

# **17 Actions co-funded under Council Regulation (EC) N°870/2004**

## **Frequently Asked Questions**

Version 4 of 02 March 2009

### **Protocol of modifications and up-dates**

<b>Version</b>	<b>Modifications</b>	<b>Issued</b>
Version 1	Questions 1 to 20	12 December 2007
Version 2	Several editorial changes Added table of content Question 13: modified title, added "i.e. the smaller amount is the limiting factor" and changed references from "Article 1.4.4" to "Article I.4.4". Question 14: replaced "Such a deviation is not recognised in the provisions of the grant agreement and is therefore ..." with "While such deviation is possible in principle, it is ..." Added questions 21 to 32	25 January 2008
Version 2.1	Question 18: replaced in first paragraph "eligible cost" with "requested amount of co-funding"	22 February 2008
Version 3	Added questions 33 to 39	24 July 2008
Version 4	Revised question 6 Added questions 40 to 46	02 March 2009

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<b>ADM / FIN / LEG<sup>1</sup></b>	<b>QUESTION</b>	<b>ANSWER</b>	<b>LEGAL REFERENC E<sup>2</sup></b>
	<b>1</b>	<b>Identification number of actions</b>	
ADM	What identification number should be used for the action?	Please use, in your correspondence and e-mails, the agreement number (the three-digit number ranging from <b>001</b> to <b>071</b> and preceding "AGRI GEN RES 870/2004), rather than the contract number stated on the first page of the grant agreement.	
	<b>2</b>	<b>New address of the Commission's central mail office</b>	
ADM	How to send documents to the Commission?	<p>The new address of the Commission's central mail office is:</p> <p style="text-align: center;">European Commission DG AGRI -'Genetic Resources' Avenue du Bourget 1 1140 Brussels-Evere Belgium</p> <p>and no longer "Rue de Genève 1" (see Article I.8.1 of the grant agreement). This change of address is important in case of hand delivery of documents, or if you use courier services that are not familiar with the Commission's delivery address.</p> <p>For normal mail, it is sufficient to write "1049 Brussels, Belgium" (without any street address). The postal code 1049 is reserved for the European Commission.</p>	Article I.8.1
	<b>3</b>	<b>Amendments of the grant agreements</b>	
ADM	What are the instructions concerning the amendments of the grant agreements?	The objective is to limit the number of amendments of the grant agreements. We will therefore try to combine, where possible, several changes into one amendment. Not every change in the budget or the work programme will require an amendment of the grant agreement. However, it is important that the co-ordinators inform the Commission in writing of all changes in the composition of partners, the budget, the work packages and the timetable.	

<sup>1</sup> Administrative, Financial or Legal Matter

<sup>2</sup> Except where indicated otherwise, the legal references refer to the grant agreement

	<b>4</b>	<b>Maximum period for eligible expenses</b>	
LEG	What is the maximum period for eligible expenses?	<p>Council Regulation (EC) N° 870/2004 establishes in Article 8, §2, that "the actions co-financed ... shall have a maximum duration of four years". This means that the maximum period, during which eligible expenses may be incurred, is limited to at most 48 months from the beginning of the action.</p> <p>Expenses occurring before the starting date of the action (Article I.2.2) or after the closing date of the action (Article I.2.2) are not eligible for co-funding.</p>	Council Regulation (EC) N° 870/2004, Article 8, §2 Article I.2.2
	<b>5</b>	<b>Prolongation of actions</b>	
LEG	When to submit requests for prolonging actions?	Under certain conditions, a prolongation of an action may be possible (within the 48-months limit established in Council Regulation (EC) N° 870/2004 , Article 8, §2). However, it is essential that such a request for prolongation is duly justified and that it is received and granted well in advance of the closing date of the action ("something that has ended already cannot be prolonged!").	
	<b>6</b>	<b>Meals in connection with meetings, workshops, etc.</b>	
FIN	What are the rules concerning the expenses for dinners?	Meals (lunches and dinners) offered in connection with meetings and workshops can be considered as eligible provided that these expenses are claimed only once, for example by reducing accordingly the subsistence allowances for participants paid by organisations that the grant establishes as a beneficiary.	
	<b>7</b>	<b>Travel and subsistence</b>	
FIN	What are the rules concerning travel and subsistence?	As stated in Article I.13, 5 <sup>th</sup> paragraph, of the grant agreement, the eligibility of travel and subsistence costs is judged on the basis of <b>the beneficiaries'</b> usual practices on subsistence allowances and travel costs. However, the maximum ceilings stated in Article I.13, 5 <sup>th</sup> paragraph, must be observed.	

