



EM TRAININGS



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Financial Checklist and Budget (spending) Monitoring

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Europa Media and Geonardo

Get Finances right! - Session I
15 November 2022 / 11:00 – 13:00 CET
Live Webinar

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Welcome!

- 11:00– 12:30 | Presentation
- 12:30 – 13:00 | Q&A session



SPEAKERS

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1

IDENTIFY

We help you identify the biggest challenges in your organization.

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2

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3

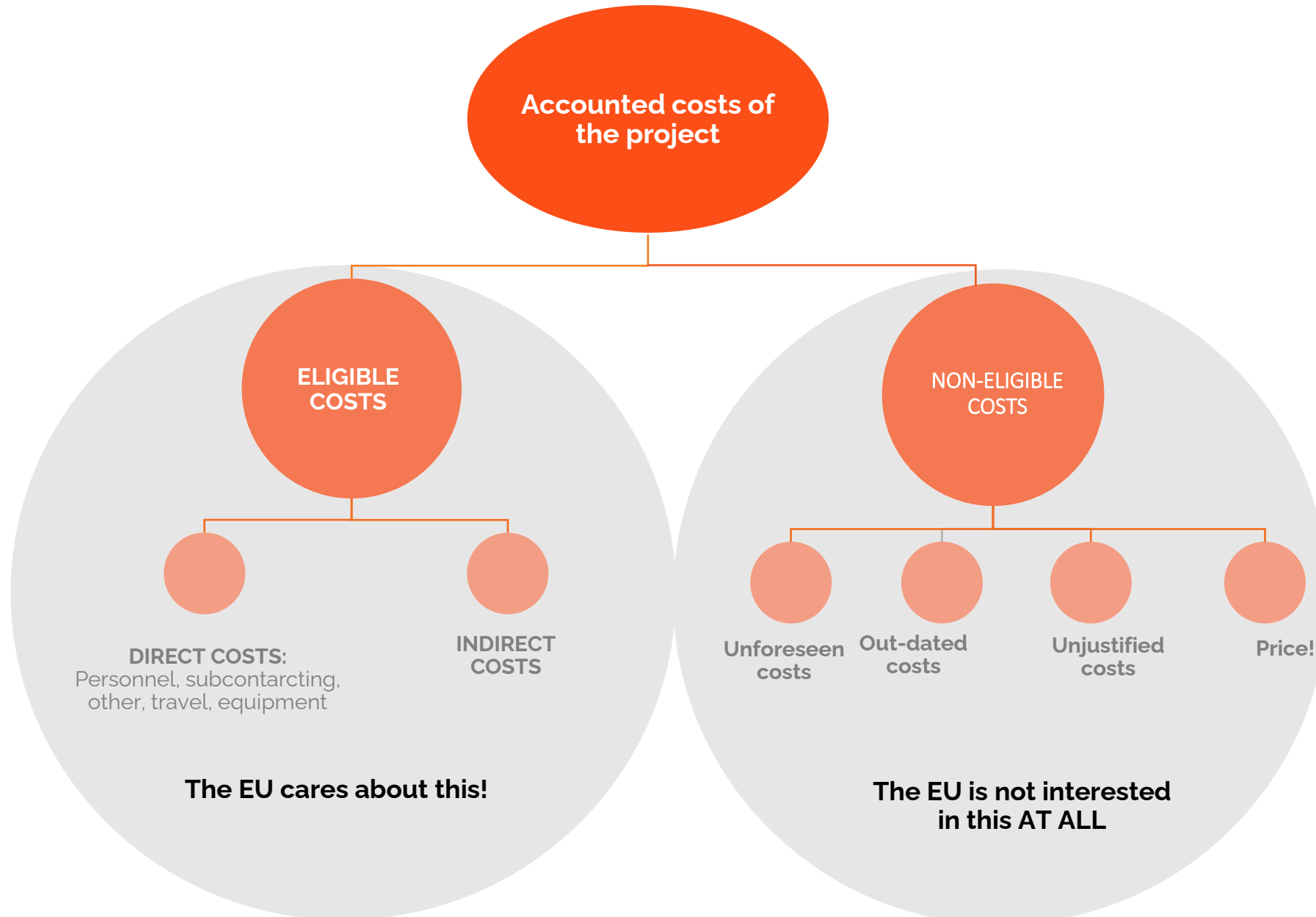
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Budget monitoring vs spending monitoring

Project costs vs. Eligible costs



Key facts

- **Budget is an estimation** (see H2020 GA Art.4.1, HE GA Art.5.4): you need to try to foresee all costs.
- **Financial Report** can consist of only actual (or unit-based) costs incurred when implementing the project.
- Budgeting and Reporting **will never be exactly the same**: it would actually be quite suspicious...
- However, they should not differ too much. But **how much is too much?**



Why?

