



EUROPEAN COMMISSION
EUROPEAN ANTI-FRAUD OFFICE (OLAF)

Directorate D - Policy
OLAF.D.1 - Policy Development & Hercule

GRANT AGREEMENT

NUMBER — 786245 — ACSSEP

This **Agreement** ('the Agreement') is **between** the following parties:

on the one part,

the **European Union** ('the EU'), represented by the European Commission ('the Commission'), represented for the purposes of signature of this Agreement by Irene SACRISTAN SANCHEZ, Head of unit OLAF-D.1, European Anti-Fraud Office, Policy, Policy Development & Hercule,

and

on the other part,

'the beneficiary':

NEMZETI ADO- ES VAMHIVATAL (NTCA), established in SZECHENYI U. 2, BUDAPEST 1054, Hungary, VAT number: HU15789934251, represented for the purposes of signing the Agreement by Head of Department for International Relations of NTCA, Kristóf BAKAI.

The parties referred to above have agreed to enter into the Agreement under the terms and conditions below.

By signing the Agreement, the beneficiary accepts the grant and agrees to implement the action under its own responsibility and in accordance with the Agreement, with all the obligations and conditions it sets out.

The Agreement is composed of:

Terms and Conditions

Annex 1	Description of the action
Annex 2	Estimated budget for the action
	Annex 2a Not applicable
Annex 3	Accession Forms: not applicable
Annex 4	Model for the financial statements
Annex 5	Model for the certificate on the financial statements (CFS)
Annex 6	Model for the certificate on the methodology (CoMUC): not applicable
Annex 7	Statement on the use of the previous pre-financing payment: not applicable

TERMS AND CONDITIONS

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CHAPTER 1 GENERAL

ARTICLE 1 — SUBJECT OF THE AGREEMENT

This Agreement sets out the rights and obligations and the terms and conditions applicable to the grant awarded to the beneficiary for implementing the action set out in Chapter 2.

CHAPTER 2 ACTION

ARTICLE 2 — ACTION TO BE IMPLEMENTED

The grant is awarded for the action entitled ‘**Anti-Cigarette Smuggling Staff Exchange Program — ACSSEP**’ (**‘action’**), as described in Annex 1.

ARTICLE 3 — DURATION AND STARTING DATE OF THE ACTION

The duration of the action will be **15 months** as of the first day of the month following the date the Agreement enters into force (see Article 42) (**‘starting date of the action’**).

ARTICLE 4 — ESTIMATED BUDGET AND BUDGET TRANSFERS

4.1 Estimated budget

The ‘**estimated budget**’ for the action is set out in Annex 2.

It contains the estimated eligible costs and the forms of costs, broken down by budget category (see Articles 5, 6).

4.2 Budget transfers

The estimated budget breakdown indicated in Annex 2 may be adjusted — without an amendment (see Article 39) — by transfers of amounts between budget categories and/or forms of costs set out in Annex 2, if the action is implemented as described in Annex 1.

However:

- the beneficiary may not add costs relating to subcontracts not provided for in Annex 1, unless such additional subcontracts are approved by an amendment or in accordance with Article 10;
- the transfers between budget categories must stay below 20% of the total costs for the action set out in Annex 2, unless they are approved by an amendment.

CHAPTER 3 GRANT

ARTICLE 5 — GRANT AMOUNT, FORM OF GRANT, REIMBURSEMENT RATE AND FORMS OF COSTS

5.1 Maximum grant amount

The '**maximum grant amount**' is **EUR 84,992.21** (eighty four thousand nine hundred and ninety two EURO and twenty one eurocents).

5.2 Form of grant, reimbursement rate and forms of costs

The grant reimburses **80.00% of the action's eligible costs** ('**reimbursement of eligible costs grant**'; see Article 6 and Annex 2).

The estimated eligible costs of the action are **EUR 106,240.26** (one hundred and six thousand two hundred and forty EURO and twenty six eurocents).

Eligible costs (see Article 6) must be declared under the following forms ('**cost forms**')

- (a) for **direct personnel costs**: as actually incurred costs ('**actual costs**')
- (b) for **direct travel and subsistence costs**: as actually incurred costs (**actual costs**);
- (c) for **direct costs of subcontracting**: as actually incurred costs (**actual costs**);
- (d) for direct costs of **providing financial support to third parties**: not applicable;
- (e) for **other direct costs**: as actually incurred costs (**actual costs**);
- (f) for **indirect costs**: on the basis of a flat-rate applied as set out in Article 6.2.Point F ('**flat-rate costs**');

5.3 Final grant amount — Calculation

The '**final grant amount**' depends on the actual extent to which the action is implemented in accordance with the Agreement's terms and conditions.

This amount is calculated by the Commission — when the payment of the balance is made — in the following steps:

- Step 1 – Application of the reimbursement rate to the eligible costs
- Step 2 – Limit to the maximum grant amount
- Step 3 – Reduction due to the no-profit rule
- Step 4 – Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

5.3.1 Step 1 — Application of the reimbursement rate to the eligible costs

The reimbursement rate (see Article 5.2) is applied to the eligible costs (actual costs, flat-rate costs; see Article 6) declared by the beneficiary (see Article 15) and approved by the Commission (see Article 16).

5.3.2 Step 2 — Limit to the maximum grant amount

If the amount obtained following Step 1 is higher than the maximum grant amount set out in Article 5.1, it will be limited to the latter.

5.3.3 Step 3 — Reduction due to the no-profit rule

Not applicable

5.3.4 Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

If the grant is reduced (see Article 27), the Commission will calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 27.2) from the maximum grant amount set out in Article 5.1.

The final grant amount will be the lower of the following two:

- the amount obtained following Steps 1 to 3 or
- the reduced grant amount following Step 4.

5.4 Revised final grant amount — Calculation

If — after the payment of the balance (in particular, after checks, reviews, audits or investigations; see Article 17) — the Commission rejects costs (see Article 26) or reduces the grant (see Article 27), it will calculate the ‘**revised final grant amount**’.

This amount is calculated by the Commission on the basis of the findings, as follows:

- in case of **rejection of costs**: by applying the reimbursement rate to the *revised* eligible costs approved by the Commission;
- in case of **reduction of the grant**: by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 27.2) from the maximum grant amount (see Article 5.1 and Annex 2).

In case of **rejection of costs and reduction of the grant**, the revised final grant amount will be the lower of the two amounts above.

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS

6.1 General conditions for costs to be eligible

‘**Eligible costs**’ are costs that meet the following criteria:

(a) for **actual costs**:

- (i) they must be actually incurred by the beneficiary;
- (ii) they must be incurred in the period set out in Article 3, with the exception of costs relating to the submission of the final report (see Article 15);
- (iii) they must be indicated in the estimated budget set out in Annex 2;
- (iv) they must be incurred in connection with the action as described in Annex 1 and necessary for its implementation;

- (v) they must be identifiable and verifiable, in particular recorded in the beneficiary's accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices;
- (vi) they must comply with the applicable national law on taxes, labour and social security, and
- (vii) they must be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency;

(b) for **unit costs**: not applicable;

(c) for **flat-rate costs**:

- (i) they must be calculated by applying the flat-rate set out in Annex 2, and
- (ii) the costs (actual costs) to which the flat-rate is applied must comply with the conditions for eligibility set out in this Article.

(d) for **lump sum costs**: not applicable.

6.2 Specific conditions for costs to be eligible

Costs are eligible if they comply with the general conditions (see above) and the specific conditions set out below, for each of the following budget categories:

- A. direct personnel costs;
- B. direct travel and subsistence costs;
- C. direct costs of subcontracting;
- D. not applicable;
- E. other direct costs;
- F. indirect costs.

'Direct costs' are costs that are directly linked to the action implementation and can therefore be attributed to it directly. They must not include any indirect costs (see Point F below).

'Indirect costs' are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

A. Direct personnel costs

Types of eligible personnel costs

A.1 Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action ('**costs for employees (or equivalent)**'). They must be limited to salaries, social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

They may also include **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- (a) it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- (b) the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

A.2 The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract or **seconded by a third party against payment** are eligible personnel costs, if:

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

Calculation

Personnel costs must be calculated by the beneficiary as follows:

- for persons **working exclusively on the action**:

{monthly rate for the person
multiplied by
number of actual months worked on the action}.

The months declared for these persons may not be declared for any other EU grant.

The '**monthly rate**' is calculated as follows:

{annual personnel costs for the person
divided by
12}

using the personnel costs for each full financial year covered by the reporting period concerned. If a financial year is not closed at the end of the reporting period, the beneficiary must use the monthly rate of the last closed financial year available.

- for persons **working part-time on the action**:

{daily rate for the person
multiplied by
number of actual days worked on the action (rounded up or down to the nearest half-day)}.

The number of actual hours declared for a person must be identifiable and verifiable (see Article 13).

The total number of hours declared in EU grants, for a person for a year, cannot be higher than the annual productive hours used for the calculations of the hourly rate. Therefore, the maximum number of hours that can be declared for the grant are:

{number of annual productive hours for the year (see below)
minus
total number of hours declared by the beneficiary, for that person for that year, for other EU grants}.

The ‘**daily rate**’ is calculated as follows:

{annual personnel costs for the person
divided by
number of individual annual productive days}.

using the personnel costs and the number of annual productive days for each full financial year covered by the reporting period concerned. If a financial year is not closed at the end of the reporting period, the beneficiary must use the daily rate of the last closed financial year available.

The ‘number of individual annual productive days’ is the total actual days worked by the person in the year. It may not include holidays and other absences (such as sick leave, maternity leave, special leave, etc). However, it may include overtime and time spent in meetings, trainings and other similar activities.

The Commission may accept other calculation methods (such as, for instance, hourly rates, daily rates calculated with annual personnel costs and 215 *fixed* annual productive days or a pro-rata apportionment of the monthly salary costs), if it considers that they reflect the actual costs incurred, in a fair, objective, realistic way and if there are sufficient records to support these costs (see Article 13).

B. Direct travel and subsistence costs

Travel and subsistence costs (including related duties, taxes and charges — except for value added tax (VAT)) are eligible if they are in line with the beneficiary’s usual practices on travel.

C. Direct costs of subcontracting (including related duties, taxes and charges — except for value added tax (VAT)) are eligible if the conditions in Article 10.1.1 are met.

D. Direct costs of providing financial support to third parties

Not applicable

E. Other direct costs

E.1 The **depreciation costs of equipment, infrastructure or other assets** (new or second-hand) as recorded in the beneficiary’s accounts are eligible, if they were purchased in accordance with Article 9.1.1 and written off in accordance with international accounting standards and the beneficiary’s usual accounting practices.

The **costs of renting or leasing** equipment, infrastructure or other assets (including related duties,

taxes and charges — except for value added tax (VAT)) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

E.2 Costs of other goods and services (including related duties, taxes and charges — except for value added tax (VAT)) are eligible, if they are purchased specifically for the action and in accordance with Article 9.1.1.

Such goods and services include, for instance, consumables and supplies, dissemination, protection of results, certificates on the financial statements (if they are required by the Agreement), translations and publications.

F. Indirect costs

Indirect costs are eligible if they are declared on the basis of the flat-rate of 7% of the eligible direct costs (see Article 5.2 and Points A to E above).

If the beneficiary receives an operating grant¹, it cannot declare indirect costs for the period covered by the operating grant, unless it can demonstrate that the operating grant does not cover any costs of the action.

6.3 Conditions for costs of linked third parties to be eligible

Not applicable

6.4 Ineligible costs

‘Ineligible costs’ are:

- (a) costs that do not comply with the conditions set out above (Article 6.1 to 6.3), in particular:
 - (i) costs related to return on capital;
 - (ii) debt and debt service charges;
 - (iii) provisions for future losses or debts;
 - (iv) interest owed;
 - (v) doubtful debts;
 - (vi) currency exchange losses;

¹ For the definition, see Article 121(1)(b) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 218, 26.10.2012, p.1) (**‘Financial Regulation No 966/2012’**): **‘operating grant’** means direct financial contribution, by way of donation, from the budget in order to finance the functioning of a body which pursues an aim of general EU interest or has an objective forming part of and supporting an EU policy.

- (vii) bank costs charged by the beneficiary's bank for transfers from the Commission;
 - (viii) excessive or reckless expenditure;
 - (ix) VAT (deductible or not deductible);
 - (x) costs incurred during suspension of the implementation of the action (see Article 33);
 - (xi) in-kind contributions provided by third parties;
- (b) costs declared under another EU grant (including grants awarded by a Member State and financed by the EU budget and grants awarded by bodies other than the Commission for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary is already receiving an EU operating grant, unless it can demonstrate that the operating grant does not cover any costs of the action;
- (c) costs for staff of a national (or regional/local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant);
- (d) costs (especially travel and subsistence costs) for staff or representatives of EU institutions, bodies or agencies.

6.5 Consequences of declaration of ineligible costs

Declared costs that are ineligible will be rejected (see Article 26).

This may also lead to any of the other measures described in Chapter 6.

CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES

SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO IMPLEMENTING THE ACTION

ARTICLE 7 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ACTION

7.1 General obligation to properly implement the action

The beneficiary must implement the action as described in Annex 1 and in compliance with the provisions of the Agreement and all legal obligations under applicable EU, international and national law.

7.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 8 — RESOURCES TO IMPLEMENT THE ACTION — THIRD PARTY INVOLVED IN THE ACTION

The beneficiary must have the appropriate resources to implement the action.

If it is necessary to implement the action, the beneficiary may:

- purchase goods, works and services (see Article 9);
- call upon subcontractors to implement action tasks described in Annex 1 (see Article 10).

In these cases, the beneficiary retains sole responsibility towards the Commission for implementing the action.

ARTICLE 8a — IMPLEMENTATION OF ACTION TASKS BY A BENEFICIARY NOT RECEIVING FUNDING

Not applicable

ARTICLE 9 — PURCHASE OF GOODS, WORKS OR SERVICES

9.1 Rules for purchasing goods, works or services

9.1.1 If necessary to implement the action, the beneficiary may purchase goods, works or services.

The beneficiary must make such purchases ensuring the best value for money or, if appropriate, the lowest price. In doing so, it must avoid any conflict of interests (see Article 20).

The beneficiary must ensure that the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards their contractors.

9.1.2 If the beneficiary is a ‘contracting authority’ within the meaning of Directive 2004/18/EC² (or 2014/24/EU³) or ‘contracting entity’ within the meaning of Directive 2004/17/EC⁴ (or 2014/25/EU⁵), it must comply with the applicable national law on public procurement.

9.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 9.1.1, the costs related to the contract concerned will be ineligible (see Article 6) and will be rejected (see Article 26).

² Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (OJ L 134, 30.04.2004, p. 114).

³ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

⁴ Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (OJ L 134, 30.04.2004, p. 1).

⁵ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

If the beneficiary breaches any of its obligations under Article 9.1.2, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 10 — IMPLEMENTATION OF ACTION TASKS BY SUBCONTRACTORS

10.1 Rules for subcontracting action tasks

10.1.1 If necessary to implement the action, the beneficiary may award subcontracts covering the implementation of certain action tasks described in Annex 1.

The beneficiary must award the subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, it must avoid any conflict of interests (see Article 20).

