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# PROJECT MANAGEMENT PANEL

## FINANCIAL MANAGEMENT

5<sup>th</sup> Partner Meeting

Galway, Ireland

2<sup>nd</sup> October 2018



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## PRESENTATION OUTLINE

- Key financing principles applicable in the project
- Project reporting on consortium level
- Payment cycles
- Exchange rates and ineligible costs
- Internal reporting
- Staff costs
- Travel costs and costs of stay



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## KEY FINANCING PRINCIPLES

- The grant is a combination of unit costs and actual costs and calculated so as to require co-funding to implement the project
- Funding rule: amount of the grant is NOT equal to the total costs of the project
- Co-funding:
  - other expenses (e.g. overhead costs) or expenditure higher than unit cost values
  - costs not taken into account for the final calculation of the Grant, e.g. costs incurred without prior authorization
  - requested with final report for information purposes.



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## PROJECT REPORTING ON CONSORTIUM LEVEL

- Progress Report: halfway through the project lifetime; deadline 14.04.2018
- Progress Report approved
- Project implementation qualified as good
  
- Final Report: 2 months after the end of the eligibility period; deadline: 14.12.2019
- Technical report and financial statement
- Final Report to be approved in 2020.



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# FINANCIAL STATEMENT DOCUMENT AS OF 28.09.2018

| Budget Headings  | 1. Grant Awarded (in EUR) | 2. Budget Spent (in EUR) |
|--|---------------------------|--------------------------|
| 1. Staff Costs   | 309 395,00                | 89 906,00                |
| 2. Travel Costs  | 129 675,00                | 57 635,00                |
| 3. Costs of Stay   | 146 940,00                | 66 240,00                |
| 4. Equipment Costs   | 170 000,00                | 75 996,00                |
| 5. Subcontracting Costs                                      | 36 500,00                 | 12 876,60                |
| <b>A. Grant for Project Activities</b>                       | <b>792 510,00</b>         | <b>302 653,60</b>        |
| <b>B. Additional Grant for Special Mobility Strand</b>       | <b>0,00</b>               | <b>0,00</b>              |
| <b>Total Grant requested from the European Union (A + B)</b> | <b>792 510,00</b>         | <b>302 653,60</b>        |



## PAYMENT CYCLES

### 1. Advance payments from EACEA to VUM

- 1<sup>st</sup> pre-financing (50%) upon entry into force of the Grant Agreement: 23<sup>rd</sup> December 2016
- 2<sup>nd</sup> pre-financing (40%) when 70% of the 1<sup>st</sup> pre-financing is used: 1<sup>st</sup> August 2018
- Balance payment that is max. 10% EACEA payment or recovery 60 days following the written approval of the project's Final Report

2. Project partners' financial capacity to participate in the project (Grant Agreement and Mandates)

3. Advance payments from VUM to project partners (Partnership Agreements)



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## EXCHANGE RATES

Transactions made in currencies other than EUR must be converted and reported in EUR

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, e.g. Month 12, Year 2016
- 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, e.g. Month 8, Year 2018

Rate to apply: <http://ec.europa.eu/budget/inforeuro>



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## INELIGIBLE COSTS

**Ineligible 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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## INTERNAL REPORTING

- Report and claim schedule (due deadlines: 28.02.2019, 30.10.2019)
- Submission of internal reports and partner claims for payment
- Provision of complete supporting documentation for all costs claimed
- Information on actual costs incurred versus unit costs and the amounts of co-financing
- Identified issues with internal reporting: documents' content and formal requirements incomplete or missing documentation, lack of sufficient evidence supporting the facts stated, documents not signed by the authorized persons etc.



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## STAFF COSTS: SUPPORTING DOCUMENTS

- **JOINT DECLARATIONS** and **TIME-SHEETS**
- **FORMAL CONTRACTUAL RELATIONSHIP** (Employment Contract incl. a resume in English)
- **ADDITIONAL EVIDENCE** clearly proving that the declared workloads correspond to actual activities/outputs: agendas, attendance/participant lists, tangible outputs/ products, minutes of meetings, etc.
- **SALARY SLIPS COPIES** (as per Article II.19.1 of the Grant Agreement, all eligible costs claimed in the project should be verifiable. The proof of payment, e.g a salary slip is used to trace the payments).
- **PERSONAL DATA PROTECTION. DECLARATION OF CONSENT**



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## STAFF COSTS: RECURRING ISSUES IN REPORTING

- Work claimed under the wrong category
- 1 work day = 7.5 - 8 hours of continuous work depending on the applicable national legislation
- Lack of detailed, clear descriptions of the tasks completed in the time sheets
- Lack of reference to concrete evidence of the work completed in the time sheets
- Travel arrangements seem to take way too much time
- Internal meetings number and duration is often excessive, no evidence of these meetings is in place
- No staff costs are to be allocated for the days of travel.



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## TRAVEL COSTS AND COSTS OF STAY: SUPPORTING DOCUMENTS

- **INDIVIDUAL TRAVEL REPORT**
- **FORMAL CONTRACTUAL RELATIONSHIP** (Employment Contract incl. a resume in English)
- **ADDITIONAL EVIDENCE:** 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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Thank you for your attention!  
Questions?

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