- Inflation – „**we cannot fit the budget**”
- **Safe spending** normally results in underspending
- **People** leaving and coming
- „**Guessing**” should be avoided
- How do you handle **lump sum projects**?
- What is in-kind contribution?



Preparation and planning

How do you prepare?

(as an organisation)

Proposal writing phase:

- Internal procedures
- Budgetary numbers – justification of costs
- CFS needed?
- Is this your first EU grant? HE project?
- Which HE rules prevail national rules?
 - Overhead
 - IAS, IFRS
 - Timesheets
- Setting up internal collaboration



How do you prepare?

(as a project)

Proposal writing phase:

- Detailed budget
- Justification of costs with a timeline

Project management phase:

- Setting up internal collaboration – flag issues
- Internal financial reporting
- Decision-making rules on budgetary changes



Templates and mistakes

Setting up the system

Project management & coordination

- Introducing the system at the kick-off
- Internal communication
- Internal monitoring
- Tools & templates for effective management & communication
- Consortium Agreement already setting some guidelines on: internal reporting, governing bodies, decision making rules, ownership of results...

- ⚙ **Internal technical report HE**
- ⚙ **Internal financial report HE**
- ⚙ **Dissemination report table HE**



Project Management Platforms

To use or not to use?



- No copy-paste from different sheets, online system
- Comparisons & calculations made automatically
- Automatic deadline warnings
- Notifications on admin tasks programmed & sent automatically



- Expensive & might not save time for partners
- Different versions, overcomplication
- Seen as administrative burden
- Always need to check carefully data, bugs & mistakes if any

Internal Financial reporting

Partner No	1			
Partner Name	0			
A. Direct personnel costs (in Euro)				
	X Periodic Financial Report (START DATE - END DATE)			*PLEASE FILL in EUR
	A1. Employees *	A4. SME Owners without salary	TOTAL	
WP1			0,00	
WP2			0,00	
WP3			0,00	
WP4			0,00	
WP5			0,00	
WP6			0,00	
WP7			0,00	
WP8			0,00	
WP9			0,00	
TOTAL	0,00	0,00	0,00	

Budget monitoring

Beneficiary	Type of expenditure	Total Planned							Total Reported (M1-MX)	Remaining	% spent	1st payment	payments date	2nd payment	payment date	3rd payment	payment date
			M1-M9	M1-M18	M19-M27	M19-M36	M37-M42	M37-M48									
P2 EM	Total person month	46,5	0	0	0	0	0	0	0	46,5	0%						
	Personnel costs	260 399,40 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	260 399,40	0%						
	Subcontracting	2 500,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	2 500,00	0%						
	Travel	5 600,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	5 600,00	0%						
	Equipment	11 000,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	11 000,00	0%						
	Other goods and services	37 500,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	37 500,00	0%						
	Total purchase costs	54 100,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	54 100,00	0%						
	Total direct costs	316 999,40 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	316 999,40	0%						
	Indirect costs 25%	78 624,85 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	78 624,85	0%						
	Total direct+indirect costs	395 624,25 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	395 624,25	0%						
	Total Requested EC contribution	395 624,25 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	395 624,25	0%						

Mistakes you see in internal reports

- Partner's real personnel costs are not even close to planned budget PM rate
- Partner overspends personnel costs, but underspends the person months
- Partner „using 6 PMs in the first 6 months of project duration”
- There are unjustified expenses
- Overhead costs are reported as direct costs
- Forgotten tasks, cost items



Reporting and Monitoring

Typical EC requests – when the EC sees and wants additional justification

- Beneficiary No 3 for WP2, **more PM than foreseen have been reported**, please explain the reason for the deviation.
- Beneficiary No 9..... Has an average **monthly salary** of approx. 8.500 EUR foreseen. In the first reporting period, they are claiming personnel cost of approx. 12.200 EUR per month. Since this is a **high deviation, please explain** the reason. Moreover it is declaring the total number of PM for all WPs of period 1. Please provide further explanation.
- Other direct costs: Line EUR 644.70 – includes EUR 254.95 for Business breakfast in Kingston on 27/04/2017 – this **cost is related to an event occurred in RP1**. Please check if this amount has not already been claimed and paid in RP1. If not, please take it away from RP2 and claim it as an Adj RP1.
- For WPs 4 and 9, the **PMs foreseen are already overused**. Please clarify if the work of Beneficiary 3 in these two WPs is done or if there is still work foreseen in the next reporting period.
- Beneficiary No 4, **WP8 only starts in M25, but already 6,8 PM are requested**, please clarify.
- Beneficiary No, is requesting **unit cost for SME owner** or natural person cost. These costs should have been foreseen in Annex2. Please confirm that this is not a typo and submit a filled in Annex 2a.



