Regional Youth Cooperation Office – RYCO

Financial Guidelines for Grantees

Tirana, July 2018

PURPOSE

The purpose of this document is to provide financial guidelines for Civil Society Organizations (CSO-s) and secondary schools contracted by the Regional Youth Cooperation Office (RYCO) for supporting projects in the fields of promoting the reconciliation in the region of the Western Balkans by increasing youth mobility, cooperation and activism.

These guidelines are presented to provide general guidelines and are intended to assist beneficiaries of RYCO in preparation and submission of the financial report and other required documents.

In an event that a financial matter arises which is not covered in these guidelines and/or the Grant Contract or needs further explanation, do not hesitate to contact the Local Branch Officer in your RYCO Contracting Party or finance staff of RYCO for further assistance.

ACTUAL EXPENDITURES

As a general rule, eligible costs are actual costs incurred by the Beneficiary which meet all the following criteria:

- they are incurred during the implementation of the Action;
- they are indicated in the estimated overall budget for the Action;
- they are necessary for the implementation of the Action;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary;
- they comply with the requirements of applicable tax and social legislation;
- they are reasonable, justified and comply with the requirements of sound financial management, in particular regarding economy and efficiency.

Note: If the implementation of the Action requires procurement by the Beneficiary, the contract must be awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. RYCO beneficiaries are obliged to follow PRAG rules. Please refer to Additional Document I "Procurement by grant Beneficiaries" for more information.

IMPORTANT

The following direct costs of the Beneficiary shall be eligible:

- travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Beneficiary according to its rules and regulations;
- rental costs for equipment and supplies specifically dedicated to the purposes of the Action;
- costs of consumables;
- costs of service, supply and work contracts awarded by the Beneficiary for the purposes of the Action;
- costs deriving directly from the requirements of the Contract (dissemination of information, evaluation specific to the Action, audits, translation, reproduction, insurance, etc.) including financial service costs;
- duties, taxes and charges, including VAT, paid and not recoverable by the Beneficiary

The following costs shall not be considered eligible:

- customs and import duties, or any other charges;
- purchases of land or buildings;
- fines, financial penalties and expenses of litigation;
- contribution in kind;
- second hand equipment;
- debts and debt service charges (interest);
- provisions for losses or potential future liabilities;
- costs declared by the beneficiary and financed by another project or work programme;
- currency exchange losses;
- any leasing costs;
- depreciation costs;
- credit to third parties.

BUDGET AMENDMENT

Variation of 25% or less:

The Beneficiary may amend the Budget **only after prior approval** by RYCO for any transfer between items within the same main budget heading including cancellation or introduction of an item involving a variation of **25% or less** of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs.

Variation up to 5%:

The Beneficiary may amend the Budget unilaterally and inform RYCO accordingly, in writing and at the latest in the next report for any transfer between items within the same main budget heading including cancellation or introduction of an item involving a variation of **5% or less** of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs.

TRANSFER OF FUNDS

Transfer of funds to the partner organization/school is allowed but the beneficiary (lead applicant) retains the sole responsibility towards RYCO for implementing the action as envisaged in the legal and financial provisions of Grant Contract.

The rights and obligations deriving from these financial arrangements should be regulated within a **Partnership Agreement** between the parties involved.

DOCUMENTATION/RECORD KEEPING

- Beneficiary should offer sufficient proof of the expenditure included in the final report.
- It is the obligation of the lead applicant to gather all related information, supported documents from the partners, and to provide the copies to the Contracting Authority together with the financial report.
- In case of checks conducted by RYCO staff or an audit company, the originals of these documents should be available.
- The Beneficiary shall keep accurate and regular accounts of the implementation of the Action using an appropriate accounting and double-entry bookkeeping system.
- The accounts shall comply with the accounting and bookkeeping policies and rules that apply in the Beneficiary's RYCO Contracting Party.
- The financial report should properly and easily be reconciled to the accounting and bookkeeping system and to the underlying accounting and other relevant records.

Note: According to the Article 16.4 of the Grant Contract (General Conditions), all records, accounting and supporting documents related to the project must be kept by the Beneficiary for five years following the payment of balance and in any case until any ongoing audit, verification, appeal, litigation or pursuit of claim has been disposed of.

