



FINANCIAL MANAGEMENT

Eligible and ineligible costs Documents needed Reporting

Vienna

20th May 2015



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ELIGIBLE COSTS – generally

- ✓ - *indicated in the estimated budget (Annex III),*
- ✓ - *incurred during the duration of the action. (Exception: costs of the request for payment of the balance),*
- ✓ - *necessary for the implementation of the action,*
- ✓ - *identifiable and verifiable,*
- ✓ - *comply with the requirements of applicable tax and social legislation,*
- ✓ - *reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.*



INELIGIBLE COSTS

- *return on capital,*
- *debt and debt service charges,*
- *provisions for losses or potential future liabilities*
- *interest owed,*
- *doubtful debts,*
- *exchange losses,*
- ***VAT, unless the beneficiary organization can prove that it is unable to recover it,***
- ***costs declared by the beneficiary and covered by another project or work programme receiving a European Union grant***



INELIGIBLE COSTS

- *excessive or reckless expenditure,*
- *purchase of capital assets - only depreciation is eligible,*
- *in the case of rental or leasing of equipment, the cost of any buy-out option at the end of the lease or rental period,*
- *costs associated with the preparation of the application for the National Authorities for Apprenticeships, including participation in Infodays,*
- *costs of opening and operating bank accounts;*
- *costs incurred by organisations which are not listed in the Grant agreement or in Annex X,*
- *contributions in kind.*

Costs which could be considered as eligible become ineligible if they are not supported by adequate supporting accounting documents.



DIRECT COSTS

A. Staff costs

B. Operational costs:

- ✓ *Travel costs*
- ✓ *Equipment*
- ✓ *Subcontracting*
- ✓ *Other*



DIRECT and INDIRECT COSTS

Expenditure												
Direct Costs										Indirect Costs	Total project expenditures	
Partner	Name	Country	A. Staff costs	B. Operations					Total Direct Costs (A+B)	Total project indirect costs (up to 7 %) rounded with ZERO decimals	Total	%
				1. Travel and subsistence for project staff	2. Equipment	3. Subcontracting (up to 30 %)	4. Other	B. Total operational costs				
PP 1	Ministry of Education, Science, Research and Sport of the Slovak Republic	SK	30 140,00 €	3 700,00 €	- €	- €	1 200,00 €	4 900,00 €	35 040,00 €	2 452,00 €	37 492,00 €	11,99%
PP 2	State Institute of VET	SK	48 190,00 €	1 700,00 €	- €	- €	1 000,00 €	2 700,00 €	50 890,00 €	3 562,30 €	54 452,30 €	17,41%
PP 3	Ministry of Finance and Economics Baden-Württemberg	DE	40 273,00 €	6 000,00 €	- €	7 000,00 €	800,00 €	13 800,00 €	54 073,00 €	3 785,11 €	57 858,11 €	18,50%
PP 4	Landesakademie für Fortbildung und Personalentwicklung	DE	42 820,00 €	6 600,00 €	- €	5 000,00 €	1 500,00 €	13 100,00 €	55 920,00 €	3 914,00 €	59 834,00 €	19,13%
PP 5	Wirtschaftskammer Österreich	AT	32 040,00 €	2 250,00 €	- €	- €	- €	2 250,00 €	34 290,00 €	2 400,00 €	36 690,00 €	11,73%
PP 6	German-Slovak Chamber of Industry and Commerce	SK	41 676,00 €	2 500,00 €	- €	- €	1 500,00 €	4 000,00 €	45 676,00 €	3 197,00 €	48 873,00 €	15,63%
PP 7	Bundesinstitut für Berufsbildung	DE	12 972,00 €	3 400,00 €	- €	- €	- €	3 400,00 €	16 372,00 €	1 146,00 €	17 518,00 €	5,60%
Total			248 111,00 €	26 150,00 €	- €	12 000,00 €	6 000,00 €	44 150,00 €	292 261,00 €	20 456,41 €	312 717,41 €	100,00%



DIRECT COSTS - STAFF COSTS

Costs relating to the following categories of staff are considered eligible:

- ✓ *statutory staff, having either a permanent or a temporary employment contract with the beneficiary,*
- ✓ *temporary staff, recruited through a specialised external Agency,*
- ✓ *other types of contracts as far as the national labour law assimilate them to staff.*

Learners/Trainees, volunteers and persons working through subcontracting are not considered as staff member.

Staff costs must be broken down into four categories:

1. *Manager*
2. *Researcher, Teacher, Trainer*
3. *Technician*
4. *Administrative*



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DIRECT COSTS - STAFF COSTS:

gross salary+ social security + other statutory costs (no bonus included)

i.e.: gross salary (respecting the rules the chapter 2.3.1)
working days

X number of days spent on the project

These costs must be in line with the beneficiary usual policy of remuneration.

