



Education, Audiovisual and Culture Executive Agency

Erasmus Mundus and External Cooperation

ERASMUS MUNDUS ACTION 2 Partnerships

ADMINISTRATIVE AND FINANCIAL HANDBOOK

for partnerships selected under Strand 1 and Strand 2

Call for Proposals EACEA/29/09
July 2010

PURPOSE OF THE ADMINISTRATIVE AND FINANCIAL HANDBOOK

The rules outlined in this Handbook apply to grants awarded under the Erasmus Mundus Action 2. The Handbook forms Annex V to the Grant Agreement, consequently, the rules contained in it are contractually enforceable.

The Handbook is also intended to serve both as an **aid for Beneficiaries and as a management tool**. It is intended to:

- help Beneficiaries to run the action efficiently;
- clarify various matters arising from the Grant Agreement and its annexes;
- provide practical information to which Beneficiaries may refer at the various stages of the action;
- provide guidance for Beneficiaries on handling the financial side of the Agreement;
- ensure the smoothest possible relations between the parties involved by setting out an operational framework for the action.

Sound financial management is essential to ensuring that the best results are produced at a moderate cost.

I. INTRODUCTION

A. DEFINITIONS

Associated Members: Any organisation that can contribute to the promotion, implementation, evaluation and sustainable development of the mobility scheme can be considered as an associated member of the Partnership. As opposed to "partners", associated members are not entitled to benefit from the grant.

Beneficiary/Coordinating institution: the Beneficiary (also referred to as “coordinating organisation”) is the organisation that, on behalf of the partnership of participating organisations, has signed an agreement with the Agency; the Beneficiary has the primary legal responsibility towards the Agency for the proper execution of the agreement; it is also responsible for the day-to-day coordination and management of the partnership and for the use of the Union funds allocated to the project.

Co-ordinator (CO): the person responsible for the necessary co-ordination and day-to-day management tasks at the implementation stage. The co-ordinator is also the focal point for the Agency on any matters related to the project implementation.

Erasmus Mundus Programme Guide: applies to the entire duration of the Programme and gives guidelines for the implementation of joint cooperation activities or receiving individual scholarships within the Erasmus Mundus Programme (2009-2013). It provides explanations to understand the objectives and the different programme actions, the types of activities that can (or cannot) be supported as well as the conditions under which this support can be granted and the grant awarded used. The guide and all its revisions (apart from exceptional and duly justified cases and accepted by the Agency) is a contractually binding document.

Financial Regulation: Council Regulation (EC, Euratom) N° 1995/2006 of 13 December 2006 amending Regulation N° 1605/2002 on the Financial regulation applicable to the general budget of the European Communities (OJ L 390/2006 of 30 December 2006); Commission Regulation (EC, Euratom) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Union..

"Grant Agreement" for an Action (GAA): The Agency concludes a Grant Agreement with the Applicant of each Partnership selected under the Erasmus Mundus Action 2 programme. The duration of the Grant Agreement corresponds to the length of the activities foreseen and can vary depending on the specific geographical window (Erasmus Mundus Action 2 – Partnership / Guidelines to the Call for Proposals EACEA/29/09) but not exceed 48 months.

Guidelines to the Call for Proposals: (hereafter Guidelines) provides specific information on the individual geographical windows/ lot covered by the annual Call for Proposals. It contains essential information such as the available EC budget, partnership composition, type of mobility and distribution, thematic field of study and project duration for each of the third country lots covered by the Call for proposals.

Irregularity: means an infringement of a provision of Community law or a breach of a contractual obligation resulting from an act or omission which has or would have the effect of prejudicing the general budget of the European Communities or budgets managed by it through unjustified expenditure.

Legal Representative (LR): the person authorised to enter into legal and financial commitments on behalf of the Applicant/Beneficiary.

Memorandum of Understanding: is a document that describes all the agreements reached between the partners with regards to all aspects related to the management of the partnerships and organisation of the mobility. It outlines the role and responsibility of the partners within the organisation of mobility activities, the procedure and criteria for the selection of candidates as well as the foreseen measures to tackle specific programme objectives such as recognition, quality assurance, prevention of brain drain and sustainability. It must also contain specific provisions in terms of financial management of the grant.

Partner: any Higher Education Institution, other than the Applicant, eligible according to the Erasmus Mundus Action 2 Call for proposals, which has signed a letter by which it undertakes, according to the agreed arrangements with the Applicant/Beneficiary, to contribute to the implementation of the action (i.e. organisation of the mobility and mobility flows of students and staff).

Partnership: is the group of European and Third Country Higher Education Institutions selected for implementing the project. The partnership is composed of one coordinating institution/beneficiary, partner institutions and associated member.

Student Agreement: an agreement signed by the partnership and students selected for an EM Action II scholarship explicitly indicating any academic, financial and administrative modalities related to the student's scholarship at the hosting university and the award and usage of the scholarship.

Learning Agreement: is an agreement developed for mobile students in order to provide a binding commitment among the three parties involved: the home institution, the host institution and the student before the start of the mobility. Learning Agreements contain the list of course units or modules or other educational components the student is planning to take at the other institution, together with the code numbers and the ECTS credits or similar allocated to the components. The Learning Agreement, together with the Transcript of Records, is designed to guarantee full recognition of the programme of study undertaken at the host institution. By registering the student, the higher education institution enters into an agreement to deliver the courses and to grant credits for the achievement of the expected learning outcomes. Home institution will integrate the mobility and the granted credits to the study programme of the student after his/her return.

