Tool 35: Checklist: How to avoid financial management problems

This checklist provides a list of useful rules that may help you avoid financial management problems in the course of setting up a cross-border collaboration project.

Please go through the list and put a cross in the relevant field (‘yes’, ‘no’) if you have considered the topic. Comments (e.g. reasons for non-consideration) can be entered separately. In the case of non-consideration, please think about subsequent consequences (on other criteria or on later stages of the project).

| Topic | To be considered | Comments | **Consequences**(impact on other criteria, the whole project, the timeline etc.) |
| --- | --- | --- | --- |
| Yes | No |
| **1. Set up separate accounts for project funds*** At minimum, ensure that the accounting systems of project partners can clearly keep project costs separate
* Without that, evidence for which costs have been assigned to the project and why will be missing
* In the case of external funding, parts of the expenditure might be deemed ineligible
 |  |  |  | *Please consider the consequences if the topic is not considered* |
| **2. Involve partner finance managers from the start*** To check if financial management systems and procedures are compatible
 |  |  |  |  |
| **3. Ensure an audit trail*** All project partners must keep all invoices
* Supporting documents should be kept as well (e.g. timesheets for part-time staff)
* It is advisable to retain the documents after project closure, in case of future audits
 |  |  |  |  |
| 1. **Keep your filing up to date and find out what to file**
* Make sure that you always have all documents available, especially contracts and evidence of public procurement
 |  |  |  |  |
| **5. Find out what the national public procurement thresholds are in each partner country*** Very small contracts do not need to be tendered
* Larger contracts may require a limited tender, whereby a smaller number of offers are requested
* Large contracts require a full public tender with strict rules and procedures
* ‘Small’ and ‘large’ are relative terms here: the threshold values (referring to the contract value that determines which tender procedure needs to be used) set by different countries vary enormously
 |  |  |  |  |
| **6. Avoid grey areas*** In the case of external funding, sometimes there is a temptation to bend the rules or misinterpret programme advice
* If in doubt, ask – and accept the guidance that is given
 |  |  |  |  |
| **7. Only report costs that are directly related to implementation of the project*** Demonstrate that all of the costs reported were actually incurred and paid out, and were necessary for implementing the project
* In the case of external funding: any costs that do not meet these criteria may be treated as ineligible
 |  |  |  |  |

Source: GOE FP based on [1]

References

[1] INTERact. Project management handbook. n.d.

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