Basic monitoring

Internal:

CFS work

External:

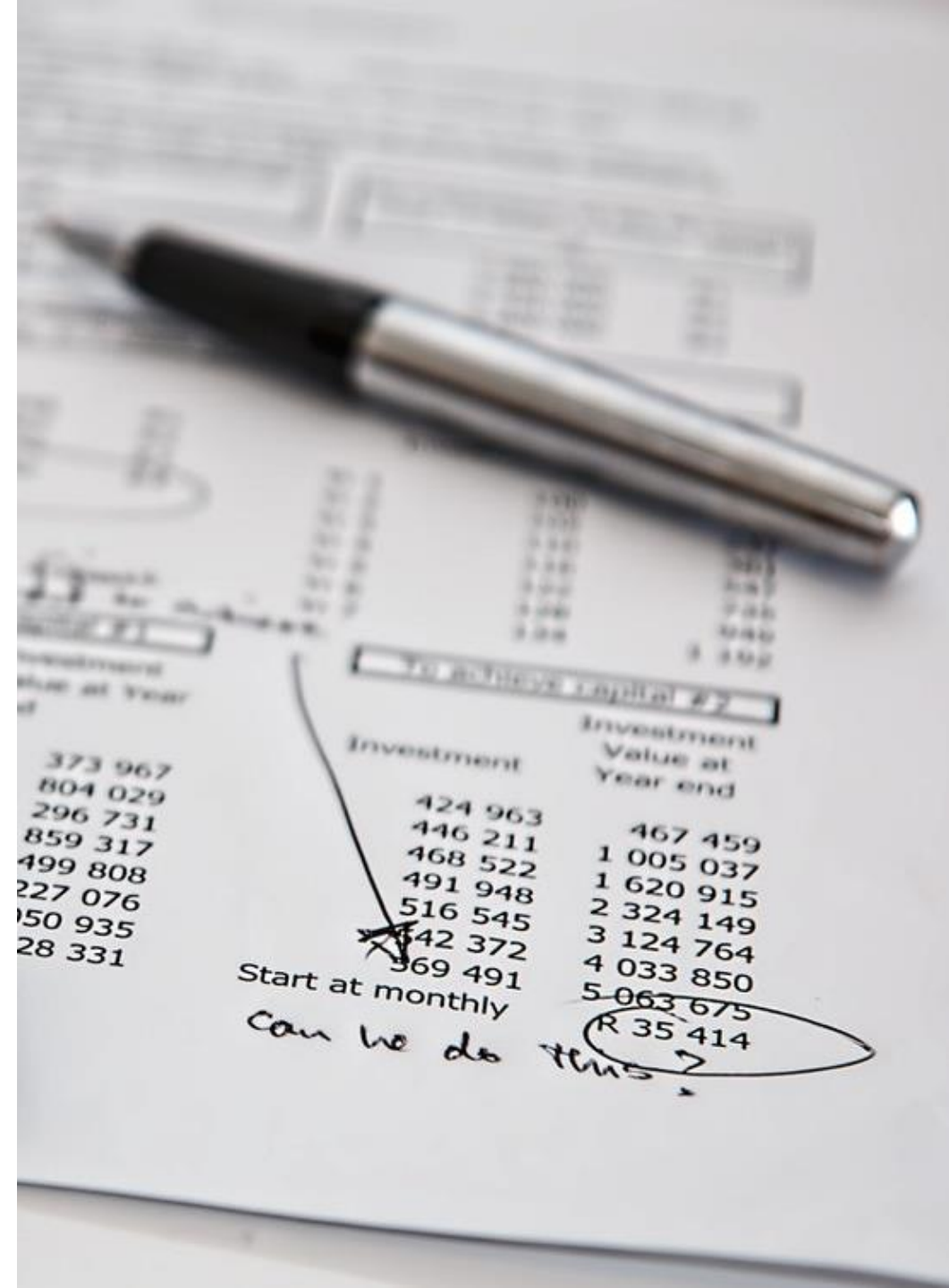
External audit from the EC



Planning your project budget

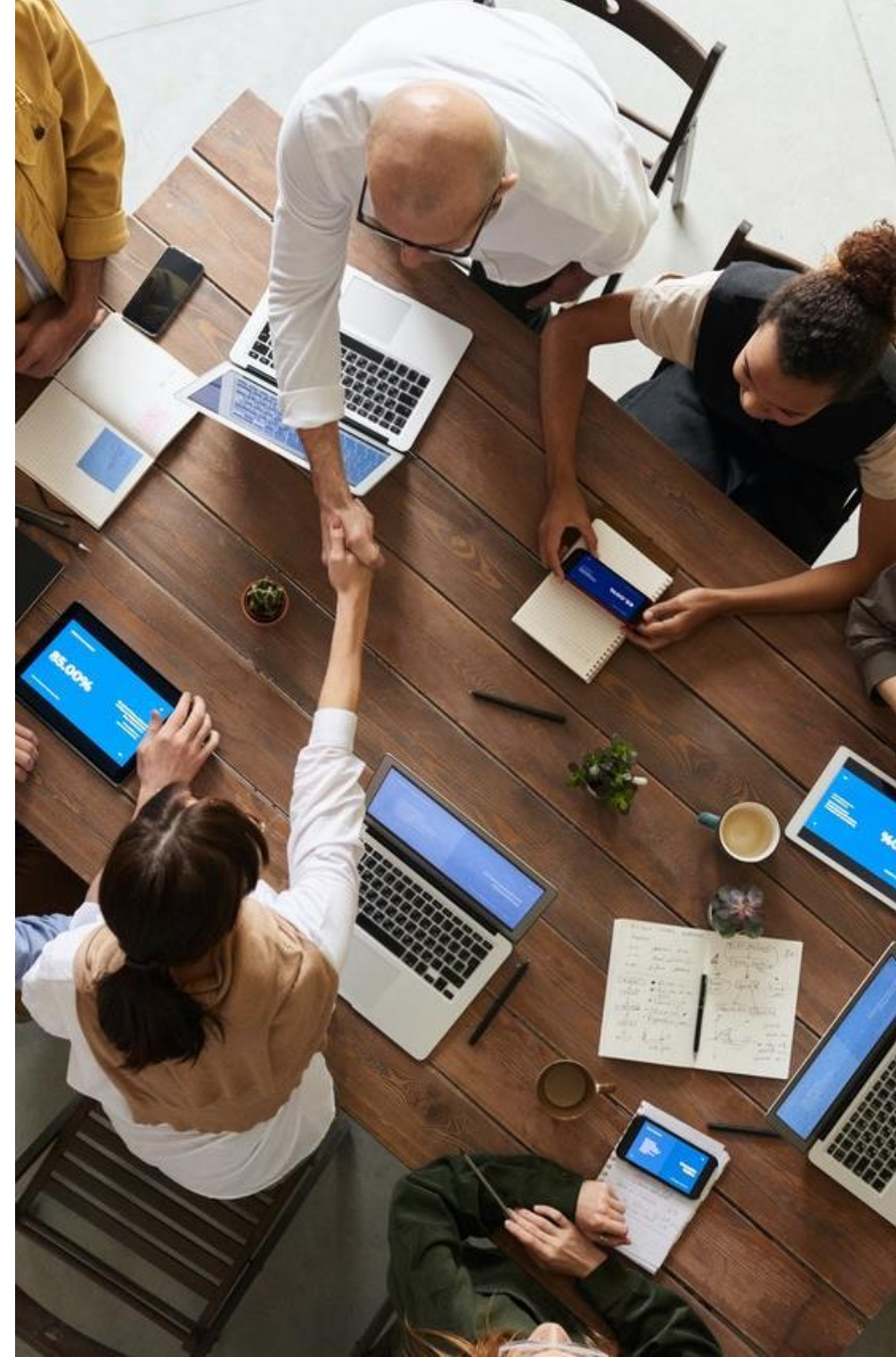
Budgeting at the proposal phase

- The budget is important primarily for you
- The more detailed your estimation is, the easier project implementation will be
- Limited overestimation is suggested (5%)
- Evaluators' perspective on the budget: secondary importance
- Modifications and reallocations are possible during project implementation



Budget Preparation Process

- Overseen by the **Coordinator**
- **Bottom up** vs. **top-down** approach
- **Asking for initial data**
 - Average monthly salary (per category); number of person-months needed to conclude the planned work in work packages
 - Other financial data or admin/legal data
- **Draft version**
- **Revision**
- **Balancing** (by the Coordinator)
- **Final version**