	<b>8</b>	<b>Travel to and from outside the EU</b>	
FIN	What are the rules concerning travel to and from outside the EU?	<p>It is important that you request, in accordance with Article I.13, 6<sup>th</sup> paragraph, of the grant agreement, <b>prior written authorisation</b> from the Commission for <b>all</b> travel outside of the European Union and from outside the European Union. The co-ordinators shall submit their requests sufficiently in advance of the date of the travel, in order to allow the Commission's services a reasonable period, which should not be less than 15 working days for deciding on and issuing this prior written approval. Only in this case, the expenses will be eligible for co-funding as foreseen in Article I.13 5<sup>th</sup> paragraph.</p> <p>A travel authorisation to or from outside the EU does not change the fact that the expenses of partners located outside the EU remain non-eligible for co-funding by the Commission. However, a beneficiary located within the EU may invite, at its expense and according to its established rules, an expert from outside the EU. Provided that these expenses are related to implementing the co-funded action and can be absorbed within the agreed budget ceilings, such expenses could be eligible for co-funding by the Commission, provided that prior written authorisation was obtained, as established in the 1<sup>st</sup> paragraph. Without prior written authorisation, the related expenses are non-eligible.</p>	Article I.13, 6 <sup>th</sup> paragraph Article I.13 5 <sup>th</sup> paragraph
	<b>9</b>	<b>Travel via other destinations</b>	
FIN	What are the rules concerning travel via other destinations?	The default is that the eligible travel cost is based on the most direct round trip from the organisation or institute of the traveller to the destination. However, the actual travel may start or end at a different destination. Depending on the rules of the traveller's organisation or institute, such a cost may be considered as eligible, provided that it does not exceed the cost of the default round trip in economy class and that there is a detailed explanation about who is paying how much for the other part of the travel.	Article I.13 Article II.14
	<b>10</b>	<b>Awarding (sub)-contracts</b>	
FIN	What are the rules concerning awarding (sub)-contracts?	Article II.9 of the grant agreement on the award of contracts applies in particular to the cost categories: external assistance, durable goods, consumables and other cost. The external auditors shall verify and certify compliance with the rules for awarding contracts (see also Article I.11, 2 <sup>nd</sup> paragraph of the grant agreement). The beneficiaries must seek competitive tenders from potential contractors and award the contract to the bid that offers the best value for money. Non-compliance with these rules may result in the related expenses becoming non-eligible.	Article II.9 Article I.11, 2 <sup>nd</sup> paragraph

	<b>11</b>	<b>Acknowledgement of EU support</b>	
ADM	Shall the web site of the co-funded GENRES action acknowledge the EU support?	Each of the websites created by the co-ordinators for the co-funded actions shall acknowledge the EU support granted to the GENRES actions. We suggest including on the home page of the co-ordinator, in a clearly visible form, the following sentence: "Action... (Insert the acronym and number of the action) receives financial support from the European Commission, Directorate-General for Agriculture and Rural Development, under Council Regulation (EC) No 870/2004". We also suggest adding the European flag on the website. The EU flag can be obtained on the following website: <a href="http://europa.eu/abc/symbols/emblem/download_en.htm">http://europa.eu/abc/symbols/emblem/download_en.htm</a> . State the above-mentioned reference regarding the support from the European Union below the flag. Alternatively, dissemination documents of the co-funded action may show the EU flag with "Supported by the European Union".	
	<b>12</b>	<b>Budgetary provisions for payments in 2008</b>	
FIN	How are the budgetary provisions for payments in 2008 calculated?	To determine the payment credits needed for the payments in 2008, the annual expenses, as stated in Annex IIc of the grant agreement, have been adjusted by the action's ratio of eligible expenses / total expenses and multiplied by the EU co-funding percentage. The due dates of the interim technical reports and interim financial statements, as well as the time needed for processing these documents, have also been taken into account when making the budget provisions for 2008. The same will be done for the budget provision for 2009.	Annex IIc
	<b>13</b>	<b>Adjustments of the budget between the implementing organisations</b>	
LEG	Does the Commission enforce the breakdown of the budget by beneficiary?	<p>The grant agreement establishes the budget for the entire action. It does not refer to the budget breakdown by beneficiary. For every beneficiary of an action, the same EU-co-funding rate and the same flat-rate for overheads are applied to the eligible expenses (see also Article I.18 of the grant agreement).</p> <p>In line with this approach, the 10% ceiling, up to which adjustments can be made between budget categories (see Article I.4.4), refers to the eligible cost of the action, as established in the grant agreement.</p> <p>Adjustments within the "sub-budgets" of each beneficiary are not subject to this 10% ceiling, provided that the 10% ceiling is respected for the eligible cost of <u>each cost category</u> in the budget of the entire action, e.g. the smaller amount is the limiting factor. Nevertheless, the co-ordinator shall inform the Commission in writing of all such adjustments (see Article I.4.4).</p>	Article I.18  Article I.4.4  Article I.4.4

	<b>14</b>	<b>Deviating from the established rates when distributing the EU co-funding</b>	
LEG	Can the co-ordinators deviate from the EU co-funding when distributing funds?	<p>The submitted proposals indicate that the co-ordinators and co-beneficiaries of some actions may want to distribute the EU co-funding amount differently among themselves than is established in the grant agreement. While such a deviation is possible in principle, it is considered to be outside the Commission's administration of the grant agreement, which refers to the entire action only. Consistent with this, the approach stated in Article I.18 of the grant agreement applies to the entire action when establishing the amount to be paid or to be recovered by the Commission.</p> <p>Therefore, the co-ordinators should be aware that deviations in the distribution of the EU co-funding amount among the beneficiaries [from the co-funding rate (Article I.4.3) and the flat-rate for overheads (Article I.4.2)] are likely to introduce additional difficulties for them in the event that amounts need to be recovered. Amounts might need to be recovered, i.e. returned to the Commission, for example, as a result of an audit.</p>	Article I.18  Article I.4.3 Article I.4.2
	<b>15</b>	<b>Time sheets for the personnel</b>	
FIN	What information should be documented for personnel?	<p>The work done by the personnel for the action shall be recorded and the appropriate supporting documents are time sheets (Article I.14), which shall summarize the work done in regard to the tasks and work packages the personnel has worked on. All parties (co-ordinators, co-beneficiaries, partners located outside the EU) need to keep such time sheets. A sample of such a time sheet has been sent to each co-ordinator.</p> <p>The detail and frequency of completing time sheets may vary between organisations. Nevertheless, for each member of the personnel concerned by the grant, at least a monthly time sheet shall be maintained. This time sheet shall record the work input at least in working days or fractions thereof.</p>	Article I.14

