



EUROPEAN ANTI-FRAUD OFFICE

HERCULE III PROGRAMME 2014-2020

CALL FOR PROPOSALS - 2016: LEGAL TRAINING AND STUDIES

GUIDELINES FOR THE BUDGET FORM

DEADLINE: THURSDAY, 16 June 2016

Disclaimer:

These guidelines respect the main legal and financial rules contained in the Financial Regulation (FR) applicable to the general budget of the European Union¹ (and in particular Title VI of Part One) and its Rules of Application (RAP).²

The information given is not exhaustive and beneficiaries are therefore asked to read carefully the agreement sent to them, as this will constitute the legal basis for the grant.

This document is drafted to help applicants prepare their grant applications.

¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union as amended by Regulation (EU, Euratom) 2015/1929 of 28 October 2015, OJ L 286 of 30 October 2015 (referred to as: "FR").

² Commission Delegated Regulation (EU) No 1268/2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, as amended by Commission Delegated Regulation (EU) 2015/2462 of 30 October 2015, OJ L 342 of 29 December 2015 (referred to as: "RAP").

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1 GRANT PRINCIPLES

Grants are subject to the principles laid down in the Financial Regulation, in particular the principles of co-financing, prohibition of double financing and no profit.

Co-financing principle

European Union grants may not finance the entire costs of the action. The applicant must contribute to the implementation of the action either by way of own resources (applicant's contribution) or, partially, through a financial contribution from third parties (external contributions) or direct receipts from the action³.

Non-cumulative (no double financing) rule

Each action may give rise to the award of only one grant. There can be no duplicate European Union funding of the same expenditure. The applicant must indicate the sources and amounts of any other funding received or applied for in the same financial year for the same action or for any other action and routine activities⁴.

No-profit rule

The EU grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of total actual receipts over the total actual costs of the action.

The receipts referred to above shall be limited to income generated by the action as well as financial contributions specifically assigned by donors to the financing of the eligible costs.

You must declare any income from the action in your estimated budget and final financial statement. If you make a profit, the Commission will be entitled to recover the percentage corresponding to the Union contribution to the eligible costs you have actually incurred in carrying out the action or work programme.⁵

The non-profit rule does not apply to low-value grants, i.e. smaller than EUR 60 000, any actions geared to reinforcing the financial capacity of a beneficiary, or actions that generate an income to ensure their continuity after the period of Union financing.⁶

Non-retroactivity

No grant may be awarded retrospectively for projects already completed.⁷

Equal treatment and transparency

Grants are subject to the principles of transparency and equal treatment.

³ Article 125(3) FR and Article 183 RAP.

⁴ Article 129 FR and Article 193 RAP.

⁵ Article 125(4) FR and Article 184 RAP.

⁶ Article 125 FR.

⁷ Article 130 FR.

2 MAIN ACTORS

Actors involved in the implementation of the project (apart from the Commission) are as follows:

2.1 Applicant

The applicant is responsible for project conception and for submitting the grant application.

The applicant will be the single contact point for the Commission during the evaluation procedure.

2.2 Beneficiary

When an application is selected and the grant is awarded, the applicant becomes the beneficiary. The beneficiary and the Commission sign a mono-beneficiary grant agreement, a template for which is published on OLAF's website:

http://ec.europa.eu/anti_fraud/policy/hercule-iii/index_en.htm

The beneficiary is entirely responsible to the Commission for the implementation of the co-financed activities, the dissemination of the results and the overall management of the grant. After the grant is awarded, the beneficiary is the single contact point for the Commission.

Only costs incurred by the beneficiary and affiliated entities (see below) are considered eligible under the grant agreement.

The beneficiaries' accounting procedures must permit direct reconciliation of costs and revenue declared for the relevant EU funded action with the corresponding accounting statements and supporting documents i.e. linking costs with the specific EU project.

All costs declared for the relevant EU funded action must have been registered in the accounting system of the beneficiary of the grant.

Costs must be actually incurred by the beneficiary of the grant agreement, i.e. the costs must have generated a debt to be paid directly by the entity which is party to the grant agreement with the Commission (= beneficiary of the grant agreement).

2.3 Affiliated entities⁸

Affiliated entities are legal entities which have a specific relationship with a beneficiary. On that basis, they can incur eligible costs for the action covered by the grant under certain conditions.

The following type of affiliated entity is accepted under this Call for Proposals:

⁸ Article 122 FR and Article 199 RAP.

- legal entities satisfying the eligibility, exclusion and selection criteria and having a link⁹ with a beneficiary, notably a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.

Affiliated entities should provide a letter of commitment, explaining the nature of their involvement in the implementation of the action, and a document showing their legal or capital link with the parent organisation.

2.4 Third parties¹⁰

Any entities other than beneficiaries and affiliated entities are considered as third parties.

Third parties can provide a cash contribution to the implementation of the action. Please be aware that a third party cannot entirely replace the applicant's contribution.

Third parties that make a cash contribution to the action should fill in and sign the "External contribution by third parties – declaration form" attached to the application form.

Contributions in kind are not eligible for funding (see point 4.2).

2.5 Associate organisations

Other organisations may only participate in the action as associate organisations where this serves the aim of the action, on a no-cost basis. These organisations will not be a party of the grant agreement concluded with the Commission.

Associate organisations should provide a signed letter of commitment, explaining the nature of their involvement in the action or any other type of support to it. No letter of mandate is required.

3 EURO / EXCHANGE RATE

Grant applications must include a detailed estimate of the budget in euros (see budget and application form). Applicants bear in full the risk associated with the exchange rate.