The tasks to be implemented and the estimated cost for each subcontract must be set out in Annex 1 and the total estimated costs of subcontracting must be set out in Annex 2. The Commission may however approve subcontracts not set out in Annex 1 and 2 without amendment (see Article 39), if:

- they are specifically justified in the final technical report and
- they do not entail changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

The beneficiary must ensure that the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 17 and 18 also towards their subcontractors.

10.1.2 The beneficiary must ensure that its obligations under Articles 20, 21, 22 and 30 also apply to the subcontractors.

If the beneficiary that is ‘contracting authority’ within the meaning of Directive 2004/18/EC (or 2014/24/EU) or ‘contracting entity’ within the meaning of Directive 2004/17/EC (or 2014/25/EU), it must comply with the applicable national law on public procurement.

10.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 10.1.1, the costs related to the subcontract concerned will be ineligible (see Article 6) and will be rejected (see Article 26).

If the beneficiary breaches any of its obligations under Article 10.1.2, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 11 — IMPLEMENTATION OF ACTION TASKS BY LINKED THIRD PARTIES

Not applicable

ARTICLE 11a — FINANCIAL SUPPORT TO THIRD PARTIES

Not applicable

SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE GRANT ADMINISTRATION

ARTICLE 12 — GENERAL OBLIGATION TO INFORM

12.1 General obligation to provide information upon request

The beneficiary must provide — during implementation of the action or afterwards — any information requested in order to verify eligibility of the costs, proper implementation of the action and compliance with the other obligations under the Agreement.

12.2 Obligation to keep information up to date and to inform about events and circumstances likely to affect the Agreement

The beneficiary must keep information stored in the Participant Portal Beneficiary Register (via the electronic exchange system; see Article 36) up to date, in particular, its name, address, legal representatives, legal form and organisation type.

The beneficiary must immediately inform the Commission of any of the following:

- (a) **events** which are likely to affect significantly or delay the implementation of the action or the EU financial interests, in particular:
 - (i) changes in its legal, financial, technical, organisational or ownership situation
- (b) **circumstances** affecting:
 - (i) the decision to award the grant or
 - (ii) compliance with requirements under the Agreement.

12.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 13 — KEEPING RECORDS — SUPPORTING DOCUMENTATION

13.1 Obligation to keep records and other supporting documentation

The beneficiary must — for a period of **five years after the payment of the balance** — keep records and other supporting documentation in order to prove the proper implementation of the action and the costs they declare as eligible.

The beneficiary must make them available upon request (see Article 12) or in the context of checks, reviews, audits or investigations (see Article 17).

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement (including the extension of findings; see Articles 17), the beneficiary must keep the records and other supporting documentation until the end of these procedures.

The beneficiary must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The Commission may accept non-original documents if it considers that they offer a comparable level of assurance.

13.1.1 Records and other supporting documentation on the technical implementation

The beneficiary must keep records and other supporting documentation on the technical implementation of the action, in line with the accepted standards in the respective field.

13.1.2 Records and other documentation to support the costs declared

The beneficiary must keep the records and documentation supporting the costs declared, in particular the following:

- (a) for **actual costs**: adequate records and other supporting documentation to prove the costs declared, such as contracts, subcontracts, invoices and accounting records. In addition, the beneficiary's usual cost accounting practices and internal control procedures must enable direct reconciliation between the amounts declared, the amounts recorded in its accounts and the amounts stated in the supporting documentation;
- (b) for **unit costs**: not applicable;
- (c) for **flat-rate costs**: adequate records and other supporting documentation to prove the eligibility of the costs to which the flat-rate is applied. The beneficiary does not need to identify the costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared at a flat-rate;
- (d) for **lump sum costs**: not applicable.

In addition, for **personnel costs** (declared as actual costs), the beneficiary must keep **time records** for the number of hours declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly. In the absence of reliable time records of the hours worked on the action, the Commission may accept alternative evidence supporting the number of hours declared, if it considers that it offers an adequate level of assurance.

As an exception, for **persons working exclusively on the action**, there is no need to keep time records, if the beneficiary signs a **declaration** confirming that the persons concerned have worked exclusively on the action.

13.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, costs insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 26), and the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 14 — SUBMISSION OF DELIVERABLES

14.1 Obligation to submit deliverables

The beneficiary must submit:

- the **‘deliverables’** identified in Annex 1, in accordance with the timing and conditions set out in it;
- a reply to the **post-event survey** provided by the Commission, six months after the end of the action.

14.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the Commission may apply any of the measures described in Chapter 6.

ARTICLE 15 — REPORTING — PAYMENT REQUESTS

15.1 Obligation to submit reports

The beneficiary must submit to the Commission (see Article 36) the technical and financial reports set out in this Article. These reports include the request(s) for payment and must be drawn up using the forms and templates provided in the electronic exchange system (see Article 36).

15.2 Reporting periods

The action has one **‘reporting period’**:

- RP1: from month 1 to month 15

15.2a Request(s) for further pre-financing payment(s)

Not applicable

15.3 Periodic reports — Requests for interim payments

Not applicable

15.4 Final report — Request for payment of the balance

The beneficiary must submit — within 60 days following the end of the reporting period — a final report, which includes the request for payment of the balance.

The **final report** must include the following:

- (a) a **‘final technical report’** containing:

- (i) an **explanation of the work carried out** by the beneficiary;
- (ii) an **overview of the implementation** of the action, including milestones and deliverables identified in Annex 1.

This report must include explanations justifying the differences between work expected to be carried out in accordance with Annex 1 and that actually carried out.

- (iii) a **summary** for publication by the Commission;

- (iv) answers to the ‘**questionnaire**’: answers to the questions covering issues related to the action implementation and its impact;
- (b) a ‘**final financial report**’ containing:

- (i) an ‘**individual financial statement**’ (see Annex 4), for the reporting period.

The individual financial statement must detail the eligible costs (actual costs and flat-rate costs; see Article 6) for each budget category (see Annex 2).

The beneficiary must declare all eligible costs, even if — for actual costs and flat-rate costs — they exceed the amounts indicated in the estimated budget (see Annex 2). Amounts which are not declared in the individual financial statement will not be taken into account by the Commission.

The individual financial statement(s) must also detail the **receipts of the action** (see Article 5.3.3).

The beneficiary must **certify** that:

- the information provided is full, reliable and true;
 - the costs declared are eligible (see Article 6);
 - the costs can be substantiated by adequate records and supporting documentation (see Article 13) that will be produced upon request (see Article 12) or in the context of checks, reviews, audits and investigations (see Article 17), and
 - that all the receipts have been declared (see Article 5.3.3);
 - (ii) an explanation of the use of resources and the information on subcontracting (see Article 10), for the reporting period;
 - (iii) special provisions for the **JRC**: not applicable;
 - (iv) a ‘**final summary financial statement**’, created automatically by the electronic exchange system, including the **request for payment of the balance**;
 - (v) ‘**certificate on the financial statements**’: not applicable.

15.5 Information on cumulative expenditure incurred

Not applicable

15.6 Currency for financial statements and conversion into euro

Financial statements must be drafted in euro.

The beneficiary with accounting established in a currency other than the euro, must convert the costs recorded in its accounts into euro at the average of the daily euro exchange rates published in the C series of the *Official Journal of the European Union*, calculated over the corresponding reporting period.

If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, it must be converted at the average of the monthly accounting exchange rates published on the Commission's website calculated over the corresponding reporting period.

The beneficiary with accounting established in euro, must convert costs incurred in another currency into euro according to its usual accounting practices.

15.7 Language of reports

All reports (including financial statement) must be submitted in the language of the Agreement.

15.8 Consequences of non-compliance

If the report(s) submitted do not comply with this Article, the Commission may suspend the payment deadline (see Article 31) and apply any of the other measures described in Chapter 6.

If the beneficiary breaches its obligation to submit the reports and if it fails to comply with this obligation within 30 days following a written reminder, the Commission may terminate the Agreement (see Article 34) or apply any of the other measures described in Chapter 6.

ARTICLE 16 — PAYMENTS AND PAYMENT ARRANGEMENTS

16.1 Payments to be made

The following payments will be made to the beneficiary:

- a **pre-financing payment**;
- one **payment of the balance**, on the basis of the request for payment of the balance (see Article 15).

16.2 Pre-financing payment(s) — Amount

The aim of the pre-financing is to provide the beneficiary with a float.

It remains the property of the EU until the payment of the balance.

The amount of the pre-financing payment will be EUR **42,496.11** (forty two thousand four hundred and ninety six EURO and eleven eurocents).

The Commission will — except if Article 32 applies — make the pre-financing payment to the beneficiary within 30 days, from the entry into force of the Agreement (see Article 42).

16.3 Interim payments — Amount — Calculation

Not applicable

16.4 Payment of the balance — Amount — Calculation

The payment of the balance reimburses the remaining part of the eligible costs incurred by the beneficiary for the implementation of the action.

If the total amount of earlier payments is greater than the final grant amount (see Article 5.3), the payment of the balance takes the form of a recovery (see Article 28).

If the total amount of earlier payments is lower than the final grant amount, the Commission will pay the balance within 60 days from receiving the final report (see Article 15.4), except if Articles 31 or 32 apply.

Payment is subject to the approval of the final report. Its approval does not imply recognition of compliance, authenticity, completeness or correctness of its content.

The **amount due as the balance** is calculated by the Commission by deducting the total amount of pre-financing already made, from the final grant amount determined in accordance with Article 5.3:

$$\begin{aligned} &\{\text{final grant amount (see Article 5.3)} \\ &\text{minus} \\ &\{\text{pre-financing made}\}\}. \end{aligned}$$

If the balance is positive, it will be paid to the beneficiary.

The amount to be paid may however be offset — without the beneficiary's consent — against any other amounts owed by the beneficiary to the Commission or an executive agency (under the EU budget), up to the maximum grant amount indicated, for the beneficiary, in the estimated budget (see Annex 2).

If the balance is negative, it will be recovered (see Article 28).

16.5 Notification of amounts due

When making payments, the Commission will formally notify to the beneficiary the amount due, specifying that it concerns the payment of the balance.

For the payment of the balance, the notification will also specify the final grant amount.

In the case of reduction of the grant or recovery of undue amounts, the notification will be preceded by the contradictory procedure set out in Articles 27 and 28.

16.6 Currency for payments

The Commission will make all payments in euro.

16.7 Payments to the beneficiary

Payments will be made to the beneficiary.

Payments to the beneficiary will discharge the Commission from its payment obligation.

16.8 Bank account for payments

All payments will be made to the following bank account:

Name of bank: MAGYAR ALLAMKINCSTAR. BUDAPEST
 Full name of the account holder: NEMZETI ADO ES VAMHIVATAL IGAZGATASA
 NATIONAL TAX & CUSTOMS ADMINISTRATION
 IBAN code: HU86100230020029938900000000

16.9 Costs of payment transfers

The cost of the payment transfers is borne as follows:

- the Commission bears the cost of transfers charged by its bank;
- the beneficiary bears the cost of transfers charged by its bank;
- the party causing a repetition of a transfer bears all costs of the repeated transfer.

16.10 Date of payment

Payments by the Commission are considered to have been carried out on the date when they are debited to its account.

16.11 Consequences of non-compliance

16.11.1 If the Commission does not pay within the payment deadlines (see above), the beneficiary is entitled to **late-payment interest** at the rate applied by the European Central Bank (ECB) for its main refinancing operations in euros ('reference rate'), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the payment deadline expires, as published in the C series of the *Official Journal of the European Union*.

If the late-payment interest is lower than or equal to EUR 200, it will be paid to the beneficiary only upon request submitted within two months of receiving the late payment.

Late-payment interest is not due if the beneficiary is an EU Member State (including regional and local government authority or other public body acting on behalf of a Member State for the purpose of this Agreement).

Suspension of the payment deadline or payments (see Articles 31 and 32) will not be considered as late payment.

Late-payment interest covers the period running from the day following the due date for payment (see above), up to and including the date of payment.

Late-payment interest is not considered for the purposes of calculating the final grant amount.

16.11.2 Not applicable

ARTICLE 17 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS — EXTENSION OF FINDINGS

17.1 Checks, reviews and audits by the Commission

17.1.1 Right to carry out checks

The Commission will — during the implementation of the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing deliverables and reports.

For this purpose, the Commission may be assisted by external persons or bodies.

The Commission may also request additional information in accordance with Article 12.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

17.1.2 Right to carry out reviews

The Commission may — during the implementation of the action or afterwards — carry out reviews on the proper implementation of the action (including assessment of deliverables and reports) and compliance with the obligations under the Agreement.

Reviews may be started **up to five years after the payment of the balance**. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

If the review is carried out on a third party (see Articles 9 to 11a), the beneficiary must inform the third party.

The Commission may carry out reviews directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must provide — within the deadline requested — any information and data in addition to deliverables and reports already submitted (including information on the use of resources).

The beneficiary may be requested to participate in meetings, including with external experts.

For **on-the-spot** reviews, the beneficiary must allow access to its sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the review findings, a **‘review report’** will be drawn up.

The Commission will formally notify the review report to the beneficiary, who has 30 days to formally notify observations (**‘contradictory review procedure’**).

Reviews (including review reports) are in the language of the Agreement.

17.1.3 Right to carry out audits

The Commission may — during the implementation of the action or afterwards — carry out audits on the proper implementation of the action and compliance with the obligations under the Agreement.

Audits may be started **up to five years after the payment of the balance**. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

If the audit is carried out on a third party (see Articles 9 to 11a), the beneficiary must inform the third party.

The Commission may carry out audits directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must provide — within the deadline requested — any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement.

For **on-the-spot** audits, the beneficiary must allow access to its sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the audit findings, a ‘**draft audit report**’ will be drawn up.

The Commission will formally notify the draft audit report to the beneficiary, who has 30 days to formally notify observations (‘**contradictory audit procedure**’). This period may be extended by the Commission in justified cases.

The ‘**final audit report**’ will take into account observations by the beneficiary. The report will be formally notified to it.

Audits (including audit reports) are in the language of the Agreement.

The Commission may also access the beneficiary’s statutory records for the periodical assessment of flat-rate amounts.

17.2 Investigations by the European Anti-Fraud Office (OLAF)

Under Regulations No 883/2013⁶ and No 2185/96⁷ (and in accordance with their provisions and procedures), the European Anti-Fraud Office (OLAF) may — at any moment during implementation of the action or afterwards — carry out investigations, including on-the-spot checks and inspections, to establish whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the EU.

17.3 Checks and audits by the European Court of Auditors (ECA)

Under Article 287 of the Treaty on the Functioning of the European Union (TFEU) and Article 161 of

⁶ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18/09/2013, p. 1).

⁷ Council Regulation (Euratom, EC) No 2185/1996 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15/11/1996, p. 2).

the Financial Regulation No 966/2012⁸, the European Court of Auditors (ECA) may — at any moment during implementation of the action or afterwards — carry out audits.

The ECA has the right of access for the purpose of checks and audits.

17.4 Checks, reviews, audits and investigations for international organisations

Not applicable

17.5 Consequences of findings in checks, reviews, audits and investigations — Extension of findings

17.5.1 Findings in this grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to the rejection of ineligible costs (see Article 26), reduction of the grant (see Article 27), recovery of undue amounts (see Article 28) or to any of the other measures described in Chapter 6.

