

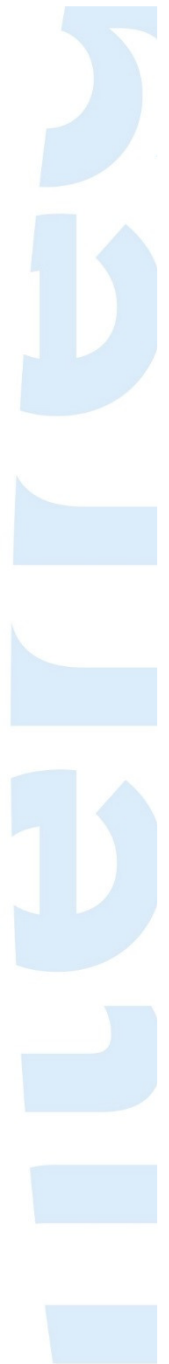
# Eligibility highlights

*Project Implementation seminar  
Turku 9.5.2017, Riga 23.5.2017  
Financial Manager Sanna Erkkö*

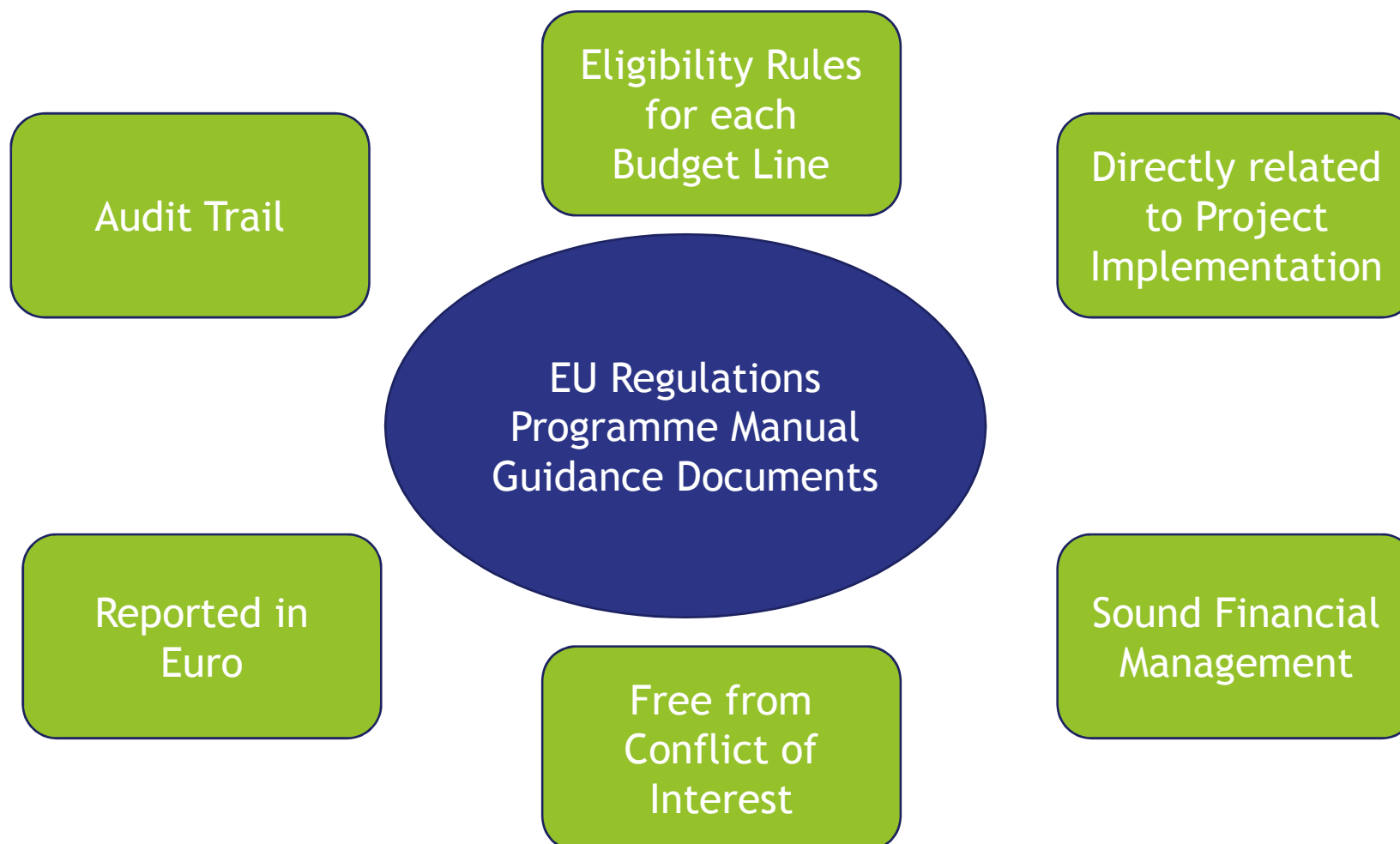
# Content

## Presentation

- Basic Principles for Eligible Costs
- Budget Lines and Audit Trail
- Underspending



# Basic Principles for Eligible Costs



# Budget lines and Audit trail

Staff Costs

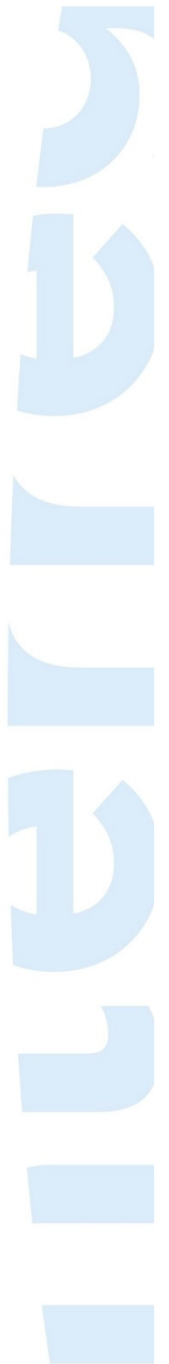
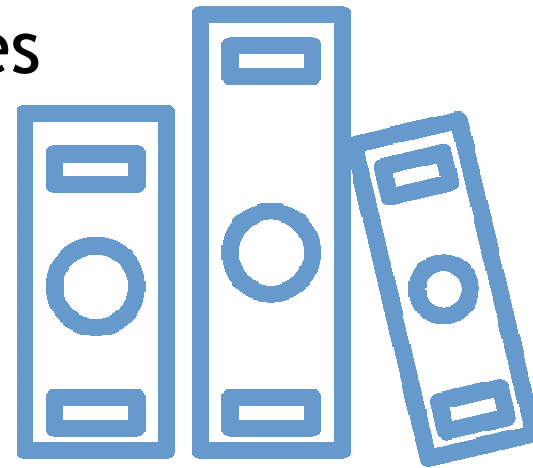
