

# EgoPrise

## Financial and Technical Reporting

# Content

- Project Reporting and Payment
- Eligibility of Expenditures
- Common Cost
- First Level Control (FLC)

# 1. Project Reporting & Payment

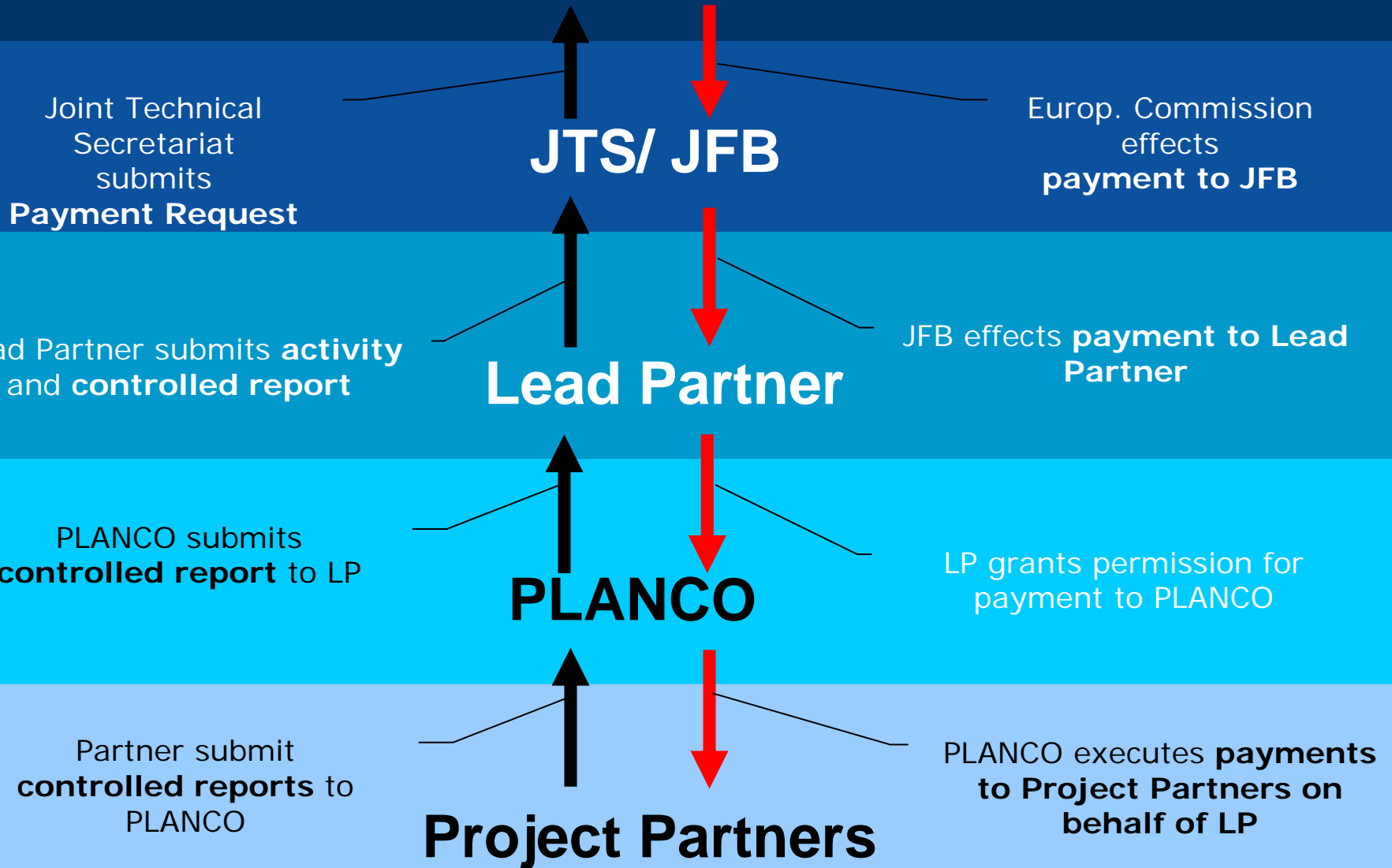
How is the reporting procedure organised?

Who has to report what to whom and when?

Who will check the reports?

Who will pay the grants and when?