SUBMISSION OF DOCUMENTATION

- The Beneficiary shall submit the financial report **no later than 30 days** after the implementation period, one original and one copy via email or private courier service. Electronic versions also, must be submitted via email.
- Attached to the financial report, the Beneficiary shall provide all the copies of relevant **supported documents** and a **detailed breakdown list of expenditures**, which covers the expenses of the whole action.
- The reports should be dated, signed by the authorized person of the organization and stamped.
- Payment request as presented in the **Annex VIII of the Grant Contract** should be filled and presented also together with the above documentation.

FINAL PAYMENT

The payment of balance shall be made **within 60 days** after RYCO has received the payment request from beneficiaries.

Note: All costs should be paid during the implementation of the action and before the submission of the final report.

In exceptional cases, costs that have not been paid, when the request for final payment is sent, will be acceptable if all the following criteria are satisfied:

1. The costs have been incurred during the implementation of the action;
2. The invoice is issued and the cost is final;
3. The estimated date of payment is included in the final report.

RYCO reserve the right to ask for the proof of payment, after the liquidation of these obligations to third parties from Beneficiaries.

ATTENTION:

The time-limits for payments may be suspended by notifying the Beneficiary that:

- the amount indicated in its request of payments is not due, or;
- proper supporting documents have not been supplied, or;
- clarifications, modifications or additional information to the narrative or financial reports are needed, or;
- there are doubts on the eligibility of expenditure and it is necessary to carry out additional checks, including on-the-spot checks to make sure that the expenditure is eligible, or;
- it is necessary to verify whether presumed substantial errors, irregularities or fraud have occurred in the grant award procedure or the implementation of the Action, or;
- it is necessary to verify whether the Beneficiary have breached any substantial obligations under the Grant Contract.

The suspension of the time-limits for payments starts when the above notification is sent to the Beneficiary. The time-limit starts running again on the date on which a correctly formulated request for payment is recorded. The Beneficiary shall provide any requested information, clarification or document **within 30 days of the request**.

EXCHANGE RATE

For the purpose of reporting, conversion into the euro of the real costs borne in other currencies shall be made using the monthly exchange rate of InforEuro at which the RYCO´s contribution was recorded in the Beneficiary(ies)´s account(s).

InforEuro is freely available at:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

ADDITIONAL DOCUMENTS:

I Procurement by Grant Beneficiaries

II List of supporting documentation

III Breakdown list of expenditures template

Note: Please consult Grant Contract for any other information which is not included in these Guidelines.

I

Procurement by Grant Beneficiaries

According to PRAG

PRINCIPLES

If the implementation of the Action requires procurement by the Beneficiary(ies), the contract must be awarded to the tender offering best value for money (i.e. the tender offering the best price-quality ratio) or, as appropriate, to the tender offering the lowest price. In doing so, the Beneficiary(ies) shall avoid any conflict of interests and respect the following basic principles:

- Where the Beneficiary does not launch an open tender procedure it shall justify the choice of tenderers that are invited to submit an offer.
- The Beneficiary shall evaluate the offers received against objective criteria which enable measuring the quality of the offers and which take into account the price.
- The Beneficiary shall keep sufficient and appropriate documentation with regard to the procedures applied and which justify the decision on the pre-selection of tenderers (where an open tender procedure is not used) and the award decision.

The Beneficiary may decide to apply the procurement procedures set forth in the Practical Guide. If these procedures are correctly followed the principles above will be deemed complied with.

The Contracting Authority will carry out *ex post* checks on Beneficiary(ies)'s compliance with the principles above and the rules of section 2 below. Failure to comply with these principles or rules would render the related expenditure ineligible for funding.

The provisions of this Document apply *mutatis mutandis* to contracts to be concluded by the Beneficiary(ies)'s affiliated entity(ies).

ELIGIBILITY FOR CONTRACTS

The nationality rule

- Participation in tender procedures managed by the Beneficiary(ies) is open on equal terms to all natural and legal persons effectively established in the territory of the Contracting Parties. Tenderers must state their nationality in their tenders and provide the usual proof of nationality under their national legislation.
- This rule does not apply to the experts proposed under service tenders financed by the grant.

