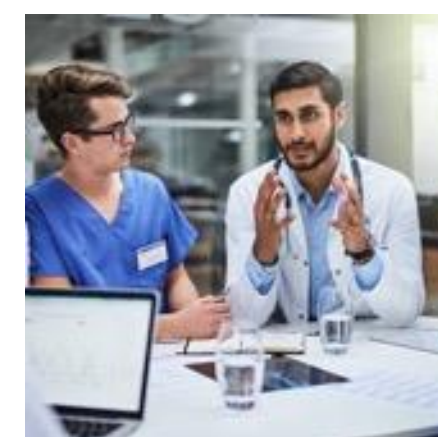


# IMI2 in-kind reporting

Date: 25/01/2021 Version: 2 (not final)



Presentation



# A few practical recommendations for this webinar

- \* The webinar is **recorded**
- \* We expect the webinar to be as interactive as possible: please do not hesitate to be active and ask questions
- \* We will be in "webinar" mode
  - \* your audio line is **muted** by default (it can be unmuted by the hosts);
  - \* you may submit written questions in the **chat**.
- \* For oral questions or comments:
  - \* we encourage you to **raise your hand** 🖐️ (see bottom of the screen) whenever you have questions or comments;
  - \* please state your **name and company** before speaking;
  - \* please do not forget to lower your hand and mute your line when you stop speaking.
- \* **Any issue that cannot be solved via the Webex interface?**  
→ please email [nicolas.creff@efpia.eu](mailto:nicolas.creff@efpia.eu) and [Gaelle.Lanckmans@imi.europa.eu](mailto:Gaelle.Lanckmans@imi.europa.eu)

# Introduction: objectives of the webinar

Nicolas Creff (Senior Manager Research Partnerships, EFPIA)

- \* **Main objective:** make sure that **all EFPIA companies and Associated Partners** involved in IMI2 projects **report their committed in-kind contributions** accurately and in time.
- \* Focus on **IMI2**, not on IMI1
- \* **We therefore expect to:**
  - \* Provide an **overview** of the IMI2 financial framework
  - \* Explain what type of contributions are **eligible** can be counted as in-kind contribution to IMI2 projects
  - \* Explain how in-kind contribution should be **certified** by auditors
  - \* Clarify how the in-kind contribution should be **reported** to the IMI Office
  - \* Answer **questions** and get **feedback** on difficulties companies might face when reporting / certifying their contribution to IMI2 projects
  - \* Make sure participants can **inform and support colleagues** directly involved in IMI2 projects
- \* **Targeted audience:** financial and accounting managers within EFPIA companies (incl. Partners in Research), and Associated Partners.

# Agenda

Timing	Agenda Item	Speaker
15:30	<b>1. Welcome and introduction</b>	<i>Nicolas Creff (EFPIA)</i>
15:40	<b>2. IMI2 in-kind contributions: reporting on SOFIA</b> <ul style="list-style-type: none"><li>- Key documents for IMI2</li><li>- General principles for financial reporting (when, what, how)</li><li>- Types of contributions</li><li>- Assessment and validation by IMI</li><li>- Common mistakes</li><li>- Certification &amp; Terms of Reference</li><li>- Q&amp;A</li></ul>	<i>Gaëlle Lanckmans (IMI)</i>
16:10	<b>3. Q&amp;A session</b>	<i>IMI Office: Antoine Juliens, Gaëlle Lanckmans</i> <i>EFPIA Finance team: Jörgen Jenssen (AstraZeneca), Koen Meeussen (Janssen), Mariana Gameiro (Pfizer), Markus Mutz (Bayer), Nicolas Creff (EFPIA)</i>
16:55	<b>4. Conclusion</b>	<i>Nicolas Creff (EFPIA)</i>
17:00	<b>5. Meeting closure</b>	

# Context



The public contribution

1,638 Billion €



The private Industry in-kind contribution

1,638 Billion €



The public contribution

1,638 Billion €

1,638  
From H2020



The private Industry in-kind contribution

1,425 Billion €

EFPIA direct and indirect members

213

Other sectors

1.

