

Lifelong Learning Programme 2007-2013

Leonardo da Vinci

TRANSFER OF INNOVATION

Project Handbook 2012

(Annex III – Guidelines for Administrative and Financial Management and Reporting)

IMPORTANT!

Before using this document please check that it is the latest available version. If there is a later version it will be posted on the NA webpage for the Guidelines for Administrative and Financial Management and Reporting

(Version history is located on page 2 of this Handbook.)



Version History

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1.0	September 2012	First version



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Introduction

Purpose of the Handbook

The Handbook applies to grants awarded for Leonardo da Vinci Transfer of Innovation (TOI) 2012 projects under the Lifelong Learning Programme. The Handbook and accompanying reporting templates complement Annex III of your grant agreement (Guidelines for administrative and financial management). The Handbook is intended to serve as an aid to beneficiaries and a management tool for project coordinators. Its principal aims are to:

- help coordinators manage their projects and run them efficiently;
- clarify matters arising from the grant agreement and its annexes;
- provide practical information that may be referred to throughout the project's life;
- provide guidance on the methods of project monitoring and on the dissemination and exploitation of a project's results/products;
- provide guidance on how to handle the financial side of projects in such a way that financial statements can be readily drawn up;
- promote the sound financial management of a project and ensure that the best results/products are delivered at reasonable cost;
- encourage smooth relations between the parties involved by setting out an operational framework for the project.

Target Audience

This document has been produced primarily with beneficiaries and project coordination teams in mind. It is particularly aimed at project coordinators and those on the project responsible for its financial management. The Handbook will also be a useful source of reference to a consortium's partner organisations.

Other Documents

This document should be read in conjunction with your grant agreement, the 2012 Call for proposals and LLP Guide. In case of contradictions between this project handbook and the grant agreement the rule of the grant agreement on page 2 applies.



1 Management of your Project

1.1 Role of the National Agency

The National Agency (NA) operates as a partner for the European Commission. Whilst the Commission deals with policy setting and programme definition, the NA is in charge of programme implementation for all decentralised actions and aims to provide programme beneficiaries with a comprehensive administration and support service.

The NA has a mandate to manage the whole lifecycle of projects. This includes publishing the Call for proposals, selecting the projects, issuing the grant agreements, monitoring the projects through to closure, control and audit of supported activities and of use of the grants, and reporting on the results.

During the project lifecycle the NA provides support for the projects that have been launched, helping them to be successful, bringing them into contact with each other and assisting them with the dissemination of results.

The NA manages the reporting and assessment elements of running projects, and makes payments to grant beneficiaries.

Once projects are complete, the NA provides feedback to the Commission on the results of the projects and on the results of the Call in general so that this may inform future policy.

1.2 Your project in the lifecycle of the Leonardo da Vinci Programme

The Lifelong Learning Programme is implemented via an annual EU Call for proposals in response to which you submitted an application for funding under the Leonardo da Vinci action. With the help of external experts, the NA evaluated your application and decided to allocate community funds for the realisation of the project you proposed. Because your project is funded by the Leonardo da Vinci action, it is expected to contribute to the policy priorities for which the programme was established. The full results of the selection are published on the NA's website.

Your project starts with the signature of the grant agreement by the NA and you and then follows the workplan that is included in that agreement. Through the implementation of your project you carry out a number of activities and follow the milestones according to the work plan. The NA co-finances the costs incurred in carrying out the project activities from the beginning until the end of the eligibility period set out in the grant agreement. Any project activities occurring outside of the eligibility period are not eligible for funding.

The co-financing of your project is implemented according to the rules set out in the grant agreement. At the beginning of the project the NA transfers to you a first pre-financing payment which amounts to a percentage of the maximum Community contribution to the project costs set out in the agreement. Depending on the duration of the project, there may be a second pre-financing payment. (In some cases the NA may seek a bank guarantee or require other conditions to be met, depending on the risk involved, to prevent a loss of EU funds before these pre-financing payments can be made.) At the end of the project and after approval of the project results, analysis and approval of the costs incurred, the NA will execute the final payment or recovery of unused funds, which is made up of the total eligible contribution less the payments already made.

To enable the NA to monitor and assess the achievements of your project, you are required to submit a Interim Report and a Final Report. For shorter duration projects the Interim Report may not be required. Generally speaking, the NA uses external expertise to assess the quality of its results. As part of the monitoring activity, the NA is required to organise a yearly project management meeting with all beneficiaries of Leonardo da Vinci TOI project grants.

If during the project's lifetime the need for modifications to the grant agreement arises, you may request an amendment to the NA that has the right to accept or refuse it.



Dissemination and exploitation of your project and its results are very important as they determine the extent to which your results reach their intended audience and are subsequently utilised. Poor dissemination in particular can lead to duplicated effort and wasted resources. It is important therefore that you plan thoroughly your dissemination and exploitation strategy from the beginning of the project.

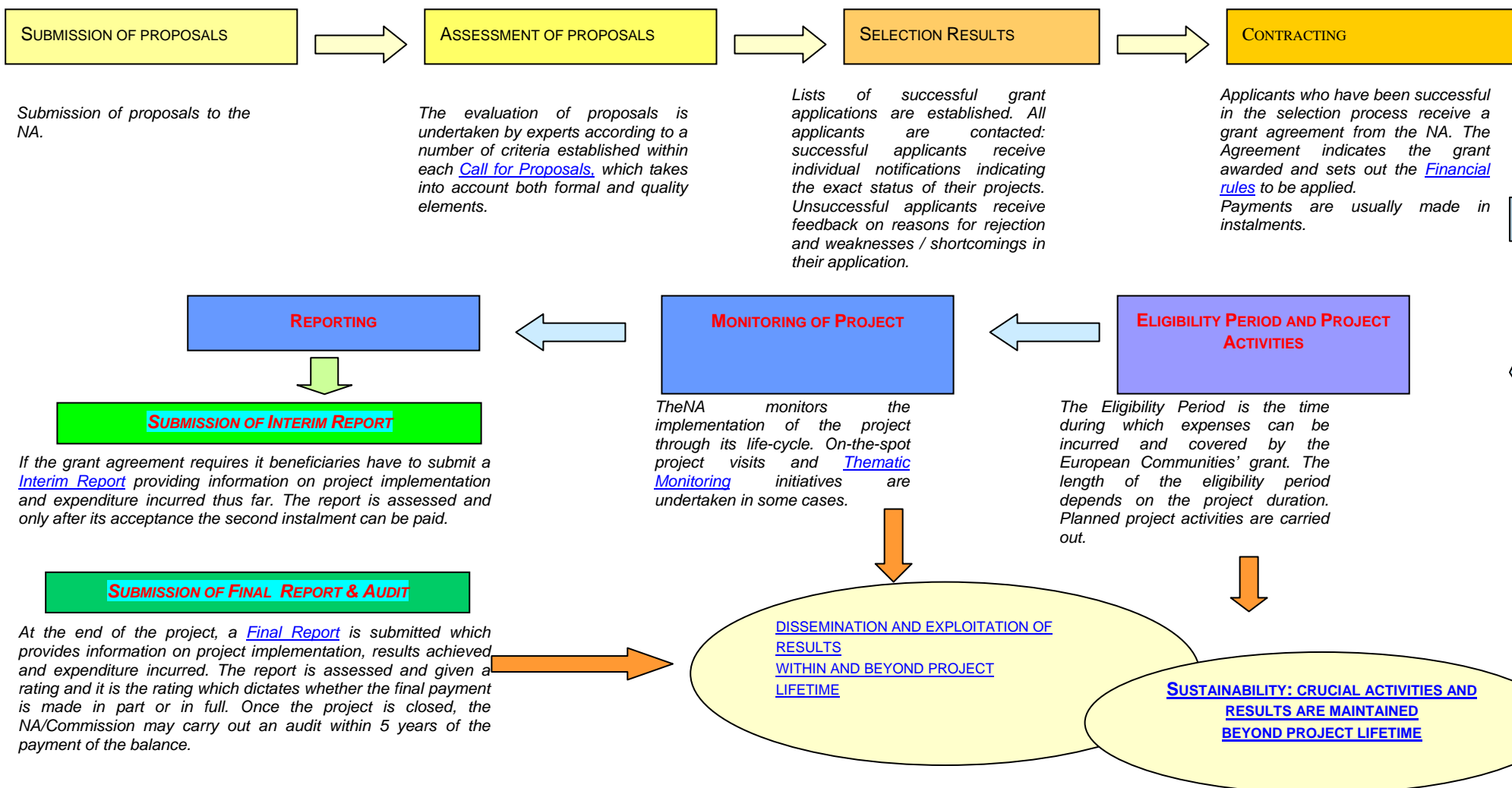
After the project's closure, the NA, the EC and anybody mandated by them reserves the right to launch an audit to verify the accounts. The grant agreement includes a specific requirement to keep records for a number of years after the closure of the project. The NA may also undertake on-the-spot checks during the lifetime of your project.

