




TAKING
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 4. Informations- und Schulungsseminar
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 **Budget flexibility rules**

 Interreg CENTRAL EUROPE | Joint Secretariat | Alexandra Kulmer

TYPES OF MODIFICATIONS

Minor modifications

Do not have a significant impact on the project objectives and/or implementation. Minor modifications **do not require prior approval by the programme, however, have to be authorised by the LP.**

Major modifications

Going beyond the flexibility limits applicable to minor modifications. Any major modification **must be previously approved by the relevant programme bodies.**



MINOR BUDGET MODIFICATION

Flexibility thresholds for increasing budget are monitored on the TOTAL PROJECT BUDGET and increases are cumulative.

- ✓ Increase of budget in any budget line (BL)
- ✓ any work package (WP)

up to 20% or EUR 30.000
(whichever is higher)

- ✓ Increase of budget of the LP or any PP

up to 10% or EUR 20.000
(whichever is higher)



Attention: There are **NO** thresholds applicable to periods i.e. PP can spend more or less than planned in the AF in a given period, if justified by the activities implemented.



MINOR BUDGET MODIFICATION



Required actions at the project level

Report modification as deviation in the PR

Report verified expenditure within flexibility limit in the PR



Restrictions

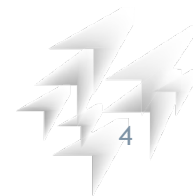
No increase in the overall ERDF contribution to the project

Investments

No investment specification provided: cannot be increased above EUR 15,000

The nature and use of the planned investments cannot be changed

State aid contractual conditions setting budget thresholds



MINOR BUDGET MODIFICATION



Attention

- Exceeding the budget flexibility limits at project level **without prior authorisation** of the relevant programme bodies will result in the **ineligibility of the amount exceeding the threshold**.
- **LP is responsible to monitor project expenditure** to ensure the respect of the budget flexibility thresholds **at project level**. Therefore, any expenditure carried out by a **PP exceeding its overall budget** availability as well as the allocation **per BL and WP** needs to be authorised by the **LP**.
- In case of minor budget modifications the **national controller should ask the Partner for the LP authorisation (e.g. e-mail, letter)**.



MONITORING BUDGET FLEXIBILITY AT PP LEVEL

Expenditure can be certified, as long as...

Costs fulfil the eligibility requirements



The total PP budget per BL and WP is not exceeded



Attention: There are **NO** thresholds applicable to periods i.e. PP can spend more or less than planned in the AF in a given period, if justified by the activities implemented.



MONITORING BUDGET FLEXIBILITY AT PP LEVEL

Example:

The PP spends more than planned in the application form for „organising the mid-term conference“ in period 4 under WPC in BL4.



Costs can be reported and certified, if there is still budget available under WPC and in BL4

The PP saves costs on another cost item planned under WPC in BL4 (e.g. printing of the final publication)

OR

The PP requests an increase of budget under WPC in BL4 by shifting budget from another WP/BL/PP.



MONITORING BUDGET FLEXIBILITY AT PP LEVEL

✘ Expenditure shall not be certified, if...

Costs do not fulfil the general eligibility requirements, e.g. not relevant or not related to activities foreseen in the work plan, even if budget is available

OR

The budget of the PP / WP / BL is exceeded and no authorisation is provided (confirmation from the LP/ minutes of the Steering Committee meeting)



MONITORING BUDGET FLEXIBILITY AT PP LEVEL



Attention

- If costs have been **marked as ineligible**, because of exceeding budget flexibility limits, such costs cannot be verified at the end of the project.
- If costs have been left as **open cost items - namely „sitting ducks“** because of exceeding budget flexibility limits, such costs could be **verified at the end of the project, if authorised by the LP.**
- Even if there is budget available in a BL/WP at the end of the project , **cost items paid more than one period before can no longer be reported in the Partner Report.**



MONITORING BUDGET FLEXIBILITY AT PROJECT LEVEL

by...

The LP when compiling the
Joint Progress Report
(LP verifications)

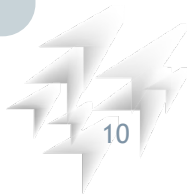


The MA/JS when monitoring
the Joint Progress Report
(management verifications)

If budget flexibility is exceeded...

The MA/JS requests the LP to
deduct the amount above the
flexibility threshold

The LP has to identify, which PP
has exceeded budget flexibility
without approval



EXAMPLE FOR BL5 EQUIPMENT

TOTAL project BL5 € 60.000 - possible maximum cumulative increase is € 30.000.

PP2 has € 0 under BL5	PP4 € 10.000 under BL5	PP6 € 40.000 under BL5/WPI1
PP2 needs new laptop that was not foreseen in the AF, increase by € 2.000	PP4 needs more budget; amount planned was not enough, increase by € 3.500	PP6 needs more budget; amount planned was not enough, increase by € 20.000
<p>LP approves; Cumulative increase for project TOTAL BL5 = € 25.500 (2.000 + 3.500 + 20.000) < € 30.000</p>		
This is possible, even if the budget for that specific PP2 under BL5 was € 0.	This is possible, because the total cost (incl. the increase) is less than €15.000 and PP4 has no specification for the investment but only defined equipment.	Flexibility rule respected and since there was previous an investment specification (WPI1), the increase could be approved by the LP.



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