

**Lifelong Learning Programme - Multilateral projects, networks,
accompanying measures, studies and comparative research**
Frequently asked questions on financial and contractual issues (v.1)
(Applicable to projects selected in 2008)

Acknowledgement

This document is not contractual. It is a compendium of questions raised by beneficiaries in order to disseminate the answers given as those can be considered for common interest.

Reference to "partners" refers also to the beneficiary of the Grant Agreement but does not include silent partners.

Where possible, it is advisable that all supporting documents regarding expenses incurred by partners are kept also in copy by the beneficiary of the Agreement..

1. STAFF

Q 1.1: How do I have to calculate staff costs?

The staff cost must be calculated taking into account the annual gross cost of the employee, and shall include all the normal charges paid by the employer, such as employer's social security contributions and related costs, but shall exclude any bonus, incentive or profit sharing arrangements. The annual cost must then be divided by the number of working days to obtain a daily staff cost. The number of working days is defined as follows: 365 days minus legal and public holidays.

Example (based on 220 working days per year):

For Ms X, the annual cost (21.632,60 EUR) is composed by the gross salary (16.000 EUR) and social security charges (5.632,60 EUR).

We can calculate the daily cost as $21.632,60 \div 220$ working days = 98,33 EUR/day.

Q 1.2: How do I report staff costs?

Staff costs must be entered by partner and by staff category in the Excel reporting tool. On the basis of the number of working days reported and the total cost, the reporting table calculates the daily rate. This rate cannot exceed the maximum ceilings for staff costs published with the Call for Proposals. Any surplus will be considered as ineligible.

Example:

For partner 1, staff category 4, three persons have been working for the project

Ms X – 45 days for a total cost of 4.425 euros (98,33 EUR/day)

Mr Y – 35 days for a total cost of 3.885 euros (111,00 EUR/day)

Ms Z – 42 days for a total cost of 4.200 euros (100,00 EUR/day)

Figures to be entered in the reporting table for Partner 1 – category 4:

122 days for a total cost of 12.510 euros (average daily cost 102,54 EUR)



Q 1.3: What kind of supporting documents do I need to keep at the disposal of the Executive Agency?

The partners shall keep a full and accurate record of each of their employees that has worked on the project. This record must include the following details:

- Name of the employee concerned and his/her role in the project
- Supporting documents related to costs and charges paid by the employer for the employee (same documents as those used for accounting and fiscal purposes).
- Time allocated to the project by the employee as much as possible by means of a time sheet signed by both the employee and the employer.

The Agency may also ask for proofs of payment.

Q 1.4: What kind of staff can be considered as statutory staff having a temporary employment contract with one partner? Can self-employed, or staff with "project contract", be considered under this definition and on what conditions?

By extension of the definition of staff, self-employed persons working for the project under an individual contract (not through a company) can also be declared under staff costs. However, to be considered in this category, staff must be accountable to the relevant partner organisation.

In this case, in addition to the supporting documents listed above, the Executive Agency may request a declaration, issued by the competent authority, confirming the self-employed have fulfilled his/her social and fiscal obligations.

Q 1.5: How should managers/directors be classified when they do not have any employment contract?

Managers and directors without an employment contract can be considered as staff costs insofar as they have a legal bind with the organisation (statutes, nominated by the board of directors).

See also previous question.

Q 1.6: In the case of an entrepreneur, who is the owner of a small company and partner of a LLP project who is working on the project, how should his staff cost be calculated since he does not earn a fixed wage?

The daily staff cost must be calculated on the basis of the annual salary paid by the company, and charged in the annual accounts, divided by the number of working days (see Q.1.2 above). The annual accounts may be requested by the Agency as a supporting document.

Q 1.7: What is exactly the meaning of "Temporary staff, recruited through a specialised external agency"?

This definition covers staff recruited through agreed temp/interim agencies.

In order to calculate the daily cost, fees paid to the interim agency can also be taken into account (see Q.1.1 above).



Q 1.8: Our organisation, composed by members, has no own staff but is only working with staff of our members? Can we declare these staff members as our own staff?

You can indeed charge staff of your members actually working on the project provided that the following conditions are fulfilled:

- Evidence must be provided of the membership of the organisation/company that will assign his/her staff to the project;
- Organisation must be able to supply the Agency with all supporting documents related to this staff (see Q.1.3 above) just as if it was their own staff;
- Maximum staff rates will be applied taking into account the country of the MEMBER.

