INFORMATION SOCIETY TECHNOLOGIES (IST) PROGRAMME

AIDE

IST-1-507674-IP

Financial Management Plan

Deliverable No.		**D4.1.1**	
SubProject No.	**SP4**	SubProject Title	**Horizontal activities**
Workpackage No.	**WP4.1**	Workpackage Title	**Consortium Management**
Task No.	**T4.1.1**	Task Title	**AIDE Financial Plan**
Authors		**Jan Arfwidsson VTEC**	
Status (F: final; D: draft; RD: revised draft):		**RD**	
File Name:		**AIDE-VTEC-D-WP4_1_R1_V2-D4_1_1 Financial Management Plan.doc**	
Project start date and duration		**01 March 2004, 48 Months**	

Table of Contents

TABLE OF CONTENTS **2**

1. EXECUTIVE SUMMARY **3**

2. TERMS **3**

3. INTRODUCTION **4**

3.1. PURPOSE 4
3.2. SCOPE OF THE FINANCIAL MANAGEMENT PLAN 4

4. AIDE FINANCIAL MANAGEMENT PLAN UPDATES **4**

5. ROLES **4**

6. CONSORTIUM REPORTS TO EC **5**

6.1. ANNUAL CONSORTIUM REPORTS TO EC 5
6.2. QUARTERLY CONSORTIUM REPORTS TO EC 5

7. REPORTING PERIODS. **5**

7.1. QUARTERLY REPORTING PERIODS 5
7.2. ANNUAL REPORTING PERIODS 6

8. AIDE FINANCIAL MANAGEMENT PLAN **7**

8.1. OVERVIEW OF AIDE FINANCIAL MANAGEMENT PLAN 7
8.2. FIRST INPUT; CONTRACTS AND FIRST 18 MONTHS PLAN 8
8.3. YEARLY INPUT: NEXT 18 MONTHS 8
8.4. FUND PRE-PAYMENT 8
8.4.1. Bank Guarantee *8*
8.4.2. Funding/pre-payment distribution *9*
8.5. QUARTERLY REPORTS AND PROGNOSIS 9
8.5.1. Quarterly financial reports and prognosis *9*
8.5.2. Monitoring *10*
8.5.3. Reallocation of budget *10*
8.6. ANNUAL REPORTS 10
8.6.1. Draft Annual Reports *10*
8.6.2. Final Annual reports *11*

9. REFERENSES: **11**

1. Executive summary

This document describes the process how the AIDE IP does the internal financial reports, prognoses and reallocations of budget when required. It also addresses the preparations for annual and quarterly financial reports to the European Commission.

The process starts with the approval of a new 18 months detailed plan, proceeding with actions for Fund pre-payment, Quarterly reports & Prognosis and ends with Annual Report preparations.

This document links to the Contracts and to the AIDE Quality Management Plan where contractual aspects and templates are already specified.

2. TERMS

Abbreviation	Definition
QAM	AIDE Quality Assurance Manager
EC	European Commission
Periodic activity report	Report as specified by the contract
Periodic Management report including	Report as specified by the contract
Report on financial contribution distributions	Report as specified by the contract

3. Introduction

3.1. Purpose

This document describes the process how the AIDE IP does the internal financial reports, prognoses and reallocations of budget when required. It also addresses the preparations for annual and quarterly financial reports to the European Commission.

3.2. Scope of the Financial Management Plan

This AIDE Financial Management Plan defines the process how the financing within the AIDE consortium is handled, i.e. the internal financial reports and prognoses and also reallocations of budget. It will be used by all project partners, SP Leaders and the Core Group for financial management of the project and for preparation of annual and quarterly consortium reports to the EC.

The process starts after the Contract start date and the first Detailed Implementation Plan comes into force and ends with the preparations of the final reports. It makes up the internal annual cyclic procedure from the approval of a new 18 months detailed plan, to the annual review and approval for a new 18 months plan.

