


**TRANSFER OF INNOVATION,
MULTILATERAL PROJECTS,
LEONARDO DA VINCI LIFELONG
LEARNING PROGRAMME
FINANCIAL CONDITIONS
LLP-LdV-TOI-2008-LT-0022**


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FINANCIAL CONDITIONS (1)

Basic rules

- Main papers:
 - Agreement with agency,
 - Lifelong learning program (LLP) General call for proposals 2008 (http://ec.europa.eu/education/programmes/llp/call/part2_en.pdf),
 - Guide for applicants: Administrative and financial rules.
- Separate account/subaccount for the project
- Organization's foundation must be identifiable and verifiable
- 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
- Cash operations are not eligible




FINANCIAL CONDITIONS (2)

75 % Community Grant + 25% Partner's financial contribution


248108 EUR + 82703 EUR = 330811 EUR

1st payment:	20 % -	20 % of Leonardo da Vinci contribution pre-payment within 45 days of the date when the last of the two parties signs the agreement.
2nd payment:	20 %	20 % of Leonardo da Vinci contribution pre-payment within 45 calendar days after Contractor's approval of the 1 st phase (see 9.1) monitoring report received from the Partner, when all Partner's tasks and obligations are performed due to that date.
3 rd payment:	20 % -	20 % of Leonardo da Vinci contribution pre-payment within 45 calendar days after receiving the second payment from the National Agency after Interim report positive evaluation, in case the Partner proves by providing supporting documents that all prior sent payment amounts are spent eligible and all tasks and obligations are performed due to that date. The Contractor and, subsequently, the Partner will receive the payment after successful Interim report approval from the National Agency and <i>only</i> after the Partner proves that more than 70 % of previously paid contribution is spent by providing supporting documentation.
4 th payment	20 % -	20 % of Leonardo da Vinci contribution pre-payment within 45 calendar days after Contractor's approval of the 3 rd phase (see 9.1) monitoring report received from the Partner, when all Partner's tasks and obligations are performed due to that date.
final payment:	the balance of Leonardo da Vinci contribution for the Partner according to the results of the evaluation of the final products and eligible costs.	within 45 calendar days after receiving the last payment from the National Agency after Final Report evaluation.



FINANCIAL CONDITIONS (3)

- Payments only in EUR
- Expenditures declaration in EUR
- Obligatory information about the currency



Eligible Costs

- They must relate to activities involving the **eligible countries** in the Programme
- They must be incurred by **legal bodies/institutions or by natural persons** depending on the action concerned
- They must be **connected** with the action (i.e. relevant for the action and be directly connected with execution of the project in accordance with the work plan);
- They must be **necessary** for performance of the action;
- They must be **reasonable and justified** and they must accord with the principles of **sound financial management**, in particular in terms of value for money and cost-effectiveness;
- 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**.

VAT is eligible **only if** the applicant can show that he is unable to recover it.

Non-eligible Costs

- 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 losses;
- VAT, **unless** the applicant can show that he is unable to recover it;
- costs declared by the applicant and covered by another action or work programme receiving a Community grant;
- excessive or reckless expenditure;
- purchase of capital assets;
- 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;
- costs incurred in relation to any document required to be submitted with the application (audit reports, etc.)

BUDGET OF THE PROJECT

DIRECT COSTS

- Staff Costs
- Operations
 - Travel and subsistence costs,
 - Equipment costs (max. 10%),
 - Subcontracting costs (max. 30%),
 - Other costs.

INDIRECT COSTS

ESTIMATED EXPENDITURES BY TYPE OF COSTS

	Total	%
A. Total staff costs	216242,00	69,93%
B. Operations		
1. Travelling	45295,00	14,65%
2. EQUIPMENT (10%)	8500,00	2,75%
3. Subcontracting (30%)	27500,00	8,89%
4. Other	11700	3,78%
Total Operational costs	92995	28,11%
A+B. Total direct costs:	309237	93,48%
Indirect costs (7%)	21574	6,98%
Total cost of the project = A + B + C	330811,00	100,00%

GRANT from LLP	248108	75,00%
Partner's own funding	82703	25,00%
TOTAL	330811	100,00%

STAFF COSTS (1)

- 1) Costs relating to the following categories of staff are considered:
 - Statutory staff, having either a permanent or a temporary employment contract with the partner;
 - Temporary staff, recruited through a specialised external agency; Costs related to staff working through subcontracting shall be included under the appropriate category Staff member
- 2) Salary should be based on the project budget on real daily staff cost rates, which cannot exceed the maximum rate. Any surplus will be considered as ineligible.
- 3) The rate of the country in which the partner organisation is registered will be applied, independent of where the tasks will be executed

STAFF COSTS (2)

- 4) Real daily staff cost rates are based on average rates corresponding to the applicant's usual policy on remuneration, comprising actual salaries plus social security charges and other statutory costs included in the remuneration. Non statutory costs like bonuses, lease car, expense account schemes, incentive payments or profit-sharing schemes are excluded.
- 5) Partner will define the category of staff and the number of days, to be worked on the project, in relation to the action and the work plan.
- 6) The estimated staff costs results from multiplying the number of days with the real daily staff cost rate.

TRAVEL COSTS (1)

- 1) Travel costs for staff taking part in the action are considered, provided that they are in line with the partner's usual practices on travel costs.
- 2) Costs may be claimed only for journeys directly connected to **specific** and clearly **identifiable** project-related activities.
- 3) Reimbursement is based on real costs, independent of the means of travel chosen (rail, bus, taxi, plane, hire 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 then a full explanation should be provided).

