Management, budget & finance

*Interreg Europe secretariat*
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1. Quality of management  
   (AF section C.8, D.1)  
2. First level control requirements  
3. Budget consideration  
   (AF section E)
Preliminary considerations

- Read the programme manual
- First activities, then budget planning
- Involve partners
- Check assessment criteria (e.g. criterion 5 and 6 – Quality of management and Budget and finance, programme manual, section 5.3.2)
QUALITY OF MANAGEMENT
General Guidelines

- install effective communication channels (formal and personal)! *(each project will follow the “lead partner principle” → the lead partner will be main point of contact for JS and for the project partners)*
- get to know your partners before you start (e.g. meeting)
- make sure all partners are having the same objectives
- reflect and include needs, interests and experiences
- involve them in the preparation of the application (also during preparation of budget !!!)
- define roles clearly and balance inputs
Writing the application

- include all relevant information in the sections of the application form:

  C.8 Management

  - C.8.1 Management arrangements
    - Strategic level → decision-making, monitoring, steering group
    - Coordination → day-to-day management
    - Financial management → day-to-day management
    - Roles and tasks among the partners → to show the tasks’ responsibility for activities

D.1 Phase 1

- c) project management: Detailed work plan
C.8.1 Management arrangements

Describe how the management and coordination on the strategic and operational level will be carried out in the project.

C.8.2 Project coordinator

Will project management be externalised?

Please select

C.8.3 Finance manager

Will financial management be externalised?

Please select

C.8.4 Communication manager

Will communication management be externalised?

Please select
### D.1 Phase 1 ‘Interregional learning’ - Detailed work plan per period

#### Semester 1

<table>
<thead>
<tr>
<th>Semester</th>
<th>01/2016 - 06/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Exchange of experience</strong></td>
<td>Please describe in detail the period’s activities and outputs related to exchange of experience</td>
</tr>
<tr>
<td><strong>b) Communication and dissemination</strong></td>
<td>Please describe in detail the period’s activities and outputs related to communication and dissemination</td>
</tr>
<tr>
<td><strong>c) Project management</strong></td>
<td>Please describe in detail the period’s activities and outputs related to management and coordination</td>
</tr>
</tbody>
</table>

**Main Outputs**

Please describe in detail the outputs
Section C.8.1 – Keep it clear, transparent, reliable and fair!

- clear management, implementation and coordination procedures
- clear responsibilities and roles
- as lead partner, plan sufficient resources and capacity
- involve all partners in the decision-making process
- make all relevant documents available and easily accessible
- plan regular steering group meetings (e.g. at least 1 per period in phase 1)
- be clear on monitoring progress
Examples

(1) “While the lead partner is responsible for the overall project coordination, each partner is responsible for project coordination and management at partner level and appoints a local project coordinator.”

(2) “Each partner is responsible to point out a financial manager for his/her organisation and to undergo a first level control according to the national programme requirements. The partner has to provide to the lead partner a certified expense report and an independent first level control certificate… The lead partner transfers the ERDF to the partners without delay in compliance with the amounts reported in the progress report.”

(3) “The steering group is chaired by the lead partner. Each partner nominates one representative as an official member of the steering group. The steering group discusses and officially approves all project relevant implementation rules, working plans, progress reports and financial issues. The steering group will decide by consensus. Controlling, monitoring, and evaluation of the project’s activities is also ensured by the steering group. Monitoring activities will be…”
Section D.1 Phase 1 –
Management activities to mention, for instance:

- Signature of subsidy contract, partnership agreement
- Preparation of partner reports
- Preparation of joint progress reports
- Financial control procedures
- Steering group meetings
- Receipt of ERDF/NO funding and payment to partners
- Preparation of final project report
Further points of consideration when filling the AF (1)

- If already known, will the project coordinator/ finance manager/ communication manager be internal or external? (Sections C.8.2, C.8.3, C.8.4)

- Describe reporting and control procedure taking account of
  - the role of the lead partner
  - the reporting periods (every 6 months) (Section C.8.1 D.1 Phase 1)

- Include information on
  - Preparation + submission of progress reports, receipt of ERDF + disbursement to partners = activity
  - Progress reports = output (Section D.1 Phase 1)
Further points of consideration when filling the AF (2)

- D.2 pre-defined activities for phase 2: no particular management and coordination activities, 1 progress report per 12 months
- Project closure: the last 3 months of the project implementation in phase 2, plan closure costs accordingly
- Programme manual, sections 4 and 6
### D.2 PHASE 2 - Detailed work plan per period

<table>
<thead>
<tr>
<th></th>
<th>Semester 6</th>
<th>Semester 7</th>
<th>Semester 8</th>
<th>Semester 9</th>
</tr>
</thead>
</table>

#### Semester 7

**a) Action plan implementation follow-up**

Each partner monitors the action plan implementation by contacting the stakeholders and beneficiaries of the different actions. All partners meet to learn from each other by exchanging on the success and difficulties met in the implementation of their action plan.

