



EUROPEAN
COAST GUARD FUNCTIONS
TRAINING NETWORK

Financial Process of the ECGFA NET III project

10.10.2018

ECGFA NET III Project
Finnish Border Guard
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Co-Financed by the European Union

GENERAL PRINCIPLES

Finnish Border Guard is acting as the Beneficiary and the Coordinator in project. Project participants receiving EU funding via the Coordinator are named as Affiliated Entities (Contributors).

Each affiliated entity is responsible for managing its own budget and ensuring that all their incurred expenses are eligible according to the Grant Agreement (GA). As stated in the General Conditions (Annex II of the Grant Agreement), article 19.1, the costs must have incurred within the implementation period and must be recorded in the beneficiary's accounting records.

Roles of the ECGFF member agencies in the project:

1. Coordinator: Finnish Border Guard. Overall coordination of the project, leading of the work packages 1 and 2. The budget covers staff costs, specified subcontracting costs and travel costs (incl. accommodation and daily allowance) to working meetings and SQF working meetings and project activities. The 80 % co-financing rate requires a contribution of 20 % from the Finnish Border Guard.

2. Leader of the Work Package: Italian Coast Guard. Leading of the work package 4 and SQF Working Group. The budget covers staff costs, specified subcontracting costs i.e. for external expertise, costs of organizing meetings and travel costs (incl. accommodation and daily allowance) to working meetings, SQF working meetings and other project activities. The 80 % co-financing rate requires a contribution of 20 % from the Italian Coast Guard.

3. Leader of the Work Package: SASEMAR. Leading of the work package 3. The budget covers staff costs, specified subcontracting costs i.e. for external expertise, costs of organizing meetings and travel costs (incl. accommodation and daily allowance) to working meetings and other project activities. The 80 % co-financing rate requires a contribution of 20 % from SASEMAR.

Affiliated entities responsible for Work Packages will fulfil the tasks of the WP presented in the GA Annex Description of Action. This means coordination of work of the work packages, respecting the project budget appointed to work package, reporting to the coordinator and fulfilling the tasks set out for other affiliated entities. Work Package leaders will submit detailed work plans, including a risk management table, to Coordinator within two months from the project beginning.

4. SQF Working Group Contributor: FBG /Spanish Customs/SASEMAR/Hellenic Coast Guard/ Guardia Nacional Republicana /UK MCA. Participating in the work of SQF working group. The budget covers limited costs related to SQF work, staff costs and travel costs to the Working Group meetings and other project activities. The 80 % co-financing rate requires a contribution of 20 % from the agency. The project covers staff costs for a total of 70 working hours and travel costs (incl. accommodation and daily allowance) for one person per SQF function to the SQF Working Group meetings.

5. Contributor: Participating in the working meetings of the project, promoting the ECGF Training Network and the ECGF Training Portal and being open to participating in the ECGF Exchange and participating in the dissemination of the CGFSQF. For Contributors who do not have a work package or are not members of the SQF working group, the budget covers only travel costs (incl. accommodation and daily allowance) for one person to working meetings. The 80 % co-financing rate requires a contribution of 20 % from the agency. Please note that the contributors' staff costs are not covered by the project budget, only their travel costs.

6. Observer: Voluntary participation in the project activities. Project is not covering any costs.

1. Financial/budget follow-up

Financial follow-up reports are sent to WP 1 once every two months. They include all expenses by the affiliated entity for each bimonthly reporting period and the supporting documentation.

The costs are reported with the Financial Statement excel form. The financial statement excel form is available in the ECGF Training Portal -> Library -> Category: Financial reporting templates or via [this link](#)

All relevant receipts (timesheets for staff costs; bills, receipts, invoices, e-tickets, etc. for travel costs) should be sent together with the financial statement to the project assistant (ecgfanet@raja.fi).

Receipts and payments should be accurately recorded in the affiliated entities' accounting system. The follow-up reporting system allows WP 1 to react and correct any possible erroneous reporting in time as well as compiling the final report prior to the actual, fairly short reporting period. Moreover, as an external audit is not required, it is essential to follow the project's finances continuously.

The type and the object of the expenses need to be indicated. The costs reported must refer to activities and payments incurring during the duration of the project action time.

1.1. Schedule for financial follow-up reporting

Costs from	DL for sending follow-up report	Remarks
June-October	15.11.2018	
November–December	15.1.2019	
January–February	15.3.2019	DL for staff cost documentation for 2018
March–April	15.5.2019	
May–June	15.7.2019	
July–August	31.8.2019	DL for staff cost documentation for 2019
Final report	15.9.2019	DL for all documentation
Original at FBG	30.9.2019	Original documents by post

Original means the original, signed financial statement showing all accurate and incurred costs. They need to arrive by post to the FBG by 30.9.2019.

