Justification of Budget

Project Applicants' Guidebook

INTERREG V-A COOPERATION PROGRAMME:

GREECE – BULGARIA 2014-2020

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1. Introduction

The main scope of the “Justification of Budget” (JoB) excel template is twofold:

- To provide a common tool to all project proposals for building the budget and
- To assist the partnerships in providing all the necessary details required by the JS for the budget evaluation.

The JoB generates the budget tables that are needed in the Application Form and it is designed to support the beneficiaries to work in a single file and, if considered convenient, to just transfer the result of the calculations.

As the JoB excel file has a restricted number of characters in the respective descriptive section of the expenditures, ***the Applicants are free to submit any other supporting documents that can justify their costs***. These can be detailed breakdown of infrastructure budget analysis, pricelists from possible providers, offers, Salary sheets, etc. The JS reserves the right to request additional information regarding specific budget lines and items, in case the description provided does not give sufficient justification.

Finally, it must be noted that in all cases and in all Budget Lines, the provisions, budget limits and eligibility criteria of the Regulations 1301/2013, 1303/2013, 1299/2013 and 481/2014, as well as the budget limits of the Calls (e.g. calculation method for “Staff costs” and “Office and administration”), need to be applied and followed.

Note:
In case of any discrepancy between the Application Form and the Justification of the budget, **the budget of the Application form will be considered the one proposed by the project**.

2. Justification of Budget Excel File structure

2.1 General

The file is divided into three main parts:

1. The "**Cover page**", where the Applicant includes the information of the project and the partnership. For the hardcopy submission of the document, this has to be **signed and stamped** by the Lead Beneficiary.
2. The **"Beneficiaries' section",** where the Applicant includes the estimated expenses and their justification for all the beneficiaries eligible in the Call.
3. The **"Summary Tables"** with three sheets. In sheet ***"AF-Tables",*** all the tables of the Application form are generated automatically according to the information provided in the previous sections. The second sheet "**Project Overview"** contains some additional tables for informative reasons only, which are also automatically generated, for a better overview of the project budget balance and structure. The third sheet "***Budget Check"*** provides all necessary eligibility checks according to each the Call for proposals limitations.

2.2 "Cover page"

This section provides general information for the identification of the project. The fields that need to be filled in are the following:

- **Version of JoB:** This will be the version of the JoB to be filled in by the JS. Version *1 of the JoB will be the one attached to the Subsidy Contract*, if a project is approved. ***To be filled in by the JS***
- **Date of Approval:** The date of approval of the JoB from by the responsible Programme body (Joint Secretariat, Managing Authority, Monitoring Committee). ***To be filled in by the JS***.
- **MIS Code:** The unique identification number of the Project as generated by the MIS when approved. ***To be filled in by the JS***.

- **Project title:** The Applicant needs to insert the title of the proposed project.
- **Project acronym:** The Applicant needs to insert the acronym of the proposed project.
- **Priority Axis:** The Applicant needs to select the Priority Axis of the proposed project from the drop down list. The options available are those that are open by the Call.
- **Investment Priority:** The Applicant needs to select the Investment Priority of the proposed project from the drop down list. The options available are those that are open by the Call.

- **Beneficiary title:** The Applicant needs to insert the title of the beneficiary.
- **Country:** The Applicant needs to select the beneficiary's country from the dropdown list.
- **Inside Programme area?*:** The Applicant needs to declare whether the Beneficiary is within the Programme area or not. Different rules and budget Limits apply to beneficiaries outside the programme area, thus the applicant needs to consult the Project Application Guidelines for more details
- **Budget:** The Budget column is generated automatically, according to the information provided in the Partners' section
- **Staff Costs Calculation method for the project:** The Applicant needs to select the Calculation method for the staff costs, according to the Call rules.
- **WP for activities outside the programme area (if applicable):** In case a project incorporates activities outside the programme area, these should be part of a single unique WP (more details are provided in the Project Application Guidelines of the present Call). If applicable, the Applicant needs to select the WP from the dropdown list.
- **Lead Beneficiary Stamp and Signature:** This box needs to be signed and stamped by the Legal representative of the Lead Beneficiary for its hard copy submission.