Staff costs should be claimed on the basis of the actual daily salary of the employee/interim staff multiplied by the number of days spent on the project.



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						Staff cost by category													
						Manager			Teacher/Trainer/Researcher			Technician			Administrative				
Partner	Name	Country	AFE	Name	Country	Overall total number of working days	Overall total staff costs	Number of working days on project	Cost per day	Total staff cost by category	Number of working days on project	Cost per day	Total staff cost by category	Number of working days on project	Cost per day	Total staff cost by category	Number of working days on project	Cost per day	Total staff cost by category
Affiliated entitles						1 266,00	248 111,00	421,00	-	125 812,00	739,00	-	104 647,00	0,00	-	0,00	106,00	-	17 652,00
PP 1	Ministry of Education, Science, Research and Sport of the Slovak Republic	SK				248,00	30 140,00	218,00	130,00	28 340,00		92,00	0,00			0,00	30,00	60,00	1 800,00
PP 2	State Institute of VET	SK				533,00	48 190,00	11,00	122,00	1 342,00	494,00		45 448,00			0,00	28,00	50,00	1 400,00
PP 3	Ministry of Finance and Economics Baden-Württemberg	DE				95,00	40 273,00	78,00	442,00	34 476,00			0,00			0,00	17,00	341,00	5 797,00
PP 4	Landesakademie für Fortbildung und Personalentwicklung	DE				96,00	42 820,00	61,00	472,00	28 792,00	23,00	432,00	9 936,00			0,00	12,00	341,00	4 092,00
PP 5	Wirtschaftskammer Österreich	AT				91,00	32 040,00	3,00	450,00	1 350,00	82,00	360,00	29 520,00			0,00	6,00	195,00	1 170,00
PP 6	German-Slovak Chamber of Industry and Commerce	SK				161,00	41 676,00	44,00	660,00	29 040,00	117,00	108,00	12 836,00			0,00			0,00
PP 7	Bundesinstitut für Berufsbildung	DE				42,00	12 972,00	6,00	412,00	2 472,00	23,00	309,00	7 107,00			0,00	13,00	261,00	3 393,00



Monthly Time Sheet

Year:

Project n°	
Name of the Project	
Partner institution's name and n°	
Name of the staff member	
Function	

Date (ddmmy) *	Work Package n°	Activities related to the project	Number of hours or days dedicated to the project
Number of days spent on the project			
Date	Signature of member of staff	Signature of the responsible of the organisation	

*: Working days ONLY - No week-end, holidays, sick leave or overtime hours can be charged

Mr X	A			Exchange rate	A	B	A/B = C	D	C x D	
	Gross Salary	Employer Costs	Total Costs		Total in EUR	Total working days	Daily rate	Project Days	Project Costs	Wp Activity
January	2 000,00	500,00	2 500,00			20	125,00	2	250,00	
February	2 000,00	500,00	2 500,00			20	125,00	3	375,00	
March	2 000,00	500,00	2 500,00			20	125,00	1	125,00	
April	2 000,00	500,00	2 500,00			20	125,00	4	500,00	
May	2 000,00	500,00	2 500,00			20	125,00	2	250,00	
June	2 000,00	500,00	2 500,00			20	125,00	3	375,00	
July	2 000,00	500,00	2 500,00			20	125,00	1	125,00	
August	2 000,00	500,00	2 500,00			20	125,00	7	875,00	
September	2 000,00	500,00	2 500,00			20	125,00	3	375,00	
October	2 000,00	500,00	2 500,00			20	125,00	5	625,00	
November	2 000,00	500,00	2 500,00			20	125,00	2	250,00	
December	2 000,00	500,00	2 500,00			20	125,00	5	625,00	
TOTAL			20 000,00			240	125,00	38	4 750	

Should correspond to payslips or other official supporting documents

Obtained in dividing The yearly earnings with the number of annual working days or in dividing the monthly earning by the number of monthly working days.

Supporting document can be monthly

Supporting document can also be yearly

Should correspond to the timesheets specific for the Project

Manager	Days	Daily rate	Costs
Mr X	38	125	4 750
Ms Y	50	100	5 000
Mr Z	20	150	3 000
TOTAL	108	118,06	12 750

As reported in the financial report

If the Total Working Days is not +-220 per year (full time employee) you are requested to provide an signed declaration by your accountant where the number of total working days worked for all activities combined is attested (including this project participation) for the year/month in question as well as the relevant contract/agreement/statute that justify this.

