Common Mistakes in on-site check of EU funded projects

- **NOT FOLLOWING PROCUREMENT PROCEDURES – ALSO THE MOST SIGNIFICANT BUDGET IMPLICATIONS (!)**

One of the most common mistakes in on-site checks of EU funded projects is the failure to adhere to proper procurement procedures. This includes not following the regulations set forth by the European Union (CPR), national legislation and rules on public procurement and institutional procurement guidelines. Such mistakes can have significant financial implications, as they often result in sanctions or the reduction of grant funding. It is crucial for project managers to thoroughly understand and comply with the procurement rules to avoid these costly errors.

- **INELIGIBLE STAFF COSTS**

Another frequent mistake observed during on-site checks is the inclusion of ineligible staff costs in financial reports. EU funding programmes have specific guidelines regarding the types of staff costs that can be claimed, such as salaries, social security contributions, and other related expenses. Ineligible costs may include excessive salaries, bonuses, or benefits that are not directly related to the project's objectives or costs that are supposed to be funded by indirect costs/overheads. It is important for project managers to carefully review and verify the eligibility criteria for staff costs to ensure compliance with EU regulations.

- **SPENDING OVER USUAL UNIT MARKET PRICES (BREAKING THE RULE OF ECONOMY OF COSTS, OFTEN CONNECTED TO POINT 1:**

Breaking the principle of economy of costs is another common mistake observed during on-site checks of EU funded projects. This occurs when project beneficiaries spend more than the usual market prices for goods, services, or works without a valid justification. EU funding programmes emphasize the importance of obtaining value for money and ensuring that costs are reasonable and justified. When procurement procedures are not followed (as mentioned in point 1), it becomes more likely for beneficiaries to overspend, resulting in financial inefficiencies.

- **REPORTING COSTS NOT RELEVANT TO THE PROJECT, INELIGIBLE COSTS**

On-site checks often reveal instances where project beneficiaries report costs that are not relevant to the project or are ineligible according to EU funding programme guidelines. These costs may include expenses incurred for activities or goods that do not directly contribute to the project's objectives or fall outside the eligible scope. Reporting such costs not only raises concerns about the proper use of EU funds but can also lead to financial penalties or the rejection of reimbursement claims. It is essential for project managers to exercise strict control over cost reporting to avoid these mistakes.

- **ACCOUNTING MISTAKES**

Accounting mistakes can have a significant impact on the financial management of EU funded projects. These errors may involve inaccuracies in financial records, improper allocation of costs, or miscalculations in budgeting or reporting. On-site checks aim to identify and rectify such mistakes to ensure the accuracy and integrity of financial information. Implementing robust accounting practices, including regular reconciliations, internal audits, and meticulous record-keeping, can help prevent accounting mistakes and maintain financial transparency.

- **NOT FULFILLING INDICATORS, ACTIVITIES**

EU funded projects in all types of programmes (ESF+, ERDF, CF, Community programmes and others) typically have predetermined indicators and activities that need to be fulfilled as part of the project implementation. On-site checks may reveal instances where beneficiaries have not met these indicators or failed to carry out the planned activities. This could indicate a deviation from the project's original objectives or a lack of progress in achieving the desired outcomes. Failure to fulfil indicators and activities can have repercussions on the project's overall success and may impact future funding opportunities. Project managers must closely monitor progress and take corrective actions to ensure compliance with project requirements.

- **NOT INFORMING ABOUT SUBSTANTIAL CHANGES**

Project beneficiaries are required to inform the Managing Authority or Intermediate Body about any substantial changes that occur during the project implementation phase. These changes may include alterations to the project's objectives, activities, budget, or consortium composition. Failing to report such changes can lead to issues with project monitoring and evaluation, as well as potential non-compliance with EU or programme regulations. It is essential for project managers to maintain open communication channels with funding authorities and promptly notify them of any substantial changes to ensure transparency and adherence to programme guidelines. It is also important to inform the project officer about non-substantial changes as sometimes the line is quite blurred.

- **MISTAKES IN PUBLICITY**

Mistakes in publicity can also be a common issue observed during on-site checks of EU funded projects. EU funding programmes often require project beneficiaries to acknowledge the support received from the European Union and display appropriate logos or mention EU funding in their communication materials, websites, and public events. However, mistakes can occur when beneficiaries fail to comply with the specific guidelines and requirements for publicizing EU support. These mistakes may range from omitting or improperly displaying EU logos to misrepresenting the nature or extent of EU funding. It is crucial for project managers to carefully review the publicity guidelines and ensure accurate and compliant dissemination of information to maintain transparency and promote the EU's contribution to the project's success.