**NORWEGIAN FINANCIAL MECHANISM 2014–2021**

Guidelines for Project Promoters

“HOME AFFAIRS” PROGRAMME

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LIST OF ABBREVIATIONS

SBE STATE BUDGET ENTITY

Non-SBE NON-STATE BUDGET ENTITY

MIA Ministry of the Interior and Administration

PO PROGRAMME OPERATOR – the function of the PO is performed by the Department of European Funds of the MIA

EPIC MIA European Projects Implementation Centre of the Ministry of the Interior and Administration, which acts as the Supporting Institution for the PO – it helps PO carry out tasks related to the implementation of the programme

IFR INTERIM FINANCIAL REPORT – reporting document submitted by the Project Promoter every 3-months (or every 6-months)

FFR FINAL FINANCIAL REPORT – reporting document submitted by the Project Promoter after the completion of the project

MoU MEMORANDUM OF UNDERSTANDING – an agreement concluded between the Kingdom of Norway and the Republic of Poland regulating the main principles of the Fund, its budget and managing authorities

NMFA NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

AF APPLICATION FORM – project application on the basis of which the project is implemented

BGK BANK GOSPODARSTWA KRAJOWEGO

NFP NATIONAL FOCAL POINT – the Ministry of Development Funds and Regional Policy (former Ministry of Investment and Economic Development – MIED), which acts as a body responsible for managing and coordinating the NFM and EOG funds in Poland

AA AUDIT INSTITUTION – Ministry of Finance

MIED (former) Ministry of Investment and Economic Development

PC Project contract – a financial contract concluded between the Programme Operator and the Project Promoter in the case of a non-SBE

PA Project agreement – a financial agreement concluded between the Programme Operator and the Project Promoter in the case of SBE

PD Project decision – a document issued by the Minister of the Interior and Administration which is equivalent to the project contract/agreement

Programme Programme means the “Home Affairs” Programme, which is one of the programmes implemented under the Norwegian Financial Mechanism financial perspective for 2014–2021

NFM Norwegian Financial Mechanism

## INTRODUCTION

The “Home Affairs” Programme is implemented under the Norwegian Financial Mechanism for 2014–2021. Total support from NFM funds amounts to EUR 20 million. There are 3 thematic areas defined in the programme within which pre-defined projects (selected under a non-competition procedure) and projects selected under competition procedures are implemented. In addition, projects may be implemented under the Bilateral Cooperation Fund (at programme and national level).

In accordance with the MoU and the Programme Agreement, the Ministry of the Interior and Administration (Department of European Funds), with the support of the European Projects Implementation Centre of the MIA, acts as the Operator of the *Home Affairs* Programme. In order to ensure compliance with the rules established in the NFM 2014–2021 Regulation, especially those specified in Article 5.6(1)(l), the tasks related to the implementation of the programme were allocated to selected entities based on functional criteria.

The aim of this “*Guidelines for Project Promoters*” document, hereinafter referred to as the “*Guidelines*”, is to:

* provide the entities (hereinafter referred to as the Project Promoters / partners) whose applications were declared to be eligible for financing with necessary information about the applicable procedures, as well as substantive and financial rules of managing the project.

The following documents serve as the basis for these *Guidelines*:

* Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism for 2014–2021;
* Regulation on the implementation of the Norwegian Financial Mechanism 2014–2021;
* Guidelines on awarding procurement contracts under the EEA financial mechanism for 2014–2021 and the Norwegian Financial Mechanism for 2014–2021;
* Guidelines on the procedure of selecting projects as part of the competition procedure under the EEA financial mechanism for 2014–2021 and the Norwegian Financial Mechanism for 2014–2021;
* Programme agreement concluded between the Minister of Investment and Economic Development and the Norwegian Ministry of Foreign Affairs on financing of the “Home Affairs” Programme;
* Agreement between the Minister of Investment and Economic Development and the Minister of the Interior and Administration on the implementation of the “Home Affairs” Programme under the Norwegian Financial Mechanism for 2014–2021;
* Agreement on the implementation of the “Home Affairs” Programme under the Norwegian Financial Mechanism for 2014–2021 concluded between the MIA and EPIC MIA……………………….

The structure of the *Guidelines* reflects subsequent stages of the procedure following the signing of the contract/agreement concerning the project / project decision, i.e. the procedure of settling the financing:

* Description of the procedures concerning reporting and payments for Project Promoters (SBE/non-SBE)
* Documenting costs and expenditure (general and specific rules, depending on the type/category of a given expenditure), making payments
* Expenditure eligibility – general and specific rules, depending on the category of a given expenditure
* Non-eligible expenditure
* Statement of expenditure
* Verification of the procurement/competition documentation
* Annexes.

## 1. Description of the procedures concerning reporting and payments for project promoters

Expenditure incurred by the Project Promoters for the purposes of implementing projects are included in Interim Financial Reports (IFR) and Final Financial Reports (FFR). These documents (IFR/FFR) are submitted in two identical copies, one for the PO, and the other one for EPIC MIA, within the deadlines specified in the PC/PA/PD, in accordance with the attached Application Forms (AFs).

IFR/FFR are drafted in Polish and the relevant amounts are denominated in Polish zlotys (PLN), following the template adopted for a given priority area, which constitutes Annexes 1a–1d – IFR/FFR Template. Unless otherwise specified, the IFR covers the 3-month reporting period established in the PC/PA/PD.

The Project Promoter submits the IFR/FFR to PO and EPIC MIA in paper and electronic version by the 30th day of the month following the end of the reporting period. The paper version of the IFR does not have to be submitted, if the electronic version bore the electronic signature of the Project Promoter’s authorised representative.

**The methods of documenting expenditure incurred in relation to PO/EPIC MIA:**

In line with Article 8.12 of the Regulation, expenditure incurred in relation to PO/EPIC MIA can be documented in two different ways. The choice of the method depends on the Project Promoter, and in the case of projects implemented under a partnership (also with entities from the donor country and international organisations), it depends on the arrangements made between the Project Promoter (leader) and their partners. The method used may change over the course of project implementation, e.g. due to the project’s specific nature or the amount of expenditure in a given reporting period. PO/EPIC MIA recommend that all entities (project partners) from the donor country and all international organisations report (document) their expenditure using one of the methods described below (audit report):

***Method No 1 (Article 8.12(1)–(2) of the Regulation)***

Method No 1 consists in documenting the expenditure incurred by the Project Promoter / partner in relation to PO/EPIC MIA in the form of source documents, i.e. invoices/bills or documents of equivalent evidential value (e.g. payrolls, settlements of travel expenses etc.) along with additional documents described below, depending on the type of expenditure (e.g. agreements with contractors, acceptance protocols, lists of event participants, photographs of purchased equipment etc.). It has to be noted that the Project Promoter does not have to submit documentation concerning the incurred expenditure together with the IFR/FFR – he is only obliged to do so at EPIC’s MIA request (the relevant procedure is described below). In order to choose the expenditure subject to verification, EPIC MIA may use the sampling method.

***Method No 2 (Article 8.12(3)–(4) of the Regulation)***

Method No 2 consists in the Project Promoter documenting the incurred expenditure by submitting to the PO/EPIC MIA a report drafted by an independent auditor (e.g. statutory auditor) in which they confirm that the declared costs have been incurred in accordance with the Regulation, national law (depending on the registered seat of the Project Promoter/partner) and national accounting practices. The report is drawn up on the basis of the template constituting *Annex No 2* to the Guidelines. The report is accompanied by the statement of incurred expenditure. If this method of documenting the incurred expenditure is chosen, the auditor’s/statutory auditor’s report shall be submitted to the PO/EPIC MIA along with IFR/FFR, without the need to submit an additional request.

NOTE

In some cases projects implemented under a partnership may take advantage of both these methods at the same time. Such situation may even take place within a single IFR/FFR. This would mean that one of the entities uses method No 1, and another – method No 2. However, the same entity cannot use both of these methods under a given IFR/FFR (i.e. part of the expenditure is documented in line with method No 1, while the other expenditures are documented in line with method No 2).

### 1.1. [Reporting procedures](#_Toc333931660) – common for SBE and non-SBE

The Project Promoter is obliged to draft IFR or FFR from the Project’s implementation, in accordance with the template presented in the Annex (1a–1d) to these Guidelines. IFR/FFR consists of substantive and financial part. The substantive part is verified by the PO. EPIC MIA verifies the financial part of IFR/FFR, as well as their substantive part in terms of correctness of the procedures of selecting contractors.

In the case of projects implemented by the MIA, the entirety of the assessment is conducted by EPIC MIA.

***If the Project Promoter uses method No 1 for the purposes of documenting incurred expenditure***, then at the stage of submitting the IFR/FFR they are not obliged to attach financial documents to the IFR/FFR confirming that the expenditure has been incurred. They are only obliged to attach the statement of incurred expenditure.

EPIC MIA selects a sample of expenditure for verification amounting to at least 10% of the value of eligible expenditure under each of the budget categories. If a given budget category consists of less than 4 items, all expenditure in such category is verified, without drawing the sample.

After receiving the letter from EPIC MIA, the Project Promoter submits the relevant documents to EPIC MIA for the purpose of verifying incurred expenditure within the specified deadline.

If during the verification of documents included in the sample at least 10% of the value of expenditure covered by the sample shall be regarded as non-eligible, EPIC MIA shall draw another sample covering at least 10% of the value of eligible expenditure included in the statement of expenditure.

After receiving the letter from EPIC MIA, the Project Promoter submits to EPIC MIA the relevant documents for the purpose of verifying incurred expenditure within the specified deadline.

If EPIC MIA declares at least 10% of the expenditure included in sample No 2 to be non-eligible, EPIC MIA shall request the Project Promoter to submit all the remaining documents confirming the eligible expenditure included in the statement within the specified deadline.

If any errors are identified in the documents submitted for verification together with IFR/FFR, the Project Promoter – upon EPIC’s MIA request – shall promptly, but no later than within 5 working days from receiving the request, submit the corrected electronic and paper versions of such documents for the purpose of their final verification.

***If the Project Promoter uses method No 2 for the purposes of documenting incurred expenditure***, at the stage of submitting the IFR/FFR they are obliged to attach to the IFR/FFR the report drafted by the independent/statutory auditor along with the statement of incurred expenditure without the need to make an additional request (if the Project Promoter / partner requests such a statement of expenditure in a given IFR/FFR).

Due to the fact that expenditure is planned during project implementation, and subsequently incurred under different budget categories described in the subsequent part of the handbook (staff costs, travel expenses, external agreements, etc.). The Project Promoter is obliged to appropriately break down the reported expenditure into different expenditure categories in the statement of expenditure included in IFR/FFR in line with method No 2.

Example:

The report drafted by the auditor amounted to PLN 100,000, and the statement of expenditure attached to this report indicates that PLN 50,000 was incurred to cover staff costs, PLN 25,000 was related to travel expenses, and PLN 25,000 was incurred to cover the costs of catering. In such a case, the amount of PLN 100,000 should be broken down in the statement of expenditure included in the IFR/FFR into budget categories indicated in the relevant tab of the IFR/FFR as a single amount for each category, in accordance with the audit report (i.e. PLN 50,000/25,000/25,000, respectively). In the column provided in the relevant IFR/FFR sheet for the description of documents it should be stated that a given amount was certified/approved earlier by the auditor / statutory auditor in line with method No 2, indicating e.g. the auditor report’s reference number / date of publication or other information on the basis of which such report could be identified. This is necessary for EPIC MIA to exclude such expenditure from the process of drawing a sample based on the chosen sampling method.

In the case of projects implemented under a partnership, where under a given IFR/FFR the Project Promoter reports expenditure based on both methods indicated above (e.g. one partner uses method No 1, while another uses method No 2), the Project Promoter shall attach to the IFR/FFR documents listed separately for each of these methods. This means only the statement of expenditure with regard to which method No 1 was applied, and the auditor’s report (along with the statement of expenditure) with regard to the expenditure reported in accordance with method No 2. It has to be noted that in the case of projects implemented without a partner, only one of these methods of reporting expenditure may be used in a given IFR/FFR.

PO/EPIC MIA approves IFR/FFR immediately after finalising the formal, accounting and substantive verification. PO shall inform the Project Promoter about the approval of IFR/FFR.

### 1.2. [Procedures relating to payments](#_Toc333931660) for SBE

The amount of grant is indicated in PC/PA/PD.

The payments are made in line with the procedure and according to the rules established in the Act of 27 August 2009 on public finances (Dz. U. [Journal of Laws] of 2019, item 869, as amended).

In the case of SBE, no actual exchange of funding takes place between PO/EPIC MIA and the Project Promoter. Project Promoters who are SBE either secure funding for the implementation of projects in their own budgets or in accordance with the procedure of establishing/deploying the special-purpose reserve in the State budget and European funding budget.

