**Tool 19: Checklist: What kind of costs should be considered when preparing the project budget?**

In the budget sheet (see Tool 21 *Project budget sheet)* different budget lines (i.e. types of costs) are considered. In order to know what kind of costs to consider when planning the budget, the main cost types are presented and explained below. Please be aware that it is a generic overview of cost types and specific requirements may apply to your project.

This checklist provides an overview of costs to be considered when preparing the project budget. Further explanation per cost type see below.

|  |  |
| --- | --- |
| Cost types | Detailed information |
| **Staff costs** | * Must relate to activities which would not be carried out in the absence of the project
* Includes only project-related costs
* Overhead costs, office and administration costs and travel expenses are not included

To be considered:* National regulations on social security, holiday fund
* Arrangements for maternity/paternity leave, sick leave, overtime
* Timesheets for staff working on an hourly basis
* National regulation(s) on number of working hours
 |
| **Office and administration** | * Can cover direct and indirect costs
* Does not include office equipment (furniture, IT hardware and software etc.) and audit costs
* Forms of reimbursement – either on the basis of real costs or a flat rate, for example, (up to) 15 % of staff costs
 |
| **Travel and accommodation** | * Clear link to the project, e.g. participation in project meetings, site visits, seminars etc.
* Travel and accommodation of external experts are not covered under this cost type
 |
| **External expertise and services** | * Work by external experts and service providers that is essential to the project
* Payments ae made on the basis of contracts and against invoices

To be considered:* Additional costs related to external experts (e.g. travel and accommodation) are to be covered under this cost type
* If you have applied for funding, there might be rules related to tendering
* Ensure a full audit trail for contracting:
1. Evidence of selection process
2. Contract or written agreement
3. Invoices or requests for reimbursements
4. Outputs of the work of external experts
5. Proof of payment
 |
| **Equipment** | * Costs are subject to applicable public procurement rules, so project partners must ensure compliance with those rules

To be considered:* Inclusion of full equipment costs (proof of sole use for project) vs. annual deprecation (during the project period) only
* Eligibility of second-hand equipment
* Eligibility of equipment purchased before the project period
 |

Source: [1, 2]

**Staff costs:** this refers to costs for staff employed by the partner organisations who are formally engaged to work on the project. It may include the costs of full-time employees, part-time employees (fixed percentage of time dedicated to the project vs. flexible percentage of time dedicated to the project) and employees contracted on an hourly basis.
Examples: healthcare personnel, translators, administrative staff, etc.

**Office and administration:** this refers to office and administration costs incurred by the partner organisations in relation to the project.
Examples: IT systems, software, etc.

**Travel and accommodation:** this refers to the necessary costs of travel and accommodation of staff of the partner organisations in order to carry out the project. It may include travel costs, accommodation costs, costs for meals, visa costs and/or daily allowances.
Examples: travel and accommodation costs for project management, not transportation costs for patients

**External expertise and services:** this refers to costs incurred for external expertise and services provided by a public or private organisation outside the partner organisations. These services should be based on contractual or at least written agreements. Payment is made based on invoices or requests for reimbursement to the external bodies and is related to the performance of certain tasks and activities.
Examples: external translation services

**Equipment:** this refers to the costs of financing equipment that is purchased, rented or leased by a project partner in order to achieve the project objectives.
Examples: angiography units, ambulance cars, leased medical wards, etc.

**Infrastructure:** this refers to the costs of financing infrastructure and construction work.
Examples: newly built hospitals, hospital wards, etc.

Reference

[1] Horngren CT, Bhimani A, Datar SM, Foster G, Horngren CT. Management and cost accounting: Financial Times/Prentice Hall Harlow; 2002.

[2] INTERact. Project management handbook. n.d.

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