



**Circular
Bio-based
Europe**
Joint Undertaking

Horizon Europe

Financial matters in GAP

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Overview

A. In-kind contributions (follow up to legal section)

B. Financial drivers from GAP to reporting (flags and tips)

- **Categories of costs**
- **Costs eligibility**
- **Personnel costs**
- **Subcontracting**
- **Purchases**

C. Ongoing concerns relating to potential financial risks and threats

In-kind contributions

BIC members' contributions to CBE JU

- I. In-kind contributions to operational activities (IKOP) from BIC members, meaning the difference between the eligible costs declared and the requested EU contribution**

- II. In-kind contributions to Additional Activities (IKAA)**
 - estimates described in Annex 1

 - planning and reporting dealt bilaterally between BIC members and CBE JU

BIC members' contributions to CBE JU

Data not automatically imported from the Proposal Submission

In GAP COO shall:

1. Collect IKAA estimates from BIC members and include information in Annex 1 (see template in next slide)
2. [Fill in the JU Contribution tab](#)

1116082 (1116082_Madl - JU) HORIZON...
Call: HORIZON-KDT-JU-2021-3-CSA
Topic: HORIZON-KDT-JU-2021-3-CSA-

Project Summary Beneficiaries General Information Reporting Periods GA Information GA Options Financial Information LF Overview Associated Partners **JU Contributions** Researchers Work Packages Deliverables Milestones Reviews Critical Risks Ethics Info

DOCUMENTS

JU Contributions ⚠

Number	Participate In Projects	PIC	Legal Name
1	Yes	950033327	EPem ENVIRONMENTAL PLANNING ENGINEERING MANAGEMENT AE
2	Yes	973276467	AST ADVANCED SPACE TECHNOLOGIES GMBH
3	Yes	999997930	CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE
Total			

Refresh membership from PDM **Add JU Contribution**

Financial contributor	IKAA	IKOP	Actions
	0.00 €	0.00 €	✘
	0.00 €	0.00 €	✘
	0.00 €	0.00 €	✘
NO	0 €	0 €	

BIC members' contributions to CBE JU

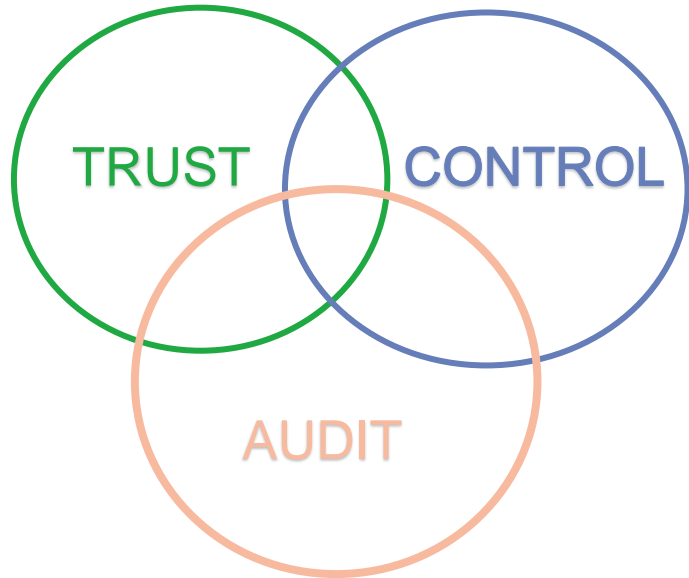
Template data collection for IKAA



CBE JU will collect via the COO only non-sensitive information to be included in the Grant Agreement. Each BIC member will be reporting updates to the planning and actual information on incurred investments directly to the JU.

Overview of the total Additional Activity investments planned by participants to this action that are BIC members						
Participant	Project link (Ex Art. 51.2 Council Regulation (EU) 2021/2085)	Scope of investment (Ex Art. 51.1 Council Regulation (EU) 2021/2085)	Categories of planned activities falling in the investment center row	Estimated amount per year in € (until the winding up of the CBE JU)		Estimated total amount of investments in €
PIC number			1. Support to additional R&I; 2. Scale-up of technologies; 3. Demonstrators; 4. Creating new business opportunities; 5. Training and skills development; 6. Contribution to the development of new standards, regulations and policies; 7. Supporting ecosystem development; 8. Communication, dissemination, awareness raising, citizen engagement; 9. Other	2023		
				2024		
				2025		
				2026		
				2027		
				2028		
				2029		
				2030		
2031						
	a) non-eligible investment needed for this CBE action grant					
	b) investment made in parallel to this CBE action grant complementing its expected results					
	c) investment needed for the deployment of this CBE JU action grant after its closure until the winding up of the CBE JU					
	c) investment needed for the deployment of the BBI JU action grant number <u>NNNNNN</u> after its closure and until the winding up of the CBE JU					
		(a) investments in new facilities demonstrating a new value chain, including investments in durable equipment, tools and accompanying infrastructure				
		(b) investments in a new innovative and sustainable production plant or flagship;				
		(c) investments in new research and innovation and justified infrastructure, including facilities, tools, durable equipment or pilot plants (research centres);				
		(d) standardisation activities (not falling in previous scope of investments)				
		(e) communication, dissemination and awareness-raising activities (not falling in previous scope of investments)				

