

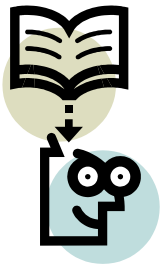


# 10 DO's & DONT's for Financial Statements (FS)

a quick guide on how to have your  
financial statements paid quicker

Anja Tewes, Financial Gestionnaire





# Why financial statements?



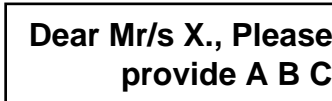


- FS are checked for conformity with the grant agreement (see Annex II / III)
- To treat all eTEN projects equally
- To support investment for projects rolling out e-services across Europe
- To make sure taxpayers' money is spent properly

# New financial regulation & FDI

- De-centralised financial management:  
Good news - 45 days to payment
- Payment in 3 steps:
  - Pre-financing prior to work done
  - IP – interim payment (provisional; ceiling)
  - FP – final payment (considers all cost claimed)
- FDI (Final Date of Implementation) =  
6 months after project ends !



# 45 days - The process ...

- FS arrives at eTEN. You receive e-mail confirmation. 
- FS is processed and checked for completeness/consistency against grant agreement. 
- You are requested to provide further clarification if needed (within 4 weeks) 
- FS is re-processed incl. clarification 
- Payment amount is determined 

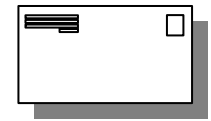
Dear Mr/s X., Please  
provide A B C

164.789,77 euro



# 45 days -The process ... cont'd

- Analysis is verified by internal control (4 eye principle)
- Further clarification/modification may be requested
- Analysis communicated & Final Payment Request sent to you
- Upon receipt of your fax: initiation in financial system
- Payment date is communicated



Final Payment Request		
Project information		
Payment	Date	EUR
1st Payment	15/07/2005	1000000
2nd Payment	15/07/2005	1000000
3rd Payment	15/07/2005	1000000
4th Payment	15/07/2005	1000000
5th Payment	15/07/2005	1000000
6th Payment	15/07/2005	1000000
7th Payment	15/07/2005	1000000
8th Payment	15/07/2005	1000000
9th Payment	15/07/2005	1000000
10th Payment	15/07/2005	1000000
11th Payment	15/07/2005	1000000
12th Payment	15/07/2005	1000000
13th Payment	15/07/2005	1000000
14th Payment	15/07/2005	1000000
15th Payment	15/07/2005	1000000
16th Payment	15/07/2005	1000000
17th Payment	15/07/2005	1000000
18th Payment	15/07/2005	1000000
19th Payment	15/07/2005	1000000
20th Payment	15/07/2005	1000000
21st Payment	15/07/2005	1000000
22nd Payment	15/07/2005	1000000
23rd Payment	15/07/2005	1000000
24th Payment	15/07/2005	1000000
25th Payment	15/07/2005	1000000
26th Payment	15/07/2005	1000000
27th Payment	15/07/2005	1000000
28th Payment	15/07/2005	1000000
29th Payment	15/07/2005	1000000
30th Payment	15/07/2005	1000000
31st Payment	15/07/2005	1000000
32nd Payment	15/07/2005	1000000
33rd Payment	15/07/2005	1000000
34th Payment	15/07/2005	1000000
35th Payment	15/07/2005	1000000
36th Payment	15/07/2005	1000000
37th Payment	15/07/2005	1000000
38th Payment	15/07/2005	1000000
39th Payment	15/07/2005	1000000
40th Payment	15/07/2005	1000000
41st Payment	15/07/2005	1000000
42nd Payment	15/07/2005	1000000
43rd Payment	15/07/2005	1000000
44th Payment	15/07/2005	1000000
45th Payment	15/07/2005	1000000

**Bank value  
date: xx/xx/2005**



# 45 days –The process ... cont'd

E-mail

Dear XXX,  
Further to our earlier communication, I have now pleasure in letting you know that the Final Payment for XXX has been processed. The payment amount is XXX euro. In attachment you will find the detailed assessment for each participant. Please discuss with the consortium and return the attached "faxback document" which will close the file and initiate the payment.

