

# Eligibility and verifications – Staff costs

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## **Eligible expenditure**

**Incurred and  
paid**

**In the eligible  
area**

**Within the  
eligible period**

**Reported in Euro**

**Reported under  
the correct  
budget line**

**Justified by  
supporting  
documents**

## Period of eligibility of expenditure

- EU rules concerning programme funds



1 January 2014

31 December 2023

- Programme rules

Different start/end dates for the eligibility of project expenditure between programmes.

## Use of Euro

### **Art 28, ETC Reg.**

(...) expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the Commission in the month during which that expenditure was either:

- Incurred
- Submitted for verification to MA or the controller
- Reported to the lead partner

## Allocated under the correct budget line

<b>Budget lines</b>	<ol style="list-style-type: none"> <li>1. Staff Costs</li> <li>2. Office and Administration</li> <li>3. Travel and Accommodation</li> <li>4. External Expertise and Services</li> <li>5. Equipment</li> <li>6. Infrastructure and Work</li> </ol>
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## Matrix of Cost

- Guides on the allocation of eligible expenditure under different budget lines.
- Supports the harmonization of approaches between programmes.
- The Matrix of Costs is a living document.

# **Justified by supporting documents**

**Evidence of expenditure incurred and paid  
must be provided.**

## **Simplified cost options:**

- flat rate – ‘paid’ when costs that form the basis for calculation are paid
- standard scale of unit costs/ lump sums – no ‘paid expenditure’ in the usual sense

# Audit trail – Staff costs

Required documents depending on the reimbursement option	Real costs					20 % flat rate	SSU C
	Full time	Part time			Hourly rate set in the contract		
		Fixed %	1720 hours/year	Actual hours			
Employment/work contract	✓	✓	✓	✓	✓	✗	✓
Job description	✓	✓	✓	✓	✓	✗	✓
Payslips	✓	✓	✓	✓	✓	✗	✗
Data from time registration system	✗	✗	✓	✓	✓	✗	✓
Proof of payment	✓	✓	✓	✓	✓	✗	✗