# European Commission



JFB – Joint Financial Body

— Reports — Payments

# Project Reporting & Payment

**Project Duration: 17.09.2009 - 16.12.2012**

**6 Reporting Periods – 6 Reports**

**Submission to PLANCO/LP: 1 Month prior to Report on Project Level**

Progress Report (PR)	Reporting period	Submission to PLANCO Deadline
1 PR	17.09.2009 - 31.05.2010	31.07.2010
2 PR	01.06.2010 - 30.11.2010	31.01.2011
3 PR	01.12.2010 - 31.05.2011	31.07.2011
4 PR	01.06.2011 - 30.11.2011	31.01.2012
5 PR	01.12.2011 - 31.05.2012	31.07.2012
6 PR	01.06.2012 - 16.12.2012	15.03.2013

# Project Reporting & Payment

## Step by Step Procedure & Time Flow of a Progress Report - (Deadlines for PR 1)

1. PLANCO sends reporting form to partners - One Months before end of a period - (01.05.2010)
2. Partner fills the form (with consultancy by FLC/PLANCO, if required) - One Month - (05.06.2010)
3. Partner Emails the form + invoice copies to PLANCO for checking - One Month - (05.06.2010)
4. PLANCO Emails back form for specified corrections, if required - Two Week - (20.06.2010)
5. Partner prints & signs the report (cover and times sheets) - One Week - (25.06.2010)
6. Partner posts /Emails report incl. full docs. to FLC -max 1 Month after periods end - (25.06.2010)
7. FLC checks & signs report (PP should be available) -One Month (**May take longer**) - (28.07.2010)
8. Partner posts report incl. signed docs. to PLANCO - Two Months after end of a period - (31.07.2010)
9. PLANCO prepares the summary report and posts/Emails it to LP/FLC - Five Days - (05.08.2010)
10. LP signs and FLC checks and signs the report - One Month - (30.08.2010)
11. LP posts & Emails the report the JTS - Three months after end of a period - (31.08.2010)

# Project Reporting & Payment

## Progress Reporting Forms – Relevant Sections

### Structure:

- Cover sheet (Contact /Bank Information) (to be signed by the partner)
- Expenditures Overview all WP & BL (automatically calculated)
- Cost Itemisation Lists for all Budget Lines (to be filled by the partner)
- First Level Controllers Confirmation (to be signed by the FLC)
- Activity Report (to be filled by the partner)

# Project Reporting & Payment

## PLANCO prepares ALL IN ONE TAILORED REPORTING FORMS

**Includes all official documents but are easier to handle:**

- Guideline
- Separated Budget Breakdowns/ Expenditure Lists for Partner & Common Budget
- Additional Automatic Calculations (to avoid errors!)
- Additional Transferring of amounts from one sheet to another
- Automatic Exchange Rate Calculator (Expenses can be included in original currency - official rates will be pre-inserted by PLANCO)
- Staff Cost Calculation Forms (for all involved staff)
- Integrated Time Sheets
- Consideration of VAT Status

## 2. Eligibility of Expenditures

What expenses are eligible?

Which costs belong to which budget line / work package?

Which procurement rules have to be followed?

...

1. General Rules
2. Horizontal Rules (applicable for all Budget Lines)
3. Budget Line specific Rules

# Eligibility of Expenditures

## General Rules:

### Expenditures must be:

- **actually paid out** by eligible partners **within the project period**;
- related to the products/services that have **actually been delivered (within official project time!)**;
- directly **linked to the approved budget** and must **not lead to exceeded budgets**;
- directly **related to the project implementation**;
- **Revenues** must be deducted from the reported costs

# Eligibility of Expenditures

## General Rules:

### Expenditures must be:

- **not claimed before** under this or any other **EU financed Programme** (no double financing);
- supported by **relevant documents** (invoices, account. documents...)
- **properly accounted, certified, controlled and reported** within the specified period by the responsible bodies to the Joint Secretariat;
- included under a **category of expenditure listed in the budget**

# Eligibility of Expenditures

## Horizontal Rules (applicable for all BL)

- Budget Flexibility Rule
- Public Procurement
- Bid-at-three Rule
- Publicity Rules
- Value added Tax

## Budget Flexibility Rule:

### IN GENERAL: STICK TO YOUR BUDGET

#### POSSIBLE:

- Amendments of the Budget within certain limits
- If relevant, to be included in the progress report
- Prior Agreement by LP is needed
- Contact LP or PLANCO!

