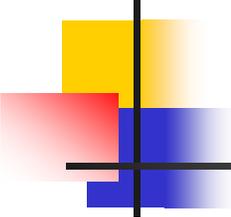


The POOLS Project

Financial- and Administrative Issues
Brussels 13 October 2005



Sources

- Contract between the Contractor and the Partner
- Administrative and Financial Handbook for Promoters and Contractors, version 2004/1

BUDGET

	P1 UK	P2 E F V E T	P3 DE	P4 DK	P5 BA	P6 ES	P7 LT	P8 NL	P9 RO	TOTAL
Staff Costs by Category										
Managers	3285	2435	1300	1400	1600	1302	1470	880	1200	14872
Researchers	0	0	0	0	0	0	13632	0	13760	27392
Teachers	47053	0	37500	53750	37050	37740	17860	38168	18050	287171
Technical	5016	4940	1000	1125	1320	880	1248	800	1050	17379
Admin	2773,5	0	580	455	305	423	455	530	555	6076,5
Total Staff Costs	58127,5	7375	40380	56730	40275	40345	34665	40378	34615	352890,5
Operational Costs by Category										
Travelling	14097	0	10200	14096	10200	10200	10200	10200	10200	184174
ICT	5498	0	3818	6366	3818	3818	9520	3818	9520	83850
Production	5012	0	0	2750	0	0	0	0	0	35572
Overheads	6219	580	4057	6013	4162	4092	4070	4067	4120	79125
Other	0	0	0	0	0	0	0	0	0	0
Total Operational Costs	30826	580	18075	29225	18180	18110	23790	18085	23840	180711
Subcontracting Costs	0	0	0	0	0	0	0	0	0	0
Total Project Costs	88953,5	7955	58455	85955	58455	58455	58455	58463	58455	533601,5

Cost Eligibility Criteria

- They MUST relate to **activities involving the Member States of the EU and/or the EEA and/or the associated countries participating officially in the programme** - any costs relating to activities undertaken outside of these participating countries are not eligible
- They must be **directly connected with execution of the project** in accordance with the work plan
- They must be **incurred by Partner organisations**
- They must be **actual costs** i.e. the actual costs incurred must correspond to payments made by the Partnership, supported by invoices or accounting documents of equivalent value

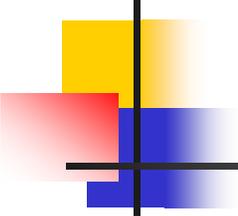
Staff Costs 1

- ⑩ Staff costs comprise any salary paid to persons **employed by a Partner organisation or working regularly or recurrently for the project**
- ⑩ This figure should **include** salary costs, which are paid under the staff budget - plus all the usual contributions paid by the employer, such as social security contributions, social fees, holiday payments and pension costs, but must **exclude** any bonuses, incentive payments or profit-sharing schemes.
- ⑩ This figure must **not include** costs relating to persons undertaking subcontracted tasks

Staff Costs 2

- Must be calculated on the basis of the **actual daily salary** of the individual employee multiplied by the number of days worked on the project, for which Contractors must be prepared to **provide evidence** relating to how the daily rates for staff were calculated (e.g. via copies of payslips or official / certified accounting documentation) in addition to copies of related documentation i.e. contracts & CV relating to those working for the project

Staff Costs vs Subcontracting Costs



	Staff Costs:	Subcontracting Costs:
Definition	Salaries (including all related costs) of persons employed permanently or working regularly or recurrently for the Contractor or for a Partner organisation. <u>These individuals are not allowed to operate in a subcontracting capacity for the project</u>	Costs paid to an external body or organisation carrying out a specific one-off task in connection with the project, which is also the subject of a subcontracting agreement. Please note that subcontracts can also be carried out by individual as long as they are not employed by a Contractor or a Partner organisation.

