



Workshop Financial Rules

Tempus IV Projects Fifth Call for
Proposals
(EACEA/25/2011)

Tempus project representatives' meeting
Brussels 26-27 November 2012

Outline

- **Budget and contractual ceilings**
- **Budget headings and sub-contracting**
- **Tendering procedure**
- **External audit requirement**
- **Financial Reporting & exchange rate**
- **Co-financing**
- **Determination of the final grant**
- **Payment cycle**
- **Ex-post audits**

N.B. : Please note that this document has no legal value.



ANNEX II - Grant Agreement

Estimated budget of the action

PROJECT COSTS		€
I	Staff costs (max 40% of total eligible direct costs)	400,000.00
II	Travel costs, costs of stay	300,000.00
III	Equipment (max 30% of total eligible direct costs)	200,000.00
IV	Printing and publishing	80,000.00
V	Other costs	20,000.00
Eligible direct costs (total I - V)		1,000,000.00
VI	Indirect costs (7% of total eligible direct costs)	70,000.00
Total eligible costs (total I - VI)		1,070,000.00
PROJECT FINANCE		€
Co-financing of at least 10% of the <u>total eligible costs</u>		107,000.00
Tempus grant: includes financing to a maximum of 90% of the <u>total eligible costs</u>		963,000.00
TOTAL PROJECT FINANCE		1,070,000.00

Budget headings & ceilings

Staff costs: Max 40% of the total eligible direct costs

Equipment: Max 30% of the total eligible direct costs

Indirect costs: flat rate of 7% of the total eligible direct costs

Up to 10% flexibility for transfers amongst budget headings

Art. I.4.4 Grant Agreement

Transfers between headings of eligible direct costs is allowed if:

- the adjustment does not affect the implementation of the action
- the transfer between headings does not exceed 10% of the amount of the heading for which the transfer is intended

N.B. The flexibility of 10% applies also to the ceiling for equipment and staff costs (30% and 40% of the total eligible direct costs shown in Annex II).

Budget amendment

- **PRIOR written authorisation by EACEA for any increase of more than 10% : amendment of Annex II is needed**
- The request to amend the budget must be submitted to EACEA **one month** before the end of the eligibility period at the latest.
- It must indicate:
 - financial details of the requested modification (e.g. modified Annex II)
 - reasons and impact on the activities
 - the expected outcomes of the modification

The ceiling for equipment and staff costs (30% and 40% of the total eligible direct costs shown in Annex II) is not subject to negotiation.

Indirect Costs are not subject to budget modification and the 10% flexibility does not apply to Indirect Costs.

Tempus 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:

- **Administrative** or **academic** tasks (3.1 Guidelines):
 - 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)
- **Replacement costs** for EU staff (3.3 of Guidelines)

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

Supporting documents

The beneficiary shall retain with project accounts:

- For staff: **Staff Convention** (Guidelines/Annex1) + **timesheets**
- For replacement of EU teaching staff: confirmation of engagement from EU institution & Staff Convention+ timesheets

The beneficiary shall provide with final report: explanation & supporting documents (i.e. salary slip) if higher salary rates are applied (re Guidelines/Annex 3).

To justify the costs, the rates applied and for the purpose of audits, the amounts declared as staff costs should be "identifiable and verifiable, in particular being recorded in the accounting records of a beneficiary" (cf. art. II.14.1 of the Grant Agreement).

Please ensure the link with the institution (employment contract).

Example: Staff Costs – maximum eligible daily rates (in €) (gross salary rates)

Extract from Guidelines for the use of the Grant (Annex 3)

Country	Manager	Teacher	Technical	Administrative
Belgique/Belgie - BE	380	325	263	205
Bulgaria- BG	84	75	58	39
Ceska Republika - CZ	138	138	100	72
Danmark - DK	497	425	346	271
Deutschland - DE	356	309	248	191
Eesti - EE	102	94	66	46
Ellas – EL	280	239	196	152
Espana –ES	287	258	198	139
France - FR	423	358	234	179
Ireland – IE	386	336	280	205
Italia - IT	568	332	225	187



II. 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

II. Travel costs/Staff: eligible activities and mobility directions

Point 4.3.1 Guidelines

* General principle: mobilities only between the participating project beneficiaries

Activity

Direction

Assignments for teachers/trainers	⇒	PC → EU and PC / EU → PC *
Re-training and up-dating courses	⇒	PC → EU and PC *
Practical placements	⇒	PC → EU and PC
Short visits for coordination and management meetings	⇒	ALL (PC and EU)
Language training	⇒	Within the PC itself or outside if combined with another PC → EU/PC mobility
Visit for dissemination purposes	⇒	Mobility is allowed to other institutions in the participating Partner Countries

Specific EACEA authorisation is needed for any destination different from the above ones



II. 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 an enterprise
- 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 a **monthly 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.

