Clean Aviation
Financial Workshop 2024
Part I
Brussels,
31 May 2024
# AGENDA

**Part I – For all Call 1 & Call 2 Participants**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 - 09:10</td>
<td>Welcome and Introduction to the Financial Workshop</td>
<td>Romain Borgat</td>
</tr>
<tr>
<td>09:10 - 10:00</td>
<td>Financial overview Call 1 &amp; Call 2 - Reporting requirements</td>
<td>Marius Ghioc-Raileanu</td>
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<tr>
<td>10:00 - 10:40</td>
<td>Eligibility of costs - Focus on specific items</td>
<td>Fatime Bakalli, Yolanda Garcia-Castillo, Marius Ghioc-Raileanu</td>
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<tr>
<td>10:40 - 11:00</td>
<td>Q &amp; A session</td>
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<tr>
<td>11:00 - 11:15</td>
<td>Coffee break</td>
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<td>11:15 - 11:45</td>
<td>Other financial aspects</td>
<td>Yolanda Garcia-Castillo</td>
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<td></td>
<td>• Ex post audit</td>
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<td>• Anti-Fraud</td>
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<tr>
<td>11:45 - 12:00</td>
<td>Operational aspects</td>
<td>Maria Calvo Blanco</td>
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<tr>
<td>12:00 - 12:15</td>
<td>PLANES (Programme Management tool)</td>
<td>Maria Calvo Blanco</td>
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<td>12:15 - 12:30</td>
<td>Legal aspects</td>
<td>Pablo Ballesteros-Pelaez</td>
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<tr>
<td>12:30 - 13:00</td>
<td>Q&amp;A session</td>
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**CLOSURE FINANCIAL WORKSHOP (Part I)**

Disclaimer: All information contained in this document is expressly non-legally binding. There is no legal or other commitment made by the CAJU as to any information in this document. The relevant legal texts remain the only valid source of reference for CAJU grants participants and CAJU Private Members for the fulfilment of their grant agreement and membership obligations, respectively.
1. Welcome and introduction
2. Financial overview Call 1 & Call 2 - Reporting requirements
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Operational aspects
6. PLANES
7. Legal aspects
1. Welcome and introduction
2. Financial overview Call 1 & Call 2 - Reporting requirements
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Operational aspects
6. PLANES
7. 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
HOUSEKEEPING RULES

• 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
1. Welcome and introduction
2. Financial overview Call 1 & Call 2 - Reporting requirements
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Operational aspects
6. PLANES
7. Legal aspects
# 2024 COSTS REPORTING OVERVIEW

<table>
<thead>
<tr>
<th></th>
<th>Reporting period</th>
<th>Jun 23 - Dec 23 (6 months)</th>
<th>Jun 23 - Jun 24 (12 months)</th>
<th>Jan 24 - Sep 24 (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deadline for submission</strong></td>
<td></td>
<td>01/03/2024</td>
<td>01/09/2024</td>
<td>01/12/2024</td>
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<td><strong>HPA</strong></td>
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<td>OFELIA</td>
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<td>FASTER-H2</td>
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<td>UP Wing</td>
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<td>SMR ACAP</td>
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<td><strong>CSA CLAIM</strong></td>
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<td>HERFUSE</td>
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<td>ODE4HERA</td>
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<td><strong>HPA</strong></td>
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<td><strong>SMR</strong></td>
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<td>COMPANION</td>
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<td>AWATAR</td>
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<thead>
<tr>
<th><strong>Payment by JU (foreseen)</strong></th>
<th>Q2 2024</th>
<th>Q4 2024</th>
<th>Q1 2025</th>
</tr>
</thead>
</table>

**Co-funded by the European Union**
Reporting:
Requirements, Payments and Changes under HE
Lessons learnt – Call 1 Reporting
Rejected costs in RP1 - Examples

➢ **General:**
  - Costs claimed outside RP or not yet incurred.
  - Claimed costs not planned in Annex 1 and 2.
  - Deviations vs planned costs not duly justified in the UoR.

➢ **Personnel costs:**
  - Overclaimed costs are not justified in the UoR or not connected to delivered work.
  - Efforts claimed while the work has not started yet in this specific WP.
Lessons learnt – Call 1 Reporting
Rejected costs in RP1 - Examples

➢ **Subcontracting:**
  - Subcontracting activities invoiced to a project partner.
  - Unplanned subcontracting costs cannot be validated and must be included in further amendment to become eligible.

➢ **Purchase / equipment:**
  - Full purchase costs have been claimed while the reported costs must be allocated/depreciated to the RPs in proportion to their use for the project in each RPs.
Ex ante controls - CAJU

- Based on EC controls framework
- Authorising Officer of the JU (AO) must put in place internal control systems suited to the performance of their functions;
- AO must ensure equal treatment for all Beneficiaries;
- The control system shall ensure an appropriate balance between trust and control and must be cost effective;
- Controls must be developed with due consideration to the programme objectives and taking into account the associated costs for all stakeholders.
Ex ante controls - CAJU

**Principles**

- **Reasonable assurance** about legality and regularity
- **Risk based** and **cost effective**
- **Balance between trust** and **control**
- **Minimize burden** on beneficiaries
- **Equal treatment**

**Methodology**

- **Minimum financial information requested ex-ante** (Financial statements, use of resources, certificates on financial statements (CFS))
- **Deviations reports (planned vs actual)**
- **Risk considerations** may justify asking the beneficiary for further information and/or evidence
- **Communication and Awareness raising** (guidance doc, website, events, meetings...)
Corporate structure of the HE MGA

Core Part

Datasheet
a summary of the specific data of the grant agreement

Articles
grouped in six chapters

Chapter 4 – Art. 21: Reporting & Art. 22: Payment and Recovery

1. General Data
2. Participant
3. Grant
4. Reporting, payment and recoveries
5. Consequences of non-compliance, applicable law and dispute settlement forum
6. Specific rules Annex 5 & Standard time-limits after project end

Chapter 1 – General (Articles 1-2)
Chapter 2 – Action (Articles 3-4)
Chapter 3 – Grant (Articles 5-6)
Chapter 4 – Grant Implementation (Articles 7-26)
Chapter 5 – Consequences of non-compliance (Articles 27-35)
Chapter 6 – Final provisions (Articles 36-44)
# Reporting and payments

<table>
<thead>
<tr>
<th>Reporting</th>
<th>Deadline</th>
<th>Type</th>
<th>Payment deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Initial Pre-financing</em></td>
<td></td>
<td></td>
<td>30 days from entry into force/10 days before starting date – whichever is the latest</td>
</tr>
<tr>
<td><em>Periodic report</em></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><em>Interim period</em></td>
<td>60 days after end of reporting period</td>
<td>Interim payment</td>
<td>90 days from receiving periodic report</td>
</tr>
<tr>
<td><em>Periodic report</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Final period</em></td>
<td>60 days after end of reporting period</td>
<td>Final payment</td>
<td>90 days from receiving periodic report</td>
</tr>
</tbody>
</table>

*Non-legally binding*
Pre-Financing Payment

➢ For HE, the pre-financing is either paid 30 days from the entry into force or 10 days before the starting date — depending on which is the latest.

➢ The PF rate was calculated based on the number of RPs:

<table>
<thead>
<tr>
<th>Number of RP</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prefi %</td>
<td>60%</td>
<td>40%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Note that the PF rate can be adjusted depending on FCA.
Pre-Financing & mutual insurance mechanism (MiM):

A mutual insurance mechanism (the 'Mechanism') is set up in accordance with Article 37 of the HE Framework Programme Regulation (EU) 2021/695. The Mechanism shall cover the risk associated with non-recovery of sums due by the beneficiaries.

The MGA foresees that each beneficiary’s financial liability is in principle limited to its own debt and undue amounts paid for costs declared by its affiliated entities (see Article 22.2).

**MiM contribution**: 5% of the maximum grant amount
- retained from the initial pre-financing and transferred to the Mechanism;
- released and returned at the end of the action, via the Coordinator.

⚠️ The pre-financing remains the property of the JU until the payment of the balance.
Interim and Final Payments

➢ Payments made within **90 days** from receiving the interim / final reports.

➢ Interim (if any) and Final payments will be made in accordance with the schedule and modalities set out the Data Sheet (see Point 4.2).

➢ Payment is subject to the approval of the periodic report. Its approval does not imply recognition of compliance, authenticity, completeness or correctness of its content.
Interim Payments

➢ Interim payments reimburse the eligible costs and contributions claimed for the implementation of the action during the reporting periods (if any).

➢ The interim payment will be calculated by the granting authority in the following steps:

  • Step 1 — Calculation of the total accepted EU contribution
  • Step 2 — Limit to the interim payment ceiling set out in the Data Sheet (90% of the maximum Grant amount)

=> 90% of the maximum Grant amount \( \text{minus} \) \{pre-financing + previous interim payments\}
Final Payment

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

➢ The final grant amount for the action will be calculated in the following steps:

• Step 1 — Calculation of the total accepted EU contribution
• Step 2 — Limit to the maximum grant amount
• Step 3 — Reduction due to the no-profit rule (receipts)

➢ If the balance is positive, it will be paid to the coordinator.

➢ The amount retained for the Mutual Insurance Mechanism will be released and paid to the coordinator (in accordance with the rules governing the Mechanism).
Final Payment (2)

➢ If - despite the release of the Mutual Insurance Mechanism contribution - the balance is **negative**, it will be **recovered** in accordance with the following procedure:

➢ The granting authority will send a **pre-information letter** to the coordinator:
  • formally notifying the intention to recover, the final grant amount, the amount to be recovered and the reasons why
  • requesting a report on the distribution of payments to the beneficiaries within 30 days of receiving notification and
  • requesting observations within 30 days of receiving notification.
Final Payment (3)

- If no observations are submitted and
- If the coordinator has submitted the report on the distribution of payments (proof of payment based on bank statements), the JU will calculate the share of the debt per beneficiary
  => confirmation letter + debit notes send to each beneficiary concerned
  The debit notes for beneficiaries will include the amounts calculated for their affiliated entities (if any).
- If the coordinator has not submitted the report on the distribution of payments (proof of payment based on bank statements), the JU will recover the full amount from the coordinator
  => confirmation letter and debit note with the terms and date for payment.
Reporting overview (Art. 21)

- Continuous reporting module
- Periodic reporting module

**Technical reports and Financial reports** (the **financial statements**, the **explanation on the use of resources**, the **certificates on the financial statements** (if required in FP))

The Periodic Reports must be submitted directly in the Periodic Reporting Module

=> prepared by the consortium participants together and

=> submitted by the **Coordinator**

Roles (Art. 7):
- monitor that the action is implemented
- central contact point for the JU
- distribute the payments

e.g. Deliverables, Milestones, Publications, Dissemination, ....
Continuous reporting - Technical

The beneficiaries must continuously report on the progress of the action in the Portal Continuous Reporting module: e.g. Deliverables, Milestones, Publications, Dissemination, ….