Travel Costs (1)

- Allowable travel costs will be the **real** travel costs.
- The Partnership is required to use the **cheapest means of travel**, and its members will thus have to make every effort to use Apex tickets for air travel and take advantage of reduced fares, where this is not the case then a full explanation should be provided
- Travel Costs should include **all costs for travel** (rail, bus, taxi, air) from the point of origin to the point of destination and should further include any related **travel insurance costs**

Travel Costs (2) Car Travel

- Expenses for car travel, where substantiated and where the price is not excessive, will be refunded as follows:
- Private vehicles: on the basis of the **corresponding rail or air fare** - the price of one ticket only will be reimbursed, even where several people are travelling in the same vehicle); evidence of the corresponding rail (or air) fare should be sought at the time of travel and documentation evidencing this (e.g. declaration of costs from a travel agent; on-line quote) should be readily available;
- Hire cars (max. category B or equivalent) or taxis: **the actual cost** where this is not excessive compared with other means of travel

Travel Costs (3)

- Any travel to or from places other than those where the members of the Partnership are located must be shown to be **relevant to the project**. Explanation should be provided detailing the event attended, the link to project activities and the added value of attending such an event
- It should be noted that costs for travel to or from countries outside the European Union, the European Economic Area and the associated countries participating officially in the programme are **ineligible**

Subsistence Costs (1)

- Subsistence Costs may be financed by the project, provided:
- They are **reasonable** in the light of local prices
- They are calculated in accordance with the **existing internal rules of the Contractor or Partner** organisations, which may be on an actual cost (reimbursement of receipts) or daily allowance basis
- Subsistence Costs may not, however, exceed the maximum daily rate for the country being visited as detailed within Annex I – Maximum Daily Subsistence Rates.

Max Daily Subsistence Rates

Countries participating in the Leonardo da Vinci programme	Maximum Daily Subsistence Rates (in Euro) – for the country being visited
Belgium	150
Denmark	179
Germany	127
Lithuania	126
Netherlands	148
Romania	185
Spain	141
United Kingdom	199

Subsistence Costs (3)

- Evidence of the applied payment system (documentation evidencing amounts reimbursed or evidence of payment of daily rates to an individual) **should be readily available**
- Daily Subsistence Rates include **accommodation costs, meal costs and all local travel costs**. In calculating the number of days for which to apply the Daily Subsistence Rate it should be noted that a **full** day normally includes an overnight stay

Example: Travel & Subsistence

Name: Ole Bech Kristensen, OTS		Dept:	12/10/2005	12:00
Kick-off Meeting in Brussels		Return	14/10/2005	12:00
TRAVEL	Price	Currency	Exc. Rate	EUR
Train Odense-Cph (return)	576,00	DKK	0,1342	77,32
Air ticket	1.372,00	DKK	0,1342	184,16
Taxi, Brussels	21,00	EUR	1,0000	21,00
Bus, Brussels	4,00	EUR	1,0000	4,00
TOTAL				286,48
SUBSISTENCE				
Hotel, Brussels	225,00	EUR	1,0000	225,00
Per diem	692,00	DKK	0,1342	92,89
TOTAL *)				317,89
TOTAL				604,36

) In this example the subsistence cost is EUR 317,89, which is EUR 17,89 more than allowed by the Maximum rate for Belgium, which is EUR 150 * 2 = EUR 300. The total travel and subsistence cost for this travel is **EUR 586,47*

Expenses Relating to Information and Communication Technologies

- ICT Costs will normally include **computer costs** such as connection time, subscription to internet service providers, renting of web-space, purchase/hire of hardware and/or software, purchase of consumables (disks, CD-ROM, toner cartridges) and **AV costs** such as purchase/hire of video projectors/beamers and audio or videoconferencing equipment, purchase of consumables (transparencies, cassettes, video cassettes), provided these costs are **directly relevant** to the project

Expenses Relating to Information and Communication Technologies

- **Give preference**, when purchasing or renting, to equipment manufactured or at least assembled in a Member State of the EU or the EEA or in one of the associated countries participating officially in the programme, where such equipment is available on the market

Expenses Relating to Information and Communication Technologies

- **Compare the prices** of different suppliers to see which offers the best value for money - taking account of price and quality

Expenses Relating to Information and Communication Technologies

- Charge against the project only the cost of equipment **purchased or rented during the eligibility period** (costs relating to equipment purchased prior to the start of the Agreement will not be accepted), at a rate which reflects the degree and duration of use within that period (i.e. if the equipment is used regularly within an organisation for many different tasks/activities then the Contractor or Partner organisation ought to be able to demonstrate how the **relevant usage for the project** (%) was calculated e.g. one day per week thus 20% or half of the time thus 50%);

Expenses Relating to Information and Communication Technologies

- Where equipment is purchased, the Contractor must apply a **maximum annual depreciation rate of 33.33%** for computer and audio-visual equipment worth less than € 10.000 and a **maximum annual depreciation rate of 20%** for equipment worth over € 10.000 (calculations should be based upon the final cost of individual items).
- *Note, where national legislation or an organisation's own rules demand a lower percentage for depreciation, then this must be observed.*

