



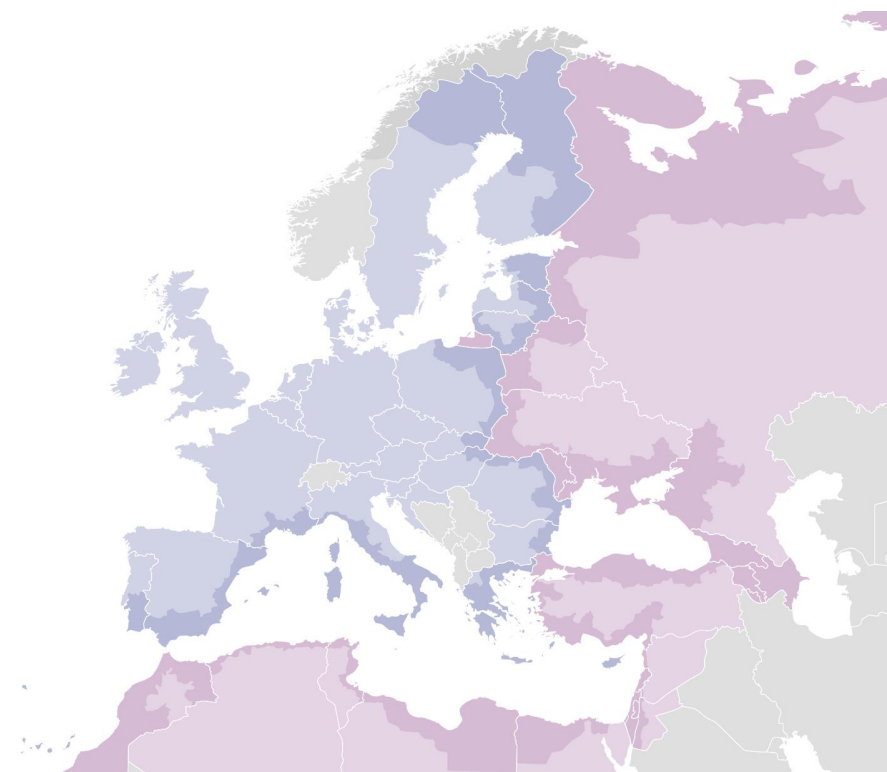
Technical support to the implementation
and management of ENI CBC programmes



Key aspects of project financial management

Training for beneficiaries

Barcelona, 23 November 2021



A project funded by the European Union



Implemented by a consortium led by



**Wow!! We won the project!
Now, what should we do?**



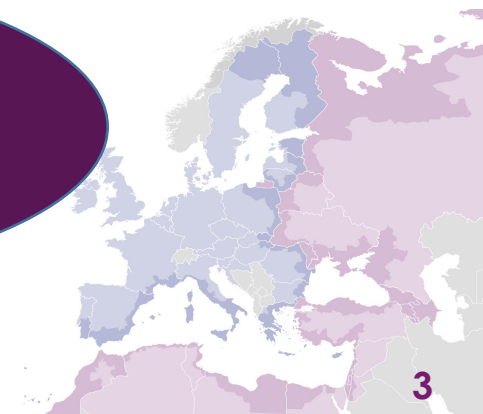
Financial management of the project starts even before the submission of the proposals, as project must provide guarantee that selected partners have necessary **financial management capacity** to implement the project.

During the project implementation, **sound financial management** is **prerequisite** to ensure eligibility of costs.

Clearly established system how approved **financial plan and budget** will be implemented and monitored is key to successful financial management.

Key Message: Address financial management from the very early stage!

Key Message: Set up mechanism how implementation of budget and financial plan is followed-up!



How to address financial management in partnership?

Expectation	Document	Practical tips
All beneficiaries are aware of basic requirements for project implementation	Grant Contract / Partnership Agreement	Make sure that beneficiaries actually know the Grant Contract/Partnership agreement (for example, dedicated Skype briefing to discuss GC requirements where financial managers are involved)
Individual beneficiary understands its own financial implementation risks	Informal internal document on tracking financial progress	Project/content manager should cooperate and regularly exchange with financial managers of the beneficiary to assess financial gap risks.
All beneficiaries are aware of how project progress (including financial plan and budget) is monitored	Financial plan and budget (part of GC)	Address financial management (on the basis of project budget, not theoretical assumptions) in the 1 st project meeting and establish regular informal exchange between <i>financial people</i> of beneficiaries. Internal procurement plan, if relevant for project.