Applicants from non-euro-area countries¹¹ must use the monthly accounting rate for the month in which this Call for Proposals is published, as established by the Commission and published on its website:

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

The final balance of the grant will be paid to the beneficiary on the basis of the monthly accounting rate for the month in which the Commission issues the payment.

⁹ This link has to be proven by supporting documents, such as, the statutory list of members as part of reports approved by governance bodies, the list of controlled companies in audited consolidated accounts, the balance sheet or the deeds of establishment to prove ownership or partnership.

¹⁰ Article 122 FR and Article 199 RAP.

¹¹ See http://ec.europa.eu/economy_finance/euro/index_en.htm and the budget form published on OLAF's website: http://ec.europa.eu/anti_fraud/about-us/funding/training/index_en.htm.

4 CO-FINANCING OF THE ACTION

European Union grants are incentives to carry out projects that would not be feasible without the European Union's support, and that are based on the principle of co-financing.

They complement the applicant's own financial input and other external resources obtained to implement the action.

The Commission may award a grant for less than the amount requested. In this event, it is the applicant's responsibility to find the additional amount required or to reduce the total costs of the activities.

4.1 Detailed and balanced budget

The budget estimate must be properly balanced: the income and expenditure totals on the budget form must be equal, since the income will have to finance the planned expenditure.¹²

Budgeted expenses: 100% eligible costs	=	Budgeted income: 100%
Staff costs		Applicant's contribution
Conference rooms and related charges		External contribution (third parties)
Travel costs		Direct receipts from the action
Subsistence and hotel costs		Grant: EU contribution
Indirect costs/overheads		

4.2 Contributions in kind

Contributions in kind are non-cash inputs from third parties (e.g. contributions for which no financial flow can be traced in the written accounts), such as:

- donations of raw materials (e.g. paper and ink for publication purposes);
- any good or service provided to the project of which the costs are borne by another organisation and not reimbursed by the beneficiary;
- unpaid volunteer or charity work or unpaid provision of service, including work by a private individual, working time free of charge; and
- free use of premises, accommodation, meals, etc.

Contributions in kind from third parties are not eligible for funding.

4.3 Income of the action

The income side of the budget must show:

4.3.1 Applicant's contribution

Financial contribution that the applicant will provide to the budget.

Without prejudice of any external contribution, an applicant is expected to co-finance the project. This means an effective expenditure, i.e. a financial flow that can be traced in the written accounts.

¹² Article 196(2) RAP.

Involving/employing a civil servant remunerated by a public administration, or an employee of an organisation is treated as a cash contribution since this gives rise to an expense that can be identified in the accounts of this administration or organisation.

4.3.2 External contribution

Any financial contribution from third parties earmarked for eligible costs ("effective expenditure", i.e. a financial flow that can be traced in the written accounts) must be supported by an "external contribution - declaration form" (attached to the application form) duly signed by their legal representatives.

4.3.3 Direct receipts from the action

Resources that correspond to revenues linked to and generated by the event itself, e.g. admission fees, conference registration fees, sale of publications, etc.

5 ELIGIBLE COSTS

5.1 General criteria

In order to be eligible for EU funding, costs actually incurred by the beneficiary must meet the following criteria¹³:

- (a) they are incurred in the period set out in Article I.2.2 of the grant agreement, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article II.23.2 of the grant agreement;
- (b) they are indicated in the estimated budget set out in Annex III of the grant agreement;
- (c) they are incurred in connection with the action as described in Annex I of the grant agreement and are necessary for its implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

Expenditure eligible for financing may not have been incurred before the grant application was submitted.

¹³ Article 126(2) FR.

The period of eligibility of costs will start at the earliest on the day the grant agreement is signed by the last of the parties.

Under the current Call for Proposals, costs incurred by affiliated entities will be eligible provided those entities:

- are identified in the grant agreement; and
- abide by the rules applying to you under the grant agreement with regard to eligibility of costs and rights of audits by the Commission, OLAF and the Court of Auditors.

The beneficiaries' internal accounting and auditing procedures must permit direct reconciliation of the costs and revenue declared in respect of the action with the corresponding accounting statements and supporting documents.

Beneficiaries shall keep records, supporting documents, statistical records and other records pertaining to a grant for five years following the payment of the balance, and for three years in the case of low value grants¹⁴.

5.2 Specific criteria

Eligible direct costs of the action are those which, with due regard for the conditions of eligibility set out above, are identifiable as specific costs directly linked to its implementation and which can therefore be booked to it directly.

The information provided in the budget form should be in line with the information mentioned in the application form: e.g. number of participants, etc.

Attendance lists of all meetings that take place in the context of the action must be established, and signed by the participants.

5.2.1 Participation of representatives from non-EU member States¹⁵

The costs incurred by representatives from certain non-EU Member States to allow their participation in activities under the Programme, such as conferences or seminars¹⁶ may be reimbursed wherever this is considered to be useful for the achievement of the general, specific and operational objectives of the Programme.

Those representatives shall participate in the Programme in accordance with the relevant provisions of Financial Regulation (FR) applicable to the general budget of the European Union¹.

¹⁴ Article 136(1) FR.

¹⁵ Article 7 (3) of the Hercule III Programme.

¹⁶ The non-EU Member States are:

- countries of South-Eastern Europe: Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Albania, Montenegro, Serbia, Kosovo* (* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence) (http://ec.europa.eu/enlargement/policy/glossary/terms/sap_en.htm (http://europa.eu/legislation_summaries/enlargement/western_balkans/r18003_en.htm);
- the Russian Federation;
- certain countries with which the Union has concluded an agreement for mutual assistance in fraud-related matters (http://ec.europa.eu/anti_fraud/about-us/legal-framework/customs_matters/index_en.htm);
- as well as representatives from international and other relevant organisations.

