



**EUROPEAN COMMISSION
SERVICE FOR FOREIGN POLICY INSTRUMENTS**

Transatlantic Civil Society Dialogues EU-USA

2012

GUIDELINES FOR APPLICANTS*

CALL FOR PROPOSALS Ref. FPI/Call Transatlantic Dialogues EU-USA/2012

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* These Guidelines have been prepared by Unit FPI.4 in the SERVICE FOR FOREIGN POLICY INSTRUMENTS for the general guidance of applicants. Nothing herein supersedes the legal documents regulating the award and implementation of grants from the European Commission. The legal principles can be found in the Financial Regulation (Council Regulation 1605/2002 amended by Council Regulation 1995/2006) and its Implementing Rules (Commission Regulation 2342/2002 amended by Commission regulation 478/2007).

Table of Contents

1. ELIGIBILITY OF COSTS AND CO-FINANCING

1.1.	FINANCIAL PROCEDURE	3
	I. <i>Budget proposal in the application form</i>	
	II. <i>Financial analysis of proposals</i>	
	III. <i>Setting of the EU funding</i>	
	IV. <i>Currency</i>	
1.2.	RULES ON ELIGIBILITY	5
	I. <i>General principles</i>	
	II. <i>Eligible costs</i>	
	III. <i>Non-eligible costs</i>	
	IV. <i>Contributions in kind</i>	
1.3.	PRINCIPLES APPLIED TO THE DIFFERENT CATEGORIES AND TYPES OF COSTS	6
	I. <i>Budget Header A - Activity Costs</i>	
	II. <i>Budget Header B - Staff Costs</i>	
	III. <i>Budget Header C - Travel, accommodation and subsistence costs</i>	
	IV. <i>Budget Header D - Costs related to the purchase, leasing or rental of hardware and equipment</i>	
	V. <i>Budget Header E - Cost of consumables and supplies</i>	
	VI. <i>Budget Header F - Cost entailed by other implementation contracts (subcontracting)</i>	
	VII. <i>Budget Header G - Any other direct costs</i>	
	VIII. <i>Budget Header H - Indirect costs (overheads)</i>	

2. CONTRACTUAL ASPECTS OF PROJECT IMPLEMENTATION

2.1.	FINAL AMOUNT OF THE GRANT	11
2.2.	FAILURE TO MEET THE OBJECTIVES	11
2.3.	AMENDMENTS TO THE GRANT AGREEMENT AND VARIATIONS WITHIN THE BUDGET	11
2.4.	REPORTING	12
2.5.	PAYMENTS	12
2.6.	RECORDS AND ACCOUNTS OF THE OPERATION	13
2.7.	AUDIT AND INSPECTIONS	13

This document provides technical guidelines and advice to organisations interested in applying for a European Commission grant in the framework of the Transatlantic Civil Society Dialogues EU-USA. It covers issues related to eligibility of costs and give some advice on the preparation of the budget. This document should be read in conjunction with the text of the Call for Proposals, the Grant Application Form, the budget form and the Model Grant Agreement.

1. ELIGIBILITY OF COSTS AND CO-FINANCING

When preparing an application package, it is important to be aware of a number of rules and principles which apply to projects financed by the European Commission. Applying these principles when preparing your application will increase your chances of being selected for a grant.

A project may include any costs, which are relevant to and necessary for its implementation. However, only “eligible costs” can be taken into account when calculating the value of a grant. There are costs which the Commission does not consider as eligible and which therefore cannot be taken into account when calculating the value of a grant. Eligible and non-eligible costs are specified in detail below.

Your attention is drawn to the fact that the eligible costs must be itemised costs and not lump sums. For instance, when calculating travel budgets, the costs must be based on the expected number of passengers and the costs of travel to a specific location (e.g. three flights EU-US at €1000 each). Only overhead costs (or “indirect costs”) can be accounted for as a lump sum.

Before awarding a grant, the European Commission reviews the budget proposed in the application. This can lead to a revision of the budget and sometimes to a reduction of the maximum eligible costs of a project. You might therefore not necessarily be awarded the full amount you have requested in your application.

Under this programme, it is compulsory to provide a level of co-financing to match the grant awarded by the European Commission. The maximum rate of financing provided by the European Commission (and, consequently, the minimum level of co-financing required from the applicant) is stipulated in the Call for Proposals.

