# CONCURSO PÚBLICO N.º 7/DRA/2020 PARA A CELEBRAÇÃO DE CONTRATO DE "AQUISIÇÃO DE SERVIÇOS DE AUDITORIA EXTERNA DO PROJETO LIFE BEETLES - LIFE18 NAT/PT/000864"

AO ABRIGO DO DISPOSTO NO REGIME JURÍDICO DOS CONTRATOS PÚBLICOS NA REGIÃO AUTÓNOMA DOS AÇORES, APROVADO PELO DECRETO LEGISLATIVO REGIONAL N.º 27/2015/A, DE 29 DE DEZEMBRO E SUBSIDIARIAMENTE, NO CÓDIGO DOS CONTRATOS PÚBLICOS, APROVADO PELO DECRETO-LEI N.º 18/2008, DE 29 DE JANEIRO, NA SUA VERSÃO ATUAL

## CADERNO DE ENCARGOS

**Registo:** INT-DRA/2020/1337 **Data:** 14 de maio de 2020 **Processo:** 009.07.01/1010

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## *Capítulo I - Disposições Iniciais*

Cláusula 1.ª

**Objeto**

O presente Caderno de Encargos compreende as cláusulas a incluir no Contrato a celebrar no âmbito do procedimento por CONCURSO PÚBLICO N.º 7/DRA/2020 para a celebração de contrato de "AQUISIÇÃO DE SERVIÇOS DE AUDITORIA EXTERNA DO PROJETO LIFE BEETLES - LIFE18 NAT/PT/000864".

Cláusula 2.ª

**Disposições por que se rege a prestação de serviços**

1. A execução do contrato obedece:

   a) Às cláusulas do contrato e ao estabelecido em todos os documentos que dele fazem parte integrante, ou quaisquer aditamentos que venham a ser estabelecidos de comum acordo entre o contraente público e o cocontratante.

   Por contraente público, entende-se a Direção Regional do Ambiente (doravante abreviadamente designado por DRA).

   Por cocontratante entende-se a entidade com quem foi contratada a prestação de serviços em referência.

   b) Ao Decreto Legislativo Regional n.º 27/2015/A, de 31 de dezembro, que aprova o Regime Jurídico dos Contratos Públicos na Região Autónoma dos Açores (doravante abreviadamente designado por RJCPRAA) e subsidiariamente ao Código dos Contratos Públicos, aprovado pelo Decreto-Lei n.º 18/2008, de 29 de janeiro, na sua redação atual (doravante abreviadamente designado por CCP);

   c) A restante legislação portuguesa aqui não citada, mas aplicável nomeadamente relativa a prejuízos a terceiros, desemprego, trabalho, Previdência Social, segurança no trabalho.

2. Para efeitos do disposto na alínea a) do número anterior, consideram-se integrados no contrato, sem prejuízo do disposto no n.º 4 do artigo 96.º do CCP:

a) Os suprimentos dos erros e das omissões do caderno de encargos identificados pelos concorrentes, desde que tais erros e omissões tenham sido expressamente aceites pelo órgão competente para a decisão de contratar;

b) Os esclarecimentos e as retificações relativos ao caderno de encargos;

c) O caderno de encargos;

d) A proposta adjudicada;

e) Os esclarecimentos sobre a proposta adjudicada prestados pelo adjudicatário.

3. Para além dos regulamentos referidos neste caderno de encargos, fica o cocontratante obrigado ao pontual cumprimento de tudo o demais que se encontrar em vigor e que se relacione com os serviços a prestar.

4. Além dos documentos normativos indicados neste caderno de encargos, o cocontratante obriga-se também a respeitar, no que seja aplicável aos serviços a prestar e não esteja em oposição com os documentos do contrato, as normas portuguesas, as especificações e documentos de homologação de organismos oficiais e as instruções de fabricantes ou detentoras de patentes.

5. A DRA pode, em qualquer momento, exigir ao cocontratante a comprovação do documento das disposições regulamentares e normas aplicáveis.

Cláusula 3.ª

**Âmbito da Prestação de Serviços**

1. A presente prestação de serviços visa a realização de uma auditoria externa no âmbito do Projeto LIFE BEETLES (LIFE18 NAT/PT/000864), estando prevista na ação F1 (Planeamento e gestão global do projeto).

2. Os serviços a prestar pelo cocontratante deverão assegurar as tarefas que são obrigatórias nas Guidelines financeiras e administrativas do programa LIFE, anexas ao presente Cadernos de encargos como Anexo I.

3. Os serviços a prestar terão como objetivo analisar, verificar e validar a elegibilidade dos custos do projeto reportados em face com o contrato assinado e as regras de financiamento da EASME e do LIFE.

4. O cocontratante não só verificará o cumprimento da legislação nacional/regional em matérias de regras contabilísticas e de adjudicação, mas também certificará que todos os custos incorridos respeitam as condições gerais do Acordo de Subvenção LIFE.

5. Os serviços a contratar deverão ser realizados ao longo de todo o projeto.

6. O adjudicatário entregará à entidade adjudicante, de acordo com o previsto no projeto aprovado, e conforme exigido pelos procedimentos do LIFE, os seguintes relatórios de auditoria:

a) Um Relatório referente à despesa efetuada no período decorrido desde 01 de janeiro de 2020 e 31 de dezembro de 2020 e que deverá ser entregue até 31 de março de 2021;

b) Um Relatório referente à despesa efetuada no período decorrido entre 01 de janeiro de 2021 e 31 de dezembro de 2021, e que deverá ser apresentado até 31 de março de 2022;

c) Um Relatório referente à despesa efetuada no período decorrido entre 01 de janeiro de 2022 e 31 de dezembro de 2022, e que deverá ser apresentado até 31 de março de 2023;

d) Um relatório referente à despesa efetuada no período decorrido entre 01 de janeiro de 2023 e 31 de dezembro de 2023, e que deverá ser apresentado até 31 de março de 2024:

e) Um Relatório final, referente à despesa efetuada no período decorrido entre 01 de janeiro de 2024 até à data de término do projeto (31/12/2024), e ainda que reúna a informação dos restantes relatórios, e que deverá a ser apresentado até 31 de março de 2025, o qual deve ser acompanhado por um certificado de conformidade das despesas registadas, bem como de que estas são elegíveis de acordo com o contrato assinado com a EASME.

7. A estrutura e conteúdo dos relatórios a entregar pelo adjudicatário, seguirão as Guidelines estabelecidas no Toolkit 2018, ficando o adjudicatário obrigado a seguir o Modelo de relatório mais atual, anexo ao presente Cadernos de encargos como Anexo II.

8. Com o relatório referido na alínea e) do ponto 6 da presente clausula, o adjudicatário entregará também o inquérito anexo ao presente Cadernos de encargos como Anexo III, devidamente preenchido.

Cláusula 4.ª

**Prevalência**

1. Fazem parte do contrato a celebrar, o caderno de encargos e a proposta do cocontratante.

2. Em caso de dúvidas a ordem de prevalência é a constante do n.º 2 da cláusula 2.ª do presente Caderno de Encargos.

## *Capítulo II – Prazo da prestação de serviços*

Cláusula 5.ª

**Prazo de execução**

1. Os serviços a prestar pelo cocontratante terão início com a publicitação do contrato, nos termos do n.º 3 do artigo 127.º do CCP e terminarão a 31 de março de 2025.

2. Na contagem dos prazos previstos na presente cláusula consideram-se incluídos os Sábados, Domingos e feriados.

## *Capítulo III – Obrigações da DRA*

Cláusula 6.ª

**Obrigações da DRA**

Constituem obrigações da DRA:

a) Acompanhar a execução do contrato;

b) Além da documentação integrante no procedimento, a entidade adjudicante, a solicitação do adjudicatário, fornece quaisquer outros elementos disponíveis que não tenham carácter confidencial ou sigiloso e que se afigurem convenientes para uma melhor prestação dos serviços compreendidos no presente procedimento.

Cláusula 7.ª

**Preço base**

A prestação de serviços a contratar tem como parâmetro base quanto ao preço o valor máximo

de € 10.000,00 (dez mil euros), a que acresce o Imposto sobre o Valor Acrescentado à taxa legal em vigor, conforme o teor dos artigos 47.º e 60.º do CCP e da alínea b) do artigo 20.º, do RJCPRAA.

Cláusula 8.ª

**Condições de pagamento**

1. Os pagamentos pela prestação de serviços são anuais e ocorrem após a entrega dos relatórios referidos no ponto 6 da clausula 3ª do presente caderno de encargos e mediante a apresentação de fatura pelo cocontratante, nos seguintes termos:

   a) Em 2021 e 2023 e 2025 a importância anual correspondente a 25% (vinte e cinco por cento) do valor total do contrato;

   b) Em 2022 e 2024, a importância anual correspondente a 12,5% (doze e meio por cento) do valor total do contrato.

2. O último pagamento a efetuar no âmbito do presente contrato, ocorre após a entrega do relatório referido na alínea e) do ponto 6 da clausula 3ª, bem como do inquérito identificado no ponto 8 da cláusula 3ª devidamente preenchido e mediante a apresentação de fatura pelo cocontratante.

3. Para efeitos do cálculo das importâncias a pagar, no âmbito desta prestação de serviços, incluirão todos encargos tidos com a prestação dos serviços definidos na cláusula 3.ª deste caderno de encargos.

4. Os pagamentos serão efetuados no prazo máximo de 60 dias após a entrega das respetivas faturas, as quais só podem ser emitidas após o vencimento da obrigação a que se referem.

5. Nenhum pagamento poderá ser efetuado antes de o contrato ser publicitado, nos termos do previsto no artigo 127.º do CCP.

6. A DRA deduzirá nos pagamentos parciais a efetuar ao cocontratante, caso tal se verifique:

   1 – As importâncias necessárias à liquidação das multas que lhe forem aplicadas;

   2 – Todas as demais quantias que sejam legalmente exigíveis.

7. Não serão efetuados adiantamentos ao cocontratante.

8. Não serão efetuados pagamentos de prémios ao cocontratante.

## *Capítulo IV - Obrigações do cocontratante*

Cláusula 9.ª

### Prestação de serviços

Sem prejuízo de outras obrigações previstas na legislação aplicável, no Caderno de Encargos ou nas cláusulas contratuais, da celebração do contrato decorrem para o prestador de serviços:

a) Prestar os esclarecimentos e pareceres que venham a ser solicitados pela DRA ou que se venham a mostrar necessários elaborar pelo cocontratante para cumprimento das obrigações referidas na cláusula 3ª do presente Caderno de Encargos;

b) Garantir o sigilo quanto a informações que o cocontratante venha a ter conhecimento relacionadas com a atividade da DRA;

c) Contratualizar todos os contratos de seguro exigíveis pela lei para o exercício do objeto da presente prestação de serviços.

Cláusula 10.ª

### Organização de meios do cocontratante

1. Compete ao cocontratante o apetrechamento e obtenção de todos os meios humanos e materiais que sejam necessários à execução das ações a desenvolver no âmbito da prestação de serviços em apreço, bem como o estabelecimento de todo o sistema de organização conducente à perfeita e completa execução das tarefas contratadas.
2. Se a DRA verificar que os meios utilizados pelo cocontratante são insuficientes ou menos adequados à boa execução dos trabalhos, poderá impor o seu reforço.
3. Compete ao cocontratante organizar e gerir integralmente todos os sistemas que considerar necessários para atingir os objetivos e realizar as tarefas subjacentes aos serviços a prestar.
4. O cocontratante deverá ser possuidor de apoio administrativo e outros considerados necessários ao bom desenvolvimento dos serviços a prestar. Os custos de intervenção destes elementos deverão estar diluídos no valor global da proposta apresentada.
5. A mobilização e seleção de todos os meios humanos e materiais necessários para a execução dos trabalhos a cargo do cocontratante são da sua inteira responsabilidade, obrigando-

se a garantir que todos os seus agentes coloquem a sua perícia, cuidado e diligência na realização dos serviços que lhe forem cometidos no âmbito da sua categoria profissional.

Cláusula 11.ª

**Execução pessoal do contrato**

O cocontratante tem o dever de cumprir, de forma exata e pontual, todas obrigações contratuais assumidas, não podendo transmitir a terceiros as responsabilidades assumidas perante a DRA (artigo 288.º, CCP).

Cláusula 12.ª

**Relações do cocontratante com a DRA, Confidencialidade e Proteção de Dados Pessoais**

1. Os esclarecimentos de dúvidas, omissões e ambiguidades do presente caderno de encargos são sempre submetidos à aprovação da DRA, pelo cocontratante, antes da sua execução.

2. O cocontratante obriga-se, durante a vigência do contrato e mesmo após a sua cessação, a não ceder, revelar, utilizar ou discutir, com quaisquer terceiros, todas e quaisquer informações e ou elementos que lhe hajam sido confiados pela DRA ou de que tenham tido conhecimento no âmbito do contrato ou por causa dele.

3. O cocontratante obriga-se a cumprir rigorosamente o disposto na Lei de Proteção de Dados Pessoais, no Regulamento Geral de Proteção de Dados (RGPD), bem como outra legislação aplicável em matéria de tratamento de dados pessoais, obrigando-se designadamente a:

a) Não proceder a qualquer tipo de tratamento dos dados pessoais, independentemente do suporte em que os mesmos se encontrem, a que tenha acesso ou que lhe seja transmitido pela DRA ao abrigo do contrato, sem que para tal tenha sido expressamente instruído, por escrito, pela DRA;

b) Tratar os dados pessoais a que tenha acesso ou que lhe seja transmitido pela DRA, no âmbito da autorização referida na alínea anterior, única e exclusivamente para efeitos do estabelecido no contrato;

c) Observar os termos e condições constantes dos instrumentos de legalização respeitantes aos dados tratados;

d) Manter os dados pessoais estritamente confidenciais, garantindo o cumprimento do dever de sigilo profissional e de confidencialidade pelas pessoas autorizadas a tratar os dados pessoais;

e) Pôr em prática as medidas técnicas e de organização necessárias à proteção dos dados pessoais tratados por conta da DRA contra a respetiva destruição, acidental ou ilícita, a perda acidental, a alteração, a difusão ou o acesso não autorizado, bem como contra qualquer outra forma de tratamento ilícito dos mesmos dados pessoais;

f) Assegurar que os seus colaboradores não divulguem informação que venham a ter conhecimento dos recursos físicos implementados nos locais de salvaguarda dos documentos contendo dados pessoais;

g) Disponibilizar todas as informações necessárias para demonstrar o cumprimento das obrigações referentes à proteção de dados pessoais, facilitar e contribuir para as auditorias e inspeções, incluindo da própria DRA;

h) Manter a DRA informada em relação ao tratamento de dados pessoais, obrigando-se a comunicar de imediato qualquer situação que possa afetar o tratamento dos dados em causa ou que de algum modo possa dar origem ao incumprimento das disposições legais em matéria de proteção de dados pessoais ou dos termos dos instrumentos de legalização concedidos;

i) Assegurar que os seus colaboradores cumpram todas as obrigações previstas na presente cláusula, bem como no Regulamento Geral de Proteção de Dados e respetiva legislação aplicável.

4. O cocontratante será responsável por qualquer prejuízo em que a DRA venha a incorrer em consequência do tratamento de dados pessoais, por parte do mesmo e/ou dos seus colaboradores, em violação das normas legais aplicáveis e/ou do disposto no contrato.

5. Para efeitos do disposto no número anteriores da presente cláusula entende-se por "colaborador" toda e qualquer pessoa singular ou coletiva que preste serviços ao cocontratante, incluindo, designadamente, representantes legais, trabalhadores, prestadores de serviços,

procuradores e consultores, independentemente da natureza e validade do vínculo jurídico estabelecido entre o cocontratante e o referido colaborador.