2.3 "Beneficiaries' section"

2.3.1 General

This section is divided into one sheet per beneficiary where the budget is analysed and calculated. Each sheet includes one single table where the Applicant needs to fill in:

i. *the **Descriptive part*** (Columns: "WP", "Deliverable", "Budget line", "Item" (that specifies the type of the expense in the budget line) and the "Brief justification of the expenditure").
ii. the ***Calculations' part*** (Columns: "Quantity of item", "Time of item", "Cost per item"). According to the selected budget line, there are different requirements of filling in the *Calculation Cells*. **The details are provided in Table 1**.

In the "Beneficiaries'' section", the general information such as the beneficiary, country and total sum are automatically generated by the file. Each Beneficiary sheet has a capacity of 200 lines for providing the details of the costs components**. When finishing the analysis of a beneficiary, the Applicant needs to select from the active filter only the lines that contain information, in order to omit the empty cells and avoid the printing of unnecessary pages.**

The guidelines for filling in correctly the Beneficiaries' section are provided in the following paragraph.

2.3.2 Filling in the Beneficiaries' section-Descriptive Part

Column "WP": In this column, the respective "Work Package" needs to be selected from the dropdown list. **<u>The drop down list starts from cell A3</u>**.

Column "Del.": In this column, the respective "Deliverable" needs to be selected from the dropdown list. **<u>The Applicant can select a Deliverable only after a WP is selected.</u>**

Column "Budget line": In this column, the respective "Budget Line" needs to be selected from the dropdown list. These are the following:

1. Staff Costs
2. Office and Administration
3. Travel and Accommodation
4. External Expertise and Services
5. Equipment
6. Infrastructure and Works

Note: **The fields "Deliverable" and "Budget Line" are mandatory for the budget calculation**. When a cell in the "Deliverable" and "Budget Line" columns is not filled in, any value inserted in the respective *Calculations' Cells* will not be valid and **will not be calculated** in the overall Project budget. **In this case the Total cost Column will return a 0,00€ value marked in red**.

Column "Item": For each Budget Line there are subcategories that the Applicant can select from the drop down list, in order to be more specific about the justification.

Column "Brief justification of the expenditure": According to the budget line and the item selected, the Applicant needs to provide a short but concise description justifying the costs to be included in the *Calculations' Cells*. For example, regarding the staff costs, the characteristics of the employees to be appointed for the needs of the project that justify their costs and rates have to be described. ***More details for each one of the Budget Lines are provided in Table 1.***

Note: The description must not exceed the 350 characters.

<u>Even when the "Flat rate option" for the Staff costs and the *"Office and Administration"* Costs is selected, a justification of the estimated amount has to be provided.</u>

2.3.3 Filling in the Beneficiaries' section-Calculations' Part

Column "Quantity of item": In accordance with the budget lines and the items selected, the Applicant needs to include the quantity. This can be the number of personnel, trips, services, leaflets, etc. ***More details about the "Quantity of item" for each one of the Budget Lines are provided in Table 1.***

Column "Time of item": This column is grey (not applicable) for all Budget Lines and **only applicable and open for elaboration when the "Staff Costs" is calculated as real costs or the "Travel and Accommodation"** budget lines are selected and the Applicant has to include a value. According to the item selected in the respective column "Item", the Applicant needs to select the duration of the item (i.e. days for the daily allowances, Person days of a specific employee, person-hours, etc). ***More details about the "Time of item" for each one of the Budget Lines are provided in Table 1.***

Note 1:
For **Staff costs when calculated as real costs** the Applicant has the flexibility to select the measurement of the "Time of Item". This can be Person-hours, Person-days, Person-Months, etc, according to the needs that best fit the calculation of the costs. **This has to be clearly stated in the "Brief Justification of the expenditure" column.** Then the cost of the employees will have to be adjusted to the Measurement Unit decided by the partner. **It is highly recommended that** the measurement unit to be used **is "person-hour**", since this will facilitate the calculations and the verifications procedures according to Regulation 481/2014 during the implementation of the project.

For the **Travelling and Accommodation** Budget line the measurement unit for the item will be "**Days" or "PersonDays".**

Note 2:

For the **Staff Costs when calculated as Flat rate**, there is no need to fill in the section "Time of Item".

