



EU TECHNICAL ASSISTANCE
TO CIVIL SOCIETY ORGANISATIONS
IN THE WESTERN BALKANS AND TURKEY



REGIONAL WEBINER: Reporting on the implementation of grant contracts

3 - 4 November 2022

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Webinar objectives

- ❑ **Transfer of knowledge and experiences** from experts to CSOs in the Western Balkans and Turkey (WBT) regarding grant reporting
- ❑ To contribute to **capacity building** of the CSOs in the Western Balkans and Turkey (WBT) regarding grant reporting
- ❑ To **contribute to better understanding** of reporting obligations and ground rules by grant beneficiaries
- ❑ To contribute to the improvement of **reporting skills and quality of the reports**
- ❑ To **reduce common mistakes** in preparation of grant reports

Webinar structure (Agenda)

DAY 1

10:00 – 10:30	Introduction
10:30 – 12:00	Narrative reporting
12:00 - 13:00	Break
13:00 - 15:00	Narrative reporting (continuation)

Day 2

10:00 – 12:00	Financial reporting
12:00 – 13:00	Break
13:00 – 15:00	Financial reporting (continuation)

Content

- Reference documents for reporting
- Ground rules for grant reporting and obligations
- Reporting obligations and challenges
- Reporting dynamics
- Structure of reports and supporting documentation
- Cost eligibility criteria and eligible costs
- Narrative report content and preparation
- Financial report content and preparation per budget lines
- Common mistakes**
- Recommendations** and **useful links**

Methodology

- Presentation** of ground rules and best practice in reporting
- Going through **templates** and content
- Providing answers** to selected specific questions during session
- Q&A** ex-post

Reference documents

- Grant contract with annexes
- All contract modifications
- All previous reports (monitoring, quarterly, etc.), CA decisions, instructions and approvals
- Programme manual, Implementation manual if any and relevant templates provided by CA
- PRAG (relevant version) – mostly for procurement procedures
- EC INTPA COMPANION TO FINANCIAL AND CONTRACTUAL PROCEDURES for external actions for grant contracts - <https://intpa-econtent-public.s3.eu-west-1.amazonaws.com/eCompanion/14.0/eCompanion-en-14.0.pdf>

Grant contract

Standard grant contract (special conditions) signed with annexes:

- Annex I** DoA and logframe
- Annex II** General conditions
- Annex III** Budget
- Annex IV Procurement rules
- Annex V** Payment request and Financial identification form (FIF)
- Annex VI** Model narrative and financial reports
- Annex VII Expenditure verification report model and ToR
- Annex VIII Model financial guarantee
- Annex IX Template for transfer of asset ownership

Reporting is.....

- ❑ **Contract obligation: SC Art. 4** (Special Conditions) and **GC Art. 2 and 15** (General Conditions)
- ❑ Bases of further **prefinancing and balance payments**
- ❑ **Covering the action as a whole**, regardless of which part of it is financed by the contracting authority (CA)
- ❑ **Consisting of a narrative and a financial report** drafted using the templates provided in Annex VI of grant contract
- ❑ **Providing a full account** of all aspects of the action's implementation for the period covered considering Annex II and III of the grant contract
- ❑ **Presenting current results achieved** by the action (impact, outcomes or outputs) as measured by their corresponding indicators; agreed baselines and targets, and relevant sources of verification considering Annex I of the grant contract



The report shall describe the implementation of the **project** according to the **activities** envisaged, **difficulties** encountered, and **measures** taken to overcome **problems**, eventual **changes** introduced, as well as the **degree of achievement of its results** (impact, outcomes or outputs) as measured by corresponding **indicators**

GC Art. 2.1



Reporting dynamics, GC Art. 15

	INTERIM	FINAL
Implementation period	12 months	Whole period
Deadline	60 days after the end of reporting period	90 days after the end of implementation period

- Progress report might be introduced on quarterly/six-month bases depending on the CA decision which is not linked with payment.

