

Annex I – Work-Order Agreement

Work-Order Agreement

Project Name:

LIFE-DYNAMAP

Project Number:

LIFE13 ENV/IT/001254

Action (Code and Title):

Category/Responsibility:

Start Date:

End Date:

Work Load (Days):

Description of work to be performed:

Task -

Role:

Work to be performed:

Team Member Name:

Beneficiary Name/Acronym:

Signatures

Project Manager

Date

Action leader

Date

Team member

Date

ANNEX III – Circular note time sheets



EUROPEAN COMMISSION
 DIRECTORATE-GENERAL ENVIRONMENT
 Directorate E - International Affairs
 ENV.E3 - LIFE – Nature
 ENV.E4 - LIFE Environment and Eco-innovation

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 ENV/TS/AS/HM/ml ARES(2010) 917793

NOTE FOR THE ATTENTION OF ALL BENEFICIARIES AND PARTNERS
 OF ONGOING LIFE III AND LIFE+ PROJECTS

Subject: Registration of time devoted to the projects – timesheets

The findings from recent ex-post audits and evaluations of final financial reports have revealed frequent problems with time registration of staff involved in the projects. This has been identified as the most frequent cause of ineligibility of costs.

The purpose of this note is to highlight the importance of strictly following the recommendations of Article 25.2 of the Common Provisions for what concerns the eligibility of personnel costs, in particular regarding time registration systems and time recording. This article reads:

25.2 Personnel costs shall be charged in respect of the actual time devoted to the project. They shall be calculated on the basis of the actual gross salary or wages plus obligatory social charges and any other statutory costs included in the remuneration, but excluding any other cost. The time, which each employee spends working on the project, shall be recorded on a timely basis using timesheets or an equivalent time registration system established and certified regularly by the coordinating beneficiary / associated beneficiary.

In practice, every coordinating or associated beneficiary must establish a time registration system that, as a minimum, respects the following rules:

1. Timesheets or a time registration system (on paper or electronic) which contain at least the following information:
 - a) Clear identification or reference to the LIFE project.
 - b) Clear identification of the employee.
 - c) Clear identification of the year, month and day.
 - d) Number of time units worked for the LIFE project.
 - e) Number of time units worked for other EC-funded projects.
 - f) Number of time units worked in total.

- g) Date and signature of the employee.
- h) Date and signature of the supervisor.

A model time sheet can be obtained from the following web site:

<http://ec.europa.eu/environment/life/toolkit/pmtools/lifeplus/timesheets.htm>

2. The time worked for the project must be registered in a timely manner, normally every day.
3. The completed timesheets for a given month must be signed by the employee and approved by the supervisor in a timely manner – ideally during the first week following the month that they concern.
4. It is highly recommended that a description of the time registration procedure is written down for future reference.

The purpose of recording the total hours actually worked per employee (see point 1.f above) is to allow the Commission to verify the correct time unit rate.

If a time registration system is not already employed, the coordinating and associated beneficiaries are strongly advised to use the model timesheets made available on the LIFE website. Employing 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.

The most frequently asked questions are listed in Annex I.

A related area in which problems are often detected concerns the calculation of the annual personnel costs and of the annual number of (total) working time units. A note on that subject is included as Annex II.



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ANNEX I – FREQUENTLY ASKED QUESTIONS

1. ARE PERSONNEL COSTS REFUSED IF THE LIFE MODEL TIMESHEET IS NOT USED TO REGISTER THE TIME ACTUALLY WORKED FOR THE PROJECT?

No, as long as the time registration system used by the beneficiaries (including electronic registration systems) contains, as a minimum, all the information provided in the model timesheet.

2. 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 is specified and registered are accepted. There are two main reasons for it:

- 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 for 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.

Timesheets 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 day are unacceptable, since it 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.

3. ARE THERE ANY CASES WHEN PERSONNEL COSTS CAN BE ACCEPTED WITHOUT TIMESHEETS?

According to the Common Provisions, "NO". Exceptionally, if the beneficiary can provide evidence that a member of staff is employed to work exclusively for the project, the absence of timesheets is tolerated. This should be documented through the contract of employment or an instruction letter from the Human Resources department or the relevant managers in which the employee in question is instructed to work exclusively for the project.

Employees who, according to their work contract or instruction letter as mentioned above, are expected to work on the project a fixed percentage of their time, e.g. 40 %, are not exempted from the obligation to register their time actually dedicated to the project. The percentage indicated is a planning tool, but the time registration is needed to demonstrate that the actual hours worked for the project correspond to the hours foreseen.

4. SHOULD TIMESHEETS ALWAYS BE SIGNED BY AN EMPLOYEE AND CERTIFIED BY A SUPERVISOR?

Yes. Timesheets should be signed and certified in the month following the month that they concern.

Timesheets which are signed and certified a long time after the period to which they apply, do not provide sufficient assurance that they were completed timely and on a daily basis and, therefore, that they reflect correctly the time actually dedicated to the project.

