



# ERASMUS+: SPORT

## Project Coordinators' Meeting

## Financial issues

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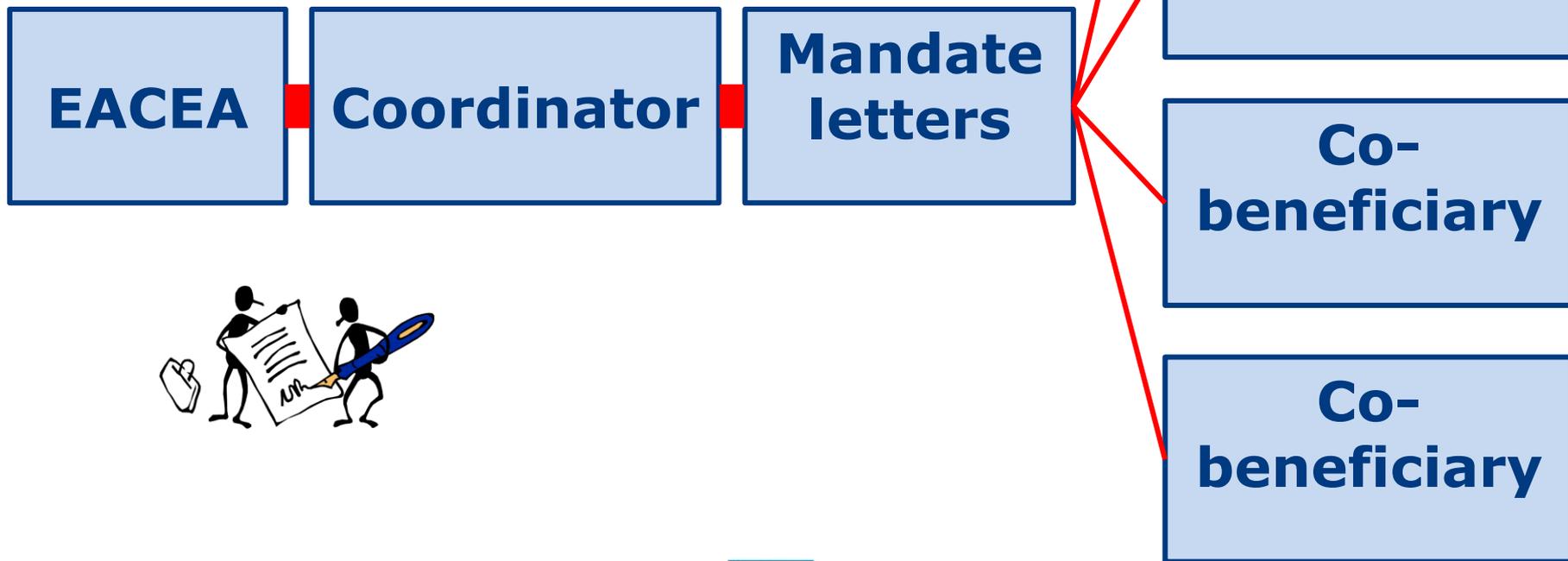


# Introduction

- 1) Grant agreement
- 2) Eligible costs
- 3) Reporting and calculation of final grant

# Part 1: Grant agreement

Multi-beneficiary



## Grant Agreement = Special conditions + Annexes

List of Annexes		
Annex I	Description of the action	Specific for project
Annex II	General conditions	Applicable for all EU funded projects
Annex III	Estimated budget of the action	Specific for project
Annex IV	List of co-beneficiaries + mandate letters	Specific for project
Annex V	Model technical report	Final narrative report
Annex VI	Model financial statement	Final financial report
Annex VII	List of supporting documents or guidance notes	- List of Invoices - Report of factual finding on the financial report TYPE I

# A few key articles ...



## Special conditions:

- Art. I.2: Entry into force of the Agreement and duration of the action
- Art. I.3: Maximum amount and form of the Grant
- Art. I.4: Additional provisions on reporting, payments and payments arrangements
- Art. I.5: Bank account for payments
- Art. I.8: Special provisions on budget transfers
- Art. I.10: Other special conditions

## General conditions:

- Art. II.10: Subcontracting of tasks forming part of the action
- Art. II.12: Amendments to the agreements
- Art. II.19: Eligible / ineligible costs

## Part 2: Eligible costs

**2.1 Direct Costs:** specific costs that can be directly linked to the implementation of the activities of the project and can therefore be attributed directly to the action.

### Conditions for eligibility of costs (Art. II.19)



- Actually incurred,
- Directly connected with project and budgeted,
- Necessary for implementation of the project,
- Reasonable and justified,
- Generated during the eligibility period of the project,
- Duly recorded in accounting records of Coordinator and co-beneficiaries,
- Identifiable and verifiable,
- ...

