



HORIZON 2020 Reporting • Payments • Audits

RICH training 26/10/2015 in Brussels

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Technology Centre AS CR, NCP Academy Partner

Information Sources



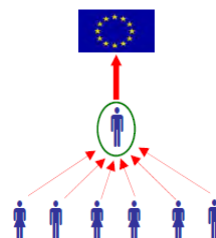
- Annotated Model Grant Agreement (AGA)
- H2020 online Manual
- Grant Agreement of RICH network
 - Annex 2 (Budget), Annex 5 (CFS)
- Consortium Agreement of RICH network
 - Section 7 (Financial Provisions)
- EC presentation on audits



REPORTING - Terminology

- Internal reporting (IR)
- Continuous reporting (CR)
- Periodic reporting (PR)
- Final reporting (FR)

- Article 20 GA (Reporting)
- Participant Portal (PP)
- To be delivered by the coordinator

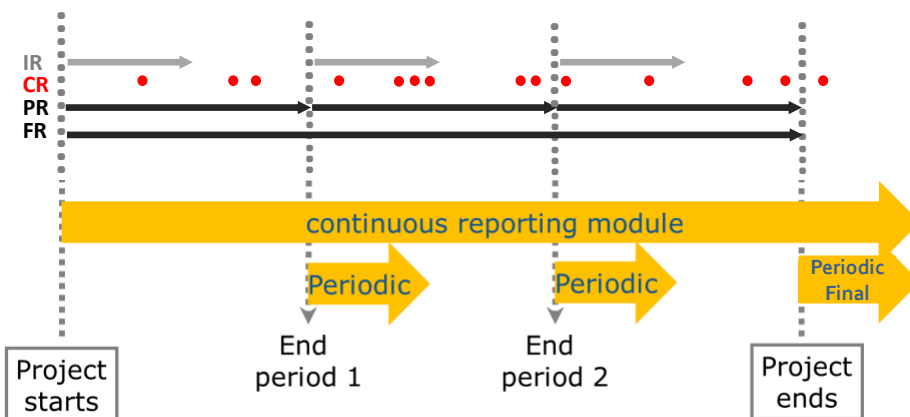


REPORTING - Aims




- Checking project progress against work plan
- Checking adequacy of resources used
- Checking eligibility of costs
- Data gathering for key programme indicators (publications, patents, innovations, gender, socio-economic impact, ...)

Reporting schedule




Tools on Participant Portal



RESEARCH & INNOVATION

Participant Portal - Grant Management Services



Help

Lucie MATOUSKOVA

MY PROJECT

HORIZON 2020

Call: H2020-GARRI-NCP-2014-1
 Type of Action: CSA
 Acronym: NCP ACADEMY
 Current Phases: Grant
 Management

Number: 633563
 Duration: 36 months
 Start Date: 2014-12-10
 Estimated Project Cost: €1,967,828.00
 Requested EU Contribution: €1,967,828.00
 Contact: Sandra ALMEIDA

Latest Legal Data
 Process List
 Document Library
 Communication Center

H2020 ONLINE MANUAL

Launch new interaction with the EU +

Consortium Requested Amendment AMD-633563-3 30 Jun 2015

▶ Launched ○ Prepared ○ Submitted ○ Admissible ○ Decision

Process specific documents

Process specific communications

Continuous Reporting 633563 - NCP ACADEMY 01 Dec 2014

▶ Started ○ Completed

Continuous reporting data

Process specific documents

Process specific communications

Proposal Management & Grant Preparation 633563 - NCP ACADEMY 03 Jun 2014

▶ Submitted ○ Informed ○ Invited ○ Prepared ○ Signed ○ Paid

Process specific documents

Process specific communications

Interactions with EC

Continuous reporting



- Reporting **tool** incorporated in Participant Portal
- Open by a Project Officer during the 1st reporting period (notification by email)
- Includes information automatically used later in periodic/final report(s):
 - **Deliverables**
 - Progress in achieving **milestones**
 - Updates to the **publishable summary**
 - Response to critical risks, ethic issues, publications, IPRs, ...
 - Answers to the **questionnaire** about the economic and social impact of the project (key performance indicators)

