

Annex 1 – Information about the Grant Agreement

[Annex to be completed by the beneficiary]

Information about the Grant Agreement	
Reference number and date of the Grant Agreement	609785-EPP-1-2019-1-ES-EPPKA2-CBHE-JP (2019–1932/001-001) 31 October 2019
Programme	Erasmus+ Programme: Capacity Building in the field of higher education
Grant Agreement subject	Project number: 609785-EPP-1-2019-1-ES-EPPKA2-CBHE-JP (2019 – 1932 / 001 – 001) Title: “Asistencia Tecnológica a la Accesibilidad en la Educación Superior Virtual (EduTech)”
Country	Spain (Mexico, Ecuador, Portugal, Norway)
Beneficiary	Universidad de Alcalá
Start date of the Action	15 November 2019
End date of the Action	14 November 2023
Total cost of the Action	762.492,22 EUR
Grant maximum amount	947.996,00 EUR
Total amount received to date by the beneficiary from Agency	473.998,00 EUR – 12/11/2019 379.198,40 EUR – 16/08/2021
Total amount of the payment request	853.196,40 EUR
Auditor	Valor Auditores, SLPU C/ Núñez de Morgado, nº 6, 1ºA 28036 Madrid B-86066446 Antonio Granero Yepes Socio auditor ROAC S-2054

Annex 2 - List of specific procedures to be performed and specific guidance

1. *General procedures*

a) Terms and Conditions of the Grant Agreement

The auditor obtains an understanding of the terms and conditions of the Grant Agreement by reviewing:

- a signed copy of the Grant Agreement, its annexes and other relevant information. Particular attention should be paid to the Description of the Action and the Budget;
- the Final Financial Report (which includes a narrative and a financial section).

b) Beneficiary's legal and VAT status (not applicable for costs reimbursed on the basis of "unit costs")

- The auditor confirms the legal status of the beneficiary, and thus determines the treatment of VAT (deductible or not).
- Deductible VAT means that VAT is recoverable by the beneficiary under the national 'VAT system' (i.e. the system of collection and deduction under the national VAT legislation) is not an eligible cost. The final financial report should exclude deductible VAT amounts.
- Conversely, if VAT is NOT deductible, it is an eligible cost for the Final financial statement.
- In the framework of his/her work, the auditor is expected to verify the necessary supporting documents provided by the beneficiary and clearly confirm their status as regarding VAT treatment. Specific rules contained in Article II.19.4 of the Grant Agreement on VAT apply.

c) Final Financial Report and the Grant Agreement

- The Final Financial Report must conform to the model annexed to the Grant Agreement;
- The Final Financial Report should cover the Action as a whole, regardless of which part of it is financed by the Agency.

d) Rules for Accounting and Record Keeping

- The auditor examines whether the beneficiary has complied with the rules for accounting and record keeping in accordance with Articles II.19, II.20 and II.27.2 of the Grant Agreement;
- The accounts kept by the beneficiary for the implementation of the Action must be accurate, up-to-date and exhaustive (including all expenditure and income);
- The auditor examines whether the beneficiary has a double-entry book-keeping system;
- The income and expenditure relating to the Action must be easily identifiable and verifiable;

- e) Exchange Rates (not applicable for costs reimbursed on the basis of "unit costs")

The auditor verifies that amounts of expenditure incurred in a currency other than the euro have been converted in accordance with the provisions of the Grant Agreement (Article I.4.6).

2. *Verification evidence*

The beneficiary will allow the auditor to carry out verifications on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action.

The beneficiary will allow the auditor access to all documents and databases concerning the technical and financial management of the Action (Article II.27 of the Grant Agreement). **It should also be noted that it is the beneficiary's responsibility to obtain the accounting documents necessary to enable the auditor to verify costs incurred by co-beneficiaries / project partners.**

Supporting documentation must be available in the form of original documents for the beneficiary (or certified copies of originals for the co-beneficiaries) rather than photocopies or facsimiles.

