



FAQ - Certificate on the Financial Statement for ERA-NET Cofund (only cash-based, no in-kind ones)

July 2020

- **When is a Certificate on the Financial Statement (CFS) in ERA-NET Cofund needed?**
- **Are the costs for the CFS in ERA-NET Cofund eligible?**
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When is a Certificate on the Financial Statement (CFS) in ERA-NET Cofund needed?

Need for CFS:

Article 34 of Horizon 2020 Rules for Participation (RfP) - a CFS is needed if EU costs are over 325.000 EUR
Unit cost are also included in this ceiling, however only those that are mentioned in Article 33(2) of RfP
Unit costs for ERA-NET Cofunds were calculated based on RfP Article 33(1).a - statistical data or any other objective means

For ERA-NETs, a CFS is needed if the EU contribution to the financial support to third parties is over 325.000 EUR, excluding unit costs

In practice that means:

The black box and any internal arrangement within the consortium do not count towards a CFS. Whatever each beneficiary declares as their costs will be what will count towards a CFS.

A CFS is required for each beneficiary who is eligible for more than 325.000 EURO EC funding which means when more than 984.849 € were spend for transnational projects = Direct costs for providing financial support for third parties related to trans-national projects

Are the costs for the CFS in ERA-NET Cofund eligible?

The costs of producing a CFS **are eligible** as direct costs. The CFS are mandatory when the requested EU contribution to the financial support to third parties is over 325.000 EUR, excluding unit costs.

Information given by Legal and financial helpdesk:

You can report costs for a required Certificate on the Financial Statement in the final financial statement under "e) other direct costs (for the category A.2.3.3 'Other goods and services') even if no budget was foreseen for the implementation of trans-national projects by the beneficiaries (but in the limit of the maximum grant amount set in Article 5 of the grant agreement which cannot be increased). You may note that in order for the cost to be eligible, the service must be purchased in accordance with Article 10 of the grant agreement which provides notably that the beneficiary must ensure best value for money and the absence of conflict of interest. The CFS must be submitted with the financial statement for the last reporting period. Beneficiaries may submit either one certificate per reporting period or a single CFS for the whole action. Nevertheless the certificate(s) may be submitted ONLY with the final financial report, and NOT with an intermediary report when the threshold had been reached. Certificates submitted at any other moment will not be accepted.

Costs for partial certificates (i.e. one certificate per reporting period) will be accepted ONLY in the last reporting period and if:

- a CFS is mandatory (i.e. the threshold is reached at the end of the action) and
- the total costs of the partial certificates is similar to the cost that would have been incurred for a single certificate.

You will find explanations and examples in the Annotated Grant Agreement (see p. 190-191 at: http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf).

How to include the CFS in the financial part of the periodic report?

The screenshot shows the 'Periodic Reporting' interface. At the top, there is a progress bar with a date '02 Jun 2020' and two stages: 'Draft' (indicated by a yellow play button icon) and 'Submitted' (indicated by a grey circle icon). Below the progress bar, there is a list of report sections: 'Technical Part contribution', 'Financial Part', and 'Periodic Report composition'. Each section has a plus sign and a document icon. A blue arrow points from the 'Financial Part' section to the 'Draft' stage of the progress bar.

To obtain the draft financial statement for the final periodic report, beneficiaries should go to the Portal Grant Management Service, draft the Financial Statement and lock for review. A pdf document is generated with the draft. The Financial Statement can be then unlocked by the Project Financial Signatory at any time for the upload of the CFS.

The screenshot shows the 'Financial Statement' form. At the top right, there is a 'SAVE' button. Below it, there is a section for 'Financial information from contract' with a document icon and an 'Export Use of Resources to PDF' link. The form contains several input fields and options: 'No contribution requested?' with radio buttons for 'Yes' and 'No'; 'Certificate on the Financial Statements' with radio buttons for 'Yes' and 'No', and an 'Upload' button; 'Name of the Auditor' and 'Cost of Certificate' with text input fields. A blue arrow points from the 'Financial Certificate' section to the 'Upload' button.

One or several conversion rate for costs incurred in a currency other than the euro?