Letter to Co-ordinator



COMMISSION OF THE EUROPEAN COMMUNITIES  
Directorate-General Information Society  
Communication Networks Applications  
eTen

Brussels, 27/04/2004  
DGINFSO-D6/IA/AT (D 2004)

REGISTERED



Dear [REDACTED]

**SUBJECT:** Contract - [REDACTED]  
**Ref:** Final cost statement submission and final payment request for the period from 04/03 - 16/12/03

The final cost statements submitted for the above mentioned period have been processed. A payment request for this period has been made and appropriate internal procedure for payment has been initiated.

All deliverables and reports have been received and accepted. The final report has been found acceptable. The costs reported (or amended by us) have been checked and found in line with the periodic progress reports and in accordance with the contract (see Annex II), subject to verification, adjustment and post-calculation or audit and acceptance of the labour rates.

Detailed information concerning cost statements submission, acceptance and payment request is enclosed

According to the payment request the amount of

**164.789,77 EUR**

will be paid to the project to the bank account as provided in the contract.

Upon receipt of this final payment, please transfer immediately the appropriate amount to each contractor as required by Article 2.1 of Annex II to the above referenced contract.

Payment will be initiated upon receipt of the signed 'FINAL PAYMENT REQUEST' which is attached to this letter. In case of disagreement with the commission assessment, contractors must notify the commission within 1 month from receipt of this letter.

I take this opportunity to remind you that the contractors have certain rights and obligations that continue after closure of this contract, notably those laid down in the articles referred to in Article 2.3 of the contract.

Please inform your partners of the final payment and remind them of their continuing rights and obligations under this contract.

Yours sincerely,



Encl.: Summary Report – Calculation Sheets – Final Payment Request form.

Rue de la Loi 200, B-1049 Bruxelles/Wetstraat 200, B-1049 Brussel - Belgium - Office: BU31-02/40.  
Telephone direct line (+32-2), switchboard 299 11 11 Fax:  
Telex: COMEU B 21877. Telegraphic address: COMEUR Brussels.

Internet: anja.tewes@cec.eu.int



# The process ... cont'd

## Cost Distribution

PMS. Version 1.7.15(D6)

Title: FP Cost Statement - 9 for 2: 780/2001 - Distribution

Date: 14/05/2004

User: TEWES Anja

Contract	Cost Regime	Accepted	Contrib %	Retention %	After Retention	Payment Limit	Due Payment
[REDACTED]	Full Flat rate	305.113,00	50	0	152.556,50	46.575,34	46.575,34
[REDACTED]	Full Flat rate	173.954,49	50	0	86.977,25	32.878,21	32.878,21
[REDACTED]	Full Flat rate	116.985,71	50	0	58.492,86	13.637,61	13.637,61
[REDACTED]	Full Flat rate	36.213,04	50	0	18.106,52	4.707,16	4.707,16
[REDACTED]	Full Flat rate	85.804,92	50	0	42.902,46	26.537,66	26.537,66
[REDACTED]	Full Flat rate	104.451,81	50	0	52.225,91	20.381,58	20.381,58
[REDACTED]	Full Flat rate	72.043,74	50	0	36.021,87	20.072,21	20.072,21
		894.566,71			447.283,37		164.789,77

## Final Payment Request

DG Information Society, Unit D6 - Trans-European Telecommunications Network

27/04/2004

E/Ten

Final Payment Request			
Project Number	C [REDACTED]	Acronym	[REDACTED]

Project payments summary		
Payments	Date	EUR
Advance 1	03/06/2002	269.999,10
1 <sup>st</sup> Interim	28/07/2003	355.849,51
2 <sup>nd</sup> Interim		0,00
3 <sup>rd</sup> Interim		0,00
4 <sup>th</sup> Interim		0,00
<b>Total Payments</b>		<b>625.848,61</b>

Total allowable costs provisionally accepted (EU Contribution)	790.638
Total payments	625.848,61
Limited To (Contract sum)	899.997
Reserved (Not claimed from and/or overclaimed by individual partners)	109.359
<b>Final Payment</b>	<b>164.789,77</b>

It is hereby formally recognised and accepted by all the contractors that the maximum financial commitment of the Commission without VAT is limited to the total shown in the column LIMITED TO (CONTRACT SUM), the total being less than or equal to the contract maximum sum of:  
**899.997 EUR** (Article 3.2 of contract)

All figures have been properly reported from the contract and each individual cost claim assessment. All amounts accepted remain subject to audit in accordance to the contract and its annexes.