Grant Management		Project Continuous Report								
Project 633563 (NCP ACADEMY)		Publishable Summary	Deliverables	Milestones	Critical Risks	Genders				
Call: H2020-GARRI-NCP-2014-1 Action : CSA Resp. Unit: RTD/A/03 Duration: 36										
Deliverables										
For each Deliverable, a single file (max 50MB) can be uploaded										
WP No	Del No	Title	Lead Benefici	Nature	Dissemination Lev	Est. Del. Date (an	Receipt Date	Accept Date	Status	
WP1	D1.1	D1.1		Report	Public	10/06/2015	14/07/2015		Accepted	
WP1	D1.2	D1.2		Report	Public	10/12/2016			Pending	
WP1	D1.3	D1.3		Report	Public	10/12/2017			Pending	
WP2	D2.1	D2.1		Report	Public	10/06/2015	14/07/2015		Accepted	
WP2	D2.2	D2.2		Report	Public	10/06/2016			Pending	
WP2	D2.3	D2.3		Report	Public	10/08/2016			Pending	
WP2	D2.4	D2.4		Report	Public	10/12/2017			Pending	
WP3	D3.1	D3.1		Report	Public	10/06/2015			Pending	
WP3	D3.2	D3.2		Report	Public	10/12/2015			Pending	
WP3	D3.3	D3.3		Report	Public	10/06/2016			Pending	
WP4	D4.1	D4.1		Report	Public	10/12/2017			Pending	
WP4	D4.2	D4.2		Report	Public	10/12/2017			Pending	
WP4	D4.3	D4.3		Report	Confidential, o	10/12/2017			Pending	
WP5	D5.1	D5.1		Report	Confidential, o	10/06/2016			Pending	
WP5	D5.2	D5.2		Report	Confidential, o	10/12/2017			Pending	
WP5	D5.3	D5.3		Websites, pate	Confidential, o	10/06/2015	18/09/2015		Submitted	

Periodic reporting

Two parts to be completed:

- **Periodic technical** report contains:
 - Explanation of the work, overview of the progress, summary for publication, questionnaire
 - Special parts for RI projects
- **Periodic financial** report contains:
 - **Individual financial statements** (Annex 4), an **explanation** on the use of resources, **Periodic summary financial statement** (= request for interim payment)

Must be submitted within 60 days after the end of a reporting period!

Individual Financial Statement (I)



- formerly FORM C
- filled out by each beneficiary individually via Participant Portal
- electronic approval and submission by the FSIGN (role in PP)
- structure presented in Annex 4 GA
- adjustments possible



Always deliver your Financial statement on time!

Individual Financial Statement (II)



MODEL ANNEX 4 FOR H2020 GENERAL MGA — MULTI

FINANCIAL STATEMENT FOR [BENEFICIARY [name]/ LINKED THIRD PARTY [name]] FOR REPORTING PERIOD [reporting period]

Eligible ¹ costs (per budget category)										Receipts		EU contribution						
A. Direct personnel costs			B. Direct costs of subcontracting		C. Direct costs of fin. support		D. Other direct costs		E. Indirect costs ²		F. Costs of ... J		Total costs	Receipts	Reimbursement rate %	Maximum EU contribution ³	Requested EU contribution	
A.1 Employees (or equivalent)			A.4 SME owners without salary		A.5 Beneficiaries that are natural persons without salary		A.3 Seconded persons <i>[A.6 Personnel for providing access to research infrastructure]</i>		D.1 Travel <i>[D.4 Costs of large research infrastructure]</i>		D.2 Equipment		D.3 Other goods and services		[F.1 Costs of ...]		[F.3 Costs of ...]	
Actual	Unit	Unit	Actual	Actual	Actual	Actual	Flat-rate ⁵ 25%	Unit	Unit			Receipts of the action, to be reported in the last reporting period, according to Article 5.3.3						
a	Total b	No hours Total c	d	[e]	f	[g]	$i = 0.25 \times \frac{(a+b+c)+(g)+(j)+(k)+(l)+(m)+(n)+(o)}{a+b+c+(g)+(j)+(k)+(l)+(m)+(n)+(o)}$	No units Total [j]	Total [j]	Total [j]	j = a+b+c+(g)+(j)+(k)+(l)+(m)+(n)+(o)	k	l	m	n			

Grant Management Project Periodic Report **NEW Interaction with EC**

Project 555555 ABC R&I test project Beneficiary 1: Test account

HORIZON 2020 Legal Name: Test account legal entity
PIC: 999777555 Status: VALIDATED
Legal Address: ABC street, BBB city, AAA country

Period No: 1 Duration (months): 6
Reporting Period: [01/07/2014 - 31/12/2014]

← slide to select beneficiary →

Financial Statement

Financial information from contact

No contribution requested? Yes No

Financial Statements

Period	Adjustment	Requested Contribution
01/07/2014 - 31/12/2014 (Period No '1')	No	100,000.00 €

Financial Statement for period '1' (01/07/2014 - 31/12/2014)

