

**Interreg
Europe**



Co-funded by
the European Union

Mastering financial reporting

External expertise and services, equipment, infrastructure and works and public procurement

24 September 2024

Lead partner training
Lille, France

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1

Exercise on **how to report costs in the consolidation tab**

Card game on External expertise and services, equipment, infrastructure and works – correction

Are the costs well reported in the consolidated tab ?

1) Cards with **costs well reported**

Are the costs well reported ?

Partner 4 reports EUR 1,400 in **External expertise and services** under a planned item for 'Exchange of experience – **travel and accommodation external bodies**'.

Description provided:

"Flight and hotel for 2 stakeholders attending study visit in Ireland (24-26 June 2024)".



The costs are well reported

- Concise and detailed description.
- Costs linked with the activity.
- Partners should keep documentation of the invitation to stakeholders (e.g., collaboration agreement, email).
- Possible to report the costs even if the stakeholders were not indicated in the list of stakeholders in the portal (section D. of the application form).

Are the costs well reported ?

The lead partner reports EUR 1,000 in **Equipment** in a planned item. The original amount planned is EUR 800.

Description provided:

“Laptop for project manager. The project manager initially planned to work 80% of his time on the project and finally works 100% ”.



The costs are well reported

- Explanation on why the costs are higher than planned is provided.

To keep in mind:

- Only the **share related to the use of the equipment** for the project may be reported.
- Depending on when the equipment was purchased → **pro rata depreciation.**

2) Cards with costs for which a **clarification is needed**



Are the costs well reported ?

Partner 6 reports EUR 200 in **External expertise and services** under a planned item for 'Communication - materials'.

Description provided:

"Communication materials"



The definition is too vague

What are the communication materials in question ?

Reminder: Communication materials should be used for **external purposes** (events, visibility).

Proposal: roll-up produced and posters printed externally



Are the costs well reported ?

Partner 2 reports EUR 1,200 in **External expertise and services** under a planned item for 'Exchange of experience – travel and accommodation external bodies'.

Description provided: "Train ticket Marco"



The definition is too vague

What is the **link with the activity** ?
Who took the train and to which event ? Is Marco a **stakeholder/expert/APA?**

Reminder: costs for staff members are included in the T&A flat rate.

Proposal: train for stakeholder from the Ministry to take part in the Study Visit in Vienna on 3rd July 2024.



Are the costs well reported ?

Partner 5 reports EUR 3,200 in **External expertise and services** under a planned item for 'Exchange of experience – meetings'. The original amount planned is EUR 2,500.

Description provided: "external support"



The definition is too vague

What is the link with the activities?
What was the support about, which service was provided, in which meeting?

Justification for amount exceeded must be provided.

Proposal: Catering, room rental and translation for partners meeting with stakeholders in Turku on 24 June.

Justification – More stakeholders were able to attend. 35 people in total instead of 20 planned.

How to write an external expertise item description

Give a concise and detailed description in the consolidated tab.

The description should indicate:

- Nature of the costs (*e.g. flight, catering, room rental...*)
- Link with the activities = be **consistent** with the activity report.
- Date/place when related to an event.
- Who is the person involved (*e.g. stakeholder/expert*).

It is the lead partner responsibility to check the items description of other partners before sending the joint PR



Are the costs well reported ?

Partner 5 reports EUR 15,000 in **External expertise and services** under a planned item for 'Exchange of experience – external support'. The original amount planned is EUR 10,000.

Description provided: "External study on local state of play carried out by an expert"



Amount exceeded and no justification provided

Justification expected in the progress report for unplanned expenditure or amounts higher than expected.

*Why was the external study more expensive than originally planned ?
What is the added value for the exchange of experience ?*

Suppliers	Description	Justification
supplier 3	description of the unplanned item	Justification of the unplanned item 35/500
supplier 4	Consolidated description	Justification of the overspent item 35/500

24/500

35/500



Are the costs well reported ?

