



Co-funded by the
Erasmus+ Programme
of the European Union

ERASMUS+ CBHE_

Regulations for Financial Management

October 19, 2020/Tbilisi



Funding rule:

Grant (combination of two different financing approaches)

Actual costs (Equipment, Subcontracting and Exceptional costs)

Unit Costs (Staff, Travel and Costs of stay)

Co-funding:

- other expenses (e.g. overhead costs) or higher expenditure than unit cost values**
- not taken into account for the calculation of the Grant**
- requested with final report for information purposes**



Payment modalities

- **All transfers to project beneficiaries should be made via bank transfers**
- **All the bank statements should be kept with the project accounts.**
- **If the institutions have difficulties in receiving transfers from abroad, the use of personal bank accounts can be exceptionally considered. The institutions should take appropriate measures to ensure that such payments are perfectly traceable, identifiable and verifiable until the final recipient.**
- **Each beneficiary concerned must deliver a document signed by its legal representative, in which a designated member of staff is allowed to use a personal bank account for the purposes of the project, acting under the supervision of the beneficiary institution. Such a document should be annexed to the Partnership Agreement.**



Payment modalities

- **When payments are made directly to individuals involved in the project, it is the responsibility of the coordinator and the partner concerned. This concerns the reimbursement of staff costs, travel and subsistence costs.**
- **Payments in cash are definitely not recommended, they may be accepted on the condition that they are perfectly traceable, identifiable and verifiable (e.g. supported by receipts signed by the beneficiary of the payment).**



Financing approaches of the Grant

Actual costs: budget headings Equipment and Subcontracting need to be duly documented and justified with the corresponding level of cost incurred

Example:

Reported cost for the project (laptops) of 1.500 EUR

=

Supporting document (invoice, proof of payment...) for 1.500 EUR

Unit Costs: budget headings Staff costs, Travel costs and Costs of stay



- **Modification to the budget:**

Only the Coordinator can introduce modifications in the overall budget.

The partners are to notify the Coordinator on supposed modifications

-



- **Eligible Costs:**

- **Article II.19 Grant Agreement**

Incurred during the eligibility period

Foreseen in the application/budget

In connection with the action and necessary for project implementation

Identifiable, verifiable, recorded in accounting records of the beneficiary

Comply with requirements of applicable tax and national legislation

Reasonable, justified, complying with principle of sound financial management, in particular regarding economy and efficiency



- **Ineligible Costs:**

- **1) Costs NOT fulfilling requirements of Art. II.19.1**
- **2) Art. I.10.4/II.19.4**
- **examples:**
 - ✓ **equipment such as: furniture, motor vehicles, alarm systems**
 - ✓ **costs linked to the purchase of real estate**
 - ✓ **activities not in project beneficiaries' countries (Annex IV), unless prior authorization**
 - ✓ **Exchange losses**
 - ✓ **in kind contribution**
 - ✓ **excessive expenditure**
 - ✓ **deductible VAT**



- **Ineligible Costs:**

- VAT
(ART. II.19.4 GA)

Ineligible

Unless

- official document from competent authorities proving that the corresponding costs cannot be recovered



- **EXCHANGE RATE:**

1) General accounts NON EURO: the average rate in the reporting period

- Reporting period 1 = month 1 to 18 = average rate from January 2021 to June 2023

- Reporting period 2 = month 1 to 36 = average rate from January 2021 to January 2024

2) General accounts EURO: usual practices of your institution

monthly rates established by the Commission:

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



EQUIPMENT

- The equipment relevant to the objectives of the project should be purchased not later than 12 months before the end of the project (see Programme Guide page 309) and installed as soon as practically possible
- The equipment should be recorded in inventory of institution where it is installed and labelled with E+ stickers
- Don't ask for modification of the list of equipment. It's not taken positively. If you decide to ask anyway, you have to get a written authorization from Agency
- The acquisition of specialized equipment is an asset

Not foreseen in the application/budget?