265 / 3,000 characters

**b) Communication and dissemination**

The partners ensure regular updates of the project website with information on the action plans implementation.

111 / 1,500 characters

**c) Project management**

Each partner reports the progress made in implementing the action plan. The lead partner compiles the information and prepares the report for the joint secretariat.

164 / 1,000 characters

#### Main Outputs

- 1 project meeting
- Website updates
- 1 annual progress report

58 / 300 characters
FIRST LEVEL CONTROL REQUIREMENTS
What is first level control?

- All expenditure reported by a project has to be certified by an independent controller, before submission to the JS.
- The organisation of this control = Partner State responsibility (based on Article 23 (4) of Regulation (EU) 1299/2013: “… each Member State shall designate the body or person responsible for carrying out such verifications…”)
- The different systems:
  - Centralised First Level Control
    - Public controller
  - Decentralised First Level Control
    - Shortlist
    - Proposed by partner and approved by PS
Other first level control considerations to be checked:

- detailed information on the website (as far as available by now):

- plan a budget for first level control, if the FLC system in your country is:
  - decentralised
  - centralised and not free of charge
  - not established yet
Questions?
I need a budget estimate for my project, but I don't have a scope or a design for it yet.

Okay, my estimate is $3,583,729.

You don't know anything about my project. That makes two of us.
The budget lines (section E.1 AF)

- Staff
- Administration
- Travel and Accommodation
- Equipment

- **External** expertise and services

for personnel employed by partners only!

Programme manual section 4.5 and 7.2!
Staff costs

- Only staff employed by the partner institution!
- Usually largest share of budget, ca. 50%
- Staff from in-house companies etc. have to be budgeted under external expertise!
Administration costs

- Flat rate of 15% of staff costs
- No detailed budget to be planned: automatic calculation in the online application form
- Normally includes: office rent, utilities, office supplies, general accounting etc. (see section 7.2.2 of the draft programme manual for full list) – be careful not to budget such costs under external expertise!
Travel and Accommodation

- Only for staff employed by a project partner officially listed in the application form.
- Non-staff travel costs: external expertise budget line
- Trips outside the programme area must be planned in the application form (otherwise only upon request in advance)
- It includes items such as travel, meals, accommodation, visa, daily allowances (see section 7.2.3. of the draft programme manual)
External expertise and services
section E.2 application form

- Any services needed outside the partner organisation, incl. travel & accommodation for stakeholder groups
- below 50% of total budget
- Draw clear links to the work plan and the role of the partner (sections B and D of the application) – be consistent!

- In-house costs:
  - if affiliated company is a different legal entity → external expertise
  - if service provided by an internal department of same legal entity (e.g. FLC) → NOT external expertise (e.g. staff for FLC costs)
### E.2 External expertise and services

<table>
<thead>
<tr>
<th>Type of costs</th>
<th>Description</th>
<th>Contracting partner</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Please select</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Please select</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Please select</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Please select</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>0.00</td>
</tr>
</tbody>
</table>

- **Type of costs:** predefined!
- **Description:** quantity, content, actual output? – *be as precise as possible*
- **Contracting partner:** who will make the contract with the service provider?
- **Amount:** how much will the service probably cost (total)?
Equipment
section E.3 application form

- Equipment purchased, rented or leased by a partner, necessary to achieve the objectives of the project
- Mainly ‘office equipment’ for project management purposes, not exceeding EUR 5,000-7,000 per project
- Must be planned in the application form. Unplanned equipment only allowed in well justified cases and if agreed in advance
- Equipment can be funded by the programme if not previously financed by other EU funds.
<table>
<thead>
<tr>
<th>Budget Line</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>usually the core budget (50%)</td>
</tr>
<tr>
<td>Administration</td>
<td>flat rate of 15% of staff costs</td>
</tr>
<tr>
<td>Travel and Accommodation</td>
<td>for meetings, only for partner organisations</td>
</tr>
<tr>
<td>External Expertise and services</td>
<td>any services needed outside the partner organisation, incl. T&amp;A for stakeholder groups, usually below 50%</td>
</tr>
<tr>
<td>Equipment</td>
<td>office equipment, not exceeding 5,000-7,000 €</td>
</tr>
</tbody>
</table>
Spending plan
section E.5 application form

