

What can('t) be co-financed

The programme eligibility rules

14 | 20

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Structure and aims

To explain general principles of eligibility

To point out specific rules (and FAQs) concerning the budget lines

- Staff costs
- Office and administration expenditure
- Travel and accommodation costs
- External expertise and services costs
- Equipment expenditure

To define what is ineligible

To show some basics of financial management



General principles of eligibility

- Essential for the implementation => **project reference in contracts and invoices**
- Only expenditure incurred in the eligible period shall be eligible. => **between project start and closure date (01.10.2019 – max. 30.6.2022)**
- Principles of efficiency, economy and effectiveness => **documentation of selection and contracting procedure**
- Real costs principle (except for specific cases) => **cash flow**
- Double financing shall be excluded => **make your invoices void**
- Only expenses incurred on the level of the respective PP are eligible => **invoices shall be addressed to the PP (exception in-house organizations)**
- Net-revenues generated by project activities must be deducted => **check [factsheet on revenues](#)**



General principles of eligibility

- When applicable, the relevant public procurement procedures need to be observed. => ensure the compliance with national and EU rules and a proper documentation
- Contracts among project partners cannot be co-funded. => don't contract your PP or any institution connected with your PP. Same for contracts with observers.
- Expenses of organisations contracted via in-house procurement shall be based on verified actual and eligible costs without any additional fees charged => contracted organisation shall follow the same rules as the PP



Staff costs

*It covers gross employment costs of persons employed by the beneficiary and working full or part time on the project, in line with their respective **employment** contracts.*

TWO AVAILABLE OPTIONS:

- **Real costs** or **Flat rate**

The selected option is valid for all staff members of the project partner.

It cannot be modified during the entire project duration.

GENERAL OBSERVATIONS FOR STAFF COSTS:

- Most frequent questions from PP;
- Most time demanding;
- Most common errors;
- Highest FLC deduction or irregularities.



Staff costs – flat rate

CALCULATION METHOD:

- 20% of the total eligible amount declared under the budget lines “travel and accommodation costs”, “external expertise and services costs“, “equipment expenditure“.
- Done automatically in the eMS

CONDITIONS:

- *No other direct staff costs can be claimed.*
- *The project partner shall have at least one employee.*
- *Project partners do not need to document that the expenditure was incurred and paid.*



Staff costs – real costs

CALCULATION METHOD:

- Based on two programme documents
- Project assignment => defines the eligible share of staff costs
 - Full time assignment on the project: 100% of the gross employment costs are eligible.
 - Part-time assignment on the project: The gross employment costs multiplied by the fixed percentage worked on the project are eligible.
- Six-monthly-task report => defines the share of amount to report per WP
 - Description of activities and outputs achieved on WP level,
 - Estimated % of work per each work package,


CONDITIONS:

- *Costs are actually paid out and proofed*
- *Costs are calculated individually for each staff member*
- *Duration of the assignment → strong programme recommendation => 6 months minimum*



Staff costs – project assignment

- Individual assignment for each employee
- Use the **model project assignment** provided by the programme (minimum requirements)
- Read the **guidance** carefully!
- Extent of assignment shall be calculated on the basis of:
 - estimated project related working hours and
 - normal annual working hours (working hours reduced by vacation and national holidays)



Project assignment

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1. Identification of project and project partner	
Interreg Programme	Interreg Alpine Space 2014-2020
Project acronym	
Name of project partner (employer)	

2. Assigned employee	
Name of employee	
Date of signature of employment contract (dd/mm/yyyy)	
Start date of employment (dd/mm/yyyy)	
Extent of assignment (in %) to the above mentioned project	

3. Period of project assignment	
From: (dd/mm/yyyy)	To: (dd/mm/yyyy)

4. Details on the assignment	
WP No.	Project related activities (including information on the envisaged contribution of the employee to the outputs and deliverables to be achieved according to the application form)

5. Confirmation

Herewith, Mr./Mrs. [] is assigned to the above-mentioned Interreg Alpine Space project in order to contribute to project activities and outputs as indicated above.

Please select:

It is confirmed that Mr./Mrs. [] is currently in addition assigned to the following public funded projects:

- [] (funded by []),
- [] (funded by []),
- [] (funded by []).

It is confirmed that in total not more than 100 % of his/her working time are allocated to all these projects and therefore not more than the total actual staff costs will be requested for co-financing.


It is confirmed that Mr./Mrs. [] is currently not assigned to any other public funded project.