Answer given by Legal and financial helpdesk:

According to the ERA-NET Cofund MGA (Article 20.2), the action is divided into several reporting periods, and costs incurred in a currency other than the euro must be converted into euro at the average of the daily exchange rates calculated over the corresponding reporting period (Article 20.6).

Therefore, considering that Article 20.4 establishes that;

“The coordinator must submit the final report within 60 days following the end of the last reporting period.

The final report must include the following:

(...)

(b) a ‘final financial report’ containing:

(i) an ‘individual financial statement’ (see Annex 4), from each beneficiary [and from each linked third party], for all reporting periods.”

then the **corresponding reporting period for the purpose of the conversion into Euro has to be understood as the whole duration of the grant.**

Which template for a CFS?

Annex 5 of the Grant Agreement: Model for the certificate on the financial statements

Section F is related to the costs providing financial support to ERA-NET Cofund Third Parties meaning the final beneficiaries of trans-national projects selected in the co-funded call.

Section G is related to the direct coordination costs of additional activities and shows the auditor how to verify the number of units claimed under unit costs.

Download Link:

http://ec.europa.eu/research/participants/data/ref/h2020/gm/reporting/h2020-tpl-annex5-cfs_en.docx

Annex 5 – Financial Support to third parties – 70-76

F: For ERA-NET COFUND actions:

COSTS FOR PROVIDING FINANCIAL SUPPORT TO ERA-NET COFUND THIRD PARTIES

To confirm standard factual finding 70 in the next column, the Auditor obtained the list of final beneficiaries for which costs have been claimed and traced it to the initial projects' proposals.

To confirm standard factual findings 71-73 listed in the next column, the Auditor reviewed the following documents provided by the Beneficiary:

- the acceptance of grants' forms;

- the agreements between the Beneficiary and the final beneficiaries;

- an overview of any ex-post audits carried out on the costs declared by the final beneficiaries;

- and the expense claim forms submitted by the final beneficiaries;

To confirm standard factual findings 74-76 listed in the next column, the Auditor obtained from the Beneficiary proofs of payment to final beneficiaries and respective underlying documentation (grant agreements and the corresponding deliverables, particularly financial reports).

70) The final beneficiaries for which costs have been claimed are those foreseen in the projects' proposals.

71) The final beneficiaries have signed the acceptance of grants' forms.

72) Reimbursements to the final beneficiaries were based on valid expense claim forms submitted before the payments.

73) No discrepancies exist between the sum of the claim forms and the costs claimed by project.

74) The totality of financial support was distributed to the final beneficiaries.

75) The amounts of financial support to final beneficiaries reconcile with the ones set forth in the Annex 1 to the grant agreement.

76) Payments to final beneficiaries are based on the corresponding grant agreements and subject to the analysis of the appropriate deliverables.

Annex 5 – Additional Activities – 77 - 80

G: For ERA-NET COFUND actions: COSTS FOR DIRECT COORDINATION COSTS OF ADDITIONAL ACTIVITIES

To confirm standard factual findings 77-80 listed in the next column, the Auditor:

- verified that the beneficiary do no implement, partially or fully, the transnational project under audit;

- obtained an understanding of the additional activities carried out;

- gathered supporting documents, such as meeting minutes, participants lists, presentations given and reports produced during/after the meetings;

- obtained the annual programs for additional activities for each year under review;

- reviewed Annex 1 of the ERA-NET grant and the progress reports.

77) The Beneficiary does not implement itself the transnational project under audit and it has not reported any direct costs for the implementation of that project.

78) The additional activities programmed for each year under audit were carried out in full during the year.

79) The number of unit equals the period during which additional activities were carried out, with the period formatted as years.

80) The claimed amount equals the number of units x EUR 29.000.

Reference

https://ec.europa.eu/research/participants/data/ref/h2020/gm/reporting/h2020-tpl-annex5-cfs_en.docx

Terminology:

“final beneficiaries” refers to the end beneficiaries of projects co-funded by an ERA-NET cofund network.

“acceptance of grant form” refers to the signature of grant agreements or any other type of similar legally binding document at National level.

