Legal Obligations and Practical Aspects on Reporting from the Beneficiary’s perspective

WORKSHOP ON LEGAL AND FINANCIAL ASPECTS
Seville 3rd March 2016
Gonzalo AREVALO. ISCIII
Contents

• Periodic and Final Reporting
• Completion of the Financial Statement per cost category
• Reporting of third party Costs: Art 12 & Art 14
• Other issues on reporting: Unit Costs, Exchange rate, CFS
• Payment schedule and cash-flow management
• Financial responsibility and the EU guarantee fund
• Conclusions
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Periodic and Final Reporting: Main Principles

• Always to be delivered by the coordinator
• **60 days** deadline for their delivery
• No-paper, but through the Participant Portal
• Financial and Technical reports are `declarations`, thus, no need of justifying docs or similar (but ready in the `backoffice`).
Periodic Reporting

- Number of periodic report fixed in the GA (usually each 12-18 months)

- **Periodic technical report:**
  - Explanation of work
  - Overview of the progress (milestones & deliverables)
  - Summary with statistics for publishing (not confidential information!)
  - Plan for the exploitation and Dissemination of results (if required)
  - Answer to the questionnaire (Mainly monitoring and Socioeconomic impact)

- **Periodic Financial Report,**
  - ‘n’ Individual financial statements
  - ‘n’ Explanation on the use of resources
  - 1 Periodic summary financial report (automatically generated)

At beneficiary level (n= number of beneficiaries)
Final Reporting
(added to last Progress report)

• Deadline 60 days after the end of the GA
• Quite similar to periodic reports, main differences:
  • Technical Final Report
    • Summary for Publication
    • Overview of Results and their exploitation and dissemination
    • Conclusions and Socio-economic impact
  • Financial Final Report
    • Final summary Financial statement
    • For the financial report, each beneficiary with EU contribution on direct costs\(^{(1)}\) over 325,000 € should also provide CFS

(1) Only related to direct costs reported on actual basis
News on technical report

Everything is submitted through PP.

All beneficiaries can make inputs, but only the COORD can submit:

It is composed of:
- Information gathered Form A and directly included in the PP:
- Narrative part, templates available and to be uploaded
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Completion of the Financial Statement (former form-c)

• Completed at beneficiary level
• E-signed by the F-SIGN
• Declaration, but subject to request the justifying docs.
• Adjustments possible to former periods. Thus, last FS can not be adjusted.
• FS directly submitted by Beneficiary to the EU, if a correction is needed, it should come through the COOR
• COOR has not the capacity of rejecting costs, but of not submitting a beneficiary financial statement
Some costs have an editable field to click. 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.
Direct Personnel Costs

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Persons/month per WP</th>
<th>Associated Work Package</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Direct personnel costs declared as actual costs</td>
<td>No.</td>
<td>Person Months</td>
<td>(none)</td>
</tr>
<tr>
<td>d) Direct costs of subcontracting</td>
<td>1</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Use of in kind contribution from third party

<table>
<thead>
<tr>
<th>No.</th>
<th>Costs</th>
<th>Third Party Name</th>
<th>Type</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></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

- At Least Number of Person-Month and value per WP.
- Preferably at person level
Reporting Staff Costs

• Done on a triple dimension basis:
  
  • Person:
    • Total Labour eligible cost
    • Actual hours devoted to the action
  
  • Institution:
    • Method for productive hours calc.
  
  • Project:
    • Breakdown per WP

Dr. Perez

• WP1: 1,25 PMs 5,000 €
• WP3: 2 PMs 8,000 €
• WP5: 0,5 PMs 2,000 €
TOTAL: 3,75 PMs 15,000 €
Other Direct Costs:

1. Are Other direct costs > 15% Personnel Costs
2. If so, order from the larger costs to the shorter
3. Detail until the 15% ceiling is reached
Once Financial Statement is Completed

1. Validate with IT tool
2. Lock for review
3. Signature by the F-Sign
Coordinator’s Capacity during FS

- Coordinator can see but not complete/reject beneficiaries’ FS
- Coordinator can decide to include or not a Beneficiary’s FS (as Technical report)

<table>
<thead>
<tr>
<th>Report Element</th>
<th>Status</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical report</td>
<td>Included</td>
<td></td>
</tr>
<tr>
<td>Technical Part of Periodic Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Statement</td>
<td>Draft</td>
<td></td>
</tr>
<tr>
<td>Financial Statement</td>
<td>Draft</td>
<td></td>
</tr>
<tr>
<td>Financial Statement</td>
<td>Sent to CO</td>
<td></td>
</tr>
</tbody>
</table>
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Third Parties reporting Art. 12

Art. 12 refers to those TTPP making resources available for a beneficiary free of charge, and not for the just purpose of the action.

