

**Interreg  
Greece-Italy**

European Regional Development Fund



EUROPEAN UNION

# 4 Infodays on project implementation

## **ITALY**

• Bari 17<sup>th</sup> April 2018 • Lecce 19<sup>th</sup> April 2018

## **GREECE**

• Patras 24<sup>th</sup> April 2018 • Preveza 26<sup>th</sup> April 2018



# ***Eligibility of expenditures: focus on the Italian beneficiaries***



# Regulatory framework



## *EU legislation:*

- Reg. EU 1303/2013 laying down common provisions on ESI funds
- Reg. EU 1301/2013 on the European Regional Development Fund
- Reg. EU 1299/2013 on the European territorial cooperation goal
- Reg EU 481/2014 on eligibility of expenditure for ETC programmes

## *Italian legislation:*

- Presidential Decree no. 22 of 5 February 2018 setting out the rules regarding the eligibility of the expenditure categories that are co-funded by the 2014-2020 Structural Funds
- Law n. 136 of 13 August 2010 on Traceability of financial flows

## **Specific Regulatory Framework:**

- Public procurements
- State aid
- Environmental rules
- Non discrimination and equal opportunities
- Programme, Call for proposals, Programme and Project manual, Guidance on management verification, etc.

# General Rules of Eligibility



Expenditure have to be **paid for** and made by beneficiaries and to be.

- compliant with the conditions and the objectives of approved projects
- supported by invoices (or accounting documents of equivalent probative value), bank extracts, etc.
- recorded in the accounting system of the beneficiary
- justified in the reporting documents detailing the connection between the expenditure incurred and the related project activities/output/deliverables.

**Period of Eligibility** => between 1 January 2014 and 31 December 2023.

**Implementation Area of an Operation** => within the area covered by the Programme except duly conditions (e.g. WP6 activities or duly authorized by the MA).

**Expenditures** => receipted within the closing date of the project activities and paid by 60 days.

**Tax and social security charges** => paid within a maximum of 90 days after the closing date of the project activities and in any case within 31 December 2023.

# Reporting documents



## Legal documents:

- work contract, service order/letter of award, authorization, contracts with service suppliers;
- documentation proving compliance with tender procedures as per the respective legislation.

## Expenditure documents:

- monthly timesheets indicating the employee's details, the activities and the hours worked on the project;
- boarding pass, tickets, agenda, list of participants;
- payroll copies, invoices or receipts in the name of the Beneficiary, attesting to the purchase of a good or the use of a service;
- reports, studies or analysis, minutes.

## Payment documents:

- payment orders receipted by the bank's cashier and/or treasurer ;
- bank credit transfer or bank cheque (accompanied by a bank account statement proving this charge was made on the Beneficiary's bank account).

**All supporting documents shall be made available by both beneficiaries and FLCs for a three year period from 31 December following the submission of the accounts in which the final expenditure of the completed operation is included (Art. 140 of Reg. EU no 1303/2013).**

## *Prohibition of cumulation of funding*



- Expenditure on a good/service for which the Beneficiary has already received national and/or Community funding is not considered eligible expenditure;
- As such, in order to respect the prohibition of cumulation of funding and to avoid double funding of the expenditure, all expenditure document originals must bear the following stamped inscription:

*“ Spesa finanziata con i fondi del Programma Interreg V-A Grecia-Italia 2014-2020, Progetto (acronimo), Codice \_\_\_\_\_ per un importo pari a € \_\_\_\_\_ periodo di rendicontazione \_\_\_\_\_ data di rendicontazione \_\_\_\_\_”.*

*“Expenditure financed with the funds of the “Interreg V-A Greece-Italy Programme 2014-2020, Project (acronym) \_\_\_\_\_ - Code \_\_\_\_\_, for a sum of € \_\_\_\_\_ accounting period \_\_\_\_\_ date of accounting \_\_\_\_\_”.*

## *The Project Identification Code (CUP)*



- Concerning all the Italian partners, it is mandatory to indicate the “CUP” on all administrative documents and accounting records, both paper and electronic, which are related to the project, as well as being inserted in the data bases of the various electronic systems related to public investment projects, a fixed label that identifies and accompanies a project of public funding from its birth through all the phases of its life.
- For each project, there will be as many CUPs as there are Italian partners.
- The request of the “CUP” is the responsibility of each Italian partner, who will subsequently receive a single specific “CUP” that is associated with the public investment.
- It is important to distinguish between two cases according to the beneficiary:
  - a) public bodies or bodies those governed by public law: the body requests the “CUP”;
  - b) private bodies: it is Puglia region that requests the “CUP”.

