



EUROPEAN COMMISSION
DIRECTORATE-GENERAL JUSTICE and CONSUMERS

Directorate A:
Unit A.4: Programme management

**MANAGEMENT GUIDE FOR PROJECTS CO-FINANCED BY EU
ACTION GRANTS AWARDED IN 2012 UNDER THE FINANCIAL
PROGRAMMES MANAGED BY DG JUSTICE**

(version: updated 09/03/2015)

UPDATED VERSION

See list of corrections at the end of the document

**Applicable to beneficiaries of action grants within the framework of the
following financial programmes:**

Civil Justice

(functional mailbox: JUST-FRAMEWORK-CIVIL@ec.europa.eu)

Criminal Justice

(functional mailbox: JUST-JPEN@ec.europa.eu)

Fundamental Rights and Citizenship

(functional mailbox: JUST-FRC-PROGRAMME@ec.europa.eu)

Daphne III

(functional mailbox: JUST-DAPHNE@ec.europa.eu)

Drug Prevention and Information

(functional mailbox: JUST-DRUGS-PROGRAMME@ec.europa.eu)

ISEC, insofar as the grant is managed by DG JUSTICE

(functional mailbox: JUST-DRUGS-ROGRAMME@ec.europa.eu)

PROGRESS, insofar as the grant is managed by DG JUSTICE

(functional mailbox: JUST-PROGRESS@ec.europa.eu)

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1. PURPOSE OF THIS GUIDE

This guide is intended to serve as a management tool for beneficiaries of action grants awarded within the framework of financial programmes managed by DG Justice and Consumers. The text should provide useful guidance on the procedures foreseen in the grant agreement as well as the procedures and working practices of the Commission applicable to grants.

This guide covers the entire lifetime of action grants, from the signature of a grant agreement to the final payment (or recovery of overpaid pre-financing amounts) and – where applicable – to the ex-post audit of co-financed projects. The main objectives of the text are as follows:

- Help coordinators/beneficiaries and co-beneficiaries to run projects efficiently;
- Provide further guidance on rights and obligations arising from the Grant Agreement and its annexes;
- Provide practical information about dealing with a range of circumstances that might arise during the lifetime of a project;
- Provide guidance for coordinators/beneficiaries and co-beneficiaries on handling the financial side of projects in such a way that financial statements can be readily drawn up when required for interim/final reporting purposes;
- Ensure the smoothest possible relations between the parties involved by:
 - setting out an operational framework for the project in advance,
 - providing guidance about the way in which the Commission can/cannot assist the beneficiaries during the lifetime of their project,
 - informing the beneficiaries about the principles applied for the assessment of their projects' outputs.

Note: For the purpose of operational management of projects co-financed by an EU action grant awarded within the framework of the financial programmes managed by DG Justice and Consumers (see the list overleaf), the Commission shall presume that all parties to the relevant Grant Agreement have taken note of the contents of this guide. For outstanding questions and further clarifications the Beneficiary (or where applicable the Coordinator) is invited to consult the project officer within DG Justice and Consumers via the functional mailbox of the relevant programme:

2. GLOSSARY OF TERMS

Project: A proposal awarded EU financial support in the form of an action grant (as opposed to an operating grant) formalized through a grant agreement.

Beneficiary: When an application for a grant is submitted in the name of a single entity and the grant is awarded, the applicant becomes the "Beneficiary" (and is referred to as such in the relevant mono-beneficiary grant agreement and any project-related documentation).

Coordinator: When an application is submitted on behalf of more than one entity and the grant is awarded, the applicant becomes the "Coordinator" (and is referred to as such in the relevant multi-beneficiary grant agreement and any project-related documentation). He receives mandates from all entities participating in the project to act on their behalf

Co-Beneficiary: When an application is submitted on behalf of more than one entity and the grant is awarded then all entities on whose behalf the grant application was submitted other than the Coordinator become "Co-Beneficiaries" (and are referred to as such in the relevant multi-beneficiary grant agreement and any project-related documentation). The co-beneficiary provides a mandate to the coordinator authorizing him to act on his behalf.

Associated partners: Entities which participate in the project but whose costs are not eligible under the EU grant

Co-financier: Entities which do not have an active role in the project but provide some financial support

3. GENERAL LEGAL FRAMEWORK

All projects shall be carried out in accordance with the following (in order of precedence):

- The Grant Agreement concluded between the Beneficiary/Coordinator (also on behalf of the Co-Beneficiaries) and the Commission, including its Annexes
- The call for proposals and the related guide for applicants
- The Management Guide (the present document)

4. LEGAL AND ADMINISTRATIVE ASPECTS OF PROJECT MANAGEMENT ROLES AND OBLIGATIONS OF THE PARTIES TO AN AGREEMENT

4.1. The Coordinator/Beneficiary

The Coordinator/Beneficiary is the organisation with which the grant agreement is signed and is entirely responsible to the Commission for the implementation of the project, the dissemination of the project results and for the overall management of the project. This organisation is the single point of contact and correspondent for the Commission. Moreover, the Coordinator/beneficiary is in charge of reporting directly to the Commission on the technical progress and financial aspects of the project.

The Coordinator/beneficiary alone is entitled to receive funds from the Commission directly and is obliged, in the case of a multi-beneficiary agreement, to distribute the amounts corresponding to the co-beneficiaries' participation in the project as specified in the multi-beneficiary grant agreement but with due financial prudence.

Note: Whenever a Co-Beneficiary reduces its financial contribution, the Project Coordinator, in agreement with the other Co-Beneficiaries, will have to find the necessary resources to ensure correct implementation of the project. In no case shall the Commission increase its contribution or the rate of co-financing.

Following any such change, the Coordinator shall provide the Commission with the revised Annex II (Estimated Budget) highlighting all modifications and providing a new breakdown of the co-financing provided by the Coordinator and Co-Beneficiaries.

4.2. The Co-Beneficiaries

The Co-Beneficiaries are exclusively those organisations identified as such in the Grant Agreement concluded with the Commission; they are recipients of funding and are committed to the project implementation in the same way as the Coordinator. In particular, they should provide the Coordinator as soon as possible with whatever documents or information (technical and financial) requested. They should also immediately inform the Coordinator of any events or circumstances that may affect the implementation of the project.

In addition to the signing of the mandates, which are an integral part of a multi-beneficiary grant agreement, the Coordinator and the Co-Beneficiaries may wish to formalise their partnership by signing bilateral/multilateral agreement(s). This could enable them to not only detail any rights and obligations of the parties in the project as well as clarify issues like intellectual property rights on the outputs of

the project but also define the tasks and expected results relevant to each Co-Beneficiary. The Commission does not interfere in these agreements as these are internal to the partnership committed to implement a co-financed project (no template is foreseen and the Commission does not prescribe or in any way influence the content of such agreements). It should be noted that the provisions of the Grant Agreement (insofar as the mandates have been signed) are fully binding for the Co-Beneficiaries and take precedence over any other agreement between the Coordinator and the Co-Beneficiaries¹. For this reason it is suggested that partnership agreements also reflect them

The Co-Beneficiaries do not report directly to the Commission on the technical and financial progress unless explicitly requested to do so by the Commission. However, according to the provisions of the Grant Agreement the beneficiaries (Coordinator and Co-Beneficiaries) are irrevocably and unconditionally, jointly and severally responsible for any amount due to the Commission by one of them which could not be honored by the latter.

Note: Only costs incurred by the Coordinator or Co-Beneficiaries are considered eligible under the EU grant

4.3. The European Commission

4.3.1. Control

The Commission is responsible for implementing the financial programmes listed overleaf and managing the programme budgets in the interest of the European Union. Therefore, the Commission has an important role when it comes to supervision and control of the selected projects.

To this effect the Commission will monitor projects, through a variety of methods, so as to ensure that coordinators/ beneficiaries submit technical and financial reports in accordance with the current reporting requirements. It shall, if deemed necessary, carry out financial control either through on-the-spot checks, or by requesting supporting documents (either through sampling or full presentation of supporting documents). These checks are in addition to any ex-post controls that may be effected up to five (5) years from the date of any final payment or recovery of over-paid pre-financing.

The Commission shall ensure that the amount of its financial contribution to a project is reduced (recovered) if it finds irregularities, including non-compliance with the provisions of the Grant Agreement or with other aspects of the legal framework, or if it transpires that the action has been subjected to a change without the Commission's approval having being sought.