If the auditor finds that the above criteria for evidence are not sufficiently met, this should be reported as an exception.

3. *Procedures to verify the conformity of expenditure with the budget and analytical review*

- The auditor carries out a substantive review of the expenditure headings in the Final Financial Report;
- The auditor verifies whether there have been amendments to the budget of the Grant Agreement;
- The auditor verifies that the budget in the Final Financial Report corresponds¹ to the budget of the Grant Agreement (authenticity and authorisation of the initial budget) and that the expenditure incurred was indicated in the budget of the Grant Agreement;
- The auditor verifies any transfers between budget headings by comparing the initial budget with the budget in the Final Financial Report and checks that the provisions of Articles I.14 and II.13 of the Grant Agreement have been complied with.

¹ Some degrees of flexibility in the implementation of the budget are allowed. The rule proposed in the grant agreement is that changes of up to 10% of each item/heading (+ or -) are allowed without amendment, and will remain eligible. Please verify the rule in the grant agreement (some grant agreements have 15% or 20% flexibility). Any changes within the limit specified in the grant agreement didn't require the beneficiary's request for amending the grant agreement.

Changes above the limit did require an amendment of the budget annexed to the grant agreement. If such request was not approved by the Agency, the costs exceeding the limit should be considered ineligible.

4. *Selecting expenditure for verification and Expenditure Coverage*

The expenditure claimed by the beneficiary in the Final Financial Report is presented in the budget form provided in the Grant Agreement.

Expenditure headings can be broken down into expenditure subheadings. Expenditure subheadings can be broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics.

What percentage of expenditure needs to be verified by the auditor?

The Expenditure Coverage Ratio ('ECR') represents the total amount of expenditure verified by the auditor expressed as a percentage of the total amount of expenditure reported by the beneficiary in the Final Financial Report (i.e. funded from EU funds and other sources).

The auditor ensures that the overall ECR is at least 70%. If the exception rate is less than 10% of the total amount of expenditure verified (i.e. 7% of total expenditure), the auditor finalises the verification procedures and continues with reporting.

If the exception rate is greater than 10%, the auditor is required to extend the verification procedures until the ECR is at least 85%.

In addition to reaching the minimum coverage of total expenditure stated in the previous two paragraphs, the auditor must ensure that the ECR for each expenditure heading in the Final Financial Report is at least 10%.

On what basis should expenditure items be selected for verification?

In order to both meet the minimum ECR above and ensure that the expenditure verification is systematic and representative:

- value should be the principal factor used by the auditor, i.e. an appropriate number of high value expenditure items should be selected; and
- otherwise, the population selected for testing should be selected on a random basis in order to produce a representative sample.

5. *Procedures to verify selected expenditure*

The Report of Factual Findings on the Final Financial Report - Type II is intended to verify the costs incurred by the beneficiary within the framework of the Grant Agreement for an Action reimbursed through a mixed financing system: (1) reimbursement based on eligible costs (or "actual costs") and (2) unit costs.

The following substantive procedures are required to be performed by the auditor in order to verify expenditure for items financed through actual costs and outputs produced for items financed through unit costs. These procedures are different depending on the category of costs:

- 1) costs financed through eligible costs actually incurred, or "actual costs": Equipment, Subcontracting and Exceptional costs;
- 2) costs financed through a reimbursement on the basis of "unit costs": Staff costs, Travel costs and Costs of stay.

1) Eligibility of costs for "Actual costs"

For the purpose of these guidance notes, this heading refers to the following categories of costs, financed through eligible costs actually incurred, or "actual costs": Equipment, Subcontracting and Exceptional costs.

All costs must be justified by the relevant supporting documents.

The auditor verifies, for each expenditure item selected, that the eligibility criteria set out below have been met.

– Costs actually incurred²

The auditor verifies that the expenditure for a selected item was actually incurred by and pertains to the beneficiary. For this purpose the auditor examines supporting documentation (e.g. invoices, contracts) and proof of payment. The auditor also examines proof of work done, goods received or services rendered and verifies the existence of assets if applicable.

