

## **Hourly rate calculation**

We came across the following errors in the way that the Beneficiary then applied the hourly rates:

- For two of the projects a further 25% was added to personnel hourly rates to allow for indirect costs. This is not correct as indirect costs are covered by a separate cost category on the Financial Statements.
- All hourly rates were increased by 7% to allow for sick leave. This does not correspond to the rules which specify that sick leave should be accounted for as a deduction from productive hours.

## **Personnel costs**

- During the course of the audit we identified that the Beneficiary has claimed Personnel costs based on estimated or budgeted costs for the staff involved, rather than on the basis of an actual calculated personnel hourly rate. As a result we consider personnel costs totalling €396,478.78 to be ineligible

## **Travel and other direct costs**

- The Beneficiary correctly removed all deductible VAT on expenses relating to the project, however, two instances were identified where the deductible VAT had not been correctly removed. As a result of this we consider travel costs amounting to €252.87 to be ineligible.
- Included in the costs claimed for equipment were amounts for two laptops. As the laptops were not used exclusively on the project, and the Beneficiary could not provide the ratio of usage on the project, we consider the cost amounting to €2,567.98 to be ineligible.
- Included in the costs claimed for consumables was an amount for a course on budgeting. As the course was not directly related to the project, we consider the cost amounting to €410.12 to be ineligible.
- Included in the costs claimed for other direct costs were amounts for four software licences and a USB data stick. As these costs are more of an indirect nature than direct costs to the project, we consider other direct costs amounting to €1,851.78 as ineligible.

## **Subcontracting**

- Included in the costs claimed for subcontracting was an invoice for room hire and catering at a conference in Helsinki in September 2015. This is considered to be a other direct cost rather than a subcontracting cost to the project and as such we have transferred the cost amounting to €8,538.25 from subcontracting to other direct costs. However, as no evidence was provided that sufficient procurement procedures had taken place, we consider the costs ineligible.
- Included in the costs claimed for subcontracting were amounts for logo and web design for the project, printing services, and the production of a project film. This is considered to be other direct costs rather than a subcontracting cost to the project and as such we have transferred the cost amounting to €25,758.99 from subcontracting to other direct costs. However, as no evidence was provided that sufficient procurement procedures had taken place, we consider the costs ineligible.