- Forecast of amounts paid out per semester
- Reflects the activities: lions share for phase 1, lower amounts in phase 2
- Lower spending during the start-up phase and increasing towards the end of phase 1
- Careful planning: Take into account payment delays and the decommitment risk! Payments not claimed in time can be lost
Budget – points of attention

- Preparation costs: lump sum of EUR 15,000 attributed to lead partner
- Contracting-partner principle: one partner contracts, pays and reports (no shared costs)
- No components
- No in-kind contributions
- Revenues can be deducted at application stage (unlikely!)
- Source of funding: is the partner contribution coming from private or public sources?
### 4.4 Budget breakdown per source of funding and partner

<table>
<thead>
<tr>
<th>Partner</th>
<th>Country</th>
<th>TOTAL</th>
<th>ERDF</th>
<th>ERDF rate (%)</th>
<th>Norwegian</th>
<th>Partner contribution from public sources</th>
<th>Partner contribution from private sources</th>
<th>Total partner contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPCroatia_public</td>
<td>HR</td>
<td>347,300.00</td>
<td>295,205.00</td>
<td>85.00 %</td>
<td>0.00</td>
<td>52,095.00</td>
<td>0.00</td>
<td>52,095.00</td>
</tr>
<tr>
<td>PP_Belgium_private</td>
<td>BE</td>
<td>240,800.00</td>
<td>180,600.00</td>
<td>75.00 %</td>
<td>0.00</td>
<td>15,000.00</td>
<td>45,200.00</td>
<td>60,200.00</td>
</tr>
<tr>
<td>AP_France_public</td>
<td>FR</td>
<td>183,800.00</td>
<td>156,230.00</td>
<td>85.00 %</td>
<td>0.00</td>
<td>27,570.00</td>
<td>0.00</td>
<td>27,570.00</td>
</tr>
</tbody>
</table>
Questions?
Case study 1: budget breakdown per budget line and partner

Imagine that you have to assess the following budget table. What calls your attention?
(You don’t need a calculator!)

Time: 5 min
<table>
<thead>
<tr>
<th>Partner</th>
<th>Preparation costs (EUR 15,000 for lead partner)</th>
<th>Staff costs</th>
<th>Office and administration (automatically calculated at 15% of staff costs)</th>
<th>Travel and accommodation</th>
<th>External expertise and services</th>
<th>Equipment</th>
<th>Revenues</th>
<th>Total partner budget (staff + office + travel + external + equipment + prep costs – revenues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Veneto Region</td>
<td>15,000</td>
<td>150,000</td>
<td>22,500.00</td>
<td>17,000</td>
<td>350,000.00</td>
<td>0.00</td>
<td>0</td>
<td>554,500.00</td>
</tr>
<tr>
<td>2. Rhone Alpes Region</td>
<td>0</td>
<td>60,000</td>
<td>9,000.00</td>
<td>13,000</td>
<td>200,000.00</td>
<td>0.00</td>
<td>0</td>
<td>282,000.00</td>
</tr>
<tr>
<td>3. Bratislava City Council</td>
<td>0</td>
<td>100,000</td>
<td>15,000.00</td>
<td>13,000</td>
<td>100,000.00</td>
<td>0.00</td>
<td>0</td>
<td>228,000.00</td>
</tr>
<tr>
<td>4. Lisboa City Council</td>
<td>0</td>
<td>120,000</td>
<td>18,000.00</td>
<td>13,000</td>
<td>100,000.00</td>
<td>0.00</td>
<td>0</td>
<td>251,000.00</td>
</tr>
<tr>
<td>5. Vaasa City Council</td>
<td>0</td>
<td>100,000</td>
<td>15,000.00</td>
<td>20,000</td>
<td>400,000.00</td>
<td>0.00</td>
<td>0</td>
<td>535,000.00</td>
</tr>
<tr>
<td>Total</td>
<td>15,000.00</td>
<td>530,000.00</td>
<td>79,500.00</td>
<td>76,000.00</td>
<td>1,150,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,850,500.00</td>
</tr>
<tr>
<td>Partner</td>
<td>Preparation costs (EUR 15,000 for lead partner)</td>
<td>Staff costs</td>
<td>Office and administration (automatically calculated at 15% of staff costs)</td>
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<td>-------------------------</td>
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<td>2. Rhone Alpes Region</td>
<td>0</td>
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<td></td>
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<tr>
<td>3. Bratislava City Council</td>
<td>0</td>
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<td>0.00</td>
<td></td>
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<td>4. Lisboa City Council</td>
<td>0</td>
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<td>100,000.00</td>
<td>0.00</td>
<td></td>
<td>251,000.00</td>
</tr>
<tr>
<td>5. Vaasa City Council</td>
<td>0</td>
<td>100,000</td>
<td>15,000.00</td>
<td>20,000</td>
<td>400,000.00</td>
<td>0.00</td>
<td></td>
<td>535,000.00</td>
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<td>Total</td>
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<td>530,000.00</td>
<td>79,500.00</td>
<td>76,000.00</td>
<td>1,150,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>1,850,500.00</td>
</tr>
</tbody>
</table>
Answers