II. Travel costs/Students: eligible activities and mobility directions

Point 4.4.1 Guidelines

* General principle: mobilities only between the participating project beneficiaries

Activity	Direction	Duration
Study period *	EU → PC PC → PC and EU	Min 2 weeks / Max 3 months
Practical placement	EU → PC PC → EU and PC	Min 1 month / Max 3 months
Intensive course * (postgraduate level)	PC → EU and PC	Min 2 weeks / Max 3 months
Student representatives from PC and EU in coordination & QC meet.	PC and EU → PC and EU	shorter durations acceptable, daily rates @ staff level

Specific EACEA authorisation is needed for any destination/duration different from the above ones

II. 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.



III. 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
- 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 universities included in the partnership (JP)
- be exclusively for PC universities/institutions/organisations included in the partnership (SM) *Not public administration!*
- be exempt from VAT and custom duties (VAT not eligible unless the beneficiary can show that he is unable to recover it)
- be recorded in the inventory of the institution where it is installed

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

III. 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 tendering procedure (min. 3 quotations) for purchases above EUR 25,000

The Beneficiary shall provide with the final report:

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



IV. Printing & Publishing

Point 6 Guidelines for the use of the grant

Purpose

Printing & Publishing budget heading can cover:

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

General photocopying → Indirect Costs

Contractual rules

Internal staff costs cannot be covered by this budget heading (i.e. web updating and web maintenance)

VAT ineligible unless the beneficiary can show that he is unable to recover it

IV. Printing & Publishing

Point 6. Guidelines for the use of the grant

Supporting documents

The beneficiary shall retain with project accounts:

- all invoices
- proofs of tendering procedure (min. 3 quotations) for costs above EUR 25,000

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

The Beneficiary shall provide with the final report:

- Readable copies of invoices if the costs are above EUR 25,000.
- Names of the firms consulted (min. 3) have to be indicated in the *Financial statement* of the final report



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 subcontracting (for specific and time-bound tasks) including travel costs and costs of stay related to subcontracted service providers
- 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

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, VAT, etc.

V. Other costs

Point 7. Guidelines for the use of the grant

Supporting documents

The beneficiary shall retain with project accounts:

- Invoices
- Sub-contracts
- Travel related supporting documents for sub-contracted experts
- bank statements, etc.
- proofs of tendering procedure (min. 3 quotations) for costs above EUR 25,000

The Beneficiary shall provide with the final report:

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

SUB-CONTRACTING

Point 1.3 and 7 Guidelines for the Use of the Grant and FAQ no. 6 and 51

- **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).
- Subcontracting may only be considered for specific, time-bound, project-related tasks which cannot be performed by the Consortium members themselves.
- Proofs of tendering procedure (min. 3 quotations) for purchases and services above EUR 25,000.
- **Related costs always to be covered under “Other Costs” budget heading.**



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.4.2 and II.14.3 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. NO co-financing is permitted
under this budget heading**

Tendering Procedure

Art. II.9 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/sub-contract is above the threshold of **EUR 25,000**

- Copy of the sub-contract and invoice should be sent with the Final Report
- The names of the providers consulted (min. 3) shall be indicated in the final financial statement of the Final Report
- Proof of awarding procedure (at least 3 quotations) should be retained with the project accounts

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

The criteria for the selection of the offer should be the best value for money

Summary table: supporting documents

Budget heading	Supporting documents	
	To be submitted	To be kept with project accounts (upon request of EACEA, the beneficiary should be able to send the supporting docs)
I. Staff Costs	Formal justification for higher salary rates	<ul style="list-style-type: none"> ▪ Staff Conventions (Annex 1/Guidelines)+ timesheets for staff members (+ confirmation of the EU institution for replacement costs) ▪ Proof of payment (financial transaction) and/or salary slip
II. Travel Costs & Costs of Stay	None	Individual mobility reports (Annex 2/Guidelines) and all copies of travel tickets, boarding passes, invoices, receipts.
III. Equipment	<i>Ref. slide on tendering procedure</i>	<ul style="list-style-type: none"> ▪ All invoices ▪ For invoices above € 25 000, docs on the tendering procedure (min 3 quotations).