Periodic reporting: Technical reports and Financial reports

In addition, the beneficiaries must provide reports to request payments through Periodic Reporting module.

Periodic reporting should be submitted within 60 days after the end of the reporting period.

2 parts:

1. The technical part includes an overview of the action implementation. It must be prepared using the template available in the Portal Periodic Reporting tool => the participants to report on achievements and differences/deviations (delays, work not implemented, new subcontracts, budget overruns etc).
Reporting overview (Art. 21)

2. The financial part of the periodic report includes:

- the **financial statements** (individual and consolidated; for all beneficiaries/affiliated entities)
- the **explanation on the use of resources** (or detailed cost reporting table, if required)
- the **certificates on the financial statements (CFS)** (if required; see Article 24.2 and Data Sheet, Point 4.3).

Certificates on the financial statements (CFS) required only at the Final reporting period if threshold is reached:

- Standard threshold (beneficiary-level):
  => financial statement: requested EU contribution to costs ≥ EUR 430 000
- Special threshold for beneficiaries with a systems and process audit (SPA - see Article 24.4):
  => financial statement: requested EU contribution to costs ≥ EUR 725 000

*Beneficiaries will have to submit also the financial statements of their affiliated entities (if any). In case of recoveries (see Article 22), beneficiaries will be held responsible also for the financial statements of their affiliated entities.*
Certificate on financial statements (CFS)

**ALIGNMENT WITH CORPORATE APPROACH**

**HIGHER THRESHOLD**
- **EUR 430 000** (increased from EUR 325 000 in H2020)
- CFS to be submitted at **Final period only**

**SIMPLER CALCULATION BASE**
- **Requested EU contribution calculated on all costs** (not only actual costs and unit costs calculated in accordance with usual costs accounting practices as in H2020)

**LESS CFS FOR LOW-RISK BENEFICIARIES WITH SPA**
- For beneficiaries with a low-risk classification after a SPA the threshold will increase to **EUR 725 000** (from EUR 430 000)

The CFS must be issued by a qualified auditor using the [template of the European Commission – link in the Portal](#): **HE Project reporting templates**
All participants must **keep records** and other supporting documentation in order to prove the proper implementation and the costs claimed (see MGA — art 20).

The **financial statements** must detail the eligible costs and contributions for each budget category and, for the final payment, also the revenues for the action (see Articles 6 and 22).

**All eligible costs and contributions incurred should be declared**, even if they exceed the amounts indicated in the estimated budget (see Annex 2). Amounts that are not declared in the individual financial statements will not be taken into account by the JU.

*Beneficiaries will have to submit also the financial statements of their affiliated entities (if any). In case of recoveries (see Article 22), beneficiaries will be held responsible also for the financial statements of their affiliated entities.*

When the JU approves the payment, the amount due will be paid out to the Coordinator (within 90 days of receiving the report) and the JU will send a letter to inform about the payment (via the Portal). After receiving the letter, the Coordinator has 30 days to submit observations, if needed.
MAIN FINANCIAL ASPECTS UNDER CLEAN AVIATION (HORIZON EUROPE)

Funding rate
- Similar to CS2: 70% / 100%

Personnel costs
- Corporate daily rate (215 days)
- Calendar year

Indirect costs
- Overall continuity with 25% flat-rate (with exceptions)

CFS
- Final period
- Higher thresholds
- 430 K€ JU contribution

IKOP reporting
- = Total eligible costs – JU funding

IKAA planning reporting
- Enlarged definition of AA (ref. SBA art.62)

Other provisions
- Third party providing free of charge (art. 9.2)

Internal Invoicing
- Possibility to include Actual indirect costs included (Unit costs)
Financial Statements: changes from H2020 to HE

H2020 A. Personnel Costs

- A.1 Employees (or equivalent)
- A.2 Natural persons with direct contract
- A.3 Seconded persons
- A.4 SME owners without salary
- A.5 Beneficiaries that are natural persons without a salary
- A.6 Personnel for providing access to research infrastructures

HE A. Personnel costs

- A.1 Employees (or equivalent)
- A.2 Natural persons with direct contract
- A.3 Seconded persons
- A.4 SME owners and natural person beneficiaries
Financial Statements: changes from H2020 to HE

H2020 D. Other direct costs
- D.1 Travel (column F)
- D.2 Equipment (column F)
- D.3 Other goods and services (column F)
- D.4 Costs of large infrastructures (column G)
- D.5 Costs of internally invoiced goods and services (column H)

HE C. Purchase costs
- C.1 Travel and subsistence (column C1)
- C.2 Equipment (column C2)
- C.3 Other goods, works and services (column C3)

HE D. Other cost categories
- D.2 Internally invoiced goods and services
- D.3 Transnational access to research infrastructures unit costs
- D.4 Virtual access to research infrastructures unit costs
### Eligible costs:

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Total</th>
<th>Actions</th>
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<tbody>
<tr>
<td>a) Direct personnel costs declared as actual costs</td>
<td>0.00 €</td>
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<tr>
<td>b) Direct personnel costs declared as unit costs (average costs)</td>
<td>383,494.05 €</td>
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<tr>
<td>d) Direct costs of subcontracting</td>
<td>0.00 €</td>
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<tr>
<td>e) Direct costs of providing financial support to third parties</td>
<td>0.00 €</td>
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</tr>
<tr>
<td>f) Other direct costs</td>
<td>8,682.73 €</td>
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<tr>
<td>h) Costs of internally invoiced goods and services</td>
<td>0.00 €</td>
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<tr>
<td>i) Indirect costs ( = 0.25 \times (a + b + f + h \cdot p) )</td>
<td>98,044.20 €</td>
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<tr>
<td>k) Total costs ( = a + b + d + e + f + h + i )</td>
<td>490,220.98 €</td>
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<tr>
<td>n) Maximum EU contribution ( = 100% \times k )</td>
<td>490,220.98 €</td>
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<tr>
<td>o) Requested EU contribution</td>
<td>490,220.98 €</td>
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<tr>
<td>z) Requested EU contribution eligible for CFS</td>
<td>392,176.78 €</td>
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**Additional Information for indirect costs:**

Use of costs of in-kind contributions not used on premises? (p) ○ Yes ○ No
### Eligible costs:

<table>
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<tr>
<th>Category</th>
<th>Form of Funding</th>
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<tr>
<td><strong>Eligible costs (per budget category)</strong></td>
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<tr>
<td><strong>Direct costs</strong></td>
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<tr>
<td>▼ A. Personnel costs</td>
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<tr>
<td>▼ (a) A.1 Employees (or equivalent), A.2 Natural persons under direct contract, A.3 Seconded persons</td>
<td><strong>actual</strong></td>
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<tr>
<td>▼ (a2) A.1 Employees (or equivalent), A.2 Natural persons under direct contract, A.3 Seconded persons</td>
<td><strong>unit (usual accounting practices)</strong></td>
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<tr>
<td>▼ (a3) A.4 SME owners and natural person beneficiaries</td>
<td><strong>unit</strong></td>
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<tr>
<td><strong>SME owner/Natural person costs</strong></td>
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<td>▼ B. Subcontracting costs</td>
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<td>▼ (b) Subcontracting</td>
<td><strong>actual</strong></td>
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<td>▼ C. Purchase costs</td>
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<td>▼ (c1) C.1 Travel and subsistence</td>
<td><strong>actual</strong></td>
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<td>▼ (c2) C.2 Equipment</td>
<td><strong>actual</strong></td>
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<tr>
<td>▼ (c3) C.3 Other goods, works and services</td>
<td><strong>actual</strong></td>
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<td><strong>D. Other cost categories</strong></td>
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</tr>
<tr>
<td>▼ (d2) D.2 Internally incurred goods and services</td>
<td><strong>unit (usual accounting practices)</strong></td>
</tr>
<tr>
<td>▼ (d3) D.3 Transnational access to research infrastructure unit costs</td>
<td><strong>unit</strong></td>
</tr>
<tr>
<td>▼ (d4) D.4 Virtual access to research infrastructure unit costs</td>
<td><strong>unit</strong></td>
</tr>
<tr>
<td><strong>Indirect costs</strong></td>
<td></td>
</tr>
<tr>
<td>▼ E. Indirect costs</td>
<td></td>
</tr>
<tr>
<td>▼ (e) E. Indirect costs (25% * (a1 + a2 + a3 + c1 + c2 + c3))</td>
<td><strong>flat-rate</strong></td>
</tr>
<tr>
<td>▼ (f) Total costs (a1 + a2 + a3 + b + c1 + c2 + c3 + d2 + d3 + d4 + e)</td>
<td></td>
</tr>
<tr>
<td><strong>EU contribution</strong></td>
<td></td>
</tr>
<tr>
<td>▼ EU contribution to eligible costs</td>
<td></td>
</tr>
<tr>
<td>▼ (g) Maximum EU contribution (100% * f)</td>
<td></td>
</tr>
<tr>
<td>▼ (h) Requested EU contribution (g)</td>
<td></td>
</tr>
<tr>
<td>▼ (m) Maximum grant amount (h)</td>
<td></td>
</tr>
</tbody>
</table>

**Revenues**
Reporting - summary

- Reporting in EC portal
- Beneficiary will report for their affiliates
- All the roles should be defined and updated if needed (LEAR, FSIGN, LSIGN, …)
- No certificate on financial statement requested (CFS); only at final project period (together with CFS costs)
- Minor changes in the costs categories vs H2020
- No difference with other HE projects except In Kind Contributions (IKC) specific to JUs
- Planning / Reporting of IKAA in EC portal (specific module)
Corporate structure of the HE MGA

Core Part

Datasheet
a summary of the specific data of the grant agreement

Articles
grouped in six chapters

Chapter 1 – General (Articles 1-2)
Chapter 2 – Action (Articles 3-4)
Chapter 3 – Grant (Articles 5-6)
Chapter 4 – Grant Implementation (Articles 7-26)
Chapter 5 – Consequences of non-compliance (Articles 27-35)
Chapter 6 – Final provisions (Articles 36-44)