PARTNERS



3. Public Partners + Private Partners = in IMI2 consortia

3,276

3,276 Billion €  
2014 - 2024

CASH for grants for PUBLIC PARTNERS



# Context



## \* IMI2 differentiates two types of participants:

- \* *Beneficiaries that receive funding (BRF): not addressed today*
- \* **Beneficiaries that do not receive funding (BNRF):** these beneficiaries (EFPIA companies or Associated Partners) provide **in-kind contributions** in projects

## \* Beneficiaries that do not receive funding:

- \* **Commit** upfront to an amount of in-kind contribution in a specific IMI topic
- \* The total amount of in-kind from all BNRF in the topic is then **matched by EU funding** for BRF selected for the project

## \* It is essential that EFPIA companies and Associated Partners report in-kind contributions in line with their commitment

## \* Failure to report as expected would generate an imbalance at programme level between in-kind contributions and EU funding

# A few acronyms

Acronym	Meaning
AP	IMI2 <a href="#">Associated Partner</a>
BNRF	Beneficiaries <u>not</u> receiving IMI funding (e.g. EFPIA companies, IMI2 Associated Partners)
BRF	Beneficiaries receiving funding (e.g. universities, research organisations, SMEs, ...)
DoA	Description of Action (= Annex I to the Grant Agreement)
FC	Financial contribution
FY	Financial year
IK / IKC	In-kind contribution
PiR	EFPIA <a href="#">Partners in Research</a> (a specific type of EFPIA membership)
SGG	IMI2 <a href="#">Strategic Governing Group</a>
WP	Work Package

# IMI2 in-kind Contribution Financial reporting in Sofia

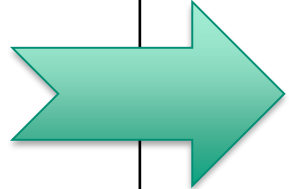
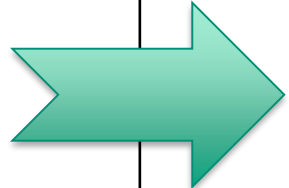
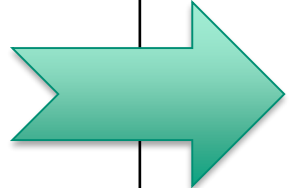
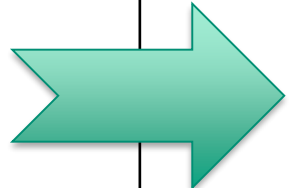
Gaëlle Lanckmans  
IMI Financial Officer



# Content

- Key Documents for IMI2
- General Principles for Financial Reporting (when, what, how)
- Types of Contributions
- Assessment and validation by IMI
- Common mistakes
- Q&A

# Key documents for IMI2

<ul style="list-style-type: none"><li>• Council Regulation (CR) – establishment of IMI2 JU</li></ul>	 <b>IMI2 legal basis</b>
<ul style="list-style-type: none"><li>• <a href="#">IMI2 Model Grant Agreement</a> (Art 9 related to BNRFs)<ul style="list-style-type: none"><li>- Core Grant Agreement</li><li>- Annex 1 – DoA: Description of the Action</li><li>- Annex 2 – Estimated budget</li><li>- Annexes 4-6 not applicable to BNRFs (eligibility criteria, reporting, audit, etc. for BNRFs outside the MGA)</li></ul></li></ul>	 <b>Project documents</b>
<ul style="list-style-type: none"><li>• <a href="#">H2020 Periodic Report Template</a></li></ul>	 <b>Scientific reporting</b>
<ul style="list-style-type: none"><li>• <a href="#">IMI2 Financial reporting Guidelines for EFPIA/AP/PiR</a></li><li>• <a href="#">IMI2 Terms of Reference for certification of costs</a> (audit report template to be used by auditor)</li></ul>	 <b>Financial reporting</b>

# General principles for Financial Reporting

- A Beneficiary not receiving funding (BNRF EFPIA/AP/PiR) should report **annually** the **value** of its contribution in **all** its IMI2 projects.
- Each year, Financial Reporting due by end January and end April

## 31 January:

- Report the value of the contribution made in the previous financial year (**01 Jan – 31 Dec**) and adjustments to previous years of necessary.
- Reported costs can be indicative/**estimated** (if actual not available)

## 30 April:

- All reported costs should be **actual/real**
- And **certified** by an external auditor (Audit report to provide).
- **NO audit report = NO contribution accepted.**