Summary table: supporting documents

Budget heading	Supporting documents	
	To be submitted	To be kept with project accounts (upon request of EACEA, the beneficiary should be able to send all supporting docs)
IV. Printing & Publishing	<i>Ref. slide on tendering procedure</i>	<ul style="list-style-type: none"> ▪ All invoices ▪ For invoices above € 25 000, docs on the tendering procedure (min 3 quotations).
V. Other Costs	<i>Ref. slide on tendering procedure</i>	<p>All invoices, bank statements</p> <ul style="list-style-type: none"> ▪ Sub-contracts, invoices and travel supporting documents for external staff ▪ For a sub-contract above € 25 000, docs on the tendering procedure (min 3 quotations).
VI. Indirect Costs	None	None, but should be identifiable and justifiable (Art. II.14.3)

An Audit Report on the action's financial statement and underlying accounts must be submitted for grants > € 750,000.



EXTERNAL AUDIT REQUIREMENT

Art. I.5.4 Grant Agreement

Obligatory for grants exceeding € 750,000

WHAT? 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 with the linguistic competences (the audit report should be written in the project language!).

COSTS? They may amount between EUR 5,000 and EUR 12,000. (To be covered under "Other Costs")

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

Final financial report

Annex IV of the Grant Agreement

- To be submitted two months after the end of the project (at the latest) with the Final Report on Implementation of the Project

It includes the "financial statement and request of final payment"

- *To be signed in original by the Legal Representative*
- *Gained bank interests MUST be declared*

& "financial tables"

- *must be filled-in in detail to justify all expenses*

General advice:

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



Exchange rates

Art. I.11.1 Grant agreement

All transactions \neq EUR must be converted and reported in EUR in the Financial Statement of the final report

Which exchange rate 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 in which you received the first pre-financing**
- 2. From the date of receipt of the second pre-financing until the end of the eligibility period: the rate of the month in which you received 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>

The Co-financing

Art. I.4.3 Grant agreement

- 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.4.3 of your Grant Agreement)**

Actual co-financing (minimum 10%):

- ➔ 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
- ➔ can be declared under any budget heading except “Indirect Costs”
- ➔ cannot cover costs which are not eligible for Tempus funding
- ➔ the rules on required supporting documents apply for both expenditure paid by Tempus and co-financed

Determination of the final grant

Art. II.17 Grant Agreement

The final grant will correspond to the **lowest amount** among the following three ceilings calculated at the end of the project:

Ceiling A: % of the actual total eligible costs at the end of the project (as indicated in art. I.4.3)

Ceiling B: Total declared expenditure minus declared co-financing amount

Ceiling C: Maximum Tempus Grant amount, i.e. amount indicated in art. I.4.3

Determination of the final grant



Art. I.4.2 The total budget (incl. co-financing): ex. € 1,070,000

Art. I.4.3 Maximum EU grant in amount: ex. EUR 963,000
= 90% * of total eligible costs

Assumption: all declared expenditure is eligible including indirect costs

PROJECT COSTS	Approved budget €
I Staff costs	400,000.00
II Travel costs, costs of stay	300,000.00
III Equipment	200,000.00
IV Printing and publishing	80,000.00
V Other costs	20,000.00
Eligible direct costs (total I - V)	1,000,000.00
VI Indirect costs (7% of <u>total eligible direct costs</u>)	70,000.00
Total eligible costs (total I - VI)	1,070,000.00
PROJECT FINANCE	
	€
Co-financing of at least 10% of the <u>total eligible costs</u>	107,000.00
Tempus grant: includes financing to a maximum of 90% of the <u>total direct costs</u>	963,000.00
TOTAL PROJECT FINANCE	1,070,000.00

DECLARED PAID BY TEMPUS	DECLARED CO-FINANCED	TOTAL DECLARED EXPENDITURE €
290,000.00	10,000.00	300,000.00
250,000.00	50,000.00	300,000.00
95,000.00	5,000.00	100,000.00
35,000.00	5,000.00	40,000.00
10,000.00	0.00	10,000.00
680.000,00	70.000,00	750.000,00
52,500.00**		52,500.00**
732,500.00	70.000,00	802,500.00

** = 7% of the total eligible direct costs (co-financed + covered by Tempus)

Ceiling A: 90% of 802,500 = **EUR 722,250**
 Ceiling B: 802,500 - 70.000 = **EUR 732,500**
 Ceiling C: **EUR 963,000**

* = percentage varying according to each project (see Article I.4.3)

Determination of the final grant



Art. I.4.2 The total budget (incl. co-financing): ex. € 1,070,000

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Eligible direct costs (total I - V)	1,000,000.00
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Total eligible costs (total I - VI)	1,070,000.00
PROJECT FINANCE	
	€
Co-financing of at least 10% of the <u>total eligible costs</u>	107,000.00
Tempus grant: includes financing to a maximum of 90% of the <u>total eligible costs</u>	963,000.00
TOTAL PROJECT FINANCE	1,070,000.00