	<b>16</b>	<b>Supporting documentation for financial statements</b>	
FIN	How to make available supporting documents for financial statements to the Commission ?	The financial statements to be submitted by the co-ordinators to the Commission are listings that need to be substantiated with supporting documentation as established in Article I.14 of the grant agreement. To facilitate on-the-spot audits, copies of the supporting documents need to be available at the co-ordinators' site. Therefore, the co-beneficiaries and, where applicable, other technically involved partners (see Article I.19 of the grant agreement) shall submit to the co-ordinators copies of the supporting documents, together with their parts of the financial statements.	Article I.14 Article I.19
	<b>17</b>	<b>Technical reports and financial statements</b>	
FIN	Do all partners need to provide technical reports and financial statements?	<p>The actions are implemented by all partners together and therefore all partners need to submit to the respective co-ordinator their contributions for the annual interim and the final technical reports. This includes the non-EU partners, who shall also document their contributions (output) to the action. Their contributions (technical and financially) have been taken into consideration when the actions were selected for co-funding.</p> <p>It may at first glance not be obvious whether the same requirements regarding the submission of financial statements apply also for the non-EU partners and the Bulgarian and Romanian partners, who do not receive co-funding from the Community. However, these partners also need to document their participation and involvement by stating the resources (input) they dedicate to the co-funded actions. Nevertheless, the partners located in these countries do not have to have their financial statements audited, while the beneficiaries must submit audited financial statements.</p>	

	<b>18</b>	<b>External audit of financial statements</b>	
FIN	What are the rules for the external audit of financial statements?	<p>As established in Article I.11 of the grant agreement, each financial statement shall be certified by an independent body or expert officially authorised to carry out audits of accounts. There is only one exception from this requirement for beneficiaries: The financial statements do not need to be certified by auditors in case the cumulative amount of requested co-funding stated on the annual interim financial statement(s) is below EUR 10,000 for a beneficiary. However, the final financial statement must be certified by an auditor regardless of the amount.</p> <p>In those cases where at least one or more annual interim financial statement were not certified because the cumulative requested amount of co-funding was below EUR 10,000, the subsequent annual financial statements, or the final financial statement, must include these previously not certified cost and, in the end, all claimed eligible cost must be certified by independent auditors. Beneficiaries, especially those who are requesting small amounts of co-funding, can minimize the number of audits by optimizing the frequency and timing of these audits.</p> <p>The cost related to the auditor that certifies the financial statements, can be considered as eligible cost up to the ceiling stated in Article I.13, 6<sup>th</sup> paragraph</p>	Article I.11  Article I.13, 6 <sup>th</sup> paragraph
ADM	<b>19</b>	<b>Delay for making payments</b>	Article I.6  Articles I.5.2 and I.5.3  Article I.7.2

	<b>20</b>	<b>Charges for bank transfers and tracking bank transfers</b>
ADM	What are the rules as regards charges for bank transfers?	<p>The most efficient way of organising bank transfers between the co-ordinators and the co-beneficiaries would be to use Euro-bank accounts on both sides, and to issue standard transfers (transfers without additional instructions) that use the International Bank Account Number (IBAN) and Bank Identifier Code (BIC).</p> <p>The EU has introduced rules (Regulation (EC) No 2560/2001 of the European Parliament and of the Council) which give consumers a guarantee that, when they make a payment in Euro to an account in another Member State, it will cost the same as it would to make a payment [in Euro] within their own Member State. Consumers need only to provide the International Bank Account Number (IBAN) and Bank Identifier Code (BIC) of the person they are transferring the money to. As of 1 January 2006, the Regulation applies to payments of up to EUR 50 000. <i>This information can be found at:</i></p> <p><a href="http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/32&amp;format=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=en">http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/32&amp;format=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=en</a>  More information about IBAN and BIC can also be found also at:  <a href="http://ec.europa.eu/youreurope/nav/en/citizens/services/eu-guide/credit-transfers/index_en.html#10408_8">http://ec.europa.eu/youreurope/nav/en/citizens/services/eu-guide/credit-transfers/index_en.html#10408_8</a>  Regulation (EC) No 2560/2001 can be obtained at:  <a href="http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/l_344/l_34420011228en00130016.pdf">http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/l_344/l_34420011228en00130016.pdf</a></p> <p>However, one should be aware that high bank charges for cross-border transfers may still apply in countries where the Euro is <b>not</b> the national currency. Bank charges are part of the overheads and cannot be claimed separately. It is up to the beneficiaries to minimize such charges when selecting their bank.</p> <p>Transferring Euro-amounts between Euro-bank accounts has the advantage of facilitating the tracking of "pending" payments, because the transferred amount(s) will not be converted <b>along the way</b> into other currencies.</p>

