

Brussels, 18. 11. 2014  
Ares (2014)

## NOTE for the attention of Tempus IV beneficiaries

### Subject: Tempus IV projects – Staff Costs and Equipment/Service costs

In the framework of our desk monitoring of Tempus IV projects, we came across a certain number of issues regarding the management of the projects that we want to share with you in order to prevent future problems at the stage of the final assessment of your project accounts.

#### **1. Justification of Staff costs in case of ex-post audits and in the framework of the audit certificate**

We would like to draw your attention once more on the specific requirements in terms of supporting documents for Staff Costs to be provided in case of ex-post financial audit of your project and in the framework of the audit certificate to be provided with the final report.

In particular we would like to underline the difference between the documents requested for the purposes of the final report to be submitted at the end of the project and the documents that are requested by the auditors in case of ex-post external financial audits. Ex-posts audit can be mandated by the Agency within five years from the date of the final balance payment of the grant (or recovery order).

As you are aware, according to the *Guidelines for the use of the grant* and for the purpose of the final financial report, the project should keep with the project accounts copy of the Staff Conventions and of the time-sheets<sup>1</sup>. These are the documents that you might be requested to submit for further check at the stage of the assessment of the final report by the Agency. In addition, a copy of payslip should be submitted with the final report if the applied salary rates are higher than the maxima authorised. These documents are typically sufficient to process your final report.

However, in the framework ex-post financial audits or the external audit report on the action's financial statement to be sent with the project final report<sup>2</sup>, the auditors will also want to receive - **in addition to the documents mentioned above** - evidence of the employment

<sup>1</sup> Only mandatory as of Tempus IV projects selected in 2012.

<sup>2</sup> Mandatory for projects selected under the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> Tempus IV Calls only if the project grant amounts to EUR 750,000 or more. Mandatory for all projects selected under the 6<sup>th</sup> Tempus IV Call regardless the amount of the grant.

relation between the remunerated staff and the beneficiary institution, a proof that the cost was incurred (i.e. proof of payment) and that the applied rate corresponds to the institution's remuneration policy. This is in line with the provision of the *Grant Agreement*, stating that in order to be eligible, the costs incurred must be *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.g.: ref. Art. II.19.1 of the Tempus Grant Agreements 2013).

Please also note that, in case of a detailed financial verification, these documents may also be requested by the Agency during the assessment of the final financial report.

**As a result of the above, the beneficiary and all co-beneficiaries should be able to provide evidence of the following:**

- existence of a formal employment relationship between the staff member and its employer (i.e. beneficiary institution): **a copy of employment contract, a certificate of employment, a declaration by the employing institution or any other document which proves the link.**
- the declared staff costs are "identifiable and verifiable, in particular being recorded in the accounting reports of the beneficiary": **extract of the accounting reports/records of the (partner) institution, copy of bank transfer or cash disbursement records, etc.**
- the remuneration level corresponds to the usual policy of the employer (partner institution): **copy of the salary slips or ad hoc decision of the relevant institution's authorities relating to staff costs in Tempus projects.**

Finally as regards proof of the time spent on Tempus activities, in case the staff member is remunerated directly from the project (on a full-time, part-time or occasional basis as a top-up to normal staff salary) by his/her partner institution or by the grant holder directly, time sheets are strongly recommended for 2010 and 2011 projects and compulsory as of 2012 projects. In all cases, the Tempus staff convention is required. For staff members who have been authorised to work for the Tempus project as part of their normal working time (and are paid through their normal salary), the institution concerned is allowed to charge staff costs on the project (as a form of "compensation") but should be able to prove that the Tempus related tasks have been carried out (e.g. time sheets, employment contract listing the task, declaration signed by Rector/Dean/Head of Department/staff manager, etc.).

**Please note that ex-post declaration issued for the purposes of an audit will not be accepted by the auditors.**

Please note also that failing to provide the required documentation, the costs will be declared ineligible and the Agency will have to recover the corresponding amount. Recent cases showed that it can be extremely difficult for the Coordinating institution to collect such kind of documentation, which are in many cases to be extracted from the internal book-keeping of their partners, after the project has ended. **It is the responsibility of all project co-beneficiaries to provide to the project Coordinator all the requested documents in due time.**

## **2. Equipment/service costs**

We would like also to draw your attention on the rule concerning the tendering procedure for the purchase of Equipment/Services.


As stated in the Grant Agreement, where the value of the procurement contract awarded exceeds EUR 25.000, the co-ordinator shall obtain quotations from at least three suppliers and retain the one offering best value for money. The co-ordinator must clearly document the tendering procedure and retain the documentation in particular for audit purposes.

Under the implementation of Tempus IV projects, and for the purpose of the final financial report, beneficiaries have always been requested to only prove that a market research was carried out, by collecting quotations from at least three suppliers, so that the one offering the best value for money was selected (as explained in FAQs n. 50 and 51).

However, further to a project audit carried out by the Court of Auditors, it has been confirmed that, in order to comply with the financial EU regulations, a formal tendering procedure has to be launched where the value of invoice/contract exceeds EUR 25.000.

On this basis, all 2011, 2012 and 2013 Tempus IV projects are now requested to launch a formal tendering procedure, whenever any kind of goods or services exceeding EUR 25.000 are purchased, in line with the principles of transparency, proportionality, equal treatment and non-discrimination. The beneficiary shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests. Please note that this requirement enters into force for all purchases launched as of 1<sup>st</sup> January 2015. Institutions are always supposed to respect the relevant national/institutional regulations existing in the country.

Finally, we ask you to circulate this note to all the co-beneficiaries of your project and to ensure that the above mentioned rules are respected. We also strongly recommend to collect from the partners the required supporting documents in due time during the project implementation as to avoid any problem at the end of the project or in case of ex-post financial audit.



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Copy: NEOs and ICPs