



2002-2012 A Decade of Territorial Evidence



7th Financial Managers Seminar

Bern, 3 May 2012

Reporting expenditure, eligibility, audit trail



Reporting documents

- **Activity Report** (individual partner Activity Report and overall Project Activity Report)
- **Partner Progress Report** (all Project Partners and Lead Partner)
- **Project Progress Report** (only for LP)
 - Protected excel files
 - Interlinked sheets
 - Color codes
 - Macros
 - Formulas
 - Instruction sheet

Staff costs

Reporting Form sheet

Staff Cost – Sheet E of the Excel File

E. STAFF - List of Expenditure

- The personnel must be directly employed by the lead/project partner.

ESPON 2013 PROGRAMME

Project number: 082_PR2_08_0117
 Project acronym: ESPON SKH
 Contract number: 025/2009
 Project Partner name: NSPR
 Project Partner number: Leadpartner
 Progress Report number: 2
 Period covered: from 08/12/2008 to 30/06/2009

WORKPACKAGE CO-ORDINATION

staff name	role in the project	month (mm/yyyy)	total no. of worked hours	hourly rate in national currency	currency	exchange rate	hourly rate EURO	cost in EURO	comments
Erik Evens	Coordinator	01/2009	40,0	300,00	SEK	10,95000	€ 27,40	€ 1 096,00	
Erik Evens	Coordinator	02/2009	54,0	300,00	SEK	10,53410	€ 28,48	€ 1 537,92	
Alexandra Mayer	Researcher	02/2009	16,0	350,00	SEK	10,53410	€ 33,23	€ 531,68	
Julia Holmes	Financial Manager	03/2009	16,0	250,00	SEK	11,31750	€ 22,09	€ 353,44	Financial Seminar
Subtotal								€ 3 519,04	
Preparation cost									
Subtotal of Preparation Costs								€ 0,00	
Total eligible costs								€ 3 519,04	

Staff costs

Eligibility

- **#Who?** Staff costs related to personnel **employed** by the partner institutions officially listed in the AF, whether **full or part-time**
- **#What?** Strictly hours performed for the ESPON Project (tasks directly related to project activity). Hours declared cannot be subsidized by other projects co-financed by structural funds (**no double-funding**)
- **#When?** Payment of staff costs declared entering into the **reporting reference period** (6-month period).
- **#How?**
 - Calculation of **hourly rate** must be based on actual yearly salary (employee's gross salary + compulsory employer's charges in accordance to national legislation). Calculation excludes any administration overheads.
 - **Increase in grade and pay scales** over the year by the employee are taken into account for the hourly rate calculation.
 - Staff costs of personnel external to the institution must be reported under Budget Line - External Expertise and services.

Staff costs

Time-sheet example

Example of Time-sheets :

Name: Mr. Smith

Position: Researcher

Reference period: 01/01-30/06/2010

	Day 1	Day 2
ESPON related activities		
Other activities not related to ESPON	DRAFT	
Hours off (vacations, illness,...)	DRAFT	
Total		

I declare that the details given on this form are true to the best of my knowledge and that the hours of ESPON are not claimed to any other projects co-financed by Structural Funds.

Signature:

Date:

I confirm that I have checked the entries and calculations on this form for accuracy.

Second signatory:

Date:

Staff costs

Hourly rate example



Example of Hourly Rate calculation :

- Project coordinator employed by the institution in Germany
- gross salary and compulsory charges for the employee 45.000 eur/year (in the work contract)
- According to national legislation, maximum amount of workable hours is 1.760 hours per year.
 - Hourly rate is $45.000 / 1.760 = 25,57$ eur
- In June, increase of salary to 50.000 eur/year (addendums of the contract)
 - Hourly rate is $50.000 / 1.760 = 28,41$ eur

Staff costs - supporting documents Audit trail

- Work contract of the team, still valid over the reference period, including addendums, if any
- Time sheets for the personnel of the ESPON Project for the reference period, signed by the person and his/her superior and/or extracts if time record system of the institution
- Pay slips over the reference period for the personnel concerned
- Payment proof of wages to the personnel concerned, the social charges and related taxes (bank statements extracts and accounting extracts)
- Information on annual workable hours used for the calculation of the hourly rate
- Working papers evidencing the methodology applied for the calculation of the hourly rates
- Extracts of applicable national legislations, if needed, ...