	<b>21</b>	<b>Changes in organisations</b>	
LEG	Which documents have to be submitted in case of changing partners or changes in the legal status?	<p>With 178 organisations, in different roles, implementing the co-funded actions, changes can occur, such as transferring the participation to another organisation or modifying the legal status.</p> <p>The co-ordinator shall submit to the Commission a formal notification, consists of:</p> <ul style="list-style-type: none"> <li>(1) A letter from the co-ordinator presenting the case, the proposed solution, and his/her assessment of the impact on the successful implementation of the action;</li> <li>(2) A letter from the "old" organisation agreeing to transfer their rights and obligations from the grant agreement to the "new" organisation;</li> <li>(3) A letter from the "new" organisation agreeing to accept the transferred rights and obligations;</li> <li>(4) From the "new" organisation the appropriate profile information (Form A.2...), financial commitment (Form A3.2...), and extracts from the statute;</li> <li>(5) A mandate (Annex IV), in case the "new" organisation is a co-beneficiary or partner, or a legal entity identification form and a financial identification form, in case the "new" organisation is the co-ordinator.</li> </ul> <p>To facilitate the work of the co-ordinators, a set of model letters is available upon request.</p>	Article II.13
ADM	Who shall accept or reject changes to the technical implementation?	<p>The co-ordinators shall decide on changes to the technical implementation of the action. The co-ordinator shall evaluate whether or not a change, adjustment, etc. does affect the implementation of the action (Article I.4.4), i.e. to achieve the overall objectives and aims, to stay within the timetables and to obtain the foreseen outputs. The co-ordinators have to evaluate and justify that the proposed changes do not call into question the decision awarding the grant or does not result in unequal treatment (Article II.13.2). Based on the result of this evaluation, the co-ordinators shall decide accordingly. While DG AGRI can offer the co-ordinators additional input for their decisions, DG AGRI does not have the co-ordinators' detailed knowledge of the facts.</p> <p>The Commission expects to be informed of important issues, i.e. the implementation of the entire actions' deliverables and milestones, and does not get involved in the "micro-management" of the actions. Also for this reason, the Commission considers only the entire actions' budgets and not the splits between implementing organisations, budget years and work packages, or the deviations in distributing the EU co-funding among beneficiaries (see also questions 13, 14 and 25).</p>	Article I.4.4 Article II.13.2 Article I.18

	<b>23</b>	<b>Documents necessary for interim annual financial reports</b>	
ADM&FIN	Which financial documents shall be submitted to the co-ordinators and to the Commission for the interim annual reports?	<p>The implementing organisations shall complete their respective <b>EXCEL forms</b> for reporting their expenses. We suggest creating three sets of originals on paper, signed and certified [audited]; one set for the Commission, one set for the co-ordinator and one set for the own records. If applicable, partners listed in Article I.19 shall submit signed documents, which do not need to be certified documents (see also question 17).</p> <p>We suggest that copies of the <b>supporting documents</b> for each claimed cost item, (= entry in a row of the excel sheets) are assembled in a binder in the same order as they are listed in the excel sheets. For ease of reference, the supporting documents shall be numbered sequentially; for example, by using the row-numbers of the respective [sorted and final] excel sheets. We recommend creating two sets of these supporting documents, one set for the co-ordinator and one set for the own records. These two sets will facilitate on-the-spot audits, at the co-ordinator's and at the beneficiaries' and partners' locations (see also question 16).</p> <p><b>Each partner shall send to the co-ordinator:</b></p> <ul style="list-style-type: none"> <li>• two sets of signed and certified originals,</li> <li>• the electronic version of the excel sheets and</li> <li>• one set of the supporting documents (to be kept by co-ordinator).</li> </ul> <p>The <b>co-ordinator</b> shall (see also the user manual of the application)</p> <ul style="list-style-type: none"> <li>• assemble the electronic versions of the cost statements from all partners, including its own, in the excel sheet "coordinator.xls",</li> <li>• enter the correct exchange rates, and</li> <li>• sign the cost claim and the other sheets, as required.</li> </ul> <p>Together with the technical report, the <b>co-ordinator shall send to the Commission</b> the financial statement consisting of:</p> <ul style="list-style-type: none"> <li>• the electronic version of the EXCEL workbook on CD (to avoid large e-mails from blocking the e-mail accounts),</li> <li>• one set of the signed and certified paper versions from each implementing organisation, and</li> <li>• the signed cost claim, which constitutes the request for the payment, and the other signed sheets, as required.</li> </ul>	Article I.14

	<b>24</b>	<b>Changes to the actions' annual budgets</b>	
ADM	When do co-ordinators transmit their updated budget estimates for the coming year(s)?	<p>As stated in question 12 above, the annually foreseen expenses, and therefore also the foreseen co-funding, are used for requesting the annual budget the making payments to the co-ordinators. In the strict sense, the 10% ceiling established in Article I.4.4 does not apply to variations between calendar years; however, co-ordinators shall inform DG AGRI in order that such variations can be considered when DG AGRI requests at the beginning of a year the budget for the following year.</p> <p>DG AGRI has to prepare its requests for the budgets of next year before the end of January of the current year. Therefore, the co-ordinators shall submit changes of their budgets estimates for 2010 and 2011 by mid January of the years 2009 and 2010 respectively.</p>	Article I.4.4
	<b>25</b>	<b>Adjustments of the budget between budget years and work packages</b>	
FIN	Can the co-ordinator modify the breakdowns of the budget between budget year and work package?	Similar to viewing only the entire actions' budgets and not the split between implementing organisations (see question 13), neither shifts by budget years nor shifts by work packages are subject to the 10% ceiling established in Article I.4.4. Of course, this applies only under the condition that these changes do not affect the implementation of the action and the 10% ceiling is respected for the eligible cost of <u>each cost category</u> in the budget of the entire action.	Article I.4.4.

