

Financial administration in organizing Erasmus
Intensive programmes. Case: Promoting Inter-
cultural management in the Baltic Sea Region
2009



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Year 2009 Pages 60

This thesis discusses financial administration in organizing Erasmus Intensive Programmes (IP). The purpose of this work is to create good practices in financial administration of IPs. The need for research may be explained by the increasing number of Finnish Higher Education Institutions which apply for Erasmus funding to organize IPs in Finland and abroad.

The research was conducted as a qualitative research using the case study method. The case study concerns Intensive Programmes, more specifically “Promoting Intercultural Management in the Baltic Sea Region 2009” (PIM2009). Data was collected with the help of a questionnaire, respondents of which were IP coordinators. By answering the questionnaire they shared their own experience in organizing IPs. The survey provided the writer with the data which supports her own experience in organizing IPs.

The thesis was written in collaboration with the Centre of International Mobility under the Finnish Ministry of Education (CIMO). CIMO works as a national agency of the European Commission’s Lifelong Learning Programme, including Erasmus programme. It has administered IPs since the year 2007. Scholarship, exchange programmes and nearly all EU education, training, culture and youth programmes at the national level are administrated by the organization.

In the beginning of the thesis the writer introduces background information of IPs, Erasmus, Lifelong Learning Programme (LLP) and CIMO so the reader would know more about the subject. The theoretical section consists of two sections, in the first the writer summarizes financial and administrative rules of organizing IPs and in the second basic information of the financial issues which coordinators encounter while the organizing of IPs is introduced. The empirical information has three sections, in the first the writer introduces her own experience of the organizing process of the PIM2009 Intensive Programme, the second shows difficulties coordinators and the writer herself had while organizing IPs and the third introduces good practice which coordinators used or the writer developed while working on the thesis and participating in organizing PIM2009. In the conclusion section results of the thesis concerning the organizational process of IP, difficulties and their possible solutions are introduced.

Keywords: LLP, Erasmus, Intensive Programme, CIMO, Financial administration, PIM2009

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Taloushallinto Erasmus-intensiivikurssien järjestämisessä - Case: Promoting Intercultural Management in the Baltic Sea Region PIM 2009 kulttuurienvälisenä tiimityöskentelynä
Vuosi 2009 Sivumäärä 60

Tämä opinnäytetyö esittelee Erasmus Intensiivikurssien taloushallinnon prosessin. Työn tavoitteena on löytää Intensiivikurssien taloushallintoon hyviä käytäntöjä. Tarve tutkimukseen on noussut mm. siitä, että yhä kasvava määrä suomalaisia ja eurooppalaisia korkeakouluja hakee vuosittain Erasmus-rahoitusta järjestääkseen Erasmus-intensiivikursseja.

Tutkimus oli tehty laadullista tutkimusmenetelmää sekä tapaustutkimusta käyttäen. Case tutkimus koskee Laurea-ammattikorkeakoulun toteuttamaa intensiivikurssia Promoting Intercultural Management in the Baltic Sea Region 2009 (PIM2009). Tutkimuksen tiedot on kerätty lähettämällä suomalaisten intensiivikurssien koordinaattoreille lähetetyn kyselyn avulla, jonka kysymyksiin vastaamalla koordinaattorit jakoivat omia kokemuksiaan intensiivikurssien järjestämisestä. Kyselyllä kerätty tieto tuki myös kirjoittajan omia näkemyksiä.

Opinnäytetyö on kirjoitettu yhteistyössä opetusministeriön alaisen Kansainvälisen liikkuvuuden ja yhteistyön keskuksen CIMOn kanssa. CIMO koordinoi ja toteuttaa apuraha- ja henkilövaihto-ohjelmia ja vastaa lähes kaikkien Euroopan unionin koulutus-, kulttuuri- ja nuoriso-ohjelmien kansallisesta toimeenpanosta. Erasmus-intensiivikurssien kansallinen hallinnointi alkoi CIMOssa vuoden 2007 alusta.

Opinnäytetyön alussa esitellään intensiivikurssien, Erasmus-ohjelman, Elinikäisen oppimisen ohjelman sekä CIMOn taustatietoja. Teoreettinen osa koostuu kahdesta luvusta: ensimmäisessä on esitetty perustiedot intensiivikurssien taloudellisten ja hallinnollisten sääntöjen suhteen. Toinen osa keskittyy kurssien koordinaattorien kohtaamiin rahoitukseen liittyviin asioihin. Empiirinen osa koostuu kolmesta luvusta, ensimmäisessä luvussa on esitetty kirjoittajan oma kokemus PIM2009 Intensiiviohjelman järjestämisestä, toisessa on esitetty koordinaattorien kokemuksia kurssien järjestämisessä kohtaamista vaikeuksista. Kolmannessa luvussa esitellään koordinaattorien esittelemiä hyviä käytänteitä. Myös kirjoittajan omat kokemukset kurssin järjestämisestä ja opinnäytetyön kirjoittamisprosessin tulevat esiin kolmannessa luvussa. Loppupäätelmissä tuodaan esiin opinnäytetyön tulokset koskien intensiivikurssien järjestämiseen liittyviä haasteita, ongelmia ja niiden mahdollisia ratkaisuja.

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Introduction

This Bachelor's thesis is based on the writer's internship as a project assistant in the Erasmus Intensive Programme (IP) Promoting Intercultural Management for working Life in the Baltic Sea region 2009 (PIM2009) coordinated by Kristina Henriksson, Senior Lecturer at Laurea University of Applied Sciences (UAS). The writer took part in organizing the two-week long Erasmus Intensive Programme during the academic year 2008-2009. By participating in organizing the IP, the writer as a project assistant was accomplishing her second internship of the bachelor degree of Finance and Risk Management in Laurea University of Applied Sciences. The main duties of the project assistant were budgeting, financial administration, filing and helping the coordinator of the project in financial reporting for the EU commission and applying the funding for the next year. In total three project assistants including writer were in charge of other organizational issues that appear during organizing the IP.

According to CIMO's Action report 2008 (WWW-Document), Intensive Programmes as a way of internationalization are becoming increasingly popular among Higher Education Institutions (HEIs) all over Europe nowadays. More and more HEIs apply for Erasmus funding to organize an Intensive Programme and students and teachers are personally interested in organizing and participating in IPs. It is visible in the IPs that has been organized for a longer time, for example the case PIM Intensive Programme. During the four years of PIM history, each year brought a new HEI that was willing to participate as a partner. The factor of increasing popularity of IPs brings the opportunity for a students to write a thesis about this topical and innovative subject, since not so much research has been made about the theoretical and practical issues of organizing IPs. During the past four years this thesis is the third that was written about the subject related to Erasmus IP in Laura UAS. Accomplishing one's internship can also be a way how students can benefit from participating in the organizing of IPs. Because the organizing of an IP puts together so many different aspects of organizing events it is almost a unique opportunity for students to get this much experience in one year.

The thesis covers how financial administration occurs in the organizing an IP and what financial practices IP coordinators use to organize an Erasmus IP, also difficulties that coordinators encounter during the organizational process will be introduced in this work. The financial part of the organizing process will be covered from the beginning to the end of it. In other words, from filling in the application for the funding, to reporting CIMO and European Commission about the use of the funding, and about the general success of the IP. In addition, financial administration experiences will be presented and analyzed here, and by that, good practices that all coordinators might profit from will be developed. This work is made to be helpful to Finish IP coordinators, and also possibly to coordinators of Higher Education Institutions in other parts of Europe. Experienced coordinators can use the thesis to develop the organizing

process and make it smoother, new coordinators can get more practical information about the process. In case any HEI would like to start coordinating an IP, by reading the thesis they will get to know the process better and can choose the person who has knowledge and skills needed.

In order to collect information about organizing IPs in other HEIs, the writer created and sent the coordinators in Finland a questionnaire (Appendix III) in which by answering they will share their own experience in organizing IPs, including difficulties which coordinators have faced. The questionnaire was sent to coordinators at Finnish Higher Education Institutions, HEIs in other European countries are not included, because of slight differences in national financial and administration rules in the other countries. (Outi Jäppinen 2009) Examples introduced in this work are subjective and based on the experience the writer and of the survey respondents. Because all IPs differ from each other as the countries where IPs are organized in are different too, so it is almost impossible to generalize organizational problems of IP coordinators. Problems that some coordinators are dealing with can be unfamiliar to other coordinators, but still it is crucial for coordinators to be aware of different kinds of problems in order to develop the organizing process and not be surprised if one of the similar difficulties will appear.

The aim of this work is to develop and generate good practices of financial organizing of Erasmus Intensive Programmes, for coordinators based on the experience of the writer and that of the coordinators who participated in the survey. With those practices, the organizing of the IP will be much easier for people who have no knowledge or/and skills in financial management. In addition, the Finnish National Agency (NA) Centre of International Mobility (CIMO) can also use the thesis to get to know financial organizational practicalities and develop their information packages according to the information that coordinators need the most.

1 Preconditions and scope of the work

To organize an Erasmus Intensive Programme just like to organize any event includes financial management. At the beginning of the organizing process after having a little experience in reporting to CIMO about funding used and knowing how difficult this process can be, the writer approached CIMO with the idea about writing the thesis on financial administration in organizing Erasmus IPs funded by European Union Lifelong Learning Programme (LLP) and the offer was received well. Erasmus IPs were administered by the Commission until year 2007, when the action was decentralized to Erasmus National Agencies of the LLP Member countries. This might be the reason why there does not exist any research on organizing Erasmus IPs a fortiori about their financial administration, so the work possibly could be a platform for other more deep research about organizing IPs.

Apart from the coordinator also CIMO, financial department staff and other interest groups are involved in the organizing of intensive programmes, which include different types of financial administration. This work is not going to describe possible work flows that those departments have in connection to the organizing of IPs, instead it focuses on IP coordinators and their financial tasks. Because of the writer's own experience and knowledge in this field, the research can be introduced from the inside of the process and that is how the outcome of the research will be more full and deep.

Because Finnish coordinators of Intensive Programmes are usually not in touch with each other, they cannot exchange their experience in financial administration. This thesis provides some financial administration practices used, so coordinators would know if there is another way of financial management than their own. Coordinators are the ones who mostly need information about the financial part of organizing Erasmus IPs that is why the thesis looks at financial administration of Erasmus IPs from coordinators' point of view. For many of them organizing IP is quite a new field, just two of the 12 respondents had organized more than two to three IPs. (Figure 1) (Survey 2009)

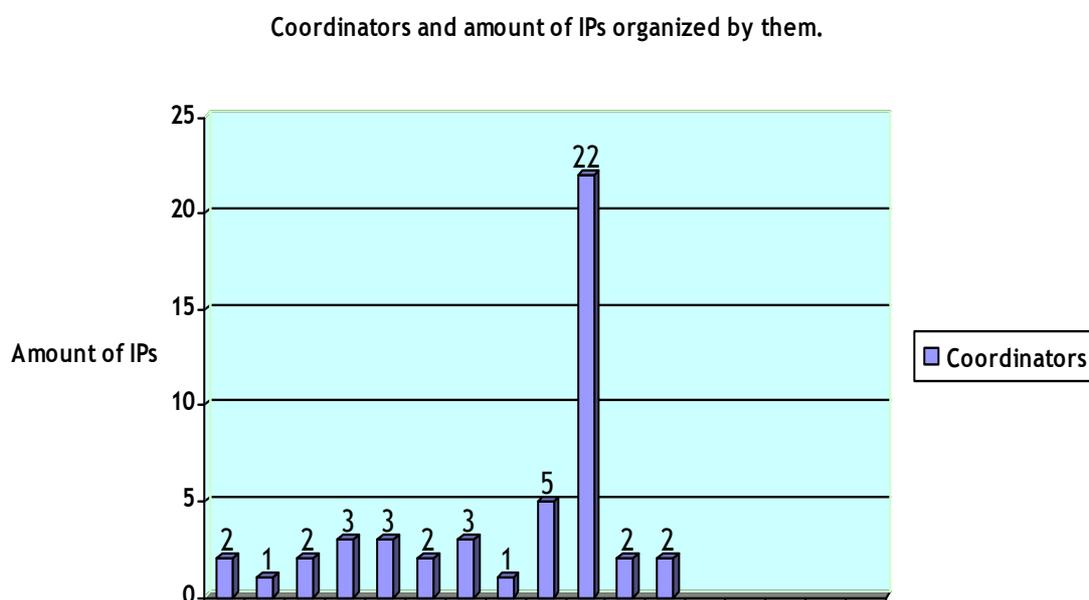


Figure 1 How many IPs each survey respondent organized by year 2009

Both universities and Universities of Applied Sciences (UAS) organize Intensive Programmes, but according to CIMO, internal rules in financial administration of IPs are different in universities and UASs. This is the reason of limiting the subject of current study to observing financial administration in UASs. In addition, the writer was participating in organizing PIM2009 IP

which was organized by an UAS, so naturally this outlines the subject as well. The thesis includes just Finnish UASs, since financial and administrative rules vary between European countries. The thesis is written in English language. Originally the idea to write the thesis in English came from Outi Jäppinen (CIMO): English language would give for the thesis a wider audience which could include other European countries and not only Finland.