Administration costs Reporting Form sheet

Administration Cost – Sheet F of the Excel File

F. ADMINISTRATION - List of Expenditure

- The administration costs may be:
 - Direct general costs: can be identified as belonging directly to the project;
 - Indirect general costs (also called "overheads"): are calculated on a pro-rata basis.
- Administration costs (the sum of direct general costs and indirect general costs) cannot exceed 25% of the total staff costs (BL 1).
- Administration cost must be calculated on the basis of actual costs and it must be possible to verify them. No lump sums, overall estimations or arbitrary keys are allowed! These costs must show a direct link to the operation's activities and must have been really borne by the partner.
- For the calculation of these costs, please follow carefully the instructions given in Chapter 8.4.2 (page 12-14 of Programme Manual).

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WORKPACKAGE CO-ORDINATION

receipt number	description of expenditure	date of invoice (dd/mm/yyyy)	date of payment (dd/mm/yyyy)	cost in national currency	VAT	currency	exchange rate	cost in euro	comments
N/A	Overhead, indirect general costs	01/2009	01/2009	680,00	0,00	SEK	10,95000	€ 62,10	calculation and verifications enclosed for FLC
N/A	Overhead, indirect general costs	02/2009	02/2009	1 190,00	0,00	SEK	10,53410	€ 112,97	
N/A	Overhead, indirect general costs	03/2009	03/2009	527,00	0,00	SEK	11,31750	€ 46,57	
Subtotal								€ 221,63	
Preparation cost									
Subtotal of Preparation Costs								€ 0,00	
Total eligible costs								€ 221,63	

Administration costs

Eligibility

- **#What?**
 - Direct and indirect costs
 - Cost items such as stationery, photocopying, mailing, postage, telephone, fax, heating, electricity, maintenance of the premises, office rents, ...
- **#How?**
 - Must be calculated on the basis of actual costs and capable of verification in a fair and equitable way. Calculated on a pro-rata basis (BUT no lump sums, overall estimations or arbitrary key are allowed).
 - Must show a direct link to the activities. Must be borne (paid) by the institution and necessary for project implementation (for instance, maintenance costs for cars, clothing, among others cannot be reported under ESPON)
 - Mustn't be financed from other EU funds and mustn't be included in other budget lines or cost items.
- **#How much?**
 - **2 thresholds to be respected both at partner and project level:**
 - Total administration cost cannot exceed 25% of the of total staff cost and
 - Indirect cost declared on a flat-rate basis cannot exceed 20% of the direct costs of the overall project budget. (EC Regulation No 397/2009)

Admin. Costs - supporting documents Audit trail

- Identification and listing of all the overhead costs that can be specifically related to the project activity. Information about relevancy of cost - additionally incurred or shared by the project (heating, lighting, rent, rates etc)
- Distinction between administration costs items between direct and indirect costs
- Original invoices of direct costs and indirect administration costs
- Accounting extracts of costs items recorded in administration budget lines
- Payment proofs of the indirect and direct administration costs (bank statements extract, cash receipts, ...)
- Working papers evidencing the methodology applied for the calculation of the allocation key of indirect administrative costs
- Working papers evidencing the calculation of the indirect administrative cost using the allocation key, ...

Travel costs

Reporting Form sheet

Equipment Cost – Sheet G of the Excel File

G. TRAVEL AND ACCOMMODATION - List of Expenditure

- This cost category refers to travel, accommodation and daily allowance costs for employees of the partner. Travel and accommodation costs for non partner organizations travelling to the EU can also be co-financed in the context of the project if the costs are budgeted, paid and definitely borne by the partner. Travels from and outside the Member and Partner States are subject to prior approval of the MA (CU).
- The travel costs of any external experts participating in project activities and to be financed by the project have to be reported under "External expertise and services".
- Proper documentation of travel expenditure has to be kept according to the requirements detailed in Chapter 8.4.2 of Programme Manual
- Please use always one line for each single expenditure. All expenditure has to be reported in the currency it originally incurred. Expenditure incurred in EURO has to be reported as such.
- In case of reimbursements, the date when the reimbursement has been transferred is to be indicated as "date of payments". The exchange rate has to be selected according to this date as well.