The auditor verifies that the monetary value of a selected expenditure item is in line with underlying documents (e.g. invoices, payroll documents) and that correct exchange rates are used where applicable.

– Cut-off - Implementation period:

The auditor verifies that the expenditure for a selected item was incurred during the period of implementation or eligibility in accordance with Article I.2 of the Grant Agreement. Invoices received during the eligibility period but not yet paid, as well as costs relating to the Final Financial Report, should be reported by the auditor under the 'exceptions'. The costs relating to the Final Financial Report should be reasonable and in line with the provisions of Article II.19 of the Grant Agreement.

– Classification:

The auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub) heading of the Final Financial Report.

– Necessary / connected³

The auditor verifies whether it is plausible that the expenditure for a selected item was necessary for the implementation of the Action and that it had to be incurred for the contracted activities of the Action by examining the nature of the expenditure together with supporting documents.

² Article II.19 of the Grant Agreement.

³ Article II.19 of the Grant Agreement.

- Sound financial management / economy⁴
For each selected item, the auditor verifies that the price paid for the goods/services does not represent expenditure that has been incurred excessively or recklessly⁵.
- Compliance with sub-contracting rules:
Where applicable, the auditor checks that the sub-contracted tasks or activities have been provided for in the initial budget or have been approved by the Agency.
- Compliance with procurement rules:
Where applicable, the auditor examines which procurement rules (as provided for by the Grant Agreement) apply for any given expenditure (sub)heading, class of expenditure items or expenditure item. The auditor verifies whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process, e.g. tenders/quotes. Where the auditor finds instances of non-compliance with procurement rules, the nature thereof as well as their financial impact in terms of ineligible expenditure should be reported as an exception.
- Compliance with eligibility of costs:
The auditor verifies that the expenditure for a selected item does not concern an ineligible cost as described in Article I.9 and II.19.4 of the Grant Agreement.

Which documents should the beneficiary prepare for the auditor?

For most transactions in these cost categories, the original third-party invoices, original procurement contracts (or certified copies for co-beneficiaries), proofs of payment and documents on tendering procedures (when applicable) should be sufficient as proofs of expenditure.

What are the most common errors made by beneficiaries for Equipment and Subcontracting?

- General: invoices are not detailed enough to establish a clear connection to project activities.
- Deductible VAT is included in the invoice and charged as project expenditure;
- Tendering procedure is not applied for the purchase of goods or services exceeding 25.000 EUR, or applicable national legislation is not applied where the estimate value of a contract to be awarded exceeds EUR 134.000;
- Purchase of equipment is split into smaller contracts with individual amounts lower than the 25.000 EUR threshold;

⁴ Article II.19 of the Grant Agreement.

⁵ See 'Glossary' for a definition of 'excessive or reckless expenditure'.

- Proof of expenditure is a pro-forma invoice, an offer or a quotation instead of an invoice.

The guidance provided above is of a generic nature meant to draw attention to these matters. However, it is recommended that the beneficiary and auditor refer to relevant chapters of the Programme Guide for detailed guidance on both cost eligibility and documentary requirements for Equipment and Subcontracting.

2) Eligibility of costs for "Unit costs"

For the purpose of these guidance notes, this heading refers to the following categories of budget items, financed through a reimbursement on the basis of "unit costs": Staff costs, Travel costs and Costs of stay.

Financial reporting for this type of costs will be based on the principle of the "triggering event". Beneficiaries will have to prove that the activities have been actually and properly implemented and the output produced. As a consequence, beneficiaries will have flexibility in the way they manage the funds awarded to cover the corresponding expenses.

Beneficiaries do not need to justify the level of spending. The supporting documents will have to demonstrate that the volume and/or the nature of the activities actually implemented, justify the number of unit costs charged to the grant.

a) Staff costs

The auditor verifies that Staff costs are reported according to the rules set out in the supporting documents specified in section II.