The “CUP” will have to correspond to the partner project share of funding (ERDF quota + national/private quota).

## *The Tender Identification Code (CIG)*

- The CIG is to be requested by the Italian partners that intend to start up a procedure for the acquisition of services and supplies within the framework of the project activities.
- It must be requested for all public contracts, independently of the procedure adopted for the selection of the contractor and independently of the value of the contract: **there will be as many CIGs as there are award procedures adopted by each Italian partner.**
- It must be obtained before starting up a procedure and it must be indicated in the public notices, in the invitation letter or in the offer request, and it must also be indicated on the means of payment.
- The contracting body is required to insert a special clause into the contracts to be signed, by which the counterparty undertakes the obligation to ensure the traceability of the financial flows as per the cited law. Failure to do so will render the contract invalid.
- Exempt from having to request the CIG are contracts related with:
  - a) works, services and supplies in direct administration;
  - b) awards to in-house bodies;
  - c) awards for collaboration and professional contracts.





## *Staff cost calculated on a real cost basis*



**Staff costs may be entered into the accounts only if they were foreseen by the operation itself, if explicitly indicated in the Application form:**

- staff employed on an open-ended contract;
- staff employed on a fixed term contract;
- staff employed for the specific project (excluding occasional and professional collaboration contracts subject to VAT);
- scholarships and/or research allowances

**The costs include all direct and indirect charges to be paid either by the employee or by the employer:**

- direct costs (i.e. salary-base with likelihood of more favourable additional remuneration, wage indexation, long-service bonus);
- indirect costs (i.e. sick leaves, holidays, extra rest days for cancelled public holidays, for midweek public holidays, extra rest days due to the reduction of working hours, thirteenth or fourteenth month pay, productivity bonus.

**Reimbursable remuneration must be in proportion with the hours worked in the project, and must be calculated on a monthly basis.**

# Eligible expenditure calculation method

**GYR+DR+SC**

$$\frac{\text{GYR+DR+SC}}{\text{h/w}} \times \text{h/person}$$

**GYR** = gross yearly remuneration, including welfare contributions and withholding taxes to be paid by the worker excluding variable components (various indemnities established by the Collective Agreement or the work contract);

**DR** = deferred remuneration (employee severance indemnity [TFR], thirteen and fourteen month pay, other forms of remuneration and bonuses foreseen by the National Collective Agreement;

**SC** = social and fiscal charges to be paid by the Beneficiary, and that are not included in the payroll (i.e. not to be paid by the employee);

**h/w** = yearly working hours (e.g. 1.720 hours);

**h/person** =working hours dedicated to the project.

The Beneficiary must attach all necessary supporting documents to reconstruct the calculation method used in determining this amount.

Each beneficiary must formalize the names of the staff involved in the project by an administrative document as per the body's normal procedures (i.e. service order, deliberation).

It is also necessary to compile a monthly "Timesheet".

**(INDIVIDUAL WORKING TIME SHEET)**

<b>OPERATIONAL PROGRAMME</b>	
<b>PROJECT TITLE</b>	
<b>BENEFICIARY</b>	
<b>PERSONNEL</b>	
<b>TAXATION NO</b>	
<b>YEAR/MONTH</b>	

WORKING PACKAGE	Activity	Working hour per day																															Total hours	Hourly rate	Requested amount		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
WP1:																																		0		0	
																																		0		0	
																																		0		0	
WP2:																																		0		0	
																																		0		0	
																																		0		0	
WP3:																																		0		0	
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																																		0		0	
WP4:																																		0		0	
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																																		0		0	
WP5:																																		0		0	
																																		0		0	
																																		0		0	
WP6:																																		0		0	
																																		0		0	
																																		0		0	
<b>Total working hours per day</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
<b>Total monthly payment</b>																																					0

The table is filled in at the end of each month. Monthly remuneration for each employee is certified by the head of the accounting office of the stakeholder. This is to certify that monthly salary of employee was ..... and is inserted in the accounting system's separate unit no.