If you are successful, the total eligible costs and the co-financing ratios will be specified in the Grant Agreement and will be binding once the Agreement is signed.

It is in the interest of the applicant to submit a realistic and cost-effective budget in order to obtain the requested grant. In addition, the quality and the clarity of the budget proposed are taken into account when evaluating the applications during the selection process.

1.1. FINANCIAL PROCEDURE

I Budget proposal in the application form

The budget proposal must be submitted in a structure that includes the following main categories of:

- a) Activities
- b) Costs of staff assigned to the project
- c) Travel and subsistence expenses for staff assigned to the project
- d) Cost of equipment
- e) Cost of consumables and supplies
- f) Costs entailed by other implementation contracts
- g) Any other direct costs
- h) Indirect costs – overhead

II Financial analysis of proposals

The *budget proposed* by the applicant is analysed by the Commission in order to:

- a) assess whether it is consistent with the proposed project and decide whether the budget is sufficiently detailed to consider funding the project;
- b) assess whether the proposed budget matches the concrete objectives / expected results of the project;
- c) eliminate any item of expenditure or operational cost which cannot be accepted according to the rules on eligible expenditure;
- d) if necessary, propose a downward revision of the budget in relation to some items of expenditure considered as being excessive compared to the nature of the project and/or to the volume of work that has to be implemented in order to achieve the planned results.

That analysis is made in accordance with the rules on eligible expenditure described in these Guidelines.

At the end of that analysis, an *approved budget* for the project is drawn up by the Commission. If the proposed budget is realistic and acceptable in relation to the EU rules, the proposed budget and the approved budget will be identical, and the European Union grant may correspond to the beneficiary's application. In some cases, however, the analysis will result in reductions. In such cases, the proposed budget will be the subject of a downward revision so that an approved budget is obtained based solely on eligible costs and eligible or reasonable levels of expenditure compared to project objectives.

III Setting of the EU funding

Once the approved budget has been defined, funding is calculated according to:

- ▶ the application: the total amount of funding may in no way be greater than the amount applied for by the applicant;
- ▶ the specified co-financing: the total amount of funding may not exceed 75 % of the approved budget. In most cases, it is likely to be fixed at an appreciably lower level;
- ▶ the policy for awarding grants, the maximum contribution will not exceed the amount mentioned in the Call for proposals;
- ▶ the available EC budget.

IV Currency

Grants will be awarded in Euros, payments will be made in Euros and all expenses associated with the project will be reported in Euros.

To convert from other currencies, applicants must use the exchange rate published by the European Commission (provided on the website of the European Commission at the following address: <http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>).

1.2. RULES ON ELIGIBILITY

I *General principles*

When preparing an application package, it is important to be aware of a number of rules and principles which apply to projects financed by the European Commission. Applying these principles when preparing your application will increase your chances of being selected for a grant.

The beneficiary must ensure that:

- ▶ all costs presented in the proposed Budget are necessary for the performance of the project and are not unnecessarily high;
- ▶ no member organisation of the partnership may derive a profit from financial assistance awarded by the European Union;
- ▶ each item of expenditure is only included under one heading of the proposed Budget.

All costs must be actual expenses, except for lump sums allowed under these rules (overheads). At the end of the project, expenditure, except for items based on lump sums, shall be justified by the necessary supporting documents (invoices, receipts or any other accepted justification document).

Value Added Tax may be included as an item of expenditure if it represents a final cost and is not recoverable under the national VAT system.

II *Eligible costs*

A project may include any cost, which is relevant to, and necessary, for its implementation. However, only “eligible costs” can be taken into account when calculating the value of a grant.

Costs (incurred by applicant organisations and, where applicable, its partner/collaboration institutions) are eligible if they are:

- ▶ directly related to the implementation of approved activities, according to the project work plan and must be provided for in the agreed estimated budget;
- ▶ reasonable and justified and in accordance with the principles of sound financial management, in particular in terms of value for money and cost-effectiveness;
- ▶ generated during the life time of the action;
- ▶ actually incurred by the beneficiary and recorded in his accounts in accordance with the applicable accounting principles, and be declared in accordance with the requirements of the applicable tax and social legislation;
- ▶ identifiable and verifiable.

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

Furthermore, eligible costs are called “*Direct Costs*” as they are clearly related to specific activities implemented in the framework of the project.