5. SHOULD ELECTRONIC NON-STANDARDISED TIME REGISTRATION RECORDS BE PRINTED OUT AND CERTIFIED WITH A SIGNATURE?

YES. Electronic systems such as Outlook or Excel are not accepted, unless the time is registered on a daily basis and the records are printed out and signed monthly. If such systems are used, it is strongly recommended that the model timesheet of the Commission is used.

Standardized and certified time registration systems are accepted. If 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 validated electronically. However, a description of the certification system should be provided on request. In addition, print-outs of time registration records may be requested by the 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 five years after the final payment is made.

6. WHAT TIME REGISTRATION UNITS SHOULD BE REPORTED 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.

ANNEX II - ESTABLISHING THE ANNUAL PERSONNEL COSTS AND ANNUAL NUMBER OF WORKING TIME UNITS

The calculation of personnel costs is based on the annual personnel costs, the annual number of working time units and the time actually worked on the project documented through daily time registration records.

On the calculation of annual personnel costs

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

Item	Text
1	Annual gross salary including 13 th and 14 th 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)

All additional and individual pension schemes and/or sickness insurances are not eligible, as well as company cars, bonuses and any other similar fringe benefits. Dividends or profit sharing are also not eligible. **NB – only actual salaries should be reported. Estimations or average salaries cannot be accepted. The rates indicated in the proposal are considered indicative and cannot be the default reference when reporting personnel costs.**

For part time employees and employees on short term contracts, the personnel costs should not be extrapolated to yearly figures. The actual personnel costs for the individual employees in question and their actual time worked should be reported.

On the calculation of annual working time

The total annual working time should be the time actually worked by the employee according to the time recording system, i.e. the productive time. It will normally result in a different number of annual working time units for each employee. The annual working time may be established on the basis of a calculation for some or all the staff ONLY IF the total working time is not recorded for these employees (please check the exceptions concerning time registration).

The non-productive time, which should not be included in the total, is:

Item	Absence
1	Holidays actually taken
2	Bank holidays
3	Flexitime compensation
4	Week-ends
5	Sickness/other absences

Please note, however, that if, due to the character of the work, some of it has to be done during bank holidays or week-ends, this time should be included in the productive time.

Time related to parental leave (maternity leave etc) is considered as non-productive time, whereas time used on meeting activities, training and similar absences is considered as productive time and should not be deducted.

ANNEX IV**Guidance for Financial Management and Reporting**

This note is intended to assist LIFE+ beneficiaries to submit complete and accurate Financial Reports; it is a complement to the legal requirements established in the Common Provisions (CP) of the grant agreement.

In order to prepare comprehensive and compliant financial reports, project beneficiaries need to establish and operate, throughout all phases of project implementation, a reliable system for collecting, recording and reporting financial transactions. For this reason, it is suggested that the Coordinating Beneficiary (CB) read this document thoroughly at the very beginning of the project, and share it with the Associated Beneficiaries (ABs), if any. Its contents will also be a useful reference when completing the financial reports that are required at the time of the midterm and final reports to the Commission.

Establishing a Financial Management and Reporting System:

In order to establish a reliable accounting and reporting system, the following issues should be addressed:

- Establish project codes in the analytical accounting system(s).
- Establish project codes in the time registration system(s).
- If any beneficiary (CB or AB) does not already have a time registration system in place, they should, as a minimum: start using the model timesheet which is available on the LIFE website, establish registration and submission routines for the project staff, and introduce a validation routine for the supervisors/line managers to certify the correctness of the timesheets. Time worked for the project should be registered per day. For more detailed recommendations with regard to timesheets, please refer to the circular note on timesheets of 8th December 2010 which is available on the LIFE website.
- In all cases, the project file should contain 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.
- If any of the beneficiaries are public bodies, it is important to be aware of the 2% rule¹ in the CP. In order to be able to check if a project is in compliance with this rule, it is

¹ The total financial contribution of public bodies in a project should cover at least 102 % of the total personnel costs of permanent staff (ie total personnel costs less the cost of temporary staff)

necessary to clarify whether each member of the project staff is classified as temporary staff or not. Staff is considered to be temporary if the work contract does not begin before the project start date nor finish after the end date of the project and if the contract specifically mentions the LIFE project.

– Furthermore, if any of the beneficiaries are public bodies and they employ permanent staff in the project, that staff must be specifically seconded to the project, i.e. their personnel file must contain a written instruction to work for the project, as stipulated in the CP.

– Clarify whether any of the beneficiaries are able to recover VAT. If not, and if VAT is reported as an eligible cost, a declaration from the national tax authorities must be obtained certifying that the beneficiary/ies in question is/are NOT able to recover VAT (fully or partially). This declaration should be kept in the project file and submitted to the Commission annexed to the Final Report at the latest.