- **Column "Cost per Item":** In accordance to the Budget lines and the items selected, each Applicant needs to include the unit cost of **a single item** selected. This can be the rate of an employee, the cost of a single trip, the cost of a single service, etc. All costs should be expressed in Euro (€). ***More details about the "Cost per item" for each one of the Budget Lines are provided in Table 1.***
- **Column "Total Cost":** The total cost for all Budget Lines (except "Staff Costs" and "Travel and Accommodation" is the product of the following function:

Total Cost = Quantity of Item X Cost per item

For the cases of the "*Staff*" Costs when calculated **as real costs** and the Travel and Accommodation Budget Lines, the Total Cost is the product of the following function:

Total Cost = Quantity of Item X Time of item X Cost per item

Finally, if the **Flat rate Calculation method** is followed for the *"Staff"* and the *"Office and Administration"* Costs, the Total Cost is the product of the following function:

Total Cost = Cost per item

The following Table 1 provides a more detailed description about the items and more specific filling in instructions per budget line.

Table 1: Filling requirements per budget line

Budget Line	Items per budget line	Brief justification of the expenditure	Quantity of item (Nr.)	Time of item	Cost per item (€)
Staff Costs	• Flat Rate • Real Costs - Project manager • Real Costs - Financial manager • Real Costs - Administrative staff • Real Costs - Technical Staff • Real Costs - Other	A brief description of the employee(s) and roles needed by the projects need to be provided. In case of **Flat rate calculation** method, an overview of the staff required for the implementation of the project is necessary. In case of **Real Costs, the** Applicant will need to highlight the level of expertise planned to contribute to the project, the role in the project and the general responsibilities. For this case the rate measurement unit (Person-hour, Person-day, Person-Month etc), needs to be clearly specified in this section. The value of the rate will be included in the "Cost per item" column. **It is recommended that the** measurement unit to be used is "person-hour", since this will facilitate the calculations and the	The number of the people to work on a specific item or of a specific profile in the project. In case of **Flat rate calculation** method, this field turns grey and doesn't need to be filled in.	The duration of the activity to be implemented by the mentioned employee(s). The measurement unit should be specified by the Applicant in the column "Brief justification of the expenditure" and the value will need to be in line with the measurement unit selected (i.e. in case of person-hours->the value of the time should be "hours", for person-days->the value of the time should be "days", etc")	The rate of the personnel to implement the particular activities needs to be included. The measurement unit should be specified by the Applicant in the column "Brief justification of the expenditure" and the value will need to be in line with the measurement unit selected (i.e. in case of person-hours->the value of the rate should be "€/hour", for person-days -> the value of the rate should be "€/day", etc")

Budget Line	Items per budget line	Brief justification of the expenditure	Quantity of item (Nr.)	Time of item	Cost per item (€)
		verifications procedures during the implementation of the project.			
Office and Administration	• Flat Rate • Real Costs - Staff operational costs • Real Costs - Bank Charges • Real Costs - Office costs • Real Costs - Other	A short description of the item selected needs to be provided by the Applicant.	There is no requirement to be very specific for the quantity. The Applicant can include 1 and make an estimation of the overall cost of the item selected. In case of **Flat rate calculation** method, this field turns grey and doesn't need to be filled in.	N/A	The estimation of the administration costs for the specific Item selected in €.
Travel and Accommodation	• Transportation • Accommodation • Daily Allowance	The Applicant, according to the item selected, must provide the relevant justification (i.e. scope of trips, people expected to travel, means of transportation, etc).	This field concerns the amount of the trips necessary for the implementation of the project. In the case of the item "Transportation", the Applicant can also select the amount of tickets or vehicles necessary in total for the transportation needs	For the items "Accommodation" and "Daily allowances", **the days or person-days** for each trip need to be included (i.e. for a trip of 2 people per trip for a 2 days' trip = 4 persondays). For the item "Transportation" and if there is no need for time to be applied the value can be set to 1. (e.g. For the cases of tickets, or vehicles' costs that are	The cost of a single item needs to be included. In any case the limits of the National regulations need to be applied. (i.e.

