

ESPON 2013 Programme – Member State's Description of the First Level Control System according to Article 16 of Regulation 1080/2006

Territorial Cooperation Programme, ESPON 2013
CCI 2007CB163PO022


SECTION	DESCRIPTION
1. General	
<p>1.1. Information submitted by:</p> <ul style="list-style-type: none"> • Member State • The main contact point <ul style="list-style-type: none"> ○ Name of the institution ○ Responsible unit ○ Address ○ Telephone, fax ○ E-mail address ○ Title (Mr/Mrs) ○ Name and Surname ○ Position within the unit 	<ul style="list-style-type: none"> • <i>Cyprus</i> • The main contact point <ul style="list-style-type: none"> ○ <i>Department of Town Planning and Housing</i> ○ <i>Unit of the Spatial Planning Sector responsible for European and International Relations</i> ○ <i>CY-1454 NICOSIA</i> ○ <i>Tel.: +357 22408157, fax: +357 22677570</i> ○ <i>E-mail: penotiades@tph.moi.gov.cy</i> ○ <i>Mr</i> ○ <i>Phaedon ENOTIADES</i> ○ <i>Spatial Planning Officer I</i>
<p>1.2. The information provided describes the situation on :</p>	<p><i>22/07/2010</i></p>
2. System Structure	
<p>What kind of system did you opt for?</p> <ul style="list-style-type: none"> - <u>a centralized control system</u>: a control body appointed at central level to carry out the control for all beneficiaries on the territory (please continue with question 2.1) <p>or</p> <ul style="list-style-type: none"> - <u>a decentralized control system</u>: the beneficiaries proposes a controller who is authorized by a central MS body or selects a controller from a short list provided by the MS (please continue with question 2.2)? 	<p><i>A decentralised control system: beneficiaries propose an independent controller (internal or external) who is authorised by the central approbation body as described in point 2.2 below.</i></p>

2.1 Centralised Control System	
<p><u>Please describe the system.</u> Please indicate if the control is carried out by civil servants or by an external audit firm appointed for this specific mission. In case of an external audit firm, please explain how it was/will be appointed.</p>	N/A
<p><u>Contact details of the controller</u> Please provide the contact details of the designated body who will undertake the controls.</p>	<p><u>Control Body 1</u></p> <ul style="list-style-type: none"> ○ Name of the institution ○ Responsible unit ○ Address ○ Telephone, fax ○ E-mail address ○ Title (Mr/Mrs) ○ Name and Surname ○ Position within the unit <p style="text-align: right;">N/A</p>
<p><u>Contact details supervisory body</u> In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p>	<p><u>Supervisory Body 1</u> Name of body,</p> <ul style="list-style-type: none"> ○ Name of the institution ○ Responsible unit ○ Address ○ Telephone, fax ○ E-mail address ○ Title (Mr/Mrs) ○ Name and Surname ○ Position within the unit <p style="text-align: right;">N/A</p>
<p><u>Controller's qualification</u> Which minimum requirements (degrees, work experience, national qualifications, and/or registration in professional organisations) does the controller under the centralized system described above shall fulfil?</p>	N/A

2.2 Decentralized Control System	
<p>Please describe the system.</p> <ul style="list-style-type: none"> - Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand <p>Or</p> <ul style="list-style-type: none"> - will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the CU attached)? <p>In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.</p> <p>If appropriate, please give also examples of types of possible control bodies.</p> <p>In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).</p>	<p><i>The beneficiary proposes an independent controller (internal or external), who is then authorised at central level by a Central Approbation Body before the first expenditure is reported. The confirmation of the controller by the Central Approbation Body is done by using the guidance note established by the ESPON Coordination Unit and signing the "Designation Checklist & Certificate".</i></p> <p><i>The procedure for authorising the controller is as follows:</i></p> <ol style="list-style-type: none"> 1. <i>The controller is proposed by each beneficiary to the central approbation body (CAB), on the basis of a questionnaire/ checklist with specific selection criteria related to independence, competence and delays. The template questionnaire is prepared and provided to the beneficiary by the MA/CU when sending the "First Level Control documents". The controller can be external or internal as long as he/she is qualified and from a unit independent of operation activities and finances (e.g. audit firms or accountants in professional organisations/ ACCA).</i> 2. <i>The CAB checks the controller's qualification and independence following the checklist/ questionnaire with specific selection criteria, which represent minimum requirements.</i> 3. <i>Only after the choice of the controller is confirmed by the CAB, can the controller assume the role of independent project controller.</i> 4. <i>When certifying expenses of the beneficiary, controllers are required to use a standard control checklist prepared and provided to the beneficiary by the MA.</i> 5. <i>Regular circulation of guidance is organised at national level by the CAB. Such guidance will provide the controllers with further information about the implications of a control in compliance with ERDF regulations, national rules and programme characteristics.</i> 6. <i>On recommendation of the MA or at its own initiative, the CAB can carry out a limited number of quality checks to verify the functioning of the first level control system implemented.</i>
<p><u>Controllers' qualification:</u></p> <p>Please explain the <u>minimum requirements</u> for a controller to act as Project partner/Lead partner controller (e.g. degrees, work experience, national qualifications, and/or registration in professional organisations).</p> <p>For the approbation/selection of controllers at central level, we suggest using the 'Designation Check-</p>	<p><i>The minimum requirements will be:</i></p> <ol style="list-style-type: none"> 1. <i>Accounting professional skills and experience and registration in professional organisations</i> 2. <i>Professional skills and experience in the control of projects co-financed by EU Funds</i> 3. <i>Working knowledge of English to read and understand all relevant documents</i> 4. <i>Knowledge of the ESPON 2013 programme manual, operational programme, control guidelines and any document that the Programme might consider binding for the projects</i> 5. <i>Professional independence from unit dealing with project activities and finances and no involvement in project approval, activities or finances</i>