6. Caso o cocontratante seja autorizado pela DRA a subcontratar outras entidades, o mesmo será o único responsável pela escolha das empresas subcontratadas, bem como por toda a atuação destas, devendo a obrigação de cumprimento da presente cláusula constar do contrato a celebrar entre o cocontratante e a entidade subcontratada.

7. Em caso de violação de dados pessoais, será notificado esse facto à Comissão Nacional de Proteção de Dados nos termos e condições previstos na lei.

Cláusula 13.ª

**Deveres de informação**

1. Cada uma das partes deve informar de imediato a outra sobre quaisquer circunstâncias que cheguem ao seu conhecimento e que possam afetar os respetivos interesses na execução do contrato, de acordo com as regras gerais da boa fé.
2. Em especial, cada uma das partes deve avisar de imediato a outra de qualquer alteração superveniente das circunstâncias, que previsivelmente impeçam o cumprimento ou o cumprimento tempestivo de qualquer uma das suas obrigações.
3. No prazo de dez (10) dias após a ocorrência de tal impedimento, a parte deve informar a outra do tempo ou da medida em que previsivelmente será afetada a execução do contrato.

Cláusula 14.ª

**Penalizações**

1. Pelo incumprimento de obrigações emergentes do contrato, a DRA pode exigir do cocontratante o pagamento de uma pena pecuniária nos seguintes termos:

   a. 0,1 % do valor do contrato, por cada dia de atraso na entrega dos relatórios previstos no n.º 6 da Cláusula 3.ª do presente Caderno de Encargos;

   b. A falta de qualquer outra obrigação imposta no presente caderno de encargos implica a aplicação de multa variável, por cada falta, entre 0,1% a 0,5% do valor do contrato, consoante a gravidade do fato e de acordo com a DRA.

2. O valor acumulado das penalizações a que se refere o número anterior não pode exceder 20% do valor global do contrato, sob pena de resolução do mesmo, nos termos dos n.º's 2 e 3 do artigo 329.º do CCP.

3. As quantias devidas pelo cocontratante a título de pena pecuniária serão deduzidas pela DRA ao montante dos pagamentos devidos ao abrigo do contrato.

4. As penas pecuniárias previstas na presente cláusula não obstam a que a DRA exija uma indemnização pelo dano excedente.

Cláusula 15.ª

**Patentes, licenças e marcas registadas e Direitos de autor**

1. São da responsabilidade do cocontratante quaisquer encargos decorrentes da utilização, no fornecimento, de marcas registadas, patentes registadas ou licenças.

2. Caso da DRA ser demandada por ter infringido, na execução do contrato, qualquer dos direitos mencionados no número anterior, o cocontratante indemniza-o de todas as despesas que, em consequência, haja de fazer e de todas as quantias que tenha de pagar seja a que título for.

3. Para efeitos do disposto no nº 1 do artigo 14º do Código do Direito de Autor e dos Direitos Conexos, aprovado pelo Decreto-lei n.º 63/85, de 14 de março, na sua versão atual, as partes convencionam que a titularidade dos direitos de autor relativos a qualquer criação intelectual do cocontratante, em cumprimento do contrato de prestação de serviços, pertencem à DRA.

Cláusula 16.ª

**Modificação objetiva do contrato**

1. A DRA pode modificar unilateralmente as cláusulas respeitantes ao conteúdo e ao modo de execução das prestações previstas no contrato por razões de interesse público, com os limites previstos no artigo 313.º do CCP.

2. Por acordo das partes, que não pode revestir forma menos solene que a do contrato, o contrato pode ser modificado:

a) quando as circunstâncias em que as partes fundaram a decisão de contratar

tiverem sofrido uma alteração anormal e imprevisível, desde que a exigência das obrigações por si assumidas afete gravemente os princípios da boa fé e não esteja coberto pelos riscos próprios do contrato;

b) por razões de interesse público decorrentes de necessidades novas ou de uma nova ponderação das circunstâncias existentes.

3. Nos casos previstos nos números anteriores, o cocontratante tem direito à reposição do equilíbrio financeiro do contrato nos termos dos artigos 282.º e 314.º, ambos do CCP.

## *Capítulo VI - Disposições Finais*

Cláusula 17.ª

### Deveres de colaboração recíproca e informação

As partes estão vinculadas pelo dever de colaboração mútua, designadamente no tocante à prestação recíproca de informações necessárias à boa execução do contrato, sem prejuízo dos deveres de informação previstos no artigo 290.º do CCP.

Cláusula 18.ª

### Gestor do contrato

A execução do contrato a celebrar é acompanhada permanentemente por Maria Teresa Ferreira, na qualidade de Gestora do Projeto LIFE BEETLES, da Direção Regional do Ambiente, para os efeitos do artigo 290.º-A e da alínea i) do n.º 1 do artigo 96.º, ambos do CCP.

Cláusula 19.ª

### Consórcio

Os concorrentes podem apresentar proposta enquanto parte integrante de um agrupamento de pessoas singulares ou coletivas, conforme o disposto no Programa de Procedimento.

Cláusula 20.ª

**Resolução do contrato pela DRA**

1. Sem prejuízo das indemnizações legais e contratuais devidas, a DRA pode resolver o contrato nos seguintes casos:

a) Incumprimento definitivo do contrato por facto imputável ao cocontratante;

b) Incumprimento, por parte do cocontratante, de ordens, diretivas ou instruções transmitidas no exercício do poder de direção sobre matéria relativa à execução das prestações contratuais;

c) Oposição reiterada do cocontratante ao exercício dos poderes de direção da DRA;

d) Cessão da posição contratual ou subcontratação realizadas com inobservância dos termos e limites previstos na lei ou no contrato, desde que a exigência pelo cocontratante da manutenção das obrigações assumidas pela DRA contrarie o princípio da boa-fé;

e) Se o valor acumulado das sanções contratuais com natureza pecuniária exceder o limite previsto no n.º 2 do artigo 329.º do CCP;

f) Incumprimento pelo cocontratante de decisões judiciais ou arbitrais respeitantes ao contrato;

g) O cocontratante se apresente à insolvência ou esta seja declarada judicialmente.

2. Nos casos previstos no número anterior, havendo lugar a responsabilidade do cocontratante, será o montante respetivo deduzido das quantias devidas.

Cláusula 21.ª

**Resolução do contrato pelo cocontratante**

1. Sem prejuízo das indemnizações legais e contratuais devidas, o cocontratante pode resolver o contrato nos seguintes casos:

a) Alteração anormal e imprevisível das circunstâncias;

b) Incumprimento definitivo do contrato por facto imputável à DRA;

c) Incumprimento de obrigações pecuniárias pela DRA por período superior a seis meses ou quando o montante em dívida exceda 25% do preço contratual, excluindo juros;

d) Exercício ilícito dos poderes tipificados de conformação da relação contratual da DRA,

quando tornem contrária à boa-fé a exigência pela parte pública da manutenção do contrato;

e) Incumprimento pela DRA de decisões judiciais ou arbitrais respeitantes ao contrato.

2. No caso previsto na alínea a) do número anterior, apenas há direito de resolução quando esta não implique grave prejuízo para a realização do interesse público subjacente à relação jurídica contratual ou, caso implique tal prejuízo, quando a manutenção do contrato ponha manifestamente em causa a viabilidade económico-financeira do cocontratante ou se revele excessivamente onerosa, devendo, nesse último caso, ser devidamente ponderados os interesses públicos e privados em presença.

3. O direito de resolução é exercido apenas por via judicial.

4. Nos casos previstos na alínea c) do n.º 1, o direito de resolução pode ser exercido mediante declaração à DRA produzindo efeitos 30 (trinta) dias após a receção dessa declaração, salvo se a DRA cumprir as obrigações em atraso nesse prazo, acrescidas dos juros de mora a que houver lugar.

Cláusula 22.ª

**Foro competente**

Para resolução de todos os litígios decorrentes do contrato fica estipulada a competência do Tribunal Administrativo e Fiscal de Ponta Delgada, com expressa renúncia a qualquer outro.

Cláusula 23.ª

**Comunicações e notificações**

1. Sem prejuízo de poderem ser acordadas outras regras quanto às notificações e comunicações entre as partes do contrato, estas devem ser dirigidas, nos termos do CCP, para o domicílio ou sede contratual de cada uma, identificados no contrato.

2. Qualquer alteração das informações de contacto constantes do contrato deve ser comunicada à outra parte.

Cláusula 24.ª

**Contagem dos prazos**

1. Os prazos previstos contam-se nos seguintes termos:

a) Na fase da formação do contrato, os prazos são descontínuos, não correndo em sábados, domingos e dias feriados, exceto para a apresentação das propostas, de acordo com o disposto no artigo 470.º do CCP;

b) Na execução do contrato, os prazos são contínuos, correndo em sábados, domingos e dias feriados, de acordo com o disposto no artigo 471º do CCP.

Anexos:

Anexo I - Guidelines financeiras e administrativas do programa LIFE (a que se refere o ponto 2 da cláusula 3ª);

Anexo II - Modelo de relatório de auditoria externa (a que se refere o ponto 7 da cláusula 3ª);

Anexo III – Inquérito a fornecedor (a que se refere o ponto 8 da cláusula 3ª).

# Annex X to the Model LIFE Grant Agreement

# Financial and Administrative Guidelines

(Update 20.06.2018)

Main changes to Annex X compared to the previous version relate to :

- inconsistencies/corrections/further explanations where needed further to feedback received from beneficiaries
- references to the Model grant agreements 2017/18
- further guidance on the usage of a fixed % of time allocated to the project (to avoid keeping timesheets) and the usage of 1720 hours as a standard (in line with call for proposal documents)
- further guidance on the declaration of indirect costs by entities receiving an operating grant from the Union to cover part of their operating costs
- inclusion of further guidance on the partnership agreements concluded between the beneficiaries
- guidance on the % of pre-financing
- guidance on the 25/50% limitation for infrastructure & equipment (per item)
- correction regarding the requirement to submit the three highest invoices per beneficiary/per cost category at the final report stage.
- Delivery of VAT certificates is no longer obligatory to consider the cost eligible (however, the underlying eligibility criteria for VAT remain the same)
- Update of the guidance on the certificate on financial statements

## PURPOSE OF THE GUIDELINES

These guidelines have been prepared to help proposers and beneficiaries under the LIFE programme understand:

- the financial and administrative provisions of the LIFE grant agreement when preparing their proposal and their future financial reports;
- the administrative guidance for requesting changes to the grant agreement (i.e. amendments).

If the guidelines conflict with the provisions in the specific or general conditions of the grant agreement, the latter shall prevail.

## I. COST REIMBURSEMENT

Funding is based on **cost-sharing**. This means that the Agency/Commission contributes up to a maximum percentage of the eligible costs incurred for the performance of the work as defined in the grant agreement.

## II. RELIABLE ACCOUNTING AND REPORTING SYSTEM

In order to prepare and ensure comprehensive and compliant financial reports, beneficiaries need to establish and operate, throughout all phases of project implementation, a ***reliable system for collecting, recording and reporting financial transactions***. They will need to ***keep supporting documents related to these transactions*** to justify all actual costs incurred and income generated by the project. The accounting procedures must therefore permit a direct reconciliation of the costs and revenue declared in respect to the project with the corresponding supporting documents.

***Original documents***, especially accounting and tax records, stored on any appropriate medium, including digitalised originals in accordance with their national legislation, must be ***kept for five years*** after the date of payment of the balance payment of the Union contribution. This period is limited to three years if the maximum amount of the grant is not more than EUR 60,000.

In order to establish that claimed costs are identifiable and verifiable in the beneficiary's accounting records, it is highly recommended to establish project codes in the analytical accounting system(s) and it is mandatory in the time registration system(s). The beneficiary's usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements. Costs not clearly attributed to a specific project risk otherwise to be considered ineligible. Beneficiaries are advised to regularly monitor the project costs, in view of the agreed project budget.

**Exception :**

Indirect costs do not need to be supported by accounting documents in the financial reporting on the project, as they are calculated as a flat rate (flat rate is identified in Annex III to the grant agreement).

## II.1 Time Registration System

### II.1.1 GENERAL PRINCIPLE

Beneficiaries must have **daily** records of all hours worked by a given person. Please note that the ***timesheet*** shall not only record the time spent on a specific project, but it ***shall reconcile the total working time*** of each person. The purpose of recording the total hours actually worked by each person is to allow the Agency/Commission to verify the correct working time unit (i.e. hours, with decimal system to report periods other than full hours, e.g 5 hours and 30 min reported as 5.5 hours).

If a beneficiary does not have a time registration system in place at the time that the grant agreement is signed, he should, as a minimum:

- establish registration and submission procedure for the project staff,
- introduce a validation procedure for the supervisors/line managers to certify the correctness of the timesheets.

It is recommended, but not obligatory, to use the model timesheet available on the LIFE website in the LIFE toolbox found at http://ec.europa.eu/environment/life/toolkit/pmtools/index.htm . Beneficiaries are free to fine-tune the model, e.g. in order to provide a further break-down of the working time into different actions or tasks. However, any own-developed timesheet should at least contain equivalent information. Employing incomplete, inappropriate or unreliable timesheets or time registration systems may jeopardize the eligibility of the personnel costs reported, resulting in a reduction in the eligible costs which may lead to a reduced payment amount or a recovery of payments previously made.

In practice, every coordinating and associated beneficiary must establish a time registration system that, as a minimum, includes at least the following elements:

a) Clear identification or reference to the LIFE project.
b) Clear identification of the beneficiary and employee.
c) Clear identification of the year, month and day.
d) Number of working time units worked for the LIFE project.
e) Number of working time units worked for other EU-funded projects.
f) Number of working time units worked in total by the person.
g) Date and signature of the employee.
h) Date and signature of the supervisor.

The beneficiary shall ensure that the project file contains a short description of the time registration system employed in particular for the registration and submission routines for the employees and the validation procedure for the supervisor/line manager. The timesheet should be updated in a timely manner – ideally every working day.

Information included in the timesheets should reconcile with the records of annual leave, statutory holidays, sick leave, other leaves and work related travels.

The completed timesheet for a given month must be signed and approved in a timely manner – ideally during the first week of the following month.

The timesheet of a project manager or coordinator should be approved by her/his superior. If such a superior does not exist (e.g. CEO, owner of company,…) then the timesheet should be signed by a staff member with responsibilities at the same level, or in absence of such a person, as a last resort, by the individual him/herself (meaning that the person will sign for both functions).

The beneficiary shall ensure that the project file contains a short description of the time registration system used, covering the registration of the time worked, the submission of time records by the employee and the validation of the time records by the supervisor/line manager.

II.1.2 EXCEPTIONS

a) If the beneficiary can provide evidence that a member of staff is employed for the project in full time capacity or for a fixed contractually defined percentage of time, it is not necessary to maintain timesheets. This should be documented through the contract of employment or an instruction letter from the HR department or from the relevant managers, in which the employee in question is instructed to work exclusively for the project for the period in question. The instruction letter, if any, shall contain at least the following details: name of employee, function in the project and description of the tasks assigned for the project, explicit indication of the specific time percentage or full time nature of the assignment, start and end date of the assignment period. See also the frequently asked question section below for further guidance.
b) Timesheets, unless a formal requirement within the beneficiary's organisation, are also not required for staff working on average less than 2 days per month in a given calendar year. The "timesheets" for such staff are in fact the monthly records in the financial report and the validation process is the signing off when the financial report is submitted.

**Frequently Asked Questions about Timesheets and assignment to the project for a contractually defined percentage of time:**

**Are personnel costs refused if the LIFE model time sheet is not used to register the time actually worked for the project?**

No, as long as the time registration system used by the beneficiary (including electronic registration systems) contains, as a minimum, all the information required by the LIFE model timesheet.