Eligible costs:

Cost Category	Total	Actions
a) Direct personnel costs declared as actual costs	30,000.00 €	[a]
b) Direct personnel costs declared as unit costs (average costs)	0.00 €	[a]
d) Direct costs of subcontracting	65,000.00 €	
e) Direct costs of providing financial support to third parties	0.00 €	
f) Other direct costs	3,000.00 €	[a]
h) Indirect costs (= 0.25 * (a + b + f - o))	8,000.00 €	
j) Total costs (= a + b + d + e + f + h)	106,000.00 €	
k) Receipts	0.00 €	
m) Maximum EU contribution (100%)	106,000.00 €	
n) Requested EU contribution	100,000.00 €	
z) Requested EU contribution eligible for CFS	106,000.00 €	

Technology Centre AS CR, 26 October 2015 13

Who can be FSIGN → PFSIGN?



- Administrative role in PP
- On organisation level (FSIGN) nominated by LEAR/AA
- More FSIGNs possible
- Not necessarily statutory representative
- Same nomination procedure on project level (PFSIGN) as for PLSIGN



Check whether there is nominated FSIGN in you organisation!

Final reporting

Two parts to be completed:

- **Final technical** report
- **Final financial** report
 - Final summary report and (if relevant) a
Certificates on the financial statements (Annex 5)

Must be submitted within 60 days after the end of a project!



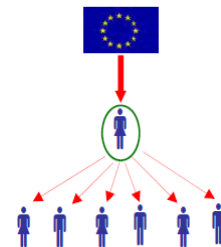


PAYMENTS - Terminology

- Pre-financing
- Interim payment(s)
- Payment of balance

→ Article 21 GA (Payments and payment arrangements)

→ Distributed by the coordinator



Pre-financing



- To be paid by the COM within 30 days from (whichever is the latest):
 - GA enters into force (Art. 58 GA)
 - 10 days before the start of project activities (Art. 3 GA)
- Automatic transfer of 5 % of total EC contribution to the **Guarantee Fund** (deducted from pre-financing payment)

Interim payment(s)



- To be paid by the COM within 90 days after receipt of periodic report
- Based on approved costs reported in the summary financial statement
- Up to the 85 % of total EC contribution (sum of pre-financing and previous interim payments)

Payment of Balance



- Final settlement of all payments at the end of project
- Usually two components:
 - 10 % retention
 - 5 % contribution to the Guarantee fund
- To be paid by the COM within 90 days after receipt of final report

 **Only 85 % cash flow during the project**

RICH Provisions: Pre-financing



1. When have you received and how much of pre-financing?

21.2 Pre-financing payment — Amount — Amount retained for the Guarantee Fund

...

The amount of the pre-financing payment will be EUR 998,414.25 (nine hundred and ninety eight thousand four hundred and fourteen EURO and twenty five eurocents).

...

An amount of EUR 99,841.42 (ninety nine thousand eight hundred and forty one EURO and forty two eurocents), corresponding to the 5% of the maximum grant amount (see Article 5.1), is retained by the *Commission* from the pre-financing payment and transferred into the 'Guarantee Fund'.

CA RICH, Article 7.3.2: Pre-financing

A first advance Payment of 80% of pre-financing within 30 days upon receipt from EC.

A second advance payment of 20% at M10, upon positive assessment of Interim Report M1-9 by the Steering Committee, including plan for future activities M10-18. For Parties that are underspending the remaining share of their advance payment will be distributed by the Coordinator to the requesting Party whenever necessary according to the status of their expenditure following a resolution of the Steering Committee.

RICH Provisions: Interim payment



2. When will you receive the interim payment?

CA RICH, Article 7.3.2: Interim payments

Interim payments will be **based on the costs accepted by the Commission** in each reporting period and the advanced payments already paid to each Party. The Advance payments and the interim payments cannot exceed the 85% of the maximum EC contribution of each Party's share.

For Parties that are underspending the payment schedule will be the following:

First Interim payment will be based on the EC contribution approved by the EC in the first reporting period minus any remaining advance payment;

Second Interim payment per Party will be based on the EC contribution approved by the EC in the second reporting period minus any remaining cash (payments received insofar minus the total EC contribution approved)

Interim payments will be distributed by the Coordinator to the requesting Party whenever necessary according to the status of their expenditure following a resolution of the Steering Committee.

RICH Provisions: Payment of balance



3. When will you receive the payment of balance?

CA RICH, Article 7.3.2: Payment of the balance

The payment of the balance will be made according to the balance between the **costs approved** by the EC and **total amount** of advance payment and interim payments **transferred by the coordinator**.