Disclaimer: Information not legally binding

Chapter 3 - Art. 6: eligible costs
• The criteria for eligible costs are described in article 6.1 of the Model Grant Agreement.
• The different cost categories are described in article 6.2 of the Model Grant Agreement

1. General Data
2. Participant
3. Grant
4. Reporting, payment and recoveries
5. Consequences of non-compliance, applicable law and dispute settlement forum
6. Specific rules Annex 5 & Standard time-limits after project end
## Financial Statement – Forms of funding

<table>
<thead>
<tr>
<th>Category</th>
<th>Form of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible costs (per budget category)</td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td></td>
</tr>
<tr>
<td>▼ A. Personnel costs</td>
<td></td>
</tr>
<tr>
<td>▼ (a1) A.1 Employees (or equivalent), A.2 Natural persons under direct contract, A.3 Seconded persons</td>
<td>actual</td>
</tr>
<tr>
<td>▼ (a2) A.1 Employees (or equivalent), A.2 Natural persons under direct contract, A.3 Seconded persons</td>
<td>unit (usual accounting practices)</td>
</tr>
<tr>
<td>▼ (a3) A.4 SME owners and natural person beneficiaries</td>
<td>unit</td>
</tr>
<tr>
<td>SME owner/Natural person costs</td>
<td></td>
</tr>
<tr>
<td>▼ B. Subcontracting costs</td>
<td></td>
</tr>
<tr>
<td>▼ (b) Subcontracting</td>
<td>actual</td>
</tr>
<tr>
<td>▼ C. Purchase costs</td>
<td></td>
</tr>
<tr>
<td>▼ (c1) C.1 Travel and subsistence</td>
<td>actual</td>
</tr>
<tr>
<td>▼ (c2) C.2 Equipment</td>
<td>actual</td>
</tr>
<tr>
<td>▼ (c3) C.3 Other goods, works and services</td>
<td>actual</td>
</tr>
<tr>
<td>▼ D. Other cost categories</td>
<td></td>
</tr>
<tr>
<td>▼ (d1) D.1 Internally involved goods and services</td>
<td>unit (usual accounting practices)</td>
</tr>
<tr>
<td>▼ (d2) D.2 Internationally involved goods and services</td>
<td>unit</td>
</tr>
<tr>
<td>▼ (d3) D.3 Transnational access to research infrastructure unit costs</td>
<td>unit</td>
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<td>▼ (f) Total costs (a1 + a2 + a3 + b + c1 + c2 + c3 + d1 + d2 + d3 + d4 + e)</td>
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<tr>
<td>▼ (m) Maximum grant amount (h)</td>
<td></td>
</tr>
<tr>
<td>▼ Revenues</td>
<td></td>
</tr>
</tbody>
</table>
Eligibility of costs

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 4 of the GA.

➢ Be declared under one of the budget categories set out in Article 6.2 and Annex 2*.

➢ Incurred in connection with the action as described in Annex 1 and necessary for its implementation.

* Art 5.5 Budget flexibility
The budget breakdown may be adjusted — without an amendment (see Article 39) — by transfers (between participants and budget categories), as long as this does not imply any substantive or important change to the description of the action in Annex 1.
Eligibility of costs

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

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

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

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

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

For Unit costs

- be declared under one of the budget categories set out in Article 6.2 and Annex 2.

- calculated by multiplying the *number of actual units* used to carry out the work (e.g. number of hours worked on the action, number of tests performed, etc.) or produced by the *amount per unit*.

- the units must:
  - be actually used or produced by the beneficiary in the period set out in Article 4
  - be necessary for the implementation of the action, and used or produced during the action duration

- the number of units must be identifiable and verifiable, in particular supported by records and documentation (see Article 20) => the beneficiaries must be able to show the link between the number of units declared and the work on the action.
Corporate structure - Annex 2
(General HE MGA cost categories)

A. PERSONNEL COSTS
Cost of the time worked for the project by:
- A.1 Employees
- A.2 Natural persons under direct contract
- A.3 Seconded persons
- A.4 SME owners and natural person beneficiaries

B. SUBCONTRACTING COSTS
You contract another entity to do part of the work allocated to you in the description of the action

C. PURCHASE COSTS
- C.1 Travel and subsistence costs for trips necessary for the project
- C.2 Equipment used for the project. In most cases, only depreciation costs are eligible (but exceptions exist)
- C.3 Other goods, works and services

D. OTHER COST CATEGORIES
- D.1 Financial support to third parties
- D.2 Internally invoiced goods and services
- [D.3 Transnational access to research infrastructure unit costs]
- [D.4 Virtual access to research infrastructure unit costs]

E. INDIRECT COSTS
(A + C) × 25%

When reporting, the IT system will calculate this automatically!
Under H2020, personnel costs had the highest share of negative adjustments

Value of H2020 Ex-post negative adjustments as of April 2024:

Personnel costs 69%

Subcontracting 8%
Other direct costs 21%
Other 2%

As many eligibility rules remain similar between H2020 and HE, similar errors can be expected and prevented.

Source: Dashboard - European Commission – Common Audit Service
Most frequent errors under H2020 and repercussions for HE

Frequent errors under H2020:

Incorrect remuneration costs

Incorrect Time recording

Beneficiaries declaring expenses dated outside the action period

Incorrect productive **hours** calculation

Expected errors under HE:

- Same potential for errors as under H2020
- In order to be eligible, costs must be actually incurred by the beneficiary (i.e.: real and not estimated, budgeted, imputed, fixed rates)
  - **NEW**: no longer “last financial year” - rule

- Same potential errors as under H2020
- Unreliable/missing time-records, alternative evidence not sufficient

- Costs must be incurred in the action period unless explicit exceptions listed in AGA

- **NEW in HE**: Incorrect conversion from **hours** to **days**, maximum declarable days: pro-rata threshold
PERSONNEL COSTS
What are the categories of personnel?
(Art 6.2.A Horizon Europe MGA)

A.1 EMPLOYEES (OR EQUIVALENT)
❖ For your personnel working under an employment contract (or equivalent appointing act, e.g. for civil servants) and assigned to the action.

Three cases:
✓ Employees with a fixed salary (Case 1A)
✓ Employees whose remuneration increases when working in projects (‘project-based remuneration’ – Case 1B)
✓ Employees of a beneficiary whose usual cost accounting practice is to calculate average personnel costs (‘average personnel costs’ – Case 2)

A.2 PERSONS UNDER DIRECT CONTRACT & A.3 SECONDED PERSONS AGAINST PAYMENT
❖ A.2 Costs for natural persons working under a direct contract other than an employment contract (e.g. in-house consultants)
❖ A.3 costs for seconded persons by a third party against payment.
  i. work under conditions similar to those of an employee
  ii. the result of the work belongs to the beneficiary

A.4 SME OWNERS AND NATURAL PERSON BENEFICIARIES
❖ Costs for SME owners (i.e. owners of beneficiaries that are small and medium-sized enterprises not receiving a salary) or
❖ Costs for natural person beneficiaries (i.e. beneficiaries that are natural persons not receiving a salary)

Disclaimer: Information not legally binding
**Personnel costs – How to calculate**

1-2-3 = ACTUAL

**NEW:** hourly rate (H2020) → daily rate (HE)

**Calculation of the daily rate:**

- **actual annual gross-gross costs**
  - 215

**Gross-Gross-Salaries**
- Salaries
- Social security contributions
- Taxes
- Other obligatory costs

4 = SME Unit Cost (daily rate)

Unit Cost = EUR 5 080 / 18 days \( [i.e. \ 282,22] \}

Multiplied by

\{country-specific correction coefficient of the country where the beneficiary is established as per Marie Skłodowska-Curie actions\}
**Actual Personnel costs new calculation**

### MAIN DIFFERENCES WITH HORIZON 2020

- No more ‘hourly rate’. Discontinuation of the different formulas annual and monthly) and options for productive hours (entailing difficult and error-prone calculations)
- **No more ‘last closed financial year’ rule**

Instead, use of a single corporate daily rate and calendar year approach

![Formula diagram]

Personnel costs = Daily rate \times Days worked in the project
Personnel costs – How to calculate

Category A.1 – Employees with a fixed salary (Case 1A)

Corporate formula

Day-equivalents worked on the action (up to a maximum declarable) \times \text{Daily rate}

Basic principles

- **Simplification** → Commission-wide formula (valid across EU programmes)
- Single calculation for the reporting period
- Per person who worked in the action
- Single formula to cover most situations encountered by beneficiaries
- Maximum declarable days: pro-rata of 215 days
Days worked – Record-keeping (Art. 20)

- use reliable time records (i.e. time-sheets) either on paper or in a computer-based time recording system.

Or

- sign a monthly declaration on days spent for the action (see template).
**Days-equivalents worked in the action**

- Sum of the **day-equivalents** actually worked in the action
- Recorded by a reliable time-recording system

**Monthly declaration on days spent for the action - Commission template – see AGA Art. 20:**

<table>
<thead>
<tr>
<th>Project acronym:</th>
<th>Project number:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant name:</td>
<td>Type of personnel:</td>
</tr>
<tr>
<td>Name of the person:</td>
<td>(employees/ natural person under direct contract/ seconded other)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Days worked in the action</th>
<th>Work Packages worked on</th>
<th>Date and signature of the person</th>
<th>Name, date and signature of the supervisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Signature:**

**Date:**

**Name:**

**Signature:**

**Date:**
Time recording system in hours

**Conversion into ‘Day-equivalent’**

If you record the time worked in hours rather than in days (e.g. it is your usual management practice), you must convert the total hours worked into *day-equivalents* to calculate the personnel costs for the grant (i.e. number of days \(x\) daily rate).

**When?** Each time that you have to calculate a daily rate

**How?** Divide the number of hours worked by the person on the action during the reporting period by the number of hours of a day-equivalent.

**For example at the time of a reporting period:**

*If a daily rate is calculated for year 2023, the beneficiary must convert into day-equivalents the total number of hours worked by the person on the action during 2023 altogether.*
Time recording system in hours

‘Day-equivalent’ → 3 conversion rules at hand

1. A conversion based on the average number of hours that the person must work per working day according to her/his contract

Example:
if the contract says that the person must work 37.5 hours per week distributed in 5 working days a day-equivalent for the person is 7.5 hours (37.5 / 5).
In the same example, if the person works 50 % part-time, the day-equivalent would be 3.75 hours ((37.5 * 50%) / 5).