Budget Line	Items per budget line	Brief justification of the expenditure	Quantity of item (Nr.)	Time of item	Cost per item (€)
			(Example 1: Item Transportation: if there is a need for 3 road trips with 2 vehicles each, the value to be inserted is 3x2=6 with the provision of the respective description Example 2: Item Accommodation: if there is a need for 3 people, for each one of the 3 trips, quantity value to be included is 3X3=9 with the provision of the respective description. In this case the estimation of the nights is included in the column "Time of item".	independent of the time, the Applicant needs to include only the quantity of the item and the cost with the value (1) in this column).	
External Expertise and Services	• Technical or scientific Expertise • Scientific Studies • Event organisation • Communication/Dissemination material • Infrastructure designs	In this section, the Applicant needs to provide a brief description of the item and the specifications of the costs planned need to be included. The purpose of the service, the estimated quantities planned, etc need to be clearly explained.	In this field the quantities of the services, expertise or material required need to be included according to the item selected. (e.g. 1 study, 3 event organizations, etc).	N/A	In this column, the estimated cost per unit in € of the service/expertise or material required needs to be included according to the type of item selected.

Budget Line	Items per budget line	Brief justification of the expenditure	Quantity of item (Nr.)	Time of item	Cost per item (€)
	• Supervision of construction works • Audits • Other				
Equipment	• Office Equipment • IT hardware and software • Furniture and fittings • Machines and instruments • Tools or devices • Other specific equipment	In this section, a brief description of the item and the specifications of the costs planned need to be included. The purpose of the equipment, the estimated quantities planned, etc need to be clearly explained.	The planned or estimated number of the equipment required for the action needs to be inserted in the column.	N/A	The planned or estimated unit cost per equipment needs to the inserted in €.
Infrastructure and Works	• Works • Elaboration of detailed design of works • Supervision of works • Other	In this section, a brief description of the item and the specifications of the costs planned needs to be included. **In all cases, the provision of the Bill of Quantities and Costs in considered necessary in order to justify the costs.** Any other basic assumptions regarding the estimation of the	The number of the works planned needs to be included in this column.	N/A	The actual cost in € of the infrastructure declared by the partner for a specific action needs to be included.

Budget Line	Items per budget line	Brief justification of the expenditure	Quantity of item (Nr.)	Time of item	Cost per item (€)
		costs justifying the sum to be declared must be also briefly stated. In case these cannot be described within the limit of 350 characters, a short explanation in a separate word file could be included as an annex to the Project Proposal Folder.			

2.4 “Summary Tables”

This section of the JoB generates the summary tables that calculate the overall project budget per Partner/Budget Line/Deliverable. This section is fully automatic and thus **no other filling of information** is required by the Applicant. There are three sheets in this section. The first section ***“AF-Tables”,*** contains the 10 Application form Tables, which are generated by the information provided in the Partners’ section. The Tables need to be identical to those that will be included in the Application form. **In case of mismatches between the tables of the JoB and those of the Application form, the information of the Application form will be those considered as valid.**

The second sheet **“Project Overview tables”** provides more information regarding the budget allocation and balance of the project. This section is fully automatic as well and is generated only for informative reasons.

The third sheet “**Budget checks”** monitors the budget of the project to be in accordance with the budget limits as set in each of the Calls. The sheet contains one table with the budget limits of the Call and tables calculating the critical of the Project budget. **In case of budget limit violations, the cells turn red.** It is very important for the Applicants to consult this table before submitting the proposal, since in case of violation of the Call budget limitations; **the project proposal will be rejected. Annex 1** provides the interpretation of the notifications for each Call released.

Note:

If needed, the Applicant can copy the Tables from the **AF-Tables** sheet directly to the Application Form. However, it must be highlighted that these should be pasted only in the cells that are not protected (i.e. the Deliverables’ white cells in Section D: Budget of the Application form).

3. Printing the JoB for the Project proposal Folder

The JoB needs to be printed, signed and stamped by the Lead beneficiary in the front page, according to the guidelines of the Call for proposals. In order to minimize the size of the printed file, **it is highly recommended** to omit the empty cells with the use of the active filter provided at the top of each table, in order to prevent any empty pages from being printed.

The Applicant will has to click on the filter arrow and de-select the box of the (blank) lines as in Figure 1 below.