Prior written authorisation from Agency is obligatory



Tendering procedure

The beneficiary shall apply the tendering procedure for the purchase of any kind of goods or services **WHENEVER the amount of the purchase/sub-contract is between EUR 25.000 and 134.000**

**Principles of transparency, equal treatment of potential contractors,
avoiding conflicts of interests**

Criterion for selection of offer: best value for money

**If value of purchase/sub-contract > EUR 134.000:
national legislation applicable**

**Split purchase/sub-contract into smaller contracts below the threshold to
avoid a tendering procedure**

NO! →



Equipment – Supporting documents

To keep with project accounts (may be requested in case of financial check):

- **Invoice(s) and bank statement(s) for all purchased equipment (order forms, pro-forma invoices, quotations or estimates are not considered as proof of expenditure)**
- **> EUR 25.000 < EUR 134.000: tendering procedure and three quotations from different suppliers**
- **> EUR 134.000: tendering procedure according to national legislation**
- **Proof that equipment is recorded in inventory of the institution**
- **The declared costs must be identifiable and verifiable and must be recorded in the accounting system of the beneficiary.**

To send with Final Financial statement:

- **Equipment with value > EUR 25.000, copy of invoice(s) and competitive offers**
- **Any prior authorisation from the Agency**



Sub Contracts

- **Subcontracting refers to the implementation of specific tasks being part of the action, by a third party, to which a service contract has been awarded by one or several beneficiaries.**
- **Subcontracting is intended for specific, time-bound, project-related tasks which cannot be performed by the Consortium members themselves. It includes self-employed / free-lance experts.**
- **Sub-contracting to external bodies should be very occasional. The specific competences and particular expertise needed to reach the project objectives should be found in the consortium and should determine its composition.**
- **Sub-contracting for project-management related tasks is not eligible.**
- **Subcontracting costs for the maintenance of any equipment purchased for the project may be included under the budget heading Equipment.**
- **Subcontracting costs will be reimbursed on the basis of the eligible costs actually incurred (actual costs)**



Sub Contracts

Typical activities which may be sub-contracted:

- **Evaluation activities and auditing (Certificate on the Financial Statement)**
- **IT courses**
- **Language courses**
- **Printing, publishing and dissemination activities**
- **Translation services**
- **Web design and maintenance**
- **Logistic support for the organization of events**
- **Etc.**

Not foreseen in the application/budget?

Prior written authorisation from Agency is needed!

In order to prevent double funding by the grant, catering and hospitality costs (e.g. during project events) for participants receiving Costs of Stay cannot be covered by subcontracting. Under no circumstances should these costs be charged to the project twice.



Supporting documents for Sub-contracting

To keep with project accounts (may be requested in case of financial check):

- Invoices, subcontracts and bank statements.
- In the case of travel activities of subcontracted service provider, copies of travel tickets, boarding passes, invoices and receipts, or for car travel a copy of the internal regulations on the reimbursement rate per km. The aim of the supporting documentation is to demonstrate that the activities took place.
- When the threshold of EUR 25.000 is exceeded and below EUR 134.000, documentation on the tendering procedure and three quotations from different suppliers.
- When the threshold of EUR 134.000 is exceeded, documentation on the tendering procedure applied according to national legislation.
- Tangible outputs/products

To send with Final Financial statement:

- When the total value of the subcontract amounts to more than EUR 25.000, the copies (not original) of the subcontract, the invoice and the competitive offers must be sent as supporting documents.
- Any prior authorization from the Agency



Unit costs

Definition:

**Fixed contribution multiplied by number of units,
based on "Triggering events" (activities/outputs)**

- **No need to justify level of spending**
- **Financial control/audit declared unit costs supported with
proofs of activities implemented**



CBHE units

UNIT COSTS FOR STAFF

PROGRAMME COUNTRIES

	Manager	Teacher/Trainer /Researcher	Technician	Administrative staff ²
AMOUNTS IN EURO PER DAY				
Denmark, Ireland, Luxembourg, Netherlands, Austria, Sweden, Liechtenstein, Norway	294	241	190	157
Belgium, Germany, France, Italy, Finland, United Kingdom, Iceland	280	214	162	131
Czech Republic, Greece, Spain, Cyprus, Malta, Portugal, Slovenia	164	137	102	78
Bulgaria, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovakia, former Yugoslav Republic of Macedonia, Turkey	88	74	55	39