	<b>26</b>	<b>No subcontracts between implementing organisations</b>	
FIN	Can subcontracts be concluded with beneficiaries or partners?	<p>The award of subcontracts between beneficiaries or partners is excluded. The grant agreement is based on the principle of reimbursing eligible cost without profit margins or income; "grants may not have the purpose or effect of producing a profit[s] for the beneficiary[ies]. This principle would be violated when claiming expenses related to invoices on contracts that were concluded between beneficiaries or partners. Furthermore, there would clearly be a loss of transparency.</p> <p>Instead, the execution of the relevant tasks or work packages shall be transferred between the implementing organisations. The expenditures related to the transferred task or work packages can be claimed by the implementing organisation, in the same manner as the other work.</p> <p>Last, but not least, contracts between implementing organisations would obviously raise questions concerning the award procedure and how the amount was established.</p>	Council Regulations (EC, Euratom) N° 1995/2006, Chapter 2 (Principles) Article 109,2 OJ L 309 of 30.12.2006  Article II.17.4
	<b>27</b>	<b>Making decisions regarding the eligibility of expenses</b>	
LEG	Who decides when whether expenditures eligible for co-funding?	<p>DG AGRI can advise, by outlining the provisions of Article I.13 and Article II.14, whether or not a specific expenditure could become eligible for co-funding. However, DG AGRI can not confirm up-front that a specific expenditure will actually be eligible.</p> <p>While recognizing that the co-ordinators would prefer on-the-spot decisions, experience has shown that often not all facts and details were known. Furthermore, the eligibility of expenses for co-funding will ultimately be determined during audits conducted by the Commission, the Court of Auditors, or others. Be aware, that subsequent audits may come to different conclusions than earlier ones.</p>	Article I.13 Article II.14.
	<b>28</b>	<b>Changes of bank accounts</b>	
ADM	How to transmit changes of bank accounts?	<p>With respect to changing the bank account of the co-ordinator, the co-ordinator shall submit a new "Financial identification form"; its latest version can be found at <a href="http://ec.europa.eu/agriculture/envir/biodiv/genres/procedure/index_en.htm">http://ec.europa.eu/agriculture/envir/biodiv/genres/procedure/index_en.htm</a>. This form shall be submitted with all required signatures or supporting documents as (currently) instructed in footnote 3. Only changes of the co-ordinator's bank account need to be notified.</p> <p>There is no need to notify the Commission of changes in the bank accounts of the other implementing organisations ("the Commission does not use these bank accounts").</p>	Article I.7

	<b>29</b>	<b>Justification of expenses</b>	
FIN	How to justify that expenses are eligible for co-funding?	<p>In order to be eligible, "expenses must be necessary for performance of the action covered by the agreement and 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" (Article II.14.1).</p> <p>In addition to having salary slips, invoices, payment records and other supporting documents, to proof the amounts of expenses and that they occurred (Article I.14) (see question 15, 16, 23), the beneficiaries must justify the expenses; i.e. that the expenses were necessary for the implementation of the co-funded action. If the latter cannot be done satisfactorily, for example during audits by the Commission or the Court of Auditors, such expenses are considered either as non-eligible costs or indirect costs (overhead). The claims of eligible expenses should be prepared accordingly.</p> <p>Some examples are: The travel expenses from a partner located outside the EU for attending a coordination meeting could be considered as necessary for the implementation of the action. The fee for a conference, without - for example - presenting a paper for disseminating the results of the co-funded action, should be considered as indirect cost (overhead). Travel expenses of invited experts should become a non-eligible expense when their contribution to the implementation of the action cannot be demonstrated. Expenses for equipment could be considered as eligible proportional to its use for the action (similar to salary expenses which are considered proportional according to time sheets). In summary, you must be able to demonstrate for eligible expenses their added value for the co-funded action.</p> <p>Putting yourself in the position of the auditors performing these audits, should enable you to determine the eligibility or non-eligibility of individual expenses (see question 27).</p>	Art II.14.1 Art. I.14
	<b>30</b>	<b>Which expenditure in which cost category</b>	
FIN	Which expenditure shall be booked against which cost category?	<p>Individual financial transactions shall be booked against the 7 cost categories of the budget (Annex II a – first table) in accordance with the beneficiaries' usual practices of recording expenditures and usual accounting principles and rules.</p> <p>The 7 cost categories of Annex II a are the items of eligible cost between which transfers of up to 10% can be made according to Article I.4.4 (see questions 13).</p>	Annex II a Article I.4.4

	<b>31</b>	<b>Work of auditors and content of their certificate</b>	
	FIN	<p>What are the tasks of the auditors and how to document their work?</p> <p>The requirements for the audit are established in the grant agreement, in particular in Article I.11. The tasks of the auditor(s) are described in the second paragraph of Article I.11. The auditor(s) shall certify that these tasks were performed. This certificate shall be submitted together with the annual interim financial statement. <b>In addition, the audit(s) have to certify, as indicated, the printed and signed pages of the EXCEL workbook.</b></p> <p>The following certificate shall be issued on a paper with the letterhead of the auditor(s):</p> <ul style="list-style-type: none"> <li>• The undersigned auditor(s) certify that the financial documents submitted to the Commission by (name of organization) <b>comply with all financial provisions of the grant agreement 0** AGRI GEN RES 870/2004</b>, that the costs declared are the actual costs, and that all receipts have been declared, as established in Articles II.15.3 and II.15.4.</li> <li>• The undersigned auditor(s) certify to have verified in particular the payment of the claimed expenses, the compliance with the rules for awarding contracts, as established in the Grant Agreement Article II.9, and the compliance with the beneficiary's usual practices on travel costs, as established Article II.14.2, second bullet.</li> </ul> <p>Signature, date Name(s) of Auditors, company Stamp(s) and, if applicable, registration number(s)</p>	Article I.11  Article II.15.3 and II.15.4  Article II.9 Article II.14.2
	<b>32</b>	<b>VAT eligible expense</b>	
	FIN	<p>Is VAT an eligible expense?</p> <p>By default, VAT is considered as a non-eligible expense. An exception is if the implementing organisation can show that he/she is unable to recover the VAT (see Article II.14.4, 7<sup>th</sup> bullet). Unable to recover the VAT means here that an organisation cannot deduct input VAT (cost incurred) from output VAT (payment obtained) when preparing the organisation's VAT declaration.</p> <p>In case implementing organisations are unable to recover the VAT, they shall submit a document proving this, such as a certificate from the local tax authorities, extract from their statute or similar. In addition, the legal representatives of the implementing organisations shall submit a declaration on honour that the respective organisation is unable to recover VAT.</p> <p>The EXCEL forms for submitting the claimed expenses are set up by default to consider VAT as a non-eligible expense. Provided that these above documents have been issued, the multiple choice box in the EXCEL sheet "general data" could be modified accordingly.</p>	Article II.14.4