Incurred expenditure is funded by Bank Gospodarstwa Krajowego after the Project Promoter obtains the PO’s authorisation and the consent of the budget authority.

The Project Promoter is obliged to keep separate accounting records or to have an appropriate accounting code for all transactions connected with the Project, in accordance with the national accounting provisions.

### 1.3. [Procedures relating to payments](#_Toc333931660) for non-SBE

The amount of grant is indicated in the PC.

The Project Promoter shall provide EPIC MIA with a guarantee of the Contract’s correct execution not later than within 14 days from the date of its conclusion in the form of a *a* blank promissory note bearing the “no protest” clause (Template – Annex No 3), along with a promissory note declaration (Template – Annex No 4). After fulfilling the obligations stemming from the PC within the deadline established in the PC, EPIC MIA shall immediately return to the Project Promoter the guarantee of correct execution of the Contract or shall ask the Project Promoter for permission to have the guarantee officially destroyed; the Project Promoter shall be notified about this fact in writing:

1) following the expiry of the period for which the guarantee was established;

2) following the termination of the Contract.

Security in the form of a blank promissory note bearing the “no protest” clause, along with a promissory note declaration, is not required from a project promoter of a programme financed from a European funds which is SBE or a foundation founded solely by the state.

Grant is provided in accordance with the Act of 27 August 2009 on public finances (Dz. U. of 2019, item 869, as amended).

The grant under the European funds (NFM) shall be provided by EPIC MIA through BGK to a PLN bank account of the Project Promoter to be opened exclusively for the purpose of those funds, pursuant to a certified true copy of a bank certificate, which has been appended to the PC. Part of the grant from the State budget is provided by EPIC MIA via the National Bank of Poland to the project promoter’s bank account in PLN referred to above.

The Project Promoter is obliged to keep separate accounting records or to have an appropriate accounting code for all transactions connected with the project, in accordance with the national accounting provisions.

Grant is provided to the Project Promoter in the form of pre-financing, interim payments and a final payment, in accordance with the approved AF.

Pre-financing amounting to 50% of the value of grant in PLN shall be disbursed based on the written application for pre-financing (Template – Annex 5) submitted by the Project Promoter to EPIC MIA within 21 days from the date of signing the Contract and after the Project Promoter provides the relevant guarantee (promissory note along with promissory note declaration) – if applicable.

The Project Promoter is obliged to settle the pre-financing within the deadline for submitting IFR, in accordance with the applicable AF. If the pre-financing is not settled in due time, the Project Promoter shall be obliged to pay interest in line with the provisions of Article 189(3) of the Act on public finances. Detailed instructions concerning the settlement of pre-financing are included in Annex No 6.

In the event of circumstances referred to in Article 189(3a) of the Act on public finances, PO shall issue the decision referred to in Article 189(3b) of this Act, with Article 189(3c) and (3e) of the Act on public finances applying *mutatis mutandis*.

Interim payment amounting to no more than 25% of the grant value shall be paid out after the Project Promoter, within 20 calendar days from the expiry of the period covered by the Report, submits an application to the PO/EPIC MIA for making such payment along with the IFR, confirming that at least 70% of received funds have been spent. EPIC MIA shall pay out another interim payment after certifying (authorising) at least 70% of the amount of received payments and after the approval of the IFR by PO/EPIC MIA.

The final payment shall be paid out after the Project Promoter, within 30 calendar days from finalising of the project, submits an application to the PO/EPIC MIA for making such a payment along with the FFR and after such an application is approved by the PO/EPIC MIA.

Interim and final payments, respectively, shall be paid out provided that the PO/EPIC MIA receives properly filled in and submitted IFR/FFR, signed by the person authorised to represent the Project Promoter and drafted in accordance with the template prepared by the PO.

PO/EPIC MIA shall promptly approve the Financial Reports once the formal, accounting and substantive verification are finalised.

Within 7 working days from approving the IFR/FFR, when a given payment was provided, EPIC MIA shall submit a request for payment to the BGK.

The grant shall be paid out provided that the funds allocated towards Project implementation have been included in the EPIC’s MIA financial plan for a given budget year. The Project Promoter shall not be entitled to compensation in the case of BGK’s delay or failure to make payment due to:

1. not including the funds intended for the Project implementation in EPIC’s MIA financial plan for a given budget year;
2. the minister competent for public finance not transfering funds to a proper account kept by BGK;
3. the Project Promoter failing to perform or wrongly performing obligations under the PC.

### 1.4. Project costs and expenses accounting

All eligible expenditure and costs of the project, as well as its revenues, must be identifiable and verifiable and should be diligently and reliably reflected in the Project Promoter’s financial and accounting system. Records in the Project Promoter’s financial and accounting system should be made in accordance with the applicable accounting regulations and accounting standards in force in the country where the Project Promoter is established.

Requirements for the project’s accounting records:

* requirement to allocate the accounts (general or itemised) of the project according to costs, expenditure, expenses and revenues,
* posting all the project-related costs, expenditure and revenue on the aforementioned accounts.

On the accounts established for the purposes of the project, the Project Promoter may use more detailed analytical tools corresponding to particular budget categories.

Printouts of accounting statements from the unit’s financial and accounting system should be signed by the Chief Accountant / Treasurer of the unit or a person authorised by them. EPIC MIA shall verify the printouts of accounting statements during monitoring visits carried out with regard to the selected project, i.e. the project promoter is not obliged to submit them together with the IFR/FFR.

In the case where the original documents are kept by an external accounting company, the Project Promoter should have certified copies of the documents and, at the request of the PO/EPIC MIA or another authorised unit, present the originals of these documents.

## 2. Documenting costs and expenditure, making payments – general rules

According to Article 8.12 of the Regulation the costs and expenditure shall in principle be supported by invoices or documents of equivalent probative value (e.g. payrolls, business trip statements), confirmations of payment (e.g. transfers, cash flow statements), and other supporting documents (e.g. agreements with contractors, delivery/service/work acceptance protocols, attendance registers, meeting agendas, etc.). However, in justified cases, there is a possibility that instead of the aforementioned source documents, the Project Promoter or a project partner presents a report by an independent/ statutory auditor certifying that the claimed costs were incurred in accordance with the NFM Regulation, the national law and relevant national accounting practices. The report shall be accompanied by a statement of expenditure (documents) for a given reporting period. Detailed descriptions of the methodologies for documenting incurred expenditure are described in Chapter 1 of these Guidelines.

Documenting costs on the basis of source documents – in accordance with method 1:

As a rule, costs incurred in the project should be documented with a VAT invoice. If impossible, the fact that the cost has been incurred must be proven by accounting documents of equivalent probative value. Such documents include:

* a payroll,
* a ZUS DRA declaration,
* a receipt,
* a printout of a domestic business trip statement and its annexes in the form of invoices/receipts and tickets,
* a printout of a foreign business trip statement and its annexes in the form of invoices/receipts and tickets.

Accounting documents supporting the project costs must be properly described, to clearly indicate that they are related to the project. The document description should be prepared on the original accounting document and include at least:

* the number or name of the project,
* information on the amount of eligible expenditure under the project,
* a short description of the direct connection between the cost incurred and the implementation of the project concerned,
* name of the budget category the expenditure is related to,
* the following statement ***“the project is financed from Norway Grants”***,
* information on the substantive,formal and accounting correctness,
* information on the method of contractor selection (reference to the Act – Public Procurement Law / the Guidelines of the MIED).

Example of an accounting document’s description – Template – Annex 7.

NOTE:

An invoice or other accounting evidence of equivalent probative value should be prepared in accordance with the Accounting Act of 29 September 1994 (Dz. U. of 2019, item 351, as amended) and should include a description on the back of the page or, if there is no space, on a separate sheet of paper (then, the separate sheet of paper should indicate the name of the issuer of the accounting evidence and its number). A description on a separate sheet of paper should be inseparable from the accounting evidence.

The above-mentioned description should appear on all invoices and other accounting documents of equivalent probative value.

For costs financed from several sources (e.g. NFM + EU funds), the document should also include the indicated description, together with a breakdown of the costs financed under the different funds.

Both the description and the stamp should appear on the original accounting document. Only in exceptional cases the description can be drafted on a separate sheet of paper constituting the Annex to the accounting document (e.g. due to lack of space for the description).

All expenditure recognised in IFR/FFR and in the statement of expenditure for a given reporting period must be **actual expenditures** (in line with the definition in point 3.1.1). Actual expenditure is the expenditure incurred in cash, i.e. the cash outflow from the Project Promoter’s cash register or bank account. Documents confirming the expenditure include:

* + bank statements and, where applicable, bank transfers marked as “executed”,
  + cash evidence (“cash paid out” documents or a confirmation of payment of funds on an invoice or a document of equivalent probative value and a cash report – all cash expenditure must be confirmed both by a “cash paid out” document and by a cash report).

Note:

Copies of: invoices, accounting documents of equivalent probative value, payment confirmations, ZUS DRA declarations, remuneration rules, tickets, depreciation tables, procurement documentations and price analyses have to be certified copies. Documents directly related to the project, i.e. a statement of expenditure, a substantive report or financial statements, must be signed by an authorised person. Whenever a certified copy is mentioned, it should be understood as a copy containing a “certified copy” clause signed by the person(s) authorised to do so, together with the person(s)’s name stamp or, in the absence of a name stamp, a legible signature, as above.

Making payments

Payments in the project should be made from a dedicated account or a sub-account of the project.

The payments may be made on a non-cash basis (transfer from an account or a sub-account of the project to the account of the delivery / provider / staff member) or in cash, from the cash register.

Payments relating to the “staff costs” category may be made only on a non-cash basis, in the form of a transfer to the account of an employee.

Expenditure in foreign currencies

As part of the NFM, eligible expenditure in a foreign currency shall be settled according to the following rules:

1. for non-cash payments made in foreign currencies, the currency conversions should use the procedures for converting the value of cash payments made in foreign currencies into PLN, listed e.g. in the accounting policy and applicable for the Project Promoter, to the extent that they do not include negative foreign exchange differences (this concerns in particular the settlement of cash payments made during business trips abroad); in the absence of such procedures, the applicable exchange rate shall be the selling rate on the date of payment, applied by the Project Promoter’s bank for the transaction (documented with a confirmation issued by the bank or with a bank statement);
2. for cash payments made in foreign currencies, the transaction value should be converted into PLN at the rate at which the currency was purchased (documented with a proof of purchasing the currency);
3. if the Project Promoter is unable to present the actual exchange rate at which the payment transaction was converted, e.g. when the transaction is made in a foreign currency, outside of Poland, in a bank which does not keep track of exchange rates for currencies converted into PLN, the selling exchange rate announced by the National Bank of Poland on the day of the payment transaction should be used. If the Project Promoter is not able to convert a foreign currency into PLN at the selling rate announced by the National Bank of Poland because the National Bank of Poland does not publish such tables, e.g. for Lithuanian litas, the National Bank of Poland’s average exchange rate applicable on the date of the payment transaction should be used.

In the case of foreign partners participating in the project, expenditure in local currencies (e.g. NOK) shall be converted into PLN at a rate representing an average taken from the monthly exchange rates used by the European Commission, from the months covered by the reporting period or the months covered by the auditor’s report. The applicable exchange rates are those published on the European Commission’s website: <https://ec.europa.eu/budget/graphs/inforeuro.html>

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| Example:  The January–March 2019 reporting period.  Applicable monthly ECB exchange rates:  – in January, NOK 1 = PLN 0.43141;  – in February, NOK 1 = PLN 0.4426;  – in March, NOK 1 = PLN 0.44424.  An average exchange rate from the reporting period: (0.43141+0.4426+0.44424)/3=0.43942.    *Please note that the converted value is rounded to 5 decimal places.* |

## 3. Eligibility of expenditures (based on Chapter 8 of the NFM Regulation and national rules)

Expenditure eligibility rules concern all project partners, including the leader, as well as foreign partners. For foreign partners (from Norway, other countries or international organisations), the detailed rules for reporting and financial flows are described in Chapter 8 of the Guidelines.