How to address financial management in partnership(part 2)?

Expectation	Document	Practical tips
All beneficiaries are aware of concept of sound financial management (economy and efficiency)	Partnership agreement (provisions in relation to the sound financial management)	As above, beneficiaries should not only sign, but also be aware and understand the provisions in the PA in relation to the financial management (PA should be prepared as practical as possible).
Beneficiaries have clear understanding about account and document keeping in the project	Partnership agreement	Concept of 'accurately recorded costs' clearly explained to the beneficiaries (it is one from three main criteria to checked during the expenditure verification!), as well as main requirements for document keeping.
Beneficiaries have established reliable and timely reporting system	Internal arrangements on project accounting	The project is treated in the scope of 'regular accounting' of the organisation to ensure that the accounting records are available for compiling the reports for the project.

Support tools in TESIM's platform



Go for ENI CBC!



Welcome to this online learning platform on Cross-Border Cooperation under the European Neighbourhood Instrument!

On this platform you will find video tutorials, written guidance and training material to support you in project preparation and implementation.

You may use these videos, guidance and material to better develop your own skills or to enhance the capacity of others. We include a specific trainer's version of the material whenever available.

We will frequently update our platform, so please come back to us if you have not yet found what you are looking for.

Wishing you fruitful online learning and success in your projects!

Please watch the Teaser below for an introduction to this online learning platform!



<https://www.goforenicbc.eu/>



Financial management kit for project implementation

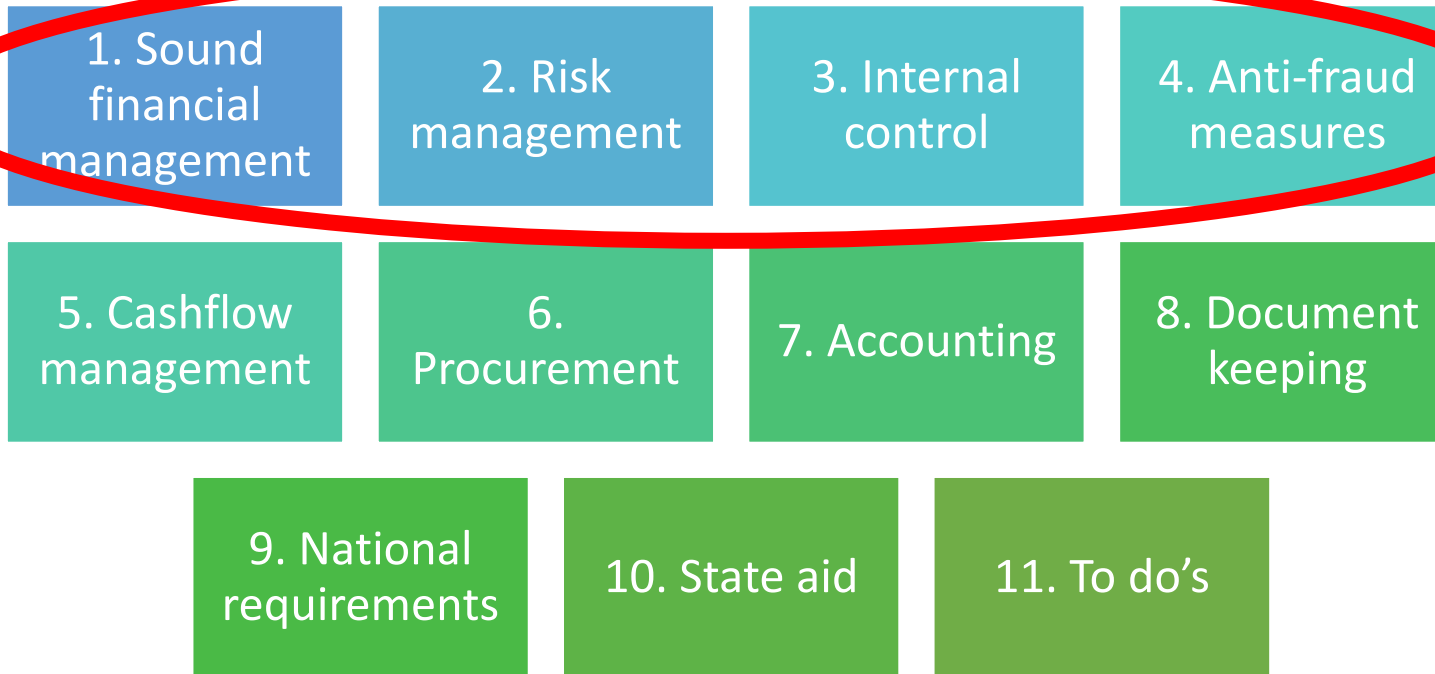
Tips and tools for sound financial management
July 2018

