



# Financial Webinar

## IMI 2 projects

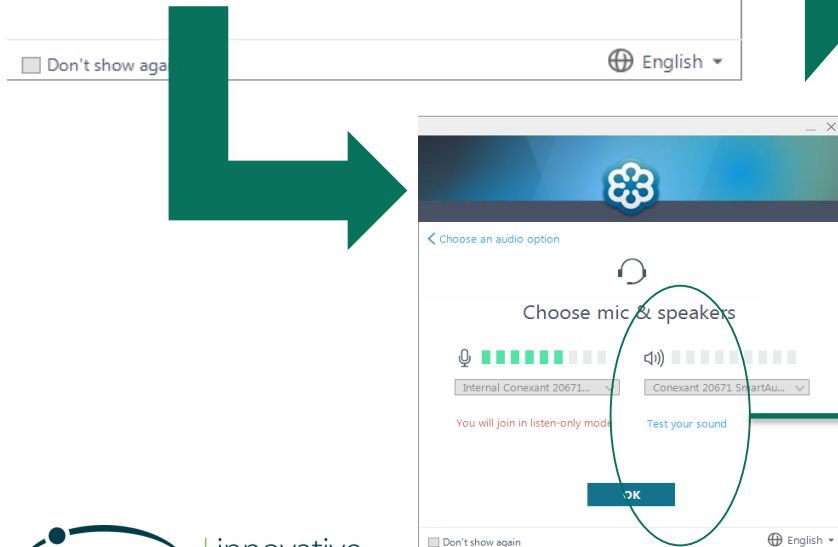
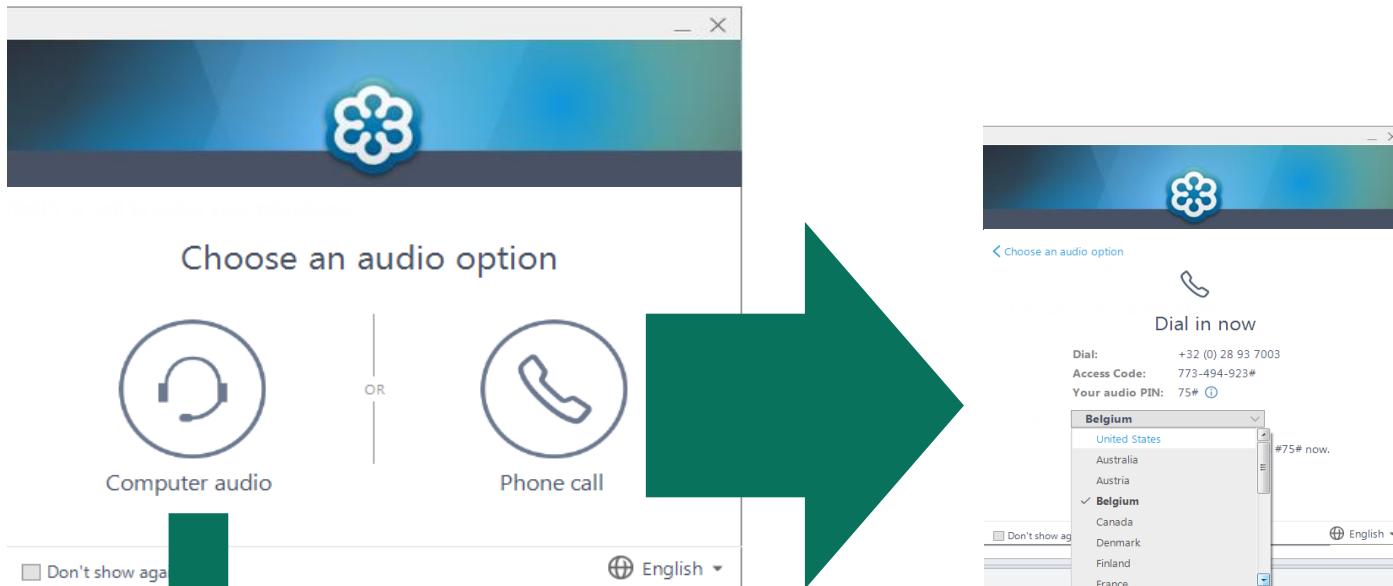
12.05.2017 • 10:00 CET

# Agenda

- How to use GoToWebinar
  - Gaëlle Lanckmans, IMI Finance
- Cost Eligibility
  - Gaëlle Lanckmans, IMI Finance
- Reporting requirements and Migration to H2020 tools
  - Antoine Juliens, IMI Finance
- Audits (CFS)
  - Matti Farkkila, IMI Audit
- Questions & Answers

# How to use GoToWebinar - audio

*Using your computer's microphone & speakers, or dial-in*



## Can't hear us?

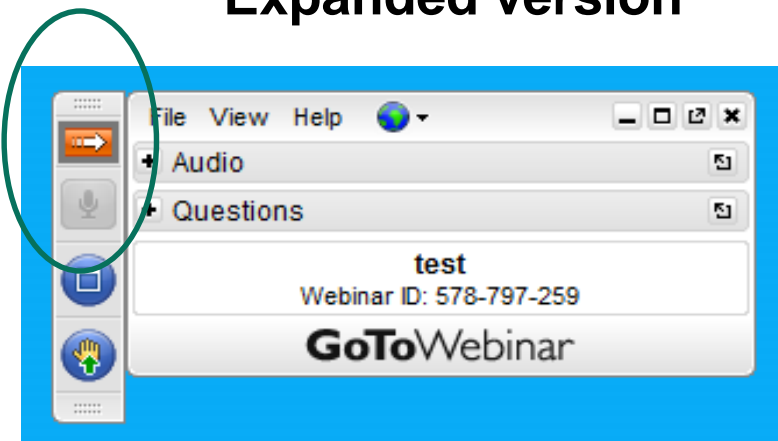
- Check if your speakers are switched on and not muted
- **Test your sound** to make sure GoToWebinar is picking up the right speakers

