

Fixed percentage staff cost calculation method for staff working part-time on a project



**Repository of Interreg programme management practices
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Legal framework

Already established in the 2014-2020 programming period, the fixed percentage method originally was part of the Delegated Regulation (EU) 481/2014¹ and introduced in the Omnibus Regulation (in 2018).

For the 2021-2027 programming period the Common Provisions Regulation (CPR)² keeps the rules established in the 2014-2020 programming period:

Article 55(5) - Staff costs related to individuals who work on part-time assignment on the operation may be calculated as a fixed percentage of the gross employment costs, in line with a fixed percentage of time worked on the operation per month, with no obligation to establish a separate working time registration system. The employer shall issue a document for employees setting out that fixed percentage.

Definition and key principles

The **fixed percentage method** is a ‘real costs’ method to calculate staff costs (it is not a simplified cost option, i.e., it requires verification of the underlying expenditure). The fixed percentage method is applied to calculate staff costs in case of a **part-time assignment** of a staff member to a project. The percentage of the assignment has to reflect an employee’s related tasks, responsibilities and functions performed in the project.

The percentage should be fixed individually for each employee.

¹ [COMMISSION DELEGATED REGULATION \(EU\) No 481/2014 of 4 March 2014 supplementing Regulation \(EU\) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes.](#)

² [Regulation \(EU\) 2021/1060, CPR.](#)

The percentage should be fixed in a document setting out the percentage of the working time to be spent by the employee on the project per month.

The percentage of the working time to be spent by an employee on the project per month should be set either in the employment contract directly or in an individual document (a specific task assignment document) as an addendum, or in any other document issued by the employer covering the minimum regulatory requirements (provided in the task assignment template, [Annex 1](#)). In any case, the document is expected to include the fixed percentage per month to be worked on the project together with a list of main tasks to be performed and/or outputs to be delivered (to justify the established fixed percentage).

When the staff member's involvement in the project is limited, it is still considered to be acceptable to set out a fixed percentage in a task assignment document even if it is relatively small.

Using this method does not require establishing a separate working time registration system. This means that timesheets or any other equivalent document should not be used, as the fixed percentage already covers the time worked on the project!

In principle, the fixed percentage could cover the whole project duration and it should at least cover one reporting period. It cannot change every month. However, provided it is justified due to changes in tasks or responsibilities of the employee, the percentage of working time on the project may change. Consequently, the employer must issue an amendment to the document setting out the fixed percentage of time worked on the project (or amend the employment contract directly if the percentage is indicated there).

Calculation of the staff costs using fixed percentage method

Staff costs are calculated as a fixed percentage of the eligible gross employment cost (including employer's social contributions and other compulsory payments³), in line with the fixed percentage of time worked on the project per month.

For example,

- Total monthly salary costs (gross salary, incl. employer's social contributions and other compulsory payments): €6,000
- Percentage of time that an employee is assigned to the project (fixed in the task assignment document or in the employment contract directly): 80%

Staff costs of an employee = Total monthly salary (gross salary) * Fixed percentage
Staff costs = €6,000 * 80% = €4,800

³ As indicated in Article 39 of the Interreg Regulation ([Regulation \(EU\) 2021/1059](#)).

Task assignment document

The task assignment document is crucial for the fixed percentage methodology. And it does not matter if it is part of the employment contract, or added to it, or comes as a separate document, if it is:

- available,
- up-to-date and
- includes the percentage of working time on the project per month and
- a proportionate description of tasks.

In detail, the task assignment should:

- be issued individually for each employee (for each project),
- contain basic information on the project (project name, acronym/ID, project partner name, name of employee),
- indicate from when the assignment is applicable,
- indicate version of the assignment,
- contain a self-declaration of no double-financing of staff costs (should an employee be involved in other EU/publicly funded projects),
- provide a description of tasks of the employee in the project, with a proportionate level of details reflecting the indicated percentage,
- provide the percentage of working time of an employee on the project per month,
- be signed by the employer (superior or line manager) and employee.

An exemplary template, discussed with several programmes, of the task assignment is provided in the [Annex 1](#).

Audit trail

Since the fixed percentage method is a “real costs” method (i.e., concerns the actual expenditure incurred and paid by a beneficiary in relation to the project), the verifications and audits are based on supporting documents provided by the beneficiary for each reported expenditure.

The following supporting documents must be available for audit and control purposes (for each employee):

- employment/ work document,
- task assignment (document setting out the percentage of working time on the project per month (could be also specified in the employment document) with job description (task assignment) providing information on tasks and responsibilities of an employee related to the project),

- payslips or other documents of equivalent probative value (where the gross salary, employer’s social contributions and other compulsory payments are clearly identifiable),
- proof of payment of salaries and the employer’s contributions and other compulsory payments.