Rejection of costs or reduction of the grant after the payment of the balance will lead to a revised final grant amount (see Article 5.4).

Findings in checks, reviews, audits or investigations may lead to a request for amendment for the modification of Annex 1 (see Article 39).

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other EU grants awarded under similar conditions (**‘extension of findings from this grant to other grants’**).

Moreover, findings arising from an OLAF investigation may lead to criminal prosecution under national law.

17.5.2 Findings in other grants

The Commission may extend findings from other grants to this grant (**‘extension of findings from other grants to this grant’**), if:

- (a) the beneficiary is found, in other EU grants awarded under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant and
- (b) those findings are formally notified to the beneficiary — together with the list of grants affected by the findings — **no later than five years after the payment of the balance** of this grant.

The extension of findings may lead to the rejection of costs (see Article 26), reduction of the grant (see Article 27), recovery of undue amounts (see Article 28), suspension of payments (see Article 32), suspension of the action implementation (see Article 33) or termination (see Article 34).

17.5.3 Procedure

⁸ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, EURATOM) No 1605/2002 (OJ L 298, 26/10/2012, p. 1).

The Commission will formally notify the beneficiary the systemic or recurrent errors and its intention to extend these audit findings, together with the list of grants affected.

17.5.3.1 If the findings concern **eligibility of costs**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings;
- (b) the request to submit **revised financial statements** for all grants affected;
- (c) the **correction rate for extrapolation** established by the Commission on the basis of the systemic or recurrent errors, to calculate the amounts to be rejected, if the beneficiary:
 - (i) considers that the submission of revised financial statements is not possible or practicable or
 - (ii) does not submit revised financial statements.

The beneficiary has 90 days from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method**. This period may be extended by the Commission in justified cases.

The Commission may then start a **rejection procedure** in accordance with Article 26, either on the basis of the revised financial statements, the alternative method or the correction rate announced.

17.5.3.2 If the findings concern **substantial errors, irregularities or fraud or serious breach of obligations**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings and
- (b) the flat-rate the Commission intends to apply according to the principle of proportionality.

The beneficiary has 90 days from receiving notification to submit observations or to propose a duly substantiated alternative flat-rate.

The Commission may then start a **reduction procedure** in accordance with Article 27, either on the basis of the alternative flat-rate or the flat-rate announced.

17.6 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, any insufficiently substantiated costs will be ineligible (see Article 6) and will be rejected (see Article 26).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 18 — EVALUATION OF THE IMPACT OF THE ACTION

18.1 Right to evaluate the impact of the action

The Commission may carry out interim and final evaluations of the impact of the action measured against the objective of the EU programme.

Evaluations may be started during implementation of the action and **up to five years after the**

payment of the balance. The evaluation is considered to start on the date of the formal notification to the beneficiary.

The Commission may make these evaluations directly (using its own staff) or indirectly (using external bodies or persons it has authorised to do so).

The beneficiary must provide any information relevant to evaluate the impact of the action, including information in electronic format.

18.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the Commission may apply the measures described in Chapter 6.

SECTION 3 OTHER RIGHTS AND OBLIGATIONS

ARTICLE 19 — PRE-EXISTING RIGHTS AND OWNERSHIP OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)

19.1 Pre-existing rights and access rights to pre-existing rights

Where industrial and intellectual property rights (including rights of third parties) exist prior to the Agreement, the beneficiary must establish a list of these pre-existing industrial and intellectual property rights, specifying the owner and any persons that have a right of use.

The beneficiary must — before starting the action — submit this list to the Commission.

19.2 Ownership of results and rights of use

The results of the action (including the reports and other documents relating to it) are owned by the beneficiary.

The beneficiary must give the Commission the right to use the results for their communication activities under Article 22.

19.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such a breach may also lead to any of the other measures described in Chapter 6.

ARTICLE 20 — CONFLICT OF INTERESTS

20.1 Obligation to avoid a conflict of interests

The beneficiary must take all measures to prevent any situation where the impartial and objective implementation of the action is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (**‘conflict of interests’**).

The beneficiary must formally notify to the Commission without delay any situation constituting or likely to lead to a conflict of interests and immediately take all the necessary steps to rectify this situation.

The Commission may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

20.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27) and the Agreement may be terminated (see Article 34).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 21 — CONFIDENTIALITY

21.1 General obligation to maintain confidentiality

During implementation of the action and **for five years after the payment of the balance**, the parties must keep confidential any data, documents or other material (in any form) that is identified as confidential at the time it is disclosed (**‘confidential information’**).

They may use confidential information to implement the Agreement.

The confidentiality obligations no longer apply if:

- (a) the disclosing party agrees to release the other party;
- (b) the information becomes generally and publicly available, without breaching any confidentiality obligation;
- (c) the disclosure of the confidential information is required by EU or national law.

21.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 22 — PROMOTING THE ACTION — VISIBILITY OF EU FUNDING

22.1 Communication activities by the beneficiary

22.1.1 General obligation to promote the action and its results

The beneficiary must promote the action and its results.

22.1.2 Information on EU funding — Obligation and right to use the EU emblem

Unless the Commission requests or agrees otherwise, any communication activity related to the action (including at conferences, seminars, in information material, such as brochures, leaflets, posters,

presentations, etc., in electronic form, via social media, etc.) and any infrastructure, equipment or major result funded by the grant must:

- display the EU emblem and
- include the following text:

“This [insert appropriate description, e.g. report, publication, conference, infrastructure, equipment, insert type of result, etc.] was funded by the European Union’s HERCULE III programme.”

When displayed in association with another logo, the EU emblem must have appropriate prominence.

For the purposes of its obligations under this Article, the beneficiary may use the EU emblem without first obtaining approval from the Commission.

This does not, however, give him the right to exclusive use.

Moreover, the beneficiary may not appropriate the EU emblem or any similar trademark or logo, either by registration or by any other means.

22.1.3 Disclaimer excluding Commission responsibility

Any communication activity related to the action must indicate the following disclaimer:

“The content of this [insert appropriate description, e.g. report, publication, conference, etc.] represents the views of the author only and is his/her sole responsibility. The European Commission does not accept any responsibility for use that may be made of the information it contains.”

22.2 Communication activities by the Commission

22.2.1 Right to use beneficiary’s materials, documents or information

The Commission may use information relating to the action, documents notably summaries for publication and public deliverables as well as any other material, such as pictures or audio-visual material received from any beneficiary (including in electronic form).

This does not change the confidentiality obligations in Article 21, which still apply.

The right to use the beneficiary’s materials, documents and information includes:

- (a) **use for its own purposes** (in particular, making them available to persons working for the Commission or any other EU institution, body, office or agency or body or institutions in EU Member States; and copying or reproducing them in whole or in part, in unlimited numbers);
- (b) **distribution to the public** (in particular, publication as hard copies and in electronic or digital format, publication on the internet, as a downloadable or non-downloadable file, broadcasting by any channel, public display or presentation, communicating through press information services, or inclusion in widely accessible databases or indexes);
- (c) **editing or redrafting** for communication and publicising activities (including shortening, summarising, inserting other elements (such as meta-data, legends, other graphic, visual, audio or text elements), extracting parts (e.g. audio or video files), dividing into parts, use in a compilation);

- (d) **translation**;
- (e) giving **access in response to individual requests** under Regulation No 1049/2001⁹, without the right to reproduce or exploit;
- (f) **storage** in paper, electronic or other form;
- (g) **archiving**, in line with applicable document-management rules, and
- (h) the right to authorise **third parties** to act on its behalf or sub-license the modes of use set out in Points (b), (c), (d) and (f) to third parties if needed for the communication and publicising activities of the Commission.

If the right of use is subject to rights of a third party (including personnel of the beneficiary), the beneficiary must ensure that it complies with its obligations under this Agreement (in particular, by obtaining the necessary approval from the third parties concerned).

Where applicable (and if provided by the beneficiary), the Commission will insert the following information:

“© – [year] – [name of the copyright owner]. All rights reserved. Licensed to the European Union (EU) under conditions.”

22.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 27).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 23 — PROCESSING OF PERSONAL DATA

23.1 Processing of personal data by the Commission

Any personal data under the Agreement will be processed by the Commission under Regulation No 45/2001¹⁰ and according to the ‘notifications of the processing operations’ to the Data Protection Officer (DPO) of the Commission (publicly accessible in the DPO register).

Such data will be processed by the ‘**data controller**’ of the Commission for the purposes of implementing, managing and monitoring the Agreement or protecting the EU financial interests (including checks, reviews, audits and investigations; see Article 17).

The persons whose personal data are processed have the right to access and correct their own personal data. For this purpose, they must send any queries about the processing of their personal data to the data controller, via the contact point indicated in the privacy statement(s) on the Commission websites.

⁹ Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31/5/2001, p. 43).

¹⁰ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12/01/2001, p 1)

They also have the right to have recourse at any time to the European Data Protection Supervisor (EDPS).

23.2 Processing of personal data by the beneficiary

The beneficiary must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

The beneficiary may grant its personnel access only to data that is strictly necessary for implementing, managing and monitoring the Agreement.

The beneficiary must inform the personnel whose personal data are collected and processed by the Commission. For this purpose, it must provide them with the privacy statement(s) (see above), before transmitting their data to the Commission.

23.3 Consequences of non-compliance

If the beneficiary breaches any of its obligations under Article 23.2, the Commission may apply any of the measures described in Chapter 6.

ARTICLE 24 — ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE COMMISSION

The beneficiary may not assign any of its claims for payment against the Commission to any third party, except if approved by the Commission on the basis of a reasoned, written request by the beneficiary.

If the Commission has not accepted the assignment or the terms of it are not observed, the assignment will have no effect on it.

In no circumstances will an assignment release the beneficiary from its obligations towards the Commission.

CHAPTER 5 BENEFICIARY'S ROLES AND RESPONSIBILITIES

ARTICLE 25 — BENEFICIARY'S ROLES AND RESPONSIBILITIES

25.1 Roles and responsibilities towards the Commission

The beneficiary has full responsibility for implementing the action and complying with the Agreement.

The beneficiary is itself responsible for:

- (a) monitoring that the action is implemented properly (see Article 7);
- (b) informing the Commission immediately of any events or circumstances likely to affect significantly or delay the implementation of the action (see Article 12);
- (c) submitting the deliverables and reports to the Commission (see Articles 14 and 15);
- (d) submitting to the Commission in good time any documents or information required,

and may not subcontract these tasks.

25.2 Internal division of roles and responsibilities

Not applicable

25.3 Internal arrangements between beneficiaries — Consortium agreement

Not applicable

CHAPTER 6 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE

SECTION 1 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS

ARTICLE 26 — REJECTION OF INELIGIBLE COSTS

26.1 Conditions

The Commission will — **at the payment of the balance or afterwards** — reject any costs which are ineligible (see Article 6), in particular following checks, reviews, audits or investigations (see Article 17).

The rejection may also be based on the **extension of findings from other grants to this grant** (see Article 17.5.2).

26.2 Ineligible costs to be rejected — Calculation — Procedure

Ineligible costs will be rejected in full.

If the rejection of costs does not lead to a recovery (see Article 28), the Commission will formally notify the beneficiary of the rejection of costs, the amounts and the reasons why (if applicable, together with the notification of amounts due; see Article 16.5). The beneficiary may — within 30 days of receiving notification — formally notify the Commission of its disagreement and the reasons why.

If the rejection of costs leads to a recovery, the Commission will follow the contradictory procedure with pre-information letter set out in Article 28.

26.3 Effects

If the Commission rejects costs **at the payment of the balance**, it will deduct them from the total eligible costs declared, in final summary financial statement (see Article 15.3 and 15.4). It will then calculate the payment of the balance as set out in Article 16.3 or 16.4.

If the Commission rejects costs **after the payment of the balance**, it will calculate the revised final grant amount as set out in Article 5.4. If the revised final grant amount is lower than the final grant amount, the Commission will recover the difference (see Article 28).

ARTICLE 27 — REDUCTION OF THE GRANT

27.1 Conditions

The Commission may — **at the payment of the balance** or **afterwards** — reduce the grant, if:

- (a) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or
- (b) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

27.2 Amount to be reduced — Calculation — Procedure

The amount of the reduction will be proportionate to the seriousness of the errors, irregularities or fraud or breach of obligations.

Before reduction of the grant, the Commission will formally notify a '**pre-information letter**' to the beneficiary:

- informing it of its intention to reduce the grant, the amount it intends to reduce and the reasons why and
- inviting it to submit observations within 30 days of receiving notification

If the Commission does not receive any observations or decides to pursue reduction despite the observations it has received, it will formally notify **confirmation** of the reduction (if applicable, together with the notification of amounts due; see Article 16).

27.3 Effects

If the Commission reduces the grant at the time of **the payment of the balance**, it will calculate the reduced grant amount and then determine the amount due as payment of the balance (see Articles 5.3 and 16.4).

If the Commission reduces the grant **after the payment of the balance**, it will calculate the revised final grant amount (see Article 5.4). If the revised final grant amount is lower than the final grant amount, the Agency will recover the difference (see Article 28).

ARTICLE 28 — RECOVERY OF UNDUE AMOUNTS

28.1 Amount to be recovered — Calculation — Procedure

The Commission will — **at the payment of the balance or afterwards** — claim back amount that was paid but is not due under the Agreement.

28.1.1 Recovery at payment of the balance

If the payment of the balance takes the form of a recovery (see Article 16.4), the Commission will formally notify a '**pre-information letter**' to the beneficiary:

- informing it of its intention to recover, the amount due as the balance and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the Commission decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the beneficiary a **debit note** with the terms and the date for payment (together with the notification of amounts due; see Article 16.5).

If payment is not made by the date specified in the debit note, the Commission will **recover** the amount:

- (a) by '**offsetting**' it — without the beneficiary's consent — against any amounts owed to the beneficiary by the Commission or an executive agency (from the EU budget).

In exceptional circumstances, to safeguard the EU financial interests, the Commission may offset before the payment date specified in the debit note;

- (b) not applicable;

- (c) joint and several liability of other beneficiaries: not applicable;

- (d) by **taking legal action** (see Article 41) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 16.11, from the day following the payment date in the debit note, up to and including the date the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

28.1.2 Recovery of amounts after payment of the balance

If — after the payment of the balance — the Commission revised the final grant amount (see Article 5.4), and the revised final grant amount is lower than the final grant amount (see Article 5.3), it will formally notify a **pre-information letter** to the beneficiary:

- informing it of its intention to recover, the amount to be repaid and the reasons why and

- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the Commission decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the beneficiary a **debit note**. This note will also specify the terms and the date for payment.

If payment is not made by the date specified in the debit note, the Commission will **recover** the amount:

- (a) by '**offsetting**' it — without the beneficiary's consent — against any amounts owed to the beneficiary by the Commission or an executive agency (from the EU budget).

In exceptional circumstances, to safeguard the EU financial interests, the Commission may offset before the payment date specified in the debit note;

- (b) joint and several liability of other beneficiaries: not applicable;

- (c) by **taking legal action** (see Article 41) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 16.11, from the day following the date for payment in the debit note, up to and including the date the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

ARTICLE 29 — ADMINISTRATIVE SANCTIONS

In addition to contractual measures, the Commission may also adopt administrative sanctions under Articles 106 and 131(4) of the Financial Regulation No 966/2012 (i.e. exclusion from future procurement contracts, grants, prizes and expert contracts and/or financial penalties).