**Should the time worked for the project always be registered on a daily basis?**

Yes. In general, only timesheets where time per day devoted to the project (as well as any other activities) is specified and registered are accepted. There are two main reasons for this:

- reliability of information provided – it is unlikely that an employee would be able to remember the time actually worked on the project after a long time, for example after a month.

- audit trail - a daily work record can be cross checked with other time records (holidays, travel, sickness, meetings etc.).

There are exceptions to the daily registration requirement in cases where the employee might not have immediate access to the time recording system, for example during fieldwork, travels, meetings and conferences. The time recording system should in such cases be updated as soon as the employee gets access to the time recording system.

Time sheets that only state the total number of time units devoted to the project in a given period (e.g. one month) without providing daily details are unacceptable since they will not fulfil the two functions mentioned above: reliability and a possibility to cross check records. Please note that timesheets based on estimates of the time needed to complete each task cannot be accepted.

**Should non-standardised electronic time registration records be printed out and certified with a signature?**

Yes. Electronic systems such as Outlook or Excel are acceptable only if the time is registered on a daily basis, they comply with the requirements described at section II.1.1 and the records are printed out and signed monthly. If such systems are used, it is strongly recommended that the LIFE model timesheet is used.

Standardized and certified time registration systems are accepted, as long as they include the level of information as described in II.1.1. If such electronic time registration is used by the employee and validated on a regular basis by a supervisor, it is not necessary to keep signed paper copies in addition to the forms certified electronically. However, a description of the time recording system should be provided on request. In addition, print-outs of time registration records may be requested by the Agency/Commission to support the personnel costs reported. Please note that it must be possible to obtain such print-outs at any time during the project and for three[1]/five years after the final payment is made for audits purposes.

**What time registration units should be used in the financial report?**

It should be the time units used in the time registration system employed by the beneficiary, i.e. if hours are used in the time registration system hours should also be used as time units in the financial report. The decimal system shall be used to report periods other than full hours (e.g. for 5 hours and 30 minutes, please report 5.5 hours).

[1] Three years if the maximum amount of the grant is not more than EUR 60,000.

**When is it possible to use the 'contractual percentage of time' and be exempted from the completion of timesheets?**

The usage of a 'contractual percentage of time' should only be considered if the assignment of the person to the project is consistent throughout the duration of the project (e.g. not when the percentage of assignment can fluctuate over the project implementation period). The beneficiary should also consider that the application of this exception makes sense due to the particular role in the project.

If it is a formal requirement to keep timesheets within the beneficiary's organisation, then the actual time spent on the LIFE project should in any case be registered.

**Does the usage of a 'contractual percentage of time' need to receive prior approval by the Agency/Commission?**

The usage of the assignment of staff for a 'contractual percentage of time' in the project should already be flagged at the time of the proposal. It is advised that any change to it should be reported to the Agency/Commission for approval to avoid rejection of the costs later on if the % of time allocated would not be deemed necessary for the implementation of the project.

### II.2 Invoicing

There should be a clear reference to the project on all invoices from suppliers and subcontractors. It is recommended to use the format **LIFE[Year] [NAT/ENV/GIE/GIC/...]/[Country]/[Number] - acronym**. Inform your suppliers and subcontractors accordingly.

However, if invoices do not bear the above references, a stamp with the project number on the invoice or an electronic link in the cost accounting system to the project can also serve as proof that a cost is incurred in the frame of the project, provided that the eligibility conditions indicated at article II.19.1 are met.

*TIP : Include the project reference in the postal address that you provide to your suppliers so that it automatically appears on your invoices.*

## III. AFFILIATES & SOLE TRADERS

### III.1 Affiliates

For private beneficiaries, the Agency/Commission **may** accept that affiliated entities to a beneficiary participate in a project as long as all conditions listed in the Model Grant Agreement and its Annex X (Financial and Administrative Guidelines) are fulfilled. However, the association of entities as affiliates may complicate the project structure and thus have a negative impact on the technical and financial coherence of the project. It is therefore **entirely in the Agency's/Commission's administrative discretion to accept affiliates**, and in no case will affiliated entities be accepted for public beneficiaries or entities that do not comply with the description of affiliated entities hereafter.

Affiliated entities that have an important budget/role in the implementation of the project are recommended to be included in the project as an associated beneficiary.

Affiliated entities need to comply with the eligibility and non-exclusion criteria applying to applicants and should have a structural link with the beneficiary concerned (i.e. a legal or

capital link) that is neither limited to the project nor established for the sole purpose of the project implementation (so the link would exist independently of the award of the grant; it should exist before the call for proposals and remain valid after the end of the project).

As affiliated entities could be accepted those **directly controlled by the beneficiary** (i.e. daughter companies or first-tier subsidiaries), **entities controlling the beneficiary** (mother company) OR in case of **Memberships**, the beneficiary has to be **legally defined as a network, federation or association** in which the proposed affiliated entities participate. However, if several beneficiaries want to work with the same 'affiliate', the 'affiliate' should be proposed as 'beneficiary' instead.

Private beneficiaries wanting to involve their affiliates shall :

- Provide a duly completed legal entity form as well as a copy of the related legal documents (legal registration, VAT registration, statutes, legal act establishing the entity,…)

- Provide a clear description and evidence of legal or capital link between the entities, i.e. the ownership structure that demonstrates the 'control'/'decision power' over the daughter company (in case of affiliates) or the association's structure and membership list (in case of associations).

- Provide the contact details related to the affiliate: name legal representative, official legal name of the entity, legal address, other contact details (phone, e-mail).

- Provide the confirmation from their affiliate that it has not been served with bankruptcy orders, nor has it received a formal summons from creditors and that it is not in any of the situations listed in Articles 106(1) and 107 of Council regulation N° 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (OJ L298 of 26.10.2012)

> Entities will be excluded from participation in a grant as affiliate if :
>
> Art. 106 (1) :
>
> (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
>
> (b) they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata;
>
> (c) they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the EIB and international organisations;
>
> (d) they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;

(e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;

(f) they are subject to an administrative penalty referred to in Article 109(1).

Points (a) to (d) of the first subparagraph shall not apply in the case of the purchase of supplies on particularly advantageous terms from a supplier which is definitively winding up its business activities or from the receivers or liquidators of a bankruptcy, through an arrangement with creditors, or through a similar procedure under national law.

Points (b) and (e) of the first subparagraph shall not apply where the candidates or tenderers can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them, who are subject to a judgement as referred to in points (b) or (e) of the first subparagraph.

Art. 107 :

(a) are subject to a conflict of interests;

(b) are guilty of misrepresenting the information required by the contracting authority as a condition of participation in the procurement procedure or fail to supply that information;

(c) find themselves in one of the situations of exclusion, referred to in Article 106(1), for the procurement procedure.

Where a beneficiary participating in the action involves its affiliates to carry out work, the costs incurred by the affiliates can be accepted provided they can be verified as being 'actual' and follow the guidance below:

- Provide a clear description and evidence of the beneficiary's structure including evidence of legal or capital link between the entities, i.e. the ownership structure that demonstrates the 'control'/'decision power' over the daughter company (in case of affiliates) or the association's structure and membership list (in case of associations).

- Ensure that contractual provisions applicable to the beneficiary are also applicable to the affiliate, especially those related to the eligibility of costs and the checks and audits that the Agency/Commission can carry out.

- Retain sole responsibility to carry out the project and for compliance with the provisions of the grant agreement

- Affiliates involved in the project shall be clearly identified and their activities duly described in Annex II to the grant agreement and their costs budgeted in Annex III to the grant agreement (i.e. under the costs budgeted by the beneficiary concerned, with in the description field the acronym of the affiliate between brackets).

The affiliate will carry out the tasks in relation to the project on behalf of the beneficiary concerned without profit and at no additional financial cost (i.e. the affiliate cannot act as a 'subcontractor').

When submitting reports (progress/interim/final), the beneficiary shall identify the work performed and resources deployed by each affiliate involved in the project.

For what concerns the financial reporting, beneficiaries involving affiliates should submit:

-An individual financial statement for each affiliate – to be signed by the legal representative of the affiliate

- A consolidated financial statement for the beneficiary (using the standard template) identifying its own costs, line per line, as well as grouping in one line per cost category the costs per affiliate – to be signed by the legal representative of the beneficiary.

### III.2 Sole Traders

Please note that 'Sole traders' are considered **natural persons** and are therefore **not eligible** to participate as beneficiary or affiliate as such in LIFE projects.

As a reference entities owned and run by one individual and where there is no legal distinction between the owner and the business can be considered as sole traders. The definition of Sole Trader should also be checked against the applicable national legislation.

## IV. PUBLIC BODIES

### IV.1 Who are considered public bodies ?

- the State, a regional or local authority,

**Or**

- a body governed by public law, or an association formed by one or more of such authorities or bodies governed by public law, or an entity registered as private law body wishing to be considered for the purpose of this call as equivalent to "public body";

When it fulfils **all** four following criteria:

- it is established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character, and
- it has a legal personality and
- it is financed, for most part, by the State, or regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law, and
- in the event the organisation stops its activities, its rights and obligations, liability and debts will be transferred to a public body.

Upon request by the Agency/Commission, the beneficiary will provide evidence.

### IV.2 2% Rule[2]

If any of the beneficiaries are public bodies, it is important to be aware of the 2% rule in article **II.19.2(a)(iii)** of the grant agreement. In order to be able to check if a project is in compliance with this rule, it is necessary to clarify whether each member of the project staff is classified as 'additional' personnel or not.

'Additional' personnel includes all employees (permanent or temporary) of public bodies whose contracts or contract renewals :

- start on or after the start date of the project or on or after the date of signature of the grant agreement (if this takes place before the project start date), and

- specifically second/assign them to the project (i.e. personnel file must contain a written instruction to work for the project, e.g. for ten hours per month)

Please note that 'renewal' of the contract means the extension of a temporary contract. Renewals of 'permanent contracts' are by definition not possible since the contract has in principle no end date and therefore should not be renewed.

Examples :

- Permanent staff (civil servants) already employed before the start date of the project is considered 'non-additional' (please note that permanent contracts that are artificially terminated or put on hold until after the end of the project, with the only intention to avoid the 2% rule, will not change the status of the staff member to 'additional')

- Temporary staff already employed before the start date of the project working on another project (as defined in the temporary contract) can be considered 'additional' as of the moment of 'renewal' of the contract if then assigned to the LIFE project concerned.

- Temporary staff already employed before the start date of the project but not for specific projects will still be considered 'non-additional' if the renewal of the contract (that starts on/after the start of the project or on/after signature of the renewal if later than the start of the project) is not mentioning the assignment to the LIFE project concerned.

The rule of 2% is assessed at the level of Consortium, meaning that the sum of the own contributions to the project budget of all public bodies must exceed (by at least 2%) the sum of the salary costs charged by them to the project for personnel not considered 'additional'.

### IV.3 Non-additional personnel in Capacity Building projects

Costs of non-additional personnel of public bodies are not eligible.

[2] At the end of the project, the cumulative own contribution of all public beneficiaries should be at least 102% of the cumulative non-additional staff costs of these public beneficiaries at project level.

# V. WHAT ARE ELIGIBLE COSTS ?

## V.1 To be eligible all costs must be:

- ***actually incurred within the duration of the project*** (see Art. I.2.2 of the grant agreement), i.e. the legal obligation to pay was contracted after the starting date and before the end date of the project, or after the signature of the grant agreement by the Agency/Commission in case this signature takes place before the project starting date

***With the exception of*** :

- the request for payment of the balance and
- the corresponding supporting documents, i.e. final report on implementation of the project, final financial statement, certificate on the financial statements and underlying accounts (if applicable);

Cost related to the final reports and audit certificates could be considered eligible when incurred within a maximum period of two months following the end date of the action.

Examples :

- a flight related for a ***meeting that takes place within the duration of the project*** can be purchased/paid as of the moment that the grant agreement is signed or as of the moment that the project has started.
- A flight for a meeting that takes place outside the duration of the project is not an eligible cost
- An event that is organised outside the duration of the project, even if ordered and paid in full before the end of the project is not an eligible cost.

- indicated in the ***estimated budget of the project*** (Annex III) or have been accepted by the Agency/Commission as technical justified and necessary to achieve the objectives of the project;

*Please note that the acceptance of the need for certain costs by the Agency/Commission other than those costs specifically detailed in the Annex III, can either be done during the implementation of the project (prior approval or through approval of progress/mid-term reports when this is clearly highlighted in the report concerned) or at the latest at the time of the approval of the final report.*

- in ***connection with the project*** as described in Annex II

- ***necessary*** for its implementation;

- ***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;

- in compliance with the requirements of applicable tax and social legislation; and

- reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

Costs related to specific cost categories will be further explained in section VIII of this guide.

### V.2 Actual costs as opposed to budgeted costs:

"Budgeted" costs are used for establishing a budget estimate only. Once the project has started only "actual" costs incurred must be used as a basis for completing the Interim and Final financial statements (except for the indirect costs which are subject to a flat rate).

Incurred costs must be supported by evidence that they are actual. As a general rule, neither estimated amounts, nor budgeted amounts, are acceptable. Where these conditions are not met, the amounts will be deemed to be ineligible.

## VI. WHAT ARE INELIGIBLE COSTS ?

All costs that do not fulfil the criteria of 'eligible costs', including :

- return on capital and dividends paid by a beneficiary;

- debt and debt service charges;

- provisions for losses, debts or other liabilities;

- interest owed;

- doubtful debts;

- exchange losses;

- costs of transfers from the Agency/Commission charged by the bank of a beneficiary;

- costs declared by the beneficiary under another project receiving a grant financed from the Union budget. Such grants include grants awarded by a Member State and financed from the Union budget and grants awarded by bodies other than the Agency/Commission for the purpose of implementing the Union budget. In particular, beneficiaries receiving an operating grant financed by the EU or Euratom budget cannot declare indirect costs for the period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the project

- contributions in kind from third parties including voluntary work;

- excessive or reckless expenditure (including unnecessary or wasteful outlays);

- any costs related to actions that may be considered as compensatory or mitigation measures for damages caused to nature or biodiversity by permitted plans or projects (unless such damages would be caused by the objectives of the LIFE project itself);

- unless explicitly foreseen in Annex II, any costs related to management plans, action plans and similar plans[3], drafted or modified in the context of a LIFE project, if the related plan is not legally operational before the project end date. This includes the completion, before the project end date, of all procedural/legal steps in Member States where such procedures are foreseen;

- costs for major infrastructure or fundamental scientific research unless explicitly foreseen in the project description in Annex II;

Examples of other costs that are considered not eligible further to the ‘eligibility criteria) :

- costs for EMAS and ECOLABEL registration procedures;

- internal invoices, i.e. costs resulting from transactions between departments or affiliated entities of beneficiaries, except when agreed and where all elements of profit, VAT and overheads are excluded;

- distribution, marketing and advertising expenses to promote products or commercial activities, except where specifically indicated in the project description in Annex II;

- costs related to finding/obtaining alternative or additional sources of funding for the project;

- costs incurred by co-financers to the project;

- travel and accommodation expenses or any form of remuneration in the name of agents of the Union institutions and of the external monitoring teams;

- 'notional rents', 'opportunity costs' or 'imputed interests'

- costs related to the proposal preparation or to the review phase.

- deductible VAT

- any expenses that do not comply with the eligibility criteria formulated in Commission notice Nr.2013/C-205/05 (OJEU C-205 of 19/07/2013, pp. 9-11), concerning the eligibility of Israeli entities and their activities in the territories occupied by Israel since June 1967, for grants, prizes and financial instruments funded by the EU from 2014 onwards, including with respect to third parties referred to in Article 137 of the EU's Financial regulation.

[3] Obligatory "After-LIFE plans" are not included in this category.