After your project has been closed the achieved improvement or project result/s should be sustainable. Sustainability means that crucial activities and results are maintained and continue to deliver benefits to the target group, structure, sector or system after the end of the EU funding. Ideally, the sustainability of a project also generates impact, that means direct or indirect long-term effects on actors, structures, sectors or systems beyond the original project environment.

These areas are now presented in more detail in the body of this document, whilst a graphical representation of the project lifecycle can be seen in the flowchart which follows.



PROJECT LIFE CYCLE





1.3 Monitoring of the Project by the NA

1.3.1 Purpose

The NA is responsible for monitoring all the projects that have been successful in securing funds from the Lifelong Learning Programme. The main purpose of the monitoring is to provide support for each project, offering guidance and advice that can be integrated by the project team as it endeavours to achieve a successful outcome. The monitoring is also aimed at ensuring that projects are aligned with and fulfilling their stated objectives and continue to merit the public funds that have been allocated to them. Monitoring also allows good practices and lessons learned to be identified so that others may benefit from them.

To carry out the monitoring of each project, the NA may appoint a member of the NA staff as a point of contact: a project manager or a project officer. This person is responsible for project monitoring on a day-to-day basis and is the channel of communication between the NA and the project coordinator. In addition, an NA financial officer may be appointed to monitor the financial matters of the project as and when the need arises.

The project coordinator can communicate with the NA's project manager or project officer by telephone, email or post. However, all important NA decisions will be communicated in writing and addressed to the project coordinator or to the legal representative, depending on the nature of the communication. The NA will not communicate with a third party without the prior written authorisation of the project coordinator. Oral information or agreements are not legally binding.

1.3.2 What kind of monitoring?

The monitoring may be performed in one or more of the following ways:

- assessment of the work carried out and reported by the project (desk check);
- visit by NA representatives to the premises of the beneficiary organisation (*on the spot* check);
- visit by NA representatives to a project event or partnership meeting;
- visit by project representatives to the NA;
- invitation to project representatives to visit the NA to participate in an event organised by the NA.

The above list is not exhaustive – additional project monitoring methods may be developed in response to new needs that arise.

If the monitoring requires a visit to your premises, the NA will confirm in advance and in writing the purpose of the visit, the issues to be addressed and, where appropriate, the list of documents that should be made available or submitted in advance. The NA's representative and the project coordinator will work together to ensure that the visit is well planned and prepared.

On occasion, the NA may request that the legal representative attends a particular meeting.

The NA is expected to provide formal feedback to the beneficiary after any monitoring visit.

1.3.3 Visit to the beneficiary/coordinating organisation (*on-the-spot check*)

An on-the-spot check at the beneficiary/coordinating organisation can take place at any time during or after the lifetime of the project. On-the-spot checks may take place at the place where the activities happen (during action) or at the premises where the beneficiary keeps his administration and



bookkeeping. As for the activities that take place abroad, the National Agency of the country of origin of the trainees can organise checks at the host organisations abroad.

Alternatively the sending NA can agree with the National Agency of the hosting country to perform checks on its behalf or undertake the check together. At any rate, the NA that has a grant agreement with the beneficiary remains ultimately responsible for the checks of its beneficiaries, both in terms of quality of the check undertaken and in relation to the necessary follow-up actions towards the beneficiary.

At a more detailed level, the visit will focus on the follow-up of the work plan, project outputs, communications, administrative practices, project documents as well as on general questions relating to the financial and contractual management of the project.

The NA shall announce on-the-spot checks in a formal way to the beneficiary so as to explain the purpose of the control, agree on practical arrangements, identify the required interlocutors and supporting materials so as to ensure their presence and availability during the on-the-spot check. In view of preparing the visit, the NA shall send to the beneficiary:

- a list detailing the documents, materials and information to be prepared or made available for inspection;
- a questionnaire that will allow the check to be carried out in an efficient way and may have to be completed by the beneficiary in advance of the visit.

Representative of the beneficiary organisation is required to attend and, the NA may also request the attendance of the person responsible for the financial management of the project. Generally speaking, the project team representation will be dictated by the reasons for the visit and the items to be addressed.

The documents which should be made available for the NA during the *on the spot* check will be specified by the NA in advance. These could include, but may not be limited to, the following:

- any results/products available at the time of the visit;
- partner agreements (recommendable for all projects);
- minutes of the consortium meetings;
- documents related to products;
- copies of the money transfers to the partners;
- documents related to financial monitoring (e.g. internal reports);
- subcontracting agreements and invoices;
- accounting records;
- internal and external evaluation reports, including results of testing;
- quality plan;
- dissemination and exploitation plan, including intellectual property and commercialisation agreements where appropriate;
- sustainability plan;
- publicity material.

1.3.4 Visit to a consortium meeting and/or project event

The NA may attend a project event or a consortium meeting as an observer in order to become acquainted with the progress of the project. If the visit is to a consortium meeting, each partner would



generally be expected to describe during the meeting their contribution to the project and demonstrate their activities and outputs. The NA's representative may be accompanied by an external expert.

The NA representative may also wish to cover specific areas related to project implementation. In this instance, the NA may take the opportunity to cover management issues at a *separate* meeting with the coordinator and other project representatives. This would follow the format of the *on the spot* visit described above (section 1.3.3).

1.3.5 Invitation to visit the NA

The project coordinator and others from the project team may be invited for a meeting at the NA's premises. The documents that the coordinator will be expected to bring will be specified by the NA in advance. See the documents listed in section 1.3.3 for the documents that are most likely to be requested. The coordinator/coordinating team may be asked to give a presentation outlining the current status of the project and its outputs.

1.3.6 Invitation to an event organised by the NA

The NA has to organise at least one project management meeting per year in order to acquaint beneficiaries of Leonardo da Vinci project grants with the rules and good practices for project and grant management. The participation in these meetings is mandatory. (Article 1.3.5 of the grant agreement refers.)

The coordinator may also be invited by the NA to participate in other meetings and to present the project. The expenses related to the participation in such meetings are considered as eligible costs and should be covered by the project's budget.



1.4 Interim Report and Final Report

1.4.1 Purpose of the Reports

Reporting on your project's progress and achievements is both a crucial and beneficial part of the project management process. The assessment of the reports enables the NA to take a decision on the continuation of the project and also leads to the launch of the next payment, whether the second pre-financing or the final payment or recovery.

Depending on the duration of your project, you will be required to either submit a Interim Report *and* a Final Report or simply a Final Report. The Interim Report provides the NA with a mid-term update on how a project is advancing against original plans and budgets, whilst the Final Report is due at the end of the project thus allowing an overall evaluation of the project and of the use of EU funds.

Reminder: projects of 18 months' duration or less are not required to submit a Interim Report unless explicitly required by the grant agreement.

In order to provide a practical and structured means for a project to report its progress and achievements, the NA has prepared report templates including a financial reporting table.

The templates take the different requirements of reporting at the mid-term or end of a project into account.

1.4.2 Reporting period

At the mid-term point of a project, the Interim Report becomes due. In order to allow projects time for report preparation, the reporting period for the Interim Report runs from the start date of the project until **two month prior** to the submission date of the report. For the submission date of your Interim Report please refer to Article I.5 of your grant agreement. The Interim Report may **not** be submitted earlier than the date cited in your grant agreement, as it must cover the period referred to above.

For the Final Report, the reporting period covers the entire project duration and the submission date falls **two** months after the end of the project.

1.4.3 Project Outcomes and Results

Two copies of each product generated by the project should be submitted with the Interim and Final Reports. Any other piece of information that the project deems to be relevant for the assessment such as meeting minutes, testing results etc. should be attached to the report. All details regarding the Interim and the Final Report Procedures could be find on the NA web site (<http://www.llp-ro.ro/llp.php?id=173&d=43&menu=64>).

1.4.4 Processing the Reports

Each report must be submitted to the NA by the deadline indicated in the grant agreement. Late submission may considerably delay the process of analysing and assessing the report which may, in turn, cause payment of due funds to be delayed.