– There should be a clear reference to the project on all invoices in the format LIFE[Year] [NAT/ENV/INF]/[Country]/[Number] - acronym. Inform suppliers and subcontractors to the project accordingly. It is always useful to include the project reference in the postal address which the beneficiaries provide to their suppliers so that it automatically appears on their invoices.

– All beneficiaries should obtain and get familiar with the applicable tender rules. Furthermore:

- If any of the beneficiaries are public body/ies, they should establish when tenders and competitive price offers are required and the necessary documentation. The project file should contain a short description of these tender rules and the regulatory references.
- Non-public beneficiaries should observe the requirement of competitive price offers for contracts above 125,000€ , as stipulated in the CP, and should be able to provide written evidence of the procedure followed. If a beneficiary has existing internal guidelines for selecting subcontractors, these guidelines should also be kept in the project file.
- 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.
- Regardless of the method used to select external contractors, beneficiaries must always be able to demonstrate that the costs listed in the financial report provide good value for money, as an element of applying sound financial management
- For each contracts involving significant expenditures, it is recommended to keep in the project file the following:
 - Short description of the service/item purchased,
 - Short description and justification of the selection procedure employed with reference to the statutory documents, if applicable,
 - Copy of the report from the selection committee, if relevant, or internal memo justifying the choice of subcontractor,
 - Copy of contract,
 - Explanation if invoice amounts differ from the contractual amount (particularly where the invoiced amount exceeds contracted amounts),

- Each beneficiary should establish and include in the project file an explanation of the depreciation method used to calculate eligible costs for durable goods.
- The CB should monitor costs and compare them to the budget on a continuous basis.
- In case a project has ABs:
 - The CB should establish routines for when and how the ABs submit their financial information to the CB, including which documents they should annex to their financial report. Experience shows that collecting documents every quarter is a minimum to ensure adequate financial management. These rules should be clearly set out in the Partnership Agreement. Please be reminded that according to the CP, the CB is obliged to retain copies of all supporting documentation from the ABs for 5 years after the final payment.
 - If, for whatever reason, ABs are not willing to provide such copies (confidentiality reasons) to the CB they should be aware that in case documents are not provided on the request from the Commission or auditors that act on their behalf, the related costs will be declared ineligible. The Partnership Agreement should, in such cases, clarify the obligations of the ABs in case of audit.
 - The financial report Excel templates workbook should be downloaded from the LIFE website by the CB and distributed to the ABs.

Eligibility of Costs:

Full rules concerning the eligibility of costs are contained in the CP that forms part of the grant agreement. The following information only highlights certain key elements of the CP that need to be considered during project implementation.

According to the CP, in order for costs to be considered eligible, they must have been actually incurred during the project period. This means that the legal obligation to pay (contract or purchase order) was signed after either the start date of the project or the signature date of the LIFE grant, whichever is earlier, and that the good or service to which the cost is related was delivered entirely in the period between the start and end dates of the project. The only exception to this rule concerns costs related to the provision of a financial guarantee, and the costs of the independent financial audit. (See the CP for details.) Furthermore, in order to be eligible, costs must have been paid before the submission of the request for payment, i.e. it must be possible to provide proof of payment (= transfer of money) before the submission of the Financial reports.

Costs foreseen in the budget are usually accepted as eligible costs if they comply with the CP. If costs are not foreseen in the budget they may be accepted if they are technically justified in the Final report and the justification is accepted by the Commission. In order to be assured about their eligibility, before individual costs not explicitly foreseen in the budget are incurred, it is recommended that the CB should seek the advice of the LIFE monitor and, if so advised, request prior authorisation from the Commission .

Costs should be classified according to the guidelines in the CP. If the classifications in the budget in the grant agreement are not correct according to the CP (particularly if durable costs in Environment projects are classified in a different cost category), the LIFE monitor should be contacted for advice.

Beneficiaries in a project cannot issue invoices to the project (i.e. they cannot act as subcontractors or suppliers). The same generally applies to companies related to the beneficiaries, or departments of beneficiaries. Such transactions are only permitted where it can be shown that the subcontractor/supplier is independent of and on an equal footing to the beneficiary placing the order and where all elements of profit, VAT and overheads are excluded from the invoiced costs. Furthermore, costs incurred by entities affiliated with the beneficiaries (ie having a legal or capital link to the beneficiaries) are only eligible if the costs are explicitly foreseen in budget, if the affiliated entity is identified in the grant agreement as the supplier, and if the affiliated entity agrees to all the conditions of the CP. The LIFE monitors can provide advice concerning the applicable rules in a specific situation.

As a general rule, VAT is not an eligible cost, unless beneficiaries can prove through an appropriate certificate issued by the competent national authority that they are not able to recover VAT. In this case, the date of the appropriate certificate should be indicated in the form "Financial Statement of the Individual Beneficiary" and this certificate must be provided to the Commission with the request for Final Payment at the latest.

Costs incurred by co-financers are not eligible.