<p>list & Certificate' provided within the ESPON 'First Level Control Documents'. Please confirm the use of this document or explain what kind of other document(s) (which has to be at least equivalent) you will use instead. Copy of the equivalent documents should be provided to the ESPON Coordination Unit.</p>	<p>6. <i>Obligation to properly document all control work and make all relevant records accessible, enabling their efficient review by any other controller/auditor using just the control file</i></p> <p>7. <i>Obligation to carry out all control work within 2 months of receipt of documents from beneficiary</i></p> <p><i>The approbation/ selection of controllers at central level will be done through the 'Designation Checklist & Certificate' provided with ESPON 'First Level Control Documents.'</i></p>
<p><u>Contact details of the central approbation body</u> Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of authorizing the controller proposed by a project partner.</p>	<p><i>European Funds Unit, Ministry of the Interior Mrs Yiota Michael, Accountant Tel.: + 357 22 409 921/925 Fax.: + 357 22 409 949 Email: ymichael@treasury.gov.cy</i></p>
<p>3. Separation of Functions</p>	
<p>Please explain how your Member State will ensure a clear separation of functions between the different bodies having responsibilities for the management and control of project(s) and/or the programme. If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of</p> <ul style="list-style-type: none"> - project activities and finances - the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006) - the sample checks on operations (the so-called "second level audit" according to Article 14 (2) of Regulation 1080/2006 and Article 62 of Regulation 1083/2006) - and project approval/Monitoring Committee representation (according to Article 63 of Regulation 	<p><i>Cyprus will ensure a clear separation of functions between the different bodies having responsibilities for the management and control of projects and the ESPON Programme as follows:</i></p> <ul style="list-style-type: none"> - <i>The central approbation body (European Funds Management Unit, Ministry of the Interior) and the MC representation (unit of the Spatial Planning Sector responsible for European and International Relations, Dept of Town Planning and Housing), as well as any potential beneficiaries in any way dependent on these units, are excluded from project activities and finances funded by the ESPON Programme, ensuring a clear separation of functions</i> - <i>Independent controllers will perform the verification of project expenditure and delivery of products and services as described in section 2.2 above. The independence of first level controllers from project activities and finances also ensures a clear separation of functions</i> - <i>Second level audit checks will be performed by the Internal Audit Service (www.internalaudit.gov.cy), which is an altogether independent government service established by Law in 2003, headed by a Commissioner appointed directly by the Council of Ministers for a six year term, thus ensuring a clear separation of functions in this area as well</i> - <i>MC representation (Spatial Planning Sector, Dept of Town Planning and Housing) will be excluded from project activities and finances funded by the ESPON Programme as described above</i>

1083/2006)?	
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<p>4. First Level Control Delays</p>	
<p>How do you ensure that the first level control is carried out within 2 months after receipt of the documents?</p> <p>Three months are requested by the regulation 1080/2006, but the Lead Partner will also need two months after reception of the certification from the Project Partners to establish its own certification. This will allow the project to present a reimbursement claim four months after the completion of the six months reporting period)?</p>	<p><i>Beneficiaries must be in close cooperation with the controllers and submit their reporting forms and all requested supported documents on time to allow controllers to complete their work within the specified timeframe. Moreover, the CAB will organise meetings with beneficiaries and circulate adequate guidance, including the “National Eligibility Rules for Objective 3 Programmes” described in point 5 below, to help them meet their obligations in an adequate and timely manner.</i></p>
<p>5. Quality Assurance/Guidance to FLC bodies</p>	
<p>The programme established</p> <ul style="list-style-type: none"> - ESPON control guidelines; - a template for a First Level ‘Control Checklist’; - a template for a First Level ‘Control Report’; - a First Level ‘Control certificate – Lead Partner’ and a First Level ‘Control certificate – Project Partner’; - a ‘Designation Checklist & Certificate’ only to be used in countries with decentralized FLC system. <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound financial control (such as written guidelines, training)</p> <p>If yes please provide</p> <ul style="list-style-type: none"> - the reference - the date - related documentation (if applicable). <p>Copies of the additional guidance documents should be provided to the ESPON Coordination Unit as soon as they will become available.</p>	<p><i>Yes, the “National Eligibility Rules for Objective 3 Programmes”</i></p> <p><i>OFFICIAL DOCUMENT IN GREEK –</i> http://www.structuralfunds.org.cy/uploadfiles/οδηγός%20επιλεξιμότητας.zip</p> <p><i>INFORMAL ENGLISH TRANSLATION –</i></p>  <p>National ELIGIBILITY Rules ETC_2007-201:</p>

