

**Interreg**



Co-funded by  
the European Union

**Alpine Space**

# Financial Management

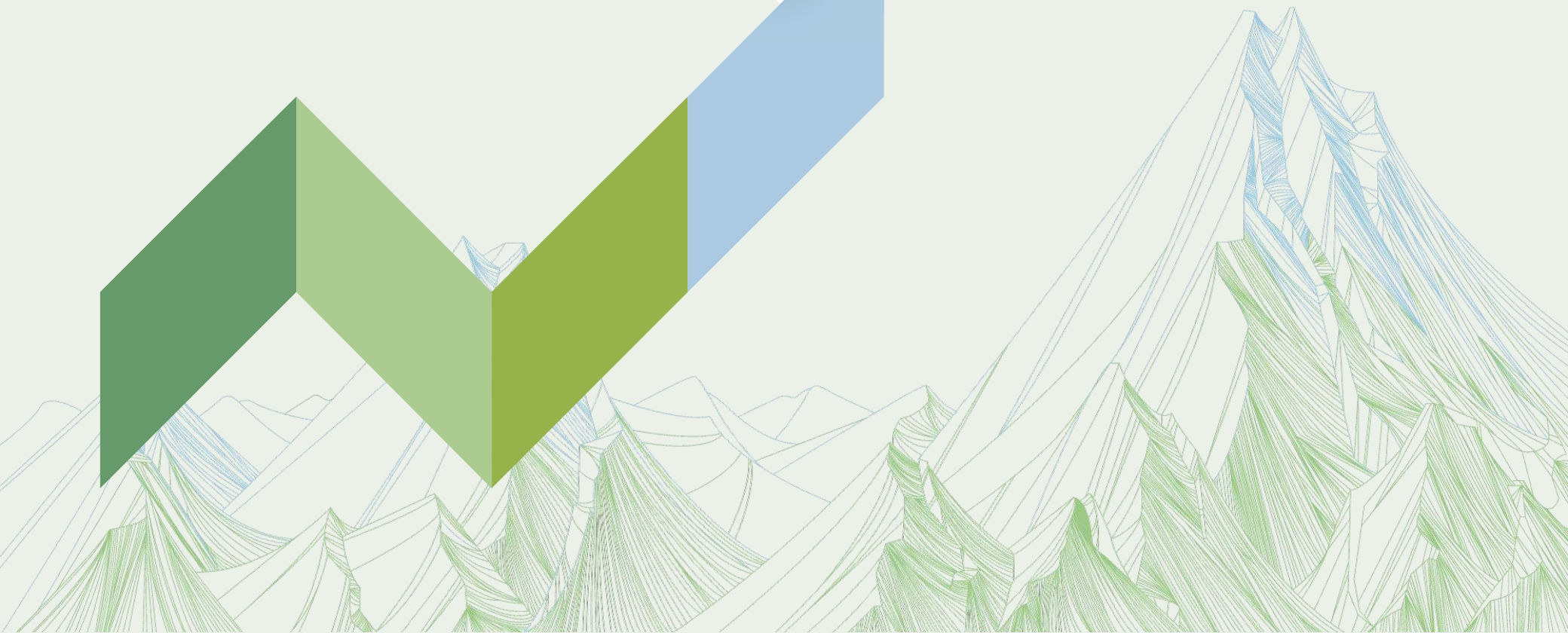
Salzburg | Austria | 16 November 2022

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Magdalena Friedwagner-Maislinger  
Wolfgang Schrattenecker

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# Cost categories - combination options



cost categories	option a)		option b)		option c)	
	real costs	flat rate	real costs	flat rate	real costs	flat rate
staff costs	fixed percentage method			20% of external expertise and equipment costs	fixed percentage method	
office and administration costs		15% of staff costs		15% of staff costs		40% of staff costs
travel and accommodation costs		10% of staff costs		10% of staff costs		
external expertise and service costs	real costs		real costs			
equipment expenditure	real costs		real costs			

- Classic projects: all combination options (a-c) are possible
- Small scale projects: only combinations b) or c) can be applied

The single cost categories are detailed in the programme manual!