Office and Administration

Travel and Accommodation

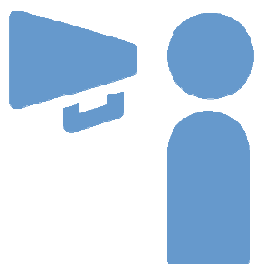
External Expertise and Services

Equipment

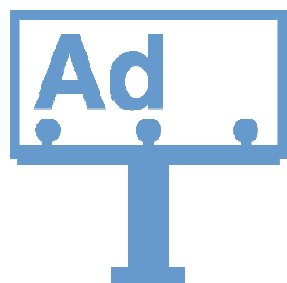
Infrastructure and Works



## Infrastructure and Works



Announcement of  
procurement



Publicity measures!



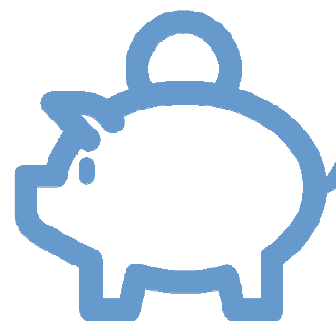
Procurement process



Contract



Proof of delivery



Proof of payment



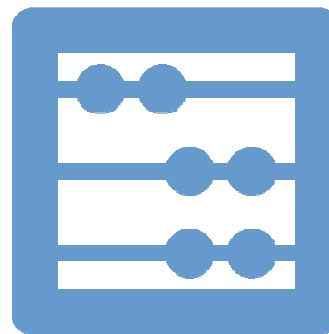
Paid invoice(s)