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WORKPACKAGE CO-ORDINATION

receipt number	name of the traveller	purpose of the travel	dates of travel (dd/mm/yy-dd/mm/yy)	country of destination	description of the expenditure	date of invoice (dd/mm/yyyy)	date of payment (dd/mm/yyyy)	cost in national currency	VAT	currency	exchange rate	cost in EURO	comments
2090034	Erik Evens	Kick-off meeting	16/02/2009 - 17/02/2009	Belgium	Flight Brussels - Stockholm	21/01/2009	11/02/2009	1 215,00	0,00	SEK	10,53410	€ 115,34	
469008	Erik Evens	Kick-off meeting	16/02/2009 - 17/02/2009	Belgium	Train Paris - Brussels	07/01/2009	25/03/2009	74,00	0,00	EUR	1,00000	€ 74,00	
469008	Erik Evens	Kick-off meeting	16/02/2009 - 17/02/2009	Belgium	Hotel	17/02/2009	25/03/2009	74,57	0,00	EUR	1,00000	€ 74,57	
469008	Erik Evens	Kick-off meeting	16/02/2009 - 17/02/2009	Belgium	Metro card	16/02/2009	25/03/2009	7,30	0,00	EUR	1,00000	€ 7,30	
469008	Erik Evens	Kick-off meeting	16/02/2009 - 17/02/2009	Belgium	Airport train, Belgium	17/02/2009	25/03/2009	3,00	0,00	EUR	1,00000	€ 3,00	

Travel costs

Eligibility

- **#Who?** Only for employed personnel travelling due to their participation in meetings, seminars, conferences on the territory of Member/Partner States
- **#What?**
 - Most economic way of transport and accommodation has to be chosen
 - Daily allowances, per diem is eligible as long as it is paid by the partner to the employee
- **#How?**
 - Travel and accommodation costs should be budgeted taking account of the national and/or internal travel rules
 - Any trip must be clearly motivated by project activities and necessary for project implementation
 - Use the correct exchange rate. Travel costs incurred in Euros must be directly reported in Euros.
 - Travels outside the territory of Member/Partner States are subject to prior approval of the MA(CU) and eligible if:
 - they are for the benefit of the project
 - they are explicitly mentioned and justified in the approved application
 - Travel costs of external experts are reported under BL-External expertise

Travel costs - supporting documents Audit trail

- Internal travel rules of the institution
- National travel rules if any
- Meeting, seminar, conference invitations
- Meeting, seminar, conference agenda
- Signed participant's lists if the institution organize the meeting
- Travel reports related to the meeting/seminar/conference
- Travel agency invoices,
- Passenger receipts, flight/train/bus tickets, taxi coupons...
- Hotel/restaurant invoices
- Records of the payment (bank statement, receipts, ...)
- Reimbursements to the employee if he/she advances the payments
- ...

Equipment costs

Reporting Form sheet

Equipment Cost – Sheet H of the Excel File

H. EQUIPMENT - List of Expenditure

- You can report here only the equipment which had been listed in the approved Application Form.
- The amount for equipment has to reflect the actual use of these items in the context of the project. If it is not exclusively used for project purposes, only a share of the depreciation quota can be allocated to the project. This share has to be calculated according to a fair, justified and equitable method.
- The documentation of the method for reporting them (depreciation method according to national legislation) has to be kept for accounting, control and audit purposes.