Q 1.9: Are the maximum ceilings published in the Call for Proposals applicable to the whole length of the project or will they be updated?

Yes, the ceilings published in the Call for Proposals are applicable to the whole length of the project and will not be updated.

Q 1.10: How do we have to consider the work of students and volunteers?

The theoretical cost of volunteers or other personnel provided at no cost or free of charge to the partners, shall not be regarded as an eligible cost. However, reimbursement of costs or legal fees paid to these volunteers can be declared under category "other costs".

2. TRAVEL AND SUBSISTENCE

Q 2.1: How do I report travel and subsistence?

Travel and subsistence costs must be entered in the Excel reporting tool using one line per person and per travel/mission.

Q 2.2: What kind of supporting documents do I have to keep at the disposal of the Executive Agency?

For travel costs: boarding passes, travel agency invoices, or flight confirmation by email (showing the price), transport tickets and receipts. For travel using private car: a receipt from the recipient of the reimbursement.

For subsistence costs: all receipts and tickets (hotels, local transports, etc). If subsistence costs is paid on the basis of a daily allowance: a receipt signed by the person who was reimbursed and a proof of accommodation (hotel invoice).

A reminder that a credit card statement never solely constitutes a valid supporting document. The Agency may also ask for proofs of payment.

Q 2.3: Are the maximum ceilings published in the Call for Proposals applicable to the whole length of the project or will they be updated?

Yes, the ceilings published in the Call for Proposals are applicable to the whole length of the project and will not be updated.



Q 2.4: Within one project can we reimburse subsistence costs using both methods: daily allowances and actual costs?

Yes, within the maximum ceilings published in the Call (see Q.2.3), the reimbursement of subsistence expenses may be made on an actual cost and/or daily allowance basis. However, if the internal regulations of the partner of the person making the journey impose a lower limit than the maximum ceilings published in the Call, the former must be used as a basis of calculation.

When a mix of daily allowances and actual costs system is used the resulting aggregated costs must still remain under the lowest of both ceilings (i.e. partners' internal regulations and those published in the Call).

Q 2.5: Rules refer to a pro-rata reduction of the allowance for a day without an overnight stay? How do we have to apply this rule?

50% of the maximum ceiling must be considered.

Q 2.6: Are we allowed to report travel costs outside eligible countries?

Yes, provided that authorisation of the Agency is received prior to the travel.

Q 2.7: Can the partner organising a meeting pay for some expenses (meals, etc) incurred for staff of other partners?

Yes, but when reporting expenses these must be split amongst all participants in the Excel reporting table. However, for small amounts for e.g. coffee breaks and water paid by 1 partner for all participants, the amount can be added in other costs.

3. EQUIPMENT

Q. 3.1: How do I report equipment costs?

Equipment costs must be entered in the Excel reporting tool using one line per equipment.

Q. 3.2: What kind of supporting documents do I have to keep at the disposal of the Executive Agency?

For purchased equipment goods: purchase invoices.

For rent/leased equipment goods: rent/leasing invoices.

Tendering documents if purchases exceed the thresholds (see handbook section 2.3.4 and Q.4.2 below).

The Agency may also ask for proofs of payment.

Q. 3.3: When purchasing an equipment of low value, do I have to apply depreciation?

If a minimum threshold for depreciation is provided for in the National legislation of the partner, equipment goods with a value below this threshold do not have to be depreciated. Depreciation rate in the Excel reporting tool must be entered as "100%" and degree of use in the project will be considered. The Agency may ask for a copy of the National legislation concerned.



4. SUBCONTRACTING

Q.4.1: How do I report subcontracting costs?

Subcontracting costs must be entered in the Excel reporting tool using one line per subcontract.

Q.4.2: What kind of supporting documents do I have to keep at the disposal of the Executive Agency?

Invoices and documentation related to the tendering and receipt of offers (according to the different thresholds from the handbook section 2.3.4). The Agency may also ask for contracts and proofs of payment.

Q.4.3: What criteria must be taken into account to decide if an expense must be declared under "subcontracting" or "other" category?

In order to make the distinction between subcontracting and others, you must first consider that a subcontract includes the complete task as mentioned in the work programme or in the list of deliverables.

For example, if you wish to produce a dissemination brochure, you may ask a supplier to do the full work (lay-out, proofreading, translation, printing, etc) - this is considered as a subcontract. On the contrary, if you do parts of the work with internal staff and you only ask a supplier to do the printing; this is not to be considered as subcontracting and the printing costs should be reported under other costs.

