



REPLACE
Interreg Europe



European Union
European Regional
Development Fund

Financial Management Guidelines

Emanuele Rotili

Financial officer at the Lazio Region – Replace Project -
Interreg Europe Programme

erotili@regione.lazio.it

October 2019 □ Kick-off meeting Replace Project Bruxelles

Summary

1. Eligibility of costs by budget lines

- 1. Staff cost**
- 2. Office and administration**
- 3. Travel and accomodation**
- 4. Exernal Expertise**

2. Time line reporting

3. General eligibility and ineligibility rules

4. Public Procurement

5. Partners not reporting expenditure



REPLACE
Interreg Europe



European Union
European Regional
Development Fund



1

Eligibility of costs by budget lines



Eligibility of costs by budget lines

Introduction

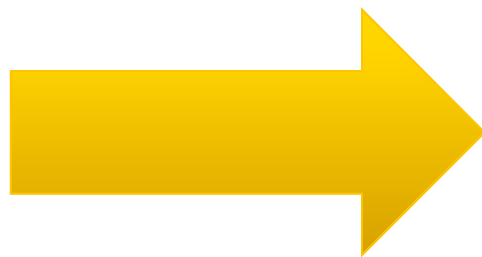
- **Only expenditure planned in the application form are eligible.** All expenditure reported to the programme must correspond to activities implemented in the framework of the project. All the finance-related European, national and internal rules of your institution must be respected **and all expenditure must be checked and approved by an independent First Level Controller.**
- Expenditure linked to the project should be reported under the relevant budget line and following the calculation rules proposed in the latest version of the programme manual.

Eligibility of costs by budget lines

✓ Staff costs – Working Group

- **In this budget line all expected personnel costs** (including salary, personal/individual income tax, affixes paid by employees and/or employers; related social charges transferred to national social & tax authorities, etc. according to national legislation) **for staff directly employed by the project partners are to be included.**

- Please note, no expenditure can be reported in this budget line for staff employed by other bodies even if:
 - 100% owned by partner
 - seconded to partner
 - they are members (of association, umbrella org.)
 - if seated in partner organisation



Eligibility of costs by budget lines

✓ Staff costs

- **All costs related to consultants working on the project should be reported in external expertise.**

Type	Calculation method	Justification	Comment
1. full-time on project	Real cost charged	Contract or Mission letter	Please check with your FLC regarding national eligibility of some taxes on staff costs
2. fixed % on project	% of real cost charged	Mission letter	Simple calculation HIGHLY recommended even if for limited involvement
3. flexible percentage on project	a> monthly salary / contractual hours or b> annual salary / 1,720 hours	100% Timesheet	Complex calculation, risk of inadequate registration of hours worked (staff costs) NOT recommended
4. hours on project	hourly rate - hourly rate fixed in employment contract - used in specific partner states		Special national rules might apply (NL + BE-VL)

Eligibility of costs by budget lines

✓ Administration costs

▪ Office and administrative expenditure are limited to the following items:

- office rent;
- insurance and taxes related to the buildings where the staff is located and to the equipment of the office;
- utilities (e.g. electricity, heating, water);
- office supplies (e.g. stationary like paper, pens etc.);
- general accounting provided inside the beneficiary organisation;
- archives;
- maintenance, cleaning and repairs;
- security;
- IT systems (e.g. administration and management of office hard- and software);
- communication (e.g. telephone, fax, internet, postal services, business cards)

Eligibility of costs by budget lines

✓ Administration costs

- A flat rate is to be applied in the Replace project regarding office and administration costs. In the Application Form the administration budget has been automatically calculated by applying the above mentioned flat rate: **15% to the budgeted staff costs**
- **Regarding reporting administration costs, the flat rate of 15% is also automatically applied to the actually reported and certified staff costs in iOLF.** This means that no supporting evidence / documentation is required to back up the reported administration costs' amount.

Eligibility of costs by budget lines

✓ Travel accomodation

- This cost category refers to the travel and accommodation costs and subsistence allowances of employees of project partner institutions (they should figure in the staff costs line) related to their participation in meetings, study visits, seminars and conferences officially listed in the approved Application Form of the Replace project.

