

**URBACT II**  
**CityRegion.Net**

**The role of cities in integrated regional development**

**Workshop in GRAZ**  
**15 - 16 September 2008**

**Principles of the Financial Management System**

**(modified version / 17 September 2008)**

based on URBACT II Programming Documents which can be found on  
<http://urbact.eu/footer/documentation.html>

## Overview

- I) **Financial References as a Part of the Joint Convention between Lead Partner and Project Partners**
  
- II) **Financial Certification and Reporting Procedures and Deadlines for Phase 1 and Phase 2**
  
- III) **Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines**

## I) Joint Convention

### Purpose

- mandatory document
- formally established legal agreements between all project partners and the lead partner
- importance of sound agreements between the lead partner and other partners, since the lead partner is ultimately responsible for the management of the project
- solid foundation for the project implementation and financial management

## I) Joint Convention

### Overview of Financial References

**§ 4 Duties, obligations and responsibilities of the partners**

**§ 6 Budgetary principles**

**§ 7 Financial management system**

**§ 10 Verification and record keeping**

## I) Joint Convention

### § 4 Duties, obligations and responsibilities of the partners

#### 4.2 Duties and obligations of project partners and the lead partner in his function as a project partner

part e. record keeping (all files, documents, data)  
at least until 31 December 2020

part g. all partners have to repay irregularly received ERDF-  
subsidies

temporary withhold of 20% of all claimed funds by lead  
partner until the official closure of project by EU  
Commission

part k. adherence to all relevant public procurement rules on  
European, national and internal level

## I) Joint Convention

### § 4 Duties, obligations and responsibilities of the partners

#### 4.2.1 Administrative tasks

part c. **obligation to account in PRESAGE-CTE as the standardized program monitoring system**

**according to the decentralised financial management system chosen: all partners have assure spending in advance, accounting and certifying of their own contribution to our project**

**principles of accounting expenditures in PRESAGE-CTE:**

- **actual cost calculation**
- **costs definitely borne by partner's organization**
- **expenditure has actually been paid out**
- **expenditure is directly linked to our project**

## I) Joint Convention

### § 6 Budgetary Principles

### § 7 Financial management system

### § 10 Verification and Record Keeping

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## II) Financial Certification and Reporting Procedures and Deadlines for Phase 1 and Phase 2

### Financial management system (1)

- decentralized character
- each partner
  - keeps its own share of budget (limited budget for predetermined network activities)
  - finances and spends all its own costs in advance
  - inputs all expenditures into PRESAGE-CTE independently
  - organizes the local first level control according to the audit trail
  - has to submit the signed certificate and statement of expenditure to the lead partner at the end of each certifying period respecting the given deadlines

## II) Financial Certification and Reporting Procedures and Deadlines for Phase 1 and Phase 2

### Financial management system (2)

- eligible 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 (Chalons-en-Champagne, Munich, Arezzo and Graz)
- certifying period of Phase 1 (21 April – 21 October 2008): only costs from the 5 core partners, (Czestochowa, Chalons-en-Champagne, Oradea, Kielce and Graz) are eligible!
- new partners (Trikala, Munich, Arezzo and Zurich) officially joining the network in phase 2: opportunity to account the travel costs incurred in Phase 1 within the first certifying period of Phase 2 in August 2009.

## Accounting and Certification Procedures for Phase 1 (duration: 21 April – 21 October 2008; only for core partners)

<b>beginning of October</b>	LP sends out a standardized preliminary excel-table to fill in all accrued expenses referring to the budget lines for phase 1 Additionally we will ask PP already at this stage to prepare digital copies of all the relevant verification documents concerning the accounted expenses (e.g. external bills, timesheets and other required documents concerning your personnel costs, etc.)	<b>LP</b>
<b>21 October 2008</b>	<b>last spending possibility for expenses in phase 1</b>	<b>PP</b>
<b>21 October 2008</b>	PP have to start drawing up their textual contributions to the progress report	<b>PP</b>
<b>until 23 October 2008</b>	PP have to send the filled in standardized preliminary excel-table to LP for a pre-check	<b>PP</b>
<b>until 31 October 2008</b>	LP will send back the pre-checked preliminary excel tables to PP	<b>LP</b>
<b>from 3 November 2008</b>	<ol style="list-style-type: none"> <li>accounting and validation of expenditure in the PRESAGE-CTE-system by PP (login data for the core partners and instructions will be transmitted by the URBACT Secretariat at the beginning of October; additional infos will follow by LP)</li> <li>validation by LP within PRESAGE-CTE</li> <li>certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a paper version of a statement of expenditure via PRESAGE CTE</li> </ol>	<b>PP</b> <b>LP</b> <b>CB</b>
<b>until 18 November 2008</b>	<b>PP sends to LP the final textual contribution to the Progress Report for phase 1</b>	<b>PP</b>
<b>until 12 December 2008</b>	<b>PP sends to LP the certificate and statement of expenditure</b>	<b>PP</b>
<b>21 January 2009</b>	LP have to send the global payment claim for phase 1, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	<b>LP</b>
<b>mid 2009</b>	refunding of ERDF-subsidies by EU Commission for phase 1 could be expected in mid 2009 at the earliest	<b>MA</b>