For this purpose, considering that the calculation of the grant is based exclusively on the application of the unit costs and is independent from the actual remuneration of the staff involved, the auditor verifies that:

- unit costs were applied according to the correct staff category and applicable country category;
- the number of unit costs declared by the beneficiary corresponds to the total number of days worked for the implementation of the project by the staff member concerned.

For the verification of the relation between the workload declared and the results/outputs of the project, the auditor verifies that there is a reasonable assurance that the volume of working days reported (in accordance with the national legislation and/or internal practices for what concerns the minimum requirements in terms of time worked per day) is justified by the volume of results achieved and/or of tangible outputs produced

As a general rule, declared working days per individual may not exceed 20 days per month or 240 days per year.

In addition, the auditor verifies the employment status and conditions of employment of the personnel.

For the employees selected, the auditor checks that they:

- were hired⁶ by the beneficiary⁷ in accordance with its national legislation;
- were:
 - employed by the Institution and they were part of its payroll system, or;
 - were natural persons* assigned to the project on the basis of a contract against payment;
- were performing tasks directly necessary to the achievement of the objectives of the project;

** A natural person (individual) can be assigned to the action also on the basis of e.g a civil contract, a free-lance contract, an expert contract, a service contract with self-employed person ("in house consultant) or a secondment to the Institution against payment. The costs of such natural persons working under the action may be assimilated to the costs of personnel, if:*

(i) 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);

(ii) the result of the work belongs to the Institution (unless exceptionally agreed otherwise); and

(iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract within the institution

Any employment condition that does not meet these criteria must be reported by the auditor under the category 'exception'.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned, the auditor should accept certified copies.

What is the objective of this procedure?

The Agency seeks to ensure that reported staff costs relate to employees of the beneficiary carrying out the Action, and have not been 'outsourced' to a different entity, unless priory authorised by the Agency. The Agency also seeks to ensure that no special

⁶ See 'Glossary' for a definition of 'directly hired'.

⁷ Reminder of footnote n° 2: for the purpose of these guidance notes, the term 'beneficiary' refers both to the beneficiary (coordinator) and co-beneficiaries (partners). For further details please refer to the 'Glossary' (page 18).

employment conditions are applied which do not form part of the normal practice of the beneficiary.

Which documents should the beneficiary prepare for the auditor?

- Employment contracts for the staff in question, as well as standard employment contracts in use for personnel who perform a variety of work for the beneficiary (i.e. are not exclusively devoted to an EU-funded project or Work Programme).
- A duly filled-in Joint Declaration (Template provided by the Agency and available in its website) for each person for whom staff costs have been charged to the project. The declaration must be signed by the person concerned, then signed and stamped by the person responsible in the Institution where this person worked for the project. The Institution must be a member of the partnership.
- If the staff member performs tasks corresponding to different categories of staff, a separate Joint Declaration must be signed for each category.
- Time-sheets . They must be signed by the person concerned and countersigned by the person responsible in the employing institution. They must indicate the following:
 - the project reference
 - the name of the person performing the tasks, his/her position and the staff category
 - the institution and the country where the person is employed
 - the number of days worked for the corresponding month and year
 - the description of the tasks performed, the outputs produced and the related work package.
- Any material evidence allowing to verify that the declared workload corresponds to actual activities/outputs (e.g. attendance lists for lectures given, tangible outputs / products, salary slips, etc.).
- The auditor should verify if any prior authorisation from the Agency was granted for Staff costs.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned, the auditor should accept certified copies.

What kind of information would give rise to exceptions?

Any deviation from the above principles should be highlighted by the auditor as an exception. Some examples have been provided below (list not exhaustive).

Exceptions should be highlighted if no reasonable activity or output could be verified for the working days declared.

Exceptions should be highlighted if there is no reasonable assurance that the number of unit costs declared corresponds to the number of working days dedicated to the project in terms of workload and tangible outputs.

