

**EUROPEAN COMMISSION**  
**EDUCATION, AUDIOVISUAL AND CULTURE EXECUTIVE AGENCY**

**ERASMUS MUNDUS**  
**"EXTERNAL COOPERATION WINDOW"**

**ADMINISTRATIVE AND FINANCIAL**  
**HANDBOOK**

Call for Proposals 2007

## PURPOSE OF THE ADMINISTRATIVE AND FINANCIAL HANDBOOK

The rules outlined in this Handbook apply to grants under the Erasmus Mundus "External Cooperation Window". The Handbook forms Annex V to the specific grant agreement ("the Specific 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;
- provide beneficiaries with the templates for technical and financial reporting required in the grant agreement;
- clarify various matters arising from the Framework Partnership Agreement and the Specific 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 following Specific Grant Agreements;
- 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. DEFINITIONS

**Applicant:** any higher education institution as defined in section 6.1. of the Call for Proposals submitting a proposal in accordance with the set procedures established in the call for proposals relative to this external cooperation window. The Applicant will become the main beneficiary when the proposal is accepted by the Education, Audiovisual and Culture Executive Agency ("the Agency") and a Framework Partnership Agreement and various Specific Grant Agreements are signed between the Agency and the Applicant/main beneficiary.

**Main beneficiary/Coordinating institution:** Within the context of the Specific Grant Agreement, the Applicant of the partnership is called the Main beneficiary. It has the primary legal responsibility towards the Agency for the proper execution of the Specific Grant Agreement. As coordinating institution, it is also responsible for the day-to-day monitoring and management of the Consortium and for distributing the Community funds within the partnership.

**Co-ordinator (CO):** the person responsible in the Main beneficiary / Coordinating Institution for the necessary co-ordination and day-to-day management tasks at the implementation stage.

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

**Partner/Co-beneficiary:** any higher education institution, higher education association or network eligible according to the Erasmus Mundus External cooperation call for proposals which has signed a letter by which it undertakes, according to the agreed arrangements with the Applicant/Main beneficiary, to contribute to the implementation of the action (i.e. organisation of the mobility and mobility flows of students and academic staff).

**Partnership/Consortium:** is the group of European and third country higher education institutions implementing the action. The members of the partnership are the partners or beneficiary institutions.

As a GENERAL RULE the minimum partnership for this call will be constituted of five (5) European Union universities having subscribed an Erasmus Charter from at least three European Union countries plus at least one University from each country in the corresponding geographical lot. This GENERAL RULE can be subject of adaptations depending on the regional grouping concerned. Detailed information on the rule applicable to each of the geographical groupings is provided under section 7 of the Call for proposals.

**In order to ensure sound management of the partnership by the applicant, the maximum size of the partnership is limited to 20 partners**

**Financial Regulation:** Council Regulation (EC, Euratom) No 1605 / 2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1) and Commission 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 Communities (OJ L 201, 2.8.2005, p.3), as amended.

**Framework Partnership Agreement (FPA):** The Agency concludes a Framework Partnership Agreement with the Applicant acting on behalf of a partnership selected following the first call for proposals. The Framework Partnership Agreement will have duration of three years provided the programme is continued after 2009. The Framework Partnership Agreement establishes an ongoing, formalised relationship of co-operation between the Agency and the Applicant on the basis of common objectives in order to contribute to the aims of the Erasmus Mundus "External Cooperation Window". The Framework Partnership Agreement is not a grant agreement, but

identifies the Applicant of the partnership as a privileged partner of the Agency. The Applicant of the partnership has the primary legal responsibility towards the Agency for the proper execution of the Framework Partnership Agreement.

**Specific Grant Agreement (SGA):** The Agency concludes a Specific Grant Agreement with the Applicant of each partnership selected under the Erasmus Mundus "External Cooperation Window" programme. On the basis of the Framework Partnership Agreement, a Specific Grant Agreement could be signed annually following the requirements laid down in the Special conditions of the FPA under Article I. 2. 3. The duration of the Specific Grant Agreement corresponds to the length of the activities foreseen (i.e. up to 45 months).

**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.

## II. MODIFICATION OF THE AGREEMENT

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

Where modifications need a formal amendment of the Specific Grant Agreement, the Main 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 60 calendar days before the end of the period of eligibility detailed in the Specific 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 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 Main beneficiary of its decision. Approval of requests for an amendment is not automatic and Main beneficiaries should try to limit, as far as possible, the number of amendments requested during the duration of the Specific Grant Agreement. The amendment may not have as its purpose or effect to modify fundamentally the content of the Specific Grant Agreement.