Report structure

- Request for payment (Annex V of the contract)
- Narrative report (Annex VI)
- Financial report (Annex VI)
- Folder 1:** Supporting documentation for narrative report
- Folder 2:** Supporting documentation for financial report
- Folder 3:** Procurement documentation (structured per tender procedure)
- Folder 4:** (if applicable): Supporting documentation for financial support to third parties

Please note: Project partners are obliged to provide to Coordinator all relevant information and documentation for activities implemented and expenditures incurred in order to prepare report and submit to CA

Report submission

Follow CA requirements!

Via e-mail

- Cover letter – scanned signed original
- Request for payment – scanned signed original
- Narrative and financial report - scanned signed originals and Word/Excel version
- Detail breakdown of expenditures Excel document
- IF requested by the CA - Dropbox link or We transfer** for all electronic versions of narrative and financial reports in Word/Excel versions and all supporting documentation scan originals where applicable

Via post office/hand delivered

- Cover letter - **signed original** printed version
- Request for payment – **signed original** printed versions
- Narrative and financial report - **signed original** printed versions
- If requested by the CA - Supporting documentation (scanned originals where applicable, mandatory Excel document Detail breakdown of expenditures) **on USB**

Please note that CA is applying sample based verification of supporting documentation!
Original documents must be available on the spot and presented upon request to the CA.

Cost eligibility criteria, GC Art. 14.1

- Incurred during implementation period** of the action, except for the costs related to final report, audit or evaluation of the action
- Indicated in the estimated overall budget** (Annex III of the contract)
- Necessary for the implementation** of the action in line with the DoA (Annex I of the contract)
- Paid before the submission of the final reports**, they may be paid afterwards, provided they are listed in the final report together with the estimated date of payment
- Identifiable and verifiable**, in particular being recorded in the accounting records
- Comply with** the requirements of applicable **national tax and social legislation**
- Reasonable, justified** and comply with the requirements of **sound financial management**, in particular regarding economy and efficiency
- Procurement rules** and principles must be respected in line with the **Annex IV** of grant contract
- Under **Art. 14.2 GC** are listed all **direct eligible costs!**
- Under **Art. 14.11 GC** are listed **non-eligible costs!**



Salary costs of the personnel of national administrations are *non eligible costs*, *unless otherwise specified in the special conditions and only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the action were not undertaken*

GC Art. 14.11

Material used: PRAG *General conditions of the grant contract*

Supporting documentation, GC Art. 16.9

- Accounting** records
- Proof of **procurement procedures/purchase**
- Proof of **commitments such as contracts** and order forms
- Proof of **delivery of services/goods/completion of works**
- Proof of **payment**
- For fuel and oil expenses, a summary **list of the distance covered**, the average consumption of the vehicles used, fuel costs and maintenance costs;
- Staff and payroll records such as **contracts, salary statements and time sheets.**

***Please note** that supporting documentation represent **documentary evidence** of activities implemented and costs incurred to ensure they are all in line with cost eligibility criteria.*

Amendments of the contract, GC Art. 9

- ❑ **Minor modifications vs addendum**
- ❑ Minor modifications are not affecting the expected results of the action
- ❑ Minor modifications are **transfer between items within the same budget heading** including cancellation or introduction of an item, **or a transfer between budget headings** involving a variation of **25% or less** of the original value (or as modified by addendum) of the budget heading where the funds are taken from and the original value of the budget heading where the funds are to be added
- ❑ Any deviation (e.g. increase or decrease) of the unit or unit numbers or unit price comparing to the contracted budget or minor reallocation **need to be justified and clarified to the CA through notification** at latest with the submission of report
- ❑ It is strongly advisable to **notify CA in advance to prevent non-eligible costs!!**
- ❑ Successive minor budget reallocations **must be taken into account cumulatively !**
- ❑ Always be **cautious in making any modification to the human resources!**