# How to use GoToWebinar

Minimised version



Expanded version



Expand / minimise control panel



Microphone muted (listen-only mode) / unmuted



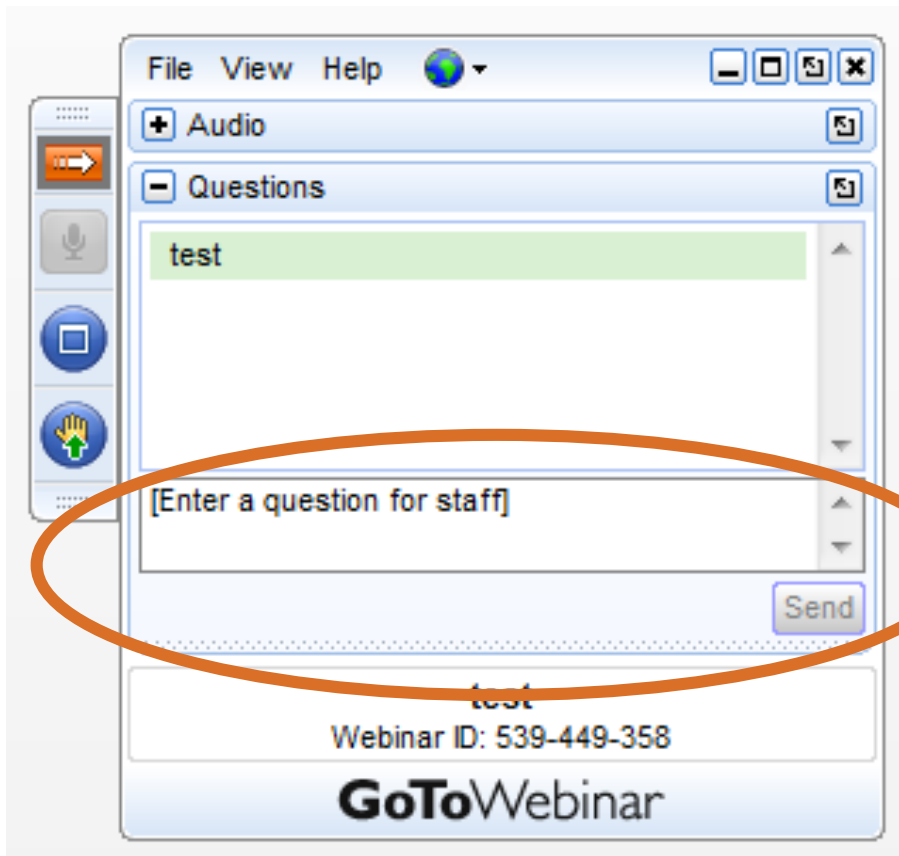
Full screen



Raise / lower your hand



# How to use GoToWebinar - questions



## In writing

- Type your question
- Click on 'Send'

## Orally

- Click on the 'raise hand' icon





# Costs Eligibility IMI 2 projects

**Gaëlle Lanckmans**  
IMI Financial Officer

# Table of contents

- Reference documents
- Eligibility criteria and non-eligible costs
- Cost categories
  - Personnel costs
  - Other direct costs
  - Indirect costs
  - Subcontracting costs
- Third Parties
- Receipts
- IMI 1 vs IMI 2 Comparison
- Common mistakes

# Reference documents

- [IMI2 Model Grant agreement](#)
  - Core Grant Agreement
  - Annex 1 – DoA- Description of the Action
  - Annex 2 – Estimate / budget
  - Annex 4 – Financial Statement (Reporting Template)
  - Annex 5 – CFS- Certificate on Financial Statements.
- [IMI2 Periodic report Template](#)
- [H2020 Annotated Model Grant agreement](#) (v4, April 2017)



# Eligibility criteria

The grant reimburses 100% of the action's eligible costs

**ONLY eligible costs can be reimbursed**

# Eligibility criteria (Art 6 of the GA)

## Costs must be:

- Actual (real, not estimated or budgeted)
- Incurred by the beneficiary who is claiming them and recorded in its accounts
- Incurred during the project lifetime (start date – end date)
- In line with usual cost accounting practices and management principles of the beneficiary
- In line with the applicable accounting rules of the country

...

# Eligibility criteria (Art 6 of the GA)

...

- Connected to the action as described in DoA (Annex 1)
- Foreseen in the estimated budget (Annex 2)
- Reasonable, necessary, justified and consistent with principles of economy and efficiency
- Identifiable and verifiable

# Specific cases *“Incurred during the project lifetime”*

- Depreciation costs for equipment bought before the action's start
  - Eligible if not yet fully depreciated (only for the portion corresponding to the action duration)
- Costs related to drafting the consortium agreement
  - Not eligible because the consortium agreement should be signed before the action starts
  - Eligible: costs related to updating the consortium agreement if incurred during the action duration.