You CANNOT use this option if the contract does not allow to determine the average number of hours that the person must work per working day.
Time recording system in hours

‘Day-equivalent’ → 3 conversion rules at hand

2. A conversion based on the usual standard annual productive hours of the beneficiary (according to usual cost accounting practice), if it is at least 90% of the workable time (i.e. continuity with H2020)

Example:
The higher of (Standard annual productive hours of the beneficiary = 1600) OR (90% of the Standard annual workable hours* of the beneficiary = 1720)

1720 x 90% = 1548 < 1600 ➔ 1600/215 => 7.44 hours = 1 day-equivalent

*Standard annual workable hours:
(Working days – Annual leave – Public holidays) x hours per day
3. A conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in their contracts nor standard annual productive hours):

1 day-equivalent = 8 hours

The option chosen must be applied consistently; using the same option at least per group of personnel employed under similar conditions (e.g. same type of contract, same cost-centre).
## Calculation of the daily rate – Personnel costs

<table>
<thead>
<tr>
<th>What?</th>
<th>What not?</th>
</tr>
</thead>
<tbody>
<tr>
<td>fixed salary</td>
<td>remuneration which has not been an actual cost</td>
</tr>
<tr>
<td>social security contributions</td>
<td>arbitrary bonuses</td>
</tr>
<tr>
<td>taxes</td>
<td>payments of dividends</td>
</tr>
<tr>
<td>fixed / variable complements</td>
<td>Based on objective criteria (internal rules) Paid in a consistent manner</td>
</tr>
<tr>
<td>other payments linked to the remuneration</td>
<td>If justified and registered</td>
</tr>
</tbody>
</table>
Daily rate calculation - Methods

2 possible methods

The daily rate can be calculated based on

1. the Total Personnel costs incurred during the calendar year
2. the Actual Personnel costs incurred during the months within the reporting period

Both calculation methods are acceptable under one condition:

*The beneficiary applies one of them in the consistent manner, i.e., same formula for all HE projects*
Daily rate calculation – Method 1

1. Total Personnel costs incurred during the **calendar year**

\[
\text{Daily rate} = \frac{\text{Actual annual personnel costs for the person}}{215 \text{ days}^*}
\]

*For Horizon Europe: Still possible to **deduct actual working days spent on parental leave** from the fixed number of 215 days.

The total number of day-equivalents declared in EU grants, **for a person for a year**, cannot be **higher than 215** (minus time spent on parental leave, if any).
Daily rate calculation – Method 1

Per calendar year => from January to December

- except for the months running from the end of the last calendar year until the end of the reporting period. For those months, you must calculate a separate partial daily rate as follows:

\[
\text{Daily rate calculation} - \text{Method 1} \\
\{\text{actual personnel costs of the person incurred over those months divided by} \} \\
\{215 / 12 \text{ (months)} \times \text{number of months from the January until the end of the reporting period}\} 
\]
Example

Costs for Researcher Y in reporting period 1. Reporting period 1 runs from 1/09/2022 until 31/03/2024:

- **2022**
  - actual personnel costs incurred for that person in **2022**
  - **215**
  - \( \times \)
  - days worked by that person on the action from 1/09/2022 to 31/12/2022

- **2023**
  - actual personnel costs incurred for that person in **2023**
  - **215**
  - \( \times \)
  - days worked by that person on the action in 2023

- **2024**
  - actual personnel costs incurred for that person until **31/03/2024**
  - \( \frac{215}{12} \times 3 \)
  - \( \times \)
  - days worked by that person on the action until 31/03/2024

Personnel Costs RP1

---

CLEAN AVIATION

Co-funded by the European Union
## Daily rate calculation - Examples

### Case 1 - Actual Personnel cost calculated annually

<table>
<thead>
<tr>
<th>6+6 months</th>
<th>1 staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td></td>
</tr>
<tr>
<td>Jan-Jun</td>
<td>Jul-Dec</td>
</tr>
<tr>
<td>RP1</td>
<td>RP2</td>
</tr>
<tr>
<td>6 months</td>
<td>6 months</td>
</tr>
<tr>
<td>Actual personnel costs</td>
<td>50,000</td>
</tr>
<tr>
<td>Nb of days-equivalents</td>
<td>107.5</td>
</tr>
<tr>
<td>Daily rate</td>
<td>465</td>
</tr>
<tr>
<td>Days worked on the project</td>
<td>100</td>
</tr>
<tr>
<td>Total PC eligible</td>
<td>46,512</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total personnel costs 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-June</td>
</tr>
<tr>
<td>50,000</td>
</tr>
</tbody>
</table>
## Daily rate calculation - Examples

### Case 2 - Actual personnel cost calculated annually

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan - Jun</td>
<td>Jul - Dec</td>
<td>Jan - Jun</td>
</tr>
<tr>
<td>RP1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 months</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual personnel costs</td>
<td>50,000</td>
<td>110,000</td>
<td>63,000</td>
</tr>
<tr>
<td>Nb of days-equivalents</td>
<td>107.5</td>
<td>215</td>
<td>107.5</td>
</tr>
<tr>
<td>Daily rate</td>
<td>465</td>
<td>512</td>
<td>586</td>
</tr>
<tr>
<td>Days worked on the project</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total PC eligible</td>
<td>46,512</td>
<td>51,163</td>
<td>58,605</td>
</tr>
</tbody>
</table>

**RP2**

<table>
<thead>
<tr>
<th></th>
<th>215/12*6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total personnel costs 2023</td>
<td></td>
</tr>
<tr>
<td>Jan-June</td>
<td>50,000</td>
</tr>
<tr>
<td>Jul-Dec</td>
<td>60,000</td>
</tr>
<tr>
<td>Total</td>
<td>110,000</td>
</tr>
</tbody>
</table>
Daily rate calculation – Method 2

2. Actual Personnel costs incurred during the months within the reporting period

\[
\text{Daily rate} = \frac{\{\text{actual personnel costs during the months within the reporting period}\}}{\{\text{maximum declarable day-equivalents}\}}
\]

Eligible cost recorded in your statutory accounts

Pro-rata of 215
Daily rate calculation - Examples

Case 3 - Actual personnel costs during the months within the reporting period

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan - Jun</td>
<td>Jul - Dec</td>
<td>Jan - Jun</td>
</tr>
<tr>
<td>RP1</td>
<td>6</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>RP2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual personnel costs</td>
<td>50,000</td>
<td>123,000</td>
<td></td>
</tr>
<tr>
<td>Nb of days-equivalents</td>
<td>107.5*</td>
<td>215</td>
<td></td>
</tr>
<tr>
<td>Daily rate</td>
<td>465</td>
<td>572</td>
<td></td>
</tr>
<tr>
<td>Days worked on the project</td>
<td>100</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Total PC eligible</td>
<td>46,512</td>
<td>114,419</td>
<td></td>
</tr>
</tbody>
</table>

Co-funded by the European Union
Personnel cost category A.1 - Specific case 1B
Project-based remuneration at a glance

WHAT IS IT?

- Usual remuneration practices of a legal entity under which a personnel receives supplementary payments for work in projects

**Example:**
an employee who gets a bonus or a new contract with a higher salary level for working in a project.

HOW MUCH CAN BE DECLARED?

- Actual remuneration costs paid by the legal entity for the time worked by the personnel in the action (‘action daily rate’) **up to** the remuneration that the person **would be paid for work in R&I projects funded by national schemes** (‘national projects daily rate’)

METHODOLOGY?

- **Compare**
  Action daily rate
  National Projects daily rate

- **Take** the **lower of the two**.

*Usually based on:*

- either regulatory requirements (such as national law or collective labour agreements)
- or your written internal remuneration rules
A.1 - Specific case (Case 2)
Average personnel costs

Costs for employees can also be declared as Unit costs

For beneficiaries who consistently calculate average rates for their staff as part of their analytical cost accounting system, the daily rate can be calculated according to their average rates, provided that:

➢ the daily rate is calculated using the actual personnel costs recorded in your accounts during the reporting period, excluding any ineligible cost or costs already included in other budget categories (no double funding of the same costs).

If your usual methodology includes budgeted or estimated elements, we can only accept those, if they are relevant, used in a reasonable way, correspond to objective and verifiable information

➢ you apply your cost accounting practices in a consistent manner, based on objective criteria that must be verifiable if there is a check, review, audit or investigation. You must do this no matter who is funding the action.
A.2 Costs for natural persons working under a direct contract other than an employment contract (e.g. consultant, …) and A.3 costs for seconded persons by a third party against payment

Both are also eligible as personnel costs if
✓ they are assigned to the action,
✓ fulfil the general eligibility conditions
✓ they work under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed) and
✓ the result of the work belongs to the beneficiary (unless agreed otherwise).

They must be calculated on the basis of a rate which corresponds to the costs actually incurred for the direct contract or secondment and must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.
A.4 - SME owners and natural person

- Persons who are directly **owners or co-owners** (regardless of their percentage of ownership) of the beneficiary, if the beneficiary is an SME and **the person is not an employee of the beneficiary**.

- Beneficiaries who are **natural persons**; i.e. who signed the Grant Agreement on her/his own name as individuals, not on behalf of another legal person (e.g. a company).

**What not?** SME owners who receive a salary (registered as such in the accounts of the SME)

These costs must be declared using the unit cost (daily rate) fixed by Decision C(2020) 71155 and set out in **Annex 2a**:

\[
\text{EUR 5 080 /18 days [i.e. 282,22]} \times \text{country-specific correction coefficient of the country where the beneficiary is established}
\]

The calculation itself is automated - The beneficiaries must only indicate the number of days worked on the action and the costs are then automatically calculated by the IT system as follows:

\[
\text{amount per unit [daily rate]} \times \text{number of day-equivalents worked on the action}
\]
PERSONNEL COSTS
AUDIT ADVICE
Personnel costs: Remuneration costs
examples from audit reports (1/2)

“The Beneficiary used remuneration that did not reconcile with underlying payroll records”

“We noticed that the costs breakdown provided by the Beneficiary does not match the amount included in the financial statements”.

“The beneficiary used budgeted staff costs instead of staff costs actually incurred on the project during the reporting period”.

