



# **REGULATIONS FOR FINANCIAL MANAGEMENT OF REASMUS+PROJECRS**

**CBHE Erasmus+ projects meeting  
Kiev, 8-10 November, 2017**



## **Outline of the presentation:**

- **General financing principles**
- **Actual costs, rules and budget headings**
- **Unit costs, rules and budget headings**
- **Managing the Grant**
- **How to report**
- **Final grant**
- **Supporting documents**
- **Sub-contracts**
- **Travel Costs and Cost of Stay**
- **Co-funding principles**
- **Penalties**



## Funding rule

Amount of the Grant (XXXX EUR)

Co-Funding (XXXX EUR)

=

Total costs of the project



## Funding rule

### Co-funding principle

#### **Grant (combination of actual costs/unit costs):**

Calculated so as to require co-funding to implement the project

#### **Co-funding:**

- other expenses (e.g. overhead costs) or higher expenditure than unit cost values
- not taken into account for the calculation of the Grant
- requested with final report for information purposes



## Payment modalities

- All transfers to project beneficiaries should be made via bank transfers
- All the bank statements should be kept with the project accounts.
- If the institutions have difficulties in receiving transfers from abroad, the use of personal bank accounts can be exceptionally considered. The institutions should take appropriate measures to ensure that such payments are perfectly traceable, identifiable and verifiable until the final recipient.
- Each beneficiary concerned must deliver a document signed by its legal representative, in which a designated member of staff is allowed to use a personal bank account for the purposes of the project, acting under the supervision of the beneficiary institution. Such a document should be annexed to the Partnership Agreement.
- When payments are made directly to individuals involved in the project, it is the responsibility of the coordinator and the partner concerned. This concerns the reimbursement of staff costs, travel and subsistence costs.
- Payments in cash are definitely not recommended, they may be accepted on the condition that they are perfectly traceable, identifiable and verifiable (e.g. supported by receipts signed by the beneficiary of the payment).



## **Financing approaches of the Grant**

**Actual costs:** budget headings **Equipment** and **Subcontracting**

Need to be duly documented and justified with the corresponding level of cost incurred

**Example:**

**Reported cost for the project (laptops) of 1.500 EUR**

**=**

**Supporting document (invoice, proof of payment...) for 1.500 EUR**

**Unit Costs:** budget headings **Staff costs, Travel costs and Costs of stay**



## **Budget Categories/Headings and ceilings**

<b>Staff costs</b>	<b>Max 40% of grant (Art I.3 of GA)</b>
<b>Travel costs</b>	<b>N/A</b>
<b>Costs of stay</b>	<b>N/A</b>
<b>Equipment</b>	<b>Max 30% of grant (Art I.3 of GA)</b>
<b>Sub-contracting</b>	<b>Max 10% of grant (Art I.3 of GA)</b>



## **Modification to the budget**

**Possibility to adjust the estimated budget (Annex III) :**

- 1) Increase up to 10% (even above the ceilings for staff, equipment and subcontracting)  
→ no prior authorization**
  
- 2) Increase > 10% → Legal amendment is needed  
The ceilings (for staff, equipment and subcontracting)  
cannot be exceeded.**





## **Eligible Costs**

### **Article II.19 Grant Agreement**

**Incurred during the eligibility period**

**Foreseen in the application/budget**

**In connection with the action and necessary for project implementation**

**Identifiable, verifiable, recorded in accounting records of the beneficiary**

**Comply with requirements of applicable tax and national legislation**

**Reasonable, justified, complying with principle of sound financial management, in particular regarding economy and efficiency**



## **Ineligible Costs**

### **Articles I.10.4/II.19.4 of Grant Agreement**

#### **Non exhaustive list:**

- ✓ **equipment such as: furniture, motor vehicles, alarm systems**
- ✓ **costs linked to the purchase of real estate**
- ✓ **activities not carried out in the project beneficiaries' country (see Annex IV), unless prior authorisation**
- ✓ **in kind contribution**
- ✓ **excessive or reckless expenditure**
- ✓ **deductible VAT (unless beneficiary can prove he is unable to recover it according to the national tax authority)**



