

# **ANNEX I**

**SOCRATES-ERASMUS INSTITUTIONAL CONTRACT 2001/2002**

**RULES ON THE USE AND FINANCIAL MANAGEMENT OF THE  
SOCRATES GRANT**



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## **Section I: General Principles for the use of the Grant**

### **I.1. General Rules on Eligibility**

- These General Rules apply to all activities incurred within the Institutional Contract.
- **Justification of expenditure**  
The Beneficiary will not apply the grant to any expenditure which is not authorised, accounted for or justified by receipts, original invoices, evidences or by certified copies of these documents. The Beneficiary will keep all the documents justifying the use of the grant for a period of **5 years** as from the date of submission of the Final Report.
- An item of expenditure can only be included under one heading in the Financial Report included in Annex II.
- The Beneficiary must obtain at least three competitive quotes from three independent suppliers for goods, services or equipment supplied, worth 10.000 EUR or more (VAT excluded). Copies of these quotes must be given to the Commission, if so requested.
- In addition to any other limitations contained in these Rules, entertainment or representational costs shall **not** be considered as **eligible**.
- Structural costs related to the **purchase, improvement or maintenance of buildings or furniture of the Beneficiary are not eligible for any of the IC activities**.

### **I.2. Application Principles**

This section presents the **6 budgetary items** mentioned in the Financial Report included in Annex II which are eligible to some or all of the IC activities (for specific details on each of the IC activity concerned see Section II).

Three points need to be specified beforehand:

#### **A. Transfers between Indicative Amounts**

The IC grant awarded to the Beneficiary can cover one or more approved activities. Within the IC Financial Agreement, for each of these approved activities an indicative amount has been allocated under section B.1. of the Financial Agreement Identification Data.

Transfers between indicative amounts shall be allowed under the following conditions:

- a) regardless of the value of the part of the grant used for their individual implementation but in any case not less than 50% of the amount foreseen in section B.1 for OM, ECTS, IP, PROG, MOD or not less than 80% in the case of DISS (see article 5.2.2 of the Financial Agreement), all approved activities must be implemented as described in the original application and approved in the financial agreement; if any of the approved activities is not implemented satisfactorily, the indicative amount mentioned in the financial agreement for the activity(ies) concerned may be used as the basis for calculation of the reimbursement (see Financial Agreement article 5.2.);
- b) for approved IP, PROG, MOD, DISS all activities implemented or expenditure covered by the grant will need the approval of the partnership; for any of these types of approved activities, in order to be able to use less than the indicative amount allocated in the Financial Agreement, the Beneficiary will need a formal authorisation of the partnership involved in the activity(ies) concerned.

#### **B. VAT**

The Beneficiary may include the costs of any VAT or equivalent sales taxes paid on purchases if this is not recoverable by them under their national VAT system. In any event, the Beneficiary must add a statement in the Declaration of Expenses detailing the VAT status of the project. If required, the Beneficiary must provide proof to the Commission or the Office of its VAT status.

#### **C. Preparatory Visit activities arrangements**

Expenses related to the implementation of PV will still be considered as eligible expenditure if they comply with the following conditions:

- the costs covered with the grant for PV activities are limited to 10% of the maximum amount of the grant as indicated under item A.3 of the Financial Agreement Identification Data
- however, this percentage is limited to a maximum of 5.000 EUR for Financial Agreements with a maximum grant amount higher than 50.000 EUR and can be brought up to 250 EUR for Financial Agreements with a maximum grant amount lower than 2.500 EUR

- all corresponding activities and expenses covered with the grant are declared and justified under the PV sections of the Final Report (Annex II of the Financial Agreement)
- the PV activities concerned are implemented to prepare future ERASMUS co-operation projects;
- all eligibility conditions described under Section II point 2 of this Annex are respected;
- all other terms and conditions of the Financial Agreement are respected.

### **I.2.a. Travel/Accommodation and Subsistence costs** *(please refer to Section II for individual IC activities)*

- I.2.a.1. Only travel/accommodation/subsistence costs **essential for the preparation, implementation and/or evaluation** of approved activities under the IC shall be considered as eligible. All such costs must be clearly shown in the Declaration of Expenses and must be related to an activity detailed in the Final Report.
- I.2.a.2. The Beneficiary must try to use the **most economical method of travel** and where possible full use should be made of Apex flights and special discount rates.
- I.2.a.3. **Rail travel** (first class if preferred by the Beneficiary and if allowed by the rules of its institution) must be used for journeys of up to 400 kilometres, except in cases of emergency or where a sea crossing is necessary. For journeys of more than 400 kilometres, **air travel** may be used but shall be limited to economy class fare (or Apex or special discount fares whenever possible).
- I.2.a.4. In the case of **travel by car**, these costs shall be eligible but shall be calculated according to the following conditions:
- In the case of travel in a private car, the amount to be reimbursed shall be limited to the cost of one equivalent first class rail fare (no matter how many people are travelling in the car). However, the Beneficiary and/or its partners must justify the trip and provide evidence that it has been carried out.
  - In the case of a rented car (maximum class B), the actual costs shall be allowed. However, a rented car may only be used if no other suitable transport is available.
- I.2.a.5. Travel insurance costs shall be eligible under this item.
- I.2.a.6. Travel costs **outside the countries** where partners are located shall only be eligible if such travel is shown to be essential for the implementation of the activity. However, travel, accommodation and subsistence costs, incurred with respect to **travel outside of the countries eligible to participate in the ERASMUS IC activities within the Socrates programme, shall not be eligible.**
- I.2.a.7. **Accommodation and subsistence costs are eligible provided:**
- they are necessary and reasonable taking into consideration the place of stay
  - they are calculated in accordance with the internal rules of the Beneficiary
  - they do not exceed the maximum amounts detailed in the table below.