Partner 3 reports EUR 400 in **External expertise and services** under an unplanned item for 'communication material'.

Description provided: "zoom licence for project meetings – 3 years"



Wrong cost category selected

IT softwares can be reported in the **equipment** cost category when they are used for project activities (e.g. meetings)

Equipment item MUST be planned or discussed with JS previously.

3) Cards with **costs to be removed**



Are the costs well reported ?

Partner 3 reports EUR 500 in **External expertise and services** under a planned item for 'exchange of experience – travel and accommodation external bodies'.

Description provided: "flight to go to Budapest and hotel for the director of our organisation attending interregional workshop on 14/06/2024"



Costs to be removed

Travel and accommodation costs of staff members are already covered by the **T&A flat rate**.

The director is employed by the partner's organisation.



Are the costs well reported ?

Partner 5 reports EUR 10,000 in **Infrastructure and works**. This partner does not have a pilot action.

Description provided: "Costs for adapting road infrastructure to implement policy change"



Costs to be removed

Infrastructure and works :

- Only when **planned/pre-approved**.
- Only for pilot actions.



Implementation oriented costs cannot be covered by the project's budget (except for pilots).



Are the costs well reported ?

Partner 4 reports EUR 5,000 in **External expertise and services** under 'Communication - material.

Description provided: "Creation of the project website "



Costs to be removed

- Project **website is hosted and provided by the programme.**
- Section 7.1.2 of the programme manual

References:

Programme Manual

- section 6.2.4, 6.2.5 and 6.2.6
- section 7.1.2 on communication materials
- section 3.1.2 for costs 'implementation oriented'

