



**Interreg - IPA CBC**  
Italy - Albania - Montenegro



# **Training Seminar for First Level Controllers**

## **Bari, 3 December 2019**

### **ELIGIBILITY OF EXPENDITURES**

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REGIONE PUGLIA

# What costs are eligible?

## Eligibility

- ❖ **Principles economy:** the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
- ❖ **Principle of efficiency:** the best relationship between resources employed and results achieved.
- ❖ **Principle of effectiveness:** attainment of the specific objectives set and the achievement of the expected results.
- ❖ **Necessary for activities (AF) / reasonable**
- ❖ **Actually incurred and paid in eligible period/area/partner**

# What costs are eligible?

Eligibility

- ❖ **Verifiable and documented / simplified cost options:**
  - ❖ reimbursement of eligible costs actually incurred and paid;
  - ❖ lump sums (e.g. preparation costs € 10.000 including National Contribution);
  - ❖ flat-rate financing (staff and O&A costs), determined by the application of a percentage to one or more defined categories of costs.

- ❖ **Identified in separate or integrated accounts**
  - ❖ Beneficiaries may have a separate set of accounts specifically for the project, or may include the project's accounts in their own accounting system, ensuring that the project's records are still easily identifiable.
  - ❖ The account system shall be run in accordance with the accounting rules that apply in the country concerned

# What costs are eligible?

## Eligibility

- ❖ **No double financing / ineligible items (69 CPR, 43 IPA IR, 2 DR) e.g.:**
  - ❖ interest on debt, value added tax (VAT) recoverable under national VAT legislation,
  - ❖ purchase of land not built on and land built on in the amount exceeding 10 % of the total eligible expenditure for the operation (15% in case of derelict sites and for those formerly in industrial use which comprise buildings),
  - ❖ 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 rate
  - ❖ splitting cost items among project partners (i.e. sharing of common costs);
  - ❖ fees between beneficiaries of a same project for services, equipment, infrastructure and works carried out within the project;
  - ❖ in kind contributions as defined in Article 69(1) of the Common Provisions Regulation etc.
- ❖ **Euro/exchange rate (month of submission to FLC)**
- ❖ **Complying with EU, programme and national rules**

# What costs are eligible?

## Eligibility

1. Operations, subject to the derogations referred to in paragraphs 2 and 3, shall be located in the programme area comprising the part of the territory of the participating countries as defined in the relevant cross-border cooperation programme (the 'programme area').

2. The managing authority may accept that all or part of an operation is implemented outside the programme area, provided that all the following conditions are satisfied:

(a) the operation is for the benefit of the programme area;

(b) the total amount allocated under the cross-border cooperation programme to operations located outside the programme area does not exceed 20 % of the support from the Union at programme level;

(c) the obligations of the managing and audit authorities in relation to management, control and audit concerning the operation are fulfilled by the cross-border cooperation programme authorities or they enter into agreements with authorities in the Member State or third country in which the operation is implemented.

3. For operations concerning technical assistance, promotional activities and capacity-building, expenditure may be incurred outside the programme area provided that the conditions in points (a) and (c) of paragraph 2 are fulfilled.

# What kind of costs?

Eligibility

## ETC eligibility EC Del. Reg. **no. 481/2014**

- ❖ Staff
- ❖ Office and administration (O&A)
- ❖ Travel and accommodation (T&A)
- ❖ External experts and services (External)
- ❖ Equipment
- ❖ Infrastructure and works (Works)

# What Staff costs?

Eligibility

**Attention to calculation methods: Real costs /flat**

**Attention to contract nature: e.g. internal staff equivalent**

- ❖ Full time
- ❖ Part time fixed % / flexible no. of hrs.
- ❖ Hourly contract



### HOURLY RATE:

- ❖ an hourly rate may be calculated by dividing the latest documented annual gross employment costs by 1720 hours for persons working full time, or by a corresponding pro-rata of 1720 hours, for persons working part-time
- ❖ where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the contract for employment, duly adjusted for a 12-month period