# Specific cases *“Incurred during the project lifetime”*

- **Travel costs for the kick-off meeting**
  - Eligible: Even if the journey takes place before the starting date, if the meeting is held during the action
- **Costs for reporting at end of the action**
  - Eligible: Costs related to drafting and submitting the periodic report in final period even if they are incurred after the end date of the action.
  - Not eligible: research or innovation activities undertaken after the end date of the action

# Non-eligible costs (Article 6.5 of the GA)

- Costs which do not fulfill the eligibility criteria
- Deductible VAT
- Costs related to return on capital
- Doubtful debts
- Currency exchange losses
- Interest owed
- Provisions for future losses or charges
- Costs incurred in relation to another project
- Excessive or reckless expenditures

# Main categories of costs

- Personnel costs
- Other direct costs (equipment, travel, consumables)
- Indirect costs
- Subcontracting costs
- Receipts

# Personnel costs

## Several types:

1. **Most common case:** Costs for employees (hired with an **employment contract**)
2. Costs for natural persons working under a **direct contract** with the beneficiary **other than an employment contract** (e.g. in-house consultants)
3. Costs of personnel **provided by a third party** against payment (person still paid and employed by the third party but at the disposal of the beneficiary)
4. Costs of SMEs owners/natural persons that are not receiving a salary (unit costs)



# Personnel costs

## Specific cases

- **Teleworking:** eligible if it is the beneficiary's usual practice and possible to record the hours worked on the action
- **Benefits in kind (e.g. company car or lunch vouchers):** eligible if justified and registered as personnel costs in conformity with the beneficiary's usual remuneration practices.
- **Students, PhDs, or other researchers under scholarships or internship:** can be accepted, if the agreement is work-oriented (not training-oriented)
- ...Exhaustive list: page 52 of the AMGA
- **NOT personnel costs:** Staff provided by a temporary work agency (other goods and services or subcontracting)

# Personnel costs

## Obligation to keep records


**2 cases:**

<b>Work on Project</b>	<b>Records</b>
<b>Exclusively</b> on Project	<b>No timesheet required</b> (declaration)
<b>Partially</b> on Project	<b>Keep timesheets</b>

Templates available for the declaration and the timesheets on the Participant Portal.

# Personnel costs

## Calculation method

 Hours worked on the action



Hourly rate  
EUR/hour



Annual personnel costs (€)

Annual productive hours (h)

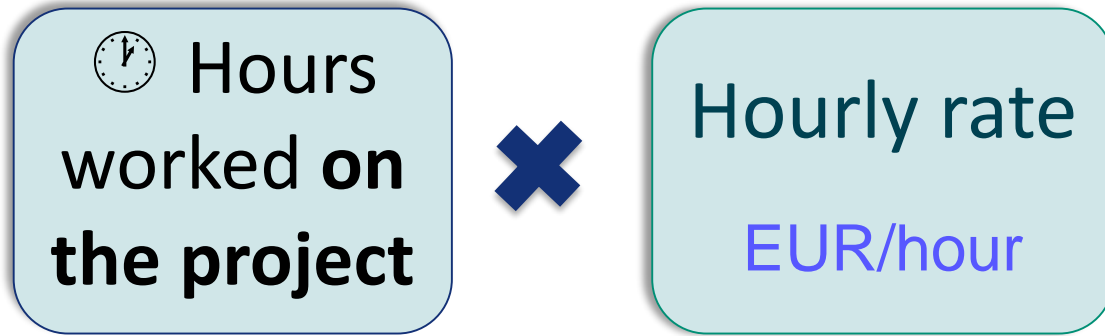
- **Advice: 1720 hours (Full time equivalent)**

Other options (p67-71 of AMGA):

- If employment contract specifies individual workable hours → Individual Annual productive hours (workable hours + overtime – absences)
- If usual cost accounting practice of the beneficiary → Standard annual productive hours

# Personnel costs

## Calculation method



- **Main method: Use the last closed financial year available**

→ *the most recent full financial year for which all information necessary to calculate the hourly rates is available*

→ NOT necessary to wait until the annual accounts have been audited.  
→ 1 single rate per person per year

E.g. Reporting Period of 13 months:  
12 months 2016 → FY 2016  
1 month in Jan 2017 → FY 2016

- Alternative: per month  
→ 12 rates per person per year

# Other direct costs

## Equipment (assets)

- Depreciation Costs of Equipment, Infrastructure or other asset
  - Depreciation costs  $\leq$  purchase price
  - Equipment purchased specifically for the action – Annex I
  - Only the percentage of the time used for the action can be claimed.
  - Follow usual cost accounting practice in term of depreciation

➤ ***Best practice: Provide Statement that those 2 last conditions are fulfilled***

# Other direct costs

## Travel costs

- Only travel costs for project meetings are eligible
- Conference/event costs eligible only if Project is presented
  - Appear in the key Dissemination activities table (in periodic report)
- For employees only or for external experts if foreseen in Annex I
- In line with the beneficiary's usual practices on travel
- Specific: date, location, purpose for the project, person(s), WP(s)

### ➤ *Best Practice:*

- *Specify date, location & purpose for each travel*
- *if not project meeting but conference, project must be presented and should appear in the dissemination table (date, name of the person and place)*

# Other direct costs

## Other goods and services

- Examples: Costs for Consumables and supplies, dissemination (including open access), certificates on the financial statements, translations and publications, etc.)
- Specifically purchased for the project
- Necessary to implement the action
- Ensuring the best value for money and no conflict of interest
- Claim only once (either covered by indirect costs or by direct costs)

# Indirect costs

## For Beneficiaries

- Indirect costs = **Flat rate of 25%** of the eligible direct costs except costs of subcontracting

## For EFPIA

- **NO** Flat rate of 25%
- **Have to use their usual accounting practice for indirect costs**

## Examples:

Administrative costs, telephone and postal costs, printing costs, recruitment costs, office supplies costs, office rental costs, legal costs, etc.



