



Financial Reporting

Tempus IV

Kyiv-Mohyla Academy
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Ana Ramon de la Cruz and Giulia Moro



1. General principles

- Exchange rate
- Co-financing
- Transfer of money

2. Budget headings *(purpose, rules, supporting documents)*

- Staff costs
- Tendering procedure & Rule of origin
- Equipment costs
- Printing & Publishing costs
- Travel costs and costs of stay
- Other costs
- Indirect costs

3. Final Report

- Financial report
- External Audit report

4. Ex-post financial checks & audits



1. General principles

Exchange rate

Co-financing

Transfer of money



Exchange rates

Art. I.10.2 Grant Agreement

All transactions \neq EUR must be converted and reported in EUR in the Financial Statement of the Final Report

Only 2 exchange rates should be applied:

1. From the start of the eligibility period until the date of receipt of the second pre-financing: the rate of the month you receive the first pre-financing

2. From the date of receipt of the second pre-financing until the end of the project: the rate of the month you receive the second pre-financing

The rate to be applied is the monthly accounting rate established by the Commission and published on its website: <http://ec.europa.eu/budget/inforeuro>



Co-financing

Point 9. Guidelines for the Use of the Grant

- The co-financing **should represent at least 10%** of the total eligible costs at the end of the project
- **The co-financing percentage is specific for each project** (and it is indicated in Art. I.3 of your Grant Agreement)

Actual co-financing (minimum 10%):

- ➔ Can only cover **direct** eligible costs (no "Indirect Costs")
- ➔ Cannot cover costs which are not eligible for Tempus funding
- ➔ Same supporting documents as for expenditure paid by the Tempus grant
- ➔ Should be declared in the Final Financial Report
- ➔ Will be considered and assessed for the calculation of the total eligible costs at the end of the project

Transfer of money

Evidence of the money circuit from EACEA to the final recipient:

- **1st level: EACEA -> Coordinator**
- **2nd level: Coordinator -> Partner HEIs**
- **3rd level: Partner HEIs -> Staff member / Supplier**

Principles to respect for all transactions (*Art. II.19 of the Grant Agreement*) :

- ✓ **Recorded in the accounting records of the partner**
- ✓ **Transparency**
- ✓ **Traceability**
- ✓ **Identifiable and verifiable**
- ✓ **Comply with the requirements of applicable tax and social legislation**

It is the responsibility of the consortium to agree the best approach for paying/reimbursing costs incurred on project activities and to define the appropriate modalities.

2. Budget headings

Purpose

Contractual rules

Supporting documents



I. Staff costs

Point 3. Guidelines for the Use of the Grant

Purpose

To cover the costs of staff directly necessary for the achievement of the results and not covered by other sources (3.1 Guidelines):

- ✓ Administrative or academic tasks
- ✓ Course development, maintenance of online courses/website, etc.
- ✓ Language / IT courses, translation services, evaluation activities when performed by internal staff (if sub-contracted → Other costs)

Contractual rules

- **Salaries and fees** should reflect the **employing institution's usual policy** on remuneration and **respect local salary rates**
- **Maximum** reference daily **rates** per country: Guidelines/Annex 3
- **Total expenditure** for Staff Costs **cannot exceed the 40% ceiling** (plus 10 % flexibility) - Co-financing is also subject to the 40% ceiling

I. Staff costs

FAQ No. 55

Please provide translation in English of key words, amounts, dates, currencies

Supporting documents

In all cases the beneficiary shall **retain** with project accounts:

- I. Staff Conventions** (Guidelines/Annex 1)
- II. Formal employment relationship:** contractual link between the staff member and the institution (employment contract, employment history book)
- III. Timesheet:** proof of the time spent on Tempus activities
- IV. Proof of payment:** bank transfer statement, cash receipts, accountancy records
- V. Methodology for the calculation of the daily rate:**
Gross salary + social security contributions / number of working days per year

I. Staff costs

FAQ No. 55

Supporting documents

VI. Staff remuneration - To justify salary rates the following documents should also be available:

A. If staff is remunerated by the project directly (full-time, part-time, occasional or top-up of regular salary):

- Employment contract and/or employment history book
- Ad-hoc decision by the governing body for the level of remuneration for Tempus projects
- Proof of payment (i.e. bank transfer until the final recipient)

B. If staff is remunerated through its normal salary (i.e. Tempus related tasks are part of the regular assignment at the university):

- Employment contract and/or employment history book
- Salary slips
- Proof of payment (i.e. bank transfer until the final recipient)

The beneficiary shall provide with final report: explanation & supporting documents (i.e. salary slip) **if salary rates exceed the Tempus ceilings** (Guidelines/Annex 3).