Amendments of the contract, GC Art. 9

- ❑ Advance notification and CA approval is obligatory for the **indirect costs**, for the **contingency reserve**, for **in-kind contributions** or the amounts or rates of **simplified cost options** defined in the contract
- ❑ When single or cumulative variations of the budget heading(s) **exceed 25%** of the budget heading's value, it is necessary to process a **formal budget revision through an addendum**
- ❑ Changes in description of the action and the logical framework are allowed as long as they **do not call into question the initial award of the grant** or the **equal treatment of applicants**
- ❑ Any **changes in description of the action and the logical framework** that affect the expected results (impact, outcomes, outputs) **MUST be agreed with the CA** before the modification takes place
- ❑ Approved changes **must be explained in the next report**
- ❑ **Unilateral amendments** affecting the DoA and the Logical Framework that affect the expected results (impact, outcomes, outputs) are **not possible and may lead to a termination of the contract** by the CA in accordance with GC Art. 12(2)

Remember....

- Deadlines** must be respected
- Templates** used must be from grant contract Annex VI in English
- Check if** all relevant sections of narrative and worksheets of financial report are properly filled in
- Report in respect to grant contract **Annex I DoA and III Budget**
- Reports are in **English language** and **EUR**
- „No profit”** rule!
- No double financing is allowed!

Remember....

- Ensure compliance** of narrative report, financial report and supporting documentation
- Use **“four eyes” principle** during preparation of reports
- Take into consideration **all modifications in the reporting period** (minor and major)
- Provide clear justifications** for any changes or delays
- Supporting documentation (documentary evidence) is **complete, verifiable, clear and kept in line with the best practice**
- Reports are signed by **authorised person**

Remember...

- ❑ For **co-beneficiaries and affiliated entities** **same rules apply** from the grant **contract** (cost eligibility criteria, reporting exchange rate, supporting documentation, accounting records, procurement rules)
- ❑ Co-beneficiaries should open **project account for Coordinator's transfers** and transactions to be traceable
- ❑ Co-beneficiaries **must provide all supporting documentation** (for narrative, financial, procurement and FSTP) to Coordinator for preparation of grant report
- ❑ Partnership agreement

Coordinator remains overall responsible for the reporting towards CA!



NARRATIVE REPORTING



Narrative report content

- Section 1** Description
 - Section 2** Assessment of the implementation of action activities and its results
 - Section 3** Beneficiaries/affiliated entities, other cooperations
 - Section 4** Visibility
 - Section 5** Location of records, accounting and supporting documents (only final report)
- + **Folder 1: Supporting documentation for narrative per activity**
- + **Folder 4 (if applicable):** Supporting documentation for financial support to third parties

Please note that sub-sections of the narrative report may differ depending whether it is Interim or Final narrative report!

Please be reminded that all documentation **MUST be kept for 5 years** after final balance!!!

Material used: PRAG template of interim/final narrative report (Word)

Narrative report – Section 2

A. RESULTS

- List impact, outcomes and outputs** in line with the the Annex I DoA and log frame of the grant contract
- Provide **assessments** of the impact, outcomes and outputs against indicators and relevant current and targeted values set in line with the Annex I DoA and log frame of the grant contract (and any previously approved modification)
- Please note** that listed impact, outcomes and outputs along with indicators, current and targeted values **must be in compliance with the Sub-section 2.3 Logical framework matrix (for interim) or 2.4 (for final report)** of the narrative report.
- Include observations on the performance and the achievement of outputs, outcomes and impact and whether the action has had any unforeseen positive or negative effects.
- Any deviations must be clarified and justified.**

Narrative report – Section 2

B. ACTIVITIES

- List activities** in line with the Annex I DoA and log frame of the grant contract, activity outputs and supporting documentation if applicable
- Present activities **clearly with appropriate numbering** e.g. Activity 1.1 – Title, Activity 1.2 – Title, etc.
- Describe **implementation status** of the activity in the reporting period **against Annex I DoA** of the grant contract
- Indicate **related budget line**, if applicable
- In case of **delays or any diviation**, **clear clarification and justification** is provided for the unrealised activities, mitigation measures envisaged and how catching up will be ensured until the end of project implementation period.
- Please note** that listed activities **must be in compliance with the Sub-section 2.4 Activity matrix (for interim report) or 2.5 (for final report)** of the narrative report.
- For **interim report**, this section must **comply with the Sub-section 2.5** related to **updated action plan**