### 3.1. General principles on the eligibility of expenditures (Article 8.2 of the NFM Regulation)

The basic element of the expenditure eligibility assessment is to determine whether the expenditure in question meets all of the following conditions:

* it was incurred between the first and the last day of the eligibility period, in line with the schedule set out in the PC/PA/PD;
* it is related to the subject of the PC/PA/PD (the project’s objective(s)) and indicated in the detailed project budget in the AF;
* it is proportionate and necessary for implementing the project;
* it must be used only for the implementation of the project’s objectives and its expected outcome(s) in a manner consistent with the principles of economy, efficiency and effectiveness;
* it is identifiable and verifiable, in particular by being entered into the Project Promoter and/or project partner’s accounting records, and established in accordance with the applicable accounting standards of the country in which the Project Promoter and/or project partner is established, in accordance with generally accepted accounting principles;
* it complies with the requirements of the applicable legislation, including tax and social legislation (e.g. the VAT Law, the Public Procurement Law, the Ordinance of the Minister of Labour and Social Policy on the settlement of delegation costs, the Procurement Guidelines of the MIED, etc.);
* it has actually been incurred – expenditure shall be regarded as having been incurred when the cost has been invoiced, paid and the subject matter has been delivered (for goods) or performed (for services and works). NOTE: As an exception, the costs for which the invoices have been issued in the last month of expenditure eligibility shall also be regarded as incurred during the eligibility period, provided that they have been paid within 30 days from the last day of expenditure eligibility.

### 3.2. Other general rules not directly stemming from the NFM Regulation but from the national rules (Polish/EU):

* + it has actually been incurred, i.e. there is a documented confirmation that it has been incurred as part of the project,
  + it complies with the applicable EU and national law,
  + it has been duly supported by VAT invoices or accounting documents of equivalent probative value and proofs of payment, it has been registered in the Project Promoter’s financial and accounting system and is identifiable and may be controlled. Exceptions to these conditions are contributions in kind, expenditure settled with rates or lump sums and depreciation. Eligibility conditions for contribution in kind, expenditure settled with rates or lump sums and depreciation are set out further in the Guidelines,
  + it is not expressly prohibited under the applicable law,
  + according to the principle of no double funding, the expenditure or its part settled under the project has not been financed from other sources, unless it constitutes financing to the project and the donor of the financing is aware of this fact,
  + it has been documented in accordance with the rules described in the following chapters of these Guidelines.

NOTE!!! Under no circumstances will the expenditure resulting from subcontracting (commissioning of services or deliveries or works) between partners in a given project be considered eligible, regardless of the organisational structure of the project.

Conflict of interests

Expenditure arising from activities involving a conflict of interests (in accordance with Article 57 of the Regulation No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002) shall be regarded as ineligible. A conflict of interests exists where the impartial and objective exercise of the functions by project staff or another person is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interests with the other party to the transaction (e.g. a contract or a civil law contract).

Private interest of a person performing a function in the project concerns any benefit for that person, their family, relatives, friends, and persons or organisations with which they have or had contact. This applies in particular to the related financial or civil liabilities.

Actually incurred expenditures

For the expenditures incurred during the implementation of the project to be regarded as eligible expenditure, they should be in cash. Actual expenditure is the expenditure incurred in cash, i.e. there was a cash outflow from the Project Promoter’s cash register or bank account.

Exceptions to the above rule are as follows:

* + contribution in kind,
  + expenditure settled with rates or lump sums,
  + depreciation costs.

Contribution in kind

As an exception, the assets in kind (in-kind contribution) may be contributed only by a project promoter / a partner whose status indicates that it is a non-governmental organisation (Article 6.4(5–6) of the Regulation). In-kind contribution may amount to a maximum of 50% of the national co-financing required for the project. Contribution in kind may be made in the form of voluntary work. If the Project Promoter makes a contribution in kind in the form of services provided by volunteers, the following rules apply:

* + the volunteer must be aware of the nature of their contribution to the implementation of the project (i.e. aware that they will not be paid);
  + the type of services provided by the volunteer should be identified (their position in the project should be defined);
  + only services provided by volunteers and directly linked to the target group are eligible as own contribution in kind;
  + the tasks performed and demonstrated by the volunteer must comply with the title of their services (position);
  + services performed by full-time employees or employees performing civil law contracts, employed for the purposes of implementing the project, or by natural persons conducting business activity who personally perform tasks in the project, settled both as indirect cost and as direct cost, cannot be treated as voluntary work;
  + the value of contribution in kind is determined taking into account the amount of time spent on its execution and the average hourly rate.

The Programme Operator shall specify the appropriate unit prices for volunteer works (Article 6.4(6) of the Regulation) – on the basis of proposals from the Project Promoter / partner, taking into account e.g. the type of work and the region where it is to be performed. The prices may be adjusted during the implementation of the project/programme.

The eligible expenditure consisting in making a contribution in kind shall be deemed to have been incurred if the contribution has actually been made, i.e. there is a documented confirmation that it has been used as part of the project.

In order to confirm the eligibility of the contribution in kind in a form of voluntary work, it is necessary to:

* + present an agreement with a volunteer, defining their position in the project and responsibilities,
  + present a confirmation that the contribution has been made, in the form of volunteers’ time sheets describing the nature of the services performed by them and signed by the volunteers and by the person acting as project coordinator,
  + calculate the value of the voluntary work settled under the project.

Depreciation

A depreciation write-off is a cost, but not an expenditure. Depreciation write-offs for depreciation of depreciable assets, in particular fixed assets and intangible fixed assets, constitute an eligible cost.

Costs of depreciation write-offs may be recognised as eligible provided that all the following conditions are met:

* + the purchase of the assets has not been financed by grants (the submission of an appropriate declaration at the stage of project settlement is required); where the grants were used to acquire assets only for a specified part of the assets (a percentage), the depreciation write-offs in the amount corresponding to the part of the assets which has not been financed from other funds, may be recognised as eligible costs,
  + the assets have not been fully depreciated, i.e. they are still depreciated during the project implementation period,
  + depreciation costs are charged in accordance with national rules,
  + costs concern only the project implementation period,
  + the assets are necessary to implement the project and they directly contribute to its completion.

NOTE:

The costs of depreciation write-offs of the assets used to implement the project may be assigned to the project in their entirety only when the assets concerned are used solely and exclusively for the purpose of project implementation.

If the assets are used also for purposes other than project implementation, the depreciation write-off may be assigned to the project proportionately, in accordance with a reasoned, fair and equitable method, which should apply in the same form throughout the project implementation period.

The Project Promoter stores the method of calculating depreciation settled within the project together with the accounting documentation. The calculation should account for the time or scope in which the equipment was used and the amount of depreciation write-offs in a given month. The documents confirming the amount of the depreciation write-offs are depreciation tables of fixed assets and other documents indicating their value.

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| Example: Where the equipment has been bought before or during the project, for settling the depreciation in the project, considered is only that part of it which relates to the period in which the equipment was used for the benefit of the project, e.g.:  The project implementation period: 01.01.2019–31.12.2020 Purchase of equipment: 11.07.2019 Value of the equipment purchased: PLN 10,000.00 Annual depreciation rate of the equipment: 30% (2.5% per month)  The following amount shall be considered an eligible expenditure to be settled in the project: 17 months x 2.5% = 42.5% of the equipment value, i.e. 42.5% x 10,000.00 = PLN 4,250.00  In such a case, the amount of PLN 4,250.00 shall be settled. However, it should be noted that the situation concerns the equipment used only for purposes related to the project. |

Value added tax

VAT constitutes an eligible expenditure only when it has been actually and definitively incurred by the Project Promoter, i.e. it cannot be recovered pursuant to the national VAT provisions.

The VAT which can be recovered cannot be considered eligible, even if it has not actually been recovered by the Project Promoter. This means that in the cases when the Project Promoter is able to recover VAT but waives this option, VAT is ineligible. If VAT can be recovered in part, the expenditure related to VAT resulting from a given invoice is fully ineligible.

“Recovering” VAT should be understood as deducting it from due VAT or, in specific cases, as a refund, in accordance with the conditions strictly defined by the provisions of the Act on value added tax of 11 March 2004 (Dz. U. of 2018, item 2174, as amended).

The Project Promoter who declares VAT as eligible is required to submit a declaration of the eligibility of the value added tax (VAT) – Template – Annex 8. The declaration is submitted by the Project Promoter together with the IFR No 1 and in the event of a change in the Project Promoter’s status regarding the possibility of VAT recovery. In the declaration, the Project Promoter commits to reimburse the refunded part of the value added tax (VAT) incurred if there are grounds for recovering the tax by the Project Promoter.

No double funding

According to the principle of no double funding, the expenditures that have already received full co-financing from a different source of funding are not considered eligible in the context of the projects implemented under the NFM.

This means that if the expenditure is already fully covered by another grant, it cannot be considered eligible under the fund, because it would result in double funding of the expenditure. If only a part of the expenditure is covered by another grant, the other part can be covered under the NFM. It is not possible for the parts covered by different sources of funding to cover more than 100% of expenditure.

In particular, the following types of financing shall be considered double funding:

* multiple reimbursements of the same expenditure under the same or two (or more) different projects financed from the fund and from EU or national funds,
* refunding the VAT costs from the fund and then recovering the tax from the State budget on the basis of the Act on value added tax of 11 March 2004 (Dz. U. of 2018, item 2174, as amended),
* purchasing fixed assets with the grant funds and then reimbursing the costs of these fixed assets’ depreciation under the fund,
* settling the same expenditure under the project’s direct and indirect costs.

### 3.3. Revenue and income generated by the project

In principle, projects financed under the NFM are of a non-profit nature. This means that they cannot be profit-driven. In exceptional cases, however, it may happen that the project will generate financial revenue from:

* + registration fees,
  + participation fees,
  + sales,
  + lease,
  + services or other equivalent inflows generated by the project.

Examples of revenue generated by the project:

* + a registration fee (participation in a conference),
  + sales of tickets for film screenings,
  + sales of publications prepared by the Project Promoter under the project,
  + fees paid for the right to attend meetings organised by the Project Promoter under the project,
  + sales of scrap metal from the dismantling of plants/installations under the project.

NOTE:

A distinction must be made between the concept of revenue generated by the project and the concept of income.

**Revenue** consists in all project-related inflows, i.e. the NFM financing, State budget contributions, contributions from third parties (e.g. local authorities, foundations), fees for participation in training, sales of publications, etc.

**Income** is the surplus of revenue over project implementation costs incurred by the Project Promoter. In such a case, the NFM contribution shall be reduced accordingly.

In the case of a project financed under the NFM and from the State budget, the potential income proportionally decreases both sources of financing.

Together with each IFR/FFR, the project promoter is obliged to sign and send an appropriate Declaration related to income, drawn up in accordance with the template presented in Annex 9.

**TYPES/CATEGORIES OF EXPENDITURE**

This chapter contains information on expenditure categories permissible under the project (according to Chapter 8 of the Regulation) and attributes the examples of eligible expenditure and examples of ineligible expenditure to them.

All expenditure necessary for implementing the project is eligible, subject to the rules set out in these Guidelines, excluding ineligible expenditure as set out in Section 5. *Ineligible expenditure*.

When it comes to the way the expenditure is linked to the implemented project, the following two groups of expenditures may be distinguished:

* + direct expenditures (Article 8.3 of the Regulation) – these are expenditures directly and unequivocally related to the implementation of the project (i.e. those that can be attributed to the project and accounted under the project),
  + indirect expenditures (Article 8.5 of the Regulation[[1]](#footnote-2)) – these are the expenditures for which it cannot be demonstrated that they are directly and unequivocally related to the performance of specific activities under the project. This group of expenditures includes expenditures related to project management. The amount of indirect costs and the way they are settled had been confirmed for the different projects by the Programme Operator before the PC/PA/PD was signed.

### 3.4. Direct expenditures (based on Article 8.3 of the NFM Regulation)

The following expenditure categories are distinguished among direct expenditures:

a) staff costs;

b) travel costs, subsistence allowance and accommodation costs;

c) cost of new or second hand equipment;

d) purchase of land and real estate;

e) costs of consumables and supplies;

f) costs entailed by other contracts;

g) special requirements.

### 3.5. Staff costs (Article 8.3(1)(a) of the Regulation)

*Description:*

The eligible costs are the costs of the staff employed to implement the project on the basis of:

1. an employment relationship (contract of employment),
2. a civil law relationship (contract of mandate, specific task contract),
3. a contract with a natural person conducting business activity and personally performing tasks in the project. In a situation where a person conducting business activity carries out the received order with the help of its other employees or external contractors, such costs do not constitute staff costs.

Staff costs must be specified in detail in the budget of the project, indicating the positions and the number of staff.

Expenditure related to the involvement of a person performing tasks in the project or projects is eligible, provided that:

1. The burden resulting from this does not exclude the possibility of a correct and efficient execution of all tasks entrusted to the person concerned.
2. The total professional involvement of that person[[2]](#footnote-3) in the implementation of all projects financed under the NFM and actions financed from other sources, including the Project Promoter’s and other entities’ own funds, does not exceed 240 hours per month (including the involvement settled within the indirect costs).
3. The Project Promoter verifies the fulfilment of the conditions set out in points 1 and 2 before involving the person in the project and obliges them to fulfil these conditions during the period in which their remuneration is eligible in that project.
4. Expenditure related to the involvement of the person performing the tasks in one/more than one project , but only in limited capacity, are eligible, provided that the person belonging to the project staff:
5. keeps a time sheet for works under all NFM projects and activities financed from other sources;
6. provides the Project Promoter with the records referred to in point (a) for the period of performing the tasks within the Project Promoter’s project.
7. Expenditure on staff remuneration is eligible provided that its amount corresponds to the rates applied by the Project Promoter in the remuneration regulations. This shall also apply to the other remuneration components.
8. For international organisations, the eligible staff costs may include guarantees to cover statutory obligations and entitlements relating to remuneration.