Local travel costs (from the airport to the hotel or to the meeting place for instance) have to be included under subsistence and accommodation costs.

Provided these limits are respected, the Beneficiary may opt for reimbursing accommodation and subsistence expenses on an actual or a fixed cost basis. However, where the internal rules of the Beneficiary and/or the partner impose a lower limit than those detailed in the tables below, these must be used as the basis of calculation.

**Table showing the maximum accommodation /subsistence cost per person per day for each of the countries indicated**

Country	Maximum in EUR	Country	Maximum in EUR
BE Belgium	150	IS Iceland	183
DK Denmark	179	LI Liechtenstein	174
DE Germany	127	NO Norway	171
GR Greece	113	BG Bulgaria	157
ES Spain	141	CZ Czech Republic	214
FR France	130	EE Estonia	129
IE Ireland	165	CY Cyprus	100
IT Italy	130	LV Latvia	174
LU Luxembourg	143	LT Lithuania	126
NL The Netherlands	148	HU Hungary	136
AT Austria	122	MT Malta	86
PT Portugal	143	PL Poland	227
FI Finland	156	RO Romania	185
SE Sweden	157	SI Slovenia	148
UK United Kingdom	199	SK Slovakia	164

The amounts detailed in the above table include all possible costs associated with the stay in the country concerned. These rates will be applicable for a complete period of 24 hours and/or any period including one night.

### **I.2.b. Technology (hardware) and Equipment** *(please refer to Section II for individual IC activities)*

- I.2.b.1. The costs relating to the acquisition, whether by purchase, leasing or rental, of technology and equipment will **only be eligible if** such acquisition is strictly necessary for the performance of the approved activity(ies) concerned **and if** such technology or equipment relates to the **use of ODL or new information and communication methods**.
- I.2.b.2. Where the Beneficiary has the option to choose between leasing, renting or purchasing of technology or equipment, the choice must be based upon **the least expensive method**. The Beneficiary must contact a number of suppliers in order to ensure that the equipment is supplied in accordance with the most economic terms. If so required by the Commission or the Office, the method of acquisition and the choice of supplier must be justified.
- I.2.b.3. Where the Beneficiary opts for the rental or leasing of technology or equipment, **the costs of any buy-out option at the end of the lease or rental period, shall not be regarded as an eligible cost**.
- I.2.b.4. Where technology and equipment costs are allowed, installation, **maintenance** and **insurance costs** for the equipment may also be included, limited to the percentage usage of the equipment in the project. These costs must be justified and detailed in the Financial Report included in Annex II.
- I.2.b.5. The technology or equipment shall be inventoried according to the national laws and internal regulations of the Beneficiary.
- I.2.b.6. **Where the purchase of technology or equipment is allowed, the costs shall be allowed as follows:**
- For the purposes of calculating depreciation, all technology and equipment shall be deemed to have a life expectancy of three years where the purchase price is more than 1.000 EUR.
  - The eligible costs per annum shall be calculated by reference to a depreciation factor of 33.33% but reduced in proportion to the % utilisation in the project concerned.

*Example:*

The allowable cost in year one for a piece of equipment worth 10.000 EUR which is used 50% for the project, shall be 1.666 EUR:

$$10.000 \times 33.33\% \times 50\% = 1.666 \text{ EUR}$$

In year two of the contract (if applicable), if the use of technology or equipment remains the same, then the eligible costs will be 1.666 EUR. If no usage of technology or equipment for the project is foreseen in the second year, then no costs will be eligible (depreciation or otherwise).

- Where the total value of equipment or technology does not exceed 1.000 EUR, then the full purchase value shall be allowed as a cost in the relevant year, reduced in proportion to the percentage usage in the project concerned.
- Depreciation costs shall not be eligible if they relate to a purchase of technology or equipment outside the relevant contractual period.

I.2.b.7. In the case of **leased** or **rented** technology or equipment, then the full lease/rental cost for the relevant period may be allowed but shall be reduced in proportion to the % usage in the project.

I.2.b.8. The Beneficiary must keep ready for **inspection** all documents relating to the purchase, leasing or renting of equipment or technology.