SECTION 2 LIABILITY FOR DAMAGES

ARTICLE 30 — LIABILITY FOR DAMAGES

30.1 Liability of the Commission

The Commission cannot be held liable for any damage caused to the beneficiary or to third parties as a consequence of implementing the Agreement, including for gross negligence.

The Commission cannot be held liable for any damage caused by the beneficiary or third parties involved in the action, as a consequence on implementing the Agreement.

30.2 Liability of the beneficiary

Except in case of force majeure (see Article 35), the beneficiary must compensate the Commission for any damage it sustains as a result of the implementation of the action or because the action was not implemented in full compliance with the Agreement.

SECTION 3 SUSPENSION AND TERMINATION

ARTICLE 31 — SUSPENSION OF PAYMENT DEADLINE

31.1 Conditions

The Commission may — at any moment — suspend the payment deadline (see Article 16.2 to 16.4) if a request for payment (see Article 15) cannot be approved because:

- (a) it does not comply with the provisions of the Agreement (see Article 15);
- (b) the technical or financial report(s) have not been submitted or are not complete or additional information is needed, or
- (c) there is doubt about the eligibility of the costs declared in the financial statement(s) and additional checks, reviews, audits or investigations are necessary.

31.2 Procedure

The Commission will formally notify the beneficiary of the suspension and the reasons why.

The suspension will **take effect** the day notification is sent by the Commission (see Article 36).

If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** — and the remaining period will resume.

If the suspension exceeds two months, the beneficiary may request the Commission if the suspension will continue.

If the payment deadline has been suspended due to the non-compliance of the technical or financial report(s) (see Article 15) and the revised report or statement is not submitted or was submitted but is also rejected, the Commission may also terminate the Agreement (see Article 34.3.1(i)).

ARTICLE 32 — SUSPENSION OF PAYMENTS

32.1 Conditions

The Commission may — at any moment — suspend payments, in whole or in part, if:

- (a) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed or is suspected of having committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles), or

- (b) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

If suspension concerns the payment of the balance, the payment (or recovery) after suspension is lifted will be considered to be the payment that closes the action.

32.2 Procedure

Before suspending payments, the Commission will formally notify the beneficiary:

- informing it of its intention to suspend payments and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the suspension procedure is not continued.

The suspension will **take effect** the day the confirmation notification is sent by the Commission.

If the conditions for resuming payments are met, the suspension will be **lifted**. The Commission will formally notify the beneficiary.

The beneficiary may suspend implementation of the action (see Article 33.1) or terminate the Agreement (see Article 34.1 and 34.2).

ARTICLE 33 — SUSPENSION OF THE ACTION IMPLEMENTATION

33.1 Suspension of the action implementation, by the beneficiary

33.1.1 Conditions

The beneficiary may suspend implementation of the action or any part of it, if exceptional circumstances — in particular *force majeure* (see Article 35) — make implementation impossible or excessively difficult.

33.1.2 Procedure

The beneficiary must immediately formally notify to the Commission the suspension (see Article 36), stating:

- the reasons why and
- the expected date of resumption.

The suspension will **take effect** the day this notification is received by the Commission.

Once circumstances allow for implementation to resume, the beneficiary must immediately formally notify the Commission and request an **amendment** of the Agreement to set the date on which the

action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 39) — unless the Agreement has been terminated (see Article 34).

The suspension will be **lifted** with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension of the action implementation are not eligible (see Article 6).

33.2 Suspension of the action implementation, by the Commission

33.2.1 Conditions

The Commission may suspend implementation of the action or any part of it, if:

- (a) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed or is suspected of having committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or
- (b) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2).

33.2.2 Procedure

Before suspending implementation of the action, the Commission will formally notify the beneficiary:

- informing it of its intention to suspend the implementation and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the procedure is not continued.

The suspension will **take effect** five days after confirmation notification is received by the beneficiary (or on a later date specified in the notification).

It will be **lifted** if the conditions for resuming implementation of the action are met.

The beneficiary will be formally notified of the lifting and the Agreement will be **amended** to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 39) — unless the Agreement has been terminated (see Article 34).

The suspension will be lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension are not eligible (see Article 6).

The beneficiary may not claim damages due to suspension by the Commission (see Article 30).

Suspension of the action implementation does not affect the Commission's right to terminate the Agreement (see Article 34), reduce the grant or recover amounts unduly paid (see Articles 27 and 28).

ARTICLE 34 — TERMINATION OF THE AGREEMENT

34.1 Termination of the Agreement, by the beneficiary

34.1.1 Conditions and procedure

The beneficiary may terminate the Agreement.

The beneficiary must formally notify termination to the Commission (see Article 36), stating:

- the reasons why and
- the date the termination will take effect. This date must be after the notification.

If no reasons are given or if the Commission considers the reasons do not justify termination, the Agreement will be considered to have been '**terminated improperly**'.

The termination will **take effect** on the day specified in the notification.

34.1.2 Effects

The beneficiary must — within 60 days from when termination takes effect — submit the final report (see Article 15.4).

If the Commission does not receive the report within the deadline (see above), no costs will be taken into account.

The Commission will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 16.4) on the basis of the report(s) submitted. Only costs incurred until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

Improper termination may lead to a reduction of the grant (see Article 27).

After termination, the beneficiary's obligations (in particular, Articles 15, 17, 18, 19, 21, 22, 24, 26, 27 and 28) continue to apply.

34.2 Termination of the participation of one or more beneficiaries, by the beneficiaries

Not applicable

34.3 Termination of the Agreement, by the Commission

34.3.1 Conditions

The Commission may terminate the Agreement, if:

- (a) non-accession to the Agreement: not applicable;
- (b) a change to the legal, financial, technical, organisational or ownership situation of the beneficiary is likely to substantially affect or delay the implementation of the action or calls into question the decision to award the grant;
- (c) amendment impossible after termination of participation of a beneficiary: not applicable;
- (d) implementation of the action is prevented by force majeure (see Article 35) or suspended by the beneficiary (see Article 33.1) and either:
 - (i) resumption is impossible, or
 - (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants;
- (e) the beneficiary is declared bankrupt, being wound up, having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, or is subject to any other similar proceedings or procedures under national law;
- (f) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has been found guilty of professional misconduct, proven by any means;
- (g) the beneficiary does not comply with the applicable national law on taxes and social security;
- (h) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed fraud, corruption, or is involved in a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking;
- (i) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed:
 - (i) substantial errors, irregularities or fraud or
 - (ii) serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles);
- (j) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 17.5.2);
- (k) refusal to remove a linked third party: not applicable.

34.3.2 Procedure

Before terminating the Agreement, the Commission will formally notify the beneficiary:

- informing it of its intention to terminate and the reasons why and
- inviting it, within 30 days of receiving notification, to submit observations and — in case of Point (i.ii) above — to inform the Commission of the measures to ensure compliance with the obligations under the Agreement.

If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify to the beneficiary **confirmation** of the termination and the date it will take effect. Otherwise, it will formally notify that the procedure is not continued.

The termination will **take effect**:

- for terminations under Points (b), (c), (e), (g), (i.ii) and (k) above: on the day specified in the notification of the confirmation (see above);
- for terminations under Points (a), (d), (f), (h), (i.i) and (j) above: on the day after the notification of the confirmation is received by the beneficiary.

34.3.3 Effects

The beneficiary must — within 60 days from when termination takes effect — submit a final report (see Article 15.4).

If the Agreement is terminated for breach of the obligation to submit report(s) (see Articles 15.8 and 34.3.1(i)), the beneficiary may not submit any report(s) after termination.

If the Commission does not receive the report within the deadline (see above), no costs will be taken into account.

The Commission will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 16.4) on the basis of the report(s) submitted. Only costs incurred until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

This does not affect the Commission's right to reduce the grant (see Article 27) or to impose administrative sanctions (Article 29).

The beneficiary may not claim damages due to termination by the Commission (see Article 30).

After termination, the beneficiary's obligations (in particular Articles 15, 17, 18, 19, 21, 22, 24, 26, 27 and 28) continue to apply.

SECTION 4 FORCE MAJEURE

ARTICLE 35 — FORCE MAJEURE

'Force majeure' means any situation or event that:

- prevents either party from fulfilling their obligations under the Agreement,

- was unforeseeable, exceptional situation and beyond the parties' control,
- was not due to error or negligence on their part (or on the part of third parties involved in the action), and
- proves to be inevitable in spite of exercising all due diligence.

The following cannot be invoked as force majeure:

- any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure,
- labour disputes or strikes, or
- financial difficulties.

Any situation constituting force majeure must be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effects.

The parties must immediately take all the necessary steps to limit any damage due to force majeure and do their best to resume implementation of the action as soon as possible.

The party prevented by force majeure from fulfilling its obligations under the Agreement cannot be considered in breach of them.

CHAPTER 7 FINAL PROVISIONS

ARTICLE 36 — COMMUNICATION BETWEEN THE PARTIES

36.1 Form and means of communication

Communication under the Agreement (information, requests, submissions, 'formal notifications', etc.) must:

- be made in writing and
- bear the number of the Agreement.

All communication must be made through the Participant Portal **electronic** exchange system and using the forms and templates provided there.

If — after the payment of the balance — the Commission finds that a formal notification was not accessed, a second formal notification will be made by registered post with proof of delivery ('formal notification on **paper**'). Deadlines will be calculated from the moment of the second notification.

Communications in the electronic exchange system must be made by persons authorised according to the Participant Portal Terms & Conditions. For naming the authorised persons, the beneficiary must have designated — before the signature of this Agreement — a 'legal entity appointed representative (LEAR)'. The role and tasks of the LEAR are stipulated in his/her appointment letter (see Participant Portal Terms & Conditions).

If the electronic exchange system is temporarily unavailable, instructions will be given on the Commission websites.

36.2 Date of communication

Communications are considered to have been made when they are sent by the sending party (i.e. on the date and time they are sent through the electronic exchange system).

Formal notifications through the **electronic** exchange system are considered to have been made when they are received by the receiving party (i.e. on the date and time of acceptance by the receiving party, as indicated by the time stamp). A formal notification that has not been accepted within 10 days after sending is considered to have been accepted.

Formal notifications **on paper** sent by **registered post** with proof of delivery (only after the payment of the balance) are considered to have been made on either:

- the delivery date registered by the postal service or
- the deadline for collection at the post office.

If the electronic exchange system is temporarily unavailable, the sending party cannot be considered in breach of its obligation to send a communication within a specified deadline.

36.3 Addresses for communication

The **electronic** exchange system must be accessed via the following URL:

<https://ec.europa.eu/research/participants/portal/desktop/en/projects/>

The Commission will formally notify the beneficiary in advance any changes to this URL.

The address for **paper** communications to the Commission (if exceptionally allowed) is the official mailing address indicated on the Commission's website. For the beneficiary, it is the legal address specified in the Participant Portal Beneficiary Register.

ARTICLE 37 — INTERPRETATION OF THE AGREEMENT

37.1 Precedence of the Terms and Conditions over the Annexes

The provisions in the Terms and Conditions of the Agreement take precedence over its Annexes.

Annex 2 takes precedence over Annex 1.

37.2 Privileges and immunities

Not applicable

ARTICLE 38 — CALCULATION OF PERIODS, DATES AND DEADLINES

In accordance with Regulation No 1182/71¹¹, periods expressed in days, months or years are calculated from the moment the triggering event occurs.

The day during which that event occurs is not considered as falling within the period.

ARTICLE 39 — AMENDMENTS TO THE AGREEMENT

39.1 Conditions

The Agreement may be amended, unless the amendment entails changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

Amendments may be requested by any of the parties.

39.2 Procedure

The party requesting an amendment must submit a request for amendment signed in the electronic exchange system (see Article 36).

The request for amendment must include:

- the reasons why and
- the appropriate supporting documents.

The Commission may request additional information.

If the party receiving the request agrees, it must sign the amendment in the electronic exchange system within 45 days of receiving notification (or any additional information the Commission has requested). If it does not agree, it must formally notify its disagreement within the same deadline. The deadline may be extended, if necessary for the assessment of the request. If no notification is received within the deadline, the request is considered to have been rejected.

An amendment **enters into force** on the day of the signature of the receiving party.

An amendment **takes effect** on the date agreed by the parties or, in the absence of such an agreement, on the date on which the amendment enters into force.

ARTICLE 40 — ACCESSION TO THE AGREEMENT

Not applicable

ARTICLE 41 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES

41.1 Applicable law

The Agreement is governed by the applicable EU law, supplemented if necessary by the law of Belgium.

¹¹ Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time-limits (OJ L 124, 8/6/1971, p. 1).

41.2 Dispute settlement

If a dispute concerning the interpretation, application or validity of the Agreement cannot be settled amicably, the General Court — or, on appeal, the Court of Justice of the European Union — has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU).

If a dispute concerns administrative sanctions, offsetting or an enforceable decision under Article 299 TFEU (see Articles 28, 29 and 30), the beneficiary must bring action before the General Court — or, on appeal, the Court of Justice of the European Union — under Article 263 TFEU.

ARTICLE 42 — ENTRY INTO FORCE OF THE AGREEMENT

The Agreement will enter into force on the day of signature by the Commission or the beneficiary, depending on which is later.

SIGNATURES

For the beneficiary

For the Commission



EUROPEAN COMMISSION
European Anti-Fraud Office
Policy Development & Hercule

ANNEX 1 (part A)

Hercule III Action Grant

NUMBER — 786245 — ACSSEP

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1.1. The project summary

Project Number ¹	786245	Project Acronym ²	ACSSEP
One form per project			
General information			
Project title ³	Anti-Cigarette Smuggling Staff Exchange Program		
Starting date ⁴	The first day of the month after the signature by the Commission		
Duration in months ⁵	15		
Call (part) identifier ⁶	HERCULE-TC-AG-2017		
Topic	HERCULE-TC-2017-03 Exchanges of staff		
Fixed EC Keywords			
Free keywords	car search, customs staff exchange, eastern border, Záhony		
Abstract ⁷			
<p>Taking into consideration of a former Hercule III funded conference of the NTCA in a similar topic, the aim of this application is to implement a staff exchange program focusing on the improvement of work of search teams working at the external border crossing points of the European Union. Involvement of 6 Member States' partner authority is planned, in order to facilitate curbing the illegal trade of counterfeit cigarettes or cigarettes withdrawn from taxation that damage the financial interests of the EU in international co-operation. A kick-off seminar, 6 staff exchanges and a closing conference are planned to take place during the project.</p>			

1.2. List of Beneficiaries

 Associated with document Ref. Ares(2017)6317003 - 21/12/2017

Project Number ¹	786245	Project Acronym ²	ACSSEP
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List of Beneficiaries

No	Name	Short name	Country	Project entry month ⁸	Project exit month
1	NEMZETI ADO- ES VAMHIVATAL	NTCA	Hungary	1	15

1.3. Workplan Tables - Detailed Implementation

 Associated with document Ref. Ares(2017)6317003 - 21/12/2017

1.3.1. *WT1 List of work packages*

No work packages indicated

1.3.2. WT2 list of deliverables

No deliverables indicated

1.3.4. WT4 List of milestones

No milestones indicated

1.3.5. WT5 Critical Implementation risks and mitigation actions

No risks indicated

1.3.6. WT6 Summary of project effort contribution

No work packages indicated

1.3.7. WT7 Tentative schedule of project reviews

No project reviews indicated

1. Project number

The project number has been assigned by the Commission as the unique identifier for your project. It cannot be changed. The project number **should appear on each page of the grant agreement preparation documents (part A and part B)** to prevent errors during its handling.

