

URBACT II - CityRegion.Net The Role of Cities in integrated Regional Development

1st Meeting of Phase II in Châlons-en-Champagne / France
22 - 23 January 2009

Financial Management of Phase II

(amended version / 26 01 2009)

Overview

- ➔ I) Budget Plan Phase II - Principles
- II) Financial Certification and Reporting Procedure
- III) Eligibility Criteria for different Types of Expenditure

I) Budget Plan Phase II - Principles

Decentralized Financial Management System

each Project Partner

- keeps a predetermined share of the overall budget (i.e. limited budget for predetermined network activities)
- finances and spends all local project-costs in advance
- independently accounts all local expenditures within the PRESAGE-CTE-system
- organizes the certification procedure of the local First Level Control body according to the audit trail
- preconditions for the refunding (ERDF-subsidies): has to submit the signed certificate and statement of expenditure and the textual contribution to the activity report to the Lead Partner at the end of each certifying period respecting the given deadlines

Slide No. 3

I) Budget Plan Phase II - Principles

Decentralized Financial Management System

eligible and certified costs will be refunded by an ERDF-contribution of

- 80% for partners of the convergence area (Czestochowa, Oradea, Kielce, Trikala) and
- 70% for partners of the competitiveness area (Châlons-en-Champagne, Munich, Arezzo and Graz)

Slide No. 4

Overview

I) Budget Plan Phase II - Principles

II) Financial Certification and Reporting Procedure

III) Eligibility Criteria for different Types of Expenditure

Slide No. 7

II) Financial Certification and Reporting Procedure

Sequence of 1st certifying and reporting period of phase 2 (for internal reference no. this period is counted as no. 2)

22 October 2008	start of certifying and reporting period (first paying possibility of expenditures to be stated)	PP
31 December 2008	ending of certifying and reporting period (last paying possibility of expenditures to be stated)	PP
January 2009	LP sent out a standardized preliminary excel-table to fill in all accrued expenses referring to the budget lines of phase 2 (already done). Additionally all PP have to prepare digital copies of all the relevant verification documents concerning the accounted expenses already at this stage (e.g. external bills, timesheets and other required documents concerning personnel costs, etc.)	LP
	PP have to draw up their textual contributions to the progress report	PP
until 6 February 2009	PP have to send back the filled in standardized preliminary excel-table (including verification documents as digital copies) to LP for a pre-check	PP
until 13 February 2009	LP will send back comments and annotations concerning expenditures of PP if necessary	LP
from 13 February 2009	1. input of expenditures into the PRESAGE-CTE-system by PP (login data should be transmitted by the URBACT Secretariat soon; PRESAGE-guidelines were already communicated by LP) 2. when input procedure finished (click on validation button) you have to inform LP (Nussmueller) 3. validation by LP within PRESAGE and information of PP when done (PP has to inform FLC!) 4. certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a hardcopy version of the statement of expenditure via PRESAGE-CTE	PP PP LP CB
until 16 March 2009 at the latest!	PP send their final textual contribution to the Progress Report for this reporting period to LP (on the basis of this information, the LP compiles the activity and financial reports for the whole project in PRESAGE-CTE)	PP
	PP sends to LP certificate and statement of expenditure in the form of a signed hardcopy (to be produced within PRESAGE CTE)	PP
31 March 2009 (deadline)	LP have to send the global payment claim for this certifying period, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	LP
expected at beginning of 2010	first refundings of ERDF-subsidies by EU Commission for phase 2 could be expected at the beginning of 2010 at the earliest	MA

Slide No. 8

II) Financial Certification and Reporting Procedure

Sequence of 2nd certifying and reporting period of phase 2 (for internal reference no. this period is counted as no. 3)