The amendment will enter into force only once the legal representatives of the Main 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 Main beneficiary which modifications to the Specific 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)

#### A.1 Change in the composition of the Partnership

The proposed action submitted by the Applicant was approved on the basis of the Partnership proposed in its application. 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 Main beneficiary / coordinating institution. The latter case is dealt with separately (see point A.2 below) since it also implies a change in the main legal responsibility under the agreement.

As a general rule, a change in Partnership may result in the departure of an existing Partner and/or the arrival of a new one.

These events will necessarily have an impact on the content and, maybe, 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 an academic year** as this would seriously upset the smooth functioning of the action during that year. Nor will it be granted 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 Consortium is envisaged for a forthcoming academic year, 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, selection and quality 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 Framework Partnership 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 unit costs by that Partner remains an eligible expenditure of the Partnership, provided this expenditure has happened before the Partner's departure and that the Main beneficiary is able to supply the relevant supporting documents regarding the expenditure.

## **A.2 Change of the Main beneficiary/Coordinating institution**

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

If the change of the Main beneficiary 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, selection and quality criteria used at application stage, if necessary with the help of external academic experts. Should the new Consortium be judged ineligible or insufficient in quality, the Framework Partnership Agreement will be terminated.

In the cases provided for 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.2 of the Framework Partnership 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.19 of the Framework Partnership 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 the academic year in which the grant has to be paid out. However, requests to extend the period of eligibility are receivable in duly justified cases. 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**

The following changes require an official amendment:

- ✓ request to go below the minimal number of individual mobility flows with the third-country(/ies) concerned by the Action (see section 7 of the Call);
- ✓ request to go below the mobility threshold defined for Target Group 1 (i.e. minimum 50% of the individual mobility flows, see section 6.5.2 of the Call);
- ✓ request to go below the mobility threshold defined for third-country nationals (i.e. minimum 70% of the individual mobility flows, see section 6.5.2 of the Call).

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

### **B.1 Change in the action / Changes to the mobility flow**

It should be noted that the calls for Proposals point out that selected Partnership commit themselves to maintaining the action substantially in the form approved over the period of duration of the Framework Partnership Agreement. The Agency will therefore not approve substantial changes to the content of the action, as such changes would undermine the basis on which the selection decision has been taken.

The following changes to the mobility flows can be implemented after formal approval by the Agency:

- ✓ replacement of an individual by another individual belonging to the same mobility type (see section 6.5.2 of the Call) **not included** in the corresponding reserve list;
- ✓ replacement of an individual by another individual in a different mobility type (see section 6.5.2 of the Call).

### **B.2 Change of Legal Representative within the Main beneficiary organisation**

A change of Legal Representative within the existing Main beneficiary organisation is not a formal amendment as such and can be handled with an exchange of letters between the Main beneficiary and the Agency.

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 Main beneficiary organisation.

### **B.3 Change of the Co-ordinator of the Main beneficiary organisation**

A change of Co-ordinator within the existing Main beneficiary organisation is not a formal amendment as such and can be handled with an exchange of letters between the Main beneficiary and the Agency. However since the Co-ordinator 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 may lead to a request for further information from the Agency towards the Main beneficiary and its partners.

### **B.4 Change of banking information**

Change of banking information must be notified to and formally approved by the Agency.

## **B. 5 Change in the budget**

As the grant consists of a flat-rate amount for the Consortium and an amount based on unit costs for the actual mobility costs, the budget cannot be amended. Nor can the Partnership claim additional financing for a student for an additional month (not foreseen in the budget) in order for him / her to “catch up” with his / her studies.

However, a slight redistribution of the funds for academic staff or students between the partner institutions, or the use of the funds not used by a student or academic staff following the withdrawing or renouncing his / her mobility activity is possible. They must be reported to the Agency immediately. If the Agency does not react to the proposed changes within 10 working days following the receipt of the proposed changes, they are deemed to be approved. These changes will also have to be reported in the Progress Reports and / or Final Reports.

## **B.6 Changes in the deadlines for submission of reports**

A prolongation of a maximum of one month (30 days) of the deadline for submitting the Final Report may be requested. The prolongation needs the approval by the Agency and will be awarded if the request is duly justified. The deadlines for submitting the Progress Report, in turn, cannot be changed.

## **C. MODIFICATIONS REQUIRING NOTIFICATION (NT) TO THE AGENCY**

### **C.1 Changes referring to mobility arrangements, linguistic aspects and facilities offered to participants or similar aspects**

Partnership should be very careful to check that such changes are not in conflict with the basic requirements or the quality criteria for the proposed action as outlined in the call for proposals documentation (mainly the Guidelines for grant applicants) and that they do not upset the smooth functioning of the action. Should such be the case the Agency can reject the changes in writing within 10 working days after receipt of the notification. All changes must also be reported to the Agency in the annual Progress Reports.