**THIS IS DEEMED TO BE THE FULL AND FINAL SUMMARY CLAIM AND NO ADDITIONAL CLAIM WILL BE ACCEPTED BY THE COMMISSION AFTER FINAL PAYMENT**

EVEN IF THE ABOVE TABLE HAS BEEN FILLED IN BY THE COMMISSION SERVICES, IT HAS BEEN DONE ONLY TO ASSIST CONTRACTORS. CONTRACTORS MUST CHECK ALL FIGURES ON THIS DOCUMENT; THEY RETAIN ALL RESPONSIBILITY IN CASE OF DISAGREEMENT. CONTRACTORS MUST NOTIFY THE COMMISSION SERVICES NO LATER THAN **ONE MONTH** AFTER RECEIPT OF THIS FINAL SUMMARY COST STATEMENT.

Date \_\_\_\_\_ Name : \_\_\_\_\_ Signature : \_\_\_\_\_

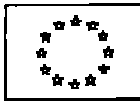
eTEN Project co-ordinator  
workshop, 14 July 2005



Anja Tewes,  
Financial Gestionaire



# The process ... cont'd



EUROPEAN COMMISSION  
DIRECTION GENERALE  
SOCIÉTÉ DE L'INFORMATION  
eTEN - D6

Financial statement summary  
CS/CS2 Final Cost Statement  
( 01/03/2003 → 10/12/2003 )

Acronym: [REDACTED] Contract n° [REDACTED]

Max EC Contribution in Euro: 889.887,00  
Commitment(s):

Commencement date: 01/04/2002  
Completion date: 30/11/2003  
Duration: 18 Months

Assessment  
Pre-Financing, Interim  
Payment & Final Payment  
by participant.

Cost Category	01	02	03	04	05	06	07
Personnel	963.791,00	104.483,84	88.419,80	21.518,82	34.888,05	84.144,84	44.888,06
Mobile Equipment	0,00	0,00	0,00	0,00	710,00	0,00	0,00
Subcontracting	1.886,38	0,00	0,00	0,00	0,00	0,00	0,00
Travel and subsistence	4.888,87	878,80	18.714,35	1.787,85	3.788,77	1.988,88	888,87
Consumables	0,00	0,00	0,00	0,00	388,88	0,00	0,00
Overheads	188.888,88	82.888,77	31.888,78	12.888,79	30.888,80	38.888,81	21.888,82
<b>Total in national currency</b>	<b>385.955,03</b>	<b>179.261,41</b>	<b>119.027,33</b>	<b>36.216,61</b>	<b>69.865,62</b>	<b>124.023,65</b>	<b>67.665,88</b>
<b>Total in Euro</b>	<b>889.887,00</b>	<b>179.261,41</b>	<b>119.027,33</b>	<b>36.216,61</b>	<b>69.865,62</b>	<b>124.023,65</b>	<b>67.665,88</b>
<b>Cost Ratio</b>	<b>88,98%</b>	<b>88,98%</b>	<b>88,98%</b>	<b>88,98%</b>	<b>88,98%</b>	<b>88,98%</b>	<b>88,98%</b>
<b>EC Contribution in Euro</b>	<b>188.888,88</b>	<b>82.888,77</b>	<b>31.888,78</b>	<b>12.888,79</b>	<b>30.888,80</b>	<b>38.888,81</b>	<b>21.888,82</b>
<b>Due payment in Euro</b>	<b>46.875,34</b>	<b>32.871,21</b>	<b>52.877,11</b>	<b>4.877,18</b>	<b>38.877,06</b>	<b>38.877,06</b>	<b>30.877,11</b>




Payments Summary (in Euro)	01	02	03	04	05	06	07	Total
Advance	34.782,80	82.888,38	44.788,80	11.888,80	27.888,80	31.888,80	15.888,80	284.888,80
CS/CS2 Interim Cost Statement	111.284,88	48.174,44	47.888,88	28.888,84	34.888,84	30.888,84	18.888,88	388.888,88
CS/CS2 Final Cost Statement	46.875,34	32.874,21	13.887,81	4.787,86	38.887,86	38.887,86	28.887,81	184.887,81
<b>Total</b>	<b>212.942,96</b>	<b>123.937,03</b>	<b>106.565,49</b>	<b>45.565,50</b>	<b>101,665,50</b>	<b>101,665,50</b>	<b>63,665,49</b>	<b>714,887,89</b>
<b>Total (according to the contract)</b>	<b>282.888,88</b>	<b>178.888,88</b>	<b>119.888,88</b>	<b>36.888,88</b>	<b>69.888,88</b>	<b>124.888,88</b>	<b>67.888,88</b>	<b>889,888,88</b>
Interim Calling %	75,00	70,00	70,00	70,00	70,00	70,00	70,00	
Interim Callings	187.779,40	123.522,79	104.221,80	27,74,00	65.227,80	74.228,80	27,227,28	