01 January 2009	start of certifying and reporting period (first paying possibility of expenditures to be stated)	PP
30 June 2009	ending of certifying and reporting period (last paying possibility of expenditures to be stated)	PP
June 2009	LP sends out a standardized preliminary excel-table to fill in all accrued expenses referring to the budget lines of phase 2 Additionally all PP have to prepare digital copies of all the relevant verification documents concerning the accounted expenses as early as possible (e.g. external bills, timesheets and other required documents concerning personnel costs, etc.)	LP
30 June 2009	PP have to start to draw up their textual contributions to the progress report	PP
until 6 February 2009	PP have to send back the filled in standardized preliminary excel-table to LP for a pre-check	PP
until 14 July 2009	LP will send back comments and annotations concerning expenditures of PP if necessary	LP
from 1 August 2009	1. input of expenditures into the PRESAGE-CTE-system by PP 2. when input procedure finished (click validation button) you have to inform LP (Nussmueller) 3. validation by LP within PRESAGE and information of PP when done (PP has to inform FLC!) 4. certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a hardcopy version of the statement of expenditure via PRESAGE-CTE	PP PP LP CB
until 17 August 2009 at the latest!	PP send their final textual contribution to the Progress Report for this reporting period to LP (on the basis of this information, the LP compiles the activity and financial reports for the whole project in PRESAGE-CTE)	PP
until 7 September 2009 at the latest!	PP sends to LP certificate and statement of expenditure in the form of a signed hardcopy (to be produced within PRESAGE CTE)	PP
30 September 2009 (deadline)	LP have to send the global payment claim for this certifying period, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	LP

Slide No. 9

II) Financial Certification and Reporting Procedure

Sequence of 3rd certifying and reporting period of phase 2 (for internal reference no. this period is counted as no. 4)

01 July 2009	start of certifying and reporting period (first paying possibility of expenditures to be stated)	PP
31 December 2009	ending of certifying and reporting period (last paying possibility of expenditures to be stated)	PP
31 December 2009	PP have to start to draw up their textual contributions to the progress report	PP
until 14 January 2010	PP have to send the filled in standardized preliminary excel-table to LP for a pre-check	PP
until 31 January 2010	LP will send back comments and annotations concerning expenditures of PP if necessary	LP
from 1 February 2010	1. input of expenditures into the PRESAGE-CTE-system by PP 2. when input procedure finished (click validation button) you have to inform LP (Nussmueller) 3. validation by LP within PRESAGE and information of PP when done (PP has to inform FLC!) 4. certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a hardcopy version of the statement of expenditure via PRESAGE-CTE	PP PP LP CB
until 15 February 2010 at the latest!	PP send their final textual contribution to the Progress Report for this reporting period to LP (on the basis of this information, the LP compiles the activity and financial reports for the whole project in PRESAGE-CTE)	PP
until 8 March 2010 at the latest!	PP sends to LP certificate and statement of expenditure in the form of a signed hardcopy (to be produced within PRESAGE CTE)	PP
30 March 2010 (deadline)	LP have to send the global payment claim for this certifying period, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	LP

- **2010: according to these schedule also two claim periods (no. 5 and no. 6)**
- **2011: only a short period from January 2011 – 21 April 2011 (no. 7)**
+ 3 more month to realize final administrative tasks; related to personnel costs

Slide No. 10

II) Financial Certification and Reporting Procedure

Principles of accounting expenditures in PRESAGE-CTE:

- accounting must be based on actual costs
- costs must be definitely borne by the Project Partner's body and would not have arisen without implementing the project
- expenditure must be directly linked to the project and to designated actions; Costs related to activities that are not described in the Application Form are generally ineligible!
- expenditure has actually been paid out
 - expenditure is considered to be paid out when amount is debited from the Project Partner's institution's bank account
 - this payment is usually proven by bank statements or e.g. equivalent statements of the city's internal accounting-system
 - the date when the invoice was issued, recorded or booked in the accounting system does not count as payment date!

