



Hourly Rate Calculation

Following the checks carried out in 2012 by the second level controllers in some of the participating countries of the programme, significant errors have been detected with regard to the calculation of the hourly rate used when reporting staff costs for some projects. The errors stem from the fact that some beneficiaries apparently distinguish between productive and non-productive hours when calculating the hourly rate i.e. the number of contracted hours is reduced before calculating the hourly rate.

By using this methodology the hourly rate increases. I would like to stress that there is no legal basis in the programme rules (neither in the fact sheets nor in the Operational Programme) for using this methodology.

The correct methodology for calculating the **hourly rate** is =

$$\frac{\text{Salary (real cost only, see fact sheet 2)}}{\text{Total annual working hours}}$$

Holidays and payments such as sick leave and maternity/paternity leave should be shared proportionally between the project and the regular employer to the extent that they generate a real cost borne by the partner organisation.

To eliminate this kind of problem and avoid a new interruption, we are asking each First Level Controller to make the following statement in appendix 5/5a/6.

On the basis of my First Level Control checks I can verify that none of the staff costs claimed in any of the reporting periods have been reported making use of a productive and non-productive hours methodology or any other methodology which has the effect of distorting the hourly rate.

The absence of such a statement from the First Level Controller will automatically lead to a deduction of all staff costs reported until we have the required confirmation of a correct methodology for calculating the hourly rate and thus the reported staff costs.

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