<p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and from the ESPON 2013 control guidelines and ESPON 2013 control certificate are respected.</p>	<p><i>Beneficiaries must be in close cooperation with the controllers and submit their reporting forms and all requested supported documents on time to allow controllers to complete their work within the specified timeframe of two months. Moreover, the CAB will organise meetings with beneficiaries and circulate adequate guidance, including the "National Eligibility Rules for Objective 3 Programmes" described in point 5 below, as well as the ESPON 2013 control guidelines and control certificate, to help them meet their obligations in an adequate and timely manner.</i></p>
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<p>6. Control Cost</p>	
<p>Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?</p> <p>If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.</p>	<p><i>In the case of external controllers the audit fee will be an eligible cost within the project.</i></p> <p><i>The control cost ("audit fee") will be calculated on the basis of the service contract. It will be paid by the beneficiary and included in the corresponding claim.</i></p>

<p>Name, Title + Organisation of Signatory for the MS</p>	<p>Place, Date, Signature and Stamp</p>
<p><i>Christodoulos KTORIDES Director Department of Town Planning and Housing Ministry of the Interior</i></p>	<p><i>Nicosia, 22/7/2010</i></p>

Thank you in advance for sending the filled-in questionnaire including relevant annexes to the following address:

ESPON Coordination Unit
CRP HT – BP 144
L-4221 Esch sur Alzette
Luxembourg

If you need assistance or any further information/details for filling in the document, please contact Ann-Gritt Neuse (e-mail: ann-gritt.neuse@espon.eu, Tel. +352. 54.55.80.693).

PLANNING BUREAU
NATIONAL COORDINATOR OF THE
EUROPEAN TERRITORIAL
COOPERATION PROGRAMMES
2007-2013



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΥΡΩΠΑΪΚΗ ΕΝΩΣΗ



ΓΡΑΦΕΙΟ ΠΡΟΓΡΑΜΜΑΤΙΣΜΟΥ



ΔΙΑΡΟΡΩΤΙΚΑ ΤΑΜΕΙΑ
της Ευρωπαϊκής Ένωσης και της Κυπριακής Δημοκρατίας
οι ιδέες μας, πράξη και ανάπτυξη

**NATIONAL ELIGIBILITY RULES
FOR PROJECTS IMPLEMENTED IN THE FRAMEWORK OF THE
EUROPEAN TERRITORIAL COOPERATION PROGRAMMES AND
ARE CO-FINANCED BY THE EUROPEAN REGIONAL
DEVELOPMENT FUND FOR THE PROGRAMMING PERIOD 2007-
2013**

CONTENTS

I	PURPOSE	3
II	METHODOLOGY	4
III	REGULATIONS	5
IV	ELIGIBILITY LEVELS	6
V	TERMS / ELIGIBILITY CRITERIA	7
VI	AUDIT TRAIL	8
VII	NATIONAL RULES FOR ELIGIBILITY OF EXPENDITURE AND INDICATIVE SUPPORTING DOCUMENTS	9
	APPENDIX I - INDICATIVE TEMPLATES	17

I. PURPOSE

Based on Article 56.4 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 the eligibility rules for the programming period 2007 - 2013, will need to be established at national level on the basis of the exceptions referred in the special regulation for each Fund and will cover the total expenditure to be certified for every Operational Programme. In this framework, the purpose of this document is to set the general framework of the eligibility of expenditure realised by Cypriot Partners (Beneficiaries) participating in the implementation of projects of the Territorial Cooperation Programmes during the programming period 2007-2013 and which are co-financed by the European Regional Development Fund, in cases where they are not overlapped by programme rules.

Depending on the nature and the type of each project category, the eligibility rules that are presented in this document, may specialize further, become stricter or even excluded. In any case, any specialization, adoption of stricter rules, or even exclusion, is determined in the corresponding Programme and those are the rules that should be adopted from the Cypriot Partners and their First Level Controllers during implementation, monitoring and verification of expenses for European Territorial Cooperation Objective.