Direct Cost Categories

- **Personnel costs (A)**
 - as actual costs
 - as unit costs
- **Subcontracting (B)**
 - as actual costs only!
- **Purchase costs (C)**
 - Travel costs – as actual costs only! (C1)
 - Equipment and infrastructure costs- as actual costs only! (C2)
 - Other goods and services – as actual costs only! (C3)
- **Other costs (D)**
 - Financial support to Third Parties (FSTP) (D1)
 - Internally invoiced goods and services (D2)
 - Transnational access cost to Research Infrastructure (D3)
 - Virtual access cost to Research Infrastructure (D4)
 - PCP/PPI (D5)
 - Euratom Cofund staff mobility costs (D6)
 - ERC Additional funding (D7)
 - ERC Additional funding – SC, FSTP, IIGS (D8)



Table 3.1f: Summary of staff effort

Participant no./ short name	WP1	WP2	WP3	WP4	WP5	WP6	WP7	Total PMs per Part.
1 /GEO	15	4	7,5	10	6	6	7,5	56
2/ IUNG	1,5	8	6,5	2,5	6	6	3,5	34
3/ G!E	1,5	0,5	3	3	2,5	1	14	25,5
4 /CIRCE	1,5	1,5	0	2	23	2,5	2	32,5
5/ CSCP	1,5	1,5	24	2	6	6,5	3	44,5
6 /CLuBE	1	4	11	2,5	6	6,5	3,5	34,5
7/ RISE	1	0	0	3	13	3	1,5	21,5
8/ IOF	1	4	7,5	2,5	6	6	3	30
9/ ULS	1,5	4	7,5	2,5	6	16	3,5	41
10/ WR	1,5	1,5	0	2	23	2,5	2	32,5
11/ AECG	1	4	7,5	7,5	6	6	3	35
12/ WWF	1	4	5,5	2,5	6	5	5,5	29,5
13/ LUKE	1	1,5	0	2	5	17	1,5	28
14 /BEC	1	4	7,5	8,5	6	6	3	36
15 / EFA	1	4	7,5	2,5	6	6	3	30
16/ AIRAF	1	4	7,5	2,5	6	6	3	30

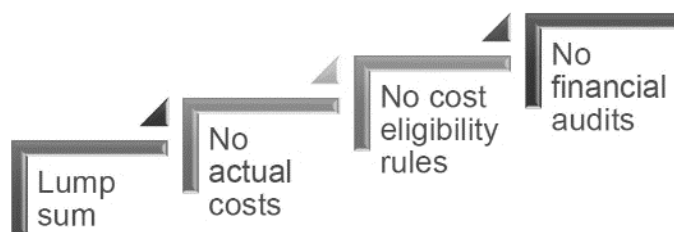
Table 3.1h: ‘Purchase costs’ items (travel and subsistence, equipment and other goods, works and services)

Participant number/shortname		
2/IUNG	Cost (€)	Justification
Travel and subsistence	13,600	Travel to 6 project meetings and site-visit event, and attendance of 2 regional co-creation events (table 1), dissemination event travel
Other g., w/services	23,500	Hosting project meeting in Warsaw, hosting 3 local events for the NBHs (series of workshops in table1), audit cost, translation (e-learning, self-assessment tool), dissemination materials, 1 video of local events, participation of external events, publications
Total	37,100	
9/ULS	Cost (€)	Justification
Travel and sub.	13,000	Travel to 6 project meetings and site-visit event, and attendance of 3 co-creation events (table 1), dissemination event travel
Other g., w/services	23,500	Hosting project meeting in Prague, hosting 3 local events for the NBHs (series of workshops in table1), audit cost, translation (e-learning, self-assessment tool), dissemination materials, 1 video of local events, participation of external events, publications
Total	36.500	
3/G!E	Cost (€)	Justification
Travel and sub.	11,800	Attendance to 6 project meetings, dissemination event travel (WP7 leader)
Other g., w/services	32,000	Hosting final project event, audit cost, postal costs, and creation of dissemination material, 1 project video, participation in external events
Total	43.800	
4/CIRCE	Cost (€)	Justification
Travel and sub.	13200	Attendance to 7 project meetings.
Other g., w/services	9000	Creation of self-assessment app, dissemination material and participation in external events
Total	22,200	

Lump sum - Budgeting

Good to know:

- The GA will set out the lump sum (EU funding) corresponding to the full accomplishment of the work committed in Annex 1.
- This amount set for the WP is paid when the activities in the WP are completed;



Automatikus mentés detailed-budget-table_he-ls-euratom_en Keresés

Fájl Kezdőlap Beszúrás Lapelrendezés Képletek Adatok Véleményezés Nézet Súlyó

Beillesztés Kivágás Másolás Formátummásoló Vágólap Betűtípus Igazítás Szám

Calibri 11 A A

F D A

Sortöréssel több sorba

Általános

Feltételes formázás Formázás táblázatként Normál Semleges

J16

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR RESEARCH & INNOVATION
Annex: detailed estimation of costs for Lump Sum funding

Instructions

Go to Beneficiaries and Affiliated Entities list

Go to Work packages list

GENERAL INSTRUCTIONS

This workbook enables you to present the detailed estimation of costs of your lump sum project and to calculate the lump sum breakdown per work package and per category. It must be uploaded as an additional document at "Fill in proposal" step of proposal submission. This is mandatory. Please note that if you do not upload the Excel workbook, the proposal submission will be blocked.

According to the lump sum scheme, the lump sum share for a Work Package (WP) will be paid only when the entire Work Package has been completed. Please take it into consideration while structuring your proposal. Work Packages should be designed in a way that enables to clearly identify whether the action has been completed.

We recommend using Excel 2010 or more recent.

The only currency used in this workbook is EURO.

Enter only round numbers in this workbook.

You have to fill in only the following sheets: 'BE list' - 'WP list' - 'BEX' (one sheet for each Beneficiary) - 'Depreciation costs' (if any) and the column D 'requested grant amount' of the 'Budget for proposal sheet'.
The appropriate number of individual Beneficiary sheets ('BEX') will be automatically generated with data from the 'BE list' and 'WP list' sheets.

You will have to fill in the "Budget for the proposal" table in the Part A form of the proposal submission tool, entering the requested EU contribution for each participant. We advise you to fill this Part A budget table column using the totals in the beneficiaries columns of the "Lump sum breakdown" table in this Excel workbook.

The format of this Excel workbook is .xlsm because it uses macros to generate automatically some data. **Always save it as .xlsm.**
However, this format cannot be uploaded to the submission system for security reasons.
So please also **save a copy** as an .xlsx or .xls document (and not as .xlsm) and upload it to the proposal submission tool, at Step 5 of the submission process. **Always keep a copy of the original .xlsm file.**

To save the workbook as .xlsx document, in Excel click on "File" and then "Save as"; in the "Save as" dialog box, choose ".xlsx" or ".xls" from the "Save as type" dropdown list.

BE LIST

In the 'BE list', you can add as many Beneficiaries and as many Affiliated Entities as you need. To add Beneficiaries, click on the "Add BE" button; to add an Affiliated Entities, click on the "Add AE" button next to the Beneficiary the Affiliated Entity is linked with.

For each Beneficiary and each Affiliated Entity, you must choose the appropriate country and funding rate in the drop-down menus. For RIA and CSA topics, the funding rate is always 100%. For IA topics, the funding rate is 70% (except for non-profit legal entities, where a rate of up to 100% applies). For more information on the funding rate, please refer to your topic description on the Funding & Tenders Portal. The funding rate is automatically applied where needed (i.e. in the sheet 'BE-WP Overview' but not in the individual 'BEX' sheets).

Once you have completed the 'BE list' sheet, you must click the "Apply changes" button to generate the related sheets in the Excel workbook.

You can delete a Beneficiary or Affiliated Entity by simply removing the content of the line and leaving it blank. Once your changes are done, you have to click the "Apply changes" button. Be aware that you **cannot delete the first Beneficiary** of the list.
If you delete a Beneficiary from the 'BE list', the BE sheet of this Beneficiary will be saved as a backup only. This sheet will be excluded from the calculation. Please do not forget to also delete the Affiliated Entities linked to this Beneficiary.
If you delete an Affiliated Entity, the data of this Affiliated Entity will not be saved as a backup.

WP LIST

In the 'WP list', you can add as many Work Packages as you need. To add Work Packages, click the "Add WP" button.
Once you have completed the 'WP list' sheet, you must click the "Apply changes" button.

You can delete a Work Package by simply removing the content of the line and leaving it blank. Once your changes are done, you have to click the "Apply

Instructions BE list WP list Lump sum breakdown Summary per WP BE1 BE-WP person months Depreciation costs Any comments

QUESTIONS?

Thank
you

for your attention

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