5.2.2 People with disabilities

Costs associated with the participation of people with disabilities, e.g. to cover the use of special means of transport, personal assistants or sign-language interpreters, or converting web documents to alternative accessible formats, are eligible for funding.

5.2.3 EU staff

Staff of the EU institutions and other EU bodies who attend training events (as participants or speakers) will cover their own travel and accommodation costs. You therefore cannot take their costs into account in the corresponding expenses in your draft budget, except where you provide meals – see below.

More specifically:

- **Transport:** tickets will be reserved and paid for directly by the EU staff concerned. You need take no action in this respect;
- **Accommodation:** you may reserve a hotel room for EU staff, but they must settle themselves any costs incurred;
- **Meals:** expenses relating to lunches/meals you provide for EU staff may be included in your budget.

6 INELIGIBLE COSTS

The Commission considers some costs to be ineligible. This does not mean that these costs cannot be incurred, but that they cannot be taken into account when establishing the total eligible costs of a given project and consequently cannot be co-financed by the grant.

The following costs (non-exhaustive list) cannot be financed by the Commission's contribution and should not be included in your calculation of co-financing:

- contributions in kind from third parties;
- costs you have declared in connection with another activity or work programme receiving a grant from the Union;
- costs incurred in relation to activities not provided for in the project or in changes to the action to which the Commission has not agreed;
- costs not entailing a cash flow for the beneficiary;
- costs that are not identifiable on the basis of supporting documents;
- costs incurred for the production of communication material, including notice boards and websites, that does not mention that the action has received funding from the relevant funding programme or does not bear the OLAF logo;
- costs relating to the preparation of the application;
- fees charged by your bank for transferring Commission funding;
- debts and debt service charges;
- deductible VAT;
- excessive or reckless expenditure;
- exchange-rate losses;
- expenditure incurred outside the lifetime of the project as stated in the grant agreement;
- fines, financial penalties and litigation expenses;

- gifts and presents, entertainment expenses;
- licence or patent fees or other fees relating to the protection of intellectual property rights;
- indirect costs exceeding the percentage agreed in the grant agreement;
- indirect costs declared by an organisation receiving an operating grant from the EU budget;
- interest owed;
- medical expenses;
- medical insurance costs;
- parking fees, except for persons with reduced mobility;
- provisions for losses or debts or potential future liabilities and other interest owed (provisions for contractual moral obligations, fines, financial penalties and legal costs);
- purchase of land or buildings and return on capital and capital increase;
- return on capital;
- Fees from speakers from public sector;
- touristic and cultural site programmes; and
- expenses relating to recreation and music;
- fuel costs.

7 EXPENDITURE CATEGORIES

When filling in the budget form, you should break down all eligible costs into direct and indirect costs (overheads) under the following budget headings:

Direct eligible costs	Indirect eligible costs/overheads
1. Staff costs 2. Conference rooms and related charges 3. Travel costs 4. Subsistence and hotel costs 5. Miscellaneous	6. Indirect costs (max 7 %)

8 DIRECT ELIGIBLE COSTS

8.1 STAFF COSTS

8.1.1 General information

- Direct costs for staff are eligible only for persons who have a direct role in the project, e.g. project managers and other staff operationally involved in planning project activities, implementing/monitoring operational activities, etc.
- The time that each staff member spends working on the project must be recorded on a regular basis using timesheets or an equivalent time registration system established and certified by the employer.
- Staff working time is the time actually spent on direct work on the project. It has to be clearly justified and tally with staff time records.

- Costs will be considered eligible if there is a real and verifiable transfer of funds and direct proof of a link to the project (signed timesheets showing the days worked for tasks under the project).

In the budget form to be filled in, the applicant should include the persons to be remunerated (names and organisation), the tasks to be performed, the number of days of work to be performed, and the daily salary in EURO.

The applicant should identify clearly each task to be performed (category of staff). The following are examples of staff categories:

- Project manager (= project coordinator) (= senior staff);
- Person responsible for reporting to the Commission (finances, payments, task progress, etc.). The management of the project is a core task and cannot be subcontracted;
- Assistant project manager;
- Trainers;
- Training manager;
- Clerical officer or administrative assistant or secretary;
- Accountant or financial assistant.

This list is not exhaustive, but any additional category has to be duly justified.

If staff members are recruited after submission of the application, you must send their names and complete CVs to the Commission for approval as soon as possible.

The project manager must notify any planned changes of staff responsible for implementation of the action to be approved by the Commission:

- indicating the impact on the estimated budget; and
- within the time limit laid down in the grant agreement (Article II.12 – amendments to the agreement).

Direct eligible costs are considered for the following **categories of staff**:

8.1.2 Statutory staff

These are staff having either a permanent or temporary individual employment contract with the applicant in accordance with the national law applicable to the latter.

Only persons who are directly employed by the beneficiary and who receive a salary are considered as statutory staff.

All other persons, i.e. persons who receive a fee and/or submit an invoice for their services are considered as external subcontracted staff.

Personnel of national administrations¹⁷

Salary costs of personnel of national administrations may be considered as eligible costs, to the extent that they relate to the costs of activities which the relevant public authority would not carry out if the project concerned would not be undertaken.

¹⁷ Article 126(3)(e) FR.

The costs of permanent staff of a public organisation will be considered eligible within the limit of the amount necessary to co-finance the project.

Under no circumstances can the total costs of such staff exceed the total co-financing from the applicant and from third parties.

The Commission will ensure that this ceiling is respected before awarding the grant and may reduce the corresponding costs accordingly.

Calculation of costs

1. The actual costs of statutory staff must be calculated on the basis of the annual gross costs of the employee and should include all the normal charges paid by the employer, such as employer's social security contributions and related costs.