## Equipment



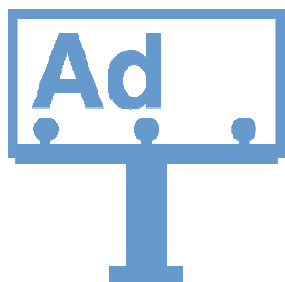
Procurement process



Calculation of  
depreciation



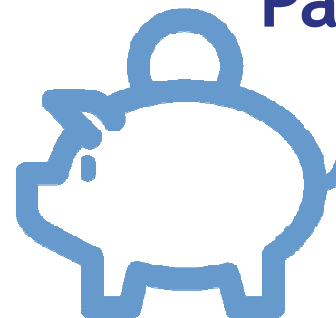
Paid invoice(s)



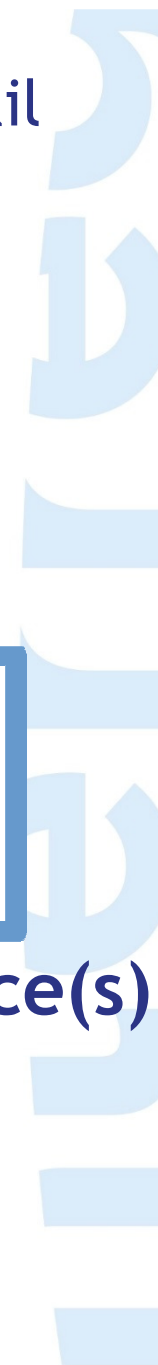
Publicity measures!



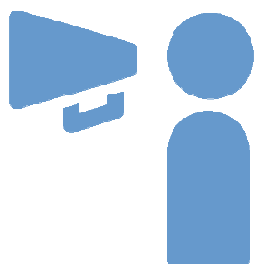
Contract



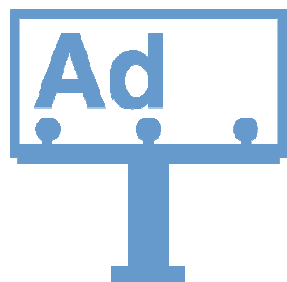
Proof of payment



# External Expertise and Services



Announcement of  
procurement



Publicity measures!



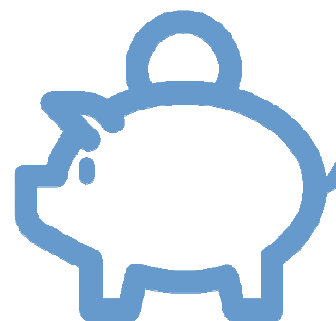
Procurement process



Contract



Proof of delivery



Proof of payment



Paid invoice(s)

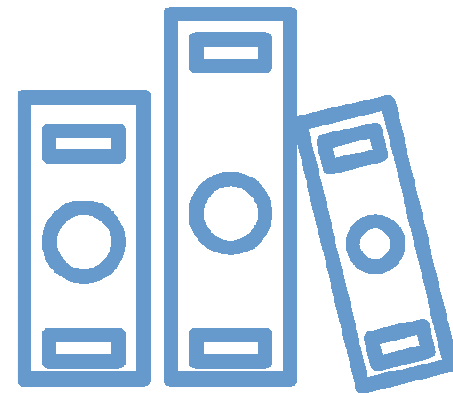
# External Expertise and Services - Public Procurement Requirements of the Programme

Value of the Purchase	Process Described in	Bear in Mind
below 5.000 €	Programme Manual	Sound Financial Management Justified selection process
above 5.000 € but below National Rules	Programme Manual	3 Comparable Offers Documentation
above National Rules but below EU Thresholds	National Rules for Public Procurement	Time & Planning Documentation
above EU Thresholds	EU Rules on Public Procurement	Complexity Increases Documentation