RICH Provisions

4. What will happen if you need less money than expected
5. What will happen if you need more money than expected?

CA RICH, Article 7.1.3 Funding Principles

A Party which **spends less** than its allocated share of the budget as set out in the Consortium Plan will be funded in accordance with its **actual duly justified eligible costs** only.

A Party that **spends more** than its allocated share of the budget as set out in the Consortium Plan will be funded only in respect of duly justified eligible costs **up to an amount not exceeding that share**. **However**, such a Party shall receive an additional EC contribution if at the end of the Project the total consolidated claimed eligible costs allow a reallocation of the EC contribution among the consortium. This amount will be distributed proportionally to the percentage of the Party's exceeding share on the total overspent EC contribution.





AUDITS - Terminology

- Checks
- Reviews
- 1st level audit = Certificate on the financial statement (CFS)
- Certificate on the methodology
- 2nd level audit = external audits of the COM
- Investigation by OLAF
- Checks and audits by the ECA

→ H2020 audit strategy: Fewer Certificates on Financial Statements and fewer but targeted audits

Checks



- The most common form of control
- Any aspect of the project
- Usually performed by the project officer
- Usually remote

Example: After receiving the report COM checks explanation of the work carried out, overview of the progress, explanation of the use of resources, ...

Reviews



- In-depth examination of the progress of the action
- Focused on technical and scientific aspects
- COM usually uses independent external experts
- Up to two years after the payment of the balance
- May include on-the-spot visit

Example: Assessment of the degree to which the work plan has been carried out and whether all deliverables were complete


1st Level audit: CFS (I)

- Certifying that costs claimed under a project by respective beneficiary meet the eligibility requirements established by the grant agreement

FP 7	HORIZON 2020
Obligation of CFS whenever the sum of EU contribution per partner \geq 375.000 EUR.	Obligation of CFS if the total EC contribution per partner \geq 325.000 EUR.
Limit included all form of costs.	Limit includes only actual costs or average personnel costs.
More CFSs within one project possible, always together with the periodic report.	Only one CFS at the end of the project.

1st Level audit: CFS (II)

- Issued by the competent auditor
- Agreed-upon procedure (Annex 5 GA)
- Factual findings report
- To be submitted with the final financial report

 Costs incurred for the CFS are eligible, if...

CFS: Eligible auditors



External auditor (usually)

- Independent from the beneficiary
- Qualified to carry out statutory audits of accounting documents *(in accordance with national legislation implementing the Directive on statutory audits of annual accounts and consolidated accounts)*
- Beneficiary is free to choose the external auditor

Independent public officer

- Specific case for public bodies

CFS: Annex 5



H2020 Model Grant Agreements: H2020 General MGA — Multi: v2.1 – 1 October 2015

ANNEX 5

MODEL FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

TABLE OF CONTENTS

TERMS OF REFERENCE FOR AN INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS DECLARED UNDER A GRANT AGREEMENT FINANCED UNDER THE HORIZON 2020 RESEARCH FRAMEWORK PROGRAMME..... 2

INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS DECLARED UNDER A GRANT AGREEMENT FINANCED UNDER THE HORIZON 2020 RESEARCH FRAMEWORK PROGRAMME 5

Responsibilities of the parties to the Engagement •
Subject • Reason • Type and Objectives of the
Engagement • Scope of work • Reporting • Timing

= list of procedures to be performed by the auditor in
the different cost categories, any exceptions should
be mentioned (e.g. no timesheets available)

CFS: Agreed-upon procedures



H2020 Model Grant Agreements: H2020 General MGA — Multi: v2.1 – 1 October 2015

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A.1	<p>PERSONNEL COSTS</p> <p><u>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)</u></p> <p>To confirm standard factual findings 1-5 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary:</p> <ul style="list-style-type: none"> o 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; o the payslips of the employees included in the sample; o reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system; o information concerning the employment status and employment conditions of personnel included in the sample, in particular their employment contracts or equivalent; o the Beneficiary's usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay); o applicable national law on taxes, labour and social security and o any other document that supports the personnel costs declared. <p>The Auditor also verified the eligibility of all components of the retribution (see Article 6 GA) and recalculated the personnel costs for employees included in the sample.</p> <p>C = Confirmed E = Exception N.A. = non applicable</p>	<p>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.</p> <p>2) Personnel costs were recorded in the Beneficiary's accounts/payroll system.</p> <p>3) Costs were adequately supported and reconciled with the accounts and payroll records.</p> <p>4) Personnel costs did not contain any ineligible elements.</p> <p>5) There were no discrepancies between the personnel costs charged to the action and the costs recalculated by the Auditor.</p>	