### **I.2.c. Information / Selection / Preparation / Reception and Monitoring of exchanged students and/or staff** *(please refer to Section II for individual IC activities)*

I.2.c.1. The costs relating to the information, selection, preparation, reception and/or monitoring of students or staff exchanged in mobility activities are eligible.

I.2.c.2. These costs can cover expenditure related to:

- information costs (materials and/or activities),
- tests and selection costs (materials and/or activities) prior to the exchange period,
- linguistic, academic and cultural preparation costs prior and/or during the exchange period,
- monitoring, evaluation and assessment costs of individuals abroad and after their return.

### **I. 2.d. Administrative Costs** *(please refer to Section II for individual IC activities)*

#### **I.2.d.1. General administrative costs**

cover the direct administrative costs relating to the approved activities, including notably:

- Communications (telephone, fax, mailings etc.),
- Administration and office supplies (including computer software),
- Insurance,
- Costs of photocopying documents,
- Rental of premises,
- Secretarial, administrative and/or technical personnel costs (see I.2.d.2 *Secretarial, administrative and/or technical personnel costs* below),
- consumable within laboratories.

These costs shall be calculated on the basis of the accounting principles, rules and methods applicable to the Beneficiary and/or its partners. These principles, rules and methods must be fair and reasonable and must be in compliance with the accepted accountancy regulations and practices in the country concerned. Upon request, the Beneficiary shall send to the Commission or the Office, a full explanation of the methods they or their partners have used, to calculate these overhead charges.

#### **These costs shall be allowed provided:**

- the overhead costs are clearly identified and can be verified and are not in excess of the actual costs of the Beneficiary;
- they do not include any costs already charged to another category of expenditure in the Financial Report included in Annex II;
- **they do not exceed a maximum of 20% of the total value of the IC grant.**



### I.2.d.2. Secretarial, administrative and/or technical personnel costs

- These shall be limited to the **costs of secretarial and administrative staff specifically assigned to the activities of the projects**, whether on a full-time, part-time or temporary basis. The costs of secretarial and administrative staff employed for the normal activities of the institution shall not be eligible unless these costs relate to overtime payments wholly and specifically connected with the activities of the project and clearly identified as such on the salary bill.

Personnel costs as detailed above shall be included and reported in the Financial Report, under General Administrative Costs exclusively.

**Apart from the costs detailed above, no other personnel costs shall be eligible.**

- The Beneficiary shall keep a full and accurate record for each member of its personnel whose costs have been included in the Financial Report. **This record must include the following details:**
  - the name of the employee concerned,
  - the normal hourly/daily/monthly gross rate of the employee,
  - the normal costs and charges paid by the Beneficiary for the employee,
  - the amount of time spent on the IC implementation and the tasks performed by the employee,
  - the amount of the money actually paid to the employee concerned

This record must be signed by both the employee and the Beneficiary and will be supplied upon request to the Commission or to the Office upon request.
- **Personnel costs** shall not exceed the norm for the labour market in the country concerned.

### I.2.e. Production / Printing / Distribution / Translation costs

I.2.e.1. These costs shall be **eligible** provided they are reasonable in amount and are related to the volume and complexity of the documents or materials involved. The Beneficiary must try and obtain the best possible prices for the work to be performed.

I.2.e.2. Where for production, printing or distribution purposes the Beneficiary uses its own technical departments to perform these tasks, then the eligible costs shall **include only material (consumable) costs**.

If staff is recruited by the Beneficiary or subject to a clearly identified extra hours payment **especially and exclusively** for these tasks, the corresponding personnel costs will have to be included under General administrative costs (see part I.2.d.2).

In any event, the total costs for these activities shall not exceed what would be normally charged by an outside contractor to perform the task concerned.

I.2.e.3. For **translations**, the maximum allowable cost shall be 1 EUR per line (55 to 60 characters per line). For interpretation costs, the maximum allowable cost shall be 500 EUR per day per interpreter (excluding accommodation and subsistence costs). The maximum number of interpreters shall be limited to 2 per day per language.

### I.2.f. Other costs and Bank Charges

Other costs not covered by part I.2.a to I.2.e may be allowed provided

- they are reasonable in amount;
- are strictly necessary for the performance of the IC activities;
- are fully documented and explained in the Financial Report ;
- are not covered elsewhere in the Financial Report ;
- are not identified as ineligible within the Financial Agreement or any of its annexes;
- have been formally approved by the Commission (or the Office).

Bank charges relating to the opening or maintaining of an account established especially for the IC approved activities, are eligible and should be included under other costs. In addition, all transfer and exchange costs relating to receipts and payments for eligible expenditure under the approved activities, shall be eligible. However, charges relating to establishing or maintaining a line of credit, overdraft or guarantee facility shall not be eligible.

## **Section II: Specific rules applied to individual IC Activities**

The Beneficiary is invited to consult Section B.1. of the Financial Agreement Identification Data in order to identify the types of approved activities concerned by the present agreement.

See also Section I.2.C for Preparatory Visit activities arrangements.

In addition to the terms and conditions set out in the Financial Agreement, the rules below constitute the minimum conditions for activities to be considered as eligible. Please note that these Specific Rules may amend or exclude certain items of eligible costs.

