



ACCELERATE

WORKSHOP IN KIND CONTRIBUTIONS

5. Evaluation, reporting and auditing on IKCs

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Evaluation, reporting and auditing on IKC

Why?



Where?



How?



Evaluation, reporting and auditing on IKC



Goals, rules and strategies



➤ Financial goals:

- Defining the fulfilment of agreed contributions
- Attraction of **additional resources** for funding its own activities (**sustainability**)
- Definition of the **service prices** for ERICs economical activities.

➤ Non financial goals:

- allocation of **ownership rights** arising from joint inventions;
- calculation of the **voting rights** etc;
- definition of the “real dimension” of the activities performed.





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Financial goals:

CERIC-ERIC Statute - Article 6

.....contributions in-kind provided by the Members /Representing Entities for **ordinary activities/specific projects**

EMSO-ERIC Statute - Article 9.1

The Members shall make Contributions (monetary and in-kind) to EMSO ERIC in order to provide the resources necessary to achieve the objectives of EMSO ERIC and to ensure **its financial sustainability**.

INSTRUCT-ERIC - ANNEX 2

The in-kind contributions from Members, will provide the Instruct Centre facility including its **general running costs and the support staff** required for Instruct-ERIC activities.

Non financial goals:

ESS Statute -Article 10

Each member shall, until the operation phase starts, be entitled to a **number of votes** corresponding to its contribution to the cost of pre-construction and construction.

CTAO GmbH Statute - Article 13

The **number of votes** depends on the amount of accumulated Contributions (cash or in kind) provided by the specific Shareholder

CERIC-ERIC Statute : whereas (3)

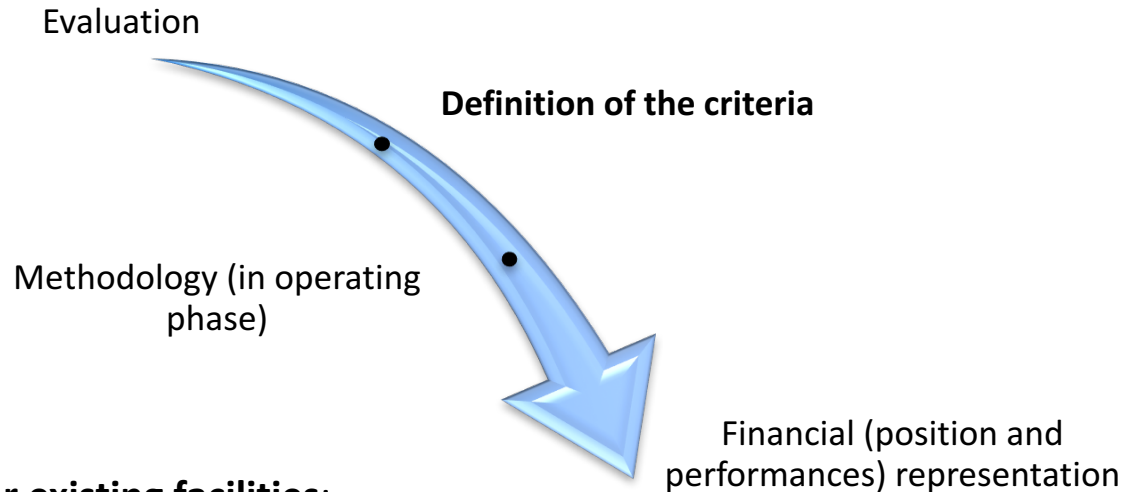
Each CERIC-ERIC Member should contribute in kind by operating, making available.....a **total investment value** exceeding 100 M€ and a **total annual operation cost** exceeding 10 M€





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Main criteria for existing facilities:

- **(replacement) cost approach:** - amount necessary to replace an asset
- **Income approach:** present value of the (potential and future) income increases
- **Market approach:** - amount necessary to buy similar assets

