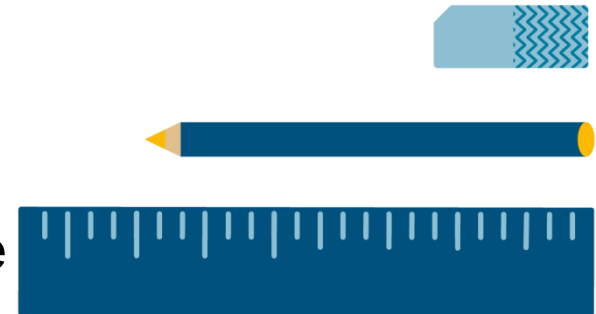


# Rules on eligibility of expenditure

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Management verifications in Interreg

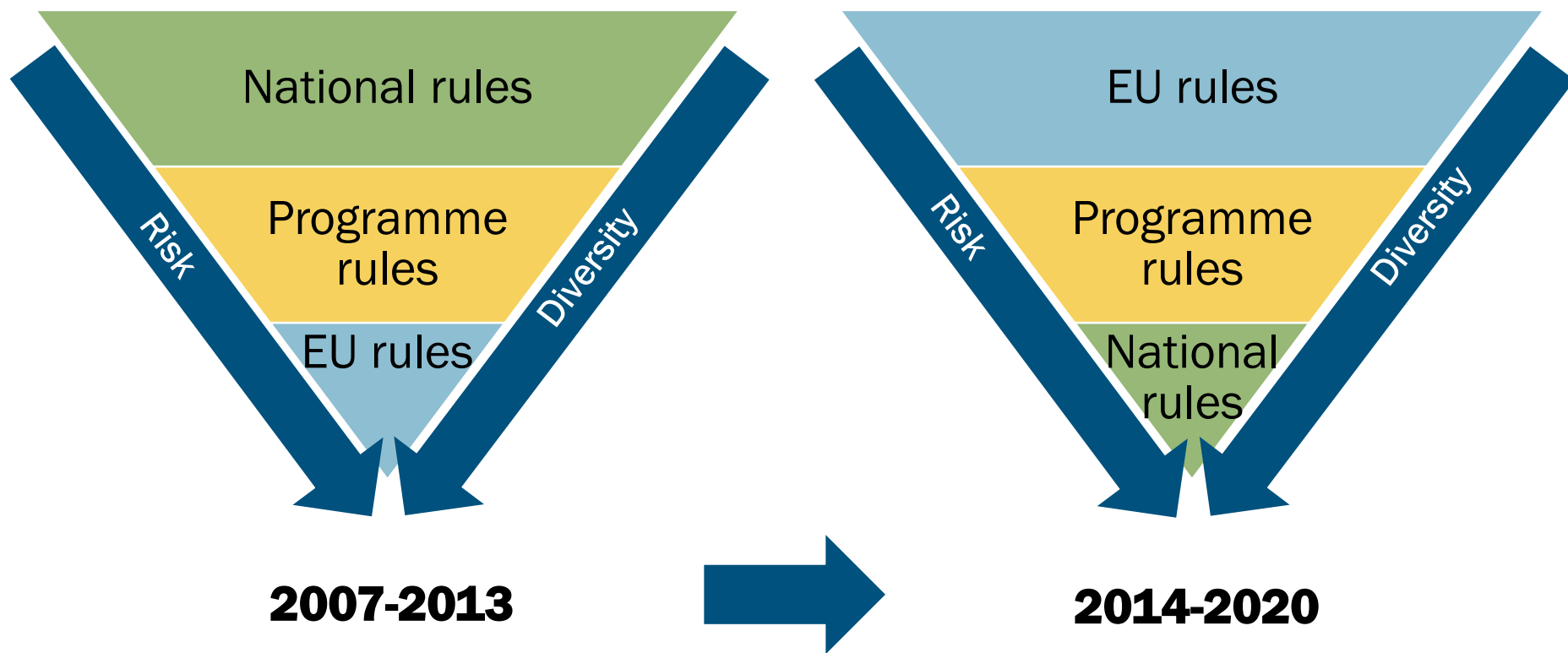
21-22 February 2018 | Thessaloniki, Greece



**Tsveta Aleksandrova, Interact**

# Hierarchy of rules

Rules on eligibility of expenditure!



Art 65, CPR and Art 18, ETC Reg.

# Hierarchy of rules

Rules on eligibility of  
expenditure!