No registration of the working time (e.g., timesheets or similar documents) is required! See more on this in the **Q&A section, question 5**.

Benefits

Benefits of the method	
For beneficiaries	<ul style="list-style-type: none"> • Straight forward to apply, limited risk to make calculation errors or to misunderstand the application • Lower administrative burden, no time registration (timesheets) needed; no complex calculations, changing from month to month
For management verifications and controls	<ul style="list-style-type: none"> • Reduced time for checks; without follow-up on time sheets a lot of time can be saved • The methodology allows simpler cross-checking of total working time on different projects for staff members (or programmes, if applied across programmes)
For managing authority/joint secretariats	<ul style="list-style-type: none"> • If applied as the only method for calculating and reporting staff costs, it saves resources at the programme level (only one method to communicate, explain follow-up upon), which might also help to reduce calculation errors

Q&As

1. When should the fixed percentage be established (the latest)?

In principle, the document setting out the fixed percentage has to be issued the latest before the submission of the first progress report for management verifications. However, this is a very legal answer. The nature of the method requires ex-ante thinking, and not ex-post adaptation. In short, the percentage should be established the moment the contributions to

the project implementation are clear. The method is not intended to indicate in retrospect how much a staff member has been involved in the project implementation in a reporting period and to calculate a corresponding percentage.

2. Does the document setting out the percentage of time to be worked on the project have to indicate the time to be worked per month? Or can the document include information on the fixed percentage to be worked on the project in general?⁴

According to Article 55(5) CPR, the document (e.g., task assignment) should only indicate the percentage of time worked on the operation per month. There is no obligation to establish a separate working time registration system, neither to indicate the time to be worked by an employee per month.

3. Can the percentage be changed during the project implementation?

Yes, provided it is justified due to changes in tasks and responsibilities of the employee, the percentage of time to be worked on the project may change. The employer must issue an amendment to the document setting out the fixed percentage of time on the project.

4. What is the role of data protection for controlling the fixed percentage method?

The rules for data protection within the fixed percentage method are the same as they are for any other staff costs or real costs approach. Interreg programmes have an obligation to comply with the relevant rules of the General Data Protection Regulation (GDPR) for processing personal data.

At the same time, project partners have to make available relevant documentation to the respective controllers, so that their costs can be verified for reimbursement. The documents needed for staff costs are indicated in the corresponding article of the Interreg Regulation and CPR, respectively Article 39(2) Interreg Regulation and Article 55(5) CPR. This does not require individual or explicit consent of the project partner but is covered through Article 6(1)(c) of the GDPR (*“Processing shall be lawful only if and to the extent that least one of the following applies: [...] (c) processing is necessary for compliance with a legal obligation to which the controller [data owner] is subject”*).

5. Should the project partner provide any additional information for management verifications, justifying the fixed percentage, for example, individual activity reports for each employee using the fixed percentage method?

⁴ This question is taken from Interact publication [“55 Questions & Answers: Eligibility of expenditure in cooperation programmes”](#) elaborated in consultation with European Commission.

No, this is not required by the Regulation. And it is not recommended that programmes or their national counter parts (controllers or audit authorities) introduce additional documentation (e.g., periodic staff reports or similar), as this might be perceived as ‘gold plating’ (i.e., administrative requirements going beyond what is set in the Regulation). All the necessary information and its plausibility should be checked based on the quantitative and qualitative information on activities provided in the (partner) progress report. For example, if a low or high amount of staff costs have been reported by a partner, is this reflected by the reported activities, achievements, outputs (number of meetings, reports, research) etc., and if not, how is it justified (e.g., delayed expenditure)? Asking project partners to systematically provide descriptive information on staff involvement goes against the overall simplification approach for EU funds.

Fixed percentage in Jems and HIT

Interact is currently developing a new monitoring system for the 2021-2027 programming period, which covers all stages of the programme and project life cycle, called Joint electronic monitoring systems, or Jems.

Jems is primarily based on the templates and documents developed by the HIT group⁵⁵.

When it comes to staff costs, the HIT Core Group selected the fixed percentage as one of the few methods to calculate staff costs (along with the 20% flat rate of the direct costs other than the staff costs). This implies that this method will be also available in Jems.

This **factsheet** along with **Annex 1, Task assignment template**, and **Annex 2, Potential description/ instruction of the method for project partners**, are approved by the HIT Core Group as part of the HIT templates (June 2021)!