Accepted Costs Summary (in Euro)	01	02	03	04	05	06	07	Total
CS/CS1 Interim Cost Statement	281.786,28	82.018,48	86.447,27	41.188,38	79.788,07	100,788,06	32.418,77	714,888,88
CS/CS2 Final Cost Statement	38.112,80	178.888,48	198.888,71	38.888,84	65.888,81	72.145,74	88.145,70	889,888,88
<b>Total</b>	<b>319.899,08</b>	<b>260.906,96</b>	<b>285.336,00</b>	<b>80.077,22</b>	<b>145.676,88</b>	<b>172.933,80</b>	<b>120.564,47</b>	<b>1.604,777,76</b>

FRS 17 (2004) - Revision 1488/0004




# Pre-check:

## You verify that:

- EVERY participant has completed the forms properly ? 
- EVERY participant has submitted the forms in the relevant currency ? 
- EVERY FS is dated **after** the **claim period** and **signed** by both the **'person in charge of the work'** and by the **'financial officer'**? 

# Pre-check ...cont'd:

## You verify that:

- EVERY participant uses the correct claim period (proven by invoices)? 
- 'DETAILS by CATEGORY' & 'E1' forms match ?
- ALL relevant certified invoices & supporting materials are attached ? 
- FINAL FS: Answers on outstanding issues have been provided (accepted interim claims are provisional) ? 

# Invoices

- Must be within the claim period
  - Show the invoice number, Project number
  - Exclude TVA
  - Are stamped 'Truly certified copy' by participant's financial officer
- Truly certified copy  
14/7/05 (Signature, Title)

**DO** include certified copies for subcontracting, equipment, OSC & consumables.

# Adjustments

- Possibility to adjust claimed cost (+/-) at final payment stage
- Provide adjustments by category
- List on both  
**DETAILS BY CATEGORY & 'E1' form**
- Include justification/invoices

**DO** claim rejected cost as “Adjustment” together with the next FS if eligible.  
**DO** include justification/invoices.



# Personnel

- Reasonable hourly rate (real cost paid; time sheets; pay slips)
- Justification if rates are # from those in grant agreement
- Category ? ~~Junior~~ ~~Senior~~ ~~Administrator~~ ~~Secretary~~
- Permanent or temporary staff?
- In-house consultants (on premises, direct supervision)
- No administrative personnel (except coordinator if under direct supervision and not in Overheads)
- Personnel costs & legal benefits are reimbursed

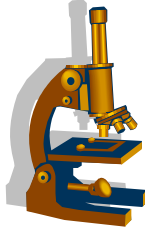
**DO** list all personnel who worked on the project



# Overheads

- Covers all company overheads incl. infrastructure, administrative, management and communication
- % of salary cost per employee as per your company overhead structure (records may be requested)
- Examples:
  - admin expenses incl. office supplies, PCs, phones
  - administrative personnel, CEO, Directors
  - postal charges, mailing, express courier
  - printing costs & photocopies
  - water, electricity, telecommunication

**DON'T** claim copies, stamps, CDs as OSC.



# Equipment

- Depreciation: 36/60 x months interim period
- Entire month can be depreciated if equipment purchased 30/01
- Claim cost/value – no VAT, transport, insurance, accessories, warranty, carrying case
- Leased equipment with option to buy = depreciation (incl. leasing contract)

**DON'T** include computers, laptops, PDA's and other general office equipment unless specific to project.

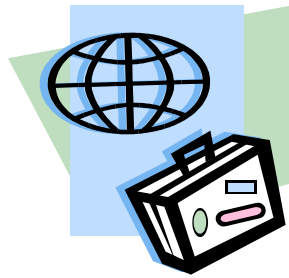
**DON'T** include VAT and accessory costs.