Exchange Rates:

The Euro is used as the default currency for financial reporting. Beneficiaries having their accounts in other currencies shall convert the amounts into the Euro using the exchange rate published by the European Central Bank on the first working day of the year in which the expenditure is paid. These rates are published on the following website:

<http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>

Please note that no exception from the above rule can be granted.

Contents of a Complete Financial Report:

A complete financial report consists of:

- "Standard Payment Request and Beneficiary's Certificate".
- For Nature projects, and for Biodiversity projects from year 2010 and later, the "Beneficiary's Certificate for Nature Projects" must be submitted with respect to all beneficiaries claiming costs for durable goods.
- If one or more AB participates in the implementation of the project, "Consolidated Cost Statement for the Project".
- "Financial Statement of the Individual Beneficiary" to be completed for each project beneficiary. If the project does not involve any ABs, it is sufficient for the CB to complete this document instead of the consolidated statement. This statement includes the individual transactions which are specified in the following forms (which do not necessarily have to be printed, but can be submitted on electronic media, e.g. CD ROM, USB key)
 - Personnel costs
 - Travel costs
 - External assistance

- Infrastructure
 - Equipment
 - Prototype (only applicable for ENV and BIO projects)
 - Land purchase (only applicable for NAT projects)
 - Lease of land (only applicable for NAT projects)
 - Consumable material
 - Other direct costs
 - Overheads
 - Funding from other sources, divided in "Contribution of the associated beneficiary", "Other sources of funding" and "Direct income".
- Supporting documents and further information and clarifications requested in previous letters from the Commission (e.g. in the letter announcing mid-term pre-financing payment, in the feed-back letter following project visits, etc.), and not already submitted.
 - Auditor's report using the standard reporting format (**compulsory** for most projects, please refer to the section "independent financial audit" in the CP)

Incomplete or inaccurate reports are invalid and need to be corrected and re-submitted, which will delay payments. Please note that any calculation of payment delays and possible late payment interest, where applicable, will be calculated from the date on which the corresponding report is considered to be complete, i.e. when all requested documents (technical as well as financial) are received by the Commission.

For the following documents, the originals must be submitted, bearing original signatures by the legal/ statutory representatives of the beneficiary concerned:

- "Payment Request" (*completed, signed and dated by the CB*),
- the "Consolidated Cost Statement for the Project" (*completed, signed and dated by the CB if there are any ABs*).
- the "Financial Statement of the Individual Beneficiary" (*completed, signed and dated by the beneficiary to whom it relates*).
- "Beneficiary's Certificate for Nature projects" (*completed, signed and dated by the CB and by each ABs which has acquired durable equipment purchased/manufactured for the project during the project period and for which the life-expectancy is longer than that for the project, in order for the related costs to be accepted as eligible costs*).

Financial Reports containing scanned versions will not be refused but original signed documents must be submitted in parallel; Financial Reports are not considered complete until the originals are received by the Commission.

Supporting documents (e.g. pay slips, timesheets, invoices, proof of payment, etc) should not be annexed to the Financial Report unless explicitly requested by the Commission. If such previously requested documents are not annexed to the Financial Report, it is not considered complete until these documents are submitted. Copies of the supporting documents must also be included in the copy of the report that is sent to the external monitoring team.

Guidelines for completing the independent audit report; can be found on the following web site: <http://ec.europa.eu/environment/life/toolkit/pmtools/lifeplus/reporting.htm>. For practical reasons, an audit report for individual beneficiaries may be issued separately

and by different auditors as long as the auditor for the coordinating beneficiary includes and refers to these individual audits in his conclusions (section 7 of the audit report). You should note that the audit report is not considered complete if the auditor(s) in their conclusions of the audit report (section 7) do not clearly state whether or not the Financial Report is in compliance with the Common Provisions, the national legislation and accounting rules.

Internal auditors of public bodies and corporate entities can be considered as an independent auditor and can complete independent audit report, if the internal auditor is a certified auditor and is 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.

Reporting Templates:

There is a template in the form of an Excel-workbook which constitutes the Financial Report of a project and which must be used to register the costs of the project and to report to the Commission on the financial status of a project. The use of this **Excel based Financial Report is compulsory**. It can be downloaded from the following website:

http://ec.europa.eu/environment/life/toolkit/pmtools/lifeplus/financial_reporting.htm

In order to have a clear view of the budget consumption at any time during the implementation of the project, it is highly recommended that each beneficiary start entering the individual cost transactions per cost category in the Financial Report in the sheets labelled "Personnel" to "Funding" from the beginning of the project and update these forms continually as financial transactions are incurred. A separate Financial Report template must be completed for each beneficiary.

The CB should receive regular updates of the Financial Report and copies of the supporting documents from the ABs, if any, in order to monitor the development of the financial implementation of the project.