1.1 Structure of the work

In the beginning of this work the subject of the thesis and research method used will be introduced. Also there is a list of acronyms that are to be used in the thesis. As a base for the empirical part there is some background information about intensive programmes, the Centre for International Mobility and Lifelong Learning Programme. This information will help to understand better the subject and the results of the research. The background section of the work is based on special literature provided by CIMO, which is created for coordinators to help them in organizing Intensive Programmes or for other interest groups that interacting with CIMO or Erasmus and LLP programmes. The theoretical part of the work include two sections one discusses financial regulations and rules fixed by the European Commission and CIMO and the second is basic information about elements of financial administration that coordinators encounter when organizing IPs. Further empirical data will be presented of the research: the writer's own experience in the financial administration process of PIM2009 which is going to be a base for research and analysis. The experience of other coordinators gives additional value to the research and with help of that good financial administration practices developed by the writer are going to be more universal. Practices that are already used by coordinators and which are in the writer's opinion good and could be implemented in other IPs are presented in this work as well.

Because there is no special literature focused on financial organization of an Intensive Programmes, as a theory the writer was using books about general project and financial management, internet documents found in the web and literature given by Outi Jäppinen Senior Programme Adviser from CIMO will be used. As one of the internet sources the writer used Wikipedia the Free Encyclopaedia, this internet site is used as a source because of suitable body of the information. Even though the this website is used information used from it was confirmed in other websites as well.

2 Research

“A research problem is the foundation for any research method. Defining a research problem is crucial in defining the quality of the answers, and determines the exact research method

used". (Shuffleworth 2008) The research problem of this work is to find out good practices of financial management which best suit the organizing Erasmus Intensive Programmes funded by the EU Lifelong Learning programme. Information collected about methods which Finnish coordinators are already using will be used in the thesis as a base. The methods that are in use are explicated, all practical issues gathered and all those parts which are not practical, for some reason, eliminated.

The research was conducted as a qualitative research using the case study method. A qualitative method is most suitable for the research because of specificity of the subject and limited number of people who have needed knowledge to answer the questions associated to the subject of the thesis. The case study concerns Intensive Programmes, more specifically (PIM2009). The coordinator of the case study Kristina Henriksson was interviewed personally, other coordinators which live and work in other parts of Finland received an electronic questionnaire by email. Email addresses of coordinators were provided by Outi Jäppinen, CIMO.

The questionnaire is made in Laurea Intra by an electronic form tool. The survey was created in order to find out how coordinators of other IPs manage organizing of IPs. The questionnaire consists of open ended questions, where respondents can freely write information about financial practices that are used in organizing IPs, and multiple-choice questions, where the respondents choose from given alternatives. The questionnaire provided the writer with additional material to her own experience to write the thesis. Figures used in the thesis are made according to questionnaire answers that writer have got during the survey.

3 Background

This section presents background information that the thesis is based on. The section consists of subsections which describe basic information about Promoting Intercultural Management for Working Life in Baltic Sea region Intensive Programme, Erasmus programme, Intensive Programmes, and Lifelong Learning programme. With help of this section the reader will have a good picture what this thesis is about. Information that is used here derives mostly from literature kindly provided by Outi Jäppinen (CIMO). In addition she provided information about official web sites that can be and were used here. Information about PIM IP is taken from the programme description provided by Kristina Henriksson the coordinator of PIM2009.

3.1 Lifelong Learning Programme

“In 2007 the European Commission integrated its various educational and training initiatives under a single umbrella, the Lifelong Learning Programme.” The Programme has a budget seven billion euro until 2013. It is replaced previous programmes of e-learning, education and vocational training, which ended in 2006. “There are four sub-programmes focusing on different stages of education and training: Comenius for schools, Erasmus for higher education, Leonardo Da Vinci for vocational education and training and Grundtvig for adult education.” (A single umbrella for education and training programmes 2009)

3.2 Erasmus

“Erasmus is the EU's education and training programme for mobility and cooperation in higher education across Europe. Its different actions not only address students wishing to study and work abroad, but also higher education teachers and enterprise staff intending to teach abroad and to higher education staff seeking training abroad. In addition, Erasmus supports higher education institutions to work together through intensive programmes, networks and multilateral projects as well as to reach out to the world of business.” (Lifelong Learning Programme Guide 2009, Page 6)

3.3 Erasmus Intensive Programmes

An Erasmus Intensive Programme is a short study period which aims is to correlate to developing needs of studies and encourage universities in efficient and multinational teaching of specialist topics which might otherwise not be taught at all, or only in a very restricted numbers of HEIs. In addition, it enables students and teachers working together in multicultural groups and so benefit from special learning and teaching conditions not available in a single institution, and to gain new perspectives on the topic being studied. The consortium of an IP project involves at least 3 participating institutions from 3 different countries. The number of students travelling from countries other than the country where the Intensive Programme takes place must be minimum 10. The activity plan of an intensive course should include at least 10 continuous working days of subject-related work.

An Intensive programme may not consist of research activities or conferences, but should provide something new in terms of learning opportunities, skills development, access to information etc. for the participating teachers and students. (www.ec.europa.eu/education 2008)

3.4 PIM - Intensive Programme

PIM programme (Promoting Intercultural Management for Working Life in the Baltic Sea Region) is developed to promote intercultural communication between participating students in the Baltic Sea region. Students and teachers are from different universities from Baltic Sea countries. All participating universities are part of Baltic Sea Network (BSN). This year programme took place in Alytus, Lithuania during 10.-24.05.2009. The participating countries are Finland, Estonia, Denmark, Lithuania, Poland, and Germany.

PIM Intensive Programme is organized for fourth time in year 2009, but is funded by the European Union, Lifelong Learning Programme, for the second time. Each year the IP is located in a different country within Baltic Sea region. Partner HEIs agree on the location every year. The coordinator of the programme and the organizational team of Laurea students (so called PIMteam) with help of host HEI are responsible for organizing PIM. The organizational team are a group of Laurea students studying in different fields, they provide expertise in their own fields. For instance this year the team consists of Marketing, Tourism and Finances students. Every year there is different organizational team, which guarantees the uniqueness of every PIM programme.

3.5 CIMO

CIMO is the Centre for International Mobility operating under Finnish Ministry of Education, which was established in 1991. CIMO works as a national agency of LLP programme. The administration of IPs was transferred to National Agencies with establishing LLP. It offers services and expertise to encourage cross cultural communication. The organization administers scholarship and exchange programmes and is responsible for implementing nearly all EU education, training, culture and youth programmes at national level. Before year 2007 applying for funding and reporting of Intensive Programmes was administered by the European Commission in Brussels. (Organisation 2009)

4 Administrative and financial rules

Administrative regulations are introduced in the Administrative and financial handbook for Beneficiaries provided by National Agency (NA). They must be followed while organizing IP and reporting to the NA about the funding used. These regulations are the same for all Eras-

mus IP coordinators at Finnish HEIs and eligible just in academic year 2008-2009, possibly some changes will happen in future. Following financial regulations are boundary conditions of organizing IPs.

In 2008, the application round ended in March 2008 and the applicants had to submit their applications to CIMO by that. After the application deadline the applications went through a qualitative assessment based on common rules and guidelines provided for all Erasmus countries by the Commission and conducted by external experts. The best applications were selected for funding and the Grant agreement was signed during Summer 2008. The project agreement period began in 1st of September 2008 and ended in 31st of August 2009. The projects took place during the agreement period.

4.1 The funding

In June CIMO informs the coordinators on the possible selection for funding and the amount of the EU grant proposed for the project. Funding covers outgoings for the period from September up to the end of August. The HEI and CIMO both sign the grant agreement.

In September CIMO transfers 80% of money to the HEI's account. The amount corresponding to not more than 20% of funding is transferred only after the coordinator returns the final report and CIMO checks how the funding was used. It is a common practice in this kind of projects to divide funding into pre-financing and post-financing to ensure that the project really takes place. (Outi Jäppinen 2009)

Accommodation and subsistence and travel costs are also divided into two cost groups, money for students and teachers. Even though those cost types are divided, still there is a possibility to use part of teachers' accommodation and subsistence or travel money of students and other vice versa.

These application principles apply to the academic year 2008-2009 and in the future some changes in boundary conditions might appear.

4.2 Financial regulations

Financial controls and on-the-spot audits by the National Agency may take place at any time up to five years after the final payment and the relevant documents must therefore be kept by the coordinator. Therefore bookkeeping of the programme should be performed with care. If possible, the financial department staff should be involved in the organizing of the IP. Only the costs that are directly linked to the IP's working schedule activities are eligible costs. Expenses should be caused only by the coordinator HEI's or partner HEI's students, teachers or

staff. Ineligible costs are costs which are caused outside the contract period, also costs that are reimbursed by other funding (specially EU-funding), travel costs of host HEIs students and teachers (host HEI is HEI where the IP take place), costs that are caused by participants from countries outside LLP if NA didn't grant a special permit; funding of conference, seminar or research activities; entertainment payments, grants or capital investment costs; debts; fines, financial sanctions, and other excessive costs.

EU funding covers three different cost types which are eligible. Those cost types are organizational costs, travel costs and accommodation and subsistence costs. (Koordinaattorin käsikirja 2009, page 8) The coordinator should make sure that the money received from EU will be put under the IPs project number and that the amount of money is correct in the ledger (pääkirja). Funding must be mentioned in the ledger as a whole, without cuts (Karhatsu & Rossi 2002, 16)

4.3 Applying for funding

In 2008, the application period ended at 14th March. In the application besides general information about the participants and the aims of the programme, the coordinator makes an estimation and calculates how much funding the programme will need. Accommodation funding is calculated according to a table of rates provided by the NA (Application form). The rate depends on the country where the IP will take place. The rate is estimated per person so the amount of funding directly depends on the number of students and teachers participating in the programme. The coordinator has to calculate travel costs by him-/herself on the assumption of future possible travel expenses that participants will have. Participants are travelling from different countries and due to this, the coordinator has to count travel price for each country separately. In addition the coordinator has to find the cheapest possible way of travelling to the place where the IP will be arranged.

4.4 Eligible Types of costs

There are three cost types which are eligible for the EU LLP funding; those costs are travel costs, accommodation and subsistence costs, and organizational costs. This section introduces what expenses of organizing an IP can be included in funding and to which cost type it can belong. These costs and the expenses that should be paid from them are presented in this section.