## Exchange rate

**Transactions  $\neq$  EUR must be converted and reported in EUR** in the Financial Statement of the report

**Which exchange rate should be applied?**

From start of eligibility period until date of receipt of second pre-financing: rate of month in which the coordinating institution received the first pre-financing

- From date of receipt of second pre-financing until end of eligibility period: rate of month in which the coordinating institution received the second pre-financing

Rate to apply: monthly rate established by the Commission:  
<http://ec.europa.eu/budget/inforeuro>



## Equipment

### Exclusively for Partner Country Higher Education Institutions!!!

- Relevant to the objectives of the project
- Installed as soon as practically possible
- Recorded in inventory of institution where it is installed
- **Not eligible:** furniture, motor vehicles, telephones, mobile phones, alarm systems and anti-theft systems, etc.
- Labeled with E+ stickers

**Not foreseen in the application/budget?**  
**Prior written authorisation from Agency**






## Tendering procedure

The beneficiary shall apply the tendering procedure for the purchase of **any kind of goods or services** **WHENEVER** the amount of the purchase/sub-contract is between **EUR 25.000 and 134.000**

Principles of transparency, equal treatment of potential contractors,  
avoiding conflicts of interests

Criterion for selection of offer: best value for money

If value of purchase/sub-contract > **EUR 134.000**:  
**national legislation applicable**

**Split purchase/sub-contract into smaller contracts below the threshold to avoid a tendering procedure**  **NO!**



## **Equipment – Supporting documents**

### **To keep with project accounts (may be requested in case of financial check):**

- **Invoice(s) and bank statement(s) for all purchased equipment (order forms, pro-forma invoices, quotations or estimates are not considered as proof of expenditure)**
- **> EUR 25.000 < EUR 134.000: tendering procedure and three quotations from different suppliers**
- **> EUR 134.000: tendering procedure according to national legislation**
- **Proof that equipment is recorded in inventory of the institution**
- **The declared costs must be identifiable and verifiable and must be recorded in the accounting system of the beneficiary.**

### **To send with Final Financial statement:**

- **Equipment with value > EUR 25.000, copy of invoice(s) and competitive offers**
- **Any prior authorisation from the Agency**



## **Sub-contracts**

- **Subcontracting refers to the implementation of specific tasks being part of the action, by a third party, to which a service contract has been awarded by one or several beneficiaries.**
- **Subcontracting is intended for specific, time-bound, project-related tasks which cannot be performed by the Consortium members themselves. It includes self-employed / free-lance experts.**
- **Sub-contracting to external bodies should be very occasional. The specific competences and particular expertise needed to reach the project objectives should be found in the consortium and should determine its composition.**
- **Sub-contracting for project-management related tasks is not eligible.**
- **Subcontracting costs for the maintenance of any equipment purchased for the project may be included under the budget heading Equipment.**
- **Subcontracting costs will be reimbursed on the basis of the eligible costs actually incurred (actual costs)**



### **Typical activities which may be sub-contracted:**

- **Evaluation activities and auditing (Certificate on the Financial Statement)**
- **IT courses**
- **Language courses**
- **Printing, publishing and dissemination activities**
- **Translation services**
- **Web design and maintenance**
- **Logistic support for the organization of events**
- **Etc.**

**Not foreseen in the application/budget?**

**Prior written authorisation from Agency is needed!**

**In order to prevent double funding by the grant, catering and hospitality costs (e.g. during project events) for participants receiving Costs of Stay cannot be covered by subcontracting. Under no circumstances should these costs be charged to the project twice.**





## Supporting documents for Sub-contracting

- **To keep with project accounts (may be requested in case of financial check):**
  - Invoices, subcontracts and bank statements.
  - In the case of travel activities of subcontracted service provider, copies of travel tickets, boarding passes, invoices and receipts, or for car travel a copy of the internal regulations on the reimbursement rate per km. The aim of the supporting documentation is to demonstrate that the activities took place.
  - When the threshold of EUR 25.000 is exceeded and below EUR 134.000, documentation on the tendering procedure and three quotations from different suppliers.
  - When the threshold of EUR 134.000 is exceeded, documentation on the tendering procedure applied according to national legislation.
  - Tangible outputs/products
- **To send with Final Financial statement:**
  - When the total value of the subcontract amounts to more than EUR 25.000, the copies (not original) of the subcontract, the invoice and the competitive offers must be sent as supporting documents.
  - Any prior authorization from the Agency



