



FINANCIAL MANAGEMENT OF A LEONARDO DA VINCI PROJECT

Turin 17th November 2006



Critical moments for defining and managing the budget

- Defining the estimated budget
(proposal phase)
- Possible revision of initial budget
- Interim and final financial report
- Possible *on-going* revision
(budget changes)



The main reference tool for defining and
managing a
Leonardo da Vinci project
is the
**ADMINISTRATIVE AND FINANCIAL
HANDBOOK**
Version 2006



Eligible Costs

- **Staff costs**
 - Managers
 - Researchers
 - Teachers and Trainers
 - Technical Staff
 - Administrative Staff
- **Operating costs**
 - Travel and subsistence costs
 - ICT costs (*15% of total budget*)
 - Production costs
 - Overheads (*7% of the total eligible direct costs of the project*)
 - Other costs
- **Subcontracting costs (*30% of total budget*)**
 - Translations



Kind of costs

- Headings not subject to detailed accounting
(to be evidenced on request)
 - ✓ *Staff costs*
 - ✓ *Overheads*

- Headings subject to detailed accounting
(to be justified with supporting documents)
 - ✓ *Operational costs (excluding overheads)*
 - ✓ *Subcontracting costs*



Headings not subject to detailed accounting

- The amount is defined upon project approval and cannot be changed
- Staff costs are reimbursed after the positive assessment of:
 - ✓ *Declaration of expenditure*
 - ✓ *Achievement of project's aims/results*
 - ✓ *Quality of final product*



Headings subject to detailed accounting

Expenses are considered eligible according to:

- Progress of the project
- Supporting documents (receipts/invoices)
- Conformity to Administrative and Financial Handbook rules



Staff Costs (1)

“comprise any salary and/or remuneration paid to **persons employed by a partner organisation or working regularly or recurrently for the project**. This figure should include salary costs (for salaried and other personnel) which is paid under the personnel budget (for normal accountancy purposes) 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.”

This figure must not include costs relating to persons undertaking subcontracted tasks.

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Staff Costs (2)

The contractor will have to collect:

- evidence relating to how the daily rates for staff were calculated (each partner must give written explanation of the method of calculation used for costs charged against the project, which should be based upon existing documents and be able to be evidenced)

These documents must be used for filling in Staff costs table in the Final Report, but must not be enclosed to the report

They might be checked during an Audit



Operating Costs

- Travel and Subsistence Costs
- Costs referring to Information and Communication Technologies (ICT)
- Production Costs
- Overheads
- Other Costs



Travel and Subsistence Costs

- Journeys directly linked to the project and only for partner staff

- Subsistence costs must not exceed maximum daily subsistence rates per country defined in the Administrative and Financial Handbook - Annex I

- Note:*
- 1) *Evidence of the applied payment system*
 - 2) *Common lunch or dinner provided by the host organisation*
 - 3) *Local travel cost*



ICT Costs

- Connection time, subscription to internet service providers, CPU time
- Purchase/hire of hardware and/or software
- Purchase of consumables (disks, CD-ROM, toner cartridges, transparencies, cassettes, video cassettes)
- Audio-visual costs such as purchase/hire of video projectors/beamers and audio or videoconferencing equipment

Only the cost of equipment purchased
during the contract period

If purchased: application of annual depreciation rate



Production Costs

- Relating to project products
- Relating to project activities
- Production met by one of the Partnership members



Production Costs - examples

- Toner for printers/photocopiers
- CD-Rom - recordable
- Paper
- Preparing promotional products and materials for the project (brochures, invitations, etc.)

Note: costs of human resources should not be charged



Overheads

- Communications (telephone, mail)
- Photocopying;
- Office materials / stationery / office consumables
- Bank costs relating to the transfer of funds (this excludes account management costs)

met by one of the Partnership members and directly
linked to the project



Other Costs

- Not covered under any other budget heading
- Necessary to project activities
- Clearly identifiable and eligible



Other Costs – examples

- press releases and advertisements (one-off costs)
- purchase of copyrights and any other Intellectual Property Rights
- hire of rooms
- purchase of information materials (books, studies, electronic data)
- conference fees; meeting registration costs
- travel and subsistence costs relating to “beneficiaries” (experts with no subcontract, participants to pilot activities, social partners, etc.)
- rental of exhibition space
- taxes connected with the publication of project materials e.g. CD-ROM
- catering costs for a meeting or other event (external people)
- certification costs for the final accounting (According with AFM)
- bank guarantee costs (when requested by NA or the Commission)
- audit costs (when the audit takes place during the eligibility period)

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Subcontracting Costs

“Any amount paid to an **external body or organisation** [or individuals who may be self-employed] carrying out a **specific one-off task** in connection with the project (e.g. translation, expert consultancy, interpretation, design & printing, conference/seminar organisation)”

Note: subcontracting agreements must include some basic informations

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Interim and Final financial reports

Take stock of activities carried out
and expenses met



Interim Report

- By month 14th, and based on the first 12 months of project activities
- The payment of the second pre-financing depends on the assessment of the Report
- The amount of the pre-financing depends on the progress of the activities carried out and on the level of the expenditures



Final Report

- By month 26th
- The payment of the balance depends on the assessment of the Report
- Internal and external evaluation
- Possible rates:

0 - 2

3 - 4

5 - 10



How to account? (1)

- Identify an administrative contact person for each partner
- Set up an analytical accounting system
- Read carefully the Handbook and the Vademecum on the eligibility of expenditure
- For any doubt contact the promoter



How to account? (2)

- Monitor project progress and expenditure (% of expenses of the 1st allotment)
- Regularly collect all necessary supporting documents
- Regularly transmit documents to promoting organisation (translate agreements/invoices when they are not in English/French/German/Spanish)



Budget changes

They can be approved when referring to:

- **Changes between headings**
- **Changes between partner budgets**

The main reference tool for introducing changes to the project is the

“Contract Amendment Request Form”

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Amendment of the budget

- The total cost must remain unchanged
- Changes in headings or between partners must be justified and must not change the project nature and objectives
- Headings not subject to detailed accounting must not be changed



Changes to the approved budget

- Changes up to 10% and 5000 Euros do not imply the contract's amendment
- Major changes imply the contract's amendment



PROJECT I/06/B/F/PP-154069

Innovative Learning and Training on Fracture - ILTOF

- Contractor: **POLITECNICO DI TORINO**
- months project: 24 months
- Expenses eligibility: 01/10/2006 – 30/09/2008
- Total budget: 480.000 €
- LdV contribution: 333.643 €

Deadlines

National Agency – POLITECNICO DI TORINO

- Submission of partnership contracts: 31/12/2006
- Interim Report: *1st period submission within the 30/11/2007*
- Final report: *total period submission within the 30/11/2008*