

Fuel cells and hydrogen

Joint undertaking

Communication Campaign



2/19/2014

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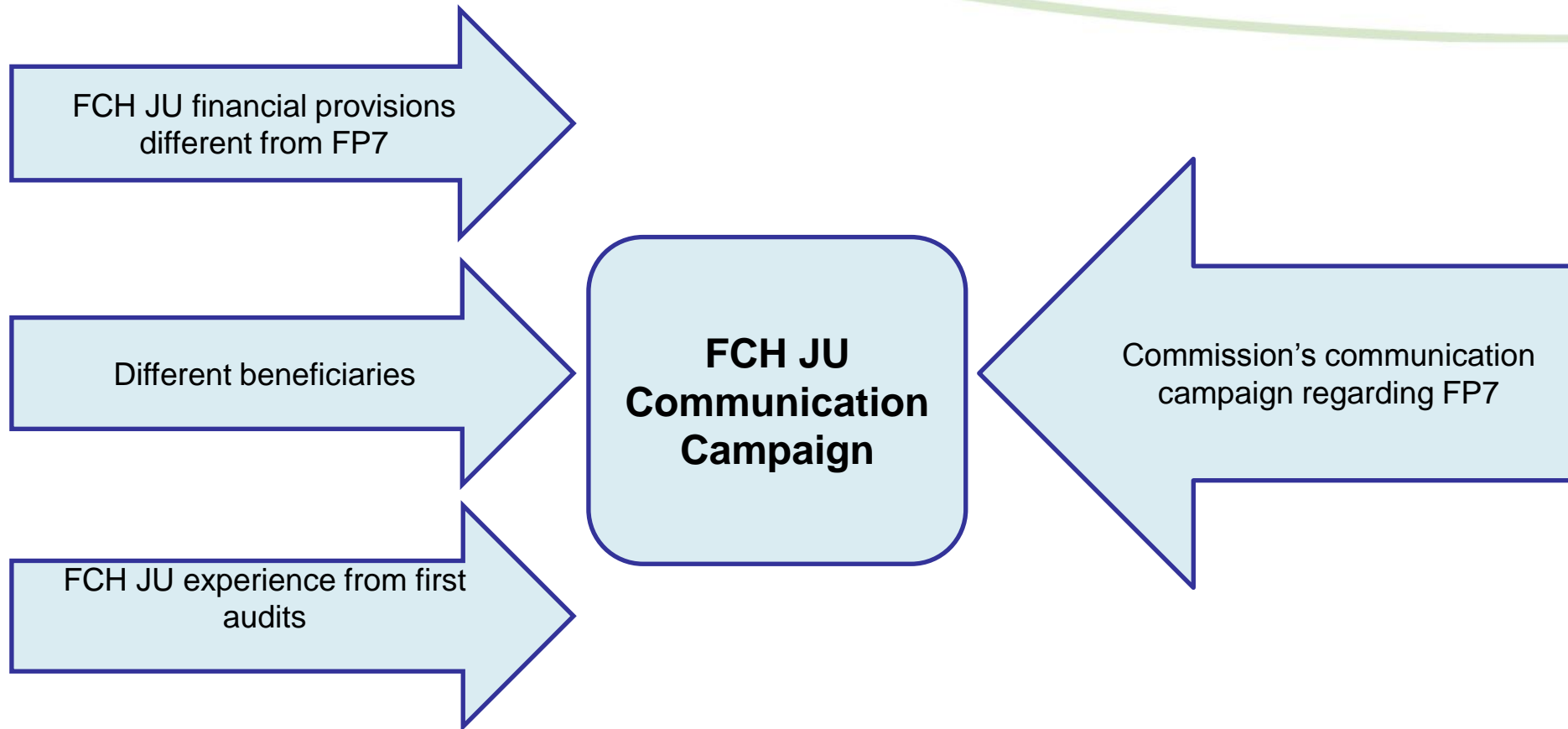
Agenda

Time frame	Content	Speaker
09.00 – 09.30	Registration	
9.30 – 9.50	Introduction	Elisabeth Robino
9.50 – 10.20	FCH JU control system	Elena Climent-Vañó
10.20 – 10.45	Coffee break	
10.45 – 11.30	Formalities and general aspects in the process of costs reporting	Nora Ovcharova
11.30 – 12.15	Personnel costs	Antonio Requena Fernandez
12.15 – 13.45	Lunch break	
13.45 – 14.30	Third parties; Indirect costs	Thanos Batsilas
14.30 – 15.15	Lessons learned from the experience of the external audit firm	Julian Rummins PKF Littlejohn LLP
15.15 – 15.45	Coffee break	
15.45 – 16.45	Questions and Answers	