The financial obligations for the consortium are specified in the contract and its annexes. For clarification some relevant parts from the contract are included into this document. On any conflict the contract shall be referenced.

This document specifies an internal project procedure and might be updated, if required.

4. AIDE Financial Management Plan updates

This document specifies an internal project procedure and might be updated during the lifetime of the project . Such updates are initiated and new versions are approved by the Core Group. No specific timeplan for the updates is pre-decided.

5. Roles

Roles relevant for this process are listed in the Consortium Agreement. They are briefly summarised below:

- The CORE GROUP shall be in charge of supervising the progress of the AIDE PROJECT, taking decisions regarding the AIDE PROJECT, particularly decisions of major and strategic relevance.

- The IP MANAGER (Coordinator) shall provide and control financial procedures.

- Each SUB-PROJECT LEADER shall submit the reports to the CO-ORDINATOR, manage the SUB-PROJECT within the AIDE PROJECT and make sure that the SUB-PROJECT complies with the decisions taken by the CORE GROUP.

- Each of the CONTRACTORS shall promptly supply to their respective SUB-PROJECT LEADERS, the CO-ORDINATOR, the CORE GROUP and the European Community all necessary and requested information.

6. Consortium reports to EC

One of the scopes of this plan is to prepare the Consortium for reports to the Commission. Required reports, reporting periods and General Financial Provisions are specified in detail in the contract, annex II. Below follows a list of the relevant reports.

6.1. Annual consortium reports to EC

The following list of reports shall be prepared and delivered to the EC within 45 days, following the end of each period. The Financial Management Plan shall make it possible to prepare these documents.

Annual reports:

- Periodic activity report
- Periodic Management report including
  - Resources deployed per contractor linked to activities.
  - Financial Statements (form C, Annex VI)
  - Summary financial report
- Report on financial contribution distributions
- Supplementary reports required by contract annexes

6.2. Quarterly consortium reports to EC

Among supplementary reports Annex 1 specifies that the consortium shall make quarterly progress reports to the EC.

Quarterly reports:

- Summarised Quarterly activity report

7. Reporting periods.

7.1. Quarterly reporting periods

The effective starting date of AIDE project is 1 March 2004, making up the following quarterly reporting schedule.

Reporting Quarter Number	Reporting months	Reporting date from partner to SP End of reporting month +	Reporting date from SP to IP	Reporting date from IP to EC
1	Month 1 - 3	+ 5 days	+5 days	+5 days
2	Month 4 - 6	+ 5 days	+5 days	+5 days
3	Month 7 - 9	+ 5 days	+5 days	+5 days
1	Month 10 - 12	+ 5 days	+5 days	+5 days
5	Month 13 - 15	+ 5 days	+5 days	+5 days
6	Month 16 - 18	+ 5 days	+5 days	+5 days
7	Month 19 – 21	+ 5 days	+5 days	+5 days
8	Month 22 – 24	+ 5 days	+5 days	+5 days
9	Month 25 – 27	+ 5 days	+5 days	+5 days
10	Month 28 – 30	+ 5 days	+5 days	+5 days
11	Month 31 – 33	+ 5 days	+5 days	+5 days

Reporting Quarter Number	Reporting months	Reporting date from partner to SP End of reporting month +	Reporting date from SP to IP	Reporting date from IP to EC
12	Month 34 - 36	+ 5 days	+5 days	+5 days
13	Month 37 - 39	+ 5 days	+5 days	+5 days
14	Month 40 – 42	+ 5 days	+5 days	+5 days
15	Month 43 – 45	+ 5 days	+5 days	+5 days
16	Month 46 - 48	+ 5 days	+5 days	+5 days

Table 1: AIDE Quarterly Reports plan

7.2. Annual reporting periods

The effective starting date of AIDE is 1 March 2004, making up the following annual reporting schedule.