## Accounting and Certification Procedures for Phase 2 (first reporting periode: January – June 2009; for all partners)

<b>beginning of 2009 (after the approval of our application)</b>	LP sends out a standardized preliminary excel-table to fill in all accrued expenses referring to the budget lines for phase 2  Additionally we will ask PP already at this stage to prepare digital copies of all the relevant verification documents concerning the accounted expenses (e.g. external bills, timesheets and other required documents concerning your personnel costs, etc.)	<b>LP</b>
<b>01 January 2009</b>	<b>first spending possibility for expenses in first reporting period of phase 2</b>	<b>PP</b>
<b>30 June 2009</b>	<b>last spending possibility for expenses in first reporting period of phase 2</b>	<b>PP</b>
<b>30 June 2009</b>	PP have to start drawing up their textual contributions to the progress report	<b>PP</b>
<b>until 14 July 2009</b>	PP have to send the filled in standardized preliminary excel-table to LP for a pre-check	<b>PP</b>
<b>until 31 July 2009</b>	LP will send back the pre-checked preliminary excel tables to PP	<b>LP</b>
<b>from 1 August 2009</b>	<ol style="list-style-type: none"> <li>1. accounting and validation of expenditure in the PRESAGE-CTE-system by PP (login data for all other partners and instructions will be transmitted by the URBACT Secretariat at due date; additional info will follow by LP)</li> <li>2. validation by LP within PRESAGE-CTE</li> <li>3. certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a paper version of a statement of expenditure via PRESAGE CTE</li> </ol>	<b>PP</b> <b>LP</b> <b>CB</b>
<b>until 17 August 2009</b>	<b>PP sends to LP the final textual contribution to the Progress Report for first reporting period / phase 2</b>	<b>PP</b>
<b>until 7 September 2009</b>	<b>PP sends to LP certificate and statement of expenditure together with</b>	<b>PP</b>
<b>30 September 2009</b>	LP have to send the global payment claim for phase 1, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	<b>LP</b>
<b>beginning of 2010</b>	refunding of ERDF-subsidies by EU Commission for phase 2 could be expected at the beginning of 2010 at the earliest	<b>MA</b>

## Accounting and Certification Procedures for Phase 2 (second reporting periode: July – December 2009)

<b>01 July 2009</b>	first spending possibility for expenses in second reporting period of phase 2	<b>PP</b>
<b>31 December 2009</b>	last spending possibility for expenses in second reporting period of phase 2	<b>PP</b>
<b>31 December 2009</b>	PP have to start drawing up their textual contributions to the progress report	<b>PP</b>
<b>until 14 January 2010</b>	PP have to send the filled in standardized preliminary excel-table to LP for a pre-check	<b>PP</b>
<b>until 31 January 2010</b>	LP will send back the pre-checked preliminary excel tables to PP	<b>LP</b>
<b>from 1 February 2010</b>	<ol style="list-style-type: none"> <li>1. accounting and validation of expenditure in the PRESAGE-CTE-system by PP (login data for all other partners and instructions will be transmitted by the URBACT Secretariat at due date; additional info will follow by LP)</li> <li>2. validation by LP within PRESAGE-CTE</li> <li>3. certification by local Certifying Body of PP within PRESAGE-CTE: production of a digital certificate and also a paper version of a statement of expenditure via PRESAGE CTE</li> </ol>	<b>PP</b> <b>LP</b> <b>CB</b>
<b>until 15 February 2010</b>	PP sends to LP the final textual contribution to the Progress Report for second reporting period / phase 2	<b>PP</b>
<b>until 8 March 2010</b>	PP sends to LP certificate and statement of expenditure	<b>PP</b>
<b>30 March 2010</b>	LP have to send the global payment claim for phase 1, including all collected certificates of PP together with the Progress Report to the URBACT Secretariat / Managing Authority	<b>LP</b>

- **2010: according to these schedules also two claim periods**
- **2011: only a short one from January 2011 – 21 April 2011 (+ 3 month more to realize final administrative tasks)**

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## III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

### Budget lines

1. Project Co-Ordination or Administrative Costs
2. Personnel
3. Meetings Organisation
4. Travel and Accommodation
5. Communication and Dissemination
6. External Expertise
7. Equipment
8. URBACT Local Support Group
9. Managing Authorities

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 1. Project Co-Ordination or Administrative Costs

- no lump sums, overall estimations or arbitrary keys are allowed
- phase 1: eligible amount of €704,60 for each core partner
- phase 2: no administrative costs foreseen because inadequate complex to prove, and to certificate



### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 2. Personnel (1)

- **persons whose staff costs are budgeted and later on reported must be**
  - **directly employed by the Partner/Lead Partner's organisation**
  - **officially listed in the Declaration of Interest and the Final Application (e.g. internal project coordinator, financial manager, etc.)**
  - **in compliance with country specific control requirements**
  
- **please send us a list with all staff members including a rough calculation of working time for the project from your city's administration involved in the project to mention them namely within the final application**