B. ROLES OF THE BENEFICIARY AND PARTNERS

By signing the Agreement, the beneficiary undertakes to:

- a) have full responsibility for ensuring that the action is implemented in accordance with the Agreement;
- b) be the intermediary for all communication between the partners and the Executive Agency. Any claims that the Executive Agency might have in respect of the agreement shall be addressed to, and answered by, the beneficiary, save where specifically stated otherwise in the agreement;
- c) be responsible for supplying all documents and information to the Executive Agency which may be required under the Agreement, in particular in relation to the requests for payment. The beneficiary shall not delegate any part of this task to the partners or to any other party. Where information from partners is required, the beneficiary shall be responsible for obtaining and verifying this information and for passing it on to the Agency;
- d) inform the partners of any event of which the beneficiary is aware that is liable to substantially affect the implementation of the action;

- e) request and receive, on behalf of the partners, all payments made by the Agency to the bank account referred to in Article I.7 of the Agreement and distribute the Community financial contribution between partners in accordance with this Agreement. The payment obligations of the Agency vis-à-vis the beneficiary universities are fulfilled after the correspondent payment has been made to the beneficiary and the former is not liable for the effective distribution of payments amongst the beneficiary universities;
- f) be responsible, in the event of audits, checks or evaluations, as described in Articles II.6 and II.18, for providing all the necessary documents, including the accounts of the partners, the original accounting documents and signed copies of sub-contracts, if any have been concluded by the beneficiary universities in accordance with Article II.9;

Each partner shall:

- a) agree upon appropriate arrangements between themselves for the proper performance of the action; *[Partnerships are deemed to have concluded an internal co-operation agreement, Memorandum of Understanding (MoU) regarding their internal operation and co-ordination.]*
- b) forward to the beneficiary the data needed to draw up the reports, financial statements, annual applications and other documents provided for in the Agreements, including its Annexes;
- c) ensure that all information to be provided to the Executive Agency is sent via the beneficiary, save where the agreement specifically stipulates otherwise;
- d) inform the beneficiary immediately of any event liable to substantially affect or delay the implementation of the action of which they are aware;
- e) provide the beneficiary with all the necessary documents in the event of audits, checks or evaluations, as described in Articles II.6 and II.18;

The beneficiary and partners universities undertake to:

- a) respect the common general objectives that formed the basis for establishing the partnership;
- b) fulfil the undertakings entered into under the action set out in Annex I, together with the work programmes jointly agreed between the parties;
- c) make every effort to achieve in practice the above-mentioned common general objectives in each action for which a Community grant is awarded;
- d) refrain from any action that could contribute to favouring brain drain from Third Countries participating in the scheme;
- e) encourage Third Country participants in mobility activities to use the knowledge and skills acquired in benefit of the social, human economical and political development of their countries;
- f) encourage all participants in the mobility activities to become ambassadors for the better understanding between the peoples;
- g) maintain relations of mutual co-operation and regular exchanges of information with the Executive Agency on matters of common interest to do with the use of the Agreement and on the follow-up to the implementation of the action set out in Annex I;

- h) adopt a transparent attitude with regard to managing and keeping accounts on the actions for which an Agency grant is awarded and co-operate fully with annual or occasional checks on the implementation of the Agreement.

II. MODIFICATION OF THE AGREEMENT

If the smooth running of the action so requires, the Beneficiary has the possibility to introduce certain modifications on behalf of the Partnership. Some of these will require an official amendment (OA) of the Grant Agreement, others the formal approval (FA) by the Agency after an exchange of written information and certain minor modifications only need notification (NT) to the Agency. The formalities of the procedures for modification are described below.

Where modifications need an official amendment of the Grant Agreement, the Beneficiary must send the Agency a written request for such amendments, dated and signed by its legal representative or the Co-ordinator. In order to be considered by the Agency, amendment requests must be submitted at least **30 calendar days** before the end of the period of eligibility detailed in the Grant Agreement. Please note that any request for an amendment must be supported by a detailed justification and full details of the changes sought. Failure to provide such supporting documentation may considerably delay the review process and could lead to a refusal of the request. It should also be noted that if no request for an amendment is submitted, this will cause serious difficulties at the stage of assessing the Activity, Progress and Final Report and in certain circumstances can result in a reduction of the final grant.

The Agency will examine, in each case, whether or not to approve the requested amendment and will inform the beneficiary of its decision. Approval of requests for an amendment is not automatic and beneficiaries should try to limit, as far as possible, the number of amendments requested during the duration of the Agreement. The amendment may not have as its purpose or effect to modify fundamentally the content of the Grant Agreement.

The amendment, unless otherwise specified, will enter into force only once the legal representatives of the beneficiary, acting on behalf of each of the members of the Partnership, and of the Agency have signed the amended agreement.

The purpose of the list of examples below is to inform the beneficiary which modifications to the Grant Agreement need to be supported by an official amendment, which modifications require formal approval by the Agency without amending the agreement(s) and which modifications need to be notified to the Agency without the latter's approval being necessary.

A. MODIFICATIONS REQUIRING AN OFFICIAL AMENDMENT (OA)

The request for an official amendment must be dated and signed by the Legal Representative (**LR**) or the Coordinator (**CO**) and submitted to the Agency in good time before it is due to take effect and at least 30 calendar days before the end of the eligibility period of GAA in accordance with the provision reported in Art.II.13.3 of the Grant Agreement.

A.1 Change in the composition of the Partnership

The proposal submitted by the Applicant was approved on the basis of the Partnership's planned activities as reported in the application form. The Partnership is a decisive factor for the quality of the proposed action. Any change in the Partnership is therefore a substantial change to the action.