In general, the NA uses external experts to help with the analysis of the report, the evaluation of the quality of the work accomplished and the formulation of an overall assessment.

Projects are bound to provide information when requested.

If a report is incomplete (for instance, some parts are missing or incorrect) the NA may request that further information be supplied and provided through the submission of a new, updated version of the report. The NA will specify the form in which the additional information should be submitted. In these cases, the period foreseen in the grant agreement for payment will be suspended until the additional information has been received by the NA.



In addition, there are a number of elements that are indispensable for the NA to carry out an analysis of the report. The absence of any of these elements would render the NA unable to assess the report and would thus lead to a rejection of the report until the missing information had been provided.

Rejection will occur if:

- The signature of the legal representative is missing (the signature of a person other than the legal representative cannot be accepted);
- The report is not complete (parts are missing, sections are not filled in);
- The financial reporting tables (electronic version) are incomplete or missing;
- The report has been submitted using wrong templates;
- The report has been submitted in a language other than the working language of the consortium.

Based on the experts' assessment and the recommendations they make, the NA takes a final decision with regard to the establishment of the final grant amount. In the event that the report is not complete and additional information needs to be submitted, the payment, which is dependent upon the positive evaluation of the report, will be delayed.

Once the assessment is complete, the NA will inform the project of the final evaluation i.e. its decision and feedback on the progress and achievements of the project, as well as on the final grant amount and on the amount of balance payment or recovery due. The letter will also specify the conditions and timeframe for appeal against the NA proposal for closure.

1.4.5 Exchange rate for financial statement (reporting)

According to Article I.5 of the grant agreement all amounts in the reports shall be declared in euro. For that purpose the beneficiary shall convert any actual cost incurred into euro at the conversion rate 'inforeuro' corresponding on the month when the grant agreement is signed by the NA.

Please note that the exchange rate stipulated in the grant agreement does not only apply to the beneficiary, but must also be followed by all the partners of the consortium.

1.4.6 Payment arrangements

If the grant agreement covers more than 18 months and therefore foresees several instalments the articles of the grant agreement on payment arrangements (in the "Special Conditions") rule that "full payment of the second instalment may not be made until at least 70% of the first pre-financing payment has been used up."

That means that beneficiaries can nevertheless ask for a second payment - **but not the full** amount. The following in the article makes this plain:

"Where the consumption of the previous pre-financing is less than 70%, the amount of the second pre-financing payment shall be reduced by the unused amounts of the previous pre-financing."

1.4.7 Specific requirements for the Final Report

The Final Report becomes due after the end of the project allowing the project to be reported on and evaluated in its entirety. Consequently, all project activities agreed upon in the grant agreement should be complete and products finalised by the time the report is submitted.

The assessment of the Final Report includes the following elements.

- An appraisal of the project implementation and quality of the project results and products. In addition to analysing the existence and quality of individual results, this includes



checking that the activities carried out to achieve the results correspond to the activities that were defined in the approved application.

- An evaluation of the eligibility of declared expenditure and of the project's adherence to its budget, as well as in relation to activities actually undertaken.
- A verification of the measures taken to guarantee the successful dissemination and exploitation of the project's results and products.
- A verification of the measures taken to ensure the sustainability of project results.

1.4.8 Weak implementation of a project

As stated in the grant agreement, "if the action is not implemented or implemented poorly, partially or late, the NA may reduce the grant initially provided for, in line with the actual implementation of the action..." (Article II.17.5).

The experts carrying out the final assessment will give an overall judgement on the project made up of a 'qualitative' grade and a numerical rating. The values given will reflect the quality of the products as well as the performance of the consortium. They will also take into consideration the project objectives defined in the work plan.

The rating values – which dictate the precise level of reduction of the grant, if any – run from 0 to 10, where 0 is at the bottom of the rating scale and 10 is at the top. Where the rating recommended by the external experts and confirmed by the NA lies between 0 and 4, the NA may decide to have the project reassessed. If a reassessment is carried out and the views of the experts differ, the final consolidated rating will be determined by the NA.

Where the rating falls between 0 and 4, a reduction of the Community contribution to the eligible staff costs will be implemented according to the following scale:

Final Assessment		Corresponding reduction to eligible staff costs in the final Community contribution
Grade	Rating	
Very Good	10	0%
	9	
Good	8	
	7	
Acceptable	6	
	5	
Weak	4	25%
	3	50%
Very Weak	2	75%
	1	85%
	0	

As mentioned above, the reduction will be applied to the total eligible staff costs. Once this amount is identified, the corresponding grant to the staff costs will be calculated in accordance with the maximum co-financing percentage established in the grant agreement.

Example



A project with a co-funding ratio of 75% and total eligible staff costs of 100.000 EUR has been assessed as having a weak implementation and has been awarded a rating of 4. The reduction would be applied as follows:

Total eligible staff costs:	(A)	100.000 EUR
% reduction to eligible staff costs:	(B)	25%
Actual amount of reduction (= A x B):	(C)	25.000 EUR
Total eligible staff costs after reduction (= A - C):	(D)	75.000 EUR
EU co-funding ratio:	(E)	75%
Total grant towards staff costs (= D x E):	(F)	56.250 EUR

In addition, the external expert may recommend that the contribution for other budget categories be reduced where it is considered that the costs were not necessary for the execution of the project or not justified by the work reported e.g. travel costs, equipment costs etc.

At the Interim Report stage, another system will be used as a means of giving feedback to the project about its performance. At this stage the level of rating has normally no direct impact on any subsequent pre-financing payment. Nevertheless, the NA may decide to reject the report if it is incomplete (Article II.15.4 of the grant agreement) or hold back the payment if it is assessed as very weak. Decisions will be taken on a case-by-case basis.

In the event of renewed rejection, the NA reserves the right to terminate the agreement by invoking Article II.11.2(b) of your grant agreement.

1.4.9 Termination of the grant agreement

According to Article II.11.2(b) "the NA may decide to terminate the agreement, without any indemnity on its part,.....if the beneficiary fails to fulfil a substantial obligation incumbent on him under the terms of the agreement, including its annexes". Correct reporting is of course a substantial obligation.

Article II.11.3 rules the procedure of the termination. In order to clarify the rules of this article three examples are given below:

Example 1

The beneficiary receives the registered letter (notice) on 1 July and does not react: termination takes effect on 31 July.

Example 2

The beneficiary receives the registered letter (notice) on 1 July and submits observations by 30 July the latest; the National Agency receives the observations on 5 August and does not react at all to them by 4 September or gives written disapproval by 4 September: termination took effect on 31 July. Please note that it is the date in the notification that determines the date of termination.

Example 3

The beneficiary receives the letter on 1 July and submits observations by 30 July the latest; the National Agency receives the observations on 5 August and gives written approval before 4 September: no termination and the beneficiary is bound to ensure continued fulfilment of his contractual obligations.

Please note that "Days" are calendar (and **not** working) days.

Regarding the effects of the termination, Article II.11.4 of the grant agreement stipulates that , "where the NA is terminating the agreement on the grounds that the beneficiary has **failed to produce** the final technical implementation report and financial statement within the deadline...and the beneficiary has still not complied with this obligation within two months following the written reminder sent by the NA...**the NA shall not reimburse the expenditure incurred by the beneficiary up to the date on which the action ended** and it shall **recover any amount if its use is not substantiated by the technical implementation reports and financial statements** approved by the NA".



Please note that "**failed to produce**" refers not only to the situation where the report was not submitted at all but also to the situation where the report has been twice or more times rejected and where consequently the agreement has been terminated.

If you fail to produce the interim report or the final report, that means that all expenditure from the beginning of the eligibility period becomes ineligible.

1.4.10 Grave breach of contractual obligations

According to Article II.12 of the grant agreement, in case of grave breach of obligations, the NA can claim "financial corrections" **on top** of the effects of termination and on top of the reduction of the grant.