In the framework of the European Territorial Cooperation Objective, Cyprus participates in the Cross-border Cooperation Programme Greece - Cyprus, the Transnational Cooperation Programme MED, the Interregional Cooperation Programme INTERREG IVC, the Cross-border Cooperation Programme ENPI Mediterranean Sea Basin and ESPON 2013 and URBACT II¹. This document will be apply to all the European Territorial Cooperation Programmes, besides the Cross-border Cooperation Programme ENPI Mediterranean Sea Basin, which is under a different legal framework and specifically under Regulations 951/2007 and 1638/2006.

The present document, in which the provisions of the eligibility rules of the EU are clarified, aims to be a useful tool for all involved bodies i.e. the National Coordinator, the First Level Controllers and the Cypriot Partners during their responsibilities in connection with the implementation, supervision and verification of expenses of the co-financed projects.

The aims of the guide are the following:

- Configure the framework for the eligibility of expenditure for projects co-financed by the European Regional Development Fund for the programming period 2007 - 2013 in the framework of the European Territorial Cooperation Programmes in which Cyprus participates.
- Support the Partners at submitting project proposals.
- Assist the relevant bodies during the verification of expenses.
- Cite of the relevant EU regulations.

¹ For ESPON 2013 and URBACT II the Ministry of Interiors has been assigned as the National Contact Point and Approbation Body.

II. METHODOLOGY

For the establishment of the present document the following methodology has been used:

- The criteria and expenditure eligibility rules resulted from the process of the EU Regulations concerning the Structural Funds and especially the European Regional Development Fund.
- These rules were established by the National Coordinator of the European Territorial Cooperation Programmes .
- The eligible actions as described into the EU Regulations, the relevant Operational Programmes and the Implementation Guides based on which the eligible categories of projects for each Call for Proposals were taken into consideration. It is noted that the eligibility of the actions and the components of a project are a condition for its eligibility and therefore for the eligibility of its implementation expenses.

III. REGULATIONS

The eligibility guide has been constructed based on the institutional framework of the European Regional Development. The main regulations are the following:

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999.
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.
- Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999.

IV. ELIGIBILITY LEVELS

The concept of eligibility is widely used in the Structural Funds. The implementation of the eligibility rules is done successively by a sequence of the following levels:

➤ NATIONAL STRATEGIC REFERENCE FRAMEWORK (NSRF)

Based on the strategic guidelines adopted by the Council, every member state prepares at a political level a National Strategic Reference Framework and when the member state has selected to include in the (NSRF) actions financed by the “European Territorial Cooperation” objective, this is considered to be the framework for the preparation of the Operational Programmes.

➤ OPERATIONAL PROGRAMMES

Based on the National Strategic Reference Framework of every participating member state, member states elaborate the Operational Programmes under the European Territorial Cooperation Objective which are approved and adopted by the European Commission. The Operational Programmes contain information at priorities level, pointing out the most important actions expected to be co-financed.

➤ PROJECTS

Eligibility of a project is the right it gains for financing under the framework of the Operational Programme with the contribution of EU and national funds. The eligible categories of projects and potential Beneficiaries are clearly mentioned into the Implementation Guide of the Programme and in the Call of Proposals based on the provisions of the Operational Programme and the relevant EU Regulations. The right for co-financing is gained upon the approval of the project by the Monitoring Committee / Project Selection Committee based on the criteria and assessment guidelines approved by the Monitoring Committee, which are included in the Implementation Guides of the Programmes.

The implementing procedures of a project will need to be compatible with the national and EU institutional framework and to be directly connected with the economic and physical integration of the project, based on the financing terms registered in the Subsidy Contract and the Acceptance Decision of the Project.

➤ COMPONENTS

The implementation of the project is designed by its Partners through actions which constitute the components of the project. The suggested actions of the project need to be logically organised in a number of components and described into the application. These components are concentrated either on the implementation of the physical object of the project (e.g. “Administration and Cooperation”, “Communication and Dissemination”) or on the content of the proposal (e.g. “Exchange of Experiences”). Every partner participates in the implementation of a specific number of components. The role, obligations and the components in which each partner participates are included into the Partnership Agreement signed between the Lead Partner and each Partner.

➤ EXPENDITURE

The expenditure needs to be directly related with the objective under finance and to be under the eligibility rules framework. Partners implementing the projects or part of them are responsible for the realisation of expenditure.

