

INTERREG V-A “GREECE - CYPRUS 2014-2020”

TRANSNATIONAL PROGRAMME BALKAN - MEDITERRANEAN 2014-2020

– PART A –

Limassol 27-28/09/2018

“GUIDANCE ON MANAGEMENT VERIFICATIONS” - ELIGIBILITY OF EXPENDITURE

GENERAL RULES

- Expenditures are eligible since they comply with the principle of sound financial management, i.e. principles of **economy, efficiency** and **effectiveness**.
- They correspond to actions, services or products described in the Application Form of a project and if they are foreseen in the approved budget of the project under a specific budget line.
- They are implemented by the beneficiary and they are paid in the approved period of the project.
- They comply to the financial and the labour legislation of the country.
- They are paid by invoices or any other documentation of equal value.
- They reflect the present account system of the beneficiary.

The submitted data MUST be correct, on-time and detailed

- ❑ The submitted data concern:
 - ✓ The beneficiary (legal framework, VAT status, declarations, organization chart, methodology of indirect cost calculation, etc.)
 - ✓ Project's data (Application Form, Subsidy Contract, Partnership Agreement, declarations, management team definition, etc.)
 - ✓ Application's for verification data (tender procurements, contracts, invoices, payments, staff time sheets, etc.)

The following are examined during FL control:

1. the submitted “Table of Verified Expenditure”
2. the submitted supporting documents
3. the “Subsidy Contract” and the approved “Application Form”
4. the “Partnership Agreement “
5. Whether the implementing organisation is the same to the beneficiary of the approved proposal.
6. the regulatory framework of the beneficiary, as in force
7. The in force Staff legislation of the beneficiary.

Documents from point 3 to point 7 are only required during the first submission for verification, unless there are modifications.

ELIGIBILITY OF EXPENDITURE (1/17)

EXPENDITURE CATEGORIES

1. Staff costs;
2. Office and administrative expenditure;
3. Travel and accommodation costs;
4. External expertise and services costs;
5. Equipment expenditure; and
6. Infrastructure and Works



ELIGIBILITY OF EXPENDITURE (2/17)

1. Staff costs

Expenditure on staff costs shall consist of gross employment costs in one of the following ways.

- i. full time;
- ii. part-time with a flexible number of hours worked per month;
- iii. part-time with a fixed percentage of time worked per month; or
- iv. on an hourly basis.



ELIGIBILITY OF EXPENDITURE (3/17)

1. Staff costs

Expenditure on staff costs shall be limited to the following,

- i. The salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment / work contract,
- ii. Salary payments and other costs linked to salary payment costs (i.e. employment taxes, social security) which are not recoverable by any means by the employer.

Means of reimbursement

I: Real costs (pay slips and proof of payment required).

II: Simplified cost options, e.g. Standard scale of unit costs, **Flat rate of up to 20% of direct costs other than the staff costs** (Art. 19, ETC Reg. 1299/2013).

ELIGIBILITY OF EXPENDITURE (4/17)

Audit Trail - Staff Costs

Required documents depending on the reimbursement option	Real costs				20% flat rate
	Full Time	Part Time		Hourly rate set in the contract	
		Fixed %	Flexible number of hours		
Employment / work contract	✓	✓	✓	✓	✗
Job description	✓	✓	✓	✓	✗
Payslips	✓	✓	✓	✓	✗
Data from time registration system (time sheets)	✗	✗	✓	✓	✗
Proof of payment	✓	✓	✓	✓	✗

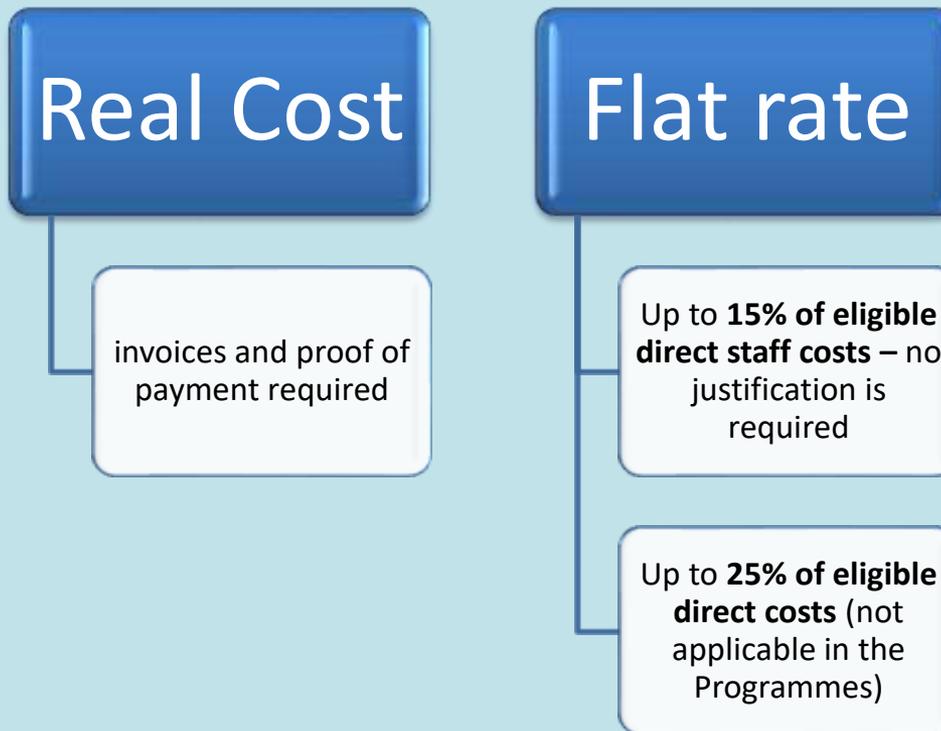
ELIGIBILITY OF EXPENDITURE (5/17)

2. Office and administrative expenditure

Eligible cost

- Operating and administrative expenses of the beneficiary organisation that support delivery of the project activities (Reg. 481/14, article 4 – R. 1303/13 art. 68).