Narrative report – Most common mistakes

- ❑ **Sub-section 1.6** Implementation period – incorrect implementation period especially for the final report
- ❑ **Sub-section 1.8** Final beneficiaries &/or target groups – incompliant with the Annex I DoA or it is not indicated how many project manage to target in the reporting period under envisaged target group
- ❑ **Sub-section 2.1** Executive summary of the action – unclear and does not represent summery of the results achieved
- ❑ **Sub-section 2.2** Results and Activities – listed results and activities are **not in order or title and description are not in line with the Annex I DoA and log frame matrix** which makes it difficult to verify and identify the achieved results and implemented activities in accordance with the contract conditions
- ❑ **Sub-section 2.2** Results and Activities – **unclear and incomplete assessment** which is not verifiable

Narrative report – Most common mistakes

- ❑ **Sub-section 2.2** Results and Activities - **inconsistent with other parts** of the narrative report (mostly with indicators, current values and targeted values under subsection 2.3/2.4 Logical framework matrix) and/or supporting documentation
- ❑ **Sub-section 2.2** Results – indicators, current values or targeted values are inconsistent with the logframe matrix
- ❑ **Sub-section 2.2** B Activities – copy-paste from Annex I DoA without providing implementation status of the activity
- ❑ **Sub-section 2.2** B Activities – clarification for the delayed activity is missing
- ❑ **Sub-section 2.2** B Activities – selection of the beneficiaries from the targeted group is poorly elaborated and/or supporting documentation for this process is missing

Narrative report – Most common mistakes

- In general sub-sections 2.3 to 2.8 and under section 3** are tend to be partially filled in or filled in incorrectly
- Sub-sections 2.3 (for final report)** related to sustainability often does not provide clear picture of the sustainability and activities are undertaken by the grant beneficiary to ensure sustainability
- Sub-sections 2.3 (for interim report)/2.4 (for final report)** Logical framework matrix - not in line with the Annex I DoA and Logframe matrix, baseline or current values not stipulated, etc.
- Sub-sections 2.5 (for interim report) Updated action plan** – not updated in line with the real situation on the ground or copy pasted from the DoA
- Outputs or documentation mentioned in narrative report is not available in supporting documentation

Final outputs not in line with the **visibility requirements!**

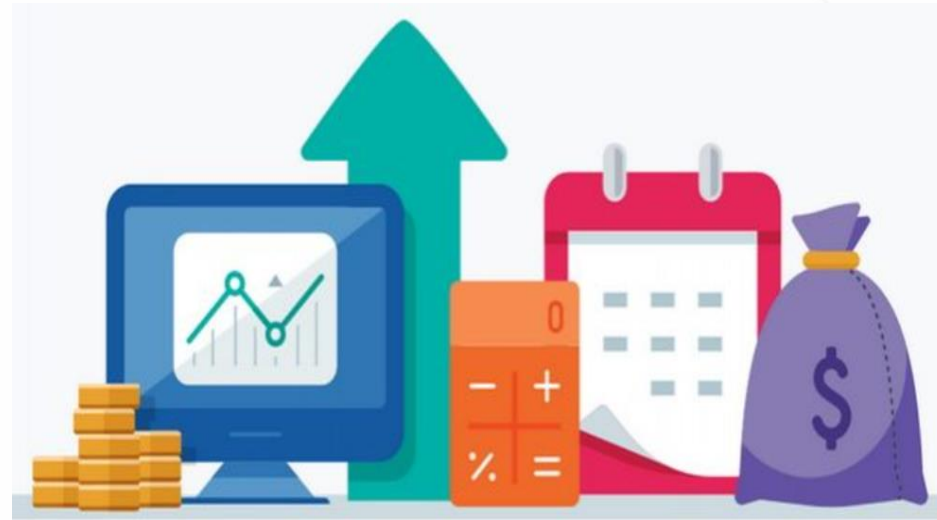
Narrative report – OPSYS

- Please be reminded to update indicators in the OPSYS, if applicable
- Instructions and Q&A you may find on the following links:

