



Ministry of Finance of Montenegro
Directorate for Finance and Contracting of the EU assistance
funds

Cross-Border Cooperation Programme Montenegro-Albania for the years 2014 and 2015

1st Call for Proposals

Information session

Cross Border Cooperation Programme Montenegro–Albania

1st Call for Proposals
Financial allocations 2014–2015

BUDGET

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Budget

- ▶ The Budget is a **planning** tool.
 - ▶ Link between the planning, implementation and control of project activities (the basis for the financial reports)
 - ▶ Planning of costs is necessary for carrying out project activities
 - ▶ The description of items: detailed and broken down into their main components.
 - ▶ The number of units and the unit value must be specified for each item.
 - ▶ The budget has to include costs related to the Action as a whole, regardless the part financed by the Contracting Authority.
 - ▶ The Budget **mirrors the financial report**. Actual expenditure incurred will be presented in the financial report and be compared with budgeted expenditure.
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COSTS MUST BE

- ▶ Eligible
 - ▶ Necessary for the implementation of the project and related activities
 - ▶ Maximum of the cost should be based on realistic prices
 - ▶ VAT
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Eligible costs

- ▶ Eligible costs are actual costs incurred by the Beneficiary(ies) which meet all the following criteria:
 - ▶ a)they are incurred during the implementation of the Action within implementation period;
 - ▶ b)they are indicated in the estimated overall budget for the Action;
 - ▶ c)they are necessary for the implementation of the Action;
 - ▶ d)they are identifiable and verifiable, in particular being recorded in the accounting records of the Beneficiary(ies)
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Ineligible costs

- ▶ a) debts and debt service charges (interest);
- ▶ b) provisions for losses, debts or potential future liabilities;
- ▶ c) costs declared by the Beneficiary(ies) and financed by another action or work programme receiving a European Union grant (including through the European Development Fund);
- ▶ d) purchases of land or buildings, except where necessary for the direct implementation of the Action and according to the conditions specified in the Special Conditions ; in all cases the ownership shall be transferred in accordance with Article 7.5, at the latest at the end of the Action
- ▶ e) currency exchange losses;
- ▶ f) credits to third parties;
- ▶ g) in kind contributions;
- ▶ h) salary costs of the personnel of national administrations, unless otherwise specified in the Special Conditions and only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the Action were not undertaken.

Unacceptable cost means that it can not be included in the project budget.

SIMPLIFIED cost OPTION

- ▶ It can be used in all budget headings
- ▶ The maximum amount of these costs in the total project budget can not exceed 60.000,00 €

Simplified cost options may take the form of:

- ▶ **unit costs:** these cover all or certain specific categories of eligible costs which can be clearly identified (as indicated in the Budget at proposal stage) and are expressed in amounts per unit.

Example: unit cost per working month for personnel costs based on internal policies and average (payroll) costs;

- ▶ **lump sums:** these cover in global terms all or certain specific categories of eligible costs which can be clearly identified (as indicated in the Budget at proposal stage).

Example: global cost for the organisation of an opening event.

SIMPLIFIED cost OPTION

- ▶ **flat-rate financing:** this covers specific categories of eligible costs which can be clearly identified (as indicated in the Budget at proposal stage) and are expressed as a percentage of other eligible costs.

Example: local office costs and related expenses charged as a percentage of staff costs, indirect costs, etc.

Per diems are not considered as a simplified cost option for the purposes of Union financing when a Beneficiary reimburses a fixed amount to its staff in accordance with its staff rules and requests for the reimbursement of that amount in the Action Budget. Such per diems are considered actual costs.

SIMPLIFIED cost OPTION

- ▶ Applicants proposing simplified cost options must clearly indicate in the first worksheet of the Action Budget , each heading/item of eligible costs concerned by this type of financing, i.e. state in capital letters "UNIT COST" (per month/flight etc.), "LUMP SUM", "FLAT RATE" or "APPORTIONMENT" in the Unit column.
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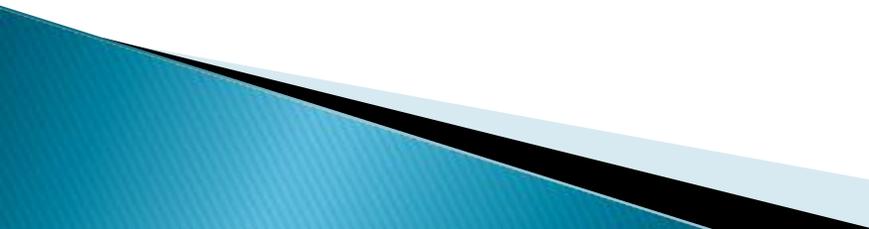
BUDGET FOR THE ACTION