The expenditure incurred in undertaking the following activities must conform to the provisions set out in Section I and III of this document.

Where activities fail to meet the minimum conditions set out below, the Commission reserves the right, in accordance with Article 12 of the agreement, to demand repayment of the part of the grant corresponding to the indicative amount allocated to the activity (activities) in question.

### **II.1. Support for the organisation of mobility (OM)**

The grant made available under the present agreement may be used for OM only under the following conditions:

- The student and the teaching staff mobility must take place to or from **eligible partner institutions** (see Article 7 of the agreement) in countries distinct from that of the Beneficiary;
- For each mobility flow, the institution sending or hosting the exchange students and teaching staff must belong to a Member State of the European Union (in other words, **flows between institutions not belonging to a Member State of the European Union are not eligible**);
- The institutions involved in a particular exchange must have concluded an **agreement** covering the hosting and sending of a clearly determined number of students/teachers during the academic year in question;

Further eligibility conditions related to student or teaching staff mobility flows and the use of the corresponding grants are set out in a specific contract between the Beneficiary and its National Agency and for this reason are not specified under this section.

#### **Rules governing the use of the OM grant:**

Within an approved **OM** activity the following shall **not** be considered as **eligible** expenditure:

- all costs related to an exchange of students and staff with an **ineligible** partner;
- all costs related to an exchange of students and staff between two non EU institutions;
- all costs related to an exchange of students and staff between two institutions of the same eligible country;
- expenditure incurred for the award of individual mobility grants or to increase the amount of Action 2.2 ERASMUS grants awarded to students and teachers involved in an OM exchange;
- tuition fees or any other type of inscription fees such as test, examination, library or laboratory fees;
- costs related to research activities;
- acquisition costs of dictionaries, regular course books or other type of publication to be kept in the libraries, subscriptions to regular publications etc.

Within an approved OM activity the following are considered as **eligible** expenditure:

- **travel, accommodation and subsistence** costs for academic and/or administrative staff involved in preparatory, monitoring or evaluation meetings linked to the OM activities;
- **linguistic preparation** of outgoing and/or incoming students and outgoing teachers (e.g. costs related to the organisation of special courses, registration to courses given outside the institution, purchase of learning and/or teaching material, etc.);
- although under the part above accommodation costs for ERASMUS students and teaching staff members are not eligible within OM, advance on rent or agency's fees (but not the actual rent) can be considered as an eligible cost;

- information, selection, preparation, orientation and monitoring of outgoing and/or incoming students and teachers (e.g. costs related to the organisation of special courses, the purchase of learning and/or teaching material, the payment given to students or student organisations for the monitoring and assistance of ERASMUS students, the practical organisation of the period spent by the ERASMUS students in the receiving institution etc.);
- acquisition, production, translation and diffusion of **teaching or information material** directly related to the mobility activities;
- **equipment** if related to the use of ODL methods or new information and communication technologies directly linked to the approved mobility activity;
- administrative costs.

## II.2. Preparatory Visits (PV)

(See also Preparatory Visit activities arrangements under Section I.2.C of this document)

The grant made available under the present agreement may be used for carrying out PVs only under the following conditions:

- The PV will take place to or from eligible partner institutions (see Article 7 of the agreement) in countries distinct from that of the Beneficiary;
- For each approved PV flow, the visiting or visited institution must be in a Member State of the European Union (visits between institutions not belonging to a Member State of the European Union are therefore not eligible);
- PVs are not permitted with partner departments which are already involved in activities which are approved under the present agreement (i.e. a visit can take place to a partner institution already involved in activities which are approved under the present agreement as long as the object of the visit concerns departments with which no IC co-operation activities exist under the present agreement);
- Each preparatory visit may not last more than three weeks (i.e. 21 days).

### Rules governing the use of the IC grant for PV:

Within an eligible **PV** activity the following shall **not** be considered as **eligible** expenditure:

- all costs related to a visit to an ineligible partner;
- all costs related to a visit between two non EU institutions;
- all costs related to a visit to an institution from the same eligible country;
- all costs incurred after the maximum duration of the visit, i.e. 21 days;
- all costs related to research activities.

Within an eligible **PV** activity the following shall be considered as **eligible** expenditure:

- travel, accommodation and subsistence costs incurred during the time of the visit;
- administrative costs.

## II.3. European Credit Transfer System (ECTS)

### II.3.a. Development of ECTS

The grant made available under the present agreement may be used for implementing the ECTS only under the following conditions:

- The activities undertaken within the framework of the ECTS meet the fundamental principles of this activity as described in the ECTS User's Guide;
- The ECTS is implemented in those disciplines and following the work programme presented in the original application form submitted by the Beneficiary and approved in the agreement;

At the express request of the Commission, the Beneficiary (represented at least by its ECTS co-ordinator) may be required to take part in no more than 2 ECTS information seminars. The costs of this participation can be covered by the grant within the limits of the Rules governing the use of the grant.