<https://wikis.ec.europa.eu/display/ExactExternalWiki/OPSYS>



FINANCIAL REPORTING



Financial report content

- ❑ **Worksheet 1:** Information
- ❑ **Worksheet 2:** Addenda or use of contingency
- ❑ **Worksheet 3:** Forecast budget and follow-up
- ❑ **Worksheet 4:** Interim report
- ❑ **Worksheet 5:** Final report
- ❑ **Worksheet 6:** Final source of funding (including list of pending payments)
- + **Folder 2:** Supporting documentation for financial report per budget line
- + **Folder 3:** Procurement documentation per procedure (indicate budget lines)
- + **Folder 4 (if applicable):** Supporting documentation for financial support to third parties

Please be reminded that all documentation **MUST be kept for 5 years** after final balance!!!

Material used: PRAG template for financial report (Excel)

Financial report - Folder 2

- ❑ **Bank statement** for initial and/or further pre-financing payments by the CA
- ❑ **Bank statement on interest yielded** on project bank account (only with final report)
- ❑ **Detail breakdown of expenditures**, GC Art. 15.7
- ❑ **Notification** in case of minor modification at latest with the report
- ❑ Calculation of project team salaries (optional)
- ❑ **Transfer of ownership** (if applicable), GC Art. 7.5 and 7.6 (with final report at latest)
- ❑ **Expenditure verification report** (if applicable), GC Art. 15.7 and in line with the SC of the grant contract
- ❑ **In addition per budget heading/lines whichever applicable:** contract, payroll slips, proof of salary social contribution payments, bank statements, proforma invoice and VAT exemption where applicable, invoice, delivery note/provisional/final acceptance, overview of distance passed in km, overview of travels and/or per diems, etc.

Financial report - Folder 3

❑ **Tender preparation**

- Declarations
- Market research
- Justification of choice of invited tenderers

❑ **Tender dossier and lunch**

- Tender dossier, invitation letters and invitation emails/publications for open calls
- Clarifications if applicable

❑ **Tender offers**

- Technical and financial offer, tender offer receipt/email

❑ **Tender evaluation and contracting**

- Nomination of EvC
- Evaluation Report, Evaluation grids, e-mail clarifications if applicable
- Notifications and emails

 Award decision
EU TACSO 3 project is funded by the European Union

General rules

- Reporting based on** Annex III Budget of the grant contract or in case of addendum, new approved version of the budget
- Consult **budget justification** under Annex III
- Recommended to open **project account to** allow the identification of the funds paid by the CA
- Double check if all relevant worksheets of financial report are **properly filled in**
- Do not delete Excel formulas and double check for arithmetical errors
- Properly present amendments** of the budget (minor modifications vs amendment)
- Double check throughout report **application of reporting exchange rate**

General rules

- Reported costs must be **without VAT** or other taxes (except for the salaries). Beneficiaries have to **apply for tax (including VAT) exemption whenever possible**
- EU contribution** is limited to maximum amount stipulated under SC Art 3.2
- Reported costs have **documentary proof**
- Double entry book keeping** (provided upon request by CA) or verified during on the spot check
- Cross check compliance** of financial documentation
- Use **“four eyes” principle** during preparation of report

Budget heading 1 – Human resources

Eligible direct cost, GC Art 14.2:

- Gross salary costs of staff** assigned to the action (including social security charges and other remuneration-related costs excluding bonuses)
- Per diems** for the project staff person taking part in the action, including staff of the beneficiaries, associates, affiliated entities and the final beneficiary
- Salaries and per diem costs shall not exceed those **normally borne by the beneficiary**
- Per diems **covers meals, tips, local travel, accommodation and sundry expenses**, and are calculated on overnight basis
- Per diem rates published by the EC at the time of contract signature **may never be exceeded**

Budget heading 1 – Human resources

Documentary evidence for “Salaries”:

- Structure per budget line and within per each month of engagement
- Decision on project team establishment
- Engagement contracts
- Timesheets, payroll slips and bank statements
- Proof that salary taxes and social contribution are paid

Documentary evidence for “Per diems”:

- Overview of per diems indicating (purpose of travel, number and names of staff, dates and number of per diem was paid, per diem rates and countries concerned)
- Travel orders if applicable

Budget heading 2 – Travel

Eligible direct cost, GC Art 14.2:

- Travel of any person taking part in the action are eligible, including staff of the beneficiaries, associates, affiliated entities and the final beneficiary
- Fuel, rent-a- car costs, transportation by bus or taxi, etc.
- The principle of cost-efficiency (most economic travel option) shall be respected for choice of transport and accommodation

Documentary evidence e.g:

- Overview of travel (purpose of travel, number and names of staff, travel destination, dates of traveling, number of per diem was paid and per diem rates if applicable, etc.)
- Travel orders and reports, if applicable
- Overview of fuel consumption, vehicle used, km passed, car logs, etc.
- Invoices, bus tickets and/or boarding passes and/or taxi bills, etc.
- VAT exemption where applicable

Budget heading 3 – Equipment

Eligible direct cost, GC Art 14.2:

- Purchase costs for equipment and supplies (new or used) specifically dedicated to the purposes of the action, provided that ownership is transferred at the end of the action when required in GC Art. 7.5.
- Visibility rules respected

Documentary evidence e.g.:

- Procurement documentation, if applicable
- Delivery note/Provisions and/or Final acceptance
- Invoice (with VAT exemption if applicable) and bank statement
- Transfer of ownership, if applicable
- Certificate of origin, if applicable

Budget heading 4 – Project office

Eligible direct cost, GC Art 14.2:

- Covering costs related to project offices where project activities take place and project staff assigned to the action is located
- Office rent, utilities, depreciation costs, rental costs or lease of building, equipment and assets, office supplies, archives, maintenance, cleaning and repairs, security, It and telecommunication

Documentary evidence e.g:

- Lease contract
- Invoices and other bills
- Specification of cost incurred under relevant budget line and calculation

Budget heading 5 – Services

Eligible direct cost, GC Art 14.2:

- Costs of service contracts (subcontracting of service or expertise) awarded by the beneficiary for the purposes of the action referred to in GC Art. 10, e.g. publications, visibility material, translation/interpretation, studies or surveys, training services, etc.
- Visibility respected on final outputs
- Retroactive service contracts are not acceptable

Documentary evidence e.g:

- Procurement documentation/selection process for natural persons, if applicable
- Outputs delivered, e.g. studies, training material, etc.
- Timesheets (if applicable) and/or contractor's report on service provided
- Invoice (with VAT exemption if applicable) and bank statement

Budget heading 6 – Other

- Covering costs which are not considered elsewhere, e.g.:
 - ✓ Construction, reconstruction, renewal or other works are usually planned under this budget heading
 - ✓ Financial support to third parties (FSTP), etc.

Visibility requirements

Permissions available in line with the national regulations

Documentary evidence e.g:

Procurement documentation/selection procedure for FSTP

Provisions and/or Final acceptance/ supervisory engineer's technical acceptance

Permit for use

For FSTP whichever applicable: contracts, reports, bank statements, outputs, etc.

Invoice (with VAT exemption if applicable) and bank statement

Budget heading 8 - Indirect costs, GC Art. 14.7

- Not exceeding 7 %** of the direct eligible costs which is already set in the contracted budget.
- Usually refer to as administrative costs cover the administrative overheads, provided that **does not include costs already declared under another budget line.**
- Eligibility criteria must be respected
- NO supporting documentation is required**

Budget heading 10.1 -Contingency reserve, GC Art. 14.8

- Not exceeding 5 %** of the direct eligible costs which is already set in the contracted budget
- Only can be planned and used for unexpected expenditures incurred during the implementation of the project with the **prior CA written authorisation/approval** (in principle requires addendum)

Budget heading 10.2 - Volunteers work, GC Art. 14.10

- Volunteers' work is a **work provided by third parties without a remuneration** being paid to them by the beneficiary
- Only if CfP allows** for the volunteers work to be considered as acceptable co-financing
- Budgeted as simplified cost option – **UNIT COST** (predetermined by CA in CfP) **under BL 10.2** separately from direct costs and **calculation of indirect costs**
- Value of the volunteers' work may comprise **up to 50% of the beneficiary's contribution** (co-financing)
- Any **eligible costs incurred linked to the work of the volunteer**, for example travel and accommodation, may be claimed **as eligible costs**.