III *Non eligible costs*

Some costs are considered to be ineligible by the European Commission. This does not mean that these costs cannot be incurred. It means that they cannot be taken into account when establishing the total eligible costs of any given project and, consequently, cannot be co-financed by the grant. Such costs cannot be financed by the European Commission's contribution and will not be considered in the calculation of co-financing provided by the applicant.

The following items of costs shall **not** be eligible and should therefore not be included under any headings in the Budget:

- ▶ entertainment or representation expenses;

- ▶ replacement costs of persons involved in the project;
- ▶ expenses for travel to countries other than EU Member States or the USA, unless explicit prior authorisation is granted by the Commission;
- ▶ return on capital;
- ▶ debt and debt service charges;
- ▶ provisions for losses or potential future liabilities;
- ▶ interest owed;
- ▶ doubtful debts;
- ▶ exchange losses;
- ▶ VAT, unless the beneficiary can show that he is unable to recover it according to the applicable national legislation;
- ▶ costs declared by the beneficiary and covered by another action or work programme receiving EU funding;
- ▶ excessive or reckless expenditure.

IV Contributions in kind

It is possible that a project includes costs of a non-monetary nature. For instance, an applicant might make use of premises free of charge for the organisation of events, or there might be voluntary workers involved in a project (please note that staff costs for personnel involved in the implementation of the project are not considered as in-kind contribution and are therefore eligible costs). Even though these costs are part of the project value, they are not considered by the European Commission as eligible costs, nor may they be treated either as co-financing of the project by the applicant or its partners.

However, the applicant can indicate these costs in the budget table provided in the application in order to demonstrate the real value of the project. In this case, the applicant undertakes to make such in-kind contributions as are stated in the application form if the grant is awarded.

1.3. PRINCIPLES APPLIED TO THE DIFFERENT CATEGORIES AND TYPES OF COSTS

Please note that transportation, hotel costs and daily allowances of EU personnel may not be covered by the grant's budget.

I Budget Header A – Activity Costs

These costs relate to the implementation of the activities outlined in the application. This covers for instance the rental of premises for an event, the design and printing of leaflets or publications, fees for speakers, travel and accommodation costs for participants at an event (excluding for project staff since these costs are taken into account under another heading 'travel and subsistence expenses for staff involved in the project').

II Budget Header B – Staff Costs

Staff assigned to the action is understood to mean permanent or temporary staff employed by the beneficiary. If they are service providers, the corresponding costs must be presented under the heading of implementing contracts or subcontracting (heading F - 'costs entailed by other implementation contracts').

Next to the personnel in charge of the implementation of the action, the applicant should foresee one staff member to be in charge of administrative and financial coordination and reporting.

The cost of staff assigned to the action, comprising actual salaries plus social security charges and other statutory costs are to be included in the remuneration, provided that these do not exceed the average rates corresponding to the beneficiary's usual policy on remuneration.

The corresponding salary costs of personnel of national administrations are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.

The amount of time actually spent on a given action by staff declared by the beneficiary can be checked by means of time sheets signed by the staff concerned and their immediate superior.

III *Budget Header C – Travel and subsistence costs*

Only travel directly related to the project and concerning precise activities, which must be clearly identifiable, shall be funded. .

Travel and insurance costs are based on the actual costs incurred. The most economical fares must be used.

Rail travel (first class if the participant prefers and if allowed by its institution) must be used for journeys of up to 400 kilometres, except in an emergency or where a sea crossing is involved.

For journeys of more than 400 kilometres (or less where a sea crossing is involved or in an emergency), air travel may be used. Apex tickets or special fares must be used as far as possible. Air travel costs higher than an economy class fare are not allowed.

In the case of travel by car, these costs shall be eligible but shall be calculated according to the following conditions:

- a) in the case of a private car or taxi: the amount to be considered eligible shall be limited to the cost of one equivalent first class rail fare (regardless of how many people are travelling in the car)
- b) in the case of a hired car (class A except where more than two persons are travelling, in which case maximum class B may be used), the actual costs shall be applied. However, a hired car may only be used if no other suitable transport is available.

Travel insurance cost shall be eligible.

Accommodation and subsistence costs shall be eligible provided:

- ▶ they are indispensable and reasonable taking into consideration the place of the stay;
- ▶ they are calculated in accordance with the internal regulations of the institutions concerned;
- ▶ they do not exceed the maximum amounts per person detailed in the table below:

Provided these limits are respected, the reimbursement of subsistence expenses may be made on an actual or fixed cost basis. However, if the internal regulations of the institution of the person making the journey impose a lower limit than those amounts detailed in the table below, these must be used as a basis of calculation.

