Verification of unit costs in practice

Standard hourly rates

Krakow, 12-13.05.2025 / Marcin Kaczmarski

Projects portfolio

Core projects

Small projects

Platforms

EUSBSR
EU STRATEGY
FOR THE BALTIC
SEA REGION

Strategy support

NO BUDGET LIMIT

SCO:
Preparation costs + Hourly rate + 15% (office)
+ 15% (travel)

Real costs:
External service / Equipment / Investment

BUDGET LIMIT

100 % SCO
Preparation costs + Hourly rate + 40%
(all other costs)
Lump sum – Annual Strategy Forum

Monitoring process – sample selection

The verification considers the **professional judgment** and the following **risk factors**:

- Amounts of hours worked for the project and corresponding costs.

- Legal status of the project partners, focusing on private partners, local authorities, universities, NGOs, and associations.

- Project partners involved in more than one Interreg BSR project.

- Outcomes of the quality assessment of the application.

- Outcomes of the staff verification of previous reports.

Each project partner must be checked at least once during the project implementation. The emphasis is laid on staff costs declared for the first time.

Monitoring process – sample selection

First progress report

- at least the **top 50%** of **project partners** of the given progress report (declared amount in staff cost category)

- at least **2 employees** of the selected project partners.

Second and the following progress reports

- a minimum **25%** (rounded up) but not less than 2 **project partners** and

- a minimum **2 employees** of the selected partners.

The selection of partners for the verification is based on professional judgment considering defined risk factors

Conditions for reimbursement

- Standard hourly rate per country

- An employee of the project partner

- 1,720 hours per full time employee per calendar year.
  - pro- rata of 1,720 hours for employees working part-time.
  - a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
  - for all BSR projects employee works on

- Only productive hours worked for the project

Conditions for reimbursement

How?

- **Standard hourly rate per country**

- An employee of the project partner.

- 1,720 hours per full time employee per calendar year.
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  - for all BSR projects employee works on

- Only productive hours worked for the project

▶ **Methodology approved ex-ante**

Fixed in BAMOS+

Conditions for reimbursement

- Standard hourly rate per country
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- 1,720 hours per full time employee per calendar year.
    - pro- rata of 1,720 hours for employees working part-time.
    - a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
    - for all BSR projects employee works on
- Only productive hours worked for the project

How?

Report of hours and employment confirmation (mandatory)

Copies of employment contracts (on request)

Conditions for reimbursement

- Standard hourly rate per country

- An employee of the project partner.

- **1,720 hours per full time employee per calendar year.**
  - **pro- rata of 1,720 hours for employees working part-time.**
  - **a pro-rata of 1,720 hours for reporting periods shorter than 12 months.**
  - for all BSR projects employee works on

- Only productive hours worked for the project

How?

Automatic validation in:

- **Report of hours and...**
- **BAMOS+ (partner report)**

based on workload and staff reporting period from Report of Hours

Conditions for reimbursement

How?

- Standard hourly rate per country

- An employee of the project partner.

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  - a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
  - **for all BSR projects employee works on**

- Only productive hours worked for the project

A bulk check of partners involved in more than one BSR projects

Conditions for reimbursement

How?

- Standard hourly rate per country

- An employee of the project partner.

- 1,720 hours per full time employee per calendar year.
  - pro- rata of 1,720 hours for employees working part-time.
  - a pro-rata of 1,720 hours for reporting periods shorter than 12 months.
  - for all BSR projects employee works on

- **Only productive hours worked for the project**

1720 rule

Description of tasks carried out during reporting period – Report of Hours

Registered working time - Report of Hours

Report of hours and employment confirmation

Administrative check

- Identification of the project/project partner correct

- Document duly signed

- Data copied correctly to BAMOS+

- No handwritten corrections

- Document consistent (no missing pages)

- All fields filled in correctly

- E-signatures with metadata

REPORT OF HOURS AND EMPLOYMENT CONFIRMATION

Version 2.0 of 4th July 2023

Technical instructions
1. Please only use ADOBE READER 10.0 or higher to fill in the form. When using other readers the form is not working properly.
The latest version can be downloaded e.g. at http://get.adobe.com/reader/
2. Please ensure that JavaScript is enabled (check main menu > Edit > Preferences > JavaScript).
3. This is an interactive form. Some parts are only visible when you press certain buttons or enter certain cells. Be aware of this when printing the form.
4. All guidance is displayed in grey next to the relevant textboxes or tables. No guidance will be visible on the print-out.

How to use the form
1. Before starting to fill in the form, please check at https://interreg-baltic.eu/ *(link to the document) whether you are using the latest version of the form.*
2. One report of hours and employment confirmation per person shall be filled in per reporting period.

1. **IDENTIFICATION**

1.1	Partner report no.:	select
1.2	Project no. and short name:	select	1–999	max. 20 characters
1.3	Project partner no. and name:	1–99	max. 250 characters
1.4	Address:	max. 250 characters
1.5	Postcode & town:	max. 250 characters
1.6	Country:	select
1.7	Employee first name:	max. 250 characters
1.8	Employee last name:	max. 250 characters
1.9	Employee position/job title:	max. 250 characters

Content check

- Description of task plausible and consistent with number of hours

- Registration of working time

- The workload is plausible

- Description of equivalent of employment contract plausible

- Originals of employment contract (if necessary)

- Job description given and plausible

Common mistakes

- Missing signatures.

- E-signed files without metadata.

- Inconsistent data (Partner Report / Report of Hours).

- One person signs it all.

- Workload.

- Manual corrections of eligible hours in Report of Hours.

- Insufficient tasks description.

Consistency matters!

- Communication, consultation, discussion.

- Standard clarification messages.

- Keeping the audit trail.

- Training of the project partners.

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How would you apply 1720 rule?

Contracts without defined working time.

Certain types of contracts do not have the working time defined or have only a time frame for the delivery of tasks (for example from January to December) and it is not possible for such contracts to calculate/define the workload.

How would you apply 1720 rule?

Employees with more than one employment contract.

a) An employee has more than one contract with the project partner: full-time contract and an additional contract exclusively for the project.

b) One employee has a separate contract for every project implemented by PP and each contract does not have the working time defined.

TIME SAVING

Reporting time	Reports are in around **66% faster** 👍
Payment time	Projects receive funds almost **50% quicker** 👍
Less documents	**One document** covering **3 cost categories** 👍
Audit findings	**No findings** 👍
Cost of control*	Partners dedicated **84% less** funds **for control** 👍

*Countries with decentralised system

Methodology update

1) Include the possibility in the original methodology
2) Plan in advance
3) Justify the need
4) Set the cut-off date
5) Start two months earlier
6) Always have a plan B
7) Cooperate with Audit Authority
8) Make it consistent with original methodology
9) Do not overcomplicate

Methodology update

Original set up:

- Hourly rate calculated based on the historical data – employment costs reported 2015-2020.

- 7-year index (based on the LCI - labour cost index from EUROSTAT) added to make it relevant for 2021-2027.

What would you do?

Time for your questions!

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