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WORKPACKAGE CO-ORDINATION

receipt number	description of the equipment	amount of purchase in national currency	date of invoice (dd/mm/yyyy)	date of payment (dd/mm/yyyy)	depreciation share in national currency	VAT	currency	exchange rate	cost in EURO	comments
K0548	laptop	1000,00	12/07/2008	20/08/2008	166,20	0,00	EUR	1,00000	€ 166,20	
Total eligible costs									€ 166,20	

Equipment costs

Eligibility

- **#What?**
 - Equipment necessary to the successful implementation of the project
 - Equipment purchase should remain exceptional
 - It should be foreseen in the Application Form
 - Mainly refer to IT equipment (computer, laptop, software, printer, ...)
- **#How?**
 - Only depreciation allowances according to national accounting rules
 - Make sure that the equipment is not already financed by other subsidies (no double-funding), that it has not been already fully depreciated, that it is not included in another budget category.
- **#How much?**
 - The amount reported has to reflect the actual use of the of these items
 - Share of the depreciation quota has to be calculated according to a fair and equitable method

Equipment costs

Depreciation example



Example of equipment depreciation:

- Equipment laptop 1.000 eur bought on 1/03/2010
- National accounting rules: laptop must be depreciated within 3 years linearly,
 - i.e. $1.000 / (36) = 27.78$ Eur / month
- Laptop used 1/3 of time for ESPON, 2/3 for other project (based on timesheet of the employee who use exclusively the laptop) from March to May and 100% of time in June
 - i.e. $27.78 / 3 = 9.26$ Eur / month from March to May
 - 27.78 / month for June
- For reporting period 01/01/2010-30/06/2010, the depreciation share of the laptop will be:
 - $9.26 * 3 + 27.78 = 55.53$ Eur

Equip. costs - supporting documents Audit trail

- Original Invoice of the equipment
- Informative note of necessity of purchasing such an equipment and the relation to the ESPON project
- Delivery confirmation, if any
- Records of assets in the accounting system
- Depreciation table of the concerned equipments in the accounting system
- Physical availability of equipment (barcode, inventory notes...)

Ext. Expertise costs

Reporting Form sheet

Equipment Cost – Sheet I of the Excel File

I. EXTERNAL EXPERTISE AND SERVICES - List of Expenditure

- You can report here only the costs of the external expertise or services which had been budgeted in the approved Application Form.

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WORKPACKAGE CO-ORDINATION

receipt number	name of the external expert/supplier	description of tasks according to contract	date of invoice (dd/mm/yyyy)	date of payment (dd/mm/yyyy)	cost in national currency	VAT	currency	exchange rate	cost in EURO	comments
469008	BAR	Dinner at Kick-off meeting, Brussels	16/02/2009	25/03/2009	228,10	0,00	EUR	1,00000	€ 228,10	
Subtotal									€ 228,10	
Preparation Cost										
Subtotal of Preparation Costs									€ 0,00	
Total eligible costs									€ 228,10	

Ext. Expertise costs

Eligibility

- **#Who?**
 - External service providers who carry out certain tasks for the operation because the partners lack the resources to carry them out themselves.
 - For instance: external project coordination, website design, hosting, writing, layout, external event organization, meeting room rental and catering, translation, studies, external speakers ...
- **#How?**
 - Compliance with the public procurement rules applicable to the project partner
 - External expertise has to be specified in the Application Form
 - Contract/agreement
 - Invoice/request of reimbursement
- **#How much?**
 - No fixed rate or ceilings for budgeting and reporting
 - Normal market rates must be taken into consideration

Ext E. Costs - supporting documents Audit trail

- List of subcontracts and copies of all contracts with external experts and/or service providers,
- Documents relating to all steps of public procurements: information and publicity; public procurement note, terms of reference, offers/quotes, order form,
- External service provider invoices,
- Proof of delivery of services and/or goods,
- Studies, brochures, newsletters,....

General documents

Audit trail

From the contracting procedure

- Approved Application Form and annexes;
- Subsidy Contract and annexes;
- Partnership Agreement(s) and annexes;

From the project monitoring

- Relevant project correspondence (contractual, financial and content related);
- Project deliveries
- Meeting agenda, notes, meeting minutes, signed presence lists, ...
- Copies of partner financial progress reports, project financial progress reports (for LP only) and activity reports, ...

Audit trail



UNTIL 2020!

Further Questions

For questions regarding **reporting and certification**

please send an e-mail to

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Thank you for your attention