



**Research and Innovation Programme,
Applied Research
COST ELIGIBILITY GUIDE
for the research organisation**

Call 2024

The guide sets out the principal issues involving cost eligibility in research and development projects under the second edition of the Swiss-Polish Cooperation Programme.

It contains chapters/appendices defining:

- Time frames and the principles of cost eligibility
 - Catalogue of eligible costs
 - Catalogue of non-eligible costs
- Documentation of costs incurred
- VAT as an eligible cost
- Beneficiary's own contribution



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

The Cost Eligibility Guide was prepared on the basis of legal regulations in force.

The principles set out in it are only illustrative, as the main objective of the Guide is to facilitate the classification of costs by Beneficiaries, both at the stage of planning costs and during further reporting related to the use of the awarded co-financing.

At the same time, we stipulate that the above findings do not invalidate or affect the possibility of different findings and results of controls carried out by other control institutions.

We stipulate that the above Cost Eligibility Guide and the guidelines set out herein do not constitute the basis for any legal or financial claims against the National Centre for Research and Development.

Definitions:

Programme - Programme Research and Innovation - Applied Research under the second edition of the Swiss-Polish Cooperation Programme

Programme Component (PC) - a series of activities carried out with the support of the Swiss Contribution, which is aimed at achieving agreed objectives and outcomes for the Programme, also known as a 'project';

Programme Component Operator (PCO) – an entity formally responsible for submitting the proposal under the Programme;

Programme Component Partner (PCP) – an entity being part of the international Programme Component consortium;

Programme Operator (PO) – the National Centre for Research and Development, agency responsible for the management and implementation of the Programme in Poland;

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

Beneficiaries – Programme Component Operator and Programme Component Partners who, together as a consortium, implement a project.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

1. Purpose of the Guide

The purpose of this Guide is to detail and illustrate the issue of cost eligibility, which will greatly assist Beneficiaries in developing a budget for the projects they are preparing, accounting for the funding they have received and improving the monitoring of the projects at the various stages of evaluation, ensuring efficient and effective management of public finances and equal access to funds by creating uniform, transparent rules for the eligibility of costs.

2. Legal basis

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

1. Regulations the implementation of the second Swiss Contribution to selected Member States of the European Union to reduce economic and social disparities within the European Union.
2. Framework Agreement between the Republic of Poland and the Swiss Confederation on the implementation of the second edition of the Swiss Contribution to selected Member States of the European Union to reduce economic and social disparities within the European Union, signed in Warsaw on 5 December 2022.
3. Support Measure Agreement between the Swiss Agency for Development and Cooperation and the Minister of Development Funds and Regional Policy on the Support Measure Research and Innovation Programme, signed in Warsaw on 13 October 2023.
4. Regulation of the Minister of Funds and Regional Policy of 21 September 2022 on advance payments under programs financed with European funds (Journal of Laws 2022 item 2055).
5. Wytyczne Krajowej Instytucji Koordynującej w zakresie udzielania zamówień (refers to the Polish Beneficiaries only).



3. Scope of application of the Guide

§1 General regulations

- 1.1 The document sets out the rules for the eligibility of costs under the Research and Innovation Programme, Applied Research, Call 2024 including a catalogue of eligible costs and a catalogue of non-eligible costs.
- 1.2 Neither the catalogue of eligible cost nor the catalogue of non-eligible cost is exhaustive. The eligibility of costs is dependent on compliance with the general eligibility rules, the specific nature of the implemented project and on including a given cost in the approved Project contract.
- 1.3 The rules shall apply to all eligible costs incurred by the Beneficiary (PCO and PCPs) - both under the own resources of the Beneficiary and under the co-financing received.
- 1.4 Depending on the type of the implemented project, the applicable legal acts or terms and conditions of call for proposal may set forth additional eligibility criteria.

4. Cost eligibility rules

§1 Eligibility time frames

The period of cost eligibility shall be understood as the period during which eligible costs may be incurred. Costs incurred beyond the eligibility period are non-eligible costs. The period of cost eligibility for a given project should be defined in the project contract.

All costs indicated in the settlement must be actually incurred during the period of cost eligibility and paid within 30 days from the date of completion of the project, no later than the date of submission of the final report. The cut-off date for cost eligibility in the programme is 31st of March 2029.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in the case of goods) or performed (in the case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to have been incurred within the eligibility period if the costs are paid within 30 days of the final date of eligibility period.



§2 Verification of cost eligibility

- 2.1 The verification of the cost eligibility consists in the analysis of the compliance of the incurred costs with the applicable provisions, the provisions of the project contract and this Guide in force on the date of the call for proposals. In case of updating the Cost eligibility Guide, the version Guide in force on the date of incurring the expenditure is used to assess the eligibility of incurred expenditure. The verification is carried out on the basis of the payment claim, interim/final report and during project controls.
- 2.2 A project in which the total value of the awarded co-financing exceeds the amount of PLN 3 000 000 is subject to a mandatory external audit (Art. 44 of the Act of 30 April 2010 on the National Centre for Research and Development, Journal of Laws of 2022, item 2279). The audit is conducted in accordance with the Appendix No. 3 to the Guide. The cost of the audit is an eligible cost if the audit commenced after a completion of at least 80% of the planned expenditure related to project implementation.
- 2.3 The correctness of expenditures incurred by the PCO and Polish PCP is verified in the form of an audit (mentioned above) carried out by an independent certified auditor. A joint report is prepared for the PCO and Polish PCP irrespective of the amounts budgeted for individual entities. The audit confirms that the declared expenditures have been incurred in compliance with the Regulations, Polish legislation and accountancy practices.
- 2.4 As a rule, the Swiss PCP will have to provide the certificate on financial statements based on verification conducted by an independent auditor. Certificate (with the report mentioned in Section 2.7) has to be submitted only by Swiss PCP who will spend more than PLN 1 450 000 of the funding from the Programme. The cost of this auditor verification is an eligible cost if it commenced after a completion of at least 80% of the planned expenditure related to project implementation.
- 2.5 PCOs and Polish PCPs are also required to submit the certificate on financial statements if they will not be subject to the audit referred to in Section 2.2. In this case, an obligation arises if PCOs and Polish PCPs will spend more than PLN 1,450,000 of the funding from the Program.
- 2.6 PCOs and Polish and Swiss PCPs which will not spend more than PLN 1,450,000 of the funding from the Program are not required to submit the certificate on financial statements.
- 2.7 The aim of the certificate on financial statements is for the auditor to confirm that:
 - The expenditures have been incurred within the eligible period and are in line with eligibility rules;
 - They relate to items approved under the project contract;



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

- Terms of the contract have been complied with and that adequate supporting documentation including accounting records exists.

The document that will need to be attached to the final report is a certificate (see template in Annex 4). As it is given in the template, the certificate should be supported by the report, and also the breakdown of eligible expenditures that will be certified. The report should not be simply a one sentence certificate on the regularity of the expenditure, but should describe the purpose, procedures and results of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed. All documents need to be prepared in English.

§3 Eligible costs

3.1 The eligibility of a cost may be recognised if the following conditions are cumulatively met:

- project contract has been signed,
- costs have been foreseen in the approved project budget,
- costs have been incurred and paid during the eligibility period¹,
- costs have been duly documented and are verifiable,
- costs are in compliance with this Guide,
- costs are necessary for the implementation of the project and have been incurred in relation to the implementation of the project,
- costs have been actually incurred for the products/services,
- costs have been incurred in an efficient and rational manner,
- costs have been incurred in a cost-effective manner, i.e. on the basis of the rule of pursuing the specified effects at the most favourable price,
- costs are in compliance with the applicable provisions of the EU law and the national law, in particular with the public procurement law (if applicable).

3.2 Eligible costs are the costs calculated in compliance with the applicable accounting principles and the principles of financial management and the practices of the Beneficiary (accounting policy). Each Beneficiary settles project costs in compliance with the practices (rules) adopted in their

¹ All costs disclosed in the settlement must be actually incurred during the period of cost eligibility and paid within 30 days from the date of completion of the project, no later than the date of submission of the final report. The cut-off date for expenditure eligibility in the programme is 31st March 2029.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

institution. The possibility to settle costs incurred in compliance with the accounting principles applied at a given institution does not mean that the Beneficiaries may create new principles especially for project purposes.

- 3.3 The Polish Beneficiary of the project shall be obliged to bear the costs in accordance with the Art. 44(3) and the Art. 162(3) of the Public Finance Act.

§4 Documentation of expenditure incurred²

- 4.1 Costs should be documented in a manner which enables the evaluation of the project performance in financial and substantive terms.
- 4.2 The Beneficiary (PCO and PCP) implementing the project are obliged to maintain separate accounting records for the project in a manner which enables the identification of individual accounting and bank operations.
- 4.3 The Beneficiaries who are not obliged to maintain any accounting records under applicable laws (accounting law, tax laws), are obliged to record documents involving transactions made in relation to project implementation (accounting ledgers and tax ledgers).
- 4.4 A proof that a cost has been incurred shall be provided by means of an invoice or other accounting document of equivalent probative value. All original accounting documents relating to the incurred direct costs must be correctly described so that their relation to the implemented project is visible. The description of the document should include information such as: number of the project contract, number of Work Package according to the project proposal within which the cost has been incurred, eligible amount in relation to a given Work Package and cost category.

§5 No duplication of co-financing

- 5.1 Duplication of co-financing, either in whole or in part, of a given cost is prohibited.
- 5.2 Duplication of co-financing is, in particular:
- recognition of the same costs as part of two separate projects co-financed from national, EU or other funds,
 - financing the costs of VAT from the project and then recovering the tax amount from the State Budget under the VAT Act, refers to the PCO and Polish PCP,

² Please note that the currency used for completing the online application form, payments from the Programme Component Operator, and reporting shall be in the Polish zloty (PLN).



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

- purchasing a fixed asset with a contribution from a national subsidy or the co-financing of another project, and subsequently identifying depreciation costs for the fixed assets in a project,
- recognition of the same cost as a part of the settlement of subsidy or co-financing another project and then identifying the same cost as part of the implemented project.

It is not considered to be duplicate financing to recognise the cost incurred in the project if it has been financed from the own resources (income received in connection with the activity, other sources) of the Beneficiary even if they constitute public funds as defined in the Public Finance Act.

5. VAT as an eligible cost

§1 VAT as an eligible cost

- 1.1 VAT constitutes eligible cost only where it has been incurred by the Beneficiary in connection with eligible costs, and the Beneficiary does not have a legal possibility to recover the VAT.
- 1.2 The possible VAT recovery is considered under the provisions of the VAT national law.
- 1.3 The Beneficiary is obliged to submit a statement on VAT eligibility.
- 1.4 The lack of legal possibility to recover VAT occurs if the Beneficiary is not entitled to reduce the amount of due tax (related to taxable activities in the project) by the amount of charged tax (related to costs of purchased goods and services and fixed assets).

Such situations may arise in the following cases:

- 1.4.1 No revenue has been/shall be generated as part of the project - the purchased goods, services or fixed assets are not used for taxable sales, or no direct and indisputable connection exists within the project between the purchased goods, services or fixed assets and taxable transactions.
- 1.4.2 The Beneficiary is a VAT-exempt entity.
- 1.4.3 The Beneficiary only conducts VAT-exempt transactions.
- 1.5 If the Beneficiary uses the goods/services/fixed assets purchased as part of a project to conduct both VAT-exempt and taxable transactions, only a part of charged tax calculated on a proportional basis may count as eligible cost.
- 1.6 Should any reasons for recovering VAT by a given entity occur, the Beneficiary undertakes to inform the PO thereof, and make settlement adjustments, and to refund the tax amount financed from the grant upon the completion of the project.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

Adjustments to the accounts in connection with a change in the VAT eligibility, a change in the VAT structure ratio may be made:

- by adjustment of the payment request to which they refer,
- cumulatively in the current payment request,
- or in the Final Report.

Adjustments should be also made where tasks have already been completed.

A taxpayer carrying out 'mixed' activities after the end of the tax year is required to determine the actual level of the structure ratio and to adjust the accrued tax settlement for the previous tax year. Consequently, the Beneficiary is obliged to adjust the settlement of the co-financing (also after the submission of the Final Report), inform the Programme Operator about the adjustment and reimburse the funds (non-eligible part of VAT) to the Programme Operator.

Taxpayers applying the proportion to deduct VAT are obliged to prepare an adjustment in accordance with the rules applicable to adjustments made by taxpayers performing mixed activities.

6. Own contribution of the Beneficiary

§1 Own contribution

- 1.1 In certain cases, the Beneficiary is obliged to make own contribution in a declared amount to cover a part of eligible costs in the implemented project.
- 1.2 Own contribution may only take the form of a cash contribution.
- 1.3 It should be categorised and have the character of eligible expenditure in compliance with this Guide.
- 1.4 It is subject to a substantive evaluation as to whether it is reasonable to contribute to the project.
- 1.5 The payment of own contribution is subject to accounting records on separate synthetic, analytical and off-balance sheet accounts. The Beneficiary may also keep additional document registers allowing to separate all the operations related to the given project in a layout making it possible to obtain the information required for financial reporting of the project and control of the use of funds as well as making an own contribution.

Own contribution in cash - financial resources with which the entity shall cover the expenditure relating to the implementation of a given project. The cash contribution is subject to accounting



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

records by means of current accounting of economic operations connected with the implementation of the project.

7. Annexes:

Annex 1. Catalog of eligible costs for research organisation

Annex 2. Catalog of non- eligible costs for research organisation

Annex 3. Method and procedure for conducting an external audit of spending financial resources on projects in which the total value of funding exceeds PLN 3,000,000

Annex 4. Template of Certificate



Annex 1. Catalog of eligible costs for research organisation

W – expenditure related to remuneration

Eligible expenditure under this category is on **remuneration together with non-payroll labour costs**, including social and health insurance contributions, **of persons employed for the implementation of the project - Project Investigator, research employees, technical and support staff**, to the extent that these remunerations are directly related to the implementation of the project covered by the co-financing.

Documenting the work performed for the project

- **for an employment contract – payroll**,
If a given employee is not engaged in the project on a full-time basis, the eligible part of the remuneration is determined on the basis of:
 - referring an employee to the project on a part-time basis, indicating the scope of responsibilities within the project (the most optimal solution),
or
 - **time sheet** with the description of tasks performed - for persons who do not work on a regular basis on the project, e.g. 1 month = 2 hours of work for the project shown in the time sheet, the next month = 5 hours of work,
- for **mandate contract** – receipt, acceptance report.
- for **contract for specific task** – receipt, acceptance report.

Eligible costs constitute the following payroll and non-payroll components of the personnel remuneration, proportionally to a given employee's involvement in the project³:

- base remuneration;
- remuneration charges on the part of the employer, including:
 - pension contribution
 - disability pension contribution
 - accident contribution
 - Guaranteed Employee Benefits Fund (FGSP) contribution
 - Labor Fund contribution;
- remuneration charges on the part of the employee, including:

³ In the situation of a change in the Beneficiary's remuneration regulations during the project implementation, the regulations in force on the date of submitting the application for co-financing, constituting the basis for planning the project budget, are the binding document, except for a situation when an update of the regulations results from a change in generally applicable legal provisions and exceptional price increases or the unprecedented economic situation.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

- pension insurance contribution
- disability pension insurance contribution
- sickness insurance contribution
- health care contribution;
- advance payment of income tax;
- rewards/bonuses/allowances, including discretionary bonuses, bonuses paid on a periodic basis, one-off rewards which: (i) were provided for in the work regulations or remuneration regulations of a given institution, (ii) were granted in accordance with the applicable remuneration principles, and (iii) apply to all employees of a given entity. In the case of periodic bonuses, the amount of eligible expense should correspond to the ratio of the period during which a given employee was employed in the project to the period for which the bonus is granted;
- remuneration for periods of incapacity for work, in accordance with the social security legislation in force;
- remuneration for holiday;
- seniority allowance;
- allowances for the Company Social Fund, if the entity has the legal possibility to calculate the allowances of the Company Social Fund;
- function allowance for holding a managerial position, paid in a fixed amount, if it relates to the function held as a part of the project;
- contribution to the Employees' Capital Plans, if it is part of the remuneration;
- other mandatory remuneration components.

E – expenditure related to subcontracting

The expenditure related to subcontracting, understood as **commissioning a part of the substantive work of the project to a third party**, that is not performed on the premises and under the direct supervision of the Beneficiary.

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

Subcontracting expenditures are excluded from the project overhead cost base.

The costs of category E are considered up to 70% of the total eligible costs.

Expenditure on contracts awarded for the implementation of the Project is eligible under this category, provided that the award of contracts is in compliance with the applicable public procurement legislation.



Documentation of subcontracting:

for natural person:

- contracts for specific work – invoice, acceptance report.

for enterprise:

- invoice, B2B contract

A – costs of instruments, equipment and intangible assets

I. Costs of instruments, equipment, and intangible assets

Under this category, the following are eligible:

- costs of scientific research equipment and other devices used for research purposes,
- costs of technical knowledge and patents purchased or used under licence, obtained from third parties under market terms, i.e. intangible assets in the form of patents, licences, know-how and non-patented technical knowledge. If the purchased intangible assets are not used 100% for the project and/or their total depreciation period does not coincide with the project implementation period, the depreciation costs of a given intangible asset are eligible.

For scientific and research equipment, the following are eligible:

1/ Purchase cost

The cost of purchasing or manufacturing equipment/devices for research purposes will be an eligible project expense if this expense concerns a measure that is necessary for the proper implementation of the project and is directly used for its implementation and the following conditions are met:

- the value of the equipment, IT infrastructure or other device (equipment) does not exceed PLN 500,000,
- in the Justification section of the proposal form for the project, the purchase was planned and included in the list of scientific and research equipment and other devices (equipment) used for research purposes along with substantive justification,



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

- the entity does not have equipment/fixed assets that could be used interchangeably.

If all the above conditions are met, the Beneficiary declares once in the payment application the value of the purchase or production of equipment/devices for research purposes.

2/ Depreciation costs

Depreciation of equipment constitute an eligible cost if all of the following conditions are met:

- the equipment is necessary for the proper implementation of the project and directly used in connection with the project,
- equipment, IT infrastructure or other devices (equipment) used for research purposes will be recorded in the register of fixed assets of entities purchasing them.

The eligible value of depreciation costs relates only to the project implementation period and the proportion of using the equipment in the project implementation.

The residual value of a fixed asset after the project implementation is not an eligible cost.

The cost of using instruments, IT infrastructure or other devices (equipment), the value of which exceeds PLN 500,000 may be settled in the project only through depreciation costs.

3/ Paid use of scientific and research equipment and other devices

Costs incurred as part of the paid use of equipment are eligible costs to the extent necessary and for the period necessary to implement the project.

In case of **operational leasing**, only capital instalments are eligible (without interest and other fees), and in case of **financial leasing**, depreciation costs are eligible.



Op - Other direct expenditures

I. Travel expenditures

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

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

The eligible costs in this category include:

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

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

II. Consumables and supplies

Expenses related to materials, consumables, and similar products incurred directly in connection with the implementation of the substantive objective of the project covered by the assistance.

The following types of expenditures are eligible under this category:

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



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

III. Other expenditures not subject to the above classification incurred in the period and proportion of use in the project (including)

- **Expenditures related to the maintenance of technological lines** and experimental installations etc.,
- **elements used for construction and permanently installed in a prototype, pilot or demonstration installation,**
- external services – including: maintenance services, expenditures related to repairs, transport services,
- **expenditures related to training of employees carrying out research tasks** (expenditures regarding training should be planned in the application for project funding and result from justified reasons (e.g. appearance of new, innovative solutions on the market - new materials, new technologies, new techniques for performing a specific task, etc.) . - which allow the task to be performed more effectively, giving it new additional features),
- **expenditure on training related to the operation of purchased scientific and research equipment,**
- expenditures including an external audit or obtaining an auditor's certificate,
- **expenditures covering advisory services and equivalent services** - e.g. technology broker services,
- **expenditures relating to the first patent application;**
- expenditures related to maintaining a separate bank account (commissions and other fees)⁴,
- **expenditures related to the promotion of the project** (publications, website, etc.),

It is possible to settle expenses listed in the "O" category in the "Op" category if they are necessary and directly related to the content of the implemented project and their value has been reliably determined.

O - overheads (indirect project expenditures)

Indirect expenditures are additional overheads incurred in relation to the project delivery.

⁴ If applicable



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

Expenditures whose amount cannot be clearly assigned to a project or whose assignment to a project requires the use of an allocation key. The following types of expenditures can be listed under this category:

- expenditures related to the rental or maintenance of buildings, including: expenditures related to rental, rent, cleaning and security of premises,
- expenditures related to the adaptation of rooms for the purposes of the project implementation,
- infrastructure maintenance expenditures - costs of utilities (electricity, gas, heating, water), waste disposal, periodic maintenance and inspection of equipment,
- remuneration costs of management, administrative, technical and support staff related to the unit's ongoing operations and only indirectly related to the implementation of the project (unit managers, accounting, human resources, occupational health and safety),
- postal, telephone, internet and courier services,
- expenditures for office and stationery supplies, printing and photocopying services,
- expenditures on office equipment and facilities,
- expenditures on property insurance.

The catalogue is not closed

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

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



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

Annex 2. Catalog of non-eligible cost for research organisation

As a general rule, non-eligible expenditure is considered to be:

- 1. expenditures which have not been incurred in the eligibility period,*
- 2. expenditures which do not meet the eligibility criteria defined in the Guide,*
- 3. not documented or insufficiently documented expenditures,*
- 4. expenditures incurred in breach of the provisions of the Public Procurement Act (if applicable),*
- 5. VAT which is recoverable under the law,*
- 6. fines, penalties, financial penalties, criminal charges and interest, legal expenses except where legal proceedings are an integral and necessary part of achieving the results of the Support Instrument,*
- 7. in case of leasing - tax, margin of the financing party, interest on refinancing costs, insurance charges, overheads,*
- 8. charges for financial transactions and other purely financial costs, with the exception of costs related to bank accounts required under the project contract,*
- 9. interest on debt, debt service charges and late payment charges,*
- 10. expenditure on the acquisition of land,*
- 11. excessive or reckless expenditure,*
- 12. costs of traineeships and research and doctoral scholarships,*
- 13. the following payroll and non-payroll components:*
 - anniversary service award,*
 - redundancy payments,*
 - unused leave compensation,*
 - group life insurance premium - treated as taxable employee income,*
 - co-payment for medical benefits,*
 - use of a company car - commuting to work from home,*
 - co-financing paid from the Company Social Benefit Fund (taxable employee income),*
 - benefits financed from the Social Insurance Institution funds (e.g. maternity leave),*
 - remuneration for overtime work,*
 - expenditure on periodic and preliminary examinations,*
 - glasses subsidy,*
 - allowances for language skills, non-smoking and other allowances determined by employers,*
 - meal vouchers for employees,*
 - contributions for the State Fund for the Rehabilitation of Disabled Persons.*
- 14. provisions for losses or potential future liabilities,*
- 15. expenditure covered from other sources,*



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

16. *exchange rate losses other than those due to the involvement of Swiss partners.*

Non-eligible expenditures cannot constitute part or whole of the required own contribution of the Beneficiary (PCO, PCP) implementing the project.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

Annex 3. Method and procedure for conducting an external audit of spending financial resources on projects in which the total value of funding exceeds PLN 3,000,000⁵

The Annex defines the method and procedures of performing external audits of expenditures incurred for projects with a total value of co-financing granted exceeds PLN 3 000 000, further referred to as “audit”.

1. The audit is carried out by an auditor, who is:
 - *a person who meets the conditions specified in Art. 286 of the Act of 27 August 2009 on public finances; or*
 - *a legal person or an organizational unit without legal personality employing the persons referred to in point 1 to carry out the audit.*
2. The auditor cannot be:
 - *a subsidiary of the audited entity;*
 - *entity auditing the financial statements of the audited entity in the period of 3 years preceding the audit.*
3. The audited entity selects the auditor in accordance with public procurement regulations/the principle of competition.
4. The manager of the audited entity, in compliance with the provisions on the protection of classified information and secrets protected by law, ensures the conditions necessary for the efficient conduct of the audit, in particular provides facilities, equipment and documentation, and enables immediate provision of information and explanations by employees of the audited entity.
5. The auditor has the right to inspect the accounting books and documents constituting the basis for the entries made therein, as well as information and data related to the audit, including those contained on IT data carriers, to make copies thereof and to make extracts, summaries or printouts from them, in compliance with the provisions on protection of classified information and secrets protected by law.
6. Employees of the audited entity, at the auditor's request, provide information and explanations and confirm copies of documents as true copies and prepare extracts, summaries and printouts, to the extent necessary to achieve the purpose of the audit and in accordance with the methodology of selecting the samples of documents subject to examination presented by the auditor.
7. The purpose of carrying out a project audit is for the auditor to issue an opinion on:
 - *reliability of numerical and descriptive data contained in documents related to the implemented project;*
 - *expenses and achieving the assumed effects related to the audited project, in accordance with the requirements contained in the application, decision or agreement;*
 - *correctness of documentation and recognition of economic operations in separate accounting records for a given project.*

⁵Refers only to the Polish entities.



COST ELIGIBILITY GUIDE FOR THE RESEARCH AND INNOVATION PROGRAMME, APPLIED RESEARCH – RESEARCH ORGANISATION

8. A project audit includes checking:
 - *achievement of the project objective and compliance of the project implementation with the project contract;*
 - *correct accounting of expenditure incurred as part of the implemented project, their validity, method of documentation and separation in accounting records;*
 - *payment of project-related expenditure;*
 - *reliability and timeliness of project implementation reports;*
 - *timeliness of settlement of funds received for the implementation of the project;*
 - *method of monitoring the implementation of the project's objectives;*
 - *method of storing and securing project documentation;*
 - *compliance with accounting, public procurement and public finance regulations, including compliance with public finance discipline;*
 - *functioning of the internal control system in relation to project implementation;*
 - *implementation of conclusions and recommendations from previous inspections and audits.*
9. The project audit begins at least after 80% of the planned project expenses have been completed and ends before submitting the final project implementation report.
10. If conducting an audit requires specialized knowledge, skills or qualifications, the auditor may appoint an appraiser at his own expense.
11. Based on the collected evidence, the auditor prepares a written audit report, further referred to as the "report".
12. The auditor is obliged to maintain confidentiality and not violate the secrets of the audited entities within the meaning of the provisions on combating unfair competition.
13. The report includes:
 - *date of preparation;*
 - *name and the address of the audited entity'*
 - *name and the number of the project;*
 - *auditor's declaration of independence from the audited entity;*
 - *names, surnames and description of the auditors' authorizations;*
 - *audit objectives;*
 - *subjective and objective scope of the audit;*
 - *the date on which the audit was carried out;*
 - *a short description of the activities of the audited entity in the area covered by the audit;*
 - *assessment of the adequacy and effectiveness of the management and control system in the area of activity of the audited entity covered by the audit;*
 - *information about the selection method and sample size for the study;*
 - *presenting the results of the audit in which irregularities were found;*
 - *determining irregularities in the activities of the audited entity and analyzing their causes and effects;*



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- *recommendations regarding the removal of identified irregularities in the activities of the audited entity;*
14. The auditor attaches the opinion (referred to in point 7) to the report.
 15. The report is submitted to the audited entity within 7 days from the date of completion of the audit.
 16. The audit report is kept by the audited entity for a period of at least 10 years and made available to NCBR upon request.
 17. The audited entity provides NCBR with one copy of the report and position on the findings contained in the report, if any, within 21 days from the date of receipt of the report, unless the provisions of the project contract provide otherwise.
 18. The auditor is obliged to provide explanations in the scope covered by the NCBR audit and to persons authorized by NCBR.



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Annex 4. Template of Certificate

CERTIFICATE

This document is issued for the certification purposes as required by Project Contract in Swiss-Polish Cooperation Programme.

We confirm that procedures have been performed in order to provide assurance as to the relevance and conformity with the Regulations, national law and relevant national accounting practices of the costs claimed by the Programme Component Operator/Programme Component Partner.

Programme Component reference:	<i>Fill in</i>
Programme Component title:	<i>Fill in</i>
Name of audited entity:	<i>Name of entity</i>
Entity responsible for the certification (Auditor)	<i>Name of entity</i>
Start date of incurred expenditure:	DD.MM.YYYY
End date of incurred expenditure:	DD.MM.YYYY
Actual expenditure incurred this period in PLN (see attached report ⁶):	<i>Fill in</i>

The Auditor hereby certifies that:

- (i) The costs claimed by the Programme Component Operator/Programme Component Partner⁷ are incurred in accordance with the *Regulation on the implementation of the second Swiss Contribution to selected member states of the European Union to reduce economic and social disparities within the European Union*.
- (ii) The cost claimed are incurred in accordance with the relevant law and national accounting practices.
- (iii) The Auditor has not been involved in the preparation of the relevant financial statements and is independent of the Programme Component Operator/Programme Component Partner⁸.

The Auditor		Optional second signature
Name		

⁶ A breakdown of the costs certified should be provided with report as an annex to this certificate

⁷ Select the appropriate

⁸ Select the appropriate



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Signature		
Position		
Date	DD.MM.RRRR	DD.MM.RRRR