4.4.1 Travel costs

Travel costs include the travel and visa expenses of the partner HEIs' students and teachers. Here are not included host HEIs students' and teachers' travel costs. The maximum of 75%

from total amount of travel costs are funded by the EU, 25% of travel costs are paid by the participants themselves or possibly their HEI pays for them. Travel costs are calculated according to actual costs and should include all costs and all ways of travel from the place of origin to the destination. It may also include visa fees and cancellation costs. Partners should minimize travel costs by using the cheapest possible way of travelling for instance economy class flights. If somebody travels by car then costs are reimbursed for one person, even if there were more people travelling in one vehicle. All travel tickets and other supporting documents must be saved for possible auditing. Travel costs that were caused by travelling outside the actual the IP for planning and organizing IP are included in the organizational costs. (Koordinaattorin käsikirja 2009, page 9-10)

4.4.2 Accommodation and subsistence

Accommodation and subsistence costs are allocated according to the NA's system of daily and weekly rates for teachers and weekly rates for students. The amount of the grant directly depends on the number of students and teachers participating in the IP, the duration of the IP, and for how long the teaching staff stays in the place where IP is organized. The daily rate is used when a teacher stays in the IP location for 1-4 days and the weekly rate when the teacher stays 5-7 and 10-14 days. In case the teacher stays in the place of the IP for 8-9 days then weekly plus the daily rates are used. A full day includes an overnight stay in the place of the IP. The rate depends on the country where the IP takes place, precisely on costs of living of this country, and includes accommodation, meals and all local travel costs. In the final report accommodation costs are reported according to the time that the participants spent in the programme, real accommodation costs (hotel bills, hostel costs, lunches) not supposed to be reported. Travel insurance can be paid from this cost type even though it does not directly belongs to accommodation and subsistence. (Koordinaattorin käsikirja 2009 page 10-11)

4.4.3 Organizational costs

Organizational cost include the production of documents and educational material, rental of space and equipment assigned to the programme, field trips and excursions relevant for the programme, promotional and informational activities, translation costs, other costs caused by organizing the programme. In addition, accommodation, subsistence, and travel costs of staff travelling during the preparation or evaluation phase of the IP, external experts, and costs of a host HEIs students and teachers belongs to organizational costs. The NA allocates organizational costs according to a maximum allowance set by the European Commission. The organizational cost allowance is given as a lump sum and depends on the coordinator HEI's country

of origin. If the IP is organized by the Finnish HEI but takes place in another country the sum still remains the same as it would be if the IP is organized in Finland. During 2008-09, the organizational costs for IP organized by Finnish HEIs amounted to 8372,00 €. Receipts and tickets that belong to organizational costs are not checked but the beneficiary must be able to prove that the programme was organized as it was planned. (Koordinaattorin käsikirja 2009 page 9)

4.5 Monitoring and auditing

Because of the grant agreement between the European Commission and CIMO, CIMO is committed to monitor the execution of Erasmus programmes in Finnish HEIs and monitor the use of Erasmus funds. The purpose of the check of receipts and auditing is to ensure that funds of the programme are used according to the terms of contract. It is also possible to have auditing visits during and after the contract period and also a so-called system check which means a comprehensive inspection and auditing of all Erasmus or LLP grant administration processes.

In case of a possible check of receipts, the beneficiary has to submit a copy of the general ledger from which you can easily see the outgoings of IP, if the NA requests so. Besides that, the NA can also request the original receipts or copies of costs, bank certificate and list of programme participants with signatures. In the check of the receipts, separate receipts of organizational costs are not requested but in case of a possible auditing visit the beneficiary must be able to prove how organizational funds were used. If the beneficiary can not present the receipts, then NA will not pay this cost. (Koordinaattorin käsikirja 2009, page 13-14)

5 Financial Theory

This section explains some elements of financial administration which the coordinators possibly encounter during the organizing of an IPs. The information is going to be used as a base for the practical part of the work and will provide the coordinators with basic information about e.g. currency exchange, bookkeeping, budgeting etc. The elements are chosen according to the writer's own experience in the organizing of an IP, having this information in possession can help in the organizing of IPs. The information derives from financial literature and websites. The sources were chosen according to consisting information and reliability. the Organizing of IP financially defer from enterprises so most of the theoretical information found in financial literature was not suitable for this work. To create this part of the work the writer had to combine information found in different sources to make it suitable for the purposes of the thesis. The information which is introduced in this section enlists problems that

coordinators have and give a theoretical base for finding the way to overcome the difficulties that coordinators have and develop good practices for future use in the organizing of IPs.

5.1 Payments

The definition “A payment is the transfer of wealth from one party (such as a person or company) to another” is quite an appropriate description of term. The main types of payment by an individual include money, check, debit, credit, or bank transfer, in trade payments can be made by an invoice or result in a receipt. There are two types of payment methods; exchanging and provisioning. Exchanging is to change coin, money and banknote in terms of the price. Provisioning is to transfer money from one account to another; in this method a third party (e.g. bank) must be involved. Credit card, debit card, money transfers, and recurring cash or ACH (Automated Clearing House) disbursements are all electronic payments methods. Electronic payments technologies are magnetic stripe card, smartcard, contactless card and mobile handset. Mobile handset based payments are called mobile payments. (<http://en.wikipedia.org/wiki/Payment>)

5.1.1 Invoice

According to American receivable website “An invoice is a legal debt instrument which indicates the amount due from a customer to pay for delivered goods or services. To the buyer, indicating the products, quantities, and agreed prices for products or services the seller has provided the buyer. An invoice indicates the buyer must pay the seller, according to the payment terms.” A sales invoice is an invoice from the seller's point of view and a purchase invoice is an invoice from the buyer's point of view. Invoices can be made electronically or it also can be paper-based. Most common electronic invoices are PDF files sent by email.

The typical invoice should contain first of all the word INVOICE on the top of the document, as well as a unique reference number in case of correspondence about the invoice and date of invoice. There should be information about the seller, like name, contact details, name of the company, and registration details. It is crucial to put the date when the product was sent or delivered, in case of rental invoices the duration of the time that was billed should be mentioned in the invoice. The purchase order number or tracking numbers requested by the buyer have to be mentioned too. In addition there should be a description of the product, unit price of the product and the total amount with taxes. In the end payments terms should be mentioned including the method and date of payment. (Susan Ward, 2009) An example of an invoice is represented in Appendix I. The European Union also requires a VAT (value added

tax) identification number on invoices between Entities Registered for VAT. If the seller and buyer belong to two different EU countries, both VAT identification numbers must be on the invoice in order to claim VAT exemption (VAT exemption according to directive 77/388/CEE of 17 May 1977). Organizations purchasing goods and services usually have a practice when the employee confirms that goods and services were really received and after that the payment is approved. Typically when paying the invoice suppliers are informed that their invoice has been paid. (Invoice 2009)

5.1.2 Debit/credit cards

There are many different debit and credit cards on the Finnish market, so in this section I just introduce basic information on debit and credit cards and the general difference between these two payment instruments. A credit card is a small plastic card that is issued to the user of the payment system (bank or other credit union). The card holder can buy these goods and services with help of this card but he/she should promise that he/she will pay for this goods and services. Credit cards are accepted worldwide. They also give the possibility to track the expenses that have been made with a credit card, which is convenient for monitoring personal expenditures. A credit card purchase happens when a buyer pays for goods or services by his/her credit card, money goes from the credit company's or bank's loan. In purchasing with a credit card, payments are delayed.

A debit card is comparable with cash. It differs from a credit card in the way that an overdraft is not possible. When a buyer pays for goods and services with his/her debit card he/she can use just that money that he/she has on the account. Normally with a debit card, a person can purchase goods just in Finland but now on the Finnish market there are MasterCard or Visa debit cards, which can be used to pay also abroad but without any credit feature. (Sullivan, Arthur; Steven M. Sheffrin 2003, 226) (Visa Debit 2009) (Master Card pankkikortti 2009)

5.2 Archiving documentation

“An archive is a collection of historical records; it contains primary source documents accumulated over an organization's lifetime. The type of records that archives contain depends on the type of organization; it can be financial records, pictures, memos, meeting minutes, computer files etc. All archived records are nearly unique and do not have, like Books or magazines, many identical copies. Digital archiving is the long-term storage, preservation and access to information that was created and disseminated primarily in electronic (digital) form.” (Archive 2009) “Information's life cycle is identified by archiving project managers as

creation, acquisition, cataloguing/identification, storage, preservation and access. Creation of information is the act of producing the information product; it is where long-term archiving and preservation must start. If archiving take place when changes still will be made to an archived document, the burden of refreshing the content increases the amount of sources stored in the archive. When an object is archived it is necessary to identify and catalogue it. Identification helps to find the object in the future and cataloguing support organization, access and curation of objects. Preservation is an aspect of archival management that preserve content and look of the digital object. There should be continuous access to materials in the archives.” (Gail M. Hodge 2000)(Archives centre 2009)

The book *Projektin vetäjän opas* defines how archiving in the organizing of a projects should take place. According to the book, all material collected during the organizing of IP should be preserved with care. It is very important to collect all funding and possible change of funding decisions, payments' application and decisions etc. It better to arrange a folder for all financial documentation which includes supply lists, funding documents, contracts with suppliers tenders and offers, copies of ledgers and other financial monitoring documents. (Karhatsu & Rossi 2002, 18)

5.3 Bookkeeping

In a broader sense bookkeeping is a statutory obligation on the enterprises, associations, foundations etc. In enterprises it is essential to be profitable, bookkeeping helps to find out profit of enterprise. Foundations and associations are operating in different ways but bookkeeping can be used to clarify revenues and their usage. There are two types of bookkeeping: financial accounting which is used to report about financial activities of the company to external interest group and cost accounting which produce different calculation like investment calculations and budgets as a decision making basis. Cost accounting or management accounting is not official and is created just for own use of enterprise. (Lindfors 2009, 13)

Bookkeeping is a system to record financial transactions of a company and also a summary of them. Bookkeeping consists of two parts, one is day to day bookkeeping and the second one is a financial statement or closing the accounts. The objective of bookkeeping is to record and summarize financial activities of the company into the form that provides financial information about company and which is easy to use. According to the book “Mitä on yrityksen taloushallinto?” an entry should be made in both chronological and case order. In the case of organizing an IP, the case order is defined by common rules of organizing IPs. (Kinnunen, Laitinen, Laitinen, Leppiniemi & Putonen 2006, 29)

Bookkeeping provides information about the current value of the company and about profit or loss of the company over some period. Journals and ledgers are books that are used in the bookkeeping process. A journal contains daily transactions of the company and a ledger is a list with individual accounts. Journal records are entered into the ledger on a monthly basis. (Kinnunen, Laitinen, Laitinen, Leppiniemi & Putonen 2006, 14) (www.britannica.com 2009) (Dave Marshall 2008)

5.3.1 Single entry bookkeeping

This subsection describes bookkeeping from the coordinator's point of view. Because in projects like IPs there is no continuous income so double entry bookkeeping can not be used. Single entry bookkeeping is a much more simple system of bookkeeping and used by small enterprises and households. This type of bookkeeping is an informal bookkeeping system; it includes a daily summary of cash receipts and a monthly record of receipts and worksheets. It got its name because a person recorded each transaction only once as either revenue (deposit) or as an expense (check). Since each entry is recorded only once, debits and credits (recording method required for the double entry system) are not used to record a financial event. The main objective of this system is to determine the profit or loss of a business. In the case of IPs it is easy to follow using of funding, how much money left. In single entry bookkeeping can be used the single column system (Figure 3) or double column system (Figure 4). In the double column system there is separate columns for revenues and expenses while in single column system both revenues and expenses are entered into one column. (Dave Marshall 2008) (www.quickmba.com 2008)

Single Column System

Date	Description	Amount
Jan 1	Beginning Balance	1,000.00
Jan 2	Purchased shop supplies	(150.00)
Jan 4	Performed repair service	275.00
Jan 7	Performed repair service	125.00
Jan 15	Paid phone bill	(50.00)
Jan 30	Ending balance	1,200.00

Figure 2 Single column system

Separating Revenues and Expenses

Date	Description	Revenues	Expenses
Jan 2	Purchased shop supplies		150.00
Jan 4	Performed repair service	275.00	
Jan 7	Performed repair service	125.00	
Jan 15	Paid phone bill		50.00
	January Totals	400.00	200.00

Figure 3 Double column system

5.4 Currency exchange

“In finance, exchange rate or foreign-exchange rate or forex rate, or FX rate is a rate at which one currency can be exchanged for another.” In other words it means how much foreign national currency costs in terms of home national currency. The foreign exchange market is one of the largest markets in the world. The exchange rate regime is the way how a country manages its currency in respect to foreign currencies and the foreign exchange market. There are two basic types of exchange rates: the floating exchange rate is where the market rule change in exchange rate, and the fixed exchange rate ties currency to another currency (for instance U.S. dollar or the euro). In Erasmus Intensive Programmes outside the Eurozone, an exchange rate should be used that is specified in Article IV.2. Of the Grant Agreement: <http://ec.europa.eu>. (Administrative and financial handbook for beneficiaries, 2008, 13)

5.4.1 Pegged and floating currencies and exchange rates

Some small currencies of EU countries are pegged to Euro. This means that their rate is fixed. For example Lithuanian litas has the same value (3,4528 LTL) according to euro since 02.02.2002. Even though the exchange rate is fixed there is still fluctuation band which is 15% (de facto 0%). Thus, the exchange rate can vary a little bit which can be visible when you pay for goods and services by debit/credit cards.

