

Interreg



Co-funded by
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Alpine Space

Financial Management

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Magdalena Friedwagner-Maislinger
Wolfgang Schrattenecker



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 = gross employment costs x assignment percentage**
- 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 <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 H*	

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 Please indicate starting and end date of the assignment. Please consider that the assignment period shall correspond with the reporting period.	<i>should be aligned with RP</i>	
	Starting date	End date
Version N°	<i>regularly version 1 (revision only in case of expected major deviations)</i>	

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.

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

<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>

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 ¹	<i>Please consult the programme guidance on the calculation of the assignment percentage and ensure a proper documentation!</i>
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Name of employer	Name of employee
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<i>To be signed ahead of the assignment period! Minor delays (of less than a month may be accepted in the first reporting period)</i>

Date ² and employer's signature	Date ² and employee's signature
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How to calculate the extent of the assignment



- **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 9-monthly assignment period e.g. 1.290 hours for a full-time employed and 645 hours for a half-time employed staff member)

=> Calculation of assignment percentage:

$$\frac{\text{project-related working hours}}{\text{total working hours}} = \text{assignment percentage}$$

=> The 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



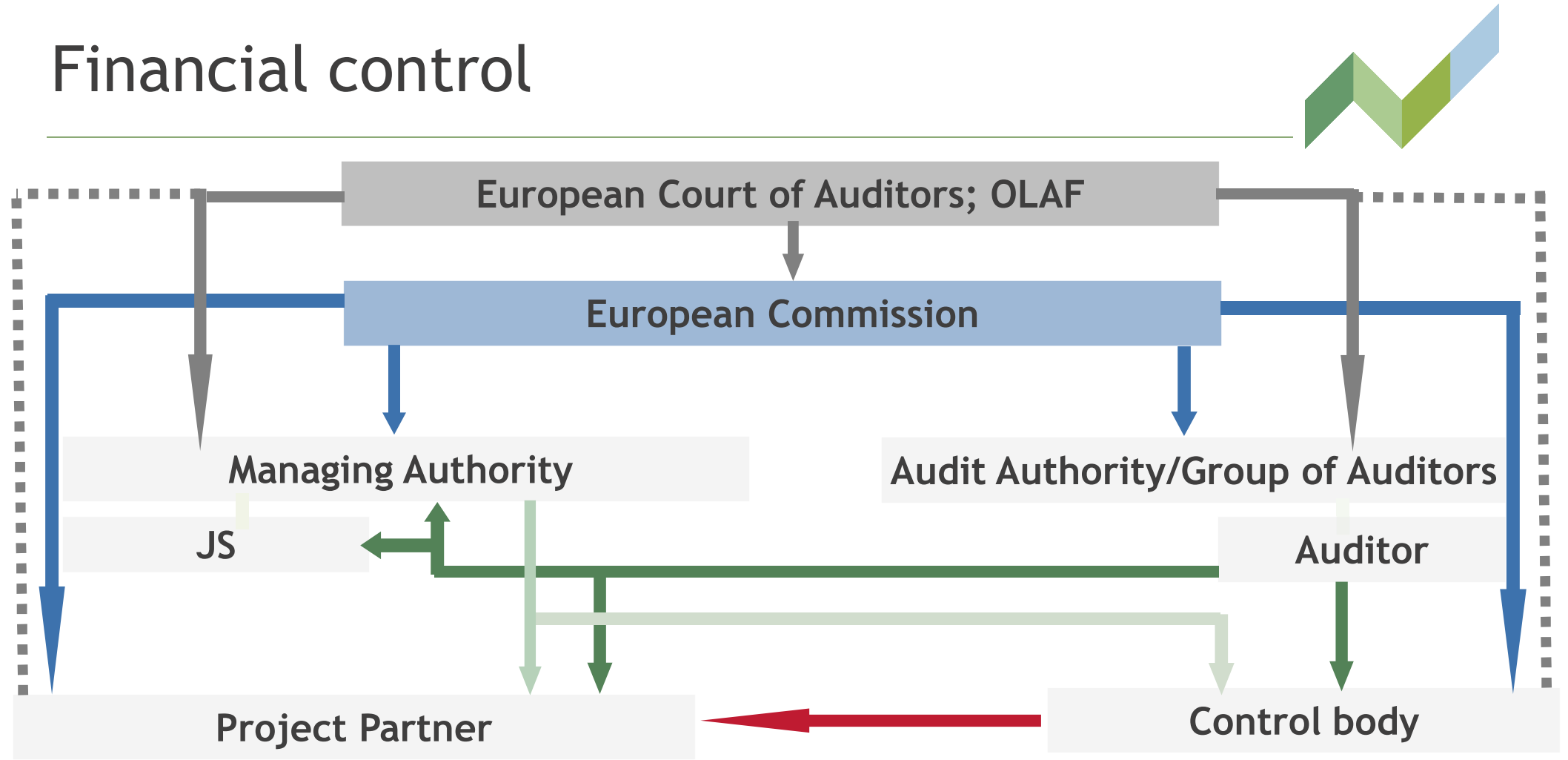
- Basis: real costs
- Written contract (or any document of equivalent probative value) between beneficiary and service provider is required
- Contracts concluded between project partners of the same project are ineligible
- Relevant procurement rules must be respected and the procurement properly documented
- 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



- 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.

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



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



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/>



Magdalena Friedwagner-Maislinger
e-mail: magdalena.maislinger@salzburg.gv.at

Wolfgang Schrattenecker
e-mail: wolfgang.schrattenecker@salzburg.gv.at

Managing Authority
Amt der Salzburger Landesregierung
Südtiroler Platz 11
5020 Salzburg / Austria
e-mail: alpine.space@salzburg.gv.at
www.alpine-space.eu

