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**Latvia – Lithuania**

# Eligibility of costs

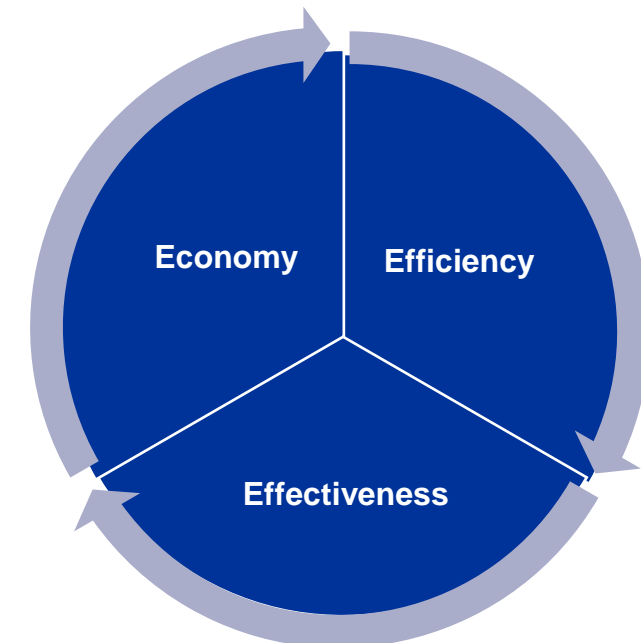
Information webinar on project implementation

14 March 2024

# Eligibility of costs

PPs should follow **Sound financial management** principles:

- **Economy** - resources used by the institution for the pursuit of its activities shall be made available in **due time, in appropriate quantity and quality and at the best price**
- **Efficiency** - **best relationship between** resources employed and results achieved
- **Effectiveness** - attaining the specific objectives set and **achieving the intended results**



# Eligibility of costs

- Only costs incurred by PP
- Expenditure must have been paid out “gone out of the PP bank account”
- Costs are directly related to the project and planned/specified in the AF
- Costs must be paid out within the project duration



# Eligibility of costs

Advance payments to the external service providers are eligible:

- if LP/PPs pay up to 30% of total contract amount as advance payment, proof of partial or full delivery of goods or services is not required,



# Eligibility of costs

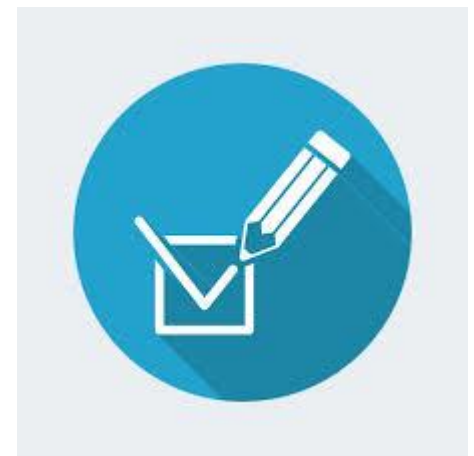
Advance payments to the external service providers are eligible:

- if a service or goods contract foresees a higher advance payment percentage, LP/PPs shall report full costs (both advance payment and remaining payment) of goods/services in the reporting period when delivery takes place and LP/PPs have to provide the proof of full delivery of goods or services.



# Eligibility of costs

- PPs are **not allowed to subcontract each other**, themselves and own or LP/PPs' employees
- Zero tolerance towards the existence of a **conflict of interest**
- **No Double financing**



# Eligibility of costs

- **Cost sharing** is not allowed

The Programme defines cost sharing as a proportional allocation of certain project expenditures incurred by one PP and allocated to other PPs