PARTNER COUNTRIES

	Manager	Teacher/Trainer /Researcher	Technician	Administrative staff ²
AMOUNTS IN EURO PER DAY				
Israel	166	132	102	92
Albania, Argentina, Bosnia and Herzegovina, Brazil, Chile, Colombia, Kosovo ⁴ , Lebanon, Libya, Mexico, Montenegro, Peru, Serbia, Territory of Ukraine as recognised by international law, Thailand, Uruguay, Venezuela	108	80	57	45
Afghanistan, Azerbaijan, Bolivia, China, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Iran, Iraq, Jordan, Kazakhstan, Morocco, Palestine ³ , Panama, Paraguay, South Africa, Territory of Russia as recognised by international law	77	57	40	32
Algeria, Armenia, Bangladesh, Belarus, Bhutan, Burma/Myanmar, Cambodia, Cuba, (DPR) Korea, Egypt, Honduras, India, Indonesia, Kyrgyzstan, Laos, Malaysia, Maldives, Moldova, Mongolia, Nepal, Nicaragua, Pakistan, Philippines, Sri Lanka, Syria, Tajikistan, Tunisia, Turkmenistan, Uzbekistan, Vietnam, Yemen	47	33	22	17

UNIT COSTS FOR TRAVEL AND COSTS OF STAY

THESE UNIT COSTS ARE NOT APPLICABLE FOR THE "SPECIAL MOBILITY STRAND"

TRAVEL COSTS⁴

Travel distances must be calculated using the distance calculator supported by the European Commission:
http://ec.europa.eu/programmes/erasmus-plus/tools/distance_en.htm

The beneficiary must identify the distance of a one-way travel to calculate the amount of the EU grant that will support the round trip. Financial support will be provided only for travels that are directly related to the achievement of the objectives of the project.

Distance band	Unit cost per participant
Between 10 and 99 KM	20 EUR
Between 100 and 499 KM	180 EUR
Between 500 and 1999 KM	275 EUR
Between 2000 and 2999 KM	360 EUR
Between 3000 and 3999 KM	530 EUR
Between 4000 and 7999 KM	820 EUR
8000 KM or more	1100 EUR

COSTS OF STAY⁴

Costs of stay are based on the duration of the activities of the participants.

STAFF	Unit cost per day per participant	STUDENT	Unit cost per day per participant
Up to the 14 th day of activity +	120 EUR	Up to the 14 th day of activity +	55 EUR
Between the 15 th and the 60 th day of activity +	70 EUR	Between the 15 th and the 90 th day of activity	40 EUR
Between the 61 st day of activity and up to 3 months	50 EUR		



Staff Costs

Performing tasks necessary to achievement of the project

Formal contractual relationship with a beneficiary organization

Calculation of the grant ➡ 3 variables: staff category, number of days and country in which staff member is employed

a) Categories: Managers, Researchers/Teachers/Trainers, Technical, Administrative

➡ *nature of work performed, not status of individual*

b) Country in which staff is employed, independently of where tasks are executed

c) Number of days proportioned to the work carried out



Staff Costs

Calculation:

- **- based on application of unit costs and independent from actual remuneration (defined in the Partnership Agreement)**
- **- obtained by multiplying unit cost (corresponding to category of country and staff) by number of working days spent on the project per staff member**

**One working day defined according to applicable national legislation/
institutional practice.**

**Declared working days per individual may not exceed 20 days per month or
240 days per year**



Supporting documents

- **Joint Declaration (EACEA template)**
- **Time-sheets (EACEA template)**
- **Proof of formal contractual relationship**
- **Evidence justifying workload and activities/outputs (e.g. attendance lists , tangible outputs / products**



Travel costs and Costs of Stay

Staff/students participating in activities related to the achievement of the project

Unit costs to apply 3 variables: travel distance (for travel costs), duration for costs of stay and type of participant

Prior authorisation for activities not taking place in countries represented in the partnership

Prior authorisation for activities not described in the Guidelines



Travel costs and Costs of Stay

- *Who may benefit?*
- **Staff**
 - Under contract with beneficiary
 - Travels intended for the activities listed in the E+ Programme Guide
 - Duration: Max. 3 months
- **Students**
 - Registered in one of the beneficiary institutions
 - Duration: Min. 2 weeks – Max. 2 months (Max. 1 week for short term activities linked to the management of the project)
- The unit costs for travel also cover cancellation costs. It is strongly recommended
- The travel costs and costs of stay related to subcontracted service providers have to be declared under the sub-contracting budget heading and be justified and documented accordingly.