A change in the Partnership may involve one of the Partners or the Beneficiary/Coordinating Institution. The latter case is dealt with separately (see point A.2 below) since it also implies a change in the legal responsibility under the agreement.

As a general rule, a change in Partnership may result either from the arrival of an additional partner (which may under no circumstances lead to an increase in the grant awarded), the departure of a partner, the replacement of one partner by another, or the change of status from associated member to partner and vice versa.

These events will necessarily have an impact on the content and, and/or the quality of the action, since the departure of one of the Partners changes the structure of the action and will affect its content. A change in Partnership will also impact on mobility arrangements. It can also have consequences in financial terms, in particular as regards the distribution of the grant among partners as well as payment modalities.

As a result, **a change in the Partnership will not be granted in the course of the grant agreement** when individual mobility flows are still ongoing with the partner(s) concerned by the amendment request (acting either as home or host institution). If a change in Partnership is envisaged, a new and full description of the action and the role of each Partner institution must be submitted. This description will be assessed against the eligibility, technical and award criteria used at application stage, if necessary with the help of external academic experts. Should the new Partnership be judged ineligible or insufficient in quality, the Grant Agreement will be terminated.

It should be stressed that should a Partner leave the Partnership during the period of eligibility, the use of the flat rate and the payment of scholarships by that Partner remains an eligible expenditure of the Partnership, provided this expenditure has happened before the Partner's departure and that the beneficiary is able to supply the relevant supporting documents regarding the expenditure.

Although changes of associated members are not considered to be official amendments it must be noted though that the associated member(s) in a Partnership was (were) considered and evaluated as part of the Partnership and involved in the planned activities. Thus, any change of associated members shall take the form of a formal approval further explained in Chapter II Article B.7

A.2 Change of the beneficiary/Coordinating institution

A change of the Beneficiary/Coordinating institution (i.e. replacement by another institution partner within the Partnership) requires an official amendment. Such changes involve a change in the legal responsibility under the Agreement and are always subject to a formal amendment procedure. It should be noted that the new Beneficiary/Coordinating institution will be responsible for all obligations under the Agreement for its entire duration (i.e. from the start of the Grant Agreement until its end). A change of Beneficiary/Coordinating institution should always be endorsed by all organisations concerned by the Partnership. In an official document signed by both legal representatives, the former Beneficiary/Coordinating institution will have to renounce to all its rights and obligations in the context of the Grant Agreement(s) concerned while the new one will have to agree to take over the full responsibility of the Grant Agreement(s) from the start until its end.

A change of the Beneficiary/Coordinating institution has an impact on the content or the quality of the proposed action, a new and full description of the action and the role of each Partner institution must be submitted. This description will be assessed against the eligibility, technical and award criteria used at application stage, if necessary with the help of external academic experts. Should the new Partnership be judged ineligible or insufficient in quality, Grant Agreement will be terminated.

In the cases provided in sections A.1 and A.2 above, the change of the Partnership does not affect the liability obligations of the departing Partner under Article II.1 of the General Conditions of the Grant Agreement for the corresponding implementation period of the action nor does it affect the liability of the remaining Partners for the entire implementation period. The change of the Partnership does not affect either the right of the Executive Agency to apply Article II.17 of the General Conditions of the Grant Agreement to the remaining Partners.

A.3 Change in the period of eligibility

Amendments concerning a change in the period of eligibility should be rare as the period of eligibility is linked to maximum possible duration of the mobility in which the grant has to be paid out. However, requests to extend the period of eligibility are allowed only in duly justified cases and prior to authorisation from the Agency. A change to the end of the period of eligibility automatically results in a change in the deadline for submission of the Final Report: the deadline will be postponed by the same period by which the period of eligibility has been extended.

A.4 Substantial changes to the mobility flows

A request for official amendment must be submitted in case the mobility scheme is not in compliance with one of the following requirements:

- Minimum number of individual mobility flows with the third-country(/ies) of the lot concerned by the action, according to the Guidelines;
- Total number of individual mobility in the concerned lot as indicated in the Guidelines;
- Mobility threshold defined for Target Group 1 of the lot concerned by the action, according to the Programme Guide and the Guidelines;
- Mobility threshold regarding the EU and Third Country mobility in compliance with the Programme Guide and the specific provision per each lot indicated in the Guidelines;
- Distribution range per type of mobility defined in Annex I.B of the Grant Agreement or (in Annex to the AF Handbook – Annex V of the Grant Agreement) and/or [in the Programme Guide and the Guidelines].

Under no circumstances, the above mentioned changes will lead to an increase in the grant budget as originally agreed and reported in the Grant Agreement.

B. MODIFICATIONS REQUIRING A FORMAL APPROVAL (FA) BY THE AGENCY

The request for a formal approval must be dated and signed by the Legal Representative (**LR**) or the Coordinator (**CO**) If the Agency does not react within 15 working days after reception of the request, the modifications are deemed to be approved.

With the exception of staff mobility, the latest possible start of students' mobility is 31st December 2011.

B1) Minor changes in Mobility flow.

As a general rule the final list with all the selected candidates for EM Action 2 scholarships (students and staff) must be submitted together with the Activity Report by 1st September 2011 at the latest. In rare and duly justified cases the Partnership can open a new call for selection of candidates, among September and December 2011, but this will be subject to a formal approval by the Agency.

Partnerships commit themselves to maintain the planned activities and mobility figures as reported in the selected application form. However, some minor changes to the mobility scheme might occur prior to and during the implementation phase.