#### NOT POSSIBLE:

- Changes of the nature of equipment/investment items
- Changes in BL 4
- Changes between project partners' budgets

# Eligibility of Expenditures

## Public Procurement Rule:

Whenever a partner intends to purchase goods, services, supplies and public works within the project:

**Institutional, regional, national and EU regulations regarding public procurement have to be observed and followed!!**

**VERY IMPORTANT – MAJOR REASON FOR RECLAIM OF ERDF!!**

- Prepare Tender Documentations thoroughly!
- Contact your First Level Controller in advance!
- Inform the Lead Partner / PLANCO in advance!
- Include Tender Documentation to each progress report

## Bid-at-three Rule:

In case the value of purchase is **below** the institutional, national and Community thresholds but above 1.000 EUR excl. VAT:

- Collection of minimum 3 offers (price request) necessary!
- Proper documentation (Bid-three-Support Document)
- Most economically advantageous tender has to be chosen!

**Checklist to manage Public Procurement and Bid-at-three Procedures will be prepared by PLANCO!**

# Eligibility of Expenditures

## „Bid-at-three“ Support Document:

### "BID-AT-THREE" SUPPORT DOCUMENT

THIS DOCUMENT CAN BE USED TO FOLLOW UP PURCHASES ABOVE 1,000 EUR (EXCL. VAT) AND BELOW THE REGIONAL, NATIONAL AND EUR

Project No°:	024	Acronym:	BalticClimate
Partner No°:		Name:	Baltic Challenges and Chances for local and regional development generated by Climate Change
Reporting period Start:		End:	

to be  
submitted  
in each PR

Description of the purchased goods or services	Offer no 1	Offer no 2	Offer no 3
	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected
	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected
	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected
	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected
	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected	The name of the offerer: Price: Selected

to be  
signed by  
partner &  
FLC

Place and date

Signature of the partner's representative

Name of the partner's representative (in CAF)

Place and date

Signature of the partner's first level controller

Name of the partner's first level controller (ir

# Eligibility of Expenditures

## Publicity Rules

- All project outputs and results must have clear reference to the Programme & EU contribution
- Use of the Project Logo
- No Reference: Budget Cuts!



# Eligibility of Expenditures

## Value added Tax

- **Recoverable VAT is not eligible**
- Partners who can get VAT refunded/offset by tax authorities - Budgets without VAT
- All partners that are allowed to recover VAT must report all expenditures **NET excluding VAT**.
- This rule is **valid for payments to the home and a foreign** country and independent whether the PP will claim VAT back or not.
- All other partners must report expenditures always including VAT
- Status in Project Data Form will be considered in the reporting forms

## Budget line specific rules

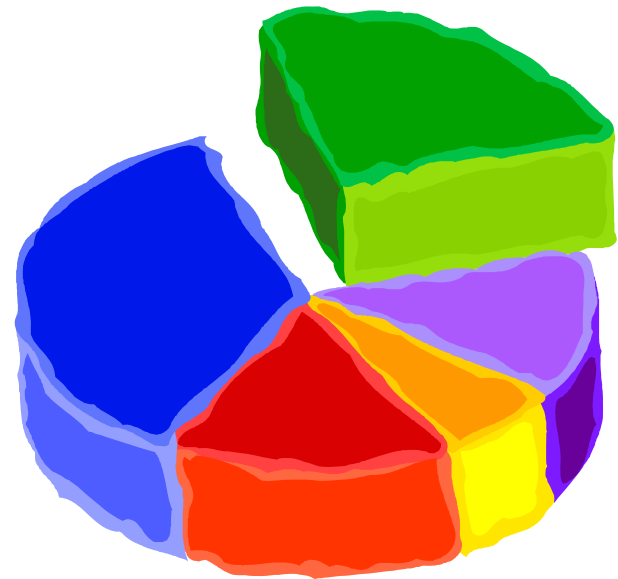
**BL1** – Personnel

**BL2** – External services

**BL3** – Travel and accommodation

**BL4** – Equipment and investment

**BL5** – Other direct costs



## BL 1 - Personnel

- Personnel costs of project staff
  - Directly employed by project partners
  - Carrying out project activities
  - Based on real salary costs
- Documentation by
  - Employment/labour contract
  - Payslips/other adequate accounting documents
  - Time sheets
  - Other documents required by FLC