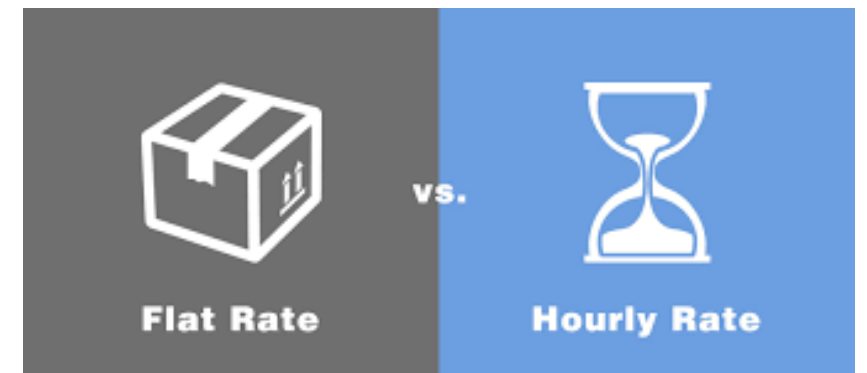
- **In-kind** costs are not eligible
- Value added tax **is eligible**



# CC1 Staff costs

Only two options are possible:

- **SCO flat rate** method: **15%** of real costs
- **SCO standard scale of unit cost** method: **17 EUR hourly rate**





# CC1 Staff costs

- Each PP can chose **only one** appropriate reporting method
- **LP/PP cannot change the Staff costs method during the project implementation!**
- Both methods do not require to provide documents to Programme bodies that expenditure has been paid out.



# CC1 Staff costs/ Flat rate

- **SCO flat rate** method: **15%** of total eligible LP/PP's real costs (CC4, CC5 and CC6)\*.
- **If LP/PP chooses the flat rate method, external project management costs (CC4)** (project manager, coordinator, assistant, financial managers, procurement and public relation specialists, etc.) **are ineligible.**
- The calculation is done automatically.

*\*Flat rate method is mandatory for projects with total eligible project budget below 200 000 EUR!*

# CC1 Staff costs/ standard scale of unit cost

Calculated by multiplying standard unit cost  
(**17 EUR/h**) with number of units (hours)

- The hourly rate is standard for all employees regardless of their position.
- This rate is not affected by real rate of remuneration used within LP/PP institutions (it can be higher or lower).
- The rate already includes all taxes.

# CC1 Staff costs/ standard scale of unit cost

## Main documents must be available for control purposes:

- Employment confirmation / **work agreement stating workload**
  - job descriptions: content of the tasks and relation to the project, if not described in the work contracts;
- **Programme timesheet** with reference to evidence of implemented works from the project work plan in the AF.
- **Total worked time registry** form from institution



# CC1 Staff costs/ standard scale of unit cost

- **LP/PP cannot declare to Programme more than 1 720 hours** per full time employee per year, **for a six-month period maximum limit is 860 hours.**
- PPs shall reduce this **maximum number of hours** to a **pro-rata of 1 720 hours for employees working part-time.**

**50% workload in PP institution = 71,66h  
as max allowed reported hours per  
project (not 80 hours) per month**

# CC1 Staff costs/ standard scale of unit cost

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**LP/PP in Programme time sheets can report only productive project related working hours.**


Non-productive hours related to holidays, sick leave, maternity leave, etc., are not eligible for reporting in timesheets

# CC1 /standard scale of unit cost Timesheet

Project acronym, ID:

Project partner title:

Reporting period:

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## Project timesheet

Employee name:  Month:

Position in the project:

Date	Description of tasks implemented in the project	Project worked hours	Associated deliverable
dd.mm.yy			

<https://latlit.eu/how-to-implement/reporting/>



# CC1 /standard scale of unit cost Timesheet

- **Detailed information about implemented duties** and tasks for all reported working hours should be provided
- LP/PP can report only **productive project** related working hours
- For reported **general management duties**, which are not specifically linked to specific deliverable in section «Associated deliverable», **indicate «Management»**

**Project timesheet**

Employee name:		Month	
		January	
Position in the project:			
Date	Description of tasks implemented in the project	Project worked hours	Associated deliverable
15.02.2024	Preparation for .....	1	Management
15.02.2024.	Preparation of guidelines.....	3	D.1.2





# CC1 Staff costs/ standard scale of unit cost

**Detailed information about implemented duties could be not provided if below-stated limits are not overreached for following staff positions:**

- LP project management duties – 430 hours per reporting period.
- PP project management duties per PP – 284 hours per reporting period.
- LP/PP financial manager duties – 215 hours per reporting period.