No additional (non-statutory) and individual pension schemes and/or sickness insurances are eligible, including company cars, bonuses and similar fringe benefits, regardless of whether they are contractual or awarded on an ad-hoc basis. Dividends or profit sharing are also ineligible.

2. The annual costs must then be divided by the number of working days to obtain a daily staff costs.

The working days should be determined having regard to the standard working time either under national laws or collective agreements or under the organisation's normal accounting practice.

A figure of 220 working days per year may be used as a reasonable benchmark for a full-time member of staff in most cases (total days in the year (365) — weekends (e.g. 104 (52 x 2) — annual/statutory holidays).

Example calculation (based on 220 working days per year):

$$\text{Daily rate} = \frac{\text{Gross actual salary plus social security charges} + \text{statutory costs}}{\text{Total workable days}}$$

For Ms/Mr X, the annual costs (EUR 21632.60) is made up of gross salary (EUR 16000) and social security charges (EUR 5632.60).

We can calculate the daily costs as:

$$\text{EUR } 21.632.60 \div 220 \text{ working days} = \text{EUR } 98.33/\text{day}.$$

Should the action be financed by the Commission, only incurred costs (i.e. expenditures made by the beneficiary on staff costs) will be considered eligible.

Supporting documents

When you send the final report, you have to include:

- payslips of the members of staff of your organisation; and

- time-sheets, i.e. statements of the time spent by each person on the project in the form of completed timesheets, signed and validated by the staff member and the employer.

The time spent on activities carried out to implement the action must be registered in a timely and regular manner, normally every day (timesheets filled in retroactively will not be accepted as supporting documents).

8.1.3 External subcontracted staff

This concerns staff you take on for their input to a specific project as external consultants/experts and other service providers (e.g. interpreters, translators, accountants) on the basis of a time-limited "civil" contract, in accordance with the national laws to which you are subject.

The use of civil law contracts has to concern non-regular functions and specific tasks that do not usually fall under employment contracts and does not have the effect of circumventing the beneficiaries' tax and social obligations.

The costs of civil law contracts may only be eligible if this mechanism complies with the requirements of applicable tax and social legislation.

The applicant may include the costs of natural persons working under a contract with you other than an employment contract, provided that:

- a) They work under instructions of the beneficiary (i.e. the work is decided, designed and supervised by the beneficiary) and, unless you agree otherwise, at your premises;
- b) The beneficiary will become the owner of the fruit of this work;
- c) The costs are not significantly different from the costs of staff performing similar tasks under an employment contract (if applicable);
- d) The costs are declared consistently under any project requiring the same kind of expertise regardless of the funding sources;
- e) The contract does not begin before the date of signature of the grant agreement or finish after the end date of the project; and
- f) The contract refers specifically to the co-financed Hercule III project.

Examples:

- *Temporary staff recruited through a specialised external agency, including agreed temp/interim agencies;¹⁸*
- *Staff employed through a subcontractor with a signed and dated contract (or similar document);*
- *Self-employed person/consultant under an individual contract.*

The costs of interpreters should be entered under the "Conference rooms — interpretation costs" budget heading.

¹⁸ Temporary employment is a form of temporary work permitted by law that is performed by a worker (the temp) for the account of an employer (the temp agency) for a third party (the applicant of a grant).

Calculation of the costs

- The costs of external subcontracted staff are reimbursed on the basis of an invoice, fee notes or other supporting documents (records of expenses in the beneficiary's accounts).

They should not exceed the generally accepted market rates for the same kind of service.

- The total costs per staff member should correspond to the amount stated in the invoice/fee note or other supporting document.

External staff contracts must contain provisions referring to:

- the precise tasks to be carried out;
- the fact that the work is to be carried out under your instructions;
- the dates when the work will be carried out; and
- your "ownership" of the results.

Contracts concluded for carrying out service activities (other than employment contract) must comply with the applicable tax and social legislation.

Copies of the contracts signed for hiring external staff, timesheets and invoices will have to be provided with the final report.

8.1.4 Time sheets

Employees have to record their time on a daily, weekly, or monthly basis using a paper or a computer-based system.

Working time is the total number of hours actually worked, excluding holidays, sick leaves or other allowances.

The beneficiary must establish a time registration system that, as a minimum, respects at least the basic requirements mentioned below:

1. The timesheets (paper or electronic) must contain at least the following information:
 - Project reference number (Grant Agreement number);
 - Full name of the beneficiary as indicated in the grant agreement;
 - Full name of the employee;
 - The number of time units (days) worked on the action during the period of the timesheet;
 - Number of time units (days) worked on other grants/activities;
 - Total number of time units (days) worked;
 - Details of the tasks performed for the action;
 - Date and signature of the employee;
 - Date and signature of the manager.
2. The time worked on the action must be registered in a timely and regular manner, normally every day (timesheets established retroactively shall not be accepted as supporting document).

3. The completed timesheet for a given month should be signed by the employee and approved by the supervisor in a timely manner – ideally during the first week of the following month.

The timesheet should be kept on either a weekly or monthly basis or show the day, month and year. Global sheets showing for example "x" hours days per month are not accepted as supporting documentation.

It is highly recommended that a description of the time registration procedure is written down for future reference.

8.2 CONFERENCE ROOMS AND RELATED CHARGES

The costs of hotel accommodation and catering (breakfast, coffee breaks, lunch and dinner) offered to participants attending the event must be included under budget heading "Subsistence and Hotel Costs" and not under "Conference rooms charges".

When a conference or seminar is organised, charges may be incurred for meeting rooms and technical equipment necessary for holding the event.

Please indicate the estimated costs of hiring the rooms, technical equipment, interpreters' cabins and any other facilities that could prove necessary.

