

Questions and Answers Financial Webinar for SMEs – 24 September 2020

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Timesheets

1. Can we use the total actual hours from the timesheets and not the 1,720 annual hours?

Yes, there are three possible options to calculate the annual productive hours:

- Option 1 - advised: 1 720 hours for persons working full time (or pro-rata for persons not working full time).
- Option 2: If employment contract specifies individual workable hours. The 'Individual Annual productive hours' can be calculated as follows → workable hours + overtime – absences. (Note that a compulsory confinement period due to the COVID 19 crisis is also considered as special absence if telework is not possible during that period).
- Option 3: If usual cost accounting practice of the beneficiary → 'Standard annual productive hours' can be used.

Personnel costs for employee = Actual hours worked on the action multiplied by the hourly rate.

Hourly rate (€/h) = Annual personnel costs (€) / Annual productive hours (h)

To calculate the hourly rate, it is necessary to use the last closed financial year available, meaning the most recent full financial year for which all information necessary to calculate the hourly rates is available.

Reference [IMI2 JU Annotated Model Grant Agreement Version 9 October 2019](#), pages 60-61.

2. Would an E-signature be acceptable for timesheets during COVID-19 confinements or must it be a 'wet ink' signature?

Timesheets can be either on paper or in a computer-based time recording system, depending on the Beneficiary's usual internal practice.

In case timesheets are usually on paper following the Beneficiary's internal practices but due to the COVID-19 pandemic timesheets are signed electronically, it should be documented internally (written evidence) in order to show to auditors that this is a temporary measure, which only applies until the exceptional situation due to the COVID-19 pandemic is over.

3. We have one full-time employee working on the project - 4 days paid by IMI and 1 day paid by an industry partner (EFPIA/Associated Partner). Can this employee be covered by a Declaration or will it be necessary to record hours as not fully reimbursed by IMI?

If a person is working partly on the action, it is an obligation to keep timesheets in order to record hours actually worked on the action.

If a person is working exclusively on the action, it is not necessary to keep timesheets for that person but a Declaration on exclusive work should be signed.

Whether that person is paid by IMI2 JU or by an industry partner, it does not have any impact on the above rule.

4. We were not aware of the signature requirement for timesheets, but have kept good records otherwise. Presumably we can get employees to sign off retroactively? However, some relevant employees have left so we cannot get them signed retroactively; how should we proceed?

Timesheets should normally be dated and signed at least once a month (electronically or on paper) by the person working for the action and his/her supervisor.

The signature can be retroactive if fully explained and justified.

For instance there is some flexibility due to COVID-19 pandemic: the signature can be delayed until the compulsory confinement is lifted.

In case timesheets are not signed and/or dated, the beneficiary will need to provide alternative evidences to the auditor to proof the actual hours that have been worked on the action during the audited period.

Examples of possible alternative evidence (non-exhaustive list): travel documents proving participation in a project meeting (boarding pass, obliterated travel ticket, hotel invoice, etc.); agenda and minutes of the meeting; attendance lists; working papers; laboratory log books; professional/personal diaries; documents related to presentations; scientific publications; correspondence such as letters, notes, memos, emails; etc.

5. We use electronic timesheets that are signed electronically each month. Is this sufficient? Or do we need wet-ink signature?

Timesheets can be either on paper or in a computer-based time recording system, depending on the Beneficiary's usual internal practice.

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

So electronic signatures are accepted if it is the usual practice of the beneficiary and wet-ink signature is not necessary in that case.

6. In the IMI Financial Guidelines it is stated that hours worked must be linked to the project. Why is it said here that hours recorded in the time sheets must relate to tasks or work packages? This extremely laborious in large projects with many tasks.

We confirm it is necessary to make a reference in the timesheet to the action tasks or work packages of Annex 1, to which the person has contributed by the reported working hours.

Timesheets should include, as a minimum

- the title and number of the action, as specified in the GA
- the beneficiary's full name, as specified in the GA
- the full name, date and signature of the person working for the action
- the number of hours worked for the action in the period covered by the time record
- the supervisor's full name and signature
- a reference to the action tasks or work packages of Annex 1, to which the person has contributed by the reported working hours.

Reference [IMI2 JU Annotated Model Grant Agreement Version 9 October 2019](#), pages 188-189.

7. As a software company we use Jira an agile software package to record tasks for the project and can pull off hours/days worked over any period of time for each employee on the project. Would this suffice instead of a timesheet?

Beneficiaries may use their own model of timesheet, provided that it fulfils the minimum conditions (see question 6) and an appropriate approval process by both the staff member and the manager: Time records must be dated and signed at least monthly by the person working for the action and his/her supervisor.

