularities, fraud, breaches that have material impact on the grant;

When can the reduction be applied?

- After termination;
- Payment of the balance or afterwards;

A what level?

- At defaulting **beneficiary level** -> reduction based on amount set out in Annex 2 for the beneficiary;
- At **action level** (if the fault is not attributable) -> reduction based on max GA amount (art 5.1 of the Grant Agreement);

How?

Grant reductions are subject to a **contradictory procedure**.

[Not legally binding]
Financial Workshop

Workshop on

Ex-post audits

Bettina. dittmann@cleansky.eu
Yolanda.garcia-castillo@cleansky.eu
Ex-post audit Objectives

OBJECTIVES

Provide ASSURANCE on legality of JU payments for grants as required for the JU annual reporting

TARGET: Coverage of expenditure (value) 10-15%

Minimize audit BURDEN

LIMIT: Coverage of beneficiaries (numbers) approx. 7%
Ex-post audit Objectives – more details

- Detect potential errors in JU payments to beneficiaries
- The systematic part of the detected errors is identified for correction on unaudited cost claims of the entire Research Family (extension of audit findings)
- Issue Recommendations for system improvements at beneficiaries
- Provide basis for corrections to be made by JU
- Establish one of the most important KPIs of the JU: Residual error rate <2% is the threshold applied by the European Court of Auditors
Who decides on different types of ex-post audits for CS projects?

- Audits on **H2020 Clean Sky grants initiated by CS2JU**: The JU requests the audits from the Common Audit Service of DG RTD (CAS). The results of these audits provide the input for the specific CS2 error rate calculations in the Annual Activity Report (AAR).

- Audits on **H2020 Clean Sky grants initiated by EC**: The CAS selects CS2 projects for the overall H2020 family audit strategy. The JU is reporting on these audits in its AAR, but does not include them in the specific JU error rate calculation.

Both types of audits may be combined in one audit assignment and are carried out either by in-house auditors of the CAS or by external audit firms on behalf of the JU.

- The results of all H2020 audits of CS2 cost claims contribute to the audit results of the entire H2020 Research Family as published in the AAR of the European Commission.
Achieved RESULTS for H2020 EPA until 2018

<table>
<thead>
<tr>
<th>Total audited value of the years 2016 to 2018 (a)</th>
<th>61 Mill Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total audit population (b)</td>
<td>502 Mill Euro</td>
</tr>
<tr>
<td>Coverage (a) / (b)</td>
<td>12.23%</td>
</tr>
</tbody>
</table>

Accumulated Residual Error Rate

<table>
<thead>
<tr>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1.11%</td>
</tr>
</tbody>
</table>

- The level of assurance provided through these first audit results was sufficient as reflected also in the annual reports of the Court of Auditors.

- 2019 audits will be finalized until the year-end. Results will be reported in May 2020.
Overview of initial results H2020 AUDITS (2019 Q1)

Percentage of errors identified in H2020 ex-post audits leading to adjustments in favour of the EU budget for individual cost categories:

- Personnel: 2.4%
- Subcontracting: 9.9%
- Equipment: 6.6%
- Other goods and services: 10.7%
- Travel: 70.5%

Source: Communication to Horizon 2020 beneficiaries - European Commission
Overview of errors in personnel costs

Percentage of type of error in personnel costs
(breakdown of 70,5%)

- Incorrect time working on the action claimed: 19.9%
- Incorrect calculation of productive hours: 15.1%
- Incorrect remuneration costs for both actual personnel costs and unit costs for personnel: 14.4%
- Double charging/double funding: 6.1%
- No valid supporting documents / unreliable/missing timesheets: 8.6%
- Other reasons (ex: ineligible additional remuneration, indirect claimed as direct): 6.4%

Source: Communication to Horizon 2020 beneficiaries - European Commission
How to avoid the 6 main errors detected ex-post when claiming costs in H2020 grants? (I)

1. **Wrong productive hours**
   - Use one of the **3 options** provided in Grant Agreement
   - Same option is applied **consistently** and for **full financial year**
   - If in doubt, use option 1 (1720 prod hours)

2. **Ineligible remuneration**
   - Do not use estimates, budget, or fixed rates
   - Use data from **last available closed financial year**
   - For SME owners, **SME owner rate** must be used
   - **Keep evidence** (payroll, contract). Do not include ineligible taxes or bonus

