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## Common mistakes in the reporting

Compiled by the Joint Secretariat, Estonian and Latvian financial controllers.

### Staff costs:

- Staff cost must be presented in a report in such way that each line represents the cost per employee per month (gross salary + taxes):
  - Mari Maasik, January gross + taxes;
  - Mari Maasik, February gross + taxes;
  - Kadri Kaasik, January gross + taxes;
  - Kadri Kaasik, February gross + taxes.
- Project partner cannot mix different methods per person when calculating the staff costs.
- If the employee is working on a fixed percentage, he/she does not have to fill in the time sheets. The purpose of the fixed percentage is to facilitate the work of the partners so that they do not have to fill in time sheets on a daily basis, and also to fasten the reporting process. If the employee is using time sheets, this means that the employee has to record daily how much he/she did the project work and how much other work was done.
- Working with the fixed percentage means, that salary for the project cannot be recorded in the employment contract as a fixed amount, but as a fixed percentage of the employee's working time. Everything must be reflected in the employment contract or in the annex to the employment contract.
- When defining a fixed percentage, it must be set from all of the actual time that person works in the institution (even if she/he is not working full time, when applying fixed percentage, it is seen as 100%)
  - **Wrong example:** Anna is working 0.5 of full time work-load in the institution. In the employment documents it is stated: Employee works 0.2 of full time work-load as an accountant and 0.3 of full time as a project finance manager.
  - **Right example:** Anna is working 0.5 of full time in the institution. In the employment documents it is stated: Employee works 40% of total working time as an accountant and 60% of the total working time as a project manager.
- The salary for the projects work cannot be calculated as a bonus (in addition to the regular salary before working for the project), but it must be part of the whole salary.
- If the employment contract or a fixed percentage changes or if there is a change in another contract or activity, the documentation of the change must be enclosed with the submitted report.
- Contracts cannot be changed retrospectively!
- A job description with the responsibilities that will be carried out in the project must be submitted together with other employment documents for each employee.

### Travel and accommodation costs:

- For a person working with contract other than employment contract (in Estonian: *töötajavälise töövõtulepingu alusel*, in Latvian: *uzņēmuma līgums*), the travel costs of such person are eligible only if it is reflected that way in the contract. The cost of using personal car in those circumstances is eligible by submitting in addition to the route sheet also the fuel check.
- If a cost statement is submitted to the employer and costs are compensated to the employee, then in the report it should be shown on separate lines for separate employees:
  - Daily allowance Mari Maasik 2-4 April;

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- Daily allowance Kadri Kaasik, 2-4 April.
- The costs related to one event, should be put in the report one after another:
  - Mari Maasik Daily allowance, 2-4 April;
  - *Company name*, plane tickets and accommodation, 2-4 April;
  - Mari Maasik, Daily allowance and taxi, 6. May;
  - Kadri Kaasik, Daily allowance, 6. May;
  - *Company name*, plane tickets, 6. May.
- A single expenditure (bill) should be presented as one line – one bill is one line of expenditure in the report – even if there are accommodation, plane tickets, insurance and so for different participants on the same bill.
- If a travel expenditure has been reported that has not been foreseen in the project application, a confirmation from the Joint Secretariat must be received before the travel and it has to be attached to the report together with other supporting documentation.
- National limits for the accommodation and per diems must be followed.
- The costs must be reported in euros.

#### External expertise and services, Equipment, Infrastructure and works:

- Please make sure that all costs that are related to catering are supported by the agenda. E.g. if an invoice is issued for two coffee breaks, then two coffee breaks must appear in the agenda.
- Contracts related to works/infrastructure must clearly include a reference to the project and the programme. This must be followed also in case of procurements.
- When taking photos of construction objects, equipment, please note that the reference to the programme is also visible.

#### Comparable price offers:

- Taking comparable offers means:
  - Asking offers from companies that are actively operating in this field (able to provide that service/purchase);
  - Are not related to one another or to the partner (obligation to ensure open competition and avoid conflict of interest);
  - Invitation to tender must be exactly the same for all interested parties, on the same terms, sent at the same time;
  - All the terms and conditions must be nondiscriminatory and ensure equal treatment;
  - All the questions and answers have to be submitted electronically, answers sent to all the interested parties/companies involved in the tender;
  - The offers have to be submitted by the deadline set in the tender invitation, offers that are submitted later, must be ignored and set aside;
  - If the partner wants to negotiate over the tender, the terms to negotiate have to be set in tender invitation and must be known to every interested company/tenderer in advance (the negotiations have to be carried out with all the tenderers on the same terms);
  - The selection and award criteria must be transparent and later verifiable;
  - All the terms set in the tender invitation and documents (e.g. contract), must be followed.
- If the expected cost is less than 5000 euros, in which case there is no obligation to compare offers, then the general principles must be followed – the cost must be reasonable, i.e. not higher than the market price. The use of financial resources must be transparent and economical. Conflict of interest must be avoided.

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- Cash payments from projects are generally not allowed, as all costs must be transparent and subsequently verifiable. If there is a receipt, cash order etc., which certifies that the other part has received the cash paid for the transaction, the expense in this form can be considered paid.
- When submitting the report, all supporting documents related to the eligibility of the relevant item of expenditure, must be uploaded to the relevant item of expenditure (List of Expenditures), each item separately. This way the documents certifying the eligibility of the expenditure can be found and checked more quickly. The same goes for cost line refinements – the report is returned with the lines that need to be refilled.

If the report is submitted with expense receipts all in one single file, the controllers can return the report until it has been properly completed (every expenditure separately with its supporting documents).

- All the uploaded documents must be clearly titled.
- If the cost is involved with procurement and/or cost-sharing, there should be a reference in the “Partners comment” according to that (the number of procurement; note “cost-sharing agreement”).
- When submitting the report, the partner has to **point out in the general section**:
  - if a new **procurement/contract was concluded** during the reporting period, the costs of which are reflected in the submitted report;
  - **if the partner’s contact person has changed**. When checking the report, the questions from controllers will automatically go to the contact person named in the application. If that person changes, but her contacts remain unchanged and unreported in the system the FC feedback does not reach the partner and the process stops.

#### Ineligible costs:

- VAT – if the partner is entitled to a refund of VAT, regardless whether the partner is claiming it back or not, it is ineligible for the Project;
- Lack of Publicity – if the Project produces a publication that does not carry a logo, financial correction must be applied and part of expenditure is considered ineligible for not following the rules;
- Fuel consumption to drive between work and home;
- Redundancy fees;
- Bonuses, benefits etc. additional costs not related to the project;
- Promotional items to promote the program, not the project – it is only eligible from the project to promote the project, not only the program, e.g. shirts with logos of company and with reference to the program are not eligible for the project.