Where a public or private organisation makes a room available free of charge on its own premises, this is not regarded as an eligible expense.

Interpreters must be highly skilled professionals with the right accreditation and be able to carry out the activity to a standard that is nationally acceptable.

8.3 TRAVEL COSTS

8.3.1 General information

Only travel costs relating to specific and clearly identifiable activities are eligible for EU funding.

They relate to travel by participants/speakers from the place specified in their invitation (work address) to the venue and will be reimbursed on the basis of the shortest and most economical route. Please refer to article 5.2.3 for travel costs made by EU staff.

Each means of travel is to be indicated separately in the budget form. Consequently, separate budget lines are to be completed in case the participants combine the transport by two different ways, e.g. plane and train.

Travel costs for staff taking part are considered eligible only if they are necessary for the action, provided they are in line with the usual practices on travel costs.

Any travel to places other than your place of establishment must be shown to be relevant to the project and directly connected to specific and clearly identifiable project-related activities.

If participants pay for travel tickets directly, the applicant should:

1. ask them to fill in and sign a request for reimbursement;
2. reimburse them; and
3. send proof of payment to the Commission, indicating:
 - the place of departure;
 - the destination;
 - the number of persons per journey of the same type; and
 - the unit cost of the journey.

If a destination can be reached by making use of equivalent transport modes, the least expensive means must be used.

The applicant can sometimes cut travel time by starting an event in the afternoon and finishing at lunchtime on the final day.

However, if it is more cost-effective to arrive at the venue a day earlier than the starting date, taking into account the airfare and the accommodation, the additional night constitutes an eligible expense.

Options for issuing travel tickets:

1. The beneficiary makes all the travel arrangements, i.e. booking flights and issuing travel tickets as required for all participants;

Issued flight and travel tickets are not transferable and no changes will be made in routing or dates at the request of a participant. If the participant is not able to attend the training, any travel tickets are to be returned to the beneficiary.

or

2. The participants purchase the travel tickets and the beneficiary reimburses the value of the ticket on the basis of:
 - a travel invoice or electronic ticket with clear indication of the ticket price; and
 - a completed travel reimbursement form signed by the participant with the number of the bank account to which the travel costs are to be reimbursed.

8.3.2 Means of transport

8.3.2.1 Air

Journeys covering distances **of more than 400 km** (one way) may be made by air.

Booking fees and the costs of air travel in economy class are eligible, using the cheapest fare available. Where a class other than economy is used, expenses are eligible up to the amount of the economy class fare. In such case the beneficiary will submit a certificate issued by the transport company.

In exceptional cases, business class may be permitted for:

- flights of four hours or more without stopovers;
- flights outside Europe with a total flying time of at least 12 hours in any consecutive period of 72 hours.

Travel expenses will be reimbursed on presentation of the following original supporting documents for the journey:

- copies of flight tickets with the price, class, date and participant's name;
- boarding passes;
- other relevant invoices; and
- in the case of online bookings, a printout of the electronic reservation.

Tickets for air travel vary considerably. It is recommended that you seek an estimate from a travel agent and add a margin to cover possible fluctuations in the price.

8.3.2.2 Public Transport (bus, metro, tram etc.) (individual participant)

Travel expenses will be reimbursed on presentation of:

- copies of bus tickets indicating price, class and date;
- other relevant invoices; and
- in the case of online bookings, a printout of the electronic reservation.

8.3.2.3 Bus/coach (group of participants)

Travel expenses are reimbursed on presentation of supporting documents (ticket) and invoice indicating at least the place of departure and arrival, the number of passengers and the dates of travel.

8.3.2.4 By train

Travel costs are reimbursed on the basis of the shortest and most economical route between the departure point stated in the invitation and the place where the event takes place.

Travel expenses are reimbursed on presentation of the following supporting documents:

- ticket indicating price, class and date; and
- travel agency invoice/printout of the electronic reservation (if any) on the basis of the first-class rail fare, including reservation costs, transport of necessary luggage and any supplements for express trains.

Tariffs are usually available on the rail companies' websites.

8.3.2.5 Car

The costs of a journey by private or company car is calculated at a rate per km in accordance with the internal rules of the organisation concerned, up to a maximum of EUR 0.22/km.

The costs are reimbursed on presentation of a receipt from the recipient of the reimbursement stating the date of travel, the place of departure and the destination.

Other car related costs are not eligible (e.g. fuel costs, parking and motorway tolls).

8.3.2.6 Taxi to airport/station at the place of the event

Public transport is strongly encouraged for airport transfer, however, taxi fares are considered as eligible costs for transfers to airports or stations at the place of the event.

If several persons travel in the same taxi, only one fare can be charged.

Taxi fares are reimbursed on presentation of the original supporting documents if duly and clearly completed (receipt of the taxi company indicating the amount paid, the date, the route, and identification of the taxi company)¹⁹.

8.4 SUBSISTENCE COSTS

8.4.1 General information

Subsistence costs include the costs of hotel accommodation and catering (breakfast, coffee breaks, lunch and dinner) offered to participants attending the event. The total of catering costs/person/day can be considered eligible up to the maximum daily subsistence costs as indicated in point 8.4.2 below.

Please refer to point 5.2.3 for hotel and subsistence costs made by EU staff.

These costs are eligible only up to the actual amount spent. It is important to keep all supporting documents, as the Commission will ask you to submit these with the final financial report.

Daily allowances paid to the participants are not eligible.

To be accepted, subsistence costs must be:

- reasonable in the light of local prices;
- exclusively linked to the project;
- paid to the hotel/restaurant/catering service, etc.;
- for hotels, the costs should not be higher than the maximum amounts established by the Commission in the table below.