Co-funded by the European Union
"Beneficiary declared as personnel costs cost for employees from companies of the Group (different legal entity)"

"Beneficiary had used a single unit cost across the entire population in excess of actual costs, which is not in line with the Grant Agreement since the cost accounting practices used are not applied in a consistent manner, based on objective criteria, regardless of the source of funding"

"Beneficiary’s methodology mixes unit costs and actual costs, as well as different cut-off dates for the individual elements of personnel costs for the same staff category"

SME owners without a salary not using unit costs
Personnel costs: Remuneration costs

Auditor’s advice

Good practices

✓ Costs should be declared in accordance with a clearly defined methodology: do not mix actual and unit costs for the same staff category
✓ The Beneficiary must declare the expenses incurred during the reporting period
✓ Reconcile personnel costs with payroll and accounting records
✓ Do not include overheads
✓ Costs should not be based on budget/ estimates (see exceptions in AGA)
✓ Final check is performed before you press the button !!!
✓ When involving certified auditors, share the materials from this workshop with them.
The Beneficiary claimed days worked on the action during the months of X and Y 2022, which fall outside of the action implementation period.

“We noted that for one employee, the beneficiary claimed 8 days not related to the action.”

“The worked days for the action declared by the Beneficiary for employee X are different than the days stated in the records. The beneficiary claimed XY days while the auditors could only verify X days.”
Good practices

✓ Do not declare days worked outside the project period (even if paid during the period)
✓ Ensure that the time records are consistent with HR records (e.g.: absences)
✓ Do not record time in excess of staff full employment or the maximum prorata threshold (215 days)
✓ The Beneficiary should ensure that the days declared for a person must be identifiable and verifiable
PROJECT BASED REMUNERATION
For whom?

➢ For each employee of the beneficiary whose level of remuneration over the calendar year increases because the employee works in projects.

➢ This applies irrespectively of the number of projects for which the employee receives a higher salary or the source of funding of those projects.

Example: an employee who gets a bonus or a new contract with a higher salary level for working in a project.
Compare the **action daily rate** with the daily rate that you would pay to the person for work in national projects in accordance with your usual remuneration practices (**national projects daily rate**).

The daily rate eligible for declaring personnel costs **will be the lower of the two**.

**Action daily rate** = \( \frac{\text{actual personnel costs of the person for her/his work in the action over the calendar year}}{\text{days worked by the person in the action over the calendar year}} \)

**National Projects daily rate** = \( \frac{\text{monthly personnel costs for the person based on the remuneration the person would be entitled to for work in national projects} \times 12}{\text{days worked by the person in the action over the calendar year}} \)
Specific case – ‘fall-back option’

➢ If there are **no regulatory requirements** and you do **not have internal rules** defining objective conditions or if your internal rules provide for a **bonus range** (e.g. between 500 and 1000; between 10% and 50%) or a **maximum ceiling** (e.g. up to 50) rather than a **precise amount** per day or per hour, on which the national projects’ daily rate can be determined:

➢ you must calculate the national projects daily rate as follows:

\[
\text{National Projects daily rate} = \frac{\text{total personnel costs of the person in the previous calendar year minus remuneration paid for EU actions}}{215 \text{ minus days worked in EU actions}}
\]
Main differences with H2020

➢ **Discontinuation of the additional remuneration** extra calculation (entailing difficult and error-prone calculations)

➢ **No more obligation to have paid at least once** a project-based remuneration for work in nationally-funded project BEFORE the submission of a proposal in Horizon Europe
THIRD PARTIES
THIRD PARTIES CARRYING OUT WORK IN THE ACTION

Beneficiary

- Affiliated entities
- Associated Partners
- Subcontractors

Non-legally binding
THIRD PARTIES. 1. AFFILIATED ENTITIES

Affiliated entities in Horizon Europe = Linked third parties in Horizon 2020 (alignment of definition in corporate context)

Art187(1)(b) of the EU Financial Regulation:

- permanent legal structures
- contractual cooperation not limited to the action
- capital link:
  I. direct or indirect control of the beneficiary
  II. under the same control as the beneficiary
  III. controlling the beneficiary

Entities “that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action, nor established for the sole purpose of its implementation.

MUST BE:

1. Identified in Sygma, in article 8 of the GA
2. Tasks must be mentioned in Annex 1 (and detailed costs in section 3,1, of Part B, same as a beneficiary)
3. Their (separate) budget must be in Annex 2

De facto treated as beneficiaries (same costs eligibility criteria apply as well as eligibility in terms of participation) but does not sign the Grant Agreement!
THIRD PARTIES. 2. ASSOCIATED PARTNERS

Associated partner in Horizon Europe = International partner in Horizon 2020
(alignment of definition in corporate context)

Entities that implement action tasks without receiving EU funding ➔ do not sign the GA

1. The tasks must be set out in Annex 1 (performs action tasks directly); and total costs must be included under “Other sources of financing” heading of the budget – this is for information purposes only.

2. They may not charge costs or contributions to the action (costs not eligible) = participate at own costs

3. Can be linked either to the whole consortium or to a particular beneficiary

4. Must be identified in Article 9.1 “Other participants involved in the action”, their tasks must be mentioned in Annex 1 BUT ➔ do not sign the Grant Agreement

5. The consortium is responsible:
   a. for the action tasks performed by associated partners
   b. to ensure that the relevant provisions of the MGA also apply to the associated partner (e.g. via the consortium agreement) (i.e. Articles 11 (proper implementation), 12 (conflict of interests), 13 (confidentiality and security), 14 (ethics), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (information) and 20 (record-keeping) Including the relevant conditions in the call or Annex 5
Article 9.3 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
✓ Subcontracting must be declared as actual costs
✓ Best value for money (or lowest price) and no conflict of interest
✓ Indirect costs are not applicable
✓ General rule: Subcontracting between beneficiaries/ to affiliates / Coordination tasks are NOT allowed
THIRD PARTIES. 3. SUBCONTRACTING

Article 6.2.B. Subcontracting costs & Article 9.3

1. Estimates costs and exact tasks to be subcontracted must be identified in section 3.1 of Annex 1 Part B and in Annex 2
2. Must be awarded based on best value for money (or lowest price) and absence of conflict of interest
3. Subcontracting between beneficiaries is not allowed. As a rule, neither is subcontracting to affiliates.
4. The beneficiaries bear the responsibility of tasks carried out by subcontractors and the risk of rejection of costs
5. The amount charged as eligible costs must correspond to the amount invoiced by the subcontractor
6. General rule: Subcontracting may cover only a limited part of the action
7. Regard implementation of a part of the project, i.e. action tasks. If a contract covers only individual equipment or consumables, this will be considered as a purchase
8. Coordinator’s tasks (article 7) cannot be subcontracted
Subcontracting to another member of the same GA

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.

Subcontracting to affiliates

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

⇒ 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 the programme duration)

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

Non-legally binding
Reminder: Article 7 of Grant agreement lists the tasks that the coordinator must carry out and cannot delegate or subcontract to any other beneficiary or third party (including affiliated entities):

- (i) monitor that the action is implemented properly (see Article 11);
- (ii) act as the intermediary for all communications between the beneficiaries, and the JU (in particular, providing the JU with the information described in Article 17), unless the Agreement specifies otherwise;
- (iii) request and review any documents or information required by the JU and verify their completeness and correctness before passing them on to the JU;
- (iv) submit the deliverables and reports to the JU (see Articles 21);
- (v) ensure that all payments are made to the other beneficiaries without unjustified delay (see Article 22);
- (vi) inform the JU of the amounts about the payments made to the other beneficiaries (report on the distribution of payments; if required, see Articles 22 and 32)

However, a third party may assist/support the coordinator in carrying out the coordination tasks, in so far as the coordinator keeps the leadership of the coordination.
Each beneficiary is fully responsible for implementing the action tasks mentioned in the grant agreement and for complying with all its obligations (Article 7 of the MGA).

An entity cannot participate in an action **both as beneficiary and subcontractor**.

The objective of the Clean Aviation projects is to support research & innovation within the aeronautical sector under Horizon Europe and only selected entities with technical resources and capabilities can participate as beneficiary being fully responsible for implementing the action under their own responsibility.

**Consultancy companies** that are assigned support coordination activities and core action tasks such as D&E must:

- Either abandon their role in support coordination activities and remain beneficiaries to perform only core action tasks or
- Only perform support to coordination activities as Subcontractor.
OTHER THIRD PARTIES

- May cover:
  - Travel, accommodation and subsistence (Article 6.2.C.1)
  - Equipment (Article 6.2.C.2)
  - Other goods, works or services, if necessary to implement the action (Article 6.2.C.3).

  *E.g.: CFS, consumables and supplies, promotion, dissemination, protection of results, translations, publications, etc*

- must be declared as actual costs
- Ensure best value for money (or lowest price) and avoid any conflict of interests

Non-legally binding
THIRD PARTIES GIVING IN-KIND CONTRIBUTIONS

NEW

In-kind contributions against payment and in-kind contributions free of charge are both still eligible under Horizon Europe.

However, under HE, in-kind contributions refers only to in-kind contributions free of charge.

IN-KIND CONTRIBUTIONS AGAINST PAYMENT

- No more specific Article
- Instead, they can still be declared as:
  - Personnel costs for seconded persons (Art. 6.2.A.3)
  - Costs of renting equipment (Art. 6.2.C.2)
  - Purchase costs for other goods, works or services (Art. 6.2.C.3)
- Indirect costs calculated on top via the 25% flat-rate

IN-KIND CONTRIBUTIONS FREE OF CHARGE

- Specific provisions (Article 6.1 and 9.2 HE MGA (stemming from Horizon Europe specific legal base)
- They must be declared by the beneficiary which use them under the relevant cost category (i.e. as if they were costs incurred by the beneficiary).
- Only direct costs must be reported
- No more reference to in-kind contributions not used in the beneficiary’s premises
- Indirect costs calculated on top via the 25% flat-rate (with exceptions, like for internal invoicing)

Non-legally binding
# Overview of Participants' Roles - AGA

<table>
<thead>
<tr>
<th>TYPE</th>
<th>Works on ‘action tasks’?</th>
<th>What is eligible for the beneficiary/affiliated entity?</th>
<th>Must be indicated in Annex 1 GA?</th>
<th>Conditions for participation</th>
<th>GA article</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>Must be eligible</td>
<td>art 7</td>
</tr>
<tr>
<td>Affiliated entities</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>Must have a capital or legal link with a beneficiary and fulfil the same eligibility conditions</td>
<td>art 8</td>
</tr>
<tr>
<td>Associated partners</td>
<td>YES</td>
<td>n/a</td>
<td>YES</td>
<td>No specific conditions (APs do not receive funding).</td>
<td>art 9.1</td>
</tr>
<tr>
<td>Third parties contributing</td>
<td>Participate in the action</td>
<td>n/a</td>
<td>YES</td>
<td>Must be best value for money or lowest price and no conflict of interest</td>
<td>art 9.2</td>
</tr>
<tr>
<td>to the project</td>
<td>as contributors</td>
<td>(except HE: Costs)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subcontractors</td>
<td>YES</td>
<td>Invoiced price</td>
<td>NO (only subcontracted tasks must be indicated)</td>
<td></td>
<td>art 9.3</td>
</tr>
<tr>
<td>Third parties receiving</td>
<td>Participate in the action</td>
<td>Amount of support given</td>
<td>YES</td>
<td>According to the conditions in Annex 1 GA</td>
<td>art 9.4</td>
</tr>
<tr>
<td>financial support</td>
<td>as recipients.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Non-legally binding
SUBCONTRACTING

AUDIT Advice
Subcontracting costs: Examples of Audit Reports

“The auditors were not provided with the final reports or deliverables supporting the delivery of the subcontracted services. Additionally, the auditors were not provided with evidence that the procurement procedure for ensuring the best value for money was followed.”

