



FINANCIAL MANAGEMENT

*How to ensure a smooth financial implementation
of a transnational project*

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investing in your future



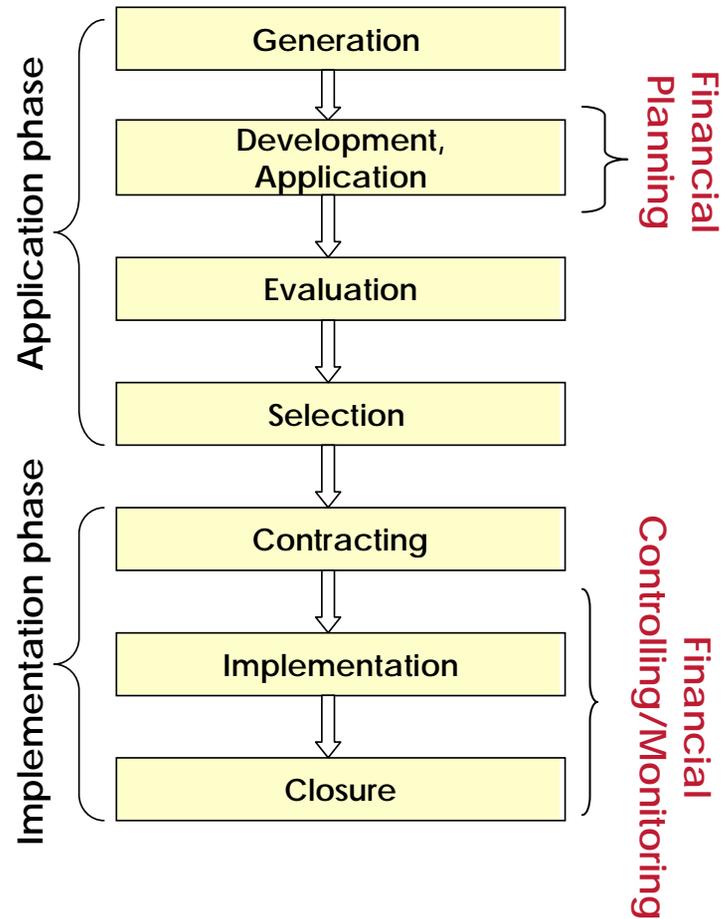
The programme is co-funded
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IMPORTANCE OF FINANCIAL MANAGEMENT

Good financial management

- is essential for a smooth project implementation
- avoids financial shortcomings
- prepares you for any controls/audits
- should avoid that funds are paid out with delay or only partly

The project life cycle



FINANCIAL PLANNING

1. Information on eligibility rules
(Contact with first level control (=flc) body)
2. Information on programmes reporting and “flexibility rules“
3. Detailed cost calculation on partner level (per cost category, work package and year/reporting period)
4. Accumulation of PP calculation on project level
5. Ensuring national co-funding
6. Drafting of financial tables of AF

Financial Planning –

1. Information on eligibility rules

- Check EC regulations => general rules
- Check Operational Programme => first information on programme's requirements (type of actions funded, specific rules)
- Check Programme's eligibility rules (if defined) => detailed information on eligibility of expenses for each cost category
- Check national eligibility rules (if defined) – if stricter than programme rules, to be applied
- Check ToR (if defined) resp. call for proposal => call might be restricted to some types of actions and beneficiaries)

Financial Planning –

2. Information on programmes reporting and flexibility rules

- Fixed reporting deadlines?
 - Fixed reporting periods?
- ⇒ To be considered in the planning phase
- ⇒ To be considered in the contracting phase
- ⇒ Keep the pre-financing period as short as possible
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- Is there any flexibility rule defined as regards the budget fixed in the AF?
- ⇒ Less flexibility means very detailed planning!

Financial Planning –

3. Detailed cost calculation on partner level

- Calculate the costs for each single activity :
 - Staff: calculation of person days
 - External experts: cost estimations (by experts) as regards foreseen contracts (e.g. studies, flc)
 - Investments: pre-calculation of possible depreciation costs respectively purchase costs
- Break down the costs to work packages and reporting periods according to description of activities and time schedule (considering delays due to flc)
- Consider the eligibility rules
- Check with programme bodies or flc bodies any open questions

Financial Planning –

4. Accumulation of PP calculation

- Check the information provided by the single PP:
 - Correctness of calculation (ineligible expenses included?)
 - Coherence of information provided (as regards CC, WP and years)
 - Coherence of calculation with work plan
- Accumulate the information provided on project level:
 - Any budget limits on project level to be considered
 - Coherence of accumulated information

