

Annex 8a) Fact Sheet on staff costs

The information provided here gives some practical advice on recurring issues in the financial management of projects. It does not of course substitute the INTERREG IVC Programme Manual or any EC or national regulation or the advice of the first level controller.

What the manual says:

“Staff costs involves personnel costs for the time that the partner organizations’ staff spends on carrying out the project activities in accordance with the application form (full-time or a certain percentage of total working time). The persons whose staff costs are budgeted and later on reported must be directly employed by the partner organizations officially listed in the application form (e.g. internal project coordinator, financial manager, financial controller in compliance with country specific control requirements). [...] Staff costs are considered as a cash contribution (and not in-kind contribution) as they are actually paid by the partner institution.”

INTERREG IVC Programme Manual, Section 2.4.2.1 Staff costs

Common errors:	The right way:
Staff costs calculations for a year or a semester are wrongly based on contractual working hours and not on actual working hours.	 <p>If the member of staff works for the project less than 100% of the actual working time, the calculation must be based on the hourly rate resulting from the actual salary rate for the year/semester divided by the total number of hours actually worked that year/semester by the staff member for the partner institution (as registered in the institution’s time recording system, where the actual number of registered hours worked might be higher than the contractual number of working hours)! This hourly rate is then multiplied by the number of hours actually worked on project activities that year/semester.</p>
Staff cost calculations are based on lump sums (one single hourly rate is applied to all staff involved in the project). As this method does not take into consideration the differences in staff salaries, it will lead to deviations concerning the real staff costs and cannot be applied in the INTERREG IVC context.	 <p>The calculation has to be based on the actual salary rate (employee’s gross salary + employer’s charges in accordance with national legislation) of the individual employee who is actually involved in the project activities! The calculation has to exclude any administration overheads.</p>
Staff costs are calculated without providing required project time records (time sheets) . The share of staff costs allocated to the project is not traceable.	 <p>Staff costs must be supported by documents that permit the identification of the employment relationship with the partner organisation (working contract), the real costs by employee (working contract, pay slips, payment proofs, calculation evidence for the determination of the staff time value/hourly rate), the overall working time (time recordings) and the time spent on carrying out activities in the context of the project (record of tasks, project specific time sheets).</p> <p>An example of a timesheet is provided on the INTERREG IVC website.</p>

<p>Staff costs include the expenditure for external experts / sub-contractors.</p>	 <p>It is not possible to report any staff costs of personnel external to the official partner organisations in this budget category. Only costs for employees who are <u>directly employed</u> by the partner organisations (officially listed in the application form) can be reported as staff costs. Staff members are on the organisation's payroll and are paid on the basis of a working contract and salary sheets. If the project uses an external project coordinator, financial manager or external independent controller, the costs have to be specified, budgeted and reported under the budget line "External expertise and services"! These external costs are paid on the basis of a service contract and an invoice.</p>
<p>Methods used in other European or national funding programmes are applied in order to report staff costs under INTERREG IVC.</p>	 <p>Differences between the rules valid in different programmes might exist resulting from different funding objectives and legal bases. It is important to distinguish between the rules applicable in other programmes and the ones specific to INTERREG IVC.</p>

Useful references:

- INTERREG IVC Programme Manual (i.e. Section 2.4.2.1 Staff costs)
- [Annex 6](#) of the Programme Manual, INTERREG IVC control report, Checklist question n°6 Staff expenditure
- An example of a timesheet can be found on the programme's website (www.interreg4c.eu).