Tendering procedure & Rule of origin



Tendering Procedure

Art. I.10.1 Grant Agreement + Guidelines for the Use of the Grant

The beneficiary shall apply the tendering procedure for the purchase of
any kind of goods or services

WHENEVER the amount of the purchase or sub-contract is
above the threshold of EUR 25,000

- ✓ To be sent with the Final Report: **copy of the invoice (+ sub-contract for services)**
- ✓ To be listed in the final Financial Statement of the Final Report: **Names of the providers consulted** (min. 3)
- ✓ To be retained with the project accounts: proof of awarding procedure and at least 3 quotations

*The **purchase cannot be split** into smaller contracts with individual amounts lower than the threshold*

*The selection criterion for the offers should be the **best value for money***



Rule of origin (only for 2013 projects)

Art. I.10.1 Grant Agreement + Guidelines for the Use of the Grant
FAQ No. 51

All equipment purchased by the project shall comply with the rule of origin and shall therefore **originate from any EU Member State or from an eligible country** (as defined in the relevant EU Regulations).

- ✓ **A certificate of origin** shall be kept with the project accounts for any equipment item of a unit cost above EUR 5,000.

Certificate of origin: document made out by the competent authorities of the country of origin of the equipment (such as Chamber of Commerce) – it is to be asked to the supplier.



II. Equipment

Point 5. Guidelines for the use of the grant

Purpose

To cover the costs of equipment directly relevant to the project's objectives such as:

- IT equipment (hardware and software) including costs for installing internet connection and laboratory supply (teaching purposes)
- books, e-books, publications
- access to database
- equipment insurance/ transport/ installation, maintenance of equipment

Prior authorisation required for hire of equipment

Contractual rules

The equipment must:

- be exclusively for PC Higher Education Institutions (HEIs) included in the partnership (JP)
- be exclusively for PC HEIs /institutions/organisations included in the partnership (SM) *Not public administrations!*
- be recorded in the inventory of the institution where it is installed
- comply with the rule of origin (only for 6th Call generation projects)

Total expenses for equipment cannot exceed the 30% ceiling (plus 10% of flexibility). Co-financing is also subject to the 30% ceiling

Deductible VAT is not eligible.

II. Equipment

Point 5. Guidelines for the Use of the Grant

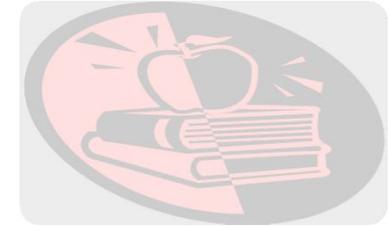
Supporting documents

The beneficiary shall **retain** with project accounts:

- All invoices for all equipment declared costs
- Proofs of payment (bank statement)
- Proofs of tendering procedure (including min. 3 quotations) for purchases above EUR 25,000
- Certificate of origin for equipment of a unit cost above EUR 5,000 (only for 2013 projects)
- Proof that VAT is not deductible (if VAT exemption is not obtained and VAT costs are charged to the project budget)
- Registration in the inventory registry

The beneficiary shall **provide with the final report:**

- Readable **copies of invoices** if the purchase is above EUR 25,000
- The names of the companies consulted (min. 3) have to be indicated in the *Financial Statement* of the final report



III. Printing & Publishing

Point 6. Guidelines for the Use of the Grant

Purpose

Printing & Publishing budget heading can cover:

- paper and electronic productions (electronic form)
- photocopying of teaching materials/documentation

General photocopying → Indirect Costs

Contractual rules

VAT ineligible unless the beneficiary can show that VAT is not deductible

Internal staff costs cannot be covered by this budget heading

III. Printing & Publishing

Point 6. Guidelines for the use of the grant

Supporting documents

The beneficiary shall **retain** with project accounts:

- all invoices
- Proofs of payment (bank statement)
- Proofs of tendering procedure (including min. 3 quotations) for purchases above EUR 25,000
- Proof that VAT is not deductible (if VAT exemption is not obtained and VAT costs are charged to the project budget)

N.B. Internal invoices to be issued for in-house printing and publishing

The Beneficiary shall **provide with the final report:**

- Copies of invoices if the costs are above EUR 25,000
- The names of the companies consulted (min. 3) have to be indicated in the *Financial Statement* of the final report

IV. Travel costs and Costs of stay – Staff

Point 4.3 Guidelines for the Use of the Grant



Purpose

To cover the costs of travel and subsistence allowances of staff for mobilities mainly linked to:

- teaching/training assignments, retraining
- update of courses
- practical placements
- short visits for coordination and planning
- language training
- Dissemination

N.B. Travel for research activities is not allowed

Contractual rules

The budget for Travel Costs and Costs of Stay should:

- **cover only actual travel costs** (including visa fee and related obligatory insurance, travel insurance and cancellation costs if justified)
- **cover the daily allowance:** the ceilings per person (per day/week) indicated at point 4.3.3 of the Guidelines must be respected



IV. Travel costs and Costs of stay-Students

Point 4.4 Guidelines for the Use of the Grant

Purpose

To cover the costs of travel and subsistence allowances of students for mobilities mainly linked to:

- study periods abroad
- practical placements in a company
- intensive courses for Partner Country students
- participation of student representatives in management coordination meetings & Quality Control

Contractual rules

The budget for Travel Costs and Costs of Stay should :

- cover **only actual travel costs** (including visa fee and related obligatory insurance, travel insurance and cancellation costs if justified)
- cover an **allowance** for subsistence / accommodation / local transport and personal insurance: the ceiling per month and per person indicated at point 4.4.3 of the Guidelines must be respected.

The **duration of student mobilities** should be **minimum 2 weeks and maximum 3 months**.

IV. Travel costs and costs of stay

Point 4. Guidelines for the use of the grant

Supporting documents

The beneficiary shall retain with project accounts:

- a SIGNED & filled-in Individual Mobility Report for each mobility using the standard form (Guidelines/Annex 2)
- readable copies of travel tickets, invoices, boarding passes, receipts, etc.

The beneficiary is not requested to send any supporting documents with the Final report.

**** General principle: mobilities only between the participating institutions***



V. Other costs

Point 7. Guidelines for the Use of the Grant

Purpose

"Other costs" budget heading can cover costs related to:

- Dissemination of information (advertising in media, promotional materials such as pen, bags, posters, etc.)
- Inter-project coaching (maximum of EUR 2,500)
- Bank charges (including bank guarantee charges where requested)
- External audit fees
- Costs of sub-contracts (specific and time-bound tasks)
- Hire of premises only for dissemination events (prior EACEA authorisation needed)

Contractual rules

For sub-contracts: prior autorisation needed when total value > EUR 10,000 (only for 6th Call generation projects)

Amongst ineligible costs (**see point 10.2 Guidelines**):

- hospitality costs
- costs related to the use of materials & equipment incurred by institutions when hosting students/staff
- registration fees for courses/conferences
- exchange losses
- deductible VAT

V. Other costs

Point 7. Guidelines for the use of the grant

Supporting documents

The beneficiary shall **retain** with project accounts:

- Invoices
- Proofs of payment (bank statement)
- Sub-contracts
- Travel related supporting documents for mobilities of sub-contracted experts
- Bank statements for bank charges, etc.
- Proof that VAT is not deductible (if VAT exemption is not obtained and VAT costs are charged to the project budget)

The Beneficiary shall **provide with the final report**:

- Copies of sub-contracts and invoices if the costs are above EUR 25,000 (3 quotation to be retained)
- The names of the companies consulted (min. 3) have to be indicated in the *Financial statement* of the final report



SUB-CONTRACTING

*Grant Agreement - Annex VI, Art II.9 and II.10
FAQs No. 6 and 50*

- **Only specific and time-bound tasks** that cannot be performed by the beneficiaries can be subcontracted (**no core activities!**)
- **PRIOR APPROVAL BY EACEA** is needed if the total value of the sub-contract is higher than EUR 10,000 (even if the sub-contract was already planned and budgeted in the application)
- Related costs always to be charged to **“Other Costs”** budget heading (including travels of sub-contracted experts)



VI. Indirect Costs

Point 8. Guidelines for the Use of the Grant

Purpose

"Indirect Costs" budget heading can cover the costs incurred by the project for:

- stationary, office supplies, general photocopying
- postage and telecommunication
- use of internet/communication software/etc.