## VII. AWARD OF CONTRACTS

As mentioned in the grant agreement (Art. II.9 for 2014-2016 grants and Art. II.10 as of 2017 grants), if the project requires the procurement of goods, works or services, the beneficiaries shall award the contract to the ***tender offering best value for money*** or, as appropriate, to the tender offering the ***lowest price***. In doing so, they shall ***avoid any conflict of interests***.

Please note that the Agency/Commission is not imposing the EU public procurement rules on non-public beneficiaries. Unless otherwise stipulated in the grant agreement, beneficiaries are in principle free to organise the procurement in their usual way as long as they respect the criteria on 'best value for money or lowest price' and 'absence of conflict of interest'. However, beneficiaries should keep in their project file a short description of the tender rules (including their internal guidelines for selecting contractors if any) and the regulatory references used within the project.

In all cases, including cases where according to a beneficiary it does not make sense to organise a formal tendering process (e.g. monopoly situation,…), this should be substantiated with supporting documents in the project file.

Beneficiaries should ensure and be able to demonstrate that their tender procedures for the selection of suppliers/subcontractors comply with :

- the principles of ‘best value for money’ and ‘no conflict of interest’

- the principles of transparency, proportionality, equal treatment and non-discrimination of potential contractors

- the EU public procurement rules (if beneficiary is ‘public’)

- the requirement to use an open tendering procedure when the value of a contract exceeds EUR 130,000 for 2014-2016 grants and EUR 135,000 for grants as of 2017 (including publication of the call for tender in the relevant media, such as e.g. the official journal, newspapers,…).

- Below the threshold of EUR 130,000 for 2014-2016 grants and 135,000 as of 2017 grants, the threshold set out in the applicable public national procurement rules, 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 and maintain written evidence of how the criterion of best value for money was met in accordance with the usual procurement policy and/or practise of the beneficiary.

It should be noted that contracts may not be split in smaller contracts ("saucissonage") only for the purpose of avoiding the requirement of asking for competitive price offers.

Beneficiaries should ensure that the awarded contract is back-to-back with the grant agreement (i.e. that certain conditions – see Art. II.9.3 for 2014-2016 grants & Art. II.10.2 – are also applicable to the contractor.

*TIP : For each contract involving significant expenditures, it is recommended to keep in the project file the following:*

- *Short description and justification of the selection procedure employed with reference to the statutory documents, if applicable,*
- *Copy of the requests of offers sent by the beneficiary and the offers received by the subcontractors or in case of tender, a copy the publication of the call for tender published in the relevant media and the offers received;*
- *Copy of the report from the selection committee, if relevant, or internal memo justifying the choice of the contractor,*
- *Copy of the contract,*
- *Short description of the service/item purchased,*
- *Approval of the item/service purchased by the project manager,*
- *Explanation if invoice amounts differ from the contractual amount (particularly where the invoiced amount exceeds contracted amounts),*
- *Justification for any unusual tendering procedures.*

# VIII. COST CATEGORIES

## VIII.1 PERSONNEL COSTS

The ***costs of personnel*** comprises :

- **actual salaries** plus the employer's portion of **social security contributions**;

- **other statutory costs** included in the remuneration, provided that these costs are in line with the beneficiary's usual policy on remuneration;

Or for non-employees:

- costs resulting from **specific work contracts** (when applicable)

Please note that the cost of personnel should not contain costs that are deemed to be included in the indirect costs, also called 'overheads' (i.e. flat rate).

***'Personnel'*** means :

- persons working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the project

- natural persons working under a contract with a beneficiary other than an employment contract (e.g. civil contract or in-house consultancy contract), provided that the following conditions are fulfilled:

(i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);

(ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and

(iii) the costs are not significantly different from the costs of personnel performing similar tasks under an employment contract with the beneficiary.

Moreover, for direct personnel costs to be considered eligible:

- The cost must respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).
- Only costs related to the actual hours worked by the persons directly carrying out the project actions may be charged. Administrative and secretarial personnel, unless specifically agreed in the grant agreement cannot be charged as direct personnel costs. These costs are considered overheads and are deemed to be covered by the indirect costs.

***Direct personnel that comply with Article II.19 of the General Conditions*** are eligible provided that they are charged on the basis of one of the three following methods:

***Method 1 -- Hourly rate times actual hours worked***

The following three elements must be known in order to calculate the cost per employee that can be charged to the project on the basis of the hours actually worked on the project:

*- Annual productive hours*

A default value of 1720 total annual productive hours is used for those beneficiaries exempted from keeping timesheets (see also the guidance in the application guide of your call for what concerns Form F1) . In case the beneficiary wishes to use an amount other than 1720 hours, it must justify the alternative figure on the basis of a reliable time registration system (see point II.1).

The total actual annual productive hours for each employee is the time actually worked according to the time registration system. It will normally result in a different number of annual working time units for each employee.

The following time is considered 'non-productive' and should not be included in the total: holidays actually taken, bank holidays, flexitime compensation, week-ends, parental leave, sickness or other similar absences. However, if due to the character of the work, some of it has to be done during bank holidays or on weekends, this time

should be included in the productive time. Time used on meeting activities, training and similar activities is considered as productive time.

- *Actual salary*

This must be taken from the payroll and should be the total gross remuneration, any other statutory costs provided that these costs are in line with the beneficiary's usual policy on remuneration and the employer's portion of social charges. Remuneration costs should be calculated individually for each employee on an annual basis.

Please note that the annual gross salary should not be calculated on the basis of a monthly salary times 12. If an employee has not worked a full calendar year for the beneficiary (i.e. starting date of employment or end date of employment falling during the calendar year), the gross salary should not be extrapolated to a yearly figure, but in such cases the gross salary of the corresponding employment duration during the calendar year should be used. Similarly, the productive hours should reflect the period in which the employee has actually worked at the beneficiary's place.

When establishing the annual personnel costs the following elements should be considered:

| Item | Text |
|---|---|
| 1 | Annual gross salary including 13th and 14th salaries, if applicable. |
| + 2 | Holiday allowance, if not included in #1 above |
| + 3 | Obligatory/compulsory social charges imposed by law, such as pension schemes, health schemes, insurance schemes, contribution to labour market funds, etc |
| + 4 | Pension schemes according to general trade union agreements |
| + 5 | Company specific pension schemes (that existed before the submission of project proposal) if offered to all employees in a non-discriminatory manner |
| - 6 | Compensation received from insurance or other schemes in case of sickness, maternity leave, re-employment schemes to reactivate unemployed people, etc |
| = | Annual personnel cost (sum of 1-5 minus 6) |

Any additional and individual pension schemes and/or sickness insurance are not eligible, nor are company cars, bonuses[4] or any other similar fringe benefits. Dividends or profit sharing are also not eligible.

[4] Bonuses that are part of the statutory costs and recorded in the accounts of the beneficiary as personnel costs (subject to taxes and social security charges unless specifically exempted from these charges), could be considered eligible costs in so far they are not only applied for EU projects, they are not performance related,

Estimations or average salaries cannot be accepted. The rates indicated in the project budget in the grant agreement are only indicative and cannot be the default reference when reporting personnel costs.

***- Working time***

Only the costs of the actual hours worked on the project may be charged. The actual hours that each employee spends working on the project shall be recorded using timesheets or an equivalent time registration system established and certified by the employee and the employer. For staff working on tasks other than the LIFE project for the same employer, any working time spent on professional tasks unrelated to the project shall also be recorded. See section II.1 of this document for further information on what constitutes a reliable time registration system. Personnel working for the LIFE project less than 2 full days per month on average within a calendar year are exempted from the time registration obligation for the calendar year. (Note that in this last case, the default number of 1720 annual productive hours must be used.)

***Calculation of the hourly rate:***

The hourly rate for a given year is obtained by dividing the actual annual gross salary or wages plus employer's portion of obligatory social charges and any other statutory costs included in the remuneration of an employee by the total annual productive hours (1720 hours standard for those beneficiaries not required to use timesheets or as registered in the timesheets).

Hourly rates shall be calculated on a yearly basis.

***Method 2 – Gross Salary***

For personnel working full time for the project, or for a contractually defined percentage of time, the eligible salary cost will be calculated proportionally on the basis of the actual annual gross salary plus employer's portion of obligatory social charges and any other statutory costs included in the remuneration of an employee as defined above. In this case, the beneficiary must justify the individual secondment/assignment by providing a contractual document or a letter of assignment signed by the responsible service or authority of the relevant beneficiary. It shall contain at least the following details: name of employee, function in the project and description of the tasks assigned for the project, explicit indication of the specific time percentage or full time nature of the assignment, start and end date of the assignment period. Personnel whose costs are charged on this basis are exempted from the time registration obligation.

***Method 3 - Specific work contracts***

This typically covers the costs of consultants and similar persons that work on the project (i.e. self-employed natural persons working part time or full time for the project

they are a regular practice of the organisation, they do not result in a level of remuneration inconsistent with the current market conditions for a worker of the same category/grade/experience

under a contract which is not governed by labour law; this does not apply to contracts with companies, the related costs can be accepted under personnel costs provided that the other eligibility conditions are met.

Costs of natural persons working under a contract may be charged on the basis of such contracts, on condition that :

(i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
(ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and
(iii) the costs are not significantly different from the costs of personnel performing similar tasks under an employment contract with the beneficiary.

The remuneration must be based on working days/hours rather than on delivering specific outputs/products (the latter applies more in the frame of external assistance). This implies that the beneficiary must keep records of the hours/days worked by the person concerned under this specific contract.

Costs of natural persons working under a direct contract for a beneficiary must be calculated according to the same formula as for employees (hourly rate multiplied by the number of actual hours worked on the project).

However, the hourly rate is calculated differently, as it is not based on the annual personnel costs as registered in the payroll.

For the hourly rate, the beneficiary must use one of the following options:

- if the contract specifies an hourly rate, this hourly rate must be used;

- if the contract states a fixed amount for the services of the natural person and the number of hours to be worked: this global amount must be divided by the number of hours worked for the beneficiary under that contract.

- if the contract fixes only a global amount and does not specify the time to be worked, the costs cannot be declared as personnel costs, they may be eligible under external assistance provided that the specific eligibility conditions are met (article II.19.f).

Please note that the specific work contract should be set-up in accordance with the normal practise of the beneficiary and the applicable legislation, the rate should be in line with the level of competence required for the position and with other similar beneficiaries or projects. The contract should be detailed enough and in particular it should specify the amount of time the person shall work under this contract. It should specify the daily/hourly rate or the total amount for the contract.

The salary costs of *public body employees* may be funded only to the extent that they relate to the cost of project actions that the relevant public body would not have carried out had the project concerned not been undertaken. The employees in question, irrespective of whether they are working full or part time for the project, must be specifically seconded/assigned to the project described in Annex II. The individual secondment/assignment shall either take the

format of a contractual document or that of a letter of assignment signed by the responsible service or authority of the relevant beneficiary.

For *LIFE Capacity Building projects*, the costs of non-additional personnel of public bodies are not eligible. For Capacity Building, 'additional' personnel is defined as personnel whose contracts:

(a) do not begin before the date of signature of the grant agreement, or whose contractual responsibilities were previously unrelated to implementation of the LIFE programme; and

(b) mention (including through amendment) responsibilities related to the implementation of the LIFE programme in the target Member State specifically.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

**Frequent misunderstandings**

***Hourly rates included in the Annex III do not constitute 'agreed' hourly rates, they are only to be considered as 'estimates'.***

The financial reports to be submitted at the time of the interim/final report on the project should present the actual costs incurred and therefore use the actual rates, recalculated on the basis of the real personnel costs paid. These actual costs need to be evidenced by the corresponding time records, payslips, bank transfers, etc. - evidence which might be requested by the Agency/Commission on a case by case basis.

***Only costs can be reimbursed and not prices*** that would normally be charged to customers when engaging in commercial activities (price = personnel cost + commercial uplift). Personnel costs will only be considered eligible if they are reasonable and justified, and if they accord with the principles of sound financial management (i.e. (i) they may not unnecessarily increase the cost of the project and (ii) substantial deviations from the average cost of similar labour in the country concerned must be justified and agreed by the Agency/Commission.

***Only costs registered in the accounting system of the beneficiary can be reimbursed. Dividends or participation in the profit of the organisation do not constitute a cost and are therefore not eligible for reimbursement.***

**VIII.1 SUBCONTRACTING (external assistance)**

***Subcontracting costs are eligible when:***

(i) The cost respects the eligibility criteria under Art. II.19 of the grant agreement (see also point V);

(ii) The "subcontract" is awarded in line with Art. II.9 (for 2014-2016 grants) and Art. II.10 (as of 2017 grants) of the grant agreement (see also point VII);

(iii) It covers the implementation by a third party of tasks described in Annex II;

(iv) It covers the implementation of a limited part of the project, in principle limited to 35% of the total budget unless a higher level is justified

(v) Justified having regard to the nature of the project and what is necessary for its implementation

***Beneficiaries that use subcontracting should ensure that:***

- For 2014-2016 grants, Article II.3, II.4, II.5, II.7, II.8 and II.27 of the grant agreement & for grants as of 2017, Article II.4, II.5, II.6, II.7, II.8, II.9 and II.27 of the grant agreement are also applicable to the subcontractor;

- Subcontractor invoices bear a clear reference to the LIFE project (i.e. number and title or short title) and to the order/subcontract issued by the beneficiaries; If invoices do not bear the above references, a stamp with the project number on the invoice or an electronic link in the cost accounting system to the project can also serve as proof that a costs is incurred in the frame of the project, provided that all eligibility criteria listed at article II.19 are met.

- Subcontractor invoices are sufficiently detailed as to allow identification of single items covered by the service delivered (i.e. clear description and cost of each item).

If the project requires the procurement of goods, works or services, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests. See section VII for more details.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

***Examples of subcontracting('external assistance') costs:***

- the creation of a logo
- establishment of a dissemination plan
- design of dissemination products
- publication of a book
- renting of material
- creation of a website
- **lease of land use rights** if they concern a **short-term** lease that expires prior to the project end date

…

However, services **related to prototype** development should be budgeted under prototype and not under external assistance.

**Frequent misunderstanding related to subcontracting:**

***Subcontracting between beneficiaries or their subdivisions***

Subcontracting is not allowed between beneficiaries or between subdivisions of the same company. Each beneficiary should declare its own costs.

The same logic applies to the supply of goods. If e.g. beneficiaries, in the frame of their grant agreement, have to use 'products' that they have produced internally (i.e. internal invoicing), then the unit cost for producing these products can be claimed as long as no VAT, overheads or profit margin is included.

***Subcontracting to Affiliates***

In view of the rules on conflict of interest, the same generally applies to companies related to one of the beneficiaries or departments of beneficiaries. Such transactions are only permitted where it can be shown that the subcontractor/supplier is independent of the beneficiary placing the order, and where all elements of profit, VAT and overheads are excluded from the invoiced costs.

If contracts/subcontracts are awarded by the beneficiaries to their affiliates, it should be noted that they have to comply with the same 'subcontracting'/'award of contract' obligations as other third parties. The beneficiary should consider in this case, the possibility of using the participation of their affiliates under Art. I.7 of the grant agreement instead (see also point III)

## VIII.2 TRAVEL AND RELATED SUBSISTENCE ALLOWANCES

**What are subsistence costs ?**

These costs are daily allowances or direct payment of meals, hotel costs, local transportation etc.

**Travel and subsistence costs are eligible when:**

(i) The costs respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).

(ii) They are charged in accordance with the internal rules of the beneficiary. However :

- Beneficiaries shall endeavour to travel in the most economical and environmentally friendly way – video conferencing must be considered as an alternative

- In absence of internal rules governing the reimbursement of the use of an organisation's own cars (in opposition to private cars) costs related to the use of these are to be estimated at the rate as indicated in the guide for applicants. A mileage cost per km/mile can be charged to the project in line with the use of the car for the project as registered in the related log book. The mileage cost shall be calculated on a yearly basis by dividing all costs generated by the vehicle (insurance, fuel, maintenance etc) by the km/miles driven. Costs related to the depreciation of the vehicle may be taken into consideration only if the depreciation costs are considered a 'direct cost' in the organisation's accounts (if generally considered under the overheads, then this cost will be excluded).