### FLAT RATE:

- ❖ Up to 20% unless operation includes contracts above the EU thresholds for works or supply or service
- ❖ The beneficiary has to demonstrate that it has at least one employee involved in the project. This is done through a self-declaration issued by the beneficiary's legal representative (or delegated person) certifying that at least one employee of the beneficiary institution has worked in the project in the concerned reporting period

# Audit Trail / Staff costs

Eligibility

Required documents	Real Cost					20% flat rate
	Full Time	Part Time			Hourly rate set in the contract	
		Fixed %	Flexible n. hours (hourly rate on annual basis)	Flexible n. hours (hourly rate on monthly basis)		
Recruitment procedure documents of new staff involved in project activities (if relevant)	✓	✓	✓	✓	✓	X
Employment/work contract	✓	✓	✓	✓	✓	X
Official assignment to the project	✓	✓	✓	✓	✓	X
Gross Salary/Hourly Rate Sheet	✓	✓	✓	✓	✓	X
Pay-slips	✓	✓	✓	✓	✓	X
Periodic task report	✓	✓	X	X	X	X
Timesheet	X	X	✓	✓	✓	X
Salary payment documents	✓	✓	✓	✓	✓	X
Payment documents concerning any other costs directly linked to salary	✓	✓	✓	✓	✓	X

- ❖ Real costs (direct-indirect)/flat rate (15% of eligible Staff)
- ❖ Exhaustive list in art. 4 ETC eligibility:
  - ❖ office rent
  - ❖ insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances)
  - ❖ utilities (e.g. electricity, heating, water)
  - ❖ office supplies
  - ❖ general accounting provided inside the project partner organisation
  - ❖ archives
  - ❖ maintenance, cleaning and repairs
  - ❖ security

# What O&A costs?

Eligibility

- ❖ IT system support of an administrative nature, linked to the implementation of the operation
- ❖ communication (e.g. telephone, fax, internet, postal services, business cards)
- ❖ bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened
- ❖ charges for transnational financial transactions

**Attention: do not include in other budget lines!**

# What T&A costs?

Eligibility

- ❖ Real costs occurred by staff, in line with principle of sound financial management:
  - ❖ travel costs (e.g. tickets)
  - ❖ meals costs
  - ❖ accommodation costs
  - ❖ visa costs
  - ❖ daily allowances.

**Attention: Do not include external experts costs!**

# What External costs?

Eligibility

- ❖ All specific expertise/services needed for projects: e.g. studies or surveys, training, translations, IT systems and website development, modifications and updates, promotion, communication, publicity or information; financial management; services related to the organization and implementation of events or meetings, travel and accommodation for external experts, speakers, chairpersons of meetings, service providers and stakeholders, associated partners, etc.

**Attention: Public procurement rules (IPA, EU and national)**

**Attention: Sound financial management principle**

# What Equipment costs?

Eligibility

- ❖ General office equipment
- ❖ Specific for the activities: the equipment should be solely used for the project purposes during the project life the purpose and ownership of the equipment cannot be changed for at least 5 years from the last payment to the lead partner

**Attention: Depreciation according to national rules**

**Attention: EU, IPA, national public procurement!**



# What Works costs?

## Eligibility

- ❖ Infrastructure only if necessary in the scope of and to achieve the project objectives
- ❖ May either refer to an object that will be set up ex-novo or to the adaptation of an already existing infrastructure
- ❖ Requirements concerning durability, including ownership and maintenance, as provided for in Article 71 of the Common Provisions Regulation, apply to infrastructures realised within the project
- ❖ **Attention: EU, IPA and national Public procurement rules**

# Control check list

Document in which the controller gives evidence of the verifications performed.

## FIRST LEVEL CONTROL CHECK LIST OFFLINE VERSION

### 1. Partner Information

Note: Information in this section is normally filled-in once ('section for one-time checks'). In electronic systems, information can be entered once and transferred to the subsequent reporting periods.