# Subcontracting costs

- Carry part of the work
- Only a limited part of the action
- Contractual link between subcontractor and Beneficiary
- Ensuring the best value for money, equal treatment during the selection and no conflict of interest
- Task described in Annex I
- Costs foreseen in estimated Budget Annex II

## Reporting of costs:

- Costs incurred and claimed by the Beneficiary (Annex 4)
- No subcontracting is allowed among participants

# Third Parties

- Legal entity that does **not sign the GA**
- 2 types:
  - **Carries out part of the work** (Annex 1 & Annex 2)
    - Linked third party: legal link with Beneficiary
    - Costs claimed in Annex 4 **of the Third party**
  - **Provides in-kind contribution** to Beneficiary (Annex 1)
    - Costs claimed in Annex 4 **of the Beneficiary**

# Receipts

- Beneficiaries have to declare receipts they have received
  - income generated by the specific action
  - financial contributions received by EFPIA or third parties
  - Generated/Confirmed
  - During lifetime of project
- The grant must not produce a profit
- $\text{IMI Contribution} + \text{Receipts} \leq \text{total eligible costs}$
- Profit is assessed at the level of the action, NOT at the level of the individual beneficiaries

# IMI2 vs IMI1: main differences

	IMI 2	IMI 1
Reimbursement rate	100%	75% or 100%
Indirect costs	Single flat rate: 25%	20% or Actual indirect costs
Thresholds for CFS	325.000 EUR (excluding indirect costs)	375.000 EUR
When CFS required	At the end of the project	When threshold reached
Reporting template	Annex IV	Form C
CFS cost (reported as)	Direct cost	Subcontracting cost
VAT eligible	Non deductible	Never

# Common mistakes in cost claims

- **Dinner costs**
  - In principle **not eligible** because usually not necessary for the project (only in exceptional cases if justified)
  - Not to be confused with lunch costs **eligible** if part of full day meeting and justified
- **Personal computer**
  - **Not eligible** because not specific to the project
  - Should be covered by 25% indirect costs

# Common mistakes in cost claims

- **Training costs (to follow training course)**
  - Normally not eligible
  - Eligible in exceptional cases only if scientifically justified and necessary for the project
- **Re-invoicing between participants**
  - No cross charging between Beneficiaries
  - No subcontracting between Beneficiaries
  - EFPIA company cannot invoice a Beneficiary

# Common mistakes in cost claims

- **Legal fees (p93 AMGA)**
  - To be covered by the 25% flat-rate indirect costs
- **Recruitment costs**
  - Normally **not eligible**
  - the beneficiary is required to have the necessary human resources to implement the action.
  - If needs to recruit, the related costs would be considered covered by the 25% flat-rate indirect costs



# Reporting requirements IMI 2 projects

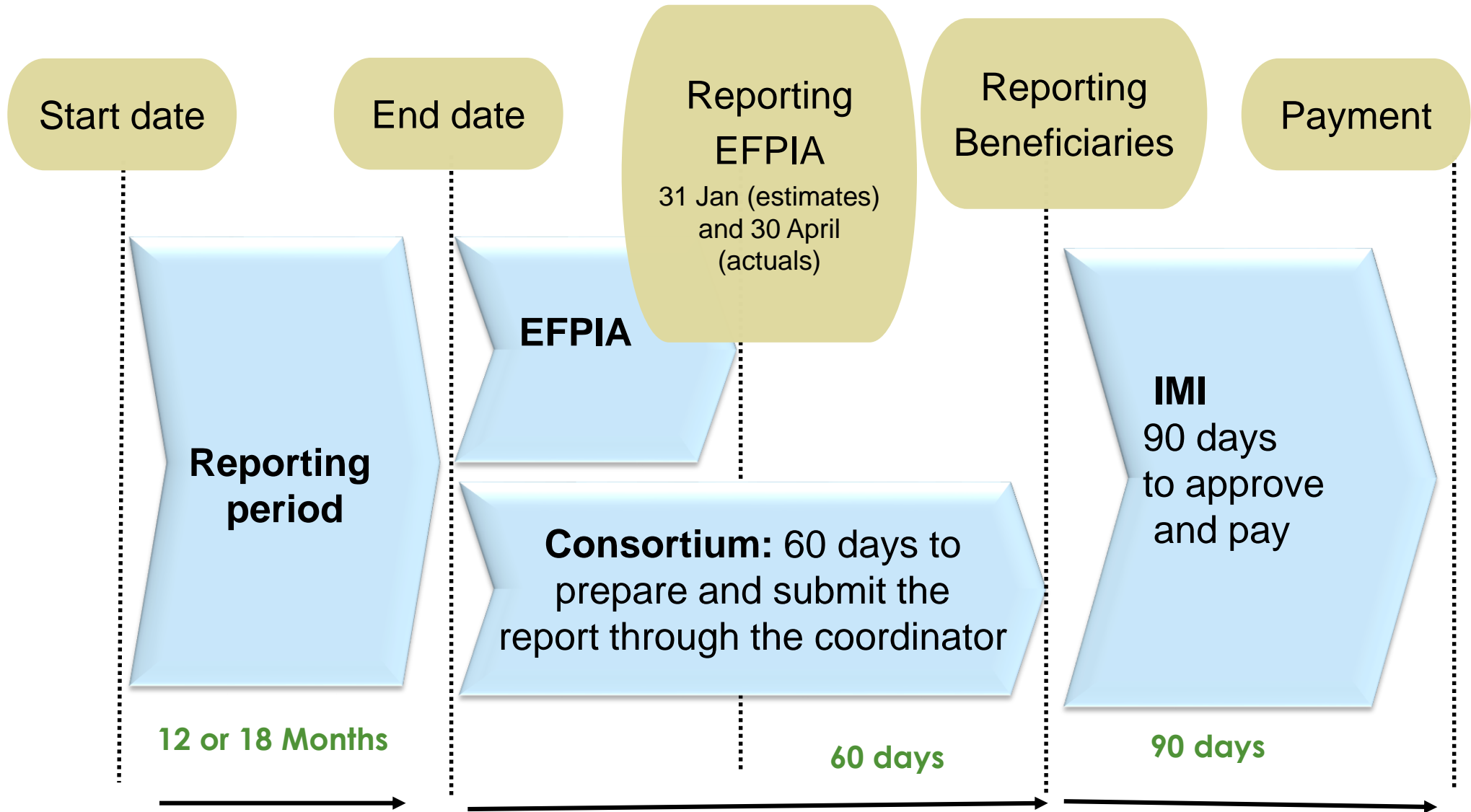
**Antoine Juliens**  
IMI Finance Manager