[] _____ Date, Place

[] _____ Date, Place

Name and signature of the employer

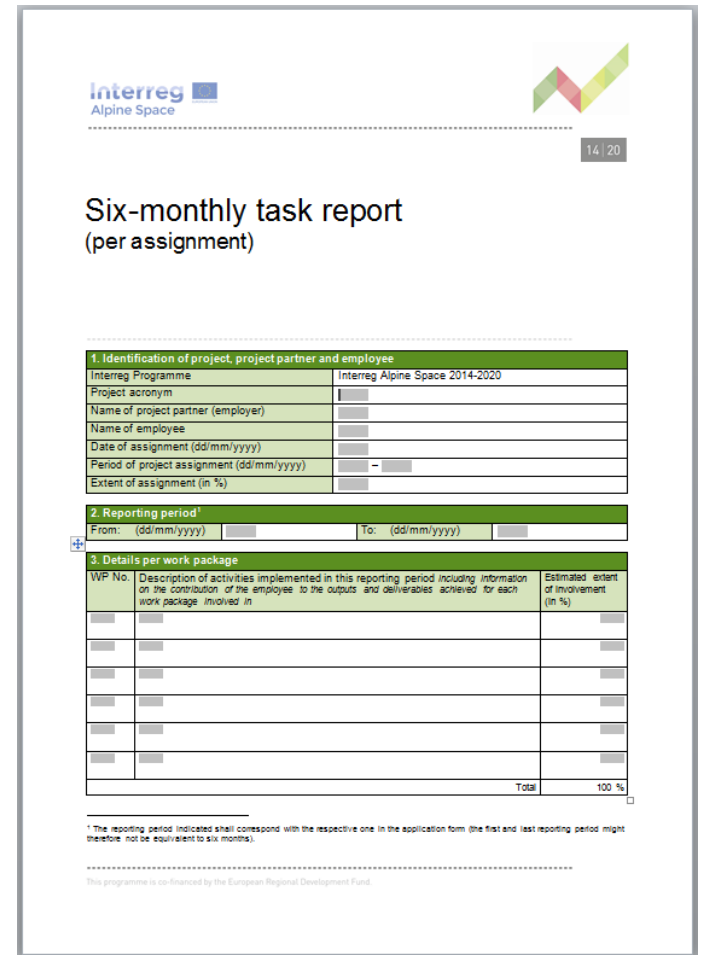
Name and signature of the employee

Interreg Alpine Space  This programme is co-financed by the European Regional Development Fund.



Staff costs – Six-monthly task report

- Individual report for each employee
- Shall be set up for each single assignment issued
- Shall correspond to the project periods indicated in the AF
- Use the **model report** provided by the programme (minimum requirements)
- Read the **guidance** carefully!



The screenshot shows a form titled "Six-monthly task report (per assignment)". It includes the Interreg Alpine Space logo and the date "14 | 20". The form is divided into three main sections:

1. Identification of project, project partner and employee

Interreg Programme	Interreg Alpine Space 2014-2020	
Project acronym		
Name of project partner (employer)		
Name of employee		
Date of assignment (dd/mm/yyyy)		
Period of project assignment (dd/mm/yyyy)	-	
Extent of assignment (in %)		

2. Reporting period¹

From: (dd/mm/yyyy)		To: (dd/mm/yyyy)	
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3. Details per work package

WP No.	Description of activities implemented in this reporting period including information on the contribution of the employee to the outputs and deliverables achieved for each work package involved in	Estimated extent of involvement (in %)
Total		100 %

¹ The reporting period indicated shall correspond with the respective one in the application form (the first and last reporting period might therefore not be equivalent to six months).

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Staff costs – FAQ

- Can one person have more than one assignment per project?
- How to report staff costs in the eMS?
 - [Excel tool developed](#)
- Should the staff costs be documented with timesheets?
- Is a sick or maternity pay eligible?
- ...
-
- YOUR QUESTIONS?



Office and administration expenditure

It covers operating and administrative expenses of project partners (such as office rent, utilities, office supplies, IT systems, communication, bank charges).

- **Flat rate of 15% of the reported staff costs** can be granted.
- Calculated automatically in the eMS.
- No specific audit trail is necessary.

- **Exhaustive list on cost items**
 - Stated in the delegated act
 - <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0481&from=EN>
 - The items cannot be reimbursed under any other budget line => **please check Article 4**



Travel and accommodation costs

Covers travel and accommodation costs (i.e. travel costs, costs of meal, accommodation costs, visa costs and daily allowances) of project partners that relate to project activities.