Reporting Year	Reporting date from partner End of reporting month +	Reporting date from SP to IP	Reporting date from IP to EC
1-3-2004 to 28-2-2005	+ 30 days	+5 days	+5 days
1-3-2005 to 28-2-2006	+ 30 days	+5 days	+5 days
1-3-2006 to 28-2-2007	+ 30 days	+5 days	+5 days
1-3-2007 to 29-2-2008	+ 30 days	+5 days	+5 days

Table 2: AIDE Annual Reports plan

8. AIDE Financial Management Plan

The process starts with the approval of a new 18 months detailed plan and ends with the preparation of annual reports.

It shall be used by all project partners, SP Leaders and the Core Group for financial management of the project and for preparation of annual and quarterly consortium reports to the EC.

8.1. Overview of AIDE Financial Management Plan

The picture below provides an overview of the Aide Financial Management Plan.

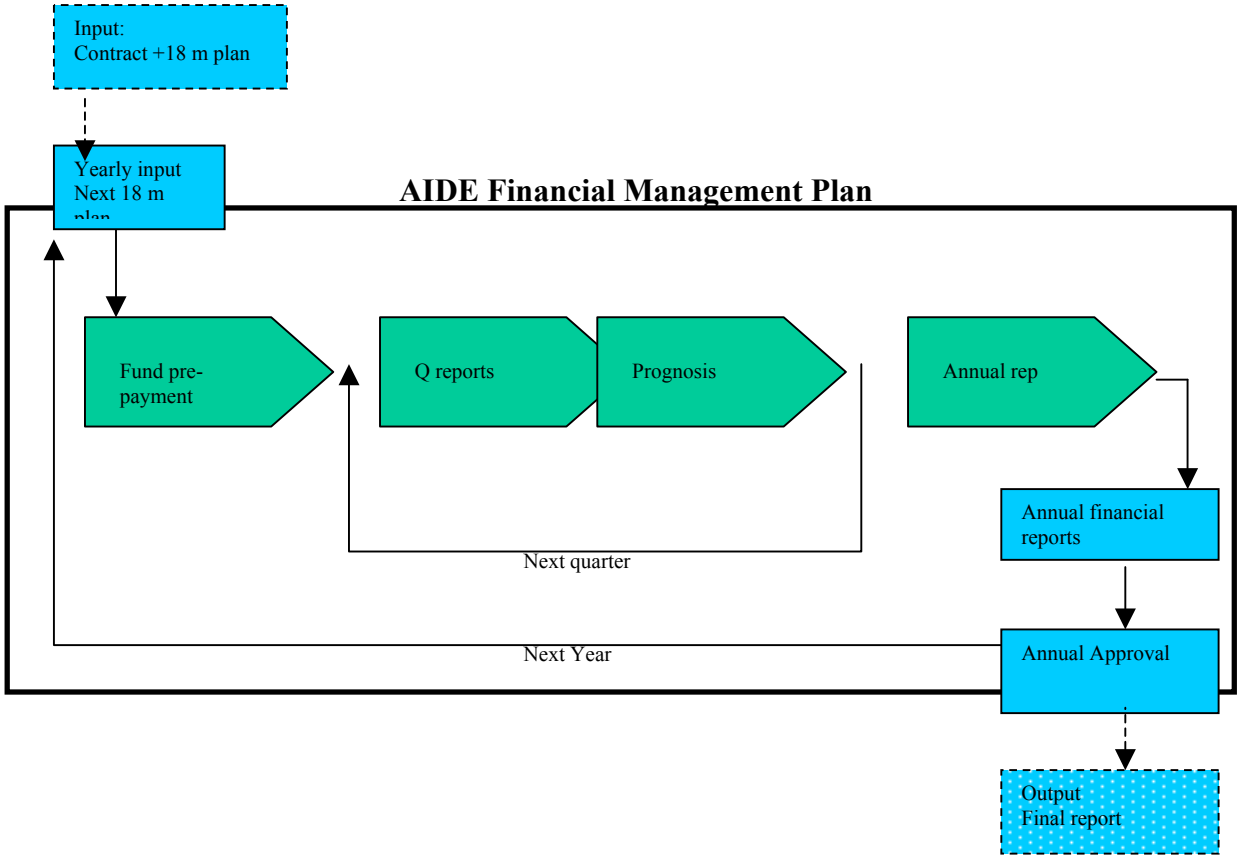

Figure 1 AIDE Financial Management Plan, Overview

The Annual Input/Output as well as internal procedure steps are listed below and thereafter described in detail.