V. TERMS / ELIGIBILITY CRITERIA

Some general issues that arise from the provisions of EU Regulations or/and the content of the Operational Programme and affect part or the entire eligible expenses of projects, are the following:

➤ ELIGIBLE EXPENDITURE

Based on Article 56, par. 3 of the EU Regulation 1083/2006 of the Council of 11 July 2006, expenses are eligible for co-financing by the Funds of the European Union (for the purposes of this document concerns the ERDF) only when they paid for approved projects by the Managing Authority of the Programme or under its responsibility based on the criteria approved by the Monitoring Committee. For the purposes of the European Territorial Cooperation objective and based on article 19 par. 3 of the EU Regulation 1080/2006 of the European Parliament and Council of 5 July 2006, the approval of projects is effected by the Monitoring Committee or the Project Selection Committee of the Programme.

➤ REALISED EXPENDITURE

Based on Article 56 of the EU Regulation 1083/2006, expenditure is eligible for co-financing by the Funds of the European Union if they have actually been paid by the Partner and are evidenced by settled invoices or logistical items of equivalent probative value.

Exemptions of the above term are contributions in kind, depreciations and general expenses for which reference is made in chapter VII.

➤ ELIGIBILITY PERIOD

The eligibility period for expenses is designated between 1st January 2007 and 31st December 2015. The co-financed projects must not be completed before the opening date of the eligibility period. In cases of categories of projects, or expenses, or programmes where the eligibility period is narrower, this is set in the Procedures Manual of the Programme.

➤ PROJECT IMPLEMENTATION PLACE

Based on article 7 par. 2 of EU Regulation 1083/2006, the Commission establishes a list of eligible regions and territories in which projects under the European Territorial Cooperation objective can be implemented. This list is valid from 1st January 2007 until 31 December 2013. For the purposes of transnational cooperation the list is analysed by programme whilst for the purposes of interregional cooperation, cooperation networks and the exchange of experiences, the whole EU territory is eligible.

➤ DURATION OF PROJECTS

Based on the provisions of article 57 of EU Regulation 1083/2006, a co-financed project shall retain the contribution from the Funds only if that project does not, within five years from the completion of the operation undergo a substantial modification:

(a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and

(b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

VI. AUDIT TRAIL

Articles 15 and 19 of the Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund lay certain requirements concerning the preservation of an adequate audit trail and the availability of documents concerning the projects. These requirements are the following:

AUDIT TRAIL

An adequate audit trail is a basic request of the European Commission for the co-financing of projects under the framework of the Structural Funds and is a responsibility of the member state and therefore of the relevant body responsible for the administration and implementation of co-financed programmes and projects. An audit trail concerns all the stages of a co-financed project and to be considered adequate it must satisfy the following criteria:

(a) Approval of a Project

It permits the verification of the implementation of the assessment criteria set by the Monitoring Committee for each Operational Programme.

(b) Expenses

It permits the verification of the payment of public contributions to Beneficiaries and the verification of amounts that are certified to the European Commission with the analytical transactions and documents kept by the Certifying Authority, the Managing Authority, the First Level Controllers and the Partner.

(c) Monitoring / Implementation of project

It contains for each project the technical specifications and the financing plan, documents concerning the approval of the grant and the procurement procedures, progress reports and reports on verifications and audits carried out.

Based on the requirements of the European Commission concerning the audit trail it is necessary to have transparent and documented procedures in all stages of adoption, implementation and monitoring of each project and the maintenance of satisfactory archiving.

The absence of an adequate audit trail may lead to the abolition of public contribution and loss of resources.

AVAILABILITY OF DOCUMENTS

All documents relating to the expenses, verification and audit of each project should be kept for at least 3 years after the closure of the programme or 3 years following the year of partial closure of the programme.

VII. NATIONAL RULES FOR ELIGIBILITY OF EXPENDITURE AND INDICATIVE SUPPORTING DOCUMENTS

PURCHASE / CONSTRUCTION / RESTORATION OF BUILDINGS		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>The purchase / construction / restoration of buildings can be considered as an eligible expense. Professional fees linked to the purchase of a building are eligible. The depreciation charge of a building or part of it, when the building is not being used entirely for the objectives of the project, for the duration of the co-financing period for the project, (based on acceptable capital allowance rates published by the Department of Inland Revenue) can be considered an eligible expense only if the purchase cost of the building is not claimed as an eligible expense. In all cases, the building shall not have received, within the previous 10 years, a national or Community grant</p>	<ul style="list-style-type: none"> ➤ Cost of purchase of real estate ➤ Building works ➤ Other technical works ➤ Depreciation of buildings, plants and technical works 	<ul style="list-style-type: none"> • For the purchase of a building, a valuation by the Department of Lands and Surveys and/or of an independent qualified valuer (with the approval of the First Level Controller) • Declaration from the seller certifying that the building has not received, within the previous 10 years, a national or Community grant • Purchase Contract • Invoice for Professional fees • Depreciation method, allocation basis (where only part of the building is being used) and a calculation of the amount of depreciation claimed in each Payment Claim • Certificate of registration of real estate (Title deed)