Financial drivers from GAP to reporting



MINDSETTING FOR GAP

- Clear, compliant, coherent information in Annex 1 and Annex 2
- Plan record-keeping of key documents (Art. 20 of GA), set up policies and internal procedures, adapt methodologies
- Regarding any doubt/need for clarification → communicate with COO and PO + [consult AGA](#)

The cost categories



PERSONNEL COSTS



SUBCONTRACTING COSTS



PURCHASE COSTS



OTHER COST CATEGORIES *e.g.*



INDIRECT 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

❖ You contract another entity to do part of the work allocated to you in the description of the action

❖ **Travel and subsistence costs** for trips necessary for the project

❖ **Equipment** used for the project. In most cases, only depreciation costs are eligible (but exceptions exist)

❖ **Other goods, works and services**

❖ **Financial support to third parties**

❖ **Internal invoices**
Cost charged internally from one department to another of the same beneficiary; but only if you have a defined cost accounting method

❖ **25% flat rate** applied on most of the other budget categories. When reporting, the IT system will calculate this automatically!

General eligibility conditions

PROJECT-RELATED COSTS MUST BE:

- **actually incurred** by the beneficiary
- **incurred during the action duration**
- **entered as eligible costs in the estimated budget**
- **declared** under one of the budget categories
- **incurred in connection with the action** (Annex 1) and **necessary** for its implementation
- **identifiable and verifiable** → in particular recorded in the beneficiary's accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices
- **in line with applicable national law** on taxes, labour and social security and
- **reasonable, justified** and in line with the principle of **sound financial management**, in particular regarding economy and efficiency

The personnel categories

(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
- ✓ Employees whose remuneration increases when working in projects ('**project-based remuneration**')
- ✓ Employees of a beneficiary whose usual cost accounting practice is to calculate average personnel costs ('**average personnel costs**')

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.**
 - work under conditions similar to those of an employee*
 - 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)

Flags and tips for personnel costs



Most cost rejections are due to incorrect calculations or poor budgeting of remuneration costs, missing or incomplete timesheets or other contractual and justifying records, double-charging, incorrect time claimed and indirect costs claimed as direct, among others.

- ✓ Include actual personnel costs in your budget, be accurate
- ✓ Keep **duly compiled** timesheets and other justifying documentation
- ✓ Keep records such as contracts and payments relating to non-employees (including seconded personnel)
- ✓ Stick to your usual accounting practices with due regard to eligibility conditions set in the GA



Flags for actual personnel costs in Horizon Europe

Corporate formula

Day-equivalents
worked in the action



Daily rate



Two ceilings:

1. **Maximum 215 day-equivalents per calendar year** across EU and Euratom grants the personnel is tasked for
2. **Maximum declarable days per reporting period (MDD)**

- **actual personnel costs** during the months within the reporting period: fixed salary, tax and social contributions, complements, and other justified pmts. NB: no arbitrary bonuses, dividends or remuneration not an actual cost)
- **Divided by the MDD**

MDD calculation: monthly rate (215/12) multiplied by the number of months within the reporting period during which the person is employed multiplied by the working time factor (1-full-time, 0.5-50% part time...)

Specific cases to be considered

Daily rate calculations

- **Average personnel costs (unit cost)**
- **Project-based remuneration (actual costs)**

Daily rate calculations & eligibility conditions

- **Natural persons with direct contract (A.2) and seconded persons (A.3) (actual costs)**
- **SME owners and natural person beneficiaries (A.4)**

Flags and tips for subcontracting costs



Most cost rejections are due to non-demonstrated “best value for money”, no valid supporting documents, costs not foreseen in Annex I nor agreed by EU services, double charging, double funding

- ✓ Ensure clear description in the DoA as action task
- ✓ Move to purchases what is not an action task
- ✓ If not in DoA, it has to be discussed with CBE
- ✓ Plan record-keeping of key documents (Art. 20 of GA)
- ✓ Set up policies and internal procedures to comply with
 - business conditions
 - “Best value for money”
 - Supervision of works and deliverables
- ✓ Subcontractor has no rights vis-à-vis CBE, but can be audited