Slide No. 11

Overview

I) Budget Plan Phase II - Principles

II) Financial Certification and Reporting Procedure

➔ III) Eligibility Criteria for different Types of Expenditure

Slide No. 12

Personnel Costs - Accounting Principles

- persons whose staff costs are budgeted and later on reported must be **directly employed** by the Project Partner's organization (City's administration)
- officially listed in the Declaration of Interest and the Final Application (e.g. internal project coordinator, financial responsible, etc.) or officially communicated to the Lead Partner
- reporting/documentation of personnel costs in compliance with country-specific audit requirements (accorded with your FLC)
- calculation based on the actual salary rate (employee's gross salary + employer's charges in accordance with the national legislation) for each individual employee who is actually involved in the project activities
- calculation must exclude any administration overheads!
- costs must not include a profit margin!

Slide No. 13

Personnel Costs - Accounting Principles

- if the staff member is working less than 100% according to its terms of employment for the project, the calculation must be based on the hourly rate resulting from the actual salary rate divided by the total number of hours worked by the staff member for the partner's institution
- calculation of hourly rates should be done by using the template conveyed by LP ("pre-check form") and if necessary supplemented with additional traceable calculation sheets prepared by PP

Slide No. 14

Personnel Costs - Reporting Principles / Required Documents

1. traceable timesheets recording 100% of your working time with at least following content:
name of staff member, date, period of time, description of work in direct relation to the implementation of the project (link to actions), hourly rate and calculation of it, signature of the employee, signature of the employer
 2. signed template for the declaration of personnel costs
 3. copy of contract of employment
 4. copy of annual payroll account
 5. confirmation of the employee for the receipt of the wages
- parts of the “pre-check accounting form” - have to be sent to LP in the form of a signed/stamped digital PDF-copy for validation purposes
- to be filed and to be held available for audit purposes

All reporting documents must be archived in your administration and have to be held available for audit purposes at least until 31 December 2020.

Slide No. 15

Personnel Costs - Reporting Principles

- check also your national ERDF-co financing rules how to calculate eligible hourly rates in your country
- even if staff members work less than 100% for our project it is still necessary to record all their working time also beside our project for verification purposes
- all documents and original invoices should be labeled with a project label and provided with an internal reference No. (e.g. 3_001, 3_002, etc.) before producing analogue-to-digital copies
- eligible personnel costs of each month should be split up according to several actions as follows:

e.g. personnel costs of N.N. for October 2008:

Ref. No. 2_001 = total of month

2_001a: action 1.2 / EUR 16,00

2_001b: action 2.2 / EUR 12,00

etc.

to be entered into PRESAGE CTE



use following consecutive numbering to assign expenditures to the specific certifying period:
No. of regarding certifying periode_(underline)_consecutive numbering of invoice;

Slide No. 16

Personnel Costs - Procedure of Reporting

3. template of “pre-check form” to summarize all expenditures of a certifying period before you enter it into PRESAGE (basis for the validation check of LP)

Reference numbers	actions	textual descriptions
1.2	personnel	Textual description of tasks fulfilled according to action 1.2
2.3	personnel	Textual description of tasks fulfilled according to action 2.3
5.2	personnel	Textual description of tasks fulfilled according to action 5.2

Meetings Organisation (actions 1.5, 2.1)

- includes costs for the logistic organisation of events, seminars, workshops, conferences in the framework of our project activities
- costs to be accounted in this budget line can be related to hiring a venue, rental of equipment, preparation/copies of documents, translators and interpreters and meals if not covered by daily allowances. The fees of trainers, speakers, facilitators should be allocated to budget line “external expertise”
- for each event we have to document purpose, target group, location, duration, number of participants (signed attendance lists), and in case of translation interpretation details (e.g. languages)

Travel and Accommodation (actions 1.5, 2.1, 5.2)

- **general rule: the most economic way of transport and accommodation has to be chosen**
- **budget travel costs of approx. €750 for one entire travel including accommodation costs and possibly daily allowances for one participant for one trip to a project meeting**
(allowance rates must not exceed current EC-per diems:
http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)
- **reporting travel costs within PRESAGE: please specify the countries of departure and arrival, the type of transport (air, train, road), the unit cost (usually tickets, for car travel the unit can be km)**
- **airline tickets must be economy class**
- **to get travel costs (or any other external costs) validated you have to provide the LP with digital copies of invoices, tickets, boarding passes labeled with the project label (of course also the proof of payment has to be documented and held available for audit purposes)**



Slide No. 21

Communication and Dissemination (action 5.3)

- **every partner can budget an eligible amount of €6.000 for the translation and printing of all publications provided as completely graphically designed masters by the Lead Partner in English**

A specific schedule of these centrally managed dissemination measures of phase 2 will be sent to you after this meeting.