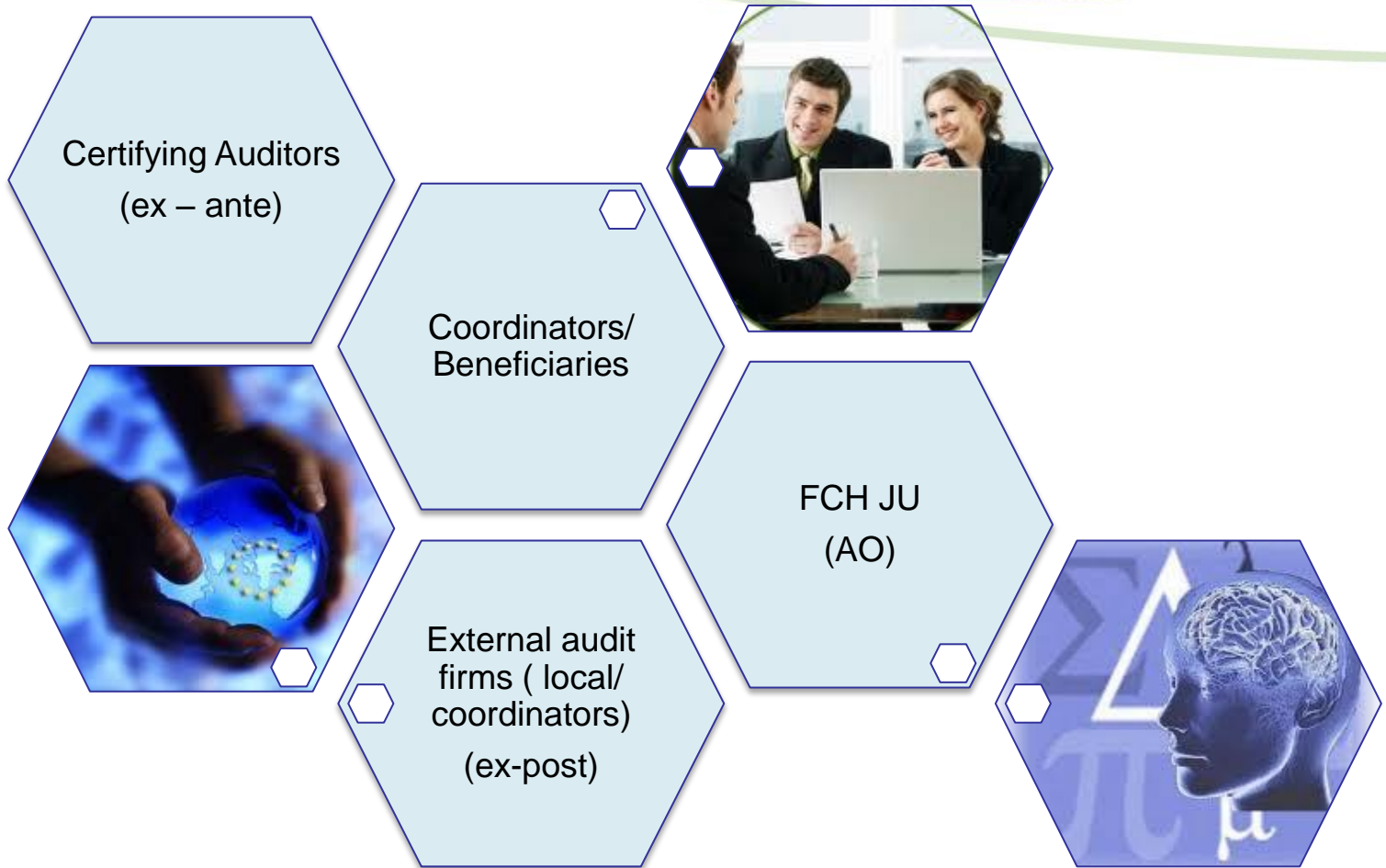
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2. Cost reporting chain
3. Consequences of errors
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6. Legal basis – FCH JU Grant Agreement
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1. Introduction



2. Cost reporting chain



3. Consequences of errors

Consequences of errors

Beneficiaries:

- *Non-optimal use of funding available*
- *Delayed payments*
- *Recoveries*
- *Liquidated damages*
- *Extrapolation*

FCH JU

- *Scrutiny of the Budgetary Authority and ECA*
- *Increased error rate*
- *Increased ex post audit efforts*
- *Corrective measures*



4. Communication campaign

AIM

Improve the quality of cost reporting

Improve reliability of ex ante certificates

Contribute to error free cost claims

5. The most common issues identified by the FCH JU

1. Most common issues identified:
Formalities and general aspects

2. Most common issues identified:
Personnel costs

3. Most common issues identified:
Third parties; indirect costs

6. Legal Basis: FCH JU Grant agreement

- **Structure of the GA:**

- Core part: GA parameters
- Annex I: Description of work
- **Annex II: General Conditions**
- Annex III (form A): accession
- Annex IV (form B): new beneficiary accession
- **Annex V (form C): financial statements**
- **Annex VI (form D and E):**
 - Form D: terms of reference for the certificate of financial statements
 - Form E: terms of reference for the certificate on methodology