# Eligibility of Expenditures

## BL 1 - Personnel



- NON-ELIGIBLE
  - Administration Costs (**OVERHEADS!!!!!!!!**)
  - Any voluntary remuneration and employer contribution
  - Unpaid overtime
  - Unpaid voluntary work of project partner's own staff

# Eligibility of Expenditures

## BL 2 – External Services

- Expenses paid by project partners to external providers
- Documentation:
  - Contracts of work, supply contracts, service contracts
  - Invoices/requests for reimbursement.
  - Public procurement / Bit-at-three rule ! (=> horizontal rules)
  - Advance Payments: Reported after partial of full delivery only

# Eligibility of Expenditures

## BL 2 – External Service



- NON-ELIGIBLE

- Costs for Artists (Musicians etc.)
- Costs without sound procurement documentation

# Eligibility of Expenditures

## BL 3 – Travel and Accommodation

- Travel and accommodation + subsistence allowances
- Essential for project activities
- Most economic way of transport (public transportation, etc.)
- Observe national and organisation internal rules!
- Prior approval of travels outside the programme area and the EU!  
(contact the LP or PLANCO)

## BL 3 – Travel and accommodation

- Documentation
  - Agenda/programme of the meeting/event
  - Travel report/equivalent memo
  - Original tickets and other original documentary evidence

## BL 3 – Travel and accommodation



- NON-ELIGIBLE
  - Costs exceeding national/EU limits
  - Travel in first/business class except no other option was available
  - Subsistence allowance for third persons
  - Use of car or taxi if public transport is available

## BL 4 – Equipment

Only expenditures specified in the project data form are eligible

### EQUIPMENT

- Tool/device to carry out project activities
- **Depreciation costs only!**

## BL 4 – Equipment

### Depreciation of Equipment Costs

- National accounting regulations have to be applied!
- Contact your First Level Controller (in any case) in order to avoid mistakes

#### **Example:**

- German PP purchases 1 Laptop for 1.200 €
- Acc. to German Regulations: Depreciation of Computer = 3 Years
- 200 € per report or 400 € per year can be reported!

## BL 4 – Equipment and investment



- NON-ELIGIBLE
  - Equipment financed by other financial instrument
  - Fully depreciated equipment
  - Equipment not listed in the project data form!

## BL 5 – Other direct costs

- Other expenses
  - essential for project implementation
  - exist because of the project
  - supported by invoices directly attributable to the project/project staff
- ELIGIBLE
  - Direct office running costs
  - Transnational transfer charges and charges for project account
  - Participation fees for external events

## BL 5 – Other direct costs



- NON-ELIGIBLE

- **Overheads &**  
other general costs allocated on a percentage or pro rata basis
- National transfer charges
- Exchange rate losses and debit interest
- Awards, prizes, presents
- Expenditure belonging into an other budget line

## 3. Common Project Costs / Account

How is the procedure organised?

Who must pay to whom, how much?

Who must report and who will check the common expenses?

How is the reimbursement process organised?

## Definition

- Dividing parts of a total expenditure between  $\geq 2$  project partners
- Transparent and equitable method (cost sharing)
- Joint activities - benefiting several or all project partners

## Common Activities in EgoPrise

### Fixed Activities:

- Financial Management
- Project Management
- Information Manager
- First Level Controller on Project Level
- Common Project Website
- Cooperate Design, Logo
- International Workshops,
- ...

## Budget Structure on Partner Level (2 Parts)

### Part 1 – Partner Costs (~80%)

Budget reserved to finance costs / activities on partner level only  
(broken down to WP & BL, agreed upon during project development)

### Part 2 – Common Costs (~20%)

Budget reserved to finance common costs activities on project level only  
(broken down to WP & BL, agreed upon during project development)