DIRECT COSTS – TRAVEL AND SUBSISTENCE COSTS

- ✓ *Travel and subsistence costs for staff should be reimbursed according to the organisation's usual practices,*
- ✓ *Travel costs. For journeys directly connected to specific and clearly identifiable project-related activities. From the point of origin to the destination (and vice versa),*
- ✓ *Reimbursement is based on real costs,*
- ✓ *Subsistence costs cover accommodation, meals, local travels.*

Travel costs for non-staff members should be reported under subcontracting costs for persons acting as subcontractor, and under other costs for people involved in the project who are not part of the organization.



DIRECT COSTS - SUBCONTRACTING

Sub-contracting must satisfy the following conditions:

- *the management and the general administration of the project may not be subcontracted,*
- *the essential activities of the project may not be subcontracted,*
- *it may only cover the implementation of a limited part of the action such as logistical tasks,*
- *it must be justified having regard to the nature of the action and what is necessary for its implementation,*
- *it must be clearly stated in the proposal or prior written authorisation from the Agency should be requested*

Please note:

- *NO conflict of interests,*
- *NO staff recruited by the organisation,*
- *NO essential activities,*
- *Written in the accepted proposal.*



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DIRECT COSTS

OTHER COSTS

Costs not covered by the other cost category.

They are:

- ✓ *Necessary for the performance of the project,*
- ✓ *Reasonable in amount,*
- ✓ *Fully documented and clearly itemised in the application,*
- ✓ *Not indicated under another heading or item of expenditures.*



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Examples of other costs

- ✓ costs incurred in producing, translating and publishing documents, when those activities are performed by the beneficiary organisation,
- ✓ costs to cover the Report of Factual Findings on the Final Financial Report, required by the Grant agreement (see part 2.5 of this Handbook),
- ✓ the organisation of seminars such as rent of rooms, catering services, the production of proceedings of a seminar (posters, badges, banners, programmes...), interpretation, local transport, the purchase of product-related consumables however, if the costs incurred for conferences and seminars are made under a subcontracting agreement, they should be included under subcontracting costs,
- ✓ travel and subsistence costs reimbursed to third parties (i.e. for the costs of people who are neither staff of the beneficiary organisation nor subcontractors).



INDIRECT COSTS

Indirect costs is a flat rate set to a maximum of 7%.

- *This percentage may not be modified and may not be subject to amendment.*
- *The corresponding costs need not to be justified by accounting documents.*

Examples of indirect costs:

- ✓ *All costs for equipment related to the administration of the project (e.g. PCs, portables, etc.)*
- ✓ *Communication costs (e.g. postage, fax, telephone, internet access, mailing, etc.)*
- ✓ *Infrastructure costs (e.g. rent electricity, etc.)*
- ✓ *Office supplies.*



AMENDMENT TO THE BUDGET

- *Budget transfers between budget categories are limited to 10 % of the amount of each budget category (between **Heading A**: staff costs and **Heading B**: operational costs including travel and subsistence; equipment; subcontracting; conferences, seminars; others) for which the transfer is intended. Higher transfers need an amendment request .*
- *ONLY if justified and as consequence of change(s) in the activity plan.*



Reporting

**Interim report (interim technical report)
Interim financial statement**

Deadline: 31.10. 2015

Documents from the partners: 30.09. 2015

Final report

Final financial report accompanied by the Report of Factual Findings on the Final Financial Report (made by an independent auditor!)

The auditor's Report of Factual Findings to be issued on the auditor's



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Please send to the coordinator before 15 June 2015:

Cost of your organization incurred till 31 May breakdown in:

- Staff costs
- Travel and subsistence for the project staff
- Subcontracting
- Indirect costs

And Supporting documents



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SUPPORTING DOCUMENTS

Staff costs: employment contract (or equivalent appointing act), salary payslips, time sheets, proof of payment, detailed calculations supporting the daily costs ,

Travel: plane/train ticket, boarding pass, invoice from the travel agency, proof of payment,

Subsistence costs: internal rules pre-existing to the project, method of calculation, attendance list of participants, hotel/accommodation invoices, proof of payment,

Subcontracting costs: procurement contract, invoices, proof of payment.

Other costs: invoices

N.B: Internal and non-official documents (i.e. self-declaration) are not acceptable as justifying documents.



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More information:

Project handbook and template of Reports:

https://eacea.ec.europa.eu/sites/eacea-site/files/e_national_authorities_for_apprenticeships-handbook-2014_170215_en.pdf

Guidelines to Report of Factual Findings:

https://eacea.ec.europa.eu/sites/eacea-site/files/annex_iii_guidance_notes_audit_type_i_03-2014_en.pdf



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Thank you for your attention!

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