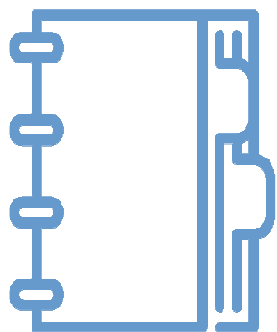


# External Expertise and Services - Public Procurement Requirements of the Programme

- Applies to **all** partners
- Applies also to other budget lines
- No artificial splitting of purchases
  - cumulative amounts count
  - type of the service crucial
- Framework contracts applicable



# Travel and Accommodation



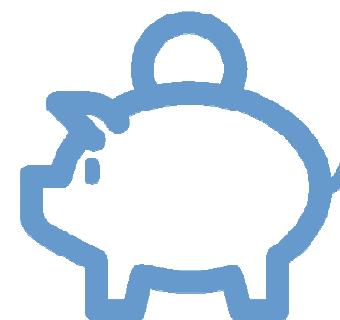
**Agenda**



**Paid invoice(s)**



**Daily allowances**



**Proof of payment**



## Office and Administration

- Flat rate
- No supporting document and no need for audit trail



## Staff Costs

- **Gross employment cost** = the actually paid salary + employers contribution to social security (that is not reimbursed by any other sources for the employer) + holiday pay and allowance (if applicable) + taxable benefits in line with national & organisational practises - compensation from social security funds (if applicable, i.e. in case of sick leaves)

## Staff Costs

- **Employment document** refers to employment contract, attachments of the contract or appointment decision setting up the conditions for the work (job description, working time, time to be used for project etc.)



# Staff Costs Audit trail

## Real costs

### Part time

### Flexible number of hours

Full time

Fixed %

Annual hourly  
rate (1720  
hours/year)

Monthly hourly  
rate

Hourly rate set  
in the contract

Employment/work contract or an appointment decision/contract considered as an employment document

✓

✓

✓

✓

✓

Job description providing information on responsibilities related to the project

✓

✓

✓

✓

✓

Payslips or other documents of equivalent probative value

✓

✓

for the latest  
documented annual  
gross employment  
costs

✓

✓

Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project

X

X

✓

✓

✓

Proof of payment of salaries and the employer's contribution

✓

✓

for the latest  
documented annual  
gross employment  
costs

✓

✓



## Calculation of hourly rate & cost for the project: monthly working time

Two steps:

1. the hourly rate calculated as the monthly gross employment cost/number of hours per month as fixed in the employment document
2. the above hourly rate is multiplied with the hours worked per month for the project from the time registration

## Monthly working time: example

- Gross employment cost per month 4.000 €
  - **Defined monthly work time in the employment document 152 h**
  - Working time for the project according to time registration 43 h in a specific month
1. hourly rate:  $4.000 \text{ €} / 152 \text{ h} = 26,32 \text{ €/h}$
  2. cost for the project :  $43 \text{ h} * 26,32 \text{ €/h} = 1.131,76 \text{ €}$

## Calculation of hourly rate & cost for the project: annual working time

Two steps:

1. the hourly rate is calculated as the latest documented annual gross employment cost/1720 h
2. the above hourly rate is multiplied with the hours worked per month for the project from the time registration