The Financial Report includes the information that the Commission considers necessary for assessing the eligibility of the declared costs. Therefore all information asked for should be provided, without leaving blank cells. A sufficiently detailed description should be provided for each cost item in the financial report, to facilitate the assessment of the eligibility of the costs. Descriptions such as "travel", "project management", "consultant", "equipment", "tools", etc. (and this list is not exhaustive) are not detailed enough and the related costs may be disregarded. If invoices contain a comprehensive description of the cost item or several cost items, state the important ones, or if the invoice contains several itemized positions, the invoice could be reported in more than one transaction if the amounts are significant. For transactions for which there is no invoice, the internal accounting reference should be included instead of the invoice number.

Please note that the yellow cells in the Excel template generally contain formulas and should not be completed or tampered with; it is only necessary to complete the non-coloured cells. Furthermore, as the Financial Report contains formulae and automatically transfers the subtotal from the individual costs sheets to the cost statement, do not delete any **columns** in the template. Columns may be added to the financial report if needed.

For future checks and audits, please remember to keep all working documents (*which may include handwritten notes or calculations*) used in the preparation of the Excel-Workbook as well as an electronic version of the workbook.

The annexes to this note provide details related to completing the financial reporting forms.

Annex I

Instructions for Completing the "Standard Payment Request and Financial Statement "

1. This form must be completed and submitted by the CB when requesting a mid-term pre-financing or final payment. Please provide all information requested and leave no cell blank.

2. The reference period covered by the Technical Report also defines the eligibility period for the costs. For mid-term pre-financing payments, it should cover the period from the start date of the project to the end date of the mid-term Technical Report(s) and for the final payment it should cover the whole project period, i.e. from the start date to the end date of the project.

3. If the CB's banking details have changed since the last payment, and in order not to delay the payment, a new financial identification form should be completed according to the instructions and annexed to the payment request. The validation of the new bank account will be done in parallel with the assessment of the payment request. The financial identification form including instructions can be obtained from the following web site:

http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm

4. Please note that the field "interest yielded on pre-financing amounts" should only be completed for projects which were selected for one of the calls for proposals up to and including 2010. Please be reminded that this field only applies to interest paid to the CB and not to the ABs. The interest yielded on pre-financing payments will be deducted from the final payment amount for private beneficiaries. If no interest has been yielded, please report "0.00" in order to avoid further queries. Please do not leave the cell blank.

For projects before and including 2010 a special procedure applies to projects where the pre-financing exceeds 750,000€ and the CB does not fall under the notion of a Member State². In such cases, the interest amount should be repaid to the Commission once a year (request for declaration of interest in January and request for payment in March). Interest amounts already reported and paid to the Commission should be included in the interest amounts declared on the request for final payment. Such amounts will be balanced against the interest amount still due to the Commission.

For all projects which were selected in one of the calls for proposals up to and including 2011, interest on pre-financing has to be declared as project income in the form "Funding".

5. The form should be signed in original by a legal/statutory representative of the beneficiary.

² When the CB is a "Member State", interest is not due to the Commission. The notion of Member States includes "territorial" authorities down to the level of municipalities as well as other public entities created by legislation adopted by entities of territorial authorities, such as public universities, public research institutes, national/ regional/ provincial parks, public foundations.

Annex II

**Instructions for Completing the "Financial Statement of the Individual Beneficiary",
and the "Consolidated Cost Statement for the Project"**

Whenever requesting a mid-term pre-financing or final payment, a Financial Statement for each beneficiary in the project must be annexed to the payment request. This comprises in principle all sheets of the workbook except the "Payment Request" (completed by the CB only), "Model Time Sheet" (*which is not an obligatory form*) and the "Consolidated Cost Statement" (completed by the CB only). However, only Biodiversity projects from 2010 and later and Nature projects which have acquired durable equipment need to submit the forms "Certificate for Nature projects"; only Nature projects need to submit "Land Purchase" and "Lease of Land"; and only Environment and Biodiversity projects need to submit the form "Prototype".

Completion of the Financial Statement of the Individual Beneficiary

1. Individual financial transactions must be entered in the forms entitled "Personnel" to "Funding ". The cells marked yellow will be filled in automatically.

2. The remainder of the cells should be completed according to the labels; please remember to tick if you are a public body and whether you are the CB or an AB.

3. The EU contribution already received plus the amount being requested will be transferred automatically from the table "EU contribution" in the "Funding" sheet.

4. The cell "contribution of the beneficiary" is calculated automatically from the "total real costs with non-recoverable VAT" minus the "EU-contribution (received and expected)", "other sources of funding" and "direct project income". If this results in a negative amount, a warning "Beneficiary in potential profit situation" will appear next to the contribution of the beneficiary. If the report is part of a request for a mid-term pre-financing payment, no actions will be taken, but if it is a request for final payment, the EU contribution will be reduced because beneficiaries are not allowed to make profit from the project. In such cases, you should contact the LIFE monitor for advice. Please be reminded that all beneficiaries are obliged to contribute financially to the project.

