



Danube Transnational Programme
Danube SKILLS

Increased institutional capacity in Danube navigation by boosting joint transnational competences and skills in education and public development services

WP1

Financial management

Gabriela Cristian



Assistant Project Manager Danube SKILLS

Danube SKILLS Partner Meeting

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Subsidy Contract (SC)- Project Code DTP1-044-4.1

- Signed between MA/JS and LP on behalf of ERDF and IPA PPs.
- Total project budget (ERDF and IPA PPs): **2,023,100.00 EUR**
- Maximum EU contribution awarded- 85%, as follows:
ERDF- 1,586,185.00 EUR, IPA- 133,450.00 EUR
- Duration of the project and eligibility in time:
 - Date of approval: 08/12/2016;
 - Project starting date: 01/01/2017;
 - Project end date: 30/06/2019;
 - Deadline for last reporting period payments : 29/08/2019.
- Annexes to SC: latest approved AF, budget tables & PA



Financial monitoring– project level. Monitoring check-list

- Overall spending compared to plan
- Spending per budget line and work package
- Spending per project partner (per budget line and work package)
- Revenues (if any)
- Status of validation of expenditure and issues arising (e.g. eligibility of expenditure, delays etc...)
- Status of procurements- when receiving public funds we are talking about public procurements



Financial management process. Main steps

Based on the contractual obligation, the LP has to submit the Progress Report (PR) twice a year, on a six-month basis. The reporting periods are regulated in the Subsidy Contract (SC). The Application for Reimbursement (AfR) is an integral part of the PR.

Period ID	Reporting period (dd/mm/yyyy-dd/mm/yyyy)	Deadline for submission of the Progress Report and Application for Reimbursement (dd/mm/yyyy)	Spending forecast ¹ EUR
period 1	08/12/2016-30/06/2017	01/10/2017	309,415.73
period 2	01/07/2017-31/12/2017	01/04/2018	350,725.25
period 3	01/01/2018-30/06/2018	01/10/2018	384,097.64
period 4	01/07/2018-31/12/2018	01/04/2019	510,347.95
period 5	01/01/2019-30/06/2019	01/10/2019	468,513.43
Total Project budget			2 023 100,00



Financial management process. Overview of the main steps

1. All Project Partners (including LP) prepare and submit their Partner Reports (PPR- see. template at <http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation>) and the supporting documents to their responsible Controller through the electronic data exchange system (EDES).
2. The Controller, after validation of the reported partner expenditures, sends the validated PPR and the issued Control Certificate to the Project Partner. The PP has to forward both of them to the LP through the EDES.
3. Based on the PPRs, the LP compiles the project level report -Progress Report which is submitted together with the AfR to the MA/JS.
4. The MA/JS checks the submitted PR and AfR, in all their parts and annexes.






Financial management process. Overview of the main steps

5. After verification, the reimbursement of the related EU contribution part (ERDF and IPA) is initiated by the MA/JS through the Certifying Authority directly to the LP's bank account.
6. The LP transfers the ERDF and IPA contributions to the PPs according to the approved AfR.

Reporting periods

DS	2017												2018												2019																																	
Per.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36																						
1	Reporting Period (1-5)					Audit and control period (1-5)			Payment process																																																	
2													Reporting Period (1-5)					Audit and control period (1-5)			Payment process																																					
3													Reporting Period (1-5)						Audit and control period (1-5)			Payment process																																				
4																									Reporting Period (1-5)						Audit and control period (1-5)			Payment process																								
5																																					Reporting Period (1-5)						Audit and control period (1-5)			Payment process												

 Reporting Period (1-5)
 Audit and control period (1-5)
 Payment process



Changes affecting project budget

Minor changes	Major changes
<ul style="list-style-type: none"> ➤ WP/ BL budget reallocation below flexibility limits (5% & 10%) 	<ul style="list-style-type: none"> ➤ Budget reallocation among PPs
<ul style="list-style-type: none"> ➤ Administrative changes (contact details, contact person, project bank account, LP/ PP legal succession) 	<ul style="list-style-type: none"> ➤ WP/ BL budget reallocation exceeding 10% flexibility limit
<ul style="list-style-type: none"> ➤ Change of an ASP (without budgetary consequences) 	<ul style="list-style-type: none"> ➤ Changes in the partnership ➤ Significant changes in the content of the project ➤ Prolongation of the project duration
<ul style="list-style-type: none"> ➤ Minor adjustment of the content (timing, location, format of activities, deliverables, or increasing the quantity of the outputs, deliverables) 	<p><i>Further changes:</i></p> <ul style="list-style-type: none"> ➤ <i>Revision of spending forecast (as consequence of other major change)</i> ➤ <i>De-commitment of the project (initiated by MA/JS)</i>

Budget reallocation among WPs or BLs. Minor changes

Reallocation below 5% limit

- Flexibility in reporting PP costs deviating up to 5% of total PP budget (if not connected to partner/ content change);
- No previous JS PO confirmation needed, no modification of AF/ SC
- Reallocations will be reported and justified in following progress report.