Finally, preventive measures shall be put in place against fraud, corruption and any other illegal activities and, if irregularities are detected, effective, proportional and dissuasive penalties shall be applied in accordance with the Financial Regulation.

Note: When establishing the final amount of a grant (upon completion of the project and subject to compliance with all the contractual obligations), the Commission is guided by the general principle that a grant may not generate any financial profit for the Beneficiary.

4.3.2. *Support*

The primary aim of the Commission remains the success of the projects. The Commission is determined to assist the Beneficiary or Coordinator and Co-Beneficiaries in implementing the project as smoothly as possible and to the fullest satisfaction of all parties involved.

While the Commission will have a "hands-off" approach to the daily management of the project, it is our aim to give advice and answer questions regarding the agreement and to provide information, where possible, on the best possible way of complying with the incumbent obligations and requirements.

A dedicated desk officer is available to provide assistance. While we will endeavor to answer all queries as swiftly as possible, please note that each desk officer is responsible for 50-75 project files and it may therefore take up to 15 days for your query to be answered. The name of your desk officer shall be communicated to the Beneficiary/ Coordinator at the beginning of the project. All queries should be addressed to the functional mailbox of the relevant programme, quoting the reference of your project in the subject of the message.

Besides the electronic version, all official correspondence, including the transmission of reports, must also be sent by standard or registered mail to the attention of:

European Commission
Directorate-General Justice and Consumers
Directorate A
Unit A4: Programme Management
MO59 04/021
B-1049 Brussels
Belgium

Note: All correspondence, including transmission of reports, must bear the name of the funding programme, the project reference number (number indicated in the Grant Agreement) and the project title. Specific provisions regarding the requirements for documentation to be presented over the lifetime of a co-financed project are contained in the Grant Agreement.

4.4. Monitoring, Evaluation and Audits

In addition to internal and external evaluation that may be carried out or commissioned by the Beneficiary/ Coordinator/Co-Beneficiaries within the project as part of the project's activities, the Commission may organise external monitoring, ex-post evaluation or audit of projects supported by its funding Programmes:

4.4.1. *Monitoring visits*

Projects may receive, during the implementation phase, a visit from a Commission official or an expert hired by the Commission. The main aim of these visits is to help and give advice to organisations involved in the projects whilst it is being implemented (so that suggestions and help can be taken into account to guarantee the successful outcome of the project). The visits are made on-site and typically last as a minimum half a day. After the visit, the Commission's official or expert will prepare a report

The main elements discussed during monitoring visits are:

- Questions/queries about the funding Programme that the Beneficiary/Coordinator and/or Co-Beneficiaries may wish to ask;
- Current relevance of project objectives with regard to the issues addressed by project activities, the role of beneficiaries, the political and financial context in which the project is conducted;
- Project performance measured in terms of effectiveness, efficiency, potential sustainability and expected impact;
- Quality of the project's operational and financial management.

The Commission's official/expert will attempt to ascertain whether activities and financial management are on track with a view to making suggestions or sharing ideas wherever appropriate. The Commission's official/expert may make recommendations to the Coordinator/Beneficiary or Co-Beneficiaries, as well as to the Commission itself, on actions that can be taken or modifications that may be considered necessary in order for the project to achieve the foreseen results.

4.4.2. *Evaluation visits*

Following the completion of a co-financed project, the Commission may decide to carry out an evaluation visit. These typically take place some months after the project has ended and aim to assess the project impact and outcomes.

Unlike monitoring visits, which aim to contribute to the project during its implementation, the ex-post evaluation is also a review of the overall impact and planned actions lessons with a view to assessing the overall impact of the funding Programme in any given year and to constantly improve the Programme.

4.4.3. *Audits*

The Commission or any representative authorised by the Commission may audit the Beneficiary/Coordinator or any Co-Beneficiary at any time during the project implementation period and up to five years after the final payment of the Union's contribution (or recovery of overpaid pre-financing). The aim of the audit is to verify the use made of the Union's financial contribution by the Beneficiary/Coordinator/Co-Beneficiaries.

The Commission or any authorised representative shall have access to the following documentation required to ascertain the eligibility of individual project-specific cost items: (please note that the list is not exhaustive)

invoices, payroll extracts, purchase orders, proofs of payment, timesheets and any other documents used for the calculation and presentation of costs.

The Commission shall take appropriate steps to ensure that its authorised representatives treat confidentially the data to which they shall have access or which shall be provided to them.

The Court of Auditors may also verify the use made of the Union's financial contribution in the framework of this grant agreement on the basis of its own procedures.

Note: Contractual audit by an independent auditor

In certain cases the Grant Agreement may contain a requirement for the Beneficiary/ Coordinator/Co-Beneficiaries to provide an audit certificate at the time of presentation of the final reports. Such an audit shall be commissioned by the relevant Beneficiary/ Coordinator/Co-Beneficiaries and its costs may be included in the project budget (Annex II). For the purpose of such audits, it is strongly recommended that the Beneficiary/ Coordinator/Co-Beneficiaries establish a separate cost-revenue centre in their accounting ledger specific to the project. This allows for a project-specific audit to be conducted and provides for a clearer audit trail as the expenditure and revenue are contained within this accounting reference thus facilitating the control of any supporting documentation.

5. OPERATIONAL & SUBSTANCE-RELATED ASPECTS OF PROJECT MANAGEMENT

5.1. General Management Culture

Each organisation has its own management culture that the Commission respects. However, this should not be discriminatory or otherwise contrary to the principles and values of the funding programme or provisions of law.

The Commission strongly encourages participatory decision-making processes, as well as the active involvement of co-beneficiaries and other stakeholders in the implementation of the project. These approaches promote both 'ownership' of the project and identification with its aims, which in turn contribute to the sustainability of project results and help maximise their impact.

5.2. European Added Value

In general, funding within the framework of financing programmes managed by DG Justice and Consumers and covered by this guide is only available to projects with a clear European 'added value'. This does not simply mean that projects must be implemented by a partnership of organisations from different EU Member States (this may or may not be the case and depends on the specific eligibility criteria indicated in the relevant call for proposals) but rather that activities must transcend national or local interests to become truly 'European' with European relevance, coverage and impact. For example, projects might collect data and produce research that is relevant and comparative across EU borders; conceive, test and trial and apply new methods in different participating countries; propose ways to adapt and replicate successful experiences in other European countries; exchange and disseminate information at a European level contributing to developing the European knowledge base.

5.3. Visibility of EU Funding

Projects co-funded by the EU are expected to give appropriate visibility to the European Union. Any communication or publication by the Beneficiary/

Coordinator or any of the Co-Beneficiaries (whether it is made collectively or individually) about the activities of the project, including through websites, in print, at conferences or seminars, shall indicate that the project has received funding from the European Union with reference to the relevant programme. In the absence of such indication the costs related to this activity shall normally not be taken into account when establishing the value of the final grant.

Please find below some guidelines to be followed:

Project beneficiaries should follow the guidelines of the graphic chart and should implement the EU visual identity on all layouts and products.

All the relevant files (guidelines, the relevant logo and templates of deliverables) can be found on the following website:

http://ec.europa.eu/justice/grants/index_en.htm (please click on the link concerning visibility rules).

The obligation to provide appropriate visibility to the financial support received from the European Union is most easily respected through the use of the EU logo ("blue flag"). Using this logo not only acknowledges the contribution of the European Union but also helps other organisations to become aware of the existence of the relevant funding programme and encourages them to participate in it and/or benefit from results already obtained.

When using the logos, you should also acknowledge financial support of the relevant funding Programme by stating next to the logo *"With financial support from the "Name" Programme of the European Union"*.

Note: Although it is a requirement to acknowledge adequately the financial support provided to the project, it is essential to avoid any confusion between your project name (and activities) and the funding programme itself. Thus, to avoid potential confusion with the programme and its related websites and contact details, you should not officially use the programme's name in your project title, project publications, project website or project's e-mail addresses (such as "the Daphne Project").

