

Active citizens fund in Greece

Guide on Eligible Expenditures & Financial Project Management

I. Eligible Expenditures

The eligible (direct or indirect) project expenditures are those that:

- (1) meet the General Eligibility Rules;
- (2) are incurred within the Eligibility Period;
- (3) meet the individual Eligibility Criteria, by category (direct or indirect) and type of expenditure;
- (4) are fully documented, as defined below (under G), and
- (5) are not included in Excluded Costs.

In particular:

A. General Eligibility Rules

Eligible expenditures, i.e. funded project expenditures, are the expenditures incurred during the project, they are connected with the subject-matter of the contract and the project, they are included in the project budget and carried out for the sole purpose of achieving the project objectives.

1. Eligible expenditures of projects are those actually incurred by the project promoter or the project partner, which meet the following criteria:

- a) they are incurred between the first and final dates of eligibility of a project as specified in the project contract;
- b) they are connected with the subject-matter of the project contract and they are indicated in the estimated overall budget of the project;
- c) they are proportionate and necessary for the implementation of the project;
- d) they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;

- e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the project promoter and determined according to the applicable accounting standards and generally accepted accounting principles;
- f) they comply with the requirements of applicable tax and social legislation;
- g) they are supported by the proof documents, specifically provided hereinafter (under Z).

2. Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject-matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date of eligibility. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the project promoter and/or project partner.

3. The project promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

B. Expenditures Eligibility Period - Time when expenditures incurred

The expenditures eligibility period is identified with the project duration, which is specified in the project contract. Therefore, expenditures incurred from the beginning (starting / first day of eligibility) till the expiry of the project duration (deadline / final day of eligibility) are in principle eligible.

Under no circumstances will the final date of expenditures eligibility be later than the 30th April 2024. Expenditures incurred after that date shall not be eligible.

C. Direct expenditures

1. The eligible direct expenditures for a project are those expenditures which are identified by the project promoter and/or the project partner, in

accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. The following direct expenditures are eligible provided that they satisfy the criteria - General Expenditures Eligibility Rules (above).

- a) The cost of personnel assigned to the project, comprising actual remuneration including social security charges and other statutory costs as applicable, provided that this corresponds to the project promoter's and / or project partner's usual policy on remuneration.
 - b) Travel and subsistence allowances for personnel and volunteers taking part in the project, provided that they are in line with the project promoter's and project partner's usual practices on travel costs.
 - c) Cost of new or second hand equipment provided that it is depreciated in accordance with generally accepted accounting principles applicable to the project promoter and generally accepted for items of the same kind. Only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be taken into account by the Fund Operator. In case the Fund Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may be eligible.
 - d) Costs of consumables and supplies, provided that they are identifiable and assigned to the project.
 - e) Costs entailed by other contracts awarded by a project promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement; and
 - f) Costs arising directly from requirements imposed by the project contract for each project (e.g. dissemination of information - publicity, special evaluation of the activity, accounting audits, translations, copies), including expenditures for any per chance financial services (mainly the cost of letters of guarantee).
2. Costs related to reconstruction, renovation, or refurbishment of a real estate shall not exceed 50% of the eligible direct cost of the project.

3. Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1, the Fund Operator shall ensure that the project promoter:

- a) keeps the equipment in its ownership for a period of at least five years following the completion of the project and continues to use the equipment for the benefit of the overall objectives of the project for the same period;
- b) keeps the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least five years following the completion of the project; and
- c) sets aside appropriate resources for the maintenance of the equipment for at least five years following the completion of the project.

The specific means for the implementation of this obligation shall be specified in the project contract. The Fund Operator may release any project promoter from the above obligations with respect to any specifically identified equipment where the Fund Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.

Especially for Staff Costs, Professionals who can be considered as employees, Public Contracts - Procurements, Travel Expenses and Depreciation the following apply further:

- Staff costs

The program may cover all or part of the salary / remuneration, including employer's contributions, for the employees of the Project Promoter and / or the Project Partner, who are engaged in the implementation and achievement of the project objectives, depending on the period of their employment in the project.

The employment rate will be evidenced by the "TIMESHEET", where the period of employment in the project will be filled in details for each employee, so that the eligible proportion of his salary / remuneration ensues.