Country	Daily allowance in Euro	Max. hotel price in Euro
EU Member States		
Austria	95	130
Belgium	92	140
Bulgaria	58	169
Cyprus	93	145
Czech Republic	75	155
Denmark	120	150
Estonia	71	110
Finland	104	140
France	95	150
Germany	93	115
Greece	82	140

Hungary	72	150
Ireland	104	150
Italy	95	135
Latvia	66	145
Lithuania	68	115
Luxembourg	92	145
Malta	90	115
The Netherlands	93	170
Poland	72	145
Portugal	84	120
Romania	52	170
Slovakia	80	125
Slovenia	70	110
Spain	87	125
Sweden	97	160
United Kingdom	101	175
Third country		
United States (New York)	100	275
United States (other)	80	200

The amounts specified in this table include the costs associated with the stay (subsistence + accommodation) in the country concerned.

Please note that the European Commission and the other European Institutions cover the travel and subsistence costs of their own officials when they participate in an event organised by the beneficiary and these should therefore not be included in the budget estimate.

Calculation rules: Subsistence allowances shall be calculated in accordance with the following rules:

Missions of 24 hours or less:

- ▶ Six hours or less: reimbursement of actual expenses up to a quarter of the daily subsistence allowance,
- ▶ 12 hours or less, but more than six hours: half the daily subsistence allowance,
- ▶ 24 hours or less, but more than 12 hours: a whole day's subsistence allowance
- ▶ Missions of more than 24 hours:
 - ▶ For each period of 24 hours: a whole day's subsistence allowance,
 - ▶ For any further period of six hours or less: no subsistence allowance,
 - ▶ For any further period of 12 hours or less, but more than six hours: half the daily subsistence allowance,
 - ▶ For any further period of more than 12 hours: a whole day's subsistence allowance.

Where the person on mission has a meal or accommodation provided for or reimbursed by one of the institutions of the Communities or by a national or international administration or organisation, he/she shall declare it.

The daily subsistence allowance shall be reduced by 16% for each meal provided; the allowances will be reduced by 34% for each day's accommodation provided. Where the person on mission has all his/her meals and accommodation provided or reimbursed by one of the institutions of the Communities or by a national or international administration or organisation, he/she shall receive, in place of the daily subsistence allowance for missions provided for above, an allowance of 17% of the amounts provided for above.

IV Budget Header D – Costs related to the purchase, leasing or rental of hardware and equipment

The purchase cost of equipment (new or second-hand) is written off in accordance with the tax and accounting rules applicable to the beneficiary and generally accepted for items of the same kind. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purposes of the action may be taken into account by the Commission, except where the nature and/or the context of its use justifies different treatment by the Commission.

Therefore, the costs relating to the acquisition of hardware and equipment, whether by purchase, leasing or rental, shall only be eligible if such acquisition is strictly necessary for the performance of the project.

Whether it is decided to opt for leasing, rental or purchasing of hardware or equipment, that choice must be based on the least expensive method. Member organisations of the partnership must contact several suppliers in order to obtain the most economic terms.

If it is decided to opt for rental or leasing, the cost of any buy-out option at the end of the lease or rental period shall not be eligible.

Where the purchase of hardware and equipment is allowed, installation, maintenance and insurance costs may also be included, limited to the proportional use of the equipment for the project. Only the portion of the equipment's depreciation corresponding to the duration of the action and the rate of actual use for the purpose of the action may be taken into account by the Commission.

V Budget Header E – Cost of consumables and supplies

Please note that these costs have to be identifiable and assigned to the action. All other office costs which are not identifiable as specific costs directly linked to performance of the action are covered by the 7% indirect costs - e.g. communication and connection costs, postage, supplies and petty office equipment, maintenance, insurance etc.

VI Budget Header F – Costs entailed by other implementation contracts (subcontracting)

Any amount paid to an outside body, **which is not part of a member organisation of the partnership** and which carries out **specific and limited work** for the project are to be regarded as “subcontracting cost”. Work such as translation, interpretation and printing, for instance, carried out by bodies outside the partnership organisations, is considered as subcontracting costs.

The only subcontracting expenditure allowed concerns costs in accordance with the provisions of the Grant Agreement. If a member of the consortium/partnership/network is required to conclude a subcontracting contract, that member will draft an agreement which assures that the subcontractor will comply with the Grant Agreement concluded with the Commission.