5. The information relating to the Euro exchange rate should only be completed by the beneficiaries who have their accounts in a currency other than Euro. The exchange rate of the individual years should be entered and be used as a reference in the individual transactions in the forms labelled "Personnel" to "Funding ". Beneficiaries must use the exchange rate published by the European Central Bank on the first working day of the year in which the expenditure is paid. The rates of the different calendar years should be inserted in the individual cost sheets from "Personnel" to "Funding". The rates are published on the following website:

<http://www.ecb.int/stats/exchange/eurofxref/html/index.en.html>

If costs are incurred in a different currency than the one in which the accounts are kept, it should be the value entered in the accounts that should be reported and converted to Euro. Financial reports should only contain transactions in one currency for each beneficiary.

6. The cell "date of VAT declaration where appropriate", applies only to beneficiaries who cannot recover VAT and want to report VAT as an eligible project costs. It is not an obligatory field, but should serve as a reminder to obtain the appropriate certificate from the competent national tax authority.

7. Apart from the warning mentioned in point 4 above, two other warnings may occur in this form. The warning "2% rule may not be respected for public bodies" on this form is only indicative as it does not consider the permanent/temporary status of staff; furthermore the 2% rule does not apply to individual ABs but to the project as a whole. However, if this warning appears, the AB should alert the CB who should check compliance with the rule for the project as a whole. The warning "Budget MUST be in balance" is mostly likely triggered by an error in data entry in the form; if it persists, you should contact the LIFE monitor for advice before submitting the report to the Commission.

8. Although the ABs complete their own Financial Reports, the CB bears the financial responsibility towards the Commission, including for the completeness of the statements of the ABs. The CB should, therefore, check thoroughly the individual statements before submitting them to the Commission.

Completion of the forms labelled "Personnel costs" to "Funding "

1. Costs should be classified in the individual cost categories according to the guidelines in the CP. If the classifications in the budget in your grant agreement are not correct according to the CP (particularly if durable costs in Environment projects are classified in other categories), contact the LIFE monitor for advice.

2. All information requested in the table layout of the individual cost categories (i.e. each cell) must be provided, or the related costs will be systematically refused.

3. If the beneficiaries consider it necessary or it will facilitate the completion of the Financial Report they may insert **additional columns** to satisfy their needs.

4. **Additional rows** can be added to the individual forms by using the insert rows function in Excel. Please remember to insert these rows after the first and before the last row of the existing sheet in order not to disturb the formulas contained in the table. Please also re-number the sequential number column.

5. It is important to describe the cost transaction in sufficient detail (qualitative and quantitative) in the description cell in order to allow the Commission to assess the relevance to the project and the eligibility of the costs. Cost transactions that are described too generically will be considered ineligible. It is also recommended to indicate the action number, to facilitate the link between the costs and the technical report.

6. If VAT is not an eligible cost, the net (invoice) amounts should be reported in both columns mentioning VAT, i.e. "Invoiced amount in national currency without VAT" and "Invoiced amount in national currency with non-recoverable VAT".

7. In case VAT is an eligible cost, the net (invoice) amounts should be reported in the column "Invoiced amount in national currency without VAT" and the gross (invoice) amount including VAT should be reported in column "Invoiced amount in national currency with non-recoverable VAT". The columns "Invoiced amount in Euro without VAT" and "Invoiced amount in Euro with non-recoverable VAT" will calculate automatically on the basis of the exchange rate entered in this column. Please be reminded that the value 1 is default.

Form "Personnel costs":

8. In column D, "function /type of employment contract", you should enter whether the employee is permanent or temporary. This is important to assess the respect of the 2% rule correctly.

9. For the calculation of the "annual personnel costs", the "annual number of productive time units" and the "time unit rates", please refer to the detailed explanations in the circular note on "timesheets" that is available on the following website:

<http://ec.europa.eu/environment/life/toolkit/pmtools/index.htm>

10. The detailed information in columns M-Y, should be transferred from the individual time recording records per employee involved in the project which must be kept for subsequent inspection and verification. For further details, please refer to the detailed explanations available on the website indicated above.

11. You should use the time unit that is normally used in the time registration system used in your organisation (usually hours or days).

12. You are advised to keep a detailed calculation of the annual personnel costs per employee per year in the project file. Such a calculation could be incorporated in this table if you add an appropriate number of additional columns to report each element of the annual personnel costs, such as annual gross salary, obligatory social charges, pension contribution etc.

13. Usually the personnel costs per employee should be reported in one transaction (one line in the excel table) per year, but if you want to allocate the personnel costs per action you are allowed to report the yearly personnel costs in a number of transactions in function of the actions the individual employees are involved in. In this case costs for each employee should be grouped together in the table.

14. Annual personnel costs must be based on actual figures. 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 the gross salary should not be extrapolated to a yearly figure, but in such cases the annual productive hours should reflect the period in which the employee has actually worked, i.e. for which he or she has received the salary reported. There is an exception to this principle for obligatory social charges, if according to the statutory reference they are calculated as a percentage of the gross salary, then these obligatory charges can be based on a calculation. It is recommended that the personnel costs for an ongoing calendar year are based on the rate of the previous year until the correct annual personnel costs can be established for the current year.