A project funded by the European Union

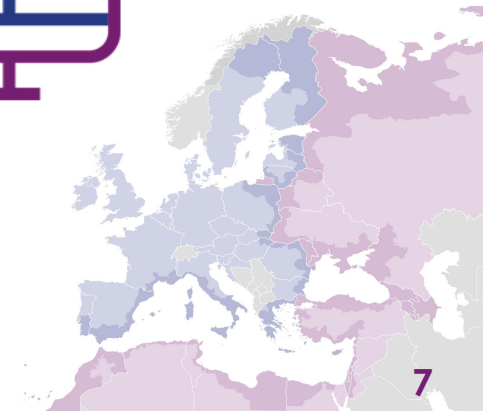


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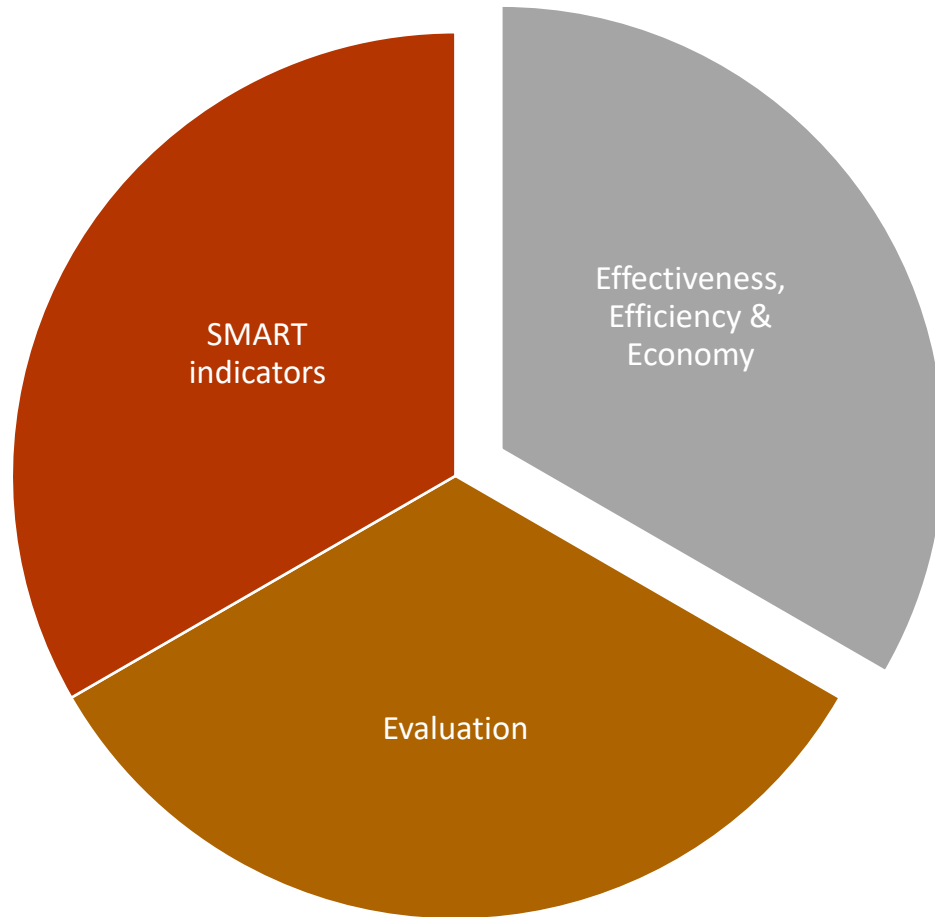




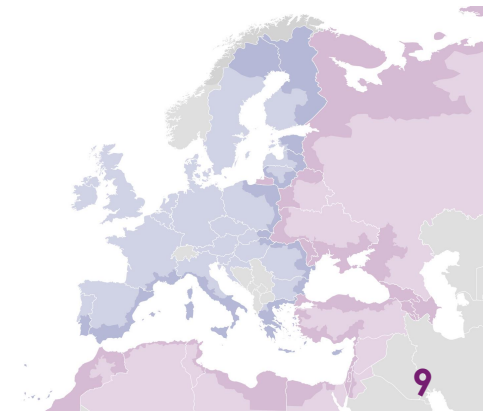
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A key basic concept: sound financial management



Success can only be achieved if ...