What if the supporting documents are not available in time for the follow-up deadline? Even if the organisation does not have all the travel agency invoices or other supporting documents by the deadline, it is important to send the report itself on time. The report may then be supplemented with the appropriate supporting documents when they are ready.

Please note that even if no action is taken, it should be reported as well. It is the only way for WP 1 to accurately follow the costs and plan future spending.

1.2. Currency

Expenditures in another currency than Euro have to be correctly converted. In case that the affiliated entity keeps its general accounts in a currency other than the euro, they should use the exchange rate published on the Infor-euro website to convert the currency to euro.

The conversion is made for the month when the cost has incurred. For ongoing salary costs, the conversion will be made only once a year when the final annual remuneration is defined.

Infor-euro: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

2. Supporting documentation

The affiliated entities have the duty to keep original documents, including digitalized originals when it is authorized by its national law, during a period of five years starting from the date of the payment of the balance. Please note that this is a duty that has been agreed as part of the Cooperation agreement.

The following supporting documents are needed:

Staff costs	Travel costs	Subcontracting	Other costs
Certificate of appointment	Certificate of appointment	Receipts/invoices	Receipts
Proof of annual remuneration: 2018 and 2019	Hotel receipts	Procurement decision	Participation in the ECGF Exchange Programme (see 2.5.)
Hourly rate calculation for 2018 and 2019	Flight receipts + boarding passes	Copies of contracts	
Timesheets	Transport receipts		
	Proof of daily allowance		

These supporting documents are explained in more detail below.

2.1. Certificate of Appointment is needed for all staff and travel costs

Each Affiliated entity has to provide a precise list of all persons and appointments involved in the project action to the Coordinator. For all staff members, whose staff or travel costs are reported to the project, a certificate of appointment must be provided.

Certificate of Appointment includes:

- The name of the participant appointed and their position
- The role of the participant within the project
- The date of the appointment
- Signature of a relevant authority (e.g. HR manager)

In case there are changes in the personnel during the project, the affiliated entity must inform the Coordinator in writing and provide certificates of appointment for the new personnel.

Template available in the ECGF Training Portal -> Library -> Category: Financial reporting templates or via [this link](#)

2.2. Travel costs: supporting documents for travel and subsistence

All copies of invoices must be sent together with the financial statement as part of the follow-up reporting. Travel and subsistence allowances for staff should be in line with the beneficiary's usual practices on travel costs. The following evidence is needed:

- 1) Receipts for flights and hotel + boarding passes
- 2) Receipts for all others expenses (train, bus, underground etc.)
- 3) Document stating the amount of daily subsistence allowance

The receipts/travel agency invoices need to be detailed enough:

- Name of passenger/hotel guest
- Dates, flight times/hotel nights
- Flight route and number
- Price

2.3. Staff costs: supporting documents for staff costs (applicable to FBG, ITCG, AEAT, GNR, HCG, SASEMAR, UK MCA)

- 1) Document of total annual remuneration in 2018 and 2019

Because the project implementation time is from June 2018 to August 2019, the total annual remuneration is needed for years 2018 and 2019. Please report the amount of the salary paid to the employee and the amount of social charges of the employer. You may use a *template for annual remuneration*¹ or send the salary slips, as long as both the salary and social charges are verifiable. The salary and social charges need to be reported per month, totalling as the annual remuneration.

Annual salary 2018: In the budget follow-up reporting, staff costs can be an estimation based on the previous available year. However, as soon as the relevant data is available, it should be corrected to the following budget follow-up report. The proof of incurred annual salary and social charges in 2018 is to be provided by 15.3.2019, as part of follow-up reporting.

Annual salary 2019: An estimation based on the salaries January–July 2019. The estimation of annual remuneration needs to be made for the whole year 2019. The document is to be provided by 31.8.2019 as part of the last budget follow-up report.

