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 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 Agreement and the 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

**Applicant:** any higher education institution as defined in section 6. 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 Beneficiary when the proposal is accepted by the Education, Audiovisual and Culture Executive Agency ("the Agency") and a Grant Agreement is signed between the Agency and the Applicant/Beneficiary.

**Beneficiary/Coordinating institution:** Within the context of the Grant Agreement, the Applicant of the partnership is called the Beneficiary. It has the primary legal responsibility towards the Agency for the proper execution of the 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 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 / Beneficiary

**Partner/Co-beneficiary:** any higher education institution, other than the Applicant, eligible according to the Erasmus Mundus External Cooperation Window 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 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. Detailed information on the rule applicable to each of the individual country/geographical window is provided under section 7 of the Call for proposals.

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


"Grant Agreement" for an Action (GAA): The Agency concludes a Grant Agreement with the Applicant of each partnership selected under the Erasmus Mundus "External Cooperation Window" programme. The duration of the Grant Agreement corresponds to the length of the activities foreseen and can vary depending on the specific geographical window (section 7 of the Call for proposals) but not exceed 48 months (section 3 of 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.

B. ROLES OF BENEFICIARIES

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 co-beneficiaries 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 co-beneficiaries or to any other party. Where information from co-beneficiaries is required, the Beneficiary shall be responsible for obtaining and verifying this information and for passing it on to the Executive Agency;

d) inform the co-beneficiaries 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 co-beneficiaries, 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 co-beneficiaries in accordance with this Agreement. The payment obligations of the Executive 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 co-beneficiaries, 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;

The co-beneficiaries shall:

a) agree upon appropriate arrangements between themselves for the proper performance of the action; [The beneficiaries are deemed to have concluded an internal co-operation agreement regarding their internal operation and co-ordination. The co-operation agreement shall include all aspects necessary for the management of the beneficiaries and the implementation of the action;]

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 of evaluations, as described in Articles II.6 and II.18;

The beneficiary 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 a formal amendment of the 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 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 60 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 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 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)

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 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 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 res 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.

A.2 Change of the Beneficiary/Coordinating institution

A change of the Beneficiary/Coordinating institution (i.e. replacement by another institution partner within the Consortium) 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 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 should always be endorsed by all organisations concerned by the partnership. In an official document signed by both legal representatives, the former Beneficiary 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 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 Beneficiary.

If the change of the 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 award 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, Grant Agreement will be terminated.

In the cases provided for in sections A.1 and A.2 above, the change of the Partnership does no 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 the academic year 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

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);
✓ substantial changes to the mobility flows as foreseen in the Annex II (a1 & a2) of the Grant Agreement.

In consideration of the budgetary impact of these changes in the foreseen Mobility scheme refer to section B.5.

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 Partnerships commit themselves to maintain the action substantially in the form approved during the Selection process. 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 require formal approval by the Agency:

✓ replacement of an individual by one or more individual(s) in a different mobility type in compliance with the limit of duration per type of Mobility as foreseen in the Annex II (b2) of the Grant Agreement;
✓ minimal changes to the mobility flows by country as foreseen in the Annex II (a1 & a2) of the Grant Agreement.

In consideration of the budgetary impact of the changes in the foreseen Mobility scheme refer to section B.5.

B.2 Change of Legal Representative within the Beneficiary organisation

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

B.3 Change of the Co-ordinator of the Beneficiary organisation

A change of Co-ordinator within the existing Beneficiary organisation is not a formal amendment as such and can be handled with an exchange of letters between the 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 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

In line with the eligible activities, the project budget is structured as follows:

1. Organisation of the Mobility - a lump sum;
2. Implementation of the Mobility - amount based on unit costs for:
   2.1 Subsistence allowance;
   2.2 Travel cost;
   2.3 Tuition fees;
   2.4 Insurance

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

Within the Implementation of the Mobility (item 2) redistribution is possible among the four sub-items (2.1 to 2.4). In accordance with the budgetary impact, changes require a request for amendment (Formal Approval) signed by the Legal Representative of the Beneficiary/Coordinating institution. Changes will be taken into consideration either for subsequent pre-financing or for the Final Report.

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 award 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 Grant Agreement (Call for proposals see section 6.5.2 of the Call)
### D) SUMMARY TABLE OF MODIFICATION OF AN AGREEMENT

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<td>Except for cases 2 and 3 requests to be submitted at least 60 days before the end of the period of eligibility.</td>
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<th>Without any reaction by the Agency within 15 calendar days after the sending of the acknowledgement of receipt, the modifications are deemed to be approved</th>
<th>The Agency could reject the changes in writing within 15 calendar days 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)</th>
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III. FINANCIAL INFORMATION ON AND FINANCIAL MANAGEMENT OF THE GRANT

i) Annual Grant Agreements

Grant Agreements may be concluded between the Beneficiary and the Agency every year, following a Grant application of the Beneficiary in response to the annual Calls for proposals relating to the programme throughout the period covered by the Call for proposals. The duration of each 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 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.

ii) 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 Grant Agreement. The co-ordinating institution is thus responsible for distributing this flat rate.

The 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 (Article I.4.2. of the Special Conditions).

iii) 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 I.4 of the Special Conditions. 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 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 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 Grant Agreement in case of an ex-post audit (see Chapter V).

iv) Payment of the Grant
Payment arrangements and dates are set out in 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, 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 Grant Agreement or will be recovered by the Agency when no further Grant Agreement is signed.

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) 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 Grant Agreements are concluded on an annual basis, the Partnership has to submit one Activities Report, one or two Progress Reports (depending on the length of the action) and a Final Report for each Grant Agreement. The Reports forms are Annex III A, B, and C, to the Grant Agreement.

An Activities Report, accompanied by the Memorandum of Understanding duly signed by all partners, must be submitted before the first mobility starts and no later than 1st April 2010. The Agency aims to evaluate the level and efficiency of the coordination and cooperation within the Partnership, as well as that the principles of transparency, fair and equal treatment in the selection of candidates, have been respected. Therefore you 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 management and coordination of the partnership and the methodology adopted for the selection of individual mobility, in particular: visibility of the programme and scholarships opportunities, application procedure and selection of candidates.

Each Progress or Final Report form consists of a technical (or narrative) and a financial part. The number, content and date of submission of Progress and Final Reports vary according to the length of the activities covered by the action:

**Grant Agreements up to 24 months mobility:**

- a Progress Report to be submitted at the latest by 1st September 2010. 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 15th September 2012.

**Grant Agreements more than 24 months mobility:**

- a Progress Report to be submitted at the latest by 1st September 2010. 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 1st September 2011. 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 15th September 2013.

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. 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 III to the Grant Agreement 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 Beneficiary required reimbursing 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 readjust 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 proof 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 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 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 Beneficiary, following the provisions of Article 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 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 Beneficiary.

iv) Final Report

iv).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 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 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 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 Grant Agreement. This declaration is based on unit costs per student or academic 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.) 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 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.

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 Beneficiary in advance.
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 recover 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.

iv) 5 Appeals

If the 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 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 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 Grant Agreement and their annexes.

vi) List of individual mobility flows

At the beginning of the Mobility and before the date indicated in the annual Grant Agreement, the 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 Beneficiary, and subject to the prior approval of the Agency.
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. The Agency will not communicate with a third party without the prior written authorisation of the project coordinator.

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 (analyse and assess 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 General Conditions 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 Consortium 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 Co-beneficiaries’ 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.