The notion of "serious breach of contractual obligations" cannot be defined in advance for all possible failures to comply with contractual obligations. Nevertheless, when **managing** grant agreements, the following situations might give rise to a declaration of "serious breach of contractual obligations":

- if the conditions contained in clauses in model grant agreements entitling the NA to terminate the agreement unilaterally are fulfilled;
- if a beneficiary fails to comply with the clauses on the respect of intellectual and industrial property rights;
- if a beneficiary fails to comply with the clauses on the respect of confidentiality;
- the refusal to permit and support the performance of checks and audits in compliance with the relevant contractual entitlements also indicates a "serious breach of contractual obligations";
- cases of enforced recovery due to problems in the execution of the grant agreement.
- failure of the beneficiary to comply with his obligation to quote the European Union as a donor, after a formal reminder has been addressed to him, might constitute a serious breach of the grant agreement;
- non-compliance of the beneficiary with the obligation to produce and/or submit interim or final reports of whatever kind on the operation or action co-financed by the National Agency, after a formal reminder has been addressed to him, represents an indicator for a "serious breach of contractual obligations".

This list of indicators is not exhaustive. Where bad performance of the beneficiary endangers seriously the objectives of the grant agreement and depending on the assessment of the facts with regard to their financial, reputational or functional impact for the NA and/or the Commission it could also be regarded as a serious breach of contractual obligations.



1.5 Dissemination and Exploitation of Results

1.5.1 Purpose of dissemination and exploitation activities

Significant emphasis is placed on the impact of EU co-financed projects and on the concrete plans for ensuring that what they produce will be widely known about and widely used. The results generated, the lessons learned and the experience gained by each project team should be made available to the widest possible audience.

The primary means of making this happen are the twin activities of dissemination and exploitation of results, also known together as *valorisation*. Their key objective is to maximise the impact of project results by optimising their value, strengthening their impact, transferring them to different contexts, integrating them in a sustainable way and using them actively in systems and practices at local, regional, national and European levels.

Well-planned and well-executed dissemination and exploitation ensure that project results have a reach beyond those directly involved in the consortium and an impact that is sustained beyond the project's lifetime.

1.5.2 What are project results?

Project results are the products, methods, experiences and policy lessons that projects may realise. Broadly speaking, there are five main categories of result of which the first three are direct project results and the second two are indirect project results or programme-level results (see also the generic typology of project results in the dissemination and exploitation of results section of the LLP Guide).

Result Category	Examples
Products	<ul style="list-style-type: none"> • reports and comparative studies; • handbooks and training tools; • innovative education and training modules; • new curricula and qualifications; • guidance material for new approaches and methodologies; • demonstrator, prototype; • online education and training material (e-learning); • conferences and cultural events; • seminars, debates and symposia.
Methods	<ul style="list-style-type: none"> • increased knowledge of the participants within a certain field and topic; • cooperation processes and methodologies; • managerial lessons learned and know-how; • exchange of ideas and good practice.
Experiences	<ul style="list-style-type: none"> • experience gained by the project partners in the management and undertaking of transnational partnerships; • experience gained by individuals, e.g. from mobility periods; • exchange of experience and best practice through the establishment of networks.
Policy lessons	<ul style="list-style-type: none"> • drawn from the overall experience of projects within a programme or from individual projects that are particularly innovative or effective; • fed back to inform policy making e.g. in the Lifelong Learning field within the Commission and within member States.
European Cooperation	<ul style="list-style-type: none"> • new or extended European partnerships;



	<ul style="list-style-type: none"> • transnational sharing of experience and best practice; • cross-cultural dialogue and co-operation; • new dialogue and partnerships between EU and non-EU countries.
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The different categories of results may require different approaches for dissemination and exploitation. For example, tangible results such as 'products' may be easily demonstrated with actual items, graphical representations and samples whereas intangible results such as 'experiences' may require alternative methods of demonstration such as survey results, interview analysis and accreditation programmes.

1.5.3 What are the dissemination and exploitation of results?

The activities of dissemination and exploitation are closely related but distinct from one another.

Dissemination can be defined as a planned process of providing information to key parties on the quality, relevance and effectiveness of the results of programmes and initiatives. It occurs as and when the results become available.

Exploitation means making use of and deriving benefit from (a result). In the context of project results it primarily involves "sustainability" and the process of "mainstreaming":

Sustainability means that crucial activities and results are maintained and continue to deliver benefits to the target group, structure, sector or system after the end of the EU funding. Sustainability can be best achieved **within** the consortium because the take-up of the project results **outside** the project environment (see below) is not within the control of the consortium.

Mainstreaming is the planned process of transferring the successful results of programmes and initiatives to a wider context: policy-makers, stakeholders and "end-users" outside the original project environment (in local, regional, national or European systems) adopt, for example, tools or practices developed by the project.

1.5.4 How to plan your dissemination and exploitation

Having a strong plan for dissemination and exploitation from the *start* of a project is a key priority for a Lifelong Learning Programme-funded project. It is for this reason that dissemination and exploitation work packages formed a mandatory part of your application package. Creating the plan early on ensures that your intended users and their needs are central to your project from the beginning.

In planning these activities, the project team should be addressing the following kinds of questions:

- Which problems does the project solve? Which needs does the project address?
- What are the expected results?
- Who are the users/interested sectors who will benefit from the project's results?

Time should be spent on establishing who is expected to use the project's results and taking account of their needs. This should include all potential users, not just those from your project consortium itself. Plans should allow for consultation with, and the involvement of, users during the project's lifetime.

The key elements of the plan are:

- The types of dissemination and exploitation activity that will be used – the methods and mechanisms;
- The resources that will be required – people and budget;
- The timetable for the different activities;



- The strategy for extending the activities beyond the project's lifetime (sustainability).

Once established, the dissemination and exploitation plan should be regularly reviewed and where necessary revised in light of the project's evolution. Any adjustments to the plan should be described in the Interim and Final Reports that you submit (see section 1.4 of this Handbook).

For more detailed guidance on writing a dissemination and exploitation plan please visit the DG EAC website at the following address:

http://ec.europa.eu/dgs/education_culture/valorisation/index_en.html

Amongst other things, this includes 'The EU's 5-stage plan for dissemination and exploitation' along with a dissemination toolkit and suggested mechanisms for both valorisation activities.

Please note that there are special conditions in the grant agreement that relate to dissemination and publicity (Article I.10.3 and 4 Special Conditions and Article II.5 General Conditions). Please note also the requirement for beneficiaries to continuously document the progress and results of the project in the programme database ADAM.

1.5.5 Recognition of Commission funding and use of LLP logo

Project publications and results that are distributed must make reference to the co-financing that the Commission has provided and present the LLP logo. This visibility increases general awareness of the Lifelong Learning Programme and helps ensure the continuation and longevity of its operation.

The LLP logo can be found at:

http://ec.europa.eu/dgs/education_culture/publ/graphics/identity_en.html

The funding disclaimer text is available in all official EU languages at:

http://ec.europa.eu/dgs/education_culture/publ/graphics/agencies/use-translation.pdf

Failure to acknowledge the Community funding may lead to the costs related to a particular activity being declared ineligible. For example, in the case where the activities included research and publication, if the publication fails to mention EU funding, then the costs of research could still be considered eligible but the costs of publication could be declared ineligible.



1.6 Amendment Requests

As indicated in your grant agreement, any amendment to the grant conditions must be the subject of a written supplementary agreement. (Article II.13)

The amendment request must duly justify the reasons for the proposed changes. The NA reserves the right to reject an amendment request that is not justified.

It is important to understand that the amendment should not be requested retrospectively i.e. changes that have in reality already been carried out prior to the submission of the request cannot be retroactively requested. In particular, retroactive changes to the eligibility of costs through an amendment may only be accepted in exceptional cases due to extenuating circumstances.

Any request for amendment has to be submitted to the NA at least three month before the closing date of the action. (Article II 13.3)

Any amendment request must be submitted to the NA by an official letter or form (see below) signed by the legal representative of the beneficiary, that is, the person who signs the grant agreement or his/her legal replacement.

1.6.1 Amendment request using a specific template

To request an amendment, please use the formal Amendment Request form which can be found on the NA webpage. Here you will find the templates for requesting an amendment to the grant agreement for the following circumstances:

- A - Replacement of the beneficiary organisation or change of name and/or statute of the beneficiary organisation
- B - Partner(s) withdrawal
- C - New / replacement partner(s) joining the project
- D - Changes to the work programme
- E - Change of bank account
- F - Changes to the the project duration
- G - Changes to the reporting schedule
- H - Changes to the budget
- I - Other

1.6.2 Amendment request without a specific template

The following sections describe cases where use of the form is not needed.

Change of coordinating organisation

If your request is to change the coordinating organisation – whilst the beneficiary organisation remains unchanged – it is not strictly necessary to use the form if the new coordinating organisation is an *existing* partner in your consortium. This is because the change of the coordinating institution does not necessitate changes to the grant agreement.

