

Eligibility and Accountability Rules



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1. Introduction

These EURLO Eligibility and Accountability Rules (hereinafter referred to as “the EAR”) have been prepared by the European Border and Coast Guard Agency (hereinafter referred to as “Frontex”). The purpose of the EAR is to provide instructions and guidance on eligibility of costs and financial reporting in the framework of the EURLO activity. It aligns with the conditions set in Special and General Conditions of the Grant Agreement. Should any information in this document appear to be in contradiction with the Grant Agreement, the latter shall prevail.

2. Exchange rate

All reimbursement of costs by the EURLO will be done in EURO. The conversion into euros must be based on the monthly accounting exchange rate of the European Commission applicable on the date when the expenditure was incurred¹ by the Beneficiary.

This rate is published electronically by the European Commission each month on <http://ec.europa.eu/budget/inforeuro/>.

3. General principles

3.1. Eligibility period

Only costs needed for the implementation of the EURLO deployment are eligible.

3.2. Appropriateness

To be eligible for reimbursement, expenditure reported must be:

- incurred for the purpose of the activity defined in the Grant Agreement and its Annexes (EURLO deployment) and in line with the estimated budget;
- in line with the principle of cost-effectiveness (best value for money) and reasonableness;
- incurred in accordance with the national rules regulating deployments of staff, accounting and procurement;
- substantiated by supporting documentation, listed in the subtitles of this document (dedicated to each of the cost categories);
- recorded in the Beneficiary's accounts;
- within Frontex ceilings defined in each cost category.

Deployment costs which are not covered in the following points are generally eligible as long as they are based on documented national rules and in compliance with applicable Frontex ceilings. Any costs not listed in the Estimated Budget (hereinafter “EB”) require prior verification of eligibility by Frontex. To assess the cost, Frontex will consider criteria specified in Article I.17 of General Conditions and availability of budget. Whenever such new cost is to be incurred by the Beneficiary, Frontex needs to be informed about this fact before the cost is incurred to ensure that it is eligible.

Costs incurred which cannot be proven by supporting documentation are not eligible.

3.3. Prohibition of double financing

Activities which are already supported by other European funding may not be financed by Frontex. Co-financing must only be completed through other public funds, private sources and Beneficiary's own contribution.

¹ In accordance with the accrual accounting standards, the date when the cost was incurred means the date of issuance of the supporting document (e.g. invoice, bill or other equivalent document)

3.4. Formalization of the assignment

For the deployment of a EURLO, a **Grant Agreement** between Frontex and the Beneficiary will be signed, laying down the conditions of deployment and reimbursement.

Staff whose cost is charged to the EURLO deployment will have to be seconded or assigned to the activity by a written decision of the Beneficiary.

4. Reporting and control

The EURLO EAR includes instructions on financial reporting, enlisting types of supporting documents that are required for each cost category. The Beneficiary is not expected to provide all the supporting documents to Frontex together with the request for final payment. Grant Agreement specifies cost categories that are subject to *ex ante* control by Frontex. The complete financial documentation, including all original supporting documents, has to be kept by the Beneficiary and made available in case of audit or *ex post* control. For supporting documents issued in a language other than English, comments with explanation and/or translations of applicable passages are required. In order to monitor the expenditure of the budget the Beneficiary is required to report the financial expenditure using dedicated financial reporting templates (mid-term and final financial statements) matching the expenditure indicated in the estimated budget. A financial statement is divided into cost categories, each of them listing all incurred costs. Each cost entry shall include reference to the supporting documents corresponding to its numbering, as specified in the financial reporting templates. Such template is annexed to the Grant Agreement.

The reporting and monitoring are defined in the Article 7 of the Grant Agreement and Article I.20 of the EURLO General Conditions.

5. EURLO Estimated budget

The Beneficiary provides an estimated budget to Frontex based on a template provided by Frontex prior to conclusion of the Grant Agreement. The initial version of the estimated budget shall be provided at least five weeks prior the starting date of the deployment and the final version - at least two weeks. The EURLO Estimated Budget shall meet the requirements listed in the EAR.

Total reimbursed amount shall not exceed the total amount specified in the Grant Agreement.

6. Eligible Costs

6.1. Category A Staff costs

6.1.1. General principles

The national rules and ceilings of the administration designating staff as a EURLO apply.

However, in order to balance the costs, a ceiling with regard to the costs of deployment is applied. **Regulation No. 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants²**, hereinafter referred to as “Staff Regulations”, is used as a *general maximum reference*.

The maximum ceiling of gross staff costs for expat staff deployed as residential EURLO shall be set at EUR 9.290,71 gross salary, all included (e.g. allowances, social charges), per month, which is a basic monthly salary for Grade 9 step 5 as specified in Article 66 of the Staff Regulations. This ceiling is applicable for the entire

² REGULATION No 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community (OJ P 045 14.6.1962, p. 1385); consolidated text of 1 January 2021; ELI: [http://data.europa.eu/eli/reg/1962/31\(1\)/2021-01-01](http://data.europa.eu/eli/reg/1962/31(1)/2021-01-01) (to be updated in January 2022)

implementation period of Frontex Operational Activity Plan for Return 2022³, irrespective of any updates to the Staff Regulations.

The cost of staff assigned to the EURLO deployment, comprising actual salaries plus social security charges and other statutory costs, is eligible provided that this corresponds to the Beneficiary's usual policy on remuneration

Only costs relating to staff on the Beneficiary's payroll (permanent/ temporary/ seconded employees) or recorded in the accounts of the Beneficiary are eligible as direct costs under 'Staff costs'. Costs relating to interim personnel and consultants will be considered as subcontracting costs, as specified in paragraph 7 of the EAR.

Staff costs consist of what is considered to be part of the usual remuneration and related contributions of the deployed officer(s) from an accounting and tax perspective borne by the employer and actually incurred by the Beneficiary. Provisions on potential future liabilities are inapplicable.

Gross Staff costs as referred to above, are made up of the following:

- basic salary;
- employer's contributions, social security contributions, social charges, direct taxes and other statutory charges paid by the employer;
- statutory additional entitlements, if applicable, such as:
 - o 13th month salary or holiday entitlements (including travel for holidays);
 - o expatriation allowance: increase of salary because of living abroad(post adjustment allowance;
 - o hardship allowance: compensation granted on a regular basis for living in difficult locations (living conditions allowance);
 - o family separation allowance.

The following costs are **not eligible** for the Beneficiary under the EURLO deployment and should not be included in the calculation of staff costs:

- performance bonuses;
- dismissal allowances;
- sick leave allowances;
- maternity leave compensation;
- pension leave allowances;
- other relief pay;
- end of contract compensation;
- advantages in kind not linked to the performance of duties as an EURLO (cars, housing).

6.1.2. Financial reporting on staff costs

Given the fact that the national rules and ceilings of the administration designating staff to the EURLO activity apply, Beneficiaries have the obligation to provide the following supporting document(s):

1. **Pay slips or similar** - if the pay slip is not drawn up in English, it is necessary that the various sections of the pay slips are translated and matched with corresponding entries in the Financial Statements, so that Frontex can clearly understand which costs related to the staff costs are contributed.
2. For everything that is not mentioned on the pay slips or similar: certificates, original invoices, extracts from electronic management, accounting records or breakdown of costs are required.

6.2. Category B Travel and subsistence costs

6.2.1. General principles

Travel and subsistence costs are eligible for the EURLO or other persons who participate in the activities of the EURLO and whose travel is necessary for the implementation of the EURLO deployment.

³ The amount will be updated annually together with the approval of a new Frontex Operational Activity Plan for Return. Usually, a new amount will be applicable from 1 February.

Business trips of persons other than the EURLO (e.g. representative of the Beneficiary) are negotiated with Frontex at the time of drafting the Implementation Plan and the budget estimation or at least four weeks prior to planned trip.

Travel and subsistence costs will be reimbursed on the basis of national rules, subject to limitations set by Frontex reimbursement rules for participants in Frontex meetings⁴.

6.2.2. Travel costs

Travel costs shall be eligible on the basis of the actual costs incurred. Reimbursement rates shall be based on the cheapest form of public transport. Flights shall, as a rule, be permitted only for journeys over 800 km, or where the geographical destination justifies travelling by air.

Travel costs relate to the following:

- travel at the beginning and end of the deployment;
- business trips agreed in advance with Frontex reflected in the EURLO Implementation Plan (relevant meetings in which the EURLO participates), including flight and/or car rental;
- mandatory rest&recuperation travel in case of hardship areas.

Air travel may be booked in accordance with following rules:

- in economy class or equivalent, including cases where the ticket in question cannot be exchanged or refunded, at the lowest available rates, taking into account the times of meetings and/or special features of the travel;
- in economy class or equivalent, at the lowest available rates for flexible tickets, taking into account the times of meetings and/or special features of the travel, if there is an appreciable risk that the travel will be cancelled or amended;
- in business class or equivalent, at the lowest available rates, taking into account the times of meetings and/or special features of the travel, if the outward or return journey includes **at least one segment involving at least four hours' continuous flying time**⁵;
- In case of an upgrade of the flight tickets and in case travel for holidays is combined with the business trips, a price comparison should be kept in Beneficiary's records.

As a reference for air travel costs within a continent, 1,100 EUR for a return ticket is the maximum amount eligible for reimbursement.

6.2.3. Accommodation and subsistence costs

EURLO is entitled to Daily Subsistence Allowance (DSA) and Accommodation for the periods spent on business trips in a location different from the one where the EURLO is appointed and placed, as laid down in the Grant Agreement.

For accommodation, the number of nights reimbursed must not exceed the number of meeting days + 1.

DSA is intended to cover meals, local transport within city administrative boundaries (such as train, bus, tram, metro, taxi), telecommunications, accident insurance and other sundry expenses. No supporting documents are required to prove the expenses related to DSA. The maximum amount reimbursed by Frontex is limited to the maximum rate applied by the European Commission for the country in which the meeting takes place multiplied by the number of eligible nights or meeting days, whichever is bigger.

6.2.4. Financial reporting on travel, accommodation and subsistence costs

a. Travel cost

In order to prove costs of travel, original invoice of the travel ticket should be provided.

b. Accommodation and subsistence costs

In order to prove costs of accommodation, original invoice from the hotel should be provided.

⁴ Decision of the Executive Director No R-ED-2018-143 on the reimbursement of expenses incurred by persons invited to attend Frontex meetings

⁵ Business class ticket is eligible only within provisions of national rules.

In case of an upgrade of the flight tickets and in case travel for holidays is combined with the business trips, a price comparison should be kept in Beneficiary's records.

6.3. Category C Real Estate

6.3.1. General principles

This category comprises personal accommodation of the EURLO and office space in the place of deployment. Rental of real estate for the deployed EURLO is eligible for financing under the following conditions:

- the real estate is to be used solely for implementation of the EURLO deployment. If not, only the portion of the costs corresponding to the use for the EURLO deployment is eligible;
- the real estate has not been financed through another EU fund.

6.3.2. Rental of offices

Eligible costs of office space might include rent, IT and communications fees, administrative and office running costs (electricity, heating, renovation, caretaker, security at the premises, office supplies etc.).

6.3.3. Rental of personal accommodation

The eligible costs related to personal accommodation include rent and might include the security services, maintenance and utilities. Utilities may be claimed separately if they do not form part of the regular rent according to the rental agreement.

6.3.4. Financial reporting on rental of office space and personal accommodation

The following supporting documents should be provided:

- rental agreement(s) (relevant passages translated to English);
- original invoices for the rental of the office space;
- original invoices for the personal accommodation in case the EURLO is residing in an apartment within a complex/hotel.

6.4. Category E Other direct costs

6.4.1. General principles

Other direct costs, eligible for reimbursement, may include:

- equipment;
- removal costs;
- diplomatic passport;
- visa applications;
- vaccinations;
- health insurance costs;
- covid-19 tests (excluding costs of quarantine);
- communication costs;
- local transportation costs in the place of deployment:
 - o public transport;
 - o car rental + fuel expenses;
 - o use of private car;
 - o taxi or similar (e.g. UBER);
 - o local transportation allowance;
- security services;
- language course;
- local assistant (through subcontracting - see paragraph 7);
- local consultant for family tracing and/or confirmation of identity (through subcontracting - see paragraph 7);
- fees for issuance of travel documents of returnees;

- HEAT or similar trainings;
- costs of business lunches, dinners or other meetings with stakeholders, justified in the EURLO Implementation Plan⁶.

Acquisition of equipment is only eligible if they are essential to the implementation of the EURLO deployment. Equipment shall have the technical and security properties needed for the project and comply with applicable norms and standards. The cost of the purchase of individual items below EUR 5,000 is eligible, provided that the equipment is purchased before the last three months of the duration of the EURLO deployment. However, these costs are ineligible if the equipment was originally purchased through another EU grant

The choice between leasing, rental or purchase must always be based on the least expensive option. However, if leasing or renting is not possible because of the short duration of the project or the rapid depreciation in value, purchase is accepted.

Where a private or rented car is used, maximum reimbursement shall be made on the basis of mileage rate of EUR 0.28/km. The costs of travel by car by mileage rates are reimbursed upon presentation of a statement indicating the exact route and number of kilometres or a kilometre log. The mileage rate covers all costs related to the use of a car such as: petrol, motorway tolls, parking fees, and insurance. Car rental fee is paid separately based on invoice.

In case public transportation cannot be used safely, the EURLO might use taxi or other services (e.g. UBER), only for EURLO business-related activities on the condition that they are financially reported by receipts that mark the route.

Language course may be reimbursed if it concerns a language used in the host TC. Language course should not exceed 3 hours a week (180 min). Maximum amount of reimbursement will be EUR 400 per month or EUR 4,800 per deployment period and not exceeding 2 consecutive years.

6.4.2. Financial reporting on other direct costs

For every other direct cost, an original invoice or a receipt should be provided. Additionally, Frontex might request:

- a short note with explanation of the reasons for purchasing the goods or services, and the link to the activities of the EURLO;
- an agreement for provision of services if available (e.g. in case of cooperation with local companies on identification).

7. Subcontracting

7.1. General principles

A subcontractor is a third party (i.e. a legal entity), which is not a Beneficiary, providing assistance to the EURLO deployment by delivering specific works or services that cannot (or not efficiently) be carried out by the Beneficiary (e.g. local translations, legal advice, security service). Below are a number of characteristics of subcontracting:

- the agreement between the Beneficiary and a subcontractor is based on 'business conditions' formalised in a duly signed contract setting out the obligations of both parties, the purpose and terms of the work/service and the financial conditions;
- the subcontractor charges a price that usually includes a profit;
- the subcontractor works without the direct supervision of the Beneficiary and is not subordinate to the Beneficiary;
- the responsibility for the work subcontracted lies fully with the Beneficiary.

⁶ The eligibility of a particular expense of this type shall be assessed upfront according to national regulations, e.g. by EURLO's administrative supervisor within the Beneficiary's Institution. Monthly Activity Reports or flash reports must describe all such meetings and their outcomes.

7.2. Selection

Subcontracts will be awarded in accordance with the usual procedures of the Beneficiary provided that they comply with the *national and/or EU applicable rules on public procurement*.

As a general rule, the Beneficiary is required to select subcontractors offering best value for money and to comply with the principles of transparency and equal treatment.

For entities which are not subject to EU and national public procurement law, the same principles should be followed.

7.3. Responsibilities throughout subcontracting

Subcontracted tasks are considered services provided to the Beneficiary/subcontracting organization.

The Beneficiary remains responsible for due performance and the quality of the subcontracted work, as for any other work on the project. The relevant costs incurred by the Beneficiary need to be clearly identified as part of the activities of the EURLO, justified by the accounting rules and principles.

7.4. Financial reporting on subcontracting

Mostly, subcontracting is a relevant part of the budget in high-risk countries of deployment, where security services need to be purchased for the EURLO.

If these services (or other subcontracted services) are purchased directly by the Beneficiary, the documents related to the procurement procedure should be made available upon request. This can be done by adding a copy and translation to English of the internal relevant documentation on the procurement.

In general, a short description on how the procurement procedure was controlled on national level, with references to the national legislation is an added value.

For subcontracting costs, an original invoice should be provided. Additionally, Frontex might request:

- proof of correct delivery of services and/or
- agreement with the Subcontractor.

8. Indirect costs (overheads)

Indirect costs (overheads) are defined in the Article 4.2 of the Grant Agreement.

The eligible indirect costs ('overheads') for the operational activity are those costs which, with due regard for the conditions of eligibility described in Article I.17.1 of the General Conditions, are not identifiable as specific costs directly linked to performance of the operational activity and which could be booked to it directly, but which can be identified and justified by the Beneficiary using its accounting system as having been incurred in connection with the eligible direct costs for the operational activity. They include all the structural and support costs of an administrative, technical and logistical nature which are common to the Beneficiary's various activities, such as: water/gas/electricity, maintenance, office supplies, communication and postal costs, documentation, horizontal services such as IT, human resources, administrative and financial management. They may not include any eligible direct costs. In case of grants covering only the deployment of officers/experts and/or light technical equipment indirect costs are not eligible. [Article I.17.5 of the General Conditions]