Annual input:

- Next Detailed 18 month implementation plan

Actions:

- Fund pre-payment; Describing requirements and distribution of pre-payment.
- Quarterly reports and Prognosis; Describing who makes financial Quarterly reports, monitoring and budget/resource reallocations.
- Annual Report; Describing who makes preparation of and final financial annual reports.

Annual output.

- Base financial documents for Annual financial reports.

8.2. First Input; Contracts and first 18 months plan

The first input for this process is specified by the contract and its annexes from the start of the project. They specify the budget, the funding, reporting periods and the financial obligations for the consortium as well as the Detailed Implementation Plan for the first 18 months (Annex 1, description of Work).

- Input: Contract with annexes
- AIDE Final Budget 031215.xls

It is important to note that the financial obligations for the consortium are specified in the project contract and its annexes. Some relevant parts are included or referenced in this document for clarification and for readability of this document. On any conflict between this document and the Contract, the contract always prevails.

8.3. Yearly Input: Next 18 months

The input for each period is the revised Detailed Implementation 18 Months Plan and the revised internal budget document Budget.xls. The Detailed Implementation Plan is a part of the contract and is approved as a result from the annual review , the Budget.xls is an internal document approved by the Core group.

- Input:
  Detailed Implementation 18 Months plan
  Revised Budget.xls

  The Coordinator is responsible for the annual updating of the documents for approval by the Core Group.

8.4. Fund Pre-payment

The EC approved financial results and financial statements from the previous period, together with the approved budget for the next 18 months and then initiates a new pre-payment of EC funding for the coming period. The procedure for this is stated in the Contract.

8.4.1. Bank Guarantee

To minimize the financial risk of pre-paid funding for all partners the Core Group decides if a bank guarantee is needed from a specific partner before funds are transferred.

Input:
Detailed Implementation Plan and budget specified from 8.3.
Task size and performance of the partner concerned.
Financial risk of the partner concerned.

Actions:
The Core Group decides from which partners a bank guarantee is required.

Output:
Decision on request for Bank Guarantee for partner concerned.

8.4.2. Funding/pre-payment distribution

The project is not allowed, and has decided not to use pre-payment of funding as a tool for project management. When the pre-payment of EC funding is received from the commission, the coordinator distributes it without unjustified delay.

- Input:

Pre-paid funding from commission.
Bank accounts and details from partners.
Bank Guarantees if required from 8.4.1.

Actions:
The coordinator initiates the transfer and sends a mail informing the partners.

- Output:

Pre-payment of funding transferred from coordinator to partner.
Mail from coordinator to partner.
Traceable transactions from the coordinators financial system to be used for the annual Financial Contribution Distribution report.

8.5. Quarterly Reports and Prognosis

To create input for project management and prognosis, all partners report quarterly the number of person months and major costs that can be justified at this date per WP to SP leaders. SP leaders make an SP summary report and the Coordinator an IP summary report, as a preparation for the quarterly status report to the Commission. Current and foreseen cost expenditures are monitored through these reports and warning alarms are raised on deviations.

Management actions, corrections or reallocation of budget can be necessary as a result from the quarterly reports. This can either concern one partner reallocating budget from one task to another, or a reallocation of budget between partners.

8.5.1. Quarterly financial reports and prognosis

All partners report person hours and major costs that can be justified at this date per Sub Project and per Work Package. SP Leaders provide financial reports and prognosis for the next quarter and for the year for their SP, and the Coordinator compiles them into a report and prognosis for the IP.

