BUSINESS & CONSUMER SURVEYS

Regulatory Financial, and Contractual aspects

Derek Pullinger
Regulatory framework for grants

• Title VI article 110 of the Financial Regulation applicable to the general budget of the European Communities states that grants shall be subject to an annual work programme, to be published at the start of the year and by no later than 31st March

• This work programme shall be implemented through the publication of calls for proposals
Modification Financial Regulation

- The modification of the Financial Regulation applicable to the general budget of the European Communities and its implementing rules will be made early next year.
- The proposals are currently under discussion at the Council and the European Parliament.
- The exact date on which they will come into force is unknown at this stage but should be no later than 1st May 2007.
- Title VI Grants will be affected by this revision.
- The new call for proposals will be governed by the revised Financial Regulation and its implementing rules.
Payment arrangements
Pre-financing

- Under the current calls for proposals an interim payment is payable on presentation of an interim financial statement for the period May-October accompanied by a detailed list of eligible costs.
- In the new call we propose to replace interim payments with pre-financings. Pre-financings are intended to provide the beneficiary with a float. Technically they will remain the property of Commission until the final financial report is approved by the EC and payment of balance is made.
- Pre-financings = 40% of the grant, payable in October on the basis of a simple request from the beneficiary in September. No other supporting documents required.
Advantages of Pre-financing

• Beneficiaries will only have to produce one financial statement and one detailed list of eligible costs after the end of the action and the European Commission will only have one set of expenditure to verify

• Beneficiaries will continue to receive an « advance » payment with a minimum of administrative work involved
Presentation of final financial statement

• Given that pre-financing will replace the interim payment in the new call the first financial statement to be produced will be the **final statement in June 2009** covering the period **1st May 2008 – 30th April 2009**
Simplification of Budget Estimates

• Under the new call for proposals we intend to have three Budget headings under Direct Costs:
  - Item I « costs of equipment and material »
  - Item II « material and administrative costs »
  - Item III « staff costs »

• Indirect costs will remain limited to a maximum 7% of total eligible direct costs

• The regrouping of all material and administrative costs under one heading should make it easier for you to respect the 10% tolerance margin between headings (art. I.3.4 grant agreement)
Item I « Cost of Equipment »

• **Depreciation and leasing charges** for **office equipment** required for carrying out the surveys

  Equipment would normally include, computers, photocopiersons, printers, scanners, call center hardware etc.
Item II “Material and administrative costs”

• In this heading we will regroup all costs excluding capital expenditure & staff costs:
  ➢ Stationery and office supplies
  ➢ Mailing, telephone, fax charges
  ➢ Printing
  ➢ Translation
  ➢ Travelling costs and subsistence
  ➢ Licences, software, servicing equipment
  ➢ Miscellaneous
Item III “Staff costs”

- Salaries, social security and pension costs to be split between the different categories of staff; managers, economists, statisticians, IT staff, researchers, interviewers, secretarial and clerical staff, etc.
- Training of staff
Budget estimates

• In your application we shall ask you to attach a detailed breakdown of your estimates (unit costs, percentages applied, methods of calculation…) which were used to draw up your budget.

• These details could be supplied in an attachment if insufficient space is available on the forward budget statement.
What Supporting documents will the Commission require? item 1

- Cost of equipment

- **Depreciation**: the different items of equipment should be listed with their date of purchase, original purchase price and rates of depreciation applied

- **Leasing**: A list of payments made with the date and reference of the invoice, name of supplier, the amount and the period covered
What Supporting documents will the Commission require? - item 2

- Material and administrative costs

- A list of payments made per category of expenditure with the date and reference of the invoice, the name of the supplier, the service rendered, amount paid and where applicable the period covered
What Supporting documents will the Commission require - item 3

- **Staff costs**

  ➢ The final financial statement must include the **names** and **functions** of the staff, the number of days worked, and the daily/monthly rates of pay
What Supporting documents will the Commission require - Sub-contracting

• Beneficiaries will have to furnish proof that the services rendered by their subcontractors are being charged at market prices and that they are getting best value for money.

• The Commission will require a copy of the signed contract between the beneficiary and the subcontractor

• Subcontracting costs should be included under the relevant budget headings
What supporting documents will the Commission require - Financing plan

• In cases where a third party is making a financial contribution towards the cost of a survey you should clearly indicate the amount and the name of the organisation in your Financing Plan and attach a certificate or a declaration from them stating their intentions.

• In the Final financial statement proof of the contribution made by the third party must be attached.
Advice & information
new call for proposals

• Please ensure that you read the text of the call very carefully and supply all the elements and documentation requested paying particular attention to the exclusion, selection and award criteria and the elaboration of your budget estimates

• On publication in the OJEC the new call will also be publicised on the DG ECFIN website at the following address:
http://ec.europa.eu/economy_finance/tenders_en.htm
Conclusions

• We consider that the measures outlined in this presentation constitute a balanced package for future beneficiaries of grants under the BCS programme.

• The additional details requested at the budget elaboration and at the final financial statement stages and required by our audit and control mechanisms, are offset by a simplification of the budget structure and by the elimination of interim reports.