- Professionals who can be considered as employees (conditions).

In order to be recognized as a staff member, the provider (natural person) of services to the project promoter and / or to the partner by virtue of a service or work contract upon issuance of invoice for provision of services, the following conditions should be cumulatively fulfilled:

- 1) To be employed by the project promoter or the partner and under its instructions for the needs of the funded project.
- 2) The provided service - work to have been decided, planned and supervised by the promoter or the partner.
- 3) The provided service - work to belong to the promoter or the partner.
- 4) The provided service - work to be provided to the promoter or to the partner and at the place of the implementation of the promoter's or the partner's project.
- 5) The remuneration of such persons should be proportional to the remuneration of the employees of the same category and for the same employment of the project promoter or the partner.
- 6) Contributions to be paid for the said professional to the Single Social Security Entity (EFKA), as defined by article 39 of Law 4387/2016 for professionals, who are employed by up to 2 employers.

- Public Contracts - Procurements (Detailed instructions are included in the Project Grant Agreement)

National and European Union law on public procurement shall be complied with in the implementation of the Project.

For the cases where service or procurement contracts are concluded within the frameworks of the implementation of the project, the following limits shall apply:

- (a) at least one financial offer is required for procurements or services with a total value of up to €5.000,00 including VAT;
- b) for procurements or services where their total value including VAT is between €5.000,00 and €20.000,00, invitation to at least three (3) suppliers

shall be required in order to have an effective comparison of prices and to ensure optimal use of resources from the EEA Financial Mechanism grant;
c) for supplies or services where their total value exceeds €20.000,00, the procedures provided by the national legislation on procurements shall be complied with.

-Travel Expenses

The travel and accommodation expenses - costs and the daily subsistence allowance for the personnel employed in the Project as well as the upper limits thereof are set in Annex I of the Fund Operator's Guidelines for Applicants and are as follows:

(A) Travel expenses include the transportation cost from/to the destination, i.e. air tickets (economy class) or the cost for the tickets of another means of transport (economy class), one piece of luggage, and the cost of transport from/to the airport or the station.

- 1) Accommodation expenses include the accommodation cost for staying at a hotel or any other lodging, the cost of which shall be evidenced by a lawful proof of expenditures.
- 2) The daily subsistence allowance includes the cost of meals and local transport.
- 3) Travel and accommodation expenses and the daily subsistence allowance that cover travelling within the prefecture or county or similar administrative division of the project promoter or the project partner, are not eligible expenses.
- 4) The necessary proof documents for travel expenses include invoices and receipts for the issuance of tickets, boarding passes, the minutes from meetings and other supporting documents that prove the aim of the trip.
- 5) The necessary proof documents for accommodation expenses and daily subsistence allowance include invoices and receipts issued for accommodation (by hotels), meals (by restaurants) and local transportation means (tickets, taxi receipts etc).

6) The travel and accommodation expenses cannot exceed the following rates per person and type of expenditure.

a) The following rates have been set for expenses within Greece:

Rates for expenses within Greece		
	Type of expenditure	Amount €
1.	Travel expenses, including transportation from/to the destination, i.e. air tickets (economy class) or the tickets of another means of transport (economy class), one piece of luggage, transport from/to the airport or the station and travel insurance.	No Limit
2.	Daily cost of hotel accommodation	90,00
3.	Daily cost for meals	40,00
4.	Car expenses, i.e. compensation per km	0,25
5.	Daily cost of local transport	20,00
6.	Cost of tolls	no limit

b) The following rates have been set for expenses outside of Greece:

Rates for expenses outside of Greece		
	Type of expenditure	Amount €
1.	Travel expenses, including transportation from/to the destination, i.e. air tickets (economy class) or the tickets of another means of transport (economy class), one piece of luggage, and transport from/to the airport or the station.	No Limit
2.	Total daily cost of (a) hotel accommodation, (b) meals, (c) car expenses, (d) local transport and (e) tolls	According to the rates for each country in the following table

Maximum daily expenses for travel outside of Greece¹

EU Member States	€
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¹ <https://ec.europa.eu/europeaid/node/116255>
https://ec.europa.eu/international-partnerships/system/files/per-diem-rates-20200201_en.pdf

