The guide sets out the principal issues involving cost eligibility in projects implemented as part of the Polish-Norwegian Research Programme.

It contains chapters/appendices defining

- the time frames and the principles of cost eligibility
- the documentation of expenditures incurred
- VAT as an eligible cost
- Beneficiary's own contribution
- **Appendices**
  - Catalogue of eligible expenditures
  - Catalogue of non-eligible expenditures
  - The method and procedures of performing external audits of expenditures incurred for projects with a total co-financing value exceeding PLN 3 000 000

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The Cost Eligibility Guide ("The Guide") was prepared on the basis of legal regulations in force, including Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2014-2021, Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021, Guidance on how to carry out financial management and reporting under the EEA and Norwegian Financial Mechanisms for 2014-2021, Guidelines for Research Programmes – Rules for the establishment and implementation of programmes falling under the Programme Area "Research" (EEA Financial Mechanism and Norwegian Financial Mechanism 2014-2021).

The rules laid down in this document are provided for reference purposes only, as the main objective of the Guide is to facilitate Beneficiaries to classify costs, both at the cost planning stage and during further reporting related to the use of the funding.
As the same time, please note that the arrangements are without prejudice to, nor influence, the possibility of making other arrangements and findings of inspections run by other control bodies.
It should also be noted that the Guide and the guidelines included herein are not to be treated as the basis for filing any legal or financial claims against the National Centre for Research and Development.

Definitions:

Beneficiary - project promoter and other project partners implementing a project

Eligible cost - cost or expenditure which meets the eligibility criteria set out in the Guide, the Regulations, provisions of call documents and the project contract.

1. The purpose of the Guide

The objective of this document is to develop and provide details and examples related to cost eligibility, which will significantly facilitate the development of a cost schedule as part of preparing project proposals, and the settlement of the received funding, and will improve the monitoring of projects at various evaluation stages, thus providing an efficient and effective public finance management, and equal opportunities in the access to funds by creating uniform and transparent cost eligibility rules.

2. Legal basis

This Guide has been prepared taking into consideration the applicable legal acts governing the financial management in projects subject to aid and NCBR's operating principles.

3. The scope of the Guide's application

§1 Principal regulations

1.1. The document sets out the rules of expenditure eligibility in projects implemented at NCBR, and it includes the eligible expenditure catalogue and non-eligible expenditure catalogue,

1.2. Neither the eligible expenditure catalogue nor the non-eligible expenditure catalogue is exhaustive. The eligibility of expenditures is dependent on compliance with the general eligibility rules, the specific nature of the implemented project and on including a given expenditure in the approved project proposal.

1.3. The rules involve all eligible expenditures incurred by Beneficiaries, both as part of their own contribution and the received funding.

1.4. Depending on the type of the implemented project, the applicable legal acts or call for proposal conditions may set forth additional eligibility criteria.

4. Expenditure eligibility rules

§1 Eligibility time frame

The expenditure eligibility period shall be understood as the period during which eligible expenditures may be incurred. Expenditures which are not incurred within the eligibility period constitute non-eligible expenditures. Expenditure eligibility period for a given project should be defined in a project contract. The final date of eligibility, i.e. **30 April 2024**, is set forth in the provisions of article 8.13 of the Regulation on the implementation of the EEA Financial Mechanism, and the Regulation on the implementation of the Norwegian Financial Mechanism. Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in the case of goods) or performed (in the 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 have been incurred within the eligibility period if the costs are paid **within 30 days of the final date of eligibility**. Overheads and depreciation are considered to have been incurred when they are recorded in the Beneficiary's accounting books.

§2 Verification of expenditure eligibility

The verification of expenditure eligibility involves the analysis of compliance with the laws in force, the provisions of the Programme agreement and the Guide in force on the date of announcing the call for proposals. The verification is made on the basis of payment requests, interim/final reports and during on-spot verifications of projects.