If only costs for fuel are foreseen, they should also be listed here.

- Meals related to travel / meetings of the beneficiaries are not to be charged if subsistence costs are already budgeted as per diem allowances

Please note that travel costs of non-employees or persons whose costs are not charged under personnel costs but whose travels are linked to the project (e.g. invitees for conference speakers, volunteers, etc.) should be declared under the 'other cost' category. Travel costs of subcontractors are to be claimed under 'external assistance' cost category.

Missions to any destination outside the Member States and outside the third countries eligible to participate in the programme should be reasonable and justifiable as necessary for the fulfilment of the project (see definition of eligible costs), and agreed beforehand by the Agency/Commission, if not already mentioned in the grant agreement.

In the case of travel costs are actual costs, the beneficiary should keep all travels documents according to its accounting practices (boarding passes, hotel bills, invoices, invitations, agenda, attendance list) in order to substantiate the costs and to prove that travel is related to the project.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

### VIII.3 DURABLE GOODS – EQUIPMENT (new or second hand), PROTOTYPE & INFRASTRUCTURE COSTS

**Costs related to durable goods are eligible when:**

(i) The costs respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).

If the project requires the procurement of goods, works or services, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests.

(ii) The accounting rules of the beneficiary in question classify the costs as durable goods; they are included in the inventory of capital expenditure of the beneficiary;

(iii) The depreciation rate applied must be in line with the beneficiary's internal accounting rules and/or in accordance with national accounting rules, a copy of which should be included in the project file;

Please note that depreciation is limited to a maximum of 25% of the total purchase cost ( for infrastructure and a maximum of 50% of the total purchase cost (please note that this is verified per item).

***Exceptions:***

- for prototypes, the eligible costs are equal to the actual cost of the goods.

A prototype is equipment or infrastructure specifically created for the implementation of the project and that has never been commercialised and/or is not available as a serial product. The prototype must play a crucial role in the demonstration activities of the project

Should the prototype or any of its components be used for commercial purposes (i.e. sold, leased, rented or used to produce goods or services) during the project, this shall be declared. The costs of creating the prototype shall then be depreciated in accordance with the rules applicable to the purchase of new or second-hand equipment and infrastructure. Any related income must be declared."

- for *LIFE Nature and Biodiversity* and *LIFE Integrated* projects, the cost of durable goods purchased by beneficiaries that are public bodies or private non-commercial organisations shall be considered eligible at 100%, if the organisation complies with all conditions set under Article II.19.2 (c) of the 2014-2016 grant agreement and Article I.13 as of the 2017 grant agreement.

(iv) Only the rate of actual use for the purposes of the project may be taken into account :

**Please note that in case the durable good is not allocated for 100% to the project, the (depreciated) costs submitted for reimbursement should be multiplied with the 'allocation percentage' in line with the actual use.** The allocation percentage used should be reasonable and duly justified.

(v) Durable goods purchased before the start of the project are not eligible for funding

(vi) Costs of rental or lease of equipment/infrastructure when these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee are eligible for funding. (see also remark below on leasing of equipment)

Finance Leasing of equipment: Capital or Finance Leasing costs (with the possibility to buy the equipment) should be depreciated in the beneficiary's accountancy and therefore these costs should be charged under "Durable Goods". Operating Leasing costs without a possibility to buy cannot be depreciated in the balance sheets and therefore these costs should be charged under "external assistance".

Please note that all costs related to infrastructure, even if the work is carried out under sub-contract should be reported under this heading.

Projects dedicated to the construction of large infrastructure do not fall within the scope of the LIFE Programme and are therefore not eligible. A project is considered to be dedicated to the construction of large infrastructure if the cost of a "single item of infrastructure" exceeds € 500,000. A "single item of infrastructures" means all elements physically bound to ensure the functionality of the infrastructural investment (e.g. for an eco-duct the bridge, barriers, signposting, etc.). Such amount may be exceptionally exceeded upon agreement with the Agency/Commission.

In LIFE ***Capacity Building or LIFE Technical Assistance projects***, costs related to infrastructure, including depreciation costs and the costs of rental or lease of infrastructure, are not eligible.

Electricity and gas for operating the equipment are deemed to be covered by the indirect costs unless otherwise agreed.

Costs incurred for the purchase of durable goods, including notice boards, can only be eligible if they bear the LIFE logo (and the Natura 2000 logo, when applicable);

Each beneficiary should keep in the project file an explanation of the depreciation method used to calculate eligible costs for durable goods.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

**Frequent misunderstanding related to depreciation:**

***Difference in depreciation, i.e. national accounting rules vs tax rules***
In some EU countries, the tax authorities have granted companies the possibility to freely depreciate assets for tax purposes, as an extraordinary measure to foster investment and create jobs. In this framework, depreciation amounts declared for tax purposes can be different from depreciation amounts for accounting purposes. Please note that only depreciation costs in line with accounting rules of the beneficiary are eligible. Accelerated depreciation costs in line with possible existing extraordinary tax measures are not acceptable, unless they are in line with the accounting rules. When there is divergence between the applicable tax rules and accounting rules, the accounting rules prevail.

## VIII.4 CONSUMABLES AND SUPPLIES

**Costs related to consumables and supplies are eligible when:**

(i) The costs respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).

If the project requires the procurement of goods, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests.

(ii) They are directly assigned to the project.

Please note that they should not include costs for general office supplies which are deemed to be covered by the indirect costs.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

## VIII.5 COSTS FOR LAND PURCHASE/LONG-TERM LEASE of LAND/ONE-OFF COMPENSATIONS FOR LAND USE RIGHTS.

Costs related to land purchase/long-term lease of land/one-off compensations for land use rights are eligible when:

(i) The costs respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).
(ii) The plot of land is intrinsically connected with the implementation of the project and envisaged therein
(iii) The duration of a land lease is at least 20 years (long-term lease) and is compatible with the needs of habitat and species protection
(iv) The costs are for payment of compensation for foregone income and the expense was necessary for reaching the objectives of the LIFE Nature and Biodiversity, LIFE Climate Change mitigation or LIFE Climate Change Adaptation project. The payment should correspond to the market prices, is formalised through a legal document and compensation is not paid to a public authority, with the exception of a temporary compensation to a local authority (as of 2017 grant agreements, the latter should be explicitly authorised by the Agency/Commission as essential to achieving the goals of the project).

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

## VIII.6 OTHER COSTS

***What are other costs ?***

Other costs are those costs arising directly from requirements imposed by the grant agreement.

**Other costs are eligible when:**

(i) The costs respect the eligibility criteria under Art. II.19 of the grant agreement (see also point V).

If the project requires the procurement of goods, the beneficiaries shall award the contract to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, they shall avoid any conflict of interests.

**Examples of other costs :**

- costs of audit certificates required by the grant agreement;
- costs related to dissemination of information and reproduction (e.g. purchase dissemination materials/products…)
- printing (e.g. of dissemination material or posters).
- costs related to specific evaluation of the action
- translation costs
- charges for financial guarantees required by the grant agreement;
- bank charges of the co-ordinating beneficiary related to opening a specific bank account for the grant agreement (unless already included in the indirect costs);
- subscription fees for fairs and events/conferences;
- costs of organising seminars, workshops, conferences (unless a subcontract has been concluded with a service provider, in which case these costs should be charged under "Subcontracting");
- travel and subsistence allowances of persons who are not under personnel costs (conference speakers, volunteers…);

Other specific costs do not cover electricity or gas used for the running of the project as they are deemed to be covered by the overheads.

When submitting the final financial statement, additional supporting documents may need to be submitted by each of the beneficiaries to the Agency/Commission if requested.
In general, supporting documentation should be kept in the project file and provided at the Agency's/Commission's (or the Monitoring Team's) first request.

## VIII.7 ELIGIBLE INDIRECT COSTS (OVERHEADS)

They are subject to a flat-rate of up to a maximum of 7% of the beneficiaries' total eligible direct costs excluding costs for land purchase/long-term lease of land/one-off compensations

for land use rights. The flat rate is defined in Annex III to the grant agreement. Indirect costs do not need to be supported by accounting documents.

Any organisation receiving an operating grant from the EU for the period of the project or parts of the period cannot claim the flat rate for the period in question.

For grants as of 2017, indirect costs for the period(s) covered by the operating grant could be claimed if the beneficiary concerned can demonstrate that the operating grant does not cover any costs of the project. For grants 2014-2016, the above can also be envisaged, but please note that beneficiaries in that situation should then request an amendment to their existing grant agreement.

**What does this mean in practise?**

Where the operating grant of the beneficiary covers the entire usual activity of the beneficiary, the latter is not entitled to claim any indirect costs under an action grant (i.e. for specific project like e.g. the LIFE traditional projects, Integrated Projects, Capacity Building projects, etc…). Indeed, in that case the operating grant covers the entire overheads needed for the functioning of the beneficiary. Paying indirect costs under the action grant would therefore lead to double financing

Where the operating grant covers only part of the usual activity of the beneficiary indirect costs under the action grant may be considered eligible if the beneficiary is able to demonstrate clearly that the operating grant does not cover any costs (including overheads) incurred in relation to the action grant.
To demonstrate this, the beneficiary must:
a. use analytical cost accounting that allows to separate all costs (including overheads) attributable to the operating grant and the action grant. For that purpose the beneficiary must use reliable accounting codes and allocation keys ensuring that the allocation of the costs is done in a fair, objective and realistic way.
b. record separately: all costs incurred for the operating grants (i.e. personnel, general running costs and other operating costs linked to the part of its usual annual activities), and all costs incurred for the action grants (including the actual indirect costs linked to the action)

## IX. REVENUES

Besides co-funding from third parties, any revenue generated by the project needs to be recorded and must be reported to the Agency/Commission at the latest in the final financial report.

Account must be taken of revenue which is:

- **established** (revenue that has been collected and entered in the accounts),
- **generated or confirmed** (revenue that has not yet been collected but which has been generated or for which the participant has a commitment or written confirmation) **on the date when the request for payment of the balance of the grant is established**.

Revenue can be, for example, income generated by selling of a product, which is the core of a project. Another example would be fees charged to third parties to attend conferences or training events.

Beneficiaries are allowed to generate income, even DURING the project. They may use it, for instance, as matched funding to the funding you receive from the E.U.

If beneficiaries would make net profit during the project, the EU funding will be reduced accordingly on a pro-rata basis. This assessment is done at the level of the Consortium.

## X. FINANCIAL GUARANTEES

Where required by the grant agreement, the beneficiary concerned shall provide a financial guarantee from a bank or an approved financial institution established in one of the Member States of the European Union.

## XI. CERTIFICATE ON THE FINANCIAL STATEMENTS AND ACCOUNTS

***When is it needed ?***

The following thresholds might be applicable for your grant agreement (please check your grant agreement and subsequent amendments!!!)

Previous versions of the grant agreement might indicate the following :

1) For each project for which the total contribution in the form of reimbursement of actual costs is at least EUR 300 000.

2) For each beneficiary for which the total contribution in the form of reimbursement of actual costs as referred to in Annex III is at least EUR 325 000.

Grant agreements signed as of May 2018 indicate the following :

3) For each beneficiary and for each affiliated entity, if :
   (i) the cumulative amount of payments the beneficiary requests as reimbursement of actual costs is EUR 325 000 or more;
   (ii) the maximum grant amount indicated for that beneficiary and its affiliated entities in the estimated budget as reimbursement of actual costs is EUR 750 000 or more.

Please note that the threshold might have been updated during subsequent amendments to the grant agreement.

In case the threshold was changed further to an amendment, then costs for audits that were already ordered by the beneficiaries up to the date of notification of the change of threshold, can still be accepted as eligible cost.

***Who should produce it ?***

An approved auditor or, in case of public bodies, by a competent and independent public officer. It can either be the auditor designated by the coordinating beneficiary or the auditor designated by the associated beneficiary concerned. The cost will need to be declared by the beneficiary that has incurred the cost of the audit.

What should be included ?

The certificate should be drawn up in accordance with Annex VII.

It shall clearly and explicitly certify that the costs declared in the final financial statement by each beneficiary or its affiliated entities for the categories of costs reimbursed in accordance with Article I.3(a)(i) are real, accurately recorded and eligible in accordance with the Agreement.

In addition, for the payment of the balance, it shall certify that all the receipts have been declared.

For practical reasons, an audit report for an individual associated beneficiary may be issued separately and by a different auditor, as long as the auditor of the coordinating beneficiary includes and refers to any separate individual audits in the conclusions of the main audit report.

Internal auditors of public bodies and corporate entities can be considered as 'independent' and can provide the required audit report if the internal auditor is:

- is a certified auditor, and
- independent from and not under the direct control of the person who signs the payment request and the financial statement

In such cases, the costs of the internal auditor may be reported under 'personnel' provided that appropriate time sheets are maintained.

With a view to avoid delays in the submission of external audit certificates, beneficiaries should select and contract the external auditor well before the financial report is due.

## XII. PAYMENT SCHEME

The grant to the action shall be paid in several instalments as stipulated in your grant agreement (Article I.4). Depending on the type of project it may include a first pre-financing, second/third pre- financing, an interim payment and payment of the balance.

Payments will occur in accordance with the provisions of Articles I.4, II.23 (for grants 2014-2016 only), II.24 and II.25 of the grant agreement.

Requests for further pre-financings (in line with the Article I.4 of the grant agreement) should be submitted in accordance with the reporting schedule defined in Annex II.

## XIII. REPORTING

Further guidance on the templates to be used for the technical and the financial reporting as well as on how to complete them will be published on the LIFE website in the LIFE toolbox found at http://ec.europa.eu/environment/life/toolkit/pmtools/index.htm).

## XIV. CHANGES TO THE GRANT AGREEMENT

Please note that every amendment is a time-consuming process and leads to more administrative burden, so please make sure that you provide correct information before signing the grant agreement.

You should also be aware that if an amendment request is launched and a payment should be done at the same time, the payment can be suspended if it is impacted by the amendment until the amendment process is closed.

Amendments shall have neither the purpose nor the effect of making changes to the grant agreement which might call into question the grant award decision.

Any amendment to the Agreement must be made in writing.
Only substantial changes require a formal amendment of the grant agreement and will only be accepted in duly justified cases. Amendments can be done in 2 ways, either by contract amendment or by a simple letter amendment. Other non-substantial changes can be approved by exchange of e-mails (or through approval of progress/mid-term reports if the change request is clearly highlighted in the report).

Substantial amendments to the grant agreement require the signature of both, the Agency/Commission and the coordinating beneficiary. For letter amendments, the request made by the coordinating beneficiary is originally signed and the acceptance letter of the Agency/Commission as well. In case of a contract amendment, both coordinating beneficiary and the Agency/Commission sign.

***Examples of substantial changes that require a formal 'amendment to the Grant Agreement' are:***

(a) Significant changes to the nature of actions or deliverables;

(b) Changes of the legal status of the coordinating beneficiary or of an associated beneficiary

(c) Changes to the project partnership structure;

(d) Changes to the duration of the project period as specified in Article I.2.2;

(e) Changes to the provisional project budget, shifting more than 20 % of the maximum amount as specified in Article I.3 between two or more categories of actual costs or between project partners.

If the amendment concerns the termination of the participation of a beneficiary, please note that the beneficiary concerned is requested to submit to the coordinating beneficiary its input to the final report (technical, financial and supporting documents), at the time of the signature of the amendment. Non-submission of a final report of a withdrawing beneficiary could imply that eventual costs of this beneficiary are considered as zero by the Agency/Commission, if as a result no evidence of completion of tasks is provided.