Simplified cost options, GC Art. 14.10

- Depending of the CfP – LUMP SUMS, UNIT COSTS OR FLAT RATES
- Can be applied to one or **more budget heading or budget lines**
- Cost approval based on documentary evidence showing that the **“the cost generating event took place”** and outputs have been delivered
- Same **cost eligibility criteria**, ensure that there is **no overlapping of costs**, keep all records
- SCO items cannot be subject to usual changes (25% of budget line)
- Financial documentation is not required** except when requested by CA in case of any doubt

Examples:

Salaries: contracts, timesheets, docs evidence of activities implemented, etc.

Travels: travel orders, travel reports, overview of the travels and purpose, etc.

Fuel: car logs, overview of the km passed, etc.

Detailed breakdown of expenditures, GC Art. 15.7

- ❑ **Obligatory and bases** for preparation of financial report
- ❑ **Chronological overview of all incurred costs and budget headings** with clearly indicated description of the cost, budget line, date, invoice number, bank statement number, amount and reporting exchange rate.
- ❑ **Double check consistency** between financial report and Detail breakdown of expenditures and financial supporting documentation (payroll slips, invoices, bank statements)
- ❑ **Co-beneficiaries** should provide to Coordinator: Detail breakdown of expenditures, supporting documentation per budget lines and related supp. docs

Material used: *Detail breakdown of expenditure example*

Exchange rate, GC Art. 15.9

❑ Follow CA instructions!

- ❑ CA make payments in the currency set in the SC (special conditions) → **EUR**
- ❑ Reporting exchange rate is rate of exchange at which the **CA's contribution was recorded in the Beneficiary(ies)'s accounts**, unless otherwise provided for in the SC. If no specific provision is foreseen in the SC, same **exchange rate of the last instalment** received from the CA will be applied as reporting exchange rate.
- ❑ Exchange rate used: InforEuro or accounting practice of beneficiary (e.g. middle exchange rates of the relevant national bank)
- ❑ **Bank statement** with instalments must be in supporting docs
- ❑ **Exchange rate losses** during implementation period are non-eligible costs
- ❑ Application depends on the IPA beneficiary country, programme and CA instructions. In SC may be set rules for use of reporting exchange rate.

Exchange rate application

In general application may be as follows:

- ❑ In case of **CA's one instalment** (initial pre-financing payment), until submission deadline of the report, **one reporting exchange rate** is used for all costs incurred.
- ❑ In case of **CA's two instalments** (initial and further pre-financing payments) until submission deadline of the report:
 - **Two reporting exchange rates** are used
 - **First reporting exchange rate** is exchange rate on a date when CA's initial prefinancing payment was recorded in the Beneficiary(ies)'s accounts, for the incurred costs up to the amount of initial prefinancing payment
 - **Second reporting exchange rate** is exchange rate on a date when CA's further prefinancing payment was recorded in the Beneficiary(ies)'s accounts, for the incurred costs above the amount of initial prefinancing payment

Transfer of ownership, GC Art. 7.5 and 7.6

- Template provided under **Annex IX of the grant contract**
- Transfer of ownership of vehicles/equipment/supplies
- Transfer to** final beneficiaries or local authorities, local beneficiary, local affiliated entity and another action funded by the EU
- In case beneficiaries are **retaining ownership**, submit **request for approval to CA** and inventory listing the items concerned and a proposal concerning their use
- Transfer must be submitted to the CA at latest with the final report for purchase cost of **more than 5,000 EUR per item**
- No obligation to be provided to CA for purchase cost of **less than 5,000 EUR per item** but must be kept in the records on the spot