§3 Eligible expenditures

3.1 Expenditures may be considered eligible if the following conditions are met jointly:

- A project contract has been signed,
- The expenditures were incurred in the eligibility period,
- The expenditures have been properly documented and are verifiable, in particular through being recorded in the accounting records of the Beneficiary, and determined according to the applicable accounting standards,
- They are in compliance with the Guide in force,
- They are proportionate and necessary for the implementation of a project, and they have been incurred for the purpose of achieving the objectives of the project and its expected outcomes,
- They have been included in the project proposal,
- They have been actually incurred for the delivered products / performed services,
- They have been incurred in a manner consistent with the principles of economy, efficiency and effectiveness,
- They have been incurred on an economic basis, i.e. with an objective of reaching specified outcomes at the most reasonable price possible,
- Are in compliance with the applicable EU and domestic laws, in particular the Public Procurement Law (if applicable).

3.2 Contracts must be performed in accordance with the provisions of the Public Procurement Law (applies to Beneficiaries who are obliged to act pursuant to the provisions) and **the Contract Award Guidance as part of the EEC Financial Mechanism 2014-2021 and Norwegian Financial Mechanism 2014-2021** - for contracts with a value exceeding PLN 50 000 net (applies both the Beneficiaries who are and who are not obliged to act pursuant to the Public Procurement Law).

3.3 Eligible expenditures are expenditures calculated in line with the applicable accounting principles, the principles of sound financial management and the Beneficiary’s practices (accounting policy). Each Beneficiary settles project expenditures in line with the practices (guidelines) adopted in their institution. The possibility to settle expenditures in accordance with the accounting principles applied at a given institution does not mean that the Beneficiaries may create new principles for project purposes.

3.4 Project Beneficiaries are obliged to incur expenditures in accordance with the provisions of Article 44(3) and Article 162(3) of the Public Finance Act.

§4 Proof of expenditure

4.1 Expenditures should be supported in a manner which enables the evaluation of the project performance in financial and substantive terms.

Any Beneficiary implementing a project is obliged to maintain separate accounting records for the project in a manner which enables the identification of individual accounting and bank operations. Any Beneficiary implementing the project is obliged to open and maintain a separate bank account for the period of project implementation.

4.2 Beneficiaries who are not obliged to maintain any accounting records under applicable laws (the Accounting Act, tax laws), are obliged to record documents involving transactions made in relation to project implementation (accounting ledgers and tax ledgers).

Expenditures should be supported by issued invoices or by accounting documents of equivalent evidential value. Original accounting documents supporting direct expenditures must be described properly in a manner which shows their connection to the implemented project. The document description should include project contract number, WP/task number in line with the timetable for implementing the project under which a given expenditure has been incurred, the eligible expenditure amount in relation to a given WP/task, and cost category. All invoices (accounting documents) should bear a stamp with the individual project/ accounting number. The data should also be included in documents involving the payment of each of the invoices.

4.3 By the end of the project period, the Project Promoter is obliged to submit a proof of expenditure, certifying that the claimed costs are incurred in accordance with the national law and accounting practices of the project partner's country, known further as a 'certificate on financial statements'.

The 'certificate on the financial statements' takes the form of a certificate by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with Guideline for Research Programmes, the Regulation, the national law and relevant national accounting practices. A certificate issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with Programme documents, the relevant law and national accounting practices, will also be accepted as sufficient proof of expenditure incurred.

Proof of expenditure is not required from a Project Promoter or a project partner in projects, where the total grant from the Programme to the respective Project Promoter or project partner is less than €325,000.

Based on the Article 44 of the Act of 30 April 2010 on the National Centre for Research and Development, Journal of Laws of 2018, item 1249, as amended, for projects where the total grant amount exceeds PLN 3 million, the correctness of expenditures incurred by the Project Promoter and Polish project partners is verified in form of an audit carried out by an independent certified auditor. A joint report is prepared for the Project Promoter and all Polish project partners irrespective of the amounts budgeted for individual entities. The audit confirms that the declared expenditures have been incurred in compliance with Guideline for Research Programmes, the Regulation, Polish legislation and accountancy practices. The audit is conducted after the project completion and a report is submitted along with the final project report. For these projects an additional proof of expenditure mentioned above shall not be submitted by the Project Promoter or Polish project partners, as the joint report covers all its obligations. The NCBR evaluates if the audit recommendations have been fulfilled.

A the request of authorised institutions (e.g. the Audit Authority) project promoters and/or project partners provide any additional supporting documents which are the basis for the aforementioned report.