The rule of origin

- If the basic act or the other applicable instruments so require, the tenderer must prove the origin of the supplies acquired under the grant. Where rules of origin need

to be respected and the unit cost on purchase is above € 5 000, contractors must present proof of origin to the Beneficiary(ies) at the latest when the first invoice is presented. The certificate of origin must be made out by the competent authorities of the Contracting Party of origin of the supplies and must comply with the rules laid down by the relevant Contracting Party legislation. Where supplies may originate from any Contracting Party, no certificate of origin needs to be submitted.

Exceptions to the rules on nationality and origin

- Where an agreement on widening the market for procurement of goods, works or services applies, access must also be open to nationals and goods originating from other countries under the conditions laid down in that agreement.

- In addition, in duly substantiated exceptional cases foreseen by the applicable regulations, in order to give access to nationals or goods originating from countries other than those referred to in sections 2.1 and 2.2, derogation by the Contracting Authority must be sought prior to the launch of the procedures.

WHICH PROCUREMENT PROCEDURE TO APPLY?

In compliance with the PRAG Rules, the procedures that the grantees must follow are:

- Tenders of 2,500 € and less can be awarded on the basis of an invoice, without prior acceptance of a tender

- For tenders higher than 2,500 € and up-to 20,000 € a single tender procedure must apply. Recommended approach in single tender procedures between 2.500 and 20.000 EUR:

    - Clear definition of the Contracting Authority's requirements for services, supplies or works, with specifications and time frame

    - Communication of requirements to tenderers in written, possibly in standardised format

    - Receiving tenderers offers in written, possibly in standardised format

    - Checking of compliance of received tenders with the original requirements (in case of receipt of several tenders, evaluation of tenders to identify most advantageous offer)

    - Preparation of simplified evaluation report

    - Signature of contract with the successful tender is recommended

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More information on PRAG Procurement Procedures you may found on this link.

II

List of Supporting Documentation

Please find as following examples of supporting documentations on some of the main cost categories which you should retain during the implementation of the Action and attach to the financial report. This list is indicative only and non-exhaustive.

Copies of these documents must be readable and must clearly show the signatures, dates, names, stamps etc. Copies in the form of unsigned computer printouts or in illegible hand-writing will not be accepted. It is recommended to write a short description in English in the copies of invoices.

According to **Article 2.4** of Grant Contract, RYCO may request additional information at any time.

No	Cost Category	Supporting Documents	Notes
1.	**Human Resources**	• Employment contract • Job profile/description • Salary calculations (gross salary, payroll taxes, social & health contributions) • Timesheets • Payment of taxes as according to local tax legislation rules • Payment confirmation • Any other relevant document	Staff involved in the implementation of the project on a part-time basis are only eligible for the equivalent percentage of the time worked. Timesheets should have the name of employee, dates of working, holidays, etc. Should be signed by the both the employee and the supervisor/project coordinator.
2.	**Travel and accommodation costs**	• Invoices/ transport tickets • Boarding passes • Pay tolls • List of passengers/List of participants • Agendas of the activities • Any relevant procurement document if applicable • Reimbursement vouchers/Expenses claim vouchers • Payment confirmation • Any other relevant document	The list of invoices relating to travel and subsistence costs should include: the name of the person travelling, the departure place, the destination place and the number of days. For travel by plane we will only reimburse economy-class tickets. For travel by car, the costs are reimbursed based on km allowances currently fixed at 0.22 EUR per km using www.viamicheline.com. The shortest distance should be taken into consideration for the basis of calculations of fuel reimbursement costs.
3.	**Communication & Visibility costs**	• Invoices • Contract if any • Any relevant procurement document if applicable • Delivery slip, goods received notes • Payment confirmation • Any other relevant document	Samples of printed and published materials containing RYCO´s logo etc like: brochures, booklets, digital works etc should be provided as well.
4.	**Administrative costs**	• Copies of invoices • Contract of service • Payment confirmation • Any other relevant document	Administrative Costs include overheads such as stationery, telephone, fax, internet, courier expenses as well as financial service costs (bank transfers and financial charges) incurred by the Applicant and/or partner organisations.
5.	**Experts**	• Selection method • Invoices • Contract of service • Terms of reference • Timesheets • CV-s • Payment confirmation • Any other relevant document	Deliverables of expert work can be provided as well such as: presentations, research outcomes, videos, training modules, etc