## **Rules governing the use of the ECTS grant:**

Within an approved **ECTS** activity the following shall **not** be considered as **eligible** expenditure:

- costs related to the updating of ECTS tools in subject areas where they were already existing.

Within an approved ECTS activity the following shall be considered as **eligible** expenditure:

- travel, accommodation and subsistence costs to attend information and preparatory meetings for the development of ECTS within the beneficiary organisation;
- travel, accommodation and subsistence costs of a national counsellor on ECTS invited by the university who assists the institution in developing ECTS.
- production, translation and diffusion costs of ECTS material for new subject areas (i.e. subject areas under which the ECTS has not been implemented);
- equipment costs if related to the use of new information and communication technologies directly linked to the ECTS activity;
- administrative costs.

### II.3.b. Visit Grants for ECTS Counsellors

Within their ECTS grant some universities have received a special complementary grant in order to cover the costs related to the visit of ECTS counsellors to their institution who assist the institution in evaluating, monitoring and improving an existing ECTS system. Such complementary grants have been identified under section B.3 of the Financial Agreement Identification Data.

This ECTS counsellor's grant will be used to cover the following expenditure:

- 750 EUR corresponding to each counsellor's fee
- the counsellor's travel costs in accordance with the specific rules defined for this type of expenditure under section I.2.a of this document
- the counsellor's subsistence and accommodation costs in accordance with the specific rules defined for this type of expenditure under section I.2.a of this document

All costs related to the visits and covered with this complementary grant will have to be identified and justified in the Financial Report included in the Final report (see specific footnote in table 2).

## **II.4. Joint Curriculum Development and Dissemination/Implementation of Curriculum Development Projects (CD: PROG, MOD, DISS)**

(hereafter referred to as CD)

Within the framework of CD, the allocated grant (see indicative amount allocated in Section B.1. of the Agreement Identification Data) must be used with the full knowledge and the full agreement of the partnership, as identified in Section B.2. of the Agreement Identification Data (see also article 5.2 of the agreement).

The Beneficiary is responsible towards the Commission for justifying the use of the grant allocated to it for this activity. The Beneficiary is also responsible to the Commission for the description, in its Final Report, of all the activities carried out within the framework of the approved activity in question.

The grant made available under the present agreement may be used for carrying out a CD only under the following conditions:

- a) The **PROG/ MOD/ DISS** is undertaken in at least one member state and two other eligible countries. If, following the withdrawal of one or more eligible partners, this condition cannot be respected, the co-ordinator will have to inform the Commission immediately, via the Office, and all activities and expenditure related to the project will have to be stopped until further notice from the Commission. Failure to do so could lead to a request for reimbursement of the entire grant awarded at final report stage.
- b) Only those partner institutions identified in Section B.2. of the Agreement Identification Data are considered as eligible partners for the approved activity in question. For this reason, and within the framework of the partnership, only these establishments are authorised to decide on which activities are to be undertaken and which expenditure is to be incurred for implementing the approved activity, and to benefit from Community financial support.

#### **II.4.a. Rules governing the use of the PROG and MOD grant:**

Within an approved **PROG or MOD project** the following shall **not** be considered as **eligible** expenditure:

- any expenditure incurred by institutions not included in the approved partnership;
- any expenditure incurred without the knowledge or approval of the partnership.

Within an approved curricular project the following shall be considered as **eligible** expenditure:

- travel, subsistence and accommodation costs within preparatory, monitoring and evaluation meetings;
- acquisition, production, translation, implementation and dissemination of teaching material directly related to or resulting from the development of the curricular project;
- equipment if related to the use of ODL methods or new information and communication technologies material necessary for the development of the curricular project;
- administrative costs.

#### **II.4.b. Rules governing the use of the DISS grant:**

Within an approved **DISS project** the following shall **not** be considered as **eligible** expenditure:

- any expenditure incurred for activities with institutions not included in the approved partnership;
- any expenditure incurred without the knowledge or approval of the partnership;
- any expenditure related to the development phase of the joint curriculum programme.

Within an approved dissemination/implementation project the following shall be considered as **eligible** expenditure:

- travel, subsistence and accommodation costs for
  - preparatory, monitoring and evaluation meetings related to the dissemination activities and/or the implementation of the joint curricular project;
  - conferences and meetings for the presentation of the project and to disseminate the results to future partners;
- production, translation, implementation and dissemination of teaching material resulting from the development of the curricular project;
- equipment if related to the use of ODL methods or new information and communication technologies material necessary for the dissemination and /or implementation of the curricular project;
- administrative costs.

#### **II.5. Intensive Programmes (IP)**

Within the framework of IP, the allocated grant (see indicative amount allocated in Section B.1. of the Agreement Identification Data) must be used with the full knowledge and the full agreement of the partnership, as identified in Section B.2. of the Agreement Identification Data (see also article 5.2 of the agreement).

The Beneficiary is responsible towards the Commission for justifying the use of the grant allocated to it for this activity. The Beneficiary is also responsible towards the Commission for the description, in its Final Report, of all the activities carried out within the framework of the approved activity in question.

