

Project Implementation Seminar

Budget and modification exercise



Official budget modification, flexibility rule or minor adjustment?

- 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 or minor adjustments.
- In case the proposed change is within the limits of 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. 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	4 000 €
	Kick-off meeting	2 000 €
	SUM	12 000 €
External expertise and services	Catering and room rent for kick-off meeting (XX persons)	1 000 €
	FLC cost (XX reports)	4 000 €
	IT services for online tool development (XX hours)	3 000 €
	SUM	8 000 €
Equipment	Laptop (1)	1 000 €
	SUM	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 €
	Communication officer XX e/ month, XX%	10 000 €
	SUM	20 000 €
Office and administration		3 000 €
Travel and accommodation	Project team meetings (XX meetings)	5 000 €
	CB events	2 000 €
	Final event	1 000 €
	SUM	8 000 €
External expertise and services	Catering and room rent for Final event (XX persons)	4 000 €
	External expert for workshops (XX)	6 000 €
	Research	2 000 €
	SUM	12 000 €
TOTAL	SUM	43 000 €



Budget questions

Issue	Project modification	Flexibility rule	Minor adjustment	Minor adjustment
	Project modification needed	No need to communicate with contact person in JS	Need to be approved by the contact person in JS	No need to communicate with contact person in JS
1. PP wants to transfer 1000 euro from "Catering and room rent for final meeting" to "Research" (inside BL External expertise and services).				No need to communicate with JS as the change takes place within the same BL and no new activities are included (i.e. no new sub-budget line is added).
2. PP wants to add "Study tour to Brussels" to BL Travel and accommodation. Total cost is 1500 euro. PP has some savings from "Project team meetings", thus this will not impact in total sum of the BL.			Needs to be approved beforehand by the JS, as a new cost item / activity is added. All activities that take place outside the programme area need to be approved by JS beforehand.	
3. LP wants to transfer 2000 euro from BL Travel and accommodation to Staff costs.	Increase of BL Staff cost requires always a budget modification. The flexibility rule does not apply.			
4. LP wants to transfer 2000 euro from BL Travel and accommodation to BL External expertise and services to cover FLC costs.		Flexibility rule applies on project level and the LP needs to follow the flexibility rule is not exceeded. As an individual case, this case is within the limits of the flexibility rule.		
5. Instead of one communication officer, PP wants to employ two persons working for these tasks. Total working time and				Rearranging planned staff positions between existing staff members or taking on a new



salary level will not change.				person to do work already planned in the application does not need approval from the JS. However, the JS approves the changes in staff costs if there is a decrease or increase in the work load of a staff position by more than 25% compared to the plan in the AF; or if completely new tasks are added to the staff plan.
6. Instead of purchasing laptop for Project manager, LP wants to purchase two mobile phones (same price).			Changing the nature (and intended use) of a piece of equipment or increasing the amount of equipment must be always approved by the JS contact person beforehand.	
7. LP wants to transfer 2500 euro from Travel and accommodation to External expertise and services. PP wants to transfer 2000 euro from Travel and accommodation to External expertise and services. No new cost items are included (sub-budget lines or changes to project work plan).	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.			
8. LP wants to travel to conference in Riga, but has no money left in BL Travel and accommodation. PP has savings in BL Travel and accommodation	1) If money for the conference participation is transferred from PP budget to LP budget, a budget modification is needed.	2) Participation to a conference may go also under <u>flexibility rule</u> if LP has e.g. some funds available under BL External	3) If national and/or organizational rules allow, PP may also pay LP's participation from PP's own	



and has promised that LP can use that money.	Transferring funds from one partner budget to another partner budget is always a budget modification.	expertise and services. <u>This must be approved by the JS contact person as a new activity is added.</u>	budget. In this case, the cost must be borne directly by the PP. <u>This must be approved by the JS contact person as a new activity is added.</u>	
9. LP wants to increase the project manager's work percentage from 50% to 70%, as the project manager needs more time for project administration.				No need for communication with the JS, if the change (decrease or increase) the work load of a staff position is less than 25% compared to the plan in the AF. However, the staff costs cannot be increased.
10. LP Travel costs have been more expensive than budgeted and exceeded by 2000 euro. LP has some savings on the staff cost and would like to cover the exceeded travel cost from these savings.				No need for communication with the JS as no new cost items (i.e. no new sub-budget lines) are added. Flexibility rule (<u>exceeding a budget line by 20% on project level</u>) 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.
11. Instead of starting the field activity in period 3, the activity was started already in period 2.				No need for communication with the JS, but the deviation should be reported in the progress report in the eMS.