## **Audit trail – Office and administration real costs (NOT flat rate)**



List of (in)direct costs



Paid invoices



Calculation method



Proof of payment

# **Audit trail – Travel and accommodation real costs**



Agenda



Proof of participation



Paid invoices











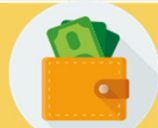






Daily allowance



Proof of payment

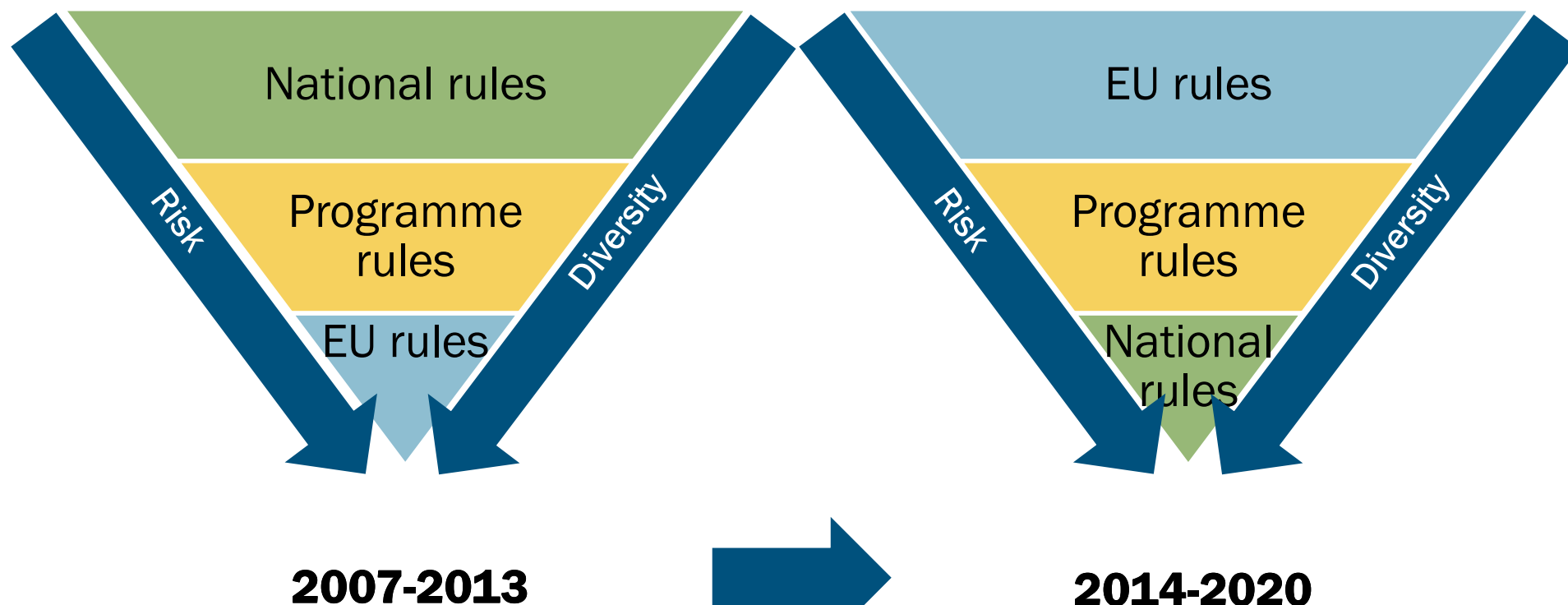
# Audit trail – 3 budget lines

## real costs

	External expertise and services	Equipment	Infrastructure and works
Selected offer / contract			
Invoices			
Proof of payment			
Evidence of work/ existence			
<i>Calculation method, if necessary</i>			

# Hierarchy of rules

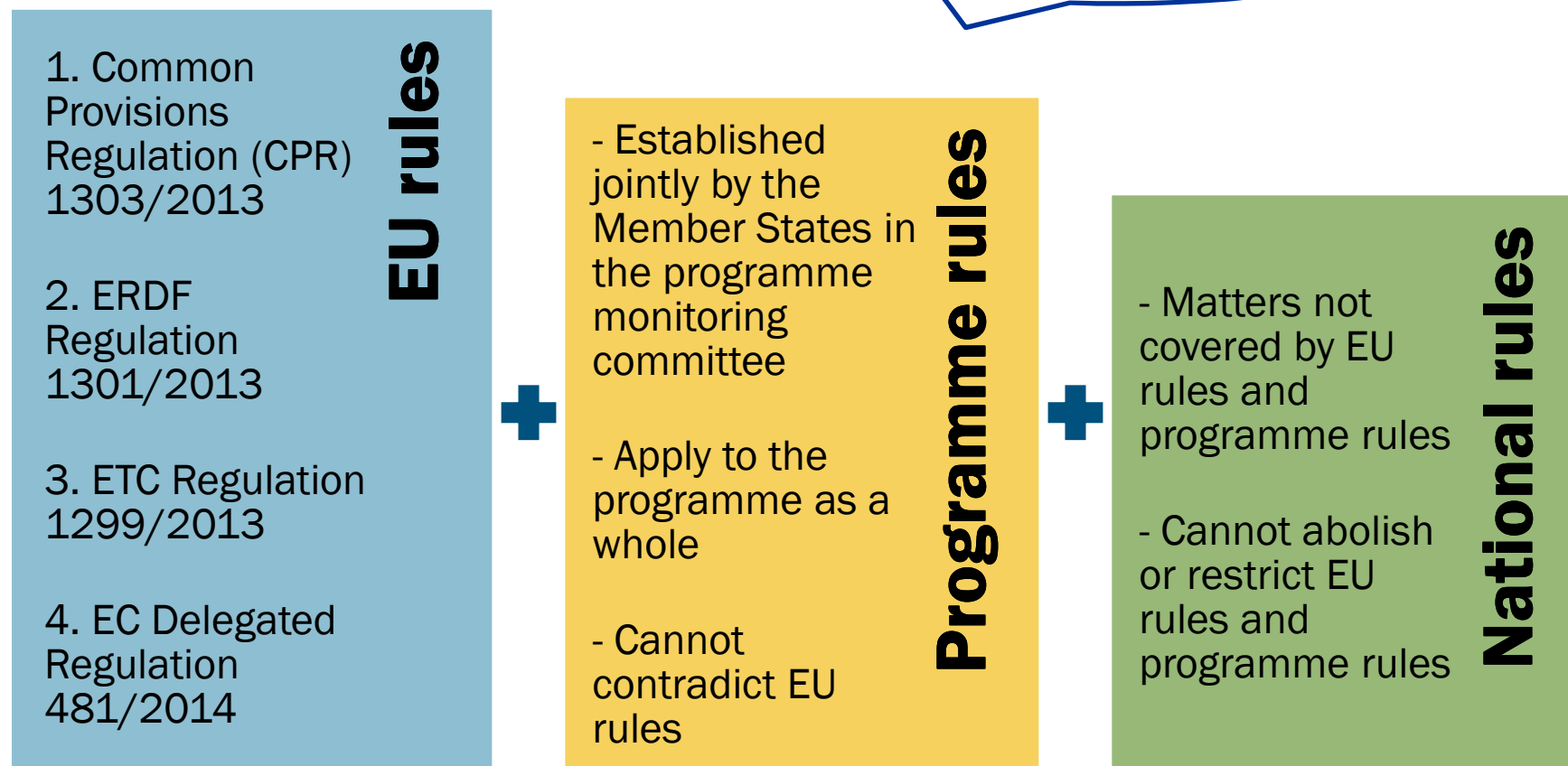
Rules on eligibility of expenditure!