EQUIPMENT / MACHINERY / FURNITURE		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>The purchase cost of equipment, machinery, furniture etc, can be considered an eligible expense. The technical specifications / functions of the machinery must be compatible with the framework under which it is used for the purposes of the project. In cases where only part of the machinery is used for purposes of the project, the purchase cost or depreciation is allocated on a reasonable base which is agreed with the First</p>	<ul style="list-style-type: none"> ➤ Machinery ➤ Technical facilities ➤ Mechanical instruments ➤ Other mechanical equipment ➤ Purchase of software ➤ Furniture ➤ Tools ➤ Office machinery ➤ Computers and electronic devices 	<ul style="list-style-type: none"> • Documents evidencing that the most cost-effective solution for the specific item was chosen (in accordance with legislation and regulations in force) where applicable • Where the equipment purchased is second-hand, the seller of the equipment shall provide a declaration confirming that at no point during the previous seven years has it been purchased with the aid of national or Community

<p>Level Controller.</p> <p>Where the equipment purchased is second-hand, the price of the equipment shall not exceed its market value and shall be less than the cost of similar new equipment.</p> <p>The depreciation charge for the duration of the co-financing period for the project, (based on acceptable capital allowance rates published by the Department of Inland Revenue) can be considered an eligible expense only if the purchase cost of the assets in question is not claimed as an eligible expense.</p> <p>In all cases, fixed assets must not, at any point during the previous seven years, have been purchased with the aid of national or Community grants.</p>	<ul style="list-style-type: none"> ➤ Storage and transfer media ➤ Telecommunications equipment ➤ Depreciation of machinery, technical facilities, other mechanical equipment and furniture 	<p>grants</p> <ul style="list-style-type: none"> • Purchase Invoice • Where the eligible item is depreciation charge, a Fixed Asset Register in the form of a spreadsheet stating in detail the relevant cost and accumulated depreciation charge for all fixed assets (or group of assets) that were used for the implementation of the project up to the date of submission of the particular Payment Claim. • Calculation of the amount of depreciation claimed in each Payment Claim. • Allocation basis (in cases where only part of the equipment is used for the purposes of the project).
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SALARIES		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>The cost of salaries of permanent and/or temporary employees of a Partner involved in the execution and administration of a project can be considered eligible if it can be demonstrated that the employees are working for the project (either exclusively or part-time).</p> <p>In exceptional cases, where the project cannot be executed within normal working hours, or where it is imperative for employees to work overtime in order to execute a certain project, the overtime cost can be considered eligible.</p>	<ul style="list-style-type: none"> ➤ Remuneration of permanent and temporary employees ➤ Staff salaries ➤ Employer's contributions (e.g. social security contribution, contribution to the social cohesion fund) ➤ Overtime costs ➤ Secondments, placements 	<ul style="list-style-type: none"> • List of persons working for the project, including their names, qualifications, their role in the project, the proportion of their time devoted to the project and their annual salary • For persons devoting part of their time to the project: their monthly salary, calculation of their daily salary cost and the total amount charged to the project • Duty delegation decision / terms of reference / scheme of services detailing the tasks to be executed by the employee and providing an estimation of the time required for their completion • Secondment/ placement decision • Payroll records and reconciliation of the relevant accounting records to the expenditure declared on the Payment Claim. • Timesheet, duly completed and signed/approved (in cases of electronic timesheets) both by the employee and his supervisor • Where applicable, evidence supporting the deliverable which should be consistent to the timesheet • Where applicable, documents proving the necessity for overtime work.

RENTALS / LEASES		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>Rentals and operating leases are eligible if the asset to which the contract relates is used for the purposes of the co-financed project and if the Partner proves that the use of rental or lease is the most cost-effective solution.</p> <p>In cases where non government bodies lease buildings or equipment, the Partner must be able to demonstrate that rental or leasing was the most cost-effective method for obtaining the use of the asset.</p> <p>Rentals or leases allocated partially to a project can be considered eligible if the allocation basis is reasonable (approved on a case-by-case basis by the First Level Controller).</p> <p>With regard to leasing contracts which include an option to purchase or provide for a minimum leasing period equal to the useful life of the asset to which the contract relates, the maximum amount eligible for Community co-financing shall not exceed the market value of the asset leased.</p> <p>Leases that are already subject to state grants are not eligible.</p>	<ul style="list-style-type: none"> ➤ Leases of buildings - technical projects ➤ Leases of machinery, facilities and equipment ➤ Leases of computer equipment ➤ Leases of other equipment ➤ Leasing contracts/ Hire purchase agreements 	<ul style="list-style-type: none"> • Documents that support that rental or leasing was the most cost-effective method for obtaining the use of the asset (versus purchasing the asset) • Where a building is leased by a Ministry or a government department, approval from the relevant committee of the Ministry of Finance • Leasing contract and/or detailed invoices for leasing rentals • Payment receipt