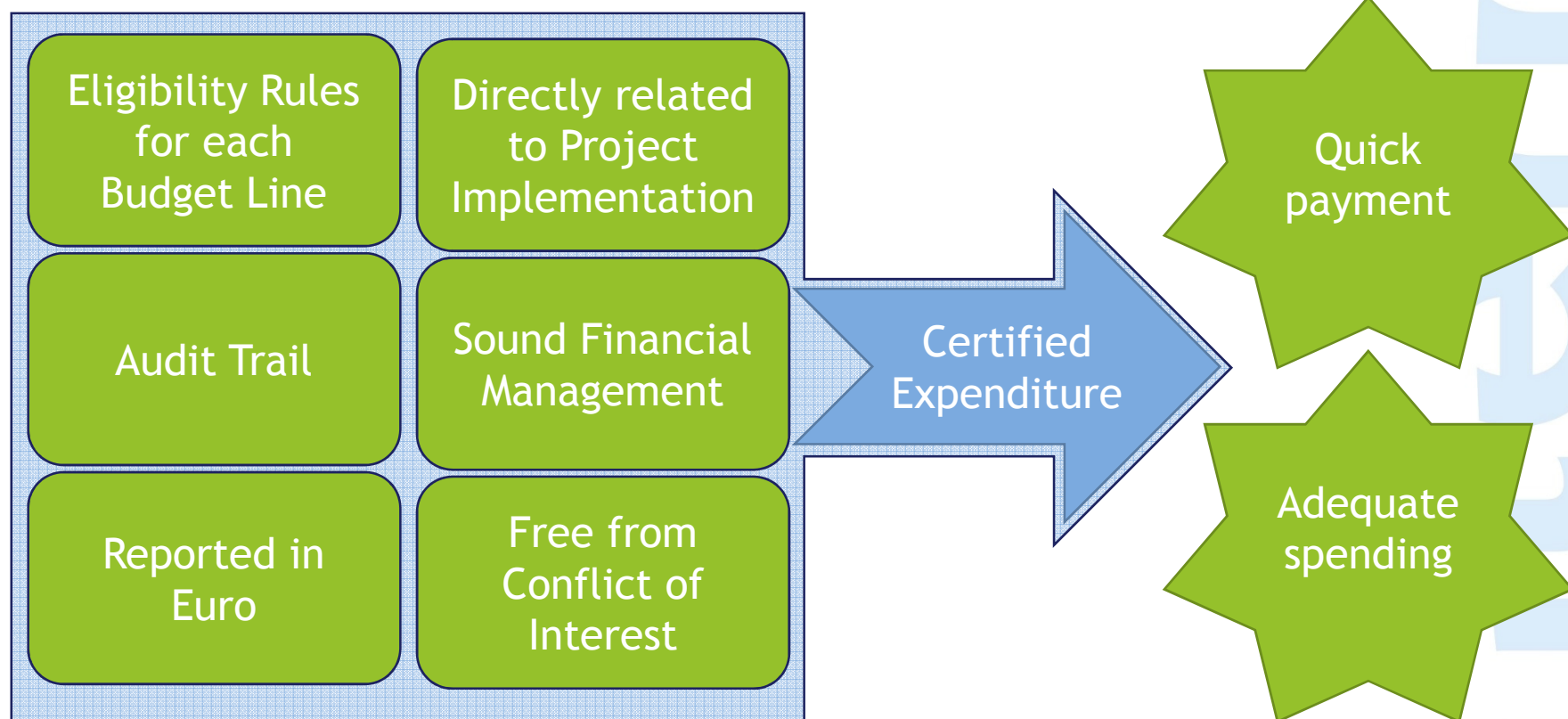
## Annual working time: example

- Latest documented annual gross employment cost 45.000 €
  - Working time for the project according to time registration
    - a) 43 h in a specific month
    - b) 242 for the reporting period
1. hourly rate:  $45.000 \text{ €} / 1720 \text{ h} = 26,16 \text{ €/h}$
  2. cost for the project:
    - a)  $43 \text{ h} * 26,16 \text{ €/h} = 1.124,88 \text{ €}$
    - b)  $242 \text{ h} * 26,16 \text{ €/h} = 6.330,72 \text{ €}$

## Staff Costs

- **Support for Staff Costs -Document**
- **Staff Cost Tool**
  - obligatory for persons working part-time with flexible number of hours
- **Project Contact Person at JS**







# Underspending

## Subsidy Contract §2.4:

Considerable underspending of project funds will lead to cutting the project budget and ERDF funding respectively.

The assessment of project spending will be made based on the Project Progress Report of the **3rd reporting period**. The project is allowed to underspend **up to 20%** of its budget foreseen for these periods. Underspending beyond the set limits is only acceptable in cases where individual costs have been delayed due to reasons beyond the control of the partner(s).

If the project has underspent more than the allowed amount, the amount exceeding the set limit will be deducted from the project budget and ERDF funding. Where relevant, the **LP will be contacted by the MA to clarify** the spending of each period and the potential need for cutting the budget. In these cases a Subsidy Contract amendment will be made.

## Lead Partner monitors on project level





Thank you!



Varsinais-Suomen liitto  
Egentliga Finlands förbund  
Regional Council of Southwest Finland



European Union  
European Regional  
Development Fund