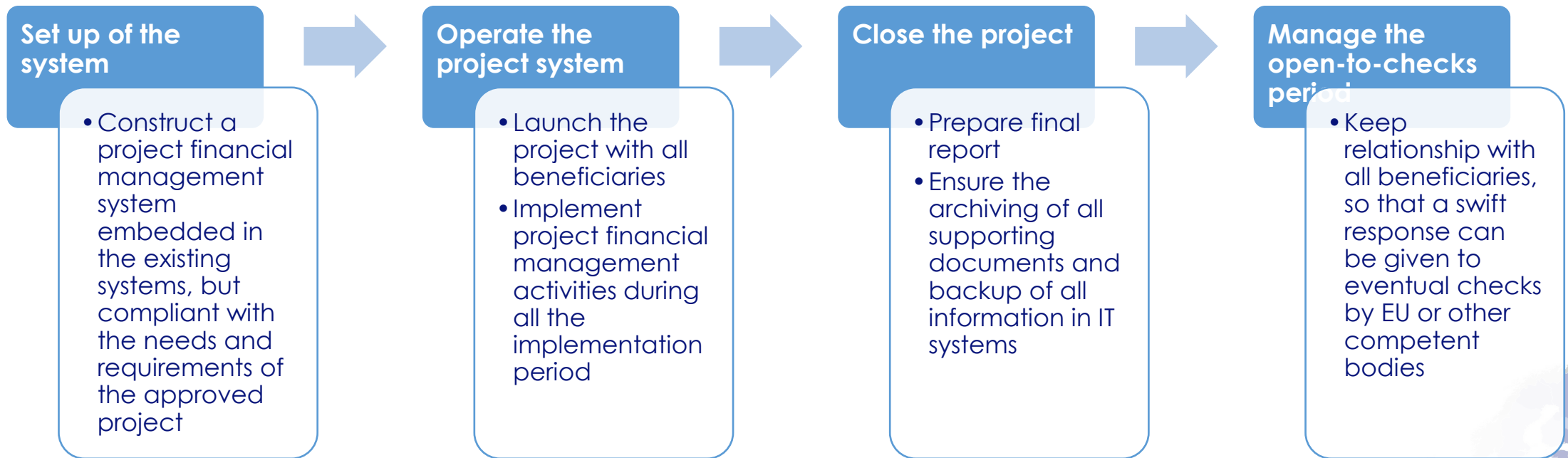


There are different challenges throughout the cycle

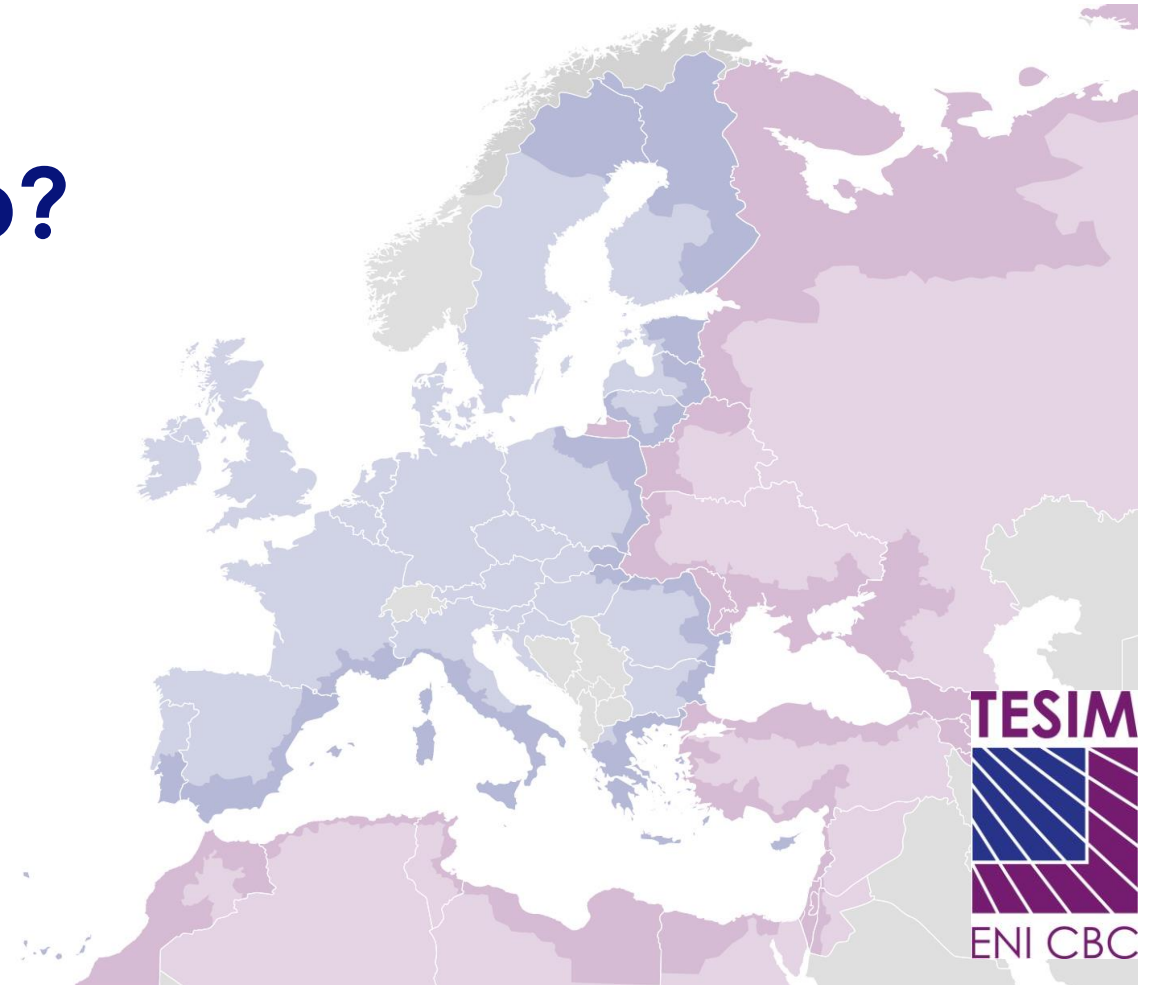


The **project cycle goes beyond the project implementation and execution periods**, as according to article 70 of the ENI CBC Implementing Rules, “[...] the beneficiaries shall keep all documents related to the programme or a project **for five years from the date of payment of the balance for the programme**. In particular they shall keep reports, supporting documents, as well as accounts, accounting documents and any other document relating to the financing of the programme (including all documents relating to the contract award) [...]”, that is, **at least until 2029**.

There are different challenges throughout the cycle



Which is the first step?



The **lack of internal control is one of the key risks** to EU funds being spent efficiently and in conformity with contract requirements. Setting up adequate control systems is an essential task in the start-up phase of the project.

Internal control is defined as a process affected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization accomplish specific goals or objectives.

Therefore, in the framework of an ENI CBC project contract, internal control has to be designed to provide **reasonable assurance** that:

- The **project** is **effective** and **efficient**
- Financial **information** is **reliable**
- **Contractual** conditions are met

Check the adequacy of your system with the check-lists in proposed by TESIM
<https://www.goforenicbc.eu/index.php/en-projectimp-writtenguid-financial/>

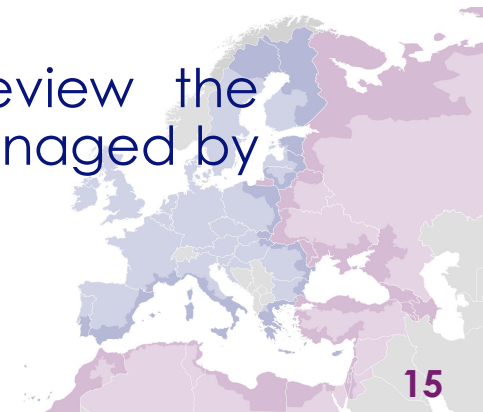
Which requirements are internal-control related?

Requirement	Description	Basic tips
Segregation of duties	Duties of authorizing the expenditure and handling accounting and payments segregated	No single transaction or chain of transactions is in the hands of a single person.
Absence of conflict of interest	All EU funded contracts prohibit conflicts of interest, confidential payments (e.g. secret commissions, bribes) and other unethical practices	Code of ethics needs to be written and understood by staff
Regular checks	Regular checks need to be established to ensure that the procedures are correctly implemented	Foresee effective approval points and assign responsibilities
Prevention of irregularities, fraud and corruption	Human resources policies need to include measures for prevention	Describe all responsibilities, procedures and tasks in writing (job description, manual of procedures, etc.)