# Staff costs calculation based on real costs



- Staff costs must be calculated individually for each staff member
- Calculation method: fixed percentage of gross employment costs
- Eligible staff costs = assignment percentage x gross employment costs
- Relevant documents:
  - Employment contract
  - Pay slips
  - Project assignment
  - In case of recruitments: evidence on consideration of internal provisions

## Please consider:

- Payments (e.g. personal draw) to self-employed persons are ineligible
- Special payments (e.g. 13th/14th salary) shall be considered pro-rata only
- Voluntary payments (e.g. rewards) are ineligible
- Only staff costs of **assigned employees** are eligible (=> assignment obligatory)

# Staff costs calculation based on real costs



## Project assignment:

- Programme template to be used
- To be issued per single employee and per reporting period
- To be issued and signed **before** the respective assignment period!
- Informs about project related tasks and the estimated working time dedicated to the project (in percent of the total working time according to the employment contract = assignment percentage)
- Please document, how the assignment percentage was determined!



## Project assignment

### Identification of project and project partner

Project acronym	
Name of project partner	

### Assigned employee

Name of employee		
Assignment period	Please indicate starting and end date of the assignment. Please consider that the assignment period shall correspond with the reporting period.	
	Starting date	End date
Version N°		

### Confirmation

With this task assignment, it is confirmed that the above-mentioned employee works on the above-mentioned project.

In case that he/she is involved in other public funded projects (please specify in the table below the relevant project acronyms and the funding programmes/sources), it is confirmed that there is no double financing, as not more than 100% of my working time will be reported.

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# Project assignment

## Identification of project and project partner

Project acronym	
Name of project partner	

## Assigned employee

Name of employee			
Assignment period <small>Please indicate starting and end date of the assignment. Please consider that the assignment period shall correspond with the reporting period.</small>	<p style="text-align: center;"><i>should be aligned with RP</i></p> <table><tr><td>Starting date</td><td>End date</td></tr></table>	Starting date	End date
Starting date	End date		
Version N°	<p style="text-align: center;"><i>regularly version 1 (revision only in case of expected major deviations)</i></p>		

## Confirmation

With this task assignment, it is confirmed that the above-mentioned employee works on the above-mentioned project.

In case that he/she is involved in other public funded projects (please specify in the table below the relevant project acronyms and the funding programmes/sources), it is confirmed that there is no double financing, as not more than 100% of my working time will be reported.

<p><i>please list here any other public funded project the employee is working on</i></p>
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He/she carries out the following project-related tasks in this assignment period:

<p><i>Detailed description to be included here - based on activities as outlined in section C.4 of the application form (sufficient information for justifying the eligibility of the related staff costs)</i></p>
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He/she is assigned with the following share of his/her working time in this period to carry out the tasks as described above.

Assignment percentage <sup>1</sup>	
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*Please consult the programme guidance on the calculation of the assignment percentage and ensure a proper documentation!*

Name of employer

Name of employee

*To be signed ahead of the assignment period! Minor delays (of less than a month may be accepted in the first reporting period)*

Date<sup>2</sup> and employer's signature

Date<sup>2</sup> and employee's signature

# How to calculate the extent of the assignment

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- **Step 1:** list the main project related tasks to be implemented by the employee within the assignment period in question (you may define employee-specific tasks for the single activities defined in section C.4 of the AF)
  - **Step 2:** estimate the related working hours for the defined tasks (estimated hours per tasks)
  - **Step 3:** calculate the pro-rata of the estimated total of the project-related working hours in relation to the total working hours (annual reference value for total working hours: 1.720 hours for full-time employment)  
(this means for a six-monthly assignment period e.g. 860 hours for a full-time employed and 430 hours for a half-time employed staff member)
- => percentage remains applicable for the duration of the assignment!

# Flat rates



- Staff costs: 20 % of the direct costs other than the direct staff costs (= external expertise and services costs and equipment cost).  
*please consider: requirement of at least one employee*
  - Other costs: 40% of staff costs
  - Office and administration costs: 15% of staff costs
  - Travel and accommodation costs: 10% of staff costs
- ⇒ No need to document that the expenditure was incurred and paid
- ⇒ To be requested in the initial version of the AF (cannot be changed after the approval)
- ⇒ Office & administration costs and travel & accommodation costs can only be reported as flat rates

# External expertise and service costs

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- Basis: real costs
- Written contract (or any document of equivalent probative value) between beneficiary and service provider is required
- Contracts concluded between project partners of the same project are ineligible
- Relevant procurement rules must be respected and the procurement properly documented
- Even for small services, offers of different service providers should be requested/market prices should be compared (to be documented)
- Publicity rules to be observed
- Proof of outputs and services delivered is required



# Equipment expenditure

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- Basis: real costs
- Equipment is eligible if it is listed in the AF or if it is approved in advance and in written by the JS
- Equipment is eligible if it is not covered by the office and administration costs
- Costs of equipment which is purchased, rented or leased from another beneficiary are not eligible.
- Only depreciation costs are eligible.
- Publicity rules to be observed.
- Relevant procurement rules must be respected.