8.4.2 Ceilings on subsistence and hotel costs²⁰

The ceilings for subsistence costs (per day) and hotel room costs (without breakfast) are mentioned below (applicants are advised to adhere to these rates in their budget estimates).

¹⁹ Enabling the identification of the taxi company for ex post control purposes.

²⁰ The agreed rates (in euros per calendar day) to be used for the purposes of the present Call for Proposals are the ones included in the Commission Decision of 18.11.2008: General implementing provisions adopting the Guide to missions for officials and other servants of the European Commission, C(2008) 6215 final, with any subsequent revisions.

Country		Max daily subsistence Costs	Maximum room price (in EUR)
AT	Austria	95.00	130.00
BE	Belgium	92.00	140.00
BG	Bulgaria	58.00	169.00
HR	Croatia	60.00	120.00
CY	Cyprus	93.00	145.00
CZ	Czech Republic	75.00	155.00
DE	Germany	93.00	115.00
DK	Denmark	120.00	150.00
EE	Estonia	71.00	110.00
EL	Greece	82.00	140.00
ES	Spain	87.00	125.00
FI	Finland	104.00	140.00
FR	France	95.00	150.00
HU	Hungary	72.00	150.00
IE	Ireland	104.00	150.00
IT	Italy	95.00	135.00
LT	Lithuania	68.00	115.00
LU	Luxembourg	92.00	145.00
LV	Latvia	66.00	145.00
MT	Malta	90.00	115.00
NL	The Netherlands	93.00	170.00

Country		Max daily subsistence Costs	Maximum room price (in EUR)
PL	Poland	72.00	145.00
PT	Portugal	84.00	120.00
RO	Romania	52.00	170.00
SE	Sweden	97.00	160.00
SI	Slovenia	70.00	110.00
SK	Slovakia	80.00	125.00
UK	United Kingdom	101.00	175.00
AL	Albania	50.00	160.00
ME	Montenegro	80.00	140.00
MK	The former Yugoslav Republic of Macedonia	50.00	160.00
RS	Serbia	80.00	140.00
TR	Turkey	55.00	165.00
BA	Bosnia and Herzegovina	65.00	135.00
XK	Kosovo*		140.00
CH	Switzerland	80.00	140.00
LI	Liechtenstein	80.00	95.00
NO	Norway	80.00	140.00

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

For information on ceilings for other countries, please contact OLAF-FMB-HERCULE-LEGAL@ec.europa.eu.

The number of persons for whom accommodation is provided should tally with the proposed number of participants (excluding EU staff, who cover their own costs). If these numbers do not match, you should explain the discrepancy in the application form.

8.5 MISCELLANEOUS

Costs not falling under any of the other headings (e.g. for the dissemination of information, specific evaluation of the project, translations, reproduction, press releases and publicity, speaker's fees (except for speakers from public sector, purchase of copyrights and other Intellectual Property Rights (IPR), Intellectual property costs connected with the publication of project materials) may be claimed in this category provided they are considered necessary for the proper performance of the work specified in the grant agreement.

No staff costs should be indicated in this budget heading. Subcontracted staff members should be indicated in budget heading "staff".

Tasks which will be implemented by staff members cannot be taken into account as "miscellaneous" costs as they are part of the budgeted staff costs.

Each cost item should be budgeted in separate budget lines.

Only the costs of items directly linked to the performance of the action, identifiable and assigned to the action will be considered under this heading.

This heading also includes items "consumed" by the project, i.e. material that is used up by the end of the project. These might include CD-ROMs, leaflets and other conference materials. More general office supplies, stamps or other stationery constitute indirect costs and cannot be considered under this heading.

8.5.1 Information, dissemination, reproduction and publications

For each publication and/or other materials, you have to include:

- a description;
- an estimate of the number of pages and copies planned;
- the frequency and language of publication;
- an indication of the production costs per copy; and
- an estimate of the distribution costs where appropriate.

You are encouraged to explore the possibilities of producing online publications.

8.5.2 Translation costs

Translation costs must be based on the number of languages, the number of pages to be translated and the rate per page.

The documents to be translated are to be indicated.

The rates may not exceed the most reasonable market rates.

8.5.3 Evaluation

If the project requires some form of evaluation, monitoring and evaluation methods must be developed, as well as tools to assess, on an on-going basis, the progress of the action in relation to the objectives defined at the beginning, and the results. The costs of such work will be regarded as eligible expenditure.

Successful applications could be the subject of evaluations carried out by the Commission and/or independent evaluators on its behalf.²¹

You must make available to the Commission, and/or persons authorised by it, all necessary documents or information to ensure successful completion of the evaluation process and provide the required right of access.

8.5.4 Equipment

Costs pertaining to the acquisition, leasing or rental of equipment are eligible only if they are essential for implementing the project, and as a rule only in respect of *"the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action, provided that is written off in accordance with the*

²¹ Article 13 of the Hercule III Regulation.

tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind".

This excludes any computer equipment, office material, furniture, etc., that the applicant needs for daily activities; these will normally be covered by indirect costs (overheads).

Items purchased prior to the action, even if they are used for the purposes of the action, cannot be considered eligible direct costs (the use of existing equipment and the beneficiary's installations is partly covered under indirect costs).

Expenditure in relation to renting and leasing operations is eligible for co-financing subject to the legislation and general practice in the Member State in question, and the duration of the rental or lease for the purpose of the project.

If you opt for rental or leasing, the costs of any buy-out option at the end of the lease or rental period will not be eligible.