### **3) Unit costs, rules and budget headings**

**Budget heading: staff costs**

**Budget heading: travel costs and costs of stay**



## Definition

- **Fixed contribution (not fractioned) multiplied by number of units**
- **"Triggering event" ➡ activities implemented/outputs produced**
- **No need to justify level/amount of costs incurred**
- **Activities implemented during the eligibility period**
- **In case of financial control/audit ➡ declared unit costs supported with proof demonstrating that activities implemented**
- **If activity/output not accepted (e.g. not supported by concrete evidences) ➡ no corresponding unit costs is granted**
- **Examples: *travel activity for teaching not sufficiently documented (e.g. with presence or participation lists, or with a certificate of attendance)***

# CBHE units

## UNIT COSTS FOR STAFF

### PROGRAMME COUNTRIES

	Manager	Teacher/Trainer /Researcher	Technician	Administrative staff <sup>2</sup>
AMOUNTS IN EURO PER DAY				
Denmark, Ireland, Luxembourg, Netherlands, Austria, Sweden, Liechtenstein, Norway	294	241	190	157
Belgium, Germany, France, Italy, Finland, United Kingdom, Iceland	280	214	162	131
Czech Republic, Greece, Spain, Cyprus, Malta, Portugal, Slovenia	164	137	102	78
Bulgaria, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, former Yugoslav Republic of Macedonia, Turkey	88	74	55	39

### PARTNER COUNTRIES

	Manager	Teacher/Trainer /Researcher	Technician	Administrative staff <sup>2</sup>
AMOUNTS IN EURO PER DAY				
Israel	166	132	102	92
Albania, Argentina, Bosnia and Herzegovina, Brazil, Chile, Colombia, Kosovo <sup>3</sup> , Lebanon, Libya, Mexico, Montenegro, Peru, Serbia, Territory of Ukraine as recognised by international law, Thailand, Uruguay, Venezuela	108	80	57	45
Afghanistan, Azerbaijan, Bolivia, China, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Iran, Iraq, Jordan, Kazakhstan, Morocco, Palestine <sup>4</sup> , Panama, Paraguay, South Africa, Territory of Russia as recognised by international law	77	57	40	32
Algeria, Armenia, Bangladesh, Belarus, Bhutan, Burma/Myanmar, Cambodia, Cuba, (DPR) Korea, Egypt, Honduras, India, Indonesia, Kyrgyzstan, Laos, Malaysia, Maldives, Moldova, Mongolia, Nepal, Nicaragua, Pakistan, Philippines, Sri Lanka, Syria, Tajikistan, Tunisia, Turkmenistan, Uzbekistan, Vietnam, Yemen	47	33	22	17

## UNIT COSTS FOR TRAVEL AND COSTS OF STAY

THESE UNIT COSTS ARE NOT APPLICABLE FOR THE "SPECIAL MOBILITY STRAND"

### TRAVEL COSTS<sup>5</sup>

Travel distances must be calculated using the distance calculator supported by the European Commission: [http://ec.europa.eu/programmes/erasmus-plus/tools/distance\\_en.htm](http://ec.europa.eu/programmes/erasmus-plus/tools/distance_en.htm)

The beneficiary must identify the distance of a one-way travel to calculate the amount of the EU grant that will support the round trip. Financial support will be provided only for travels that are directly related to the achievement of the objectives of the project.

Distance band	Unit cost per participant
Between 100 and 499 KM	180 EUR
Between 500 and 1999 KM	275 EUR
Between 2000 and 2999 KM	360 EUR
Between 3000 and 3999 KM	530 EUR
Between 4000 and 7999 KM	820 EUR
8000 KM or more	1100 EUR

### COSTS OF STAY<sup>6</sup>

Costs of stay are based on the duration of the activities of the participants.