Reallocation below 10% limit (FROM 5%)

- Flexibility in reallocating WP/ BL up to 10% of total project budget
- A previous JS PO confirmation is needed if:
 - WP/ BL reallocation of PP is beyond 5% limit, but project level WP/ BL reallocation is below 10% (of total project budget)
 - No modification of AF
- PP activities & costs related to such reallocations are eligible starting from JS PO confirmation date.



Budget reallocation among WPs or BLs. Minor changes.

Flexibility limit calculation method

- Limits and calculations refer separately to WP & to BL reallocations
- **5%** limit is considered **cumulatively on project partner level**
- **10%** limit considered **cumulatively on project level**
- Reference base - division of expenditure among WPs and BLs of latest approved budget in AF
- Difference between cumulated planned/ real costs of a WP/ BL and budget of same WP/ BL in latest approved AF is calculated
- Positive (+) differences at PP level summed up and compared to total budget of PP (for 5%)
- Positive (+) differences at project level summed up and compared to total project budget of ERDF + IPA PPs (for 10%)
- Budget reallocations due to other project changes not considered



Budget reallocation among WPs or BLs. Monitoring

NEW!! MA/JS provided budget reallocation monitoring tool (MS Excel based)- you can download it at the same link as the PPR template: <http://www.interreg-danube.eu/relevant-documents/documents-for-project-implementation>

Responsibility of Lead Partner

- Monitoring WP/ BL budget reallocations of PPs in advance
 - Be able to initiate and receive JS confirmation/ MC decision for appropriate project modification in time – (eligibility of activities!!!)
 - Costs to be reported not reach respective limits (5%/ 10%) if not confirmed/ approved

Responsibility of Project Partner

- Monitoring of WP/ BL real costs- not to exceed 5% without JS confirmation
- Inform LP in due time about any need for WP/ BL budget reallocation

Budget reallocation among ERDF or among IPA PPs

Funds of different sources (ERDF/ IPA) cannot be mixed

Without partnership change

- In case not affecting original objectives, outputs, results (*otherwise major content change*)

Due to partnership change

- Distributing activities and related budget among PPs (*major partner change process followed*)

**“Sponsoring” of ASP
shifted from one ERDF PP to another ERDF PP**



Budget reallocation among WPs or BLs

- Process refer to reallocations **not connected** to **partner/ content change**
- Cannot alter general character (objectives, outputs result) of project
- **Cannot** increase **WP1+WP2** budget beyond **35%** of total project budget
- Reducing certain BL cannot alter relevance of PP or affect core deliverable:
 - Extreme reduction of staff costs, external expertise
 - Considerable reduction of equipment/ infrastructure and work type cost
- Proportions of the flat rate (“staff”, “office and admin” BL) cannot be modified
- **Flexibility rule** refers separately to WP and separately to BL reallocations

Budget reallocation among WPs or BLs. Major changes

Reallocation beyond 10% flexibility limit

- Monitoring Committee (MC) decision and SC + AF modification
 - WP or BL budget reallocations reach up to 10% of total project budget
 - Eligibility of related activities & costs only after MC decision
- Can be requested only once (separately per WP or BL reallocation)
- Following major WP/ BL reallocation change, further reallocations within 10% limit rule still possible



Further major changes affecting project budget

Revision of the spending forecast

- Spending forecast represents the validated expenditure at project level (ERDF and IPA) and it is settled into Subsidy Contract for each reporting period
- Modification only in connection to other major project changes affecting project budget

De-commitment of the project

- **NEW!! Latest news received from DTP informing about their recent decisions: Not reaching a 75% of SF for the first year determines the project de-commitment**
- In case DTP is affected by de-commitment of EU Funds or serious problems in financial performance of the project.
- Based upon MC decision, MA/JS initiate budget reduction.



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Thank you for your attention!



■ Danube Transnational Programme area



Gabriela Cristian

**CERONAV
ROMANIA**

Email: gabrielacristian@ceronav.ro

www.interreg-danube.eu/danube-skills

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