1. Common  
Provisions  
Regulation (CPR)  
1303/2013

2. ERDF  
Regulation  
1301/2013

3. ETC Regulation  
1299/2013

4. EC Delegated  
Regulation  
481/2014

## EU rules



- Established  
jointly by the  
Member States in  
the programme  
monitoring  
committee

- Apply to the  
programme as a  
whole

- Cannot  
contradict EU  
rules

## Programme rules



- Matters not  
covered by EU  
rules and  
programme rules

- Cannot abolish  
or restrict EU  
rules and  
programme rules

## National rules

# Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment

**Categories of costs**  
listed in Art 18, ETC  
Reg. 1299/2013

**Specific rules**  
defined in Del. Reg.  
481/2014

6. Infrastructure and works

} General rules  
defined in CPR  
1303/2013

# Forms of reimbursement


**Real costs**

## **Simplified cost options**

Flat rate

Standard scale of unit cost

Lump sum

- 
- Options applied in 2007-2013
  - Options in CPR 1303/2013 and ETC Reg. 1299/2013
    - Ex-ante calculations

# Flat rate

- calculation of costs of a specific budget line(s)
- calculated by applying a percentage fixed in advance
- percentage applied to one/several other budget lines

Example:

Up to **15% of eligible direct staff costs**

**Staff costs \* 0,15 = Office and Administration costs**

# Standard scale of unit costs

- calculation of all or part of costs of a specific budget line
- calculated by applying a standard unit cost fixed in advance
- applied to easily identifiable quantities

## Example:

Cost for advisory service based on historical data

**Number of days \* EUR 350**

# Lump sum

- calculation of all or part of costs of the project
- subject to achievement of predefined outputs/activities
- single payment – maximum limit **EUR 100.000 of public contribution per project**



## Example:

Project preparation costs

Costs of predefined project activities

Small projects / people-to-people projects



# Ineligible expenditure: non-exhaustive list

## Art. 69, CPR 1303/2013

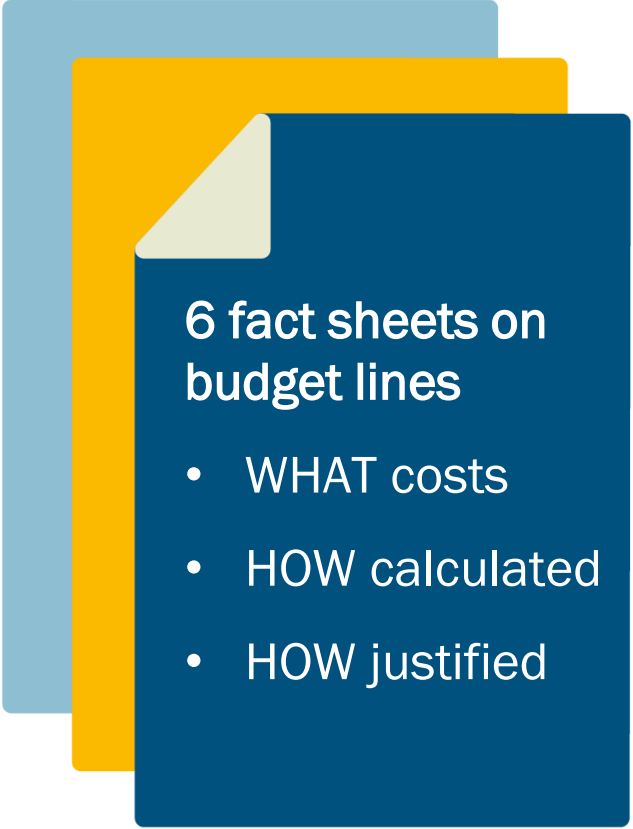
- Interest on debt
- Purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure
- Recoverable VAT

## Del. Reg. 481/2014

- Fines, financial penalties, expenditure on legal disputes and litigation
- Costs of gifts (except gifts not exceeding EUR 50, related to promotion, communication, publicity or information)
- Costs of fluctuation of foreign exchange currency

# Budget lines

1. Staff costs
2. Office and administration
3. Travel and accommodation
4. External expertise and services
5. Equipment
6. Infrastructure and works



## 6 fact sheets on budget lines

- WHAT costs
- HOW calculated
- HOW justified

Available on Interact website

# Staff cost

## Eligible cost

- Full and part-time work on the project
- Salary payments and other linked costs
  - all costs fixed in *employment document/ law*
  - salaries related to responsibilities specified in *job description*

## Forms of reimbursement

- Real costs (*payslips and proof of payment*)
- Simplified cost options
  - Flat rate
  - Standard scale of unit costs

# Staff costs – Real costs

## Full-time on the project

total gross  
employment cost

## Part-time on the project

Fixed % of time per  
month

$\% * \text{gross employment cost}$

Time varies every  
month

$\text{hourly rate} * \text{hours worked on the project}$

## Contracted on an hourly basis

Hourly rate defined  
in the contract

$\text{hourly rate} * \text{hours worked on the project}$

# Staff costs – Real costs (hourly rate)

Part-time: flexible number of hours per month

- Hourly rate calculation based on:

**Monthly gross employment  
cost** / number of working hours  
per month

**Latest documented annual  
gross employment cost**  
/ standard number of 1720  
hours/year

- Hourly rate is multiplied by the number of hours actually worked on the project.

Time registration system: 100% of the working time.