All publications have to include the following clearly visible disclaimer: *"This publication has been produced with the financial support of the xxxxx Programme of the European Union. The contents of this publication are the sole responsibility of <name of the author/contractor/implementing beneficiary> and can in no way be taken to reflect the views of the European Commission."*

5.4. Project Modifications (Procedure)

The grant agreement has two annexes – (1) a description of the project and (2) an estimated budget for the project that must be respected. In principal, the Beneficiary and, in the case of a multi-beneficiary agreement, both the Coordinator and Co-Beneficiaries must implement the project as stipulated in the Grant Agreement and its annexes. Modifications of the project should only be made if they are justified and will ensure a better implementation of the project. Any significant modification of the project

requires an amendment of the Grant Agreement subject to the formalities described below¹.

Any request for modification of the project must be formally addressed to the Commission by the Coordinator's /Beneficiary's legal representative by official communication and in sufficient time before the changes would take effect. No modification to a project will be accepted within the final month of implementation.

All modifications to the project must be duly justified by the Coordinator/Beneficiary. The Coordinator/Beneficiary must clearly outline the management and financial implications of the modification requested/proposed.

The Commission will examine the request for modification of the project and inform the Coordinator/Beneficiary by e-mail or in writing as to whether the request for modification is accepted or rejected.

Where necessary, a written amendment to the Grant Agreement to be signed by both parties will be issued. Under no circumstances will either party be contractually bound by any verbal agreement. **Any request for changes that fundamentally alter the overall objectives of the project and that call into question the decision to award the grant shall be rejected.**

Below is a non-exhaustive list of changes in a project's circumstances that must be communicated to the Commission, with the supporting documents that should be submitted. It may be that, after review, the Commission shall request additional documentation or clarification before communicating its decision

	Type of Modification	Supporting Documents, Procedural Requirements
I. Changes to the Legal and Administrative Framework of the Project	Change of legal representative	Official notification letter (with signature of the new representative) and proof of nomination
	Change of legal address	Official notification, new Legal Entity Form and proof of

¹ Unauthorised changes may prompt the Commission to terminate the grant agreement and request reimbursement of payments already made or to disallow all related costs when establishing the amount of the final grant

		registration
	Change of contact person/contact address	Letter of notification and in case of multi-beneficiary agreement proof of approval of co-beneficiaries
	Change of bank account	Formal letter of notification, listing <u>all the projects affected</u> . A Financial Identification Form signed by the bank or accompanied by a bank statement is also required, available at : http://ec.europa.eu/budget/contracts_grants/info_contracts/legal_entities/legal_entities_en.cfm
	Change of name, change in legal personality of coordinator/beneficiary or co-beneficiary	Registration Certificate from the local/national competent body demonstrating the change. In case of a merger or take-over this certificate must stipulate that all assets and liabilities of the former organisation are transferred to the new entity. A new Legal Entity form is also required.
	Addition/withdrawal of a co-beneficiary (Note: a change request involving the withdrawal of a Co-Beneficiary may only be accepted if it does not affect the transnational	Explanatory letter, new mandate, new partner declaration form signed by the legal representative of the new partner, legal entity form of the new Co-Beneficiary and new versions of Annex I and Annex II (adapted to reflect the new situation, with all modifications highlighted and explained).

	character and European added value of the co-financed project).	
II. Change to the Timescale of the Project	<p>Extension in duration of the project/change in starting date.</p> <p>(Note: Requests for an extension of project duration may be granted only in entirely exceptional and unforeseen circumstances. Requests for extension may not in principle lead to a project's duration exceeding the maximum duration foreseen in the relevant call for proposals).</p>	Detailed explanation for the extension requested and if necessary an updated budget (annex II to the grant agreement)
	Change to the reporting schedule	A letter explaining as to why this is necessary and containing suggested new reporting dates.
III. Budget Modifications	Modification of budget estimate involving transfer(s) between headings below the threshold foreseen in the	Notification (communication of the intended modification by e-mail is sufficient) explaining the changes and the reasons (a revised version of annex II highlighting all changes may be

	grant agreement	subsequently also requested by the Commission).
	Modification of budget estimate involving transfer(s) between headings in excess of the threshold foreseen in the grant agreement	Notification letter explaining the changes and the reasons together with the value-added factors of the change together with the revised annex II highlighting all changes.
IV. Change(s) to the Content of the Project (i.e. to the Activities foreseen in Annex I)	Substantial changes in the activities, objectives etc contained in annex I to the agreement. (Note: Requests for substantial changes to the co-financed activities may only be granted where these changes clearly improve the European value added of the project and do not affect the attainment of any of the objectives outlined in the original application.)	An explanatory letter outlined clearly the reasons as to <u>why this change is essential to provide value –added to the original outcome of the project as presented in the application.</u> A revised version of Annex I and Annex II highlighting all the changes to the co-financed activities and their financial impact.
	Non-substantial changes in the activities, objectives etc. contained in	An explanatory letter explaining the nature of changes, as well as the need for them. A revised version of Annex II highlighting

	annex I to the agreement	<p>the financial impact of such changes (if applicable).</p> <p>Any requests for key staff changes must also be accompanied by the relevant CVs and are subject to (at least tacit) approval by the Commission.</p>
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6. FINANCIAL ASPECTS OF PROJECT MANAGEMENT

6.1. General Principles

The amount of the grant foreseen in the agreement is a maximum amount. It is to be noted that the final amount of the grant (to be calculated upon the completion of the project on the basis of the actual incurred eligible costs) is subject to three limitations namely;

- 1) The absolute value of the grant may not exceed the amount indicated in the grant agreement (however, based on the actual eligible costs, the final amount may be LOWER than the maximum amount indicated in the grant agreement).
- 2) The percentage of the total eligible costs covered by the grant (EU contribution) may not be higher than the maximum percentage foreseen in the grant agreement
- 3) The final amount of the grant cannot exceed the amount necessary to balance the total accepted project costs.

Note: In principle, the final amount of the grant is determined by applying the percentage of EU contribution indicated in the grant agreement to the actual eligible costs incurred by beneficiary/co beneficiary (see below for more information and possible exceptions).

The EU grant is intended to co-finance the project for which it has been awarded as a whole. Therefore all project-specific expenditure and income has to be reported in the financial statement and not only the expenditure covered by the grant awarded by the European Commission.

The Commission reserves the right to suspend or reduce the payment of the outstanding balance of the grant or even to require reimbursement of pre-financing amount already paid if the actions carried out do not conform to the conditions, activities and outputs, as described in the application for the grant awarded, as well as the terms and conditions of the grant agreement, or if the total eligible costs are not sufficient to justify the pre-financing payment.

The final amount of EU contribution may be further reduced to limit the grant to the amount necessary to balance total project income and total project expenditure (in accordance with the principle that an EU grant may not generate any financial profit for the Beneficiary/ Coordinator/Co-Beneficiaries).

Note: Beneficiaries should be aware that in principle only expenses incurred between the starting and the closing date of the project (as indicated in the Grant Agreement) and related to actions taking place within this timeframe may be considered eligible (see section 6.4 on eligibility of costs)

6.2. Accounting and Internal Control

The Beneficiary and, in the case of a multi-beneficiary grant agreement the Coordinator and individual Co-Beneficiaries, must establish an analytical accounting system as well as an adequate internal control system to ensure that:

- Source(s) of funding (income) for the project is/are identified
- The project expenditure incurred and charged against the project during the contractual implementation period is duly recorded and authorised.

It is strongly recommended to Beneficiaries/ Coordinators /Co-Beneficiaries that, (insofar as no project-specific bank account is opened) a project specific cost-revenue centre should be set up within their accounting system so as to have a clear segregation enabling a clear tracking between the ledger entry references and references used in the final (Excel) reporting table to be submitted to the Commission.

All transactions, for activities or services rendered during the project implementation period, relating to actual project specific expenditure/income must be recorded systematically in the Coordinator/beneficiary/co-beneficiaries accounts.

All expenditure must be duly supported by adequate documentation. Any cost item entry not documented or not adequately supported cannot be taken into account when establishing the final amount of the grant. Under the terms of the Grant Agreement all records and supporting documentation MUST be kept for a period of five (5) years after the date of the payment of the final balance or recovery of over-paid pre-financing. This date is counted as from the date of debit from the accounts of the European Commission (for final payments) or from the date on which recovered funds are credited to the Commission account specified in the debit note (in the event of a recovery of over-paid pre-financing by the Commission).