Notabene: If a partner that is new to the project assumes the responsibility of the coordinating organisation, then you should use the form under section 1.6.1 above and indicate this in section C.2, in the box "Tasks taken over by the new partner and/or (re)distribution of the tasks amongst all partners".

Where necessary, a new work plan with the task distribution broken down by partners and a new budget breakdown should be submitted. Please use the appropriate sections of the Amendment Request forms to notify the NA of the changes requested.



Change of the person of project coordinator

A change of the person acting as project coordinator does not require the amendment request form to be used. A letter informing the NA about the reasons for the envisaged change and stating that there is no objection from the project partners to the change of the project coordinator is sufficient.

The letter should include a description of the competences and experience of the new coordinator. It must also include all the new coordinator's contact details (telephone and fax number, address, email, etc).

Change of legal representative of the beneficiary organisation

In this case it is not necessary to use the amendment request form. A simple letter with an official document confirming the designation of the new legal representative is sufficient. Examples of official documents include statutes and minutes of the Board.

The letter should include all the contact details of the new legal representative (telephone and fax number, address, email, etc).

1.6.3 Cases where an amendment request is NOT necessary: change to the budget breakdown per heading

An amendment request relating to an adjustment to the budget breakdown is not necessary when the transfer **between the two budget headings of direct costs - staff costs (budget heading A) and operational costs (budget heading B) - does not exceed 10% of the amount of the heading that you intend to increase** ("...for which the transfer is intended..." Article III.4).

In all other cases of a budget change an amendment request is necessary (see H in section 1.6.1)

When assessing your Final Report, the NA will accept declared costs that exceed the budget as long as they stay within the threshold of 10% mentioned above (by budget heading of direct costs).

NOTA BENE: This rule is not applicable to indirect costs as they are limited to the percentage of eligible direct costs indicated in the grant agreement (Annex II).

Please note that it is not possible to modify the total budget, the amount of the grant or the percentage of community funding.

Example

If you intend to increase the budget allocated to operational costs (budget heading B) from EUR 210.000 to EUR 231.000, by a transfer from the staff costs (budget heading A) no formal amendment request is necessary. The increase does not exceed the permitted 10% level of increase.



2 Financial rules

The following financial rules must be read together with your grant agreement, the 2012 Call for proposals and LLP Guide.

The following sections apply to the beneficiary and all its partners within the consortium (e.g. the rules on staff costs apply to all partners of the consortium including the beneficiary)

2.1 General Provisions on Eligibility of Costs

The general context, nature and amount of expenditure will be considered when assessing eligibility.

To be considered as eligible costs of the project, costs must satisfy the following general criteria (LLP Guide and grant agreement):

- They must relate to activities involving the **eligible countries** in the Lifelong Learning Programme. Any costs relating to activities undertaken outside these countries or by organisations that are not registered in an eligible country are not eligible unless they are necessary for the completion of the project and duly justified in the application form and in the report and/or agreed in advance with the NA through the exchange of letters.
- They must be incurred by **legal bodies/institutions** of the official consortium¹;
- They must be **connected** with the project (i.e. relevant to the project and be directly connected with the execution of the project in accordance with the approved work plan);
- They must be **necessary** for the execution of the project;
- They must be **reasonable and justified** and they must accord with the principles of **sound financial management**², in particular in terms of value for money and cost-effectiveness;
- They must be **generated** during the eligibility period of the project³;
- They must be **actually incurred** by the beneficiary and **be recorded** in his accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;
- They must be identifiable and verifiable.

The beneficiary's internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the project with the corresponding accounting statements and supporting documents. For scales of unit costs, this implies that the "number of units" must be recorded in appropriate documents (e.g. timesheets, attendance lists, etc.).

¹ The Decision establishing the Lifelong Learning programme defines for projects with a "project coordinator" and "project partners" the term "multilateral grouping", which is the equivalent for "consortium".

² Costs shall be defined in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that costs shall be defined in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

³ i.e. generated by an activity that takes place during the lifetime (legal duration) of the project / action. Activities taking place before or after the period specified in a grant agreement are not eligible for funding.



All transactions within the eligibility period, related to the actual expenditure/income under the project, must be recorded systematically using a numbering system, which specifically identifies the project.

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

NOTABENE: The National Agency applies the requirement of 25 % co-financing by the consortium on the **total** project costs. That means that the partners can make arrangements among themselves that one partner takes a higher part of the co-financing in order to reduce it for another partner.

2.2 Non-eligible Costs

Under no circumstances can the following types of costs be considered as eligible (Article 14.4 of the grant agreement:

- return on capital;
- debt and debt service charges;
- provisions for losses or potential future liabilities (provisions for contractual and moral obligations, fines, financial penalties and legal costs);
- interest owed;
- doubtful debts;
- exchange rate losses;
- VAT, **unless** the beneficiary organisation can prove that it is unable to recover it;
- costs declared by the beneficiary and covered by another project or work programme receiving a Community grant;
- costs which **cannot be evidenced by supporting documents**;
- excessive or reckless expenditure;
- purchase of capital assets - only depreciation is eligible;
- in the case of rental or leasing of equipment, the cost of any buy-out option at the end of the lease or rental period;
- costs associated with the preparation of the application for the Lifelong Learning Programme;
- costs of opening and operating bank accounts (except for the transfer funds' costs to the partners of the project, which are eligible to indirect costs);
- costs incurred in relation to any document required to be submitted with the application (audit reports, etc.);
- costs incurred by silent partners (silent partners can be partners in the consortium on their own costs but are ineligible to receive funding from the grant);
- contributions in kind (for example: voluntary work).



2.3 Categories of Eligible Direct Costs

The eligible direct costs for the project are those costs which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to performance of the project and which can therefore be booked to it directly.

2.3.1 Staff (Table A.3)

Staff costs include any salary or remuneration paid to persons employed by a partner's organisation, working permanently or temporary for the project.

Costs relating to the following categories of staff are considered:

- Statutory staff, having either a permanent or a temporary employment contract with a partner of the consortium. To be considered in this category, staff must report to the relevant partner organisation as an employee.
- Temporary staff, recruited through a specialised external agency.

Depending on national labour law legislation (in particular the definition of "dependent worker"), in certain cases self-employed persons working for the project can also be declared under staff costs. To assimilate "external" personnel as staff costs, a few criteria should be considered:

- Long consecutive duration of collaboration with the relevant partner organisation.
- The "external" collaborator her/himself must sign a contract with the relevant partner organisation on its own behalf. A contract with another company would be clearly subcontracting! Again it must be in accordance with national law and evidence will be required (copy of law).
- The fact that the recruited person is accountable to the relevant partner organisation. "Accountable" means that the "external" collaborator has to report on the hours worked, the tasks and results and consequently the relationship between the two parties is not "equal". Their relationships are the same as a company has with its own employee and not the ones the company would have with a subcontractor.
- It must fit with the national legislation. For instance, in Spanish law it is a legal status to be "semi"-self-employed working for a company whereas in Belgium it would be pursued by the tax office and the "semi"-self-employee would be considered as an employee and the taxes charged to the company.

In this case, in addition to the other supporting documents, the National Agency may request a declaration, issued by the competent authority, confirming that the self-employed person has fulfilled his/her social and fiscal obligations.

Costs related to staff working through subcontracting shall be included under the appropriate category (see section 2.3.4 "Subcontracting costs").

Staff members of project partners are not allowed to operate in a subcontracting capacity for the project.

Beneficiaries should report staff costs based on real daily staff cost rates, which cannot exceed the maximum rates published in the LLP Guide of the respective call for proposals. Any surplus will be considered as ineligible. The veracity of these costs may be the subject of an audit.

Real daily staff cost rates are based on the Beneficiary's usual policy on remuneration, comprising actual salaries plus social security charges and other statutory costs included in the remuneration..



Staff costs cover all the costs included in the **normal** remuneration package of the person, - social security, pension, insurance, extra time compensation, meal vouchers and other fringe benefits.

Non-statutory costs like bonuses, lease car, expense account schemes, incentive payments or profit-sharing schemes are excluded

For each individual, the total staff costs for the project are calculated by multiplying their daily rate by the number of days worked for the project.

The rate of the country in which the partner organisation is registered will be applied, independent of where the tasks will be executed (i.e. a staff member of an organisation of Country A working (partly) in Country B will be budgeted on the basis of the rates of Country A).