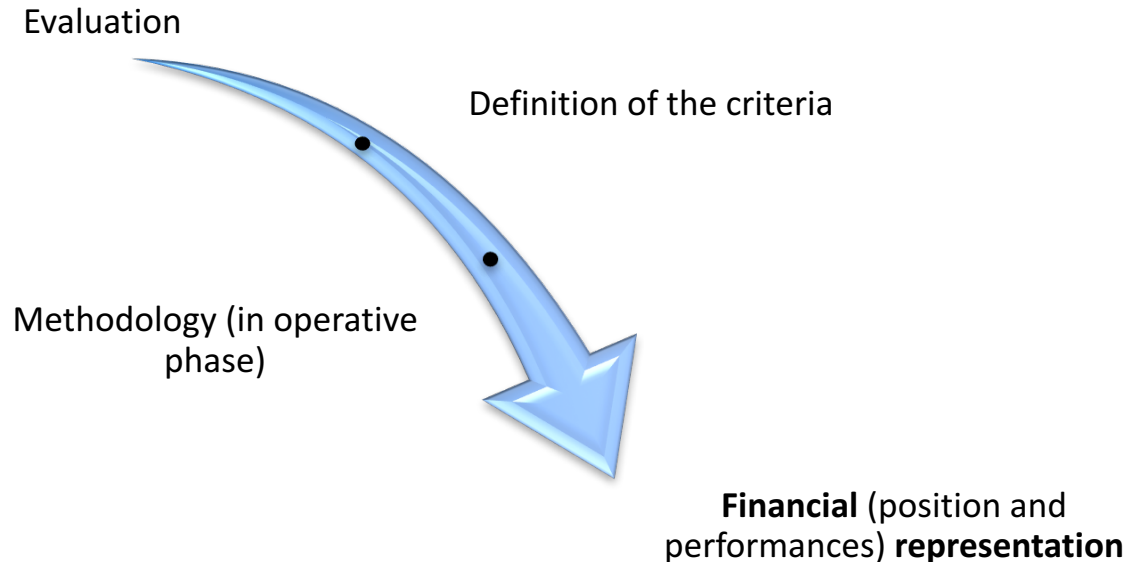




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The financial statements shall provide a **true / truthful*** and **fair**** view of the financial situation and financial performances of an organization.



- The recorded financial transactions are free from material misstatements; they represent **objective facts as well as management evaluations for which the economic substance could prevail on economic form.** (e.g. patents /credits etc.....)





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Transfer of ownership

- Current assets; (credits, liabilities)
- Non current assets; (patents, equipment, software)

In terms of financial statements...



Transfer of availability

- Right to use non current assets
- Work; (employees of other organizations)
- Non durable goods (consumables, materials)
- External services acquired by the stakeholders and in-kind conferred (consultancies, maintenances)
- In house services provided by the stakeholders (access to facilities, other rights to use)

In terms of financial statements...



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DISTRIBUTED RESEARCH INFRASTRUCTURES (in operational phase)

The reporting process of IKCs implies:

1st step: definition of the **perimeters** of the *ERICs*;

Core and Partners functions definition: → Framework agreements

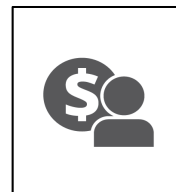
2nd step: definition of the **activities** to be jointly implemented

Resources allocation: → Specific agreements



3rd step adoption of a commonly agreed **IKCs Methodology**

4th step reporting phase



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SINGLE SITE RESEARCH INFRASTRUCTURES (in construction phase)

The **reporting process** of IKCs implies:

1st step: Allocation of the IKCs by the Members
(IKCs **estimated** values defined in contracts/Statutes)



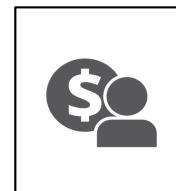
2nd step: Execution of the contracts
(including transfer of ownership or of availability)

3rd step evaluation of IKCs through **an internal** In Kind Review committee

COST BOOK values



ASSESSED values



4th step accounting phase



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Methodology contents (in **DISTRIBUTED RESEARCH INFRASTRUCTURES**)

Evaluation

Definition of the criteria

Methodology

Financial (position and performances) representation

1) General conditions for **calculating and reporting costs**:

- ✓ **incurred** by the REs/PFs;
- ✓ **not included as contributions** for any other funded project or program;
- ✓ indicated in the **Specific Agreements** signed by the REs and the ERIC
- ✓ indicated (where possible) in the **estimated budget** of the ERIC;
- ✓ **identifiable** and **verifiable** from the REs/PFs records.
- ✓ **reasonable, justified** and in accordance with the **principle of economy and efficiency**.

2) Role of the auditors

3) Tables to collect data (based on the activities/services requested)





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Methodology contents (in DISTRIBUTED RESEARCH INFRASTRUCTURES)

Category	Rate	quantity	Documentation needed
Employees	regular rate of pay	time/hours	Copy of paycheck/timesheets
Consultancies	rate of pay	time/hours	Copy of paycheck/timesheets
Access to facility	unit access cost	time/hours	methodology of calculation
Materials/supplies	replacement/fair value	-	invoices
Equipment	replacement/fair value	-	invoices
Equipment (right to use)	rental costs	time/days	invoices
Spaces (right to use)	rental costs	time/days	invoices





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Methodology contents (in **DISTRIBUTED RESEARCH INFRASTRUCTURES**)

Certificate on IKCs report

The Certificate is a factual report produced by:

- a) the internal Board of Auditors of the REs;
- b) an independent auditors appointed by the REs, for this specific purpose;

Contents:

- the respect of the general conditions for accounting the IKCs, including, where appropriate, the respect of the unit costs calculation rules;
- a reference to the specific scope of the auditing activities performed;
- a reference to the International Standards adopted;
- a detailed list of the activities performed;
- the specification that this report relates only to the elements, accounts, items or financial and non-financial information requested by the ERIC.





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Thank you



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