# General principles for Financial Reporting

- **Next deadline**: 31 January 2021 for contribution incurred during the FY 2020 and to make adjustments to previous years, if necessary
- Make Adjustment to a previous year if:
  - Make corrections to contribution already reported and accepted by IMI → report the difference between the initial reported contribution and the corrected contribution as an adjustment to the relevant FY.
  - No contribution was reported for a past year(s) → report the totality of the contribution as adjustment to relevant FY
  - Your contribution reported last year was not accepted by IMI → report the contribution again of 2019 as adjustment to FY 2019
- Reporting done in Sofia (IMI tool)
  - Appoint a person for the reporting and request [access to Sofia](#)

# General Principles for Financial Reporting

- Concretely in Sofia – **by end January:**
  1. Encode contribution per project and per FY (estimates accepted)
  2. Provide brief explanations for each cost category
  3. AND Already **start contacting** an independent **auditor** of your choice who will be in charge of the certification due in April!

# General Principles for Financial Reporting

- Concretely in Sofia – **by end April:**
  1. Adapt contribution per project and per FY (estimates → actual costs)
  2. Adapt the explanations on cost if necessary
  3. Upload signed Financial statement(s):
    - Button ‘Generate to PDF’, get it signed (by authorised representative person – electronic signature accepted) and upload it in Sofia

# Financial statement

One per legal entity (PIC) per FY for all projects the company is involved in and for its contribution to SGGs.

## Financial statement for reporting in kind or financial contribution in IMI2 JU

FY

Period from	01/01/2016
To	31/12/2016

Is this an adjustment to a previous statement?

Company

Legal Name	[REDACTED]
Organisation short Name	[REDACTED]
Participant Identity Code (PIC)	[REDACTED]

### Value of contribution (EUR)

Projects  
SGGs

Action (Project)/ Advisory Group	Short description of contribution	Value of in-kind contribution in EU and H2020 associated countries	Financial contribution (FC)	Value of NON EU in kind contribution incurred in Third Countries (*)	TOTAL Value of contribution
		(a)	(b)	(c)	(a)+(b)+(c)
ADAPT-SMART		11,980.00	0.00	0.00	11,980.00
INNODIA		2,193,646.00	0.00	546,810.00	2,740,456.00
SGG Strategic Governance Groups	4,1 man months	117,407.00		1,038.00	118,445.00
Financial Contribution to the IMI Office (in EUR)		0.00	0.00		0.00
Cost of Certification		0.00		0.00	0.00
<b>Total value (EUR)</b>		<b>2,323,033.00</b>	<b>0.00</b>	<b>547,848.00</b>	<b>2,870,881.00</b>

### Certification

Is there a certification by an independent auditor attached to this financial statement?



Name of the auditor	KPMG
---------------------	------

# General Principles for Financial Reporting

- Concretely in Sofia – **by end April:**

- 4. Upload **Audit report:**

- 1 Audit report per legal entity (PIC) for all costs (projects + SGGs)
    - If adjustments: 1 Audit report for all FY is accepted
    - Auditor **must** follow the audit report template: [IMI2 Terms of Reference for certification of costs](#)
    - Same specifications for all auditors (Equal treatment, comparable standards, avoid ambiguities, reassuring for IMI's auditors)

**No Audit report = No contribution accepted**



# General Principles for Financial Reporting

- **Concretely in Sofia – by end April:**
  - 4. **Upload Audit report:**
    - **Composed of 3 parts**
      - **Terms of Reference (ToR) = Letter of Engagement between auditors and EFPIA company (constitutes the contract)**
      - **Independent report**
      - **Annexes:**
        - **Annex I: Procedures performed by the auditor**
        - **Annex II: Financial statements**

# General Principles for Financial Reporting

- Concretely in Sofia – **by end April:**

- 4. Upload **Audit report:**

- Auditor carries out all procedures listed in Annex I (where applicable) and list and quantify any exceptions
    - For each procedure: A sample of items randomly across all projects and advisory groups (exception: FC paid to BRF full coverage)
    - Auditor checks if **company's usual practice has been followed**
    - Company to demonstrate to auditors their 'usual practice' in each area concerned, to their satisfaction, (by e.g. Internal documentation, Systems testing)
    - Advice: Integrate your 'usual practice' as a SOP