Partners must be prepared to provide supporting documents (payslips or official/ certified accounting documentation) relating to the method of calculation of the daily rates for staff, in addition to contracts and CVs, for those working in the project.

The above mentioned supporting documents do not need to be sent with the financial reports, but need to be available, if requested by the NA or for audit purpose.

If your project is audited, you will need to provide:

- a list of all personnel employed on the project, showing the exact period that they worked, plus their position
- employment contracts for both permanent and temporary staff
- evidence of calculation of the daily rates (payslips)
- calculation of the related charges (e.g. pensions)
- timesheets

For recording staff costs you will use timesheets, which must be signed by the person carried out the work and the legal representative and which should show:

- the employee's name
- the number of days/ hours worked for the project
- the activity carried out

All partners must fill in “Staff costs statement”, which template is available on the NA website http://www.llp-ro.ro/userfiles/Staff_costs_statement_2012_nou.xls.

This requires, for every person who has worked on the project, the number of days worked according to time-sheets, the method of calculation of daily rate and the amount paid.

The totals are then filled in **Table A.3**, and may be verified with justifying documents.

The following **supporting documents** must be submitted for the financial report:

- [time sheets](#);
- staff costs statements.

2.3.2 Travel and Subsistence (Table A.4)

Activities that require travel have to be included in the work plan and in the budget of the project. The project implementation normally follows this work plan. Costs may be claimed only for journeys directly connected to specific and clearly identifiable project-related activities.

Therefore, if there are any reasons related to the **project work plan** (e.g. dissemination) or to **better financial management** (e.g. airfare cost reduction) to travel to a 'Programme' country, in which no partner has his seat, this is eligible. Exceptionally, meetings outside 'Programme' countries are possible, too. But the NA has to allow them **beforehand in writing**.



If the travel was not included in the planning or did not accord with the principles of sound financial management or, in the case above, was not requested beforehand to the NA, then the costs are **not** eligible.

Travel and subsistence costs for staff taking part in the project are considered eligible, provided that they are in line with the partner's usual practices. Costs may be claimed only for journeys directly connected to specific and clearly identifiable project-related activities. For information on charging travel costs for non-staff members please refer to sections 2.3.4 "Subcontracting costs" and 2.3.5 "Other costs".

a) Travel costs

Reimbursement must be based on real costs, independent of the means of travel chosen (rail, bus, taxi, plane, rented car). Partners are required to use the cheapest means of travel (e.g. use Apex tickets for air travel and take advantage of reduced fares). Where this is not the case, a full explanation should be provided.

The travel cost for a journey should include all costs and all means of travel from the point of origin to the point of destination (and vice versa) and may include visa fees, travel insurance and cancellation costs.

Include also travel costs to airport or rail station; any other local travel is included in subsistence costs.

It is recommended to buy airline tickets with a cancellation clause since the cost of cancellation insurance are eligible.

Expenses for private car travel (personal or company cars), where substantiated and where the price is not excessive, will be reimbursed as follows (whichever is **the cheapest**):

- Either a rate per km in accordance with the internal rules of the organisation concerned **up** to a max of EUR 0.22 per km.
- Or price of a rail, bus or plane ticket. Only one ticket shall be reimbursed, independently of the number of people travelling in the same vehicle (use internet sites to obtain this type of document).

For rented cars (maximum category B or equivalent) or taxis: the actual cost where this is not excessive compared with other means of travel (also taking into account any influence factors e.g. late/early hour, excessive luggage). Reimbursement will be made independently of the number of people travelling in the same vehicle.

The following **supporting documents** are necessary for reimbursement:

Air / train travel:

- plane / train tickets
- boarding passes
- invoice for the plane tickets (if any)
- receipt/ payment order/bank statement/other similar document as proof of payment.

Private car travel: any evidence showing the price of a rail, bus or plane ticket (use internet sites to obtain this type of document).

Rental cars or taxis: invoice, proof of payment or receipts (for taxis).

Travel insurance: insurance policy.



b) Subsistence costs

The reported expenses must respect the **maximum daily rates published on the website of the NA (the 2012 Call for proposals) http://www.llp-ro.ro/userfiles/tabel_subzistence_12.pdf**; any surplus will be considered as ineligible. The rate to be applied is the one of the destination country i.e. *where accommodation costs are incurred*.

NOTA BENE: Reimbursement must be based on the existing internal rules of the partner organisations, which may be on actual costs (reimbursement of receipts) or daily allowance basis.

In either case, documentation evidencing the applied internal rules must be provided.

In either case, proof of attendance and overnight accommodation (hotel invoice) will be required to substantiate declared costs.

Subsistence rates cover accommodation, meals and all local travel costs (but not local travel costs part of the travel from point of origin to point of destination – see point a) above).

In calculating the number of days for which to apply the daily subsistence rate, it should be noted that a full day includes an overnight stay; a full day's allowance without an overnight stay will not be reimbursed.

A corresponding reduction must be applied if accommodation, meals and local travel costs are provided for free of charge by a third party.

The following **supporting documents** are necessary for reimbursement:

- the statement of expenditure, in accordance to the internal rules of the organization, signed by the persons entitled to do so within the organisation (usually the financial manager),
- if internal rules are based on actual costs: all documents concerning the amounts reimbursed (the hotel invoice, meal, taxi receipts, etc),
- if internal rules are based on daily allowance: the internal document which mention the amount of daily allowance applied by the organisation, evidence of payment to the person and the hotel invoice to substantiate the number of overnights.

The supporting documents (invoices, payment orders, bank statement, etc.) will be included, for each person, in a "**centralized sheet for travel and subsistence costs**" which template is available on the NA website http://www.llp-ro.ro/userfiles/Centralized_sheet_for_travel_and_subsistence_costs.xls . The amounts are then filled in **Table A.4**.

2.3.3 Equipment costs (A.5)

Purchase, rent or lease of equipment (new or second-hand), including the installation, maintenance and insurance costs, are considered eligible:

- Only when specific and necessary for achieving the goals of the project. Proposed equipment costs must always be duly justified. The rules for procurement under section 2.3.4 below apply.
- Provided that it is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the costs of equipment's depreciation corresponding to the duration of the project (between purchase date and end date of the project) and the rate of actual use for the purposes of the project may be taken into account.
- The beneficiary shall explain the rules applied. If the nature and/or the context of its use justify different treatment, this should be duly justified.



All equipment related to the administration of the project (e.g. PCs, portables, etc.) and all equipment purchased before the start of a project is covered by indirect costs of the project (See section 2.4 "Indirect costs").

The total reported expenses for equipment may not exceed
10% of the total direct costs reported for the project.

The following **supporting documents** are necessary for reimbursement:

- invoices,
- receipt/ payment order/ bank statement/ other similar document as proof of payment

2.3.4 Other Costs (Table A.6)

Only costs incurred by the partners themselves are considered eligible under this cost category. For all costs incurred through subcontracting please refer to section 2.3.4 above.

Costs under this heading can include:

- press releases and publicity
- specific evaluation of the project, audits
- conference fees, meeting registration costs
- rental of exhibition space or rooms for a meeting (not within partner organisations own premises)
- information materials – books, studies, electronic data
- costs of financial bank guarantees
- the organisation of seminars, where the seminar is foreseen as a product/result and where task-related costs are easily identifiable
- the production of a video
- the purchase of product-related consumables (reams of paper for printing of publications, blank DVDs, etc)
- travel and subsistence costs reimbursed to third parties (experts with no subcontract, trainees); when travel and/or subsistence costs are reimbursed to third parties the rules applicable to staff of partners will be applied (see section 2.3.2 "Travel and Subsistence").

Only activities which are specific and necessary for achieving the goals of the project may be considered eligible.

All costs related to the administration of the project e.g. consumables, supplies, photocopying costs, telephone costs, internet access, paper, etc., are covered by the indirect costs of the project (See section 2.4 below).

The following **supporting documents** are necessary for reimbursement:

- invoices
- receipt/payment order/ bank statement/ other similar payment document.

In Table A.6 should be provided a full explanation about 'Item' and 'Purpose' as in example below:



Item	Purpose
Hire of conference room in Urbis hotel	Partner meeting in London, 02/03/2010
Travel and subsistence costs M. Jones, expert	Training session in Paris, 01/06/2010
Conference fee M. Jones	Participation at the dissemination conference in Athens, 29/10/2010

2.3.5 Subcontracting costs (Table A.7)

Costs entailed by procurement contracts for the purposes of carrying out a part of the project are considered eligible when awarded by a partner to an external body, organisation or individual⁴ (only if not employed by any of the Partner organisations of the consortium).