At the moment of the publication of this fact sheet (August 2021), reporting and monitoring modules have not been developed in the system yet. Provided there is interest from the programmes to use fixed percentage method, at the later stages of system development, it could be possible that the system would allow for an automatic calculation of the staff costs in the list of expenditure (at the reporting stage). For each employee, it could be possible to insert the total amount of the gross salary (per month) together with the fixed percentage of the time worked on the project per month. The system would then automatically calculate staff costs which would be visible in the list of expenditure in the reporting module.

NB: The system is under development and availability of this functionality cannot be guaranteed.

⁵⁵ The HIT Core Group has the task to discuss and develop the Harmonised Implementation Tools for the 2021-2027 programming period. The list of HIT Core Group Members can be found [here](#).

Annex 1 – Task assignment template

For information for the project partner:

- This template can be used for the task assignment and is an example of the minimum requirements which should be covered if the fixed percentage method is used (if not part of an employment document/contract or another document). It has to be submitted for verification of staff cost expenditure to the relevant control body.
- In case of changes to the tasks and responsibilities of an employee, the task assignment document can be reviewed and amended (the percentage cannot change every month and should apply as a minimum for one full reporting period).

Project Information

Project name	<i>Please indicate</i>
Project acronym/ ID	<i>Please indicate</i>
Name of project partner	<i>Please indicate</i>
Name of employee	<i>Please indicate</i>
Applicable from	<i>Please indicate</i>
Version N°:	<i>Please indicate</i>

With this task assignment, I confirm that [Name employee] works on the above-mentioned project.

In case I am involved in other EU funded projects, I [Name employee] confirm that there is no double financing, as not more than 100% of my working time will be reported.

[Name employee] carries out the following tasks in the frame of the implementation of the project:

<ul style="list-style-type: none">- [specify task]- [specify task]- [...]

[Name employee] will dedicate [%] of his/her working time per month to carry out the tasks as described above.

[name of employer]

[name of employee]

Employer's signature

Employee's signature

Annex 2 - Potential description/instruction of the method for project partners

Intention of this paragraph is to offer further harmonisation among programmes. Too often projects are confused by individual wording/language applied in different programmes for the same thing. To avoid this and to ensure that Interreg is achieving a better understanding of rules, please feel free to use it.

For programme manual

Fixed percentage - Staff cost calculation for persons working part-time on the project

Main principles

The following rules have to be observed:

- To determine for each concerned staff member a fixed percentage of time to be worked on the project per month; in line with this fixed percentage the gross employment cost (incl. employer's contributions and other compulsory payments) will be calculated and reported.
- To fill the task assignment template from Annex XX for each concerned staff member (if the minimum requirements as in the Annex XX are not covered in the employment contract or another formal document).
- No separate or individual working time registration (i.e., 'timesheet') is needed.

Calculation example		
A	Total monthly salary costs (gross salary, incl. employer's contributions and other compulsory payments)	€3,000
B	Fixed percentage of time worked per month on the project	60%
C	Eligible staff costs (A*B)	€1,800

The following documents have to be provided to support the costs when reported:

- Employment contract or any other equivalent legal agreement that permits the identification of the employment relationship with the partner organisation.
- The filled and signed task assignment document. Or, in exceptional cases, a different document covering requirements as indicated in Annex XX (the fixed percentage of

time to be worked by the staff member on the project per month with a proportionate detailed description of the tasks).

- Document identifying the salary costs (gross salary and employer's social contributions and other compulsory payments) for the staff member, such as payslips or other accounting documents where the employment costs are clearly detectable.
- Proof of payment (e.g., extract from the reliable accounting system of the organisation).

Points of attention

- The task assignment document is crucial for the fixed percentage methodology. It is the basis to prove the plausibility of the time allocation:
 - It is issued for one staff member (not a group) per project.
 - It is usually issued at the beginning of the (reporting) period to which it applies.
 - It is signed by the employee and the employer/ a line manager/ supervisor.
 - It must contain the percentage of time dedicated to the project per month and a description of the project-related role, responsibilities and (monthly) tasks. The level of details for the tasks should be proportionate to the involvement. It is expected that for higher percentages of involvement, task descriptions are correspondingly detailed. While for little involvement a more general descriptions will be sufficient.
 - The time allocation (fixed percentage) and description of tasks could be reviewed on a regular basis (e.g., annual staff appraisal) and adjusted if needed (e.g., due to changes in tasks and responsibilities in the project). Should the percentage change, the respective amendments should be introduced to the task assignment document (if a separate document) or employment contract (if part of it).
- Applying the fixed percentage method for staff does not require to have a dedicated time recording system (i.e., 'timesheets) at the level of the individual staff member or the organisation. No additional periodic staff reports to verify staff costs should be asked and provided.