§5 No duplication of funding

5.1 Duplication of funding, either in full or in part, of a given cost is prohibited.

5.2 Duplication of funding involves, in particular,

- Identifying the same costs as part of two separate projects financed from national or EU funds.
- Financing the costs of VAT from the project funding and recovering the tax amount from the State Budget under the VAT Act.
- Purchasing a fixed asset with a contribution from a national subsidy or the funding of another project, and subsequently identifying deprecation costs for the fixed assets in a project subject to funding,
- Identifying the same cost as part of the settlement of subsidy or funding another project and then identifying the same cost as part of the implemented project.

  The identification of a given cost will not be treated as duplication of funding if it was financed from the Beneficiary's own resources (revenue from operations, or other sources), irrespective of whether they constitute public funds within the meaning of the Public Finance Act.

  At the stage of filing payment applications and interim/final reports, Beneficiaries are obliged to submit declarations of no duplication of funding.

5. VAT as an eligible cost

§1 Goods and services tax (VAT)

1.1 VAT constitutes eligible expenditure only where it was incurred by the Beneficiary in connection with eligible costs, and the Beneficiary does not have a legal possibility to recover the VAT.

1.2 The possible VAT recovery is considered under the provisions of the VAT Act.

1.3 The Beneficiary is obliged to submit a statement on VAT eligibility.

1.4 Beneficiaries have no legal possibility to recover VAT amounts if they are not entitled to reduce the output tax amount (related to taxable transactions within the project) by the amount of input tax (related to the costs of the purchased goods, services and fixed assets).

Such situations can occur if

1.4.1 no revenue was/will be generated as part of the project - the purchased goods, services or fixed assets are not used for taxable sales, or no direct and indisputable connection exists within the project between the purchased goods, services or fixed assets and taxable transactions.

1.4.2 the Beneficiary is a VAT-exempt entity,

1.4.3 the Beneficiary only conducts VAT-exempt transactions.

1.5 If the beneficiary uses the goods/services/fixed assets purchased as part of a project covered by the grant to conduct both VAT-exempt and taxable transactions, only a part of input tax calculated on a proportional basis may count as eligible expenditure.

1.6 Should any reasons for recovering VAT by a given entity occur, the Beneficiary undertakes to inform the Centre thereof, and make settlement adjustments, and to refund the tax amount financed from the grant funds upon the completion of the project.

6. Beneficiary's own contribution

§1 Beneficiary's own contribution

1.1 In defined circumstances, the Beneficiary is obliged to make own contribution in a declared amount to cover a part of eligible costs in an implemented project.

1.2 Own contribution may take the form of a financial contribution (money).

1.3 Own financial contribution includes funds which the Beneficiary will allocate for covering expenditures related to project implementation. The financial contribution is subject to accounting records by way of day-to-day accounting of business transactions related to project implementation.

7. Appendices

Appendix No. 1 **Catalogue of eligible expenditures**

Appendix No. 2 **Catalogue of non-eligible expenditures**

Appendix No. 3 **The method and procedures of performing external audits of expenditures incurred for projects with a total co-financing value exceeding PLN 3 000 000**

Appendix No. 1 ***Catalogue of eligible expenditures***

Phase I– Technical Feasibility Study (TFS) - the costs for developing feasibility studies –

CS - Consumables and supplies

Costs of materials, consumables and similar products incurred directly in relation to project implementation

The types of eligible costs within this category include

- materials,
- intermediate products,
- reagents.
-

W – Staff costs

The category includes **eligible remuneration costs and non-payroll labour costs**, including social and health insurance contributions, of **persons directly involved** in Phase I-TSF, and provided that this corresponds to the Beneficiary's standard remuneration policy.