The Floating exchange rate is determined in the market through supply and demand so currencies value is fluctuated according to the forex market. Free floating exchange rate in-

creases volatility in foreign exchange. In real life there is not such thing as completely floating or pegged currency. Fixed exchange rate can be influenced by market pressures and in floating exchange rate, European Central Bank (ECB) also can intervene to avoid inflation and ensure stability of currency, but it is not often when central bank interferes in to floating regime. (Reem Heakal) (Rajnish Tiwari 2003)

5.4.2 Euro

Euro is the official currency in the Eurozone which includes 16 of 27 European Union states. Several small European states such as Andorra, Monaco, San Marino and Vatican City have the right to use Euro and mint their own coins even though they are not officially part of the Eurozone. Also two states outside the EU have Euro as a sole currency, those are former Yugoslavian states Montenegro and Kosovo. Euro is the second largest reserve currency in the world and second most traded currency in the world after U.S. dollar. Euro is a floating currency which means that its exchange rate is determined freely on the market. All intra transfers in Euro are considered as domestic payments and have a domestic transfer fee, it applies to all EU member states also when transactions in states outside the Eurozone are carried out in euro. Also paying by debit/credit cards and ATM withdrawals are charged as domestic within the Eurozone. (Q&A: Euro Cash Launch) (Tausta: Euro 10 vuotta) (Valuuttakurssit 2009)

5.5 Project budget

The project budget is one of the pivotal tools of the project. It dictates how much time is to be spent on specific issue and it is a baseline used to determine whether the project is on track. The budgeting of the project should be started with identifying the project costs. The coordinator should identify the costs as close to reality as possible. Project costs should not be defined solely in monetary amounts, actual amounts with number of hours, taxes and people should be included. According to the Shelley Doll after identifying the costs the project manager should identify risks of a project in percentage equivalent. In the opinion of the writer the coordinator of the IP does not necessarily needs to do that, since the process of calculating risks in a project is quite time consuming, but of course it is good to know the risks that might appear. The project budget should be labelled as an estimate till it is finalized, and in case of the IP till prices are confirmed. (Shelley Doll 2002)

The project control budget is the approved plan of project expenditures. In theory, the control budget is fixed once during the whole project but in practice control budgets are changed many times in order to correct inaccurate estimates or work on some other issues. (Andre A.

Costin 2008, 189) Cost control is an add-on objective as the project is defined. Estimated costs are subservient to the leitmotif of the project. (What is rolling budget? 2009)

After creating the budget, the coordinator has to know if the project is on budget, for that coordinator has to do budget tracking. This happens when coordinator combines actual costs with estimated costs. The coordinator can do simple cost tracking by viewing the actual and scheduled (projected) costs for tasks, resources, assignments, and the project. If budget is created through a baseline, then it is possible to do more extensive tracking by comparing the actual and scheduled costs against the baseline costs. By monitoring variances of the costs regularly, coordinator can ensure that project costs are close to budget. (Tracking your budget costs 2009)

5.5.1 Cost management (estimating costs)

The Association for the Advancement of Cost Engineering (AACE) defines cost estimating as "the predictive process used to quantify, cost and price the resources required by the scope of an investment option, activity, or project" (Andre A. Costin, 183) An estimate comprise a base cost, linked directly to work and a contingency, which is unallocated reserve. Contingency is good to yield an 80% likelihood of achieving the project within estimated amount. Estimate accuracy is the base cost divided by the sum if the vase cost plus the contingency amount. Thus, an estimate with a 15% contingency is said to have an estimated accuracy of 87%. Over time and with further definition of works, the range of an estimate will diminish. (Andre A. Costin,184.) An accurate project budget is the outcome of the estimating process. (William R. Duncan 2009) It is impossible to know the project's final costs before the project is complete, but it is possible to create an estimate. A real estimate evolves as project details become available, it is called progressive elaboration. (Joseph Phillips 2009)

6 Financial management process in PIM2009

This section presents how the finances were managed in the IP PIM2009. This experience is very subjective. Problems that the writer had during her work as assisting the coordinator handling finances are presented and analyzed in further sections. This section only describes the process and gives the overall picture of how financial management process proceeded in PIM2009.

The applying for funding is a start of the financial management process of the IP PIM2009. The coordinator calculates travel costs and accommodation and subsistence, organization

costs are fixed. The writer did not participate in the application process of PIM2009 but was helping the coordinator of the programme in applying for funding for PIM2010 so the application process became familiar. To estimate travel costs the coordinator with help of assistants were searching for cheap flights or other ways of travel to the destination. Because flight prices can increase during the year that passes, from the time of applying until the IP takes place, the actual prices were increased by approximately 10% for the application. Buss tickets are much cheaper and prices do not change so fast and radically as flight ticket prices. Calculating accommodation and subsistence does not need estimation because the rate is given in the application documents and all what the coordinator has to do is to calculate accommodation and subsistence costs according to the number of students and teachers participating, to the country where IP will take place and for how long the IP will last.

When funding is assured and the grant agreement is signed, the first thing that was done was the estimation of expenses. In other words, a list of expenses was created and approximate prices for them were calculated. To estimate accommodation prices the organizational team of PIM2009 contacted host HEI, so they could advise accommodation place suitable by price and conditions, in addition a survey about other possible accommodation was conducted. The same scenario was used while searching for places to eat. All places had websites so it was easy to contact them and ask for prices and offers.

When the estimation is made, the coordinator makes the budget according to the funding that programme has been granted. To estimate the budget for PIM2009, the coordinator used Microsoft Office Excel programme. For a clear budget, the coordinator created three sheets according to the different cost types. Expenses that are put in each sheet can be found in *Koordinaattorin käsikirja* (Finnish Financial and administrative handbook for beneficiaries) provided by CIMO. In addition, the coordinator has one more sheet, this sheet is a list of expenses that the programme has in reality. The coordinator recorded to that list all actual expenses that are made in time order, expenses are divided by phases of the organizational process for instance marketing phase, organizing IP phase, actual event phase etc. The coordinator entered the explanation of the cost amount in the currency it is made and the amount in euros, this list can also be called daily bookkeeping. Because the writer was helping coordinator in handling finances in the IP PIM2009 she was putting expenses to the list and at the same time correcting the budget, to know how much money was left for the certain cost type. All expenses made in other currency than euro were exchanged to the euro by official EU rate.

All receipts, contracts and price offers and were collected and saved carefully. A special folder with different pockets where flight tickets, specification of travelling expenses, re-

ceipts could be found each in own section, was created. Each receipt had an explanation on the backside in order to remember what was bought and what for. It saves a lot of time when bookkeeping is done continuously. The writer was managing receipts by numbering and then dividing them in to groups from 10-19, 20-29.....100-109, 110-119 etc. This pattern was handy during the IP, because if certain receipt needed to be found, it was easy to do, also it made process of making the financial report much easier, didn't take much time to find the required receipt. While making the financial report and calculating the money used, receipts were glued to an A4 paper. Next to the receipt the number of the receipt was written and an explanation what it represented. The receipts were glued according to the cost type of each, so all organizational costs receipts were together as well as accommodation and subsistence and travel receipts. This way of keeping receipts was very good for checking and double checking and also this makes it easier to keep the receipts and also convenient for future keeping receipts and finding them in case of possible auditing.

Participants from different countries were travelling in different ways, students and teachers from neighbour countries were travelling by car, others were flying, and Finnish students took a boat to Estonia and a buss to Lithuania, which was the cheapest way to travel for them and also the opportunity to get to know each other better. The organizational team made a search of possible ways of travelling for students and prices in advance, to make sure that they will travel in the cheapest possible way. Most of the students were purchasing tickets by themselves, for some students the home institution paid for the tickets. However, all students were travelling in national groups so travel costs per student in the national group were more or less the same.

This year the IP was organized in a small town called Alytus in Lithuania. The host HEI provided the IP project not just with teaching facilities but also with accommodation and meals. The HEI sent Laurea an invoice for those services. The invoice was sent and had to be paid in advance because according to the HEI they did not had enough supplies for meals for such big group of people. This resulted in problems that will be presented in a section 7. To make the work of the finance department easier Laurea requested the school to send one invoice which includes the payment for the HEI's canteen, student's and staff's accommodation and local transportation. Other restaurant visits, local travels and free time activities were paid by credit card or cash.

Knowing that the collecting of travel tickets and receipts will take some time, the organizational team got the idea to collect them already during the IP and scan them, which would have expedite the reporting and refunding process, but unfortunately due to technical problems just paper copies were made and carried to Finland. Even though travel confirmation

letters were obtained and the prices of the students' travel tickets were known still there was one misunderstanding were Finnish students paid too much money to a person who was ordering ferry tickets. The person returned the change by cash, this small issue made calculating travel costs more difficult and the organizational team had to contact the students in order to clear out this issue. Also waiting for students sending their actual receipts took a long period of time and the reporting process could not be taken further.

For a better observation of the financial management process and timeline of organizing an Erasmus IP a timeline table (Figure 4) was created for PIM2009. This timeline table showed the steps of the process and their location in the timeline of the organizational process of case PIM2009. Unfortunately this timeline can not be generalized for all IPs because not all IPs are organized in May, but it graphically shows the order of the steps and approximate duration of each. To have a more specific picture check Simple Guideline Appendix II where the writer illustrates the steps of the financial organization of an IPs with more details.

Timeline of organizing the IP	Year 2008												Year 2009									
	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10		
THE EVENT																						
1. APPLYING FOR THE FUNDING																						
1.1 Estimating travel and accommodation costs																						
2. RECEIVING THE FUNDING																						
3. PROCESS OF THE ORGANIZING EVENT																						
3.1 Identifying the costs																						
3.2 Estimating the costs																						
3.3 Drafting the budget																						
3.4 Budget tracking																						
4. BOOKKEEPING																						
4.1 Booking down expenses made during org. process and the event																						
5. REPORTING PROCESS																						
6. RETURNING THE REPORT																						

Figure 4 Timeline of organizing IP. Example case PIM2009

7 Difficulties in Financial Management

This section presents financial administration elements which caused the writer and coordinators most difficulties during the organizing of IPs. Difficulties of the coordinators are collected with help of survey, in which coordinators participated in and shared their experiences in the organizing of IPs.