*Examples of eligible expenditure:*

1. gross remuneration of staff members employed under contracts of employment, including:
   * basic remuneration,
   * statutory bonuses,
   * seniority allowance,
   * duty allowance,
   * other allowances, including a performance allowance,
   * social contributions (old-age pension, disability pension, sickness insurance contributions),
   * contribution to health insurance,
   * personal income tax,
   * deductions withheld from an employee’s net remuneration (e.g. PZU contributions, repayment of housing loans, trade union contributions);
2. gross remuneration of persons employed under civil law contracts, including contracts of mandate, specific task contracts;
3. remuneration of a natural person conducting business activity and personally performing tasks in the project;
4. employer’s payment for:
   * social contributions (old-age pension, disability pension, accident contributions),
   * contributions to the Labour Fund and Guaranteed Employment Benefit Fund (if applicable);
5. additional annual remuneration (the “thirteen” remuneration) for the period of work relate to the project and in appropriate proportion,

*Examples of ineligible expenditure:*

1. occasional bonuses, jubilee bonuses,
2. discretionary bonuses,
3. retirement gratuities and severance pays for dismissals,
4. allowances in kind granted to an employee, such as a company car, a mobile phone,
5. deductions for the Company Social Benefits Fund,
6. benefits financed by the Company Social Benefits Fund (social benefits such as: vacation subsidies, additional medical service packages, holiday vouchers and other occasional vouchers),
7. contributions to the State Fund for Rehabilitation of Disabled Persons,
8. sick pay paid by the Social Insurance Institution (ZUS),
9. allowances financed from the State budget, e.g. family allowance, care allowance,
10. allowances financed from the ZUS funds, e.g. maternity, rehabilitation, care and compensation allowances,

If all components of the remuneration were paid on the same date, they do not have to be separated in the statement of expenditure. In such a case, the total remuneration cost may be reported. The amount entered in the statement of expenditure should result from the payment confirmations provided.

#### 3.5.1. Conditions for the eligibility of costs related to people employed on the basis of an employment relationship, under a contract of employment

1. If the project staff is employed on the basis of an employment relationship, expenditure for staff remuneration shall be eligible, provided that the following cumulative conditions are met:
2. remuneration rates/components are in line with the remuneration regulations applied by the project promoter / project partner;
3. the employee is employed or seconded in order to perform tasks related directly to implementing the project;
4. the period of employment or secondment is eligible only during the project implementation period specified in the project contract;
5. employment or secondment to perform tasks related to the implementation of the project is adequately documented by the provisions of the contract of employment or the scope of responsibilities or the job description, including the information on granting the allowance referred to in point 4; adequate documentation should be understood as i.a. the indication in the above-mentioned documents of all the tasks which the person concerned will perform as part of the project.
6. A contract of employment with a person belonging to the project staff includes all tasks performed by that person as part of the project or projects implemented by the Project Promoter, which is adequately documented.
7. If a person belonging to the project staff is an employee of the Project Promoter whose contract only partially covers tasks performed under the project (e.g. on half-time basis, on a quarter-time basis under the project), the expenditure related to the remuneration under the project shall be eligible, provided that:
8. the tasks related to the implementation of the project are clearly identified in the employee’s employment contract or the scope of official activities or the job description,
9. the responsibilities related to the implementation of the project constitute the basis for determining the proportion of the actual involvement of the employee in the project implementation in relation to the working time provided for in that employee’s employment contract,
10. the expenditure related to the project staff remuneration corresponds to the proportion referred to in point (b). The correctness of the calculation of the proportion of employee’s actual involvement in the project implementation may be subject to control.
11. In the case of a temporary increase in the scope of official duties of the person concerned, salary allowances may constitute eligible expenditure related to the staff remuneration, provided that they were awarded in line with the applicable provisions of labour law, subject to points 5 and 6, and the allowance may be granted both as an exclusive remuneration for work on the project or in the form of a supplement to the project staff’s salary settled under the project.
12. An allowance may be eligible, provided that the following cumulative conditions are met:
    1. the possibility of granting the allowance stems directly from labour law,
    2. the allowance is provided for in the labour regulations or the remuneration regulations of a given institution or in other relevant provisions of labour law,
    3. the allowance had been introduced in a given institution at least 6 months before the application for financing was submitted, except for the case in which the possibility of granting the allowance results from acts of universally binding labour law,
    4. the allowance may be potentially granted to all employees of a given institution, and the rules for granting it are the same for the staff involved in the implementation of the project and for the other employees of the project promoter,
    5. the allowance is eligible only for the duration of the period in which the person concerned was involved in the project,
    6. the amount of the allowance depends on the scope of additional responsibilities[[3]](#footnote-4), while in a situation when the same Project Promoter performs tasks under several projects, as a rule, the project staff is awarded only one allowance, settled in proportion to the employee’s involvement in a given project.

The document granting the performance allowance should list the tasks that the person concerned performs in the framework of the allowance, the period for which the performance allowance has been granted and the monthly amount of the performance allowance. The amount of the performance allowance granted should be proportionate to the responsibilities entrusted to a given employee under the Programme.

1. In a situation where the allowance is the only form of remuneration paid as part of the NFM project’s direct costs, there is no obligation to keep a time sheet. However, such a case also requires a written decision on granting the allowance for the sole purpose of implementing the NFM project(s) concerned. If the allowance for performing tasks is obtained in more than one project, the exact involvement in each project should be defined. Where the obligation to draw up a time sheet arises from other provisions of this Handbook, the working time devoted to the project covered by the allowance must be demonstrated.

*Expenditure documentation (some points concern only the settlement of persons employed in the project on the basis of a specific method):*

* each employee’s contract of employment – with the 1st interim report in which the employee’s personal costs are reported, and in the case of changes in the contract of employment (annex to the contract of employment is delivered for the first application/report affected by such a change),
* the responsibilities or job description of the employee whose remuneration is listed in the staff costs category in which the employee’s personal costs are reported, and in the case of changes in the responsibilities or in the job description, while the responsibilities or the description should include information on the employee’s involvement in the project, including the number of the project contract/agreement,
* payrolls for each of the months reported on, confirming the employee’s gross remuneration in accordance with their contract of employment and the other remuneration components with the organisation’s regulations concerning remuneration and bonuses,
* for a person performing tasks in more than one project – records of hours and tasks performed under all NFM projects and activities financed from other sources, except where the person performs all tasks on the basis of a single employment relationship,
* records of attendance/working time, including the employees settled under the project,
* proofs of payment **(deposit slips or vouchers)** confirming the payment of each gross remuneration component and of derivatives on the remuneration of the employee directly involved in the project implementation in a given month of the reporting period (if the institution pays group contributions to ZUS/US, it is necessary to add by hand who they refer to and what is their amount),
* a ZUS DRA declaration for each of the months reported in the reporting period,
* applies only to the employed persons whose tasks related to project implementation do not constitute the entirety of their tasks and who work a variable number of hours in a month under the project – time sheets of the employee working directly for the project, signed by them and approved by the head of their unit or a person authorised by the head of their unit. A template of the time sheet constitutes Annex No 9 to the Guidelines,
* applies only to people employed whose tasks related to project implementation do not constitute the entirety of their tasks and who work a variable number of hours in a month under the project – a calculation of proportion of remuneration settled under the project. An example of remuneration calculation form constitutes Annex 10 to the Handbook.
* there is no need to send time sheets and calculations for persons involved in the implementation of the project on a part-time basis whose percentage of involvement in the project is specified in their contract, their responsibilities or job description. In such a situation, the total gross remuneration should be multiplied by the percentage indicated in the contract or the description of responsibilities.
* annual leave shall be considered eligible in proportion to the employee’s period of employment under the project. The rights acquired by the employee before the commencement of the project, including accumulated leave, are non-eligible for settlement under the project. This means that the annual leave may be settled under the project at most for the period a particular person worked under said project.

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| Example:  An employee was seconded for a 6 month period working half-time to carry out tasks related to project implementation. The employee is entitled to 26 days of leave.  6.5 days of annual leave can be settled under the project. Each leave day should be recorded in the time sheet. The annual leave is excluded from hours actually worked under the project, thus it should not be included in the hourly rate calculation (Annex No 11). |

Practical instructions:

* staff records, i.e. responsibilities and time sheets, should be signed by the employer (the authorised person) and the employee,
* calculations of personnel costs are prepared on the basis of records regarding time of work on the project in monthly time sheets kept by the employee – the template of a time sheet is included in Annex No 10 to these Guidelines,
* responsibilities or job description of the employee working on the project should indicate the secondment to work under a particular project – the responsibilities or job description should indicate the name or number of a particular project,
* even though time sheets are required for employees working part-time on the project, they are not required for employees employed full-time for the purpose of implementing the project or when the contract allocates a specific % of secondment time to the implementation of project activities,
* time sheets should be signed by the employee and approved by the unit manager or a person authorised by them,
* time sheets should be prepared on an on-going basis and the process of filling them in should start with greying out Saturdays and holidays or non-working days,
* when preparing the time sheet, the number of calendar days in a particular month should be checked in order to avoid including non-existent days, e.g. 31 November or 31 April,
* when preparing the time sheet, it should be checked whether records of business trips settled under the project in the *Travel and subsistence allowances* category are consistent with the records of the business trip kept in the form of time sheets,
* descriptions of performed activities included in time sheets should be concise and should make it possible to establish a link between a particular activity and project implementation; if the project promoter is implementing more than one project, they should continuously cross-check time sheets of employees directly employed under more than one the project; this will make it possible to prevent a situation in which information contained in the time sheets would indicate that a given employee worked under several different projects simultaneously,
* descriptions of activities performed included in time sheets should unambiguously indicate the nature and link between the performed tasks and the project (the description cannot be limited to indicating the role a particular person plays in the project) – lack of transparent, detailed information in this respect may be a basis for the Programme Operator to question the financial report in terms of eligibility of personnel expenditure,
* if the institution does not require attendance registers to be prepared, employees directly working on the project are obliged to keep attendance registers for the project purposes,
* calculations of salary costs are prepared on the basis of actual rates of remuneration of a particular employee per working hour in a particular month,
* the remuneration of an employee involved in the project implementation, settled under the project, cannot exceed the remuneration resulting from the payroll of the employee for a particular settlement period – only if a person was 100% involved in the project implementation, the remuneration settled under the project will be equal to the remuneration resulting from the payroll,
* when settling remunerations of employees involved in the project it should be noted that remunerations in the last month of the settlement period are generally not paid in whole. In the majority of cases, in the last settlement month only the net remuneration is paid out, while social and health insurance contributions, personal income tax, contributions for the Labour Fund and/or the Fund of Guaranteed Employee Benefits are paid in the next month, therefore expenditure should be reported in relevant reporting periods and when preparing the final report (FFR), the period of expenditure eligibility should be kept in mind,
* all remuneration components to calculate hourly rate under the project should be reflected in payrolls,
* if the employee was ill and received sick pay paid by the employer or is on annual leave, also his sick pay paid by the employing facility and holiday pay is considered eligible (however, annual leave and sick leave hours can be deducted from working hours – by applying such method, higher hourly rates will be achieved),
* if a particular employee is paid the remuneration adjustment for a specific time, the remuneration settlement under the project should be made on the basis of hours worked by this employee in the period for which the remuneration settlement is paid out,

e.g. together with the remuneration for May 2019, the employee was paid the remuneration adjustment for March 2019 – therefore, when calculating the remuneration adjustment to assign it to the project, working hours from March 2019 are taken into account (provided that in March 2019 they worked for the project) and included in the interim report for the period covering May 2019,

* if a business trip under the project covers non-working days for which the employee did not receive the remuneration for work on non-working days or did not take back additional off hours, the time sheet should include only delegation time of working days, e.g. if the business trip lasted from Sunday to Tuesday, the time sheet should include only Monday and Tuesday,
* overtime work is eligible only if the employee received remuneration for overtime work or took back the overtime in the form of additional off hours,
* if delegation under the project is on working days and its duration exceeds the time the employee is required to work for which the employee did not receive remuneration for overtime work or did not take the additional hours off, the time sheet should include only delegation time corresponding to the time the employee is required to work e.g. if the delegation lasted from 8 a.m. to 8 p.m., the time sheet should include only 8 hours (assuming that the employee works full-time),
* employees holding posts with unlimited working time, who work on the project directly, as well as other employees, for control purposes are obliged to provide registers of attendance at work for each month reported under the project,
* additional annual remuneration (“thirteenth remuneration”) may be considered eligible under the project in proportion to the time the employee worked on the project directly. If under the project the employee worked directly full-time for an entire year, the additional annual remuneration paid out for the particular year will be eligible in full. In the other cases, the amount of additional annual remuneration, which can be assigned, should be calculated in proportion to the project.

