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NOTE TO CBHE PROJECT BENEFICIARIES

Eligibility, traceability and payment of expenditure under “Capacity Building in Higher Education” projects

The objective of this note is to remind beneficiaries of CBHE projects implemented about the principles that are applicable to the reimbursement of costs:

I. Eligibility of costs

For the reimbursement of costs the following conditions apply (as explained in the Grant Agreement, Article II.19.1):

"Eligible costs" of the action are costs actually incurred by the beneficiary which meet the following criteria:

- (a) they are incurred in the period set out in Article I.2.2, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Articles II.23.2 and I.4.1;
- (b) they are indicated in the estimated budget of the action set out in Annex III;
- (c) they are incurred in connection with the action as described in Annex I and are necessary for its implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and with the usual cost accounting practices of the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

II. Traceability of costs

In order to guarantee the proper use of EU funds and the traceability of all costs, **all transactions and payments incurred in the framework of the project must be recorded in the accounting records of the beneficiary**. These records are the accounting entries and the documents supporting the statutory financial statements as well as the internal procedures, reports or other documents necessary to understand the accounting system of the beneficiaries.

The accounting records include, *inter alia*:

- a) Accounting entries
 - Accounting journals
 - General ledger
 - Cash book
 - Inventory register / fixed assets register
- b) Supporting documents
 - Sales and purchase invoices
 - Delivery notes, in particular for fixed assets
 - Credit notes
 - Salary slips
 - Bank statements
 - Employment contracts / sub-contracting contracts
- c) For unit costs, the following documents are to be kept with project accounts:
 - Staff costs: any material evidence allowing to verify that the declared workloads correspond to actual activities/outputs (e.g. attendance lists for lectures given, tangible outputs / products, salary slips, etc.).
 - Travel costs: Supporting documentation to demonstrate that the travel and the activity actually took place (e.g. travel tickets, boarding passes with points of departure and destination, dates and name of the person travelling, invoices, receipts, proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings).
- d) Other documents
 - Rules applied by the Higher Education Institution concerning tendering
 - Rules applied for VAT reimbursement claimed by the project (recoverable or not)
 - Internal rules for reimbursement of travel expenses

III. Payments of eligible costs

Whenever a banking system is fully operational in a country, the Education, Audiovisual and Culture Executive Agency (EACEA) **requests the beneficiaries of CBHE projects to make use of payments by bank transfer** in order to guarantee the proper use of EU funds and the full traceability of all costs.

In case that payments by bank transfer are not possible, the legal representative of the institution concerned must provide to EACEA, upon request at the Final Report stage:

- Justification in writing why payments via the banking system could not be made;
- A proof confirming that payments by bank transfer are not possible;
- Specification of the category(ies) of eligible costs concerned by these payments in cash (e.g.staff costs).

Payments in cash will only be accepted in these cases and on the condition that they are perfectly **traceable, identifiable and verifiable** as explained here above.

Please note that all bank statements and cash receipts¹ must be kept with project accounts.

If you have any question, please contact the project officer at EACEA in charge of your CBHE project.

Ralf RAHDERS
Head of Unit

¹ Receipts duly dated, officially stamped and signed by both parties (the person making the payment and the one receiving it) must support cash payments. A clear reference to the project and the item purchased and or service provided must appear on the receipt.