7.1 Software

Personally the writer had difficulties with using Microsoft Excel for needs of financial management of PIM2009. Even though in Microsoft Excel it is possible to enter equations and use them to calculate costs, it is still very easy to get lost among figures, to make mistakes and not recognize them straight away. The smallest mistakes in equation can cause big calculation errors, and probably there will be more than one equation, and most likely they are connected to each other, so you have to be more than careful while using Microsoft Excel because searching and correcting the error will take a lot of time. While managing the finances of the IP the writer had to create Microsoft Excel tables, and because this is the first IP in which organizing the writer had the chance to participate as a financial assistant of the coordinator, it was impossible to know if the way of managing finances is the easiest one, or are the formulas created in Microsoft Excel tables too complicated. Just while working on the thesis the writer found out that there is Macro in Microsoft Excel. Even though the writer studies financial management, it was challenging to create Microsoft Excel bookkeeping system almost without any example from before. In the end of IP when all expenses are made and receipts and tickets are collected together, calculating subtotals and totals checking and double-checking them is a very time consuming job that has to be done.

7.2 Payments

In case of Laurea the payment system works in the way how it is described further. After the funding is transferred on the HEI's account the money is in the coordinators use. To get money from the HEI's account, the coordinator has to order the sum of money in advance from the financial office to use them during the organizing of the programme or the intensive programme itself. For that the coordinator has to have the presumption how much money he/she is going to need during the trip, of course this relates to PIM2009 which is organized abroad or other IPs organized abroad. Money is transferred to the coordinator's personal account. After the end of the programme the coordinator should fill in the form in which he/she report to financial department about money used during the programme, with all receipts attached. Some expenses like accommodation or local transportation can be possible to pay by invoice and other expenses are paid by credit card or by cash. For this reason service providers should send their invoice to the coordinator HEI with a specification and project number. Almost all coordinators pay for accommodation by invoice just one of the coordinators pays for it by debit/credit card, probably it depends on the type of accommodation and whether the accommodation provider can send an invoice. Almost all coordinators pay for accommodation by invoice just one of the coordinators pays for it by debit/credit card,

probably it depends on the type of accommodation and whether the accommodation provider can send an invoice. In payment for subsistence there is a bit more variety in types of payments, some of the coordinators pay besides invoice also by cash and debit/credit cards, (Table 5) and in free time activities even more coordinators use other than Invoice to pay for services. (Table 6)

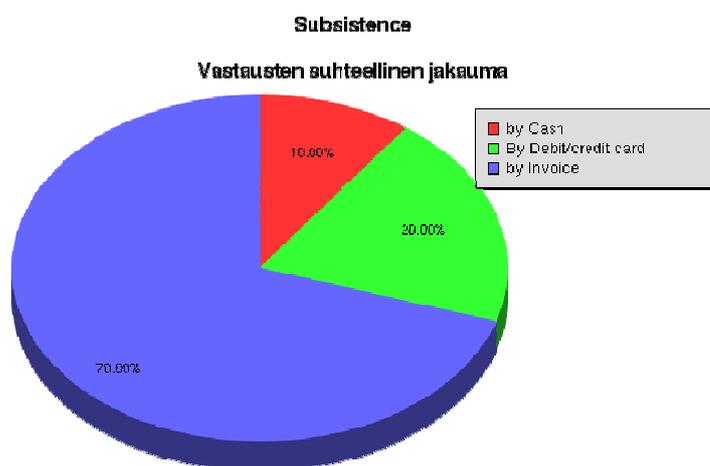


Figure 5 Relative distribution of payment ways for subsistence



Figure 6 Relative distribution of payment way for free time activities

7.2.1 Debit/Credit cards

Even though nowadays to use payment cards it is common practice around the world, but still not all stores or restaurants might accept a credit card or debit card. If there is a need to travel by taxi paying by card can be a problem, even though in Finland it is common to pay by debit/credit cards in taxi, but it not possible everywhere in Europe. Of course there is always the possibility to take money from an ATM, but because in IPs coordinators deal with a big group of people, then it is quite hard to guess how much money one exactly needs to withdraw for example a restaurant bill. According to the survey, none of Erasmus IP coordinators get business credit cards from their HEIs, so all of them have to use personal credit cards for payments just like coordinator of PIM2009. Using a personal credit card for the programme needs can include problems and even dangers. First of all, the coordinator has to use credit card, which does not include coordinator's own expenses. For that the coordinator has to have several credit cards one of which he/she can use just for the programme needs. Additionally after using a personal credit card while organizing the IP, one of the coordinators encountered another kind of problem. Luottokunta informed the coordinator that card details of the credit card used in the organizing of the IP were stolen in a data. This can happen while using ATMs and paying by credit card in stores abroad.

“Luottokunta is a full-service card payment company that develops and provides card payment solutions for banking as well as merchant and corporate customers. Luottokunta's core services comprise card-issuing services, including the management of more than 60 different card schemes, as well as acquiring and payment transaction processing services. Luottokunta offers Visa and Business Eurocard payment solutions, interbank, prepaid and payment terminal services.” (Luottokunta)

7.2.2 Invoice

An invoice can really make the life of an Erasmus IP coordinator easier. The coordinator does not have to pay in cash or by debit/credit cards, the service provider just posts the invoice by mail or email and the coordinator HEI transfers the money straight to the service providers. The coordinator does not have to order money from the HEI financial office and keep big amounts of money in cash or in debit/credit card. This method decreases the paperwork that coordinator has to deal with, but this method is not risk free either. The country where the IP is taking place can have a great effect on financial administration. There is an example where the central bank of Finland refused to transfer money to the bank account of Host HEI in Lithuania, because the bank in Lithuania is not reliable and is on the black list of the European Central Bank. Money could be transferred but the Finnish bank would not be responsible if something in the operation would go wrong, so the coordinator had to find another way to

pay the bill. Partly bill was paid through the bank in Lithuania, and partly straight to host HEI. Another difficulty that the IP coordinator from HAMK UAS had with Lithuanian banks is that when they transfer money to their Lithuanian partner, the partner gets 20 to 50 € less than was sent, so the partner HEI has to send one more invoice which naturally increases more paperwork. The reason of this is unknown, but the coordinator thinks that it might be differences in exchange rate or fees of Lithuanian bank. (Survey 2009)

Even if a certain bank exists in several countries in Europe and belongs to one owner still one country's bank account is not visible in other country's bank office. For instance Danske bank office in Lithuania and Sampopankki office in Finland belong to one owner - Danske Bank. If a person has account in Sampopankki, and wants to transfer money to Danske Bank Office in Lithuania, it is impossible to do, because your account is not visible in the database of the bank. So the only way to pay the bill is to withdraw the needed amount of money from ATM at the place and pay in cash in the local bank. This way of paying bills is not convenient or safe at all. This example belongs to situation that PIM2009 had while organizing the IP in Lithuania, the Lithuanian host HEI requested payment of their invoice in advance, and when it couldn't happen because bank was not reliable then coordinator had to pay the bill at the place. This way of paying for services is very inconvenient because during the programme many changes might happen, for example, students leaving the programme, teachers coming late to the place, or other situations which the coordinator cannot influence. When you have to pay an invoice beforehand also timing become a problem. The coordinator has to make sure that the bill is paid in time and the host will get all needed supplies for organizing IPs. In this kind of operations when an invoice is already paid but some changes appear it might be difficult to make these changes, and get money already paid credited.

7.2.3 Cash

The main problem with paying in cash is that the coordinator has to carry big amounts of cash. The possibility to withdraw money from an ATM is not convenient because then the coordinator has to spend time going to ATMs and withdrawn money, still the amount of withdrawn money can be so big that it is simply not safe. Additionally for each withdrawal, the bank fee up to 10 % has to be paid, which increases the amount of paper work and organizational costs. Another problem is withdrawal of big amounts of money, which is a problem because even if a debit/credit card has no limit for withdrawal still in the ATM can have its own limit and not give more money than a certain amount in for example 1 or 4 days. (ATMs abroad 2009) If the coordinator pays everything in cash or credit card, then specification of travel expenses must be filled in and the financial department have to feed each payment separately into the system. It can be very problematic since financial software might not have

the needed cost type, so it makes the work of financial assistants much harder to do. (Virpi Kosonen Financial assistant 2008)

7.2.3.1 Currency exchange

Currency exchange difficulties can be experienced by a coordinator who organizes an IP in a country outside the Eurozone, in other words, in a country where the national currency is not Euro. It is difficult for many reasons, one of which is that it is much more difficult to compare prices. The coordinator always has to exchange money into Euros in the mind to realize which price is more suitable for the good or service. This difficulty is common for everyone who travels outside the Eurozone, and there is not much that can be done. There is always a choice how to deal with cash. The coordinator can withdraw euros and exchange them in a bank but many sources are saying that exchange rates and fees are bigger than if you just withdraw money from local ATM or just pay by debit/credit card. In case of PIM2009 the coordinator had to deal with the Lithuanian currency Litas. Some of the money was exchanged into Litas already in Finland, some were withdrawn in the local ATM and for some costs the coordinator was paying by credit card. So there were three kinds of currency exchanges, all of which caused exchange rate loss and a few times profit. Even if Litas is a pegged currency still exchange rate was mostly not the same as its official rate because of fluctuation band. And because all sums should be exchanged with the official EU exchange rate it caused some more work in bookkeeping, because these differences in amounts and exchange rate loss have to be put in organizational costs even if the purchased goods were put in accommodation and subsistence expenses.

7.3 Organizational staff difficulties

Organizational staff is different in each IP, there is no common practice on how the organizational team of an IP should be. The most common organizational team mentioned in the survey answers consists of IP coordinator, coordinator and secretaries/assistants of international affairs, contact person in Partner University and teachers in partner HEIs. One IP has an organizational team where duties are shared between team members. PIM IP always has an organizational team consisting of students, who are helping the coordinator with the practical organizing of the IP, and the coordinator and partner HEIs' teachers are always in charge of teaching part of IP.

The organizing of an IP is a big load of work which includes many different elements of event management. Some of those elements can demand skills and knowledge from coordinators

that they do not necessarily have. Mostly it concerns financial administration skills, working with a budget, and bookkeeping takes a lot of time and requires knowledge in economics and finances. Also for the IP coordinator of HAMK UAS, as well as the writer, had some difficulties with reading bookkeeping reports.

EU LLP Funding is for one year, but coordinators do not have one year for the organizing of an IP, because there also should be some time for the reporting to EU. So basically they have just approximately half of the year to organize all practical things that need to be done, accommodation, subsistence, free time activities and the teaching programme. Correspondence between the organizational team and service providers might take a lot of time, because not all people answer as fast as they get email. In addition negotiations about prices can be time consuming. Many of the coordinators who answered the survey find the organizing of an IP by themselves with the help of international coordinators and/or assistants, to be very big work load for one or even two persons.

7.4 Bookkeeping

One problem that a coordinator can encounter while reporting is to find out that official ledger differs from bookkeeping that the coordinator was having. Because the financial department is handling financial activities of the whole university there are possible force major situations when projects receipts will be paid from some other project's account (or other way around) or even will be lost in the big amount of paper work that the financial department deals with every day. If the final ledger is different from the coordinator's own bookkeeping, it can be a very difficult and time and energy consuming process to find the missing sum. Mostly it will be difficult because the financial department's principle of dividing costs and booking them in the ledger is different from the project's own bookkeeping principle. In the ledger the receipts are divided according to the date and type of payment (for example meals, accommodation, transportation etc.) In PIM2009 costs were separately put according to time and cost type which are defined in Financial and administrative handbook for beneficiaries. In the ledger the costs are summed and just the sum is visible, so it is problematic to compare project's bookkeeping and the final ledger. Additionally in the financial department each payment has its own receipt number, which the coordinator's bookkeeping does not have that makes the comparison even more difficult.

