28.4.2021 **REPORTING WEBINAR**

Financial report



CBC 2014-2020 SOUTH-EAST FINLAND - RUSSIA

Agenda

- Instructions for fluent reporting
- Financial reporting templates
- Payment procedures
- Questions &
 Answers





Financial reporting – updated templates on the programme website

> APPLYING FUNDING

> CONTRACTING GRANT

> IMPLEMENTING PROJECT

> MATERIAL FOR PROJECTS > IMPLEMENTING PROJECT

IMPLEMENTING PROJECT

Documents on this site are published for the reporting and auditing of the granted projects.

TIMESHEET

SEFRCBC Timesheet

FINANCIAL REPORTING DOCUMENTS

Consolidated financial report

Financial report with general ledger specifications (Updated in Spring 2021)

Salary costs specification (Updated in Spring 2021)

EXPENDITURE AND REVENUE VERIFICATION DOCUMENTS

The following templates must be used. Note that the templates may not be modified!

Network SEFRCBC Grant Contract Annex IV ERV1 Expenditure and revenue verification procedure

ERV2 Service contract for the expenditure and revenue verification_Ar13rev09092020

ERV3 Expenditure and revenue verification report

ERV4 Checklist for the expenditure and revenue verification

ERV5 List of factual finding

🗬 ERV6 Report on fraud



Financial reporting of each Partner

- Financial report with general ledger specifications (signed PDF and excel)
- Salary costs specification (signed PDF and excel)
- ERV2 contract with auditor (signed PDF)
- ERV3 audit report (signed PDF)
- ERV4 auditor's check-list (signed PDF)
- ERV5 factual findings (signed PDF)



Financial reporting of Lead Partner

- Financial report with general ledger specifications (signed PDF and excel)
- Salary costs specification (signed PDF and excel)
- ERV2 contract with auditor (signed PDF)
- ERV3 audit report (signed PDF)
- ERV4 auditor's check-list (signed PDF)
- ERV5 factual findings (signed PDF)
- Consolidated financial report (signed PDF)
- Financial Identification (signed PDF)



Instructions: Programme Manual chapter D - 3.2.2.

3.2.2 Financial reporting

Financial reporting consists of the following documents that must be attached to each interim (and final) payment request:

- · Financial reports with the general ledger specifications
- · Consolidated financial report of the project
- · Specifications of the salary costs
- · Documents of the expenditure and revenue verification(s):
 - contracts (ERV2)
 - reports (ERV3)
 - check-lists (ERV4) and
 - list of factual findings (ERV5)
- Financial Identification

Templates for financial reporting are published on the Programme website and they must be used.

60

Funded by the European Union, the Russian Federation and the Republic of Finland.

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Good practice for fluent reporting

- Make a separate folder for each partner that contains all financial reporting and ERV documents. Pack them into Zip-files.
- Upload the files to PROMAS as annexes to the Payment request.
- Upload files in correct form: signed PDF documents and excels.



Good practice for fluent reporting

Payment request		
Attachments		
	File name	Download
	LUT PROMAS.zip	*
	FVH PROMAS.zip	*
	IAC PROMAS.zip	*
	ITMO PROMAS 1.zip	*
	ITMO PROMAS 2.zip	*



FINANCIAL REPORTING

,755.39,0,0,0,0,0 59.12,42826.99,0,0,0,0,0 35.64,50656.8,0,0,0,0,30.1 115.94,67905.07,0,0,0,0,1 115.94,66938.9,0,0,0,0,30 192.49,86421.04.0.



Financial reporting

- Costs must be actually incurred during the reporting period and paid out.
- Flexibility: payment can be made also after the end of reporting period, provided that all expenses are paid when the report is made and presented to the auditor.



Salary costs specification

- Amounts must match with the Staff costs stated in Financial report, and accounting records.
- Minor differences can be corrected to match with the accounting.
- Holiday salaries on their own lines, calculation formulas can be removed.
- Holiday salaries must be paid out when reported, reservations not accepted.



Salary costs specification must match with the financial report & general ledger specifications



Salary costs specification

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Project ID: Project acronym: Name of the Partner organisati

Reporting period:

ion:	

Summary of salaries for reporting period:

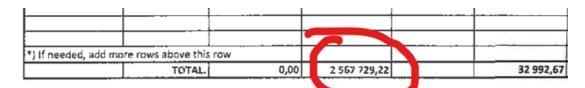
Project salaries	2 024 365,78
Project social charges	543 363,44
Total project salary costs	2 567 729,22
Paid in reporting period	2 567 729,22
Unpaid balance	0,00



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General ledger specification - 1.1 Staff







Exchange rate

- Exchange rate in accordance with the accounting records – when the expense is actually incurred. Note the difference with payment date.
- Use the rates as published by InforEuro, with all decimals.