The staff costs will be reported in the financial statement per year, like in this example:

Line N°	Staff /In-house consultants	Name	Category name (e.g. senior expert, engineer, etc.)	Number of person-hours	Hourly rate	Staff costs amount
				A	B	AxB
1	Staff	Sofia Härkönen (2018)	Project assistant	700,00	23,71	16 597,00
2	Staff	Sofia Härkönen (2019)	Project assistant	730,00	24,38	17 797,40

¹ Template available in the ECGF Training Portal -> Library -> Category: Financial reporting templates or via [this link](#)

2) Timesheets

The timesheets contain the total working time. It indicates 1) hours worked for the project AND 2) all other working hours. Timesheets are provided with each budget follow-up report, every two months. Template is available in the ECGF Training Portal -> Library -> Category: Financial reporting templates or via [this link](#)

Name of staff member	Sofia Härkönen												
Name of Beneficiary/ Partner	Finnish Border Guard												
Total of working hours *	51,1												
Calendar Year	2017												
Calendar Month	November												
* indicate number of working hours per day, week or month													
Calendar Day	1	2	3	4	5	6	7	8	9	10	11	12	13
In case of absence, indicate one of the reason codes below				WE	WE								
Hours worked on project ECGFA NET II	3,2	3,2	6,2			7,3	7,3	3,1	2,3				
Other activities	4,1	4,1	1,1			0,0	0,0	4,2	5,0				
Total hours (including overtime)	7,3	7,3	7,3	0,0	0,0	7,3	7,3	7,3	7,3	0,0	0,0	0,0	0,0
** indicate the reference of the project													

3) Calculation of the hourly rate

The calculation of the hourly rate is in the second-last page in the financial statement. There is also a separate hourly rate calculation template, found in the Training Portal. It is up to you which template you prefer.

The financier requires a calculation for each person with staff costs. The calculations need to be made both for 2018 and 2019, like in this example:

ANNUAL WORKED HOURS		2018		ANNUAL WORKED HOURS		2019
(1) Calendar days per year minus weekends		261		(1) Calendar days per year minus weekends		261
(2) Annual holidays (in n° of days)		30		(2) Annual holidays (in n° of days)		30
(3) Statutory holidays (in n° of days)		10		(3) Statutory holidays (in n° of days)		10
(4) Others (i.e. illness etc.) (in n° of days) PLEASE SPECIFY		0		(4) Others (i.e. illness etc.) (in n° of days) PLEASE SPECIFY		0
(5) Productive days per year: (1) - (2) - (3) - (4)		221		(5) Productive days per year: (1) - (2) - (3) - (4)		221
(6) Working hours per day		7,35		(6) Working hours per day		7,35
(7) Annual working hours: (1) x (6)		1918		(7) Annual working hours: (1) x (6)		1918
(8) Productive hours per year: (5) x (6)		1624	(A)	(8) Productive hours per year: (5) x (6)		1624
(9) Productive hours per month		135	(A)/ 12	(9) Productive hours per month		135

Staff / in-house consultant	Staff Name	Staff Category	Salary cost per year (Staff) - Hourly rate as per contract (in-house consultant)	Social charges per year (Staff)	%	Other Costs per year (Staff)	Total annual cost per employee	Hourly Labour rate (Total annual costs per person / A)
Staff	Sofia Härkönen (2018)	Project assist	26 000,00	7 300,00	28%		33 300,00	20,50
Staff	Sofia Härkönen (2019)	Project assist	27 000,00	7 500,00	28%		34 500,00	21,24

Hourly rate calculation in 2018:

The procedure is the same as with the annual remuneration. At the start of the project, please make an estimation for the whole year. At the end of the year, correct if needed. The final calculation for 2018 is to be provided by 15.3.2019, together with other follow-up reporting.

Hourly rate calculation in 2019:

Please make a best possible estimation for the whole year. The calculation for 2019 is to be provided by 31.8.2019 in the last budget follow-up report.

2.4. Subcontracting: supporting documents for subcontracting (applicable to ITCG and SASEMAR)

Affiliated entities shall seek competitive offers from potential contractors and award the contract to the bid offering best value for money. Procurement should follow the national legislation while respecting the EU thresholds.

- Copies of receipts/invoices
- Copy of procurement decision / procurement authorization
- Copy of contract with the subcontractor

2.5. Other specific costs: Participation in the ECGF Exchange Programme

Each contributor has two travels for participating in the ECGF Exchange Programme. The maximum per travel is 1 900 euros. They are reported under Other specific costs instead of travel costs.

The supporting documents:

- 1) Receipts for flights and accommodation + boarding passes
- 2) Receipts for all other expenses (train, bus, underground etc.)
- 3) Travel by car: evidence of exact route and a number of kilometres
 - Kilometre allowance is fixed at maximum rate of €0.22 per km and covers all costs: petrol, motorway tolls, parking fees etc.
- 4) Document stating the amount of daily subsistence allowance

The receipts/travel agency invoices need to be detailed enough:

- Name of passenger/hotel guest
- Dates, flight times/hotel nights
- Flight route and number
- Price

If your organisation participates with more than two exchangees (more than two travels), a budget amendment is needed. This is agreed with the Finnish Border Guard (WP 1) and SASEMAR (WP 3) first.