	<b>33</b>	<b>Common errors in the submitted financial statements</b>	
FIN	What are the most common errors noted in the financial statements submitted until now?	<p>With the objective that they can be avoided in future, we would like to make you aware of common errors noted in the financial statements submitted so far. Furthermore, we provide an updated user guide for the EXCEL sheets to reduce the following errors further:</p> <ol style="list-style-type: none"> <li>1. The empty forms to be used for recording the occurred expenses have "boxes" for the signatures of the implementing organisation and the respective auditor. However, when partners are printing the completed forms, probably on older EXCEL versions, these forms suddenly do no longer show these "boxes" that were provided in the empty templates. [Each form listing the details of the various expenses needs to be signed before submitting them; in all cases by the partner and in most cases by the auditor (see question 18).]</li> <li>2. Some of the partners have printed the forms with the "boxes" for the signatures but do not arrange for the signatures of the partners and, as applicable, the auditors.</li> <li>3. Some certificates from auditors are missing or do not comply with Article I.11.(see question 31).</li> <li>4. Some co-beneficiaries and partners enter their expenses in EUR rather than expressing them in their local currencies. At the time of making these exchange rate conversions, the correct exchange rates is probably not known yet because it is the date stated on the claim that determines the exchange rates to be used by the coordinator. [Reminder: <b>Only the coordinators shall convert the local currencies into EUR.</b> They do this by typing the applicable exchange rates, as established in the grant agreement Article I.5.4, into the sheet "exchange rate" of the EXCEL workbook "coordinator.xls".]</li> <li>5. Some coordinators do not comply with the provisions of Article I.5.4 that determine that it is <b>the date stated on the claim</b> that determines the applicable monthly exchange rate.</li> <li>6. The coordinators sometimes do not update the <b>date</b> and <b>month</b> stated above the entered exchange rates. The coordinators can set the exchange rates of not needed currencies to zero [but not to spaces/blanks]. In the rare cases where an additional currencies needs to be added, please contact the Commission for further instructions.</li> <li>7. The coordinators sometimes do not submit on paper the updated and signed sheets of the coordinator.xls, such as "Exchange rates", "Adding up €", "Adding up original currency", "eligible budget and cumu exp", and "total budget and cumu exp".</li> <li>8. Some coordinators do not update the sheets "eligible budget &amp; cumu exp", and "total budget &amp; cumu exp".</li> <li>9. In very few cases, the submitted CD was not readable. The coordinators are asked to verify the CD before submitting it.</li> </ol>	Article I.11  Article I.5.4  Article I.5.4

	<b>34</b>	<b>Overwriting "wrong" data entered by mistake into the EXCEL sheets</b>	
FIN	How to overwrite wrong data in the financial forms?	<p>It may happen that "wrong" data have been entered by mistake and now need to be removed because the "wrong" data can no longer be overwritten with "good" data.</p> <p style="text-align: center;"><b>Never insert or delete rows!!!</b> <b>Never overwrite wrong data with spaces!!!</b></p> <p>The best solution for this problem is to:</p> <ul style="list-style-type: none"> <li>• mark the area that contains the data to be removed;</li> <li>• click "EDIT";</li> <li>• click "CLEAR";</li> <li>• click "CONTENTS".</li> </ul> <p>If you would overwrite the wrong data, for example with spaces, the tables adding up the EUR-amounts will not work properly any longer. Cells containing only spaces appear to be empty and might create the illusion of being correct. However, such seemingly empty cells can create major problems for establishing the totals.</p> <p><b>Reminder for partners:</b> Once the partners finished the data entry, do not forget to <b>press the sort buttons</b> on the two sheets listing the expenses (see User Guide, page 5) and <b>click refresh data</b> on the sheet displaying the sums (see User Guide, page 6) before printing the final version of these forms.</p>	
FIN	<b>35</b>	<b>Repeated requests for additional documents or information</b>	
	How often will the coordinators be informed about missing documents?	<p>In connection with the received interim technical reports and financial statements, our objective is to inform the coordinators quickly about the need for additional documents or information in order that they can prepare or request such documents or information as early as possible. To achieve this objective, the submitted documents are subjected first to an initial review regarding their completeness. Thereafter, more detailed reviews are conducted and they may result in repeated requests for additional documents or information. Also the latter will be sent to the coordinators as soon as possible.</p> <p>In case a revised claim has to be submitted, you will receive instructions that the same exchange rates as for the initially submitted claim shall continue to apply.</p>	