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# GROUP EXERCISE

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# Group exercise

## Project assignment

### Identification of project and project partner

Project acronym	EAGER
Name of project partner	DILIGENT

### Assigned employee

Name of employee	Laura BUSY	
Assignment period	01.11.2022	30.04.2023
<small>Please indicate starting and end date of the assignment. Please consider that the assignment period shall correspond with the reporting period.</small>	Starting date	End date
Version N°	1	

### Confirmation

With this task assignment, it is confirmed that the above-mentioned *employee* works on the above-mentioned project.

In case that he/she is involved in other public funded projects (please specify in the table below the relevant project acronyms and the funding programmes/sources), it is confirmed that there is no double financing, as not more than 100% of my working time will be reported.

Project MOTIVATED - HORIZON 2020
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He/she carries out the following project-related tasks in this assignment period:

- |   |
|---|
| <p>WP1, activity 1.3 - Planning and organisation of the project's kick-off event: 112 hours</p> <ul style="list-style-type: none"><li>o Procuring venue &amp; catering (internetsearch, requesting/comparing offers, contracting) =&gt; 8 hours</li><li>o Fixing agenda and invitation (coordination with LP, PP 2&amp;6, contacting of experts) =&gt; 12 hours</li><li>o Procuring moderation (internet research, requesting/comparing offers, contracting) =&gt; 8 hours</li><li>o Organising welcome dinner (internet research, comparing offers, contracting) =&gt; 4 hours</li><li>o Organising registration (set-up online tool, list of participant, answering requests) =&gt; 8 hours</li><li>o Preparing input for event (preparation of networking game, ppt on input WP 1) =&gt; 24 hours</li><li>o Preparing location ahead of the meeting =&gt; 8 hours</li><li>o Participating the kick-off event =&gt; 16 hours</li><li>o Post-processing (preparation of report on results and photo documentation, checking of invoices and preparation of payment procedures to external experts and service providers) =&gt; 24 hours</li></ul> <p>WP1, activity 1.3 - Participation in two project steering group meetings: 34 hours</p> <ul style="list-style-type: none"><li>o PSG 1: preparation for and post-processing of the meeting =&gt; 6 hours</li><li>o PSG 1: participation to the meeting =&gt; 8 hours</li><li>o PSG 2: preparation for and post-processing of the meeting =&gt; 6 hours</li><li>o PSG 2: travel to the meeting (2x3 hours) =&gt; 6 hours</li><li>o PSG 2: participation to the meeting =&gt; 8 hours</li></ul> <p>WP3, activity 3.2 - Preparation of a procurement: 32 hours</p> <ul style="list-style-type: none"><li>o First drafting of tender documents (i.a. internet research, draft specification of services, first cost estimation, timeline, procedure) =&gt; 16 hours</li><li>o Internal coordination (i.a. exchange with legal experts, exchange with internal PM, agreement on draft line and procedure to be applied)=&gt; 8 hours</li><li>o Finalisation of tender documents =&gt; 8 hours</li></ul> <p>WP3, activity 3.4 - First arrangements for a pilot activity: 56 hours</p> <ul style="list-style-type: none"><li>o Drafting of timeline and workplan =&gt; 8 hours</li><li>o Organisation and implementation of an internal workshop =&gt; 12 hours</li><li>o Preparation of an "expert round" with stakeholders (organisation of venue, invitation of stakeholders,</li></ul> |
|---|

# Group exercise



drafting of preparatory documents) => 12 hours
o Implementation of expert round => 8 hours
o Post processing of expert round => 4 hours
o Drafting of detailed concept => 12 hours

He/she is assigned with the following share of his/her working time in this period to carry out the tasks as described above.

Assignment percentage <sup>1</sup>	36 %
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Mary Boss

Laura Busy

Name of employer

Name of employee

30.10.2022

30.10.2022

Date<sup>2</sup> and employer's signature

Date<sup>2</sup> and employee's signature

<sup>1</sup> As regards the calculation of the extent of the assignment please refer to annex VIII of the programme manual "How to calculate the assignment percentage".