Note: Where an ex-post audit commissioned by the Commission results in the conclusion that the information provided by the Beneficiary/ Coordinator to the Commission within the framework of their reporting obligations specified in the Grant Agreement is not sufficiently supported by the Beneficiary's/ Coordinator's or Co-Beneficiaries' accounting records, such findings may lead to a recovery of funds by the Commission.

6.3. Bank Account

The Commission shall transfer funds due to the Beneficiary/ Coordinator/Co-Beneficiaries into the account specified in the Grant Agreement. This account must be:

- In the name of the Beneficiary organisation (applicable to mono-beneficiary agreements) or an organisation acting a Coordinator (applicable to multi-beneficiary grant agreements). Under no circumstances are personal accounts or accounts of any third party organisation accepted.
- The account may be project-specific OR a general account. Where a general account is used, the Beneficiary/ Coordinator must ensure that the project-

specific funds paid by the Commission (or other sources), as well as the project-related expenditure are clearly identified.

6.4. Eligibility of Costs

6.4.1. General Provisions on Eligible Expenditure

In general, only costs meeting the following criteria are eligible for co-financing by the EU:

- They must be incurred by the Beneficiary/ Coordinator/Co-Beneficiaries, recorded in their accounts ledger or tax documents and be identifiable and verifiable. Any income or expense not registered in their accounts ledger as a cost with a corresponding expense will not be taken into consideration when establishing the final amount of the grant. Any costs declared in the statement of expenses, which are not supported by an appropriate accounting document, will also not be taken into account when establishing the final amount of the grant.
- They must be incurred in an EU Member State or in a country eligible to participate in the relevant funding programme (specific information concerning countries eligible to participate is provided in the relevant call for proposals).

Note: As a rule the expenditure must also relate to **activities involving the Member States of the European Union and/or a country eligible to participate in the particular funding programme**. Any costs relating to activities undertaken outside of the participating countries are not regarded as eligible, unless adequately justified as vital for maximising the project's "European added value" and explicitly approved by the Commission.

- They must be directly connected to the activities of the project and necessary for the attainment of its objectives (as described in Annex I) and they must be present in the original estimated budget (Annex II) or any amendment thereto (or an official communication to the Commission made in accordance with the procedural requirements specified in the Grant Agreement and in this guide, section 5.4. Project Modifications). In principle, there must be a direct – clearly traceable - link between costs declared in the final financial statement of expenses and the narrative technical report. Any costs incurred, that are not included in the most recent approved version of Annex II (or previously communicated to the Commission in a documented manner), must be substantiated and explained. However, this does not guarantee that they will be taken into consideration when establishing the amount of the final grant.
- The costs must be reasonable, justified and in accordance with the principles of sound financial management, in particular in terms of value for money and cost effectiveness. All deviations between budgeted and actual costs must be explained, and insofar as they exceed 10% of a budget heading they are subject to prior approval of the Commission within the framework of an amendment (see project modification procedure).
- They must be incurred and paid during the eligibility period of the action indicated in Article I.2.2 of the grant agreement. Invoices, receipts, pay slips, etc. must clearly indicate the activity to which they relate and when the goods or services were delivered. In the absence of this information, the costs cannot be taken into consideration. Where the project output includes a publication, Beneficiaries must ensure that sufficient time is allowed in order to be able to complete the action within the eligibility period. The only costs related to

activities outside the eligibility period that could be considered as eligible concern project audits, the final report, and bank guarantees (only and exclusively where the grant agreement includes such a requirement), as well as costs related to the attendance of a kick-off meeting organised by the Commission.

- They must be actually incurred i.e. the costs reported in the documentation provided in support of a request for an interim or final payment must correspond to actual payments made by the Beneficiary/ Coordinator/Co-Beneficiaries (supported by invoices or accounting documents of equivalent value) in exchange for the provision of goods or performance of services. Payment must have taken place at the latest at the time of the final report. Claims related to the estimated value of goods provided or services rendered without payment (contributions in kind etc.) shall not be taken into consideration for the purpose of calculating the total eligible costs and the final value of the grant.

Note: Where national taxation and accounting rules do not require an invoice, an accounting document of equivalent value shall be supplied, i.e. any document that is produced in order to prove that the accounting entry is accurate and that complies with the applicable accounting law.

The costs have to be declared under the same budget heading as foreseen in the most recent approved version of Annex II.

6.4.2. *Staff*

Personnel costs may only be charged to the project insofar as they correspond to the actual time devoted to the project.

The findings from recent ex-post audits/controls and ex-ante verifications have shown that one of the main reasons for irregularities in financial reports was due to the miscalculation of staff costs combined with lack of time registration systems or their unsuitability for the purpose of providing a reliable and accurate view of the time actually spent on the project.

In order to reduce errors deriving from such causes, the following is aimed at providing guidance to Beneficiaries/Project Coordinators/Co-Beneficiaries about acceptable time registration systems (and supporting documents), as well as about the recommended approach to calculating eligible staff costs:

Staff costs should be calculated on the basis of the actual gross salary or wages plus obligatory social charges and any other statutory costs included in the remuneration and in accordance with the guidelines below.

Note: The rates at which staff is charged to the project must correspond to the Beneficiary's/ Project Coordinator's/Co-Beneficiaries' normal policy on remuneration (documented by a salary grid, long-term work contracts etc.) and should not significantly exceed the rates currently applicable in the relevant area (both geographically and with respect to the profile of the staff concerned). Failure to respect this principle may lead to the costs being classified as reckless and excessive expenditure at any moment during the project implementation or at the time of final payment analysis (whereupon the difference between the current market rates/ rates documented as compliant with the Beneficiary's/ Project Coordinator's/Co-Beneficiary's' long-term remuneration policy and the higher rates actually paid may be considered as ineligible cost).

Where a staff member works full-time for the Beneficiary's/ Project Coordinator's/Co-Beneficiary, but is allocated only **part-time to the project**, only the equivalent part of his/her salary is an eligible cost for the project. This amount cannot exceed the daily/hourly gross cost to the employer² multiplied by the number of days/hours worked for the project. In these cases the time, which each employee spends working on the project, shall be recorded using timesheets or an equivalent time registration system established and certified by the employer.

Salaries (fees) of **non-permanent staff** (staff specifically recruited for the project) may be charged to the project if the individual concerned works for the Beneficiary's/ Project Coordinator's/Co-Beneficiary with a contract explicitly linking the person to the project provided that such practice complies with the relevant national legislation. The contract should make specific reference to the project and indicate the tasks of the employee, the duration of the employment, the time allocated to the project and the relevant remuneration rate (monthly/daily/hourly). Time spent on the project shall be recorded on a regular basis using timesheets or an equivalent time registration system established and certified regularly by the employer.

Costs related to permanent staff of public organization with the exception of universities may be funded by the EU grant only to the extent that they relate to the cost of project implementation activities that the relevant public organization would not have carried out, had the project concerned not been undertaken (i.e. the EU contribution may not under any circumstances be used to fund the staff costs corresponding to the core activities of the relevant public entity). The staff in question must be specifically seconded to the project and their involvement in the project must represent an additional cost.

If the conditions relating to additional costs cannot be demonstrated by relevant justifying documents, the staff costs related to salaries of permanent staff of public organisations (with the exception of universities) will have to be covered by the project co-financing and not by the contribution of the EU and under no circumstances may they exceed this amount. For more details please refer to section 7.1.1

The Beneficiaries/Project Coordinators/Co-Beneficiaries are requested to use the following method for calculating the staff costs to be reported to the Commission within the framework of projects receiving grants under programs covered by this guide:

6.4.2.1. The calculation method

The calculation of staff cost must be based on the annual gross salary including social charges and other statutory costs, the total actual annual working time units and the time actually worked on the grant as follows:

² These rates should correspond to the organisations normal remuneration policy. The inflation of rates or specific separate contracts are not considered as acceptable and can result in the costs in their totality not being taken into account when establishing the amount of the final grant

$$\frac{\text{Annual gross salary + social charges}}{\text{Total actual annual productive working days or hours}} \times \text{actual days or hours working on the grant}$$

Where:

Annual Gross Salary + Social Charges = costs actually paid by the beneficiary in the timeframe of a year, including: salary, taxes, employer's contribution for national security schemes etc.

Total actual annual productive time = total time in days or hours worked in the timeframe of a year.