If implemented duties are not stated in timesheet, **summary of main tasks implemented during reporting period should be submitted together with Partner report**

# CC2 Office and administration costs

## Flat rate of **15%** of eligible staff costs

- When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for the office and administration.



# CC2 Office and administration costs

Following costs are covered by the CC2 flat rate **and they cannot be reported under any other CC:**

- Office rent, utilities (e.g. electricity, heating, water).
- Office supplies, security, communication.
- Accounting.
- Maintenance, cleaning and repairs.
- IT services of general nature that support delivery of the project (maintenance of IT systems).
- Charges for transnational financial transactions.
- Costs related to the organization of internal one partner (without the participation of LP or other PPs) meetings.



# CC3 Travel and accommodation

Flat rate of **10%** of eligible staff costs



The flat rate covers travel and accommodation costs of **LP/PPs' own employees.**

# CC3 Travel and accommodation

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## Flat rate of **10%** of eligible staff costs

When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for the Travel and accommodation.

However, PP should still reflect travels and their results during reporting of respective deliverables and activities

# CC3 Travel and accommodation

Following costs are covered by CC3 flat rate **and they cannot be reported under any other CC:**

- Travel costs of **LP/PPs' own employees** (such as tickets, travel and car insurance, fuel, car mileage, toll, parking fees, rent of vehicle).
- Accommodation costs and daily allowances of **LP/PPs' own employees.**
- The cost of meals (e.g., cost of meals provided during travelling)
  - (PPs must plan and report costs for catering during events under CC4).



# Main supporting documents for CC4,5,6

## Common main documents must be available for control purposes for CC4, CC5 and CC6:

- Evidence of the [procurement process](#)
- [Invoice](#) providing all relevant information in line with the applicable accountancy rules.
- [Proof of payment](#).
- Act of delivery and receipt.
- [Proof of delivery](#) for delivered services, equipment, infrastructure (pictures including proof that publicity rules have been respected)

# CC4 External expertise and services



## Specific rules:

- The **work** by external experts and service providers must be **essential** to the project and **specified in the AF**.
- Price should be **adequate**.
- **Costs** for the support in the project implementation provided by body or a natural person outside of the partner organisation



# CC4 External expertise and services



## Specific rules:

- Costs linked to **awards and prizes** granted or given at competitions organised by the LP/PPs are **not eligible**.
- If LP/PPs use **rented** transportation for the events where project management **staff and project target group** participate, total costs for transportation are **eligible** under CC4.
- Costs are based on agreements concluded with service providers and paid based on invoices.

# CC4 External expertise and services



## Specific rules:

- Costs for **lunch** are eligible for a minimum **six hours meeting**, and LP/PPs can include costs for **dinner** for events taking place **more than one day**.
- Costs of groceries purchased from the shops are not eligible under CC4
- All additional costs related to external experts (e.g. travel and accommodation costs for external experts) must be foreseen in the service contract and planned under this CC.

# CC4 External expertise and services

## Following documents must be available for control purposes:

In the case of organization of meetings and events:

- [meeting/event agenda](#) with indicated breaks for the catering -memo/minutes/report of the meeting/event, if available.
- [photos](#) from significant meetings/events
- [list of participants with signatures](#) for each day (PPs must use a standard form of a “List of participants” for reporting on physical events which is published on the Programme website [www.latlit.eu](http://www.latlit.eu).) and a verifiable list of participants for online meetings.
- [handouts](#) (obligatory to be provided for control purposes if the preparation of handouts is paid under CC4).