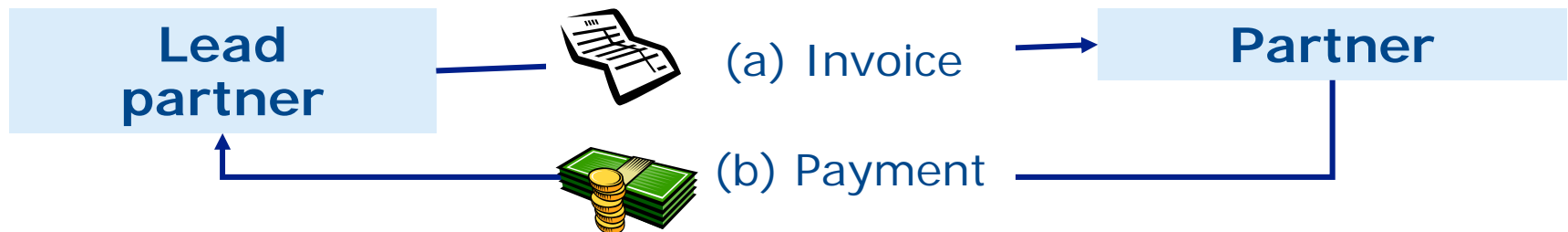
# Common Costs

## Procedure of contracting, payment and reporting

1. Specified contracts are made by the Lead Partner on behalf of all partners.



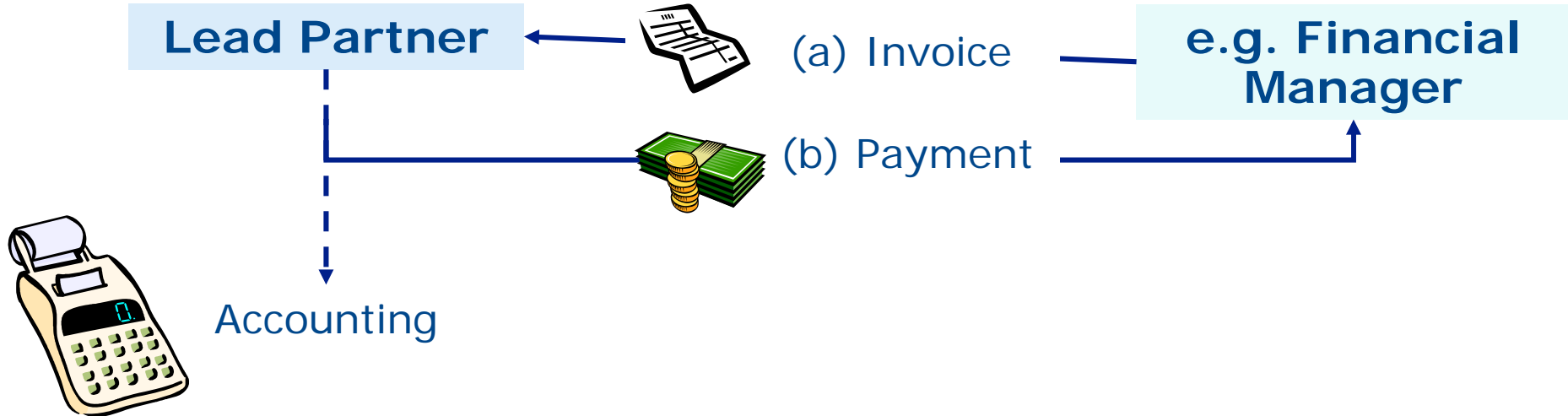
2. To facilitate the operation of such expenditure, partners have agreed on a common account operated by PLANCO
3. On request of the Lead Partner, each partners make agreed advance payments (instalments) to the common account to maintain sufficient liquidity
4. Invoice (request for advanced payment) in the name of the partnership



# Common Costs

## Procedure of contracting, payment and reporting

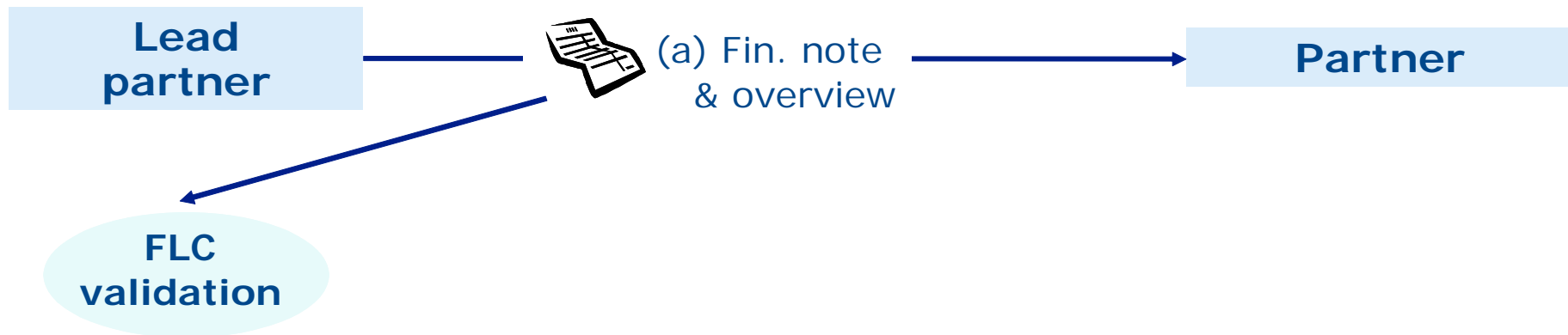
5. PLANCO pays for common expenditure on behalf of the Lead Partner