The calculation of the total annual productive days or hours must be done as follows:

1	Total number of days in a year	365
2	Less weekends	104
3	Less public holidays	
4	Less annual leave actually taken	
5	Less time compensation or flexitime	
6	Less sickness	
7	Plus any paid overtime	
	Total number of productive days in the year (1 minus 2-6+7)	

Please note that time used on meetings, activities, training and similar absences are considered as productive working time and should **not** be deducted. Also note that long term illness and maternity leave cannot be charged to the grant. Furthermore, any amounts corresponding to such long-term absences should be deducted from the nominal amount "annual gross salary + social charges", i.e. the amount "annual gross salary + social charges" should only indicate the salary for the time during which the relevant staff member was not on long-term sick leave/maternity leave.

Actual days/hours worked on the grant = worked time in days or hours for the purpose of the grant. This needs to be clearly substantiated by timesheets (see provisions on time registration systems below).

When establishing the annual gross salary the following elements should also be taken into consideration:

1	Annual gross salary including 13 th and 14 th salaries, if applicable. This should be done by adding up the gross salary per month as indicated on the salary slip.
+2	Holiday allowance if not included in item 1 above
+3	Obligatory/compulsory social charges imposed by law, such as pension schemes, health schemes, insurance schemes, contribution to labour market funds, etc.
+4	Statutory pension schemes established under national law. Employer's contribution to non-statutory pension schemes are not accepted as an eligible cost and should not be used in the calculation.

-5	Less compensation received from insurance or other schemes in case of sickness and re-employment schemes to reactivate unemployed people
Total	Annual staff cost (sum of 1-4 minus 5)

Note: Only actual salaries should be reported. Estimations or average salaries will not be accepted and the costs not taken into account when establishing the final amount of the grant. The rates indicated in the budget estimate contained in the grant agreement are considered indicative and cannot be the default reference when reporting staff costs for the purposes of an interim or a final payment. These costs are not lump sum cost.

All additional (non-statutory) and individual pension schemes and/or sickness insurances are not eligible, as well as company cars, bonuses and any other similar fringe benefits. Dividends or profit sharing are also not eligible.

The above calculation should be based on statutory documents, such as the salary slips and pay roll summary, so that the amounts taken into account for the calculation of the annual staff cost can easily be traced and verified.

For projects running over several years the calculation of the cost of salary related to the project must be done separately for each individual year using the same format as explained above.

6.4.2.2. Time Registration Systems

As specified above, where a staff member works full-time for the organisation, but is allocated only part-time to the project, only the equivalent part of his/her salary is an eligible cost for the project. For this reason every Project Coordinator/Beneficiary or Co-Beneficiary must establish a time registration system that, as a minimum, respects the following rules:

1. The time sheets (paper or electronic) must contain at least the following information:
 - reference to the project reference number (grant agreement number);
 - Name of the employee;
 - The time sheet should be kept on either a weekly or monthly basis or show the day, month and year. Global sheets showing for example "x" hours spent per month are not accepted as supporting documentation.
 - The number of time units (days or hours but possibly the time unit used in the budget attached to the grant agreement) worked on the project during the period of the time sheet
 - Number of time units (days or hours) worked on other grants/activities
 - Total number of time units (days or hours) worked.
 - Details of the tasks performed for the project
 - Date and signature of the employee
 - Date and signature of the project manager
2. The time worked on the project must be registered in a timely and regular manner, normally every day (time sheets established retroactively shall not be accepted as supporting document).
3. The completed timesheet for a given month should be signed by the employee and approved by the supervisor in a timely manner – ideally during the first week of the following month.

4. It is highly recommended that a description of the time registration procedure is written down for future reference.

The purpose of recording the total time (days/hours) worked per employee is to allow the Commission services to verify that the actual rate per time unit is applied.

6.4.3. Travel (includes travel costs and subsistence costs)

Reimbursement can only be claimed for journeys directly related to the project activities and made by persons directly involved in or contracted for such activities. All cost items related to travel (regardless of whether the journeys are made by staff of the Beneficiary/Project-Coordinator/Co-Beneficiaries or by third parties, e.g. participants at conferences and seminars or speakers etc.) are to be reported under this heading.

6.4.3.1. Travel costs:

Travel costs should include all costs from the point of origin to the point of destination³. Any travel to places other than those where the partner organisations involved in the project are located must be shown to be relevant to the project. An explanation should be provided detailing the event attended, the value-added of the event, and its link and value-added to the project activities and results.

All persons travelling within the context of a co-financed project are required to make every effort to use the most economical fare and method.

For travel by rail first class fares are accepted whilst for air travel it is the most economical fare.

However, in some cases air/rail travel is not economical and sometime it is more cost effective to travel by car. In these situations (and where it is substantiated and the price is not excessive), these costs will be refunded as follows:

- for private vehicles (own and company cars): on the basis of the corresponding rail fare - the price of one ticket only will be reimbursed, even where several people are travelling in the same vehicle); evidence of the corresponding rail fare should be sought at the time of travel and documentation evidencing this (e.g. declaration of costs from a travel agent; on-line quote) should be readily available;
- for hire cars (maximum category B or equivalent) or taxis: the actual cost where this is not excessive compared with other means of travel (also taking account of any influencing factors i.e. time, excessive luggage);
- only in exceptional cases, where NONE of the above-mentioned means of calculation CAN be applied, will a 'rate per mile/km' be considered; where this is the case a full explanation should be provided as to the reason for the non-application of the above-mentioned means of calculation and full documentation should be readily available to substantiate the rate applied (to include evidence of the 'organisational' or 'national' rates per mile/km and support documentation evidencing payment of the applied rate).

³ In some exceptional cases where public transport is not available it may be necessary to take a taxi. Where several persons travel in the same taxi only one fare can be charged.

6.4.3.2. Subsistence costs:

Costs for subsistence (cost of accommodation, meals, local travel within the place of mission and sundry expenses) are eligible up to the actual amount spent. It is thus very important to keep all supporting documents (see final section of this guide on supporting documents). These may be requested by the Commission before making the final payment but should be kept available in any case for a possible ex-post audit/control. To be considered eligible these costs must be reasonable, conform to local prices and be exclusively linked to the project.

The system of per diem for reimbursement of subsistence costs, is not recommended but can be accepted only if it can be demonstrated that such a system was officially in place before the grant was awarded. In this case the amount of per diem should follow the normal practice of the organisation and the limit per country set in the Commission's guide⁴ cannot be exceeded. Please note that a full day normally includes an overnight stay

Payment in cash of such a per diem is to be avoided (bank transfer must be favoured) unless it can be demonstrated through justifying accounting documents that such a payment is recorded in the official accounts of the beneficiary.

Where a common lunch or dinner is provided during a project event to its participants and this is charged separately to the project (i.e. reported as a specific cost item in Annex II), the following rules should be applied:

- the relevant cost items should be reported under the " Other Direct costs" (E) and details of the recipients should always be indicated;
- where one or more of the persons concerned by the common lunch/dinner (or other service that is otherwise included in the "per diem" amount) also receive the per diem amount, the relevant person's per diem must be reduced accordingly (and the relevant financial report should explicitly indicate such cases). Under no circumstances should the relevant amounts be charged to the project twice.

Evidence of the applied payment system (documentation evidencing amounts reimbursed on the basis of actual costs incurred or evidence of payment of daily per diem rates to an individual) should be readily available. It is not recommended that reimbursement is effected through cash payments but through a bank transfer.

6.4.3.3. Per Diems

If a Project Coordinator/Beneficiary or Co-Beneficiary as part of its corporate policy normally operates under a system of per diems (daily allowance) the Commission will refer to the following costs composition when assessing costs eligibility:

Accommodation: 62%

Daily Allowance: 38%

Accommodation is only paid for the actual night charged.