ADMINISTRATIVE COSTS		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p><u>Direct administrative costs:</u> Direct administrative costs are eligible when the Partner can prove that they are <u>exclusively</u> connected with the co-</p>	<ul style="list-style-type: none"> ➤ Various promotion and advertising expenses 	<p><u>Direct administrative costs:</u></p> <ul style="list-style-type: none"> • Contract/agreement with the supplier • Detailed invoice

<p>financed project and result from its implementation. They have to be supported by paid invoices or other accounting documents of equivalent probative value.</p> <p><u>Indirect administrative costs / general operating expenses:</u> Costs for general expenses are eligible when they are allocated to the project on a reasonable basis. The allocation basis of general expenses need to be common for all general expenses of the project (where possible) and remain the same for the whole implementing period of the project. The choice of the allocation basis will be justified by the Partner and agreed with the First Level Controller.</p> <p>Repairing/maintenance costs are eligible only if they concern fixed assets used for the implementation of the project and can be charged to it either as direct expenses or allocated as indirect administrative expenses.</p> <p>It is noted that the total cost for administration depends on the nature each project.</p>	<ul style="list-style-type: none"> ➤ Leaflets ➤ Consumables ➤ Publication expenses for advertisements and notices ➤ Other publication expenses ➤ Expenses of experts or consultants ➤ Office rentals ➤ Repairing/ maintenance costs ➤ Telephone and fax expenses, electricity and heating expenses and other general expenses 	<ul style="list-style-type: none"> • Payment receipt • Supporting documents evidencing the respect of the legislation and regulations in force <p>General operating expenses / overheads:</p> <ul style="list-style-type: none"> • Detailed invoices • List of the expenses to be allocated • Allocation basis and calculation of the amount allocated to the Payment Claim • Payment receipts <p><u>Repairs/Maintenance:</u></p> <ul style="list-style-type: none"> • Contract with the service provider analysing in detail the work assigned, the cost of each task and the total cost (where necessary) • Detailed invoices • Payment receipt
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OTHER		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>Where separate accounts were opened especially for implementing a project, the bank charges for opening and administering the accounts, are eligible. Any bank charges related to payments made for the project are eligible, whereas debit interest on these payments is not eligible.</p> <p>Costs of guarantees provided by a bank or other financial institution are eligible (to the extent that the guarantees are a requirement of national or Community legislation).</p>	<ul style="list-style-type: none"> ➤ Bank expenses ➤ Bank charges ➤ Guarantees expenses ➤ Costs for seminars/ meetings/ events ➤ Consumables ➤ Expenses of experts or consultants 	<ul style="list-style-type: none"> • Contract with the service provider • Detailed invoice • Any other supporting documents, such as agenda and/or minutes of meeting.

<p>Expenses for meetings / conferences / events are eligible if they serve the project and this is documented (e.g. communication and dissemination actions implemented by the Partners' own resources without being assigned to external consultants).</p>		
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SERVICE CONTRACTS (CONSULTANTS / EXPERTS / TRAINING INSTITUTIONS ETC)		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>Expenditure relating to professional fees directly linked to the project and necessary for its preparation or implementation, or that relates to specific terms or requirements imposed by the Managing Authority or the National Coordinator, is eligible. Subcontracts with intermediaries or consultants in which the payment is defined as a percentage of the total cost of the operation are only eligible if such payment is justified by the Partner by reference to the actual value of the work or services provided.</p> <p>In the contract, contractors shall undertake to provide the national and community audit and control bodies with all necessary information relating to the contracted activities.</p> <p>In all cases the Partner retains responsibility for any work assigned to third parties.</p>	<ul style="list-style-type: none"> ➤ Legal fees and expenses ➤ Notary fees and expenses ➤ Cost of technical expertise ➤ Fees and expenses of organisers - consultants - researchers ➤ Accountancy or audit costs ➤ Contractor and fees expenses ➤ Fees and expenses of other experts or consultants ➤ Fees and expenses of the project's Director ➤ Fees and expenses for the organisation of seminars/ meetings/ events ➤ Publicity ➤ Fees and expenses for the assessment and approval of a project ➤ Fees and expenses for the design and maintenance of a webpage 	<ul style="list-style-type: none"> • A contract stating the nature of the target / activity to be undertaken, the duration, the total fee and the remuneration rates, where applicable • Documents evidencing that the most cost-effective solution for the specific quality of service was chosen (in accordance with legislation and regulations in force) where applicable • Detailed invoices • Contract deliverables (where applicable) • Note / certificate of acceptance of deliverables issued by the body charged with monitoring / acceptance of the deliverables of the contract • Payment receipt