- Unbalanced budget between partners
- External expertise above 50%
- Staff costs in relation to external expertise unbalanced (?)
Case study 2: external expertise

Have a look at the project example in your papers. Read the project information, i.e. the project summary, partners, expected results and outputs, and fill in the external expertise budget table. (You don’t need to put any amounts!)

Time:
  10 min to read & complete
  5 min to exchange with neighbours
<table>
<thead>
<tr>
<th>Category</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLC costs</td>
<td>Relates to costs for a partner’s external first level controller</td>
</tr>
<tr>
<td></td>
<td>- <em>no further description required</em> -</td>
</tr>
<tr>
<td>Project and/or financial and/or communication management</td>
<td>Relates to costs for external management support, like the preparation of partner reports, the management of the partner’s finances, the development and follow-up of the communication strategy, including <em>travel &amp; accommodation</em> costs.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>1 full time project manager for 4 years</em>”</td>
</tr>
<tr>
<td>Meeting costs: steering group</td>
<td>Relates to costs for the organisation of steering group meetings, incl. room rental, local transportation, catering, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>1 steering group meeting</em>”</td>
</tr>
<tr>
<td>Meeting costs: dissemination event</td>
<td>Relates to costs for the organisation of dissemination events, like the final conference and local or regional dissemination meetings. Including room rental, catering, interpretation, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>1 final conference in phase 2</em>”</td>
</tr>
<tr>
<td>Meeting costs: exchange of experience events</td>
<td>Relates to costs for exchange of experience meetings, like study visits or partner workshops. Including room rental, catering, local transportation, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>Organisation of 2 study visits in phase 1</em>”</td>
</tr>
<tr>
<td>Meeting costs: stakeholder group</td>
<td>Relates to costs for stakeholder group meetings, including room rental, catering, local transportation, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>Organisation of monthly stakeholder meeting in phase 1</em>”</td>
</tr>
<tr>
<td>Travel &amp; accommodation costs: members of the stakeholder groups and other external bodies</td>
<td>Relates to costs for the participation of non-staff members in project events.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>travel of 2 local stakeholders for 2 study visits</em>”</td>
</tr>
<tr>
<td>Publication and dissemination costs</td>
<td>Relates to costs for production, design, translation and printing for information and communication material, including brochures, banners and newsletter, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>1 project brochure</em>”</td>
</tr>
<tr>
<td>External support for the exchange of experience process, in particular the development of the regional action plan</td>
<td>Relates to costs for the exchange of experience process, including development of the regional action plan, data collection, content/expertise input, studies, surveys, etc.</td>
</tr>
<tr>
<td></td>
<td>e.g. “<em>support for the development of the regional action plan, 1 expert for 50 days</em>”</td>
</tr>
<tr>
<td>Type of costs</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>FLC costs</td>
<td></td>
</tr>
<tr>
<td>Project and/or financial and/or communication management</td>
<td>1 project coordinator, 9 days per month phase 1, 2 days per month phase 2</td>
</tr>
<tr>
<td>Meeting costs: dissemination event</td>
<td>1 final conference (phase 2)</td>
</tr>
<tr>
<td>Meeting costs: steering group</td>
<td>1 steering group meeting with approx. 2 participants per partner organisation</td>
</tr>
<tr>
<td>Meeting costs: exchange of experience events</td>
<td>2 project meetings with approx. 2 participants per partner organisation (1 interregional workshop in phase 1 with 2 external speakers, 1 meeting in phase 2)</td>
</tr>
<tr>
<td>Meeting costs: stakeholder group</td>
<td>4 local stakeholder group meetings</td>
</tr>
<tr>
<td>External support for the exchange of experience</td>
<td>Support for the development of the action plan: data collection, surveys, data analysis (2 experts, 25 days each)</td>
</tr>
</tbody>
</table>
Case study 3: spending plan

Have a look at the different spending plans. Think about which forecast reflects best the project reality and why.

Time: 5 min
Attention! Last semester includes 3-months project closure
Conclusion

Clarity and quality of management: are the procedures clear, transparent and fair and are the necessary activities included in the work plan?

Value for money and consistency: is the budget reasonable compared with the planned activities/outputs, the project’s duration and the number of partners?
Thank you!

Time for questions

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