Austria	225
Belgium	232
Bulgaria	227
Croatia	180
Czech Republic	230
Cyprus	238
Denmark	270
Estonia	181
Finland	244
France	245
Germany	208
Hungary	222
Ireland	254
Italy	230
Latvia	211
Lithuania	183
Luxembourg	237
Malta	205
Netherlands	263
Poland	217
Portugal	204
Romania	222
Slovak Republic	205
Slovenia	180
Spain	212
Sweden	257
United Kingdom	276

EEA/EFTA Countries	€
Iceland	349
Norway	275
Liechtenstein	225

The rates of foreign currencies to euro are determined in accordance with the Foreign Exchange Reference Rates on the day the expense was incurred, as provided by the Bank of Greece:

<https://www.bankofgreece.gr/kiries-leitourgies/agores/synallagmatikes-isotimies/deltia-timwn-synallagmatos-kai-ksenwn-trapezogrammatiwn-enanti-eyrw>

For Icelandic krona (ISK), the Foreign Exchange Reference Rates are those provided by the Central Bank of Iceland (<http://www.cb.is/>).

(B) The Project Promoter shall follow the following guidelines for the determination and proof of travel expenses incurred.

Per trip it shall draw up an **expense report**, which should include at least the following information:

- Purpose of the expense report
- Dates (it can be for one day or for e.g. 3 consecutive days for a trip)
- Name and surname
- Amount in words
- Date on which the expense report is drawn up.
- Signature and name (of the person who incurred the expenses and the person approving them).
- In addition to the air ticket receipt, **boarding passes** are also required.
- Email or invitation that proves the purpose of the trip outside the Prefecture where the project promoter and/or the project partner is established.
- In details all expenses incurred and relating the said trip. The list of all expenses will be detailed and not aggregate (e.g. if we have 5 taxi receipts, we do not enter the sum but each one separately)

The expense report should be accompanied by the relevant receipts set forth in the list as well as the payment to the employee.

All receipts must be submitted in photocopy also (because over time data fades and this happens very often in thermal type receipts).

Drinks and alcohol consumption expenses are not eligible as well as are personal expenses such as e.g. purchase of souvenirs.

- Depreciation

Depreciation of equipment is carried out in accordance with the rates set out in the provisions of article 24 of tax law 4172/2013 as well as the provisions of law 4308/2014 on Greek Accounting Standards, as in force today.

D. Indirect costs

1. Indirect costs are all eligible costs that cannot be identified by the project promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the project promoter or the project partner. Project promoters and project partners may apply a flat rate of up to 15% of direct eligible personnel costs to cover these costs.

2. In case of project promoters or project partners that are international organisations or bodies or agencies thereof, indirect costs may be identified in accordance with the relevant rules established by such organisations.

E. Excluded costs

1. The following costs shall not be considered eligible:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactions and other purely financial costs, except costs related to accounts and financial services imposed by the project contract;
- c) costs related to purchase of land or real estate;
- d) provisions for losses or potential future liabilities;
- e) exchange losses;
- f) recoverable VAT (*);
- g) costs that are covered by other sources;
- h) the cost of personnel remuneration and the fees for provisions of services that are funded by other programmes;

- i) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and
- j) excessive or reckless expenditure.

The costs that are funded or will be funded by any other source (public, private, European, international) during the entire project duration are not funded and are excluded.

F. Value added tax, other taxes and charges

1. Value added tax (VAT) is an eligible expenditure only if it is really and finally incurred by the project promoter and/or the project partner. In particular:

(a) the VAT of the project promoter / partner shall not be eligible if the latter has, by any means, income subject to VAT, in accordance to the regime applied to VAT by the relevant tax office. Exceptionally, VAT shall be an eligible expenditure if chargeable on expenses incurred for carrying out VAT excluded or exempted activities of the beneficiary and in the cases that no taxable income is generated during the implementation of the activity or after its completion or if, although income was generated, it was related to a non taxable activity. Confirmation that the relevant activity is not taxable shall be provided by the competent tax authorities.

(b) VAT that is due to be refunded or offset and it may be recovered in any way, shall not be an eligible expenditure, even if not recovered by the beneficiary.