“The Beneficiary claimed subcontracting cost for design/manufacture of certain critical parts but the auditors could not confirm that the costs were incurred in the action period.”

“Subcontracting activities invoiced to a project participant which is not allowed according to GA.”
Subcontracting costs: Examples of Audit Reports

“The Beneficiary could not provide sufficient documentation, showing that a best value for the money was carried out.”

“EUR X must be rejected as it is the result of rebilling between the beneficiary and a company in the same corporate group, but not declared in the grant agreement.”

“For two items, the beneficiary could not provide adequate supporting evidence proving the link between the invoices of the subcontractor with costs claimed.”
Subcontracting costs:
Auditor’s advice

Good practices

✓ Only declare costs that are related to the reporting period
✓ Do not include unplanned subcontracting, it must be foreseen in Annex I and/or agreed by JU services and costs of affiliated entities must be identified in the GA.
✓ Document the link between the subcontracting and the action properly
✓ Ensure that all supporting documents (such as procurement procedure) are properly stored and made available to auditors
✓ Some tasks cannot be subcontracted – see guidance in this presentation
✓ Provide detailed descriptions in terms of technical specifications, constraints and contracts (leading to justification for supplier selection)
Subcontracting costs: Auditor’s advice – value for money (1/2)

✓ Show that you have followed your internal **procurement policy**. Create a file with the **supporting evidence** of the selection of supplier process. **Key documents** include:
  - Call for tender / request for offers
  - Technical specifications
  - Offers received
  - Market surveys
  - Evaluation of offers
  - Letters proving the acceptance of the offer selected and letters proving the refusal of the other offers
  - If applicable: the invitation to tender and the acceptance of a certain supplier should be published in the national / European journal

✓ Use only **valid framework contracts** (updated, selected according to company procurement procedure)

✓ If you **deviate** from the procurement policy, **document the reasons** why and add these explanations to the audit file
Subcontracting costs:

Auditor’s advice – Alternative evidences of BVM (2/2)

✓ When competitive selection procedures was not carried out, beneficiary must be able to prove compliance with best value for money or lowest price (and no conflict of interest) in case of a check, review, audit or investigation by showing (AGA p.77):

- data from a previous competitive tender on a similar subject that confirms the market value
- a conducted market consultation, e.g. price quotations, supplier brochures, or consultation with help of independent experts
- that no suitable offers have been submitted in response to a prior competitive selection procedure
- that a subcontractor is in a monopoly situation due to technical reasons

✓ In any case, the beneficiary must be able to demonstrate that the criteria defining quality were clear and coherent with the purpose
Internally invoiced goods & services
INTERNALLY INVOICED GOODS AND SERVICES

What? Costs for goods and services which are produced or provided within the beneficiary’s organisation directly for the action and which the beneficiary values on the basis of its usual cost accounting practices.

Examples:

- self-produced consumables (e.g. electronic wafers, chemicals)
- specialised premises for hosting the research specimens used for the action (e.g. animal house, greenhouse, aquarium)
- standardised testing or research processes (e.g. genomic test, mass spectrometry analysis)
- use of specific research devices or research facilities (e.g. clean room, wind tunnel, supercomputer facilities, electronic microscope)

NEW Wider reliance on beneficiary’s usual cost accounting practices for the unit cost calculation with:

- No application of the 25% flat-rate on top of the unit cost (H2020 rules)
- instead, possibility to accept “actual indirect costs” allocated via beneficiary’s usual key drivers in the unit cost calculation
**INTERNALLY INVOICED GOODS AND SERVICES**

- Example of costs of Wind Tunnel facility
- Eligible vs non eligible

<table>
<thead>
<tr>
<th>Examples of costs <em>generally eligible</em> as part of the unit cost</th>
<th>Examples of costs <em>ineligible</em> as part of the unit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>- staff working for the facility (e.g. technicians, engineers and other persons directly assigned to the functioning of the wind tunnel)</td>
<td>- bank interests</td>
</tr>
<tr>
<td>- depreciation of the equipment, including specific software and hardware necessary for the functioning of the wind tunnel</td>
<td>- provisions for future expenses</td>
</tr>
<tr>
<td>- generic supplies like electricity used for the wind tunnel</td>
<td>- cost declared under other cost categories (e.g. personnel cost, equipment depreciation cost) and indirect cost (e.g. general administrative costs such as those stemming from the HR, legal or accounting departments)</td>
</tr>
<tr>
<td>- insurance of the wind tunnel (or the premises in which it is located)</td>
<td>- any other ineligible costs (see Article 6.3)</td>
</tr>
<tr>
<td>- specific maintenance and cleaning of the wind tunnel equipment (e.g. air cooling system)</td>
<td></td>
</tr>
<tr>
<td>- calibration/metrology tests of the wind tunnel</td>
<td></td>
</tr>
<tr>
<td>- costs of shared infrastructures where the wind tunnel is located, allocated via usual key driver (e.g. central heating, air-conditioning system) and their related shared maintenance costs</td>
<td></td>
</tr>
<tr>
<td>- depreciation costs of shared buildings allocated via usual key driver (e.g. if the building where the wind tunnel is located is part of a main building of the beneficiary)</td>
<td></td>
</tr>
</tbody>
</table>
Equipment costs
Equipment costs:

Depreciation costs are by default eligible.

By exception, full costs may be eligible (e.g. low value assets).

Optional provisions addressing the specific case of assets under construction (e.g. prototype) and their related capitalised costs:

- The full construction costs (typically the costs of the personnel involved in the construction of the prototype)
- The full purchase costs (typically any component, pieces of equipment bought for the prototype)
Equipment costs: Auditor’s advice

✓ Calculate equipment costs based on actual use of equipment (e.g.: project hours) for the action and use depreciation costs in line with the usual accounting practice.
Reporting: Best practices

• Prepare your reporting ahead of the deadlines (costs accounting extracts, reconciliation, calculation details, documents, etc ...)
• Get familiar with the rules described in the applicable documentation (Annotated grant agreement, user manual etc …)
• Costs declared should match with your costs accounting details
• Costs should be mentioned in the Annex 1 and 2
• All the roles should be defined and updated if needed (LEAR, FSIGN, LSIGN, …)
• Check your access to the EC portal
• The coordinator has the key role to ensure consistency in the financial management of the projects (quality, completeness, deadlines, ….)
• Do not hesitate to contact the JU (FO/PO in charge) in case of questions
Indirect costs
**Indirect costs**

*What?* Costs that are only indirectly linked to the action implementation (Art. 6(1) General eligibility conditions of the Horizon Europe MGA)

*Flat-rate of 25% of the eligible direct costs*, except subcontracting costs, financial support to third parties and exempted specific cost categories, if any. (Art. 6(2)(E) Indirect costs of the Horizon Europe MGA)

*Possibility to accept actual indirect costs* allocated via beneficiary’s usual key drivers in the unit cost calculation for *internally invoiced goods and services*
Receipts
Receipts under Horizon Europe

**Corporate approach** → Alignment with the revised Financial Regulation (FR 2018)

- Article 192(2) FR
  
  [...] receipts are limited to the Union grant and the revenue generated by that action or work programme.

- Article 192(3)(c) FR
  
  → non-profit organisations are NOT concerned by receipts.

**Horizon Europe derogation** → Income generated by the exploitation of the results shall NOT be considered as receipts of the action (Art 36(2) HE RfP → continuity with H2020)
Questions?
Coffee Break!
1. Welcome and introduction
2. Financial overview Call 1 & Call 2 - Reporting requirements
3. Eligibility of costs – Focus on specific items
4. Other financial aspects
5. Operational aspects
6. PLANES
7. Legal aspects
Ex-Post Audits
**Ex-post audit: objectives**

**Ex-post audits** provide assurance on the legality of its payments according to HE rules and grant agreements.

**Ex-post audits allow to:**

- **Detect** potential **errors** in JU payments to our beneficiaries
- **Correct** the **audited financial statements**
- **Extend the correction** to unaudited cost claims of audited beneficiaries in case of systematic errors
- **Provide advice for system improvements through recommendations**

- **Each year, the CA JU reports an error rate**
- **The error rate** is one of the most important KPIs for the **Court of Auditors** in its annual opinion on the JU’s accounts.
  - Max. threshold of the ECA for the **error** is below 2%
The earliest ex-post audits for Horizon Europe will be conducted from **Q3 2024 onwards**.

→ So prepare and keep all documentation ready!
Ex-post audit: an introduction

Who conducts the ex-post audits?

There are two types of audits:

1. Audits requested by CA JU and performed by the Common Audit Service (CAS)
   - The audits are conducted by the Common Audit Service (CAS) of the European Commission. The European Commission may rely on External Audit Firms to conduct these audits.
   - These are the majority of audits

2. Audits selected and performed by the European Court of Auditors (ECA)
   - Approximately 4 to 5 random transactions are audited annually by the ECA which contribute to the ECA’s annual assurance
Audit process: audit fieldwork

Before the audit, the beneficiary will receive a Letter of Announcement, detailing:

- The **scope** of the audit (projects and periods concerned)
- The **dates** of the fieldwork
- **Which documents to prepare** for the fieldwork

During the phase of fieldwork, the auditors will verify the documentation underlying the submitted cost claims. The fieldwork will end with an **exit meeting**.

**Reminder:** Lack of cooperation during the audits may lead to cost rejections and/or grant reductions.
Audit process: What to do if not in agreement with the audit findings?