7.5 Documentation - archiving

One of the biggest difficulties that coordinators have in organizing IP is collecting travel tick-

ets and other receipts from participants. It is crucial to have travel tickets and other receipts because that is how the coordinator proves that trips to IP location and back have really happened, and the travel refunding was made according to actual costs. It is hard to get receipts and tickets from students and teachers in time, and sometimes they return them much later than the deadline and the coordinator even has to send a few reminding emails. It can take more than a month to take all tickets and receipts, which can be a problem if the coordinator does not have much time for reporting. In addition if the IP was happening right before summer then everybody has summer holidays, so if any kind of information or receipt/ticket is missing it might be hard to get it.

During the IP coordinator has to pay in cash for many expenses. Snacks, restaurant visits and free time activities of the students are usually paid in cash or by credit/debit card, and the coordinator has to save all receipts which can become quite a big number of them in the end of two weeks. In some cases also students might have to pay for expenses and the coordinator refunds them later in exchange for receipts, naturally those expenses are agreed in advance. All this increases the number of receipts that have to be collected, managed and kept. According to the survey this difficulty is common for many coordinators.

In PIM intensive programme there is the practice that in order to get travel costs the refunding participants have to fill in the paper application where they state their personal and bank information (IBAN and SWIFT/BIC codes) and also list all travel costs that they have. Furthermore they attach all travel tickets and receipts. Participants were getting the applications from organizing staff during the intensive weeks. But in practice it does not work as smooth as one might hope, since participants were losing the applications. Posting applications by mail also caused some difficulties for example letters were returned back to sender or reached the recipient too late.

7.6 Difficulties in applying for funding

When the coordinator is applying for IP funding for the next year, he/she has to estimate travel costs and count accommodation and subsistence costs according to the table of rates. The main difficulty is to estimate travel costs, in one year prices can change and flight rates vary a lot. Also because participants have to use cheapest way of travelling you never know which way of travelling will be chosen if for example students from a neighbouring country are going to travel by bus or by car. In one year prices for flights can increase a lot because of changes of price for a fuel, so if prices have raised a lot then the student will not get 75% of their actual travel costs and will get less. One of the difficulties might be that if a certain number of students and teachers is mentioned in the application then there actually should be this number of participants, but it is possible that HEIs cannot have this many students or

teachers participating in the IP. The result is that the IP coordinator has to return money he/she got from EU. Sometimes a partner of the consortium cannot participate in the IP at all and that means that the informed teaching schedule will be changed.

7.7 Organizing travel for students and purchasing tickets

In PIM2009 there was no general practice of organizing the travelling for students, each HEI did it in its own way. Partly it is because each year PIM is organized in a new country. There is only one common practice which is not obligatory but is applied in several IPs. Students have to travel in groups, which can be a problem. The purchasing of travel tickets differ between HEIs, in some HEIs the students buy their travel tickets by themselves and apply separately for refunding, which is not convenient for the financial office, since they have to make e.g. eight transfers in stead of possible one transfer (Virpi Kosonen interview 2008). Also if students buy tickets by themselves then each of them id going to apply for refunding and each person's receipts have to be collected separately instead of one person, for instance a student or the financial assistant of the partner HEI, sends tickets and receipts for the whole group.

Another difficulty was introduced by coordinator Annikka Michelson from HAMK UAS. They have difficulties with arranging the travel of other than Finnish students when they travel to home HEI. There is no bus or train connection to the place where IP is held, so they have to organize the travelling of the participating students from Helsinki or Tampere airport. Basically, this is still travelling to the place and 25 % of the cost should be paid by the participants, by arranging it, then invoicing for 25% each, which increases bank fees and paperwork.

8 Good practices of financial management in organizing Intensive Programes

This section presents good practices of the financial administration elements, which are developed on the basis of the writer's and coordinators' experiences and difficulties in financial administration of IPs or already used by Erasmus IP coordinators. Here the elements are more specified but to observe the process on the whole the writer created the Simple Guideline of the Financial Administration Process which the reader can observe in Appendix II.

8.1 Archiving

The system to keep and manage receipt that was used in the financial administration of PIM2009 is convenient and can also be applied in organizing IPs by other coordinators. Perhaps

some of them already use a system like this but just did not mention it in the survey. If the IP has a big number of receipts, it can be easier to find receipts and keep them in order if the coordinators number all receipts and categorizes the receipts by numbers into groups of 10, like 1-9, 10-19, 20-29..... 110-119 etc. After all receipts are collected, the coordinator can categorize them based on case base into accommodation and subsistence and organizational costs. Travel cost receipts and tickets usually come much later, and their numbering is not necessary. Travel receipts can be categorized into teachers and students and students' receipts can be categorized on country basis. When all receipts are categorized on cost type basis, the coordinator can glue or attach them in some other way onto A4 paper sheets, and write the explanation and number of the receipt next to it. This way makes the copying, handling and keeping of receipts much easier and clearer. The A4 sheets with receipts can be kept in a folder sorted according to cost types. The coordinator from Metropolia University of Applied Sciences has a practice of scanning receipts into their account system and that is how it is easy to keep them and reproduce copies when needed. This kind of practice also can be possible if the coordinator has an external hard drive, where the coordinator saves all the scanned receipts and other documentation of the IP. It is much easier to work on the report or save receipts for the next six years as CIMO requires; the coordinator does not have to deal with a pile of paper receipts.

8.2 Collecting travel tickets

Because the collecting of travel receipts and tickets after IP might be problematic, travel receipts can be collected already during the IP, and then the coordinator will have all the prices which makes the processing of refunding travel tickets faster. In case of the IP organized in Finland, taking copies is a very convenient option, because then the coordinator does not have to travel anywhere, but if the IP is organized abroad, then carrying copies is not convenient at all, especially if the coordinator has to fly back to Finland and the luggage limit is low. The best option is to scan the tickets and receipts and save them on a hard drive, USB-stick or laptop so the coordinator does not have to carry a large amount of paper copies back to Finland and all needed receipts can be found by one mouse click. It is much easier to work with computer files than with paper documents.

Maybe it might be better to have travel refunding applications as a Microsoft Word or Excel file, so participants could fill them and send them by e-mail as a PDF file or one might even create an online application, which might not be so safe from the data protection perspective. HAMK UAS has a practice where the Excel table Appendix V is filled by partner HEIs and enclosed to the invoice with copies of travel tickets, this application also can be used as a separate from invoice in case when person and not a HEI applies for reimbursing. Unfortu-

nately the only way to collect original receipts is to send them by mail, so the problem of getting original receipts and tickets remain. There is one more way to simplify the process of applying for refunding, it would be easier for everybody if a certain person at the partner HEI, perhaps international coordinator, secretary or even one of the participating students, handles the collecting of travel tickets and receipts and applies for travel cost refunding, then the coordinator does not have to remind each of 40-60 students separately which is also time consuming. In the beginning of the organizing of the IP the coordinator has to make an agreement with the partners, that receipts and tickets are going to be collected in partner HEIs and sent to the coordinator as a one letter.

8.3 Organizing travelling of students

Organizing travelling is one of the problems of organizing IPs, the way how it is organized has direct connection with the refunding and reporting process. In PIM2009 there are two ways to organize travelling of students that were used during the history of the IP. In some countries students organize and pay their travelling by themselves including choosing the way and time of travelling and paying for the tickets, and each of them applies for refunding separately, for example Finland and Germany. In other countries, the partner HEI is paying for the travel tickets and applies for refunding for example Denmark and Lithuania. The second way is much more convenient both for the IP coordinator and the financial department of the coordinator's HEI. For the IP coordinator it decreases the amount of paper work and for the financial department it decreases amount of work, since in this case instead of for instance eight transactions they need to make just one. If for some reason it is not possible for the partner HEI to pay for the students' and teachers' travel costs, still the partner HEI could be the one who is in charge of collecting the travel tickets and refunding applications and sending them to coordinator. It could even send an invoice for 75% of students' travel costs and after receiving the refunding divide it between the students.

8.4 Estimating costs

The estimating of travel costs happens already while applying for funding, which is more than a year before the IP will take place. To estimate travel costs is difficult if participants travel by airplane, because in one year prices of travel tickets can grow enormously. The variety is much smaller if participants travel by car or by bus. The differences in prices will be much smaller as bus tickets cost less than flight tickets. Because funding directly depends on the estimating of travel costs so when funding has been granted the coordinator has a fixed amount of money that can be paid to participants as travel cost refund. Identifying and esti-

estimating the costs are the first two things that coordinators do when funding is assured. Identifying helps to outline the whole picture of expenses. The estimated calculations that the coordinator makes will be a base for budgeting. Estimating is difficult for IPs which take place each time in a new place, prices between cities and countries can vary a lot. Additionally each time the coordinator has to find new service providers, which naturally makes the organizational process longer and more difficult. To estimate approximate costs of accommodation and meals the coordinator has to cooperate with the host HEI, in order to find the best place that is suitable for the IP. Also it is very easy to find accommodation places and prices on the internet using special websites.

Some costs are impossible to estimate. They might appear during the IP and are not included in the budget for example unpredicted travel costs, so it is good to have some spare money for unpredictable costs. In the article Cost management by Joseph Philips it is said that "good estimate clearly defines what project will accomplish, the assumption made, how long the estimate is valid and how much the project will cost base in current information." Already in the estimating phase of the organizing of the IP the coordinator knows how much money can be spend on which cost type, so in general by estimating costs, the coordinator just follow the regulations and make the bookkeeping according to them.

8.5 Budget

In the budget the coordinator puts all possible costs which he knows or can assume in advance, it is possible for example travel costs, and accommodation costs. Because intensive programmes are funded just for one year in time and the location and expenses might be changing every year so each year the elaboration of the budget is a unique process. In the short projects like IPs it is crucial that the monitoring of the budget so called budget tracking happens all the time during the organization process and the event itself that is how the coordinator will always know how much money he/she has in use. It helps in the reporting period as well because the better the budget was kept up to date less calculations the coordinator has to make while preparing the report for CIMO. In the organizing of the IP the coordinator can monitor and update the budget, but it is also possible that another person is in charge of the budget. In the second case it is very important that communication between the person who handles the budget and the coordinator works smoothly, and that the coordinator informs this person about expenses made, that is how all needed budget changes will be made in time. Maybe it is a bit better to have someone; preferably an assistant with financial education or experience, to handle the budget, then there will be no need for the coordinator to spend that much time and energy to handle this part of the organizational process and can also focus on other organizational tasks.

According to the survey coordinators start planning the budget already in the applying stage, when they count possible travel and accommodation and subsistence costs. The next time the budget is updated when funding is received, on that stage the coordinator can start more specific budgeting, with searching for the most suitable accommodation, and planning how much money can be spent on meals. On this stage the coordinator should cooperate with host HEI, because it probably has partners: hostels, hotels, restaurants, where usually guests are staying. It might save some time but in order to compare prices it is also good to make some research.

The budget of IPs mostly reminds private budgeting, which is an easier way to ensure sufficiency of funding. Where possible and known costs are reduced from income, in case of IPs, it is funding. Companies use so called income budget which include four steps, in organizing an IP just three steps are suitable and could be used in budgeting. The first step is the settlement of costs, where the coordinator settles cost types and prices. The second step is to settle the purchasing budget, or we can call it the shopping list, on what the coordinator has to spend the funding and trying to assess the price of goods and services. The third step is budgeting on a month level, or just a continuous budget follow-up. Already in the first step it is good to divide costs as it is regulated in Financial and Administrative handbook for Beneficiaries.