The proof of work performed for a project

- **as regards contracts of employment - payroll**
  If a given employer is not directly involved in a project on a full-time basis, the eligible part of the remuneration is calculated on the basis of
  - Posting a worker to implement a project on a part-time basis, indicating the tasks performed as part of the project (optimum solution)
  - A timesheet with the description of tasks performed - for persons who do not work on a regular basis on the project for which a grant was awarded.
- As regards **mandate agreements – a receipt**, an acceptance report
- As regards **contracts for a specific task – a receipt**, an acceptance report

Eligible costs include the following payroll and non-payroll components of staff remuneration, proportionally to a given employee's involvement in the project;

- Base salary

- Remuneration charges on the part of the employer, including
  - Old-age pension contributions
  - Disability pension contributions
  - Accident insurance contributions
  - Guaranteed Employee Benefits Fund contributions
  - Labour Fund contributions
- Remuneration charges on the part of the employee, including
  - Old-age pension insurance contributions
  - Disability pension insurance contributions
  - Sick pay contributions
  - Health insurance contributions
- Advance income tax payments;
- Rewards/bonuses/allowances[1], including discretionary bonuses, bonuses paid on a periodic basis, one-off rewards which: (i) have been set forth in the employee handbook or remuneration terms and conditions in force at a given entity, (ii) have been awarded in line with the applicable remuneration policy, and (iii) cover all the persons employed by a given entity. In the case of bonuses awarded on a periodic basis, the eligible cost amount should correspond to the proportion of the period of a given staff member's employment within the project to the period for which the bonus is awarded;
- Sick pay pursuant to applicable social security laws;
- Holiday pay;
- Seniority pay;
- Deductions for the Company Social Benefits Fund, if a given entity is by law entitled to charge deductions for the Company Social Benefits Fund;
- Fixed-amount allowances for staff in managerial positions, provided that the tasks within such position are performed as part of the project;
- Guaranteed Employee Benefits Fund contributions;
- Labour Fund contributions.

A - Equipment costs/Costs of technical knowledge and patents

[1] Should the Beneficiary's remuneration regulations be amended during the project implementation period, the regulations in force as at the date of submitting a project proposal are applied, and constitute the basis for planning a project budget.

Eligible costs in this category include

Costs of depreciation of technical expertise or patents purchased from or licensed by third parties on an arm's length basis i.e. intangible assets in the form of patents, licences, know-how and unpatented technical expertise. Eligible costs include revaluation write-downs due to the loss of value, if the following conditions are met jointly:

- The intangible assets are necessary for the proper implementation of a project and are used directly in relation to the project,
- Intangible assets used for the implementation of a project will be recorded in the beneficiary’s fixed asset registry.

The eligible depreciation write-down value refers only to the period of project implementation, and the proportional use of the intangible assets in the course of project implementation.

Residual value of a given intangible asset upon the completion of a project is not an eligible cost.

T - Travel costs

Business trip allowance - travel and subsistence allowances for staff taking part in a project are eligible provided that they meet the following conditions.

1) a travel must be clearly related to phase I and the beneficiary's employee must take part,
2) payment made directly by the travel participant must be supported by a proof of payment,
3) the means of transport and accommodation should be selected in line with the principle of sound financial management,
4) the proof of expenditure should be kept (i.e. an invoice issued by a travel agency, plane tickets, e-tickets, boarding pass, meal receipts, list of participants, minutes, agenda, etc.)

The eligible costs in this category include

- travel costs,
- subsistence,
- accommodation,
- conference fees.

This category does not include travel and accommodation costs incurred by external experts and service providers which should be settled within the costs covered by other agreements entered into by the Beneficiary with a view to implement a project.

Op - Other direct costs

Other direct costs include, in particular:

- The costs of consulting and equivalent services - e.g. services provided by a technology broker,
- The costs of training courses for staff implementing phase I (the costs should be planned in the project proposal and arise from justifiable causes (e.g. the introduction of new, innovative solutions – new materials, technologies, new techniques of performing a given task, etc., which will improve the effectiveness of completing a given task or add additional features to the task),
- The costs of promotional activities (publications, website costs, etc.),
- The costs of gaining information and knowledge necessary for the project delivery , translations.

E - Subcontracting costs

The costs of subcontracting, understood as **commissioning to a third party part of the substantive project works** which is not field work and is carried out under direct supervision of the Beneficiary.

Subcontracting shall not include auxiliary activities necessary for the performance of project tasks, such as legal or accounting services.
The costs of category E of each entity (Project Promoter and/or project partners) participating in phase I are considered up to 70% of the total eligible costs of this entity in the phase I - TSF.

Subcontracting costs are excluded from the basis of calculating overheads.