Contractual rules

- They are **eligible for flat-rate funding of 7%** of the total eligible direct costs (see Art. I.3 and II.19.3 of the Grant Agreement).
- At the end of the project, the Indirect Costs incurred and declared will be considered eligible as long as they:
 - do not exceed the absolute amount shown for Indirect Costs in Annex II of the Grant Agreement (approved budget)
 - do not represent more than 7% of the total actual eligible direct costs following the financial assessment

VI. Indirect Costs

Point 8. Guidelines for the use of the grant

**Supporting
documents**

NO supporting document is required

**N.B. Co-financing is NOT permitted
under this budget heading**



3. Final Reporting

Financial Report

Audit Report



Final Financial Report

Annex IV of the Grant Agreement

- To be submitted with the Final Report on Implementation of the Project. It is made up of two parts:

A. "Financial statement and request of final payment"

- ✓ *Includes indication of costs incurred under each budget heading // bank interests not to be declared for 2013 projects*
- ✓ *Is to be signed in original by the Legal Representative*

B. "Financial tables" (excel sheets)

- ✓ *must be filled-in in detail for each budget heading to justify all expenses incurred*

General advice:

- Collect the required supporting documents as soon as the expenditure is incurred
- Keep the financial statement/tables up to date (form available on the website)
- Feel free to provide detailed explanations in the financial statement
- Contact EACEA in case of doubt



**Compulsory for
2013 generation grants**

Report of Factual Findings on the Final Financial Report (External Audit Report)

Art. I.4.1 Grant Agreement

- To be submitted with the Final Report on Implementation of the Project

WHAT IS? Verification whether costs are declared correctly and truthfully and backed by proper supporting documents, in accordance with the provisions of contractual documents

BY WHOM? By a nationally certified auditor or a competent public officer with the linguistic competences (report to be written in the project language: English, French or German)

HOW? Mandatory use of EACEA audit certificate template

RELATED COSTS? Estimated between EUR 5,000 and 12,000 to be charged to "Other Costs" budget heading

Check FAQ No. 3 and audit certificate template on our website!



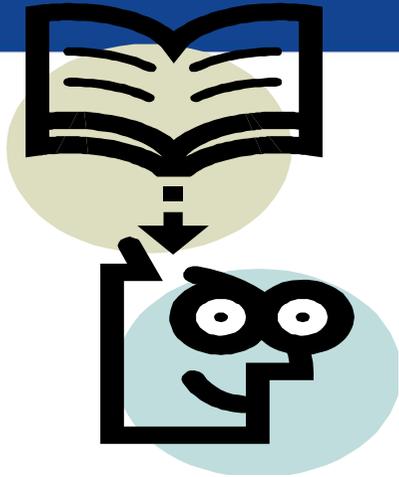
4. Ex-post Financial Checks and Audits



Ex-post Financial Checks & Audits

Art. II.27 Grant Agreement

- Following a random or risk-based approach**
- Can be performed by EACEA own staff or any other outside body acting on the Agency's behalf**
- Can be performed by the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA)**
- During the implementation and up to 5 years after the date of the payment of the final balance**
- Verification whether:**
 - the declared expenses have been actually incurred and registered in the statutory records of the beneficiaries;
 - the declared expenses are in accordance with the rules as laid out in the contractual documentation.



Reference documents to be consulted regularly:

- **Grant Agreement**
- **Guidelines for the use of the grant**
- **Frequently Asked Questions (FAQs)**
- **EACEA Financial Information Kit**

<http://eacea.ec.europa.eu/tempus>

Thank you for your attention!