Regulation (EU) No 2021/1059 Art. 42, 43 and 44

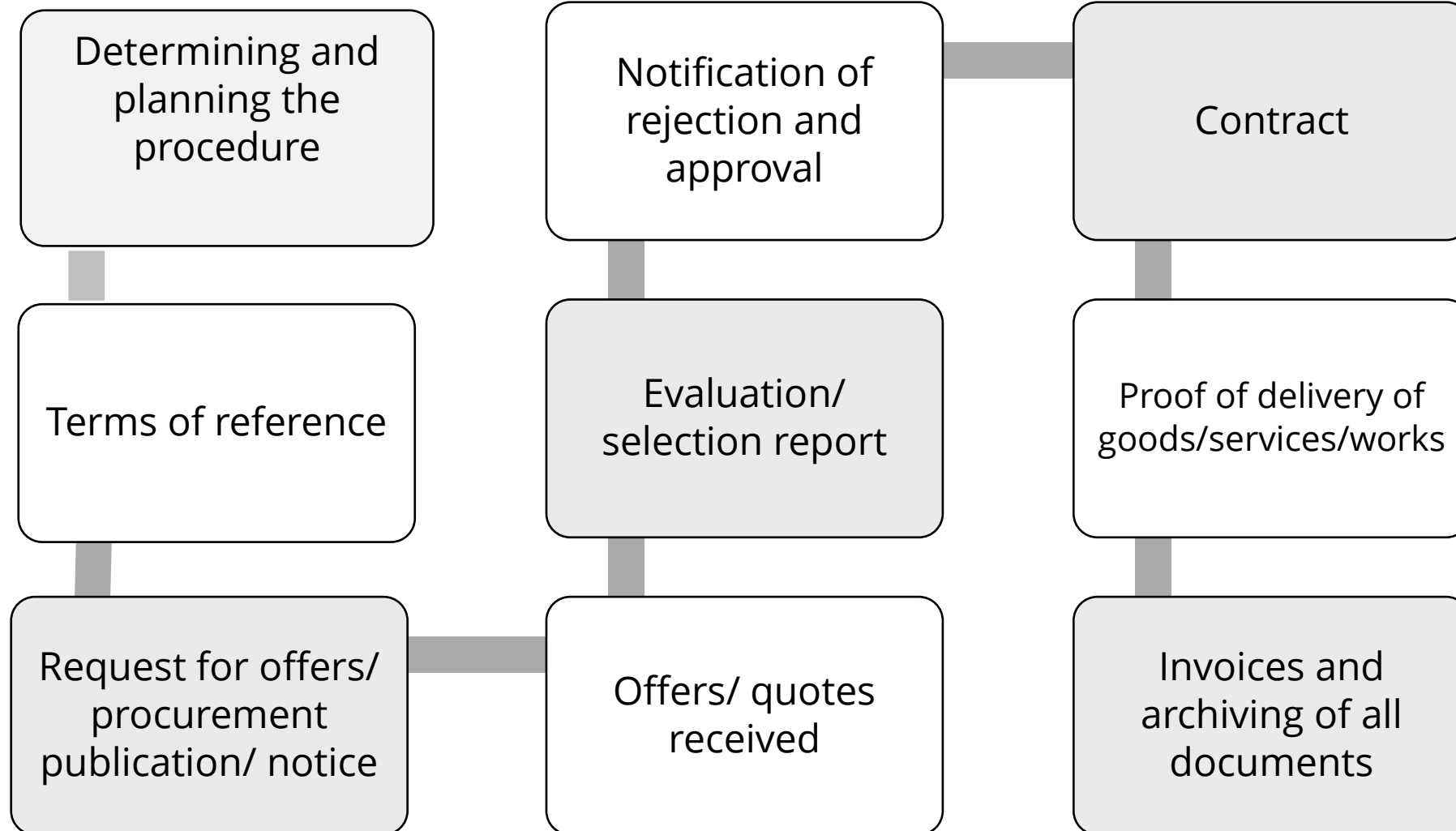
2. Exercise on **public procurement**



1) **Procurement timeline**



Procurement timeline



2) **General procurement principles**

Procurement

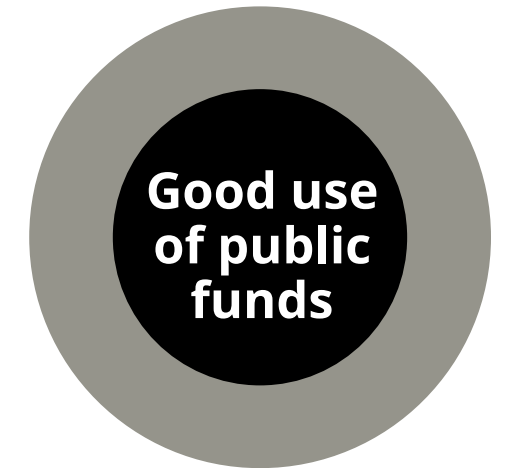
No programme-specific rules

Procurement **applicable rules**:



- the EU public procurement directives (Directive 2014/24/EU)
- national rules
- internal rules of the partner organisation

The strictest rule must always be **applied**

The controller will **verify** the compliance



Procurement **success factors**

- ✓ Takes time: **start as early as possible!** 
- ✓ **Estimate** the value of your need (at institutional level) 
- ✓ **Identify which rules apply** (European, national, internal)

Procurement **success factors**

- ✓ **Apply** the right procedure (adequate advertising through adequate media depending on interest of tender, timeframe)
- ✓ **Award** the contract in a fair and transparent way
- ✓ **Document** and archive the relevant documentation/ justification (even for direct awards)



3) **Potential risks**

Frequent errors

- Inadequate procedure chosen
e.g. direct award of contract not justified
- The value of the contract not estimated at institutional level
- Insufficient publicity
- Splitting the contracts to fit below thresholds
- Lack of documentation of each steps



Unjustified direct award

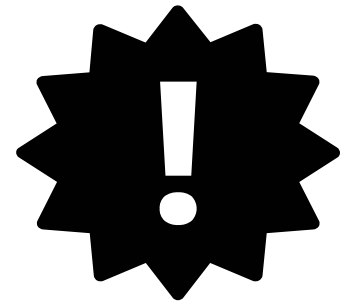
Carefully consider:

“Urgency”

“The only one”

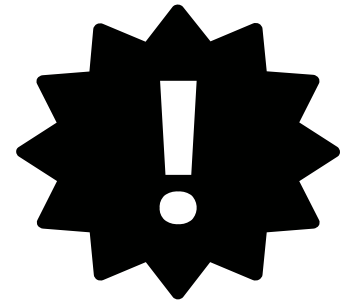
“More economic – no cost for training new person”

“Good value (based on old comparison)”



Potential conflict of interest

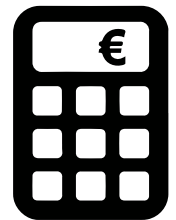
- Check your organization's internal rules and procedures
- Make sure that the internal procedure is applied
- Keep adequate documentation for control/audits



Financial corrections

Flat rate corrections of up to 100% of the costs can be applied by controllers or auditors in case of non-compliance with public procurement rules.

Reference: [Commission guidelines C\(2019\) 3452](#)



Bonus procurement question

Which rules apply for EU candidate countries partners ?

- a) The European Directive on Public Procurement
- b) Annex II of the financing agreement
- c) The national rules on public procurement

Bonus procurement question

Which rules apply for EU candidate countries partners ?

- a) ~~The European Directive on Public Procurement~~
- b) Annex II of the financing agreement
- c) The national rules on public procurement (only for matters not covered by Annex II)

Partners from EU candidate countries have to comply with the provisions in Annex II of the financing agreement. A summary table of the procedures is available on our website.

3.

How to **manage budget changes and flexibility rule**

Flexibility rule

How to deal with small budget budget changes during the implementation of your project?

20% budget flexibility rule on the total partner budget

- no pre-approval from JS, justification in PR
- total Interreg funds of the project cannot increase

Check out our [tutorial video](#)

Find more information in section 5.3.7 of the [programme manual](#)

Partner	Preparation	Staff	Office & Administration	Travel & accommodation	External expertise and services	Equipment	Total	Interreg funds
LP01	17,500	174,800	26,220	26,220	98,000	750	343,490	274,792
PP02		146,950	22,042	22,042	45,000		236,034	188,827
PP03		107,850	16,177	16,177	65,000	1,000	206,204	164,963
AP04		125,000	18,750	18,750	58,000		220,500	176,400
PP05		108,000	16,200	16,200	89,500		229,900	183,920
PP06		159,645	23,947	23,947	15,000		222,539	178,031
PP07		164,000	24,600	24,600	56,000		269,200	215,360
Total	17,500	986,245	147,936	147,936	426,500	1,750	1,727,867	1,382,294

PP03 asks if they can bring two additional staff of their APA to the kick off, as the control cost will be lower than expected.
You

- a) Check with the JS if this change is ok
- b) Say yes because it is a minor & clearly justified reallocation
- c) Say no because it's not in line with the flexibility rule

b) Say yes because it is a minor & clearly justified reallocation

PP05 wants to shift € 28,000 from staff to external expertise and services to finance local training activities for their staff and produce a study. You

- a) Ask more information on the added value of these activities for the project + double check with JS in case of doubts
- b) Say yes because it is a minor reallocation + they have budget available
- c) Say no (not in line with the flexibility rule)

Partner	Preparation	Staff	Office & Administration	Travel & accommodation	External expertise and services	Equipment	Total	Interreg funds
LP01	17,500	174,800	26,220	26,220	98,000	750	343,490	274,792
PP02		146,950	22,042	22,042	45,000		236,034	188,827
PP03		107,850	16,177	16,177	65,000	1,000	206,204	164,963
AP04		125,000	18,750	18,750	58,000		220,500	176,400
PP05		108,000	16,200	16,200	89,500		229,900	183,920
PP06		159,645	23,947	23,947	15,000		222,539	178,031
PP07		164,000	24,600	24,600	56,000		269,200	215,360
Total	17,500	986,245	147,936	147,936	426,500	1,750	1,727,867	1,382,294

b) Ask more information on the added value of these activities for the project + double check with JS in case of doubts