O - Overheads (indirect project costs)

Indirect costs are additional overheads incurred in relation to the project delivery.
Indirect costs are all eligible costs that cannot be identified by the Beneficiary as being directly attributed to the project but which can be identified and justified through its accounting system as incurred in direct relationship with the eligible direct costs attributed to the project, or requiring an allocation key to be attributed to projects. These may not include any eligible direct costs.
The types of eligible costs within this category include:

- Building lease or maintenance, including lease costs, rent payments, cleaning and security services,
- The costs of converting premises for the purpose of Project delivery,
- Infrastructure maintenance costs - utilities (electricity, gas, heating, water supply), waste disposal, periodic maintenance works and inspections of devices.
- The costs of remuneration paid to management, administration, technical and support staff related to the Beneficiary's ordinary business, and only indirectly involving Project delivery (entity's managers, accounting, HR, OHS),
- Postal, phone, Internet, courier services,
- The costs of office materials and stationery, printing and photocopying,
- The costs of office equipment and devices,
- The costs of Project bank account maintenance,
- The costs of property insurance.

The list is not exhaustive.

In the phase I overheads are settled on a flat-rate basis, as a percentage of the remaining eligible costs of the phase, excluding category E costs, by applying the following formula:

$$O = (CS + W + A + T + Op) \times 25\%$$

According to the Research Council of Norway's procedure for 'Payroll and indirect costs', the Norwegian entities classed as 'Research Institutes' calculate the payroll and indirect costs together, as hourly rates for the staff participating in a project. The RCN verifies the conformity of unit scales used by the project participants.

Phase II – Research&Development (R&D) and Phase III – Pre-commercialisation activities (PCA)

Costs under Phase III are eligible under the Regulation of the Minister of Science and Higher Education of 25 February 2015 on criteria and rules on granting state aid and 'de minimis' aid through the National Centre for Research and Development (Journal of Laws item 299, 2015)

CS - Consumables and supplies

Costs of materials, consumables and similar products incurred directly in relation to project implementation

The types of eligible costs within this category include

- materials,
- intermediate products,
- reagents,
- small laboratory equipment (as a rule, all purchases which do not meet the criteria of a fixed asset, under the Accounting Act and the adopted accounting policy).

W – Staff costs

The category includes **eligible remuneration costs and non-payroll labour costs**, including social and health insurance contributions, of **persons directly involved** in project implementation, and provided that this corresponds to the Beneficiary's standard remuneration policy.

The proof of work performed for a project

- **as regards contracts of employment - payroll**
  If a given employer is not directly involved in a project on a full-time basis, the eligible part of the remuneration is calculated on the basis of
  - Posting a worker to implement a project on a part-time basis, indicating the tasks performed as part of the project (optimum solution)
  - A timesheet with the description of tasks performed - for persons who do not work on a regular basis on the project for which a grant was awarded.
- As regards **mandate agreements – a receipt**, an acceptance report
- As regards **contracts for a specific task – a receipt**, an acceptance report

Eligible costs include the following payroll and non-payroll components of staff remuneration, proportionally to a given employee's involvement in the project;

- Base salary
- Remuneration charges on the part of the employer, including
  - Old-age pension contributions
  - Disability pension contributions
  - Accident insurance contributions
  - Guaranteed Employee Benefits Fund contributions
  - Labour Fund contributions
- Remuneration charges on the part of the employee, including
  - Old-age pension insurance contributions
  - Disability pension insurance contributions
  - Sick pay contributions
  - Health insurance contributions
- Advance income tax payments;
- Rewards/bonuses/allowances[2], including discretionary bonuses, bonuses paid on a periodic basis, one-off rewards which: (i) have been set forth in the employee handbook or remuneration terms and conditions in force at a given entity, (ii) have been awarded in line with the applicable remuneration policy, and (iii) cover all the persons employed by a given entity. In the case of bonuses awarded on a periodic basis, the eligible cost amount should correspond to the proportion of the period of a given staff member's employment within the project to the period for which the bonus is awarded;
- Sick pay pursuant to applicable social security laws;
- Holiday pay;
- Seniority pay;
- Deductions for the Company Social Benefits Fund, if a given entity is by law entitled to charge deductions for the Company Social Benefits Fund;
- Fixed-amount allowances for staff in managerial positions, provided that the tasks within such position are performed as part of the project;
- Guaranteed Employee Benefits Fund contributions;
- Labour Fund contributions.