3. **Incorrect time claimed**
   - Keep **timesheets validated & signed** (minimum requirements)
   - Hours actually worked claimed must match **HR records** (absences, trainings, sickness)
How to avoid the 6 main errors detected ex-post when claiming costs in H2020 grants? (II)

(4) Link to action
- Make sure you can demonstrate the link to the project (e.g. software, equipment) and period

(5) Unverifiable costs
- Cost claimed must be properly supported and reconcilable with financial accounts
- Unit costs calculations must be in line with your usual accounting practice

(6) Ineligible subcontracting
- Documentation of best value for money (not necessarily the cheapest option) for subcontracting/ goods & services
- Keep appropriate technical & economic evidence of the justification for selection.
- Compare offers. Follow your internal procurement policy
- Item must have been foreseen in Annex I of GA/ agreed by the JU
Audit PROCESS - carried out by the CAS (with support of the JU)

1. Letter of Announcement
2. Mission on site (20 d)- Exit meeting
3. Preliminary Audit Report
4. CAS Quality Control - incl. CS2JU comments
5. Contradictory Procedure - Beneficiary comments + evidence
6. Draft Audit Report - revised report
7. Final CAS Quality Control
8. Stakeholders meeting, if:
   a) Systemic findings
   b) Sensitive case
9. Final Audit Report & Letter of Conclusion sent
10. Implementation by CS2JU
BEFORE the audit: Letter of Announcement (LOA)

- **Timing:** WHEN
  Date for fieldwork proposal is requested in LOA **within 20 days**, unless agreed differently

- **Audit scope:** WHAT
  project & period indicated in LOA

- **Required information** for preparation of audit:
  - Annex I Supporting documents **before and during** the audit
  - Annex II Internal Control Questionnaire.
  - Annex III Detailed Cost Breakdown

- **No CFS needed for cost claims in scope of an ex-post audit**
### DURING the audit: Audit Program

**H2020 Audit Program. Main audit steps:**

| Personnel costs | • Assess that cost 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 for subcontractors is in place, checking how "best value for money" was ensured |
Contradictory procedure → Controversial Findings?

Do you agree with the preliminary auditor’s conclusion?

Provide feedback to the auditors during closing meeting and afterwards!

Audits are centrally managed by DG RTD CAS

If you need a mediator: Contact the JU for advice

provide a justified reply to the findings and its systematic nature

Provide additional solid evidence
Audit CLOSURE: Letter of Conclusion (LOC)

Positive adjustment:
Proactively claim before 60d
(Then, wait for JU reply)

Negative adjustment:
Wait: The JU will inform you in detail about implementation steps after the LOC.

Systematic findings? YES
Extension of audit findings will be launched (in LOC)
90d to reply
Assessment is done by the CAS

Systematic findings? NO
Extension of audit findings not launched

Further details on audit results implementation process in the Financial part presentation (morning session)
Basic steps for the extension of audit findings

Assess flat rates for systematic errors

- Which correction method is the **most favorable**?
- **Two systematic flat rates** are communicated in the LOC (overall costs and per cost category)
- Are the **systematic errors present** in all my unaudited cost claims?
- Beneficiaries **may exclude** certain periods or projects from the extension, if **justified** (Annex III, table 1)
- An **individual correction** of all unaudited projects is possible (no flat rate); justification needs to be provided

Other considerations

- What if I choose to use a **different rate** for recalculations? A **separated audit** is needed – guidance and template in LOC-
- **When** do I need to reply? **90 days**
- What happens **if I do not reply** on time? **Overall flat-rate may be applied by Granting Authority**
Personnel costs: Calculation of personnel hourly rates

- Input data extracted only from December of year 2018 x 12 months
  - Calculation shall be based on annual figures

- Fiscal year ends in June 2018 and Reporting period in December 2018
  - Last closed financial year figures → July 2017 to June 2018

- 2017 Bonus paid in year 2018
  - If compliant with usual accounting practices of beneficiary
  - not to include costs accrued outside the action period in the calculation (payment year vs expense year)
Subcontracting and Other direct costs

- The Beneficiary has subcontracted based on the previous experience for the development of another Clean Sky action
  - *Is this an objective reason* to choose my supplier?
  - Compare offers. Follow your internal procurement policy
  - Keep appropriate *technical & economic* evidence of the justification for selection.