2. Project acronym

Use the project acronym as given in the submitted proposal. It can generally not be changed. The same acronym **should appear on each page of the grant agreement preparation documents (part A and part B)** to prevent errors during its handling.

3. Project title

Use the title (preferably no longer than 200 characters) as indicated in the submitted proposal. Minor corrections are possible if agreed during the preparation of the grant agreement.

4. Starting date

Unless a specific (fixed) starting date is duly justified and agreed upon during the preparation of the Grant Agreement, the project will start on the first day of the month following the entry into force of the Grant Agreement (NB : entry into force = signature by the Commission). Please note that if a fixed starting date is used, you will be required to provide a written justification.

5. Duration

Insert the duration of the project in full months.

6. Call (part) identifier

The Call (part) identifier is the reference number given in the call or part of the call you were addressing, as indicated in the publication of the call in the Official Journal of the European Union. You have to use the identifier given by the Commission in the letter inviting to prepare the grant agreement.

7. Abstract

8. Project Entry Month

The month at which the participant joined the consortium, month 1 marking the start date of the project, and all other start dates being relative to this start date.

9. Work Package number

Work package number: WP1, WP2, WP3, ..., WPn

10. Lead beneficiary

This must be one of the beneficiaries in the grant (not a third party) - Number of the beneficiary leading the work in this work package

11. Person-months per work package

The total number of person-months allocated to each work package.

12. Start month

Relative start date for the work in the specific work packages, month 1 marking the start date of the project, and all other start dates being relative to this start date.

13. End month

Relative end date, month 1 marking the start date of the project, and all end dates being relative to this start date.

14. Deliverable number

Deliverable numbers: D1 - Dn

15. Type

Please indicate the type of the deliverable using one of the following codes:

- R Document, report
- DEM Demonstrator, pilot, prototype
- DEC Websites, patent filings, videos, etc.
- OTHER
- ETHICS Ethics requirement
- ORDP Open Research Data Pilot

16. Dissemination level

Please indicate the dissemination level using one of the following codes:

- PU Public
- CO Confidential, only for members of the consortium (including the Commission Services)
- EU-RES Classified Information: RESTREINT UE (Commission Decision 2005/444/EC)
- EU-CON Classified Information: CONFIDENTIEL UE (Commission Decision 2005/444/EC)
- EU-SEC Classified Information: SECRET UE (Commission Decision 2005/444/EC)

17. Delivery date for Deliverable

Month in which the deliverables will be available, month 1 marking the start date of the project, and all delivery dates being relative to this start date.

18. Milestone number

Milestone number: MS1, MS2, ..., MSn

19. Review number

Review number: RV1, RV2, ..., RVn

20. Installation Number

Number progressively the installations of a same infrastructure. An installation is a part of an infrastructure that could be used independently from the rest.

21. Installation country

Code of the country where the installation is located or IO if the access provider (the beneficiary or linked third party) is an international organization, an ERIC or a similar legal entity.

22. Type of access

- VA if virtual access,
- TA-uc if trans-national access with access costs declared on the basis of unit cost,
- TA-ac if trans-national access with access costs declared as actual costs, and
- TA-cb if trans-national access with access costs declared as a combination of actual costs and costs on the basis of unit cost.

23. Access costs

Cost of the access provided under the project. For virtual access fill only the second column. For trans-national access fill one of the two columns or both according to the way access costs are declared. Trans-national access costs on the basis of unit cost will result from the unit cost by the quantity of access to be provided.

Annex I – Description of the action PART B

I	INFORMATION ON THE ACTION and AWARD CRITERIA	
1	Title <i>(must be the same as in Part A)</i>	Anti-Cigarette Smuggling Staff Exchange Program -ACSSEP
2	Abstract <i>(must be the same as in Part A)</i>	Taking into consideration of a former Hercule III funded conference of the NTCA in a similar topic, the aim of this application is to implement a staff exchange program focusing on the improvement of work of search teams working at the external border crossing points of the European Union. Involvement of 6 Member States' partner authority is planned, in order to facilitate curbing the illegal trade of counterfeit cigarettes or cigarettes withdrawn from taxation that damage the financial interests of the EU in international co-operation. A project kick-off meeting, 6 staff exchanges and a closing meeting are planned to take place during the project.
3	Which of the categories below does your action belong to? <i>(Actions listed in Article 8(b) of Regulation 250/2014, several boxes may be ticked)</i>	
	<input type="checkbox"/>	further fostering better understanding of Union and national mechanisms
	<input checked="" type="checkbox"/>	exchanging experience and best practices between relevant authorities in the participating countries
	<input type="checkbox"/>	coordinating the activities of participating countries and representatives of international organisations
	<input type="checkbox"/>	disseminating knowledge, particularly on better identification of risks for investigative purposes
	<input type="checkbox"/>	developing high-profile research activities, including studies
	<input type="checkbox"/>	improving cooperation between practitioners and academics
	<input type="checkbox"/>	further raising the awareness of the judiciary and other branches of the legal profession for the protection of the protection of the financial interests of the Union
4	Place and time of the proposed events <i>(describe where and when the events will take place and</i>	



	<p><i>create a provisional agenda for each event- see ANNEX I below)</i></p> <p>A project kick-off meeting lasting a day, eight staff exchanges in Hungary lasting a month each and a closing meeting of two days have been scheduled in the staff exchange project initiated by the enforcement sector of the National Tax and Customs Administration of Hungary in the subject of the fight against the smuggling of cigarettes. The NTCA intends to host the representatives of 6 Member States and among them, the coordinators of the staff exchange, search experts performing their work on the external borders of the EU, and one high-level manager from each of the customs administrations in the course of the project.</p> <p>The following is a schedule of events:</p> <p><u>Project kick-off meeting</u> Venue: Budapest, Hungary Date: first half of March 2018 – 1 day (a maximum of three days with travelling included) Participants: one staff exchange coordinator from each Member State, maximum 10 persons representing the NTCA, altogether: 16 persons</p> <p><u>Staff exchanges</u></p> <p>1.Staff Exchange Venue: Záhony, Hungary Date: April 2018 – 30 days Participants: 2 persons from the customs administration of MS1</p> <p>2.Staff Exchange Venue: Záhony, Hungary Date: May 2018 – 30 days Participants: 2 persons from the customs administration of MS2</p> <p>3.Staff Exchange Venue: Záhony, Hungary Date: June 2018– 30 days Participants: 2 persons from the customs administration of MS3</p> <p>4.Staff Exchange Venue: Záhony, Hungary Date: September 2018 – 30 days Participants: 2 persons from the customs administration of MS4</p> <p>5.Staff Exchange Venue: Záhony, Hungary Date: October 2018 – 30 days Participants: 2 persons from the customs administration of MS5</p> <p>6.Staff Exchange Venue: Záhony, Hungary Date: November 2018 – 30 days Participants: 2 persons from the customs administration of MS6</p>
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	<p><u>Project Closing Meeting:</u> Venue: Debrecen, Hungary Date: December 2018 – 2 days (a maximum of four days with travelling included) Participants: 3 representatives of each invited Member State (high-level manager, search expert, staff exchange coordinator, a maximum of 20 persons from the NTCA, altogether: 38 persons)</p>
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5	<p>1. Estimated total number of participants to all the events: 66</p> <p>2. Target group (several boxes can be ticked)</p> <table border="1"> <tr><td><input type="checkbox"/></td><td>Judges or magistrates (except prosecutors)</td></tr> <tr><td><input type="checkbox"/></td><td>Prosecutors</td></tr> <tr><td><input type="checkbox"/></td><td>Lawyers, solicitors, barristers, notaries, bailiffs</td></tr> <tr><td><input type="checkbox"/></td><td>Other staff employed in courts</td></tr> <tr><td><input checked="" type="checkbox"/></td><td>Staff employed by customs, police forces or other law enforcement agencies</td></tr> <tr><td><input type="checkbox"/></td><td>Staff employed local or regional authorities</td></tr> <tr><td><input type="checkbox"/></td><td>Civil servants: Ministry of Finance, Justice, Home affairs, etc.</td></tr> <tr><td><input type="checkbox"/></td><td>University staff (teachers, researchers)</td></tr> <tr><td><input type="checkbox"/></td><td>NGO-representatives</td></tr> <tr><td><input type="checkbox"/></td><td>International Organisation- representatives</td></tr> <tr><td><input type="checkbox"/></td><td>Others, please specify</td></tr> </table>	<input type="checkbox"/>	Judges or magistrates (except prosecutors)	<input type="checkbox"/>	Prosecutors	<input type="checkbox"/>	Lawyers, solicitors, barristers, notaries, bailiffs	<input type="checkbox"/>	Other staff employed in courts	<input checked="" type="checkbox"/>	Staff employed by customs, police forces or other law enforcement agencies	<input type="checkbox"/>	Staff employed local or regional authorities	<input type="checkbox"/>	Civil servants: Ministry of Finance, Justice, Home affairs, etc.	<input type="checkbox"/>	University staff (teachers, researchers)	<input type="checkbox"/>	NGO-representatives	<input type="checkbox"/>	International Organisation- representatives	<input type="checkbox"/>	Others, please specify
<input type="checkbox"/>	Judges or magistrates (except prosecutors)																						
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<input type="checkbox"/>	University staff (teachers, researchers)																						
<input type="checkbox"/>	NGO-representatives																						
<input type="checkbox"/>	International Organisation- representatives																						
<input type="checkbox"/>	Others, please specify																						
6	<p>Justification (give an explanation for the selection of the specific action and the target audience, as well as the timing of the action max: 1000 words; describe the added value that the implementation of the action brings to (i) the fight against fraud, corruption and any other illegal activities affecting the Union's financial interests, to (ii) an increased transitional and coordination cooperation at EU level between Member States' authorities, the European Commission and OLAF, and/or to (iii) the effective prevention of fraud, corruption and other illegal activities affecting the Union's financial interests by offering joint specialised training)</p> <p>Counterfeit and smuggled cigarettes pose a significant problem to the EU. Tax revenues of the EU Member States may get reduced by as much as several billion EUR each year as a result of the illegal tobacco trade. The money generated from counterfeit and smuggled cigarettes fuels organized crime and terrorism; therefore, it damages all countries around the world. Tight cooperation and the exchange of information on suspicious consignments are required for the targeted planning of activities to overcome cigarette smuggling and for more sophisticated controls. Only international efforts can yield significant results in curbing the newly emerging methods of infringements. Action against the illegal manufacture and trade of cigarettes is a highlighted priority of the NTCA.</p> <p>Taking all of the above into account, the NTCA – in its current project proposal – places the emphasis on curbing cigarette smuggling activities appearing on the external EU borders by means of international cooperation, with a special regard to improving the practice of searching passenger and cargo vehicles. Based on the success of the three days long event titled <i>Enhancing international cooperation between the partner authorities involved to strengthen the fight against infringements</i></p>																						



affecting the financial interests of the EU on the EU's external and internal borders, supported by OLAF within the frames of Grant Agreement OLAF/2015/D1/015, taken place in October 2015. Participants of the current initiative will be formed from the officers of the Member States that participated on that event (Bulgaria, Estonia, Finland, Poland, Latvia, Lithuania, Romania and the Slovak Republic). The NTCA intends to execute the project proposal– which consists of a kick-off meeting, six staff exchanges lasting a month each and a closing meeting of two days – in cooperation with 6 Member States, and contact have already been made with them on this issue.

Project activities

The aim of the **project kick-off** meeting is to provide platform for the representatives of the participating Member States to hold a short introductory presentation on their organizations and provide a comprehensive account of their external road control techniques which are in the focus of the project, and discuss on their expectations regarding the staff exchange. The remainder if the meeting will provide the opportunity to discuss the major technical issues of the staff exchanges.

In the course of the **staff exchanges**, the NTCA will host delegations of search units consisting of two persons from 6 Member States for the duration of 1 month each at one of the most crucial external EU border crossing point of Hungary in Záhony. In the course of this one month stay, the delegations will familiarize themselves with the control tasks of the Tax and Customs Directorate of Szabolcs-Szatmár-Bereg County of the NTCA with special attention paid to the searching of passenger and cargo vehicles. They will have the opportunity to observe search methods and techniques carried out in the everyday routine of the border crossing point, expand their knowledge in team work, as well as having an opportunity to share their experience with one another, and thereby (in international cooperation) facilitate curbing the illegal trade of counterfeit cigarettes or cigarettes withdrawn from taxation that damage the financial interests of the EU.

The aim of the project **closing meeting** is the evaluation and discussion of the experience and results of staff exchanges, the demonstration of the most successful and effective control techniques and the formation of new “best practices”. The range of participants of the closing meeting are 3 person delegations of the Member States (high level manager, staff exchange coordinator and search expert) in order to realize the aims of the closing meeting.

The most important aims of the program are the exchange of experience between customs officers working against the illegal smuggling of cigarettes on the external road borders of the EU, the identification of the newest trends and the exchange of effective practices – characteristic concealment methods and cover goods – as well as personal contact maintenance and the enhancement of the effectiveness of the detection of cigarettes in the future.

A further objective of the staff exchange program is to improve knowledge and skills in modern preventive and control techniques applied by customs officers in the fight against cigarette smuggling with a special emphasis on the search techniques of passenger and cargo vehicles.