Subcontracting agreements must contain at least the following information:

- ▶ subject of the subcontracting;
- ▶ dates of start and end of subcontracting;
- ▶ amount to be paid;
- ▶ detailed description of costs;
- ▶ work schedule or phases;
- ▶ payment procedures (one or more instalments, staggered payment, etc.);
- ▶ penalty clause(s) in the event of non-fulfilment of the agreement or delays in the performance of work.

None of the basic activities of the project may be subcontracted, in order not to denature the partnership concept. That is why the beneficiary may not subcontract the management and general administration of the project and no member organisation of the consortium/partnership/network may subcontract the whole or the greater part of the activities which were assigned to it.

If the subcontracting agreement exceeds 5,000 EUR, the beneficiary must issue an invitation to tender and the partnership has to indicate its agreement on the concluding of the subcontracting agreement. Where implementation of the actions requires the award of procurement contracts, the contract must be awarded to the tender offering best value for money, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interest.

The total amount devoted to subcontracting may not exceed **25% of the total cost** of the project.

For translations, only expenditure directly related to translations from and into Chinese and the official languages of the European Union is accepted, unless explicit prior authorisation is granted by the Commission. Translation costs may not be higher than the market prices in the country where the translation is done.

Procurement: Applicants are reminded that the purchase of equipment and external services using the Grant is subject to public procurement legislation in force in the EU. Applicants are advised to read Article II.9 of the Grant Agreement – General Conditions carefully before completing the application form.

In practical terms, this means that any purchase with a value between €5,000 and €25,000 must be made on the basis of an open and fair negotiation with at least three candidates. Purchases of a value between €25,000 and €60,000 must be made with adequate publication whereby at least 5 candidates must be consulted.

This process can have an impact on the timetable for the implementation of certain activities (i.e. purchases need to be planned well in advance of when the product is needed). Bear them in mind when preparing your application.

VII Budget Header G – Any other direct costs

Other costs, not covered by those indicated above, may be allowed, provided they are:

- ▶ necessary for the performance of the project;
- ▶ reasonable in amount;
- ▶ fully documented and clearly itemised in the application;
- ▶ not indicated under another category or item of expenditure;
- ▶ as cost, recorded in the beneficiary's or partner institution's accounts or tax documents and be identifiable and controllable.

Specific expenditures eligible under this category include:

- ▶ scholarships and other types of research and study bursaries;
- ▶ financial guarantee for pre-financing (the cost of this guarantee is eligible for the duration of validity of the guarantee as laid down in the grant agreement/decision);
- ▶ audit costs, where an external audit is required when the beneficiary submits a request for payment as stipulated in the grant agreement/decision (including when the audit is carried out upon completion of the action);
- ▶ costs of opening a specific bank account for the action where this is required by the grant agreement/decision;
- ▶ translations required by the Commission.

VIII *Budget Header H – Indirect costs (overheads)*

Overheads are all the structural and support costs of an administrative, technical and logistical nature which are cross cutting for the operation of the beneficiary body's various activities and cannot therefore be booked in full to the action for which the grant is awarded because this grant is only one part of those activities.

General administrative costs shall be calculated on the basis of an estimate of the actual costs borne by the beneficiary (all the member organisations of the partnership) as a fixed percentage of the total cost of the budget. This fixed percentage may not exceed a maximum of **7% of the total cost** of the project.

2. CONTRACTUAL ASPECTS OF PROJECT IMPLEMENTATION

Following the decision to award a grant, a Grant Agreement (form of contract) will be proposed to the Beneficiary according to the European Commission's standard text annexed to the present Guidelines. Applicants are advised to read the standard Grant Agreement carefully and to familiarise themselves with the rights and obligations of grant beneficiaries.

2.1. FINAL AMOUNT OF THE GRANT

The maximum amount of the grant will be stipulated in the Grant Agreement. This amount represents a maximum amount and has to be considered as an estimate. At the end of the project, final accounts must be presented to the European Commission and the final amount of eligible costs will be determined at that stage (cf. articles I.4 of the Special Conditions and II.15.4 of the General Conditions of the Grant Agreement).