Financial Planning –

5. Ensure national co-funding

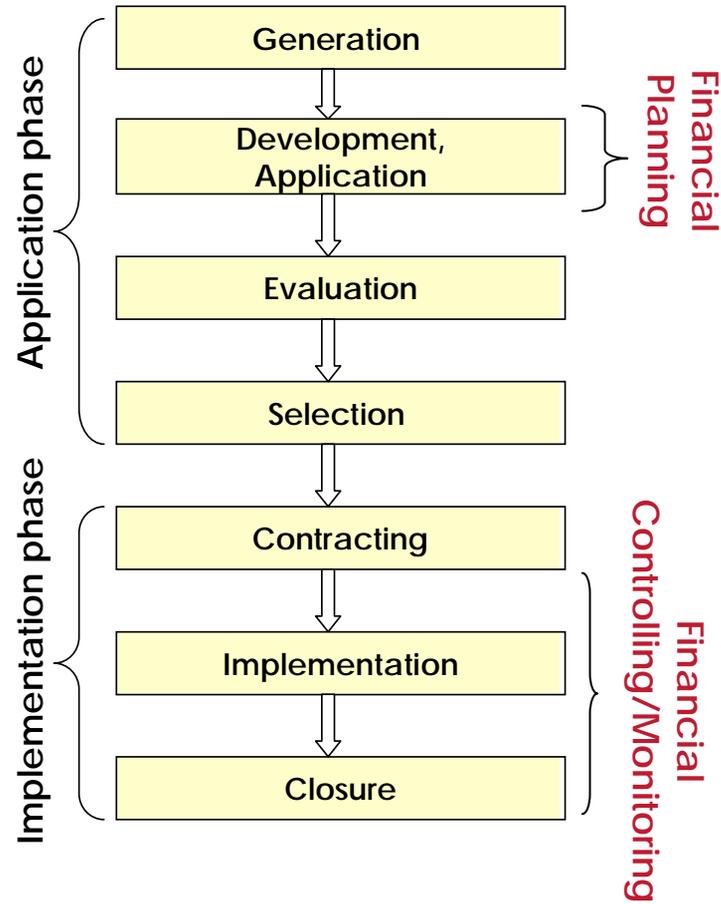
- Check the information provided by the programme:
 - Any special requirements to be considered (e.g. “public costs principle”)?
 - Any body responsible (e.g. contact points on national level) nominated so to get further information?
- Contact possible co-funding bodies and clarify details:
 - Provide detailed information on content and finances
 - Regulate details on the flow of national co-funding (e.g. requirements and time-frame)
- Signature of the co-funding contract:
 - Check when to be signed at the very latest (before submitting the AF, before signing the SC etc)

Financial Planning –

6. Drafting of financial tables AF

- Programmes usually ask for the following information:
 - Estimated expenses and proposed funding per single PP
 - Estimated expenses and proposed funding per cost category
 - Estimated expenses and proposed funding per work package
 - Estimated expenses and proposed funding per year or reporting period
- Transfer the information provided by the PP and accumulate it on project level into the tables included in the AF:
 - Ensure that the requested information is provided
 - Ensure that the indicated information is coherent
- Detailed countercheck by a second person strongly recommended!

The project life cycle



FINANCIAL MONITORING TO-DO'S

1. Monitor budget commitments on project level and on partner level
 - Define project internal rules
 - Draft reporting forms
2. Report to JTS/MA in accordance with the agreed plan
3. Continuous exchange with project management (delays/changes in the content related implementation will have effects on the finances too!)
4. Ensure a smooth financial closure of the project

Financial Management –

1. Monitoring of budget commitments

Define project-internal rules:

- Reporting rules
 - Following the reporting procedure agreed between LP and JTS/MA
 - Considering the projects' progress (on WP level)
 - Considering the time needed for flc
- Rules for budget shifts
 - Flexibility on partner level
 - Flexibility between PP
 - Procedure to be followed for budget shifts (agreement project steering group)
- Sanctions
 - Decide on sanctions (e.g. in the case of de-commitment, non-observance of reporting deadline or overspending)

Financial Management –

1. Monitoring of budget commitments

Draft reporting/monitoring forms:

- Reporting forms PP => LP
 - Based on reporting forms provided by JTS/MA to be submitted by the LP to the programme
 - Shall include detailed information on the certified expenses per cost category, work package per year/reporting period
 - Shall inform on any occurred/expected deviations
- Monitoring forms
 - Shall include information on the original plan and current approved budgets (any budget shifts approved on project or programme level considered) as well as actual reported certified expenses
 - Shall inform on exhaustion level of PP budget, CC budget and WP budget
 - Shall highlight “risks”

Financial Management –

2. Reporting to JTS/MA

- Keep the deadlines as agreed
- Use the reporting forms provided by the programme
- Check the coherence with the content-wise part of the progress report
- Ensure that the financial report is backed up by certifications/confirmations of flc bodies
- Inform on any possible deviations

Financial Management –

4. Ensure a smooth financial closure

- Fulfil the requests of JTS/MA and provide the required information
- Reserve sufficient staff resources (also after the submission of the final report)
- Ensure a proper documentation/filing

CONCLUSION

**THE BETTER THE FINANCIAL
PLANNING,
THE EASIER THE MONITORING AND
CLOSURE**

**THANK YOU FOR YOUR KIND
ATTENTION!**