The following changes to the individual mobility flows require a notification to the Agency:

- ✓ replacement of an individual by another individual belonging to the same mobility type ( see section 6.5.2 of the Call) and **included** in the corresponding reserve list;
- ✓ reduction / extension of the mobility duration within the limits defined in the call and the Specific Grant Agreement (Call for proposals see section 6.5.2 of the Call)

## D) SUMMARY TABLE OF MODIFICATION OF AN AGREEMENT

	<b>A</b>	<b>B</b>	<b>C</b>
	Official Amendment (OA) ( Written request done by LR or CO )  <u>Requests to be submitted at            least 60 days before the end            of the period of eligibility</u>	Formal Approval (FA) ( Written request done by LR or CO )  <u>Except for cases 2 and 3            requests to be submitted at            least 60 days before the end of            the period of eligibility</u>	Notification (NT) ( Written or Email request done by LR or CO )  <u>Requests to be            submitted at least 60            days before the end of            the period of eligibility</u>
Type of changes inducing a specific type of amendment	1) Composition of the Partnership 2) Beneficiary institution 3) Period of eligibility 4) Substantial changes to the mobility flows	1) Change in the action / to the mobility flows 2) Legal Representative 3) Co-ordinator 4) Banking information 5) Budget 6) Deadlines for reports' submission	All other modifications not included under OA or FA types of amendments
Special conditions	Requests submitted at least <b>60 calendar days before</b> the end of the period of eligibility detailed in the agreement	Without any reaction by the Agency within <b>15 calendar days</b> after the sending of the acknowledgement of receipt, the modifications are deemed to be approved	The Agency could reject the changes in writing within <b>15 calendar days</b> after receipt of the notification (if such changes are considered to go against the rules defined in the Call and the Handbook, or if they are in conflict with the objectives and priorities defined for the proposed action)

### III. FINANCIAL INFORMATION ON AND FINANCIAL MANAGEMENT OF THE GRANT

#### **i) Framework Partnership Agreement**

The Agency concludes a Framework Partnership Agreement with each selected Partnership. This Framework Partnership Agreement is not a grant agreement, but it is used to define the minimal requirements and contractual conditions under which the successive Specific Grant Agreements will be signed by both parties (see ii) below).

#### **ii) Annual Specific Grant Agreements**

On the basis of the Framework Partnership Agreement mentioned under point i) above, Specific Grant Agreements may be concluded between the Main beneficiary and the Agency every year, following a grant application of the Main beneficiary in response to the annual Calls for proposals relating to the programme throughout the period covered by the Framework Partnership Agreement. The duration of each Specific Grant Agreement corresponds to the length of the action proposed by the Partnership.

The Agency examines the grant application submitted by the Applicant. The grant application includes the number and category of students and academic staff as well as the budget proposal corresponding to the number, duration and categories of students and academic staff subject to the mobility action proposed by the Partnership.

Thereafter, the Agency determines the Community grant in accordance with the rules set out in the call for proposal documentation (notably the Guidelines for grant applicants and the application form). The Community grant forms Annex II to the Specific Grant Agreement and thereby becomes a reference point for the assessment of the various Reports to be submitted (see Chapter IV).

The grant will be broken down into:

- An annual flat rate of 10,000 € per beneficiary up to a maximum of 200,000 € (the maximum numbers of beneficiaries being limited to 20);
- A contribution calculated on scales of unit costs per student and academic staff participating in the mobility.

The annual Specific Grant Agreement could be concluded every year in June at the latest throughout the period cover by the Framework Partnership Agreement subject to:

- Approval by the Agency of an annual Progress Report on the implementation of the action (Chapter IV of this Handbook provides more details on this Report) and respect of the obligation of providing the list of students and academic staff according to deadlines.
- Approval by the Agency of the annual grant application for the following year submitted by the co-ordinating institution of the Partnership which includes the number of students and academic staff proposed to participate in the following action as well as the corresponding budget proposal. Consortia have to establish this grant application, and the Agency examines it, in accordance with the rules laid down in the relevant call for proposals documentation and the application form.

#### **iii) Management of the flat rate for the coordination of the beneficiary universities**

The Agency pays the flat rate of 10,000 € per beneficiary, up to a maximum of 200,000 €, to the co-ordinating institution of the Consortium in two or three instalments, in accordance with the

payment arrangements laid down in Article 4 of the Specific Grant Agreement. The co-ordinating institution is thus responsible for distributing this flat rate of 10.000 € to each co-beneficiary.

