



CLEAN SKY 2 FINANCIAL WORKSHOP 23/10/2019

QUESTIONS & ANSWERS

Financial:

Q1. When do I need to submit a Certificate on the financial statement (CFS)? Is the threshold of 325,000 EUR annual or cumulative for GAM 2018-2019?

A1. Certificate on Financial Statements (CFS) is needed if the beneficiary/linked third party requests a total financial contribution of EUR 325 000 (or more) as reimbursement for actual costs and unit costs calculated according to its usual accounting practices (average personnel costs and costs for internally invoiced goods and services). This means that costs based on flat-rates (e.g. indirect costs) or unit costs (other than those for personnel costs and costs for internally invoiced goods and services calculated according to the beneficiary's usual cost accounting practices) are NOT counted for the EUR 325 000 threshold (and do not need to be covered by the certificate).

The calculation of the threshold is done for the whole project, so you must take into account the cumulative amount claimed in the 2018 and 2019 financial statements.

Q2. In case of a beneficiary with a linked TP, is the CFS threshold applied individually to each entity or collectively to the two entities?

A2. Each Beneficiary and each linked third party have to provide its own certificate on the financial statements. The threshold of EUR 325 000 applies to each linked third party, independently of its beneficiary.

Q3. When to declare CFS costs for GAM 2018-2019: in 2019 or 2020?

A3. The CFS costs should be declared in the final reporting period (2019) under costs category "Other goods and services". The GAM 2018-2019 will be closed in 2020 with the payment of the balance. Therefore the CFS costs for GAM 2018-2019 cannot be declared in the next GAM 2020-2021.

Q4. If an ex-post audit has been performed in 2019 for the period 2018, is it still needed to submit a CFS?

A4. If a cost claim is covered by an ex-post audit the related CFS for the period is not necessary. However, please note that the threshold of the accumulated total remains applicable for the non – audited periods.



Q5. How are financial statements for linked Third Parties in Horizon 2020 grants prepared and submitted?

A5. 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.

Q6. When filling personnel costs in SyGMA, do we have to upload timesheets?

A6. Concerning the time recording system, please note that the time-sheet does not need to be uploaded in SYGMA but will have to be kept and shown to the auditors upon request (CFS and ex-post).

Q7. Why are additional explanations on the Other Direct Costs (ODC) needed?

A7. Due to the complexity of the multi annual GAMs the CS2JU required from the GAM beneficiaries (and linked third parties) to have a full explanation of the ODC. When the GAMs were moved to the H2020 reporting tool, the same approach was followed in agreement with the SPD Leaders with two levels of details (UoR in SyGMA and Excel file).

Q8. Case of a 2019 form C with some costs to be transferred to 2020

A8. The activities and related costs not incurred in 2019 should be re-planned in the new GAM 2020-2021 and included in the Annex 1 and 2.

Q9. In case of a subcontracting incurred in 2019 for which some invoices are missing, can the costs be transferred to next year?

A9. The beneficiary should follow its usual accounting practices which in general allow accruals to be booked when subcontracting has been delivered but not all the costs been invoiced. No adjustment can be made in the following year.

Q10. Can we change the methodology for calculating hourly rate (annual / monthly)?



A10. Each beneficiary may choose any of the two options. However, the option chosen must be applied during the full financial year to all its personnel in all H2020 grants. If the beneficiary wants to change option, it can do so for the next financial year (— again for all its personnel in all its H2020 grants).

Q11. When is the new guidance on IKOP going to be published?

A11. See guidance published on CS website.

Legal

Q12. Subcontracting is not allowed between GAM Members and affiliates in case of a very small % of affiliation => does it depend on the affiliation share?

A12. “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.

Q13. How to manage a partner who is not delivering but refuses to leave the consortium/project?

A13. The coordinator of the project and the non-performing partner has joint and several technical liabilities. The consortium agreement (Article 41.3 of the GA) between them should regulate the detailed process to be followed among the members of the consortium for settlement of internal disputes, liability and in particular the possible ways of recovery of unused pre-financing. The coordinator should terminate the participation of the non-performing partner in the project - on the process, please consult Annotated Model Grant Agreement¹ p. 333-337.

Q14. Effect of Brexit on the CSJU membership

A14. We advise to refer to p. 3 of the Work Plan of the CSJU² until further update is available from the European Commission.

¹ https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf

² <https://www.cleansky.eu/sites/default/files/inline-files/CS-GB-2019-04-09%20Third%20Amd%20WP%2018-19%20published.pdf>



Q15. Use of experts from another company qualifies as subcontracting?

A15. The detailed circumstances should be analyzed in this case as well as checks to be carried out to see which company is employing the experts. We invite to consult in details the rules of the Annotated Model Grant Agreement³, where in Article 8 (p. 126-130) the differences between subcontracting and the use of third party providing in-kind contribution are explained.

Q16. Bankruptcy of a Core Partner in the Grant Agreement for Members – liability of the GAM coordinator vs. the coordinator of project/cluster?

A16. In accordance with the Grant Agreement, the coordinator of the GA for Members is responsible for all communications and actions between the JU and the beneficiary and the terminated beneficiary must repay the amount unduly received to the coordinator.

Q17. Is it possible to carry out some of the coordination tasks by subcontractors providing administrative support?