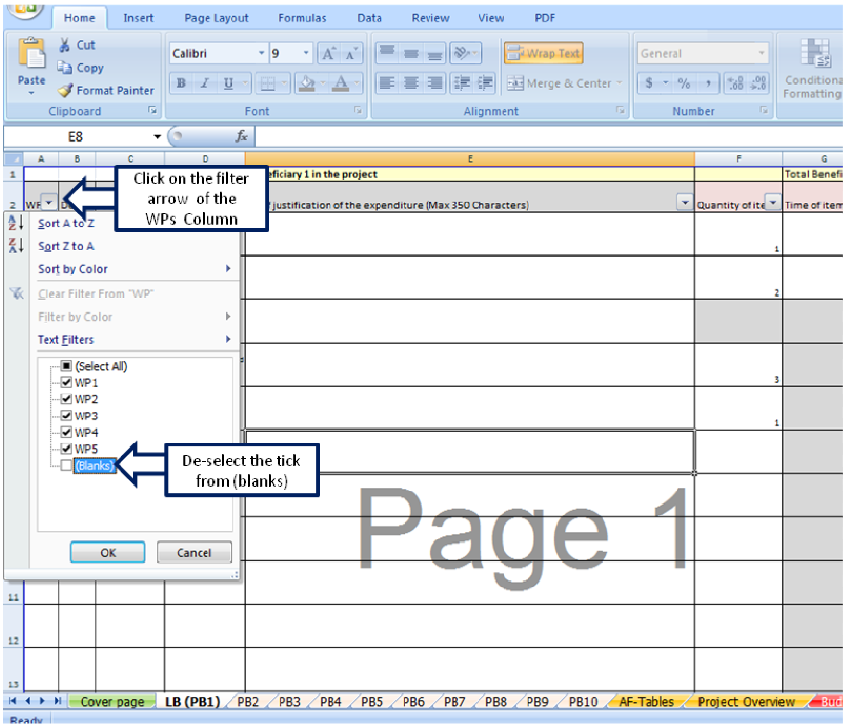

Figure 1: De-selecting the empty rows

Annex 1 : Budget checks for the 2nd Call for Proposals

The "**Budget checks"** sheet of the 2nd Call for proposals Justification of the budget contains four Tables with the following characteristics:

Table 1: This table duplicates the budget Rules of the Call and calculates the Maximum thresholds for each set limit either on a project or a beneficiary level. The calculations are made based on the total budget of the project.

Table 2: This table provides an overview of the project details and generates the budget limit pr project according to the selected Investment Priority.

Table 3: This table performs the calculations and compares the values according to the values of Table 1. **The notifications of this table are provided in the following table.**

Notification	Meaning	Required measures
Red Cells in Column B *"Staff Costs Calculation Method".*	The calculation method selected by a beneficiary does not match the one of the project's	The calculation method selected by the project or by the beneficiary need to be changed.
Red Cell D24: *"Total Budget"*	The budget of the project is outside the limits set by the Call for the specific investment priority as in Table 2.	The budget has to be adjusted accordingly in order to be in line with the Call Rules.
Red Cell E24: *"Staff Costs per Beneficiary"*	The Flat rate calculation option for staff costs is opted by the project and the total staff costs exceed the maximum allowable amount as in Table 1.	The staff costs budget has to be reduced.
Red Cell F24: *"Total Project Budget for preparation costs"*	The limit of maximum 5% of the total project budget or 40.000€ for preparation costs is not respected.	The Preparation costs need to be reduced
Red Cell G20: Cumulative: Beneficiaries and Activities Outside the Programme area	The overall budget limit amount for Beneficiaries and Activities outside the Programme area, according to the Table 1, is not respected.	The budget of beneficiaries and the activities outside the Programme area must be revised.

Table 4: This table compares the actual budget of the beneficiaries', against the limit as occurring by the overall budget and Rules include in Table 1. **The notifications of this table are provided in the following table.**

Notification	Meaning	Required measures
Red Cells in Column L *Office and administration (O&A) expenditure in the project per Beneficiary*	In case of selection of Flat rate, the limit of maximum 15% of the total beneficiary's staff cost or the 4% for the Costs of O&A is not respected. If case of selection of the real costs calculation method, the limit of 4% over the beneficiary's budget for the O&A Costs is not respected	The O&A Costs need to be reduced.
Red Cells in Column O *"WP1 Management Costs without including Preparation Activities and Audit Costs in the project per Beneficiary"*	The limit of maximum 10% of the total beneficiary's budget without including preparation activities and Audit Costs is not respected.	The management costs need to be reduced.