This means that, e.g. additional annual remuneration for 2019 (paid out in February 2020) for the project is calculated by hours worked on the project in 2019 (based on the time sheets or % of employee’s commitment to the project resulting from the contract of employment) and included in the interim report for the period covering February 2020. To confirm the eligible amount, a relevant calculation is attached which presents the number of hours worked on the project in relation to the total obligatory number of working hours in the period for which the “thirteenth remuneration” was awarded (i.e. for the previous year). It is not necessary to attach time sheets if they have already been attached to previous settlements regarding this period,

* additional annual remuneration to which the employee is entitled only for tasks performed under the project (e.g. special/task allowance only for the project) may be considered fully eligible under the project, while the remaining part of the remuneration should be settled in proportion to the time the employee worked on the project directly.

*The recommended manner to calculate personal remuneration eligible under the project.*

Note:

Applies only to personnel employed under a contract of employment who are partly involved in project implementation!

The method for calculating proportions is necessary to calculate salary costs of employees who did not spend all of their working time to carry out tasks under the project. The calculation is made based on the records of working time in the time sheets, remuneration resulting from the contract of employment and from the payroll. Time sheet template was presented in Annex No 10 to the Handbook. Below we present the recommended manner to calculate part of the remuneration eligible for settlement under the project. The manner presented below is based on the hourly rate calculated on the basis of working hours worked in a particular month. After the end of the reporting period, the Project Promoter is additionally entitled to calculate to the project the relevant part of the remuneration for sick leave period paid by the employer.

**First...**

Calculate the number of working hours of Mr. Jan K. in a month during which he worked on the project directly. The tasks were carried out in November 20...

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| Example:  Calendar days in November 20... – 30  Holidays or days taken back due  for holidays – 2  Saturdays + Sundays – 10  Working days in total – 18  Therefore, in November 20... Mr. Jan K. could work 144 working hours (18 days x 8 hours per day). |

**Next...**

Based on the time sheet of Mr. Jan K. prepared for November 20... calculate how many hours he spent on the project implementation.

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| Example:  It results from the time sheet that Mr. Jan K. spent 30 working hours working on the project directly. |

**Then...**

Calculate the remuneration of Mr. Jan K. which can be reported under the project:

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| Example:  Gross remuneration + social security contributions (paid by the employer) of Mr. Jan K. in November 20... amounted to PLN 4,117.40.  The hourly rate of remuneration of Mr. Jan K in November 20... thus amounted to 28.59 PLN/h. (PLN 4,117.40: 144 working hours in a month = 28.59 PLN/h)  The eligible remuneration of the project will amount to PLN 857.70 (= 28.59 PLN/h x 30 h). |

**After the end of the reporting period...**

(The Project Promoter is entitled, but not obliged, to calculate to the project the relevant part of the remuneration for leave or sickness period paid by the employer.)

Calculate the leave/sickness remuneration which can be assigned to the project for a particular month according to the following method

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| --- | --- | --- |
| leave/sickness remuneration assigned to the project in a particular month | = | hourly rate in a particular month x the indicator of employee’s time commitment to the project in the reporting period x number of hours of leave/sickness in a particular month |

where:

hourly rate in a month =

|  |  |  |
| --- | --- | --- |
| hourly rate in a month | = | (gross eligible remuneration + surcharges on the employer in a month): (the number of working hours in a month) |

and

|  |  |  |
| --- | --- | --- |
| the indicator of employee’s time commitment to the project in the reporting period | = | (number of hours spent on the project in the reporting period) : (number of working hours in the reporting period) |
| Example:  The hourly rate of remuneration of Mr. Jan K in November 20... amounted to 28.59 PLN/h. (PLN 4,117.40: 144 working hours in a month = 28.59 PLN/h)  In November 20... Mr. Jan K. spent on leave for 2 days and 3 days on sick leave paid by the employer. In the reporting period October – December 20... (quarterly reporting period) Mr. Jan K. worked 120 hours for the project out of 496 working hours, thus the indicator of time commitment was 24.19%.  Therefore, for the leave time and sick pay, the following amount can be allocated to the project:  28.59 PLN/h x 5 days x 8h per day x 24.19% = PLN 276.64. | | |

#### 3.5.2 Conditions for the eligibility of costs regarding people employed on the basis of a civil law relationship

1. Expenditure incurred for the remuneration of personnel involved on the basis of a civil law relationship are eligible, subject to provisions of this handbook.
2. Eligibility of expenditure incurred for the remuneration of a person involved in the project on the basis of a civil law contract who at the same time is an employee of the Project Promoter employed on the basis of an employment relationship outside the NFM project is possible only in justified cases, in particular when the nature of the tasks excludes the possibility to carry them out under the employment relationship, provided that all the following conditions are met:
3. it is in line with national rules;
4. tasks under civil law contract are specified in detail;
5. commitment under employment relationship allows to efficiently carry out tasks under civil law contract;
6. the contract stipulates the time (number of hours) intended for tasks implementation and the rate for an hour of work (applies only to a contract of mandate) or other way allowing to assess whether the incurred expenditure is justified, and the person employed keeps records of working hours involved in the implementation of tasks under a civil law contract.
7. Where a person who is a part of the project personnel is involved on the basis of more than one civil law contract under the project, the expenditure related to the remuneration of the personnel is eligible, if:
8. the burden resulting from the performance of all civil law contracts does not rule out the proper and efficient implementation of tasks under the project;
9. this person keeps records of hours involved in all tasks under this project, which may be subject to control;
10. the civil law contract is settled on the basis of an acceptance protocol, indicating the detailed scope of performed activities and number of hours regarding the execution of a particular contract.
11. Expenditure incurred for the remuneration of personnel involved on the basis of a specific task contract are eligible, if:
12. the Project Promoter indicates the remuneration settlement on the basis of a specific task contract in the application for project financing and the application in such a form is approved;
13. the specific task contract is settled on the basis of task acceptance protocol.

*Expenditure documentation:*

* contracts of mandate, specific task contracts together with invoices and indication of the method used for calculating remuneration (the contract should include information on an employee’s participation in the project and information on financing from the NFM fund and the State budget),
* ZUS DRA declaration (only if social security contributions were paid under the civil law contract),
* proof of payment (deposit slips or vouchers) confirming payment of remuneration under a civil law contract, including net amount, personal income tax and social security contributions (if they were paid under the contract),
* service acceptance reports (if the proof of service acceptance is not included in the contract invoice – does not apply to specific task contracts for which the protocol is always required),
* for a person involved, carrying out tasks under more than one project – records of hours and tasks implemented under all NFM projects and activities financed from other sources,
* for a person involved in the project under a civil law contract who is also an employee of the Project Promoter employed on the basis of an employment relationship outside the NFM project – records of working hours involved in the tasks implementation under civil law contract,
* for specific task contracts – copy of performed and accepted result of contractor’s work,
* documentation of the procurement procedure on the basis of the Public Procurement Law or the Guidelines of the MIED (if required),
* statement on not settling remuneration and payment of employing facility for social insurance contributions, Labour Fund and Fund of Guaranteed Employee Benefits in any other project financed from the funds of the Norwegian Financial Mechanism 2014–2021, European Union funds or national grant – Template – Annex 12.

*Practical instructions:*

* working time under specific task contract is not included in the time sheet,
* the project name and/or number and information on financing from NFM funds and (optional) from the State budget should be included in civil law contracts concluded with people participating in the project,
* all types of changes to civil law contracts should be made in line with national rules,
* period of travel to perform a particular mandate or task is not additionally paid by the Project Promoter, therefore it is not obligatory to include it in the time sheet.

#### 3.5.3 Eligibility conditions of voluntary work

1. In-kind contribution in the form of unpaid, gratuitous work – voluntary work – may be reported only by Project Promoters from the sector of non-governmental organisations and provided that it is included in the project budget.
2. In-kind contribution in the form of unpaid, gratuitous work – voluntary work – may constitute up to 50% of the grant required by the programme for the project.
3. The value of the voluntary work is calculated by the applicant, taking into account: the time of gratuitous and unpaid work for the project, expressed as the number of hours, and standard hourly and daily rate for a particular type of performed work. It is recommended to adopt an hourly rate of PLN 15 for the calculation.
4. The Programme Operator shall specify the appropriate unit prices for volunteer work (Article 6.4(6) of the Regulation) – on the basis of proposals from the Project Promoter / partner, taking into account e.g. the type of work and the region where it is to be performed. The prices may be adjusted during the implementation of the project/programme.

*Expenditure documentation:*

* the contract between the Project Promoter and a volunteer according to the Act of 24 April 2003 on *public benefit and volunteer work* (Journal of Laws (Dz. U.) of 2019, item 688, as amended);
* time sheet of the volunteer;
* the description of the calculation of unit prices for volunteer work, approved by the Programme Operator;
* acceptance protocol for the performed activities.

### 3.6 Travel, subsistence allowance and accommodation costs (Article 8.3(1)(b) of the Regulation)

*Description:*

* Expenditure category intended to record expenditure related to transport, travel and accommodation of people directly involved in the project implementation and other people participating in the project (e.g. participants of the target group, participants of conferences) whose travel was necessary for its implementation.
* In general, the expenditure of own personnel of the project promoter / partner are settled on the basis of national rules specified in the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips (Dz. U. 2013, item 167)*.
* Expenditure of other people participating in the project (participants of conferences, training and events) are settled on the basis of invoices or other documents of equivalent value.
* Travel costs are eligible on the basis of actual and incurred costs.
* Rates of reimbursement must be based on the most economic mean of public transport.
* In general, flights are allowed only for travels abroad. In duly justified cases, domestic flights are possible, if they constitute the most economical solution. If a domestic flight was taken, the Project Promoter may be requested to demonstrate that the flight met the above-mentioned condition.
* When using a private car, in justified cases, the reimbursement is made on the basis of kilometric rate in line with existing rules (specified in: *Ordinance of the Minister of Infrastructure of 25 March 2002* onthe conditions for the determination and method of reimbursement of costs of travelling for official purposes by car, motorcycles and motorbikes which are not the property of the employer *(Dz. U., No 27, item 271, as amended)*.
* Costs of subsistence during travel are eligible on the basis of actual costs or subsistence allowance. In the case of project’s staff, actual costs are eligible to the amount of subsistence allowances mentioned in the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips.* If the project promoter / partner has their own daily rates (allowance for subsistence costs), they comply with limits specified in the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips.*
* In the case of international organisations, it is possible to apply own provisions governing rates of daily subsistence allowances, unless they exceed rates used by the European Commission, without prejudice to the rules specified in Chapter 3 point 2 of this Handbook. Allowance for subsistence costs includes local transport costs (including taxis in justified cases), accommodation, meals, local telephone calls and miscellaneous expenditure (e.g. parking costs).
* All travels must be clearly motivated by project activities and must be necessary for effective project implementation.

*Examples of eligible expenditure:*

* domestic subsistence allowance according to national rules up to the limits specified in the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips,*
* flat rates during business trips according to the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips,*
* costs of accommodation and food (the limit of accommodation costs is not specified, however, it is recommended to agree on price of hotel in Poland being up to PLN 400 per night. However, this amount should not be treated as a definitive limit. However, in the cases where the limit was exceeded will be verified for whether the expenditure incurred was justified expenditure as well as compared to the market price),
* costs of transporting the project staff and other people participating in the project (including reimbursement of transport costs) on the basis of bus and train tickets in first and second class, ferry and airplane tickets in economy class, airport fees,
* rental of the most economic means of transport,
* purchase of fuel for a company car settled according to the mileage log, if travel by company car is the most economic means of transport,
* travel insurance,
* in justified cases, reimbursement of travel costs for official purposes by private car according to applicable rates per 1 km of business trip related to the project implementation specified in the[Ordinance of the Minister of Infrastructure of 25 March 2002 *on the conditions for the determination and method of reimbursement of travel costs for official purposes by car, motorcycles and motorbikes which are not the property of the employer* (Dz. U., No 27, item 271, as amended)](http://www.portalfk.pl/kadry/rozporzadzenie-ministra-infrastruktury-z-dnia-25-marca-2002-r-w-sprawie-warunkow-ustalania-oraz-sposobu-dokonywania-zwrotu-kosztow-uzywania-do-celow-sluzbowych-samochodow-osobowych-motocykli-i-motorowerow-niebedacych-wlasnoscia-pracodawcy-dzu-z-2002-r-nr-27-poz-271-159515) or according to the costs of public transport on a particular route or according to the flat rates applied by the Project Promoter, but no higher than rates specified in the above-mentioned Regulation,
* in exceptional and justified cases the use of a taxi (e.g. the need to carry a large baggage and/or travel at night), the other costs related to travel, i.e. means of local transportation, cost of road use, e.g. motorway fees, parking receipts etc.,
* in exceptional and justified cases the expenditure related to the change of airplane ticket (date, departure time, traveller etc.) e.g. due to traveller’s illness or other random factors, change/cancellation of event’s date,
* costs (e.g. of flight, hotel) related to the change of travel date, are eligible only in justified cases not caused by the Project Promoter, e.g. of proven fault of the organiser or force majeure (as described above).