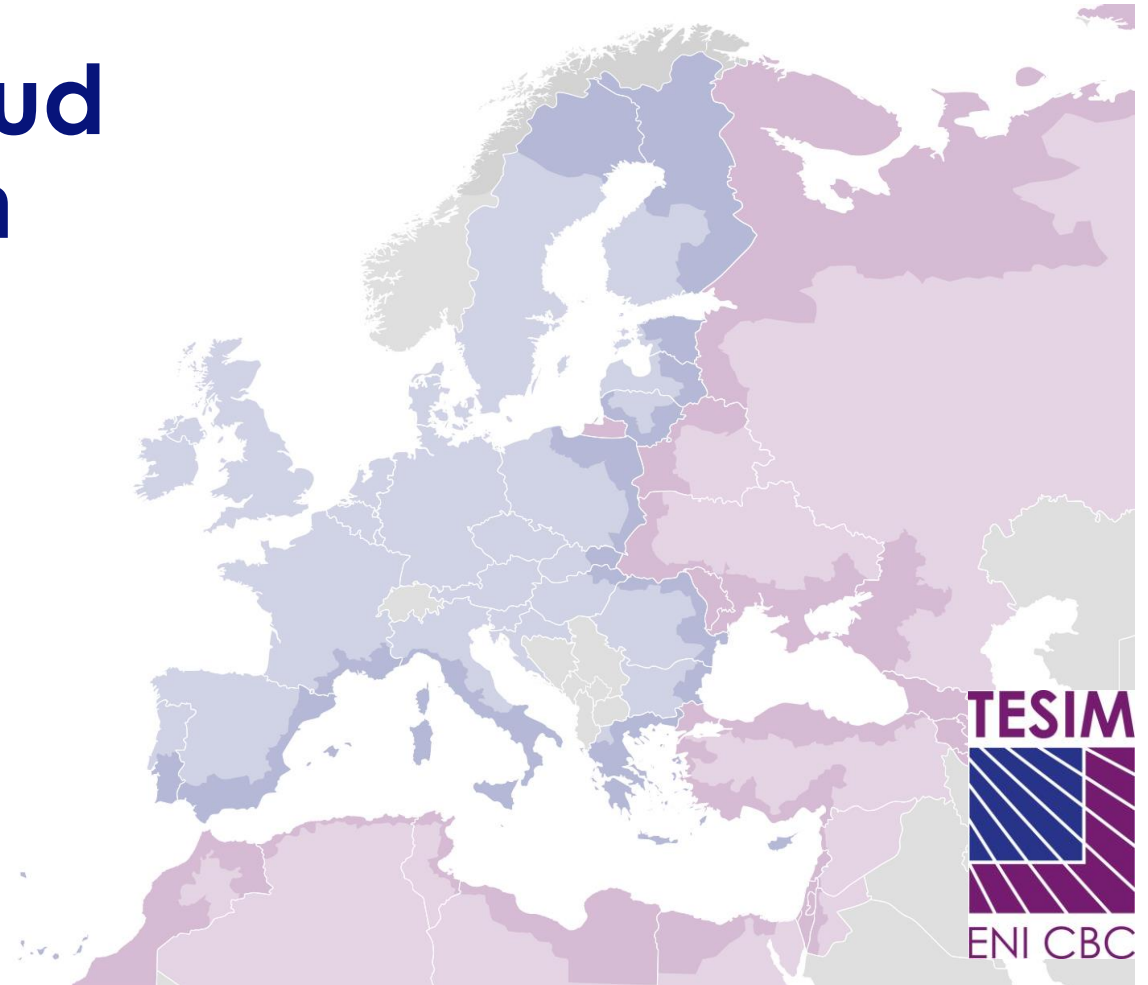
Lead Beneficiary responsibility

In order to mitigate the risk on inadequate internal control, the Lead Beneficiary should consider the following basic measures:

- ❑ at early project implementation, evaluate whether the entities taking part in the project have adequate internal controls in place, in line with the general principles outlined in this presentation;
- ❑ during project execution, closely monitor the performance of the project beneficiaries to ensure that their internal controls remain adequate and that execution remains under control;
- ❑ at regular intervals during the project, obtain copies and/or review the accounting records and supporting documents of those activities managed by participating entities to ensure they meet the contractual conditions.