<sup>2</sup> According to the programmes eligibility rules the project assignment has to be issued and signed before the starting date of the assignment period

Calculation of assignment percentage:

$$234 / 645 = 0,3628 = \underline{36\%}$$

(project-related working hours/total working hours)

Staff costs:

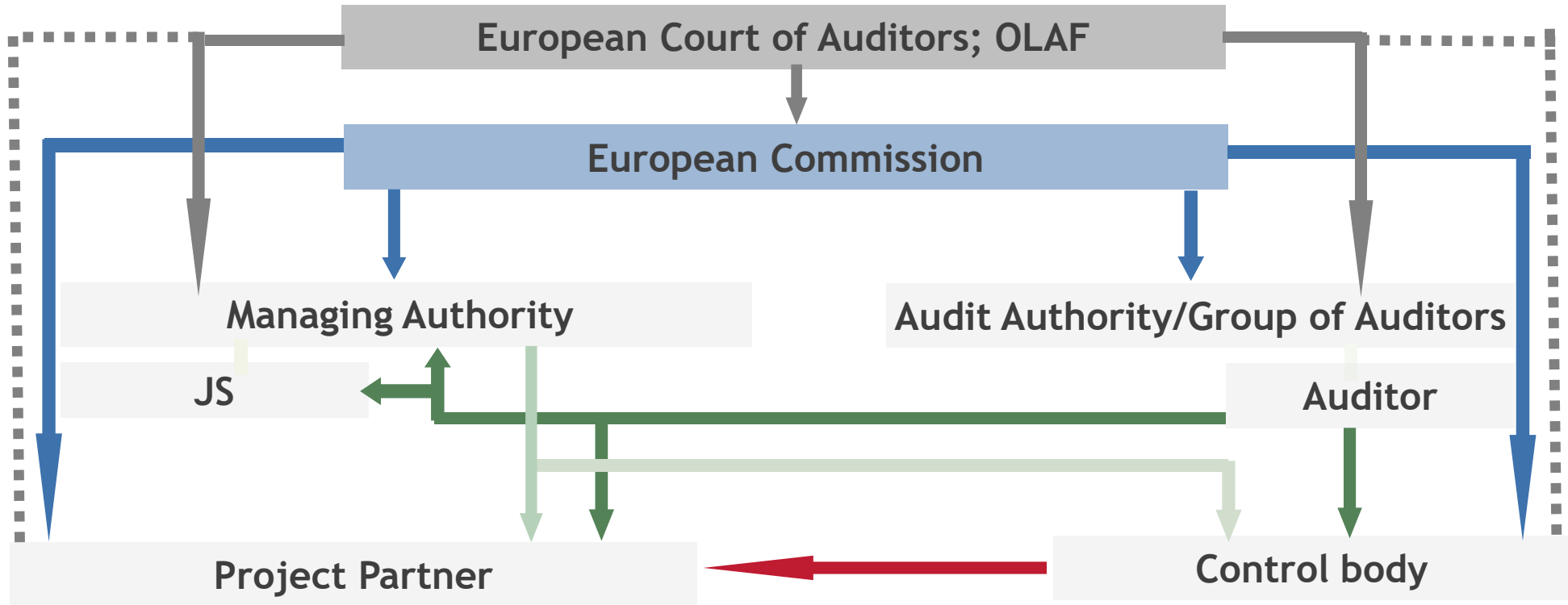
total eligible staff costs = 29.450





(4.800\*6+3900/12\*2)

project-related eligible staff costs = 10.602

(29.450\*0,36)

# Financial control



-  Control of all expenses and certification of eligible ones => **FIRST LEVEL**
-  Audit of the programme's system, the annual accounts and operations (projects) => **SECOND LEVEL**
-  Verification of MA/JS on the basis of project reports/payment claims
-  Audits of the EC, the ECA or OLAF to verify the functioning of the system and the regularity of the expenditure

# Financial control

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## Main audit findings 2014-2020

- Documentation and calculation of staff costs
  - Project assignments missing or signed too late
  - Calculation of the extent of assignment insufficiently documented
  - Inconsistencies in the staff costs calculation
  - Ineligible salary components included
- Procurement of external experts
  - Weak procurement documentation (e.g. missing market research, price comparison for small projects)
  - Non-observance of procurement rules

## Further findings (examples only):

- Publicity requirements not properly observed
- Missing project relevance of expenditure

# Financial control

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## National control systems (former FLC)

- Austria: decentralised system
- France: decentralised system
- Germany: decentralised system
- Italy: decentralised system
- Slovenia: centralised system

# Further information & contact



Please study chapter B.3 of the programme manual carefully - <https://www.alpine-space.eu/for-project-partners/project-lifecycle/>



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