



When are costs eligible?

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 **Frederik Gregersen** ser Alvin Ailey American Dance Theater.
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Alvin Ailey: American dance theater, nu, sammen med Anna, Freja og Melaniel
Et lille citat fra min kære mor: "hvis det ikke er på Facebook er det aldrig sket"



 Synes godt om  Kommenter  Del

 Du, Anna Munck Laybourn, Dorte Qvist Gregersen og 5 andre

”My loving mother always says: ”if it is not on facebook, it has never happened”

Same rule of thumb with regards to
EU audits

”If you can’t document your costs, they
have not incurred”

(and you have to pay them back...)

When are actual costs eligible? (Art. 6.1)

They must be

- incurred by the beneficiary
- incurred in the project period (exception: last periodical report and final report)
- indicated in the budget in Annex 2
- incurred in connection with the action as described and necessary for its implementation
- identifiable and verifiable, in particular recorded in the beneficiary's accounts
- in accordance with applicable national law
- reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency

Which costs are not eligible? (Art. 6.5)

- Costs related to return on capital
- Debt and debt service charges
- Provisions for future losses or debts
- Interest owed
- Doubtful debts
- Currency exchange losses
- Bank costs charged by the beneficiary's bank for transfers from the EU
- **Excessive or reckless expenditure**
- **Deductible VAT**
- Costs incurred during suspension of the implementation of the action
- Costs declared under another EU or Euratom grant

Travel costs – under which conditions are the following costs eligible? (Art. 6.2.D.1)

- Travel to kick-off meeting bought before project start
 - Can be eligible, if you had a good reason (fx better prices). BUT the kick-off meeting itself must be within project period
- Business class ticket
 - Only if it is usual practice of beneficiary (must be documented)
- Per diem payment instead of actual costs for hotel, restaurant, local transport etc.
 - yes, if usual practice of beneficiary (must be documented)
- Travel costs for external experts of the Advisory Board
 - Yes, if the participation of external experts was described in Annex 1

How do you charge the use of (existing) durable equipment (Art. 6.2.D.2)

- Depreciation costs OR leasing/ rent
- Only costs of the relevant project period, and
- Only for the time, the equipment was used on the project (must be verifiable)
- Depreciation after usual practice and in accordance with international accounting standards

→ If the beneficiary usually considers these costs as indirect costs, they cannot be charged as direct costs here.

What are the documentation requirements? (Art. 18)

- "Adequate records and documentation", such as contracts, invoices, employment contracts, accounting reports, offers
 - Documentation of internal procedures, calculations and methods
 - Log books for use of durable equipment
 - Registration of use of material/ consumables
 - Time registration for personnel working on the project (you may be allowed to come up with alternative evidence, but it is complicated)
- During financial reporting, beneficiaries are only asked to explain whether the costs were necessary for the implementation of the project
- Missing documentation during an audit: it will be difficult, if not impossible, to prove that the costs actually have incurred

Do you need more than one offer when choosing a subcontractor? (Art. 6B → Art. 13.1.1)

“Ensure the best value for money or, if appropriate, the lowest price”

=> costs have to be reasonable and follow the principle of “sound financial management”

The beneficiary may have to request several offers (“competitive selection procedures”), in particular when going after the best price-quality ratio, but it is not automatically necessary, if sound financial management can be proven differently.

The beneficiary is not required to take the cheapest offer – quality can be the most important criterium.

→ Best value for money/ lowest price has to be documented!