- ▶ Budget for the action contains 6 main categories. These categories are divided on subcategories.
- ▶ The first column explains the budget items needed in the project – rows can be added, but main categories and subcategories can not be changed.
- ▶ The first part of the table is for all years, the second part is for the first year.
- ▶ Each new item has a new number (eg. 1.1.1 Technical, Project Manager 1.1.1.1, 1.1.1.2 Project Assistant, etc.)

Human resources:

- ▶ Employees who are not full-time have to be marked with percentage and you have to specify from which organization come.
 - ▶ The number of months shall be the total number of months during which the employee is engaged and it is expressed full salary
 - ▶ Salaries of employees should be in accordance with the actual salaries
 - ▶ Salaries of public servants can be shown as an expense, but can only be calculated as an applicant co-financing.
 - ▶ It is estimated gross wage 2 (paid net + contributions from salary + tax on payroll)
 - ▶ It is really important to realistically estimate the need for human resources.
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Human Resources - per diem:

- ▶ Per diem includes overnight accommodation, meals and local transport.
 - ▶ It can be paid to employees by the applicant, partners and other stakeholders eg. To participants conferences, seminars, etc.
 - ▶ The maximum prescribed by EU rules – based on the country to which you are going.
 - ▶ The road to the venue is paid from budget line-travel
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Travel expenses:

- ▶ Public transport (bus, plane, train) - the actual amounts
 - ▶ The use of private cars - € 0.25 / km (including fuel, tolls / toll / ferry, depreciation)
 - ▶ The estimated number of kilometers should be indicated and justified.
 - ▶ The use of a company car: / per trip / recognize the real costs (fuel, tolls).
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Equipment and supplies:

- ▶ Purchase of equipment and furniture;
 - ▶ Specify each type of equipment (not furniture for the office, but a table, chair, closet, shelf + number of pieces, etc);
 - ▶ In accordance with the actual market prices - Keep copies of bids / web page from which prices are taken for budget clearing
 - ▶ You need good explanation for each item.
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Local office:

- ▶ Only in case you take the lease or open an office for the project needs and only the real costs incurred in implementing the project for the existing office can be shown.
 - ▶ Costs can only be justified with the invoices
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Other costs / services:

- ▶ Experts publications, conference expenses, auditing, bookkeeping, visibility, evaluation and so on.
- ▶ For -- 10,000 / € 20,000 - 3 offers, the commission - the same type of procurement (services)
- ▶ Expenditure verification - 1-3% of the contract value (required for the grant of more than € 100,000; otherwise good explanation - for example, regarding the contractual partnership)

Contingency and administrative expenses:

- ▶ Contingency
 - ▶ For unforeseen expenses
 - ▶ 5% of item 7 (direct eligible costs)
 - ▶ Administrative costs
 - ▶ 7% of item 9 (total direct costs)
 - ▶ For items that are not listed in the top part of the budget
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Justification

- Each cost should be clearly explained.
- The left column of the table (Costs) - must be identical to costs which are listed in Sheet 1
- Central column table (Clarification of the budget items) is a description of the cost and it is necessary always to refer to the name of the activity from the application.
- The right column of the table (Justification of the estimated costs) the description of prices and always should refer to specific amounts / offer (in the case of major services / works / software suggests to look for offers)

Expected Sources of funding & summary of estimated costs

- ▶ The table which lists the sources of project financing
 - ▶ Applicant's financial contribution - the amount of applicant contribution and partners
 - ▶ Percentage of total - to format the column in percentages and 2 decimal places
 - ▶ Put the informations in this order: first enter the total cost of the project, then percentages of co-financing, and then the formula to calculate the amount
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Most common mistakes

- ▶ Unrealistic costs
 - ▶ Unjustified costs
 - ▶ Secondary supply is not carried out in accordance with the rules
 - ▶ Lack of documents (invoices)
 - ▶ False invoices (of fictitious companies, which have no connection with the subject matter of the cost)
 - ▶ Cost is in reality did not happen
 - ▶ Errors in reports and calculations
 - ▶ Wrong use of unit measure for certain budget items
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Thank you for your attention! >>