6. Legal basis – FCH JU Grant Agreement

- **Eligibility principles**
art.II.14 of FCH JU GA
- **Identification & reimbursements of direct and indirect costs**
art.II.15 & 16 of FCH JU GA
- **Certificate on the financial statements**
art.II.4.of FCH JU GA (+ form D)
- **Optional certificates: Certificate on methodology and Certificate on average personnel costs**
art.II.4 and art.II.14 of FCH JU GA (+form E)
- **Audits**
 - financial audits - art.II.22 of FCH JU GA
 - technical audits - art.II.23 of FCH JU GA

7. Eligible costs

a. actual (next slide)

– Special cases

1. average personnel costs if in line with Art. II.14 and
2. flat rate for SME owners and other natural persons who do not receive salary
3. use of closest possible estimate

b. incurred by the beneficiary

c. incurred during the duration of the project

– Exceptions:

- (1) CFS and reporting costs related to the last period
- (2) FCH JU requirements

d. determined in accordance with the usual accounting and management principles and practices of the beneficiary

e. used for the sole purpose of achieving the objectives of the project and its expected results

f. recorded in the accounts of the beneficiary

- Accounts of the third party in case of any contribution from its side

g. indicated in the estimated overall budget in Annex I

a. Actual

RULE - > Cost has to be actual (=actually incurred – real – and not estimated, budgeted or imputed) - Article II.14.1.a)

Exception - > Actual costs are not available at the time of establishment of the financial statements

Q: What costs do I submit?

A: The **closest possible estimated (CPE)** costs.

- must be in conformity with the accounting principles of the beneficiary
- ! ▪ use of CPE must be mentioned in the financial statement (explanation in the “Use of Resources”)
- any necessary adjustments must be reported in the financial statement for the subsequent reporting period (by submitting a supplementary Form C for the adjusted period).

8. Differences in financial provisions FP7 an FCH JU (1)

1. Thresholds for submission of certificates on the financial statements

<u>FCH JU:</u>	<u>FP7:</u>
<ul style="list-style-type: none">- Interim FCH JU contribution ≥ EUR 325,000- Final FCH JU contribution > EUR 50,000	<ul style="list-style-type: none">- Commission contribution ≥ EUR 375,000- No distinction between interim or final payment

2. Interest generated by pre-financing

<u>FCH JU:</u>	<u>FP7:</u>
<ul style="list-style-type: none">- shall be declared with each costs claim- shall be considered as receipt and taken into consideration with the final payment- only if FCH JU contribution + receipts > total eligible costs	<p>No obligations related to the interest generated by the pre-financing (as from 01/01/2013).</p>

8. Differences in financial provisions FP7 an FCH JU (2)

3. Identification and reimbursement of indirect costs

Step 1: *Identification* (art. II.15)

FCH JU	FP 7
Direct costs	Direct costs
<i>Indirect costs</i> <ol style="list-style-type: none">1. Actual2. Actual/ simplified method3. Flat rate of 20 % of DC	<i>Indirect costs</i> <ol style="list-style-type: none">1. Actual2. Actual/ simplified method3. Flat rate of 20 % of DC4. Specific (transitional) flat rate of 60 % of DC
Choice: <ul style="list-style-type: none">- industry with an analytical accounting system must report their real indirect costs (options 1 or 2)- Others can choose	

8. Differences in financial provisions FP7 and FCH JU (3)

3. identification and reimbursement of indirect costs

Step 2: *Reimbursement* (art. II.16)

FCH JU	FP7
<p><i>DIRECT COSTS</i></p> <p>Direct costs x funding rates (art.5)</p>	<p>(direct costs + indirect costs) x upper funding rate</p>
<p><i>INDIRECT COSTS</i></p> <p>1. If identification method is actual IC</p> <ul style="list-style-type: none">• Collaborative Projects: actual IC with a max of 20% of DC• CSAs (call 2009 onwards): actual IC with a max of 7% of DC	
<p>2. If identification method is flat rate of 20 % of DC</p> <ul style="list-style-type: none">• Collaborative Projects: 20 % of DC• CSAs (call 2009 onwards): 7% of DC	

9. Additional information

- **Guides & Documents**

1. Guide to Financial Issues for FCH JU beneficiaries (published October 2013)
2. FP7 Guidance notes for beneficiaries and auditors on certificates issued by external auditors (version July 2012)
3. FAQ on certificates issued by external auditors (published July 2012)
4. Grant Agreement with updated Forms D and E

9. Additional information

Generic FCH JU e-mail address:

fch-projects@fch.europa.eu

For questions re CoM and CoMAv:

FP7 helpdesk web service at

<http://ec.europa.eu/research/index.cfm?pg=enquiries>