(c) Furthermore, the VAT of a project promoter/ partner, which is subject to the flat-rate tax or rebate regime, shall not be eligible.

2. Deductions of taxes, duties and contributions in favour of third parties:

(a) Payments of grant for eligible expenditures to Project Promoters shall be made in full and no amount shall be withheld or deducted, nor shall any special charge or other equivalent duty be collected resulting in the reduction of the grant amount.

(b) Deductions in favour of third parties made by project promoters and/or project partners and paid to third parties, in accordance with the provisions in

force, shall be eligible expenditures. Deductions in favour of the project promoter and/ or the project partner itself or on its behalf or deductions returned to it in any way shall not be eligible.

G. Proof - Supporting Documents of Expenditure

1. Eligible expenditures incurred by the Project Promoter and the Project Partner must be supported by proof documents, namely received invoices and payment receipts, or alternatively, in case of inability to issue invoices, by accounting documents of equivalent probative value, the provisions of L. 4308/2014 (Greek Accounting Standards) being complied with.

“Accounting documents of equivalent probative value” means the accounting and supporting documents that allow direct identification and matching of costs concerning the project, pursuant to the internal accounting and auditing system and the procedures of the Project Promoter or the Project Partner, which justify that the accounting entries reflect a true and unaltered picture of the works and services executed, according to accepted accounting practices.

In order to prove the payment of any kind of expenditure related to the purchase of goods or receipt of services of a net amount of more than 300 euros, VAT inclusive, of national or foreign origin, the settlement - payment, whether total or by instalments, must be made using a bank payment instrument.

The body of the proof document for expenditures of suppliers of goods and service providers should necessarily state that the good or service relates to the Project and this agreement, as follows:

"EXPENDITURE FUNDING FROM EEA GRANT ACF - BODOSSAKI FOUNDATION - AGREEMENT No. _____ ».

In order to prove the cost of staff employed in the Project, the below mentioned under II.-3.C Payroll documents are additionally required.

Volunteer work is evidenced by relevant agreements, from voluntary work timesheets and the volunteers' attendance sheets of the Project Promoter.

In order to prove expenditures arising from other contracts and subcontracts concluded by the Project Promoter, copies of the relevant final tenders and contracts are additionally required, as well as proof of their submission to the competent tax authority.

2. Especially as regards eligible indirect costs, proof of the expenditure for the staff costs is required, pursuant to the immediately above.

3. When the activities are implemented within the frameworks of competition procedures, the Project Promoter's and Project Partner's payments should be justified by invoices received based on signed agreements. In all other cases, the Project Promoter's or the Project Partner's payments should be justified by expenditures incurred by the entities involved in the implementation of the project.

4. The Project Promoter's internal accounting and auditing system and the relevant procedures must permit direct confirmation and reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents, in accordance with the provisions of L. 4308/2014 (Greek Accounting Standards).

5. Exceptionally, especially in order to prove expenditures incurred by project partners, whose main establishment is located in one of the donor states or project partners which are international organizations, bodies or agencies thereof, a report by an independent auditor authorized to carry out audits of accounting documents, which will certify that the stated expenditures incurred in accordance with this Agreement, the national law and relevant national accounting practices, will be accepted as sufficient evidence. The report will be prepared on the basis of a model issued by the Fund Operator. The certification procedure may be governed by the International Standard for Related Services (ISRS) 4400 "Engagements to perform agreed-upon procedures regarding financial information", as published by the International Federation of Accountants (IFAC). The organization's annual audited financial statements may not substitute the specific auditor's certificate, which confirms that the declared expenditures have been paid in accordance

with the Programme principles, the relevant legislation, the national standards and accounting practices.

6. The proof documents for expenses shall be submitted to the Fund Operator in copies, both in hard copies and electronic form (pdf files, colour scanning with a resolution of 100dpi to 300dpi), accompanied by corresponding detailed statement, based on model each time provided by the Fund Operator.

7. The Project Promoter shall keep a record of all documents related to the implementation of the project, both in hard copies and in electronic form (pdf files), and must ensure that records of award and execution of contracts are kept for at least three (3) years from the end of the project and provided upon simple request, to the Fund Operator.