The procedure and templates for quarterly financial reports are specified in detail in the Quality Management Plan and are summarized in this document for clarification.

Input:
The coordinator initiates quarterly reporting by sending a request for financial reports and timeplan to all partners.

Actions:
All partners make Quarterly Financial Reports.
SP Leaders make SP financial report and prognosis for the next quarter and year.
The Coordinator makes IP financial report and prognosis for the next quarter and year as well as Quarterly management report to the commission.

Output:
AIDE Financial Quarterly Contractor Report
AIDE Financial Quarterly SP Report
AIDE Financial Quarterly IP Report
Quarterly management report to the commission.

The Quality Management Plan specifies templates to be used for the internal quarterly reporting.

8.5.2. Monitoring

The quarterly financial reports will be used by the QAM to produce internal warning milestones for the Coordinator and the particular Partner involved.

8.5.3. Reallocation of budget

Corrections or reallocation of budget can be necessary as a result from the quarterly reports. This can either concern one partner reallocating budget from one task to another, from a period to the next, or a reallocation of budget between partners.

All such corrections shall be initiated by a Request for Corrective Action according to the procedure specified in the Quality Management Plan.
After request from the relevant SP Leader, the Corrective action is approved by the Core Group. The Core Group also decides whether the corrective action can be implemented directly or if a contract amendment must be requested from the EC Project Officer.

Input:
Request for Corrective Action from partner and/or SP-Leader.
Decision from the SP-Leaders concerned.

Actions:
Decision from Core Group.
If decided by the Core Group the Coordinator sends Request for contract amendment to Project Officer.
Decision from EC Project Officer.

Output
Final Decision for Corrective Action.
Contract amendment if necessary.

8.6. Annual reports

Annual reports will be prepared according to the requirements from the commission, as specified in the contract. As a basis for these documents the consortium first prepares draft reports based on quarterly reports and thereafter final annual reports.

8.6.1. Draft Annual Reports

The quarterly reports include accumulated efforts for the period. The Coordinator and the Core Group prepares from these reports a draft Detailed Implementation Plan and budget for the next 18 months.

Input:
Quarterly reports summarized into an annual report from all partners.

Actions:
The Coordinator makes a Draft Annual Financial Report.
The SP Leaders and the Core Group make a Draft Detailed Implementation Plan and budget for the next 18 months.

Output:
Draft Annual Financial Report.
Draft Detailed Implementation Plan and budget for the next 18 months.

8.6.2. Final Annual reports

The final financial reports are prepared. Each partner makes Financial Statements (Form C, contract Annex VI) and a list of resources deployed. resource justifications for the period. SP leaders make annual financial reports per SP and the Coordinator compiles the Annual Financial Report.

The coordinator picks up the transactions from the financial system to make the report on financial contribution distribution for the specific period.

The Core Group finalizes the Detailed Implementation Plan and budget for the next 18 months from the draft reports.

Input:
Each Partner make Final Financial statements for the period.
Each Partner make Justifications of resources.
Audit certificates from each partner.

Action
SP Leaders make annual Activity and Financial Reports per SP.
Coordinator makes the Annual Activity Report for the IP.
Coordinator makes the Periodic Management reports.
Coordinator makes the report on Financial Contribution Distribution.

Output
Coordinator sends the Annual Activity Report ,Periodic Management reports and the report on Financial Contribution Distribution to the Commission.
EC approval of financial reports.

When all project reports are approved by the Commission a new annual cycle of the AIDE financial plan starts.

9. Referenses:

Contract	Contract no 507674 and its annexes I-VII Consortium Agreement FP6/2002/IST/1/507674 v1.1
Quality Management Plan	AIDE Quality Management Plan, D4.1.2
Detailed 18 month Implementation Plan	Chapter 8 in Annex 1, description of work which is revised for each year