[2] Should the Beneficiary's remuneration regulations be amended during the project implementation period, the regulations in force as at the date of submitting a project proposal are applied, and constitute the basis for planning a project budget.

A – Equipment costs/Costs of technical knowledge and patents

Eligible costs in this category include

- Costs of depreciation of new or used equipment (**research equipment** and other devices) used for the implementation of a project,

Costs of depreciation of technical expertise or patents purchased from or licensed by third parties on an arm's length basis i.e. intangible assets in the form of patents, licences, know-how and unpatented technical expertise. As regards equipment and **intangible assets**, eligible costs include revaluation write-downs due to the loss of value, if the following conditions are met jointly:

- The equipment/intangible assets are necessary for the proper implementation of a project and are used directly in relation to the project,
- Equipment/intangible assets used for the implementation of a project will be recorded in the beneficiary's fixed asset registry.

The eligible depreciation write-down value refers only to the period of project implementation, and the proportional use of the equipment/ intangible assets in the course of project implementation.

Residual value of a given fixed asset upon the completion of a project is not an eligible cost.

T - Travel costs

Business trip allowance - travel and subsistence allowances for staff taking part in a project are eligible provided that they meet the following conditions.

1) a travel must be clearly related to project implementation and the beneficiary's employee must take part,
2) payment made directly by the travel participant must be supported by a proof of payment,
3) the means of transport and accommodation should be selected in line with the principle of sound financial management,

4) the proof of expenditure should be kept (i.e. an invoice issued by a travel agency, plane tickets, e-tickets, boarding pass, meal receipts, list of participants, minutes, agenda, etc.)

The eligible costs in this category include

- travel costs,
- subsistence,
- accommodation,
- conference fees.

This category does not include travel and accommodation costs incurred by external experts and service providers which should be settled within the costs covered by other agreements entered into by the Beneficiary with a view to implement a project.

Op - Other direct costs

Other direct costs include, in particular:

- The costs of consulting and equivalent services - e.g. services provided by a technology broker,
- Third party services – maintenance, repair, transport services,
- The costs of training courses for research staff (the costs should be planned in the project proposal and arise from justifiable causes (e.g. the introduction of new, innovative solutions – new materials, technologies, new techniques of performing a given task, etc., which will improve the effectiveness of completing a given task or add additional features to the task),
- The costs of training courses related to the operation of the purchased research equipment,
- The costs of promotional activities (publications, website costs, etc.),
- The costs of external audit carried out upon the completion of a project,
- The costs of publishing and disseminating information,
- The costs of gaining information and knowledge necessary for the project delivery,
  translations,
- The costs of the first patent application.

E - Subcontracting costs

Phase II Research&Development

The costs of subcontracting, understood as **commissioning to a third party part of the substantive project works** which is not field work and is carried out under direct supervision of the Beneficiary.

Subcontracting shall not include auxiliary activities necessary for the performance of project tasks, such as legal or accounting services.

Phase III Pre-commercialisation activities

The costs of category E are the costs of consultancy or equivalent services used exclusively for implementation of this phase, acquired at market prices, provided that there are no elements of collusion in the transaction.
The costs of category E of each entity (Project Promoter and/or project partners) participating in phase III are considered up to 70% of the total eligible costs of this entity in phase III.

Subcontracting costs are excluded from the basis of calculating overheads.

O - Overheads (indirect project costs)

Indirect costs are additional overheads incurred in relation to the project delivery.
Indirect costs are all eligible costs that cannot be identified by the Beneficiary as being directly attributed to the project but which can be identified and justified through its accounting system as incurred in direct relationship with the eligible direct costs attributed to the project, or requiring an allocation key to be attributed to projects. These may not include any eligible direct costs.
The types of eligible costs within this category include:

- Building lease or maintenance, including lease costs, rent payments, cleaning and security services,
- The costs of converting premises for the purpose of Project delivery,
- Infrastructure maintenance costs - utilities (electricity, gas, heating, water supply), waste disposal, periodic maintenance works and inspections of devices.
- The costs of remuneration paid to management, administration, technical and support staff related to the Beneficiary's ordinary business, and only indirectly involving Project delivery (entity's managers, accounting, HR, OHS),
- Postal, phone, Internet, courier services,
- The costs of office materials and stationery, printing and photocopying,
- The costs of office equipment and devices,
- The costs of Project bank account maintenance,
- The costs of property insurance.