Eligibility of costs by budget lines

✓ Travel accomodation

- Travel and accommodation costs **must comply** with the national and/or internal rules of each partner organisation.
- Travel and accommodation costs can include:
 - Travel (flights, trains etc.)
 - Meals
 - Accommodation
 - Visa
 - Daily allowance

Eligibility of costs by budget lines

✓ External expertise:

- **External expertise is limited to project tasks that cannot be carried out by the project partners themselves and therefore are outsourced to external service providers.**
- External expertise is related to necessary work for the project and linked to **activities planned in the application form.**

Eligibility of costs by budget lines

✓ External expertise:

- **Budget for external expertise has been planned in detail in the Replace Application Form, under the budget line “External expertise”.**
- All external services have been foreseen for all project partners at the end of the Application form. **You must be able to refer to this number when reporting the costs for an external service.**

Eligibility of costs by budget lines

✓ External expertise:

- Public Procurement rules must be observed in selecting a company or individual to provide external expertise In this respect, normal, reasonable market rates resulting from public procurement procedures and national and EU procurement regulations apply.
- **Basic principle: min. 3 estimates are required before selecting a contracting company** (you must prove that you use EU public money with efficiency, therefore you must ask for several price estimations for all external services).



Eligibility of costs by budget lines

✓ External expertise:

- The costs of services contracted by project partners for arranging the travel and accommodation of their own staff members (e.g. travel agencies, etc.) must be claimed under the budget line “Travel and accommodation”.
- The travel costs of any external expert participating in project activities and to be financed by the project have to be budgeted under the budget line “External expertise and services”.



REPLACE
Interreg Europe



European Union
European Regional
Development Fund



2 Time line reporting



Reporting deadlines and procedures

- Reporting periods are semester
- after the end of the semester you have 3 months to obtain certification from the FLC

	Reporting period		Deadline for submission
Phase 1 (5 semesters)	six-monthly	01 Aug – 31 Jan 01 Feb – 31 Jul	01 May 01 Nov
Phase 2 (12 months)	annual*	01 Feb 22 – 31 Jan 23	01 April 2023

* six-monthly reporting under certain conditions (eg. decommitment risk, high amounts due to pilots)



REPLACE
Interreg Europe



3

General eligibility and ineligibility rules

General eligibility and ineligibility rules

Basic eligibility requirements

- In order for a cost to be eligible within the REPLACE project:

- expenditure must be linked and related to the respective partner's budget and project activity
- **only paid costs can be claimed** (which means that the amount has been actually debited from the partner's bank account)

it must be supported by evidence (invoices to the PP's name, accounting documents, etc.)



REPLACE
Interreg Europe



European Union
European Regional
Development Fund



4

Public Procurement



Public Procurement

Rules (1)

- **Whenever a project purchases services, goods, equipment, etc. externally, public procurement rules must be adhered to, including European public procurement rules** and the relevant national and internal rules of the partner responsible for contracting.
- The fundamental principles of public procurement (**transparency, non-discrimination and equal treatment and effective competition**) also apply to purchases of services and goods below the EU threshold values.



REPLACE
Interreg Europe



European Union
European Regional
Development Fund



5 Partners not reporting expenditure



Partners not reporting expenditure

- **In cases where project partners do not report any expenditure after 2 semesters** having been in an Interreg Europe project and in the absence of justified reasons for this non-reporting they will **receive a warning from the programme.**
- The warning will be issued to the lead partner of the project after the submission of the relevant progress report. **In case the concerned project partner does not report expenditure in its third progress report** and cannot provide evidence that this is due to circumstances outside its responsibility, **the budget of the project partner will be reduced in relation to its spending plan.**



REPLACE
Interreg Europe



European Union
European Regional
Development Fund

Thank you!

Questions welcome

EMANUELE ROTILI

*Financial officer at the Lazio Region –
Replace Project - Interreg Europe
Programme*

*E-mail: erotili@regione.lazio.it
Linkedin: Emanuele Rotili
Id Skype: emanule.rotili1*