STAFF	Unit cost per day per participant	STUDENT	Unit cost per day per participant
Up to the 14 <sup>th</sup> day of activity +	120 EUR	Up to the 14 <sup>th</sup> day of activity +	55 EUR
Between the 15 <sup>th</sup> and the 60 <sup>th</sup> day of activity +	70 EUR	Between the 15 <sup>th</sup> and the 60 <sup>th</sup> day of activity	40 EUR
Between the 61 <sup>st</sup> day of activity and up to 3 months	50 EUR	Between the 61 <sup>st</sup> day of activity and up to 3 months	Not Eligible



## Staff Costs

Performing tasks necessary to achievement of the project

Formal employment relationship

Calculation of the grant → 2 variables: staff category and country in which staff member is employed

**Each unit cost corresponds to an amount in Euro per working day per staff**

Categories: Managers/Researchers, Teachers and trainers/Technical staff /Administrative staff

→  
**Staff category:** *work performed, not status of individual*

→  
**Unit cost:** *country in which staff is employed, independently of where tasks are executed*



## **Staff Costs**

### **Calculation:**

- - based on application of unit costs and independent from actual remuneration (defined in the Partnership Agreement)
- - obtained by multiplying unit cost (corresponding to category of country and staff) by number of working days spent on the project per staff member

**One working day defined according to applicable national legislation/ institutional practice.**

**Declared working days per individual may not exceed 20 days per month or 240 days per year**



## Travel costs and Costs of Stay

Staff/students participating in activities related to the achievement of the project

Unit costs to apply 3 variables: travel distance (for travel costs), duration for costs of stay and type of participant

Prior authorisation for activities not taking place in countries represented in the partnership

Prior authorisation for activities not described in the Guidelines

*Who may benefit?*

### **Staff**

- Under contract with beneficiary institutions and involved in the project
- Travels intended for the activities listed in the Guidelines
- Duration: Max. 3 months

### **Students**

- Registered in one of the beneficiary institutions
- Targeted mainly at Partner Country students and intended for activities listed in the Guidelines (overview table)
- Duration: Min. 2 weeks – Max. 2 months (Max. 1 week for short term activities linked to the management of the project)

The unit costs for travel also cover cancellation costs. It is strongly recommended

The travel costs and costs of stay related to subcontracted service providers have to be declared under the sub-contracting budget heading and be justified and documented accordingly.



## Supporting documents for Travel Costs and Cost of Stay

- A duly filled-in Individual Travel Report (Annex III of these Guidelines). Supporting documentation will have to be attached to each travel report in order to demonstrate the fact that the travel and the activity actually took place:
  - travel tickets
  - boarding passes with points of departure and destination
  - dates and name of the person travelling
  - invoices, receipts
  - proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings
- It is not necessary to prove the actual cost of the travel.

At final reporting stage, the Agency will take note of the expenses on the basis of the final financial statements (list of expenses) sent by the coordinator and will examine these expenses in detail to verify their eligibility. If there are doubts on any particular point, the Agency may request to provide all the supporting documents. Any prior authorization from the Agency must be provided with the Final Financial statement





## **Travel costs: specific rules**

**Staff/students from place of origin (home institution within the partnership) to venue of the activity and return**

**Carried out in project beneficiaries' countries - Exceptions must be authorised**

### **How the grant is calculated?**

**For each participant and for each travel x unit cost corresponding to applicable distance band**

**Each unit cost corresponds to a fixed amount in Euro per travel per person**

**1) Check travel distance of a one-way travel**

**[http://ec.europa.eu/programmes/erasmus-plus/tools/distance\\_en.htm](http://ec.europa.eu/programmes/erasmus-plus/tools/distance_en.htm)**

**2) Apply corresponding unit cost**

**Each unit cost contributes to costs of travel for the round trip, regardless of the expenses actually incurred**



## Travel costs: specific rules

### Example:

A participant from Kiev (Ukraine) takes part in activity in Madrid (Spain). Distance from Kiev to Madrid is (2890 Km) + apply unit cost (distance band 2000/2999 Km): fixed contribution of 360 Euro covering travel from Kiev to Madrid and return!!!