- **for other local communication measures concerning our project, like e.g. local advertisements, organization of press conferences etc. all project partners can spend €3.000.**

For documentation purposes please inform Heike Falk about your local communication activities.

Slide No. 22

External Expertise

- costs of external expertise generally include costs paid on the basis of contracts or written agreements and against invoices or requests of reimbursement
- national and EC public procurement rules must be observed at any time!
- eligible amount of €3.000,00 for all partners in phase 2
- this budget line covers e.g. external costs for workshop organization, moderation or legal advice in regard to actions 2.3 and 3.1

URBACT Local Support Group (ULSG)

- includes costs required by the setting up and functioning of the URBACT Local Support Groups (action 3.1)
- sub-categories in phase 2 and eligible ceilings per PP
 - 1x training session for members of ULSG (€750)
 - 1-3 meetings of ULSG a year (€5.250)
 - 1 dissemination workshop for a wider local group of relevant stakeholders of each city (€1.500)
 - material costs for ULSG (€700)

Accounting and reporting procedures of this budget line must follow the rules outlined for all other budget lines before!

Managing Authorities

- opportunity to involve National Managing Authorities in network meetings and also in meetings of the Local Support Group (eligible amount of €4.500)
- costs for travel, accommodation and subsistence incurring for the participation of the local Managing Authorities to network's activities
- possible activities in regard to action 3.2
 - 2 meetings a year with city coordinator or
 - participation in Meetings of ULSG to get information about the progress of the network or
 - participation in the future conference of ULSG
 - comments on LAPs and recommendations for implementation of LAPs

Slide No. 25

Question of exchange rates in EU-countries outside the Eurozone

as regards PPs in Poland, Romania, Switzerland

- **accounting of the expenditure in PRESAGE-CTE shall be generally made in EURO (EUR)!**
- If the project activities imply that some expenditure are paid in a different local currency, the PPs institution accounting the expenditure shall convert the expenditure into EUR using the monthly accounting exchange rate of the EC of the month in which the expenditure has been paid (as mentioned before expenditure is considered to be paid when amount is debited from the partner institution's bank account).
- official EC rate published electronically every month at InfoEuro (<http://ec.europa.eu/budget/infoeuro/index.cfm?Language=en>)
- to be verifiable applied exchange rates should be stated on calculation sheets of personnel costs, on other original invoices and additionally noted in the comment field in PRESAGE-CTE

Slide No. 26

Summary

To get refunded the designated ERFD-subsidies you/we have to

- know the budget allowances for all actions and years very well
- respect those budget allowances when accounting costs for a period
- fulfill all accounting, certifying and reporting tasks in due time
- stay in close contact with our local FLC and the LP

Personnel costs are the most complex budget line to report.
Please schedule enough time for these procedure.

You are kindly invited at any time of our project to make suggestions for the improvement of templates, forms or any other improvement in the administrative efficiency!

References

Please make yourself familiar with the most important documents related to URBACT II especially the

- **URBACT II Programme Manual** (Technical Working Document updated on 10 06 2008:
http://urbact.eu/fileadmin/corporate/URBACTII_OfficialDoc/URBACT_II_Programme_Manual_V_10_-_100608.pdf)
- **Informal guidelines for accounting expenditure in Presage**
(http://urbact.eu/fileadmin/corporate/doc/News/Guide_entering_expenditure_in_PRESAGE-CTE_V1_19122008.pdf)

Login to PRESAGE-CTE (web-based Programme Monitoring System) at
<https://urbact.presage-cte.org>

Find News, Official Documents, Information about the URBACT II Programme online at <http://urbact.eu>

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