Travel costs: specific rules

Staff/students from place of origin (home institution within the partnership) to venue of the activity and return

Carried out in project beneficiaries' countries - **Exceptions must be authorised**

How the grant is calculated?

For each participant and for each travel x unit cost corresponding to applicable distance band

Each unit cost corresponds to a fixed amount in Euro per travel per person

1) Check travel distance of a one-way travel

http://ec.europa.eu/programmes/erasmus-plus/tools/distance_en.htm

2) Apply corresponding unit cost

Each unit cost contributes to costs of travel for the round trip, regardless of the expenses actually incurred



Supporting documents for Travel Costs and Cost of Stay

- **A duly filled-in Individual Travel Report (Annex III of these Guidelines). Supporting documentation will have to be attached to each travel report in order to demonstrate the fact that the travel and the activity actually took place:**
 - **travel tickets**
 - **boarding passes with points of departure and destination**
 - **dates and name of the person travelling**
 - **invoices, receipts**
 - **proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings**
- **It is not necessary to prove the actual cost of the travel.**

At final reporting stage, the Agency will take note of the expenses on the basis of the final financial statements (list of expenses) sent by the coordinator and will examine these expenses in detail to verify their eligibility. If there are doubts on any particular point, the Agency may request to provide all the supporting documents.

Any prior authorization from the Agency must be provided with the Final Financial statement



Travel costs: specific rules

Example:

A participant from Tbilisi (Georgia) takes part in activity in Vienna (Austria). Distance from Tbilisi to Vienna is (2338.31 Km) + apply unit cost (distance band 2000/2999 Km): fixed contribution of 360 Euro covering travel from Tbilisi to Vienna and return!!! It includes internal mobility, health insurance and visa costs as well!!!

If place of departure different from place of home institution: prior authorisation is needed!!!

Circular travels (A to B, B to C and return A):

sum of: unit cost corresponding to distance band from A to B

+

unit cost corresponding to distance band from B to C

Final travel not taken into account for the calculation of the grant

Not applicable to air travels with stopover(s)



Cost of stay specific rules

Staff/students for activities outside city of participant's home institution

Activities in project beneficiaries' countries. **Exception must be authorised**

Unit costs for staff \neq unit costs for students

Unit costs can only be claimed if there is **at least 1 overnight stay**

For each staff: unit cost corresponding to the duration of the activities (in days), up to 14th day/between 15th and 60th day/between 61st day and up to 3 months

Each unit cost corresponds to a fixed amount in Euro per day per participant

How to apply unit costs?

(1) Identify the duration in days of the activity (including the travel from their place of origin to the venue of the activity and vice-versa) (2) Number of unit costs = numbers of days of activity performed.

- Each unit cost contributes to costs of stay regardless of expenses actually incurred



Cost of stay specific rules

Examples:

A staff from Tbilisi (Georgia) takes part in activity in Vienna (Austria) during 7 days:

Max. 7 unit costs of 120 Euros each (TOTAL: 840 Euros)

A staff from Tbilisi (Georgia) takes part in activity in Vienna (Austria) during 20 days:

Max. 14 unit costs of 120 Euros each + 6 unit costs of 70 Euros each (TOTAL: 2.100 Euros)



Co-funding principles

- According to the EU Financial Regulation grants shall always involve co-financing. This means that the resources which are necessary to carry out the project shall not be provided entirely by the EU contribution.
- The grant awarded to CBHE projects is based on an estimated budget combining unit costs and actual costs and it corresponds to the European Union financial contribution to the project. In application of the co-financing principle, this amount has to be considered as a contribution to cover part of the costs incurred by the beneficiary institutions to carry out the activities foreseen in the project, and should not be mistaken with the total costs of the project which also include co-financing from the partner institutions.
- In practical terms, the implementation of the CBHE project may require other types of expenditures, not specifically foreseen and included in the budget of the grant (such as costs for dissemination, publishing, translation if not sub-contracted, overheads costs, bank fees etc.), that are supposed to be covered by co-financing. It is important to note that these expenditures covered by the co-financing will not be taken into account for the final calculation of the grant and therefore will not have any financial impact on it.