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- When to report
- Who – reporting actors
- What and How to report- SOFIA tool
  - Beneficiaries – reporting in 10 steps
- Analysis of reports
- Interim payments

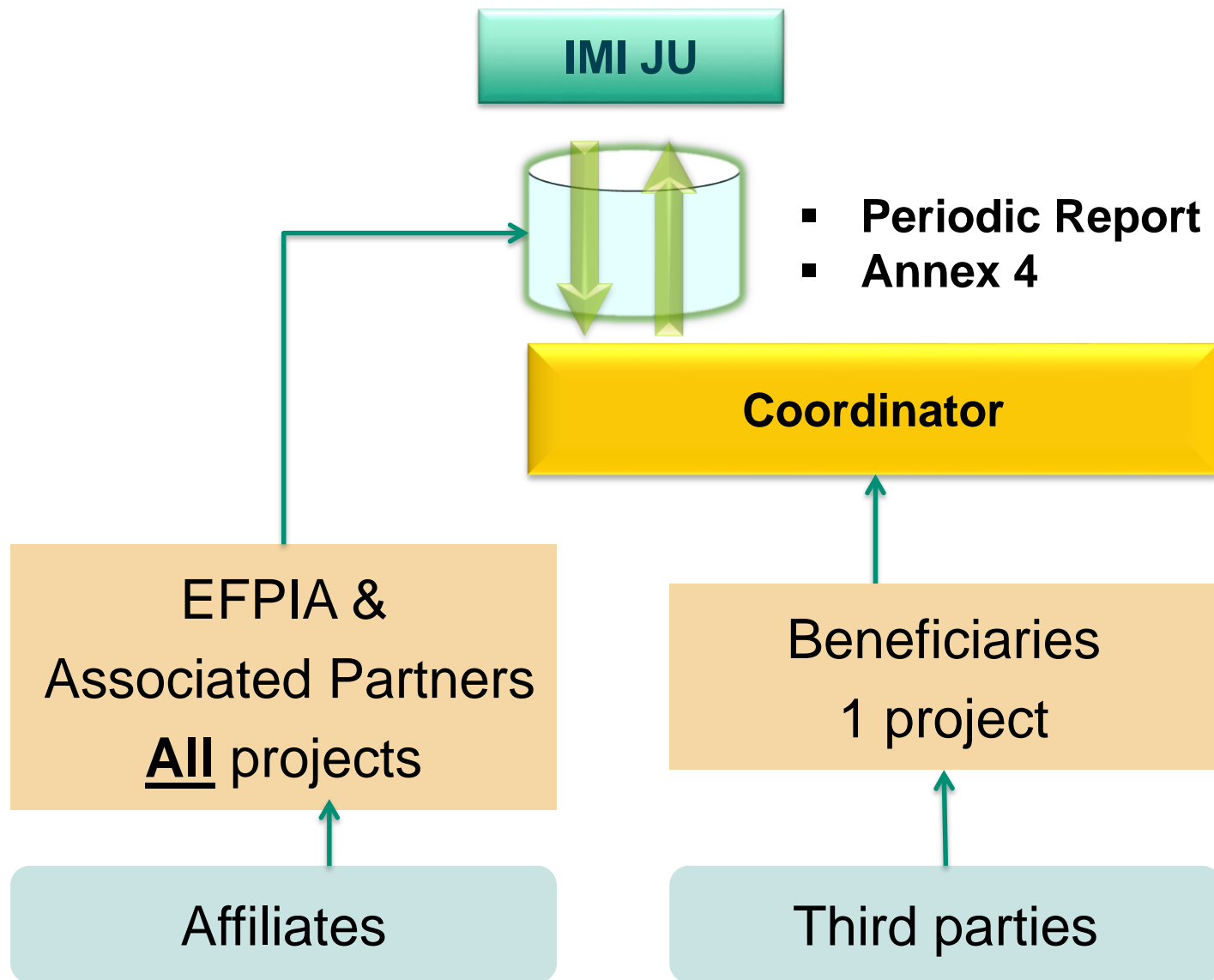
# When to report - Reporting timelines



# When - Deadlines for reporting

- EFPIA companies:
  - by 31 January each year – Estimate in kind
  - by 30 April each year- Certified in kind contribution
- Beneficiaries:
  - According to project deadlines (Article 20.2)
  - Reporting via SOFIA tool