1. During the fieldwork, the auditors will start preparing potential findings and ask for complementary information.
   ✔ Respond to their request

2. At the end of the fieldwork, the exit meeting takes place. At this meeting, the auditors will elaborate on the main conclusions of the audit.
   ✔ Clarify outstanding issues

3. Following, the audit a Preliminary Audit Report (PAR) will be drawn up by the CAS. After quality controls, this PAR will be submitted to the beneficiary for the formal contradictory procedure. Ask for CAJU’s advice, if needed.
   ✔ Provide the required information

✔ Beneficiaries should use these opportunities to comment on findings
✔ The beneficiaries should respond to the CAS immediately.
✔ CA JU can mediate, if you need support. Share your concerns with CAJU
Audit process: Closure of the audit Results and Letter of Conclusion (LOC)

✓ Following the contradictory procedure and several quality checks, the auditors will issue a Final Audit Report and a Letter of Conclusion. These documents detail the outcome of the audit.

✓ The audit can either result in (detected error):
  • Positive adjustments in favour of the beneficiary
  • Negative adjustments
  • No adjustments

✓ Findings can be either systemic/recurrent or non-systemic/non-recurrent.
  • Systemic: inherently related to the beneficiary’s methodologies, accounting, management or internal control practices.
Audit process: Closure of the audit Extension

If there are **negative findings**, which are of a **systemic/recurrent nature**, the extension procedure will be launched. **The error rate will be extended to** unaudited **cost claims** of the same beneficiary (also for other Granting Authorities). The Letter of Conclusion will invite the beneficiary to:

1. Choose the correction method
2. Identify and justify the scope of the extension (which projects and periods)

If the beneficiary **does not respond within 90 days**, the overall flat rate may be applied by default by the implementing Granting Authority.
ECA audits: Particularities

**Differences with CAS audits**

- The audits are very **limited in scope** (not all expenditure is checked in full)
- They **do not qualify for a CFS exemption** since they are not performed in full scope
- There is **no extension of audit results** to other cost claims. In case of **negative systemic errors**, the CA JU will ask the beneficiary to confirm that audit conclusions and recommendations have been implemented before the next payment.
Useful links

- Horizon Europe Annotated Grant Agreement: aga_en.pdf (europa.eu)
- Link to the latest Clean Aviation Financial Workshop: Clean Aviation Financial Workshop 2023 (clean-aviation.eu)
- Link to the latest IT training for periodic reporting: PowerPoint Presentation (clean-aviation.eu)
- Explanations on how to complete the financial statement: How to complete your financial statement — HORIZON EUROPE and EURATOM - IT How To - Funding Tenders Opportunities (europa.eu)
- Link for upcoming events, trainings and webinars related to Horizon Europe: Funding & Tender Opportunities
Anti-Fraud
Fraud risks in EU research grants

Typical fraud risks in EU research 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 antifraud measures
  • audits and OLAF investigations

➢ Focus of future approach (HE approach)
  • Risk analysis and enhanced controls on high-risk types of beneficiaries and/or projects
  • Use of a system of identified red flags for potential risks
  • Use of open sources and specifically developed interconnected tools for assessing information reported by applicants and beneficiaries
  • CA JU anti-fraud strategy is under review and we will soon publish the updated version
Actions from you as grant participant (coordinator, beneficiary and affiliated entities)

You are close to the partners (beneficiary and affiliates) 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 difficulties 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
Whistleblowing

• 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.

JU advise: Report directly on OLAF website (notification system), regardless of the magnitude of the observed irregularity – ensure providing the available evidence elements during your reporting to support your concerns.
Potential scenarios when suspicion of fraud is confirmed

• 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 (this can be done before confirmation)
CAJU anti fraud website

Section on CA Website on Mission and Values 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:

Yolanda.garcia-Castillo@clean-aviation.eu
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Operational aspects
Delivered Grant **Deliverables and Milestones** need to be coherent with financial execution:

- Used to **assess the technical progress** for the Reporting period.
- **Budget execution is compared vs technical achievements** and progress/deviations declared prior to RP closure. This includes Impact, Dissemination and Communication and Explotation objectives, etc.
- **EASA feedback** to be included as an annex to the deliverable (included as part of EASA service contract/PID);
Request for change vs Deviations

Guiding principles

Request for change:
➢ Number of amendments per Grant shall be kept as a minimum;
➢ The RfC should be related to relevant changes in the plan for the full project duration -> RfC is thus not introduced for temporary reasons e.g. optimisation of costs/resources;
➢ Does not imply substantive or important change to the description of the action;
➢ Shall be duly justified, with clear explanation of the impact on the project plan
➢ The specific delta in terms of cost and partners involved from the changes must be clearly highlighted in the RfC;
➢ Only RfC submitted via PLANES will be analysed/considered.

Deviations:
➢ Changes to the plan resulting from a slowdown, ramp-up or optimisation of resources, final purchasing costs, etc;
➢ No “one-fits-all” approach: deviations shall be proportionate and duly justified i.e. PM deviations aligned with the technical execution reported, etc.
➢ Deviations of resources shall be captured via the JU “UoR” excel file. In the near future, this dimension shall be processed via PLANES.
➢ Acceptance on a case-by-case analysis: additional information will be requested if justification is not provided/insufficient;
➢ If deviations are identified, recovery action/measure shall be identified and presented in the next reporting period;
➢ As a general rule, deviations will jeopardize the effectiveness of the action and shall be avoided.
SyGMA and PLANES

**SYGMA IS THE FORMAL TOOL** for Grant Management (submission of Deliverables and RP technical reports)

**PLANES** is a cloud-based platform supporting Clean Aviation Horizon Europe activities with integrated applications (Project Plan, Power BI, SharePoint) aiming at having a unique database of the programme data as the reporting tool of CAJU programme in the framework of the Projects for HORIZON EUROPE. Main contractual information is imported from SyGMA/CORDA.

**ARTICLE 7** — The beneficiaries, as signatories of the Agreement, are fully responsible towards the granting authority for implementing it and for complying with all its obligations (e.g. submission of deliverable and reporting). Beneficiaries are jointly responsible for the technical implementation of the action.

Art 21.1 The beneficiaries must **continuously report** on the progress of the action (e.g. deliverables, milestones, outputs/outcomes, critical risks, indicators, etc; if any), in the Portal Continuous Reporting tool and in accordance with the timing and conditions it sets out.
Practical Aspects: Submission and Approval

- **The formal assessment and approval of Deliverables is performed in SyGMa.**
- **Contents of deliverables** must be appropriate to allow assessment of performed activities according to the GA and in the light of validation of claimed costs.
  
  SYGMA allows to submit only one file

- **PLANES** aims to support coordinators in the submission of deliverables (and/or other related information) contributing to the formal submission and assessment of deliverables in SyGMa.
- **PLANES** will also serve as a repository to provide complementary information. However, this should remain exceptional as SyGMa is the reference tool for the submission and approval of deliverables.
  
  PLANES allows to submit multiple files linked to a Grant Deliverable
  PLANES allows to submit Milestones evidences
Practical Aspects: Confidentiality

**Public (PU):** once approved by PO, deliverables become publicly available on the project EU website.

**Sensitive (SEN):** Deliverable is confidential for the Consortium and not publicly shared after approval.
- **CA JU Programme Office** has access to deliverables
- **Consortium participants** (e.g., contact person, PLSIGN, FSIGN)

**Sensitive (standard submission):** visible to Consortium participants with access in PLANES portal (approved by Coordinator).

**Confidential (selected when submitted in PLANES portal):** only accessible to CAJU Programme office, not even the Coordinator.

**Article 13:** The granting authority may disclose sensitive information to its staff and to other EU institutions and bodies. Moreover, it may disclose sensitive information to third parties, if:
(a) this is necessary to implement the Agreement or safeguard the EU financial interests and
(b) the recipients of the information are bound by an obligation of confidentiality.
Sensitive information must be kept confidential—during the action and for at least five years afterwards—meaning that it may be disclosed only within the strict limits of what is allowed under Article 13, in particular to implement the Grant Agreement or safeguard the EU financial interests.
1. Coordinator submits deliverables in SYGMA according to the schedule in the GA and provides additional information in PLANES when deemed necessary and in line to GA due dates.

2. The final assessment and approval of deliverables (also in light of the contractual obligations) is made in SyGMA with an adequate level of content (and considering additional information in PLANES when applicable)
   a) PO might request external expert support for the validation of deliverables.
   b) Deliverables are assessed within the relevant reporting period in the light of the cost validation

Make sure that final SyGMA reports are submitted in SyGMA (and in PLANES when additional information provided) before the closure of the Reporting Period to be adequately assessed
CONTENT

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PLANES platform: two interfaces

PLANES tool is operational since February 2023:

- Access limited to 2 users per project (coordinator and/or users designated by coordinator)

- **Release 1** (Feb 2023): consolidation of project/program baseline (integration of Sygma data and import of GA Annexes)

- **Release 2** (Sep 2023): deployed to help monitor project/program (Dashboards for Deliverables, Milestones, PM effort, Strategic Plan, Risk Management, …)

- **Release 3** (Jan 2024): finance reporting and cost validation

PLANES portal is operational since February 2024:

- Access extended to 2 users per partner for each project

- Functionalities for PM and UoR cost declaration, reporting on deliverables & milestones, risks, …
PLANES: Finance management area

How to report Use of Resources in PLANES?

• Periodic costs are reported in the ‘WP Periodic Costs’ table of section Finance Management. The data in this table were migrated from Annexes 2.2/2.3

• The cost breakdown is defined at WP level (up to level 2) per partner and per reporting period

• The table in PLANES is equivalent to the previously-used UoR Excel files

• Costs are entered in:
  1. PLANES tool by coordinators
  2. PLANES portal by each partner

• Validation of costs performed by PO/FO in PLANES

• Payment and associated validation information performed in Sygma
PLANES: Finance management area

How to report adjustments in PLANES?

• Unforeseen participations are not present in Annexes 2.2/2.3 and thus are not imported into PLANES

• Two options to create entries:
  1. Ask PO who will directly create lines in PLANES for unplanned participations. Note that creation of new entries is locked for external users.
  2. Update Annexes 2.2/2.3: add new lines for unplanned participations with costs set to 0, send file to PO for re-import into PLANES, enter claimed costs in PLANES.

Good practices

• Keep an extract of the data you reported in PLANES

• See training material for guidance on data extraction into Excel
PLANES: Quarterly PM reporting

How to report consumed PMs?