Co-funding principles

- **Contrary to the approach followed under TEMPUS programs, the co-financing contribution provided by the partnership will not need to be justified or demonstrated at final report stage. No proofs of expenditure or supporting documents will be required by the Agency.**
- **At final report stage and for statistical purposes only, the partnership will be invited to provide an indication on the level and source of co-financing made available for the implementation of the project. The final financial statement will contain a dedicated section where co-financing will have to be reported.**



Penalties in the case of poor, partial or late implementation of the action

- **According to the Agreement, the Agency may reduce the grant initially provided if the action is implemented poorly, partially or late.**
- **Such penalties shall be applied in case the final technical report provides evidence that the project implementation was not addressed with the required attention and according to the terms laid down in the Agreement.**
- **The final report and the outputs produced by the project (publications, conference papers, presentations etc.), will be assessed using a common set of quality criteria based on the same evaluation criteria and the same scoring scale as those used application stage: relevance (maximum 30 points); quality of the project (design and) implementation (maximum 30 points); quality of the project team and cooperation arrangements (maximum 20 points); and impact and sustainability (maximum 20 points).**
- **The score will vary from 0 to 100, where 0 is the lower mark and 100 the highest.**



- **Where the rating falls between 0 and 50, a reduction of the EU grant initially provided to the partnership will be implemented according to the following scale:**
 - **25% reduction if the final report scores at least 40 points and below 50 points;**
 - **35% reduction if final report scores at least 30 points and below 40 points;**
 - **55% reduction if the final report scores at least 20 points and below 30 points;**
 - **75% reduction if the final report scores below 20 points.**
- **The coordinator will have the possibility to react to the first evaluation of the final report and to provide supplementary information on the project implementation.**
- **In case the additional information will be deemed insufficient to illustrate a sound and objective oriented project implementation, the above mentioned penalties will be applied.**



Financial Monitoring and Reporting

Financial statements (Excel) ➡ main financial reporting tool

- Financial monitoring per budget heading/partner/WP during project implementation (for budget consumption)
- Statement on the use of the previous pre-financing for PR and request for second pre-financing
- Financial reporting at final report stage, supported by **AUDIT CERTIFICATE**
(REPORT OF FACTUAL FINDINGS ON THE FINAL FINANCIAL REPORT - TYPE II)



Calculation of the Final Grant

Grant will never exceed maximum amount indicated in Grant Agreement

FINAL GRANT

- 1) Examination of:
 - a. financial statements
 - b. eligibility of activities implemented
 - c. eligibility of declared expenses
 - 2) Examination of potential penalties applied on maximum Grant
 - 3) FINAL GRANT = LOWEST VALUE between maximum Grant reduced by penalty(ies) and result of examination 1
- Positive value:
BALANCE PAYMENT
- Negative value:
RECOVERY
- FINAL GRANT MINUS PRE-FINANCINGS**



HOW WILL THE FINAL GRANT AMOUNT BE DETERMINED?

A

- **Max. Grant** (Anx III of GA): 850,000 €

B

- **Declared grant** spent (in FR): 700,000 €

C

- **Eligible grant** (after EACEA grant/activities analysis): 650,000 €



Penalties ?

**(for poor performance
or non-respect of
visibility obligations)**

FINAL GRANT

Eligible grant = **650,000 €**

NO

Max grant reduced by penalty = **637,500 €**

YES for "Poor performance"
(Minus 25% of Max Grant = 637,500 €)

Eligible grant = **650,000 €**

YES for "Visibility obligations"
(Minus 20% of Max Grant = 680,000 €)



Checks & Audits (Art. II.27)

- **EACEA/Commission may carry out technical/financial checks and audits in relation to the use of the grant**
- **During implementation of Agreement and for a period of 5 years starting from the date of payment of the balance/recovery order**
- **Usually outsourced to external auditors**
- **At premises of coordinator and/or partners**

დიდი მადლობა **OBRIGADA**



Contact information:

**Manana Salukvadze,
International Projects' Financial Manager, ISU**



E-mail: manana.salukvadze@iliauni.edu.ge

Skype: manana_sal