The grant made available under the present agreement may be used for carrying out an IP only under the following conditions:

- a) The **IP** is undertaken by a minimum of three eligible partner institutions coming from at least one member state and two other eligible countries. If, following the withdrawal of one or more eligible partners, this condition cannot be respected, the co-ordinator will have to inform the Commission, via the Office, immediately and all activities and expenditure related to the project will have to be stopped until further notice from the Commission. Failure to do so could lead to a request for reimbursement of the entire grant awarded at final report stage.

The IP has to take place in the **location** indicated in the original application form. A change of location is acceptable if this is duly justified in the Final Report. If there is a change in location, all minimum conditions must still be respected, including at least 10 students travelling from abroad.

The IP must last **at least 10 continuous working days** and **no more than three months**. The activities undertaken within the IP may not consist of research activities or conferences.

- b) Only those partner institutions identified in Section B.2. of the Agreement Identification Data are considered as eligible partners for the approved activity in question. For this reason, and within the framework of the partnership, only these establishments are authorised to decide on which activities are to be undertaken and which expenditure is to be incurred for implementing the approved activity, and to benefit from Community financial support.

### **Rules governing the use of the IP grant:**

Within an approved **IP** activity the following shall **not** be considered as **eligible** expenditure:

- any expenditure incurred by institutions not included in the approved partnership;
- any expenditure incurred without the knowledge or approval of the partnership;
- travel and subsistence costs for academic and/or administrative staff and/or students from an institution located in the country where the IP takes place;
- all costs related to the organisation of an IP in an ineligible country;
- all costs related to the organisation of an IP shorter than 10 days or longer than three months;
- all costs related to the organisation of an IP involving less than 3 institutions and/or less than 10 students coming from abroad;
- all costs related to research activities or conferences.

Within an approved IP activity the following shall be considered as **eligible** expenditure:

- travel, subsistence and accommodation costs within preparatory and evaluation meetings;
- travel costs for students and teachers coming from abroad involved in the IP;
- subsistence and accommodation costs for teachers and students during the teaching period abroad provided they do not exceed the maximum amounts detailed in the table under Section I.2.a of this document;
- travel, accommodation and subsistence costs for field specialists not directly employed by one of the participating institution and coming from abroad, provided:
  - these specialists are citizens or considered as permanent residents of an eligible country;
  - their participation has been formally mentioned in the original application or formally approved by the Commission (or the Office);
  - their participation brings clear and identifiable benefits to the IP;
  - the accommodation and subsistence costs do not exceed the maximum amounts detailed in the table under Section I.2.a of this document;
- acquisition, production, translation and dissemination of teaching or information material directly related to the IP;
- equipment if related to the use of ODL methods or new information and communication technologies within the IP;
- administrative costs.

## **Section III: Rules Relating to the Financial Management of the Grant**

### **III.1. Financial Management**

These rules apply to all expenditure covered by the grant for the implementation of the approved IC activities.

#### **III.1.a. Bank Accounts**

The bank account detailed in Annex III of the Financial Agreement, must comply with the following conditions:

- III.1.a.1. It must be established **in the name of the Beneficiary**. It must not normally be established in the name of an individual except where the particular legal situation or circumstances of the Beneficiary require it.
- III.1.a.2. The bank account must normally be situated in the country where the Beneficiary has its principal place of business or registered office.
- III.1.a.3. In order to minimise payment delays, the Beneficiary is strongly recommended to open an account with an **international bank** which is part of a Euro clearing arrangement.
- III.1.a.4. Where possible, the account should be opened in Euro.
- III.1.a.5. The Beneficiary is strongly advised to open an account **specifically for the IC activities**. However, in the case of a general account or a specific account, the Beneficiary must establish a system of accounting which enables the movements on the bank account to be clearly related to the expenses and receipts of the IC activities.
- III.1.a.6. The Beneficiary is strongly recommended not to make withdrawals from the bank account in cash. In any event, all withdrawals from the bank account must be justified by proper bank documents.

#### **III.1.b. Bank Interest generated by the Socrates grant**

- III.1.b.1. The Beneficiary must ensure that the best possible use is made of the Socrates grant and that the money is managed in accordance with the principles of sound financial management. Where possible, the Beneficiary must ensure that if the grant, or any part of it, is not to be immediately used, then it is placed on an interest bearing account.
- III.1.b.2. All interest earned in respect of the Socrates grant must be declared in the Financial Report for the relevant contract year. The accounting system established by the Beneficiary for the IC activities must be able to clearly identify the interest earned and justify how the final amount was arrived at.
- III.1.b.3. If not used within the contractual period for the approved activity, all interests earned on the Socrates grant shall be paid to the Commission within 30 days of the end of the financial agreement.

#### **III.1.c. Accounting system**

- III.1.c.1. The Beneficiary must establish either an analytical accounting system or an internal system to manage and account for the finances of the IC activities. Whichever system is chosen, it must be able to identify both the sources of finances of the approved IC activities and the expenses incurred for each activity during the financial agreement.
- III.1.c.2. It is highly recommended that there is a separation between the people responsible for the management of the approved IC activities and the people involved in their financial management.