TRAVELLING EXPENSES/TRAVELLING ALLOWANCE		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>Travelling expenses are eligible only if the trip serves exclusively the purposes of the project. The eligible amount shall be the per diem allowance of the employee calculated in accordance to government regulations, as they are laid out in the relevant circulars issued by the Public Administration and Personnel Department, or on the basis of the relevant regulation applicable to the Partner in question (with the approval of the First Level Controller).</p> <p>It is emphasised that the most cost-effective means of transfer and accommodation should be chosen).</p>		<ul style="list-style-type: none"> • Travel invoices paid directly by the organisation / institution • Per diem allowance request, accompanied by the relevant supporting documents in accordance to the national government rules, or the applicable procedures of the organisation regarding expenditure borne by a person participating in a mission. • Where a private car was used, a travelling allowance request using a “mileage sheet”, in accordance with the national government procedures and using the applicable mileage rate. • Any other supporting documents, such as the agenda, minutes of the meeting etc

VAT		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>VAT does not constitute eligible expenditure except where it is not recoverable by any means by the Partner.</p>		<ul style="list-style-type: none"> • The VAT Commissioner certifies that the Partner is neither liable nor entitled for registration on the Register kept by the VAT Commissioner and cannot recover the input VAT paid for the purposes of the specific co-financed project.

CONTRIBUTIONS IN KIND		
ELIGIBILITY	EXAMPLES	SUPPORTING DOCUMENTS
<p>Contributions in kind (e.g. equipment, research or professional activity) are eligible if their value can be independently assessed and audited. It is noted that the community contribution to a project shall not exceed the total</p>	<ul style="list-style-type: none"> ➤ Real estate ➤ Machinery ➤ Materials ➤ Consulting and professional services without fees 	<ul style="list-style-type: none"> • In the cases where real estate is provided, the value is certified by the Department of Lands and Surveys or an independent qualified valuer (following the approval of the First Level Controller) • Where equipment is provided, the

eligible expenditure, excluding contributions in kind, at the end of the project.		value is certified by an independent qualified valuer • Where professional activity is provided, the value of the work is determined taking into account the amount of time spent and the normal hourly and daily rate for the work carried out by reference to work of a similar nature (following the approval of the First Level Controller)
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INDICATIVE TEMPLATES

For the purposes of documenting eligible expenditure, in certain cases, it is necessary to maintain and submit specific forms. In this appendix, certain templates are presented indicatively, for use by Partners in cases where the organisation they belong to does not use such forms. The templates presented are:

- Timesheet
- General Expenses Allocation Sheet
- Fixed Asset Register

TIMESHEET

In cases where part of the salary cost of a certain employee is eligible for co-financing by the Structural Funds, the Payment Claims submitted must be accompanied by Timesheets that support the amounts presented in each Payment Claim.

A template of a Timesheet that can be used to this effect is presented in page 19.

The Timesheet must indicate the reference month and year, as well as the name of the employee whose salary is claimed as an eligible expense. Furthermore, reference is made to the co-financed projects in the framework of which the salary of the employee will be co-financed in the course of the month in question.

The accountant of the organisation should verify the remuneration amount for the employee for the reference month and should include the reference numbers for the accounting records where the payment to the employee is recorded.

Where the Timesheet is submitted by a Government Organisation, then the remuneration amount must be verified by the competent directorate of the Treasury of the Republic.

The hourly rate and consequently the total cost to be charged to each co-financed project shall be calculated on the basis of the monthly remuneration of the employee.

It is noted that all amounts must be presented in two decimal places, i.e. €130,71.

GENERAL EXPENSES ALLOCATION SHEET

In cases where a proportion of the general expenses of an organisation / department is allocated to some of the co-financed projects, a General Expenses Allocation Sheet (a template of which is presented in page 20) must be submitted together with the Payment Claim.

This sheet should list the invoices of actual expenses paid and documents supporting their payment.

Following that, the basis to be used for the allocation of the expenses is indicated, as well as the total units on the basis of which the general expenditure is allocated within the reporting period. (E.g. Allocation basis: Number of employees, total units allocated during the period: 25). Next, the details of the co-financed projects, to which general expenses shall be allocated, are filled-in, as well as the units allocated to each project.

When the calculations are concluded, the cost allocated to each project is quoted.

It is noted that the allocation factors and all amounts must be presented in two decimal places, e.g. 25,13%

FIXED ASSET REGISTER

Where the depreciation cost of certain Fixed Assets is the eligible expenditure for co-financing, then a Fixed Asset Register must be submitted together with the Payment Claim, detailing the assets on which depreciation will be charged as eligible. A template of the register is presented in page 21.

The register should present details such as the date of acquisition of each asset, its cost, the accumulated depreciation and a calculation of the depreciation charge for the relevant reporting period. It is noted that all amounts and rates must be presented in two decimal places.

Please note that this document is an informal translation of the Greek version of the circular.