



2007 - 2013 ACTION NOTE

Reference Number	034/10 (Revised)
Date Issued:	22 March 2010
Destroy by date:	31 December 2013

This Action Note replaces 034/10 issued on 05 March 2010 which should be destroyed.

INNOVATIVE AND TRANSNATIONAL PROJECTS: ACCOUNTING FOR TRANSNATIONAL COSTS

WHO

Innovative and Transnational Projects (ITMs), Regional Managing Authority teams and London Development Agency (LDA) EPMU.

WHAT

This action note sets out the process for recording and claiming transnational expenditure.

CLEARED

Ian Chapman - Head of Managing Authority Delivery Team

BACKGROUND

1. ITM Projects will incur transnational expenditure as part of their overall total project costs. As per Manual 1 section 1.12 this proportion should be a minimum of 5%

of total project costs but not exceed 15% of total project costs. As part of the Article 13 Financial Verification process a sample of these costs will be tested to ensure the transnational costs are eligible, do not exceed the prescribed floor or ceiling and have the appropriate audit trail.

2. The guidance in Manual 1 at section 1.12 will be amended in the near future to reflect that clarifications in this action note but during the transition please refer to Manual 1 section 1.12 and Annex 1 (attached) for details of what can be deemed as eligible transnational expenditure.

3. Costs of transnational partners for participation in transnational activities (including flights, accommodation and subsistence) are not eligible and should not form part of the claims. The only exception to this is where transnational partners are providing their input as an 'expert', for example as a speaker at an event. Applicants should formally contact the ITM Unit in writing regarding such costs before committing any expenditure.

4. Expenditure for 'experts' cannot exceed 15% of the total transnational budget.

5. Transnational staffing (salaries) are also ineligible expenditure. All salaries are to be paid from the core staffing budget.

ACTION

Recording and claiming transnational expenditure

6. Transnational costs will have been included in original profiles for staff costs and other costs along with general expenditure. Projects as a matter of course will be keeping records of all project expenditure. Transnational costs should be extracted from these records and an itemised breakdown of transactions should be kept for each of the cost headings; staff costs and other costs in a separate spreadsheet. This separate spreadsheet should also be submitted with your claim.

7. There is not a separate section for presenting transnational costs in the claim form, therefore when claiming transnational costs as long as the cost description on the claim form clearly states "Transnational Cost" the expenditure should be claimed wherever it was profiled. Costs should only be claimed under staff costs or other costs. Projects may choose to brigade transnational costs and have only one transnational cost entry per cost heading in the claim. However, an itemised record of the brigaded costs is still required as this will be what ITMU will use to select a sample of transnational transactions for testing.

8. If projects have previously claimed transnational expenses without it being clearly identifiable this is not a problem as long as these costs can be identified and added to the record of transnational expenditure.

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This annex aims to clarify what expenditure can be claimed under each of the spend headings on the ESF claim form. Please note that this is by no means an exhaustive list. If you have any questions relating to the eligibility of any transnational expenditure please do not hesitate to contact the ITM Unit for clarification.

STAFF COSTS

Eligible	Not Eligible
Staff Travel Accommodation Subsistence	Staff salaries are an ineligible transnational cost. All salary costs, including those for the project's transnational managers or co-ordinators, should be funded under the core staff costs.

OTHER COSTS

Eligible	Not Eligible
Experts Printing Research	Expert expenditure cannot exceed 15% of the total transnational budget.
Room hire Trainers / Training Material	
Interpretation/Translation	
Transnational Evaluation	
Dissemination Materials (brochures etc)	
Equipment Hire	

NB: Please see below the definition of Staff Costs and Participant Costs

STAFF COSTS: these are costs that are incurred by anyone who is paid a percentage or full salary through the project, i.e. any member of staff from the Lead Applicant or a partner organisation.

PARTICIPANT COSTS: these are costs incurred for or by an individual who takes part on an ESF funded activity