Management Budget & Finances

Interreg Europe Secretariat

22-23 March 2017 | Lead applicant workshop
Session content

1. Preliminary considerations
2. Management
3. First level control
4. The budget lines
5. Points of attention
1. PRELIMINARY CONSIDERATIONS
Recommendations

First activities, then budget planning
Recommendations

Read the programme manual
- Establish effective internal communication
- Get to know your partners before starting
- Involve partners in the preparation
- Ensure same objectives for all partners
- Define roles clearly and balance inputs
2. MANAGEMENT
In the application form

- **C.8 Management**
  
  **C.8.1 Management arrangements**
  
  Sections C.8.2, C.8.3, C.8.4

- **D.1 Phase 1 (work plan)**
  
  c) project management: Detailed work plan
Section C.8 Management

### C.8.1 Management arrangements

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

<table>
<thead>
<tr>
<th>C.8.2 Project coordinator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will project management be externalised?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.8.3 Finance manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will financial management be externalised?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.8.4 Communication manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will communication management be externalised?</td>
</tr>
</tbody>
</table>
Section C.8.1 Management arrangements

- Clear coordination procedures + efficient management structure = less complex!
- Clear tasks and roles among the partners
- Sufficient resources and capacity for the lead partner
Section C.8.1 Management arrangements

- All partners involved in the decision-making process
- Regular steering group meetings
- Relevant documents available and easily accessible
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

D.1 PHASE 1 ‘Interregional learning’ - Detailed work plan per period

Semester 1

a) Exchange of experience

ACTIVITIES
A. JOINT DEVELOPMENT
Examples of management activities

- Signature of subsidy contract, project 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
### Section D.2 Phase 2

#### D.2 PHASE 2 - Detailed work plan per period

<table>
<thead>
<tr>
<th>Semester</th>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semester 7</td>
<td>a) Action plan implementation follow-up</td>
<td>Each region starts the implementation of its action plan. The relevant stakeholders for the implementation are mobilised.</td>
</tr>
<tr>
<td></td>
<td>b) Communication and dissemination</td>
<td>The partners ensure regular updates of the project website with information on the action plan implementation.</td>
</tr>
<tr>
<td></td>
<td>c) Project management</td>
<td>The lead partner prepares the progress report for the joint secretariat.</td>
</tr>
</tbody>
</table>
|          | Main Outputs | Website updates  
1 progress report |

- Pre-defined activities for phase 2!
- no particular management and coordination activities
- 1 progress report per 12 months
Last, but not least…

Project closure

= 

last 3 months of the project implementation

closure costs to be planned accordingly!
3. FIRST LEVEL CONTROL
What is first level control?

- all expenditure reported to be certified by an independent controller, before submission to the JS

- the organisation of this control = Partner State responsibility
The systems

First Level Control

Centralised
- public controller
- private controller

Decentralised
- shortlist
- proposed by partner and approved by PS

Programme manual section 7.6!
Budget for first level control, if the FLC system is:

- decentralised
- centralised and not free of charge

No specific role for the lead partner FLC
www.interregeurope.eu/in-my-country/
4. THE BUDGET LINES
The budget lines

- Staff
- Administration
- Travel and Accommodation
- Equipment

for personnel employed by partners only!

- External expertise and services

Programme manual section 4.5 and 7.2
Staff costs

- Only staff employed by the partner institution
- Usually the largest share of the budget

No sub-partners

Programme manual section 7.2.1
Administration costs

- Flat rate of 15% of staff costs
- Automatic calculation in the online application form
- Includes: office rent, utilities, office supplies, general accounting, etc.
Travel and accommodation

- Only staff employed by the partner institution
- Includes: travel cost, meals, accommodation, visa, daily allowances
- Trips outside the programme area planned and justified in the application form

Programme manual section 7.2.3
Equipment

- Purchased, rented or leased
- Mainly office equipment for project management
- Not exceeding EUR 5,000-7,000 per project
- Must be planned in the application form
External expertise and services

- Services outside the partner organisation
- Below 50% of total budget
- Clear links to the work plan and the role of the partner – consistency activities vs budget!