# Subcontracting

- As per grant agreement (profiles & tasks)
- Not more than 20% of total budget (unless approved)
- Exclude VAT
- Not amongst project partners
- Contracts needed (claim period, conditions e.g. audit)
- Re-imburement upon valid certified invoices Truly certified copy  
14/7/05 (Signature, Title)

**DO** include project name and number on the original invoice.

**DO** list known subcontractors in the Technical Annex at the negotiation stage.



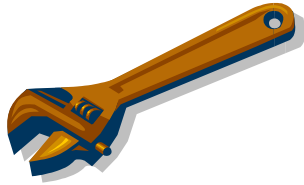
# Travel

- Clearly list: **WHO? WHERE? WHEN? WHY?**
- **NET AMOUNTS** on FS.
- Spilt your claim in travel & subsistence
- No tickets/invoices needed  
(but should be made available quickly if requested).
- Only project staff may travel (AC partners also list permanent staff at 0 cost under personnel)
- Include company travel policy if appropriate



**DO** ask PO for prior WRITTEN approval for travel outside EU.

**DON'T** list travel within the city of the company location.



# Consumables

- Must be project specific
- Not general office equipment
- Require invoices *Truly certified copy*  
*14/7/05 (Signature, Title)*
- Examples:
  - specific literature, manuals
  - software specific to project (not office)
  - cables, modems, memory, HDD

**DON'T** claim general office equipment as consumables.

# Computing

- As per invoice, for *external* services
- Only if full cost centre accounting system is implemented for *internal* costs
- No general telecommunication costs
- Examples:
  - use of specific CPU for limited time
  - satellite communication specific to service

**DON'T** claim % of participant's communication invoice.

# Other Specific Costs (OSC)

**= costs agreed in Technical Annex**  
crucial to project objectives  
or approved in writing

- **Examples:**
  - brochures, dissemination cost
  - stand-cost at fair if essential for project
  - costs for required financial guarantee

**DO** request agreement of Other Specific Costs *by item* prior to expenditure

# A word on ... Hospitality

- “Social events” and “business lunches” are not funded
- If authorised, the co-ordinator can include group working lunch, hotel meeting room cost, coffee breaks etc.
- Claims Category: Other Specific Cost

**DON'T** include any hospitality expense in FS unless specifically authorised.

# In summary

- 🕒 The more complete your FS -> the shorter the processing time -> the quicker the payment
- 🕒 The earlier you provide financial statements, the quicker you can be re-imbursed (due 2 months after project ends)
- 🕒 Request for info: the quicker you liaise with the consortium & the more complete the info the faster we can re-process the FS
- 🕒 Final Payment Request: The quicker you verify & return the 'Request for Payment' the faster we can initiate the payment
- 🕒 You play a crucial role in processing the FS !



- 1 **DO** check FS are complete before sending
- 2 **DO** include truly certified copies for subcontracting, equipment, OSC & consumables
- 3 **DO** claim rejected cost as “Adjustment” together with the next FS if eligible and accompanied by valid documentation
- 4 **DO** list all personnel who worked on the project
- 5 **DO** include project name and number on the original invoice
- 6 **DO** list known subcontractors in the TA at the negotiation stage
- 7 **DO** ask PO for prior WRITTEN approval for travel outside EU
- 8 **DO** ask PO for approval of Other Specific Costs *by item* prior to expenditure
- 9 **DO** submit FS early and respond to clarification requests promptly
- 10 **DO** contact eTEN if you have a specific question on FS



- 1 **DON'T** claim office supplies, copies, stamps etc as OSC
- 2 **DON'T** include computers, laptops, PDAs as equipment
- 3 **DON'T** include VAT and accessory costs in your depreciation
- 4 **DON'T** list travel at company origin
- 5 **DON'T** claim office equipment as consumables
- 6 **DON'T** include evening dinners, lunch for group etc. unless specifically authorised
- 7 **DON'T** send in incomplete financial statements or materials
- 8 **DON'T** provide additional material in between interim periods
- 9 **DON'T** ask for budget transfers after final FS have been submitted
- 10 **DON'T** wait – send us your FS immediately after project ends ...

# Thank you



## Further reading:

- FS guide on eTEN website (coming soon)
- Your project contract especially Annex II Part C and Annex III
- FS: E-1/A (cost summary), E-1B (Details by Category), 2A/B (integrated statements) and E3 (Co-ordinator summary)