	<b>36</b>	<b>Changes to the amounts of interim payments</b>	
LEG	Once they were made, can interim payments be subject to change?	The amounts of interim payments can be adjusted. Article 119, §1 of the European Communities' Financial Regulation establishes that "the amount of the grant shall not become final until after the institution has accepted the final reports and accounts, without prejudice to subsequent checks by the institution"; see also <a href="http://ec.europa.eu/budget/library/documents/implement_control/fin_rules/syn_pub_rf_modex_en.pdf">http://ec.europa.eu/budget/library/documents/implement_control/fin_rules/syn_pub_rf_modex_en.pdf</a> Of course, also the payments of the balance (final payment) are subject to revision as established in Article II.20.3	Council Regulation 1605/2002, Article 119  Article II.20.3
	<b>37</b>	<b>Costs of conferences, seminars, workshops, etc.</b>	
FIN	Are the cost related to conferences eligible cost?	The participation in conferences, seminars, workshops etc. are mostly related to training, continuing education, network building, or similar. Therefore, the related costs are considered to be included in the indirect costs which are already covered by the flat-rate funding established in Article I.4.2.  However, if a person participated as a <u>speaker</u> in a conference, seminar, workshop, or similar in order to present mainly the results of the co-funded action, the related cost <u>could</u> be considered as eligible cost in the context of disseminating the results of the co-funded action. In addition, the costs of conferences, seminars, workshops, etc. that are organised by the beneficiaries for implementing the co-funded action <u>could</u> be considered as eligible too. The latter will be treated similar to, for example, the regular coordination meetings of the beneficiaries.	Article I.4.2
	<b>38</b>	<b>Amending the budget</b>	
FIN	Can the budget be amended beyond the 10% flexibility?	Article I.4.4 establishes the conditions under which adjustments of up to 10% can be made between budget categories [1.Personnel, 2.Travel & Subsistence, 3.External assistance, 4.Durable Goods, 5.Consumables, 6.Other Costs] ( <b>see also question 13!</b> ). Furthermore, as long as this 10% flexibility by the budget category is respected, adjustments can be made between implementing organisations, between work packages, and between budget years (see also question 22).  Beyond this flexibility of 10%, no amendments of the budget are foreseen. Only in the event of a Force Majeure, a substantiated request could be submitted to DG AGRI for review. As specified in Article II.8.2, a Force Majeure shall be notified without delay before the closing date of the action.	Article I.4.4  Article II.8.2

	<b>39</b>	<b>Expenses related to the audit of the final financial statement</b>	
FIN	How to deal with the expenses related to conducting the audits of the final financial statements?	<p>The grant agreement establishes:</p> <ul style="list-style-type: none"> <li>• In Article II.14.1 4<sup>th</sup> bullet that expenses must be generated during the lifetime of the action as specified in Article I.2.2 of the grant agreement. See also questions 4 and 5. ("Generated means that the services must have been rendered and the goods must have been delivered during the lifetime of the action.")</li> <li>• In Article I.5 that expenses must have incurred and be paid before they can be listed in the interim or final financial statements.</li> <li>• In Article I.11 2<sup>nd</sup> paragraph that the auditor shall verify and certify, among others, the payment of the claimed expenses.</li> <li>• In Article I.6 that the coordinator has up to three months to submit the final report, incl. the final financial statement.</li> </ul> <p>Based on this, beneficiaries shall list in the financial statements only those expenses that are paid at the latest before the audits in order that the auditor can verify them and certify that they are paid.</p> <p>This raises the issue of how to deal with the expenses related to the audit of the final financial statement, which by its very nature will be conducted after the duration of the action as specified in Article I.2.2.</p> <p>Article I.6 complements the duration of the action by a three months period for preparing and submitting the final technical implementation report and final financial statement. Therefore, the expenses of the audit can be considered as eligible, of course, with the limit of EUR 500 as specified in Article 1.13, provided that</p> <ul style="list-style-type: none"> <li>• the expenses related to the final audits are generated <u>and</u> paid within the period foreseen in Article I.6 to submit the final technical implementation report and final financial statement; i.e. <b><u>within the three months period following the closing date of the action</u></b> as specified in Article I.2.2; and</li> <li>• the beneficiaries attach the proofs of payment of the expenses related to these last audits as supporting documents to their declarations.</li> </ul> <p>Because the beneficiaries will have to include the cost of these last audits already in their declarations prior to the auditors reviewing and signing them, the auditors will, of course, have to state in their audit certificates that the expenses related to these last audits were not paid (yet) at the time of conducting the audits.</p>	Article II.14.1 Article I.2.2 Article I.5 Article I.11 Article I.6 Article I.2.2 Article I.6 Article I.13 Article I.6 Article I.2.2

