

INTERACT

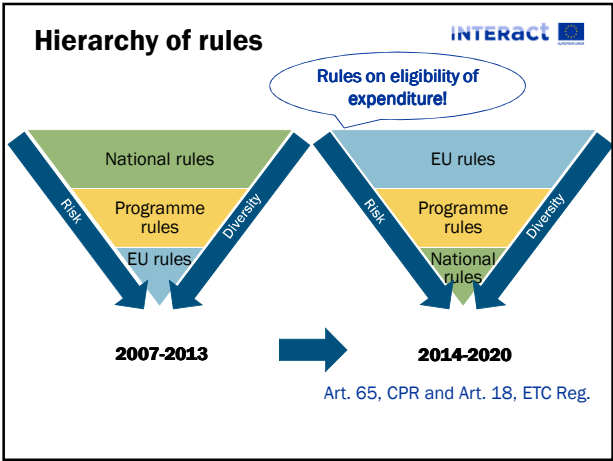
Project Development - Rules on eligibility of expenditure

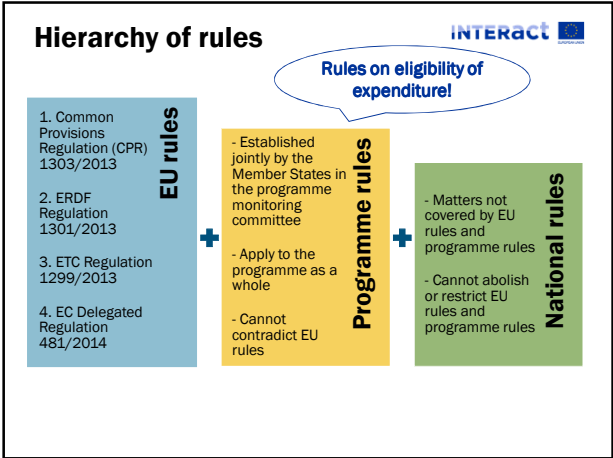
Interreg finance management camp

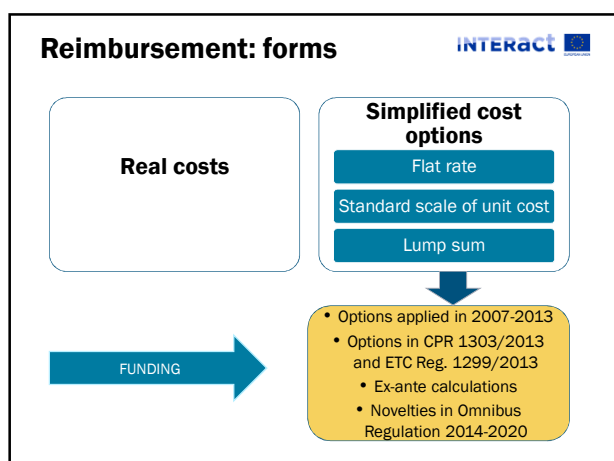
20 – 23 March 2018 | Sofia, Bulgaria


Iuliia Kauk, Interact Programme

European Regional Development Fund








SCO: 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:



Staff costs * 0,15 = Office and Administration costs

Direct costs other than the staff costs * 0,20 = Staff costs

SCO: 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
- Established based on fair, equitable and verifiable calculation method

Example:

Cost for advisory service based on historical data

Number of days * EUR 350

SCO: 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 *in 2007-2013

Example:

Project preparation costs

Costs of predefined project activities

Small projects/ people-to-people projects



Use simplified cost options as
much as possible!!!

Commission's position on SCOs

Omnibus – novelties and extension of SCOs

- Commission delegated act for any type of SCO
- Financing based on fulfilment of conditions
- Mandatory for small ERDF operations < EUR 100 000 of public support
- No limit for lump sums
- Increased flexibility for the hourly rate for staff costs

Omnibus – novelties for the establishment of the SCOs



New flat rates:

- Up to 20% of the direct costs other than staff costs of the operation to calculate the direct staff costs
- Up to 40% of eligible direct staff costs to calculate all the other costs

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

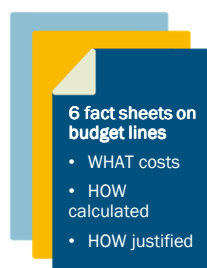
Delegated Regulation 481/2014

- 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




Available on Interact website
Matrix of Costs





STAFF COSTS BL1




Staff costs

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



Staff costs – Real costs

Full-time on the project	Part-time on the project	Part-time flexible number of hours per month
SCs = total gross employment cost No time registration required	Fixed % of time per month SCs = fixed % * gross employment cost No time registration required Document setting out the % of time on the project Time varies every month SCs = No of hours worked * gross employment cost Time registration of 100% working time	Step 1: Hourly rate 1. Monthly gross employment cost and working time fixed in employment document/ No of working hours per month 2. Latest documented annual gross employment cost/ standard 1720 hours Step 2: Hourly rate * number of hours actually worked on the project Time registration of 100% working time Working time does not include holidays, illness

Staff costs – Part-time Real costs via standard 1720h/year



Example: Annual gross employment cost 34.400 EUR

Option	Working time fixed in contract		Standard 1720 hours/year
MONTHLY working hours	160	140	143,33
ANNUAL working hours	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 – Part-time 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 Regulation

Staff costs of an operation may be calculated as 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 / 1720h)
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

EX

Exercise – Staff costs calculation

Your task – work in groups

Imagine that you are PP2.