The changes might appear in every stage of the planning and organizing process for example changes in the number of participants. So the coordinator has to be prepared to change the budget according to those changes. It is very crucial to make the budget detailed as possible and follow it all the time. Making the budget should happen together with partners so budget principles became clear to everyone. Leave some reserve money in case of some unexpected costs that probably will appear or other (Hirvonen P. & Nikula A-P. 2008, 176-189)

8.6 Software

Almost all coordinators are using Microsoft Excel programme for bookkeeping, some of coordinators also use special accounting programmes e.g. Raindance and Sonet. In PIM2009 Excel was also used for budgeting and accounting. The financial department uses other accounting programmes. The financial secretary of the financial department in Laurea UAS gave the advice to use AvistaX accounting programme which is easy to use so the coordinator does not need any special knowledge or skills for that. The coordinator from HAMK University of Applied Sciences mentioned that using Macro in Excel can make bookkeeping easier. Different

costs are entered, the program will divide them by cost types. To know more about Macro commands for Microsoft Excel you can visit the following link on Microsoft Office official website. (About Macros in Excel 2009) Additionally there is the Microsoft Office Project programme which can be used for budgeting, bookkeeping and accounting of IPs.

All Excel tables that coordinators developed are based on the reports table of costs. So accommodation and subsistence and travel are logged separately. Also the costs of students and teachers are separated, and organizational costs are separated, too. There is also the possibility to log costs of students and teachers together as it was announced at one of information event in CIMO. This possibility makes the handling of bookkeeping and reporting of the IP easier by decreasing the amount of calculations. One good example of the Excel table is produced by HAMK University of Applied Sciences, where organizational costs, travel costs for students, travel costs for teachers, accommodation and subsistence costs for teachers and accommodation and subsistence costs for students are all put in different sheets. All sheets are made by one model and look the same. There is ready numbering, and place where to put the currency and its exchange rate. The example of this excel sheet you will find in Appendix IV.

8.7 Bookkeeping

Bookkeeping should happen all the time during the organizing and holding of the IP. The main concern that the coordinator has to feed into the Excel table all made expenses in addition, all receipts should be numbered. The bookkeeping Excel table should consist of several columns: the number of the receipt, explanation, type of costs, the amount in foreigner currency, and then the amount in euros. If the IP was held in a country outside the Eurozone, or if the coordinator had some expenses in another currency, then in the table there should be sum exchanged with official forex rate and the difference between the official sum and paid sum. In the list of expenses it is better to separate trips, for example if during the planning process the coordinator made any organizational trips it is better to separate them from other expenses, after each trip there should be a subtotal counted. Counting subtotals is important in order to follow expenses and to know how much money has already been spent. To make the reporting process as easy as possible it is good to log expenses not just into the list of expenses but also log them directly to the right type of expenses (organizational costs or accommodation and subsistence costs).

When the coordinator handles travel costs refunding he/she could do a separate table with all participants, their bank information and refunded amount. In case there is a problem of difference between the project's own bookkeeping and the official ledger, there is one way to

avoid this difficulty that is to cooperate with the financial department. It is useful to find out the way how costs are listed into ledger and perhaps while counting expenses for the final report do it first the way as it is in the ledger. When the calculations of the project and the ledger match, then the coordinator could calculate all expenses according to the rules of organizing IPs. Even if the coordinator decides that making calculations in two different ways is too time consuming still to cooperate with the financial department of HEI is essential for the organizational process of IPs. In the beginning of the process the coordinator should contact the financial assistant and make an arrangement when the financial department sends a copy of the ledger every month, so possible mistakes or differences will be recognized and corrected as soon as possible.

8.8 Payments

For those programmes which are organized outside Finland or the Eurozone withdrawal money from an ATM is the safest, easiest and cheapest way to get local currency than withdraw all money in Finland and exchange them in a bank. Before going abroad with the card the coordinator has to inform the bank about the future money withdrawals abroad, so the bank will not freeze the account because of fraud alert which can be caused by withdrawals cash from an ATM outside Finland. The exchange rate is also one issue that should be taken into consideration. The coordinator should put into the financial report the amount of euro exchanged with the EU official exchange rate, the difference between official rate and exchange rate in practice goes to organizational costs. (ATMs abroad 2009)

Coordinators use their own credit cards in organizing IPs. It is not convenient but the only possibility if the coordinators cannot get a business credit card from the HEI. Another possibility to pay expenses abroad it is a Visa travel card. For the IP coordinators using Visa travel card could be a good alternative of business cards if they do not get it from HEI, even though a business card would be perfect to use in organizing IPs. The Visa travel card is a prepaid card that is completely separated from a person's bank account and can be used in all purchases where Visa cards are accepted. Also money withdrawals from an ATM are possible. The card can be bought in banks or travel agencies in a range of currencies. It is completely separated from the bank account of the person, it is possible that by buying this travel card the coordinator makes the organizing, reporting processes and process of payments easier. In the IP PIM2009 this kind of credit cards was never used, but it could be very convenient and maybe some of the coordinators would like to try this card, especially if they do not want to use personal credit card for organizing IP. (Travel card 2009) (Tamsen Butler 2009)

Of all payment tools an invoice is the easiest way of payments in the organizing of an IP. Service providers send a bill to the coordinator HEI's financial department and payment takes place through a bank. Then the coordinator does not have to be worried about payments to hostels, restaurants and bus companies. Invoicing reduces a lot of paper work, and the coordinator does not have to collect and save big amount of receipts accumulating when services are paid by cash or debit/credit cards. Making a deal with service providers about Invoicing is much easier if the IP takes place of the coordinator's institution or takes place in one city for more than one year. In that case the coordinator can cooperate with the same service providers for a longer time and it will be much easier to arrange invoice. Arranging an invoice from abroad might be problematic, since service providers might not be willing to send the invoice abroad. One way to handle it is to let the host HEI make organizational preparation and invoice the coordinator HEI. In that case tight cooperation between host HEI and coordinator HEI is required. There are many varieties of invoices, but most of them are not suitable for projects like Erasmus IPs. Invoices can be made both electronically and paper-based. The most common electronic invoice is a PDF file sent by email

8.9 General organizational issues

The PIM IP is organized each year in a new place and new country which means that the host HEI also changes. Each year there is also a new organizational team which has to find the way how to organize the accommodation, subsistence, local travel and free time activities for students and teachers. Naturally because in a new place the service provider does not know anything about IPs it might make the organizing process a bit more difficult than it would be if each year the IP would be organized in the same location. Financially, to organize the IP in one place each year is easier for everyone. The place is familiar for the coordinator, the currency is the same as the previous year, also prices do not vary that much (depends on the inflation in the country) so the coordinator know what to expect financially. Also this can decrease the risk of unreliable partners, by partners is meant service providers. Already after the first year of organizing an IP in the location, the coordinator will know with whom it is easier to cooperate and with whom it is better not to. Even though organizing the IP each year in a new location can give other benefits for participants, but in order to make the organizational process as easy as possible and perhaps as safe as possible, then coordinators preferably should decide on one location for the IP for the whole three years of the funding cycle.

9 Conclusion

As all coordinators seemed to agree that handling the financial administration of an IP as well as the organizing of the IP on the whole is a very difficult process, the workload is very big for one person, so there must be an organizational team. In the writer's opinion the practice that coordinator of PIM IP of having students helping with the organization of the IP is a very good practice. It is very useful for both students and the coordinator. The coordinator's workload is smaller and students learn many new skills which are very useful in nowadays business life. To organize and handle the IP is a very versatile process, it includes, marketing, financial administration, human resources etc. That is why students could learn many useful skills by participating in organizational process. Based on the experience of writer, she can say that in one year she has got a lot of diverse experience and has learned many skills that can be useful in her future career. Intensive programmes are intensive, not just for students who study, but also for the coordinator and the organizational group, who is organizing it. The writer has the same opinion as some of the survey respondents that in the organizational team there should be someone with financial education or experience who handles the financial administration, this would make it much easier for the coordinators to organize the IP. As in any process, in the organizing process of the IP coordinators would be much productive if they would know what exactly they should do and how the process should exactly happen, this knowledge would improve the organizational skills of the coordinators and would make the organizing process of IPs smoother and lighter. This thesis offers the written overview of the process and pays attention to some parts of it which are problematic for some or many coordinators.

During the organizing of the IPs coordinators encounter many difficulties that make the organizational process difficult. Archiving difficulties include problems with collecting and saving participants' travel receipts and tickets. Participants do not return receipts in time and this can prolong the reporting process. In order to make this process smoother the coordinator can scan or take copies of the travel tickets and receipts already during the IP. Of course, to get the originals will still be problematic, but then all calculations will be made and the report will be written, so the only thing that the coordinator needs to do is to send a report to CIMO after all original receipts have finally come. Additionally, during the organizing and holding of the IP coordinator have to collect all other receipts that belongs to IP, accommodation, subsistence and local travel receipts. In some cases the final number of receipts can be very large which can bring difficulties with managing the receipts. A good way to do it is to number all receipts and make a list of them where each receipt has an explanation. That is how the coordinator will always know which receipt belongs to which cost type during the report-

ing process. The list of expenses should be updated all the time during organizing and holding of the IP.

Handling bookkeeping and reporting can be difficult but mostly because coordinators don not have the correct tools for that. Software that most coordinators use is Microsoft Excel. Based on the personal experience of the writer it is possible to say that this software is not the best to handle the bookkeeping of the IP. Some simple bookkeeping programme might be much better for budgeting, bookkeeping and reporting, because specialized bookkeeping programmes are more automatic than Microsoft Excel, they are made for this kind of purposes. While handling bookkeeping it is crucial to collaborate with the financial department of the IP. In some cases the final ledger of the department and final calculations of the IP can be different, and then it is very difficult to find mistakes in both calculations because of different ways of bookkeeping. If the coordinator collaborated with the financial department already during the organizing of the IP and get the ledger copy once a month then the possibility of a mistake taking place is lower and the coordinator learns how to read the final ledger.

A good way for the coordinator to reduce the amount of receipts and other paperwork is to pay for services by invoice. Service providers send a bill for their services straight to the financial department of the coordinator HEI with the specification of the IP project number and the financial department pays to service providers through the bank. Paying for services by credit/debit card or cash is not just unsafe but also very inconvenient, since the coordinator has to order money for these expenses from the financial department and carry them around. After spending the money the coordinator reports about how the money was used. This increases paper work, the workload of coordinator and time spent on reporting. Even though an invoice is the easiest way of paying for services it is not risk free. Some of the coordinators have difficulties with paying for invoice when the receiver did not receive the sum that the payer has paid, which can be caused by exchange rate differences and bank fees. Additionally some of the banks can have reliability problems.

But not just the financial administration process can cause difficulties, also to apply for funding has its own. Because coordinators apply for next year funding more than one year before the IP it can be a bit difficult to estimate costs. Inflation and increasing in fuel prices can increase flight and other prices, partners might not find needed amount of students to participate in the IP and it can happen that even a partner might not participate in the IP, in these cases coordinator is obligated to return money that IP received for these students that have not participated. This difficulty might not have a real solution, but it exists and the coordinators have to take the risk of it into consideration.

Organizing the travel of students and teachers and purchasing the tickets made in different ways. Some teachers and students purchase tickets by themselves and after the IP apply for reimbursement. Some HEIs do that for their students and teachers. The most inconvenient way is when everybody purchases tickets and apply for reimbursement personally, then the coordinator and the financial department have a lot of work with collecting tickets and transferring reimbursement. A good practice of purchasing tickets and applying for reimbursement is when partner HEIs purchase tickets and apply for reimbursement after the IP took part. It decreases the workload of the coordinator and accelerates reporting process. One issue that can make general organizational process easier is to organize the IP in the same place for all three years.

These are the conclusions that were made during the survey and working on the thesis. To organize an IP is a very wide-ranging process. In this work the writer presented the financial process as completely as it is possible with her small experience in this field and uniqueness of the subject. This thesis was meant to give coordinators and other readers innovative ideas how financial administration and certain parts of it can be handled. Appendices that are attached to the work are meant to show practically some examples of handling bookkeeping or invoicing, Simple Guideline (Appendix II) shows the generalised and compact process of handling the financial administration process of IP.