	<b>40</b>	<b>Adjustments for previous periods must be claimed</b>	
FIN	Does one have to submit a claim for adjustments of previous claims?	<p>In case the beneficiaries have adjustments to previous claims, the amounts for such adjustments need to be claimed as part of the respective subsequent claim. A correction of claims is no longer possible once the EU-co-funding is paid and the claim is closed with a "liquidation letter".</p> <p><b>Any subsequent adjustments need to be claimed; expenses can be co-funded only if they are formally claimed.</b></p> <p>For adjustments, the same details have to be provided as for the new expenses. As a rule, adjustments shall be marked as such and shall be explained in the accompanying letter; the coordinator depends here clearly on the contributions received from the co-beneficiaries.</p> <p>There is one exception to the rule of having to provide for adjustments the same details as for "new" expenses. This exception are adjustments for claiming expenses that have been previously accepted by DG AGRI as eligible but could not be paid because of missing documents, such as audit certificates (see questions 42).</p>	
	<b>41</b>	<b>Adjusting expenses of previous claims</b>	
FIN	How to submit adjustments of previous claims?	<p>Adjustments to previous claims for expenses require the same details as expenses claimed for the first time, regardless whether respective amounts were missing in the claim or need to be adjusted (upwards or downwards) or whether adjustments follow from amounts being identified as non-eligible. For such adjustments (not claimed, adjusted, not eligible), the details have to be provided on the EXCEL sheets; <b>reductions are to be presented as negative numbers</b>.</p> <p>Adjustments have to be claimed in the same way as other "new" expenses, i.e. have to be entered into the EXCEL sheets. However, <b>adjustments shall be identified</b> by starting with the letters "<b>ADJUST</b>" in the column "Name" for personnel and in the column "Description" for the other cost categories.</p> <p>It is essential that the adjustments are entered in a comprehensive and transparent way. Therefore, if applicable, first offset the wrong amount by entering the figure as a negative amount in an EXCEL row and thereafter enter a second row with the correct figure; <b>do not enter merely the difference</b>. For example: assume that by mistake €45 were previously claimed instead of the correct €54. To adjust this, make two entries: the first one to cancel the wrong -€45 (<b>minus figure!</b>) and the second one to claim the correct €54. Do not enter only the difference of €9 !</p>	

	<b>42</b>	<b>Claiming expenses considered already as eligible but not paid yet</b>	
FIN	How to claim expenses that have already been considered as eligible, but were not paid yet?	<p>There is one exception to the requirement of having to provide the details of the adjustments. This exception applies only to expenses that have already been considered as eligible, but for which the EU-co-funding could not be paid, because documents were missing (e.g. audit certificates). Such expenses were already considered as eligible in DG AGRI's liquidation letters and therefore do not need to be declared in detail again on the EXCEL sheets of the beneficiaries.</p> <p>Nevertheless, they must be requested (invoiced) again. Therefore, the coordinator shall submit the required documents (e.g. audit certificate), which were previously not available, and request the corresponding EUR amount on the claim form [workbook: coordinator.xls, sheet: claim]. For this purpose, the coordinator shall add on the lower section of the claim form the following sentence:</p> <p style="padding-left: 40px;">"In addition, we claim EUR [amount] for expenses already considered as eligible but not yet co-funded because of missing audit certificates. The required audit certificates are attached to this claim."</p> <p>Simply state the corresponding EUR-amount as established in DG AGRI's liquidation letter. The coordinator does not need to add up this "adjustment" EUR-amount with the other EUR-amounts that EXCEL calculates automatically on the claim form. There is also no need for converting non-EUR currencies into EUR.</p>	
	<b>43</b>	<b>EXCEL sheets for submitting the expenses for the 2<sup>nd</sup> and following years</b>	Annex III
FIN	How to submit the expenses for the 2 <sup>nd</sup> and the following years?	<p>For the 2<sup>nd</sup> year and the following years, the coordinator and partners shall use the same empty EXCEL sheets that were submitted to the coordinators for reporting on the 1<sup>st</sup> year of expenses.</p> <ul style="list-style-type: none"> <li>• The reporting period needs to be updated accordingly.</li> <li>• In cases where partners changed their names due to reorganization; the concerned partners shall update their sheets accordingly. Once these names changes were made by the concerned partners on their sheets, they will be transferred automatically to the coordinator's sheets.</li> <li>• In a few cases a new, additional partner joined the team. For this additional partner, the coordinator needs to customize one set of EXCEL sheets previously not used, before sending it to the additional partner. Do not hesitate to contact the Commission for further instructions.</li> <li>• In order to simplify the exchange rates sheet, the coordinator may prefer setting to zero those exchange rates that are not needed.</li> </ul>	

	<b>44</b>	<b>Implementing the findings of audits</b>	
FIN	What are possible implications of audits?	The findings of audits may result in reductions of the claimed amounts. When implementing the conclusions of audits, amounts previously claimed in non-EUR currencies will be converted into EUR by using the exchange rate(s) applied when the respective claim was issued.	
	<b>45</b>	<b>Avoidable mistakes when entering the financial data in the EXCEL sheet</b>	
FIN	Which are the most frequent errors when completing the EXCEL table for personnel expenses?	<p>Among other reasons, the EXCEL sheets were introduced to facilitate documenting the expenses for personnel. However, the data for personnel is sometimes presented on the printed sheet with automatically rounded figures to 1 or 2 decimals. If those figures are used for re-calculating amounts, the results differ from what is presented on the signed EXCEL sheet.</p> <p>In order to ensure consistency, any automatic rounding should be avoided. In other words, either the figures used in calculations should be introduced as rounded figures or all decimals have to be shown in the signed EXCEL sheet.</p> <p>In addition to the errors described in questions 33 and 34, the figures that should be calculated by the formula of the EXCEL sheets are sometimes manually introduced which leads to unnecessary encoding errors.</p>	
	<b>46</b>	Precision of man-day figures	
FIN	Which precision is required for the reported man-day figures?	<p>Based on a man-day of 8 hours, one decimal, i.e. 0.1 man day representing 48 minutes, is sufficiently detailed. A higher precision of two or more decimals, i.e. 0.01 man days representing 4.8 minutes, is not needed.</p> <p>See also the related instructions to the coordinators for completing the summary table of manpower in man-days without names and EUR-amounts.</p>	