The following changes require formal approval by the Agency:

- ✓ Replacement of candidates by others from the reserve list belonging to different mobility type.
- ✓ Changes to the mobility flows allocation by country as foreseen in the application form or in the activity reports

These changes will have to be in compliance with the distribution range per mobility in each lot as reported in the Programme Guide and Guidelines.

With the exception of staff, the latest possible start of students' mobility is 31st December 2011.

Under no circumstances the above mentioned changes will lead to an increase in the grant budget as originally agreed and reported in the Grant Agreement.

B2) Deadlines for submission of reports.

A prolongation of a maximum of one month (30 days) of the deadline for submitting the Activity Report, Progress Report and/or Final Report may be requested. The prolongation needs to be duly justified. Any request for modifying the deadlines for submitting the Activity Report and/or the Progress/Final Reports, in turn, will be evaluated in each case and the acceptance or refusal addressed in a confirmation Letter.

C. MODIFICATIONS REQUIRING NOTIFICATION (NT) TO THE AGENCY

This concerns changes which are not covered under point A or B here above and which require only a notification to Unit P4 for monitoring purposes. Partnership should be very careful to check that such changes are not in conflict with the basic requirements or the quality and/or award criteria as outlined in the Programme Guide, Guidelines and Call for Proposals and that they do not upset the smooth functioning of the project.

All changes must also be reported to the Agency via the reports (see chapter IV).

The Agency could reject the changes in writing within 15 working days after receipt of the notification, if these changes are against Erasmus Mundus implementation rules (Call for Proposals, Programme Guide, Guidelines and Grant Agreement) or if they alter substantially the content or structure of the course concerned.

C1) Legal Representative within the Beneficiary/Coordinating Institution.

The letter notifying the change to the Agency should be accompanied by an official document confirming the capacity of the new Legal representative to enter into legal / financial commitments on behalf of the Beneficiary/Coordinating Institution.

C2) Coordinator of the Beneficiary/Coordinating Institution.

Since the Coordinator plays a vital role in the management and monitoring of the Partnership, such change must be endorsed by all the Partners and this endorsement should accompany the letter notifying the change to the Agency. Failure to submit the proof of such endorsement leads to the request being not acceptable.

C3) Banking information.

Change of banking information must be notified to the Agency and accompanied by the Financial Identification form stamped and signed by the bank and the Account-Holder (LR or CO).

C5) Changes regarding mobility arrangements.

The changes to the mobility flows requiring a notification to the Agency are:

- replacement of candidates by others belonging to the same mobility type and included in the corresponding reserve list. With the exception of staff, the latest possible start of students' mobility is 31st December 2011.

- reduction / extension of the mobility duration within the limits defined in Article 1.2 of the Grant Agreement. These changes can occur throughout the entire eligibility period.

Under no circumstances, the above mentioned changes will lead to an increase in the grant budget as originally agreed and reported in the Grant Agreement.

D) SUMMARY TABLE OF MODIFICATION OF AN AGREEMENT

	A	B	C
	<p>Official Amendment (OA) (Request dated and signed by the LR or the CO)</p> <p><u>Requests to be submitted at least 30 days before the end of the period of eligibility</u></p>	<p>Formal Approval (FA) (Request dated and signed by the LR or the CO)</p> <p><u>Requests to be submitted at least 30 days before the end of the period of eligibility</u></p>	<p>Notification (NT) (Written or Email request done by LR or CO)</p> <p><u>Requests to be submitted at least 30 days before the end of the period of eligibility</u></p>
AMENDMENT MODIFICATIONS	<ol style="list-style-type: none"> 1) Change in composition of the Partnership 2) Change of Beneficiary/ /Coordinating Institution¹ 3) Period of eligibility 4) Mobility flow: substantial changes linked to the Mobility flows 	<ol style="list-style-type: none"> 1) Minor changes to the mobility flow 2) Change in the deadlines for reports' submission 	<ol style="list-style-type: none"> 1) Change of Legal Representative 2) Change of Coordinator 3) Change of Banking Details 4) Changes regarding Mobility arrangements 5) All other modifications not included in A or B types of amendments
Special conditions	<p>Acknowledgement of receipt to be sent within</p> <p>15 working days without announcing the Agency answer.</p> <p>Requests submitted at least 30 calendar days before the end of the period of eligibility detailed in the agreement</p>	<p>Without any reaction by the Agency within</p> <p>15 working days after the sending of the acknowledgement of receipt, the modifications are deemed to be approved</p>	<p>The Agency could reject the changes in writing within</p> <p>15 working days after receipt of the notification</p>
PROCEDURAL ASPECTS	<p>Submission of the AMDT request form dated and signed by the LR or the CO.</p> <p>OFFICIAL AMENDMENT With LR and Agency signatures for entry into force</p>	<p>Submission of the AMDT request form dated and signed by the LR or the CO.</p> <p>CONFIRMATION In the form of</p> <ul style="list-style-type: none"> - Exchange of Letters - Exchange of Emails(♦) 	<p>Submission of the AMDT request form dated and signed by the LR or the CO.</p> <p>ACTING In the form of</p> <ul style="list-style-type: none"> - Exchange of Letters - Exchange of Emails(♦)

 *Exchange of written information through Emails with scanned copies attached (where appropriate)*

¹ In case of a Merge of two Public Entities the corresponding amendment can be simply accepted with a confirmation letter.

III. FINANCIAL INFORMATION ON AND FINANCIAL MANAGEMENT OF THE GRANT

i) Annual Grant Agreements

Every year, once the selection process of the submitted applications is closed, Grant Agreements may be concluded between the selected applicant/beneficiary and the Agency, in the framework of the annual Calls for proposals relating to the programme. The duration of each Grant Agreement corresponds to the length of the action proposed by the Partnership and must be in compliance with the provisions of each specific lot as reported in the Guidelines to the Call for proposals.