Q.4.4: What means concretely "procedure involving at least 3 or 5 tenderers"?

You must be able to prove that you have effectively requested offers to at least 3 or 5 potential relevant contractors, depending on the value of the sub-contract. Requests sent by email, fax or post may constitute these proofs. We recommend you to request if possible a confirmation from contractors not providing any offer.

Q.4.5: If an application has been made including specific external evaluator to work on the project, do we still have to look for 3 offers and risk losing the evaluator who has already been approached to work on the project?

If the contract exceeds the ceilings related to tendering procedure, you have indeed to look for 3 offers even if a specific evaluator was included in the application.

5. OTHER COSTS

Q.5.1: How do I report other costs?

Other costs must be entered in the Excel reporting tool using one line per cost.

Q.5.2: What kind of supporting documents do I have to keep at the disposal of the Executive Agency?

Invoices or tickets/receipts. The Agency may also ask for proofs of payment.



6. INDIRECT COSTS

Q.6.1: How do I have to report and calculate expenses, indirect costs?

Indirect costs are calculated using the fixed percentage indicated in your budget (Annex II of the Agreement). The same percentage must be used in the Excel reporting tool that will calculate automatically the amount of indirect costs on the basis of reported eligible direct costs.

Q.6.2: What kind of supporting documents do I have to keep at the disposal of the Executive Agency?

No supporting documents are necessary as indirect costs do not have to be documented.

Q.6.3: May the flat-rate fixed in the budget annexed to the agreement be subject to a modification?

Yes, the percentage fixed in the budget annexed to the Agreement (Annex II) may be modified during the lifetime of the project by mean of a signed amendment to the Agreement.

7. OTHER REVENUES

Q.7.1: How do I have to report other sources of financing?

All revenues generated by the project must be entered in the Excel reporting tool (sheet "Revenues") using one line per income. Own funds do not have to be entered in the reporting tool.

Examples: fees paid by participants to conferences, regional support, advertising, etc.

8. OTHER QUESTIONS

Q.8.1: Can you clarify the situation regarding contributions in kind?

According to our model agreement:

Contributions in kind shall not constitute eligible costs. However, the Agency can accept, in duly substantiated exceptional cases (to be explained in your proposal), that the cofinancing of the action should be made up entirely or in part of contributions in kind. In this case, the value calculated for such contributions must not exceed:

- *the costs actually borne and duly supported by accounting documents of the third parties who made these contributions to the beneficiary free of charge but bear the corresponding costs;*
- *the costs generally accepted on the market in question for the type of contribution concerned when no costs are borne.*

Contributions involving buildings shall not be covered by this possibility.

In the case of cofinancing in kind, a financial value shall be placed on the contributions and the same amount will be included in the costs of the action as ineligible costs and in receipts from the action as cofinancing in kind. The beneficiary shall undertake to obtain these contributions as provided for in the agreement.

A contribution in kind is something that the beneficiary organization has not to pay for.



Example: in some cases Ministries are putting staff at disposal of other public organizations. There is no expense for the organization (it's free of charge); Universities receiving material for free from private companies.

Finally why are these contributions not eligible as expenses ? Simply because they don't fulfill the definition of eligible costs that you find in Guide for applicants - Admin. rules (http://ec.europa.eu/education/programmes/lfp/guide/adminrules_en.pdf), page 6 & 7:

"They must be actually incurred by the beneficiary and be recorded in his accounts" which of course may not be the case for something you have for free.

Q.8.2: What means exactly that costs to be eligible must be generated during the lifetime of the action?

To be eligible, costs must be **generated** by an activity that takes place during the period of eligibility of the project / action. Costs related to activities taking place before or after the period of eligibility specified in a grant agreement are not eligible for funding.

So the dates of invoicing and payment are not the only dates to be considered.

Q.8.3: What exchange rate should we use to report expenses not made in EUR?

For 2008 projects, the beneficiary shall submit the payment requests including the underlying financial statements, in euro. Any conversion of actual costs into euro shall be made by the beneficiary at the monthly accounting rate established by the Commission and published on its website for the month preceding the month of the deadline for delivering the progress report to the Agency as set out in Article I.5, or for projects of maximum 1 year at the monthly accounting rate established by the Commission and published on its website for the last month of the period of eligibility of costs as set out in Article I.2.2.

(article I.10.1 of the Agreement)

<http://ec.europa.eu/budget/inforeuro/index.cfm>