*Working time does not include time reserved for holidays, illness, etc.*

# Staff costs – Real costs

## Standard number of 1720 hours / year

Example: annual gross employment cost 34.400 EUR			
Option	<u>Working time</u> fixed in contract		Standard 1720 hours/year
<u>MONTHLY working hours</u>	160	140	143,33
Working hour a YEAR	1920	1680	1720
Hourly rate	$34.400/1920 = 17,9$	$34.400/1680 = 20,5$	$34.400/1720 = 20$
Hours on the project	10 hours	10 hours	10 hours
STAFF COST	$17,9 \times 10 = 179 \text{ €}$	$20,5 \times 10 = 205 \text{ €}$	$20 \times 10 = 200 \text{ €}$

*Working time does not include time reserved to holidays, illness.*

***Time registration system: 100% of the working time.***

# Staff costs – Minimum requirements for time registration

- Identification: project title, organisation name, employee name
- Signatures: employee, line manager
- Working time recorded per month

Date	Project work description	No. of hours worked on the project	Other activities (No. of hours)	Total
12.06.2015	Work package 1	5	3	8
13.06.2015	Work package 2	8	0	8
TOTAL		13	3	100% working time

# Staff costs – Flat rate

## Art. 19, ETC Reg.

Staff costs of an operation may be calculated at a flat rate of up to 20 % of the direct costs other than the staff costs of the operation

- can apply on individual partner level
- partners do not need to provide audit trail for staff costs (but for direct costs)

**Each partner can decide on the reimbursement option, unless applicable options are set at programme level.**



# Staff costs – Standard scale of unit costs

## Art. 67, CPR

- Ex-ante calculation based on a fair, equitable and verifiable calculation method

Example		
Category	Annual gross employment cost	Hourly rate (annual gross employment cost / 1720)
1	Below EUR 19.999	11,63
2	EUR 20.000 – 49.999	20,35
3	EUR 50.000 – 74.999	36,34
4	EUR 75.000 – 99.999	50,87
5	Above EUR 100.000	65,41

Data: NWE area, all MS, 5 projects from 2007-2013, 18,5 m ERDF, 51 beneficiary organisations, 297 employees

# Office and administration

## Eligible cost

- Operating and administrative expenses of the partner organisation that support delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

## Forms of reimbursement

- Real costs
- Flat rate

# Office and administration – Flat rate

## Art. 68.1, CPR

Indirect costs may be calculated at a flat rate of:

### **Up to 25% of eligible direct costs**

fair, equitable and verifiable calculation method

### **Up to 15% of eligible direct staff costs**

no calculation method required from the programme

- can apply on individual partner level
- partners do not need to provide any audit trail

# Travel and accommodation

## Eligible cost

- Travel and accommodation costs of **staff of partner organisations** that relate to delivery of the project
- Exhaustive list of costs defined in Del. Reg. 481/2014

## General principles

- Travel and accommodation of external experts under *External Expertise and Services*
- Daily rates for hotel and subsistence should be respected, in line with national legislation or internal policy of the partner organisation
- Cost related to travel outside the programme area (Art. 5, Del. Reg. 481/2014) – location of the partner

# External expertise and services



Eligible cost

- External expertise and services provided by a **public** or **private body** or a **natural person** outside of the partner organisation
- Open list of costs defined in Del. Reg. 481/2014  
*...; other specific expertise and services needed for operations*

# Equipment

## Eligible cost

- Equipment **purchased, rented or leased** by a partner, necessary to achieve objectives of the project
- May include costs of equipment already in possession by the partner
- Exhaustive list of costs defined in Del. Reg. 481/2014 *...; other specific equipment needed for operations*

## General principles

- Second-hand equipment is eligible (under conditions, Del. Reg. 481/2014), unless decided otherwise by the programme
- Depreciation is eligible (under conditions, Art. 69 CPR)

# Equipment – pro-rata cost and depreciation

Full purchase cost of equipment is eligible, provided:

- Equipment is used solely for the project.
- The total economic and depreciable life-time falls within the period of support.

Otherwise:

## Pro-rata

Equipment partially used for the project  
(degree of use for the project)  
*Share has to be calculated according to a justified and equitable method.*

## Depreciation

- Costs relate to the period of support for the project
- Equipment purchased before the project approval and used for the project purpose

# Types of activities and allocation of costs

## Types of activities supported by ERDF

Productive investment

Fixed investment in equipment

Investment in infrastructure

Networking, exchanges of experiences

Studies, preparatory actions, capacity-building



## Costs of activities : Budget lines

Staff costs

Office and administration

Travel and accommodation

External expertise and services

Equipment

Infrastructure and works



# Infrastructure and works

## Rules on eligibility of infrastructure expenditure

- Covers costs related to investments in infrastructure that do not fall into the scope of other budget lines
- Some general rules defined in CPR 1303/2013; e.g., purchase of land, durability of operations
- No specific rules defined in the Del. Reg. 481/2014

See the fact sheet on the budget line "Infrastructure and works"

# Cooperation works

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All materials will be available on:

**[www.interact-eu.net](http://www.interact-eu.net)**