Programme manual section 7.2.4
### Section E.2 of the application form

#### 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. FLG costs</td>
<td>Project and/or financial and/or communication management</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>2. Meeting costs: partner meeting</td>
<td>Meeting costs: dissemination event</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>3. Meeting costs: stakeholder group</td>
<td>Travel &amp; accommodation costs: members of the stakeholder groups and other external bodies</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>4. Publication and dissemination costs</td>
<td>External support for the exchange of experience process, in particular the development of the regional action plan</td>
<td>Please select</td>
<td>0</td>
</tr>
<tr>
<td>5. Other</td>
<td></td>
<td>Please select</td>
<td>0</td>
</tr>
</tbody>
</table>
Type of costs

Please select

- FLC costs
- Project and/or financial and/or communication management
- Meeting costs: partner meeting
- Meeting costs: dissemination event
- Meeting costs: stakeholder group
- Travel & accommodation costs: members of the stakeholder groups and other external bodies
- Publication and dissemination costs
- External support for the exchange of experience process, in particular the development of the regional action plan
- Other
Section E.2 of the application form

- Type of costs: predefined!

- Description: quantity, content, actual output?

- Contracting partner: who is contracting the service provider?

- Amount: how much will the service probably cost (total)?
External expertise and services

In-house costs

- if affiliated organisation is a different legal entity
  → external expertise (costs reimbursed by partner)

- if service provided by an internal department of same legal entity
  → NOT external expertise, BUT staff costs
External expertise and services

If partners address same policy instrument, savings expected for joint activities

- Travel costs external stakeholders
- External support to develop the action plan
- Costs for stakeholder meetings
External expertise and services

Travel costs of external stakeholders

- Realistic
- Quantified
<table>
<thead>
<tr>
<th>Budget Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff</strong></td>
<td>usually the core budget (50%)</td>
</tr>
<tr>
<td><strong>Administration</strong></td>
<td>flat rate of 15% of staff costs</td>
</tr>
<tr>
<td><strong>Travel and Accommodation</strong></td>
<td>for meetings, only for partner organisations</td>
</tr>
<tr>
<td><strong>External Expertise and services</strong></td>
<td>any services needed outside the partner organisation, incl. T&amp;A for stakeholder groups, usually below 50%</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>office equipment, not exceeding 5,000-7,000 €</td>
</tr>
</tbody>
</table>
5. POINTS OF ATTENTION
- Preparation costs: lump sum of EUR 15,000 attributed to lead partner
- Contracting partner principle – no shared costs
- No budget split per components/work packages
- No more LP first level controller special role
- No in-kind contributions
- Revenues (unlikely!) can be deducted at application stage
- Source of funding: is the partner contribution coming from private or public sources?
## Public or private?

### 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>
Provided by the programme!

- Hosting of project websites
- Logos
- Poster design

Programme manual section 7.4.9 and 8.1.2
- Travel and accommodation often overestimated
- Phase 2: limited activities = limited budget
- Importance of the spending plan
Spending plan

- Amounts **paid out** per semester

- Phase 1: lion’s share,
  - Phase 2: significantly lower amounts
Spending plan

- Lower spending in the beginning, usually increasing towards the end of phase 1
- Decommitment risk
CASE STUDY
Case study - findings

- Lead partner budget: high + project management

- 2 partners addressing same policy instrument with similar budgets/same external expertise costs planned (no shared costs!)

- Travel and accommodation overestimated?
Case study - findings

- Programme recommendations (costs for website, gadgets)

- Costs for partner with centralised free of charge FLC

- High/not quantifiable travel costs for stakeholders: realistic?

- Spending plan: high semester 1 (unlikely) + very high phase 2 (limited activities!)
Spending plan - example

Attention! Last semester includes 3-months project closure
Example

24 months of phase 1 (4 PRs)
24 months of phase 2 (2 PRs)

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Example

24 months of phase 1 (4 PRs)
24 months of phase 2 (2 PRs)

Attention! Last semester includes 3-months project closure
- Unbalanced budget between partners
- High budget compared to project duration and number of partners
- Very high spending plan phase 2 (limited activities)

Value for money? Consistency?
Conclusion

Clarity and quality of management:

- are the procedures clear, transparent and fair? 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?
Read the programme manual
Thank you!