***Non-substantial changes :***

Non-substantial changes and changes to the content of actions or deliverables that improve the quality or quantity of the results achieved in relation to the foreseen actions, deliverables and/or targets, without modifying their nature nor affecting their overall cost-benefit ratio are considered to be minor changes. The Coordinating beneficiary shall inform the Agency/Commission of these and other minor changes in a report pursuant to Article II.23. Minor changes can be accepted by the Agency/Commission by e-mail, by factual acceptance or through the acceptance of the eligibility of the related actual costs at the time of final payment. In order to be assured about their eligibility, individual costs not explicitly foreseen in the budget are incurred, it is recommended that the Coordinating beneficiary discusses the issue with the external monitor to clarify the applicable rules, and if appropriate request prior authorisation of the Agency/Commission.

## XV. RELATIONS AMONG BENEFICIARIES

In case a project includes associated beneficiaries, partnership agreements should be signed between the coordinating beneficiary and each associated beneficiary[5]. A model partnership agreement is available on the LIFE web page.

These agreements should establish routines for when and how the associated beneficiaries submit their project reporting, including financial information to the coordinating beneficiary. Experience shows that collecting documents every quarter is a minimum to ensure adequate financial management.

The partnership agreements should also clarify the obligations of the associated beneficiaries in case of audit.

## XVI. BUDGET TRANSFERS

Budget transfers within the flexibility mentioned in Agreement (Art. II.22), should be included in the Final Financial Statement (i.e. in the Cost Summary sheet of the Financial Statement – part that has to be completed by the Coordinating Beneficiary).

Beneficiaries are allowed to make changes to the budget through :

- transfers between beneficiaries,
- and up to a limit of 20% of the overall eligible costs, transfers between the different budget categories

[5] Meaning that an individual agreement with each of the associated beneficiaries or one single agreement grouping all the beneficiaries is acceptable.

on condition that the project is implemented as described in Annex II.

Please note that a shift of budget to cover costs of subcontracting that was not foreseen in the budget, would require a prior approval of the subcontracting by the Agency/Commission.

## XVII. PAYMENT SCHEDULE

For all action grants excl. Integrated Projects:

| | 1st pre-financing (might be subject to the receipt of a financial guarantee) | Further pre-financing(s) | Final payment |
|---|---|---|---|
| No Mid-term report | 70% | 0% | max. 30% |
| 1 Mid-term report | 30% | 40% | max. 30% |
| 2 Mid-term reports | 30% | 20% per report | max. 30% |

For Integrated Projects:

Integrated projects will receive a first pre-financing of 20% of the Union Contribution (might be subject to a financial guarantee). Further interim payments can be made as long as the maximum of 80% of Union Contribution for all pre-financing/interim payments combined is not exceeded.

EUROPEAN COMMISSION
Executive Agency for Small and Medium-sized Enterprises (EASME)

# GRANT AGREEMENT [XXXXX]

# TERMS OF REFERENCE FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

## LIFE ACTION GRANTS (Call 2017/2018)

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**TERMS OF REFERENCE FOR AN INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS CLAIMED UNDER A GRANT AGREEMENT FINANCED BY THE EXECUTIVE AGENCY FOR SMALL AND MEDIUM-SIZED ENTERPRISES (EASME) (OPTIONAL[1]) 2**

**INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS CLAIMED UNDER A GRANT AGREEMENT FINANCED BY THE EXECUTIVE AGENCY FOR SMALL AND MEDIUM-SIZED ENTERPRISES (EASME) (COMPULSORY)[2] 3**

**The Independent Report of Factual Findings should be provided by the Auditor**

[1] Example that can be used by the Beneficiary
[2] Model to be used by the Auditor

**Terms of Reference for an Independent Report of Factual Findings on costs claimed under a Grant Agreement financed by the Executive Agency for Small and Medium-Sized Enterprises (EASME) hereinafter referred to as "the Agency"**

The following are the terms of reference ('ToR') on which *<name of the Beneficiary>* 'the Beneficiary' agrees to engage *< name of the audit firm>* 'the Auditor' to provide an independent report of factual findings on a Financial Statement(s)[3] prepared by the Beneficiary *(including costs of its affiliate(s) : <name of the Affiliate(s)>*[4]) and to report in connection with a European Union financed grant agreement, concerning *< title and number of the grant agreement>* (the 'Grant Agreement'). Where in these ToR 'The Agency' is mentioned this refers to its quality as signatory of the Grant Agreement with the Beneficiary. The European Union is not a party to this engagement.

**1.1 Responsibilities of the Parties to the Engagement**

'**The Beneficiary**' refers to the legal entity that is receiving the grant and that has signed the Grant Agreement with the Agency.

- The Beneficiary is responsible for preparing a Financial Statement for the project financed by the Grant Agreement, in compliance with such agreement, for providing it to the Auditor, and for ensuring that this Financial Statement can be properly reconciled to the Beneficiary's (and where applicable also the Affiliate's) accounting and bookkeeping system as well as to the underlying accounts and records. Notwithstanding the procedures to be carried out, the Beneficiary (and where applicable also the Affiliate) remains at all times responsible and liable for the accuracy of the Financial Statement.

- The Beneficiary is responsible for the factual statements which will enable the Auditor to carry out the procedures specified, and will provide the Auditor with a written representation letter supporting these statements, clearly dated and stating the period covered by the statements.

- The Beneficiary accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Beneficiary providing full and free access to the Beneficiary's (and where applicable also the Affiliate's) staff and its/their accounting and other relevant records.

'**The Auditor**' refers to the Auditor who is responsible for performing the agreed-upon procedures as specified in these ToR, and for submitting an independent report of factual findings to the Beneficiary.

The Auditor must be independent from the Beneficiary (and where applicable also the Affiliate) and must not have been involved in preparing the Financial Statement.

- [Option 1, by default] The Auditor is qualified to carry out statutory audits of accounting documents in accordance with the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

- [Option 2, if the Beneficiary has an independent Public Officer] The Auditor is a competent and independent Public Officer for which the relevant national authorities have established the legal capacity to audit the Beneficiary.

- [Option 3 if the Beneficiary is an international organization] The Auditor is an [internal] [external] auditor in accordance with the internal financial regulations and procedures of the international organisation.

The procedures to be performed are specified by the Agency and the Auditor is not responsible for the suitability and appropriateness of these procedures.

The Auditor:

[3] Financial Statement in this context refers solely to document referred to in Annex VI of the grant agreement.
[4] Delete if not applicable, or include names of affiliates when applicable

- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with this ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the [Beneficiary]

## 1.2 Subject of the Engagement

The subject of this engagement is the Financial Statement in connection with the above mentioned Grant Agreement for the period covering <dd *Month yyyy to dd Month* yyyy>.

## 1.3 Reason for the Engagement

The Beneficiary (and where applicable also the Affiliate) is required to submit to the Agency a certificate on a Financial Statement, in the form of an independent report of factual findings produced by an external auditor, in support of the payment requested by the Beneficiary under Article I.4.1. of the Grant Agreement. The Authorizing Officer of the Agency requires this Report as the payment of costs requested by the Beneficiary is conditional on the factual findings of this Report.

## 1.4 Engagement Type and Objective

This constitutes an engagement to perform specific agreed-upon procedures regarding an independent report of factual findings on costs claimed under the Grant Agreement.

As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. The Agency derives its assurance by drawing its own conclusions from the factual findings reported by the Auditor on the Financial Statement and the payment request of the Beneficiary relating thereto.

The Auditor shall include in its report that no conflict of interest exists between it and the Beneficiary (and where applicable also the Affiliate) in establishing this report, as well as the fee paid to the Auditor for providing the report if the service is invoiced.

## 1.5 Scope of Work

*1.5.1* The Auditor shall undertake this engagement in accordance with these ToR and:

- in accordance with the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the IFAC;
- in compliance with the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the Auditor also complies with the independence requirements of the Code *of Ethics for Professional Accountants.*

*1.5.2* Planning, procedures, documentation and evidence

The Auditor should plan the work so that the procedures can be effectively performed. For this purpose he performs the procedures specified in 1.9 of these Terms of Reference ('Scope of Work - Compulsory Report Format and Procedures to be Performed') and uses the evidence obtained from these procedures as the basis for the Report of factual findings.

## 1.6 Reporting

The Report of factual findings, an example of which is attached to this ToR, should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail in order to enable the Beneficiary and the Agency to understand the nature and extent of the procedures performed by the Auditor. Use of the reporting format attached is compulsory. The report should be written in the language indicated in Article I.4.3 of the Grant Agreement. In accordance with Article II.27 of the Grant Agreement, the Agency and the Court of Auditors have the right to audit any work carried out under the project for which costs are claimed from the Union, including the work related to this engagement.

## 1.7 Timing

The report should be provided by [DATE].

## 1.8 Other Terms

*[The Beneficiary and the Auditor can use this section to agree other specific terms such as Auditor's fees, out of pocket expenses, liability, applicable law, etc.]*

| | |
|---|---|
| ***[legal name of the audit firm]*** | ***[legal name of the Beneficiary]*** |
| ***[name & function of authorised representative]*** | ***[name & function of authorised representative]*** |
| <dd Month yyyy> | <dd Month yyyy> |
| ***<Signature of the Auditor>*** | ***<Signature of the Beneficiary>*** |

## 1.9 Scope of Work - Compulsory Report Format and Procedures to be Performed

**Independent Report of Factual Findings on costs claimed under a Grant Agreement financed by the Executive Agency for Small and Medium-Sized Enterprises (EASME), hereinafter referred to as "the Agency"**

***To be printed on letterhead paper of the Auditor***

<Name of contact person(s)>, < Position>
< Beneficiary's name>
<Address>
<dd Month yyyy>

In accordance with our contract dated *<dd Month yyyy>* with <name of the Beneficiary> "the Beneficiary" and the terms of reference attached thereto (appended to this Report), we provide our Independent Report of Factual Findings ("the Report"), as specified below.

**Objective**

We *[legal name of the audit firm]*, established in *[full address/city/state/province/country]*, represented for the signature of this Report by *[name and function of an authorised representative]*, have performed agreed- upon procedures regarding the cost declared in the Financial Statement(s)[5] of *[name of Beneficiary]* hereinafter referred to as the Beneficiary, to which this Report is attached, and which is to be presented to the Agency under grant agreement [*grant agreement reference: title, acronym, number]* for the following period *[insert period covered by the Financial Statement]* and for the following amount *[insert total eligible cost amount in EUR]*. This engagement involved performing certain specified procedures, the results of which the Agency uses to draw conclusions as to the eligibility of the costs claimed.

**Scope of Work**

Our engagement was carried out in accordance with:

- the terms of reference appended to this Report and:
- International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants (IFAC);
- the Code *of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the Auditor also complies with the independence requirements of the Code *of Ethics for Professional Accountants;*

[5] Financial Statement in this context refers to the form by which the Beneficiary claims costs under the Grant Agreement.

As requested, we have only performed the procedures set out in the terms of reference for this engagement and we have reported our factual findings on those procedures in the table appended to this Report.

The scope of these agreed-upon procedures has been determined solely by the Agency and the procedures were performed solely to assist the Agency in evaluating whether the costs claimed by the Beneficiary in the accompanying Financial Statement has been claimed in accordance with the Grant Agreement. The Auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Financial Statements.

Had we performed additional procedures or had we performed an audit or review of the Financial Statements of the Beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

**Sources of Information**

The Report sets out information provided to us by the management of the Beneficiary in response to specific questions or as obtained and extracted from the Beneficiary's information and accounting systems.

**Factual Findings**

The above mentioned Financial Statement was examined and all procedures specified in the appended table for our engagement were carried out. On the basis of the results of these procedures, we found:
All documentation and accounting information to enable us to carry out these procedures has been provided to us by the Beneficiary. Except what indicated below, no exceptions were noted.

**Exceptions**

In some cases, the Auditor was not able to successfully complete the procedures specified. These exceptions are as follows:

**Exceptions such as inability to reconcile key information, unavailability of data which prevented the Auditor from carrying out the procedures, etc. should be listed here. The Commission will use this information to decide the amounts which will be reimbursed.**

**Use of this Report**

This Report is solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the Beneficiary and the Agency and solely for the purpose of submission to the Agency in connection with the requirements as set out in Articles I.4.1 and II.23. of the Grant Agreement. This Report may not be relied upon by the Beneficiary or by the Agency for any other purpose, nor may it be distributed to any other parties. The Agency may only disclose this Report to others who have regulatory rights of access to it, in particular, the Agency's monitoring contractor, European Commission and the European Anti Fraud Office and the European Court of Auditors.

This Report relates only to the Financial Statement specified above and does not extend to any other financial statement of the Beneficiary (or when applicable his Affiliate).

No conflict of interest[6] exists between the Auditor and the Beneficiary (and where applicable his Affiliate) in establishing this Report. The fee paid to the Auditor for providing the Report was € (including €_____ VAT).

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

*[legal name of the audit firm]*
*[name and function of an authorised representative]*
***<dd Month yyyy>,***
***<Signature of the Auditor>***

[6] A conflict of interest arises when the auditor's objectivity to establish the certificate is compromised in fact or in appearance when the auditor for instance:
- was involved in the preparation of the Financial Statements;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the Beneficiary;
- is a director, trustee or partner of the Beneficiary;
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

## Agreed upon procedures performed by the Auditor

The Auditor designs and carries out his work in accordance with the objective and scope of this engagement and the procedures to be performed as specified below. When performing these procedures the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations or any others deemed necessary in carrying out these procedures. The procedures are carried out with regard to the costs claimed by the Beneficiary (as well as its Affiliate when applicable) and taking into account the Grant Agreement and the related Annexes.

The Auditor will include the **result** of the checks performed in the last column of the table below:

'Confirmed' means that the Auditor can confirm the 'standard factual finding' and, therefore, there is no exception to be reported

'Exception' means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information, or data were unavailable)

'Not applicable' means that the standard factual finding did not have to be examined by the Auditor and the related Procedure(s) did not have to be carried out. Please be aware that the reasons of the non-applicability of a certain finding must be obvious (e.g. no costs declared under the corresponding cost category, conditions set to apply certain Procedures are not met).

