

**This presentation is from a UK/IE LIFE Platform Meeting held in Woking in December 2015. For more presentations from this event and information on LIFE please see JNCC's LIFE webpages at: [jncc.defra.gov.uk/UKLIFE](http://jncc.defra.gov.uk/UKLIFE)**

# Top tips for presenting a fool proof financial report

UK/IE LIFE NATIONAL PLATFORM MEETING  
10 December 2015



# Introduction

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**EY = Ernst & Young = Financial monitors of LIFE**



# Financial monitors

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- ▶ **New element in the Monitoring team**
- ▶ **Evaluation of reports with payment request**
- ▶ **Providing financial guidance and assistance to technical monitors**

# The main purpose of this presentation?

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**„Money“**



**„Time“**

# And why?

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1  
2  
3

**The Commission wants to pay the money**

**You want to receive the money**

**And both of you want it ASAP**

# BUT!

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The Commission wants to give the money only to

- ▶ Beneficiaries implementing successful and useful projects
- ▶ Beneficiaries providing continuously all information that they are asked for
- ▶ Beneficiaries who submit accurate and exhaustive financial reports



# General tips & tricks for financial reporting



The better the question. The better the answer.  
The better the world works.



# A systematic approach

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- ▶ Timely and precise explanation of the project related processes, such as:
  - ? Accounting rules
  - ? Time registration system
  - ? Including LIFE reference in accounting documentation
  - ? Procurement rules for purchasing of goods and services
  - ? Depreciation rules
  - ? and the list goes on...
- ▶ Frequent project visits are the best time for clarification
- ▶ Necessary for EACH beneficiary

# Proactivity

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- ▶ Significant changes of the budget communicated ahead of their implementation



**Early request for budget modification if necessary**

- ▶ Other changes duly described in the Midterm/Final report – Part 6 Comments on the financial report



**Avoid additional questions from EC**

# Accurate financial reporting

## ► Standard statement of expenditure

Daily working hours used to convert reported hourly rate to the daily rate quoted in  
8.00 the budget

Total Personnel: €0.00

General information on staff assigned to the project						Calculation of the personnel costs															
A	B	C	D1	D2	D3	D4	D5	E	E1	E2	E3	F	G	H	I1	I2	J	K	L	M	
Seq n°	Year	Name of person	Job title	Role in the project according to budget form F1	Temporary/additional V/N	Action in the project (Optional)	Foreseen in the budget V/N	Annual personnel costs	Annual gross salary	Annual obligatory social charges	Annual eligible pension contribution	Time unit	Annual number of productive time units	Time unit rates (Column E/G)	The hourly rate of column H converted to a daily rate in €	Daily rate foreseen in the budget in €	Number of time units assigned to the project (column AA)	Total personnel costs in national currency (H*J)	Exchange rate	Amount in € (K/L)	
1								0.00									0.00			1.00000	
2								0.00									0.00			1.00000	
3								0.00									0.00			1.00000	
4								0.00									0.00			1.00000	
5								0.00									0.00			1.00000	
6								0.00									0.00			1.00000	
7								0.00									0.00			1.00000	
8								0.00									0.00			1.00000	
9								0.00									0.00			1.00000	
10								0.00									0.00			1.00000	
11								0.00									0.00			1.00000	
12								0.00									0.00			1.00000	
13								0.00									0.00			1.00000	
14								0.00									0.00			1.00000	
15								0.00									0.00			1.00000	
16								0.00									0.00			1.00000	
17								0.00									0.00			1.00000	
18								0.00									0.00			1.00000	
19								0.00									0.00			1.00000	
20								0.00									0.00			1.00000	
21								0.00									0.00			1.00000	
22								0.00									0.00			1.00000	
23								0.00									0.00			1.00000	
24								0.00									0.00			1.00000	
25								0.00									0.00			1.00000	
26								0.00									0.00			1.00000	
27								0.00									0.00			1.00000	
28								0.00									0.00			1.00000	
29								0.00									0.00			1.00000	
30								0.00									0.00			1.00000	
Total																				€0.00	

- Please fill in all fields, all information required!!!
- For more guidance refer to Guidance for financial management and reporting 2015 – LIFE website

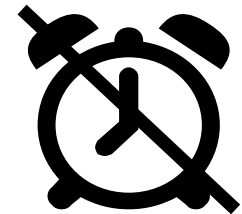
# Responding to the letters received from the Commission

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- ▶ Always pay attention to the last letter received after project visit/inception or progress report when you are preparing the Midterm/Final report
- ▶ Question by question responses summarized in one document – very useful!
- ▶ Gathering all the requested documentation and annexing it to the report



**Avoid the clock to be stopped**



# Make the documentation available

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## ▶ Common Provisions, Art. 12.2:

....All reports shall contain the necessary information for the Commission to evaluate the state of implementation of the project, the respect of the work plan, the financial situation of the project and whether the project's objectives have been achieved or are still achievable.....

## ▶ Common Provisions, Art. 12.7:

Final report: In addition to the information required in Article 12.2, the final report shall contain a financial statement and all the information necessary for the Commission to evaluate the eligibility of costs incurred and the sustainability in the future of the project results

## ▶ Common Provisions, Art. 19 – Confidentiality

- ▶ Applied for EC, beneficiary and Monitoring team

# Some more specific tips & tricks



The better the question. The better the answer.  
The better the world works.

# Personnel costs

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- ▶ Calculation based on the **REAL** amounts of annual personnel costs incurred and productive hours worked



**NO REPEATING ANNUAL AMOUNTS**

- ▶ No LIFE bonuses, company performance payments, worker of the month payments, etc.
- ▶ Description of the salary calculation always appreciated!

# Personnel costs (cont.)

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- ▶ The **daily rates foreseen** in the budget for particular roles in the project are **not only** indicative!
- ▶ Rates applied must be in line with the usual salary level applicable in the company/sector/region
- ▶ Any significant deviation needs justification!
- ▶ For the budget preparation:

Daily rates should include mandatory employer charges (social, health, pension, etc.)



# Selection of suppliers

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- ▶ Different rules for private/public beneficiaries
- ▶ Applicable for all budget categories

## Public

- ▶ Always obey national rules
- ▶ Internal rules for tenders below the national threshold
- ▶ When asked for tender documentation – proof of publication/addressing potential suppliers

## Private

- ▶ Be prepared to defend value for money
- ▶ Invite tenders for contracts above the threshold (125,000/130,000 €)
- ▶ How many?

- ▶ Always keep the documentation!

# Depreciation

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- ▶ National rules for depreciation of durable goods should be applied
- ▶ REAL depreciation acc. to figures from the inventory list/depreciation plans
- ▶ 50/25 % cap on eligibility applied for ENV projects
  - ▶ Applicable for the whole budget category
- ▶ For NAT projects certificate is necessary for all beneficiaries purchasing durable goods!

# How to prove non-recoverability of VAT?

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1

## Certificate

Issued by tax authority  
Clearly mentioning the  
LIFE project

3

## Self-declaration

Together with a proof that  
the beneficiary has tried  
to acquire certificate in  
point 1 but failed

2

## Declaration of the independent auditor

Explicit indication of paid and  
non-recoverable amount of VAT  
in the audit report

# Thank you for your attention!

**And....enjoy the  
LIFE!**

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