## 2.1.1 STAFF COSTS

- Only refer to personnel working under an **employment contract** with the Coordinator/Co-beneficiaries
- Other types of contract as far as the national labor law assimilates them to staff
- Must comply with the usual organisation remuneration's policy
- Only working days: average 220/240 days/year
- Statutory costs = gross salary + social charges (no extra legal advantages)
- Report actual costs
- Clear reference to the activities in which staff is involved

# STAFF COSTS

How to calculate staff costs?

Annual gross cost of the employee + charges paid by the employer (but no bonus, incentive or profit sharing arrangements)

**Example** (on the basis of **220** working days/year):

For "*Ms X*", the annual cost (**21.632,60 €**) is composed by a part of gross salary (16.000€) and social security charges (5.632,60 €)

We can calculate the daily cost as follows:

**21.632,6 / 220 working days = 98,33 €/day**

# STAFF COSTS

## Supporting documents:

- Timesheets signed by both employee and the authorised person (templates available on Agency website)
- Employment contract (or similar) signed by both the employer and the employee
- Official payroll in order to check number of working days in a year, the amounts paid, the social security charges
- Proof of payment (Bank statement)

## 2.1.2 TRAVEL AND SUBSISTENCE COSTS

- Travel and subsistence costs for staff (**and only for staff**) taking part in the project
- 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 vice versa).
- Who + from/to + for which activity / explanation on cost calculation
- The economically most advantageous means of transport should be chosen
- Subsistence costs cover accommodation, meals, and local travels
- No accommodation costs for local staff/ participants
- Coherence between travel and subsistence costs



# TRAVEL AND SUBSISTENCE COSTS

## \*\*\* REMINDER \*\*\*

Activities must take place in the countries of the organisations involved in the CP

### **Example of supporting documents:**

- Tickets (plane, train, bus, etc), invoices (travel agency, hotel) and receipts (restaurant)
- Boarding passes
- List of travelling staff (name, function, activity/purpose of the trip)

## 2.1.3 EQUIPMENT COSTS

- Purchase, rent or lease of equipment (new or second-hand) including the installation, maintenance and insurance costs
- Depreciation rule applies for any purchase above 500 EUR
- Only the portion of the equipment's depreciation corresponding to the duration of the project and the usage rate for the purposes of the project may be taken into account
- No equipment related to project administration (covered by Indirect costs)

### **Example of supporting documents:**

- Contracts and invoices
- Proof of payments and records in the partners accounts



## 2.1.4 CONSUMABLES AND SUPPLIES

Consumables and supplies directly linked to the action: e.g. photocopies, office supply specifically for the project (otherwise: indirect costs)

## 2.1.5 SUBCONTRACTING COSTS

- **Subcontractor**: Organisation/person from **outside the partnership** performing specific task for which no competence exists among the partnership
- The subcontracted party may **not be employed** by any of the Partner organisations of the consortium.
- **The management** and the general administration of the project may not be subcontracted
- Award of contract to the tender offering the best value for money
- Avoid any conflict of interest (Art.II.4.1)
- Estimated costs of subcontracting clearly identifiable in the estimated budget and clearly described in the project description
- Recourse to subcontracting is justified
- Art. II.10 (Annex II General conditions)

# SUBCONTRACTING COSTS

The contract must at least indicate:

- the reference to the tender and offer,
- the reference to the EU project,
- the start/end date,
- the tasks to be implemented within a certain time schedule,
- the value of the contract,
- the payment modalities (amount or percentage and deliverables to be achieved; law applicable in case of contestation, etc.),
- date of signature of the contract



## 2.1.6 DUTIES, TAXES AND CHARGES

Duties, taxes and charges related to the implementation of the project:

- Costs for visa applications for staff travelling for the project
- Travel insurance
- Charges due to public authorities e.g. for the registration of an event with a municipality

**\*\*\* REMINDER \*\*\***

Do not indicate non-recoverable VAT amounts in this budget heading

## 2.1.7 OTHER COSTS

- Costs for the project not covered under other budget categories
- Respect of procurement rules
- Costs arising directly from requirements imposed by the grant agreement (Audit costs, costs of financial services like guarantees)
- Activities which are specific and necessary for achieving the goals of the project and **not subcontracted**:
  - Invitation of external expert/speaker (Travel+subsistence costs)
  - conference fees, meeting registration fees
  - rental of exhibition space

### \*\*\* REMINDER \*\*\*

All costs related to the administration of the project e.g. consumables, supplies, photocopying costs, telephone costs, internet access, paper, etc., are covered by **indirect costs** of the project

## 2.2 INDIRECT COSTS

Costs which are not specific costs directly linked to the implementation of the action:

- Normal overhead costs of the organisation
- Flat rate up to 7% of the ELIGIBLE DIRECT costs
- Budget transfer between indirect and direct costs are not allowed

Examples:

- Infrastructure costs (rent, electricity,...),
- Costs for equipment related to administration (PC's, laptops ...)
- Communication costs (postage, fax, telephone, internet access,...)
- Office supplies

**\*\*\* REMINDER \*\*\***

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

# Guidance on contractual project management

- Section 4 deals with Financial issues
- Section 8 deals with Reporting issues



## Project management

Contractual documents

Reporting

Dissemination and Visual  
Identity

- [Guidance on contractual project management](#)  

## Part 3: Reporting, calculation of the final grant

The reporting documents are available on the 2016 beneficiary space

Project management

Contractual documents

Reporting

Dissemination and Visual  
Identity

- Interim report template 2016 R2  
- Interim financial statement 2016 R2  
- Final report template 2016 R2  
- Financial statement 2016 R2  
- List of invoices  

# Financial Statement Summary

EXPENDITURE		INCOME
<b>Direct Costs</b>	} <b>Staff only</b>	<b>Other contribution (non-EU)</b>
1. Personnel		Own contribution
2. Travel and subsistence		Income generated by the project
3. Equipment costs		Third party's contribution
4. Consumables and supplies		<b>Subtotal other contributions</b>
5. Subcontracting costs		<b>EU Grant requested</b>
6. Duties, taxes and charges		
7. Other costs		
<b>Subtotal Direct Costs</b>		
<b>Indirect costs</b> (max. 7 % of Direct Costs)		
<b>Subtotal Indirect Costs</b>		
<b>TOTAL EXPENDITURE</b>	<b>= (balanced)</b>	<b>TOTAL INCOME</b>

# Calculation of the Final European Union Grant

DECLARED EXPENDITURES from the statement of accounts (final report)

**MINUS**

Costs that are judged ineligible during assessment of your final statement

- Costs ineligible by nature
- Limited by application of articles I.2 (eligibility period), I.8 (budget transfer) and II.19 (eligible costs) of the grant agreement.

**= TOTAL ELIGIBLE COSTS AGREED BY THE AGENCY**

**X** percentage of co-financing from the grant agreement (article I.3)

LIMITED to the maximum European Union contribution from the grant agreement (article I.3 /article II.25)

**= FINAL EUROPEAN UNION GRANT**

**\*\*\* Finally, the balance payment or recovery will be calculated as follows \*\*\***

FINAL EUROPEAN UNION GRANT

**MINUS ( - )** Pre-financing amount(s) already received

**EQUALS =** Balance payment if positive or Recovery if negative



# Calculation of the Final European Union Grant

## One common initial situation:

- ESTIMATED Project total cost: 700.000 €
- EU grant requested in the proposal: 500.000€
- EU funding 71,43%: 500.000€
- Own funding 28,57%: 200.000€
- Pre-financing 70%: 350.000€ (70% x 500.000 €)

## 3 Final situations

- 1 Calculation with Payment and NO cuts
- 2 Calculation with Payment and cuts
- 3 Calculation with Recovery
  - a) with cuts
  - b) with NO cuts



# Calculation of the Final European Union Grant

- 1 Calculation with Payment and NO cuts:

750.000€ Total REAL DIRECT costs declared X 71,43% Percentage of co-financing  
= 535.725€ limited to 500.000€

**\*\*\* REMINDER \*\*\***

**Maximum:**

**=> 400.000€ for SCP**

**=> 500.000€ for SNCESE not related to EWOS**

**\*\*\* Finally, the balance payment or recovery will be calculated as follows \*\*\***

**500.000€ - 350.000€ (Pre-financing) = 150.000€ FINAL PAYMENT**



## Calculation of the Final European Union Grant

- 2 Calculation with Payment and cuts:

750.000€ Total REAL DIRECT Costs declared - 150.000€ Total INELIGIBLE Costs

= 600.000€ Total ELIGIBLE costs X 71,43% Percentage of co-financing

= 428.580€

**\*\*\* Finally, the balance payment or recovery will be calculated as follows \*\*\***

428.580€ - 350.000€ (Pre-financing) = **78.580€ FINAL PAYMENT**



# Calculation of the Final European Union Grant

- 3 Calculation with Recovery

a) with cuts

400.000€ Total REAL DIRECT Costs declared - 100.000€ Total INELIGIBLE Costs

= 300.000€ Total ELIGIBLE costs declared X 71,43% Percentage of co-financing

= 214.290€

**\*\*\* Finally, the balance payment or recovery will be calculated as follows \*\*\***

214.290€ - 350.000€ (Pre-financing) = -135.710€ **RECOVERY ORDER**



# Calculation of the Final European Union Grant

- 3 Calculation with Recovery

b) with NO cuts

400.000€ Total REAL DIRECT Costs X 71,43% Percentage of co-financing

= 285.720€

**\*\*\* Finally, the balance payment or recovery will be calculated as follows \*\*\***

285.720€ - 350.000€ (Pre-financing) = -64.280€ **RECOVERY ORDER**