# Who – reporting actors



# What - Content of the periodic report (1)

1. Individual **Annex 4** (Financial statements);  
Consolidated global financial statements for the full Consortium  
- generated by the IT tool (SOFIA).
2. **Periodic report**, including “use of resources”  
(Word Document must be uploaded in SOFIA)
3. **CFS** – Certificate on financial statements, if applicable,  
Threshold : 325,000 EUR IMI contribution, **at the end of the project.**

# What to report (2)

- Beneficiaries
  - Annex 4 financial statement via SOFIA tool
  - Periodic report (use of resources)
- EFPIA companies
  - Financial Statements
- Consortium
  - Scientific report / Periodic report

# Summary

	Financial Reporting	Periodic Report	CFS
Beneficiary	Annex 4 (SOFIA in 2017 Later H2020 IT tool)	Use of resources	CFS when > 325.000 at end of project
EFPIA	SOFIA	Explanation to financial Statements	Certification on an annual basis
Consortium	Periodic report		

# How to report (3)

- Exchange rate (Article 20.4 of the grant agreement)
  - financial statements must be drafted in euro.
  - accounting established in a currency other than the euro -> EUR
    - at the average of the **daily exchange rates** published in the C series of the Official Journal of the European Union, calculated over the corresponding reporting period.
    - If no daily euro exchange rate is published in the Official Journal of the European Union for the currency in question, they must be converted at the average of the **monthly accounting rates** published on the Commission's website, calculated over the corresponding reporting period



# How to report

Proposal  
Stage1 Short  
Stage2 Full

- Proposal Submission
- Evaluation

Negotiation  
Phase

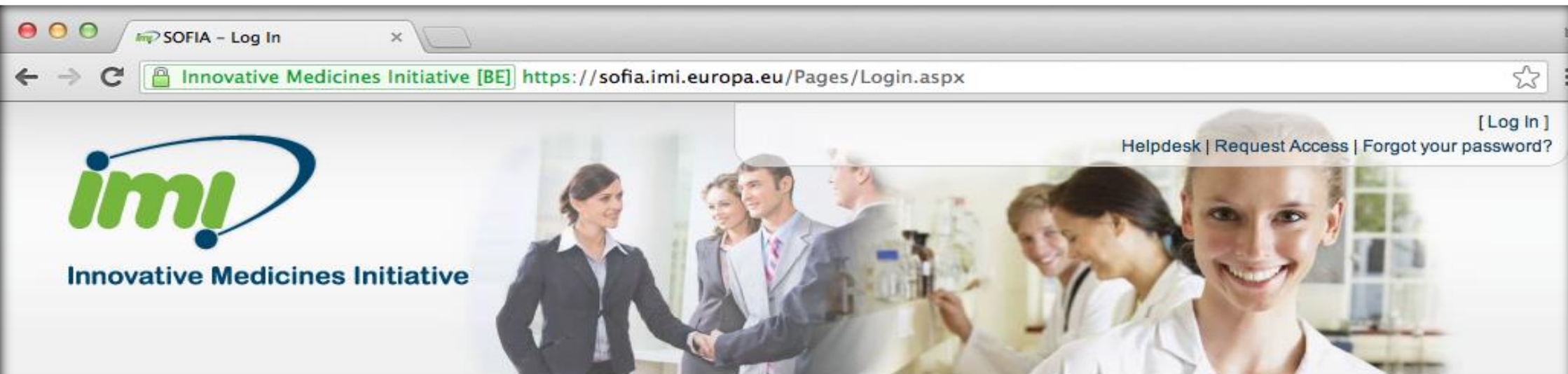
- Verification of Beneficiaries' data
- Budget
- DoA-Description of the Action

PROJECT  
Submission

- Amendments and Version management

REPORTING

# How to login in SOFIA



## LOG IN

Please enter your e-mail and password.

E-mail:

Password:

Keep me logged in

Log In

[Forgot your password?](#)

**Coordinator only (+ EFPIA)**  
**No LOGIN for Beneficiaries**

The Innovative Medicines Initiative (IMI) is Europe's largest public-private initiative aiming to speed up the development of better and safer medicines for patients.

# Reporting in 10 steps - Beneficiaries

1. **SOFIA opens automatically 1 day after the end of reporting period**
2. The Coordinator **invites each beneficiary** to fill in Annex 4
3. The participant receives an **email with a link** to SOFIA to **fill in** the correspondent **Annex 4**

Each participant **can then forward** the email message within its organisation

# Reporting – Coordinator invites participant

imi  
Innovative Medicines Initiative

Print | Helpdesk | User Settings | Change Password

IMI\_Call\_2008\_1 Form C Submission

### FORM C SUBMISSION

Project: 115002 Reporting Period: 2 Document: Financial Statement

#	Organisation	Status	Actions
1		■	<a href="#">Edit</a> <a href="#">Invite</a>
2		■	<a href="#">View</a> <a href="#">Edit</a> <a href="#">Invite</a> <a href="#">Finalize</a> <a href="#">Delete</a>
3		■	<a href="#">View</a> <a href="#">Edit</a> <a href="#">Invite</a> <a href="#">Finalize</a> <a href="#">Delete</a>
4		■	<a href="#">View</a> <a href="#">Edit</a> <a href="#">Invite</a> <a href="#">Finalize</a> <a href="#">Delete</a>
5		■	<a href="#">View</a> <a href="#">Edit</a> <a href="#">Invite</a> <a href="#">Finalize</a> <a href="#">Delete</a>



Invitation Details	
Last Name	Smith
First Name	John
User E-Mail	John.smith@test.com
Confirm User E-Mail	John.smith@test.com
<input type="button" value="Cancel"/> <input type="button" value="Send Invitation"/>	



IMI-JU-01-2008 Periodic Report Submission

✓ Invitation sent.