PP07 wants to purchase an online video conferencing software tool and a laptop, for a total amount of € 1,350. You

- a) Check with the JS if this unplanned equipment can be accepted
- b) Say yes to this minor re-allocation
- c) Say no because PP07 has no equipment budget

Partner	Preparation	Staff	Office & Administration	Travel & accommodation	External expertise and services	Equipment	Total	Interreg funds
LP01	17,500	174,800	26,220	26,220	98,000	750	343,490	274,792
PP02		146,950	22,042	22,042	45,000		236,034	188,827
PP03		107,850	16,177	16,177	65,000	1,000	206,204	164,963
AP04		125,000	18,750	18,750	58,000		220,500	176,400
PP05		108,000	16,200	16,200	89,500		229,900	183,920
PP06		159,645	23,947	23,947	15,000		222,539	178,031
PP07		164,000	24,600	24,600	56,000		269,200	215,360
Total	17,500	986,245	147,936	147,936	426,500	1,750	1,727,867	1,382,294

a) Check with the JS if this unplanned equipment can be accepted

AP04 expects to exceed their budget by € 30,000 at the end of the project. You

- a) Say yes because it does not exceed 20% flexibility rule
- b) Say no because 20% flexibility rule is exceeded
- c) Ask AP04 to justify this overspending and check if it can be compensated by other partner(s) underspending

Partner	Preparation	Staff	Office & Administration	Travel & accommodation	External expertise and services	Equipment	Total	Interreg funds
LP01	17,500	174,800	26,220	26,220	98,000	750	343,490	274,792
PP02		146,950	22,042	22,042	45,000		236,034	188,827
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AP04		125,000	18,750	18,750	58,000		220,500	176,400
PP05		108,000	16,200	16,200	89,500		229,900	183,920
PP06		159,645	23,947	23,947	15,000		222,539	178,031
PP07		164,000	24,600	24,600	56,000		269,200	215,360
Total	17,500	986,245	147,936	147,936	426,500	1,750	1,727,867	1,382,294

c) Ask AP04 to justify this overspending and check if it can be compensated by other partner(s) underspending

€ 63.000 should be shifted from PP03 to partner PP02 because PP02 had to take over many tasks from PP03. Does this budget shift have to be approved by the JS/MA through a formal request for change?

- a) YES
- b) NO

Partner	Preparation	Staff	Office & Administration	Travel & accommodation	External expertise and services	Equipment	Total	Interreg funds
LP01	17,500	174,800	26,220	26,220	98,000	750	343,490	274,792
PP02		146,950	22,042	22,042	45,000		236,034	188,827
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PP06		159,645	23,947	23,947	15,000		222,539	178,031
PP07		164,000	24,600	24,600	56,000		269,200	215,360
Total	17,500	986,245	147,936	147,936	426,500	1,750	1,727,867	1,382,294

a) YES

PP02 budget excess is above flexibility rule, 20% of PP02 budget € 236,034 = € 47,206

- **LP is responsible to monitor** budget reallocations requested by partners
- **20%** limit applies to **partner** budget
- **Total Interreg funds/NO funding can never be exceeded**
- LP can agree to **minor changes** if clearly **justified** (no need to check with JS)

- Budget reallocations even if **below flexibility rule** must be needed for the project & **clearly justified**
- LP should **check with JS** if reallocation is significant/not clearly justified/doubts (*=> avoid problems when reporting*)
- Application form revision (**request for change**) **only for reallocation above flexibility rule**

Check out our [tutorial video](#)

Find more information in section 5.3.7 of the [programme manual](#)

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