# General Principles for Financial Reporting

- To be **eligible** your reported costs should be:
  - In line with your **normal cost accounting practices**  
(advice: document your methodology)
  - Incurred during the project and recorded in your accounts
  - In line with the Description of the Action (**Annex 1**) and the Estimated Budget (**Annex 2**)
  - Verifiable/auditable (advice: keep records of your costs)
- It is the BNRF who has signed the Grant Agreement that is in charge of the reporting
- A BNRF can also report costs incurred by its affiliates for the project (But all costs reported remains the responsibility of the entity that has signed the grant agreement)

# Types of contribution

1. Direct personnel costs
2. Subcontracting costs
3. Other direct costs
4. Financial contributions
5. Contributions to advisory groups (SGGs)
6. Specific costs
7. Indirect costs

Important!

You need to provide a **short description** in Sofia for each type of contribution

# Types of contribution

## Personnel costs

Follow the company's normal cost accounting practices

Short description in the reporting:

- Specify average FTE rate (fully or partly loaded) or Person months (PM)
- Specify list of related Work Packages  
(in general, no breakdown per WP)
- Companies do not report personnel names

# Types of contribution

## Subcontracting costs

In the reporting:

- brief explanation of the subcontracted task and the related WP
- the vendor name, if possible

## Other direct costs

- In the reporting: brief description of the costs
- e.g. consumables, generation of compounds, collection of samples, costs related to the establishment of prospective data, etc.
- Only if not already included in the average FTE rate

# Types of Contribution

## Financial Contributions

- Only to fund **BRF** activities/tasks that are identified in Annex 1 and not already reimbursed by IMI  
Ex: FC to an EU University (BRF) to hire a post-doc to carry out specific project tasks (Annex 1)
- If FC given to a **BNRF** → the FC cannot be reported and does not count as in-kind
- Based on a legal agreement between the BNRF and the Beneficiary receiving the FC (explanation in DoA or separate legal agreement).
- FC never falls under NON-EU contribution  
(even if FC provided to a Beneficiary that carries out a task outside EU/H2020 associated countries)

# Types of Contribution

## Financial Contributions

- In the Reporting:
  - The EFPIA/AP/PiR will report the contribution as given financial contribution for the relevant year.
  - specify name of recipient and amount of FC
- The BRF concerned will have to report
  - the received FC in the Periodic Report (Scientific report due after each project period) and as a receipt in the last reporting period. (exchange rate may lead to small differences)
  - The BRF will also report the corresponding costs covered by the received financial contribution.



# Types of Contribution

## Financial Contributions/Subcontracting costs/other direct costs

In the reporting:

- Foreseen in the DoA (Annex 1)? Y/N
- If not, is the cost related to a new task (not already described in Annex 1)? Y/N
- if total new task → Amendment is necessary before the cost can be accepted
- In case the cost was not foreseen in Annex 1 but the related task is specified in Annex 1 → brief description in Sofia is sufficient (no Amendment needed)

# Types of Contribution

## Contribution to SGGs

- The value of contributions to advisory groups (“SGGs”) should be reported too.
- SGG Charter identifies eligible contributions related to SGG activities
  - Examples: travel costs, meeting costs, personnel costs, ...
  - SGG costs can include time spent by company staff on draft topic **until the topic is sent for consultation.**
  - Costs incurred on a topic after it is sent for consultation are not eligible.

# Types of Contribution

## Contribution to SGGs

- SGG Charter identifies eligible contributions related to SGG activities

- The work of EFPIA companies and of Associated Partners in the SGGs can be counted as in kind contributions (Article 13.3(b) of the Regulation establishing IMI2 JU), including:
  - a. EFPIA and Associated Partners' contributions to the SGGs work, chairmanship and coordination;
  - b. Meetings, conferences and logistics;
  - c. Document preparation and production;
  - d. Communication material preparations and dissemination within or outside the SGG;
  - e. Cost of any other activity that directly supports the SGG objectives as set out above, including for work during the period of idea generation and development of call topics, until the launch of the formal Scientific Committee and States Representatives Group consultation.

# Types of Contribution

## Contribution to SGGs

In the reporting:

- All contribution to SGGs reported **as a total** amount  
→ do not report per SGG
- List the SGG names in which the company was active during the financial year.
- Companies do not report personnel names, meeting dates, etc.