PERIODIC REPORT SUBMISSION

# Reporting – participant receives email

**Mail to:** john.smith@participant.eu

**Subject:** IMI SOFIApplication: Invitation to enter Annex 4 data

**Dear Participant,**

You have been invited by Coordinator-Test to enter participant Financial Statement data for Reporting Period 1 of project "116999 – Acronym".

With the following link you will get directly (without login) to the Annex 4 where you are able to enter and save your own institution specific data:

<https://sofia.imi.europa.eu/Pages/FSSubmission.aspx?InvitationID=cd45eb92-0b80-4124-8da9-ad8a68d767f9>

Should you have any questions, please contact the Coordinator of your project.

For technical questions please e-mail our helpdesk at: [sofia@imi.europa.eu](mailto:sofia@imi.europa.eu)

**Kind regards,  
SOFIApplication team**

[sofia.imi.europa.eu](https://sofia.imi.europa.eu)



**Can be forwarded  
No Login needed**

# Reporting – Beneficiary fills in Data

## PERIODIC REPORT SUBMISSION - BENEFICIARY

Invited User: [REDACTED]

### ANNEX 4 FINANCIAL STATEMENT

Project nr: [REDACTED] Funding scheme: IMI Research Project  
 Project Acronym: [REDACTED]  
 Report Period Number: 1  
 Period from: 01/11/2015 Is this an adjustment to a previous statement? No  
 Period to: 31/10/2016

### 1- Declaration of eligible costs (in €)

	Research	activities (€)	Total (€)
Personnel costs		4,072.69	4,072.69
Subcontracting		0.00	0.00
Other direct costs		765.01	765.01
Sub-total direct costs		4,837.70	4,837.70
Indirect costs		967.54	967.54
<b>Total</b>		<b>5,805.24</b>	<b>5,805.24</b>
Maximum IMI JU contribution		5,805.24	5,805.24
Requested IMI JU contribution			5,805.24

# Reporting– steps 4 to 6

4. Beneficiary generates **DRAFT** Annex 4
5. Coordinator **checks and accepts** each Annex 4  
(Finalize in SOFIA)

Data are locked: Individual Beneficiary cannot change reported costs anymore

6. 'Draft' watermark disappears: Beneficiary generates **FINAL** Annex 4

# Annex 4

📄 print format A4  
landscape

## MODEL ANNEX 4 FOR GENERAL MGA - MULTI-BENEFICIARY

### FINANCIAL STATEMENT FOR [BENEFICIARY [name]]/ LINKED THIRD PARTY [name]]

Eligible* costs (per budget category)											Receipts	EU contribution			Additional information			
A. Direct personnel costs		B. Direct costs of subcontracting		[C. Direct costs of fin. support]		D. Other direct costs		E. Indirect costs		[F. Costs of ... ]		Total costs	Receipts	Reimbursement rate %		Maximum EU contribution ***	Requested EU contribution	Information for indirect costs :  Costs of in-kind contributions not used on premises
A.1 Personnel		A.4 SME owners without salary				D.1 Travel		D.4 Costs of large research infrastructure		[F.1 Costs of ...]**		[F.2 Costs of ...]**		Receipts of the action, to be reported in the last reporting period, according to Article 5.3.3				
A.2 Natural persons under direct contract		A.5 Beneficiaries that are natural persons without salary				D.2 Equipment												
A.3 Seconded persons						D.3 Other goods and services												
[A.6 Personnel for providing access to research infrastructure]																		
Form of costs****	Actual	Unit ①	Unit ②		Actual	Actual	Actual	Actual	Flat-rate ③	Unit ④	Unit ⑤							
			XX EUR/hour						25%	XX EUR/unit								
	(a)	Total (b)	No hours	Total (c)	(d)	(e)	(f)	(g)	(h)=0,25x((a)+(b)+(c)+(f)+(g)+[(i1)] <sup>⑥</sup> +[(i2)] <sup>⑥</sup> ) (o)	No units	Total (i1)	Total (i2)	(j) = (a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)+(i1)+(i2)	(k)	(l)	(m)	(n)	(o)



# Reporting – Steps 7- 8 Beneficiary

## 7. In SOFIA:

- Prints, dates and signs Final 'Annex 4' (without watermark)
- Upload signed 'Annex 4' in SOFIA
- Upload CFS in SOFIA (if applicable)

## 8. Beneficiary sends via surface mail to Coordinator

- Original signed Annex 4
- Original signed CFS, if applicable

# Reporting – Steps 9 - 10 Coordinator

## 9. In SOFIA:

- Upload signed Periodic report
- 'Submit' to IMI

## 10. Coordinator:

- Sends original Financial Statements to IMI

# Financial reporting (EFPIA companies)

# EFPIA companies – in kind

## What

### 3 documents:

1. One single Financial Statements for all IMI projects
2. IMI 2 In kind contribution must be certified annually
3. Reporting via SOFIA tool

# Analysis of reports and payments

# Analysis of reports

*How does IMI analyse the reports ?*

- Analysis by:
  - Scientific (Project) Officer
  - Financial Officer
- Comparison to Annex I (DoA) and SOFIA, in particular deliverables, milestones, budget, subcontracting
- If Documents are missing or if the report is incomplete → the time limit is suspended (article 47)

# Interim Payments – cash flow

- Prefinancing paid at the start of the project
- Interim payments:
  - Reimbursement of accepted requested IMI contribution, after IMI acceptance.
- 90% rule (art.21.3.2)
  - Prefinancing plus the sum of the interim payments cannot exceed 90 % of the max. IMI contribution. The remaining amount will be paid with the final payment.