#### **III.1.d. Exchange Rates**

- III.1.d.1. **All amounts declared in the Financial Report must be expressed in Euro**. The Commission shall refuse any Final Report where the Financial Report has been expressed in any other currency apart from Euro. The exchange rate to be used shall be that used by the banks carrying out the transactions concerned, as detailed and explained below.
- III.1.d.2. Where the Beneficiary has established a bank account in euro to manage the project, then the actual amounts debited from the account in Euro will be used to determine the amounts to be included in the Financial Report included in Annex II.

III.1.d.3. Where the bank account has been established in a currency other than Euro, then the rate to be used shall be the one used at the time of the transfer of the grant into the Beneficiary's account.

III.1.d.4. The Commission may, at any moment, request the Beneficiary to confirm the exchange rates used by it in any transaction under the project.

## **III.2. Financial Report**

### **III.2.a. General Considerations**

III.2.a.1. The Financial Report, which is a part of the Final Report must be submitted within the deadlines and in the manner specified in the General Conditions of the financial agreement (see article 9 of the Financial Agreement).

III.2.a.2. The Financial Report must be completed using Annex II of the financial agreement.

III.2.a.3. The Financial Report must be complete and detail **all, and exclusively, the expenses covered by the SOCRATES grant to implement the approved IC activities.**

III.2.a.4. It is strongly recommended that the Financial Report is reviewed by someone in the Beneficiary's organisation that has accountancy training and experience.

III.2.a.5. The Financial Report must be dated and signed by the authorised legal representative of the Beneficiary **as identified on the cover page of the Financial Agreement.**

### **III.2.b. Analysis of the Financial Report**

The Commission will analyse the Financial Report in accordance with the following procedure:

III.2.b.1. From the costs covered by the SOCRATES grant and declared in the Financial Report, will be deducted all ineligible items, as defined in these Rules and in the Financial Agreement, in order to arrive at the *grant eligible costs* of the IC.

III.2.b.2. If this *grant eligible costs* is at least equal to the maximum grant the Financial Report will be considered as approved and the Final Grant awarded will be equal to the maximum grant identified under item A.3 of the Financial Agreement.

III.2.b.3. If this *grant eligible costs* are lower than the maximum grant, the final grant awarded will be limited to the *grant eligible costs*.

#### **Example**

<i>Maximum Grant</i>	<i>Declared costs</i>	<i>Grant eligible costs after analysis</i>	<i>Final grant awarded</i>
100.000 EUR	100.000 EUR	100.000 EUR	100.000 EUR
100.000 EUR	90.000 EUR	85.000 EUR	85.000 EUR

III.2.b.4. If after deducting the ineligible costs, the Final grant awarded is less than the total amount(s) already paid by the Commission, then the Beneficiary must reimburse the difference upon request by the Commission or the Office.

III.2.b.5. The rules contained in this section shall not prejudice the rights of the Commission to seek a full or partial recovery of the grant if it is not satisfied with the content of any of the IC approved activities implemented.

### **III.2.c. Requests for Supplementary Information**

Upon request from the Commission or the Office, the Beneficiary undertakes to provide at its own expense and within a given deadline of twenty (20) working days, any complementary information, invoices or documents concerning the activities undertaken and the use of the grant awarded in the framework of the agreement. This information may also be requested on a sampling basis.



### III.3. Audit Principles

#### III.3.a. General Considerations

III.3.a.1. On-site audits may occur at any time during the IC contractual period and within five years after the conclusion of such period.

During this five years period, independently of the results of any previous evaluation of the Financial Report, all ineligible expenditure identified by the Commission or the Office (either through re-evaluation of the Declaration or through audit visits) will have to be reimbursed by the Beneficiary upon request by the Commission or the Office.

III.3.a.2. Audits may be carried out by the European Commission, the European Court of Auditors or the Office or by agents appointed by any of these parties. Beneficiaries will be notified in advance of an audit, as specified in article 8.1 of the Financial Agreement.

III.3.a.3. Before the audit takes place, the Beneficiary may be required to send certain documents to the Commission. These documents may relate to the way in which the financial management of the IC activities have been carried out or may be responses to requests for further information on the expenses detailed in the Financial Report. In any event, any request for documents must be complied with within the time limit specified in the request.

III.3.a.4. The documents which the Beneficiary must have ready and be able to show to the auditors are specified below.

#### III.3.b. General Rules for Documents

III.3.b.1. The Beneficiary must provide **proofs covering eligible expenses** incurred for the implementation of the approved IC activities for an amount at least equal to the maximum grant.

III.3.b.2. In the case of **invoices** addressed to the Beneficiary, they must be original and be dated. In the case of the expenses incurred by partners, the Beneficiary must be able to show copies of invoices certified as true and exact by the Financial Officer of the partner concerned.