15. Annual productive hours should be the hours actually worked according to the time registration records. In case the actual total productive hours for the employee are not recorded in a reliable time registration system a default value of 1720 hours shall be used.

16. The reporting template is not designed for reporting costs of those service contracts which should be reported under personnel costs; the LIFE monitor can provide advice in such situations. The same applies for staff who are exempted from completing timesheets.

Form "Travel and subsistence":

17. Travel costs may be composed of a lot of low value transactions and it may not be cost effective to use personal resources to enter all these low value transactions in the financial report. If travel costs are already recorded in a registry offering the same level of details as requested in the financial report, it is acceptable to register the subtotals from these reports with an appropriate reference in the financial report. Copies of the registry, e.g. log books for cars, should be kept on file and submitted if requested.

18. If staff is reimbursed travel costs (tickets and hotel), the costs usually include tax, VAT etc. and in such cases the full reimbursed amount is entered in both "invoiced amount" columns.

Form "External assistance":

19. Remember to provide the period for which the service is provided where appropriate. It is recommended to refer to the action number, to facilitate the link between the costs and the technical report.

Forms "Infrastructure" and "Equipment":

20. In forms "Infrastructure" and "Equipment" only depreciation for equipment purchased and used during the lifespan of the project should be recorded. Depreciation related to equipment bought prior to the project start is not eligible, but running costs for such equipment will be accepted if duly justified and documented, and reported under "Personnel", "Consumables", etc. The description of the methodology used for the calculation of the depreciation should be kept in the project file and annexed to the financial report, indicating the various factors used in the calculation, e.g. lifespan in years, percentage of use for the project. The only exception to this rule is that costs for durable goods bought for Nature projects by public authorities and non-governmental/private non-commercial organisations are 100% eligible on the condition that a "certificate for nature projects" is annexed to the Financial Report. This exception also relates to Biodiversity projects from 2010 and later.

21. Depreciation of equipment bought during the project period, but not used exclusively in the project may still be partially accepted as an eligible cost if an acceptable way of separating the costs between the use for the project and for other purposes is established and taken into account in the calculation of depreciation.

22. In case equipment is sold or an amount is received from insurance due to theft or damage, the depreciation is limited to the difference between purchase costs and amount received.

23. The maximum eligible depreciation costs of 25%/50% respectively do not apply per transaction per beneficiary, but per cost sub-category for the project as a whole. Therefore if the total depreciated amount exceeds the maximum of 25%/50%, it is recommended that the actual depreciation per transaction is reported in the financial report. The Commission will then reduce the eligible costs as a function of their assessment of the eligibility of the various items in the financial report.

24. With regard to leasing costs, the full value of the lease should be registered as "invoiced amount". The amounts for the periodical lease should be reported as "depreciation" and zeros should be reported in "invoiced amount" except for the first period where it should be reported in the same transaction as the full value of the lease.

Form "Prototype":

25. Please be reminded that the eligibility criteria for prototype costs are not only that the piece of equipment in question is created specifically for the implementation of the project and has never been commercialised and/or is not available as a serial product. In addition, in order to be accepted as eligible prototype costs, neither the prototype nor any of its components may be used commercially within 5 years of the end of the project.

Forms "Land purchase" and "Lease of land":

26. It is not only the purchase/lease of land per se that is reported under this cost category but also related costs, such as cost of notary, taxes etc. If such costs are invoiced separately, you should report them in separate transactions.

Forms "Consumables" and "Other direct costs":

27. Please bear in mind that all costs of general nature are considered to be included in the overhead charges. This means that no transactions with generic descriptions such as "consumables", "tools", "clothes", "office supplies", "supplies", etc. should appear in these cost categories even if budgeted as such. Unless a direct link to the technical implementation of the project can be established, such costs will not be accepted. It is therefore important to provide a sufficiently detailed description that links the transaction to the technical implementation of the project.

Form "Overhead costs":

28. Indirect costs/overheads relate to costs which cannot be directly and exclusively allocated to the project and which are intended to cover general indirect costs needed to employ, manage, accommodate and support directly or indirectly the personnel working on the project. Typical examples of such costs are normal office supplies, stationary, office rent, telephones, IT, electricity, heating etc. They are eligible as a flat rate up to a maximum of 7% of the total amount of eligible direct costs of the project excluding land purchase/lease costs.

29. If you want to report overheads, please provide one overhead amount covering the full period of the financial report.

30. The overhead amount may be calculated as a fixed percentage (maximum 7%) of the eligible direct project costs, excluding land purchase and land lease for Nature projects.

Form "Funding":

31. The information requested in this form is essential for assessing the profit situation of each participant in the project and respect of the 2% rule for public beneficiaries.