You need to budget costs for your staff.

- Part A: calculate staff costs using SCOs (flat rate, SSUC);
- Part B: calculate staff costs using real costs method;
- Part C: consider pros and cons of both methods, pick the best scenario for PP2



Exercise – Staff costs calculation

Simplified cost options

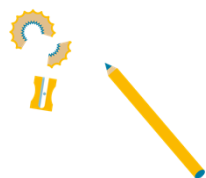
Standard scale of unit costs (SSUC)	Monthly gross employment cost	Annual gross employment cost	Annual working hours	Hourly rate according to SSUC	Annual working hours on the project	Annual staff cost	Staff cost 3 years
	Annika	45,600.00 €		28.00 €	640	17,920.00 €	
		=3.040* 12			=40*10+120*2	=28* 640	53,760.00 €
	Mikael	3,040.00 €	36,480.00 €	18.00 €	560	10,080.00 €	30,240.00 €
		=2.500* 12			=40*10+80*2	=18* 560	
	Jan-Erik	8,448.00 €		11.00 €	384	4,224.00 €	12,672.00 €
		=32* 12* 22			=32*12	=11* 384	
	Agnes	2,500.00 €	30,000.00 €	18.00 €	1459.2	26,265.60 €	78,796.80 €
		=2.500* 12			=152*0.8*12	=18*1459.2	
	Robert	3,000.00 €	36,000.00 €	18.00 €	729.6	13,132.80 €	39,398.40 €
		=3.000* 12			=152*0.4*12	=18*729.6	
TOTAL						71,622.40 €	214,867.20 €
Flat rate	Direct costs	Flat rate	Staff costs				
	57,000.00 €	20%	11,400.00 €				
	TOTAL				= 57,000*0.2		
				11,400.00 €			

Exercise – Staff costs calculation

Real costs



	Monthly gross employment cost	Annual gross employment cost	Annual working hours	Hourly rate	Annual working hours on the project	Annual staff cost	Staff cost 3 years
Real costs	Annika	3,800.00	45,600.00 €	1720	26.51 € =45,600/1720	640	16,967.44 € =26.51*640
	Mikael	3,040.00	36,480.00 € =3,040* 12	1824	20.00 € =36,480/1824	560 =40*10+80*2	11,200.00 € =20* 560
	Jan-Erik				22.00 €	384 =32* 12	8,448.00 € =22* 384
	Agnes	2,500.00	30,000.00 € =2,500* 12				30,000.00 €
	Robert	3,000.00	36,000.00 € =3,000* 12				14,400.00 € =36,000*0.4
	TOTAL						81,015.44 € 243,046.33 €



OFFICE and ADMINISTRATION BL2

Office and administration




Eligible cost

- Indirect costs - 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


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Office and administration – Flat rate

Art. 68(1), CPR

Indirect costs may be calculated at a flat rate of:


<p>Up to 25% of eligible direct costs</p> <p>Fair, equitable and verifiable calculation method</p>	<p>Up to 15% of eligible direct staff costs</p> <p>No calculation method is required</p> <ul style="list-style-type: none"> • can apply at individual partner level • partners do not need to provide any audit trail
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TRAVEL and ACCOMMODATION BL3

Travel and accommodation

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<p>Eligible cost</p>	<ul style="list-style-type: none"> • 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
<p>General principles</p>	<ul style="list-style-type: none"> • Travel and accommodation of external experts - under <i>External Expertise and Services, BL4</i> • 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
<p>Forms of reimbursement</p>	<ul style="list-style-type: none"> • Real costs • SCO - SSUC

Travel and accommodation



Standard km rate for travel, Interreg Europe, based on Erasmus + methodology

Distance, km	Km rate for travel, EUR
10 – 99.99	20.00
100 – 499.99	180.00
500 – 1 999.99	275.00
2 000 – 2 999.99	360.00
3 000 – 3 999.99	530.00
4 000 – 7 999.99	620.00

http://ec.europa.eu/programmes/erasmus-plus/resources/distance-calculator_en




EXTERNAL EXPERTISE and SERVICES BL4

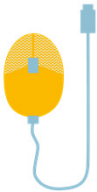
External expertise and services




Eligible cost

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

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EQUIPMENT BL5


Equipment INTERACT 

Eligible cost

General principles

- 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
- Open list of costs defined in Del. Reg. 481/2014 ...; *other specific equipment needed for operations*

- 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 INTERACT 


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 use	Depreciation
<ul style="list-style-type: none"> • Equipment partially used for the project (degree of use for the project) <p><i>Share has to be calculated according to a justified and equitable method.</i></p>	<ul style="list-style-type: none"> • Costs related to the period of support for the project (period of use) • Equipment purchased before the project approval and used for the project purpose <p><i>Cost calculated in line with legislation or general accounting principles of the partner organisation.</i></p>

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INFRASTRUCTURE and WORKS BL6


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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'](#)

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Infrastructure and works

Types of activities supported by ERDF	Costs of activities: Budget lines
Productive investment	Staff costs
Fixed <i>investment in equipment</i>	Office and administration
<i>Investment in infrastructure</i>	Travel and accommodation
Networking, exchanges of experiences	External expertise and services
Studies, preparatory actions, capacity-building	<i>Equipment</i>
	<i>Infrastructure and works</i>



Cooperation works

All materials will be available on:
www.interact-eu.net