7	<p>Results (<i>give an overview of the deliverables and the expected results and how these contribute to the general, specific and operational objectives of the Programme. Max: 400 words</i>)</p> <p>The aim of the staff exchange program are the exchange of experience between customs officers working against the illegal smuggling of cigarettes on the external road borders of the EU, the identification of the newest trends, the filtering of the illegal cigarettes by means of the available special methods, instruments, technical equipment, as well as learning of methods in conflict management with perpetrators, and making personal contact with other officers.</p> <p>In the course of the project execution, a report would be compiled for each Member State after the one month staff exchange. Each participating Member State could receive information with pictures and/or videos of the interesting or more prominent cases detected in this period. A publication would be compiled after the end of the exchange programmes that would provide a summary of the issues emerging at the closing meeting, and give an account the most successful and effective search techniques, as well as the new “best practices”. They would be sent both electronically and in the form of a printed publication to each participating Member State.</p> <p>As a result of the project, the professional skills of the participating customs officers could be improved, the frequency of information exchange increased and the cooperation between the participating countries could be reinforced, which in turn, leads to the increase of the success of the detection of illegal cigarette consignments.</p> <p>The staff exchange programme would realize the particular objective of the programme, that is, the prevention of and fight against cigarette smuggling damaging the EU financial interests, and indirectly, the fight against organized crime and terrorism. The general objective of the program – the protection of the financial interests of the EU – would be realized.</p> <p>The staff exchanges make the fight against cigarette smuggling and other illegal activities more effective as new risk analysing and searching methods could be developed building on the experience exchanged between the HU and the participating MS’s officers. Furthermore the staff exchanges also facilitate the prevention and detection of illegal activities, by means of personal exchanges of information and through intensifying cooperation between nations. The operative objective of the program is thus also realized.</p> <p>With the newly acquired knowledge, the search experts working at external EU borders of the 6 participating Member States could define new risk profiles in order to filter cigarette smuggling. As a result of the acquisition of new contacts, the frequency of information exchange increases which leads to the improvement of the effectiveness of detection.</p>
8	<p>Dissemination (<i>explain how the expected results will be shared (format, media, number of copies), with whom and under which conditions . Max: 400 words</i>)</p> <p>The monthly reports of the staff exchange programmes would be made available electronically, and the publication on the summary of the entire program would be provided electronically and in printed form to the 8 partner authorities in English language. Information on more significant interim detections with pictures and/or video could be distributed to all participating Member States through an electronic channel. The major yields of the projects would also be published in the internal professional magazine of the NTCA.</p>



9	Planning activities <i>(give an overview of the timetable of the specific action under this priority topic, including any contingency measures. Max: 400 words)</i>
	<ul style="list-style-type: none"> • The NTCA plans the preparations for the project to take place in January-February 2018. Within this framework, the NTCA will take care of the acquisition of certain services, and would make contracts/orders on the basis of the conclusion of the Grant Agreement. • Planned date of the kick-off meeting is: the first half of March 2018. • The 6 staff exchanges are scheduled to take place between April 2018 and November 2018 (with the exclusion of July, August 2018) • The planned date of the closing meeting is: the first half of December 2018. • The publication on the summary of experiences gathered in the programme – as mentioned in point 7 – would be compiled in the first quarter of 2019 by the partner authorities participating in the project.
10	Evaluation <i>(explain what you will do to monitor the action and to ensure that its results will meet the objectives of the action. Max: 400 words)</i>
	The participants of the staff exchanges will fill in an evaluation sheet in order to evaluate the exchanges both from organizational and professional aspects. Six months after finishing the exchanges the participants will be requested to give information whether they could benefit the experiences, gained during the exchanges, in their every-day work, and also, if possible, how gained practices could be adapted into the professional protocol of the concerned MS.

II ELIGIBILITY CRITERIA	
1	Type applicant <i>(Only one box can be ticked)</i>
	<input checked="" type="checkbox"/> national administration
	<input type="checkbox"/> regional administration
	<input type="checkbox"/> research and educational institute
2	<input type="checkbox"/> non-profit making entity
	Description <i>(Give a description of the main activities of the applicant in relation to the protection of the financial interests of the Union. Max: 400 words)</i>
<p>Since its set up NTCA by its taxation, customs and criminal branch, has been ensuring the effective collection of central budget's revenues and also the protection of EU and national financial interests. It is responsible for the full control and defence of state revenues by means of taxation, customs and criminal law. Its main activities are customs and excise control activity, tax and financial control activity, efficient criminal investigative activity, and client-friendly information and service activity.</p> <p>Tasks of the NTCA are divided into the following main fields:</p> <p>- tax administration and collection (e.g. the NTCA is responsible to discharge the duties</p>	



	<p>conferred upon the state tax and customs authority in connection with outstanding public dues enforced as taxes and other mandatory payments),</p> <ul style="list-style-type: none"> - customs (e. g. the NTCA shall carry out the inspection of goods and passengers passing through the customs frontier, and shall levy and collect customs debts and non-Community taxes and dues connected to customs procedures), - excise field (e.g. the NTCA shall carry out duties relating to excise taxation and control according to excise regulations), - criminal and investigation field (e.g. prevention and investigation of criminal acts falling under its competence), - enforcement field (e.g. performing in-depth control on the internal and external borders of the European Union by setting up mobile-control groups), - international activity (e.g. carry out the duties stemming from international co-operation under Community and national legislation - including mutual assistance between the administrative authorities - and participate in the preparation of additional bilateral and/or multilateral agreements, and shall represent Hungary in various Community and international organizations concerned with cases falling within the competence of the NTCA.). <p>NTCA aims to protect financial interests of the European Union and to combat fraud, corruption and any other illegal activities, including tax evasion, excise fraud, smuggling and protection of intellectual property rights.</p> <p>NTCA is responsible for crime prevention, intelligence, and investigation of financial, economic, and traditional customs-related crimes defined by the Hungarian Criminal Code. Its activity covers the whole area of the fight against cigarette-related abuses, including administrative controls carried out at the customs border and inland controls performed by mobile units. In the frame of customs control activities, the NTCA is responsible for the fight against illicit traffic of goods, and contributes to the detection of infringements related to the traffic of smuggled or prohibited goods.</p>				
3	Does the applicant confirm that it "promotes the strengthening of action at Union level to protect the financial interests of the Union"				
	<input checked="" type="checkbox"/>	Yes, I confirm			
	<input type="checkbox"/>	No, I cannot confirm			
4	If you are submitting an application on behalf of a research and educational institute or a non-profit making entity, could you confirm that it has been established and operating for at least one year (<i>Article 6(b) of Regulation 250/2014</i>)?				
	<input type="checkbox"/>	Yes, I confirm			
	<input type="checkbox"/>	No, I cannot confirm			
5	Grants/contracts obtained during the last three years (2014-2016)				
	Year awarded	EU funding source	Title and reference number of the action	Duration (months)	Amount (EUR)
	2016	Hercule III	Technical capacity development of the NTCA in the fight against	18	711965.64



			cigarette smuggling		
	2016	Ministry of Interior of Hungary - DG Migration and Home Affairs of European Commission / Internal Security Fund	Developing international cooperation, data exchange through joint surveillance exercises	14	29 938.95
	2016	Ministry of Interior of Hungary - DG Migration and Home Affairs of European Commission / Internal Security Fund	Visit and change of experiences at Europol and FIOD	27	89 567.84
	2015	Ministry of Interior of Hungary - DG Migration and Home Affairs of European Commission / Internal Security Fund	Development of criminal detection abilities	12	58 498.21
	2015	Ministry of Interior of Hungary - DG Migration and Home Affairs of European Commission / Internal Security Fund	Detection capacity development of the NTCA's criminal branch	24	252 305.57
	2015	Ministry of Interior of Hungary - DG Migration and Home Affairs of European Commission / Internal Security Fund	Acquisition of Forensic Tools for the criminal branch of NTCA	23	155 873.24
	2014	European Commission – European Anti-Fraud Office (OLAF) Budget Unit D1/ Hercule III Programme 2014-2020, Grant Programme 2014	OLAF/2015/D1/015 – Enhancing international cooperation between the partner authorities involved to strengthen the fight against infringements affecting the financial interests of the EU on the EU's external and internal borders	6	45 759.27
	2014	partner authorities involved to strengthen the fight			



		against infringements affecting the financial interests of the EU on the EU's external and internal borders			
6	Do you benefit from an operating grant from an EU institution?				
	<input type="checkbox"/>	Yes			
	<input checked="" type="checkbox"/>	No			
If yes, please indicate the EU institution and Directorate-General as well as the period for which the operating grant is awarded.					



III	SELECTION CRITERIA
1	<p>Describe the role and responsibilities of the team tasked with the implementation of the action within your organisation (<i>Give information on the team and its place in the organisation of the action. Max: 400 words</i>)</p> <p>The Department for International Relations of the Central Management of NTCA (CM DIR) will be responsible for the general project management and co-ordination, including technical implementation and financial reporting. In close co-operation with the appointed financial, procurement and economic experts CM DIR will be responsible for the general project management issues during the whole lifecycle of the project from the planning phase through the preparation of the application, project implementation, closure and follow-up. Accordingly, the concerned units of the project management organization will actively contribute to the successful implementation of the project.</p> <p>In case of successful application, procurement procedures needed to purchase services for the implementation of the project's objectives will be carried out by NTCA Central Management Department for Procurement and Directorate for Logistical Support. Department of Finance and Accountancy of the Directorate for Logistical Support for the payments, bookkeeping project related incomes and spending, follow of the use of EU project related external sources and also the content of financial reporting.</p> <p>Six of the following MS customs authorities, having professional knowledge and experience of the related field, will be involved in the project:</p> <ul style="list-style-type: none"> - National Customs Agency of Bulgaria - Estonian Tax and Customs Board - Finnish Customs Administration - Customs Department - Ministry of Finance, Republic of Poland - Customs Department under the Ministry of Finance of the Republic of Lithuania - National Customs Board of Latvia - Ministry of Public Finance - National Agency for Fiscal Administration - Romania - Financial Directorate of the Slovak Republic
2	<p>Describe the team members' qualification and internal task assignment (<i>Give information on the relevant qualifications of the team members and the internal task assignment for the implementation of the action. Max: 1000 words</i>)</p> <p>General project management:</p> <p>In the course of the preparation and implementation of the action project management personnel will work in close cooperation with experts of professional (laboratory) field and with financial and public procurement staff. Project management field is led and coordinated by Colonel Kristóf Péter Bakai, who will be responsible for the overall monitoring of the action and also daily contact with OLAF. Col. Bakai is the head of the Department for International Relations since October 2010. His main activities and responsibilities related to the project implementation and monitoring will be the management and co-ordination of resources from EU funds, project</p>



	<p>tendering, management, and follow-up activities. As head of the international field of the NTCA, he has the necessary experience and knowledge to carry out management tasks. His university level graduations and qualifications, such as his 11 years of management experience make Mr. Bakai the most appropriate person to lead the action.</p> <p>Major Tímea Debri-Révész has been working for the customs administration for 19 years. Since 2002, she has been working at the EU Grants Management Unit as project manager and has wide range of experience in the management of different types of EU supported projects such as investments, supply, technical assistance and Twinning projects (as Beneficiary and MS as well), financed by IPA (previously PHARE, Transition Facility), ENPI, EBF, ISF projects. Furthermore she has experience with other EU related programs (ISEC, Hercule II, TAIEX programs etc.). From 1st September 2015, she was appointed as head of the EU Grants Management Unit of the CM DIR of the NTCA. Relating to this project, she will be responsible for the supervision of project implementation.</p> <p>As project manager Ms Zsuzsanna Németh, officer in the EU Grants Management Unit of CM DIR of the NTCA, will be responsible for the daily management and coordination of preparation, implementation, reporting and other related tasks necessary for the proper realization of the action. She has 8 years of project management experience (IPA, Twinning, ISEC, TAIEX, Hercule, Internal Security Fund).</p> <p>Procurements:</p> <p>Ms Tímea Soltész (senior officer for supply and operation related issues) has been working for the CM DP since 2007. If this proposal was awarded a grant, she would be responsible for the procurement related tasks. At present she deals with preparation and execution of complex, mainly IT related procurements as well as orders of services related to international events. She has experience in procurements executed in the frames of ISF.</p> <p>Mrs Gabriella Zimanné Kásaróczki (officer for supply and operation related issues) has been working at the procurement field since 2007. Her tasks include conducting of national purchases and procurements under public procurement threshold. She is experienced in special technical procedures, and in purchase of equipment and services. From EU Grant project she was dealing with procurement of special tool for the Criminal branch of NTCA in the frames of Hercule II. OLAF/2013/D5/055.</p> <p>Financial issues:</p> <p>Ms Bettina Frank senior officer for finance and accountancy, employee of DLS Department of Finance and Accountancy, has been working for the NTCA and its predecessor since 2004 in the financial sector. At present she</p>
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	is responsible for keeping records on project related incomes and spending, and financial settlement of EU support projects.			
3	List of similar projects carried out during the last three years, 2014-2016.			
	Year	Title	Client	Budget (EUR)
	2015	OLAF/2015/D1/015 – Enhancing international cooperation between the partner authorities involved to strengthen the fight against infringements affecting the financial interests of the EU on the EU's external and internal borders	National Tax and Customs Administration	31 291,74

On behalf of the "National Tax and Customs Administration", I hereby submit the application for the action: "*Anti-Cigarette Smuggling Staff Exchange Program -ACSSEP* ", with a total budget of: "**106,240.30 EUR**".

I herewith declare that I am authorised to represent: National Tax and Customs Administration for this application.

Name: András TÁLLAI

Position: Commissioner of the National Tax and Customs Administration

Signature of legal representative:

Date of signature:



ANNEX I to the application form training and Conferences

Organisation of an event

The Commission will evaluate the following aspects of each event organised within the action:

1) The topic of each intervention/ component.

They will be coherent with:

- *the topic of the whole action,*
 - *the topics of the other interventions/ components*
 - *the protection of the European Union's financial interests (PIF).*
- Certain topics may not directly concern the PIF, but they will be limited in number.*

It will also be adapted to the knowledge and expertise of the audience.

2) The duration of each intervention/ component.

The duration of will be appropriate to enable the required level of details without overburdening the audience.

3) The pacing of the agenda.

The agenda should provide enough time:

- *for questions and answers between the participants and the speakers/ trainers- and or an exchange of information between the participants;*
- *for lunch or coffee breaks*

4) The speakers / trainers (Indicative)

Please indicate the names, functions and employers of the speakers/trainers that you already know. Otherwise, mention "to be confirmed" and indicate the function and/ or employer of the prospective speaker/ trainer.

The above names are indicative since it will be possible to propose other speakers/ trainers in the course of the action.

In this respect, it is advisable that you explain how you will ensure the presence of certain speakers, trainers or participants to the event in the above box I.9 of the application form.

Please find on the next page an indicative example of an agenda. You may use it as a template and adapt it.

INDICATIVE TEMPLATE FOR THE AGENDA

Please note that this template is only an example for guidance and can be adapted by the applicant to specific circumstances.



Kick-off meeting – One day

Anti-Cigarette Smuggling Staff Exchange Program

March 2018

Budapest, Hungary

Interpretation from/into: HU-ENG-HU

This (event, publication, conference, training session etc.) is supported by the European Union Programme Hercule III (2014-2020). This programme is implemented by the European Commission. It was established to promote activities in the field of the protection of the financial interests of the European Union. (for more information see: http://ec.europa.eu/anti-fraud/about-us_en)

This communication reflects the view only of the author, and the European Commission cannot be held responsible for any use which may be made of information contained therein.



Date 1st Day		
Time	Action	Speaker(s)
08:00 – 09:00	Arrival and registration of participants	
09:00 – 09:10	Opening address/Welcome and introduction to the programme	NTCA
Chair of the meeting: NTCA		
09:10 – 10:00	General overview on NTCA, presentation of project objectives, NTCA's related activities, conception of the staff exchanges Questions and discussion	NTCA
10:00 – 10:30	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 1
10:30 – 11:00	Coffee Break	
11:00 – 12:30	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 2
12:30 – 14:00	Lunch	
14:00 – 14:30	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 3
14:30 – 15:00	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 4
15:00 – 15:30	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 5



15:30 – 16:00	Coffee Break	
16:00 – 16:30	MS introduction, especially the project related activity Concepts and expectations regarding the staff exchange	MS 6
16:30 – 17:30	Discussion on the technical implementation of the staff exchanges, Closure of event	

INDICATIVE TEMPLATE FOR THE AGENDA

Please note that this template is only an example for guidance and can be adapted by the applicant to specific circumstances.



Staff exchange – One month

Anti-Cigarette Smuggling Staff Exchange Program

2018

Záhony and surroundings, Hungary

Working language: English

This (event, publication, conference, training session etc.) is supported by the European Union Programme Hercule III (2014-2020). This programme is implemented by the European Commission. It was established to promote activities in the field of the protection of the financial interests of the European Union. (for more information see: http://ec.europa.eu/anti-fraud/about-us_en)

This communication reflects the view only of the author, and the European Commission cannot be held responsible for any use which may be made of information contained therein.