Certificate on the Methodology



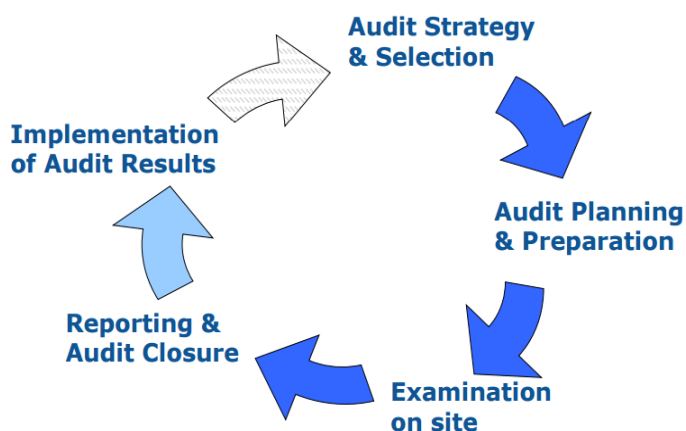
- Relevant only for organisations using average personnel costs
- Ex-ante certification of the methodology
- Voluntary basis ideally after first reporting period
- If the certificate is approved, costs declared in line with this methodology will not be challenged subsequently

2nd level Audit

- Ex-post control
- Mainly concern on financial implementation of the project
- Conducted by EC itself or by external auditor

FP 7	HORIZON 2020
Different approaches and requirements from auditors of different EC departments/ agencies.	Common Audit Service – department of DG RTD (all 2 nd level H2020 audits).
Ex-post audits up to five years after the end of the project.	Commission's audits up to two years after payment of the balance.

2nd level Audit Cycle



Source: EC presentation, 22/01/2015

Audit Strategy and Selection



- Statistical method
- Risk based analysis: high amounts, large proportion of subcontracting, etc.
- Fraud-risk audits
- Audits of biggest beneficiaries
- Audits on request
- Technical / Scientific audits

Source: EC presentation, 22/01/2015

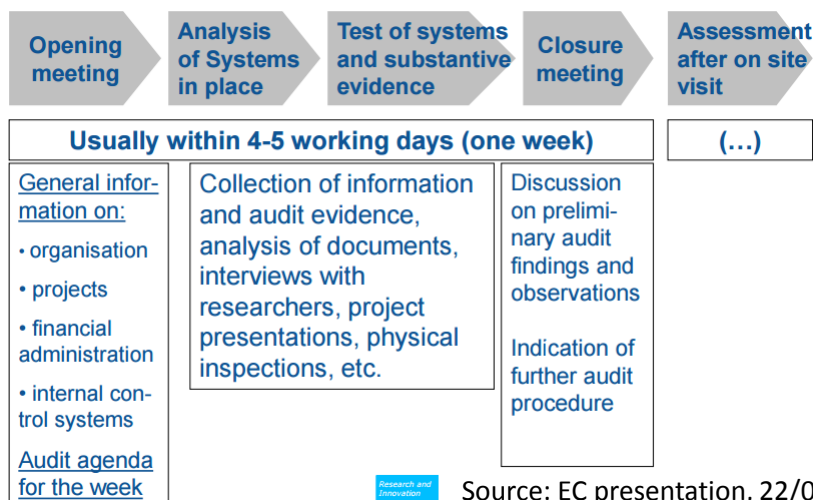
Audit Planning and Preparation



- Concrete selection of actions to be audited
- Initial contact by the responsible auditors to agree on dates and logistics for audit visit
- Formal “Letter of announcement” of audit including detailed annex with information and documents to be provided **prior** and **during** the on site examination

Source: EC presentation, 22/01/2015

Examination on site



Source: EC presentation, 22/01/2015

Reporting and Audit Closure

- Draft audit report
- Internal quality check
- Contradictory audit procedure: 30 days for beneficiary to send comments and “Letter of representation”
- Final audit report
- Internal committees and final quality check
- Audit closure with formal “Letter of Closure” of audit and indication of further procedures for the implementation of audit results

Source: EC presentation, 22/01/2015

Implementation of Audit Results

- Managed by the operational services in charge of project management
- Normally adjustment of ineligible costs
- Possibility of extension of audit findings to other grants in case of systemic and recurrent errors
- Administrative and financial penalties
- Further financial and legal consequences: reduction of grant, suspension of payments, termination of grant, OLAF investigations, etc.

Source: EC presentation, 22/01/2015



Ready for the Quiz...



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