Flags and tips for purchased costs



Most cost rejections are due to reclassifications into subcontracting (25% rejection), no direct measurement of equipment/no evidence they are related to the action, no valid supporting documents, no value for money, double charging, double funding

Budgeted purchases >15% of personnel costs need to be described in Annex 1

VAT: non-deductible = eligible, deductible = not eligible

Equipment

Depreciation is pro-rata over project life, based on these elements:

- ✓ *purchase date*
- ✓ *useful life*
- ✓ *% used during the project*
- ✓ *usual accounting treatment*

Other goods, works and services

- ✓ Dissemination costs, CFS, Translation costs, IPR costs, etc.
- ✓ Consumables: *ensure they are not fixed assets*
- ✓ Bank fees: *only for transfers from COO to beneficiaries*
- ✓ Lease costs: *eligible*

Travel and subsistence

- ✓ In line with internal policies
- ✓ Kick-off meetings: *only if taking place during project*

Exchange rate provisions

If beneficiary's accounts are in €:

- For purchases in other currencies ⇒ conversion into Euros according to its usual accounting practice

If beneficiary's accounts are in another currency:

- Average of the [daily exchange rates published in the Official Journal of the EU](#) calculated over the reporting period.

Tips for coordinators

- ✓ Monitor the consortium and alert CBE JU immediately of potential financial instability of any members
- ✓ Keep track of all payments to other beneficiaries
- ✓ Manage with prudence and track the payments to consortium members, in particular the pre-financing that belongs to CBE JU until final payment
- ✓ Always contact your PO for any clarifications

Useful information and guidance



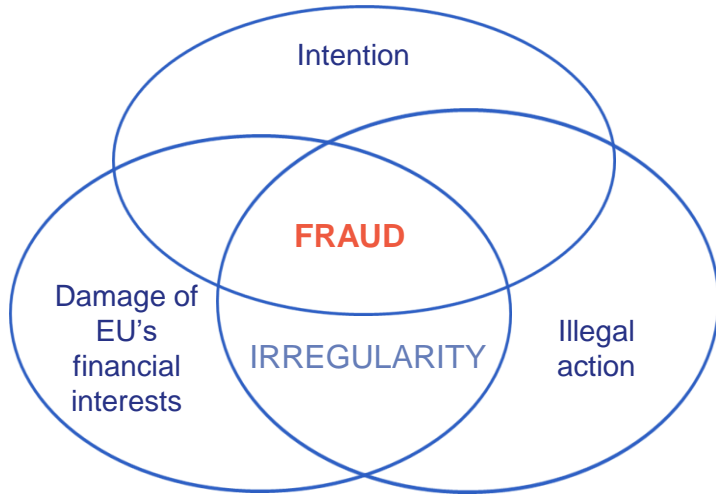
Funding & tender opportunities
Single Electronic Data Interchange Area (SEDIA)

- [Horizon Europe reference documents page](#)
 - Model Grant Agreement
 - [Annotated Model Grant Agreement](#)
 - Templates
 - Guidance
- [National Contact Points](#)
- [Research Enquiry Service](#)

Fraud awareness

- Fraud is a deliberate act of deception intended for personal or financial gain.

Elements of fraud



What to do if you have sound concerns?

1. **Do not alert the suspected actor but keep all evidence**
2. **Report early** your suspicions and observations to your project officer (PO) and [OLAF](#) or [EPPO](#).

ONGOING CONCERN FOR RED FLAGS:

- ❖ **Carefully assess** participants & their **capacity** when creating or modifying consortia;
- ❖ **Bank accounts and contact details of participants:** address (PO Box, private addresses, non-professional emails, etc.), website (non-existent/under construction/amateur), conflicting phone numbers vs. countries;
- ❖ **Others:** fabricated CVs, delays in response, poor or non-participation in meetings, poor quality deliverables, defaulting beneficiary, bankruptcy right after having received the pre-financing payment;
- ❖ **Amendments:** an early request for change, a new partner, substantial changes of action tasks, frequent subcontractor changes, unclear distribution of subcontractor roles, links between the subcontractors and the beneficiary, high/unplanned subcontracting costs, etc.

Risk of phishing emails

Noticed patterns

1. Phishing communications to coordinators to deviate payments
2. Advance-fee scams
3. Phishing emails/fake letters offering the award of EU grants
4. Phishing attempts using F&T Portal notifications

Pay attention to the following:

- ❖ **Verify the bank account data (or requests for changes to such data) via a trusted channel if the information comes by email**
- ❖ **Do not reply** to fraudulent communication and ignore phishing messages
- ❖ **Do not provide any personal information** that could be used to divert payments and/or to impersonate you
- ❖ **Inform your Granting Authority immediately**



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