1.1 Project and progress report		
Project logo	Filled-in once (automatic in electronic systems)	
Project title	Filled-in once from AF (automatic in electronic systems)	
Project acronym	Filled-in once from AF (automatic in electronic systems)	
Project number	Filled-in once from AF (automatic in electronic systems)	
Name of Lead Partner (if different from controlled entity)	Pre-filled from most recent AF (automatic in electronic systems)	
Reporting period	(DD.MM.YYYY - DD.MM.YYYY) (automatic in electronic systems)	
1.2 Project partner		
Name of controlled project partner	Pre-filled from most recent AF (automatic in electronic systems)	
Partner role in the project (Lead partner, Project partner)	Pre-filled from most recent AF (automatic in electronic systems)	
1.3 Accounting System		
[according to Art. 125 4(b) of Reg. (EU) No 1303/2013]	A separate accounting system	An adequate accounting code

# Inherent risk check list

Assessment of the risk associated with this type of project or entity; the template is primarily for internal use of FLC. Fill in BEFORE control work for the first report starts and update if necessary

Inherent Risk	Applicable to the project/entity	NOT applicable to the project/entity	Conclusion (measures/verifications) to address the risks
Beneficiary with poor track record, known issues			
Beneficiary with other EU or non-EU grants (potential for double funding)			
Person responsible for preparation of the financial report has changed recently			
Large public procurements			
Project with few tangible outputs (based on networking, meeting, etc.)			

# Control risk check list

Assessment of the risk associated with the quality of internal controls of the beneficiary; to be filled in after control work for the first report is completed and updated after each subsequent control. It serves as a basis for controlling the subsequent report.

Quality of costs declared - see checklist	Quality of the expenditures when originally reported			Number of clarifications on rounds with the beneficiary	Quality of the expenditures after clarifications			Note (e.g., types of errors, any observations, unusual cost items, unsolved issues, etc.). Also include here any conclusions on the possibility of sampling (for the next control report)
	Good	Medium	Bad		Good	Medium	Bad	
General								
Staff Costs								
Office and Administration								
Travel and Accommodation								
External expertise and services								
Equipment								
Net revenue								

# Communication / Visibility rules

- ❖ Project logo must be used on all promotional and communication materials
- ❖ Project poster must be displayed at premises of each project partner
- ❖ Temporary billboards and permanent plaques must be displayed on infrastructures >500.000 EUR
- ❖ IPA funding reference shall be displayed on websites, publications, billboards/plaques

# Communication / Use of the EU emblem

- ❖ **REGULATION (EU) No COMMISSION IMPLEMENTING 821/2014 Article 4**
  - ❖ EU emblem already included in Programme and project logo
  - ❖ Project logo (including EU emblem) clearly visible, placed in a prominent position and with appropriate size; on websites, visible in the viewing area of digital devices, without scrolling down the page
  - ❖ **If other logos are displayed in addition to the EU emblem, the Union emblem shall have at least the same size, measured in height or width, as the biggest of the other logos.**

# Communication / Reference documents

- Programme Manual – Factsheet 4.10 Eligibility rules
- Programme Manual – Factsheet 4.4 Financial management and FLC guidelines
- Programme Manual – Factsheet 4.5 Communication
- Subsidy Contract – Article 13 Publicity, communication and branding
- IT-AL-ME web portal – Visual Identity section
  
- Articles 111 (4b), Art. 115 to 117, Annex XII - CPR (EU) No 1303/2013
- Art. 42 - IPA CE Implementing Reg. No. 447/2014
- Art. 4 - Commission Implementing Regulation (EU) No 821/2014
- INTERACT website - Interact Communication Toolkit / Interreg full brand integration

# Contacts

All documents are available at:



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# Thanks for your attention

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Managing Authority REGIONE PUGLIA