* = percentage varying according to each project (see Article I.4.3)

DECLARED PAID BY TEMPUS	DECLARED CO-FINANCED	TOTAL DECLARED EXPENDITURE €
320,000.00	80,000.00	400,000.00
230,000.00	20,000.00	250,000.00
80,000.00	20,000.00	100,000.00
30,000.00	10,000.00	40,000.00
10,000.00	0.00	10,000.00
670,000.00	130,000.00	800,000.00
56,000.00**		56,000.00**
726,000.00	130,000.00	856,000.00

** = 7% of the total eligible direct costs (co-financed + covered by Tempus)

Ceiling A: 90% of 856,000 = **EUR 770,400**

Ceiling B: **856,000 - 130,000 = EUR 726,000**

Ceiling C: **EUR 963,000**

Final decision on payment:

CEILING B = EUR 726,000

Determination of the final grant



Art. I.4.2 The total budget (incl. co-financing): ex. € 1,070,000

Art. I.4.3 Maximum EU grant in amount: ex. EUR 963,000
 = 90% * of total eligible costs

Assumption: all declared expenditure is eligible including indirect costs

PROJECT COSTS	Approved budget €
I Staff costs	400,000.00
II Travel costs, costs of stay	300,000.00
III Equipment	200,000.00
IV Printing and publishing	80,000.00
V Other costs	20,000.00
Eligible direct costs (total I - V)	1,000,000.00
VI Indirect costs (7% of <u>total eligible direct costs</u>)	70,000.00
Total eligible costs (total I - VI)	1,070,000.00
PROJECT FINANCE	
	€
Co-financing of at least 10% of the <u>total eligible costs</u>	107,000.00
Tempus grant: includes financing to a maximum of 90% of the <u>total eligible costs</u>	963,000.00
TOTAL PROJECT FINANCE	1,070,000.00

DECLARED PAID BY TEMPUS	DECLARED CO-FINANCED	TOTAL DECLARED EXPENDITURE €
400,000.00	40,000.00	440,000.00
330,000.00		330,000.00
190,000.00	30,000.00	220,000.00
80,000.00	5,000.00	85,000.00
15,000.00	7,000.00	22,000.00
1,015,000.00	82,000.00	1,097,000.00
70,000.00**		70,000.00**
1,085,000.00	82,000.00	1,167,000.00

** = 7% of the total eligible direct costs (co-financed + covered by Tempus)

Ceiling A: 90% of 1,167,000 = **EUR 1,050,300**
 Ceiling B: 1,167,000 - 82,000 = **EUR 1,085,000**
 Ceiling C: **EUR 963,000**


* = percentage varying according to each project (see Article I.4.3)

Final decision on payment:
CEILING C = EUR 963,000



Payment Cycle

1st pre-financing: 60%

- 45 days after the date when the last of the parties signs the GA 
- (OR upon receipt of a financial guarantee *if required*)

🕒 **Intermediate Report**

(IR) in any case no later than half way through the project lifetime

2nd pre-financing: 30%

- 45 days after the reception of Intermediate Report and Request for Payment:

Intermediate Report + Request for Payment

When 70% of first pre-financing is used

balance: max 10% 

- 90 days following the reception of the Final Report including:

Financial Statement + Request for Payment

🕒 Max 2 months after the project ends

Final Report (FR)

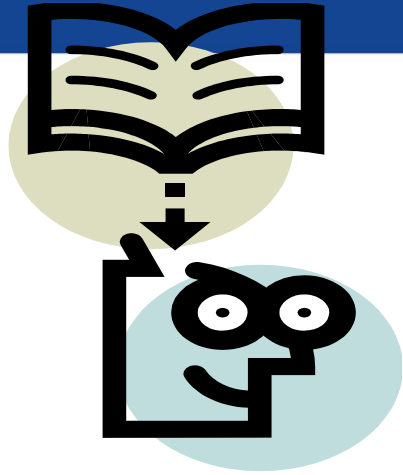
External Audit Report

Required for grants of €750,000 or more

EX-POST AUDITS

Art. II.19 Grant Agreement

- **Can be proposed by EACEA or organised at random**
- **Up to 5 years after the payment of the balance**
- **Verification whether:**
 - the declared expenses have been actually incurred;
 - the declared expenses are in accordance with the contractual documentation;
 - bank interests were gained and declared



Reference documents to be consulted regularly:

- **Grant Agreement**
- **Guidelines for the use of the grant**
- **Frequently Asked Questions**

- **EACEA Financial Information Kit**

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



***For additional support
you can contact us:***

Eacea-tempus-project-management@ec.europa.eu

Thank you for your attention!