TRAVEL COSTS (2)

- 4) The travel cost for a journey should include all costs and all means for travel from the point of origin to the point of destination and may include visa fees, travel insurance and cancellation costs.
- 5) Expenses for private car travel (personal or company cars), where substantiated and where the price is not excessive, will be refunded 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 €0.22.

SUBSISTENCE COSTS (1)

- 1) Subsistence costs for staff taking part in the action are eligible. The rate to be applied is the one from the destination country, i.e. where accommodation costs are incurred.
- 2) Costs may be claimed only for journeys directly connected to **specific** and clearly **identifiable** project-related activities.
- 3) Reimbursement is based on the existing internal rules of the Partner organisations, which may be on an actual cost (reimbursement of receipts) or daily allowance basis.

SUBSISTENCE COSTS (2)

- 4) Subsistence rates cover accommodation, meals and all local travel costs. In calculating the number of days for which to apply the Daily Subsistence Rate it should be noted that a FULL day normally includes an overnight stay. In duly substantiated cases, a full day's allowance without an overnight stay may be allowed with a pro rata reduction for accommodation.
- 5) A pro rata reduction must be applied if accommodation, meals and local travel costs are provided for by a third party.

EQUIPMENT COSTS

- 1) Purchase, rent or lease of equipment (new or second-hand), including the installation, maintenance and insurance costs, is considered
 - only when specific and necessary for achieving the goals of the project/action. Proposed equipment costs must always be duly justified.
 - 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 portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account.
- 2) All equipment related to the administration of the project (i.e. PC's, portables, etc.) and all equipment purchased before the start of a project is covered by indirect costs of the project.
- 3) The total cost for equipment may not be more than 10% of the total direct costs of the project.

SUBCONTRACTING COSTS

- 1) Costs entailed by procurement contracts for the purposes of carrying out a part of the action are considered when awarded by a partner to an external body, organisation or individual (only if not employed by any of the Partner organisations of the consortium).
- 2) In order to maintain the concept of the project partnership, the management and the general administration of the project may not be subcontracted.
- 3) 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.).
- 4) The applicant 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.

SUBCONTRACTING COSTS

- 5) The following specific Community rules with regard to procurement apply:
 - Contracts with a value below €500 can be paid simply on presentation of an invoice;
 - Contracts with a value between €500 and €5000 are subject to a restricted procedure involving one tenderer (i.e. it is sufficient to have requested one offer);
 - Contracts with a value between €5000 and €25.000 are subject to a procedure involving at least three tenderers;
 - Contracts between €25.000 and €50.000 are subject to a procedure involving at least five tenderers;
 - For contracts of a value over €50.000, national rules with regard to procurement apply.
- 6) The total cost for subcontracting may not be more than 30% of the total direct costs of the project.

OTHER COSTS

- 1) Costs arising directly:
 - from requirements imposed by the grant agreement are eligible (dissemination of information, specific evaluation of the action, audits, translations, reproduction, etc.), including the costs of any financial services (especially the cost of financial guarantees).
 - from the realisation of specific actions or of products/results of the action/project are eligible (i.e. the organisation of seminars (where the seminar is a foreseen as a product/result and where task-related costs are easily identifiable), the production of proceedings of a seminar, the production of a video, the purchase of product-related consumables (reams of paper for printing of publications, blank DVD), etc.
- 2) Only activities which are specific and necessary for achieving the goals of the project/action are considered. Proposed costs must always be duly justified.
- 3) When travel and/or subsistence costs are reimbursed to third parties, the rules applicable to staff of Partners will be applied.

OTHER COSTS

- 4) Only costs incurred by the partners themselves are eligible under this cost category.
- 5) Are also considered any costs which are not covered by the other cost categories. Some examples are: one-off costs for press releases and publicity, purchase of copyrights and other Intellectual Property Rights, purchase of information materials (books, studies and electronic data), conference fees; meeting registration costs; rental of exhibition space, etc. Also Travel costs and subsistence costs for Comenius Multilateral projects involving mobility activities during Initial Teacher Training are covered under this heading.
- 6) All costs related to the administration of the project (i.e. consumables, supplies, photocopying costs, telephone costs, paper, paper, etc.) are covered by indirect costs of the project

INDIRECT COSTS

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

The indirect costs of the action eligible for Community funding is a flat-rate amount set at a maximum of 7% of the total amount of eligible direct costs. The corresponding costs need not be justified by accounting documents.

INDIRECT COSTS

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 (i.e. PC's, portables, etc.)
- Communication costs (postage, fax, telephone, mailing, etc.)
- Infrastructure costs (rent, electricity, etc.) of the premises where the project is being carried out
- Office supplies
- Photocopies

REQUIREMENTS FOR THE FINANCIAL DOCUMENTS

- Copies for the NA and for Coordinator????
- No. LLP-LdV-TOI-2008-LT-0022 is necessary
- Documents in national languages must be translated to English
- All financial documents must be safe for 5 years after 2010.09.30

Financial Tips

1. **Explain Everything** - conversion rates, methods of calculation, depreciation, transfer amounts, etc.
2. **Keep It Short & Simple - KISS** - round figures up/down, submit travel/subsistence costs per person/per trip
3. **Agree in Advance with Partners** - agree gross vs. net costs, request copies of invoices, etc.
4. **Check what was Originally Foreseen** - all assessments will consider contractually agreed documentation – so should you!
5. **Check, Check & Check Again** - when submitting financial reports, check the relation between ALL tables - inconsistencies here are common (use the self-calculating EXCEL Tables where possible)
6. Exchange rate on payment day should be used till the NEXT payment (amounts rounded 2 digits after comma).

THANK YOU!

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