

Financial Aspects of the Programme

Funds and Programme Division

**Ministry of European Affairs and Implementation of
the Electoral Manifesto**

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Budget lines applicable for the INTERREG EUROPE Programme

- Preparation Costs
- Staff
- Administration
- Travel and Accommodation
- External Expertise and services
- Equipment



Preparation costs

- Preparation costs are fixed in the form of a **lump sum of EUR 15,000** for approved projects.
- This amount will be automatically included in the lead partner's budget at the application stage.
- The lump sum for preparation costs is allocated to the lead partner's budget nevertheless the partnership should share the preparation costs, reflecting the partner's involvement in the preparation of the application form.



Staff Costs

- Staff costs consist of costs for staff members employed by the partner organisation and who dedicate a number of their normal working hours to the project.
- Staff costs cover the partner's organisation gross employment costs which comprise the following:
 - Salary payments;
 - Other costs directly linked to salary payments paid and not recoverable by the employer (employment taxes, social security).



Staff Costs

Staff Costs have to be calculated on a real cost basis.

Four different options of calculating staff costs are eligible under this programme:

1. Person employed by the organisation and working full time on the project;
2. Person employed by the partner organisation, working partly on the project at a fixed percentage;



Staff Costs

3. Person employed by the partner organisation, working partly on the project at a flexible percentage (flexible number of hours per month);
4. Persons employed by the partner organisation on an hourly basis. (hourly rate X no of hours worked)

Within the same partner organisation, the four above mentioned methods may exist if several people with different working contracts are working on the project.



Office and Administration Expenditure

- Office and administrative costs cover the general administrative expenses of the partner organisation that are necessary for the delivery of project activities.
- Based on Art 68(1)(b) of regulation no 1303/2013, office and administrative expenditure are budgeted and reported as a **flat rate of 15% of each partner's staff costs.**



Travel and accommodation

- Expenditure on travel and accommodation is limited to the following items:
 - a) Travel cost (e.g flights, train);
 - b) Meals
 - c) Accommodation
 - d) Daily allowances
- Any item listed in a) to c) above covered by a daily allowance will not be reimbursed in addition to the daily allowance.



Travel and accommodation

The following principles must be respected:

- Travel and accommodation budget line is reserved only for the internal staff of the organisation.
- Costs must be borne by the partner organisation. Direct payment by employee must be supported by proof of reimbursement from the employer.



Travel and accommodation

- Directly related to the implementation of the project.
- Relate to trips undertaken within the programme area. Trips outside the programme area are only eligible if they are explicitly mentioned and justified in the application form.
- Real costs and daily allowances must be in line with the national rules applicable to the partner organisation (MFIN Circular MF201/92/B).



External expertise and services

- The costs of external expertise and services are connected to the implementation of certain project tasks that cannot be carried out by the project partners themselves (mainly due to the lack of internal resources) and therefore are outsourced to external service providers.
- The work of external service providers is necessary for the project and should be detailed in the application form to be eligible.



External expertise and services

- Expenditure on external expertise and service are limited to the following services :
 - Studies and surveys
 - Website development, IT systems
 - External event organisation, room rental
 - Interpretation services/translation
 - Training
 - Travel and accommodation for external experts
 - Financial Management
 - Promotion, communication, publicity or information linked to a project.



External expertise and services

- Remember that public procurement rules must always be observed.
- Project partners cannot contract one another within the same project. If a project partner cannot implement a certain task, the task may be reallocated to another partner or procured from an external service provider.



Equipment

- Expenditure for the financing of equipment purchased, rented or leased by a partner, necessary to achieve the objectives of the project. This includes costs of equipment already owned by the partner organisation and used to carry out project activities.
- Considering the nature of Interreg Europe project activities, the focus of this budget is on office equipment for project management purposes.



Equipment

- Costs of equipment are eligible only if they are detailed in the application form. Normally, only planned equipment costs are eligible for funding.
- Not more than Eur 5,000- 7,000 per project can be budgeted/spent on equipment.
- Equipment items can only be funded by the programme if no other EU funds have contributed towards the financing of the planned equipment.



End date of eligibility of expenditure

The end date of the project is the **date by which:**

- all the project activities must have been completed (incl. all activities related to the administrative closure of the project, such as first level control);
- all payments must have been made, meaning debited from the bank account.

Any expenditure (including costs linked to project closure) incurred, invoiced or paid after the official project end date is ineligible.



Other budget and eligibility rules

- VAT

Vat is not eligible except in the case where VAT is non-recoverable under national VAT legislation. In practice if a partner can recover VAT (regardless whether he actually does or not), all expenditure reported to the programme has to be reported without VAT.



Other budget and eligibility rules

- Gifts

Gifts are not eligible, except those not exceeding EUR 50 per gift which relate to promotion, communication, publicity or information. The production of such promotion, communication, publicity or information material requires the approval of the joint secretariat beforehand.



Non eligible costs

- Fines, financial penalties and expenditure on legal disputes and litigation as well as interest on debt are not eligible.
- Contributions in kind i.e provision of works, goods, services for which no cash payment has been made are not eligible.
- Any expenditure which is already 100% co-financed by another EU funding source or a national subsidy is not eligible in the context of an Interreg Europe project.



Other eligibility rules

- If a project generates net revenue for example through services, conference participation fees, it must be deducted from eligible costs.
- It is important to take note that funds are received on a reimbursement basis (no advance payment).



Procurement

- All project partners, including non public organisations should follow the principle of transparency, non-discrimination, equal treatment and effective competition.
- Project partners have to be in a position to demonstrate the good use of public funds.



Procurement

- Costs must relate to activities planned in the application form, be necessary for carrying out the activity and achieve the projects objective and be included in the project estimated budget.
- Project partners can only present claims for reimbursement of expenses actually paid. Costs must be paid by the partner organisation, debited from its bank account not later than the project end date and be sustained by proper evidence.



First Level Control requirements

- In accordance with article 23 (4) of Reg (EU) No 1299/2013 every EU Member States participating in the programme shall set up the First Level Control system.
- Malta has opted for a decentralised system for verification of project related expenditures.



First Level Control requirements

- The partners participating in a project shall select their respective auditor in accordance with established procedures pertaining to general procurement principles.
- The auditor can be internal or external as long as (s)he is qualified and represents a unit which is independent from the operation's activities and finances.



First level control (cont.)

- Upon selection of the auditor, the partners shall inform the FPD of the outcome of the respective selection exercise and hence the proposed controller.
- FPD would then consult the list of Maltese Registered Auditors which is found on this link (<https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx>; <https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditFirmsPrincipals.aspx>).



First level control (cont.)

- Should the proposed controller be on this list, the FPD shall designate the first level control function pertaining to the project in which the partner would be participating, to such auditor.
- The selected auditor will be entirely responsible for the verification and upon verification the documentation should be sent directly to the LP.



First level control (cont.)

- Upon verification of a project claim, the project partner is to send a copy of the certificate issued by the first level controller to FPD.
- Supplementary checks may be carried out on projects by the FPD based on a risk-assessment exercise.



Further details ...

Additional information on the eligibility of expenditures is available on the programme manual which is available for download from the programme's website: www.interregeurope.eu and will also be available on the fpd website www.eufunds.gov.mt



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Thank you
for your attention