Do not forget anti-fraud and anti-corruption measures



Corruption

- Conflict of interest
- Bribery
- Illegal gratuities
- Economic extortion

Misappropriation

- Fraudulent procurement or disbursements
- Misuse of funds or assets

Financial misstatement

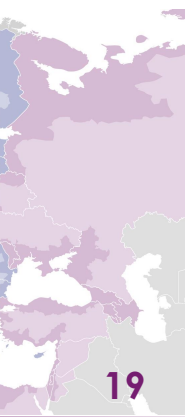
- Expenditure over-valuation
- False supporting documents
- Understated revenues
- Overstated performance indicators
- False, incorrect or incomplete statements

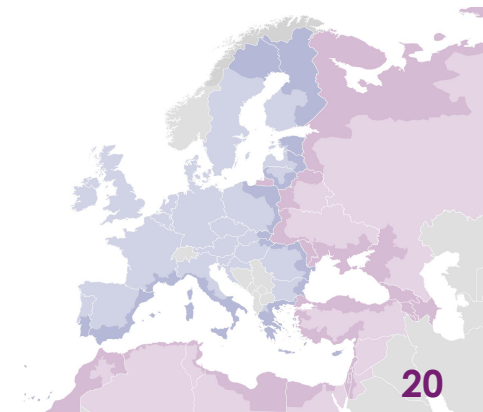
Article 5 of Regulation 2988/1995

*“**Intentional irregularities** or those caused by negligence may lead to the following administrative penalties:*

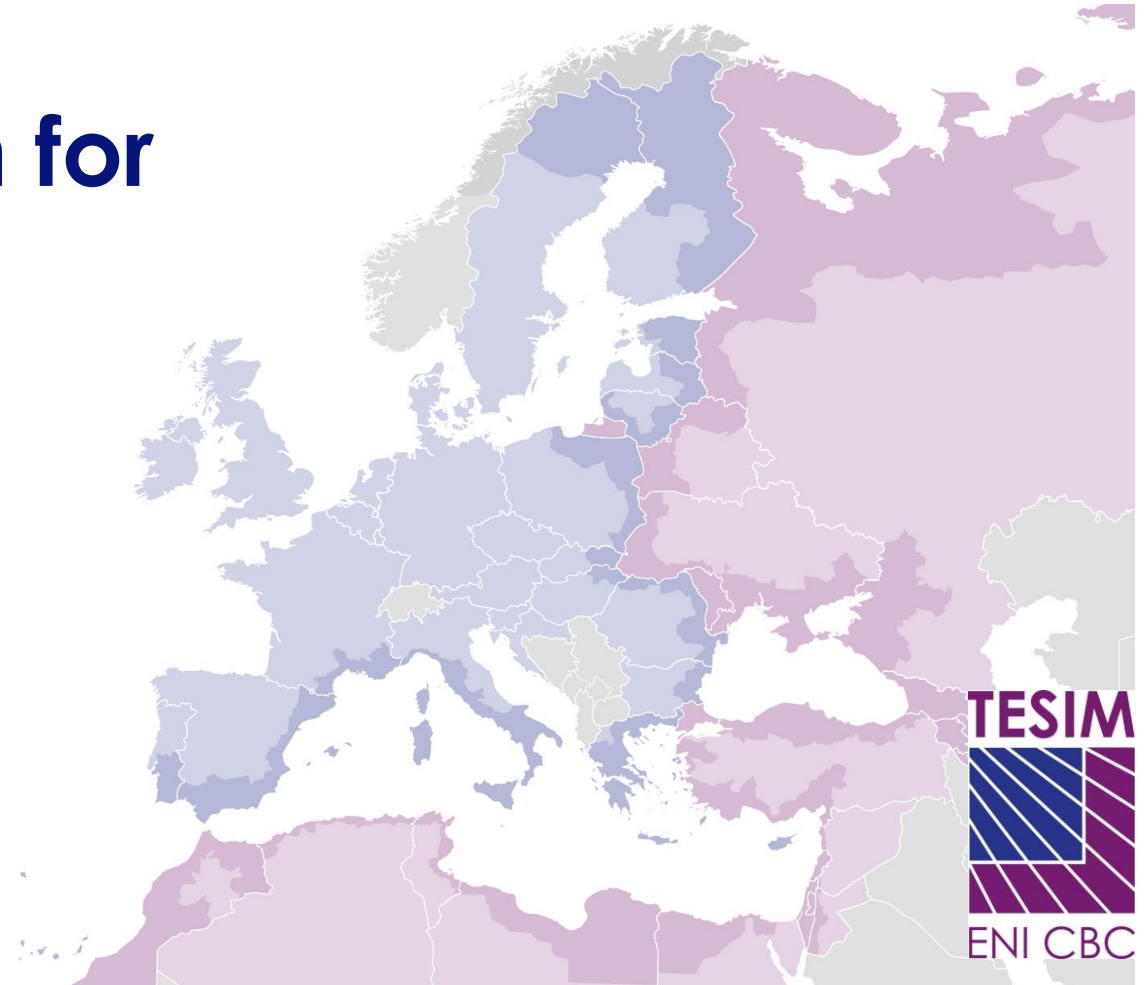
- a) Payment of an administrative fine;*
- b) Payment of an amount greater than the amounts wrongly received or evaded, plus interest where appropriate (...);*
- c) Total or partial removal of an advantage granted (...)*
- d) Exclusion from, or withdrawal of, the advantage for a period subsequent to that of the irregularity;*
- e) Temporary withdrawal of the approval or recognition necessary for participation in a Community aid scheme; (...)”*