The Agency reserves the right to issue guidance, together with examples, definitions and findings to guide the Auditor in the nature and presentation of the facts to be ascertained. The Agency reserves the right to vary the procedures by written notification to the Beneficiary. The procedures to be performed are listed as follows:

| **Procedures** | **Standard factual finding and basis for exception reporting** | **Result (Confirmed/Exception/ Not Applicable)** |
|---|---|---|
| **Accounting system** | | |
| 1. The Auditor shall examine:<br>- whether the internal accounting (analytical or other suitable internal system) and auditing procedures permit direct reconciliation of the costs and revenues declared under the project;<br>- whether the actual expenditure/income under the project has been recorded systematically using a numbering system specific to each project;<br>- whether when costs are shared between several other | 1. The Auditor performed the described procedure and verified that the Beneficiary has procedures adopted that allow reconciliation of the costs and revenues under the project. The Auditor also verified that the Coordinating Beneficiary has transferred all payments to the Associated Beneficiary in line with the Grant Agreement.<br><br>**If there are issues related to the internal accounting/auditing procedures or the systematical recording of costs/revenues related to the project, these should be listed as exceptions in the main report.** | |

| | | |
|---|---|---|
| projects, the appropriate allocation keys have been established that reflect the true burden for each project;<br>- whether such allocation keys have been applied systematically and correctly;<br>- for Coordinating Beneficiary only: whether he transferred all payments to the Associated Beneficiaries in compliance with Article II.2.3 (e). | **If a risk of double funding has been identified, meaning that the Beneficiary (or his Affiliate if applicable) has received European Union funding more than ones for the same costs (e.g. if the Beneficiary has received other EU operating or action grants), it should be listed (together with the amounts) as an exception in the main report.** | |
| **General financial aspects** | | |
| 2. The Auditor shall examine whether the expenses claimed by the Beneficiary (or its affiliated entities – if foreseen in the Grant Agreement under the special conditions) are eligible in line with Art. II.19 of the grant agreement:<br>- were provided for in the estimated budget (Annex III), or have been accepted by the Agency (e.g. through an amendment, exchanges in communication or through reporting);<br>- were incurred directly by the Beneficiary (or its affiliated entities);<br>- were incurred in connection with the project (e.g. invoices including project reference, Annex II 'Description of the project';<br>- are supported by appropriate justifying documents;<br>- have been recorded in the Beneficiary's accounts or tax documents;<br>- were incurred during the period of the project with the exception of costs relating to the request for payment of the balance and the related certificate on the financial statements;<br>- comply with the requirements of applicable tax and social legislation<br>- are in the opinion of the Auditor reasonable, justified, and comply with the requirements of sound financial management, in particular regarding | The Auditor verified that the Beneficiary's expenses (including the expenses of its affiliated entities if foreseen in the Grant Agreement), were registered in the Beneficiary's accounting system (or when applicable, the accounting system of the affiliate) and comply with the eligibility criteria under Art.II.19 of the Grant Agreement and found that no ineligible items as defined in Art.II.19.4 were claimed.<br>The Auditor verified the above for all items sampled under the cost category checks below.<br>**If any deviation or missing document have been identified it should be listed (together with the amounts) as exceptions in the main report.** | |

| | | |
|---|---|---|
| economy and efficiency. | | |
| The Auditor shall verify that the **Beneficiary contributed financially to the project** in accordance with Art. II.2.1.(g) of the grant agreement (unless they participated on the basis of zero costs). | 3. The **Beneficiaries' own contribution is not equal to € 0** (unless the Beneficiary participated on the basis of zero cost)<br>**Any discrepancy should be noted (together with the amount) as exception in the main report.** | |
| 4. **VAT**<br>- The Auditor shall verify that only non-deductible VAT has been claimed and that in such a case the Beneficiary has (a) document(s) emitted by the responsible tax authorities confirming that the VAT cannot be recovered<br>In lieu of the above, the Auditor might include in the certificate on the financial statement that it has verified that the VAT claimed by the Beneficiary cannot be recovered<br>- The Auditor shall verify that VAT has not been claimed by Beneficiaries that are public authorities, when it relates to activities matching the concept of sovereign powers exercised by Member States, and that when VAT is claimed for activities not matching the concept of sovereign powers, the Beneficiary has provided a **certificate** established by the competent national authority. | - The Auditor verified that the VAT claimed is eligible :<br>(1) The Auditor verified that no-deductible VAT has been claimed (either supported by a declaration from the national tax authority or by a declaration of the Auditor).<br>(2) The Auditor verified that for Beneficiaries that are public authorities a certificate from the competent national authority has been obtained, certifying that the related activities do not match the concept of sovereign powers.<br>**Any discrepancy should be noted (together with the amount) as exceptions in the main report.** | |
| 5. The Auditor shall verify that all the **receipts related to the project** have been declared by the Beneficiary (the Auditor will concentrate on co-funding from co-financers and income generated by the project).<br>The Auditor shall examine the relevant project | The Auditor verified that all the project receipts (see Art. II.25.3 of the grant agreement) have been declared<br>The Auditor verified that the Beneficiary, in the frame of the project, did not benefit either directly or indirectly from the Structural Funds' or other Community financial instruments' support.<br>**Any discrepancy should be noted (together with the amount) as** | |

| | | |
|---|---|---|
| accounts and obtain representation from the Beneficiary that the amounts listed represent a complete record of the sources of receipts connected with the project. The amount included by the Beneficiary in the financial statement regarding receipts is the same as the amount recorded in the Beneficiary's accounting. | **exceptions in the main report.** | |
| The Auditor shall verify that the Beneficiary, in the frame of the project, does not benefit either directly or indirectly from the Structural Funds' or other Community financial instruments' support. | | |
| 6. The Auditor shall **verify, in case the Beneficiary has general accounts in a currency other than the euro**, the correct application of exchange rates into Euros in accordance with Art.I.4.6 of the Grant Agreement. | The Auditor verified that the exchange rate(s) used for conversion of the claimed costs from their local currency into euro are the exchange rates established by the European Union (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)<br><br>The Auditor verified that the Beneficiary used in a consistent manner one of the below methods [please choose one] :<br><br>- the monthly conversion rate of the date where the actual costs were incurred<br><br>- the monthly rate applicable on the first day of the month following the end of reporting period<br><br>The Auditor used for this check the items sampled for the checks to be done per cost category (see below) and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement:<br><br>**Where the exchange rate(s) used was/were not in compliance with the Grant Agreement, an exception should be noted, (together with the** | |

| | | |
|---|---|---|
| | **amount) in the main report** | |

| **Procedures** | **Standard factual finding and basis for exception reporting** | **Result (Confirmed/Exception/ NA)** |
|---|---|---|
| 7. For the costs submitted in the cost categories 'External assistance/subcontracting, Consumables, Durable goods (Equipment/Infrastructure/Prototype), Other costs', the Auditor shall verify and obtain confirmations that the following award of contracts' rules are respected:<br>(1) Contracts for the supply of goods/works/services are awarded to the tender offering best value for money (best price-quality ratio) or to the tender offering the lowest price.<br>(2) The tendering procedures comply with the principles of transparency and equal treatment of potential contractors.<br>(3) The contract was awarded without any conflict of interest<br>(4) In case the Beneficiary uses a framework contract, It should be checked if this was established on the basis of best value for money, transparency and equal treatment.<br><br>Procedures should be in line with Art. II.10 of the Grant Agreement<br><br>For public entities the public procurement rules have to be respected (see references in Art. II.-10 of the Grant Agreement)<br><br>For amounts up to 135,000 EUR, Beneficiaries', the | 7. The Auditor obtained tendering documents for each purchase and the contract entered into. The Auditor found that the correct tendering process was followed in accordance with the procurement policy of the Beneficiary or its usual practice. For procurement above 135,000 EUR, a written analysis was prepared by the Beneficiary in support of the final choice of supplier/subcontractor.<br><br>The costs charged were compared to the invoices and found to be the same. No VAT or other identifiable indirect taxes were charged, unless VAT could not be recovered.<br><br>**If the Auditor is not provided with evidence of either of the above situations, the amount of the cost should be listed as an exception in the main report.** | |

| | | |
|---|---|---|
| procurement policy of the Beneficiary or its usual practice should be used (as far as they comply with the principle 'value for money'). Above 135,000 EUR, beneficiaries shall use an open tendering procedure.<br><br>Full coverage will be checked if less than 10 items are included in the applicable cost category, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater.<br><br>Please note that the sample of items to be checked should be aligned with the samples chosen for the further checks under points 12, 13, 14, 15 and 16 hereafter. | | |
| **Personnel Costs** | | |
| ***8. Personnel costs:***<br><br>**The Auditor has reviewed the Grant Agreement (including annexes describing the methodology used to calculate the personnel costs) and obtained a list from the beneficiary with all personnel rates calculated in accordance with the methodologies described in the Grant Agreement.**<br><br>**The Auditor will check that the calculation of the personnel cost excludes ineligible costs.**<br><br>**The Auditor will check the personnel costs on the basis of the following sample :**<br><br>- full coverage if less than 10 employees (or personnel assimilated to employees)<br><br>- otherwise a sample of minimum 10, or 10% of employees, whichever is the greater.<br><br>Where sampling is used, selection should be random with a view to producing a representative sample. | The Auditor sampled xx persons out of the total of xx being the personnel assigned to the project. | |

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| **8.1** The Auditor shall verify that all personnel listed under the Personnel cost category complies with Art. II.19.2 (a), i.e.<br><br>* the persons are under an **employment contract** with the Beneficiary or an **equivalent appointing act.** Staff should be directly hired by the Beneficiary (or its affiliates if foreseen in the grant agreement) in accordance with the national legislation.<br><br>* the persons are **assigned to the project**<br><br>In case personnel concerns **natural persons** working under a contract with the Beneficiary other than an employment contract, they may be assimilated to such costs of personnel, provided that the following conditions are fulfilled:<br><br>(i) the natural person works under the instructions of the Beneficiary and, unless otherwise agreed with the Beneficiary, in the premises of the Beneficiary;<br><br>(ii) the result of the work belongs to the Beneficiary; and<br><br>(iii) the costs are not significantly different from the costs of personnel performing similar tasks under an employment contract with the Beneficiary<br><br>The Auditor shall obtain :<br><br>(1) the employment status/conditions/contracts (or equivalent) and assignment letters of the employees (or other personnel as assimilated to employees) selected and shall compare them with the standard employment (or equivalent) contract used by the Beneficiary<br><br>(2) a list of the persons included in the sample, indicating the period(s) during which they worked for the project, their | **8.1** For each person in the sample, the Auditor :<br><br>- has obtained the employment contract (or equivalent agreement), and verified that he/she was directly hired and assigned to the project<br><br>- has compared the contract with the standard employment (or equivalent) contract used by the Beneficiary<br><br>- has verified that in case of 'natural persons' working under a contract other than an employment contract, the specific conditions were fulfilled<br><br>- has verified the eligibility components of the salary cost and has recalculated the personnel costs for employees included in the sample. | |

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| position (classification or category) and type of contract<br><br>(3) the payslips (employees)/invoices (natural persons other than employees) of the persons included in the sample<br><br>(4) reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system<br><br>(5) the Beneficiary's usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay);<br>(6) the applicable national law on taxes, labour and social security and<br>(7) any other document that supports the personnel costs declared.<br><br>Based on the above, the Auditor shall verify the eligibility components of the salary cost and recalculate the personnel costs for employees included in the sample. | **8.2** Unless time registration was not required, the Auditor obtained for each person in the sample the related time records and confirms that they were kept in line with the instructions mentioned in Annex X of the Grant Agreement.<br><br>The Auditor obtained the productive hours/days from the time records of each employee. | |
| **8.2** The Auditor shall verify that for all personnel listed under the Personnel cost category, **daily records of hours spent by a given person** are kept (i.e. the consolidated time of one person) in line with Annex X of the grant agreement.<br><br>Time registration is not required for personnel working full-time on the project (or for a contractual defined percentage), nor for personnel working in average less than 2 days per month in a given calendar year<br><br>**8.3 For personnel assigned to the project <u>other than</u> on a full-time/ part-time (contractually fixed percentage) basis :**<br><br>The Auditor will recalculate hourly/daily personnel rates per calendar year:<br><br>'Productive hours/days' represent the number of days made available by the employee (or assimilated) in a calendar | **8.3/8.4** For each person selected, the Auditor obtained the total personnel costs (i.e. total salary/employer's costs) from the payroll/accounting system and recalculated the hourly or daily rate by dividing the actual personnel costs in a given year respectively by the actual productive hours or days in that year and comparing it with the hourly or daily rate charged by the Beneficiary.<br><br>For personnel working less than 2 days in average per month in a given year, the Auditor recalculated the hourly rate by dividing the actual personnel cost in a given year by 1720 hours and comparing it with the hourly or daily rate charged by the Beneficiary.<br><br>For personnel working full time for the project, or for a contractually defined | |

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| year after the deduction of holiday, sick leave and other entitlements.<br><br>The Auditor obtains the calculation of the productive hours/days after inspecting all necessary records, national legislation, labour agreements, contracts, any other relevant documentation (e.g. timesheets).<br><br>The Auditor will use, for personnel working less than 2 days in average per month within a given calendar year (as well as for Beneficiaries where the time registration is not considered reliable), 1720 hours as annual productive time.<br><br>The Auditor shall obtain evidence that personnel costs are in line with the Beneficiary's usual policy on remuneration.<br><br>**8.4 For personnel fully assigned to the project, including staff having an assignment for a fixed contractually percentage of time**<br><br>The Auditor will compare the total yearly personnel cost of staff members that are fully assigned to the project to the salary cost registered in the organization's accounting system.<br>The Auditor will verify that, for personnel assigned for a fixed contractual percentage of time to the project, the pro-rata yearly salary cost has been claimed for the project. | percentage of time, the Auditor recalculated the eligible personnel costs proportionally on the basis of the actual personnel costs incurred for the person during a given year and compared it with the amount charged by the Beneficiary.<br><br>In cases where the time recording system does not appear to be reliable, the Auditor will use the standard of 1720 hours to recalculate the hourly rate and compare it with the hourly rate charged by the Beneficiary.<br><br>**8.1 till 8.4** The Auditor confirms that personnel costs are in line with the Beneficiary's usual policy on remuneration.<br><br>**The Auditor confirms that no exceptions were noted. Otherwise**, **they should be listed (together with the amounts) as exceptions in the report.**<br><br>The Auditor includes the calculation of the productive hours/days and the hourly/daily rates for the personnel selected in his/her report.and shows the differences compared with the entries in the financial statement of the Beneficiary<br><br>**If the productive hours/days or costs of personnel cannot be identified or if they deviate from the ones reported by the Beneficiary, they should be listed (together with the amounts) as exceptions in the report.**<br><br>**If there are deviations compared to the organization's usual policy on employment contracts and remuneration, they should be listed (together with amounts) as exceptions in the report**. | |
| 9. The Auditor will verify the time recording system of the Beneficiary, more in particular, the Auditor will;<br><br>(1) obtain a description of the time recording system and the related procedure to register and authorise the time | 9. The Auditor has verified that employees (or personnel assimilated to employees) record their time on a daily basis using a paper/computer-based system. The time-records selected were signed by the person concerned as well as authorised by the project manager or other superior.<br><br>**If no time records are available which fit the above description, this should** | |

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| (2) check that the time recording system records all hours spent daily by a given person, i.e. that the timesheets reconcile the total working time of the person<br><br>In addition, the Auditor will check for **the personnel subject to the time registration** (based on the same sample as above) that :<br><br>(3) they have declared their time on a daily basis by using the paper/computer based time registration system<br><br>(4) time records were approved at least monthly by the personnel concerned and authorized by the project manager or other superior<br><br>(5) the hours declared on the project fell within the project period (or up to three months after the project period when it concerned the preparation of the final reporting)<br><br>(6) there were no hours declared for the project if the HR records showed absences due to holidays or illness<br><br>(7) the hours charged to the project match with those in the time recording system. | **be listed as an exception in the report.**<br><br>The Auditor verified that time recording reconciles with the total of hours of the person (all hours worked, not only hours related to the project). It should be explained further how the Beneficiary ensured a correct attribution of time spent on the project and other activities.<br><br>**If time recorded for a member of personnel deviates from the total hours registered in the organization's accounting system, they should be listed (together with amounts) as exceptions in the report.**<br><br>The Auditor verified that the hours claimed in the financial statement are in line with the hours registered according to the timesheets.<br><br>**If time charged for a member of personnel to the project deviates from the time registered on the project in the timesheets, it should be listed (together with amounts) as exceptions in the report**. | |
| 10. The Auditor shall verify the **status of the personnel of 'public' beneficiaries**, 'additional' or 'non-additional' personnel (based on the same sample as above).<br>- Additional personnel includes all employees (permanent or temporary) whose contracts or contract renewals :<br>(i) start on or after the start date of the project or on or after the date of signature of the grant agreement (if this takes place before the project start date) and<br>(ii) specifically second/assign them to the project | 10. The Auditor has verified the status of personnel of public beneficiaries.<br><br>**If the status of personnel declared in the financial statement deviates from the actual status verified by the auditor, it should be listed (together with amounts) as exceptions in the report**. | |