Expenses Relating to Information and Communication Technologies

Example:

- Final cost of equipment (purchased): € 1.000
- Assumed service life: 3 years (36 months) – *based upon a value of less than € 10.000*
- Permissible monthly depreciation would be $€ 1.000 / 36 = € 27.78$
- Duration of the Agreement: 01/10/2005 to 30/09/2007 (*i.e. 24 months*)
- Date of invoice: 01/03/2006
- Period of use for the project: Maximum of 19 months
- Supposing the equipment is used half time for the project, the rate of use will be 50%.
- The total amount payable for depreciation under the Leonardo da Vinci grant will then be: **$(€ 27.78 \times 19) \times 50\% = € 263.91$**

Expenses Relating to Information and Communication Technologies

- Any equipment purchased **should normally be itemised** in the Contractor or Partner organisation's inventory list and bear an inventory number
- Contractors must abide by the principles of **sound financial management** when deciding to rent, lease or purchase equipment and must be able to justify their choice.
- As regards subscription to internet service providers and internet connection time then these should only be charged where costs are '**individually identifiable**' and where support documentation is able to be provided.

Expenses Relating to Information and Communication Technologies

- As with hardware, connection time should be charged to the project at a rate which **reflects the degree and duration of use** (i.e. if the internet is used regularly within an organisation for many different tasks/activities then the Contractor or Partner organisation ought to be able to demonstrate how the relevant usage for the project (%) was calculated e.g. one day per week thus 20% or half of the time thus 50%).

Production Costs

- These are costs related to the production, by a member of the Partnership, of the **contractually agreed products/results** as stipulated in the project aims. This can include the printing of marketing/publicity materials and/or publications; the production of CD-ROM, the purchase of product-related consumables (reams of paper for printing of publications, blank CD-ROM, etc.) and even costs related to the production of a seminar or conference (where the seminar is a foreseen product/result and where task-related costs are easily identifiable). Production Costs should **not however include costs for human resources** or support.

Production Costs

- Under this heading, **costs can be included** where, **within the same organisation, inter-departmental charging exists**, e.g. charges relating to tasks/activities undertaken by a part of the organisation not specifically involved in the project. Where this is the case, evidence should be provided of an existing system for inter-departmental charging and under no circumstances should these charges exceed the market rates. The costs of human resources or support should not be charged to the project excepting where a 'unit charge' exists comprising a staffing element (e.g. a set 'unit cost' for the printing or copying of materials).

Overheads

- Overheads can include the following costs, provided they are **specific to the project**:
- Daily communications (fax, telephone, mail, etc.);
- Photocopying;
- Office materials / stationery / office consumables;
- Bank costs relating to the transfer of funds (this excludes account management costs).

Overheads

Note, however, that the following expenditure **will not be accepted in any event:**

- Expenditure on rent, heating, electricity, water or any other accommodation costs normally paid for by the Contractor or Partner organisations;
- Structural costs with no obvious link to the project;
- Office equipment or furniture.
- A maximum amount of not more than **7% of the total project costs** will be allowed as Overheads which will be provided for in full by the projects own funds or via local/national/regional contributions (to be specified during the contracting of the project). Community funds will provide 0% contribution under this heading.

Other Costs

- This heading allows for costs not falling into any other category of expenditure to be claimed under the Agreement, provided these costs are considered necessary to the proper performance of the tasks/activities as foreseen and contractually agreed.
- Costs under this heading must therefore meet the following criteria:
- They must not be covered by any other budget heading;
- They must be necessary to the proper performance of the project;
- They must not involve any fundamental change in the scope and content of the project;
- They must be eligible under the Agreement;
- They must be clearly identifiable.

Other Costs

- Costs under this heading can include:
- Press releases and advertisements (one-off costs)
- Purchase of copyrights and other Intellectual Property Rights (IPR)
- Hire of rooms (for information/testing sessions, seminars, conferences, etc.), although not within Contractor or Partner organisations own premises
- Purchase of information materials (books, studies, electronic data)
- Conference fees; meeting registration costs
- Travel and subsistence costs relating to beneficiaries (experts with no subcontract, pilot trainees, social Partners etc.)
- Rental of exhibition space

Other Costs

- Costs under this heading can include:
- Taxes connected with the publication of project materials e.g. CD-ROM
- Catering costs for a meeting or other event (where those being provided for are not members of the Contractor or Partner organisations)
- Certification costs
- Bank guarantee costs (only where a bank guarantee is specifically requested by the National Agency or the Commission and only in relation to the eligibility period as stated in the Agreement)
- Audit costs (as required by the programme and restricted only to those audits taking place during the eligibility period as stated in the Agreement)

Documentation of Costs

- They must be **original and dated**; documents from the Partners will of course be **copies**, the **original** being held by the Partner concerned;
- They must come from **third parties** and not have been produced internally, except in the cases mentioned specifically within this Administrative and Financial Handbook.