Internal control components	Anti-fraud and anti-corruption measures
Internal control environment	<ul style="list-style-type: none">• Tone at the top• Code of conduct / ethics• Anti-fraud and anti-corruption policy and mission statement
Risk management	<ul style="list-style-type: none">• Specific anti-fraud and anti-corruption section in risk management exercises
Management and control	<ul style="list-style-type: none">• Link between identified risks and control activities• Effective and proportionate anti-fraud and anti-corruption measures
Information and communication	<ul style="list-style-type: none">• Effective communication of policy, risks and planned/performed measures to concerned stakeholders• Strong coordination among concerned staff ensuring adequate information flow
Monitoring internal control	<ul style="list-style-type: none">• On-going or separate evaluations to monitor the effectiveness of the measures at the other components of internal control• Communication of deficiencies and follow-up of previous recommendations





Do not rely on intuition for risks!



Some typical risks

Failure in
measuring
performance

Failure to monitor
implementation

Delays in
procurement

Loss or
misappropriation
of funds

Difficulties in
delivery of
outputs

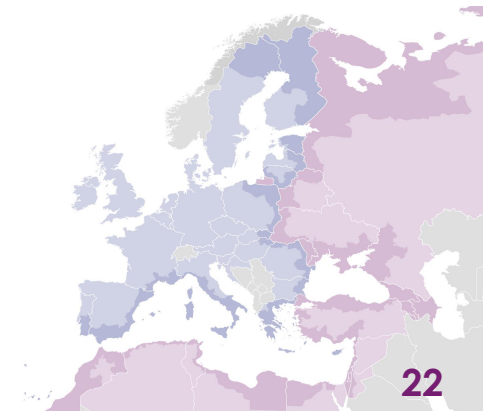
Inadequate skills
of the project
team

Failure to engage
stakeholders

Low-quality and
delayed
reporting

Delays in
receiving EU
funds

Insufficient
understanding of
the applicable
rules

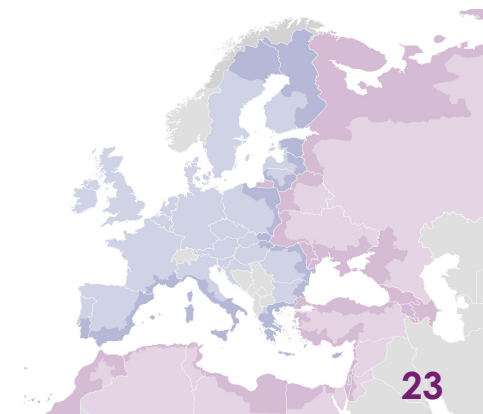


A very effective tool

		Consequences				
		Marginal	Minor	Moderate	Major	Severe
Likelihood	Almost certain	Medium	High	High	Critical	Critical
	Likely	Medium	Medium	High	High	Critical
	Possible	Low	Medium	Medium	High	Critical
	Unlikely	Low	Medium	Medium	Medium	High
	Rare	Low	Low	Medium	Medium	High



Go for ENI CBC includes simplified templates





Technical support to the implementation
and management of ENI CBC programmes



**Our goal:
a robust, sound and
transparent financial
management system!**



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