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| In the case of **LIFE Capacity Building projects**, the notion of "additional personnel" shall also include "employees – permanent or temporary – whose contracts started before the start date of the project and whose responsibilities were previously unrelated to the implementation of the LIFE programme".<br><br>In the case of LIFE Capacity Building projects, the Auditor shall verify that no costs have been claimed for 'non-additional' personnel. | The Auditor has verified that for LIFE Capacity Building projects, no costs for non-additional personnel have been claimed.<br><br>**Any discrepancy should be noted (together with the amount) as exceptions in the main report** | |
| 11.The Auditor verifies that the calculation of the personnel costs excludes ineligible items as defined in Art.II.19.4 and Annex X to Grant Agreement.<br>Examples of ineligible costs are (i) non statutory costs, (ii) additional and individual pension schemes and/or sickness insurance not required by law, (iii) company cars, (iv) bonuses or any other similar fringe benefits (except e.g. bonuses that are explicitly part of the statutory costs where they are not triggered by the participation of an employee in the EU project or that is in any way linked to the performance of the person or the project) | 11.The Auditor has verified that:<br>- No ineligible costs were included in the personnel costs;<br><br>**If ineligible costs were included or if estimates or budgeted amounts were used, this should be reported as an exception in the main report (including the amounts).** | |
| **Travel and subsistence costs** | | |
| 12. The Auditor shall verify that:<br><br>- **travel and subsistence costs for personnel working on the project** are correctly identified and allocated to the project and they are in accordance with Beneficiary's internal rules.<br><br>- travel outside the Member States or to the third countries | 12. The Auditor verified the sample and found that the Beneficiary allocated travel and subsistence costs to the project in line with its usual internal policy.<br><br>The costs charged were compared to the related invoices and found to be the same. No travel and subsistence costs were included for travels outside the Member States or to the third countries eligible under the project unless foreseen in the budget or prior approval was received. | |

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| eligible under the project was foreseen in the budget or has received prior approval.<br><br>**The Auditor will check the travel and subsistence costs on the basis of the following sample:**<br><br>Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater.<br><br>The Beneficiary should provide written evidence of its normal policy for travel costs to enable the Auditor to compare the travel and subsistence costs charged with this policy. | No VAT or other identifiable indirect taxes were charged, unless VAT could not be recovered.<br><br>Travel costs and subsistence allowances were in line with the written policy provided by the Beneficiary.<br><br>**Costs which are not allocated to project, not in line with the usual internal policy or include non-eligible costs like deductible VAT should be listed (together with the amounts) as exceptions in the main report.** | |
| **Depreciation & Durable goods (Equipment/Infrastructure/Prototype)** | | |
| 13. The Auditor will verify that the (depreciated) costs related to durable goods (equipment/infrastructure/prototypes), are correctly identified and allocated to the project. The depreciation costs charged to the project cannot include costs related to durable goods already owned by the Beneficiary at the start of the project.<br><br>The Auditor shall verify that Equipment and Infrastructure:<br>(1) were depreciated in accordance with the internal/national accounting standards taking into account the duration of the project and the rate of actual use for the project;<br>(2) comply with the ceilings identified in the grant agreement (i.e. the depreciated eligible amount is limited to 25% of the total purchase costs for infrastructure and 50% of the total purchase costs for equipment)<br>=> unless the costs are incurred by public authorities or non-profit organizations in the frame of LIFE Nature and Biodiversity projects **<u>if</u>** these costs were intrinsically connected with the implementation of the project and used to a significant degree within the duration of the project, | 13. The Auditor traced the durable goods charged to the project to the accounting records and the underlying invoices and confirms that the durable goods were not already owned by the Beneficiary at the start of the project and they bear the LIFE logo (and Natura 2000 logo when applicable).<br><br>The Auditor verified that:<br><br>- The Beneficiary has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting<br><br>- The depreciation method used to charge the durable goods to the project is in line with the Beneficiary's normal accounting policy and the national accounting standards and found to be the same<br><br>- Equipment/infrastructure costs, not depreciated by public authorities or non-profit organizations in the frame of the LIFE Nature and Biodiversity/Integrated projects, comply with the conditions set in the grant agreement<br><br>- The amount charged to the project complies with the maximum ceilings for equipment and infrastructure mentioned in the grant agreement<br><br>- Prototypes comply with the conditions set in the grant agreement<br><br>- Durable goods were procured respecting the award of contract rules | |

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| and on condition that the Beneficiary undertakes to continue to assign the durable goods definitively to nature conservation activities beyond the end of the project.<br>=> or unless the costs are incurred by public authorities or non-profit organizations in the frame of LIFE Integrated projects **if** these costs were intrinsically connected with the implementation of the project and used to a significant degree within its duration and on condition that the Beneficiary undertakes to continue to assign these goods definitively to activities implementing the targeted plan beyond the end of the integrated project.<br><br>The Auditor shall verify that Prototypes:<br>(1) were not used for commercial purposes during the project period<br>(2) were specifically created for the implementation of the project<br>(3) were not available as serial product<br>(4) played a crucial role in the demonstration activities of the project<br><br>For all durable goods sampled, the Auditor will physically check that the durable goods exist and bear the LIFE logo (and the Natura 2000 logo when applicable)<br><br>The Auditor will verify that the award of contracts' rules (see point 7 above) for items charged under the 'durable goods' have been correctly followed.<br><br>For LIFE Capacity Building and LIFE Technical Assistance projects, depreciation costs of durable goods and costs of rental or lease of infrastructure are not eligible<br><br>**The Auditor will check the 'depreciation and durable goods costs' on the basis of the following sample :** | In case of LIFE Capacity Building and LIFE Technical Assistance projects, the Auditor has verified that no depreciation costs of durable goods, nor rental or lease of infrastructure costs have been claimed<br><br>**If costs have been charged which do not comply with the above, they should be listed (together with the amounts) as exceptions in the main report**. | |

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| Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater. | | |
| **Other costs** | | |
| 14. The Auditor shall verify that:<br><br>- the 'other costs' are eligible, correctly identified and allocated to the project<br>- the items charged were not placed in the inventory of durable equipment and accounted in line with the beneficiary's usual accounting practices.<br><br>The Auditor will verify that the award of contracts' rules (see point 7 above) for items charged under the 'other costs' have been correctly followed<br><br>**The Auditor will check the Other costs on the basis of the following sample :**<br><br>Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater. | 14. The Auditor traced the 'other costs' charged to the project to the accounting records and the underlying invoices.<br><br>The Auditor verified that :<br><br>- the Beneficiary has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting<br><br>- the other costs claimed were eligible, not included in the inventory of durable equipment and accounted in line with the Beneficiary's usual accounting practices<br><br>- for financial support to third parties in the frame of 'Integrated Projects', that all minimum conditions are met<br><br>- the other costs claimed were procured respecting the award of contracts' rules.<br><br>**If the Auditor is not provided with the required evidence, the amount of the 'other costs' concerned should be listed as an exception in the main report.** | |
| **Consumable costs** | | |
| 15. The Auditor shall verify that:<br>- the 'consumable costs' are eligible, correctly identified and allocated to the project<br>- the items charged were not placed in the inventory of durable equipment and accounted in line with the Beneficiary's usual accounting practices | 15. The Auditor traced the 'consumable costs' charged to the project to the accounting records and the underlying invoices.<br><br>The Auditor verified that :<br><br>- the Beneficiary has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting<br><br>- the consumable costs claimed were eligible, not included in the inventory of | |

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| The Auditor will verify that the award of contracts' rules (see point 7 above) for items charged under the 'consumable costs' have been correctly followed.<br><br>Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater. | durable equipment and accounted in line with the Beneficiary's usual accounting practices<br><br>- the consumable costs claimed were procured respecting the award of contracts' rules.<br><br>**If the Auditor is not provided with the required evidence, the amount of the 'consumable costs' concerned should be listed as an exception in the main report.** | |
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| **External assistance/subcontracting costs** | | |
| 16. The Auditor shall verify that the 'external assistance/subcontracting costs' are eligible, that they comply with Article II.11 of the Grant Agreement, that they are correctly identified and allocated to the project.<br><br>The Auditor will verify that the award of contracts' rules (see point 7 above) for items charged under the 'external assistance/subcontracting costs' have been correctly followed and that subcontracts were not awarded to other beneficiaries or affiliates.<br><br>The Auditor will verify that there are signed agreements between the Beneficiary and the subcontractor and that there is evidence that the services were actually provided.<br><br>**The Auditor will check the External assistance/subcontracting costs on the basis of the following sample :**<br><br>Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater. | 16. The Auditor traced the 'external assistance/subcontracting costs' charged to the project to the accounting records and the underlying invoices.<br><br>The Auditor verified that :<br><br>- the subcontracting complied with Article II.11of the Grant Agreement<br><br>- the Beneficiary has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting<br><br>- the external assistance/subcontracting costs claimed were eligible<br><br>- the external assistance costs claimed were procured respecting the award of contract rules<br><br>- there were subcontracts in place and the services were not subcontracted to other beneficiaries or affiliates.<br><br>**If the Auditor is not provided with the required evidence, the amount of the 'external assistance/subcontracting costs' concerned should be listed as an exception in the main report.** | |

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| **Land purchase or long-term lease of land or one-off compensations for land use rights** | | |
| 17. The Auditor shall verify that the costs claimed related to land purchase/long-term lease of land/one-off compensations for land use rights are eligible, comply with the conditions under Article II.19.2 (i) of the Grant Agreement, that they are correctly identified and allocated to the project.<br><br>The Auditor will verify that the award of contracts' rules (see point 7 above) for items charged under the land purchase/long-term lease of land/one-off compensations for land use rights cost category have been correctly followed.<br><br>**The Auditor will check the Land purchase or long-term lease of land or one-off compensations for land use rights costs on the basis of the following sample :**<br><br>Full coverage if less than 10 items, otherwise a sample of minimum 10, or 10% of the items, whichever is the greater. | 17. The Auditor traced the 'land purchase/long-term lease of land/one-off compensations for land use rights charged to the project' to the accounting records and the underlying invoices.<br><br>The Auditor verified that :<br><br>- the land purchase/long-term lease of land/one-off compensations for land use rights fulfil the conditions of Article II.19.2 (i) of the Grant Agreement.<br><br>- the Beneficiary has documented the link with the project on the invoice and purchase documentation, and, where relevant, the project accounting<br><br>- the land purchase/long-term lease of land/one-off compensations for land use rights claimed were eligible<br><br>- the land purchase/long-term lease of land/one-off compensations for land use rights claimed were procured respecting the award of contract rules.<br><br>**If the Auditor is not provided with the required evidence, the amount of the 'consumable costs' concerned should be listed as an exception in the main report.** | |
| 18. The Auditor shall verify that **the indirect cost/overhead** flat rate claimed does not exceed 7% of the eligible direct costs - personnel, travel, external assistance/subcontracting, consumables & other costs -.<br><br>For LIFE Capacity Building projects, indirect costs/overheads are not eligible. | 18. The Auditor verified that indirect cost/overhead charged to the project are not exceeding 7% of the eligible direct costs - personnel, travel, external assistance/subcontracting, consumables & other costs - .<br><br>The Auditor verified that no indirect costs/overheads have been charged for LIFE Capacity Building projects.<br><br>**Any discrepancy should be noted (together with the amount) as exceptions in the main report.** | |

***The Auditor will attach a list with all the costs sampled as well as an overview sheet as included below:***

| **Period examined:**<br><br>**Period (xx/xx/20xx - xx/xx/20xx)** | **Grant Agreement Budget (last Annex III or budget after budget transfer after interim/final payment)** | **Costs claimed by Beneficiary** | **Amount tested** | **Eligible costs identified by the Auditor** |
|---|---|---|---|---|
| **Cost category** | **(€)** | **(€)** | **(€)** | **(€)** |
| **DIRECT COSTS** | | | | |
| **1. Personnel** | | | | |
| **2. External assistance/Subcontracting** | | | | |
| **3. Travel and subsistence** | | | | |
| **4. Durable Goods**<br>**4a Infrastructure**<br>**4b Equipment**<br>**4c Prototype** | | | | |
| **5. Land purchase/lease/one-off compensation**<br>**5a Land purchase**<br>**5b Land lease**<br>**5c One-off-compensations** | | | | |
| **6. Consumables** | | | | |
| **7. Other costs** | | | | |
| **INDIRECT COSTS** | | | | |

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| **8. Overheads max 7% on total direct costs (excl. land purchase/land lease/one-off compensations)** | | | | |
| **TOTAL costs** | | | | |
| **Sample size (%)** | | | | |

***[legal name of the audit firm], [name and function of an authorised representative]*** <dd Month yyyy>

**<*Signature of the Auditor*>**

**LIFE BEETLES | Avaliação de Impactos Socio-Económicos | Inquérito a Fornecedores**

## Introdução

O presente inquérito destina-se apenas a recolher e tratar informação destinada a apresentação no âmbito dos relatórios de execução do projeto que financiou os serviços que lhe foram adquiridos. A informação recolhida não será objeto de transmissão a quaisquer entidades. O seu tratamento e apresentação nunca será individualizado, mas sim de forma agregada, para o conjunto de fornecedores/fornecimentos que o projeto adquiriu.
Desde já lhe agradecemos a colaboração no sentido de nos responder com a maior coerência face ao sei conhecimento da informação solicitada. Sem prejuízo de tal facto, não é necessário apresentar números exatos, mas estimativas realistas dos valores solicitados.

## Descrição da Aquisição de Bens/Serviços

(a preencher pela entidade que lhe adjudicou os serviços)
**Sede do Fornecedor: _____**
**Destino do Fornecimento: _____**
**Valor total da adjudicação/contrato (com IVA, €): _____**

## Emprego

Indique-nos por favor o número aproximado de dias de trabalho (DT) de pessoal que, para satisfazer a adjudicação, teve de alocar.

| Pessoal Contratado (Quadro) | | Outros Colaboradores (recibos verdes,…) | |
|---|---|---|---|
| **Categoria** | **DT** | **Categoria** | **DT** |
| Quadros de Gestão | | Quadros de Gestão | |
| Técnicos | | Técnicos | |
| Operários qualificados/especializados | | Operários qualificados/especializados | |
| Outros: | | Outros: | |
| Outros: | | Outros: | |

De entre os acima referidos, houve necessidade de contratar alguém, adicionalmente à sua equipa regular, para efetuara prestação de serviços? ___ Sim ____ Não

Em caso afirmativo, indique-nos por favor o número total de dias de trabalho dessa(s) contratações: _____

**Aquisição de Bens/Materiais**

Para fornecimento dos serviços/bens adjudicados, teve de recorrer à aquisição de bens/materiais? ___ Sim ___ Não

Caso a resposta seja positiva, preencha por favor, no aplicável, a tabela abaixo. Note que se pretende valores aproximados, não necessitam de ser exatos.

| Origem do fornecedor | Valor de Aquisições (€) |
|---|---|
| Município | |
| Região Autónoma dos Açores | |
| Portugal | |
| Europa Comunitária | |
| Outra. Qual? | |

**Aquisição de Serviços / Despesas**

Para fornecimento dos serviços/bens adjudicados, teve de recorrer à aquisição de alguns serviços e/ou assegurar algumas despesas (p.e. com deslocações, alimentação, …)?

___ Sim ___ Não

Caso a resposta seja positiva, preencha por favor, no aplicável, a tabela abaixo. Note que se pretende valores aproximados, não necessitam de ser exatos.

| Origem/Local das Aquisições de serviços/Despesas | Valor de Aquisições (€) |
|---|---|
| Município | |
| Região Autónoma dos Açores | |
| Portugal | |
| Europa Comunitária | |
| Outra. Qual? | |

Desde já agradecemos a sua colaboração. Por favor entregue este inquérito junto à entidade que lhe adjudicou os serviços junto com a última fatura associada aos mesmos.