# Types of Contribution

## Indirect Costs

- e.g. Administrative costs, telephone and postal costs, printing costs, recruitment costs, office supplies costs, office rental costs, legal costs, etc.
- In the Reporting: Only if not already included in FTE rate

# Types of Contribution

## Special cost categories

- **Cost of Certification:** for the cost related to the Audit Report
  - Report it in FY when the cost incurred
  - For Audit certifying costs of 2019 → audit cost incurred in 2020.
- **Financial Contribution to the IMI Office** (very special case – only 4 BNRFs concerned)

# Types of Contribution

## NON-EU In-kind contributions

- Consisting of costs incurred in third countries other than EU and H2020 associated countries
- EU and H2020 associated countries
  - EU: 27 countries + **1 Third Country (UK)**
  - H2020 associated countries: Albania, Bosnia and Herzegovina, Iceland, Israel, Faroe Island, Moldova, Montenegro, Norway, Serbia, the North Macedonia, Turkey, Ukraine, Tunisia, Georgia, Armenia, Switzerland  
[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/hi/3cpart/h2020-hi-list-ac\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cpart/h2020-hi-list-ac_en.pdf)

→ IKC incurred in **UK** does not fall under NON-EU in IMI2 projects

# Types of Contribution

## NON-EU In-kind contributions

- Cannot exceed 30% of the total eligible costs incurred by all BNRFs at the level of IMI2 programme → ensure 70% of IKC is incurred in EU
- No formal limitation at Project level
- In line with the estimated budget of the project (Annex 2)
- In the reporting:
  - In case in line with Annex 2 → please insert this confirmation in Sofia!
  - If NOT in line with Annex 2 → provide brief explanation in Sofia → No Amendment needed (unless related to new task)
  - In case of substantial change → INFORM ASAP IMI OFFICE AND EFPIA since it might have an impact on the overall 30%



# Types of Contribution

## NON-EU In-kind contributions

- Criteria: where the underlying activities are carried out.
- Does not take into account the place where the company is established.
- Examples:
  - Company based in US subcontracts some work to a firm in Germany → EU subcontracting costs
  - Company based in Germany has some staff working in the US → **NON-EU** personnel costs

# Types of Contribution

## NON-EU In-kind contributions

### Precisions

- in case the subcontracted activity is carried out both in the EU and non-EU, this should be documented (e.g. invoice from subcontractor where EU and non-EU costs are split) since it will result in both EU and NON-EU contributions.
- Financial Contribution (FC) to a BRF → always considered as **EU** Contribution

# Non-EU in-kind contributions: EFPIA policy

Nicolas Creff (EFPIA)

- \* **Non-EU in-kind is limited to 30% of the total in-kind at programme level. However, some IMI2 projects require more in-kind than others: this has to be balanced across the programme.**
- \* **Before the launch of individual calls, companies confirm their commitments, including non-EU in-kind: the maximum level of non-EU in-kind for this topic is therefore set at EFPIA level**
  - *This should be reflected in the Grant Agreement's budget*
- \* **Implications for reporting:**
  - In a given project, you should not switch EU in-kind to non-EU in-kind.  
→ you can report more non-EU than planned if you do not decrease the planned EU in-kind
  - In case of any issue: please contact your EFPIA RIS Operational member (if you do not have one, contact [nicolas.creff@efpia.eu](mailto:nicolas.creff@efpia.eu))
  - Mitigations can be discussed: across companies in a project, or across projects for a company.

# Assessment and validation by IMI

3 consecutive steps:

1. Financial Officer checks if information provided in the Financial Reporting is complete
2. Scientific Officer checks consistency with DoA (Annex 1) and the **Periodic Report**
  - Periodic Report = Scientific Reporting due after each project period to report progress and efforts made in project (input gathered by the Project Coordinator)
  - Challenge: they do not cover the same periods
    - Financial reporting covers a financial year (1 Jan - 31 Dec)
    - Periodic Report covers a project period (rarely aligned to FY)
    - Often two Periodic Reports needed to cover a full financial year
3. In December - Formal validation by IMI Director

# Common mistakes from last year reporting IMI2 IKC

- **Personnel costs:**
  - short explanation missing (no WP specified, no FTE rate or PM, blank field)
  - List all WPs mentioned in the DoA (Annex 1) → what is needed are WPs related to the financial year only
- **NON-EU costs:** Reported in Sofia and no explanation provided. Is it in line with the estimated budget (Annex 2)? Or is it a change and justification is missing?

