

Project Development - Budget Lines and Simplified Cost Options

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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



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 Costs 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 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	$34.400/1920 = \mathbf{17,9}$	$34.400/1680 = \mathbf{20,5}$	$34.400/1720 = \mathbf{20}$
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 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
12.06.16	Work package 1	5	3	8
13.06.16	Work package 2	8	0	8
TOTAL		13	3	100% <i>working time</i>



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 are set at 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





For staff working full-time on the project, or with a fixed percentage:

Is data from the time registration required?



Office and Administration



Office and Administration I

Eligible cost:

- “Operating and administrative expenses of the partner organisation that support delivery of the project activities.”
- 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 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.





What is the requirement for using a flat rate on Office and Administration of up to 25 % of eligible direct costs?



Travel and Accommodation



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





Can Travel and
Accommodation costs from
a cancelled journey still be
eligible?



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





Under which category of costs should control costs be reported?



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 is 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.





The cost of a cow is included in the list of expenditure of a project.

Are animals an eligible cost?



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



Ineligible expenditure: non-exhaustive list

Art. 69.2, CPR Reg. 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 for the operation concerned
- Recoverable VAT

Del. Reg. 481/2014

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



Cooperation works

All materials will be available on:

www.interact-eu.net

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