Overview for the following pages:

- Standard Factual Finding Nr. 70
- Standard Factual Finding Nr. 73
- Standard Factual Finding Nr. 75
- Standard Factual Finding Nr. 76
- Standard Factual Finding Nr. 78

See next pages for details

Annex 5 - Financial Support to third parties – Standard Factual Findings 70- Annotations

Standard Factual Finding Nr. 70

Text in Annex 5: The final beneficiaries for which costs have been claimed are those foreseen in the projects' proposals.

Annotation EC: If any changes are happening during the lifetime of a project, they will certainly be recorded at the level of each national funding body / agency. This allows the auditors to trace back to the original situation when the grants were signed. By instructing the auditors to report any changes to what had been foreseen in the projects' proposals, we ensure that this information reaches the EC services.

Annex 5 - Financial Support to third parties – Standard Factual Findings 73 - Annotations

Standard Factual Finding Nr. 73

Text in Annex 5: No discrepancies exist between the sum of the claim forms and the costs claimed by project.

Annotation EC: If there are differences between the costs claimed, both the national and Horizon 2020 rules are clear and can be consulted by auditors.

We confirm besides that the procedure will check consistency between the claims submitted to the EC and those originally submitted by the final beneficiaries, adjusted according to the findings of ex-post audits carried out on the final beneficiaries (if any).

Annex 5 - Financial Support to third parties – Standard Factual Findings 75 Annotations

Standard Factual Finding Nr. 75

Text in Annex 5: The amounts of financial support to final beneficiaries reconcile with the ones set forth in the Annex 1 to the grant agreement.

Annotation EC: Typically after the implementation of each ERA-NET Cofund joint call there is an amendment implemented to adjust the amounts initially foreseen to the ones that are the result of the evaluation.

We wish to clarify that the procedure at stake refers to the individual amounts paid to each third party, not to the consolidated amount estimated in Annex 2. In practice, Annex 1 of ERANET grant agreements contain a section where is specified the maximum amount of financial support to a third party and the criteria for determining the exact amount under national funding rules. The reference to Annex 1 is therefore correct.

FAQ on Standard finding n°75

FAQ ID 13702 : Which amounts of financial support to ERA-NET cofund third parties are checked in the Certificate on the Financial Statement (CFS)?

In the CFS for H2020 ERA-NET Cofund grant agreements, the standard factual finding n°75 checks that the amounts of financial support to final beneficiaries reconcile with the amounts set forth in the Annex 1 to the grant agreement (i.e the description of the action). This check is a reconciliation between the actual payments to third parties, i.e. to end beneficiaries of projects co-funded by an ERA-NET cofund network, and the individual amounts for each third party foreseen in Annex 1 of the grant agreement, more precisely in the section where is specified the maximum amount of financial support to a third party.

For more information on the CFS, see Article 20.4 of the Grant Agreement, the additional information contained in the Annotated Model Grant Agreement, and Annex 5 of the Grant Agreement.

Annex 5 - Financial Support to third parties – Standard Factual Findings 75, 76 Annotations

Standard Factual Finding Nr. 76:

Text in Annex 5: Payments to final beneficiaries are based on the corresponding grant agreements and subject to the analysis of the appropriate deliverables.

Annotation EC: National rules might vary and, as correctly stated, might not exclusively mean acceptance of deliverables.

Annex 5 - Coordination Costs – Standard Factual Finding 78 – Annotation

- examples of supporting documents mentioned on section G.1 are valid
- refer to any proof that the foreseen action has indeed been implemented

Standard Factual Finding Nr. 78

Text in Annex 5: The additional activities programmed for each year under audit were carried out in full during the year.

Annotation EC: In full here means – all actions for each beneficiary. For some this might mean a heavier workload, for others less so. Again, in line with what was foreseen.

We are not stating that the existence of changes is in itself an issue entailing additional measures by the Commission. Namely, the existence of changes does not necessarily have financial impact. By requesting the auditors to carry out these verifications, we are merely aiming at ensuring the completeness of the information available to the Commission services, who will then decide on the appropriate follow-up (if any).

Links

- **Information concerning ERA-NET Cofund:** <https://www.era-learn.eu/support-for-p2ps/cofunded-p2p/era-net-cofund>
- **FAQs provided by EC:** https://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/era-net_en.htm
- **General Information on Reporting:** https://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/grant-management/reports_en.htm



www.era-learn.eu