*Examples of ineligible expenditure:*

* first or business class airplane tickets (applies to every travel by plane),
* airplane tickets in every class and airport fees for domestic travel, when the Project Promoter did not demonstrate that flight was the most economical solution,
* costs of subsistence allowances exceeding rates specified in the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips,*
* (national and foreign) subsistence allowances in full amount in cases where the organiser of the meeting/seminar/conference provided the participants with full or partial catering – according to the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips,*
* lodging flat rate in cases where the organiser of the meeting/seminar/conference provided the participants with lodging – according to the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips.*

*Expenditure documentation:*

* filled and approved application for national or foreign official business trip,
* settlement of national or foreign official business trip,
* proof that amounts related to travel have been paid, including proof that advance payments have been paid out and the employee has been paid the difference between the amount spent and paid out advance payment,
* in the case of payments in a foreign currency, also the proof of foreign exchange purchase specifying the exchange rate of its purchase,
* VAT invoices / receipts for accommodation, transport, food,
* airplane tickets – traditional or electronic,
* train, bus, ferry and other tickets,
* if the above-mentioned tickets were purchased on the basis of a VAT invoice, the VAT invoice and proof of its payment should also be attached,
* meeting/seminar/conference agenda and possibly invitation to it (if the Project Promoter received the invitation),
* documents proving the participation in the national or international conference or meeting (e.g. attendance register or meeting agenda, invitation to the meeting),
* for travel insurance settlement, the invoice and insurance policy together with proof on its payment should be submitted,
* for settlement of fuel for the company car, the vehicle’s mileage log, VAT invoices for fuel together with proof on their payment and calculation on the fuel quantity used during the travel should be submitted,
* only if a private car is used – contract on usage of this car for official purposes / consent of the unit manager to use this vehicle,
* if a private car is used under the project, it is possible to calculate the eligible amount on the basis of flat rate per kilometre driven mentioned in the *Ordinance of the Minister of Infrastructure of 25 March 2002 on* the conditions for the determination and method of reimbursement of travel costs for official purposes by car, motorcycles and motorbikes which are not the property of the employer *(Dz. U., No 27, item 271, as amended)*.
* if hotel limit was exceeded during a business trip abroad – a document presenting consent of the unit manager to exceed this limit,
* in the case of people employed on the basis of civil law contract, the content of such contract should include information on the possibility to pay for a business trip. Otherwise, it is assumed that travel cost was included in the agreed remuneration.

*Practical instructions:*

* all travel tickets must be diligently collected and kept for control purposes – if there are no tickets, it is necessary to collect other documents confirming the travel – before the trip the project’s staff and other participants should be informed that it is necessary to keep all tickets for control purposes,
* the description on the application for an official business trip (a printout of the official domestic or foreign business trip) and on financial documents attached for the settlement of the business trip should indicate that the business trip is related to implemented project,
* in the case of settling travel costs of people not employed by the organisation, a document on reimbursement of travel costs / settlement of the travel should be prepared and include all the information concerning the journey related to the project,
* if the engine capacity of the private car is not indicated in the driver’s logbook (calculation), a copy of a registration certificate should be submitted to verify whether appropriate value – mileage – was used,
* in the case of travel by plane, when filling business trip forms, it should be checked whether hours of departure/arrival are consistent with hours provided on the airplane ticket,
* when filling time sheets for months when official business trips, both domestic and foreign, took place, it should be checked whether hours spent on the business trip were appropriately recorded in the time sheets,
* timeframes of the travel should correspond to dates of the business trip purpose (maximum one day before/after the meeting/seminar/conference), exceptional are those cases where it was proven that additional costs related to the extension of the business trip (e.g. costs of additional accommodation) does not exceed related savings (e.g. lower flight costs),
* expenditure must be incurred directly by the Project Promoter – direct payment by the employee of the institution is not sufficient – if the payment was made by the employee, the expenditure must be refunded from the organisation’s funds in order to be eligible,
* if the institution which organises the meeting/seminar/conference partly covers costs of stay (e.g. by providing meals) subsistence allowances the employee is entitled to should be reduced accordingly – in line with the *Ordinance of the Minister of Labour and Social Policy of 29 January 2013 on amounts payable to an employee of a state or local government budgetary unit for business trips,*
* actual subsistence costs or travel costs should be settled on the basis of domestic, foreign subsistence allowances and flat rates according to applicable national rules indicated in the Ordinance of the Minister of Labour and Social Policy. Subsistence allowances and flat rates in the amount exceeding the ones indicated in the Ordinance will be considered a cost-inefficient expenditure and therefore ineligible,
* a particular attention should be paid to the description of the official business trip form and the supporting documents indicating direct relation to the implemented project. The relation between all business trips and the project should be indicated,
* the amount resulting from the business trip (subsistence allowances, flat rates, hotel, drive etc.) may be paid to the employee in cash, in such a case, the Project Promoter is obliged to submit a document of releasing the cash from the cash register (KW) and the cash and flow statement or – in the case of official business trip form – a written confirmation by the employee that they received the amount resulting from the settlement of delegation costs and the cash report,
* in the case of a non-cash payment, it is necessary to provide confirmation that the amount resulting from the business trip was transferred to the employee’s bank account,
* for the settlement of “combined” business trip (a trip related to NFM project and other tasks), only the amount of business trip costs settlement is eligible (subsistence allowances, flat rates, travel costs and accommodation) resulting from project activities – an appropriate calculation should be submitted for the settlement.

### 3.7 Costs of new or second hand equipment (Article 8.2(4) and 8.3(1)(c) and (2) of the Regulation)

*Description:*

In general, according to Article 8.2(4) of the Regulation, where new or second hand equipment is purchased, the depreciation corresponding to the duration of the project is eligible. However, in line with Article 8.3(1)(c) of the Regulation, the Programme Operator has the right to decide that costs of equipment purchase will be eligible in 100% if the equipment purchase is a component allowing to achieve the outcomes of the project (is one of the project’s components). A relevant provision should be included in PC/PA/PD (in budget).

*Please note that according to the Accounting Law a tangible asset is a piece of equipment of minimal (net) unit value of PLN 10,000. Tangible assets are subject to interim depreciation. The other assets – IN-tangible (unit value < net PLN 10,000) may be depreciated once, in 100% at the time of purchase. This means that if IN-tangible assets are purchased, they are depreciated once, in 100% and the total value of the purchase is an eligible expenditure.*

If 100% of equipment purchase costs is eligible, according to Article 8.3(2) of the Regulation, the Project Promoter should:

(a) retain the ownership of the equipment and use it to achieve the objectives of the project for a period of at least 5 years following the completion (sustainability);

(b) properly insure the equipment, also for 5 years following the completion of the project (according to the value, type of equipment);

(c) for at least 5 years following the completion of the project set aside appropriate resources for equipment maintenance.

Instructions:

* costs related to the purchase of equipment, software and/or facilities are eligible only if they are necessary for project implementation,
* the project promoter may acquire the equipment, software and/or facilities by:

– purchase,

– lease,

– leasing,

* if the purchase of equipment, software and/or facilities takes place during the project, it should be indicated in the budget whether the financing covers the full cost or only the part of depreciation which corresponds to the period of use for project purposes and to the rate of actual wear under the project. In the second case, calculations are made according to the applicable Polish rules,
* equipment, software and/or facilities may be brand new or second hand,
* purchase of second hand equipment, software and/or facilities is eligible under three cumulative conditions:

1. the seller of the equipment, software and/or facilities submits a statement presenting the origin of the equipment, software and/or facilities and confirms that in any case it was not purchased with the use of a
2. grant,
3. the price of equipment, software and/or facilities does not exceed its market value, taking into account its reduced technical and economic lifespan, and is lower than the price of similar new equipment, software and/or facilities, and
4. the equipment, software and/or facilities has technical properties necessary for the project implementation and meets the applicable norms and standards.

*Examples of eligible expenditure/costs:*

* purchase, lease, leasing of equipment, software and/or facilities necessary for project implementation,
* depreciation of equipment, software and/or facilities necessary for project implementation,

*Examples of ineligible expenditure:*

* purchase of equipment, software and/or facilities that are not necessary for the project implementation,
* purchase of equipment, software and/or facilities in quantities exceeding the quantity necessary for the project implementation,
* purchase of equipment, software and/or facilities made without applying appropriate procedures or making purchases under the project or in breach of those rules (total or partial ineligibility depending on the type of the breach),
* purchase of used (second-hand) equipment, software and/or facilities which were financed with other grants (including EU grants) over the last 7 years;
* depreciation of equipment, software and/or facilities whose value has been fully depreciated;
* the depreciation costs of equipment, software and/or facilities purchased using grant funding (including EU grants);
* costs related to a lease contract, especially tax, the lessor's margin, interest refinancing costs, general costs.

*Expenditure/cost documentation:*

* VAT invoice related to the purchased equipment, software and/or facilities, together with a proof of payment,
* delivery acceptance reports when purchasing equipment, software and/or facilities (if any),
* contract award documentation (based on the Public Procurement Law or the Guidelines of the MIED) for the delivery of equipment, software and/or facilities;
* when purchasing used equipment, software and/or facilities:

– an origin statement of the seller of the used equipment, software and/or facilities and a confirmation note certifying that over the last 7 years they were not purchased with grant funds,

* printouts from accounting records of tangible assets or low-value tangible assets together with a depreciation table – when they were purchased under the project and when fixed asset depreciation has been reported under the project,
* photos of the equipment, software and facilities with a visible marking indicating NFM financing in line with the relevant programme guidelines,
* a depreciation table if tangible asset depreciation has been reported under the project,
* as for depreciation settlement – a statement of the project promoter that the depreciation costs of equipment, software and/or facilities included in the eligible costs are related only to purchases made without grant funding.

*Practical instructions if leasing is used:*

* when paying the initial rent, the invoice must be settled proportionately for the period when the asset was used under the project,
* any additionally bought options, e.g. for lease monitoring, are excluded.

*Practical instructions for depreciation settlement:*

* the main rule for selecting one of the three options for purchasing equipment, software and/or facilities is to select the cheapest option possible in a given situation. When leasing and renting is impossible due to a short project implementation period or rapid depreciation of the fixed asset purchased, the purchase costs may be eligible for funding,
* when settling depreciation costs, the depreciation date should be indicated as the payment date in the statement of expenditure included in the interim report,
* as for equipment, software and/or facilities purchased before the launch of the project, only depreciation write-offs for the period when the equipment, software and/or facilities were used under the project are settled as eligible cost, and this is so only in so far as the equipment, software and/or facilities have been used for the purposes of the project,
* if in line with the rules in place at a given unit, depreciation of the equipment, software and/or facilities used under the project is accounted for and recorded under one-off costs(in retrospect), the depreciation cost of the equipment, software and/or facilities in question should be reported during the reference period when it was entered in the unit’s costs; e.g. if depreciation for 2019 is accounted for under the unit’s costs as at 31 December 2019, then it included in the report for the period covering December 2019,
* if in the case of depreciation being recorded once a year, as in the example above, the equipment, software and/or facilities are not used exclusively for the purposes of the project, then the depreciation associated with the project should be calculated based on the time of use of the equipment, software and/or facilities for the purposes of the project; in this case, time records of the use of the equipment and/or facilities for the purposes of the project should be kept, and the costs should be settled proportionately to the number of working hours in the month when the equipment, software and/or facilities were used for the purposes of the project.

### 3.8 Purchase of land and real estate (Article 8.3(1)(d) and Article 8.6 of the Regulation)

*Description:* this category covers recording of expenditure related to purchasing land and real estate, as well as expenditure for site preparation and construction (Article 8.6(5) of the Regulation).

The eligibility conditions are described in detail under Article 8.6 of the Regulation. Before the purchase, the Programme Operator must give explicit consent for the purchase of the real estate/land either in the project contract or by way of a subsequent decision.