32. The top part ("Source (Commission or Coordinating Beneficiary)") of the table "EU contribution (received and expected)" should be completed by the CB and also ABs. The CB should enter all the amounts received from the Commission (already received and expected to receive following the on-going payment request). The ABs should enter the amount of the EU contribution transferred from the CB (already received and expected to receive following the on-going payment request). The bottom part ("Recipient (other beneficiary)") of the table should only be used by the CB, to indicate portions of the EU financing which have been transferred to ABs; amounts should be negative.

33. The table "Other sources of funding" should be completed by the CB and the ABs and relates to contributions received or expected to receive from co-financers, if any. All amounts received from co-financers (already received and expected to receive if it is a final payment request) should be entered in the top part. If portions of these co-financing amounts are transferred to other beneficiaries, the bottom part of the table should be completed with negative amounts.

34. The table "Direct income" should be completed by the CB and ABs and relates to all direct income the project has generated, i.e. sales of timber, participation fees from conferences etc. Interest yielded on pre-financing is generally considered as "direct income" to the project for projects granted in the years up to 2010 to public bodies, and for all projects granted in the year 2011.

Completion of the Consolidated Costs Statement for the Project

1. For projects involving one or several ABs, the CB must complete the form "Consolidated Cost Statement for the project" and annex it to the request for payment. This form has to be computed by adding up the amounts of the forms "Financial Statement of the Individual Beneficiary" of each beneficiary, so that it will constitute the total costs and income of the project. The contribution from the CB is calculated automatically by deducting the "EU-contribution (received and expected)", the "Contribution from the associated beneficiaries", "Other sources of funding" and "Direct project income" from the "total real costs with non-recoverable VAT".

2. The "Consolidated Cost Statement for the project" should always be in balance between costs and income. If the warning "Budget MUST be in balance" appears, you should contact the LIFE monitor for advice before submitting the report to the Commission.

3. With regard to the 2% rule, the CB must examine whether the public bodies overall respect the 2% rule or not, by summarizing the financial statement from all the public bodies of the project. For details on the 2% rule, please consult the CP. The warning "2% rule may not be respected for public bodies" will appear if the box "public body" is ticked in one or more individual beneficiary cost statements and if the contribution of the public beneficiaries + 2% is below the total reported costs for permanent personnel. If this warning appears, you should contact the LIFE monitor for advice before submitting the report to the Commission.

Annex V – Workbook

Financial Statement of the Individual Beneficiary					
Name of beneficiary:					
Public body (tick if applicable)					
Coordinating Beneficiary (tick if applicable)		Associated Beneficiary (tick if applicable)			
Statement of expenditures	Total real costs with non-recoverable VAT	Total eligible costs with non-recoverable VAT	Statement of income	€	% of eligible costs
Personnel	€ 0,00	€ 0,00	Net EU contribution (incl. expected)	€ 0,00	
Travel	€ 0,00	€ 0,00	Contribution of the beneficiary	€ 0,00	
External assistance	€ 0,00	€ 0,00	Net Other Funding	€ 0,00	
Durable goods - Infrastructure	€ 0,00	€ 0,00	Direct income	€ 0,00	
Durable goods - Equipment	€ 0,00	€ 0,00			
Durable goods - Prototypes	€ 0,00	€ 0,00			
Land/rightspurchase/lease	€ 0,00	€ 0,00			
Consumable material	€ 0,00	€ 0,00			
Other direct costs	€ 0,00	€ 0,00			
Overheads	€ 0,00	€ 0,00			
TOTAL	€ 0,00	€ 0,00	TOTAL	€ 0,00	

To be completed only by beneficiaries from non-Euro countries:	Year	Exchange rate
Exchange rate used to convert national currency into EURO, in case the project accounts are kept in another currency than EURO (i.e. the exchange rate of the first banking day of the year in which the costs are paid as published by the European Central Bank):		

Date of VAT declaration (if relevant)

Date and signature

ANNEX VI – AGENDA

LIFE – DYNAMAP
LIFE13 ENV/IT/001254



N°... Team Member (Steering Committee) Meeting
Place, Date, Time
Address
Department, Meeting Room

AGENDA

Item	Time	Topic	Lecturer
1		Welcome and introduction	
2		Apologies	
3		Minutes of last meeting	
4			
5			
6			
7			
8			
9			
10			
11			
12		Any other business	<i>All</i>
13		Date and location of the next meeting	<i>All</i>
		Close	



AGENDA

Item	Time	Topic	Lecturer
1		Welcome and introduction	
2		Apologies	
3		Minutes of last meeting	
4			
5			
6			
7			
8			
9			
10			
11			
12		Any other business	All
13		Date and location of the next meeting	All
		Close	

Discussion/Results

1. *Discussion:*

Results:

Actions to be undertaken	Person in charge	Deadline

2. *Discussion:*

Results:

Actions to be undertaken	Person in charge	Deadline

.....

Closing Time of the Meeting:

Annexes: