CAJU Financial Workshop for CS2 members

19 October 2022
# AGENDA

## Morning (09:30-13:00) – hybrid (White Atrium Building)

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.30-09.45</td>
<td>Welcome and Introduction to the Financial Workshop</td>
<td>Maria Silvia Giannoni</td>
</tr>
<tr>
<td>09.45-10.45</td>
<td>GAM 2020-2023 reporting and closure</td>
<td>Romain Borgat</td>
</tr>
<tr>
<td>10.45-11.15</td>
<td>Q&amp;A session</td>
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<tr>
<td>11.15-11.30</td>
<td>Coffee break</td>
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<tr>
<td>11.30-12.30</td>
<td>Eligibility of costs – Focus on specific items</td>
<td>Fatime Bakalli, Marius Ghioc-Raleanu, Yolanda Garcia-Castillo</td>
</tr>
<tr>
<td>12.30-13.00</td>
<td>Q&amp;A session</td>
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**LUNCH BREAK 13.00 – 14.00**

## Afternoon (14:00-16:30) – hybrid (White Atrium Building)

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
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<tbody>
<tr>
<td>14.00-15.00</td>
<td>Other financial aspects:</td>
<td>Franky de Loof, Romain Borgat, Sonia de la Cierva, Bettina Dittman</td>
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<tr>
<td></td>
<td>• Ex post audit implementation</td>
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<td></td>
<td>• In kind contributions</td>
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<td>• Members contribution to running costs</td>
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<td>• Anti-fraud</td>
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<td>15.00-15.15</td>
<td>Q&amp;A session</td>
<td>Katarzyna Bogumil, Pablo Ballesteros Pelaez</td>
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<td>15.15-16.00</td>
<td>Legal aspects</td>
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<tr>
<td>16.15-16.30</td>
<td>Q&amp;A session</td>
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</table>
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Legal aspects
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
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5. Legal aspects
HOUSEKEEPING RULES

• If possible, use a headset or headphones with a microphone to reduce background noise

• Please keep your computer microphones / telephones on "mute" until you want to ask a question to avoid background noise or conversations being heard by the entire audience

• Questions will be replied during the specific Q&A sessions
• At the start of the specific Q&A session raise your hand if you wish to take the floor

Non-legally binding
• Questions can also be asked at any time via the chat function in TEAMS

• Please note that your camera will be turned off to avoid any performance issues when displaying the slides

• There will be breaks throughout the day: please be back on time
For any further questions, please send an e-mail to: finance@clean-aviation.eu
QUIZZ

SEE IN TEAMS!
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Legal aspects
GAM 2020-2023 reporting and closure

➢ GAM 2022 reporting
  • Reporting requirements 2023
  • Costs validation
  • Adjustments to previous period

➢ GAM 2020-2023 closure
  • GAM extension and amendment
  • Certification overview
  • Payments overview
Due by 15/01/2023: Estimates

- Report of estimated execution on CS2 GAMs in 2022 (all beneficiaries) => For JU provisional accounts
- Estimated IKOP reported 2022 => For declaration to GB (by 31.01.2023)
- Estimated Additional Activities 2022 (IKAA reporting); based on IKAA plan 2022 adopted
- JU will send email + template to SPD Coordinators (Dec 2022)
Due by 01/03/2023: GAM reporting
- Costs claims 2022 + Adj 2021 when needed + IKOP 2022
- Detailed Use of resources (UoR) - Excel based
- No certificates due (CFS + CTPC); only at the Final period (2024)
- Submitted via EC portal

Due by 15/03/2023: IKAA 2022 reporting
- Declarations of AA and certificates
- To be submitted to JU in GMT2 only with certificate and signed declaration (including signed originals by post)
➢ Costs claims will be validated on a **cumulative basis** compared to the **cumulated budget funding and the progress achieved during the period 2020-2022**;

➢ Reference budget is the **cumulated Annexe 2 - Budget** (2020-2023), not the individual Annexe 2 per year;

➢ **In case of activities not completed and/or missing deliverables, the related costs will be rejected** with possibility of re-submission in the next period (when results have been achieved and subject to proper assessment by PO/FO of technical achievements progress and use or resources);

➢ **In case of costs exceedance** compared to the cumulated baseline, the JU will assess whether this is due to anticipated activities and costs. **If not, the overrun will be rejected.**
➢ If costs 2020-2021 were covered by a CFS
   ➢ No correction of costs claims is possible
   ➢ Only re-submission of costs provisionally rejected in 2021 (missing deliverables) can be done

➢ If costs 2020-2021 were not covered by a CFS
   – Corrections of costs claims 2021 are possible (CFS corrections at final period, mistakes, correction of TPC etc)
   – Re-submission of costs provisionally rejected in 2021 (missing deliverables) if work has been achieved in full

➢ But only one adjustment is possible in e-grants (SygMa)

➢ For clarity, please specify in the UoR which costs are linked to corrections or re-submission of costs rejected in 2021 (provisional)
Resubmission via an adjustment if the work related to missing 2021 deliverable(s) has been achieved in full:

- The costs rejected for the reason of missing 2021 deliverable(s) could be resubmitted as adjustment of the previous period, provided those deliverable(s) are completed.

- The two other “cases” where an adjustment could be accepted from a PO perspective relates to either costs put on-hold and or costs that were incurred in anticipation of 2022 work.

- Ideally, such adjustment should be limited to the amount rejected in reporting 2021.
- In any case, the total declared as an adjustment in addition to the previously accepted contribution should be limited to the budget 2021 of the beneficiary at the maximum
• The JU has carried out a validation of IKOP for the period 2020-2021 taking into account:
  – For Method A => IKOP are covered by CFS
  – For Method B => IKOP are covered by CTPC (Certificate on Total Project Costs)

• Therefore, for beneficiaries having provided a valid CFS or CTPC for the period 2020-2021, no adjustment to TPC (Total Project Costs) can be made anymore
GAM 2020-2023 reporting and closure

➢ GAM 2022 reporting
  • Reporting requirements 2023
  • Costs validation
  • Adjustments to previous period

➢ GAM 2020-2023 closure
  • GAM extension and amendment
  • Certification overview
  • Payments overview
➢ JU approach for closure:
  ➢ Closure of CS2 programme => 31.12.2024 (ref. CS2 regulation)

➢ GAPs:
  ➢ No GAP can be extended beyond Dec 2023;
  ➢ Amendment request to extend closure of GAPs will be accepted only on exceptional manner in 2023 (in any case not beyond Dec 2023)

➢ Ongoing GAMs 2020-2023 running until 31.12.2023, except TE until 30.06.2024

➢ PCC63 (Oct 2022) => action to SPD Coordinators to assess whether:
  ➢ their SPD objectives are achievable within the CS2 timeframe and
  ➢ indicate whether a 3-month extension to their GAM is considered as necessary
    ▪ to allow delivery of results and maximize the results
    ▪ to finalise and close the grant
  ➢ The number of SPD concerned should remain limited
Until Mid Q2 2023: Assessment of request for GAM extension

- Proper justification and impact should be provided to the JU
- Careful analysis/assessment will be done by the JU with the support of reviewers (IPR/ARM)
- Confirmed by the JU mid Q2 2023 at the earliest

Mid 2023: If GAM extension is agreed, GAM extension will be made together with last GAM amendment foreseen which will include:

1. Extension of project end up to 31.03.2024 latest for the (limited number of) GAMs agreed by the JU and/or
2. Top-up of GAM 2020-2023 values (new Annex 2 budget) to reinstate the delta funding for activities declared in Annexe 1 but not yet covered by JU funding
Reminder: due to over commitment of the CS2 GAPs envelope contracted, CS2 GAMs 2020-2023 include a delta funding of -9.25 M€ for activities declared in Annexe 1 but not covered by JU funding

CAJU considers that it has enough room to compensate this amount in full by reallocating:
- savings operated in the JU administrative budget and
- unused funding of closed GAPs, based on execution observed to date and unused funds collected for GAPs ending until November 2022 AND

Provided that
- GAPs execution and closure is maintained on track
- only limited amendments (number and duration) are requested for GAPs (expected to close by November 2022)
➢ **Reminder:** Transfer of tasks (and budget) => amendment needed

➢ **Scenario 1:** Transfer of budget between WPs for the same beneficiary
   • Rational justification must be provided, and technical scope kept.
   • Acceptance by the SPD StCo and no amendment needed (no change of task).

➢ **Scenario 2:** Transfer of budget between beneficiaries within the SPD
   • Rational justification must be provided, and technical scope kept.
   • Acceptance by the SPD StCo and amendment needed
   • Subject to PO Assessment based on proposed evolutions, ahead of the implementation
**REALLOCATION OF REJECTED FUNDING**

**BUDGET TRANSFERS**

**Different cases:**


B. Ex post audit rejected funding – Ongoing GAMs 2020-2023
   - **For audit closed until end of 2023:** funding can be re-assigned to activities and other parties, only when contributing directly to one of the key demo. This is subject to PO assessment and SPD StCo approval
   - **For audit closed after end of 2023:** funding cannot be re-assigned. Opportunities arising from those rejected costs will be assessed at CS2 Program level.

C. Other rejected costs can be re-assigned to activities and other parties, only when contributing directly to one of the key demo. This is subject to PO assessment.
# GAMS 2020-2023 Closure Certification Overview

<table>
<thead>
<tr>
<th>Reporting period / Years</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RP1</strong></td>
<td>Form C 2020 + TPC</td>
<td></td>
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<tr>
<td><strong>RP2</strong></td>
<td></td>
<td></td>
<td>CFS / CTPC</td>
<td></td>
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<tr>
<td><strong>RP3</strong></td>
<td></td>
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<td></td>
<td>Form C 2022 + TPC + Adj on previous periods</td>
<td></td>
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<tr>
<td><strong>RP4</strong></td>
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### Interim Period

**RP1:** Form C 2020 + TPC

**RP2:** Form C 2021 + TPC + Adj RP1

CFS/CTPC required if threshold (325k) is reached for cumulative costs 2020 and 2021

**RP3:** Form C 2022 + TPC + Adj on previous periods

**RP4:** Form C 2023 + TPC + Adj on previous periods

### Final Period

**RP1:** Form C 2020 + TPC

**RP2:** Form C 2021 + TPC + Adj RP1

CFS/CTPC required if threshold (325k) is reached for cumulative costs 2020 and 2021

**RP3:** Form C 2022 + TPC + Adj on previous periods

**RP4:** Form C 2023 + TPC + Adj on previous periods

**CFS / CTPC**

All costs and Total Project Costs 2020-2023 must be covered

**No certificates**

### For Beneficiaries that already submitted certificate for the costs 2020/2021 (in 2022)

- Submit Form C 0 funding for 2022 and/or 2023
- Upload the CFS (2020/2021) in the dedicated section in SYGMA

### For beneficiaries that never submitted certificates

- CFS/CTPC required if threshold (325k) is reached for cumulative costs 2020 to 2023

### For Beneficiaries that already submitted certificate for the costs 2020/2021 (in 2022) but did not have further activities in 2022 and/or 2023

- CFS/CTPC required if threshold (325k) is reached for cumulative costs 2020 to 2023

- Upload the CFS (2020/2021) in the dedicated section in SYGMA

### Notes

- *CFS required for costs 2022/2023 even if the requested contributions are below the threshold. This CFS will complement the first one of 2020/2021. The 2 CFS must be uploaded as a zip file in the final financial statement.
- *CTPC required if threshold (325k) is reached
• **Different types of payments** made by JU in CS2 GAMs 2020-2023:
  – Grant signature: **Pre-financing**
  – Reporting periods 2020 / 2021 / 2022: **Interim payments** (up to 90% of total grant value of the GAM)
  – Final period 2023: **Payment of the balance in 2024** (10% or more of total grant value)

• **Different situation by SPD** depending on the spending profile over the years and validated costs:
  – **90% of GAM value reached by end of 2021** => no payment foreseen in 2023 => payment of balance (10% in 2024 at closure)
  – **Below 90% of GAM value reached by end of 2021** => payment foreseen in 2023 => payment of balance (10% in 2024 at closure)

• **NB**: Total GAM value 2020-2023 will be increased Mid 2023 (delta funding)
<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>% Total GAM value paid</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RP1+RP2</td>
<td>RP3</td>
<td>RP 4 (Final Period)</td>
</tr>
<tr>
<td>2020-2021</td>
<td>2022 f'cast</td>
<td>2023 f'cast</td>
<td></td>
</tr>
<tr>
<td>Payment</td>
<td>Paid to date</td>
<td>Paid in 2023</td>
<td>Paid in 2024</td>
</tr>
</tbody>
</table>

- **LPA**: 77% 13% 10% 100%
- **REG**: 89% 1% 10% 100%
- **FRC**: 90% 0% 10% 100%
- **AIR**: 90% 0% 10% 100%
- **ENG**: 90% 0% 10% 100%
- **SYS**: 90% 0% 10% 100%
- **TE2**: 55% 35% 10% 100%
- **ECO**: 61% 29% 10% 100%
- **SAT**: 39% 20% 41% 100%

Figures are indicative. For details, please contact the Financial Officers.
JU Recommendation:

- SPD Coordinator **should already anticipate the (re)-distribution of payments at GAM closure** within the GAM, taking into account:
  - the payment received to date and foreseen at beneficiary level
  - the validated funding per beneficiary to date
  - the expected funding to completion at beneficiary level
  - Etc …
➢ **March 2023**: reporting of costs claims 2022 => interim payment by JU in Q2 – Q3 2023

➢ **Mid 2023**: last amendment of the GAMs (top-up + extension if approved)

➢ **March 2024 or June 2024 (if GAM extended)**:
   - reporting of costs claims 2023 (last reporting period)
   - Payment of the balance by JU in Q3 – Q4 2024

➢ **End 2024**: closure of CS2 programme (GAMs and GAPs)

➢ **2025**: possible implementation of ex post audit results (direct recovery to beneficiary)
Q & A SESSION
COFFEE BREAK 15 MINUTES!
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Legal aspects
Eligibility of costs – Focus on specific items

- Eligibility of costs and most frequent errors
  - Personnel costs
  - Subcontracting
  - Other direct costs

- Ex post audit process – highlights
Most common issues encountered during last reporting session

Financial Statement
- Reported costs not foreseen in Annex 1 & 2
- Unplanned/overclaim subcontracting without PO’s prior agreement
- Deviations with planned budget and task not duly justified in the UoR

CFS
- Personnel costs not correctly calculated
- Unreliable timesheets, timesheets not available or not duly signed
- Procurement procedures (BVM) not duly respected for Subcontracting and Other G&S
- Missing supporting documents
- Ineligible costs declared (art. 6.5 MGA)
ELIGIBILITY OF COSTS – REMINDERS

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

**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
ELIGIBILITY OF COSTS – REMINDERS

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.
ELIGIBILITY OF COSTS – REMINDERS

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

For unit costs

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

➢ For SME owners' unit cost (A.4) - A fixed amount per unit determined by the Commission.
➢ For average personnel cost (A.1) or for costs of internally invoiced goods and services (D.5) - based on beneficiary’s usual accounting practices.
ELIGIBILITY OF COSTS – REMINDERS

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

<table>
<thead>
<tr>
<th>FORMS OF COSTS</th>
<th>BUDGET CATEGORIES</th>
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<tbody>
<tr>
<td></td>
<td>DIRECT COSTS</td>
</tr>
<tr>
<td></td>
<td>Personnel</td>
</tr>
<tr>
<td>Actual costs</td>
<td>✓</td>
</tr>
<tr>
<td>Unit costs</td>
<td>Yes for: - Average personnel costs - SME owners &amp; Natural person without salary</td>
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<tr>
<td>Flat-rate costs</td>
<td>X</td>
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</tbody>
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Non-legally binding
## Cost categories - Overview

<table>
<thead>
<tr>
<th>Eligible costs (per budget category)</th>
<th>Total costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Direct personnel costs</strong></td>
<td></td>
</tr>
<tr>
<td>A.1 Employees (or equivalent)</td>
<td></td>
</tr>
<tr>
<td>A.2 Natural persons under direct contract</td>
<td></td>
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<tr>
<td>A.3 Seconded persons</td>
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<tr>
<td>A.6 Personnel for providing access to research infrastructure</td>
<td></td>
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<tr>
<td><strong>B. Direct costs of subcontracting</strong></td>
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<tr>
<td>A.4 SME owners without salary</td>
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<tr>
<td>A.5 Beneficiaries that are natural persons without salary</td>
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<td><strong>C. Direct costs of fin. support</strong></td>
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<tr>
<td>D.1 Travel</td>
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<tr>
<td>D.2 Equipment</td>
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<tr>
<td>D.3 Other goods and services</td>
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<tr>
<td><strong>D. Other direct costs</strong></td>
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<tr>
<td>D.4 Costs of large research infrastructure</td>
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<tr>
<td>D.5 Costs of internally invoiced goods and services</td>
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<tr>
<td><strong>E. Indirect costs</strong></td>
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<thead>
<tr>
<th>Actual</th>
<th>Unit</th>
<th>Unit</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Unit</th>
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<tbody>
<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>
<td>g</td>
</tr>
</tbody>
</table>

Non-legally binding
Eligibility of costs and most frequent errors

Personnel costs
PERSONNEL COSTS are eligible:

- If they are related to personnel working for the beneficiary under an employment contract. (A.1)

- for natural persons (e.g. consultants) working under a direct contract with the beneficiary. (A.2)

- 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. (A.3)
ELIGIBILITY OF COSTS – PERSONNEL COSTS

➢ **SME owner without salary / Natural person without salary (A.4/A.5)**

- 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 => a fixed amount per unit determined by the Commission

- The hourly rate must be calculated for each individual — before signature of the GA — according to the following formula:

  \[ \text{Amount per unit} = \text{EUR 32,52} \rightarrow \{\text{EUR 4,650}/143 \text{ hours}\} \]

  \[ \times \]

  \{**country-specific correction coefficient of the country where the beneficiary is established**\}

*Non-legally binding*
What **CANNOT** be declared under personnel costs?

- Contracts with temporary work agencies

- Natural persons (e.g. consultants) **not** fulfilling the conditions (hierarchical dependence, premises, similar cost for similar tasks, ownership of results).
  
  e.g. working autonomously on the tasks assigned to them

- Natural persons (e.g. consultants) paid for deliverables rather than for working time
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%20n%C2%B05%20eligibility%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.

*Non-legally binding*
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)
AGA Art. 6.2.A.1

Personnel costs must be declared as:

- **actual personnel costs** (most common case)

OR

- **unit costs**
  - in accordance with the usual cost accounting practices (*average personnel costs*).
  - a fixed amount per unit determined by the Commission (e.g., SME owners' unit cost)
ELIGIBILITY OF COSTS – PERSONNEL COSTS

**Personnel Costs - Calculation**

\[
\text{Personnel costs} = \text{Hours spent in the project} \times \text{Hourly rate EUR/hour} + \text{Additional remuneration}
\]

- **Hours spent in the project**: Time records
- **Hourly rate EUR/hour**: Formula for actual costs & specific unit costs
- **Additional remuneration**: Only eligible for non-profit legal entities

Non-legally binding
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):

\[
\begin{align*}
\text{Actual annual personnel costs for the person} \\
\text{Number of annual productive hours}
\end{align*}
\]

OR

➢ **Per month**: for each person for each month:

\[
\begin{align*}
\text{Actual monthly personnel costs} \\
\text{Number of annual productive hours/12}
\end{align*}
\]
Unit personnel costs
(in accordance with the usual cost accounting practices)

Conditions:

- the cost accounting practices used are applied in a consistent manner, based on objective criteria, regardless of the source of funding;

- 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  \times  amount per unit (hourly rate).
**Personnel Costs – Hourly rates**

**Annual Personnel Costs**

- **Hourly rate**
- **Annual Personnel costs**
- **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.*

**Social Contributions & Taxes by Employers**

*Non-legally binding*
ELIGIBILITY OF COSTS – REMINDERS

Payments of dividends to employees (profit distribution) are NOT eligible under Article 6.5(a)(i).
However, bonuses based on the overall financial performance of the organization (e.g., profitability or surplus) may be accepted, if they are part of the usual remuneration practices for national projects and thus eligible as basic remuneration and if they are based on objective conditions.

Examples (positive):
If the profit of the company at the end of the year is more than x € (or more than x %), each employee will receive a bonus of z % of his/her basic remuneration (or a fixed bonus of x € more as part of the gross salary).

Examples (negative):
If the profit of the company at the end of the year is more than X € (or more than X %), z % of that profit will be distributed to employees through extra remuneration.

Any part of the remuneration which is based on commercial targets or fund-raising targets is NOT eligible (because neither incurred in connection with the work described in Annex 1 of the action nor necessary for its implementation).

Examples: € for reaching a sales target; x % on sales; x € premium per externally funded project gained; x % of the external funding gained

Non-legally binding
**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 ≥ 90% of Standard annual WORKABLE time.
ELIGIBILITY OF COSTS – REMINDERS

• OPTION 1: **Fixed 1720 hours**

The number of hours is fixed for *full-time employees*, and it is pro-rata for employees working part-time or working only part of the year for the beneficiary.

A pro-rata of 1720 hours can be used if:

• the employee has not worked the full year for the beneficiary
  Example: Researcher worked 3 full months
  \[
  1720 / 12 \text{ (months)} \times 3 \text{ (January, February, March)} = 430 \text{ productive hours}
  \]

• the employee’s contract explicitly states (or allows to determine) a precise percentage of a full time equivalent (FTE) covered by such contract.
  Example: Researcher worked part-time (50%)
  \[
  1720 \times 50\% \text{ (part-time percentage)} = 860 \text{ productive hours}
  \]
## ELIGIBILITY OF COSTS – REMINDERS

### 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

- Crossed out: hours per day)

---

**Individual annual productive hours**: Annual Workable hours + individual overtime

- Crossed out: individual annual sick leave

---

* Additional conditions may apply – 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

- Crossed out: 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**

---

*Non-legally binding*
Personnel Costs – Hourly rates

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.
ELIGIBILITY OF COSTS – PERSONNEL COSTS – WIZARD

Use the **WIZARD** in the Financial Statement

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.

⇒ **PPT WIZARD in the CAJU website**
PERSONNEL COSTS
THE HIGHEST SHARE OF NEGATIVE ADJUSTMENTS

Value of H2020 Ex-post negative adjustments as of October 2022

Personnel costs, 70%
Other direct costs: 22%
Subcontracting: 8%

Source: Dashboard - European Commission – Common Audit Service
1. Incorrect remuneration costs - e.g. use of estimates, budget, fixed rates
2. Incorrect productive hours calculation
3. Time recording: Unreliable/missing timesheets, alternative evidence not sufficient
For remuneration costs, ensure:

- **Estimates, unsupported items are not included** (applicable to other cost categories)
- **Personnel costs formula reconciles with payroll/HR records**
- **Actual costs were incurred in the LAST CLOSED FINANCIAL YEAR**
- **No overheads are included** (applicable to other cost categories)
- **Cost of personnel from the affiliated companies:**
  - declared as third parties, and included as linked third parties in GA or;
  - listed as third parties providing in-kind contributions in Annex 1
- **Final check is performed before you press the button !!**
- **Involve certifying auditors and share materials from this workshop**
Examples of errors: Incorrect remuneration costs:

• “Salary costs were estimates derived from historical data and were not verifiable. The Beneficiary did not use actual cost as recorded in the Beneficiary’s accounts”

• “Beneficiary’s methodology mixes unit costs and actual costs, as well as different cut-off dates for the individual elements of personnel costs”

• “Beneficiary declared cost for employees from companies of the Group. (…) The third parties were not indicated as linked third parties in GA, nor were listed as third parties providing in-kind contributions in Annex 1 GA.”
For productive hours calculation:

- **Use one of the 3 options provided in Grant Agreement – do not mix**
- **Recommendation: Option 1 (1720 hours). Simple!**
- **If you use Option 3 (standard annual productive hours) – increased probability of error!!:**
  - Keep evidence of calculations
  - Data must be consistent with HR records
  - It must be in line with your usual accounting practices
  - Reference of workable hours (collective labour agreement or national law)
  - **Annual productive hours ≥ 90 % of the standard annual workable hours**
Examples of errors: Incorrect productive hours calculation

• “Beneficiary included non-productive hours and the corresponding portion of employer’s contributions and bonuses that pertain to the non-productive hours of the employees.”

• “The Beneficiary standard productive hours (Option 3) were less than 90% of standard annual workable hours and has not applied the productive hours calculation across other non-EU funded projects.”
For time recording, avoid:

- *Time recorded in excess of staff full employment*

- *Hours registered under codes, different from the audited action* (attention to timesheet requirements in GA!!)

- *Hours incurred outside the project period* (even if paid during the period)

- *Inconsistencies: time records vs. HR absence records*
Examples of errors: Time recording

“We noted discrepancies between the number of annual productive days/hours declared by the Beneficiary and the number of annual productive days/hours resulting from our review of the documentation (timesheets, employment contracts), which is not in line with Article 6.2.”
Eligibility of costs and most frequent errors

Subcontracting
### Eligibility of Costs – Third Parties

<table>
<thead>
<tr>
<th>Eligible Costs (per budget category)</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</th>
<th>Total costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 Employees (or equivalent)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>A.2 Natural persons under direct contract</td>
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<tr>
<td>A.3 Seconded persons [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.5 Beneficiaries that are natural persons without salary</td>
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<tr>
<td>A.6 Personnel for providing access to research infrastructure</td>
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<tr>
<td>D.1 Travel</td>
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<tr>
<td>D.2 Equipment</td>
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<tr>
<td>D.3 Other costs of large research infrastructure</td>
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<tr>
<td>D.4 Costs of internally invoiced goods and services</td>
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<td>Total c</td>
<td>d</td>
<td>e</td>
<td>f</td>
<td>g</td>
</tr>
</tbody>
</table>

**Non-legally binding**
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

Non-legally binding
Article 13 of MGA

If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1. Subcontracting may cover only a limited part of the action.

Eligibility conditions:
✓ Must be planned in Annex 1 & 2
✓ 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
ELIGIBILITY OF COSTS – SUBCONTRACTING COSTS

Best value for money (BVM)

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

Non-legally binding
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
Examples of common errors: Subcontracting

• Lack of adequate supporting documents (procurement procedure)
• Not foreseen in Annex I nor agreed by JU services
• The link to the action is not properly documented and/or action code not indicated
• Insufficient descriptions in technical specifications and contracts (key information leading to justification for supplier selection)
• Not applying best value for money principle
Subcontracting costs:

- “The selection of the supplier for the next phase of testing of component «XX» could not be different from the supplier who had already carried out 1st phase of activities on the same component and for whom a tender had already been made available to auditors.”
  - Evidence was not easily traceable by auditors
  - Link to action documented (vs link to component)
  - Insufficient descriptions in technical specifications

- “For the period audited (RP1), the full cost of the service subcontracted was claimed. The work was only partly performed and delivered in 2018 (RP1 – audited) and the rest during the next period (RP2 – not audited). Costs must be incurred during the project.”
Examples from Audit Reports (2/2)

**Subcontracting**

- **Ex post audit** → Support to the management tasks of the coordinator was challenged
- CS2JU internal note was issued based on CLSS opinion

These tasks should be claimed in the costs category Subcontracting and ensure:

- the tasks outsourced are linked to action tasks mentioned in the Annex 1 (like in a WP.0 Coordination)
- the leading role of the coordinator must be maintained with respect to the tasks of the coordinator’s listed in Article 41.2(b) which cannot be subcontracted or delegated
- the content of the subcontract should show that the final check, and the leadership for the task, remains with the coordinator and that the tasks is “only” a support
- all eligibility conditions of article 6.1 and 6.2 are fulfilled
SUBCONTRACTING

AUDITOR’S ADVICE

• What evidence supports best value for money principle?
  • Show you have followed your procurement policy
  • Key elements: Tender, three offers, market survey, technical reports with reference to the technical specifications (specific criteria selection)
  • Use only valid framework contracts (updated, selected according to company procurement procedure)
  • If you deviate from your procurement policy (e.g.: requesting 3 offers, thresholds mentioned)
    • auditor will need solid justification. → document any exceptions (e.g.: unique supplier)
    • Create a file with the explanations and supporting evidence of the selection of supplier & procurement process in advance
Eligibility of costs and most frequent errors

Other Direct costs
ELIGIBILITY OF COSTS – OTHER DIRECT COSTS

Travel (D.1)

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
Depreciation costs of Equipment (D.2)
Article 6.2.D.2

- the Beneficiary should declare the depreciation costs of equipment, infrastructure or other assets (new or second-hand) as recorded in the Beneficiary’s accounts.

- the equipment costs must be written off in accordance with the beneficiary’s usual accounting practices and with international accounting standards.

- if the beneficiary does not use the equipment exclusively for the action, only the portion used on the action may be charged. The amount of use must be auditable.

- The depreciation costs must be calculated for each reporting period.
Depreciation costs of Equipment (D.2)

Specific cases: 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.
ELIGIBILITY OF COSTS – OTHER DIRECT COSTS

Purchase of goods, works and services (D.3)
Art. 10 MGA

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

Eligibility conditions:
- 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
Purchase of goods, works and services (D.3)

Specific cases (purchases):

**Purchases between beneficiaries** — Are in principle **not accepted**.
➔ If a beneficiary needs supplies from another beneficiary, it is the latter beneficiary that should charge them to the action. (Otherwise there is the risk that the grant is used to charge commercial profit margins.)
➔ only be accepted in **exceptional and properly justified cases** (e.g. beneficiary A is the usual supplier of beneficiary B for a generic consumable that beneficiary B needs for the action).

**Framework contracts or subcontracts**
➔ if this is the **usual practice of the beneficiary** (e.g. for a type of goods).
➔ the framework contract must have been awarded **on the basis of best-value-for-money and absence of conflict of interest.**
ELIGIBILITY OF COSTS – OTHER DIRECT COSTS

Costs of internally invoiced goods and services (D.5)

Costs of internally invoiced goods and services directly used for the action are eligible, if:

➢ (a) they are declared on the basis of a unit cost calculated in accordance with the beneficiary’s usual cost accounting practices;

➢ (b) the cost accounting practices used are applied in a consistent manner, based on objective criteria, regardless of the source of funding;

➢ (c) the unit cost is calculated using the actual costs for the good or service recorded in the beneficiary’s accounts, excluding any ineligible cost or costs included in other budget categories.

➢ (d) the unit cost excludes any costs of items which are not directly linked to the production of the invoiced goods or service.

‘Internally invoiced goods and services’ means goods or services which are provided by the beneficiary directly for the action and which the beneficiary values on the basis of its usual cost accounting practices.
ELIGIBILITY OF COSTS – SPECIFIC CASES
(ACTUAL COSTS)

- **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 JU 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.
Eligibility of costs – Focus on specific items

- Eligibility of costs and most frequent errors
  - Personnel costs
  - Subcontracting
  - Other direct costs

- Ex post audit process – highlights
EX-POST AUDIT PROCESS
CARRIED OUT BY THE CAS
(WITH SUPPORT OF THE JU)

1. Letter of Announcement
2. Preparation of the audit
3. Mission on site (20 d) - Exit meeting
4. Preliminary Audit Report
5. CAS Quality Control - incl. CS2JU comments
6. Contradictory Procedure - Beneficiary comments + evidence
7. Draft Audit Report - revised report
8. Final CAS Quality Control
9. Stakeholders meeting, if:
   a) Systemic findings
   b) Sensitive case
10. Final Audit Report & Letter of Conclusion sent
    a) Extension of systemic findings
11. Implementation by CS2JU
Do you agree with the preliminary auditor’s conclusion?

Do you agree with the preliminary systemic nature of findings?

Provide feedback to the auditors during closing meeting and afterwards! Keep a proactive role.

Audits are centrally managed by DG RTD CAS. If you need a mediator, contact CAJU for advice.

Make sure of involvement of the right people in your organization

Provide a justified reply, based on GA rules and providing solid evidence for your arguments
What does it mean? Extension is the correction of the potentially systemic error in unaudited financial statements. The process is managed by the CAS extension cell.

**Step 1:** Choose the most favorable correction method:

- **Systematic flat rates** are communicated in the LOC (overall costs/ per cost category)
- **Individual correction** of all unaudited projects is possible (no flat rate); justification needs to be provided

**Step 2:** Assess & justify whether the systematic errors were present in all my unaudited cost claims
1) What options do I have if I choose not to apply LOC flat-rate?

   • A separated audit at beneficiary’s own expense is needed for applying a different flat-rate—guidance and template in LOC-

   • If beneficiary has appropriate evidence for the precise individual FS correction, individual correction method can be used without engaging external auditors.

2) When do I need to reply? Within 90 days from reception of LOC

3) What happens if I do not reply on time?

   • Overall flat-rate indicated in LOC may be applied by the JU
ADDITIONAL INFO:

- **Horizon 2020 Indicative Audit Programme**

- **Horizon 2020 On-line Manual – Audit and certifications**

- **Webinar addressed to providers of Certificates on Financial Statements in Horizon 2020 grants**
  https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/news#15200

- **National Contact Points**
  https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/ncp

- **Research Enquiry Service**
  http://ec.europa.eu/research/enquiries
Q & A SESSION
CONTENT
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Legal aspects
Other financial aspects

➢ Implementation of ex-post audit results
➢ In-Kind contributions
➢ Members Contribution to the JU administrative costs
➢ Anti-fraud
Mid Jan 2023: Estimates costs execution 2022, IKOP 2022, Additional activities 2022

March 2023: reporting of costs claims 2022 (no certificates required) => interim payment by JU in Q2 – Q3 2023

Mid 2023: last amendment of the GAMs (top-up + extension if approved)

March 2024 or June 2024 (if GAM extended):
- reporting of costs claims 2023 (last reporting period); certificates required (CFS / CTPC)
- Payment of the balance by JU in Q3 – Q4 2024

End 2024: closure of CS2 programme (GAMs and GAPs)

2025: possible implementation of ex post audit results (direct recovery to beneficiary)
## GAMS 2020-2023 Closure Payment Overview

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RP1+RP2</td>
</tr>
<tr>
<td></td>
<td>Paid to date</td>
</tr>
<tr>
<td>LPA</td>
<td>77%</td>
</tr>
<tr>
<td>REG</td>
<td>89%</td>
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<tr>
<td>FRC</td>
<td>90%</td>
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<td>90%</td>
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<td>ENG</td>
<td>90%</td>
</tr>
<tr>
<td>SYS</td>
<td>90%</td>
</tr>
<tr>
<td>TE2</td>
<td>55%</td>
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<tr>
<td>ECO</td>
<td>61%</td>
</tr>
<tr>
<td>SAT</td>
<td>39%</td>
</tr>
</tbody>
</table>

For details, please contact the Financial Officers.

Figures are indicative.

Non-legally binding
JU Recommendation:

➢ SPD Coordinator should already anticipate the (re)-distribution of payments at GAM closure within the GAM, taking into account:
   ➢ the payment received to date and foreseen at beneficiary level
   ➢ the validated funding per beneficiary to date
   ➢ the expected funding to completion at beneficiary level
   ➢ Etc …
PERSONNEL COSTS
THE HIGHEST SHARE OF NEGATIVE ADJUSTMENTS

Value of H2020 Ex-post negative adjustments as of October 2022

- Personnel costs: 70%
- Other direct costs: 22%
- Subcontracting: 8%

Source: Dashboard - European Commission – Common Audit Service
PERSONNEL COSTS
THE MOST FREQUENT ERRORS

1. Incorrect remuneration costs - e.g. use of estimates, budget, fixed rates
2. Incorrect productive hours calculation
3. Time recording: Unreliable/missing timesheets, alternative evidence not sufficient
Other financial aspects

- Implementation of ex-post audit results
- In-Kind contributions
- Members Contribution to the JU administrative costs
- Anti-fraud
Reminder: CFS requirement in case of an ex-post audit – Revised

• Until 2020 - Costs covered by an ex post audit were excluded from the date on which the audit was announced.
• From 2021, Costs covered by an ex-post audit are only excluded from the date on which the audit is closed (FAR/LOC sent).
• Therefore, concerned beneficiary must submit a CFS also for the audited period if the threshold is reached and the audit is still on-going (i.e. the letter of conclusion is not yet issued).
H2020 GAMs 2014-2017 projects are closed, the results from ex-post audits (detected error / extrapolation) are implemented in GMT2 and recovered directly from the beneficiary* - Fully implemented

All GAMs 2018-2019 projects, are also closed, the results from ex-post audits will be implemented in Sygma and recovered directly from the beneficiary*

All GAMs 2020-2023 projects, still ongoing, the results from ex-post audits will be implemented in Sygma via adjustments to previous period in the next REPA until the Final REPA
Article 44: beneficiaries remains financially responsible towards the Joint Undertaking for the projects in which they are involved. Therefore, in case a linked third party (LTP) is involved in a project, the beneficiary is liable for settling the debts of it’s linked third party.

Therefore, when the project is closed, the debit note pertaining to the implementation of ex post audit results against a LTP is adressed to the beneficiary responsible to whom he is linked in the project.
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
- Cost adjustments
  - Offset at payment calculation
  - Calculation amount to recover
  - Payment letter to coordinator

Closed project
- Cost adjustments
  - Calculation amount to recover
  - Pre-info letter to beneficiary

COMMON AUDIT SERVICE

CAJU

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

Closed project
- Not possible anymore as whole budget committed

No additional payment

REPA

Co-funded by the European Union
Please make sure that the information concerning the appointed representative of the entity (LEAR) is still valid and, when required, updated without delays.

According to Article 17.2 of the Grant agreement, the beneficiaries (via their legal entity appointed representative (LEAR)) **must keep their data in the Funding & Tenders Portal up-to-date at all times including after the end of the grant.**
No action is required from the beneficiary during the implementation phase:

• On-going projects (GAMS 2020-2023): The PO/FO implements the audit adjustments in SyGMA and an information letter with annexes is sent via SYGMA to the audited beneficiary to confirm implementation. Negative adjustments are taken into account at the next REPA and clearly indicated in the Interim payment letter.

• I take this opportunity to remind you not to duplicate the adjustments on your side, especially in the case of extension of audit results (EAR), because CAJU is not able to reject negative costs and this will cause additional delays as the session must be rejected so that the beneficiary withdraws the duplicate.

• Closed projects (GAMS 2018-2019): The PO/FO implements the audit adjustments in SyGMA and prepares the pre-information and confirmation letter and enclosures with debit note to recover from beneficiary

   Amounts <200€ are not recovered
All ex post audits were implemented

• Consequently, the GMT2 implementation process is not relevant anymore
1. **For closed projects (GAMs 2018-2019)**, this procedure is no longer applicable as the whole budget available is now committed on the open GAMs until the end of the H2020 programme.

2. **For ongoing (2020-2023) GAMs**, the beneficiary has to declare the positive adjustment in the next REPA.

3. The coordinator will check that the Max Grant Amount for the project was not reached and include the request in the agenda of the next steering Committee (SC) meeting in order to assess the impact of the Costs to Completion (CTC) of the concerned beneficiary until the end of the programme (indeed, this will be very tricky at the end of the ongoing GAMs as all the planned funding is expected to be used);

4. Finally, when approved and supported by a SC decision together with JU approval, the request will be approved in Sygma by the coordinator and included in the REPA as an adjustment to corresponding audited period.
The COPA workflow facilitates a stand-alone payment or recovery order (or just the cost claim adjustments) to make final financial corrections for a project, with only manual payment calculation and manual encoding in ABAC.

During the contradictory procedure with accepted observations on the Payment Letter in the final REPA also called Payment of the Balance (PoB), the PO/FO might decided to launch a COPA workflow if there is a need to implement further costs or payment adjustments in SYGMA.

The COPA during final REPA is the last part of a contradictory procedure if observations imply cost adjustments, and sends out the Payment Confirmation Letter as formal notification at the end. For a COPA after the final REPA this will be a Complementary Payment Letter (also as formal notification but without contradictory procedure).
Other financial aspects

- Implementation of ex-post audit results
- In-Kind contributions
  - Overall objective and status
  - IKOP – In-kind contributions on operational activities
  - IKAA – In-kind contributions on additional activities
- Members Contribution to the JU administrative costs
- Anti-fraud
<table>
<thead>
<tr>
<th>Form of contribution</th>
<th>Area of contribution</th>
<th>Amount (K€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash contribution</td>
<td>Contribution to 50% running cost of the JU (administrative expenditure)</td>
<td>maximum of 39 M€</td>
</tr>
</tbody>
</table>

**Total In Kind Contribution (IKC)**

| In-kind contribution (IKC); in-kind contribution to the operational cost (IKOP) | Contribution to the cost related to the JU work plan (operational expenditure) | minimum of 2,154.750 M€ |
| In-kind contribution (IKC); additional activities (IKAA) | 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. | minimum of 965.250 M€ |

*: calculated as difference between minimum objectives for Total IKC and IKAA set in the CS2 regulation

Non-legally binding
CS2 IN KIND CONTRIBUTION
STATUS VS OBJECTIVE

➢ Total progress of IKC is on track versus objective, but mainly due to good progress on IKAA while IKOP is behind objective

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IKOP</td>
<td>582.5</td>
<td>246.8</td>
<td>829.3</td>
<td>1,189.5</td>
<td>69.7%</td>
</tr>
<tr>
<td>IKAA</td>
<td>944.1</td>
<td>85.8</td>
<td>1,029.8</td>
<td>965.3</td>
<td>106.7%</td>
</tr>
<tr>
<td>Total IKC</td>
<td>1,526.5</td>
<td>332.6</td>
<td>1,859.1</td>
<td>2,154.8</td>
<td>86.3%</td>
</tr>
</tbody>
</table>

IKOP: 2014-2021 figures are certified
IKOP reported in 2020-2021 but not covered by a certificate will only be considered at the GAM closure

IKAA: total IKAA 2014-2021 correspond to validated figures (certified)
total objective of 965.3 M€ as per CS2 regulation is a minimum of

Around 300 M€ still to provide!
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

The CS2 members should continue to report IKAA under the CS2 programme and not duplicate them with IKAA reported under the Clean Aviation programme

Non-legally binding
Other financial aspects

- Implementation of ex-post audit results
- In-Kind contributions
  - Overall objective and status
  - IKOP – In-kind contributions on operational activities
  - IKAA – In-kind contributions on additional activities
- Members Contribution to the JU administrative costs
- Anti-fraud
IKOP REPORTING - SUMMARY

- IKOP reporting: in SyGMa together with the reporting of GAMs (since 2018 reporting period)
  - Based on Total Project Costs (TPC)
  - IKOP = TPC – JUC (validated JU contribution)

- Calculation methods remains the same:
  - Method A: TPC = TEC (Total Eligible costs) => based on H2020 eligibility criteria (unfunded 30%)
  - Method B: Actual TPC => based on usual cost accounting practices

- IKOP guidance (incl. certificates) – May 2019 to be found on CSJU website: https://www.cleansky.eu/key-documents
Most Frequent Errors – Reporting GAM 2020-2021

Certificate template:
- Wrong certificate template used (old template used before 2018)
- Terms of reference not signed

Certified amount (Total Project Costs) not correct
- No TPC reported or TPC below Total eligible costs (TEC)
- Adjustment not included in the certified amount
- No TPC reported in Adjustment Form C
- CTPC certified IKOP instead of TPC (including IKOP)
- CTPC certified the TPC of only one reporting period
- Method A: TPC not equal to TEC, leading to rejected TPC to adjust the amount
- Method B: TPC not always higher than TEC
- Change of method from B to A between RP1, adjustment and RP2 leading to rejected TPC
Certification for TPC follows the **same timing** as certification requested for cost claims (2 years approach)

- **2023**: No certificate to be provided, only TPC of 2022 to be reported

- **Next certification at the final reporting period of the GAM** (in 2024 together with CFS) to cover period TPC reported in 2022-2023

The JU has carried out the validation of IKOP for the period 2020-2021 taking into account:
- For Method A => CFS
- For Method B => CTPC (certificate on Total Project Costs)

Therefore, for beneficiaries having provided a valid CFS or CTPC for the period 2020-2021, no adjustment to TPC 2020-2021 can be made anymore
TIMETABLE 2023

➢ 15 Jan n+1: estimates for IKOP (together with estimates for eligible costs) => Excel template + guidance provided by JU (as every year)

➢ 1 March n+1: declarations of TPC (together with cost claims) => SyGMa together with reporting of costs claims

➢ Q3 n+1: GB opinion on IKOP
Other financial aspects

- Implementation of ex-post audit results
- In-Kind contributions
  - Overall objective and status
  - IKOP – In-kind contributions on operational activities
  - IKAA – In-kind contributions on additional activities
- Members Contribution to the JU administrative costs
- Anti-fraud
IKAA management remains in GMT2 tool!