The composition of the daily allowance is as follows:

Breakfast 15%

⁴ http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en

Lunch 30%

Dinner 30%

Local transport and sundry expenses 25%

If any of these components are provided to the participants then the daily allowance must be reduced proportionally by the percentage indicate above

6.4.4. *Equipment*

Cost of depreciation of equipment (purchased prior to the beginning of the project) is in principle considered as part of indirect project costs ("overheads", heading F). However, if the Project Coordinator/Beneficiary or Co-Beneficiary purchases equipment specifically for the project, they can charge the cost of purchase of equipment (computer, audiovisual equipment, etc.) within the equipment category (heading C), but must respect the following rules:

- Compare the prices of different suppliers to see who offers the best value for money (taking account of price and quality); Evidences of market prospection and choice of contractor should be kept on file and made available to the Commission upon request.
- Charge against the project only the cost of equipment purchased or rented during the period covered by the Grant Agreement, at a rate that reflects the degree and duration of use for project-specific purposes within that period;
- Only the cost depreciated in accordance with the national depreciation rules will be considered eligible. If these rules do not exist (or if the general national depreciation rules do not apply to the Beneficiary/Project Coordinator/Co-Beneficiary), EU depreciation rules⁵ will be applied;

6.4.5. *Consumables*

The costs of consumables and supplies are eligible, provided that they are identifiable and exclusively used for the purpose of the project. They must be identifiable as such in the accounts of the beneficiary. Consumables and supplies are real costs necessary to produce the outputs and strictly related to the activities of the project.

General office supplies (pens, paper, folders, ink cartridges, diskettes, electricity supply, telephone and postal services, Internet connection time, computer software, etc.) are indirect costs and are covered by overheads, unless unusually high quantities of such supplies are required due to the specific circumstances and character of the co-financed project.

⁵ Example of EU depreciation rules: Total value of equipment purchased: EUR 1000

Assumed service life: three years (36 months)

Permissible monthly depreciation will then be $EUR\ 1000/36 = EUR\ 27,78$

Duration of the eligibility for cost in Grant Agreement: 1/09/2007 to 31/08/2009 (24 months)

Date of purchase (= date of invoice): 30/03/2008

The period of use for the project will then be not more than 17 months.

Supposing the equipment is used on a half-time basis for the project, the utilisation rate will be 50%. The total amount payable for depreciation under the grant will then be:

$(EUR\ 27,78 \times 17\ months) \times 0,5 = EUR\ 236,13$

6.4.6. Other direct costs

6.4.6.1. Publications and dissemination

In order to be eligible for EU funding, publications must be produced specifically for the project. Costs for editing, translation and printing, as well as costs for website creation and/or maintenance may be eligible and they must be separately foreseen and reported. The type/name of the publication, the number of pages and the number of copies should be clearly indicated on the supporting documents and in case of translations the languages of translation (from – to).

6.4.6.2. Conferences and seminars

Specific costs relating to conferences and seminars organised as part of the implementation of the project should be included under this budget item. This should not include travel costs and subsistence costs for participants (to be included under “Travel”, heading B). Detailed calculations for the relevant costs should be provided on the supporting documents (e.g. the supporting document for conference room rental should indicate the number of participants and number of days/hours of the stay; supporting documents for interpretation services should be detailed and indicate the cost per interpreter per day);

If the activities related to publication, dissemination, conferences and seminars are subcontracted then the subcontracting rules mentioned in the Grant Agreement are applicable.

6.4.6.3. Other typical costs to be reported under heading E

Such expenses under this budget heading may include other costs stemming from obligations under the grant agreement which are not budgeted for under another budget item, such as:

- Project specific press releases and event advertisements (one-off costs);
- Purchase of copyrights and other Intellectual Property Rights (IPR);
- Room rental for project-related activities (but not the use of the Project Coordinator's/Beneficiary's or Co-Beneficiary's own premises);
- Purchase of information materials specific and key to the project implementation (books, studies, electronic data);
- Conference fees; meeting registration costs;
- Rental of exhibition space;
- Intellectual property taxes connected with the publication of project materials e.g. CD-ROM;
- Catering costs for a meeting or other event (where those being provided for are not members of the Contractor or Partner organisations);
- Charges for financial services (fees for bank guarantee, charges for bank transactions, etc.)
- Audit costs (in accordance with the Grant Agreement), costs of evaluation reports.

Note: Subcontracting:

Any amount paid by the Beneficiary/Project Coordinator/Co-Beneficiary to an external body or organisation carrying out a specific one-off task in connection with the project (e.g. translation, expert consultancy, interpretation, design & printing, conference/seminar organisation) must, be charged against the budget heading "Other Direct Costs" (E).

For any service provided by an external party exceeding EUR 5 000, the beneficiary shall seek competitive tenders (minimum 3 offers) from potential contractors and award a contract to the bid

offering best value for money. In doing so, he will observe the principles of transparency and equal treatment of potential contractors and take care to avoid any conflict of interests.

It is not acceptable for the Beneficiary/Project Coordinator/Co-Beneficiary to subcontract all or a majority of the project activities, as this distorts the concept of both the partnership and ownership of the project. For this reason, the Project Co-coordinator/Beneficiary may not subcontract the management and general administration of the project and the Co-Beneficiaries may not subcontract all or most of the activities for which they are responsible. **Subcontracting exceeding 30% of the total cost of the project will require a specific justification.**

In case this indicative amount is exceeded it must be highlighted in Annex I at the time of the application for a grant and duly explained justifying the reasons why, the value added of such subcontracting and the reasons for the lack of the relevant expertise within the Beneficiary/Project Coordinator/Co-Beneficiary organisation.

It is not acceptable for a co-beneficiary to act as a subcontractor.

Typically a subcontracting agreement should include the following terms:

Service to be provided and its links with the project (it is advisable to include a reference to the project);

Dates on which the subcontracting agreement begins and ends;

Price to be paid (breakdown and description of the costs);

A detailed description of the tasks/work schedule/completion phases;

A detailed description of the costs on which the price is based

Payment arrangements (one or more advance payments, staggered payments, etc.);

Clauses/penalties in respect of non-performance or late completion.

The Commission is NOT party to any subcontracting agreement between a Project Coordinator/Beneficiary/Co-Beneficiary and the subcontractor/service provider. To this effect the Commission has no liability towards any of the parties under such agreement and is bound solely by the terms of the grant agreement.

Thus, the Project Coordinator/ Beneficiary/Co-Beneficiary has sole responsibility for the implementation of this agreement and for compliance with its provisions.

The Project Coordinator/ Beneficiary/Co-Beneficiary must undertake the necessary arrangements to ensure that the subcontractor/service provider waives all rights in respect of the Commission under such agreement.

The Project Coordinator/Beneficiary/Co-Beneficiary remains fully responsible towards the Commission for compliance with the obligations resulting from the Grant Agreement.

Costs not falling under any other heading may be claimed under heading E, provided they are necessary and specific to the activities as outlined in Annex I to the Grant Agreement and contribute to the value of the final project results.

Costs falling under this heading by default must therefore meet the following criteria:

- They must not be covered by any other budget heading;

- They must be directly linked to the activities of the project;
- They must not result from or be linked to any fundamental change in the scope and content of the project (when compared to the most recent approved versions of Annex I and Annex II);
- They must be eligible under the Grant Agreement;
- They must be clearly identifiable

Note: Where a Project Coordinator/Beneficiary is unsure as to the eligibility of costs under this heading they are advised to contact the Commission for a written clarification.

6.4.7. Indirect Costs ("overheads")

Note: An organisation that receives an operating grant from the EU budget cannot include indirect costs in their final statement of expenditure for an action grant for the period covered by the operating grant

Indirect costs are synonymous with the commonly used term "overheads". These are costs that cannot be identified as specific costs directly linked to the project under one of the budget headings. These cover general indirect costs incurred by an organisation in the implementation of a grant-financed project. Typically they include administration and management fees, depreciation of buildings and equipment, rent, maintenance costs, telecommunication and postal fees, heating, water supply, electricity or other forms of energy, office furniture, office stationary, and insurance policies.

The flat-rate funding in respect of indirect costs means that the costs do not need to be supported by accounting documents but they do have to be explainable in case of control.

The amount that can be included in Annex II under this heading is limited to a maximum of 7% of direct eligible costs. The actual percentage may be less if requested by the applicant or decided by the Commission during the budget review process and is also indicated in the Grant Agreement, as is the corresponding maximum amount. The final possible amount of "overheads" therefore depends on the amount of costs that will be accepted as eligible by the Commission upon completion of the relevant project (and may well be in absolute terms LOWER than the amount indicated in the original budget estimate or in the Grant Agreement). Under no circumstances can the percentage or amount claimed under this heading exceed the amount indicated in the Grant Agreement (the final amount is subject to a double capping).