Thereafter, the Agency determines the Community grant on the basis of the submitted proposal and in accordance with the rules set out in the Call for proposal, Programme Guide, Guidelines to the calls and as reported in Annex II to the Grant Agreement.

Each project's budget therefore grant is broken down into:

1. Organisation of the Mobility;
A flat rate of 10,000 € per partner up to a maximum of 200,000 €
2. Implementation of the Mobility:
(2.1 Subsistence allowance; 2.2 Travel cost; 2.3 Tuition fees and 2.4 Insurance)
A contribution calculated on scales of unit costs for travel arrangements, subsistence allowance, fees and insurance per students and staff participating in the mobility.

Transfers between the two main items (1 and 2) are not allowed, nor can the Partnership claim additional financing.

Changes in the mobility flow (i.e. number of students per type of mobility and duration) have an impact on the budget breakdown. Under no circumstances can the accepted budget for the action be increased.

As the grant consists of a flat-rate amount for the partnership and an amount based on unit costs for the scholarships, these cannot be increased or decreased.

The co-ordinating institution receives the grant amount (organisation and implementation costs) in three instalments, in accordance with the payment arrangements laid down in Article I.4 of the Grant Agreement.

ii) Management of the flat rate for the organisation of the mobility scheme

The partnership receives 10.000 € calculated per each partner for the entire duration of the action. Since the maximum partnerships composition is 20, the maximum possible amount for organisation of mobility is 200,000 €.

The co-ordinating institution is thus responsible for managing and distributing this flat rate among to partners in accordance with the Partnership's arrangements and procedures that must be commonly agreed and reported in the Memorandum of Understanding. Although the Agency does not request financial justifications for the payment of the flat rate it needs nevertheless, through the reports, to be informed how the flat rate was used (distributed between the partners).

The beneficiary and other representative(s) of the Partnership shall attend the Erasmus Mundus II partnerships' conference. The expenditures incurred for the events can be covered by the *Organisation of the Mobility* budget heading (Article I.10.4. of the Grant Agreement).

iii) Management of the scholarships funds

The coordinating institution has the responsibility to manage the implementation costs in line with the agreements and the provisions reported in the Memorandum of Understanding.

The Partnership pays the scholarships funds to the selected candidates in accordance with the Programme Guide:

- The subsistence allowance must be paid in full to the students and staff concerned on a regular basis. Under no circumstances can these amounts be reduced. The subsistence allowance can only be paid as from the month of arrival. Scholarship holders will have to receive an additional payment at the beginning of the mobility for instalment purpose.
- Each individual participating in the mobility must receive a full insurance coverage in line with Annex VI of the Grant Agreement.
- The Coordinator or the Partner will cover the travel expenses for all scholarships holders. Depending on the target group it can be either from the place of origin (TG2), location of residence (TG3) or the sending university (TG1) to the final destination.
- Fees are calculated for each hosted student in accordance with the Programme Guide and Guidelines to the Call's requirements.

In addition:

- The Partnership shall be held responsible for any amount paid to ineligible students/staff. Ineligible are those students/staff that neither comply with the Programmes eligibility criteria nor with the partnership's specific eligibility/selection criteria. Any such unduly paid amounts may be recovered by the Agency.
- The Partnership shall be held responsible for any amount overpaid to candidates. Overpaid amounts are considered to be payments made to candidates for a period in which they were not actively participating in the programme i.e. a student/staff having received an instalment for month "n" whereas they have left the programme in month "n - 1".

The original invoices or accounting documents of an equivalent value relating to the action must be kept for a period of five years from the closure date of the Grant Agreement in case of an ex-post audit (see Chapter V).

iv) Management of the scholarship funds in case of course interruption

A scholarship can be put on hold if the student has to temporarily leave the hosting institutions following duly justified and well documented reasons. In such a case the scholarship payment must be interrupted until the candidate is physically present again at the host institution and can actively participate in the activities.

If despite the temporary absence the candidate can catch up on the study/research activities without needing to extend the originally agreed scholarship duration, the monthly allowances corresponding to the period of interruption could be paid to the candidate after seeking authorisation from the Agency.

If the interruption is due to reasons of *force majeure* and it would require an extension of the originally agreed eligibility period in order to finalise the scholarships concerned, the coordinator must send the Agency a duly substantiated request to extend this eligibility period for the grant agreement in question. Such an extension will be granted only if it is in compliance with the EU Commission decision on the programme and after the reception and approval of the relevant documents (justification of the candidate's absence). The modification if approved will be subject to an official amendment of the grant agreement (see Chapter II Article A3 above).

iv) Payment of the grant

As stated under Article I.4 of the Grant Agreement, the first pre-financing payment shall be made to the Beneficiary within 45 days of the date when the last of the two parties signs the agreement

This **first pre-financing** payment will represent **50% of the Grant amount**;

The further pre-financing payments corresponding to the remaining part of the grant will be paid after the reception by the Agency of a formal payment request submitted by the beneficiary and confirming that **at least 70%** of the first pre-financing amount has been used. Such justification shall be submitted together with a Progress Report or shall be made by using the "Further Pre-financing Request" form in annex III to the Grant Agreement.

v) Bank account

The account specified in the Grant Agreement and to which the grant will be paid should be:

- in the name of the beneficiary (personal accounts are not acceptable under any circumstances);
- denominated in €, if at all possible;
- specific to the present action , where possible;
- in one of the 27 Member States of the EU.