Full name  
 Position  
 Signature

**COMMENTS:**

**PESRONNEL TIMESHEET**

<b>OPERATIONAL PROGRAMME</b>	
<b>BENEFICIARY</b>	
<b>PERSONNEL</b>	
<b>TAXATION NO</b>	
<b>YEAR/MONTH</b>	

PROJECTS	OPERATIONAL PROGRAMME	Working hours per day																															Total hours per project	Hourly rate	Requested amount	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
Project 1		1		1		5																												7	10	70
Project 2																																		0		0
Project 3										1	2		4	4																				11		0
Project 4																									2	2	2							6		0
Project 5																																		0		0
Project 6																																		0		0
<b>Total working hours per day</b>		1	0	1	0	5	0	0	0	0	1	2	0	4	4	0	0	0	0	0	0	0	0	0	2	2	2	0	0	0	0	0	24		0	
<b>Total monthly payment</b>																																				0

The table is filled in at the end of each month. Monthly remuneration for each employee is certified by the head of the accounting office of the stakeholder. This is to certify that monthly salary of employee was ..... and is inserted in the accounting system's separate unit no.

Full name  
 Position  
 Signature

Comments:

Name and signature of individual Name and signature of Responsible Supervising Person



## *The simplified costs option*

- The eligible costs are calculated according to a predefined method based on outputs, results or some other costs.
- The tracing of every euro of co-financed expenditure to individual supporting documents is no longer required.
- Simplified costs also contribute to more correct use of the Funds (lower error rate).
- Those in charge of management verifications and audits will not verify the real costs underlying categories of expenditure calculated by a flat rate.
- The audits will be carried out on the basis of the calculation method used to set the simplified costs and will check the supporting financial documents to verify the absence of double declaration of costs that have been paid and declared in advance.
- Any eventual reduction of the amount verified for the categories of eligible costs on which the flat rate is applied (i.e. in relation to the estimated budget or following a financial correction) will affect proportionally the amount accepted for the flat rate calculated categories.



## *Staff costs calculated on 20 % flat rate option*

- Each beneficiary will have to provide the rationale of the staff costs estimations in the Justification of the Budget document even when the flat rate option is selected. The participation of the beneficiaries' staff must be linked to specific project deliverables according to their role and expertise.
- When the 20% flat rate option is applied, it has to be proved that the project beneficiary has at least one permanent employee (e.g. by providing a registration at the social insurance agency or other related documents) to be appointed for the project;
- The flat rate is linked to the eligibility and verification of other direct costs. Should financial corrections be necessary (e.g. due to deficiencies in procurements) or in case of discounts in tenders leading to smaller eligible direct costs on a project level, the basis for calculation of the flat rate will reduce correspondingly and this will result in a lower amount of staff costs that can be verified and co-funded.

## *Travel and accomodation*

- This category includes costs incurred on missions that are closely related to the project, by natural persons coming under the category “Staff costs”.
- The Italian partners have to respect the National law and their rules for the travel and accomodation.
- If the Italian partner does not have rules for the travel and accomodation they will respect the parameters of Puglia Region (Decreto Presidente Regione Puglia n° 631/2011 issued on the BURP n° 94 of 16/06/2011)
- Expenditure attributed on a lump-sum system is not eligible and it is indispensable to justify the amounts entered into the accounts with detailed documentation of the expenditure incurred.
- The mission duration must be in line with its objective (i.e.: from the day before to the day after the event/meeting took place).
- Project meetings must take place within the cooperation area;
- Travel expenses going beyond the cooperation area are eligible only if approved by the Programme’s Managing Authority.



## *VAT, charges and other taxes*

- If a Beneficiary is in the position of recovering the VAT paid for the implemented activity within the Project framework, the respective costs must be entered into the accounts excluding VAT;
- if the Beneficiary is not in a position to recover the VAT paid, the costs can be entered into the accounts including VAT.
- Moreover, the Italian registration tax referring to an operation is an eligible expenditure.
- Any other tax and fiscal, social, or insurance charges for operations co-financed by Structural Funds constitute eligible expenditure, so long as they are not recoverable by the Beneficiary.





## *Ineligible expenditures*

- Fines, penalties and expenses for legal disputes and litigation;
- The costs of gifts, with the exception of those with a unit value of no more than 50 euros where they are linked to promotion, communication, advertising or information activities;
- Interest expense, with the exception of those relating to grants awarded in the form of an interest subsidy or a transfer on the guarantee fee;
- Purchase of land for a percentage of expenditure higher than that set by article 69, paragraph 3, letter b) of Regulation (EU) no. 1303/2013 value added tax if recoverable

# Thank you for your attention

## **Giuseppe Gargano**

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