Planning in GMT2 for AA Plan 2023

- **14 October 2022**: planned activities submitted by Members to JU for check and validation
- **November 2022**: approval of AA plan by GB (via written procedure)

Reporting in GMT2 for 2022

- **15 January 2023**: declaration of estimates => to be reported as DRAFT
- **1 March 2023**: declarations of AA and **certificates** => to be SUBMITTED TO JU in GMT2 only with certificate and signed declaration (including signed originals by post)
- **June 2023**: GB opinion on IKAA
IKAA plans 2023 should be reported by Mid October 2022 in GMT2; adoption of the GB is required by End of the year

So far, only 4 members have reported their IKAA plans 2023

**Action:** members should report their IKAA plans as soon as possible

Due to IT problem, some users have problems to create / update their accounts and passwords:
- To avoid further delay, JU has proposed to use a Word template reflecting exactly the information to be reported in GMT2

- The template has been sent to the users affected by the IT issue

- If other member concerned, please contact the Finance unit or Programme Unit
IKAA PROCEDURES

**Relevant documents** => NO change; can be found on the CAJU website

*Key documents | Clean Aviation (clean-aviation.eu)*

*Under Financial guidance and procedures*

**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

Non-legally binding
IKAA REPORTING 2021 – MOST FREQUENT ERRORS

➢ Declaration not signed / stamped by the auditors
➢ Terms of reference missing or not signed
➢ Original documents (certificates) not provided
➢ Wrong certificate template used not accepted by JU, for instance:
  ➢ Report on factual findings (based on CFS template)
  ➢ Agreed upon procedures under ISRS 4400
  ➢ Estimated values accepted on provisional basis by national granting authorities

Reminder!

- IKAA reported value need to be certified by an independent auditor (CS2 regulation)
- Model certificates developed by the CSJU refers to either an independent audit opinion (ISA 805) or an independent reasonable assurance (ISAE 3000)
Other financial aspects

- Implementation of ex-post audit results
- In-Kind contributions
- Members Contribution to the JU administrative costs
- Anti-fraud
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 on the basis of the private Members’ participation in the signed GAMs for each year, expressed in % of the budget allocated to the Leaders and to the Core Partners compared to the total allocated GAM budget for the current year.
Running costs contributions are not eligible under the GAM!

- **Annual** invoicing in one instalment.
- The JU sends a **pre-information letter** about the calculated annual contributions – Members are asked to provide **purchase order (PO)** numbers (if needed for their own accounting). Then a **debit note** is issued.

- **Adjustment** made in 2022:
  - Budget amendment (split at budget line level between CS2 / CA programme)
  - Inactive Members (activities finalized in 2021 and not claiming any JU funding in 2022-2023) are no longer requested to contribute to the administrative costs of the JU.
CALCULATION METHOD

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

<table>
<thead>
<tr>
<th>Title Chapter</th>
<th>Heading</th>
<th>Financial year 2022 Amendment 2</th>
<th>Financial year 2022 Amendment 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commitment Appropriations</td>
<td>Payment Appropriations</td>
<td></td>
</tr>
<tr>
<td>1 0</td>
<td>SUBSIDY FROM THE COMMISSION</td>
<td>0</td>
<td>146,642,352</td>
</tr>
<tr>
<td>2 0</td>
<td>CONTRIBUTION FROM MEMBERS (NON-EC)</td>
<td>3,050,000</td>
<td>3,050,000</td>
</tr>
<tr>
<td>3 0</td>
<td>CARRY OVER FROM PREVIOUS YEAR (executed and estimated)</td>
<td>19,242,249</td>
<td>82,525,739</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>22,292,249</strong></td>
<td><strong>232,218,091</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. Annex 2 Funding Agreement:

«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 GAM 2020-2023
3. Calculation of the annual contribution: example

<table>
<thead>
<tr>
<th>SPD</th>
<th>Short name</th>
<th>Organisation</th>
<th>Max JU contribution 2020-2023</th>
<th>Proportion</th>
<th>CS2 JU Running costs contribution 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIR</td>
<td>SPFLY</td>
<td>SUPERFLY</td>
<td>300.000,00</td>
<td>0,10%</td>
<td>3.050,00</td>
</tr>
<tr>
<td>LPA</td>
<td>SPFLY</td>
<td>SUPERFLY</td>
<td>3.000.000,00</td>
<td>1,00%</td>
<td>30.500,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>TOTAL</td>
<td>1,10%</td>
<td>33.550,00</td>
</tr>
</tbody>
</table>

- **TOTAL JU CONTRIBUTION**: 300.000.000,00
- **CS2 MEMBERS CONTRIBUTION 2022**: 3.050.000,00

Additional information:
- **Total year Maximum JU Contribution (A2) private Members and their affiliates**
- **Annual private Members’ contribution to the JU’s administrative budget**

*Co-funded by the European Union*
## WHICH PRIVATE MEMBERS ARE CONTRIBUTING?

<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>
</tbody>
</table>
| Airbus Helicopters | Leader | • Airbus Helicopters España SA  
• Airbus Helicopters Deutschland GmbH  
• Airbus Helicopters Polska sp.z.o.o. |
| Politecnico di Milano | Core Partner | ---- |
| ITP SAU | Core Partner | • ITP Next Generation Turbines SLU  
• ITP Externals SL |

JU’s invoices are sent to Leaders and Core Partners

In accordance with the total Max JU contribution allocated to Members and participating affiliates
• Reviews

Two reviews of the actual participation performed by the JU based on the actual validated costs (Mid-term in 2019 / Final after 2024).

• Terminations

Any terminated private member shall remain liable to pay its contributions to the administrative costs of the CS2 JU under the Funding Agreement for the rest of the financial year in which it is contractually terminated.
Other financial aspects

➢ Implementation of ex-post audit results
➢ In-Kind contributions
➢ Members Contribution to the JU administrative costs
➢ Anti-fraud
**ANTIFRAUD IN CAJU**

- **Last FWS agenda for antifraud topic:**
  - General introduction to the topic of fraud in the Commission
  - the specific fraud exposure of research grants
  - the means of Commission and JU to combat fraud
  - support expected from you as Members
  - the obligation to report suspicion on potential fraud – whistleblowing

- **This year, we want to highlight:**
  - Main fraud risks in grant management as described by DG R&I for the research sector (status September 2022)
  - Mitigating measures expected from applicants and participants
Typical R&I fraud risks in grant management

- Fake/intentionally inflated costs (typically through falsification of records)
- Misrepresentation (e.g. fake participants, fake contracts etc)
- Embezzlement (misuse of funds for different purposes)
- (Undisclosed) conflict of interest (sub-contractors, auditors, experts)
- Fraudulent bankruptcy (failure of informing the granting authority)
- Defaulting beneficiaries (e.g. non-compliance with obligations of grant agreements, fake actions/projects, disappearance after receipt of prefinancing)
- Fictitious beneficiaries (e.g. inactive, satellite, shell, dormant, offshore companies)
- (Intentional) irregular subcontracting
- Double funding and Plagiarism when committed intentionally
ACTIONS OF THE EU IN THE FIELD OF FRAUD PREVENTION:

Measures applied until now:
- automated controls on legal entities
- antifraud provisions in model GAs, IT systems, and business processes
- reinforced monitoring module in Sygma/Compass and so-called Simple checks
- awareness building actions for staff
- awareness building actions for beneficiaries through communications on EC antifraud measures
- audits and OLAF investigations

Focus of future approach:
- Risk analysis and enhanced controls on high-risk types of beneficiaries and/or projects
- Enhance ex-ante controls including in the grant-preparation phase using
- Use of a system of identified red flags for potential risks
- Use of open sources and specifically developed tools for assessing information reported by applicants and beneficiaries

Non-legally binding
You are close to the members and partners in your consortia and thrusts. Find here some concrete actions:

- Be vigilant and look for fraud indicators/red flags (behavior, documentation, results and relationships)
- Economic crisis may further increase risk of bankruptcy and related potential fraud (in particular for small companies) - watch out for underperforming participants
- Question anomalies and/or patterns (e.g. actuals always exactly identical with budgets)
- Encourage whistleblowing/raising of concerns
- Have a robust anti-fraud culture in your entity and in the consortium
- Timely inform CAJU on deviations from the grant agreement, e.g. delay in distribution of prefinancing

Non-legally binding
• A whistleblower is someone, acting in good faith, who is reporting issues identified in the course of their duties which indicate serious irregularities.