Example

The general manager of a beneficiary organisation in country A is not actually employed by this company but he is "employed" by the mother company in country B. The mother company B is not partner in the Leonardo project. The services of the general manager are being invoiced by the mother company B to the beneficiary organization A.

Therefore the general manager cannot be considered as an employee of the beneficiary organisation A. His relationship with company A can be accounted for as a sub-contractual relationship. The cost of this sub-contractual relationship can obviously not be booked under staff costs but under the category of sub-contracting.

Staff members of project's partners are not allowed to operate in a subcontracting capacity for the project.

Under no circumstances subcontracting costs will be justified by salaries.

In order to maintain the concept of the project consortium, the management and the general administration of the project may not be subcontracted.

Costs are based on a verifiable estimate or, if the subcontractor is identified, on the basis of an offer. The estimate/offer will cover all costs (i.e. staff costs plus travel costs, etc.).

The Beneficiary shall award the contract to the tender offering best value for money, that is to say, to the tender offering the best price-quality ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests.

The following specific Community rules with regard to procurement apply:

- Contracts with a value below EUR 12.500 can be paid simply on presentation of an invoice.
- Contracts with a value from EUR 12.500 on and up to EUR 25.000 are subject to a procedure involving at least three tenderers.
- Contracts with a value over EUR 25.000 up to EUR 60.000 are subject to a procedure involving at least five tenderers.
- For contracts of a value over EUR 60.000, national rules with regard to procurement apply.

⁴ This refers to individuals who may be self-employed i.e. who are responsible for their own social security or social contributions, pensions and taxes. National legislation on the definition of these individuals can vary and should always be considered. Covers also consultants, who provide one off services for which a fee is received.



The limits above refer to a single subcontractor, no matter how many activities have been carried out.

Note that if one and the same person or organisation delivers one product or service package for an amount totalling for example EUR 17.500, then the works cannot be split into smaller units and the total amount cannot be fractioned in several invoices to avoid a competitive tender process.

You must be able to prove that you have requested offers from the minimum number of contractors specified above. Requests sent by email, fax or post can be considered evidence. Where a contractor declines to provide an offer, it is recommended that you request a confirmation of this refusal

Subcontracting agreements must include, as a minimum, the following information:

- purpose of the agreement
- dates on which the agreement begins and ends
- amount to be paid
- detailed description of the activity and costs on which the final amount is based.

The following **supporting documents** are necessary for reimbursement:

- subcontracting agreement
- invoices corresponding to the carried out task,
- receipt/ payment order/ bank statement/ other similar payment document.

In Table A.7 should be provided a full explanation about 'Sub-contracted activities' as in example below:

Sub-contracted activities
Translation publication 'New method' from English to French
Printing 1500 copies of publication 'New method'
Designing online portal

The total reported costs for subcontracting may not exceed
30% of the total direct costs reported for the project.

2.3.6 Other Costs (Table J.7)

Only costs incurred by the partners themselves are considered eligible under this cost category. For all costs incurred through subcontracting please refer to section 2.3.4 above.

Costs under this heading can include:

- press releases and publicity
- specific evaluation of the project, audits
- conference fees, meeting registration costs
- rental of exhibition space or rooms for a meeting (not within partner organisations own premises)
- information materials – books, studies, electronic data
- costs of financial bank guarantees



- the organisation of seminars, where the seminar is foreseen as a product/result and where task-related costs are easily identifiable
- the production of a video
- the purchase of product-related consumables (reams of paper for printing of publications, blank DVDs, etc)
- travel and subsistence costs reimbursed to third parties (experts with no subcontract, trainees); when travel and/or subsistence costs are reimbursed to third parties the rules applicable to staff of partners will be applied (see section 2.3.2 "Travel and Subsistence").

Only activities which are specific and necessary for achieving the goals of the project may be considered eligible.

All costs related to the administration of the project e.g. consumables, supplies, photocopying costs, telephone costs, internet access, paper, etc., are covered by the indirect costs of the project (See section 2.4 below).

The following **supporting documents** are necessary for reimbursement:

- invoices
- receipt/payment order/ bank statement/ other similar payment document.

In Table J.7 should be provided a full explanation about 'Item' and 'Purpose' as in example below:

Item	Purpose
Hire of conference room in Urbis hotel	Partner meeting in London, 02/03/2010
Travel and subsistence costs M. Jones, expert	Training session in Paris, 01/06/2010
Conference fee M. Jones	Participation at the dissemination conference in Athens, 29/10/2010

2.4 Indirect costs ("Overheads")

The eligible indirect costs for the project are those costs which, with due regard to the conditions of eligibility described above, are not identifiable as specific costs directly linked to performance of the project which can be booked to it direct, but which have nevertheless been incurred in connection with the eligible direct costs for the project. They may not include any eligible direct costs.

The indirect costs of the project eligible for Community funding is a flat rate amount set at a maximum of 7% of the total amount of eligible direct costs. This indirect costs rate was contractually agreed and is given in Annex II of the grant agreement. The corresponding costs need not be justified by accounting documents.

NOTABENE: The transfer between budget items (Art. III.4) refers to direct costs only and is **not** be possible to indirect costs. Annex II of the grant agreement is an **estimated** eligible budget in the beginning of the project, therefore the 10% rule for transfers between budget items applies only for direct costs: to allow a certain flexibility for adaptations during project implementation. Furthermore, direct and indirect costs are distinct cost categories: for "specific costs directly linked to performance of the project" justifying documents are required, for a flat rate (or "lump sum") justifying documents are **not** required.

Nevertheless, indirect costs are of course **based** on real costs because at the end of the project an additional amount up to 7% of the eligible direct costs" (=eligible project expenditure proven with justifying documents) can be claimed as indirect costs (without justifying documents). Also outside an



EU funding environment indirect costs or overheads are generally calculated as a percentage of operational or direct costs.

NOTABENE: It is the flat **rate** that counts at the end of the project, and 7% is a **limit**, not a "right". In case of an audit, every beneficiary/partner organisation has to prove that it applied the same rules to the Leonardo TOI project that are usually applied in the organisations for the calculation of indirect costs!

Example for the approach for checking indirect costs at the final report stage:

At contracting stage the project planned for €100.000 of total direct cost and the indirect cost rate was set at 5% of the former amount (= €5.000) because this is the rate usually applied. At the Final Report stage the project incurred only 80.000 of eligible direct cost. Since an indirect cost rate of 5% had been agreed the project can only claim €4.000.

Indirect costs shall not be eligible under a project grant awarded to a beneficiary who already receives an operating grant from the Commission during the period in question.

Examples of indirect costs are:

- All costs for equipment related to the administration of the project (e.g. PCs, portables, etc.);
- Communication costs (postage, fax, telephone, internet access, mailing, etc.);
- Infrastructure costs (rent, electricity, etc.) of the premises where the project is being carried out;
- Office supplies, photocopies.
- Bank charges for the transfer funds to the partners of the project.



2.5 Calculation of the Final Community Grant

Please refer to Article II.17 of the agreement for more information on the calculation of the final grant. In short, the final grant is determined as follows:

Declared expenditures from the final statement	
LESS	Ineligible costs found during assessment of your final statement. Costs may be ineligible by nature or Limited by application of the "10% rule" (Article I.3.4 of the agreement) or Limited by maximum ceilings from the Call (Equipment, Subcontracting and Indirect costs) or Limited by maximum rates from the Call (Staff & Subsistence rates)
X	percentage of co-financing from the agreement (Article I.3.3)
LIMITED	to the maximum Community contribution as established in the agreement (Article I.3.3)

Be also aware of the so called "non profit" rule defined in Article II.17.4 of the grant agreement. Indeed, to avoid profit, the calculated grant will be reduced accordingly if:

Final Community grant + other sources of financing (own, i.e. beneficiary's, funds not included)
is higher than
Declared expenditure in the final statement

Please note also that the grant may be reduced in case of weak implementation of the project (Article II.17.5 of the grant agreement). See also section 1.4.8 of this Handbook.

Finally, the amount of balance payment or recovery will be calculated as follows:

Final Community Grant	
LESS	Pre-financing amounts already received
EQUAL	Balance payment if positive or Recovery if negative

Notabene: Interests earned on pre-financing amounts are not deducted because Article 16.4 of the general conditions of the grant agreement does not apply (Article I.10.1 of the special conditions of the grant agreement)

2.6 Checks and Audits

Please refer to Article II.19 of the agreement for more information on possible checks and audits.