- The Beneficiary included a *full year of amortisation* in the financial statement rather than only on the actual duration of 4 months, which were included in the reporting period
ANNEX III: Statement on implementation of audit findings

(to be printed on Beneficiary's letterhead)

TO THE [EUROPEAN COMMISSION][AGENCY][JOINT UNDERTAKING]

[BENEFICIARY'S NAME],
established [ADDRESS],
represented by [FIRST AUTHORISED REPRESENTATIVE], [QUALITY] and [SECOND AUTHORISED REPRESENTATIVE], [QUALITY], or their authorised representative

Hereby acknowledges having received a letter dated [DATE OF LETTER OF CONCLUSION FROM EC] from the Common Audit Service (CAS) for the H2020 Research expenditure and Euratom at the European Commission regarding the conclusions of the audit [AUDIT REFERENCE] requesting implementation of the audit findings;
ANNEX III, table I: Grants not concerned by extension of audit findings

The Beneficiary declares that the following grants were not affected in any way by the systemic or recurrent error identified in the audit and that no action is thus required in that respect for these grants:

<table>
<thead>
<tr>
<th>Grant</th>
<th>Period</th>
<th>Reasons why not affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME 234567</td>
<td>1.1.2009 - 31.12.2009</td>
<td>No goods or services were purchased that included deductible VAT</td>
</tr>
<tr>
<td>NAME 123456</td>
<td>1.1.2010 - 31.12.2010</td>
<td>No travel or subsistence costs were incurred in this period</td>
</tr>
</tbody>
</table>
ANNEX III, table IIa: Revised financial statements for extension of audit findings concerning the eligibility of costs

The Beneficiary declares that the systemic or recurrent error identified in the audit BAEO affected the following grants. The Beneficiary declares that the initial and revised budget categories by activity are as specified below and that adequate supporting documentation regarding the adjustments is provided.

<table>
<thead>
<tr>
<th>Action (Name, number and period)</th>
<th>Cost Category</th>
<th>Initial</th>
<th>Revised</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME 012345 (1.1.2009 - 30.6.2010)</td>
<td>Direct personnel costs declared as actual costs</td>
<td>10 000.00</td>
<td>9 000.00</td>
<td>1 000.00</td>
</tr>
<tr>
<td></td>
<td>Direct personnel costs declared as unit costs (average costs)</td>
<td>5 000.00</td>
<td>5 000.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Direct costs of subcontracting</td>
<td>1 000.00</td>
<td>1 000.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Direct costs of providing financial support to third parties</td>
<td>3 250.00</td>
<td>3 250.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Other direct costs declared as actual costs</td>
<td>2 000.00</td>
<td>1 800.00</td>
<td>200.00</td>
</tr>
<tr>
<td></td>
<td>Other direct costs for internally invoiced goods and services declared as unit costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost of in-kind contributions not used on premises</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Indirect costs</td>
<td>4 250.00</td>
<td>3 950.00</td>
<td>300.00</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td>21 450.00</td>
<td>20 200.00</td>
<td>1 250.00</td>
</tr>
<tr>
<td></td>
<td>Receipts</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Totals</td>
<td>21 450.00</td>
<td>20 200.00</td>
<td>1 250.00</td>
</tr>
</tbody>
</table>

1 Specification per period: only for ongoing grants
- Expand as necessary
- Details in blue: example
ANNEX III, table IIb: Extrapolation rate adjustments for findings concerning the eligibility of costs

We agree explicitly on the following extrapolation adjustments as proposed by the CAS:

<table>
<thead>
<tr>
<th>Correction rates proposed by the Granting Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct personnel costs declared as actual costs</td>
</tr>
<tr>
<td>Direct personnel costs declared as unit costs (average costs)</td>
</tr>
<tr>
<td>Direct costs of subcontracting</td>
</tr>
<tr>
<td>Direct costs of providing financial support to third parties</td>
</tr>
<tr>
<td>Other direct costs declared as actual costs</td>
</tr>
<tr>
<td>Other direct costs for internally invoiced goods and services declared as unit costs</td>
</tr>
<tr>
<td>Cost of in-kind contributions not used on premises</td>
</tr>
<tr>
<td>Receipts (for closed projects)</td>
</tr>
<tr>
<td>Total Costs</td>
</tr>
</tbody>
</table>
ANNEX III, table IV: Declaration on application of audit findings

The Beneficiary declares to be aware:

- that the compliance of costs declared in ongoing and future grant agreements with the results of the audit may be monitored by the Granting Authority services and may further be subject to a follow-up audit.