Reimbursement options:



ELIGIBILITY OF EXPENDITURE (6/17)

3. Travel and accommodation costs

- ❖ The travel and accommodation costs are eligible only for the staff of beneficiary organisations that relate to delivery of the project.
- ❖ Travel and accommodation of experts, external to the project partnership 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.

ELIGIBILITY OF EXPENDITURE (7/17)

Supporting documents for the verification of expenditure

The following documents must be available for control purposes:

- i. Invitation /minutes presenting time, duration and the venue
- ii. Signed list of participants for all the days of the meetings
- iii. Agenda (or equivalent) of the meeting/seminar/conference;
- iv. Documents proving that the journey actually took place (travel tickets and in case of air transport the boarding passes);
- v. Paid invoices (including hotel bills, transport tickets, etc.);
- vi. Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee.
- vii. In case of travelling outside the eligible area of the Programme, the decisions of the approved bodies of the Programme justifying these trips



ELIGIBILITY OF EXPENDITURE (8/17)

4. External expertise and services

External expertise and service costs include expenditure paid on the basis of contracts or written agreements, against invoices or requests for reimbursement to external service providers who are subcontracted to carry out certain tasks/activities linked to delivery of the project.

ELIGIBILITY OF EXPENDITURE (9/17)

According to the Regulation (EU) No 481/2014 Article 6, expenditure on external expertise and service concern (indicatively):

- studies or surveys (e.g. evaluations, strategies, design plans, handbooks);
- training - translations;
- IT systems and website development;
- promotion, communication, publicity or information linked to the project;
- financial management;
- services related to the organisation and implementation of events or meetings;
- legal consultancy, technical and financial expertise, accountancy services;
- expenditure verifications (i.e. FLC costs);

ELIGIBILITY OF EXPENDITURE (10/17)

Supporting documents for the verification of expenditure

The following documents must be available for control purposes:



ELIGIBILITY OF EXPENDITURE (11/17)

5. Equipment

Expenditure for the financing of equipment either purchased, or rented or leased by a partner, necessary to achieve the objectives of the project.

According to the Regulation (EU) No 481/2014 Article 7, equipment expenditure is limited to the following items:

- office equipment, furniture and fittings;
- IT hardware and software;
- laboratory equipment;
- machines and instruments; tools or devices;
- vehicles;
- other specific equipment needed for the project

ELIGIBILITY OF EXPENDITURE (12/17)

Supporting documents for the verification of expenditure.

- ❖ Contracts and documents of the award procedure are in place (call, tenders, evaluation, decision etc.)
- ❖ Certificate of product approval
- ❖ Product Registration in the accounting system
- ❖ Invoices
- ❖ Documents of payment
- ❖ Licenses to set and operate the equipment, where required

The necessary equipment for the management and coordination of the project (e.g. desktops, laptops, etc.) must be purchased as a general rule, at the beginning of the project implementation.

ELIGIBILITY OF EXPENDITURE (13/17)

Depreciation costs may be considered as an eligible expenditure, under the following circumstances,

- (a) Purchase cost of equipment is not requested by the project and the equipment has been purchased before the initiation of the project concerned
- (b) There is a justified methodology for partial distribution of the time usage allocated to the specific project.

In any case the National Legislation applies.

ELIGIBILITY OF EXPENDITURE (14/17)

6. Infrastructure and Works

This includes costs for example; site preparation, delivery, handling, installation, renovation, when applicable.

The following documents must be available for control purposes:

- ✓ Contracts and other related documentation (tender procedures, Selection committee decisions etc.)
- ✓ Certificate of acceptance with associated documentation (works diaries etc.)
- ✓ Invoices and / or other documentation ensuring the works in progress.
- ✓ Proof of payment.
- ✓ The required by the national legislation on environment studies and licenses
- ✓ In case of public projects implemented in house, diary of works
- ✓ Evidence of delivered works (Photographs, work site diaries, etc.)

ELIGIBILITY OF EXPENDITURE (15/17)

V.A.T.

In accordance with Regulation (EU) No 1303/2013 Article 69 (3), VAT is not eligible except in the case where VAT is non-recoverable under national VAT legislation. In practice, if a partner can recover VAT, all expenditure reported to the project has to be reported without VAT.

However, there are certain cases where specific activities can be excluded from VAT recovery.

ELIGIBILITY OF EXPENDITURE (16/17)

Net revenues

In accordance with Regulation (EU) No 1303/2013 Articles 61 and 65, if a project generates net revenue for example through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs. The ERDF funding is calculated on the basis of the total cost after deduction of any net revenue.

ELIGIBILITY OF EXPENDITURE (17/17)

Double Financing

The aim of the First Level Control is to verify that the specific expenditure is not financed by any other source, national or co-financed. In order to ensure the non double financing, the FLC should:

- Check that all original documents are signed and stamped by the beneficiary. The official name of the Programme and the project's acronym, must be indicated on all documents.
- Check that the beneficiary keeps the payment documents in a *separate accounting system* or an adequate accounting code.
- Check that the acronym of the project and the name of the Programme are referred to the contracts.





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