

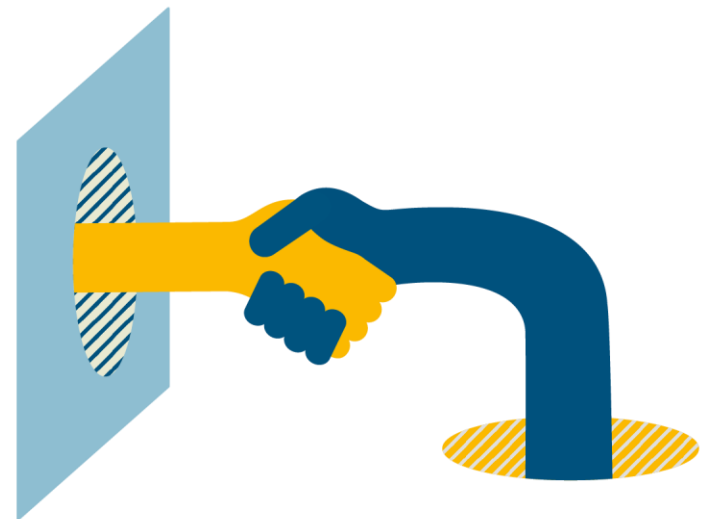
Budget lines and simplified cost options

Financial management of IPA Programme

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 @InteractEU

Mattias Assmundson, Interact Programme



Budget lines

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

Categories of costs
listed in Art 18, ETC
Reg.

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

General rules
defined in CPR

WHAT COSTS? HOW CALCULATED? HOW JUSTIFIED? - fact sheets

- 5 + 1 fact sheets

- Staff costs
- Office and administration
- Travel and accommodation
- External expertise and services
- Equipment
- *Infrastructure and works*

Available on INTERACT website
www.interact-eu.net

- Matrix of costs – examples of costs under each of the budget lines



Staff costs



Staff costs I

- Eligible cost:

- Full-time and part-time work on the project
- Salary payments and other costs linked to salary payments (employment taxes, social security) not recoverable by the employer
 - ✓ All costs fixed in the employment document/law
 - ✓ Salaries related to responsibilities specified in the job description

- Reimbursement options:

- Option I: Real costs (payslips required)
- Simplified cost options, e.g.
 - Option II: Flat rate of up to 20% of direct costs other than the staff costs (Art. 19, ETC Reg.)
 - Option III: Standard scale of unit costs



Staff costs II - Real costs

- Full-time assignment on the project

Staff costs = total gross employment cost

- ✓ No time registration required

- Part-time assignment on the project

- Fixed % of time on the project **per month**

Staff costs = fixed % of gross employment cost

- ✓ Document setting out the % of time on the project
- ✓ No time registration required

- Time on the project **varies every month**

Staff costs = part of gross employment cost depending on the number of hours worked on the project

- ✓ Time registration covering 100% working time



Staff cost III - Real costs

Part-time flexible number of hours per month

- Hourly rate calculation based on either:
 - 1) Monthly gross employment cost and working time (number of working hours per month) fixed in the employment document **OR**
 - 2) Latest documented annual gross employment cost and a 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 to holidays, illness, etc.



Staff costs IV -

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
TOTAL				100% working time



Staff costs V - 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 set at the programme level.



Staff costs VI - Standard scale of unit costs

Art 67, CPR

- Forms of reimbursement:
 - standard scale of unit costs – established based on 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



Office and administration I

- Eligible cost

- “Operating and administrative expenses of the partner organisation that support delivery of the project activities.” (OPEX not CAPEX)
- Exhaustive list of eligible elements defined in the Del. Reg. 481/2014 (list of examples in Matrix of costs)

- Reimbursement options:

- Option I: Real costs
- Option II: Flat rate of up to 15% of staff costs (Art 68.1(b), CPR)



Office and administration II - Flat rate

Art. 68.1, CPR

Indirect costs may be calculated at a flat rate of:

- Up to **25% of eligible direct costs** – established based on fair, equitable and verifiable [calculation method](#)
- Up to **15% of eligible direct staff costs** – [no calculation](#) method required from the programme
 - applicable at the partner level
 - partners do not need to provide any audit trail

Staff costs calculated at a flat rate can still form the basis for calculation of indirect costs at a flat rate of (up to) 15% of staff costs.



Equipment



Travel and accommodation

- Eligible cost

- “Travel and accommodation costs of staff of partner organisations that relate to delivery of the project.”
- Exhaustive list of eligible elements defined in the Del. Reg. 481/2014 (list of examples in Matrix of costs)
- Travel and accommodation of external experts under **External expertise and services**
- Maximum daily rates for hotel and subsistence should be respected, in line with national legislation or internal policy of the partner organisation
- Costs related to travel outside the programme area (Art 5, Del. Reg. 481/2014) – **location of the partner**



External expertise and services



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 eligible elements defined in the Del. Reg. 481/2014 (list of examples in Matrix of costs)
 - ✓; *other specific expertise and services needed for operations*



Equipment



Equipment I

- Eligible cost

- “Equipment **purchased, rented or leased** by a partner, necessary to achieve objectives of the project. This includes costs of equipment **already in possession** by the partner and used to carry out project activities.”

- Open list of eligible elements defined in the Del. Reg. 481/2014 (list of examples in Matrix of costs)

- ✓; *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 II

- Full purchase cost of equipment is eligible, provided:
 - Equipment used solely for the project
 - The total economic and depreciable life-time falls within the period of support
- Otherwise:

Pro-rata use

- ✓ Equipment partially used for the project (degree of use for the project).
- ✓ Equipment purchased before the project approval and used for the project purpose (period of use).

Share has to be calculated according to a justified and equitable method.

Depreciation

- ✓ Decrease in value of the equipment.
- ✓ Costs relate to the period of support for the project (Art. 69 CPR).

Cost calculated in line with legislation or general accounting principles of the partner organisation.

Investments and Infrastructure



Investment activity

Equipment:

- ✓ Fixed investments in equipment
- ✓ Equipment part of an investment in infrastructure

Infrastructure and works:

- ✓ Investments in infrastructure

For each expenditure incurred in relation to the project activities, the type of cost determines which budget line the cost item should be assigned to.



Infrastructure

Rules on eligibility of infrastructure expenditure:

- Some general rules defined in CPR, e.g. purchase of land
- No specific rules defined in the Del. Reg. 481/2014

See the fact sheet on the budget line “Infrastructure and works”.



Library and communication platforms

- ✓ EU regulatory framework 2014-2020
- ✓ EC Guidance on simplified cost options for ESI (EGESIF_14-0017, Sept. 2014)
- ✓ Fact sheets on budget lines and other INTERACT guidance material
- ✓ INTERACT events
- ✓ Basecamp on Eligibility of expenditure



Cooperation works

All materials will be available on:

www.interact-eu.net

Contact: Mattias Assmundson Email: mattias.assmundson@interact-eu.net