• Irregularities may be activities deemed as fraud, bribery, corruption or serious professional misconduct.

• Whistleblowing procedures are not a channel to report a personal grievance or harassment.

• Individuals reporting their concerns in good faith and in compliance with the guidelines, will be protected against any retaliation.

JU advise: Report directly on OLAF website (notification system), regardless of the magnitude of the observed irregularity – however, provide a minimum of evidence

Non-legally binding
CONSEQUENCES WHEN SUSPICION ON FRAUD IS CONFIRMED (2022):

• Rejection of costs (Article 27 GA);
• Recovery of pre-financing and any other undue amount;
• Reduction of the grant (Article 28(1)(a)(i) GA);
• Suspension of the grant or any part of it (Article 31(2)(1)(a)(i) GA);
• Termination of the grant agreement or the participation of the defaulting beneficiaries (Article 32(3)(1)(j)(i) GA);
• EDES registration (early detection/exclusion) (Articles 135 & 136(1)(d)(i) & 141(1)(a)(b) FR);
• Financial penalties (3rd subparagraph of Article 138(1) FR) with the possibility of publishing the name of the company, the established findings and the financial penalties on the Commission's website (Article 140 FR).
• Transmission of the case to OLAF by the OLAF correspondent.
• In case of a defaulting beneficiary’s termination in a consortium, the Mutual Insurance Mechanism ("the Mechanism") may intervene for the defaulting beneficiary if its tasks and budget are reallocated within the consortium “3a procedure” (Article 32(1) HE Regulation.) Replaces the H2020 Guarantee Fund.
Section on CA Website on Values and Ethics which provides a number of reference documents on antifraud measures in the Commission and in CA JU

For questions:

Contact the CAJU anti-fraud correspondent:
Bettina.Dittmann@clean-aviation.eu

or the JU antifraud focal points in each JU unit (via the Head of Unit).
CONTENT
1. Welcome
2. GAM 2020-2023 reporting and closure
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Legal aspects
MOST RECURRENT ISSUES

01. Modifications requiring amendments
02. Contractual obligation to inform – special: bankruptcies
03. PGF/MIM interventions
04. Formal notifications
05. Membership
# 1. MODIFICATIONS REQUIRING AMENDMENTS

<table>
<thead>
<tr>
<th>MODIFICATION</th>
<th>AMD NECESSARY TO IMPLEMENT THE MODIFICATION?</th>
<th>PART OF THE GAM AFFECTED BY THE MODIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor budgets transfer between WPs or from one budget category to another for the same beneficiary</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Transfer of budget between beneficiaries within the SPD</td>
<td>Yes</td>
<td>Annex 1, Annex 2</td>
</tr>
<tr>
<td>Transfer of tasks</td>
<td>Yes</td>
<td>Annex 2, Annexe 1 (technical scope kept)</td>
</tr>
<tr>
<td>UTRO</td>
<td>Coordinator - Yes</td>
<td>Bank account, Annex 1, Annex 2</td>
</tr>
<tr>
<td>BEN - No</td>
<td></td>
<td>Annex 1</td>
</tr>
<tr>
<td>PTRO</td>
<td>Yes</td>
<td>GAM data, Annex 1, Annex 2, Accession Form (Annex 3), LoE of the JU status</td>
</tr>
<tr>
<td>Addition of Linked Third Party (LTP) or a new participant affiliate (to be reflected in the CS2JU WP and Ju's membership list)</td>
<td>Yes</td>
<td>Art. 14, Annex 1, Annex 2</td>
</tr>
<tr>
<td>Addition of a subcontractor</td>
<td>Yes</td>
<td>Annex 1, Annex 2</td>
</tr>
<tr>
<td>Addition of a third party bringing IKC</td>
<td>Yes</td>
<td>Annex 1, Annex 2</td>
</tr>
<tr>
<td>Termination following a bankruptcy of a BEN or LTP</td>
<td>Yes</td>
<td>GAM data, Annex 1, Annex 2</td>
</tr>
</tbody>
</table>
2. CONTRACTUAL OBLIGATION TO INFORM

Article 17 GA

- Change in the legal status
- Change in the financial status and pre-bankruptcy
- LEAR

It is necessary to keep all company information up to date, to ensure the smooth implementation of the Grant Agreement.

Special risks: COO in serious financial difficulties (pre/bankruptcy) → if bankruptcy/defaulting after the Payment of the Balance (PoB) → no possibility of PGF/MIM intervention → Payments to the coordinator will discharge the JU from its payment obligation (Article 21.7 GA)
3. PGF/MIM INTERVENTIONS

**Start of action**

**End of action**

**Payment Balance**

### DIRECT INTERVENTION

- Four conditions
  1. Action ongoing
  2. BEN terminated
  3. Consortium agrees to continue with same objectives
  4. AOD assesses necessity & opportunity

  - MIM transfers lost pre-fin to the COO
  - MIM issues a new RO vs defaulting BEN

### INDIRECT INTERVENTION

- **OR**
  - BEN terminated
  - Non distribution Pre-fin/interim payment

- **OR**
  - Negative PoB (= recovery excess pre-fin vs COO/BEN)

  If RO not paid by due date: **INDIRECT INTERVENTION**
  1. MIM reimburses the RO to EU budget
  2. MIM issues new RO (same due date + LP interest rate) vs defaulting BEN – replacement of original RO
4. FORMAL NOTIFICATIONS

The formal notification channel can be used ONLY for correspondence requiring acknowledgement of receipt. For example:

A) To dispatch replies to formal notifications received from the JU

B) For communications under Art. 17 GAM
   Art 17.1 - obligation to provide information upon request; and
   Art 17.2 - obligation to inform

C) Whenever it is clearly stipulated; e.g. termination of the Grant Agreement (Art. 50.1 GAM)
5.1 MEMBERSHIP LIST
CAJU PROGRAMME

List of Members and participating affiliates is published on:
• CAJU website;
• Annexed to the CAJU Work Plan

Reminder:
Not possible to add in the GAM any new legal entity with status of BEN, 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 CAJU Work Plan or added with the next amendment to the Work Plan.
5.2 CONTRACTUAL TERMINATION OF CORE PARTNERS IN GAM

Termination workflow can be initiated by:

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

The formal notification of termination is by design integrated into an AMD 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 AMD request is withdrawn or rejected.

- **Reporting obligations of the terminated beneficiary do not cease**
Long-term commitment that goes beyond the implementation of the action under the GAM as BEN (see Article 3, 4, 15, 16 of the Statutes of the CS2JU – Annex I to the Council Regulation no 558/2014).

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 for the rest of the financial year in which it is terminated.

To terminate the membership, the Member concerned must notify in written to CAJU and the termination will become effective after 9 months from the date of notification to the JU.

To note: If terminated after the 30/09 any year, the terminated Member must also pay administrative costs of the CAJU required to be paid by it under the funding agreement on or before 31/03 in the Budget established for the next following year.
Q & A SESSION
Thank you
Any questions?

Pls contact the Financial Officer in charge or finance@clean-aviation.eu

ENGAGE with US!

www.clean-aviation.eu

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