6. The share of each partner will be accounted in a database by PLANCO

## Procedure of contracting, payment and reporting

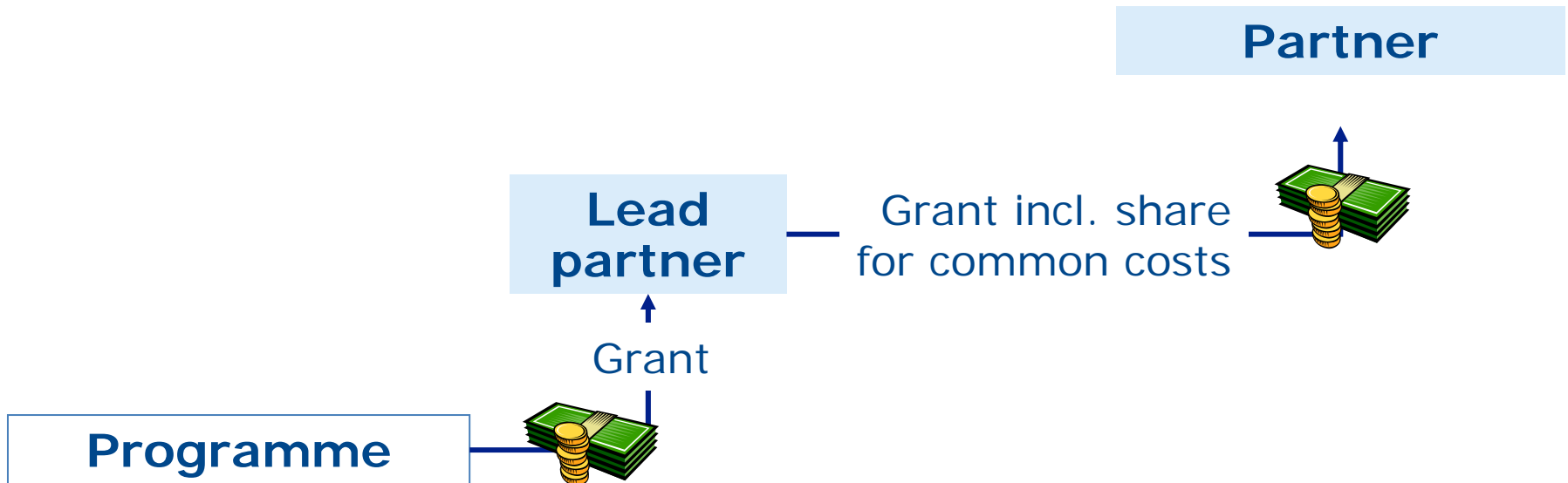
7. Half-yearly (in advance of progress reports), LP / PLANCO sends financial notes to the partners on their respective shares in common expenses so far. (cost sharing overviews)



8. The amounts contained in these half-yearly financial notes will be inserted into partners' financial reports by PLANCO and **will be validated by the FLC of the Lead Partner.**

## Procedure of contracting, payment and reporting

9. After LP has received Grants, the amounts for each partner incl. the ERDF share on common costs will be transferred to the partners



## 4. First Level Control

How to find the correct First Level Controller and when?

What qualifications should the FLC have?

What will be checked by the FLC?

Do partners have to pay the FLC?