3 General rules and remarks for the Interim and Final Reports

Please note the following points before you produce and submit a report to the NA.

- You must use the appropriate report templates and Financial reporting tables provided by the NA.
- The report is submitted on behalf of all the partner organisations participating in the project. Please ensure that sufficient time has been included into the planning for the drafting and submission of your report as well as for consultation and approval by the consortium.
- The report should be written in the working language of the consortium so that every consortium partner can check the contents of the report.
- All products and results should be submitted along with the report as requested in the report form.
- The report and the accompanying products/results should contain the LLP logo and the funding disclaimer text as well as bear the project title, project acronym and grant agreement number.
- The report must be sent to the address specified in Article I.7 of your grant agreement, within the deadline indicated in Article I.5..

Please note that:

- If you refer to websites, passwords should be given for all private areas.
- It is important to organise well the various copies of products and outcomes in order to facilitate and speed up the assessment. You can for example provide a numbered list of project results attached to the report.
- The NA reserves the right to request further copies of reports and project results. (Please note that reports sent via email or fax cannot be accepted).
- The reports should not be used as a means to signal major changes to your project (such as changes to the budget, work plan, partnership, etc). These are subject to formal amendment requests that should be submitted in due time and using the appropriate forms (see section 1.6 of the Handbook). Should the case arise that a change *is* communicated in the Interim or the Final report, please be aware that the NA's approval of the report does not imply the NA's approval of the changes.
- You are strongly advised to send your reports by registered post to ensure a record of postage. Additionally, you are advised to keep a copy of the full report, including any annexes and supporting documents.

Documents to be sent at the interim and final report:

- e-Form report
- Financial reporting tables (Excel)
- supporting documents that evidence transfers between contractor and partners
- supporting documents concerning sub-contracting costs

If case of depth analysis or audit will be required the supporting documents for all the budget headings.



How to complete the financial report (Financial reporting tables):

The financial statement in the interim/final report must be completed from the Financial reporting tables Excel which are available on the NA website.

The financial part of the e-Form report must be coherent with the financial tables Excel, i.e. that NA find the same amounts in the e-Form report and in the financial tables.

The Financial tables (Excel) should be completed, printed and submitted with the report; before being submitted, Table A.1 (a+b+c) must be signed by the legal representative of the organisation; an electronic copy must be sent to the NA.

Please ensure that you only include eligible costs for which you have supporting evidence in the spreadsheets.

Only the WHITE cells should be completed (the ORANGE cells are title and the YELLOW cells are self-calculating cells).

Expenditure declared in the Financial tables should reflect all projects costs, not only those funded via Leonardo da Vinci grant.

Table A.1a (total project costs – breakdown of income sources): you only need to fill in the column 'contractual budget' since the column 'actual income' is automatically calculated from the information in table A.2a.

When completing the 'contractual budget' always make sure you use the approved budget in your Agreement. If the NA has approved any change make sure you use the updates figures.

Table A.1b (total project costs – breakdown of expenditure incurred): you only need to fill in the column 'contractual budget' since the column 'actual costs' is automatically calculated from the information in table A.2b.

Table A.1c (request for payment from contractor): you must complete this table at Final Report stage; you need to enter 'max Community contribution', 'max % contribution', 'pre-financing received'.

Table A.2a (breakdown of income sources by partner): you should ensure that partner numbers correspond to the partner table in your Agreement; all the figures in these table, **apart from the figures for Own funds**, are automatically calculated from Tables A.2c.

Therefore you need to enter the figures only for Own funds for each partner in the white cells.

Table A.2b (breakdown of expenditure incurred by partner): all the figures in these table, **apart from the figures for Indirect costs**, are automatically calculated from Tables A.3 to A.7.

Therefore you need to enter the figures only for Indirect costs for each partner in the white cells.

Table A.2c (details of bank transfers between contractor and partners): detail all payments made to project partners between the project start date and the end of the period covered by the Final report, in accordance with Annex IV of the grant agreement .

Bank statements should evidence each payment detailed in Table A.2c.

Table A.3 (declaration of staff costs): you must complete one line per person per staff category according to "staff costs statement".

Table A.4 (travel&subsistence expenses): you must complete one trip per person in each line, so you are unable to summarize a number of trips into one entry; duration is equal to the number of nights spent at destination.

Table A.5 (equipment costs): in the 'depreciation time" column you must complete the entire period for assumed service life of the equipment (usually 36 month) and in the "period of use in the project"



you must complete maximum the number of months between purchase date and end date of the project.

Table A.6 (other costs): please give attention to the difference between subcontracting costs (paid to an external body) and other costs (incurred by the partners themselves).

Table A.7 (sub-contracting costs): you must complete the start date and end date of activities according to the subcontract with the external body.

- **The supporting documents** should be:
 - dated, clearly and well photocopied (not legible documents will be considered as ineligible);
 - issued by an institution other than the partner (not produced internally);
 - certified by each organization's signature (with the name of the person signing written in clear) and bearing the phrase " True to the original, paid from the project number LLP/LdV/TOI/2012/RO/...";
 - briefly translated (explain the nature of expenditure/ task carried out) in English if they are issued in other language.
 - the exchange rate and the amount in euro must be mentioned on the supporting financial documents issued in other currency than Euro.
- **Reference number for supporting documents**

Two columns in Tables A.3 to A.7 enable you to identify the expenditure with a reference number, as follows:

- the column 'Partner no': you should enter number as '1', '2', '3' etc., not 'P1', 'P2' and 'P3';
- the column 'Reference': 1, 2, 3, etc.... represents the number allocated to the respective expense.

All tables must respect the numbering partners indicated in Annex IV of the grant agreement.

All supporting documents for expenditure reported in one row in the Tables A.3 to A.7 will be identified with the same reference number.

For example: the supporting documents for the expenditure number 1, from the table A.4, will be referred as A.4-1, expenditure number 2, from the table A.4, as A.4-2.

This referential system is required in order to better understanding of your financial report.

- ❖ **Not complying with the rules and the filing order could lead to the rejection of the report.**

Remarks:

Don't forget to enter partner numbers in the foreseen column.
Don't forget to reference your supporting documents.
If any question please contact the NA's financial officer.



4 Definition of Terms

The NA: the National Agency, acting under powers delegated by the Commission of the European Communities.

Amendment: a written supplementary agreement that modifies the grant agreement.

Beneficiary (of a grant): in financial terms, the organisation, institution or individual with whom the agreement for receiving a grant from the Leonardo da Vinci programme is signed.

Consortium: a group of partner organisations/institutions participating in a project.

Dissemination: a planned process of providing information to potentially interested parties on the quality, relevance and effectiveness of the results of projects and initiatives.

Exploitation: a process of making use of and deriving benefit from a result. It primarily involves the two processes of 'mainstreaming' and 'multiplication'.

Grant Agreement: agreement between NA and applicant selected for a grant award, it sets out the terms and conditions and the financial rules that apply for the use of the grant. Through signature of the agreement the selected applicant becomes a beneficiary.

Final Report: implementation report and financial statement covering the entire period of a project. Submitted within two months of the formal end date of the project as indicated in article II.2 of the grant agreement.

Legal Representative: the person legally authorised to enter into legal and financial commitments on behalf of the beneficiary organisation to which he/she belongs.

Monitoring: the continuous and systematic control of a project's progress. Monitoring consists of the supervision of activities, comparison with the workplan and using the information obtained for the improvement of the project.

Partner Agreements: an agreement made between all participants in a project (beneficiary and partners) to govern a number of issues that will or may arise during the life of the project (e.g. collaboration methods, tasks, financial provisions, intellectual property rights, etc.). It is highly recommended that all projects enter into a partner agreement.

Interim Report: a report and financial statement on the implementation of a project at the middle of the project duration. Submitted in accordance with the deadline indicated in article I.5 of the grant agreement.

Project Coordinator: the person responsible for the project management within the organisation or institution in charge of the implementation of the project by the multilateral grouping.

Project: a transnational cooperation activity with a defined objective developed jointly by a formal or informal grouping of organisations or institutions. For the purposes of this Handbook the term "project" is used for all "Actions" as identified by the Decision No. 1720/2006/EC of the European Parliament and of the Council 15 November 2006 establishing an action programme in the field of lifelong learning.