Exceptions should be highlighted if there are indications in the employment contract that the employee has been hired by a different legal entity.

Exceptions should be highlighted if the employment relation between the staff member and the employing organisation is questioned.

b) Travel costs and costs of stay

The auditor verifies that *Travel costs and costs of stay* costs are reported according to the rules set out in the supporting documents specified in section II.

Considering that the calculation of the grant is based exclusively on the application of the unit costs and is independent from the level of spending for the staff and students involved, the auditor verifies that the volume and/or the nature of the activities actually implemented justify the number of unit costs charged to the grant.

In particular the auditor verifies that the journeys actually took place and they are connected to specific and clearly identifiable project-related activities.

In addition, the auditor verifies that:

- for Travel costs, the distance travel bands have been applied correctly;
- for Costs of Stay, the number of unit costs declared corresponds to the actual number of days of the activities (including the travel). Unit costs can be declared for each day spent on the activity (including the travel period), independently from the time of departure or arrival.

Beneficiaries do not need to justify the level of spending

Any condition that does not meet these criteria must be reported by the auditor under the category 'exception'.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned, the auditor should accept certified copies.

Which documents should the beneficiary prepare for the auditor?

- Any proof that the journeys actually took place and are connected to specific and clearly identifiable project-related activities.
- A duly filled-in Individual Travel Report. Supporting documentation will have to be attached to each travel report in order to demonstrate the fact that the travel and the activity actually took place (e.g. travel tickets, boarding passes with points of departure and destination, dates and name of the person travelling, invoices, receipts, proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings).
- The auditor should verify if any prior authorisation from the Agency was granted for Travel and/or costs of stay.

Reminder: as far as the co-beneficiaries' staff supporting documents are concerned, the auditor should accept certified copies.

What kind of information would give rise to exceptions?

Any deviation from the above principles should be highlighted by the auditor as an exception.

What Travel costs and costs of stay costs are not considered eligible or should be regarded as exceptions?

Exceptions should be reported for:

- Travel costs and costs of stay which do not correspond to concrete outputs in terms of activities linked to the projects, or which cannot be justified by supporting documents demonstrating that the travel took place for the duration of the journey;
- Travels of students or staff not enrolled in or employed by a beneficiary organisation;
- Travels outside the partnership countries;
- Travels shorter than the minimal or exceeding the maximum duration.

6. *Quantification of exceptions*

Wherever possible, the auditor quantifies the full amount of the verification exceptions found. For example, if the auditor finds an exception of EUR 1 000 with regard to procurement rules for a Grant Agreement where the EU finances 60 % of the expenditure, the auditor reports an exception of EUR 1 000 and a financial impact of EUR 600 (EUR 1 000 x 60%).

Furthermore, the description of the exception should be sufficiently detailed to enable the Agency to determine which expense item in the Final Financial Report the exception relates to. The wording in the ‘factual findings’ paragraph of the report format (see Annex 3 to this engagement letter) allows details of all exceptions to be provided in the form of an Annex. The auditor’s attention is drawn to the fact that favourable exceptions, i.e. exceptions increasing eligible expenditure, are not permitted.

7. *Procedures to verify revenues*

The auditor examines whether revenues which should be attributed to the Action (including *inter alia* grants and funding received from other donors, revenue generated by the Action, contributions in kind, have been allocated to the Action and disclosed in the Final Financial Report. For this purpose the auditor should consult the beneficiary and examine documentation obtained from the beneficiary, e.g. income accounts in the General Ledger⁸.

⁸ See ‘Glossary’ for definition of ‘General Ledger’.



Independent Report of Factual Findings – Type II on costs claimed under a Grant Agreement financed under the Erasmus+ Programme

Salvador Otón Tortosa, Coordinator Edutech Project
University of Alcalá
Plaza San Diego
28801 Alcalá de Henares, Spain

03/01/2024

In accordance with the terms of our engagement letter dated *18th December 2023* with *University of Alcalá*, hereinafter referred to as ‘the beneficiary’, we hereby provide our Independent Report of Factual Findings – Type II (‘the Report’), as specified below.