III.3.b.3. **Pro-forma invoices** will not be accepted except in the case of expenses which have been committed or engaged but not yet paid at the time of the audit. However, these pro-forma invoices must respect the three-month rule specified in article 4.1 of the Financial Agreement.

III.3.b.4. The Beneficiary must put at the disposal of the auditors all necessary banking documents enabling the auditors to verify all the payments and other transactions made relating to the IC activities implemented, including interest earned from the Socrates Grant.

III.3.b.5. The Commission or the Office may reject any item of expense which cannot be justified in accordance with the rules set out in this annex.

#### III.3.c. Specific Rules

##### III.3.c.1. Personnel Costs

In addition to the matters specified in part I.2.d.2. *Secretarial, administrative and/or technical personnel costs* of these rules, the Beneficiary must have available for inspection copies of the contracts for administrative and assistance staff specifically employed for the IC activities and whose salaries have been included in the Financial Report as part of the administrative costs.

##### III.3.c.2. Travel/Accommodation/Subsistence Costs

Travel costs shall be justified according to the following rules:

- Train travel : on production of the original ticket
- Air travel : on production of the original ticket
- Private vehicle : Certificate from the local railway company certifying the cost of a corresponding first class rail return
- Private hire car : invoice of the company concerned
- By taxi : taxi receipt

As regards **accommodation** and **subsistence costs**, these shall be justified as follows:

- if the Beneficiary and partners opts for a **system of actual costs**, then these costs shall be reimbursed in accordance with the actual invoiced amounts, provided they do not exceed the maximum daily rates allowed under point I.2.a of these rules.
- if the Beneficiary opts for a **fixed cost basis**, then it shall not be required to provide any proofs of expenditure, provided that the system complies with the internal rules of the institution concerned and the limits specified in the point above are respected.

### III.3.c.3. **Technology (hardware) and Equipment**

The Beneficiary must be able to produce all original documents relating to the purchase, leasing and rental of technology and equipment, including those relating to the maintenance and installation of such equipment. The Beneficiary must also be able to produce, if required, documents certifying the origin of any technology or equipment acquired, whether by purchase, leasing or rental, under the financial agreement. The Beneficiary must be able to demonstrate how any technology or equipment acquired under the financial agreement has been accounted for in the accounting system of its organisation.

### III.3.c.4. **General Administrative costs**

The Beneficiary must be able to show clearly how these costs were calculated, incurred and attributed to the IC activities implemented.

### III.3.c.5. **Production / Printing / Distribution / Translation costs**

The Beneficiary must be able to produce original invoices for its costs. The invoices must be detailed and contain all the necessary information as to, for example, the volume of work involved, the materials produced, the charge rate used and, where applicable, the studio and production time involved.

Where this work has been carried out by an internal department, the Beneficiary must provide the justification of the basis of calculation of the costs.

## III.3.d. **Audit and Monitoring Findings and Follow-up**

### III.3.d.1. **Audits**

The Beneficiary will be informed of the results and conclusions of the audit. The audit may lead to the following results:

- The audit is **satisfactory** and no further action is necessary.
- The Beneficiary will be required by the auditors to produce documents or justification which were not available, or which were **not sufficiently** detailed, at the time of the audit. The Beneficiary must send the information required within the time specified by the Commission or the Office. After review of these documents and depending on their content, the audit will be terminated either in accordance with case of the point above or the point below.
- The audit reveals expenditure which is **not eligible** and which will have to be deducted from the actual costs of the project. Depending on the amount of these ineligible costs, this may lead to an adjustment of the grant awarded and a corresponding reimbursement to the Commission. Any reimbursement due will be made in accordance with article 12 of the Financial Agreement.

### III.3.d.2. **Contractual Monitoring**

Monitoring visits may take place at any time during the contractual period. The purpose of these visits is **to review the progress of the IC activities and inspect at first hand, the results and outcomes**. These visits will be carried out by the Commission, the Court of Auditors, the Office or by agents appointed by any of these parties. The visits will normally take place at the premises of the Office or of the Commission in Brussels. In some cases, as required by the Commission, they may also take place at the offices of the Beneficiary. In the case of projects receiving a grant of 100.000 EUR or more, the Beneficiary might be required to visit the Office or the Commission at maximum twice during the contract year, to review progress. In any event, if a monitoring visit is necessary, the Beneficiary will be notified in advance by the Commission or by the Office, in accordance with article 8.1 of the Financial Agreement.

The Beneficiary will be informed of the results and conclusions of the monitoring visit. **The visit will normally lead to the following results:**

- the visit is **satisfactory** and no further action is necessary;
- the Beneficiary may be required to produce documents or **materials** which were **not available** at the time of the visit. These documents or materials must be produced within the time specified by the organisation carrying out the visit;
- the Beneficiary may be required to take steps to **improve the quality** of the materials being produced or to re-align the work plan so as to comply with the financial agreement;
- where the visit reveals that **no progress** has been made or no work has been carried out, all or some of the IC activities may be stopped and the Beneficiary required to reimburse any grant received.

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