If leasing or renting is not possible, purchase is acceptable subject to the following conditions:

- You can charge as direct costs only equipment directly associated with implementation of the action;
- You should compare the prices of different suppliers to see who offers the best value for money (taking into account price and quality);
- Only costs relating to the depreciation of the equipment²² can be taken into account when calculating the total eligible costs of the project; and
- Depreciation costs are calculated as described below, unless required otherwise by the applicable national tax and accounting rules, generally accepted for the same kind of items, in the country of the organisation purchasing the equipment.

The Commission can take into account only the proportion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action.

Costs are calculated as follows: **(A/B) x C x D**, where:

A: Number of months used for the action

B: Total period of depreciation (in months);

C: The actual costs or value;

D: The percentage of usage of the equipment for the action.

9 INDIRECT ELIGIBLE COSTS/OVERHEADS

Indirect eligible costs (general costs) incurred in connection with the project are eligible on the basis of a fixed flat-rate maximum of 7 % of the total sum of eligible direct expenses.

Where the estimated budget provides for a lower percentage for overheads, this percentage cannot be increased in the final calculation of the grant.

²² Article 126(3)(d) FR.

Indirect costs/overheads are not eligible if you receive an operating grant during the submission or expected implementation of the action.

Fixed-rate indirect expenses do not have to be justified by accounting documents, but you cannot claim the type of costs covered by overheads (general administrative costs) under any other heading.

Overheads are costs connected with:

- infrastructure and the general operation of the organisation, such as hiring or depreciation (calculated in accordance with the national legislation to which you are subject) of buildings and equipment and immovable property, heating, lighting, electricity or other forms of energy, water, rents and maintenance costs, insurance, office supplies (stationery, paper, ink, cartridges, etc.), office furniture, telecommunications (fax, telephone, mailing, internet connection, telecommunication software), photocopying, postal fees, legal advice, etc.; and
- "horizontal" services, e.g. administration and management fees and cleaning.

Postage costs are considered as overheads and cannot be accepted under the budget heading "Miscellaneous".

10 VAT²³

10.1 Deductible VAT — ineligible costs

If the beneficiary purchases goods or services necessary for the implementation of an activity supported by an EU grant and pays value added tax (VAT) on this purchase, the VAT paid as part of the purchase price can be considered eligible, except where the activity falls within one of the following categories:

- a. Activities for which VAT is **recoverable**, i.e. deductible under national VAT legislation; or
- b. Activities engaged in by bodies governed by the public law of a Member State (state, regional or local government authority or other public body), acting as **public authorities**.

Please note that the eligibility of VAT has to be assessed by activity and by beneficiary, not necessarily for the project as a whole.

Example:

VAT paid by a beneficiary on purchases necessary for the implementation of taxed activities can be deducted from VAT charged by the grant beneficiary on its sales. It does not constitute a cost item for the beneficiary and is therefore not eligible.

²³ Article 126(3) FR and Article 187 RAP.

10.2 Activities engaged in as a public authority

Activities engaged in by a beneficiary as a public authority are activities carried out by public bodies under the special legal regime applicable to them, i.e. not including activities pursued by them under the same legal conditions as those that apply to private economic operator. These activities may relate to the powers of police, customs, taxes, definition and enforcement of public policies etc. and for them VAT is in principle not eligible.

Activities engaged in by beneficiaries as public authorities but pursued by them under the same legal conditions as those that apply to private economic operator, are activities for which, in principle, VAT is eligible.

*Example:*²⁴

Training activities are not in principle activities carried out by beneficiaries as public authorities, unless national legislation designates a public body as the sole entity having such competence. The nature of the activities to be taken into account is the training itself, even though the target audience might relate to sovereign powers (e.g. national law enforcement officers, judges or policemen...). In this case, the VAT is eligible.

11 SUBCONTRACTING

The applicant is expected to have the resources necessary to carry out the work required for the project. Nevertheless, in certain circumstances a limited part of the work (mainly hotel accommodation, catering, interpretation, dissemination of information, specific evaluation of the project, audits, translations, etc.) can be subcontracted.

When preparing the application, you should bear in mind that subcontracting can have an impact on the timetable for the implementation of certain activities.

The applicant will remain solely responsible for project management or organisation. This part of the project can never be entirely outsourced.

Subcontractors cannot be considered as "partners" or affiliated entities. They provide you with services, for which you must bear the costs.

Subcontractors do not contribute financially to the project and therefore do not benefit from any intellectual property rights arising from it.

There should be no statutory link between the beneficiary and the subcontractors, where this could lead to conflicts of interest and circumvention of the principle of non-profit. Where links exist, the beneficiary must seek the Commission's prior approval.

Subcontracts must be awarded in accordance with the conditions set out in Article II.9 of the grant agreement.

²⁴ Without prejudice to the applicable national law in the individual Member States, which may identify other/additional public power prerogatives and activities falling under a special legal framework.

The applicant must specify clearly in the grant application form which tasks will be subcontracted and why you consider this to be necessary.

The applicant must also clearly identify in the budget form the tasks to be subcontracted.

Without prejudice to the provisions in Directive 2014/24/EU²⁵, when concluding external contracts in order to implement the project, you must seek competitive tenders from potential contractors and award the contract to the bid offering best value for money (i.e. the best price/quality ratio) or, as appropriate, to the tender offering the lowest price.

In doing so, you must observe the principles of transparency and equal treatment of potential contractors, taking care to avoid any conflict of interest²⁶.

Subcontracting is subject to the following conditions:

- a) It may only cover a limited part of the project.
- b) It must be justified in terms of the nature of the tasks necessary for implementing the project.
- c) The tasks to be subcontracted and the corresponding estimated costs must be set out and clearly indicated in detail in the budget estimate.
- d) Subcontracting while the project is under way is subject to prior written authorisation by the Commission.
- e) The beneficiary retains sole responsibility for implementation of the project and for compliance with the provisions of the agreement.
- f) The beneficiary must take the necessary steps to ensure that the subcontractor waives all rights vis-à-vis the Commission under the agreement.
- g) The beneficiary must undertake to ensure that the terms²⁷ it is subjected to under the agreement also apply to the subcontractor.