To qualify as "eligible costs" in the context of the project, costs must:

- ▶ Be provided for in the Grant Agreement signed with the European Commission and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- ▶ Have actually been incurred by the beneficiaries or their partners during the implementing period for the project as defined in Article I.2 of the Grant Agreement;
- ▶ Be recorded in the Beneficiary's or Beneficiary's partners' accounts or tax documents, and be identifiable and verifiable as evidenced by receipts to be provided, if required by the European Commission.

2.2. FAILURE TO MEET THE OBJECTIVES

If the Beneficiary fails to implement the project as undertaken and agreed in the Grant Agreement, the European Commission reserves the right to suspend payments, and/or to terminate the Grant Agreement (cf. article II.11 of the General Conditions). The European Commission's contribution may be reduced, and/or the European Commission may demand full or partial repayment of the sums already paid, if the beneficiary does not fulfil the terms of the Grant Agreement (see article II.11 of the General Conditions).

2.3. AMENDMENTS TO THE GRANT AGREEMENT AND VARIATIONS WITHIN THE BUDGET

All amendments to the Grant Agreement must be set out in a written agreement (Article II.13 of the General Conditions).

Variations within the budget headings

Budget items may vary from the original figures provided that the following conditions are met:

- (1) the variation does not affect the basic purpose of the project; **and**
- (2) the financial impact is limited to a transfer within a single budget heading or to a transfer between budget headings involving a variation of less than 10% of the original amount of the budget heading.

In such instances, the Beneficiary may make alterations to the budget, and shall inform the European Commission.

In all other cases, a written request **must** be made in advance to the European Commission and a written agreement must be reached.

2.4. REPORTING

Interim Reports, consisting of a technical implementation report and a detailed financial report, will be submitted to the European Commission at the time stipulated in the Grant Agreement. Reports will be prepared in English and where provided, will follow templates foreseen by the European Commission.

Final Report, consisting of an activity report and a detailed financial report, will be submitted to the European Commission at the time stipulated in the Grant Agreement. Reports will be prepared in English, and where provided, will follow the templates foreseen by the European Commission.

Annual forecast of activities, consisting of a programme of activities and corresponding budget forecasts covering the year.

2.5. PAYMENTS

- ▶ Within 45 days of the date when the last of the two parties signs the agreement a pre-financing payment shall be made to the beneficiary. A bank account should be open for this purpose and to receive further payments under the grant agreement. This is because interest accrued as a result of the receipt of a pre-financing payment remains the property of the European Commission. It is therefore important to be able to establish the exact amount of interest generated at the end of the project. This interest must be recorded in the final financial report as revenue and will be offset against the final balance due to the beneficiary. Interests shall not be due to the European Commission if the pre-financing does not represent a significant amount, as determined in the Financial Regulation and its Implementing Rules. When making the pre-financing payment, the European Commission may request an appropriate guarantee, if needed.
- ▶ Any request for interim payment shall be accompanied by the interim technical implementation report and financial statement. The amount of the interim payment shall be determined on the basis of the eligible costs actually incurred, as shown in the interim statement and validated by the Commission, to which shall be applied the percentage of the Union grant which will be specified in the Grant Agreement. The Commission shall have 45 days to approve or reject the report and to pay the interim payment, or to request additional supporting documents or information. The beneficiary shall have 30 days in which to submit additional information or a new report.
- ▶ The request for final payment (or payment of the balance) shall be accompanied by the final technical implementation report and financial statement. The Commission shall have 45 days to approve or reject the report and to pay the balance or to request additional supporting documents or information. The beneficiary shall have 30 days in which to submit additional information or a new report.

An external audit report produced by an approved auditor or in case of public bodies, by a competent and independent public officer may be required in respect of any payment request.

2.6. RECORDS AND ACCOUNTS OF THE OPERATION

The Beneficiary must keep accurate and regular records as well as separate and transparent accounts of the implementation of the project (cf. article II.19 of the General Conditions).

The Beneficiary must also keep all receipts and supporting documents serving as proof of project expenses which the European Commission (or another qualified outside body chosen by the Commission) reserves the right to request at any time during or after the project. The beneficiary must enable the Commission and/or the Court of Auditors to verify the organisation's accounting documents, if they deem this appropriate which is why the records and receipts must be kept for five years after the payment of the final balance.

2.7. AUDIT AND INSPECTIONS

The Grant Agreement allows the European Commission, the European Anti-Fraud Office and the European Court of Auditors to carry out both record-based and on-the spot inspections of the project (see Article II.19 of the General Conditions).