The main beneficiary and other representative(s) of the Partnership shall attend the Erasmus Mundus External Cooperation Window beneficiaries' conference, out of the administrative budget line (organisation of the Mobility) to cover the incurred expenditure, as provided in Article I.4 of the Framework Partnership Agreement.

#### **iv) Management of the costs directly related to individual mobility**

The Agency pays these funds to the co-ordinating institution in two or three instalments in accordance with the payment arrangements laid down in Article 4 of the Specific Grant Agreement. The reimbursement of these funds made by the Partnership will be carried out in accordance with the arrangements agreed within the Partnership and the following principles:

- Participating Universities must provide to mobile students and academic staff the integrity of the subsistence allowance defined in the call and the Specific Grant Agreement for the type of mobility and target group concerned. Under no circumstances can these amounts be reduced. The Hosting University will make a first payment to allow installation and the rest must be provided on regular basis. The amounts received depend entirely on duration of stay abroad and is based on rules for unit costs
- The beneficiary universities will need to subscribe a full insurance ( accident, health, travel) for individuals participating in mobility
- Universities will provide students and academic staff with travel tickets. Payment for travel is based on unit costs.
- Each hosting university will receive the corresponding fees for hosted students (if applicable)

The Agency pays the subsequent instalment(s) to the co-ordinating institution of the Partnership after approval of the Progress Report(s). At the end of a Specific Grant Agreement a Final Report has to be submitted. For more details on these reporting requirements, please see Chapter IV.

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 Specific Grant Agreement in case of an ex-post audit (see Chapter V).

#### **v) Payment of the grant**

Payment arrangements and dates are set out in the Specific Grant Agreement.

#### **vi) Bank account**

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

- in the name of the Main 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, an EFTA-EEA state, and acceding countries.

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 Specific Grant Agreement or will be recovered by the Agency when no further Specific Grant Agreement is signed.

#### **vii) Accounting system / Internal control**

The Main 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.

#### **viii) Management of the Partnership**

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

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

## IV. REPORTS

### i) Introduction

Reporting is a crucial phase of the action since it allows a review and an assessment of:

- the maintained quality of the action;
- the participation of the students and academic staff as well as the use of the grant.

Monitoring of the implementation of the action is ensured by follow-up visits organised by the Agency and by reports.

As Specific Grant Agreements are concluded on an annual basis, the Partnership has to submit one or two Progress Reports (depending on the length of the action) and a Final Report for each Specific Grant Agreement. The Progress Report form is Annex III to the Specific Grant Agreement, the Final Report form can be found in Annex IV to the Specific Grant Agreement. Each report form consists of a technical (or narrative) and a financial part.

The number, content and date of submission of Reports vary according to the length of the activities covered by the action (from 24 to 45 months)

#### Grant agreements up to 24 months mobility:

- a Progress Report to be submitted by 31 January of year n+1 following the signature of the Specific Grant Agreement if the main beneficiary intends to submit an annual application for the following call for proposals, as provided for in Article I.2.3 of the Framework Partnership Agreement;
- a Progress Report to be submitted at the latest by 1<sup>st</sup> September of year n+1 following the signature of the Specific Grant Agreement. 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 Final Report to be submitted two months after the end of the last mobility flow, but at the latest by 1<sup>st</sup> June of the year n+3 following the signature of the Specific Grant Agreement.

#### Grant agreements more than 24 months mobility:

- a Progress Report to be submitted by 31 January of year n+1 following the signature of the Specific Grant Agreement if the main beneficiary intends to submit an annual application for the following call for proposals, as provided for in Article I.2.3 of the Framework Partnership Agreement;
- a Progress Report to be submitted at the latest by 1<sup>st</sup> September of year n+1 following the signature of the Specific Grant Agreement. 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 Progress Report to be submitted at the latest by 1<sup>st</sup> September of year n+2 following the signature of the Specific Grant Agreement. 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 Final Report to be submitted two months after the end of the last mobility flow, but at the latest by 15 April of the year n+4 following the signature of the Specific Grant Agreement.

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. Main beneficiaries 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**

For the Agency to be able to assess the Reports the forms in the Annex to the Specific Grant Agreement (Annex III for the Progress Report and Annex IV for the Final Report) must be used. 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 Main beneficiary required to reimburse to the Agency the grant already paid.

### **iii) Progress Report(s)**

#### iii).1 General Remarks

The purpose of the Progress Report(s) is to take stock of the present state of play of the action and to pinpoint any specific problems that the Consortium has encountered so that action can be taken to remediate the situation as quickly as possible.