**One month staff exchange program draft summary**

- **Presentation of the work of the National Tax and Customs Administration, including Szabolcs-Szatmár-Bereg County Tax and Customs Directorate and belonging border crossing points, especially BCP Záhony (visits to the headquarters of the county tax and customs directorate and all the HU-UA BCPs and the Central Management of the NTCA).**
- **In the major part of the one month program the delegated MS officers will be involved in the daily work of the Customs Office of NTCA at Záhony-Chop BCP: in an eight-hour shift they will take part in the searching work of the HU customs officers, meanwhile exchanging experience in the concerned field, identifying new trends, and elaborate possible new searching options jointly in order to contribute to make the fight against cigarette smuggling more effective.**
- **It is also planned to have the MS officers spend 1-2 day work in other HU-UA BCPs such as Beregsurány, Lónya, Barabás or Tiszabecs**

More detailed programme will be elaborated on a later stage.



Closing Meeting – Two-day

Anti-Cigarette Smuggling Staff Exchange Program

December 2018

Debrecen, Hungary

Interpretation from/into: HU-ENG-HU

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Date		
1st Day		
Time	Action	Speaker(s)
08:00 – 09:00	Arrival and registration of participants	
09:00 – 09:10	Opening address/Welcome and introduction to the programme	NTCA
Chair of the meeting: NTCA		
09:10 – 10:00	Evaluation of the experience and results of the staff exchange programme, presentation of the most important cases	NTCA
10:00 – 10:30	Evaluation of staff exchange	MS 1
10:30 – 11:00	Coffee Break	
11:00 – 11:30	Evaluation of staff exchange	MS 2
11:30 – 12:00	Evaluation of staff exchange	MS 3
12:00 – 12:30	Questions and discussion	
12:30 – 14:00	Lunch	
14:00 – 14:30	Evaluation of staff exchange	MS 4
14:30 – 15:00	Evaluation of staff exchange	MS 5
15:00 – 15:30	Coffee Break	
15:30 – 16:00	Evaluation of staff exchange	MS 6
16:00 – 17:00	Questions and discussion AOB End of Day 1	



2 nd Day		
Time	Action	Speaker(s)
Chair of the meeting: NTCA		
09:00-10:30	Discussion of the content of summary of experiences gathered in the programme	
10:30 – 11:00	Coffee Break	
11:00-12:30	Discussion of further co-operation, possible continuation of the project Conclusions Closure of event	
12:30-14:00	Lunch	

ANNEX 2 HERCULE III - Budget form for the Training and Conferences call for proposals Hercule III

ESTIMATED BUDGET FOR ACTION "786245-ACSSEP"

Estimated eligible ¹ costs (per budget category)							EU contribution			Action's estimated receipts		
A. Direct personnel costs	B. Direct travel and subsistence costs	C. Direct costs of subcontracting	[D. Direct costs of financial support]	E. Other direct costs	F. Indirect costs ²	G. Total costs	H. Reimbursement rate % ³	I. Maximum EU contribution ⁴	J. Maximum grant amount ⁵	K. Income generated by the action	L. Financial contributions given by third parties to the beneficiary	M. Action's total receipts
A.1 Statutory staff	B.1 Travel	C.1 Subcontracted staff	[D.1 Financial support]	E.1 Equipment								
	B.2 Subsistence and Hotel Costs	C.2 Other Subcontracted services	[D.2 Prizes]	E.2 Other Direct Costs								
Cost form ⁶	Actual	Actual	Actual	Actual	Flat-rate of 7% ⁷							
	a	b	c	[d]	f = 7% * (a + b + c + e)	g = a + b + c + e + f	h	i = g * h	j	k	l	m = k + l
Total	0,00	90 766,00	1 406,21		7 117,75	6 950,30	106 240,26	80,00	84 992,21	84 992,21	0,00	0,00

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 15.6 for the conversion rules).

² Indirect costs already covered by an operating grant (received under any EU or Euratom funding programme) are ineligible (see Article 6.4(b)). Therefore, a beneficiary that receives an operating grant during the action duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action (see Article 6.2.F). This requires specific accounting tools. Please immediately contact us via the Participant Portal for details.

³ See Article 5.2 for the reimbursement rate.

⁴ This is the *theoretical* amount of the EU contribution, if the reimbursement rate is applied to all the budgeted costs. This theoretical amount is then capped by the 'maximum grant amount'.

⁵ The 'maximum grant amount' is the maximum grant amount decided by the Commission. It normally corresponds to the requested grant, but may be lower.

⁶ See Article 5 for the cost forms.

⁷ See Article 6.2.F for the flat rate.

A. STAFF COSTS

Statutory staff: please refer to the guidelines

 Associated with document Ref. Ares(2017)6317003 - 21/12/2017

Name of the Person	Type of Contract	Country	Function in the Project	No. of Days	Daily Salary in EURO ⁽¹⁾	Total in EURO
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
TOTAL						0,00

⁽¹⁾ The mandatory calculation method of the daily rate is described in Article 6,2 A of your Grant Agreement.

B.1 TRAVEL COSTS


Name and/or Function of Person/Group - Travelling	Organisation	Destination From/To	Means of Transport	Date	Travel Unit Cost	Number of Units (People/Km)	Total in €
6 MS experts (Project kick-off meeting: 1 person per partner)	BG, EE, FI, LT, LV, PL, RO, SK customs	Home-Budapest - Home	air	March 2018	600,00	6,00	3 600,00
12 MS experts (6 X Staff exchanges at Záhony: 2 persons per partner)	BG, EE, FI, LT, LV, PL, RO, SK customs	Home-Budapest - Home	air	April 2018 May 2018 June 2018 September 2018 October 2018 November 2018 December 2018	600,00	12,00	7 200,00
Transportation costs (staff exchange will take place in Záhony; accomodation will be provided in a nearby city; Total duration of staff exchange is 180 days; 50km/day*0,22Eur/km)		Place of accomodation / Záhony BCP and back	car	April 2018 May 2018 June 2018 September 2018 October 2018 November 2018	11,00	180,00	1 980,00
18 MS experts (Closing meeting 3 persons per partner)	BG, EE, FI, LT, LV, PL, RO, SK customs	Home-Budapest - Home	air	December 2018	600,00	18,00	10 800,00
Transportation costs (all participants of the Closing meeting)	HU, BG, EE, FI, LT, LV, PL, RO, SK customs	Budapest-Debrecen-Budapest	bus	December 2018	700,00	2,00	1 400,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
					0,00	0,00	0,00
TOTAL							24 980,00

B.2 Subsistence and Hotel Costs

Type / Description	Country	No. of Units (Nights/Meals)	No. of persons	Unit Cost	Total in €
Accommodation (kick-off: 6*2nights+ closing: 38*2nights)	HU	2,00	44,00	120,00	10 560,00
Lunch (Kick-off: 6MS + 10HU; Closing: 6MS*3persons*2 occasions + 20 HU*2occasions)	HU	1,00	92,00	22,00	2 024,00
Dinner (Kick-off: 6MS; Closing: 6MS*3persons*2 occasions + 18 HU*2occasions)	HU	1,00	78,00	22,00	1 716,00
Coffee breaks (kick-off: 16*2; closing: 38*3)	HU	1,00	146,00	7,00	1 022,00
Breakfast (kick-off 6MS*2occasions; Closing: 6MS*3persons*2occasions + 20HU*2occasions)	HU	1,00	88,00	13,00	1 144,00
Accommodation for the period of staff exchanges (6MS*2persons*30nights)	HU	30,00	12,00	80,00	28 800,00
Meals for participants of the staff exchanges (6MS*2persons*3meals/day*30days)	HU	30,00	12,00	57,00	20 520,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
		0,00	0,00	0,00	0,00
TOTAL					65 786,00

C. Direct costs of subcontracting

C.1 Subcontracted STAFF

 Associated with document Ref. Ares(2017)6317003 - 21/12/2017

Subcontractor	Name of the Person	Function in the Project	Country	No. of Days	Daily Salary in EURO	Total in EURO
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00
				0,00	0,00	0,00

Sub-TOTAL C1	0,00
---------------------	-------------

C.2 Other Subcontracted services *including interpreters with Language from-to*

Subcontractor	Service subcontracted	Country	No. of unit	Unit rate	Total in EURO
To be defined	2 interpreters ((kick-off: 8hrs and closing: 12hrs*2 interpreters))	HU	40,00	35,16	1 406,21
			0,00	0,00	0,00
			0,00	0,00	0,00
			0,00	0,00	0,00
			0,00	0,00	0,00
			0,00	0,00	0,00

Sub-TOTAL C2	1 406,21
---------------------	-----------------

TOTAL	1 406,21
--------------	-----------------

E. Other Direct costs						
E.1 Equipment Associated with document Ref. Ares(2017)6317003 - 21/12/2017						
Type/Description	Total Value of Purchase of Equipment	Depreciation Period in Months	Amount Monthly depreciation	Duration of use for the project in months	Portion (in %) of the equipment used for the project	Total in €
	0,00	0	0,00	0	0,00	0,00
	0,00	0	0,00	0	0,00	0,00
	0,00	0	0,00	0	0,00	0,00
	0,00	0	0,00	0	0,00	0,00
Subtotal						0,00
E.2 Other Direct Costs						
Type/Description	Unit quantity (day, pages,..)	Unit Cost	Total in €			
Conference room	3	486,02	1 458,06			
Publication costs	550	0,32	178,21			
Translation costs	200 000	0,01	1 360,85			
conference package (pen, pendrive, badge)	50	21,50	1 074,91			
interpreter booths	3	972,04	2 916,11			
roll up	2	64,80	129,61			
	0	0,00	0,00			
	0	0,00	0,00			
	0	0,00	0,00			
Subtotal						7 117,75

ESTIMATED BUDGET FOR THE ACTION

	Estimated eligible ¹ costs (per budget category)							EU contribution			Action's estimated receipts		
	A. Direct personnel costs	B. Direct travel and subsistence costs		C. Direct costs of subcontracting	E. Other direct costs	F. Indirect costs ²	Total costs	Reimbursement rate % ³	Maximum EU contribution ⁴	Maximum grant amount ⁵	Income generated by the action	Financial contributions given by third parties to the beneficiary	Action's total receipts
	A.1 Employees (or equivalent) A.2 Natural persons under direct contract and seconded persons	B.1 Travel	B.2 Subsistence		E.1 Equipment E.2 Other goods and services								
Cost form ⁶	Actual	Actual	Actual	Actual	Actual	Flat-rate ⁷							
	a	b1	b2	c	e	f = flat-rate * (a + b1 + b2 + c + e)	g = a + b1 + b2 + c + e + f	h	i = g * h	j	k	l	m = k + l
1. NTCA	0.00	24,980.00	65,786.00	1,406.21	7,117.75	6,950.30	106,240.26	80	84,992.21	84,992.21	0.00	0.00	0.00

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 15.6 for the conversion rules).

² Indirect costs already covered by an operating grant (received under any EU or Euratom funding programme) are ineligible (see Article 6.4(b)). Therefore, a beneficiary/linked third party that receives an operating grant during the action duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action (see Article 6.2.F). This requires specific accounting tools. Please immediately contact us via the Participant Portal for details.

³ See Article 5.2 for the reimbursement rate.

⁴ This is the theoretical amount of the EU contribution, if the reimbursement rate is applied to all the budgeted costs. This theoretical amount is then capped by the 'maximum grant amount'.

⁵ The 'maximum grant amount' is the maximum grant amount decided by the Commission. It normally corresponds to the requested grant, but may be lower.

⁶ See Article 5 for the cost forms.

⁷ See Article 6.2.F for the flat rate.

FINANCIAL STATEMENT FOR [BENEFICIARY [name] /LINKED THIRD PARTY [name]] FOR REPORTING PERIOD [reporting period]

	Eligible ¹ costs (per budget category)							Receipts			EU contribution			
	A. Direct personnel costs	B. Direct travel and subsistence costs		C. Direct costs of subcontracting	<i>[D. Direct costs of fin. support]</i>	E. Other direct costs	F. Indirect costs ²	Total costs	Income generated by the action	Financial contributions given by third parties to the beneficiary	Total receipts	Reimbursement rate % ³	Maximum EU contribution ⁴	Requested EU contribution
	A.1 Employees (or equivalent) A.2 Natural persons under direct contract and seconded persons	B.1 Travel	B.2 Subsistence costs		<i>[D.1 Financial support]</i> <i>[D.2 Prizes]</i>	E.1 Equipment E.2 Other goods and services								
Cost form ⁵	Actual	Actual	Actual	Actual	Actual	Actual	Flat-rate ⁶							
	a	b1	b2	c	<i>[d]</i>	e	f = flat-rate * (a + b1 + b2 + c <i>[+d]</i> + e)	g = a+ b1 + b2 + c <i>[+d]</i> + e + f	h	i	j= h + i	k	<i>l = g * k</i>	m
[short name beneficiary / linked third party]														

The beneficiary/linked third party hereby confirms that:
 The information provided is complete, reliable and true.
 The costs declared are eligible (see Article 6).
 The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 12, 13 and 17).
 For the last reporting period: that all the receipts have been declared (see Article 5.3.3).

Please declare all eligible costs, even if they exceed the amounts indicated in the estimated budget (see Annex 2). Only amounts that were declared in your individual financial statements can be taken into account lateror in order to replace other costs that are found to be ineligible.

¹ See Article 6 for the eligibility conditions. All amounts must be expressed in EUR (see Article 15.6 for the conversion rules).
² The indirect costs claimed must be free of any amounts covered by an operating grant (received under any EU or Euratom funding programme, see Article 6.4.(b)). If you have received an operating grant during this reporting period, you cannot claim indirect costs, unless you can
³ See Article 5.1 for the reimbursement rate.
⁴ This is the theoretical amount of EU contribution that the system calculates automatically (by multiplying the reimbursement rate by the total costs declared). The amount you request (in the column 'requested EU contribution') may be less.
⁵ See Article 5 for the cost forms.
⁶ See Article 6.2.F for the flat-rate.

ANNEX 5

MODEL FOR THE CERTIFICATE ON THE FINANCIAL STATEMENT (CFS)

This document sets out:

- the objectives and scope of the independent report of factual findings on costs declared under a EU grant agreement financed under the HERCULE III Programme and
- a model for the certificate on the financial statement (CFS).

1. Background and subject matter

Within 60 days of the end of the reporting period, the beneficiary must submit to the Commission a **final report**, which should include (among other documents and unless declared not applicable in Article 15 of the Grant Agreement) a **certified financial statement** (CFS; see proposed model below) , if:

- it requests EUR 325 000 or more as reimbursement of actual costs and
- the maximum grant amount indicated in the estimated budget (see Annex 2) as reimbursement of actual costs is EUR 750 000 or more.

The **purpose** of the audit on which the CFS is based is to give the Commission ‘reasonable assurance’¹ that costs declared as eligible costs under the grant (and, if relevant, receipts generated in the course of the action) are being claimed by the beneficiary in accordance with the relevant legal and financial provisions of the Grant Agreement.

