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BEEHIVE

Financial Management Progress Review

2nd Partner Meeting

Universitas Indonesia, Depok

17th July 2017



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PRESENTATION OUTLINE

- **General financing principles. Budget headings and ceilings. Modification to the budget**
- **Unit costs: definition**
- **Staff costs. Supporting documents**
- **Travel costs and costs of stay. Supporting documents**
- **Actual costs: definition, eligible and ineligible costs**
- **Equipment**
- **Subcontracting**
- **VAT, duties and charges**
- **Exchange rates**
- **Managing the grant at institutional level**



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GENERAL FINANCING PRINCIPLES

- Funding rule: amount of the grant is NOT equal to the total costs of the project
- The grant is a combination of unit costs and actual costs and calculated so as to require co-funding to implement the project
- Co-funding:
 - other expenses (e.g. overhead costs) or higher expenditure than unit cost values
 - not taken into account for the final calculation of the Grant
 - requested with final report for information purposes



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BUDGET CATEGORIES

BUDGET HEADING	ANNEX III OF BEEHIVE PROJECT	BUDGET CEILING	% in BEEHIVE
Staff costs	309 395,00 EUR	Max. 40% of the grant	39,03%
Travel costs	129 675,00 EUR	n/a	n/a
Costs of stay	146 940,00 EUR	n/a	n/a
Equipment	170 000,00 EUR	Max. 30% of the grant	21,45%
Subcontracting	36 500,00 EUR	Max. 10% of the grant	4,6%
Total:	792 510,00 EUR		



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MODIFICATION TO THE BUDGET

Possibility to adjust the estimated budget (Annex III):

- 1) Increase up to 10% (even above the ceilings for staff, equipment and subcontracting): no prior authorization
- 2) **Increase > 10%: Legal amendment is needed**

The ceilings (for staff, equipment and subcontracting) cannot be exceeded.



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STAFF COSTS

- Performing tasks necessary to achievement of the project
- Formal contractual relationship
- Calculation of the grant 3 variables: staff category, country in which staff member is employed, number of days worked
- Each unit cost corresponds to an amount in EUR per working day per staff
- Categories: Managers/Researchers, Teachers and trainers/Technical staff /Administrative staff
- Staff category: nature of work performed, not status of individual
- Unit cost: country in which staff is employed, independently of where tasks are executed



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STAFF COSTS: SUPPORTING DOCUMENTS

- **JOINT DECLARATION** for each person employed
- **TIME-SHEETS** (attached to each joint declaration), indicating number of days worked for corresponding month/year, description of tasks , outputs produced and related work package
- **FORMAL CONTRACTUAL RELATIONSHIP** (Employment Contract)
- **ANY EVIDENCE** allowing to verify that declared workloads correspond to actual activities/outputs (e.g. attendance lists for lectures given, tangible outputs / products, salary slips, etc.)



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TRAVEL COSTS AND COSTS OF STAY

Staff/students participating in activities related to the achievement of the project

Unit costs to apply 3 variables: (1) travel distance (for travel costs), (2) duration for costs of stay and (3) type of participant.

Who may benefit?

Staff: under contract with beneficiary institutions and involved in the project; travels intended for the activities listed in the Guidelines

Students: registered in one of the beneficiary institutions; targeted mainly at Partner Country students and intended for activities listed in the Guidelines.



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TRAVEL COSTS AND COSTS OF STAY: SUPPORTING DOCUMENTS

Justification for the following elements:

- Journeys actually took place
- Journeys connected to specific and identifiable project-related activities

Minimum supporting documents include:

- INDIVIDUAL TRAVEL REPORT
- Supporting documents (e.g. travel tickets, boarding passes, invoices, receipts, proof of attendance in meetings and/or events, agendas, tangible outputs/products, minutes of meetings)



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ACTUAL COSTS

Definition and types

Eligible actual costs:

- incurred during the eligibility period
- foreseen in the application/budget
- in connection with the action and necessary for project implementation
- identifiable, verifiable, recorded in accounting records of the beneficiary
- comply with requirements of applicable tax and national legislation
- reasonable, justified, complying with principle of sound financial management, in particular regarding economy and efficiency.



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ACTUAL COSTS

Ineligible actual costs are all costs that do not fulfill the eligibility requirements listed plus:

- equipment such as: furniture, motor vehicles, alarm systems
- costs linked to the purchase of real estate
- activities not carried out in the project beneficiaries' country (see Annex IV), unless prior authorization
- exchange losses
- in kind contribution
- excessive or reckless expenditure
- deductible VAT.



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EQUIPMENT

In BEEHIVE equipment purchase is subject to tendering procedures.

- Principles of transparency, equal treatment of potential contractors, avoiding conflicts of interests
- Criterion for selection of offer: **best value for money**
- Relevant to the objectives of the project foreseen in the application
- Purchased and installed at the beginning of the project
- Recorded in inventory of institution where it is installed
- Labelled with E+ stickers
- **Supporting documents:** (1) supplier's contract, invoice(s) and proof of payment; (2) tendering procedure and 3 quotations from different suppliers.



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SUBCONTRACTING

- **Definition:** implementation of specific tasks, by third party, to which a contract is awarded by one/several beneficiaries
- Specific, time-bound, project-related tasks which cannot be performed by the consortium members
- **Subcontracting envisaged in BEEHIVE:** procurement of external evaluator; external financial audit; web design and maintenance; BEEHIVE apps development; project promotional and advertising materials
- **Supporting documents:** (1) supplier's contract, invoice(s) and proof of payment; (2) 3 quotations from different suppliers; (3) tangible outputs/products.



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VAT, DUTIES AND CHARGES

VAT, duties and charges (e.g. customs & import duties) are ineligible!

Unless the institution can provide an official document from the competent authorities proving and stating that **the corresponding costs cannot be recovered**.



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EXCHANGE RATES

Transactions \neq EUR must be converted and reported in EUR in the Financial Statement of the final report

Which exchange rate should be applied?

- from start of eligibility period until date of receipt of second pre-financing: rate of month in which the coordinating institution received the first pre-financing
- from date of receipt of second pre-financing until end of eligibility period: rate of month in which the coordinating institution received the second pre-financing

Rate to apply: monthly rate established by the Commission: <http://ec.europa.eu/budget/inforeuro>



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MANAGING THE GRANT AT INSTITUTIONAL LEVEL

- Grant Agreement, Annex III -> Partnership Agreement, Annex IV Budget Breakdown
- Partnership Agreement, Article 7 Budgetary and financial management
- Partnership Agreement, Annex VIII Beneficiary-specific remuneration modalities and reimbursement procedures for travel and costs of stay
- Financial statements excel table
- Partnership Agreement, Annex VII: Report and claim schedule
- Partnership Agreement, Annex VI: Internal report and partner claim for payment forms
- Information on actual costs incurred and the amounts of co-financing.



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Thank you for your attention!

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