WHO CAN TRAVEL?:

- Only eligible for staff members of the organization:
 - If applying the flat rate for staff → responsible person and contact person indicated in the AF and their officially designated substitutes; => **please highlight this against the PP concerned!**
 - If applying the real costs principle → responsible person and contact person indicated in the AF and their officially designated substitutes as well as the staff members officially assigned to the project for the period in question.
 - *Any travel and accommodation costs of staff members not listed above are eligible in well justified and documented cases only (active contribution and project-added value to be laid down in detail – to be checked by the FLC body).*
- T&A costs of external experts, target groups or observers => belongs to external expertise



Travel and accommodation costs

PLEASE CONSIDER:

- Costs MUST be borne by a beneficiary → prove of payment + audit trail
- Costs MUST be in line with the travel and accommodation policy/rules of beneficiary



- Principles of effectiveness and cost-efficiency
- Ecological aspects when choosing means of transports
- T&A costs related to activities outside of the programme?
 - Only eligible, if they have been included in the approved AF
 - Or they approved beforehand by the JS officer
 - Clear added value of such travel must be demonstrated

HINTS! How to effectively report costs in the eMS?



External expertise and service costs

Costs related to professional services and expertise provided by external service providers (other than the PP) contracted to carry out certain activities linked to the delivery of the project.

PLEASE CONSIDER:

- Ensure that public procurement rules are observed and properly document the procurement procedure.
- Private beneficiaries (not concerned by the public procurement rules) shall follow the rules fixed by the programme.
 - Special form for private partners
- Expenses based on contracts concluded and payments effected between PP or beneficiaries and observers are ineligible (exception → travel and accommodation costs).



External expertise and service costs

COMMON ISSUES:

- Project gadgets - only eligible if:
 - Are related to promotion, communication, publicity or information → Added value is demonstrated
 - **Comply with visibility rules** → logos!
 - Cost of the single gadget remains limited and anyway does not exceed EUR 50
 - **Gifts are ineligible!**
- Travel and accommodation costs for observers, external experts or target groups
 - Eligible under specific conditions
- Catering for project events
 - Eligible for internal and external events
 - If planned in the AF or clearly linked to the project activities
 - When externalized!



Equipment expenditure

In this budget line equipment purchased, rented or leased by a PP shall be reported. Equipment is limited to the items listed in the delegated act (such as office equipment, IT hard- and software, furniture, laboratory equipment, tools or devices).

- Should not be office and administration items (covered by admin flat rate already).
- Costs related to the site preparation, delivery or installation of the equipment are eligible.
- Generally only the depreciation costs are eligible.
- Equipment will probably be checked on the spot by FLC



Equipment expenditure

PLEASE CONSIDER:

- Equipment can only be co-financed if it is necessary for the project implementation or if is considered as a project output/deliverable.
- Equipment should be listed (and specified) in the approved AF
- Procurement procedures!
- HINT: How to deal with new project equipment or a change in the equipment planned in the AF?



Ineligible expenses

Non-exhaustive list of ineligible expenditure:

- VAT unless it is genuinely and definitely borne by the project partner;
- interests on debts;
- national banking charges;
- fines, financial penalties and expenditure on legal disputes and litigation;
- contributions in kind (e.g. provision of land, real estate, equipment, unpaid voluntary work);
- gifts and tips;
- any costs incurred before project approval and after project closure (except costs for FLC);
- expenditure already funded in total with public funds;
- communication material that is not in line with the programme rules on communication;
- fees among project partners and between partners and observers;
- costs related to the contracting of employees of the partner organisations as external experts (e.g. as freelancers).

As the list of ineligible expenditure is **not exhaustive, expenditure not listed should not be necessarily considered as eligible.**

When in doubt: contact JS officer



Recommendations

- Ensure a proper documentation (audit trail!): even eligible expenditure can only be certified if properly documented
- How to report?
- Timing and deadlines?
- How to monitor your budget?
- How to deal with budget shifts?
- How about over(under)spending?



Recommendations

- Where to find the information?
 - Factsheet 4.1!
 - FaQ section
 - Guidance
 - Programme and project meetings
 - Consult your FLCC/FLC
 - Consult the JS/MA
- Importance of internal communication!
 - Supported by relevant management tools



Group work

Let's fill in your first project assignment
and six-monthly task report!