**If place of departure different from place of home institution: prior authorisation**

Circular travels (A to B, B to C and return A):

sum of: unit cost corresponding to distance band from A to B + unit cost corresponding to distance band from B to C

Final travel not taken into account for the calculation of the grant

***Not applicable to air travels with stopover(s)***

**No financial contribution for travels < 10 km (costs of stay eligible)**



## Cost of stay specific rules

**Staff/students for activities outside city of participant's home institution**  
**Activities in project beneficiaries' countries. Exception must be authorised**

Unit costs for **staff**  $\neq$  unit costs for **students**

Unit costs can only be claimed if there is **at least 1 overnight stay**

For each **staff**: unit cost corresponding to the duration of the activities (in days), up to 14<sup>th</sup> day/between 15<sup>th</sup> and 60<sup>th</sup> day/between 61<sup>st</sup> day and up to 3 months

**Each unit cost corresponds to a fixed amount in Euro per day per participant**  
**How to apply unit costs?**

(1) Identify the duration in days of the activity (including the travel from their place of origin to the venue of the activity and vice-versa) (2) Number of unit costs = numbers of days of activity performed.

- Each unit cost contributes to costs of stay regardless of expenses actually incurred



## **Cost of stay specific rules**

### **Examples:**

**A staff from Kiev (Ukraine) takes part in activity in Brussels (Belgium) during 4 days:**

**Max. 4 unit costs of 120 Euros each (TOTAL: 480 Euros)**

**A staff from Kiev (Ukraine) takes part in activity in Brussels (Belgium) during 20 days:**

**Max. 14 unit costs of 120 Euros each + 6 unit costs of 70 Euros each (TOTAL: 2.100 Euros)**



## Co-funding principles

- According to the EU Financial Regulation grants shall always involve co-financing. This means that the resources which are necessary to carry out the project shall not be provided entirely by the EU contribution.
- The grant awarded to CBHE projects is based on an estimated budget combining unit costs and actual costs and it corresponds to the European Union financial contribution to the project. In application of the co-financing principle, this amount has to be considered as a contribution to cover part of the costs incurred by the beneficiary institutions to carry out the activities foreseen in the project, and should not be mistaken with the total costs of the project which also include co-financing from the partner institutions.
- In practical terms, the implementation of the CBHE project may require other types of expenditures, not specifically foreseen and included in the budget of the grant (such as costs for dissemination, publishing, translation if not sub-contracted, overheads costs, bank fees etc.), that are supposed to be covered by co-financing. It is important to note that these expenditures covered by the co-financing will not be taken into account for the final calculation of the grant and therefore will not have any financial impact on it.



- **Contrary to the approach followed under TEMPUS programs, the co-financing contribution provided by the partnership will not need to be justified or demonstrated at final report stage. No proofs of expenditure or supporting documents will be required by the Agency.**
- **At final report stage and for statistical purposes only, the partnership will be invited to provide an indication on the level and source of co-financing made available for the implementation of the project. The final financial statement will contain a dedicated section where co-financing will have to be reported.**



## **Penalties in the case of poor, partial or late implementation of the action**

- **According to the Agreement, the Agency may reduce the grant initially provided if the action is implemented poorly, partially or late.**
- **Such penalties shall be applied in case the final technical report provides evidence that the project implementation was not addressed with the required attention and according to the terms laid down in the Agreement.**
- **The final report and the outputs produced by the project (publications, conference papers, presentations etc.), will be assessed using a common set of quality criteria based on the same evaluation criteria and the same scoring scale as those used application stage: relevance (maximum 30 points); quality of the project (design and) implementation (maximum 30 points); quality of the project team and cooperation arrangements (maximum 20 points); and impact and sustainability (maximum 20 points).**
- **The score will vary from 0 to 100, where 0 is the lower mark and 100 the highest.**



- **Where the rating falls between 0 and 50, a reduction of the EU grant initially provided to the partnership will be implemented according to the following scale:**
  - **25% reduction if the final report scores at least 40 points and below 50 points;**
  - **35% reduction if final report scores at least 30 points and below 40 points;**
  - **55% reduction if the final report scores at least 20 points and below 30 points;**
  - **75% reduction if the final report scores below 20 points.**
- **The coordinator will have the possibility to react to the first evaluation of the final report and to provide supplementary information on the project implementation.**
- **In case the additional information will be deemed insufficient to illustrate a sound and objective oriented project implementation, the above mentioned penalties will be applied.**



# დიდი მადლობა



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