Best practice: please specify in the explanation of cost if in line with Annex 2 and if not please explain.

# Common mistakes from last year reporting IMI2 IKC

- **Financial contribution:**

- should not be reported as cost by EFPIA/AP/PiR.

If Financial contribution paid to a BRF for subcontracting some tasks, should be reported as given financial contribution by EFPIA/AP/PiR, not as subcontracting costs.

- Reported FC does not match with the FC received specified in the Periodic Report by the BRF (only difference due to exchange rates is accepted)

# Common mistakes from last year reporting IMI2 IKC

- **Cost of audit certificate:**
  - Should not be charged on a project. There is one specific line in Sofia to report that cost.
  - It should also be reported in the year when the cost has incurred. (Audit performed to certify costs of FY 2019 took place in 2020 → incurred in FY 2020)
- **Financial Statement:**
  - Not uploaded, not signed.

# Common mistakes from last year reporting IMI2 IKC

- **Subcontracting costs:** not clear if foreseen in Annex 1.  
Best practice: please specify in Sofia if foreseen in Annex 1 or not. If not, please indicate if related to a task already described in Annex 1.  
→ Costs related to total new tasks cannot be accepted – First Amendment needed
- **Inconsistency with the Description of the action (Annex 1):** WP specified in the financial reporting but company not involved in that WP following the DoA (amendment to be



# Common mistakes from last year reporting IMI2 IKC

- **Audit report:**
  - Not signed or incomplete – one of the 3 parts is missing.
  - In the independent report, the certified amount is different than the total in-kind contribution indicated in the FS.
  - Table of procedures is incomplete or non-applicable procedures have been removed.
  - In findings/exceptions listed, Project/FY/amount not always specified.
- Needed for audit implementation:
  - Understated costs: positive adjustment to be done in next financial reporting



Overstated costs: IMI rejects unnecessary costs

# Common mistakes from last year reporting IMI2 IKC

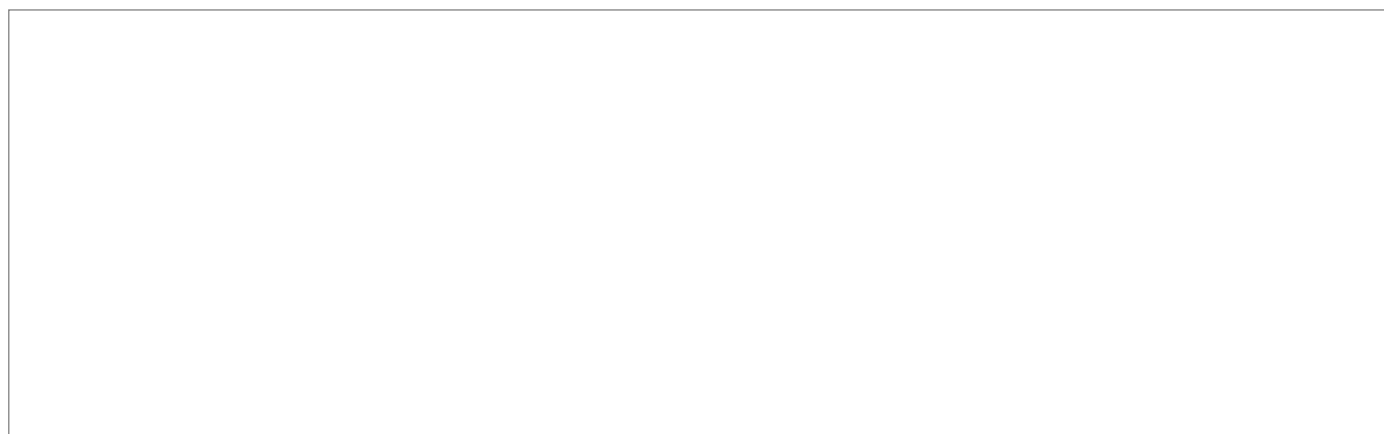
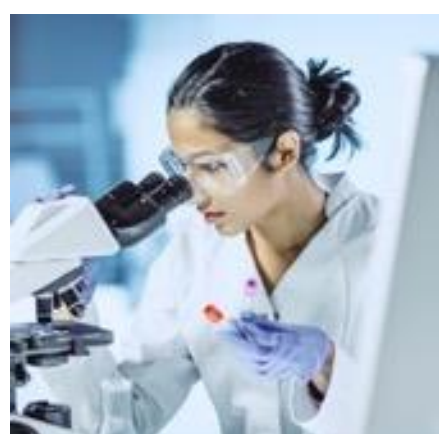
- **Inconsistencies between information in the financial reporting and the periodic report:**
  - Periodic report: FC received by a BRF mentioned to allow a specific task  
Financial reporting: FC not reported
  - Financial reporting: tasks specified in Personnel costs  
Periodic report: those tasks have not started yet
  - Periodic report: does not mention a EFPIA for a WP  
Financial reporting: Personnel costs are reported by that company for that specific WP

