



REPUBLIC OF ESTONIA  
STATE SHARED SERVICE CENTRE



Co-funded by the European Union,  
the Republic of Estonia and the Russian Federation

# Verification of costs, eligibility principles, audit trail

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# General principles

- The verification will be done in the eMS, where all financial documents shall be uploaded within 30 calendar days after the reporting period .
- Reports will be checked by controllers within 60 calendar days from the date of receiving the report.
- In case of question from controllers beneficiaries have 5 working days for answering their questions.

# General principles

- Communication between beneficiaries and auditors (questions and answers) goes via eMS.
- If during the clarification there is a need to change the report, controllers revert the report to beneficiaries via eMS. After making changes beneficiaries have to submit the report again.
- Public officer/auditor prepared expenditure verification report will be sent to the beneficiary via eMS.

# General checks

- All declared costs are real, accurately recorded, necessary for the project implementation and included in the budget of the project.
- Paid before the submission of the report.
- Supported by relevant documents.
- In line with the principles of efficiency, economy, effectiveness

# Budget lines:

- Staff costs
- Travel and accommodation costs
- Equipment costs
- External expertise and service costs
- Investment costs
- Indirect costs (office and administration)

# **Staff costs:**

- Full-time and part-time
- Employed by partner organisation
- Formally engaged in project activities
- Fixed in employment document
- Non-recoverable
- Payment proof

# Full-time:

- 100% of the employee's working time is spend for project work
- Staff costs = full gross employment cost
- No timesheet needed

# Part-time

Fixed percentage of time worked per month:

- Staff costs = fixed percentage of the gross employment cost
- No timesheet needed
- Simple calculation



# Part-time

Flexible number of hours worked on the project per month:

- Calculated with a monthly hourly rate
- Monthly gross employment costs of actual month divided by monthly working time set in employment contract
- Timesheet needed

# Part-time

Calculated with a contracted hourly rate

- Hourly rate set in the employment contract
- Staff costs = hourly rate \* number of hours worked on the project
- Timesheet needed

# Checking of staff costs

The following documentation must be provided:

- Employment contract and all amendments/attachments.
- Job description specifying the project tasks.
- Payslips documenting the gross employment costs.
- Proof of payment of the gross employment costs.

# Travel & Accommodation

- Travel must be project related
- Travel (e.g. tickets, insurance, fuel, car mileage, parking fees, car rent)
- Accommodation
- Daily allowances
- NB! Costs for external experts must be included into their service contracts and belong to “External expertise and services”.

# Checking of Travel & Accommodation

The following documentation must be provided:

- Agenda or similar document/explanation of the meeting/seminar/conference;
- Paid invoices (e.g. hotel bills, travel tickets);
- Daily allowance claims;
- Proof of payment;
- Travel reports, route sheets, and other documents as required by national legislation.

# Equipment costs

- Office equipment
- IT hardware and software
- Furniture and fittings
- Laboratory equipment
- Machines, tools, instruments or devices
- Vehicles
- Other

# Checking of Equipment costs

The following documentation must be provided:

- Invoice providing all relevant information in line with the applicable accountancy rules;
- Contract, if exists
- Documentation of procurement procedures comparable offers, if applicable.
- Proof of payment.
- Photo of the equipment.

# External expertise and service

- Studies
- Training
- Translations and consultancy services
- Project events
- Travel and accommodation for external staff
- Audit costs for Russian partners



# **Checking of external expertise and service**

- A contract laying down the services to be provided with a clear reference to the project.
- Act of delivery and receipt.
- An invoice providing all relevant information in line with the applicable accountancy rules.
- Outputs of the work of external experts or service deliverables;
- Proof of payment;
- Photo of the object in case of promotional gifts.

# Investment costs

- Related to construction, renovation, installation of infrastructure and their supervision
- Costs are necessary for reaching the results of the project and the Programme
- Full costs, no depreciation
- Documents specifying the ownership of land and/or buildings where the works will be carried out must be provided

# Checking of Investment costs

- Contract laying down the works/infrastructure, with clear reference to the project and the Programme.
- Invoice providing all relevant information in line with the applicable accountancy rules.
- Documentation of procurement procedures or comparable offers, if applicable.
- Proof of payment.
- Act of delivery and receipt.

# **Office and administration :**

- Not require any documentation from the project partners (i.e. invoices, payment proofs)
- Costs:

Office rent, utilities (electricity, heating, water), minor office supplies (paper, pencils, coffee and snacks for meetings), maintenance, cleaning and repairs;

# **Additional documents to be provided:**

- **Printout from the accounting system.**
- **Photos of organised events (visibility).**
- **Communication and visibility materials produced during the project implementation, photos of brochures, leaflets, billboards, posters, display panels, informational plates, commemorative plaques.**

# Visibility requirements

- Logo usage
- Press-release in the beginning and the end of Project
- Webpage or Project homepage

# **Non-eligible costs:**

- Debts, fines
- Currency exchange losses;
- Recoverable VAT;
- Costs paid before and/or after the implementation period of the project  
(exceptions: costs relating to final reports )
- Purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project concerned;

# **Non-eligible costs:**

- Subcontracting between project partners
- Costs of promotional gifts, except those not exceeding EUR 50 per gift clearly related to promotion, communication, publicity or information;
- Alcoholic beverages of a project event that form more than 1/4 of the respective catering invoice;



# Common mistakes:

## Staff costs:

- Within fixed percentage of time worked per month method the salary is fixed, not the time;
- The method of salary's calculation is often changed – accepted only in justified cases;
- Workload and assignment in Project are not properly described

# **Common mistakes:**

## **Travel and accommodation costs:**

- **Agendas, lists of participants, no photos of organised events (visibility);**
- **Invoices are missing from business trip reports.**

# Common mistakes:

## External expertise and service:

- Application and budget are not followed (e.g. buying 8 computers instead of 4)
- Comparable offers are not presented - from 5000 EUR (without VAT)
- Addendums are not present (changes in Project are not approved)
- Mistakes with procurement

# **Common mistakes:**

## **Lack of documents:**

- **Employment /work contracts and annexes, job descriptions and % of time, procurement documentations,**
- **Proofs of delivery and payments**
- **Tickets, invoices, agendas**
- **Contract with the contractor**
- **Printouts from the accounting system**



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# Thank you! Questions?

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