# CC4 External expertise and services

## Following documents must be available for control purposes:

- A contract or an agreement laying down the services to be provided, For experts paid based on a daily fee, PPs shall provide the daily rate, the number of days contracted, and the total amount of the contract. Any changes to the contract must comply with the public procurement rules and PPs must properly document them.
- **Results of the work of external experts:**
  - developed documents (e.g., presentations, studies, researches, programmes),
  - Radio, tv recordings,
  - developed ICT solutions,
  - one example of publication, souvenirs, etc. should be saved for control purposes



# CC5 Equipment

- Costs of equipment are eligible if they are planned in the [approved Application Form](#).
- [Equipment should be in line with provided specifications](#)
- Equipment ownership and the way of use cannot be changed – according to the rules in section 6.5 “Project closure and durability of project results”
- Purchase of equipment is eligible if it is used solely for the purpose of the project or the target group



# CC5 Equipment

**Following specific documents must be available for control purposes:**

- **Act of delivery** and receipt.
- **Pictures** of purchased equipment, including proof that publicity rules have been respected (upon request).



# CC6 Infrastructure and works

- Costs are eligible if they are planned in the approved AF.
- All costs must comply with other applicable EU and Programme information and publicity rules
- Delivered works should reflect amount of payments made



# CC6 Infrastructure and works

Following documents must be available for control purposes:

- Acts of delivery and acceptance (**acceptance act for works**, acceptance act that works are accepted for service).
- Technical documentation for implemented works.





# CC6 Infrastructure and works

Following documents must be available for control purposes:

- **Pictures** of infrastructure objects constructed/renovated with proof that publicity rules have been respected.
- **Other documents that could be relevant according to national legislation.**



# De-commitment

The Programme funding is subject to the de-commitment rule.

- If PPs do not spend the Programme funding according to the defined schedule (known as the ‘N+3 rule’), **the EC will de-commit the unspent funding from the Programme.**



# De-commitment

If the Programme faces de-commitment, MA will reduce budgets granted to the delayed projects.

- The Subsidy Contract provides the legal basis for the de-commitment of funding from running projects.

The decision on which projects are affected by the de-commitment **will be based on an assessment of the project's spending plan as fixed in the AF and the actual spending rate of the projects.**

Spending rate %

# De-commitment

## Spending rate %

- C.6 Project Time Plan
- C.7 Project management
- C.8 Long-term plans
- D - Project budget** ^
- D.1 Project budget per fund
- D.2 Overview partner / cost category
- D.3 Overview budget / period
- E - Project lump sums** ^
- E.1 - Project lump sums
- ☰ Application annexes
- 👁 Assessment & Decision
- 🔒 Modification
- ⬇ Export

### D.3.1 Project budget - overview per partner / per period

If the partner budget is not completely assigned to the periods per cost category, the non-assigned budget is automatically added to the last period. Rounding differences are added to the last reporting period.

Partner	Organisation abbreviation	Country	Preparation	Period 1	Period 2	Period 3	Period 4	Closure	Total eligible budget
<u>LP1</u>		Latvija (LV)	5.000,00	15.406,25	37.406,25	37.406,25	29.406,25	0,00	124.625,00
<u>PP2</u>		Latvija (LV)	0,00	33.668,58	34.856,08	35.535,93	20.929,71	0,00	124.990,30
<u>PP3</u>		Latvija (LV)	0,00	67.501,25	31.626,25	11.937,25	13.935,25	0,00	125.000,00
<u>PP4</u>		Lietuva (LT)	0,00	17.071,87	39.446,87	41.187,67	22.181,89	0,00	119.888,30
<u>PP5</u>		Lietuva (LT)	0,00	89.783,89	13.456,35	9.751,33	12.008,43	0,00	125.000,00
<b>Total</b>			<b>5.000,00</b>	<b>223.431,84</b>	<b>156.791,80</b>	<b>135.818,43</b>	<b>98.461,53</b>	<b>0,00</b>	<b>619.503,60</b>
<b>% of Total budget</b>			<b>0,81 %</b>	<b>36,07 %</b>	<b>25,31 %</b>	<b>21,92 %</b>	<b>15,89 %</b>	<b>0,00 %</b>	<b>100,00 %</b>

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**Thank you! Paldies! Ačiū!**