The list is not exhaustive.

In the phase II overheads are settled on a flat-rate basis, as a percentage of the remaining eligible costs of the phase, excluding category E costs, by applying the following formula:

$O = (CS + W + A + T + Op) \times 25\%$

In the phase III – Pre-commercialisation activities overheads cannot constitute more than **25% of all eligible costs of this phase,** excluding category E costs, and additionally they cannot constitute more than 15% of the total eligible **costs of this phase.**

This means that in calculating the overhead costs of phase III, both of the following conditions must be met:

$O = (CS + W + A + T + Op) \times 25\%$
i $O \leq (CS+W+A+T+E+Op+O) \times 15\%$

Overheads which are settled on a flat-rate basis are considered as having been incurred. The Beneficiary is not obliged to collect or describe accounting documents as part of the Project to prove that the expenditures identified as overheads were incurred.

Most partners (such as universities, university colleges, enterprises, health authorities) from Norway should use the same rates for personnel costs as in H2020 projects. Indirect costs (overheads) are calculated as a flat rate of 25% of all the direct costs, excluding subcontracting.

However, Norwegian research institutes which report personnel rates to the Research Council of Norway, and have those personnel rates calculated and approved by the RCN, may use those as Standard scales of unit costs (ref. Regulation art. 8.4.b). This means they should use the same rates as in applications to RCN calls. It is important to note that in such cases, no indirect or overhead costs should be included in the budget, as they are already included in the personnel rates.

Link to list of institutions eligible for the STIM-EU instrument, which also lists all institutes with personnel rates approved by the Research Council of Norway which can be used as Standard scales of unit costs in EEA and Norway Grants projects: https://www.forskningsradet.no/contentassets/3aac4d1b26724a1d8b9d1919814e84d7/stim-eu-liste-over-institutter-2019-med-logo.pdf

Appendix No. 2 ***Catalogue of non-eligible expenditures***

The following expenditures shall not be considered eligible:

- *the expenditures which were not incurred in the eligibility period,*
- *the expenditures which do not meet the eligibility criteria defined in the Guide,*
- *expenditures for which no proof or insufficient proof was submitted,*
- *expenditures incurred in violation of the provisions of the public procurement laws/ call rules,*
- *goods and services tax (VAT) which is recoverable by law,*
- *fines, penalties, financial penalties, late payment charges and interest, interest on debt,*
- *exchange losses,*
- *fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project,*
- *costs that are covered by other sources,*
- *excessive or reckless expenditure.*
- *as regards leasing - tax, lessor's margin, interest refinancing costs, insurance charges, overheads,*
- *the following payroll and non-payroll remuneration components:*
    - *service anniversary awards,*
    - *payment in lieu of holiday,*
    - *group life insurance premiums - classified as taxable employee revenue,*
    - *subsidies for healthcare services,*
    - *cash equivalents (e.g. reduced electricity payments),*
    - *electricity bill subsidy (classified as taxable employee revenue),*
    - *use of company car - commuting to work,*
    - *co-financing from the Company Social Benefit Fund (taxable employee revenue),*
    - *benefits paid by the Social Insurance Institution (ZUS) (e.g. maternity pay),*
    - *overtime pay,*
    - *initial and periodic medical check-ups,*
    - *glasses subsidy,*
    - *allowances for command of foreign languages, non-smoking and other allowances arranged by employers,*
    - *meal vouchers for employees,*
    - *contributions for the State Fund for the Rehabilitation of Disabled Persons.*

Non-eligible expenditures cannot constitute part or whole of the required own contribution of beneficiaries implementing the project.

Appendix No. 3 ***The method and procedures of performing external audits of expenditures incurred for projects with a total co-financing value exceeding PLN 3 000 000***

The Appendix defines the method and procedures of performing external audits of expenditures incurred for projects with a total co-financing value exceeding PLN 3 000 000, hereinafter referred to as the "Audit".