- that, should any overstatement of expenditure of the same nature as the systemic or recurrent errors of the audit BAEA found by the CAS during a follow-up audit, the Granting Authority services will be entitled to impose administrative sanctions in accordance with Article 45 of the H2020 Grant agreement and the provisions of the Financial Regulation.

Done in ................................ on ...........................................

[SIGNATURE – QUALITY]
Thank you for your attention!

CS2Finance@cleansky.eu
## Financial Workshop

### Index of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIKAA</td>
<td>Certificate on In-kind contribution from additional activities</td>
</tr>
<tr>
<td>CFS</td>
<td>Certificate on Financial Statements</td>
</tr>
<tr>
<td>CoMUC</td>
<td>Certificate on the methodology for unit cost</td>
</tr>
<tr>
<td>COO</td>
<td>Coordinator</td>
</tr>
<tr>
<td>CS2JU</td>
<td>Clean Sky 2 Joint Undertaking</td>
</tr>
<tr>
<td>CTPC</td>
<td>Certificate on Total Project Costs</td>
</tr>
<tr>
<td>DoH</td>
<td>Declaration of Honor</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FO</td>
<td>Finance Officer</td>
</tr>
<tr>
<td>FP7</td>
<td>7 th Framework Programme for Research and Technological Development</td>
</tr>
<tr>
<td>GA</td>
<td>Grant Agreement</td>
</tr>
<tr>
<td>GAM</td>
<td>Grant Agreement for Members</td>
</tr>
<tr>
<td>GAP</td>
<td>Grant Agreement for Partners</td>
</tr>
<tr>
<td>GB</td>
<td>Governing Board</td>
</tr>
<tr>
<td>GF</td>
<td>Guarantee Fund</td>
</tr>
<tr>
<td>GMT2</td>
<td>Grant Management Tool (in use only for IKAA)</td>
</tr>
<tr>
<td>H2020</td>
<td>Horizon 2020 EU Framework Programme for Research and Innovation</td>
</tr>
<tr>
<td>IAPD</td>
<td>Innovative Aircraft Demonstrator Platform</td>
</tr>
</tbody>
</table>
# Financial Workshop

## Index of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>IKAA</td>
<td>In-kind contribution from additional activities</td>
</tr>
<tr>
<td>IKC</td>
<td>In-kind contributions</td>
</tr>
<tr>
<td>IKOP</td>
<td>In-kind contribution from operational activities</td>
</tr>
<tr>
<td>ITD</td>
<td>Integrative Technology Demonstrator</td>
</tr>
<tr>
<td>JU</td>
<td>Joint Undertaking</td>
</tr>
<tr>
<td>LEAR</td>
<td>Legal Entity Appointed Representative</td>
</tr>
<tr>
<td>LRI</td>
<td>Large Research Infrastructure</td>
</tr>
<tr>
<td>MGA</td>
<td>Model Grant Agreement</td>
</tr>
<tr>
<td>ODC</td>
<td>Other Direct Costs</td>
</tr>
<tr>
<td>PCC</td>
<td>Programme Coordination Committee</td>
</tr>
<tr>
<td>PFSIGN</td>
<td>Project Financial Signatory</td>
</tr>
<tr>
<td>PM</td>
<td>Person/Month</td>
</tr>
<tr>
<td>PO</td>
<td>Project Officer</td>
</tr>
<tr>
<td>SYGMA</td>
<td>System for Grant Management</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Entreprise</td>
</tr>
<tr>
<td>SPD</td>
<td>System &amp; Platform Demonstrator</td>
</tr>
<tr>
<td>ToR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>TPC</td>
<td>Total Project Costs</td>
</tr>
<tr>
<td>UoR</td>
<td>Use of Resources</td>
</tr>
<tr>
<td>WP</td>
<td>Work package</td>
</tr>
</tbody>
</table>