Example: As an example, if there is a modification of the project budget that involves a reduction in the total eligible costs then the indirect costs are reduced proportionally. However if the modification to the budget increases the total eligible costs and by application of the percentage rule the initial value is exceeded then the maximum possible amount is limited to the actual value in the original budget even if this translates into a lower percentage of total eligible costs than indicated in the Grant Agreement.

Note: Exchange Rates:

All amounts expressed in the project reports must be expressed in EURO.

Whilst it is strongly recommended that coordinator/beneficiary/co-beneficiaries have a EURO account this is not always feasible.

Where a Euro account is held by the coordinator/beneficiary/co-beneficiary then the expenditure must be reported at the Euro amount debited from the account.

Where the accounts are held in the national currency the coordinator/beneficiary/co-beneficiary must declare the expenditure at the monthly accounting rate established by the Commission and published on its website <http://ec.europa.eu/budget/inforeuro/index.cfm> applicable on the day when costs were incurred by the coordinator/beneficiary/ co-beneficiaries.

In cases where the EURO rates fluctuates significantly then the coordinator/beneficiary/co-beneficiary must clearly identify what exchange rate or rates have been used and provide a detailed explanation and justification that may be taken into account if the circumstances are judged exceptional

6.4.8. *Contributions in Kind*

Contributions in kind refer to non-cash inputs, such as:

- any donation of raw materials (i.e. paper and ink for publication purposes);
- unpaid volunteer work or unpaid provision of service.

While it may be relevant to report on these aspects of the project (for example where the volunteer work is vital for attainment of some of the project objectives), it should be noted that the estimated value of such contributions shall not be taken into account for the calculation of total eligible costs and the final amount of the grant.

6.4.9. *Non-Eligible Expenditure*

The following expenses incurred during the project are not considered as eligible costs:

- Return on capital;
- Debt and debt service charges;
- Provision for losses or potential future liabilities;
- Interest owed or paid;
- Provisions for doubtful debts;
- Exchange rate losses;
- VAT- unless the organisation who incurred the cost (and who is not a public authority, see the note below) can show that it is unable to recover it (by means of a certificate issued by the national tax authority of the Project Coordinator/ Beneficiary/Co-Beneficiary who has incurred the cost clearly stating that the beneficiary in question cannot recuperate VAT);

Note: Public authorities cannot claim VAT as part o eligible expenditure and their costs must be declared net of VAT (regardless of the fact that the relevant Beneficiary cannot actually recover the amounts paid as VAT)

- Costs declared by a beneficiary in connection with another activity or work programme receiving a Union grant;

- The insurance premium against risk of exchange rate losses;
- Excessive or reckless expenditure;
- Gifts and presents;
- Recreational/touristic/cultural activities;
- Travel and subsistence fees of EU officials (or any other fees related to the participation of EU officials at a project-related event) .
- Costs incurred in relation to activities not foreseen in the project or in modifications of the action for which Commission's agreement was not given;
- Cost not entailing a cash flow for the beneficiary/co beneficiary.
- Costs incurred for the production of communication material, including notice boards and websites, not mentioning that the action has received funding from the relevant funding programme;
- Costs in any budget heading over and above the amount foreseen in the budget plus 10% (as referred to in Article I.4.4 of the Grant Agreement);
- Indirect costs exceeding the percentage or value agreed in the grant agreement;
- Indirect costs declared by any organisation receiving an operating grant from the EU budget.

7. FINAL REMARKS

7.1. Supporting Documentation

Note:

NO UNDOCUMENTED COST CAN BE TAKEN INTO ACCOUNT BY THE COMMISSION!

WHENEVER POSSIBLE, ALL PAYMENTS MUST BE MADE BY BANK TRANSFER, NOT IN CASH.

INVOICES RELATED TO THE PURCHASE OF GOODS OR EQUIPMENT MUST BEAR THE PROJECT REFERENCE, DATE OF PURCHASE AND DELIVERY. INVOICES RELATED TO SERVICES MUST ALSO SPECIFY THE DATE(S) ON WHICH THE SERVICES WERE PROVIDED.

It is expected that the beneficiaries can provide copies of the following types of documents upon Commission's request. No supporting documents need to be attached to the final report, but the Commission often requests to the project beneficiary/ coordinator to provide sample of representative supporting documents from any given cost categories. The size of the sampling requested may represent up to a 100% of the costs declared. In case of a multi beneficiary project the sampling will include both costs incurred by the project coordinator and those incurred by the co beneficiaries.

The documents must be the same as those which would be accepted by the beneficiaries' tax authorities and may include the documents described below in respect of individual cost categories

7.1.1. Documentation of Staff costs:

Staff costs declared can relate to staff under variety of conditions and below we have provided a non-exhaustive list of the most common occurrences.

7.1.1.1. Permanent staff working full-time: person working for the Beneficiary/Project Coordinator or a Co-Beneficiary on a permanent basis and allocated to the project for full-time work.

- existing contract with the organisation;
- secondment letter with specific indication of tasks, reference to the project, to the duration of allocation to the project, to the percentage of working time allocated to the project; to the hourly/daily rate;
- monthly salary slips.
- proof of payment

Note: Such staff must be registered in the payroll and in the accounting system of the organisation! The salary should be paid by bank transfer.

7.1.1.2. Permanent staff working part-time: person working for the Beneficiary/Project Coordinator or a Co-Beneficiary on a permanent basis and allocated to the project for part-time work.

- existing contract with the organisation;
- secondment letter with specific indication of tasks, reference to the project, to the duration of allocation to the project, to the percentage of working time allocated to the project, to the hourly/daily rate;
- timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- Salary slips for the requested period.
- proof of payment
- calculation of the hourly or daily rate requested – for more details relating to the calculation please refer to section 6.4.2.1 above.

Note: Such staff must be registered in the payroll and in the accounting system of the organisation! The salary should be paid by bank transfer.

7.1.1.3. Non permanent staff registered in the organisation's payroll: person recruited by the Beneficiary/Project Coordinator or a Co-Beneficiary exclusively for the implementation of the project and registered in the organization's payroll.

- specific contract linked to the project with specific indication of tasks,

reference to the project, to the duration of the contract, to the hourly/daily rate;

- salary slips;
- proof of payment

Note: The salary should be paid by bank transfer.

7.1.1.4. Non-permanent staff NOT registered in the organization's payroll: person recruited by the Beneficiary/Project Coordinator or a Co-Beneficiary exclusively for the implementation of the project and not registered in the organization's payroll

- specific contract linked to the project with description of tasks, reference to the project, to the duration of the contract, to the time to be allocated to the project, to the hourly/daily rate
- invoices with indication of tasks performed, date, number of hours worked and price per hour
- proof of payment

Note: The salary should be paid by bank transfer.

7.1.1.5. Permanent staff employed by a public organization and seconded to the project for tasks that are specifically linked to implementation of the project and that are not part of his/her normal routine (not applicable to persons employed by universities). These staff costs are eligible only in the following cases:

a. If staff member is seconded to the project and his/her work for the project is overtime work:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;
- salary slips;
- if the permanent staff employed by a public organization is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);
- proof of payment of overtime or proof of the additional days granted by the public body for compensating the overtime worked in the project.

b. If the permanent staff employed by a public organization is seconded to the project and is replaced for his/her usual tasks by another person recruited by the organization:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;
- salary slips;

- if the permanent staff of a public organization is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);

- proof of payment;

- contract of the additionally recruited person.

c. If the Permanent staff employed by a public organization does not represent an additional cost but is covered by the organization's or other parties' contribution to the project (The sum of budget headings K+I). Kindly note that this is not applicable to all calls for proposals and therefore the terms of the call will apply:

- secondment letter with specific indication of tasks, reference to the project, duration of allocation to the project, percentage of working time allocated to the project;

- salary slips;

- if the public permanent staff is seconded to the project only part-time, timesheets or equivalent system established and certified by the employer with indication of contact details of employee and employer, description of tasks, date of the performance (duly dated and signed by employee and employer);

- proof of payment.

N.B. In certain calls for proposals, the costs of permanent staff of a public organization which do not represent an additional cost for the public organization/or public body are eligible to the extent that they must be covered by the project co-financing and cannot exceed it. Such costs must be declared under A (as any other staff costs) but the corresponding amount may not exceed the sum of the budget headings K + I.