Always included in the beneficiary's FS

Two possibilities

In incurred in the Beneficiary's Premises

In incurred the TTPP Premises

In both cases: justifying docs and registered in the TTPP account
Third Parties Reporting: Art 14

Art. 14 refers to implementation of tasks by ‘legal’ linked third party to a beneficiary. Main features:

• Broad relation (not specific for the action)
• TTPP declare its costs (not prices)
• Beneficiary remains responsible
• Usually incurred in the TP facilities

Third party
• Complete and paper sign its own financial statement

Beneficiary
• Keep paper version fo the form c
• Include TP costs within PP in a separate form
• E-sign the aggregation of FS: Benef + TP

325.000 criteria for CFs applies separately for Benef and TP
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Other issues on reporting: Unit Costs

Unit Costs are usable in H2020 for:

- **Staff Costs:**
  - SME owners or natural persons without a salary
  - Staff costs based on ‘average personnel costs’
- **Specific Unit costs (ie Clinical trials)**
  Calculation by multiplying units, per amount per unit (as indicated in the GA).

In case of audit, should be documented:

- Number of units
- Actual direct eligible costs (t-1) to reach the unit cost value
  (not for SME owners rate)
Other issues on reporting: Exchange Rate

Main principle: All reporting is to be done in €

Beneficiaries/TP with accounts in €, use their own usual practices to convert

Beneficiaries/TP with accounts in non-€:

- daily euro exchange rate is published in the C series of the Official Journal of the European Union
  (shortcut to ECB website)
- If NO daily euro exchange rate is published: using the average of the monthly accounting rates over the corresponding reporting period, using the currency converter on the Commission’s website
Certificate on Financial Statement: First Level Audit

- **Why?** To give certainty and security on expenses justified
- **Who?** Beneficiary/linked third party
- **When?** At the end of the project
  EU contribution based on actual costs over 325,000 €
- **How?** A certified auditor (Internal/external)
  Following Annex 5 (CFS Model)
- **Where?** The Participant Portal will request it automatically
Certificate on Financial Statement:

- **Why?** To give certainty and security on expenses justified

- **Who?** Beneficiary/linked third party

- **When?** At the end of the project

- **How?** A certified auditor (Internal/external) following Annex 5 (CFS Model)

- **Where?** The Participant Portal will request it automatically

**Some remarks:**
- Does not suppose legal certainty against an ex-post audit
- If a beneficiary has a certificate on Methodology for staff costs, that amounts are not to be considered for 325,000 ceiling
- Eligible cost, usually under ‘other costs’, only if needed
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# Payment Schedule and Project Cash Flow

<table>
<thead>
<tr>
<th>EU Adv Payment</th>
<th>PR 1, 2, (Accepted eligible costs)</th>
<th>Final report: Project Balance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Usually 100% EU/RP)</td>
<td>&lt; 90 days after reception report</td>
<td>+ Accepted Final eligible costs</td>
</tr>
<tr>
<td>&lt; 30 days after entry into force</td>
<td></td>
<td>- EU Payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Action receipts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&lt; 90 days after reception report</td>
</tr>
</tbody>
</table>

5% EU Contr to EU GF

Remaining amount to be distributed among partners according to CA and GA (1)

Distributed among partners according to execution and to CA and GA (1)

Distributed among partners according to final balance

(1) Maximum cash flow advanced from the EU is 90% (85% considering also the GF)

5% EU Contr to EU GF if needed according to the balance

If balance is favorable to EC, Coordinator will receive a Recovery Order
Payment Schedule and Project Cash Flow

Some issues to consider:
1. 85% is the maximum amount level of cash flow at action level
2. Coord, if written in the CA, can/should have autonomy for budget administration
3. Guarantee Fund protects only during the action, thus, be careful of level of partners execution and payments by the end of the action.

55% (85% considering also the GF)
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Financial responsibility and the EU guarantee fund

The guarantee fund is the mechanism for the beneficiary to recover any due amount of a beneficiary:

i) after the termination of a beneficiary participation, thus an amendment is needed

ii) and in a running action (before the balance payment)
Financial responsibility and the EU guarantee fund

The guarantee fund is the mechanism for the beneficiary to recover any due amount of a beneficiary:

i) after the termination of a beneficiary participation, thus an amendment is needed
ii) and in a running action (before the balance payment)

Some remarks:
- As an amended is needed, that termination should be initiated before the end of the project
- The coordinator has to show:
  - Acted following CA
  - Payments done
  - Done its best to recover the due amount

One Advice: Foresee in the CA how to handle advance payment to partners

Once the project is OVER the FG just protect the EC!
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Conclusions

• No big changes compared to FP7

• Coherence with usual procedures is a key issue

• Regulation is somehow simpler, but this does not mean it is simple

• There is no black and white decision always, but many times is a grey graduation
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http://www.ncpacademy.eu/

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