Typical reasons for requesting further clarification

- Missing reports / obligatory annexes.
- List of purchases has not been filled in.
- Auditor has not answered VAT questions in ERV4 check-list.
 - Is VAT unrecoverable for the beneficiary (partner)?
 - If VAT is recoverable, has it been deducted from the reported expenses?



List of purchases

Project information Man	aging authority Part	ners Personnel list	Purchases	
+ Add new purchase				
No record found.				
Purchases				
Iten	n			
Purchase	r			
Supplie	r			
Value in original currenc	у			
Dat	e			
Method of tende	r			
				/i
Annexes				
Attachment file	*	Brow	vse Recommended maximum size is 15 Mb per file.	
	Upload Res	set		
Annexe	95:			
	Save Cancel			

List of purchases

- All procurements above 4000 € threshold value.
- Procurement decision should be based on at least three (3) written tenders.
- Tendering documents uploaded as annexes
 - \checkmark invitation to tender
 - \checkmark evaluation grid
 - ✓ decision
 - ✓ contract



Electronic signatures (due to corona)

- Electronic signatures are accepted in financial reporting and ERV documents.
- Strong electronic identification required: attach it to the reporting.
- Note that Payment request and Interim report still with handwritten signatures!



Reminder - Audits

- ERV pack must be used, in English. Templates may not be modified.
- Contract with the auditor by using ERV2. Additional clauses can be added under article 14, if they are not contrary to other articles.
- Remember to inform MA of the selected auditors and certificate of qualification.



PAYMENT PROCEDURES

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Payment procedures

 Based on pre-financing payments: 80 % of the grant for each reporting period, in accordance with the cost estimate.

if grant is 80,0 % of the eligible expenses, pre-financing payment is 64 % of the estimated budget for the reporting period.

 See payment forecast of the Grant Contract, article 5.2



Further pre-financing payments

- Grant Contract, General Conditions, article 15.1
- Next pre-financing payment in full only, if the grant share of eligible expenditure is at least 70 % of the previous payment.
- "Where the consumption of the previous prefinancing is less than 70 %, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous prefinancing payment."



Further pre-financing payments

- Interim reports: offsetting the previous pre-financing payment against actual costs
 ...but the interim payment is actually a pre-financing payment for the next reporting period.
- Updated cost estimate may be needed.
- Pre-financing payments in accounting: recorded through the balance sheet.



Payments to the Partners

- Lead Partners pays grant forward to the partners based on partnership agreement.
- Recommendation: agree with partners who is responsible (LP or Partner) for bank charges caused by international transactions. Charges are eligible and can be budgeted under heading 4.5 Financial services.



Final payment

 Final payment i.e., Payment of balance = Grant share (%) of the total eligible expenditure for the whole project implementation period, deducted by prefinancing payments.



Answers to FAQ

- Yearly budgets of Cost Estimate are not binding. They are just basis for the prefinancing payments and can be updated during project implementation. Funds that remain unused after first year can be used later, for example. The whole budget is in use.
- MA does budget follow-up at project main <u>heading level</u>

(consolidated financial report, remaining budget)





Consolidated financial report

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Project ID: Project acronym: Name of the Lead Partner:

Reporting period:

Project implementation period:

Filled in EUR (Blue cells contain formulas and are	e automatically fi	lled in)						
Budget line		Reporting period	Cumulated costs before the current report	efore the current Total		Budget	Remaining budget	
		Total costs EUR (a)	Total costs EUR (b)	Total costs EUR (c)=(a)+(b)	Total costs EUR (d)=(c)/(e)*100	Total costs EUR (e)	(f)=(e)-(c)	
1. Staff				0,00	0,0 %		0,00	
2. Travel				0,00	0,0 %		0,00	
Equipment and supplies				0,00	0,0 %		0,00	
Outsourcing costs, services				0,00	0,0 %		0,00	
5. Infrastructure investments				0,00	0,0 %		0,00	
6. Subtotal direct eligible costs		0,00	0,00	0,00	0,0 %	0,00	0,00	
7. Administrative costs	0,00 %			0,00	0,0 %		0,00	
8. Total eligible costs		0,00	0,00	0,00	0,0 %	0,00	0,00	
 Income, revenues 				0,00	0,0 %		0,00	
11. Total net eligible costs		0,00	0,00	0,00	0,0 %	0,00	0,00	



Answers to pre-questions

- Amount of staff and working time % can vary between months. Staff budget can be divided to several persons.
- If completely new positions to staff budget are introduced, a change request in PROMAS needed. Please contact your project coordinator.
- <u>Civil legal agreements</u> in accordance with the Russian national legislation are accepted





WEBINAR PRESENTATIONS WILL BE LATER PUBLISHED ON THE PROGRAMME WEBSITE

QUESTIONS?