• Consumed PMs are reported in the Grant Management area, table ‘Resource RP’. Data in this table were migrated from Annexes 2.1

• PMs are reported:
  • For every quarter
  • At either WP or task level

• Select period and quarter carefully: period will soon be changed to year for clarity

• PM values are entered in 1) PLANES tool by coordinators, 2) PLANES portal by each partner

• Quarterly PMs are not the same variables as PMs declared in UoR
### PLANES: Planned PM reporting

**How to report planned PMs?**

- The planned PMs migrated from Annexes only show an overall breakdown per WP/task but no detail per period.
- A breakdown per period is entered in the Grant Management area, table ‘Resources Periodic Plannings’.
- Planned PMs are reported:
  - For every period
  - At **either** WP or task level

#### Active Resources Periodic Plannings

<table>
<thead>
<tr>
<th>Group By: (no grouping)</th>
<th>Name (Participation in WP)</th>
<th>Project (Participation in Task)</th>
<th>Name (Participation in Task)</th>
<th>Project (Participation in WP)</th>
<th>Period</th>
<th>Planned Effort PM Percentage</th>
<th>Planned Effort PM (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ECARE</td>
<td></td>
<td>1.1- AV+ Coordination, quality and risk management</td>
<td>Period 1</td>
<td>---</td>
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</tr>
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<td>Period 1</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
PLANES Portal: latest enhancements

- Additional filters in Financial management and Grant Management areas

Section: Financial Reporting UoR
View: Check UoR reported costs

<table>
<thead>
<tr>
<th>Period</th>
<th>Proposal/Project</th>
<th>Participation in WP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section: Resource RP
View: Resources RP – Participation in Task

View: Resources RP – Participation in WP
PLANES: Need more guidance?

• Training material
  • For the tool: Training sessions and material for PLANES tool to monitor (clean-aviation.eu)
  • For the portal: Planes portal training | Clean Aviation (clean-aviation.eu)

• (Re)listen to our latest user group session on UoR and PM reporting: accessible [here](#)

• Helpdesk
  • To clarify questions on functionalities and report technical issues
  • Contact point: planesadmin@clean-aviation.eu / eduard.antics-ext@clean-aviation.eu
  • Provide description of request/issue with screenshots
  • Include PO in copy
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1) Beneficiaries’ roles in the Grant Agreement
2) HE Rules of participation: specific cases (UK, CA, HU and CN entities)
3) Membership to CAJU
COORDINATORS’ RESPONSIBILITIES (Art. 7 MGA)

- **Manage technical coordination**
- **Monitor that the action** is implemented properly
- **Act as the intermediary** for all communications between the consortium and the granting authority
- Requests and **review documents or information** required by the granting authority and verifies their completeness and correctness
- **Submit the deliverables** and reports in the system
- **Financial coordination – distribution of the payments** received from the granting authority to the other BEN without unjustified delay.
- None of the actions of Article 7 can be subcontracted

For the complete list of COO responsibilities, check the HE MGA

Non-legally binding
BENEFICIARIES OBLIGATIONS (Art. 7 MGA)

Each BEN must:

- Keep information stored in the Portal Participant Register up-to-date (see Article 19 MGA)
- Inform the granting authority (and the other BENs) immediately of any events or circumstances likely to affect significantly or delay the implementation of the action (e.g., financial difficulties, bankruptcy, etc.)
- Submit to the coordinator in good time:
  - the financial statements and certificates on the financial statements (CFS)
  - the contribution to the deliverables and technical reports
  - any other documents or information required by the granting authority under GA
- submit via the Portal data and information related to the participation of their affiliated entities

Non-legally binding
OBLIGATION TO INFORM (detail)

BENEFICIARY

Keep Participant Register up to date + records

"My company is filing for bankruptcy"... "we are having financial difficulties"

COORDINATOR

"Beneficiary X is filing for bankruptcy"... "they are having financial difficulties"

(!) Even after the Payment of the balance

Non-legally binding
PARTICIPATION IN HE – ELIGIBILITY FOR FUNDING

Have started to take effect (status by 21.03.2024)

1. Albania
2. Armenia
3. Bosnia and Herzegovina
4. Faroe Islands
5. Georgia
6. Iceland
7. Israel
8. Kosovo
9. Moldova
10. Montenegro
11. New Zealand
12. North Macedonia
13. Norway
14. Serbia
15. Tunisia
16. Türkiye
17. Ukraine
18. United Kingdom

“Transitional Arrangements” apply as by HE Work Programme

1. Canada
2. Morocco
3. Switzerland

List of participating countries (HE): V2.9 – 21.03.2024

Non-legally binding
UK ENTITIES- Participation in HE Programme

TRANSITIONAL ARRANGEMENTS applied to GAs awarded in Call 1 and 2

Association Agreement was not in force at the stage of the signature of the GAs and thus the UK entities implementing a part of the action in projects of Call 1 and Call 2 participate as ASSOCIATED PARTNERS

Not eligible for EU funding

Sate of play as of 01/01/2024: UK-EU Association Agreement in force

The United Kingdom is now associated to the HE Programme.

UK applicants in upcoming CAJU Call 3

eligible for EU funding

NON-LEGALLY BINDING

UK GOVERNMENT’S HORIZON EUROPE FUNDING GUARANTEE:

UKRI website and the HORIZON EUROPE FUNDING GUARANTEE
Transitional Arrangements to HE Pillar II including the CA Programme

• **How long?** Until the signature of the Association Agreement

• **How?** Entities based in Canada can apply and be evaluated as prospective “beneficiaries” in Horizon Europe proposals for all calls implementing Pillar II in the budget 2024 onwards, including those currently open.

*Unlikely scenario*: in the unlikely event that association is not in place by the time of the grant agreement signature, then Canadian participants may remain in the consortia, but as “**associated partners**” which do not receive Horizon Europe funding (provided that the minimum requirements of the proposal, including in terms of participation by Member States/Associated Countries, are still met by the remaining beneficiaries).
NEW HE RESTRICTION MEASURES: HU&CHINESE ENTITIES

The **COUNCIL IMPLEMENTING DECISION (EU) 2022/2506** on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary that took effect on 16 December 2022.

**As from 16 December 2022,** Article 2(2) of this Decision provides that legal commitments must not be entered into with any public interest trusts established on the basis of the Hungarian Act IX of 2021 or any entity maintained by such a public interest trust. The prohibition to sign legal commitments involving Union funding applies to the entire chain of financing that involves Union funding:

- Purchase of goods, works or services
- Subcontracting
- Financial support to third parties
- Equipment renting or leasing
- Personnel seconded against payment.

Legal entities established in China are not eligible to participate in Horizon Europe Innovation Actions in any capacity (General Annexes to the HE WP 2023-2025)

For additional information, please consult your coordinator or please check [FAQs published on the fundings and tender portal](#).

Non-legally binding
EASA PARTICIPATION IN CAJU ACTIONS: LEGAL OPTIONS

May be involved in the projects to provide its technical contribution in the form of action tasks, expertise and advisory services in the area of certification and other areas (Art. 71 SBA)

Its participation and contribution was envisaged at call/topic level

Annex 1 of GA should describe the requirements and EASA’s contribution/tasks

EASA may participate as:

A) THIRD PARTY PROVIDING IKC (Art. 9.2 MGA) – EASA’s contribution is paid under its “Fees & Charges” while the BEN should claim costs in the action under Art. 6.2.C.3 of the HE MGA

A “Model Service Contract” agreed by CAJU/EASA is available to support this cooperation model and costs classification

B) BEN - carries out action tasks

EASA’s IKC and related budget must be described in Annex 1
WIND-TUNNEL TESTING – declaration of costs

1. WTT PROVIDER as BENEFICIARY (or as AFFILIATED ENTITY) participating in the Grant

WTT facilities may claim costs under:
• personnel costs
• internally invoiced goods and services
• purchasing costs or
• other goods, works and services

2. WTT provider participating neither as BENEFICIARY nor as AFFILIATED ENTITY in the Grant

Option 1: Internally invoiced goods and services (ARTICLE 6.2.D.2)
The beneficiary participating in the GA (and not the WTT facility) must have an internal accounting system in place for the WTT facilities. If the beneficiary does not have an internal accounting system in place, this will not apply.

Option 2: Purchase of equipment (ARTICLE 6.2.C.2)
The purchase of equipment must be carried out by the BEN/s participating in the GA and not the WTT facility.

Option 3: Subcontracting (ARTICLE 9.3)
WTT facilities can be subcontracted by the beneficiaries of a project when none of the beneficiaries have such a capability. General subcontracting eligibility conditions apply: best value for money or lowest price, and no conflict of interest (check Article 6 of the MGA)

Attention: subcontracting to affiliated entities is NOT allowed, unless there is a framework contract in place or the affiliated entity is the usual provider, and the services are priced at market conditions.

More information here
CAJU MEMBERSHIP (I)

**JU Membership:**
- 27 Founding Members (Annex I - SBA)
- 32 Associated Members (Selected in CEI)

**Membership legal framework:**
- Regulation (EU) 2021/2085 (“SBA”) adopted by the Council of the European Union on 19/11/2021 - Establishes the JU under HE
- CAJU Membership Agreement
- Financing Agreement
- Letter of Commitment

**Membership obligations at the level of the Programme:**
- to provide strategic and long-term commitment
- to perform core tasks and to bring key capabilities while implementing research actions
- to bring IKC (In-kind contributions) → IKOP & IKAA
- to bring financial contribution to the administrative costs of the JU
- to inform in a timely manner the JU about any legal change undergone by a Member (mergers or acquisitions, take overs, significant changes in ownership, control or composition)

Non-legally binding
CAJU MEMBERSHIP (II)

Membership Obligations at the level of the projects (Annex 5 of the GA “Specific Rules”)
- Projects shall contribute to the implementation of the SRIA, SBA objectives and exploitation;
- Fulfil their 1.5 IKC obligations over project implementation

Open calls = GA Beneficiaries

CAJU Members

Non-members

Letter of Commitment
Membership Agreement
Financing Agreement

Non-legally binding
CAJU MEMBERSHIP’S (III): TERMINATION

SCENARIO I - Termination at the initiative of a Private Member:

(1) Termination of participation of a Private Member from a GA → Coordinator of the GA notifies the JU
(2) Written notification sent by a Private Member to the CAJU Executive Director → becomes effective 6 months after notification

SCENARIO II - Termination following the GB decision

- Significant legal changes undergone by a Private Member affecting the call for proposal eligibility conditions or/and affecting the Union’s or the JU’s interest on grounds of security or public order → becomes effective no later than 6 months from the GB decision

Termination of the Membership ≠ Termination of the participation in a GA

Non-legally binding
Thank you
Any questions?
Do not forget to fill in the survey