

Project Implementation Seminar

Budget exercise



Official budget modification or flexibility rule

- Your task is to choose if different proposed changes in the project budget are regarded as official budget modification or if they are within the limits of flexibility rule.
- In case the proposed change is within the limits of flexibility rule (minor adjustment) you are asked to choose if lead partner needs to communicate with your project contact person in JS about the change before it takes place.
- Prepare comment and justification to each case.

The project budget is imaginary and it does not reflect any real project budget. Proposed changes are only mirrored towards the given budget tables. Examples are simplified cases and each case is separate one, so you do not need to take the cumulative effect into account in this exercise. Each example includes the assumption that it will not impact on project activities, outputs or results.



PROJECT BUDGET

Budget line	Sub-budget line	Sum
Staff cost	SUM	40 000 €
Office and administration		6 000 €
Travel and accommodation	SUM	20 000 €
External expertise and services	SUM	20 000 €
Equipment	SUM	1 000 €
	SUM	87 000 €

LEAD PARTNER BUDGET

Budget line	Sub-budget line	Sum
Staff cost	Project manager XX e/ month, XX%	10 000 €
	Financial manager XX e/ month, XX%	10 000 €
	SUM	20 000 €
Office and administration		3 000 €
Travel and accommodation	Project team meetings (XX meetings)	6 000 €
	CB events	2 000 €
	Final meeting	2 000 €
	SUM	10 000 €
External expertise and services	Catering and room rent for kick-off meeting (XX persons)	1 000 €
	FLC cost (XX reports)	6 000 €
	IT services for online tool development (XX hours)	3 000 €
	SUM	10 000 €
Equipment	Laptop (1)	1 000 €
		1 000 €
TOTAL	SUM	44 000 €

PROJECT PARTNER BUDGET

Budget line	Sub-budget line	Sum
Staff cost	Project manager XX e/ month, XX%	10 000 €
	Financial manager XX e/ month, XX%	10 000 €
	SUM	20 000 €
Office and administration		3 000 €
Travel and accommodation	Project team meetings (XX meetings)	6 000 €
	CB events	2 000 €
	Kick-Off meeting	2 000 €
	SUM	10 000 €
External expertise and services	Catering and room rent for Final meeting (XX persons)	1 000 €
	External expert for workshops (XX)	6 000 €
	IT services for online tool development (XX hours)	3 000 €
	SUM	10 000 €
TOTAL	SUM	43 000 €



Budget questions

Issue	Project modification	Flexibility rule / minor adjustment	
	Project modification needed	No need to communicate with contact person in JS	Need to communicate with contact person in JS
1. PP wants to use 1000 euro from "IT services for online tool development" to "Catering and room rent for final meeting" (inside BL External expertise and services).		As the usage is done inside the BL and no new cost items/ activities are added (i.e. no new sub-budget line is added), no need to communicate with the JS contact person.	
2. PP wants to add "Conference in Stockholm" to BL Travel and accommodation. They have some savings from "Project team meetings" thus this will not impact in the total sum of the BL.			New cost item/activity is added (i.e. new sub-budget line is added), thus this must be communicated with the JS contact person beforehand.
3. LP wants to use 1500 euro from BL Travel and accommodation to Project manager's salary.	Increase of BL Staff cost is always a budget modification. The flexibility rule does not apply.		
4. PP wants to use 3000 euro from BL External expertise and services to BL Travel and accommodation. No new cost items (sub-budget lines) are created and project work plan is not changed.		This must be discussed with the LP as the LP has to follow the flexibility rule on project level. As individual case the case is within the limits of the flexibility rule. Flexibility rule applies on project level.	
5. PP wants to use 3000 euros from Financial Manager Staff cost to Project Manager Staff cost as salary level of Project Manager is increased. Financial manager's working time is decreased and this will not impact on total sum of BL Staff cost.			Changes in project staff, their salary levels or work load must be communicated with the JS contact person beforehand.

<p>6. Instead of purchasing a laptop for Project manager LP wants to purchase two mobile phones (same price).</p>			<p>Changing the nature (and intended use) of equipment items/increasing the amount of planned equipment must be always communicated with the JS contact person beforehand.</p>
<p>7. LP wants to use 2500 euro from BL Travel and accommodation to BL External expertise and services. PP wants to use 2000 euro from BL Travel and accommodation to BL External expertise and services. No new cost items (sub-budget lines or changes to project work plan).</p>	<p>Budget modification is needed as flexibility rule is exceeded. Total use from BL Travel and accommodation to BL External expertise and services is more than 20% on project level.</p>		
<p>8. LP wants to travel to a conference in Riga, but has no money left in BL Travel and accommodation. PP has savings in BL Travel and accommodation and has promised that LP can use that money.</p>	<p>1) If money for the conference participation is transferred from PP budget to LP budget, budget modification is needed.</p> <p>Transferring funds from one partner budget to another partner budget is always a budget modification.</p>		<p>2) Participation to a conference may go also under flexibility rule if LP has e.g. some funds available under BL External expertise and services.</p> <p>3) If national and/or organizational rules allow, PP may also pay LP's participation from PP budget. In this case, the cost must be borne directly by the PP.</p> <p>In both cases the issue must be communicated with JS contact person as a new activity is added.</p>
<p>9. LP wants to travel to Brussels. LP has money available in BL Travel and accommodation, but the travel was not initially planned in the application.</p>			<p>The issue must be communicated with the JS contact person beforehand as a new activity is added.</p> <p>Travel costs to areas outside of the programme area are never counted among the costs outside the programme area, thus</p>

			no budget modification is needed.
10. LP Travel costs will be higher than thought and it seems that travel costs are exceeded by 3000 euro. LP staff cost will be less than planned.		<p>No need for communication with the JS contact person as no new cost items (i.e. no new sub-budget lines) are added.</p> <p>Flexibility rule (exceeding a budget line by 20% on project level) does not apply for BL Staff cost. However, in this case the LP is reporting 3000 euro less staff cost than initially planned, thus 3000 euros are available for travels.</p>	