# Migration to H2020 tools



- H2020 tools: Sygma and Compass
- Currently in Sofia:
  - Calls 1 to 8
- Currently in Sygma and Compass:
  - Call 9 (Grant Preparation phase)
- Planning for the migration:
  - Sofia will not disappear, continue to exist for IMI1 projects
  - Training on 20 June: Coordinators' day to familiarize with H2020 tools
  - In May: Start migration for IMI 2 Call 2 and Call 8 (single stage) – all EBOLA projects

# Ex-post audits of cost claims in IMI2

Matti Farkkila  
Ex-post Audit Manager

# Introduction: Ex-post audit in H2020

- Carried out on a proportion of cost claims each year as part of the control cycle to ensure costs declared are eligible (according to Art. 6 of the Grant Agreement)
  - > Discharge for H2020 programme (EC) and IMI
- Audit based on Art. 18 (records) and Art. 22.1.3 (audits) of the GA

## **New under H2020**

- Audits carried out by the European Commission (Common Audit Service) for all granting authorities under H2020, including IMI2JU
- Cost claims may be audited during the project and up to 2 years after the payment of the balance
- Extension of systematic findings to all cost claims of the beneficiary under H2020 (Art 22.1.5 of the GA)

# Most common errors to watch out for

## General

- Direct costs apportioned, not measured
- No paper trail

## Personnel costs

- Time sheets missing/not signed, dated/inconsistency with HR records
- Basic vs additional remuneration
- SME owner salary: no actual salary paid – unit costs must be used
- Consultants' work arrangements not in line with GA

## Subcontracting, goods and equipment

- Best value for money in purchasing not proven – no procurement
- Depreciation of equipment not pro rata, not in line with usual practice

# Questions & answers

# After the webinar...

Please complete our **survey** – this will help us improve our webinars in the future

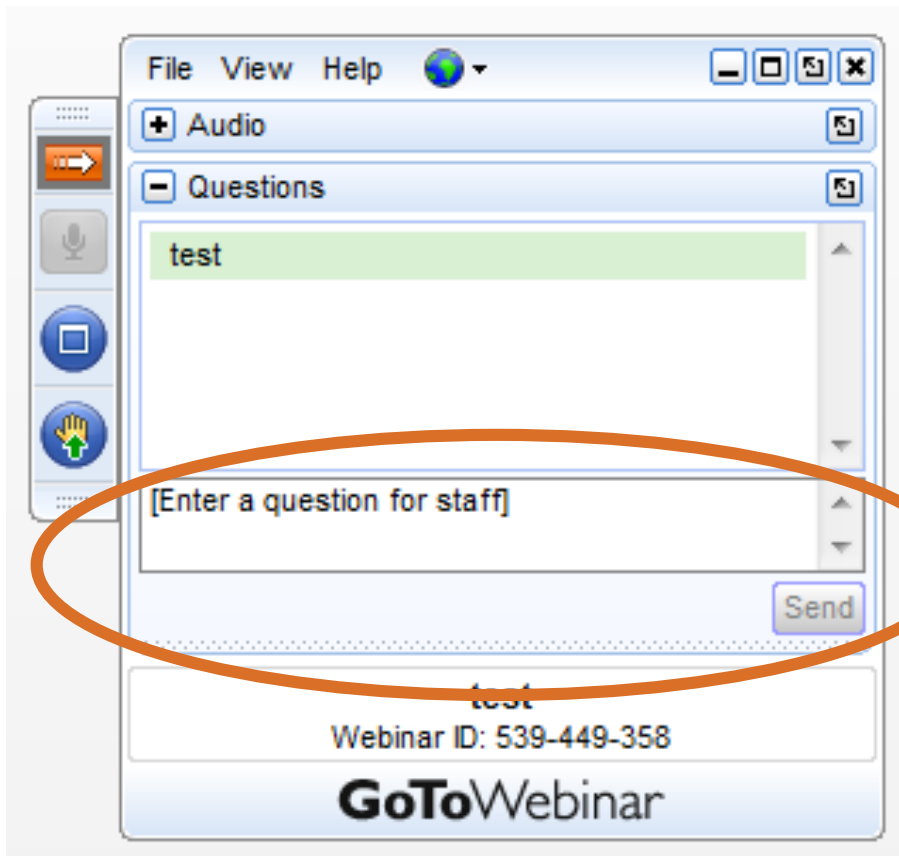
If you have **questions** on what you have learnt today...

- Consult the guidance documents on the IMI website

Still need some clarifications / information?

- Send the question to your project's coordinator
- Your coordinator should send the question on to the scientific and finance officers for your project
- We will send our answer to the coordinator

# How to ask questions today



## In writing

- Type your question
- Click on 'Send'

## By phone

- Click on the 'raise hand' icon





**Thank you**

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