A17. In accordance with Article 41.2 of the GA, the following coordination tasks cannot be subcontracted: monitoring that the action is implemented properly; acting as the intermediary for all communications between the beneficiaries, and the JU; requesting and reviewing any documents or information required by the JU and verify their completeness and correctness before passing them on to the JU; submitting the deliverables and reports to the JU; ensuring that all payments are made to the other beneficiaries without unjustified delay; informing the JU of the amounts paid to each beneficiary, when required under the Agreement or requested by the JU.

Q18. Responsibility of the Topic Manager in relation to the Implementation Agreement

A18. In case of complementary grant agreements for partners, the Topic Manager and the coordinator/partners in the GA have mutual obligation to agree on the terms of the Implementation Agreement by using the template provided by the CS2JU.

Q19. Lengths and general design of Grant Agreement for Members (GAMs) as of 2020

A19. GAMs will be signed for an initial period of 2 years (2020-2021). A possible extension of those GAMs versus closure and signature of new GAMs will be analysed by the CS2JU together with the European Commission at a later stage.

Q20. What role can affiliated entities have in the Grant Agreement for Members, can they participate as a linked third party?

³ https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf



A20. Affiliated entities can be added as linked third parties to the GAM, keeping in mind the rules laid down in Article 14 of the Grant Agreement (among others: the main beneficiary remains responsible towards the CS2JU for the work carried out by the linked third party and that entities performing a substantial part of the work/action tasks should in principle be beneficiaries, not linked third parties). Please find detailed explanation in the Annotated Grant Agreement⁴ p. 150-155.

Ex post

Q21. For the signature requirement in the time-records, is electronic signature acceptable for auditors?

A21. As indicated in the AGA: *“If the time recording system is computer-based, the signatures may be electronic (i.e. linking the electronic identity data (e.g. a password and user name) to the electronic validation data, with a documented and secure process for managing user rights and an auditable log of all electronic transactions).”*

Q22. We received an announcement letter indicating that 2017 year (P4) of project X will be audited. Can the auditor contact us subsequent to receiving this Letter of Announcement to add additional periods or projects to the scope on short-notice?

A22. The audit scope may be modified by the auditors before the field-work takes place, even after sending the Letter of Announcement (LOA). These changes take place only in exceptional circumstances. However, the auditor shall communicate the revised scope to the beneficiary in writing. In addition, auditors must agree with the beneficiary sufficient time for preparing the necessary additional documents after the scope was extended.

Q23. How does the JU select the ex-post audits? If we were audited last year, could we be ex-post audited again during the H2020 programme?

A23. The methodology followed for Clean Sky audit sample selection is described in detail in the annual ex-post audit report which is available at our website (key documents section). The methodology for establishing the JU representative sample uses random selection, which may hit the same organization twice. However, some restrictions are applied by Clean Sky 2 JU for limiting the audit-burden of our beneficiaries in specific situations, e.g: a company obtained repeatedly satisfactory results in ex-post audits within the same programme. The JU however does not have any influence on the selection of projects (including Clean Sky 2 grant agreements) for audit by the Commission.

⁴ https://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf



Q24. The CFS audit was concluded without reporting any exceptions. Then, subsequently, could ex-post auditors find on the same cost claims some errors that were not previously spotted by the CFS auditors?

A24. Yes, audit conclusions may be different. The CFS is a mandatory certificate which has a limited scope with standard procedures. An ex-post audit is only launched on a small percentage of our cost claims and the audit work required is significantly deeper than for a CFS.

In any case, it is possible, that errors may be detected only in a second audit (e.g., when a different sample is taken and need to be addressed then.

Q25. What shall we do if the dates of the field-work coincide with our statutory audit?

A25. Beneficiaries may agree with the auditor's alternative dates within a reasonable delay, if there is a solid justification. However, the audits need to be performed within a specific contractual time frame, which does not leave much room for delays to the auditors.

Q26. The auditors found a systemic error in our personnel costs calculation during an ex-post audit. Since the audit is still on-going, shall we consider the correction of the systemic error for our next cost submission?

A26. Beneficiaries should take into accounts audit results and any recommendations of the auditors as soon as the results can be considered final, even if the final audit report has not been communicated.

Audit results should be considered final, when conclusions have been agreed by the beneficiary after the contradictory process. However, if the audit conclusions are not yet final, beneficiaries may contact Clean Sky for advice on the specific situation.

Q27. If we believe that a project should not be included in the scope of the extension of audit findings exercise, how could we indicate this?

A27. In the Letter of Conclusion, sent by the Commission to share the final audit report with the beneficiaries, there is a specific annex (annex 2) for listing any projects, which should be excluded from the audit extension and the precise justification for it.

Q28. How long can an ex-post audit last? After we have passed the contradictory, when will we receive the Final Audit Report?

A28. The standard total audit duration is currently fixed at a maximum of 250 days according to the contractual conditions of the Commission.

However, the process may be delayed for good reasons, e.g. in order to find a common agreement on the audit conclusions, to allow the recognition of subsequent information and to involve the JU for additional clarification. This may result in substantial delays, which is often increased also through the time needed by the beneficiaries to provide the appropriate information, documents and audit evidence to the auditors.



Some of the subsequent loops in the audit process, including the quality control processes of the Commission and the JU are not visible to the beneficiaries and may cause significant delays as the external auditors also need to adapt to the unexpected prolongation of some of the audit engagements.