10 Personal learning output

When the writer started working on PIM2009 she already had an experience with IPs. She was voluntarily assisting the IP coordinator with the reporting of PIM2008 IP in which she had participated as a student, so the reporting process of IP was familiar later. The financial and administration handbook for beneficiaries helped the writer in the beginning of the organization process and knowledge gained during studies in Laurea UAS was put in to practice.

During administering finances the writer read some books about budgeting but could not find enough useful information that would be practical enough for IP uses. Coordinator of PIM had previous experience in organizing IPs even though two of three IPs were not funded by EU, still she had an idea how a budget should be created, and how the financial administration should be handled in general. The coordinator showed how to start and what is needed for reporting and the rest the writer was free to develop by herself.

At the time the Microsoft Excel spreadsheets created started to become too wide or unclear, too many calculations and equations depending on each other and it was easy to get lost in them, so part of the time was spent on clarifying the calculations or making them simpler.

Because it was the first experience of the writer in handling bookkeeping of so big project the writer assumes that some spreadsheets made were too difficult and there probably would be another simpler way to deal with bookkeeping by Microsoft Excel. The whole system of bookkeeping was based on what information and which calculations will needed for the report based on the Financial and administrative handbook for beneficiaries, PIM coordinator's experience in organizing IPs and the writer's own experience in assisting with reporting for PIM2008. The main difficulty in PIM2008 reporting for the writer was that she was not the one who did the bookkeeping. The person who did it before the writer had her own system of handling it, which was unknown for the writer. So while handling the bookkeeping for PIM2009 the writer was applying knowledge gotten during PIM2008 reporting, and taken into consideration in the difficulties of PIM2009 reporting.

While the handling financial administration during PIM2009 the writer tried to organize all papers so they could be found easily later, to make as accurate calculations as possible so reporting process took as little time as possible and would be as smooth as possible. In the end of the PIM2009 reporting process possible difficulties that were known already in the beginning were prevented but new difficulties were found. One new difficulty was to use Microsoft Excel as a bookkeeping tool and to cooperate with the financial department of the HEI. Those and other difficulties were presented in the thesis and possible solutions were analysed, whether those solutions are useful or not just practice can show.

During working process of the thesis the subject of the thesis was continuously changing, and the text written for some time had to be changed in order to be similar with the whole work. The changes of the subject can be explained with knowledge and experience the writer was getting during the organizational process. The timetable of the research had its own influences on the structure of the thesis. The questionnaire was send much earlier than holding the IP. It was made on purpose since getting replies to survey take a lot of time, and if the questionnaire would be sent later it would stretch the writing process and would have an effect on the writer's graduation plan. The time when the questionnaire was sent had its own effect on the structure of the thesis since during the preparation of the survey the writer had little experience based on which the questionnaire was developed. In the end of the organizing process of the IP the writer had much more knowledge about financial administration of the project, and perhaps would have made the questionnaire with different questions

All changes that were made to the structure of the thesis purposely or not-intentionally can be counted as a part of the writing process of the thesis and the learning process of the writer. The actual writing process started already after the internship that lasted from September 2008 to June 2009 was over, because just then the writer had got the whole picture

about the process of financial administration of IPs based on her own experience and the survey, the respondents of which were IP coordinators from other HEIs. As an overview of the learning process the writer could admit that it was very fulfilling, during the one year internship by participating in the organizing of the IP, she got a lot of experience in different fields of business administration and writing the thesis helped her to know better the budgeting, bookkeeping, reporting, and organizing process of the projects funded by EU. Having this kind of diverse experience is almost impossible in normal business environment in that short period of time.

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Appendix I Example of an Invoice

(http://www.ezysoft-dev.com/sample-invoice/inv-svc2.pdf)

ABC Company Pty Ltd

123 Burke Street, Melbourne 3000, Australia
 Tel : 1234-5678, Fax : 1234-5679, Email : sales@abc-company.com
 Web Site : www.abc-company.com

TAX INVOICE

Tax Reg No : 8785-1234-987

Invoice No. **IN10002**

Date 19/08/2005

Our Ref.

Cust Ref.

Terms

*Bill To***Jason's Trading Pty Ltd**

785 Foster Street
 Dandenong
 Vic 3400
 Australia

S/No	Parts And Services	Qty	Unit Price	Amount
	Routine servicing of company car : registration number OBF1234			
	Toyota Avalon VXI			
	Parts & Lubricants supplied :			
1	Engine Oil SAE 30	4 litres	\$7.00	\$28.00
2	Spark Plugs	4 Ea	\$4.00	\$16.00
3	Air Filter	1 Sets	\$25.00	\$25.00
4	Coolant	14L	\$16.00	\$16.00
	Labour Charges			\$65.00
Comments			Sub Total	\$150.00
Next Service 100000 km or 31 Dec 2005 whichever is first			Tax	\$15.00
			Total	\$165.00
PAYMENT INFORMATION			Amount Paid	
Please make cheque payments payable to :			Amount Due	\$165.00

ABC COMPANY PTY LTD*Thankyou for your business*

Appendix II Simple Guideline of Financial Organizing of an IP

- Applying for funding
- Estimating travel costs by searching for suitable transportation and estimating prices in one year according to inflation and increase in general prices, to ask for quotations.
- Counting accommodation costs according to rate table in application. The sum depends on the duration of the IP and number of students and teachers.
- Receiving the funding

- Process of organizing events
- Identifying the costs by listing the things that you need to prepare during the organizing of the IP according to the place and duration time of IP.
- Estimating costs based on costs identified during the previous phase. For that the coordinator should contact the host HEI and possible service providers in order to get an offer.
- Drafting the budget is the phase when estimated to costs are put together according cost types and the use of the funding is defined

Last three phases can interchange in between or happen at the same time and interact between. Drafting the budget can happen during the whole organizational process. The coordinator should track the budget all the time, even a small change in prices can have an effect on the budget.

- Bookkeeping
 - a) Booking down expenses made during the organizational process and the event should happen continuously. In case of big amounts of receipts it is good to number and organize them for future purposes. Saving carefully all receipts is crucial for bookkeeping and the reporting processes, a receipt should be numbered and an explanation should be written on it.
- The reporting process includes managing and organizing receipts, final counting of funding used and writing of Final Report which includes filling in the financial part.
- Returning of the Report to CIMO should happen at the end of October, the deadline is the same for all Finnish HEIs.

Appendix III Survey About ERASMUS IPs

This E form was created in order to help me collect information for my final thesis. I am writing my final thesis about financial management in organizing Erasmus Intensive Programmes funded by the European Union. I hope you will answer all questions. If it is possible, please answer in English, but you can use Finnish as well.

Personal information

Name, Surname

Higher Education Institution (HEI)

Title of Intensive Programme

How many IPs have you organized?

Can I refer to this information in my thesis

your name

Name of your Institution

Intensive Programme name

I don't want to be identified, Thank you!

Intensive programme description

Language

Location

Duration (in weeks)

Number of participating students

Number of participating teachers

Experience in organizing IPs

	Title of IP.	Year when IP was carried out	Location
1	<input type="text"/>	<input type="text"/>	<input type="text"/>
2	<input type="text"/>	<input type="text"/>	<input type="text"/>
3	<input type="text"/>	<input type="text"/>	<input type="text"/>
4	<input type="text"/>	<input type="text"/>	<input type="text"/>
5	<input type="text"/>	<input type="text"/>	<input type="text"/>
6	<input type="text"/>	<input type="text"/>	<input type="text"/>
7	<input type="text"/>	<input type="text"/>	<input type="text"/>

If you have organized more than one IP, were there differences referring to the number of students/teachers?

Which one (bigger or smaller) IP is more difficult to organize? Why?

Management

Who is in charge of organizing the following things

	Coordinator	Partner university	participants	Organizing team	Someone else	Who?
Accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Travelling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Meals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Finances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Free time activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

Do you pay for

	by Cash	By Debit/credit card	by Invoice	Other	What kind of...
Accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Subsistence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>
Free time activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>

Does your IP have...

	Yes	No
Own project number at your financial department	<input type="checkbox"/>	<input type="checkbox"/>
Own debit/credit card in use?	<input type="checkbox"/>	<input type="checkbox"/>

Do you have an organizational team to organize the IP? Who is part of it?

What is division of tasks?

Do you sign contracts with subsistence and accommodation providers?

Do you have some common practice with dividing costs? Are all programme costs are going from programme budget or some of them usually are paid by your Institute?

Travel

How do you purchase travel tickets? (e.g. every participant individually, every partner, the coordinator)

How do you collect all receipts and tickets? (e.g. mail, fax, e-mail etc)

Financial administration

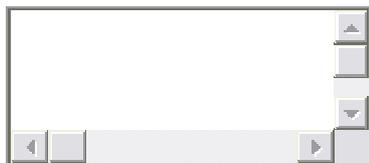
In which stage do you calculate the budget? (e.g. planning stage, application stage)

How do you calculate different costs for budgeting?

What kind of a computer programme do you use for dealing with the bookkeeping? (e.g. excel, access, other) If it's possible please attach example of you bookkeeping tool, It would help me to understand you way of working, numbers are not required.

Please describe the principle of your budgeting and bookkeeping programmes. What is the division of different cost items? e.g. teachers' costs/students' costs, accommodation costs/travel costs.

Have you had any difficulties with financial administration? What kind of difficulties? (receipts, tickets,?)

An empty rectangular text input field with a light gray border. On the right side, there are three vertically stacked buttons: a small upward-pointing arrow, a square button, and a downward-pointing arrow. At the bottom, there are two square buttons: one with a left-pointing arrow and one with a right-pointing arrow.

If you would like to share some other information about your experience in organizing IPs, please put it here.

An empty rectangular text input field with a light gray border. On the right side, there are three vertically stacked buttons: a small upward-pointing arrow, a square button, and a downward-pointing arrow. At the bottom, there are two square buttons: one with a left-pointing arrow and one with a right-pointing arrow.

Proceed

Bottom of Form

Thank you for your time, which you spent filling the form. If you have any questions, please ask by email victoria.rombonen@laurea.fi Järjestelmänä Eduix E-lomake 3.1, www.e-lomake.fi

Appendix IV Example of Excel table used for bookkeeping of IPs

HAMK <small>HÄMEEN AMMATTIKORKEAKOULU</small>		Erasmus Intensive Programm NAME / 2008/2009	
Enclosure of Invoice			
Organisational costs		XXXX,XX €	
Partner Organisation name:			
Period time of costs:			
		Used currency	
		Exchange rate	
no.	Type of cost	Cost in currency	Cost in euro
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
	Total	0,00	0,00
This information is ensured to be correct			
Name		Date	

Appendix V Example of Microsoft Excel file refunding application

		Erasmus Intensive Programme	
		NAME 2 / 2008-2009	
Enclosure of Invoice			
Traver costs		9001752	
Partner Organisation name:			
Period time of costs: 25 March - 04 April, 2008			
Choose the righth option			
<input type="checkbox"/>	Teacher costs	Used currency	Litas
<input checked="" type="checkbox"/>	Students costs	Exchange rate	3,4528
Specification travel costs are:			
no.	means of transport	Cost in currency	Cost in euro
1	Fuel Expenditure	489,89	141,88
2	Ferry tickets	1 600,02	463,40
3	Inssurance	173,60	50,28
4			
5			
6			
7			
8			
9			
10			
Total		2 263,51	655,56
Payment		75%	491,67
This information is ensured to be correct			
Name			
Date			

Appendix VI Acronyms

IP - Intensive Programme

PIM2009 - Promoting Intercultural Communication on Baltic Sea Region 2009 - title of the programme

LLP - Lifelong Learning Programme

CIMO - Centre for International Mobility = NA - national agency

HEI - Higher Education Institution

UAS - University of Applied Sciences