Subcontracting by public bodies, acting as contracting authorities within the meaning of Directive 2014/24/EU²⁸ or contracting entities within the meaning of Directive 2014/25/EU,²⁹ where the need is demonstrated, must be awarded in accordance with the applicable national rules on public tendering and in conformity with EU directives on public tendering procedures.

11.1 Subcontracting contract

Typically, a subcontracting contract should set out:

- the services to be provided (subject of the subcontracting);
- the dates on which the agreement begins and ends;
- the price to be paid (breakdown and detailed description of the costs);
- the work schedule/completion phases;
- the payment arrangements (instalments, staggered payment, etc.); and

²⁵ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, OJ L94 of 28 March 2014.

²⁶ Article 209(1) RAP.

²⁷ i.e. the terms relating to liability, conflict of interest, confidentiality, publicity, evaluation, assignment and checks and audits.

²⁸ See footnote 25 above.

²⁹ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/17/EC, OJ L 94 of 28 March 2014.

- (penalty) clauses in respect of non-performance or late completion/delays in the performance of work.

The Commission is not party to the subcontracting agreement between the beneficiary and the subcontractor/service provider and is not liable towards any of the parties under such contracts.

Thus, the beneficiary will retain sole responsibility for the implementation of this agreement and for compliance with its provisions. The beneficiary must make the necessary arrangements to ensure that the subcontractor/service provider waives all rights in respect of the Commission under such contracts.

11.2 Invoice

You must ensure that all invoices issued by subcontractors:

- are addressed to you;
- bear a clear reference to the Hercule project (i.e. number and title or short title);
- indicate your purchase order/subcontract; and
- are sufficiently detailed as to allow identification of single items covered by the service delivered (i.e. clear description of the costs made for each item).

12 PAYMENT ARRANGEMENTS

Payments will be made to the beneficiary directly. The payment procedures will be laid down in the grant agreement.³⁰

The co-funding is provided in two instalments:

- a pre-financing payment³¹ corresponding to **50%** of the grant amount and transferred to the beneficiary within 30 days of the entry into force of the agreement. On expiry of this time limit, you are entitled to late payment interest, which is calculated and generated automatically as a payment; and
- final payment of the balance, to be paid within 60 days of receipt and approval by the Commission of the final report and final financial statement of the project. The Commission will establish the amount of the final payment on the basis of the final grant amount.

If the amount of the pre-financing payment exceeds the final grant amount, the beneficiary will be required to reimburse the amount paid in excess through a recovery order.

³⁰ Articles 90 and 135 FR and Article 207 RAP.

³¹ Articles 109 and 110 RAP.

13 SUBMISSION OF FINAL REPORT

Within 60 days after the closing date of the action, the beneficiary must submit to the Commission the final report on the implementation of the action (final technical report), along with a final financial statement of all actual expenditure and actual revenue (final financial report), both duly signed by the legal representative.

14 CALCULATION OF THE GRANT

If the application is selected for a grant, the Commission will calculate the EU contribution as a percentage of the total eligible costs as shown in the estimated budget for the implementation of the application.

The Commission reserves the right to reduce the grant requested if the application is acceptable but considered too expensive, and to reduce individual unit costs if these are estimated to be too high.

The EU final grant is calculated on the basis of the **actual** eligible expenditure by applying the "double ceiling" rule and verifying compliance with the non-profit rule.

- The "**double ceiling**" rule limits the amount and the percentage of the grant to the percentage of the eligible costs and to the maximum amount mentioned in the grant agreement.

The EU final grant is calculated by applying this percentage for the co-financing of the eligible costs laid down in the grant agreement to the total of the actual eligible costs.

This amount must not exceed the maximum amount for the EU grant laid down in the grant agreement.

As a result, if the actual expenditures are lower than foreseen, the grant will be reduced accordingly to the amount corresponding to the percentage indicated in the grant agreement.

If the actual expenditure turns out to be higher than the expenditure budgeted, the EU grant will not be increased. It is therefore in the applicant's interest to submit a realistic estimate of expenses.

- Verification of compliance with the "**no-profit rule**".

The grant may not have the purpose or effect of producing a profit within the framework of the action for the beneficiary³². Profit is defined as a surplus of the receipts over the eligible costs incurred by the beneficiary, when the request is made for payment of the balance.

³² Art. 125(4) FR.

The receipts referred to above shall be limited to income generated by the action as well as financial contributions specifically assigned by the donors to the financing of the eligible costs.

Any income of the action must be indicated in the estimated budget and the final financial statement. If the final amount results in a profit for the beneficiaries, the amount of the grant will be reduced by the percentage of the profit corresponding to the Union contribution to the eligible costs of the action actually incurred by the beneficiary/ies to carry out the action.

A mere forecast of expenditure does not give entitlement to a grant. This is why the exact amount of the final grant cannot be calculated until the Commission has received the final activity report and the final statement of expenditure.

The expenditure that is committed to the implementation of the action must be justified by invoices or equivalent supporting documents, in order to be accepted as actual expenditure. It must also relate to actual rather than budgeted costs.

15 QUESTIONS

The daily management of your activities remains your sole responsibility, but the Commission will endeavour to give advice and answer questions regarding the grant agreement. Please address all queries to the functional mailbox:

OLAF-FMB-HERCULE-LEGAL@ec.europa.eu and indicate clearly in the subject line: 1) the reference of the grant agreement or of the Call; 2) the name of beneficiary or the applicant; and 3) the title of the project.