Documentation/Staff Costs

- Auditors may also request **evidence of how the daily rates for staff were calculated when submitting the original application** (e.g. via copies of payslips or access to internal accounting systems / documentation) and/or may request copies of contracts or CV relating to individuals named as being involved in the project.

MONTHLY TIMESHEET

Name of the Contractor:	MBO
Number of the project:	UK/05/B/F/LA 162-355
Title of the project:	POOLS
Name of the expert:	Ole Bech Kristensen
Partner organisation:	Odense Tekniske Skole

Number of already used days:	0
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Month:	OCTOBER
Year:	2005

Date	Activity	Place	Number of Days Fulfilled by Staff Category				
			11.	12.	13.	14.	15.
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13	Participation in Project Kick Off Meeting	Brussels	1				
14	Participation in Project Kick Off Meeting	Brussels	1				
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
TOTAL			2				

Staff categories: 11. Managers - 12. Researchers - 13. Teachers/trainers - 14. Technical - 15. Administrative

Documentation/Travel Costs

- Train travel: on the basis of **original tickets**
- Air travel: on the basis of **original tickets and boarding passes** (where travel tickets are not issued e.g. low cost carriers, e-ticketing, then evidence of payment should be provided along with any official travel itinerary)
- Travel in a private vehicle: on the basis of a **statement** from the rail company or airline confirming the train or air fare for the journey
- Hired vehicle: on the basis of the **invoice**
- Taxi journeys: on the basis of the **receipt**

Documentation/Subsistence

Costs

- Including accommodation, meals and local travel should be **evidenced in the form of details of the system being used this should demonstrate the internal rules of the Contractor or Partner** organisations (e.g. reimbursement of receipts versus daily allowance basis). Costs for subsistence must not exceed neither the daily rate per person applied by the Contractor or Partner organisation to which the person travelling belongs nor the maximum daily rate per person specified within Annex I (Maximum Daily Subsistence Rates) of this Administrative and Financial Handbook

Documentation/Computer and AV equipment

- **Invoices** relating to the purchase or hire/lease of software/hardware/audio-visual equipment must be made available during the audit.
- In the case of connection costs, software and other kinds of computer and audio-visual costs, only actual costs will be covered by the Leonardo da Vinci programme. This means that there must be a suitable system for identifying the costs arising from the use of the equipment and that the Contractor must as far as possible provide the corresponding **supporting documents**.
- **Evidence** must also be provided by the Contractor as regards the system/method of calculation being used for the identification of the relevant % use of computer and audio-visual equipment (including connection costs) by the project.
- Under no circumstances will costs relating to 'human resources or support' be considered under this heading.

Documentation/Production Costs (Only UK and DK)

- Only actual costs can be charged to the project for which all **invoices** (or equivalent documents relating to inter-departmental transfers) must be made available during the audit.
- Costs relating to 'human resources or support' cannot normally be considered under this heading

Documentation/Overheads

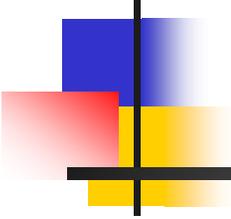
- Since Overheads are covered by an agreed maximum of 7% of the total contractually agreed budget (which is fixed at the time of contracting and which cannot change in the course of the project) **no supporting documents** need be produced

Documentation/Other Costs

- Only actual costs can be charged to the project for which all corresponding invoices must be made available during the audit.
- This heading must not contain expenditure which is eligible under any other expenditure category or heading - examples of expenditure submissable under this heading is further detailed within section III.2.7 of this Administrative and Financial Handbook

Documentation/Subcontracting Costs

- Where Contractors use the services of a subcontractor, they must be able to produce copies of all Agreements (or similar e.g. official quotations) as concluded with these subcontractors, plus copies of all invoices paid and any other supporting document connected with the subcontracting costs as detailed in the related project reports
- Copies of tender documentation must also be made available where sub-contracting is valued greater than € 10.000 per contracted organization or task



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