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 2. Personnel (2)

- reporting staff costs
  - calculation based on the actual salary rate (employee's gross salary + employer's charges in accordance with the national legislation) of the individual employee who is actually involved in the project activities.
  - calculation must exclude any administration overheads
  - if the staff is working less than 100% of its actual working time 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

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 2. Personnel (3)

- reporting staff costs
  - staff costs must be supported by following documents:
    - traceable timesheets 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, hourly rate and calculation of it, signature of the employee, signature of the employer
    - copy of contract of employment
    - copy of annual payroll account
    - confirmation of the employee for the receipt of the wages

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 2. Personnel (4)

- reporting staff costs
  - according to this please check your national ERDF-co financing rules how to calculate eligible hourly rates
  - if staff members work less than 100% it is still necessary to record all their working time also beside our project for verification purposes
  - costs must not include a profit margin

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 2. Personnel (5)

- eligible amount for phase 1: €3.750,00 for each core partner
- eligible amount for phase 2: €9.250,00 for each Partner
- account staff costs within realistic limits and not to exceed the maximum amount of EUR 9.250,00 eligible staff costs for phase 2

## III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

### 3. Meetings Organisation

- costs for the logistic organisation of events, seminars, workshops, conferences in the framework of our project activities
- eligible amount for phase 1: €750,00 for each Partner who was organizing a workshop (this affects Kielce and now also Graz)
- eligible amount for phase 2: €2.000,00 for each Partner except Kielce who already organized a workshop

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 4. Travel and Accommodation (1)

- **general rule: the most economic way of transport and accommodation has to be chosen**
- **eligible ceiling of €750,00 for the entire travel and accommodation costs for one participant for one journey**
- **Reporting travel costs: 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)**
- **air tickets must be economy class**
- **to make travel costs eligible you have to provide digital copies of tickets, boarding cards and invoices and of course the proof of payment**

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 4. Travel and Accommodation (2)

- phase 1: two schemes of calculation of travel budgets:
  - a) eligible amount for the Partner who was organizing a workshop (this affects Kielce again): €750,00 for Kielce
  - b) eligible amount for Partners who were not organizing a workshop (Czestochowa, Oradea, also Chalons-en-Champagne): €1.500,00 per Partner (2 times €750,00)



### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 4. Travel and Accommodation (3)

- phase 2:

- a) travel costs for the final conference were calculated for 3 participants per partner with a total of €2.250,00 (3 times €750,00)
- b) travel costs in the amount of €750,00 for 7 meetings (excluding the respective organizing city) for 2 persons Kielce, who already organized a workshop is assigned with one extra travel for 2 persons (+ €1.500,00)
- c) additionally all new partners are assigned with extra travel costs for 1 persons for the 2 workshops within phase 1;  
Trikala, Munich, Arezzo and Zurich have to account their travel costs of phase 1 within the first claim period in phase 2;

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 5. Communication and Dissemination

- phase 2:
  - a) every partner has an eligible amount of €6.000,00 for the transation and printing of all publications provided as completely graphically designed masters by the lead partner in English
  - b) for other communication measures concerning our project, like (e.g. local advertisements, organisation of press conferences etc.) all project partners have an eligible amount of €3.000,00 available.

Specific schedule of dissemination activities and their ceilings follow as soon as the final application for phase 2 is ready.

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 6. External Expertise

- external expertise 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
- phase 1: eligible amount of €750,00 for each Partner City
- phase 2: eligible amount of €3.000,00 for all partners
- costs could cover e.g. external costs for workshop organization, moderation or legal advice.

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 7. Equipment

- **no eligible costs for equipment in phase 1 and in phase 2: content of activities doesn't justify the procurement of any equipment**

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 8. URBACT Local Support Group (1)

- costs required by the setting up and functioning of the URBACT Local Support Groups
- this budget may be split into sub-categories such as
  - meetings and seminars
  - organization of training sessions for the group members (to improved performance)
- accounting and reporting procedures must follow the rules outlined before

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 8. URBACT Local Support Group (2)

- phase 1: all partners have an eligible amount of €1.200,00 to organize 1 workshop to set up the LSG
- phase 2: all partners have the possibility to
  - a) organize 1 training session for members of your Local Support Group (eligible ceiling: €750,00)
  - b) organization of 1-3 meetings of the LSG per year in your city (eligible ceiling: €5.250,00)
  - c) organization of a dissemination workshop for a wider group of relevant stakeholders in your city (eligible amount: €1.500)
  - d) opportunity to account material costs up to a eligible ceiling of €700,00

### III) Presentation and Discussion of the Budget Table of Phase 2 and Application Hints for the particular Budget Lines

#### 9. Managing Authorities

- costs for travel, accommodation and subsistence incurring for the participation of the Managing Authorities to the network's activities
- phase 1: core partners could use an eligible amount of €600,00 per City to organize 1-2 workshops with our local managing authorities.
- phase 2: opportunity to involve our national managing authorities in 5-6 meetings and in meetings of the local support group (eligible amount of €4.500,00)

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