7.1.1.6. For all staff cost categories:

The total cost for the employee (comprising actual salary, social security charges and other statutory costs included in the remuneration) as well as the calculation of the amount allocated to the project should be clearly identifiable from the supporting documents.

7.1.2. *Documentation of Travel costs*

- Copies of travel ticket (airplane, train, bus, etc), including boarding passes when applicable

- Copies of Invoice for flight or rail tickets (if bought through internet, email of confirmation is accepted if no invoice is available);

- Proof of payment;

- Attendance list signed by the participants (for meetings and conferences).

- Travel by car: reimbursement claim, explanation of the calculation of reimbursement, copy of the internal reimbursement policy, if available (maximum of the equivalent first-class rail fare);

- Proof of payment;
- Attendance list signed by the participants (for meetings and conferences).

7.1.3. *Documentation of Subsistence costs*

7.1.3.1. Reimbursement on the basis of real costs:

- Expenses reimbursement claim form (e.g. mission expenses reimbursement claim), indicating place, date and time, signed and dated by the participant (employee) and the person authorizing the expenditure (employer);
- Proof of accommodation (hotel invoice);
- Copies of all receipts related to food and beverages, local transport and other expenses;
- Attendance list signed by the participants;
- Proof of reimbursement of the claimed costs to the participant.

7.1.3.2. Reimbursement of a lump sum (in application of the beneficiary's usual policy):

- Copy of the beneficiary's internal policy;
- Reimbursement claim;
- Attendance list signed by the participants;
- Proof of reimbursement of the claimed costs to the participant.

Where lump sums are used (see the relevant section above as to the acceptability of this system), the lump sum per person cannot not exceed the maximum limits per country as set by the Commission. Where the costs declared exceed this threshold then the excess amount will not be considered eligible for the calculation of the final EC contribution. For more details relating to the calculation of subsistence costs kindly see section 6.4.3

7.1.4. *Documentation of Equipment*

- Copies of invoices declaring when the equipment was purchased and delivered;
- Proof of payment.

7.1.5. *Documentation of Consumables*

- Copies of invoices clearly indicating the period when the consumables were purchased and used.;
- Proof of payment.

7.1.6. *Documentation of Other direct costs*

- Invoice

* for editing: the invoice must specify the type/name of the publication and the number of pages/words;

* for translations: the invoice must specify the name of the publication/document, the translation languages (from-to) and the number of pages/words;

* for printing: the invoice must specify the type/name of the publication, the number of pages and the number of copies;

- Proof of payment;

7.1.7. *Overheads*

No supporting documents need to be submitted.

Note on goods or services purchased by means of competitive procedure (subcontracting):

Additionally to the documents that have to be provided based on the category of cost:

- documentation related to the subcontracting procedure followed: copies of bids received, records related to the award process (comparisons of individual bids, minutes of meetings, etc).

Note: Any cost reported inclusive of VAT will be only accepted if accompanied by a certificate from the tax authority of the beneficiary concerned confirming the fact that the beneficiary cannot recuperate VAT (and if the relevant beneficiary is not a public authority). Such a proof must be provided by each beneficiary if it claims VAT as eligible cost. A self-certification may be considered as a sufficient proof if allowed by national legislation. Public authorities cannot claim VAT as an eligible expenditure and all their costs must be declared net of VAT

7.2. **Reporting**

7.2.1. *Introduction*

The level and frequency of reporting is determined in the articles of the Grant Agreement as is the content of each reporting package.

7.2.2. *Progress report*

A progress report is (insofar as the project duration specified in the Grant Agreement is equal to or greater than 24 months), requested to be provided immediately after the first 12 months of project implementation. It is to be noted that this type of report is not linked to any request for additional payment (such requests are subject to specific reporting requirements, specified in the Grant agreement wherever applicable).

This report is part of the monitoring process and has as its objective to provide the Commission with an overview of the progress attained in implementing the project in comparison to the activities and timetable presented in Annex I of the Grant Agreement.

Note: The progress report should be very concise and outline the progress to-date, activities completed, started, any unforeseen problems encountered or

delays etc. It should also highlight and explain any divergence between the actual progress of the project and the activities/timing foreseen in Annex I.

This will enable all parties, if appropriate, to take timely corrective action leading to the successful achievement of the objectives of the project.

In principle, a template for the reporting is made available on the DG Justice and Consumers website, in the section related to the relevant call for proposals. A copy of this report is normally required to be provided in both hard copy and electronic format.

7.2.3. *Final Report/Final request for payment*

The final report consists of a package of different elements, namely:

- The final financial statement.
- The final narrative report covering the implementation
- The copy of the final products

The package has to be provided in both hard copy and electronic format. In principle most Grant agreements contain provisions specifically requesting one copy in each format, although there can be exceptions so beneficiaries should always refer to the grant agreement.

Most agreements have a deadline, for presentation of the final report package, of no later than 3 months from the final date of the period of implementation.

Example:

The normal delay for the presentation of the final report is no later than 3 months from the last date of the implementation period (eg if the project completion date is 31/3/2013 then the final report has to be received by the Commission no later than 30/6/2013.

The final report is considered to have been received when the whole package is provided to DG Justice and Consumers.

The final financial statement and the final narrative report should use the latest version that is, in principle, available on the DG Justice and Consumers website, in the section related to the relevant call for proposals.

The final products should be presented in their actual format (e.g: books and promotion materials should be physically included in the package and wherever possible also in electronic format).

The final financial statement is provided in the excel workbook format and no other form is accepted. As this is part of a full financial module a separate guide explaining how to use it at all stages in its process will be made available.

The final narrative report is an equally important document as its content is used in 2 ways. Firstly, to ensure coherence between the financial statement and the activities undertaken in the course of the project implementation. Secondly to evaluate the project results against the content of Annex I to the Grant agreement in order to verify that the results correspond in terms of both quality and content to what was described when applying for the grant.

In general the report template consists of a series of questions meant to help enable the Project Coordinator/Beneficiary to provide a clear focussed report that can be easily understood. Please note that the report may also be ultimately published by the Commission (or any part thereof), if published on the website of DG Justice and Consumers or other Commission services the report should provide information enabling any reader to do the following:

- Understand the project – why it was implemented, how it was implemented (methodology);
- See (from the results) the added value of the project and the lessons extracted from it;
- See What problems or difficulties were encountered and how they were overcome;
- Be guided to further sources of information in the area covered by the project.

The final narrative report should also contain reference to the physical outputs or results of the project. These can take a variety of form depending on the type of output/results (e.g.: ISBN code of publications links to website, etc.)

All templates can be found on the DG Justice and Consumers website. If the project beneficiary coordinator encounters any problems accessing the relevant template they should contact the project officer via the functional mailbox of the relevant programme.

8. CORRECTIONS

The following corrections were made to the guide since it was first published:

- Directorate-General Justice became Directorate-General Justice and Consumers on 1 January 2015 (6 March 2015).
- p. 11: the link was updated (24 January 2012).
- p. 14: Section III. Budget Modifications: the text in the column Supporting Documents, Procedural Requirements was updated (24 January 2012).
- p. 18-19: the wording in the following paragraph was updated (6 March 2015):

They must be incurred and paid during the eligibility period of the action indicated in Article I.2.2 of the grant agreement. Invoices, receipts, pay slips, etc. must clearly indicate the activity to which they relate and when the goods or services were delivered. In the absence of this information, the costs cannot be taken into consideration. Where the project output includes a publication, Beneficiaries must ensure that sufficient time is allowed in order to be able to complete the action within the eligibility period. The only costs related to activities outside the eligibility period that could be considered as eligible concern project audits, the final report, and bank guarantees (only and exclusively where the grant agreement includes such a requirement), as well as costs related to the attendance of a kick-off meeting organised by the Commission.

- p. 20: the wording in the following paragraph was updated (24 January 2012):

If the conditions relating to additional costs cannot be demonstrated by relevant justifying documents, the staff costs related to salaries of permanent staff of public organisations (with the exception of universities) will have to be covered by the project co-financing and not by the contribution of the EU and under no circumstances may they exceed this amount. For more details please refer to section 7.1.1.

- p. 24: Footnote 4: the link was updated (2 October 2014).
- p. 32-33: 7.1.1.5: the references to *public body* were updated to *public organization* (24 January 2012).
- p. 33: 7.1.1.5.c. the title of this section and the N.B. were updated (24 January 2012).