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

Information included in the time recording system must match records of annual leaves, sick leaves, other leaves and work-related travels.

Reference [IMI2 JU Annotated Model Grant Agreement Version 9 October 2019](#), pages 188-189.

Employee costs

8. Are all employer's payments into social security of employees (e.g. health insurance, pension funds) considered to be part of the salary and thus eligible?

Yes. Personnel costs must be limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the remuneration, if they arise from national law or the employment contract (or equivalent appointing act).

SME-owner rate

9. What in case of 2 co-founders, 1 CEO and CSO, no salary?

There is no limitation to the number of owners that may apply specific unit costs applicable to SME, provided that they fulfil the conditions of being owner of the SME and receiving no salary.

10. When are you considered SME owner? What percentage of shares do you need to have?

There is no minimum percentage of ownership to apply the specific unit costs applicable to SME owners not receiving a salary. Any co-owner of a SME not receiving a salary can apply the SME owner unit cost in order to charge its personnel cost to an EU Research project.

However, it should be said that while it is perfectly acceptable that SME shareholders with a very small percentage of ownership use this possibility, extreme cases would be carefully assessed, to verify that this rule (like any other) is not being abused creating artificially a construction to make profit (e.g. hiring a Phd student and giving him 1 share in the company).

11. For SME owner unit costs, is it the country of residence of the owner which is used for the country-specific correction coefficient?

The coefficient applied is the coefficient of the country where the SME is established, independently of the residence or home address of the owner.

Place of employment

12. What if we move offices during the project lifetime? What if employees are working from home as a result of Covid-19 and not performing work at the SME premises? What if the SME no longer has an office as all staff work from home?

For change of office, see answer to question 14 below.

For teleworking (or all staff work from home), see answer to question 13 below.

13. What about employees who normally work remotely? This is most common practice for us so very significant.

Teleworking: Remuneration costs of personnel not working on the premises of the beneficiary (i.e. teleworking) may be accepted as eligible, if it is the beneficiary's usual practice (i.e. if clear rules are available). The system in place must make it possible to both identify and record the hours worked for the action.

Reference [IMI2 JU Annotated Model Grant Agreement Version 9 October 2019](#), page 56.

14. Could the office where the work is performed be added as a department in the funding & tender portal? This might be better than amending the DoA.

If the place where the work is performed is not explicitly mentioned in the DoA (Description of the Action, Annex 1), the DoA should be updated with the next upcoming amendment.

The funding & tender portal is relying on official documents from National Business Register, which means that the additional department should be mentioned as a second establishment in the National Business Register.

If it is an official change of legal address, then it must be recorded in the National Business Register and there is an obligation to inform the funding & tender portal.

Audit

15. May the auditor (chosen by the beneficiary) be identical with the SME's regular auditor, or is an independent auditor required?

Yes, the auditor can be the auditor that performs the audit of the SME legal accounts. The choice of the auditor is free as long as the latter is qualified to carry out statutory audit of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts.

16. Is the audit report CFS (Certificate on Financial Statements) a standard report/template?

Yes, the independent report must be drafted using a standard template provided in the Annex V to the Grant Agreement.

The template can be found on IMI website: [IMI2 project reporting documents](#)

17. What is meant concretely with the need to have a paper trail (project accounting)?

It means any cost claimed must be linked with a supporting evidence. A project accounting, as provided in accounting softwares, allows to link any accounting records (or part of an accounting record) to a project such as an IMI Action or to a center, a department within your entity.

18. Nowadays, receipts for expenses are stored electronically, no longer on paper. Is that OK?

Both are possible as long as you can provide to the auditor or to IMI any requested document as foreseen under Article 18 of the Grant Agreement.

19. Does the auditor need to audit the financial report each year or at the final report date?

No, the auditor in charge of the CFS-Certificate on Financial Statements (article 20.4.b.ii of the Grant Agreement) must deliver its report along with the final report only (at the end of the project).

Reporting

20. Could you clarify how the reporting of in-kind contributions take place? Is it done by the EFPIA participant directly to IMI only at the end of the project?

Each EFPIA participant is reporting its financial and in kind contribution directly to IMI on an annual basis. For EFPIA companies, the reporting period is fixed from 01 January to 31 December. EFPIA companies are reporting for all projects in which they participate, in one single report sent to IMI, once a year.

In addition, EFPIA companies also report scientific activities to the coordinator.

Equipment

21. What in case equipment was not or under budgeted in the beginning (because of start-up SME). Amendment possible?

This should be discussed with the SO (Scientific Officer of the project), an amendment is possible.