The reporting period of the Progress Report covers the period either from start date of the period of eligibility or from the date of submission of the previous Progress Report and the submission date of the Progress Report in question.

#### iii).2 Description of the state of play of the action

This part of the Progress Report is intended to prove that the action is being delivered, that the students and academic staff are participating in it and that high standards of quality are maintained. 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.

This part of the Progress Report also serves the purpose of improving certain aspects of the action and hence a number of elements (e.g. mobility arrangements, linguistic aspects, facilities offered to participants, etc.) need also be described in the Progress Report in detail. 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 Handbook very carefully, and refer to the model provided.

#### iii).3 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.

It must be remembered that in the Final Report the Main beneficiary will have to give details on the payment financed by the grant for the whole Specific Grant Agreement in question. The approval of the Progress Report 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 Report. Detailed examination of the budget to identify the amount of the final grant will be carried out only at Final Report stage.

#### iii).4 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 Main beneficiary, following the provisions of Article 4 of the

Specific 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 Main beneficiary shall submit its Progress Report nevertheless. The Main beneficiary can request the payment of the second instalment at a later stage by submitting a separate payment 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 Main beneficiary.

#### **iv) Final Report**

##### iv).1 General remarks

The main purpose of the Final Report is to evaluate the actual implementation of the action and to close the respective Specific 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 period of eligibility of the Specific Grant Agreement. According to the terms of the Specific 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 Consortium can always be subject to an audit (see Chapter V of this Handbook).

##### iv).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, possible problems encountered and how the member of the partnership intend to avoid these problems in the following years. .

When answering the questions relating to the technical part of the Final Report, the Main beneficiary should logically go back to and duly up-date what has been said in the Progress Report(s).

##### iv).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 Specific Grant Agreement. This declaration is based on unit costs per student or academic staff as described in Annex II to the Specific 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.) need not be supplied with the Final Report. However, in carrying out a review and analysis of the figures declared in the declaration of expenditure, the Agency may ask the Main 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 30 days. Failure to do so may result in a reduction or even the cancellation of the grant.

##### iv).4 Possible reimbursement of part of the grant

The Agency will analyse the declaration of expenditure 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 Main beneficiary in advance. If the Main beneficiary has to reimburse a certain amount, this amount will be deducted from the next pre-financing payment for the following Specific Grant Agreement, or will be recovered by the Agency should no further Specific Grant Agreement be signed. The financial analysis of the Final Report will be explained to the Main beneficiary in a settlement letter.

#### iv).5 Appeals

If the Main beneficiary does not agree with the final grant awarded or the reimbursement claimed by the Agency, then it 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 Main 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.

#### **v) Additional Progress Reports**

In addition to the Reports detailed in this chapter, the Agency may, at any time, request the Main 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 Framework Partnership Agreement, the Specific Grant Agreement and their annexes.

#### **vi) Final Summary Report at the end of the duration of the Framework Partnership Agreement**

At the end of the duration of the Framework Partnership Agreement (three years in principle), the co-ordinating institution of the Consortium shall submit a Final Summary Report on the experience of running the action. This Final Summary Report will cover the whole period and will be a summary of the findings of the annual Final Reports. A report form for this Final Summary Report will be made available in due course.

#### **vii) List of individual mobility flows**

At the beginning of each academic year and before the date indicated in the annual Specific Grant Agreement, the Main beneficiary shall submit the list of persons subject to the individual mobility flows.

The list shall follow the model provided by the Agency.

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

## V. SUPPORTING DOCUMENTS & AUDITS

### i) Purpose

As set out in Article II.20 of the Framework Partnership 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 Specific Grant Agreement and for a period of 5 years from the date of the final payment or the financial closure of the Specific Grant Agreement. In such cases, the Main beneficiary and/or the concerned Partner will be notified that an inspection visit will be made.

On receipt of this notification, the Main 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 Consortium in order to collect any documents that may be missing. When the audit is requested to the Main beneficiary, the audit may cover the management of the action not only by the Main 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 Main beneficiary's and/or concerned Partner's basic accounts and to ensure that Community funds are being / have been spent in accordance with the Framework Partnership Agreement, the Specific 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 Main beneficiary and/or the concerned Partner. If any management problems are found, the auditors will work with the Main 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 Main beneficiary and/or the Partners may wish to make.

The main 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 Main beneficiary and/or the Partners must be **original and dated**;
- documents from the Partners held by the Main 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 Main beneficiary and the concerned Partner must provide the auditors with all bank documents. The Main beneficiary and Co-beneficiaries' accounting records, analytical accounts and annual statements must also be available.

If the Main 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 Main 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.