Expenditure verification report, GC Art. 15.7

- Template provided under **Annex VII of grant contract**
- Check what is stipulated in the Special conditions!!
- Audit company **must be approved by the CA** and set in special conditions **or** audit is being done by the audit company engaged by the CA for the whole grant scheme
- If it is obligation of beneficiaries, costs are budgeted, and procurement procedure is not required since audit company is predetermined in the Special conditions
- Mandatory for the grant contracts above 100.000 EUR along with the final report
- For the grants of 5 million EUR and more, it is required with each interim reports
- Cost for EvR can incurred after implementation period

Payment request

- ❑ Request for payment template from **Annex V** of the grant contract
- ❑ **Double check** data and requested amount
- ❑ IBAN/account number needs to be in line with the FIF template
- ❑ For further pre-financing payment request, check whether expenditure actually incurred which is financed by the CA is **more than 70 %** of the previous payment (and 100 % of any previous payments)
- ❑ If NOT, payment request must be **reduced** by the amount corresponding to the difference between the 70 % of the previous pre-financing payment and the part of the expenditure actually incurred
- ❑ **Please note** that coordinator may submit a request for further pre-financing payment before the end of the reporting period, when the part of the expenditure actually incurred which is financed by the CA is more than 70 % of the previous payment



Payment request – example for balance payment

- ❑ **Total project cost** (→ Worksheet interim/final report → budget heading 13, column K)
- ❑ **EU contribution** and **beneficiary contribution** in line with **SC Art. 3.2**

Total EU contribution

- **Paid by CA** initial pre-financing payment (first payment)
- **Paid by CA** further pre-financing payment (second or other payments in total)
- = Payment request **amount for balance payment** of the final amount of the grant

Total project costs	€ 199,020.53	
Due from DEU (in % & as per contract)	€ 177,048.66	88.96%
Beneficiary contribution	€ 21,971.87	11.04%
Paid by DEU (pre-financing payment)	€ 121,858.65	
Paid by DEU (further pre-financing payment)	€ 39,600.74	
Amount requested	€ 15,589.27	

Financial report – Most common mistakes

- ❑ **Supporting documentation** not clearly structured or incomplete
- ❑ **Unsigned** payment request and reports by authorised person or other relevant supporting documentation (delivery notes, timesheets, etc.)
- ❑ Budget in the financial report is not the one under **Annex III** of the grant contract
- ❑ **Unit numbers and values modified** without clarification and justification
- ❑ Costs incurred are not in line with the budget justification without clarification
- ❑ Financial report **incomplete or columns filled in incorrectly**
- ❑ **Arithmetical errors** and figures are **not rounded to 2 decimals** (0,00 EUR).
- ❑ Costs reported **with VAT**
- ❑ Budget lines increased without approval



Financial report – Most common mistakes

- Reallocations**/minor budget modifications are not presented properly in the report nor properly clarified
- Incorrect amount of **indirect costs (% applied)**
- Reporting **exchange rate incorrect**
- Bank statements for **transfers between beneficiaries** is not provided in supp. docs
- Under BH 1 most often incomplete supporting documentation and inconsistency between financial report and supporting documentation
- Timesheets** contain non working days
- Under BH2 clear overview of travels and travel orders not provided

Financial report – Most common mistakes

- Under BH3 in delivery specification/final acceptance unit number or costs are inconstant with the specification in the invoice or technical specification in tender offer
- Under BH3 without **visibility requirements** respected
- In case there is no transfer of ownership, request for approval and inventory listing are not provided to CA
- Under BH5, **quality of the outputs delivered (poor quality)** by the expert is not corresponding to the relatively high incurred costs (potential irregularity)
- Most common reason for non eligible costs are **procurement procedures** – poor quality of procurement documentation and/or irregularities in the procedure



THANK YOU FOR YOUR ATTENTION!



Kalina Marković Ilić



EU TACSO 3 project is funded by the European Union