Cash withdrawals from the account must be substantiated by receipts.

Interests gained on pre-financing payments must be declared at Final Report stage and will be deducted from the first instalment of the pre-financing payment for the following Grant Agreement or will be recovered by the Agency when no further Grant Agreement is signed.

The beneficiary shall submit the payment requests in accordance with article I.4, including the underlying financial statements, in Euros. Any conversion of actual costs into euros shall be made by the beneficiary at the monthly accounting rate established by the Commission and published on its website (<http://ec.europa.eu/budget/inforeuro/>) applicable on the month in which the last of the two parties signed the Grant Agreement.

vi) Accounting system / Internal control

The beneficiary and Partners must set up an adequate accounting system, which must make it possible to identify the payment made to students and academic staff.

All transactions relating to the action must be recorded using a numbering system in which the action is given a specific identifiable number.

As far as possible, the persons responsible for managing the daily activities of the action should not be the same as those responsible for its financial management.

vii) Management of the Partnership

Any Partner organisation whose name does not appear in the original application submitted by the beneficiary will not be recognised as such in the framework of the Grant Agreement, and as a result, all costs relating to such a partner will not be considered eligible.

The beneficiary is solely responsible for the relations between Partners, in particular including the dividing up of the grant between the beneficiary and the other beneficiary institutions.

IV. REPORTS

i) General Remarks

Reporting is a contractual obligations and a crucial aspect along the lifecycle of the projects. It allows a review and an assessment of the progress and development of the following elements:

- the quality of the action;
- the state of play on students and staff mobility;
- the management of the grant.

As Grant Agreements are concluded on an annual basis, the Partnership has to submit an Activity Report, Progress Reports and a Final Report for each Grant Agreement. The Reports forms are Annex III A, B, and C, to the Grant Agreement.

- an **Activity Report** to be submitted at the latest by **1st September 2011**;
- a **I° Progress Report** to be submitted at the latest **by 15th January 2012**. This Progress Report can be submitted before the abovementioned date if at least 70% of the amount received as pre-financing has been spent;
- a **II° Progress Report** to be submitted at the latest **by 15th January 2013**. This Progress Report can be submitted before the abovementioned date if at least 70% of the amount received as pre-financings has been spent;
- a **Final Report** to be submitted two months after the end of the last mobility flow and **by 14th September 2014** at the latest.

As the reports are the main monitoring and evaluation tools, they must provide as complete and accurate a picture of the state of play of the action as possible. Coordinators are therefore advised to read the report forms carefully so that they are familiar with the content and aware of the accounting information required for their completion. Special attention should be paid to the instructions on the report forms.

ii) Formal requirements for Reports

Each report form consists of a technical (or narrative) part, a detailed list of granted scholarships and a financial part.

All submitted reports must be accompanied by endorsed print-outs from the online database guaranteeing the accuracy and completeness of the data contained therein.

In order for the Agency to be able to assess the reports, the coordinator must use the forms in the Annex III to the Grant Agreement. If a report is not presented in its correct form or is presented in an incomplete way, the Agency may not analyse it until its formal presentation is correct. If the Agency is not able to obtain the report in the correct format, the grant may be revoked, the action cancelled and the beneficiary required to reimburse to the Agency the grant already paid.

iii) Activity Report

The Activity Report, accompanied by:

- the Memorandum of Understanding, duly signed by all partners together with other additional documents (model of student agreements, model of learning agreement, model of transcript of records);

- a print-out of the Erasmus Mundus Mobility Database with the information regarding the individual mobility.

must be submitted by **1st September 2011** at the latest.

The Agency aims to evaluate the management of the partnerships, the involvement of the partners and their cooperation within the Partnership, the activities undertaken with the objective of organising an efficient mobility scheme, the respect of principles of transparency, fair and equal treatment in the selection of candidates. Coordinators are requested to provide detailed information on the specific operational aspects linked to the organisation of the individual mobility. In particular the arrangements set up for the visibility of the programme and scholarships opportunities, application procedure and selection of candidates.

iv) Progress Report(s)

iv).1 Purpose of the reports and progress of the action

The reporting period of the Progress Report covers the period from the date of submission of the previous report and the submission date of the Progress Report in question.

The purpose of the Progress Report(s) is:

- to evaluate the follow-up on the Agency comments and recommendations following the assessment of the previous report;
- to focus on concrete actions and progress with regards to specific long-term objectives of the programme/project such as the individuals recognition of studies, quality assurance, measures to prevent brain drain and sustainability of the action;
- to pinpoint any specific problems that the Partnership has encountered so that action can be taken to encounter solutions in line with the requirements and the objectives of the programme.

In case of patent non-compliance with such high quality standards the Agency may cancel the action and ask for the reimbursement of the grant.

Beneficiaries are reminded that they must not introduce changes to the action which are in conflict with the basic requirements or the quality criteria outlined in call for proposals documentation. Neither must they compromise the smooth functioning of the action. In this context, please read Chapter II.A and II.B of the Administrative and Financial Handbook very carefully, and refer to the model provided.

iv).2 Declaration of expenditure

This part of the Progress Report consists of a general financial statement.

If the descriptive part of the Progress Report demonstrates that the action is running as foreseen, the analysis of the financial statement will consist of checking that 70% of the pre-financing payment(s) has been used up. The Progress Report can be submitted before the set deadline, if this percentage has been reached earlier.

v). Subsequent pre-financing payment(s)

Once the Report set out above, has been specifically approved by the Agency, the next pre-financing payment can be paid to the beneficiary, following the provisions of Article I.4 of the Grant Agreement. The subsequent instalment can only be paid if 70% of the previous instalment(s) has been used up.

