

Brussels, 05/07/2019

IMI reference: IMI2/INT/2017-01225 v.2019

## Explanatory Note

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### Thresholds to be considered for the submission of CFS-Certificate on Financial Statements by beneficiaries at the end of their participation in IMI1 projects

For projects funded under IMI1 legal framework, the general rule is that Article 4.4 - requesting a CFS to be submitted in any case at the end of the project for any amount not previously certified- still applies in all cases. (This differs from the FP7 EC funded grants where a simplification was introduced thanks to a distinct legal framework).

However, based on an IMI2 JU Executive Director Decision, the requirement to provide a CFS at the end of the project may be waived under certain conditions. This is not an automatic derogation as the general rule still applies. IMI2 JU reserves the right, in duly justified cases, to ask for a CFS even in case the conditions of a waiver are fulfilled.

The IMI2 JU Executive Director has adopted a new decision related to the requirement to submit a CFS - Certificate on the Financial Statements at the end of the beneficiaries' participation (i.e. with final periodic report or earlier termination) of IMI1 projects.

The ED Decision No 25/2019 of 28/06/2019 states the following:

“Beneficiaries participating in IMI projects initiated under Regulation (EU) No 73/2008 are not requested to submit a CFS-Certificate on Financial Statements in the following cases:

- **Case 1:** During their participation the cumulated amount of IMI JU contributions and EFPIA receipts (i.e. financial contribution) does not exceed EUR 50,000;
- **Case 2:** In the final reporting period (at the end of the project) or when terminating its participation the following conditions subsist:

A CFS has already been submitted by the concerned beneficiary during the lifetime of the project and has been accepted by the IMI2 JU, or an ex-post audit has been carried out by the external auditors contracted by the IMI2 JU, for the concerned beneficiary for that project.

- a) In case a CFS has already been submitted, the cumulative remaining uncertified amount of IMI contribution and EFPIA receipts (i.e. financial contribution) is less than EUR 375,000.
- b) In case an ex-post audit has already been concluded, the cumulative remaining uncertified amount of IMI contribution and EFPIA receipts (i.e. financial contribution) is less than EUR 375,000 or than the amount certified by the ex-post audit, whichever is lower.

However, in case of suspicion of substantial errors, irregularity or fraud in the implementation of the grant agreement, a CFS or a financial audit - depending on the circumstances – shall be required.

This approach **does not apply to the participating EFPIA companies.**

In addition, the IMI2 JU Financial Officer may accept an electronic signed copy of the CFS provided the original remains with the participant and may be requested in case of verification.”

This decision shall be applicable to all CFS due as from 1<sup>st</sup> January 2017 and repeals ED Decisions No 4/2017 of 27 January 2017 and No 68/2016 of 13 December 2016 on the same subject.

			<b>Condition 1 Remaining amount not certified</b>	<b>Condition 2</b>	
Case 1:	Sum of IMI requested contribution + EFPIA RECEIPTS not certified		From EUR 0 up to EUR 50,000	None	No CFS required.
Case 2:	Sum of IMI requested contribution + EFPIA RECEIPTS not certified	Case 2.1	From EUR 50,001 up to less than EUR 375,000	A CFS has already been submitted by the concerned beneficiary during the lifetime of the project and has been accepted by the IMI2 JU	No CFS required for the remaining amount not certified
		Case 2.2	From EUR 50,001 up to less than EUR 375,000 or than [amount certified by the auditor], whichever is lower	An ex-post audit has been carried out by the external auditors contracted by the IMI2 JU, for the concerned beneficiary/project.	No CFS required for the remaining amount not certified

## Examples

**Case 1:** the cumulated amount of IMI JU contribution and EFPIA receipts does not exceed EUR 50,000

Reporting Period	Eligible costs	IMI contribution at 75%	EFPIA receipts	Cumulative amount for which a CFS has not been submitted	CFS
1	5,000	3,750	0	3,750	
2	9,000	6,750		10,500	
3	10,000	7,500	2,000	20,000	
4	12,000	9,000	2,000	31,000	
5	18,000	13,500	2,000	46,500	
<b>Total</b>	<b>54,000</b>	<b>40,500</b>	<b>6,000</b>	<b>46,500</b>	<b>No CFS required</b>

Beneficiary entitled to an IMI contribution of EUR 40,500, as well as a financial contribution of EUR 6,000. The total does not exceed EUR 50,000. The Beneficiary is not requested to submit a CFS.

**Case 2.1:** the cumulative remaining amount not certified of IMU JU contribution and EFPIA receipts

Example 1:

Reporting Period	Eligible costs	IMI contribution at 75%	EFPIA receipts	Cumulative Amount	CFS required
1	120,000	90,000	0	90,000	No
2	200,000	150,000	0	240,000	No
3	200,000	150,000	0	390,000	Yes, for periods 1, 2 and 3
4	100,000	75,000	20,000	95,000	No
5	100,000	75,000	20,000	190,000	<b>No CFS required</b>

The Beneficiary has submitted a CFS for periods 1, 2 and 3. The Beneficiary is not requested to submit a CFS in the final period (to cover eligible costs declared in periods 4 and 5) as a CFS has already been submitted and the remaining amount of IMI contribution and EFPIA receipts not certified, which is EUR 190,000, is lower than EUR 375,000 and lower than the cumulative amount certified.

**Case 2.2:** An ex-post audit has been carried out by the external auditors contracted by the IMI2 JU, for the concerned beneficiary/project

Reporting Period	Eligible costs	IMI contribution at 75%	EFPIA receipts	Cumulative Amount	CFS required
1	120,000	90,000	0	0	Ex-post audit by IMI
2	60,000	45,000	0	45,000	
3	60,000	45,000	0	90,000	
4	12,000	9,000	50,000	149,000	
5	8,000	6,000	45,000	200,000	YES, a CFS is required

A CFS is required because the cumulative remaining amount of IMI contribution and EFPIA receipts not certified, which is EUR 200,000, exceeds the amount of the IMI contribution certified by the ex-post audit (EUR 90,000).

It is important to remember that, in all cases, the CFS has to cover the total eligible costs for the concerned periods and not only the amount of requested IMI JU contribution and/or EFPIA receipts (i.e. financial contribution).