1. The audit shall be carried out by an auditor who

    1) meets the requirements set forth in Article 286 of the Act of 27 August 2009 on Public Finance (Journal of Laws of 2017, item 2077, as amended),

    2) is a legal person or an organisational unit without legal personality which is an employer of persons referred to in pt. 1, whose task is to carry out the audit.

2. The Auditor cannot be

    1) a subsidiary of the audited entity,

    2) an entity which audited the audited entity's financial statements within three years prior to the audit.

3. The audited entity selects an auditor pursuant to the Public Procurement Law / call rules.

4. The manager of the audited entity, acting in line with the provisions on the protection of confidential information and secrets protected by law, provides conditions necessary for an efficient audit performance, in particular he/she provides access to the premises, equipment and documentation, and facilitates prompt provision of information and clarifications by the staff of the audited entity.

5. The auditor is entitled to inspect accounting ledgers and documents which are the basis of entries in the ledgers, as well as information and data related to the audit, including data stored on electronic data carriers, and to make copies, extracts, summaries and print-outs of the data, in line with the provisions on the protection of confidential information and secrets protected by law.

6. At the request of the auditor, the staff of the audited entity provide information and clarifications, certify copies of documents by adding an annotation "certified to be a true copy", and prepare extracts, summaries and print-outs of documents insofar as it is required for fulfilling the objective of the audit, and is consistent with the audit sampling methodology presented by the auditor.

7. The objective of the Project audit is to issue a certificate in the form of a report on:

1) reliability of numerical and descriptive data included in documents related to the implemented project;

2) incurring expenditures and reaching the expected outcomes of the audited project, in line with the requirements set forth in the decision or the project contract, as well as in programme documents and call documents;

3) the correctness of documenting and entering economic transactions in accounting records maintained separately for a given project.

8. The audit includes the verification of

1) reaching the objective of the project and compliance of project delivery with the project contract,
2) the correctness of accounting for expenditures incurred as part of the delivered project, their validity and method of their documenting and identifying them in accounting records.
3) payments of expenditures related to the project;
4) the reliability and promptness of project performance reports;
5) the promptness of the settlement of the received funds for project delivery;
6) the methods of monitoring the project objectives;
7) the methods of storing and securing project documentation;
8) acting in compliance with laws on accounting, public procurement and public finance, and following public finance discipline;
9) the operation of the internal control system in relation to project delivery;
10) acting in line with conclusions and recommendations from previous inspections and audits.

10. The project audit is carried out upon the completion of the project.

11. Where specialist knowledge, skills or qualifications are required for carrying out the audit, the Auditor may appoint an expert, at its own expense.

12.1 On the basis of the collected evidence, the auditor shall draw up an audit report (hereinafter the “Report”).

12.2 The Auditor is obliged to keep confidential and not to disclose any company secrets of the audited entities, within the meaning of the laws on combating unfair competition.

13. 1. The Report shall include:

1) the report date;

2) the name and address of the audited entity;

3) the name and number of the project;

4) auditor's representation that he/she acts independently of the audited entity;

5) first names, surnames and identification of auditors’ authorisations;

6) the objectives of the audit;

7) the subjective and objective scope of the audit;

8) the term of the audit;

9) a brief description of the activities pursued by the audited entity in the audited field;

10) the evaluation of the adequacy and efficiency of management and control systems, in the field of audited entity's operations covered by the audit;

11) information on the selection of the audit sample size and selection;

12) presentation of the audit results in the areas where irregularities have been found;

13) identifying irregularities in the operations of the audited entity, with the analysis of their causes and effects;

14) recommendations on eliminating irregularities in the operation of the audited entity.

13. 1. The report will be delivered to the audited entity within 7 days of completing the audit.

13.2. The audited entity will store the audit report for a period of at least 5 years of the project contract settlement, and is obliged to make the report available at the request of NCBR or authorised institutions.

14. The audited entity shall deliver one copy of the Report to NCBR, together with their possible position on the findings included in the report within 21 days of the date of receiving the Report.

15. The Auditor is obliged to make clarifications on the area covered by the audit to NCBR and any persons authorised by NCBR.