If 70% of the first pre-financing payment had not been used up by the reporting deadline, the beneficiary shall submit its Progress Report nevertheless. The beneficiary can request the payment of the second instalment at a later stage by submitting a separate *Further pre-financing request* as soon as the utilisation of the first pre-financing payment has reached 70%. This separate payment request must contain a revised version of the general financial statement submitted with the Progress Report so that the Agency can check the level of consumption of the first instalment. Upon approval of this financial statement, the next pre-financing payment can be paid to the beneficiary.

It must be remembered that in the Final Report the beneficiary will have to give details on the payment financed by the grant for the whole Grant Agreement in question. The approval of the Progress Reports and payment of the further pre-financing instalment(s) of the grant, in accordance with the terms of the agreement, should under no circumstances be considered as indication that the Agency has accepted the expenditure declared in the Progress Reports. Detailed examination of the budget to identify the amount of the final grant will be carried out only at Final Report stage.

vi) Final Report

vi).1 General remarks

The purpose of the Final Report is to evaluate the actual implementation of the action and to close the respective Grant Agreement financially. Therefore, all expenditure related to the action must have been paid up before the Final Report is submitted.

The reporting period of the Final Report covers the entire period of eligibility of the Grant Agreement.

Approval of the Final Report by the Agency does not imply that the Agency recognised the regularity or correctness of the Report's content. A Partnership can always be subject to an audit (see Chapter V of this Handbook).

vi).2 Technical part: description of the reported action

This part of the Final Report is intended to provide a detailed picture of how the action was implemented, the overall accomplishments in terms of mobility and programme objectives and possible problems encountered by the partnership during the implementation with the respective actions taken to overcome them.

When answering the questions relating to the technical part of the Final Report, the beneficiary should logically go back to and duly up-date what has been said in the previous Report(s) taking into account the feedback received by the Agency on the report(s) concerned.

vi).3 Financial part: declaration of expenditure

This part of the Final Report consists of a detailed declaration of the expenditure related to the effective implementation of the action (i.e. organisation of the mobility and mobility flows) during the whole duration of the Grant Agreement. This declaration is based on unit costs per student or staff as described in Annex II to the Grant Agreement and the Final Report form. Interests gained on pre-financing payments must also be declared in the Final Report.

Copies of supporting documents (payment slips, receipts, bank statements, etc.) do not need to be provided with the Final Report. However, when reviewing and analysing the expenditure declared, the Agency may ask the beneficiary for further details and copies of the supporting documents. Such a request may also occur as a result of a sampling exercise carried out every year on a

number of Final Reports. The Beneficiary must supply the information requested within 15 days. Failure to do so may result in a reduction or even the cancellation of the grant.

vi).4 Possible reimbursement of part of the grant

The Agency will analyse the overall action and the related expenditures in order to arrive at the final Community grant. This analysis may lead to a request for reimbursement of a certain amount (e.g. interests gained on pre-financing), as the totality of the grant has been paid to the beneficiary in advance. If the beneficiary has to reimburse a certain amount, this amount will be deducted from the next pre-financing payment for the following Grant Agreement, or will be recovered by the Agency should no further Grant Agreement be signed. The financial analysis of the Final Report will be explained to the beneficiary in a settlement letter.

vi).5 Appeals

If the beneficiary does not agree with the final grant awarded or the reimbursement claimed by the Agency, then he/she may submit an appeal to the Agency. In order to be valid, the appeal must be in writing, signed and dated by the legal representative of the coordinating institution, and sent to the Agency within 60 days of the date of the settlement letter. The beneficiary should set out fully the grounds upon which it disputes the decision of the Agency, together with copies of any relevant supporting documents or justifications upon which it relies. The grounds of the appeal must be based on new elements or facts which were not taken into consideration when the Final Report was originally analysed. It should be noted that the Agency may reject an appeal which is not submitted within the 60 day period or which does not contain the necessary justifications or documentation.

vii) Additional Progress Reports

In addition to the reports detailed in this chapter, the Agency may, at any time, request the beneficiary to produce an additional report on the progress of the action to date, covering both its technical and financial aspects. The purpose of such an additional report is to verify that high standards of quality are maintained for the action and that it is being managed and implemented in accordance with the rules set out in the Grant Agreement and their annexes.

viii) List of individual mobility flows (Erasmus Mundus Mobility Database print-outs)

In accordance with the reporting obligations and as explained above, the beneficiary shall submit the list of individual mobility scholarships.

To this purpose a specific tool has been developed in order to facilitate the management of the scholarships and the related reporting to the Agency for the coordinator and the assessment and follow-ups of each projects implemented mobility for the Agency.

The list can only be modified in duly justified cases (see section II), upon request of the beneficiary, and subject to the prior approval of the Agency.

To this purpose the Coordinator is expected to submit a print-out of the Erasmus Mundus Mobility Database together with the Activity Report, Progress Reports (if changes have occurred) and Final Report.

The Erasmus Mundus Mobility Database and its print-outs must contain all necessary information regarding the individual mobility and the related financial aspects for all the candidates, notably in case of request for further pre-financing.

V. MONITORING OF THE PROJECT BY THE AGENCY

I) Purpose

The Agency is responsible for monitoring all the projects that have been successful in securing funds from the Erasmus Mundus programme. The purpose of the monitoring is to provide support for each project, offering guidance and advice that can be integrated by the project team to achieve a successful outcome. The monitoring is also aiming at ensuring that projects are aligned with and fulfilling their stated objectives and continues to merit the public funds that have been allocated to them. Monitoring also allows good practices and lessons learned to be identified so that others may benefit from them.