**Thank you**

**Q&A**

Gaëlle Lanckmans  
Financial Officer

## Q&A session



# Q&A

**\* Please do not hesitate to ask questions**

**\* Any questions?**

**\* Please to raise your hand** 🖐️ (see bottom of the screen): the hosts will unmute you

**\* Please state your name and company** before speaking;

**\* Please do not forget to lower your hand and mute your line** when you stop speaking.

**\* You may submit written questions in the Q&A interface**

# Panellists

## \* IMI Office:

\* Antoine Juliens

\* Gaëlle Lanckmans

## \* EFPIA Finance subteam:

\* Jörgen Jenssen (AstraZeneca)

\* Koen Meeussen (Janssen)

\* Mariana Gameiro (Pfizer)

\* Markus Mutz (Bayer)

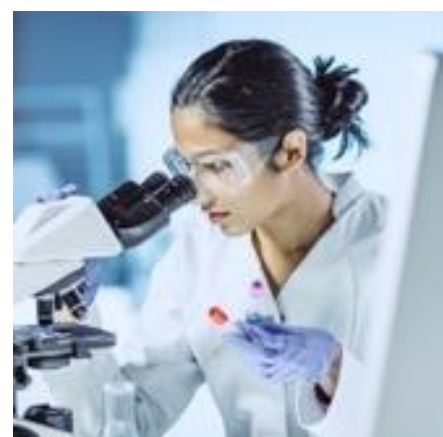
\* Nicolas Creff (EFPIA)

# Q&A

- Which documents are required for January submission?
- Which documents are required for April submission?
- Is an individual audit report required for each project?
- Does each affiliated company need a separate report?
- Do adjustments to previous periods need to be audited?
- Do I need an audit certificate or similar to demonstrate my 'usual methodology'? Can IMI1 certified methodology be used?
- ...



# Conclusion



Nicolas Creff (EFPIA)





# Reminder

## \* 31 January:

- \* Report the value of the contribution made in the previous financial year (**01 Jan – 31 Dec**) and adjustments to previous years of necessary.
- \* Reported costs can be **indicative**/estimated (if actual not available)

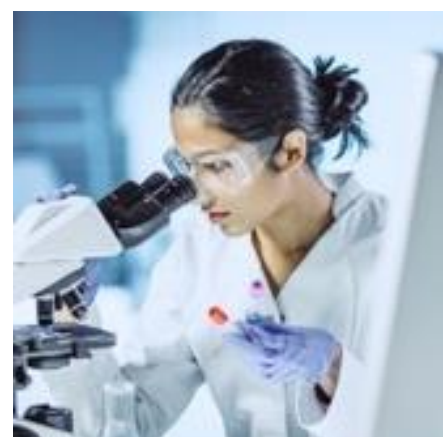
## \* 30 April:

- \* All reported costs should be **actual**/real (Financial Statement(s) to upload + provide explanations on costs)
- \* And **certified** by an external auditor (Audit report to provide).
- \* **NO audit report = NO contribution accepted.**



# Meeting closure

*Thanks for your participation!*



**Any questions? Please contact:**  
[nicolas.creff@efpia.eu](mailto:nicolas.creff@efpia.eu)  
[Gaelle.Lanckmans@imi.europa.eu](mailto:Gaelle.Lanckmans@imi.europa.eu)

