

**TURKU AMK**

TURKU UNIVERSITY OF  
APPLIED SCIENCES



# **Lead Partner and Communication Seminar 2019**

## **Practical tips for financial management and reporting**

Kimmo Polvivaara, 5.6.2019

# Tips for financial management and reporting

- **Start preparing the report well in advance before the end of reporting period!**
  - Make sure to order **salary slips** immediately after the end of the reporting period (*If cannot be had in-house. TUAS orders elsewhere*)
    - Documented **gross employment cost** for the **reporting period**.
    - Holiday pay can be included (*will be reported once paid, so no holiday pay reservations. Basically will be reported every other period*)
    - Remember to include social security costs as well
- **Check expenditure and salary allocation at least a few times during every period.**
  - Mistakes in allocations easier to fix during the period in question
- **Save invoices to project folder once they arrive -> Save time when it's time to report.**

# Fixed percentage – Easy and simple if done correctly

Fixed percentage is very clear and easy way to report costs for a project.

- People who work throughout the project from beginning to end it's super simple – Allocate according to the agreed percentage each and every month.
  - If salary doesn't change money **allocation should be the same each month.**
    - If salary changes slightly it doesn't matter though, simply use the same percentage to allocate salaries to the project account.
  - Bonuses can be included as long as they are directly linked to salary payments and is visible on pay slip.
- People who work only some part of the project, for example 1 full period, a fixed percentage is determined for this 6 month period.
  - Allocate according to the percentage each month
- **Remember: Actual time worked for the project can and will differ between months. But allocated salary should not differ!**

# TUAS Procedures – Excel tools

- **Own organizations budget follow-up tool**
  - Update salaries after every month
  - Update all other costs once invoices occur
- **Budget follow-up tool for the project as a whole**
  - Updated after each reporting period
    - In case of over/under spending react quickly
- **Flexibility rule follow-up tool**
  - Flexibility rule on **project level!** Very hard to follow without proper tools. *(Also need to know the sub-budget lines in which money is added or reduced)*
- **Reported salaries excel for FLC**
  - Salary slip has amount without social security contributions
    - Show clear calculation method of social security costs to FLC

# Example of fixed percentage calculation excel

Project X - TUAS - Fixed percentages					
Person	Period 5 Salary certificate (1.9.2018 - 28.2.2019)	Period 5 social security charges	Period 5 total (With social security charges)	Period 5 eligible	Fixed %
<b>Project manager</b>	25 500,00 €	5 355,85 €	30 855,85 €	19 902,02 €	64,50 %
<b>Financial officer</b>	18 500,00 €	3 885,62 €	22 385,62 €	2 798,20 €	12,50 %
<b>Project coordinator</b>	20 000,00 €	4 200,67 €	24 200,67 €	8 470,23 €	35,00 %
<b>Project worker 1</b>	21 500,00 €	4 515,72 €	26 015,72 €	6 503,93 €	25,00 %
<b>TOTAL eligible</b>				<b>37 674,39 €</b>	
Social security charges 2018		21,37 %			
Social security charges 2019		20,27 %			

# What we as LP require from Project Partners

- **Sound financial management** - Knowledgeable personnel and up-to-date accounting systems.
  - Only LP has financial manager in their payroll.
  - All PP's should have someone inside their organization to help with financial issues. (*Financial / administrative office if not in project*)
- **Reporting in time**
  - We have monthly management team meetings in which we remind about upcoming reporting -> offer help and answer questions if needed
  - Offer excel tools with which to follow budget and/or resources.
- **Report problems immediately to LP** (*all communication to CB through LP*)
  - Budget issues
  - Personnel issues
  - Problems with FLC
  - Timetable issues (*late deliverables etc..*)

# TUAS Procedures in financial reporting

*Disclaimer: My own procedures and ways of doing financial reporting and FLC communication. These tips should not be taken as the only truth 😊*

- **Try to think like First Level Controller yourself**
  - Can save time and money -> Quick and easy FLC check means saved time from you and your FLC, as well as saved money in FLC costs!
  - It's very important for FLC to be able to connect the claimed costs to general ledger. This is easy to achieve by internal reference numbers found from general ledger.
- For salaries prepare an excel in which you show the calculation method for salaries.
  - One line in eMS per person
    - Attach the following documents for personnel with **fixed percentage**
      - Salary slip
      - Excel with calculation method of side costs
  - In Description text field write down **payment dates** and **internal reference numbers** -> This way FLC can easily connect claimed costs to general ledger.



Edit expenditure  
Partner Report 1 TUAS Period 4 List of expenditures

PP

Budget line	Staff costs
Work package	M Management
Internal reference number	
Invoice number	
Invoice date	1.3.2018
Date of payment	31.8.2018
Currency	EUR - EURO
Conversion rate	(1)
Total value of item In original currency	2.885,70
VAT	
Declared amount In the original currency	2.885,70
Declared amount in Eur	2.885,70
Expenditure outside ( the EU part of) the programme area?	<input type="checkbox"/>

Description 1

Financial Manager Kimmo Polvivaara salaries. Fixed percentage 12,5%

Payment days:

- 29.09.2017
- 31.10.2017
- 30.11.2017
- 29.12.2017
- 31.01.2018
- 28.02.2018

Description 2

Internal reference numbers:

- 100001334
- 100001487
- 100001693
- 100001848
- 100000131
- 100000240

Partner comment

+ Upload

Uploaded

- [Period4\\_OnBoardMed\\_Salaries\\_TUAS.xlsx](#)
- [Salaryslip\\_PolvivaaraKimmo.pdf](#)



# TUAS Procedures in financial reporting

- **Travel and accomodation**
  - One line per person per trip
    - Attach needed documents (*Travel invoices, other possible invoices, receipts of taxi/bus costs etc.*)
    - Internal reference numbers to connect claimed cost to general ledger
- **External expertise**
  - One line per invoice
    - Invoice name = Internal reference number -> FLC can quickly connect the invoice to general ledger.
  - Recurring costs can be bundled into one line (*For example monthly server costs for project website*)
- **Equipment**
  - Same as external expertise for **low-value assets**
  - For equipment which need to be depreciated have a clear calculation method of the depreciation attached. Claim according to the calculation.
- **Infrastructure and works**
  - Evidence of procurement process
  - Contract in which work provided is clearly stated

# Lessons learned

**It doesn't matter how well you've prepared and planned your project budget. It will most likely change!**

- Your own budget will change
- Your partners budgets need to me amended
- People will change
- Personnel workloads will change
- New cost items will be needed
- Some cost items you have might not be needed at all
- Some of your deliverable might be late

This is all unfortunate but also almost inevitable. Don't be mad at yourself if the above mentioned issues happen. It has happened to someone else before you 😊

If and when one of the above mentioned issues happen contact your Central Baltic contact person and they will help you solve these problems.

Remember, it's important to not let small issues affect the project objectives, activities or end results. Our job as financial managers is to maintain the budget and update it if need be so that the money can be used fully to support project objectives!

# Lessons learned

*Disclaimer: Views and opinions expressed are my personal and do not necessarily reflect the official policy or position of Central Baltic 😊*

## Importance of the very first partner meeting

- If most of the participants are strangers to each others it's very important to spend some time together (*Commitment and motivation*)
- Spend some time together outside the formal constraints of partner meeting.
- A lot easier to communicate and ask something via e-mail once we have a face to the name in our inbox

# The end!

- Excel tools can be used freely!
- Questions or comments?



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