*Expenditure/cost documentation:*

* VAT invoice related to the purchased/rented real estate together with the proof of payment,
* the legal right to administer the real estate,
* calculation of the amount settled under the project when part of the cost is eligible under the project,
* documentation of the contractor selection procedure (the Public Procurement Law or the Guidelines of the MIED),
* the certificate referred to in Article 8.6(1)(c) of the Regulation,
* photos of the real estate with a visible marking in line with the relevant programme guidelines.

### 3.9. Costs of consumables and supplies (Article 8.3(1)(e) of the Regulation)

*Description:*

* the aim of this expenditure category is to record purchases of goods that are used up, supplies and other low-value purchases which are identifiable, verifiable and necessary for and directly related to the implementation of the project.

*Examples of* *eligible expenditure*:

* small office equipment (paper, toners, inks etc.),
* stationery delivered as part of the project actions (this does not cover purchases for the administrative management of the project),
* consumables for computer hardware used by members of the target group,
* materials used during training sessions and activities,
* stationery used during trainings, conferences, etc.,
* copying training materials.

*Examples of ineligible expenditure*:

* office items and/or other materials or services (including post and courier ones) delivered or used for the purposes managing the project by the project staff should be included in the category of indirect expenditure (as lump sums or actual expenditure),

*Expenditure documentation:*

* VAT invoices / receipts with proofs of payment,
* the contract with the contractor (if applicable) stating the number and name of the project,
* delivery/service acceptance reports or confirmation of receipt in the invoice,
* documentation of contractor selection procedure (the Public Procurement Law or the Guidelines of the MIED),
* a list of participants or meeting/training agenda (if the meeting/training/conference cost is included in this category).

*Practical instructions:*

* when describing accounting evidence of purchases under this category, it is particularly important to indicate in this description why the purchases have been made and if they concern the project directly or indirectly.

### 3.10 Other contracts (Article 8.3(1)(f) of the Regulation)

*Description:*

* this expenditure category is aimed at recording expenditure related mainly to services that the project promoter cannot provide on their own or when it is more beneficial for the services to be provided by an external entity for economic reasons and/or because of the competence, scale, experience, powers or specialisation involved.

*Examples of* *eligible expenditure*:

* service contracts (e.g. rental, translation, provision of sound system, catering, trainings, translations, organisation of meetings, events and conference under the project, etc.),
* civil law contracts (e.g. external experts, trainings, etc.).

*Examples of ineligible expenditure*:

* outsourced activities which generate costs with no added value for the project.

*Expenditure documentation:*

* VAT invoices / receipts with proofs of payment,
* documentation of contractor selection procedure (the Public Procurement Law or the Guidelines of the MIED),
* the contract with a contractor (if applicable) stating the number and name of the project,
* delivery/service acceptance protocols,
* documentation of contractor selection procedure,
* if the subject of a contract is the provision of a given product, e.g. a translation or a study, it is necessary to send one ready product or, if the delivery is not possible, to send a scan or a photo with o visible marking indicating the Norwegian Financial Mechanism funding.

*Practical instructions:*

* when organising meetings, training sessions and conferences as part of the project, it is important to properly promote the project and plan funding.

### 3.11 Special requirements (Article 8.3(1)(g) of the Regulation)

*Description:*

* this category covers all ‘additional’ expenditure under the project contract/agreement.

*Examples of eligible expenditure:*

* designing, editing, composing and printing the information and promotional materials for the project (leaflets, brochures, newspaper inserts, etc.) and papers (e.g. study findings, guides, manuals),
* developing, editing and printing/preparing information and promotional materials,
* the cost of information and promotional announcements and spot advertisements concerning the project aired on television, the radio and released via other media,
* designing, developing websites and hosting services,
* assessment, project audits,
* translations, making copies (of reports and reporting documents).

*Examples of ineligible expenditure:*

* promotional and information materials and papers which bear no markings or have markings that are not in line with Information and Promotion Guidelines – Annex 13.

*Expenditure documentation:*

* a copy of a promotional/information material (e.g. a leaflet, a poster, a brochure, a folder promoting the project, a newspaper insert, a press announcement promoting the project) and, in the case of large-size promotional/information materials, photos of them with at least one photo showing the proper marking of the materials,
* a website printout, if a website has been developed,
* a recording of a spot advertisement promoting the project aired on TV, the radio or in other media, and a written confirmation of the broadcaster with the date, hour and place of the broadcast indicated,
* documentation of contractor selection procedure,
* contracts with contractors accompanied by delivery and service acceptance protocols (if signed),
* VAT invoices / receipts for promotional/information materials / promotional services, with proofs of payment.

## 4. Indirect costs (Article 8.5 of the Regulation)[[4]](#footnote-5)

Indirect costs are the 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 in the accounting system as having been incurred in direct relationship with the eligible direct costs attributed to the project. They cannot cover any direct eligible costs. Indirect costs of the project account for a proportionate part of the overheads of the project promoter or partner.

Under Article 8.5 of the Regulation the Operator of the “Home Affairs” Programme accepts the following calculation methods of indirect costs:

(a) based on actual indirect costs for those Project Promoters and project partners that

have an analytical accounting system to identify their indirect costs;

(b) a flat rate of up to 25% of total direct eligible costs,

excluding direct eligible costs

for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or project partner;

(c) a flat rate of up to 15% of direct eligible staff costs;

(e) in the case of Project Promoters or project partners that are international organisations the indirect costs may be calculated in accordance with their internal rules subject to PO’s consent and a relevant provision in place in the PC/PA/PD.

The calculation method of direct costs described in Article 8.5(d) of the Regulation is not applicable to the “Home Affairs” Programme.

Indirect cost/expenditure documentation:

If the project promoter/partner opts for the method as described above in point (a) (actual indirect costs), then the expenditure is documented in the exact same way as in the case of in the different direct cost categories (usually this is the expenditure under the category in point 3.7 Costs of consumables and supplies and point 3.8 Other contracts).

If the project promoter/partner chooses the method described above in points (b) or (c), no documents certifying eligibility are to be attached to the IFR/FFR. A flat rate of indirect costs is calculated according to the method used and recorded as one amount in the statement of expenditure in the IFR/FFR.

If indirect costs are settled according to the rule laid down in point (e), the promoter/partner is obliged to provide, together with the IFR/FFR, a relevant internal document underlying the method used for calculating indirect costs.

## 5. Excluded costs (Article 8.7 of the Regulation)

Ineligible expenditure includes:

* interest on debt, debt service charges and late payment charges;
* charges for financial transactions and other financial/banking costs, unless they are related to accounts required by the NMFA, the National Focal Point, PO (in the project contract/agreement);
* provisions for losses and future liabilities;
* exchange rate losses;
* recoverable VAT (the possibility of recovery itself is enough);
* costs that are covered by other sources;
* fines, penalties and costs of litigation (except where litigation is an integral and necessary component for achieving the outcomes of the project);
* excessive or reckless expenditure.

Other ineligible expenditure whether or not resulting directly from the Regulation (good practices):

* mutual compensations between the contracting authority and the contractor,
* expenditure incurred when purchasing tangible assets co-financed from national or community funds over the last 7 years preceding the purchase of the asset by the project promoter,
* the costs of sanctions, penalties and fines, as well as costs of litigation and the implementation costs of potential court orders,
* expenditure incurred before the eligibility period,
* the costs incurred after the end of the eligibility period,
* expenditure that is too high and/or unjustified,
* the costs covered by another project or programme co-financed by for example the European Union,
* expenditure not incurred (e.g. an advance for a business trip not yet settled, *pro forma* invoices for services not delivered, etc.),
* expenditure not documented or inadequately documented,
* expenditure incurred in breach of PL/EU rules (e.g. in breach of the Public Procurement Law / the Procurement Guidelines of the MIED – Annex 14, the Regulation of the Ministry of Labour and Social Policy on domestic trips / trips abroad, etc.).

## 6. Statement of expenditure – list of documents (tab No 9 of the IFR/FFR)

The statement of expenditure is provided in a table summing up all services or goods purchase operations under the project. The statement’s structure corresponds to that of the project budget. All expenditure in a given budget category should be recorded in the table under this same category.

As a rule, the amounts in the statement of expenditure are denominated in PLN.

* In their description, the staff cost tabs should include the following:
* No. – item number,
* Accounting records number,
* Name/document type/No. – FV No./Payroll No, etc.,
* Contractor selection procedure/Contract No – a short description of the item, e.g. payroll No xxx remuneration of Mr/Ms xxx for month yyy or business trip of Mr/Ms xxx to yyy),
* Expenditure name – must include a reference to the budget item – net/gross remuneration of Mr xxx,
* Date of issue of the document,
* Payment date – (this is the day of cash/transfer outflow from the account or funds of the entity), often the column is incorrectly filled in with the date of incurring the cost; e.g. the date of the invoice or the business trip,
* Payment method – e.g. bank transfer,
* Gross document amount,
* VAT amount,
* Declared (gross) eligible amount,
* Non-eligible amount,
* Entity incurring the expenditure (PP/P1/P2/etc.)

|  |
| --- |
| Example of a description:  Remuneration of the Coordinator Mr Adam Nowak for January 2018. |

NOTE:

If there are more than one expenditure date, all the dates should be included in the statement. For example:

* On 1 January 2018, an employee received PLN 500 as an advance on an expenditure.
* The amount spent by the employee (PLN 600) exceeded the amount advanced (PLN 500), and another withdrawal from the funds of PLN 100 was made on 30 January 2018.
* Here, both dates, 1 January 2018 and 30 January 2018, should be recorded in the statement.

NOTE:

If the *Statement of Expenditure* includes remuneration based on a contract of employment or a civil law contract, then the net remuneration, social security contributions, and personal income tax should be recorded in separate lines (this applies only when the different components of gross remuneration have been paid at different dates), e.g. item 1 in the statement – net remuneration; item 2 – social security contributions, item 3 – PIT.

If individual social security contributions have been paid at different dates, the amounts should be recorded in separate lines of the statement or all contributions should be entered together in the ‘payment date’ column with all the dates of the different social security contributions.

## 7. Procurement verification

The public procurement under the project will be carried out in accordance with the current national rules[[5]](#footnote-6), *i.e.* the Public Procurement Law of 29 January 2004 (Dz. U. of 2018, item 1986, as amended), hereinafter ‘the Public Procurement Law’, and EU rules, as well as with Article 8.15 of the Regulation and *the Guidelines of the Minister for Investment and Economic Development on awarding contracts under EEA Financial Mechanism 2014–2021 and the Norwegian Financial Mechanism for the period 2014–2021*, hereinafter ‘Procurement Guidelines of the MIED’.

As for pre-defined projects, mandatory controls are as follows:

* 1. *ex ante* controls of public contracts awarded under the Public Procurement Law (ex-ante control also covers the relevance of public procurement awarded on the basis of Article 4(5) of the Public Procurement Law),
  2. *ex ante* controls of public contracts awarded under the Public Procurement Law for social services as referred to in Part III Chapter 6 of the Public Procurement Law, with the *ex ante* control of internal regulations on public procurement rules for social services,
  3. *ex post* (simplified and full) controls of public contracts awarded under the Public Procurement Law and public contracts awarded under the Procurement Guidelines of the MIED, if included in the selected sample (also those already controlled *ex ante*).

As for non-predefined projects, mandatory controls are as follows:

1. *ex ante* controls of the relevance for the application awarded on the basis of Article 4(5) of the Public Procurement Law of public contracts which the Project Promoter intends to award,
2. *ex-ante* controls of contracts worth more than EUR 30,000 awarded under Chapter 1(7)(b), (c), (d), (e) and (f) of the Procurement Guidelines of the Ministry of Investment and Economic Development,
3. *ex post* (simplified and full) controls of public contracts awarded under the Public Procurement Law, if selected for a sample (also those already controlled *ex ante*).

For the purposes of an *ex ante* control of social service contracts, the Project Promoter is obliged to submit:

* + internal regulations on public procurement rules for social services as referred to in Part III Chapter 6 of the Public Procurement Law, together with any amendment of these rules.

For the purposes of an *ex ante* control of public contracts other than contracts for social services, as referred to in Part III Chapter 6 of the Public Procurement Law, the Project Promoter is obliged to submit any documents and draft documents based on which it intends to award such a contract, i.e. as applicable:

* + a draft contract notice,
  + draft tender specifications with the annexes,
  + draft call for negotiations with the annexes or other draft tender documents required under the procedure depending on the public procurement procedure adopted,
  + draft public procurement contract with the annexes,
  + a relevant explanatory statement indicating a relevant condition for awarding the contract concerned is met (in the case of procedures that require that certain conditions in the Public Procurement Law be met).

If EPIC MIA finds no breaches of the Public Procurement Law or possible irregularities during the *ex ante* control, this does not mean that such breaches or irregularities cannot be found during the *ex post* control.