Objective

We *VALOR AUDITORES, S.L.P.*, established in *Nuñez Morgado St., 6, Madrid, Spain*, represented for signature of this Report by ANTONIO GRANERO YEPES as audit, have performed agreed-upon procedures regarding the costs declared in the Final Financial Report of *University of Alcalá*, the beneficiary, to which this Report is attached, and which is to be presented to the Education, Audiovisual and Culture Executive Agency, hereinafter referred to as ‘the Agency’, under Grant Agreement *2019 - 1932 / 001 - 001* for the following period *15/11/2019 - 14/11/2023*. This engagement involved performing the procedures listed in Annex 2 of the engagement letter, the results of which the Agency uses to draw conclusions as to the eligibility of the costs claimed.

Standards and ethics

Our engagement was undertaken in accordance with:

- the specific guidance provided by Agency;
- International Standard on Related Services (‘ISRS’) 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants (‘IFAC’);
- the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Agency requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*.



Procedures performed

As requested, we have only performed the procedures listed in Annex 2 to the engagement letter.

These procedures have been determined solely by the Agency and were performed solely to assist the Agency in evaluating whether the expenditure claimed by the beneficiary in the accompanying Final Financial Report has been claimed in accordance with the Grant Agreement. The auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Final Financial Report. Had we performed additional procedures, or had we performed an audit or review of the Final Financial Report of the beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of information

The Report sets out information provided to us by the management of the beneficiary in response to specific questions or as obtained and extracted from the beneficiary's information and accounting systems.

Factual findings

The above-mentioned Final Financial Report was examined and all procedures specified in Annex 2 to our engagement letter were carried out.

The total expenditure which is the subject of this expenditure verification amounts to EUR 762.492,22. The Expenditure Coverage Ratio verified by us amounts to 100%.

On the basis of the results of these procedures, we found:

- *Final Financial Statement.*
- *Details, invoice, supporting documents and payments.*

All documentation and accounting information to enable us to carry out these procedures has been provided to us by the beneficiary.

We don't found exceptions which result from the procedures that we performed in Annex of this Report.



Use of this report

This Report is intended solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the beneficiary and the Agency and solely for the purpose of submission to the Agency in connection with the requirements as set out in Article I.4 of the Grant Agreement. This Report may not be relied upon by the beneficiary or by the Agency for any other purpose, nor may it be distributed to any other parties. The Agency may only disclose this Report to others who have regulatory rights of access to it, in particular the European Commission, the European Anti-Fraud Office and the European Court of Auditors.

This Report relates only to the Final Financial Report specified above and does not extend to any other financial statements of the beneficiary.

No conflict of interest exists between the auditor and the beneficiary in establishing this Report. The fee paid to the auditor for providing the Report was EUR 2.880 (+ 21% VAT), while a total of EUR 0, has been reimbursed to the auditor for the related travel & subsistence.

We look forward to discussing our report with you and would be pleased to provide any further information or assistance which may be required.

VALOR AUDITORES, S.L.P.
ANTONIO GRANERO YEPES



Annexes to the compulsory report format

I. List of exceptions identified by the auditor

Reminder: exceptions refer to inability to reconcile key information, unavailability of data which prevented the auditor from carrying out the procedures, etc. The Agency will use this information to decide the amounts which will be reimbursed. For further guidance, please refer to section II.3.6. 'Quantification of exceptions' and to the 'Glossary'.

Budget heading	Budget item under exception	Reference	Reason for the exception	Amount
SUBCONTRACTING COST	AUDIT	UAH-Sub14	NO PAYMENT	EUR 2.880,00 (+21% VAT)

II. Final Financial Report

NB: please attach the following document

The cost breakdown relating to the Action (as per the model annexed to the Grant Agreement, i.e. the Excel Final Financial Statement), compiled, dated and signed the beneficiary and countersigned by the auditor (or competent public officer).