After adding the needed travels to your budget, these extra travels are reported following this same procedure. No separate reimbursement process is needed this time for project contributors.

2.6. Value-added tax

Eligible value-added tax: a) organisation is not entitled to claim the VAT back according to their national legislation AND b) proof is provided. A suitable proof is a declaration from the tax authority. Without this proof, all the organisation's VAT costs will be discarded by EASME.

Ineligible value-added tax: a) organisation can reclaim VAT, b) organisation does not pay it OR c) no proof is provided.

3. FAQ

What are eligible costs?

Eligible costs are incurred during the project action time and are in line with the Grant Agreement. Costs are eligible only when supported by proper documentation. Value-added tax may be an eligible cost but only if your organisation is not able to reclaim it, meaning it's non-deductible.

Postage charges or costs from courier services are not direct eligible costs, but included in the indirect costs.

What are indirect costs which are included in the budget as 7 % flat-rate?

These can include maintenance, stationery, photocopying, mailing postage, telephone and fax costs, heating, electricity or other forms of energy, water, office furniture, insurance and any other expenditure necessary for the successful completion of the project.

Please note that costs from using courier services are included in this cost category and cannot be reported as direct costs.

What does the 20 % own contribution mean?

The EU grant is limited to a maximum co-financing rate of 80% of the total eligible costs of the action. The remaining 20 % needs to be financed from organisations' own resources. As agreed in the cooperation agreement, all the affiliated entities cover 20 % of their total eligible costs.

How does my organisation receive the 80 % co-financing grant from the EU Commission? What is the payment of the balance?

The 80 % grant consists of two payments: a prepayment at the beginning of the project and a final payment after EASME has approved the costs after the project. The payments go through the Finnish Border Guard, who as Beneficiary receives the payments from EASME and allocates them to affiliated entities.

The prepayment is 70 % of the estimated EU grant, which means that it is paid based on the organisation's budget.

The remaining 30 % will be paid as payment of the balance after the end of the project. This payment is based on total certified costs. In the payment of the balance, EASME will determine the amount of the eligible costs. If the organisation has not used the budget, it is possible that some of the prepayment will need to be paid back to the Commission.

Example 1. The Finnish Border Guard's budget is 100 000 €. From this amount, 20 % is covered by the FBG and 80 % by the EU. The estimated EU grant is 80 000 €. From this 80 000 €, the FBG receives 70 % as pre-payment. The prepayment is 56 000 €. During the project, the FBG uses most of its budget and the total certified costs end up being 95 000 €. In the payment of the balance it is determined how much more the FBG is due; so that the FBG receives 80 % EU co-financing of the total certified costs. The share of payment of the balance is 20 000 €.

80 % of 95 000 € = 76 000 €
Prepayment = 56 000 €
Due in the payment of the balance = 20 000 €

Example 2. The Finnish Border Guard's budget is 100 000 €. From this amount, 20 % is covered by the FBG and 80 % by the EU. The estimated EU grant is 80 000 €. From this 80 000 €, the FBG receives 70 % as pre-payment. The prepayment is 56 000 €. During the project, the FBG does not use many travels from the budget and neglects reporting staff costs. The total certified costs end up being 60 000 €. Because the FBG has already received 56 000 € as prepayment, in the payment of the balance it is determined that the FBG will not receive more money from the Commission and actually needs to return some of the prepayment. This is because the FBG needs to cover 20 % of its total certified costs, and this co-financing rate is not fulfilled. The FBG needs to return 8000 € to the Commission.

80 % of 60 000 € = 48 000 €
Prepayment = 56 000 €
Claim for recovery in the payment of the balance = 8000 €

What happens if my organisation exceeds the budget or my organisations expenses are not approved by EASME?

All the costs that exceed the budget will be covered 100 % by the organisation itself. If the costs are not approved by EASME, they cannot be funded by the project and the organisation must cover these costs. To avoid exceeding the budget or having costs deemed ineligible, it is crucial to invest in timely budget follow-up and provide the proper supporting documentation to WP 1. While WP 1 coordinates the financial reporting and gives instructions, the budget follow-up is the organisations' own responsibility. WP 1 cannot guarantee that the costs would be approved since it depends on EASME's assessment and decision.

In the budget, the average travel cost is 1 100 € per travel. What happens if my organisation's travel costs exceed this amount per travel?

The most important thing is staying within the total budget. If the total costs are exceeded, then the excess will be covered by your own organisation.