II. Financial Management

1) Interim Financial Reports

They are submitted three times a year, 15 days after the expiry of each four-month period, in a model that will be provided by Bodossaki Foundation to the project promoters.

Periods:

- Period: 01 January - 30 April → Report submission on 15 May
- Period: 01 May - 31 August → Report submission on 15 September
- Period: 01 September - 31 December → Report submission on 15 January

2) Eligible expenditures of the reporting period

The reporting period in which an expenditure is considered eligible is the period during which it has been paid.

If e.g. there is a receipt of service invoice dated 30/08/2020 and the payment is made on 31/08/2020 then the expenditure is considered eligible for the interim financial report 01/05/2020 - 31/08/2020. However, if the payment of this expenditure is made on 02/09/2020, then the expenditure is considered eligible in the next interim financial report 01/09/2020 - 31/12/2020.

3) Data submitted with the Interim Financial Reports

The project promoter shall submit the following in hard copies and in electronic form (scanned):

- A) A statement of actual expenditure incurred during the reporting period preceding the payment date; and
- B) A statement of proposed - anticipated expenditure for the reporting period immediately following the date of payment.
- C) Proofs of expenditures, such as e.g. invoices, expense reports, payrolls etc. Each proof of expenditures shall be accompanied by the respective proof of payment such as e.g. bank statement copy, cheque, receipt by the receiving party in case of cash etc or the respective equivalent document that will prove the payment of the expense.

D) Copies from the NGO's books:

a) In case of **single-entry** books, a copy of the revenue and expenditure accounts of the period and the fixed assets register, if equipment is funded, **sealed and signed by the accountant.**

b) In case of **double-entry** books, the following, **sealed and signed by the accountant:**

→ Balance of General - subsidiary ledgers of the reporting period and fiscal period.

→ Subsidiary Ledger (Files) of Suppliers, cash accounts and expenditure accounts, **where transactions concerning the project shall be marked with marker pen,** and such expenditures have been budgeted.

→ Fixed assets register

E) Payroll Data:

a) **Payrolls**

b) **Proofs of payment of wages** (clearance)

c) **Proof** of wage payment **through bank**

d) **Proof of payment of EFKA contributions and Analytical Periodical Statements** (for each last reporting month, these will be submitted no later than 16 days from the deadline for submission of the report, i.e. on the 1st day of the following month, e.g. Statement and proof of payment for IKA contributions and Analytical Periodical Statements for December shall be submitted no later than 1st February). From the Analytical Periodical Statement **only** the pages showing the employees whose payroll cost is funded in whole or in part are required as well as the **certificate of the Analytical Periodical Payment submission.**

e) **Interim Payroll Tax return** and **payment** thereof

f) **TIMESHEET** (printed with seal and signatures of the employee and the representative of the organization)

g) For staff employed under dependent work contract (and issues an invoice for services rendered) the **invoice** shall be also submitted.

h) **Contract** with the employment terms (salaried)

i) **Contract** and **certificate of notification thereof to taxisnet** (receipt for services rendered) **in the first interim financial report**

- j) Certificate of **contract declaration to the Single Social Security Entity (EFKA)** (receipt for services rendered) in the first interim financial report.
- k) Copy of employee **hiring** from the **ERGANI** system, in the first interim financial report.

Evidence of Expenditure

If the staff cost includes persons who will be paid by **evidence of expenditure**, then the **certificate of declaration of his service to EFKA**, the **contract**, the **proofs of payment of taxes**, the **proofs of payment of contributions**, the **proofs of remuneration payment** shall be submitted.

F) Withheld taxes

As long as the organization employs staff paid by services invoice, evidence of expenditure or cooperates for the project implementation with professionals, where tax from business activity is withheld, the following shall be submitted:

- a) Interim return of taxes withheld from business activity.
- b) Copy of taxes withheld payment

G) Voluntary work and assessment:

As long as volunteers have been declared in the project budget, then the following shall be submitted:

- a) VOLUNTEERS ATTENDANCE SHEET
- b) VOLUNTARY WORK CALCULATION SHEET - ASSESSMENT - MODEL 1 (printed with seal and signatures).