## Tasks of First Level Controller

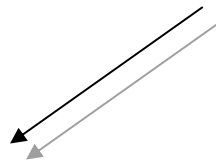
- Validates expenditure incurred by the controlled project partner
- Validates contents of activity and financial component of project partner report
- Checks that partnership agreement has been signed and all minimum requirements are met
- Checks Public Procurement Documentations
- Drafts report/ checklist on the control performed
- Signs the declaration of the validation of expenditure (FLC Confirmation)
- Signs the Bid-three support document

# First Level Control

## First Level Control System - by Member States

	EE	LV	PL	SE	BY	DK	DE	FI	LT	NO
<b>PRIOR FLC designation</b>	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
<b>FLC system</b>	Centralised				Decentralised					Mixed
<b>Project has to pay FLC</b>	No				Yes					Yes

## Prior Designation of FLC by a Designation Body



**Independent** from the project's activities and finances  
(independent organisational unit)

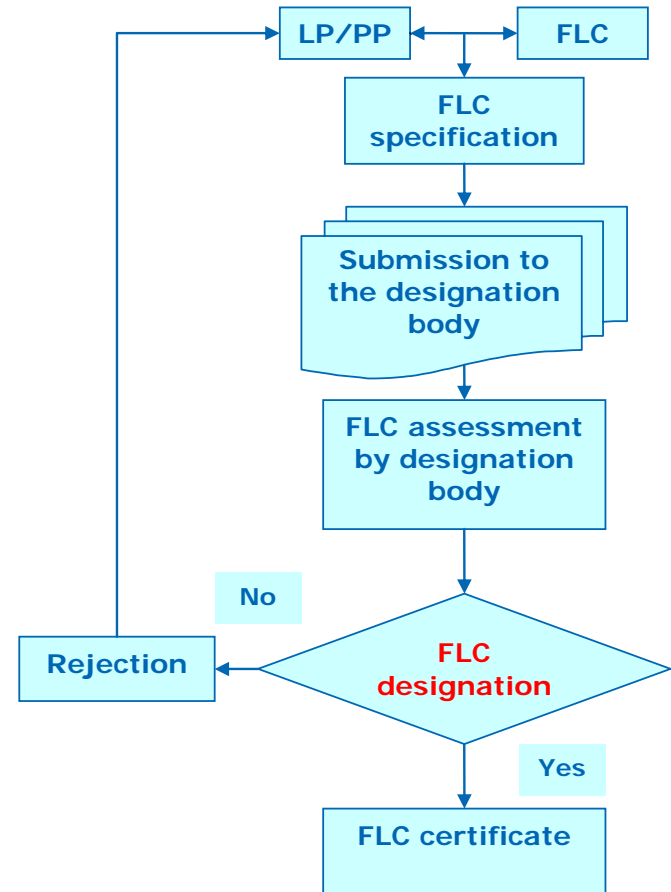


**Qualified**, meaning familiar with:

- International & national accounting standards & accountancy in general
- In applying regulatory framework of Structural Funds, of national legislation & programme rules
- In project management in order to be able in comparing activities presented in progress report & planned activities in project data form
- Appropriate English in order to understand programme documents and requirements

## FLC Designation Bodies & Trail

- Partner will make tender for FLC (Procurement & Bid-at-Three Rules!)
- Partner and chosen First Level Controller fill out and sign **FLC specification form**
- Partner sends specification form to the relevant designation body
- Positive FLC Designation – **FLC Certificate will be** sent to the partner
- Negative FLC Designation – repetition of the specification with a diff. FLC
- FLC Certificate to be submitted together with the **First Progress Report!!**



## Summary – Steps to do next!

### Partners from Belarus, Germany, Finland, Denmark and Lithuania:

- Specify a First-Level Controller
- Let your FLC be certified by the responsible designation body

### Partners from all Countries:

- In order to guarantee sound financial management and agree on progress report documentations **arrange a meeting with FLC well in advance reporting procedure**

## Final Recommendations

- Do not forget to report
- Report costs in the correct period
- Keep all Deadlines - Principle: First comes first serves / pays!!
- Check carefully:
  - if all costs are clearly linked to the project
  - if there is a complete and clear documentation
  - if the calculations are understandable and transparent
- Rather leave out small unclear amounts than causing long clarification
- Do not forget to observe public procurement rules!
- Consult PLANCO or your FLC, if something is not clear!

# Thank you for your attention!

PLANCO Consulting GmbH  
Björn Gabler  
Hagenower Str. 73  
19061 Schwerin  
GERMANY

Phone: 0049 385 3993723  
Fax: 0049 385 3993721  
Mail: [bg@planco.de](mailto:bg@planco.de)  
[www.planco.de](http://www.planco.de)