To carry out the monitoring of each project, the Agency may appoint a member of the Agency staff as a point of contact. This person is responsible for project monitoring on a day-to-day basis and is the channel of communication between the Agency and the Coordinator. All important Agency decisions will be communicated in writing and addressed to the contact person or legal representative, depending on the nature of the communication.

II) What kind of monitoring?

The monitoring may be performed in one or more of the following ways:

- assessment of the work carried out and reported by the project (assessment of the reports);
- visit by Agency representative(s) to a project event or partnership meeting;
- visit by Agency representative(s) to the premises of the coordinator/partner organisation (in situ visit);
- invitation to project representatives to participate in an event organised by the Agency.

Additional project monitoring methods may be developed in response to new needs that arise. If the monitoring requires a visit to your premises, the Agency will confirm in advance and in writing the purpose of the visit, the issues to be addressed and, where appropriate, the list of documents that should be made available or submitted in advance.

In the majority of cases, the Agency provides feedback to the contact person after any meeting has taken place.

II.1 Visit to a partnership meeting and/or project event

The Agency may attend a project event or a partnership meeting as an observer in order to become acquainted with the progress of the project. If the visit is to a partnership meeting, each partner would generally be expected to describe during the meeting their contribution to the project and demonstrate their activities. The Agency representatives may also wish to cover specific areas related to project implementation. In this instance, the Agency may take the opportunity to cover management issues at a separate meeting with the coordinator and other project representatives.

II.2 Visit to the beneficiary/coordinating /partner organisation (in situ visit)

An in situ visit to the beneficiary/coordinating organisation/ partner organisations can take place at any time during the lifetime of the project. The objectives of the visit are: to verify the status of the project's implementation, organisation and implementation of the mobility; to obtain a clear picture of how well the project is being managed; to see how well partners are cooperating; and to provide the project with support and guidance. At a more detailed level, the visit will focus on the follow-up of the mobility implementation, communication between the partners, administrative practices, project documents as well as on general questions relating to the financial management of the project. The contact person is required to attend and, the Agency may also request the attendance of the person responsible for the financial management of the project.

II) 3 Invitation to an event organised by the Agency

One meeting per year may be organised by the Agency for contact persons. The participation in this meeting is mandatory. The coordinator may also be invited by the Agency to participate in other meetings and to present the project. The expenses related to the participation in such meetings are considered as eligible costs and should be covered by the project's budget.

VI. SUPPORTING DOCUMENTS & AUDITS

i) Purpose

As set out in Article II.18 of the Grant Agreement, an operational and / or financial audit can be carried out on-the-spot by the Agency or by any other outside body authorised by the Agency at any time. The European Anti-Fraud Office (OLAF) and the European Court of Auditors may also carry out on-the-spot checks and inspections. Such audits may be carried out throughout the lifetime of a Grant Agreement and for a period of 5 years from the date of the final payment or the financial closure of the Grant Agreement. In such cases, the beneficiary and/or the concerned Partner will be notified that an inspection visit will be made.

On receipt of this notification, the beneficiary and/or the concerned Partner are advised to ensure that all the original documentation likely to be examined by the auditors is available and, if necessary, contact the partner institutions of the Partnership in order to collect any documents that may be missing. When the audit is requested to the beneficiary, the audit may cover the management of the action not only by the beneficiary, but also by the partner institutions.

The purpose of these audits is twofold:

- firstly, to check that the Partnership's financial reports presented for payment are consistent with the beneficiary's and/or concerned Partner's basic accounts and to ensure that Community funds are being / have been spent in accordance with the Grant Agreement and its annexes and that the mobility scheme is being / has been implemented;
- secondly, audits provide a good opportunity for contact and dialogue between the auditors and the beneficiary and/or the concerned Partner. If any management problems are found, the auditors will work with the beneficiary and/or the concerned Partner to seek a solution and, if necessary, improve existing internal procedures in order to make the best possible use of Community funds. The auditors will be open to any comments and / or suggestions that the beneficiary and/or the Partners may wish to make.

The assessment criterion is transparency. It is essential for the auditors to have access to full, accurate and properly documented information.

ii) Documents required

In principle, supporting documents must satisfy the following conditions:

- documents from the beneficiary and/or the Partners must be **original and dated**;
- documents from the Partners held by the beneficiary must be certified copies of the original. However, the Agency reserves the right to have originals made available to it at any time.

The supporting documents required must prove that the grant has been effectively spent to cover the implementation of the action and can take the form of payment slips, receipts, bank statements, etc (e.g. for the organisation of mobility, documents proving that such activities have been carried out).

As a general rule, the beneficiary and the concerned Partner must provide the auditors with all bank documents. The beneficiary and Partners' accounting records, analytical accounts and annual statements must also be available.

If the beneficiary or the concerned Partner cannot provide adequate supporting documents or if the supporting documents available do not satisfy the requirements set out in this chapter, the Agency reserves the right to deduct the costs in question from the Community grant.

iii) Findings and outcome

Audit Reports are internal documents and are confidential. However, the beneficiary or the Partner concerned, when the audit has been specifically requested to it, will be informed in writing of the audit findings within a period of four months from the date of when the audit was carried out. The audit will lead to one of the following results:

- The audit is entirely satisfactory: the auditors have found no significant shortcomings in the financial management or other aspects of the management of the mobility scheme;
- Expenses not covered by supporting documents have been found: these will entail a demand for reimbursement to the Agency.