Art 65, CPR and Art 18, ETC Reg.

# Hierarchy of rules

Rules on eligibility of expenditure!



## **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

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

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

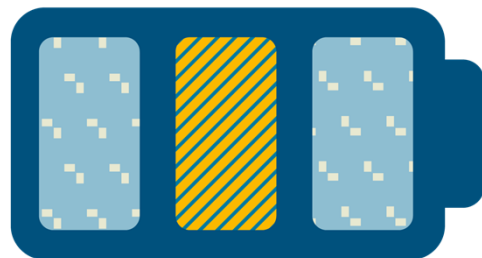
6. Infrastructure and works

General rules  
defined in CPR  
1303/2013

# Staff costs

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eligibility of expenditure





# 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
  - 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>	<b>160</b>	<b>140</b>	143,33
Working hour a YEAR	1920	1680	<b>1720</b>
Hourly rate	$34.400/1920 = \mathbf{17,9}$	$34.400/1680 = \mathbf{20,5}$	$34.400/1720 = \mathbf{20}$
Hours on the project	10 hours	10 hours	10 hours
STAFF COST	$17,9 \times 10 = \mathbf{179 \text{ €}}$	$20,5 \times 10 = \mathbf{205 \text{ €}}$	$20 \times 10 = \mathbf{200 \text{ €}}$

*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
<b>TOTAL</b>		13	3	100% working time



For staff working partly on the project on a fixed percentage, is data from the time registration required?

## **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



# Exercise – Staff costs calculation

# 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
	Annika	3,800.00	45,600.00 €	1720	26.51 €	640	16,967.44 €	50,902.33 €
					=45.600/1720	=40*10+120*2	=26.51*640	
	Mikael	3,040.00	36,480.00 €	1824	20.00 €	560	11,200.00 €	33,600.00 €
			=3.040* 12	=152*12	36.480/1824	=40*10+80*2	=20* 560	
	Jan-Erik				22.00 €	384	8,448.00 €	25,344.00 €
						=32*12	=22* 384	
	Agnes	2,500.00	30,000.00 €				30,000.00 €	90,000.00 €
			=2.500* 12					
	Robert	3,000.00	36,000.00 €				14,400.00 €	43,200.00 €
			=3.000* 12				=36.000*0.4	
	TOTAL						81,015.44 €	243,046.33 €

Flat rate	Direct costs	Flat rate	Staff costs
	57,000.00 €	20%	11,400.00 € = 57,000*0,2
	TOTAL		11,400.00 €

# Cooperation works

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All materials will be available on:

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