For the purpose of an *ex post* control of contracts awarded under the Procurement Guidelines of the MIED, the Project Promoter, upon request of EPIC MIA, is obliged to submit documents for the control, including in particular the procurement procedure protocol with the annexes, as referred to in the Procurement Guidelines of the Ministry of Investment and Economic Development (Chapter 2(15)).

For the purposes of a simplified *ex post* control of contracts awarded under the Public Procurement Law, the Project Promoter is obliged to submit the documents required by the simplified control, in particular:

* the published contract notice with amendments, if any,
* an estimate of the contract value,
* tender specifications with annexes and amendments, if any,
* procurement procedure protocol without the annexes.

As for the selected contracts subject to a simplified *ex post* control, EPIC MIA may decide to carry out the full *ex post* control. In this case, upon a written request from EPIC MIA, the Project Promoter is obliged to submit, within 7 days after receiving the request, the requested explanation and the other tender documents related to contracts awarded under the Public Procurement Law, including in particular:

– all the annexes to the procurement procedure report under the Public Procurement Law, including the successful tender, the signed contract with the annexes and amendments, if any, the correspondence exchanged during the procedure (including questions and answers to the questions from the contractors);

– other documents developed in relation to the preparation, carrying out of the procedure and award of the public contract.

The Project Promoter submits to EPIC MIA the documents:

1. on paper – originals or certified true copies;
2. electronically:

a) copies (scans) of original documents, in writing with a qualified electronic signature certifying them as true copies;

b) electronic documents with a qualified electronic signature certifying them as the originals or true copies, sent to an email address indicated by EPIC MIA, ePUAP address or submitted on a storage medium (CD/DVD/pen-drive).

The documents associated with the public contracts awarded under the Public Procurement Law or the Procurement Guidelines of the MIED and with their implementation are kept by the Project Promoter.

## 8. Financial corrections and reimbursement of funds

The cases of irregularities are investigated quickly and effectively, and are addressed in line with the applicable law and documents.

The value of the irregularities is deducted from the project budget (it cannot be spent again under the project concerned).

In the case of irregularities provided for in Article 12.2, financial corrections are imposed in line with Article 13.3 of the Regulation, and in the cases provided for in Article 207 of the Public Finance Act, i.e. when the financing granted to the Project Promoter (SBE) has been:

1) misused;

2) used in violation of the procedures in force at the time of project implementation, in particular the procedures referred to in [Article 184](https://sip.legalis.pl/document-view.seam?documentId=mfrxilrtg4ytgnrvhe4tmltqmfyc4nbyha4tkojuhe) of the Public Finance Act;

3) drawn unduly or in excess,

EPIC MIA/PO in cooperation with NFP and AA makes the decision on the final value of funds considered to be ineligible. Within the meaning of the Public Finance Act, the financial corrections imposed in relation to the project are considered to be ineligible expenditure. The Project Promoter records the financial corrections in the next IFR or a corresponding correction is made in the FFR.

In the case of a violation of the Public Procurement Law provisions or public procurement conditions and procedures in relation to projects financed under the Norwegian Financial Mechanism (the Procurement Guidelines of the MIED), a financial correction procedure applies based on the *Ordinance issued under Article 24(13) of the Act of 11 July 2014 on the programme implementation rules under the Cohesion Policy funded during the 2014–2020 financial perspective (Dz. U. of 2018, item 1431, as amended)*, hereinafter the Regulation is referred to as the ‘Tariff’.

If the funds are used in violation of the procedures referred to in the cases provided for in Articles 12.2 and 13.4 of the Regulation and in the situation when the financing granted to the Project Promoter (non-SBE) has been:

1) misused;

2) used in violation of the procedures in force at the time of project implementation, in particular the procedures referred to in [Article 184](https://sip.legalis.pl/document-view.seam?documentId=mfrxilrtg4ytgnrvhe4tmltqmfyc4nbyha4tkojuhe) of the Public Finance Act;

3) drawn unduly or in excess,

EPIC MIA/PO demands that the funds be reimbursed with interest according to the procedure and conditions provided for in Article 207 of Public Finance Act.

In the above mentioned circumstances, EPIC MIA/PO calls on the Project Promoter to immediately:

1) reimburse the financial correction set in accordance with the Tariff with interest, or

2) give a written consent to deduct the amount referred to in point 1 with interest from the subsequent amount approved for payment under the payment claim within 14 days of the date of notification. The notification indicates the amount to be reimbursed and the bank account number to which the amount should be deposited.

If the Project Promoter voluntarily reimburses the amount, it shall receive a notice from EPIC MIA/PO confirming that the relevant amount has been reimbursed.

After the period of notice lapses with no effect, the entity that issued the notice shall decide on the specific amount to be refunded, the period on which interest is to be charged, the period for refund and the bank account number to which the refund is to be made. Project Promoter shall refund the amount specified in the decision within 14 days from the decision being delivered.

After the payment period for the amount specified in the decision lapses with no effect, the subsequent payment to the Project Promoter shall be reduced by the amount to be refunded, compounded with interest.

If the Project Promoter has not repaid the amount concerned or it is impossible to make a reduction, PO shall take measures aimed at recovering the due financing by making use of available procedures and legal measures, specified in the Act on public finance and by means of injunction. The costs of measures aimed at recovering the due financing shall be incurred by the Project Promoter.

Interest accrued from the date of transferring the grant to the Project Promoter, i.e. from the date of debiting the payer's bank account with this amount to the date of its return to the PO's bank account.

Similarly, PO may also claim the interest referred to in Article 189(3) of the Act on public finance on the basis of the relevant provisions of the said Act, in particular Article 189 thereof.

Information concerning amounts recovered and withdrawn is collected by EPIC MIA/PO. EPIC MIA/PO shall keep a record of recovered and withdrawn amounts.

EPIC MIA/PO shall keep records of documents concerning amounts recovered under specific projects.

Project Promoter is obliged to submit to EPIC MIA and PO within 30 days from the date of receiving copies of the post-audit information and recommendations, or copies of other documents that serve these functions, created in the course of audits carried out by authorised entities, other than EPIC MIA/PO, NFP and AA, if these audits pertained to the Project or were related to it.

## 9. Information concerning settlement and financial flows in projects implemented in cooperation with national and foreign partners, including partners from the donor country, as well as international organisations.

### 9.1. General information

Pursuant to Article 7.2 of the Regulation, projects under the “Home Affairs”Programme may be implemented under a partnership. The following entities may be partners under the “Home Affairs” Programme:

– institutions / public bodies from the public finance sector, pursuant to the Act on public finance;

– non-governmental organisations established as legal entities in Poland, Norway, another EU Member State or a country from outside the EEA area that directly borders with Poland (these organisations have to operate within a specific thematic area, i.e. asylum and migration or international police cooperation and combating criminal activity);

– international organisations and agencies operating within a specific thematic area, i.e. asylum and migration or international police cooperation and combating criminal activity.

We shall distinguish between the following partners, depending on the place of registration: domestic partners (registered in Poland), Norwegian partners (registered in a donor country) and foreign partners (registered in a country outside the EEA, but having a border with Poland. Projects can also be implemented in partnership with international organisations (e.g. FRONTEX, EUROPOL, IOM). A partnership agreement shall be signed with each partner, in particular those with financial partner status (i.e. those to whom the Project Promoter transfers funds). Minimal scope of the agreement is indicated in Article. 7.7(2) of the Regulation. In principle, the eligibility of expenditures incurred by the partner in the project is governed by the same rules and restrictions that apply to the Project Promoter. Foreign partners shall be obliged to follow the rules governing the eligibility of expenditures defined in the NFM Regulation, as well as national rules, depending on the place of registration.

### 9.2 Flows of funds between a SBE Project Promoter and their SBE partner

In the case of a SBE partnership, each of the partners shall secure funds for project implementation pursuant to the provisions of point 1.2.

All issues related to the project leader and partner making plans to accommodate funding should be included in the partnership agreement.

### 9.3 Flows of funds between a non-SBE Project Promoter and their non-SBE partner

If the Project Promoter has SBE status, they shall ensure (plan for) funds in their budget for the implementation of project-related tasks only to the extent of their expenditures. The Minister of Finance shall be responsible for the part of funding coming from the budget of the European funds to the extent of processing payments on the basis of a payment order issued by EPIC MIA at the request of the partner and the Project Promoter for the benefit of the non-SBE partner.

There is a possibility to adopt a pre-financing based model of making settlements between a non-SBE partner and EPIC MIA. On the basis of the project contract and the partnership agreement EPIC MIA may transfer payment(s) to the partner for the implementation of their tasks. Pre-financing may be granted after the guarantee referred to in point 1.4 is established. The amount of pre-financing shall be indicated in the PA and in the partnership agreement (e.g. 50% of the partner’s eligible expenditure). Further payments should be transferred to the partner only following the settlement of previous payments (e.g. 70% of a previously made payment).

All expenditures incurred by the partner (also foreign partner) shall be governed by the same eligibility rules that apply to the Project Promoter. This means that EPIC MIA is responsible for verifying the partner’s expenditures (including foreign partners), following a preliminary verification carried out by the Project Promoter. The methods used by the PO to verify the (foreign) partner’s expenditures have been described in chapter 1 of these Guidelines. However, for foreign partners it is recommended that the expenditures be documented based on the method described in Article 8.12(4), i.e. by submitting a report of an independent auditor (statutory auditor), where they certify that the declared costs were incurred in observance of the NFM Regulation and the relevant national rules. A statement of expenditure incurred during a given reporting period shall be attached to the auditor’s report. An audit report template constitutes Annex No 2 to the Guidelines. However, it is possible to report the expenditures of a foreign partner by submitting source documentation, for instance if there weren’t many expenditures (expenditure items) declared during a given reporting period, which would cause an irrational increase of audit costs vs the amount of declared expenditures, if the method involving an auditor’s report were to be applied.

The option to use the method of documenting expenditures based on a (statutory) auditor’s report should be included in the PC/PA/PD, as well as in the partnership agreement, whereby PO/EPIC MIA recognises that using this method will depend e.g. on the amount of expenditures declared by the partner in the project during a given reporting period or shall be motivated by another rational factor. It also bears emphasizing that audit reports may apply to other reporting periods than required for projects under the “Home Affairs” Programme (generally being 3 month periods). In that case however, PO/EPIC MIA will not be able to certify/ authenticate the partner’s expenditures incurred during a given IFR/FFR, if their report is not submitted with auditor certification (report) attached. Therefore, PO/EPIC MIA may suspend refunding such expenditures until an appropriate audit report is submitted that accounts for these expenditures.

### 9.4 Flows of funds between a non-SBE Project Promoter and their non-SBE partner

Procedure of transferring funds to the Project Promoter shall comply with the provisions of point 1.4. The funds transferred by EPIC MIA to the Project Promoter may include payment appropriations, including payments transferred to the partners via the pre-financing system.

## 10. Annexes

**1a–1d. IFR/FFR templates for the different thematic areas**

**2. Template of an audit report on eligible expenditures**

**3. Template of a promissory note**

**4. Template of a promissory note declaration**

**5. Template of a pre-financing application**

**6. Instructions concerning the settlement of pre-financing**

**7. Sample description of an accounting document**

**8. Template of a VAT eligibility declaration**

**9. Template of a declaration of income**

**10. Template of a time sheet**

**11. Remuneration calculation formula**

**12. Template of a statement on the scope of remunerations**

**13. Guidelines regarding information and promotion**

**14. Guidelines of the Minister for Investment and Economic Development on awarding contracts under EEA Financial Mechanism 2014–2021 and the Norwegian Financial Mechanism for the 2014–2021 period (Guidelines of the MIED)**

1. Under the “Home Affairs” Programme, the calculation method of direct expenditures described in Article 8.5(1)(**d**) of the Regulation is not applicable. [↑](#footnote-ref-2)
2. It concerns all forms of professional involvement, in particular as part of an employment relationship, a civil law relationship and sole proprietorship. [↑](#footnote-ref-3)
3. The “scope of additional responsibilities” should be understood as referring to both new official duties, not resulting from the existing responsibilities, as well as increased involvement in the employee’s existing official duties.

   7 That is the remuneration – according to the remuneration regulations of a given institution, for example “basic remuneration”. [↑](#footnote-ref-4)
4. The calculation method of indirect costs and their maximum value are indicated in PC/PA/PD. As for project partners, this data is indicated in the partnership agreement. [↑](#footnote-ref-5)
5. A foreign entity should carry out the public procurement procedure under Article

   8.15 of the Regulation on the implementation of the European Economic Area (EEA)

   Financial Mechanism 2014–2021 and Regulation on the implementation of the Norwegian Financial Mechanism

   2014–2021.

   International organisations award contracts under their own

   procurement procedures. [↑](#footnote-ref-6)