The **scope** of the audit is limited to the verification of eligible costs included in the CFS. The audit must be conducted in line with point 3 below.

Certifying auditors must carry out the audits in compliance with generally accepted **audit standards** and indicate which standards they have applied. They must bear in mind that, to establish a CFS, they must carry out a compliance audit and not a normal statutory audit. The eligibility criteria in the Grant Agreement always override normal accounting practices.

The beneficiary and the auditor are expected to address any **questions on factual data or detailed calculations** before the financial statement and the accompanying certificate are submitted. It is also recommended that the beneficiary take into account the auditor’s preliminary comments and suggestions in order to avoid a qualified opinion or reduce the scope of the qualifications.

¹ This means a high degree of confidence.

Since the certificate is the main source of assurance for cost claims and payments, it will be easier to consider amounts as eligible if a **non-qualified certificate** is provided.

The submission of a certificate does not affect the Commission's right to carry out its **own assessment** or **audits**. Neither does the reimbursement of costs covered by a certificate preclude the Commission, the European Anti-Fraud Office or the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article 17 of the Grant Agreement. The CFS audit is not a full-fledged audit according to international auditing standards and does not give assurance about the legality and regularity of the costs declared.

The Commission expects the certificates to be issued by auditors according to the highest professional standards.

2. Auditors who may deliver a certificate

The beneficiary is free to choose a **qualified external auditor**, including its usual external auditor, provided that:

- the external auditor is **independent** from the beneficiary and
- the provisions of **Directive 2006/43/EC**² are complied with.

Independence is one of the qualities that permit the auditor to apply unbiased judgement and objective consideration to established facts to arrive at an opinion or a decision. It also means that the auditor works without direction or interference of any kind from the beneficiary.

Auditors are considered as providing services to the beneficiary under a **purchase contract** within the meaning of Article 9 of the Grant Agreement. This means that the costs of the CFS may normally be declared as costs incurred for the action, if the cost eligibility rules set out in Articles 6 and 9.1.1 of the Grant Agreement are fulfilled (especially: best value for money and no conflict of interests; see also below eligibility of costs of other goods and services). Where the beneficiary uses its usual external auditor, it is presumed that they already have an agreement that complies with these provisions and there is no obligation to find new bids. Where the beneficiary uses an external auditor who is not their usual external auditor, it must select an auditor following the rules set out in Article 9.1.1.

Public bodies can choose an external auditor or a competent public officer. In the latter case, the auditor's independence is usually defined as independence from the audited beneficiary 'in fact and in appearance'. A preliminary condition is that this officer was not involved in any way in drawing up the financial statements. Relevant national authorities establish the legal capacity of the officer to carry out audits of that specific public body. The certificate should refer to this appointment.

² Directive [2006/43/EC](#) of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts or similar national regulations (OJ L 157, 9.6.2006, p. 87).

3. Audit methodology and expected results

3.1 Verification of eligibility of the costs declared

The auditor must conduct its verification on the basis of inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents and by interviewing the beneficiary (and the persons working for it).

The auditor must examine the following documentation:

- the Grant Agreement and any amendments to it;
- the periodical and/or final report(s);
- *for personnel costs*
 - salary slips;
 - time sheets;
 - contracts of employment;
 - other documents (e.g. personnel accounts, social security legislation, invoices, receipts, etc.);
 - proofs of payment;
- *for travel and subsistence costs*
 - the beneficiary's internal rules on travel;
 - transport invoices and tickets;
 - declarations by the beneficiary;
 - other documents (proofs of attendance such as minutes of meetings, reports, etc.);
 - proofs of payment;
- *for subcontracting*
 - the call for tender (if any);
 - tenders (if any);
 - justification for the choice of subcontractor;
 - contracts with subcontractors;
 - invoices;
 - declarations by the beneficiary;
 - proofs of payment;
 - other documents: e.g. national rules on public tendering if applicable, EU Directives, etc.;
- *for equipment costs*
 - invoices;
 - delivery slips / certificates of first use;
 - proofs of payment;
 - depreciation method of calculation;
- *for costs of other goods and services*
 - invoices;
 - proofs of payment; and
 - other relevant accounting documents.

General eligibility rules

The auditor must verify that the costs declared comply with the general eligibility rules set out in Article 6.1 of the Grant Agreement.

In particular, the costs must:

- be actually incurred;
- be linked to the subject of the Grant Agreement and indicated in the beneficiary's estimated budget (i.e. the latest version of Annex 2);
- be necessary to implement the action which is the subject of the grant;
- be reasonable and justified, and comply with the requirements of sound financial management, in particular as regards economy and efficiency;³
- have been incurred during the action, as defined in Article 3 of the Grant Agreement (with the exception of the invoice for the audit certificate and costs relating to the submission of the final report);
- not be covered by another EU grant (see below ineligible costs);
- be identifiable, verifiable and, in particular, recorded in the beneficiary's accounting records and determined according to the applicable accounting standards of the country where it is established and its usual cost-accounting practices;
- comply with the requirements of applicable national laws on taxes, labour and social security;
- be in accordance with the provisions of the Grant Agreement (see, in particular, Articles 6 and 9-11a) and
- have been converted to euro at the rate laid down in Article 15.6 of the Grant Agreement:
 - for beneficiaries with accounts established in a currency other than the euro:

Costs incurred in another currency must be converted into euros at the average of the daily euro exchange rates published in the C series of the [EU Official Journal](#) determined over the corresponding reporting period.

If no daily euro exchange rate is published in the EU Official Journal for the currency in question, the rate used must be the average of the monthly accounting exchange rates established by the Commission and published on its [website](#);
 - for beneficiaries with accounts established in euro:

Costs incurred in another currency should be converted into euros applying the beneficiary's usual accounting practice.

The auditor must verify that expenditure does not include **VAT**.

The auditor should base his/her audit approach on the **confidence level** following a review of the beneficiary's internal control system. When using sampling, the auditor should indicate and justify the sampling size.

Specific eligibility rules

In addition, the auditor must verify that the costs declared comply with the specific cost eligibility rules set out in Article 6.2 and Articles 9.1.1 and 10.1.1 of the Grant Agreement.

³ To be assessed in particular on the basis of the procurement and selection procedures for service providers.

Personnel costs

The auditor must verify that:

- personnel costs have been charged and paid in respect of the actual time devoted by the beneficiary's personnel to implementing the action (justified on the basis of time sheets or other relevant time-recording system);
- personnel costs were calculated on the basis of annual gross salary, wages or fees (plus obligatory social charges, but excluding any other costs) specified in an employment or other type of contract, not exceeding the average rates corresponding to the beneficiary's usual policy on remuneration;
- the work was carried out during the period of implementation of the action, as defined in Article 3 the Grant Agreement;
- the personnel costs are not covered by another EU grant (see below ineligible costs);
- for additional remuneration: the 2 conditions set out in Article 6.2.A.1 of the Grant Agreement are met (i.e. that it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required and that the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used);
- for in-house consultants: the 3 conditions set out in Article 6.2.A.2 of the Grant Agreement are met (i.e. that the in-house consultant works under conditions similar to those of an employee, that the result of the work carried out belongs to the beneficiary, and that the costs are not significantly different from those for personnel performing similar tasks under an employment contract).

The auditor should have assurance that the management and accounting system ensures proper allocation of the personnel costs to various activities carried out by the beneficiary and funded by various donors.

Travel and subsistence costs

The auditor must verify that travel and subsistence costs:

- have been charged and paid in accordance with the beneficiary's internal rules or usual practices (or, in the absence of such rules or practices, that they do not exceed the scale normally accepted by the Commission⁴);
- are not covered by another EU grant (see below ineligible costs);
- were incurred for travels linked to action tasks set out in Annex 1 of the Grant Agreement;

Subcontracting costs

The auditor must verify that:

- the subcontracting complies with best value for money (or lowest price) and that there was no conflict of interests;

⁴ See the Guide for applicants.

- the subcontracting was necessary to implement the action for which the grant is requested;
- the subcontracting was provided for in Annex 1 and Annex 2 or agreed to by the Commission at a later stage;
- the subcontracting is supported by accounting documents in accordance with national accounting law;
- public bodies have complied with the national rules on public procurement.

Equipment costs

The auditor must verify that:

- the equipment is purchased, rented or leased at normal market prices;
- public authorities have complied with the national rules on public procurement;
- the equipment is written off, depreciation has been calculated according to the tax and accounting rules applicable to the beneficiary/linked third party and only the portion of the depreciation corresponding to the duration of the action has been declared and
- the costs are not covered by another EU grant (see below ineligible costs).

Costs of other goods and services

The auditor must verify that:

- the purchase complies with best value for money (or lowest price) and that there was no conflict of interests;
- public bodies have complied with the national rules on public procurement;
- the costs are not covered by another EU grant (see below ineligible costs).

Ineligible costs

The auditor must verify that the beneficiary has not declared any costs that are ineligible under Article 6.4 of the Grant Agreement:

- costs relating to return on capital;
- debt and debt service charges;
- provisions for future losses or debts;
- interest owed;
- doubtful debts;
- currency exchange losses;
- bank costs charged by the beneficiary's bank for transfers from the Commission;
- excessive or reckless expenditure;
- VAT (deductible or not);
- costs incurred during suspension of the implementation of the action;
- in-kind contributions from third parties;
- costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Commission for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary is already receiving an EU operating grant in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action;

- costs incurred for permanent staff of a national administration for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
- costs incurred for staff or representatives of EU institutions, bodies or agencies.

For more information on cost eligibility, see the **Guide for applicants**.

3.2 Verification of receipts

The auditor must verify that the beneficiary has declared receipts within the meaning of Article 5.3.3 of the Grant Agreement, i.e.:

- income generated by the action (e.g. from the sale of products, services and publications, conference fees) and
- financial contributions given by third parties, specifically to be used for costs that are eligible under the action.

3.3 Verification of the beneficiary's accounting system

The auditor must verify that:

- the accounting system (analytical or other suitable internal system) makes it possible to identify **sources of financing** for the action and related expenses incurred during the contractual period and
- expenses/income under the grant have been recorded systematically using a numbering system that **distinguishes** them from expenses/income for other projects.

Certificate on the financial statement (CFS)

To
[Beneficiary's full name
address]

We, [full name of the audit firm/organisation], established in [full address/city/country],
represented for signature of this audit certificate by [name and function of an authorised
representative],

hereby certify

that:

1. We have **conducted an audit** relating to the costs declared in the financial statement of [name of beneficiary] (the 'beneficiary'), to which this audit certificate is attached and which is to be presented to the European Commission under Grant Agreement No [insert number] — [insert acronym], covering costs for the following reporting period(s): [insert reporting period(s)].
2. We confirm that our audit was **carried out in accordance with generally accepted auditing standards** in compliance with ethical rules and on the basis of the provisions of the **Grant Agreement** and its Annexes (and in particular the audit methodology described in Annex 5).
3. The financial statement was examined and all necessary tests of [all/[X]]% of the supporting documentation and accounting records were carried out in order to obtain **reasonable assurance that**, in our opinion and on the basis of our audit
 - total **costs** of **EUR** [insert number] ([insert amount in words]) are eligible, i.e.:
 - actual;
 - determined in accordance with the beneficiary's accounting principles;
 - incurred during the period referred to in Article 3 of the Grant Agreement;
 - recorded in the beneficiary's accounts (at the date of this audit certificate);
 - comply with the specific eligibility rules in Article 6.2 of the Grant Agreement;
 - do not contain costs that are ineligible under Article 6.4 of the Grant Agreement, in particular:
 - costs relating to return on capital;
 - debt and debt service charges;
 - provisions for future losses or debts;
 - interest owed;
 - doubtful debts;
 - currency exchange losses;
 - bank costs charged by the beneficiary's bank for transfers from the Commission;

- excessive or reckless expenditure;
- VAT (deductible or not);
- costs incurred during suspension of the implementation of the action;
- in-kind contributions provided by third parties;
- costs declared under other EU grants (including those awarded by a Member State and financed by the EU budget or awarded by bodies other than the Commission for the purpose of implementing the EU budget); in particular, indirect costs if the beneficiary is already receiving an EU operating grant in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action;
- costs incurred for permanent staff of a national administration, for activities that are part of its normal activities (i.e. not undertaken only because of the grant);
- costs incurred for staff or representatives of EU institutions, bodies or agencies;
- costs for activities that do not take place in one of the eligible countries specified in the call for proposals (unless approved by the Commission);
- [are claimed according to the euro conversion rate referred to in Article 15.6 of the Grant Agreement;]
- total **receipts** of **EUR** [insert number] ([insert amount in words]) have been declared under Article 5.3.3 of the Grant Agreement and
- the beneficiary's **accounting procedures** are in compliance with the accounting rules of the state in which it is established and permit direct reconciliation of the costs incurred for the implementation of the action covered by the EU grant with the overall statement of accounts relating to its overall activity.

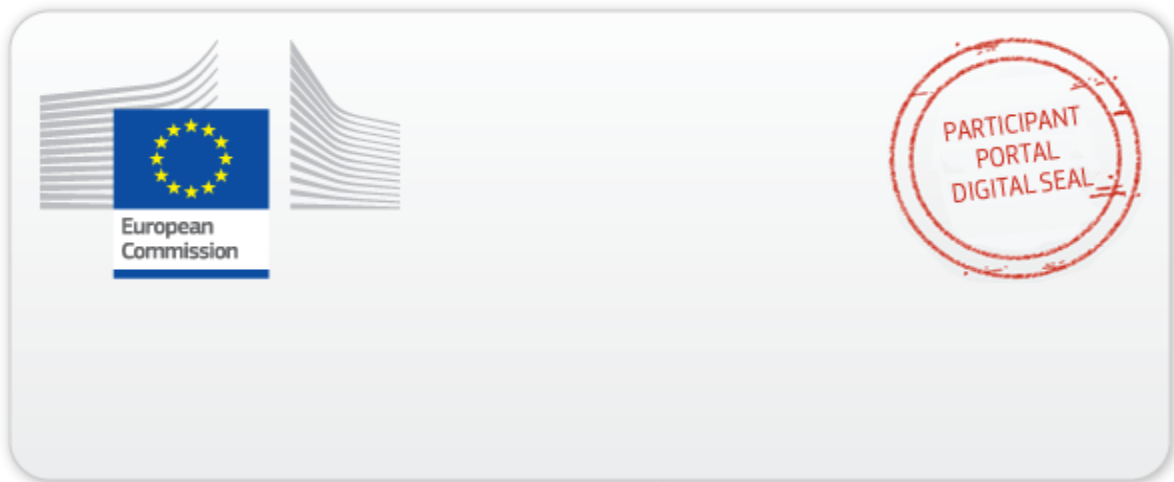
[However, our audit opinion is **qualified** for:

- costs of EUR [insert number]
- receipts of EUR [insert number]

which in our opinion do not comply with the applicable rules.]

4. We are qualified/authorised to deliver this audit certificate [(for additional information, see appendix to this certificate)].
5. The beneficiary paid a **price** of EUR [insert number] (including VAT of EUR [insert number]) for this audit certificate. [OPTION 1: These costs are eligible (i.e. incurred within 60 days of the end of the action referred to in Article 3 of the Grant Agreement) and included in the financial statement.][OPTION 2: These costs were not included in the financial statement.]

Date, signature and stamp



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