



## EXPLANATORY NOTE TO THE LEAD PARTNERS AND PARTNERS IMPLEMENTING THE KARELIA CBC 2014-2020 PROJECTS

*The Managing Authority submits this Explanatory Note by email only to the lead partners of the projects. The lead partners are responsible for informing their partners and persons in charge of preparing the financial reports. The lead partners and partners shall inform their auditors accordingly.*

### **Subject: Use of the InforEuro exchange rate in the financial report when reporting costs incurred in other currencies than euros**

In order to simplify the financial reporting the Managing Authority adopted on 25 November 2019 a revised rule on how to use the InforEuro exchange rate in the interim and final financial reports.

According to the revised rule, the cost is incurred when the cost is recorded in the project's accounting records. Therefore, in the financial report the InforEuro exchange rate for the cost incurred in other currency than euro is selected based on the date of the cost recorded in the project's accounting records.

The rule given in the Programme Manual under the headlines *18.1 Drawing up a financial report, Use of the InforEuro exchange rate* is substituted as follows:

*The financial reporting is done in euros and the programme contributions are reimbursed in euros. The costs incurred and paid in other currency than euros are converted by the project partners according to the official rates (InforEuro exchange rates) published by the European Commission. All decimals of the InforEuro exchange rates are used.*

*Any conversion into euro of the real costs borne in other currencies shall be done at the rate indicated for the month during which the expenditure was incurred as published in InforEuro.*

*The InforEuro exchange rate do not need to be used in the accounting records. InforEuro is required only when reporting the costs in the financial report.*

*The exchange rates (InforEuro) are available at:*  
<https://ec.europa.eu/budget/graphs/inforeuro.html>

**NOTE!** *If the original invoice is in euros, the cost is not converted in the financial report even if the currency is different in the accounting records.*

*Costs related to the fluctuation of foreign exchange currencies are not eligible and shall not be reported in the financial report.*

*The cost incurred in other currency than euro is converted into euro based on the month of accounting records, i.e. when the cost is recorded in the project's accounting records.*



**EXAMPLE:**

*A laptop for Project Manager Igor Smirnov is purchased on 31.7.2018. According to the invoice/receipt 00912 the cost is recorded into the project accounting records on 15.8.2018.*

*The cost is converted into euros in the financial report by using the exchange rate of the month when the cost is incurred. The cost of the laptop is incurred on 15.8.2018 since the laptop cost is recorded in the project's accounting records on that date. According to the InforEuro, exchange rate for August 2018 is 72.9792.*

*The cost is recorded in the project's accounting records and is reported in the financial report in the following manner:*

*Project's accounting records:*

<i>Date of the cost:</i>	15.8.2018
<i>Amount of the cost:</i>	35 000,00 roubles

*Financial Report:*

<i>Date of the cost in the financial report:</i>	15.8.2018
<i>Month of the cost originally incurred:</i>	August 2018
<i>Name of the currency:</i>	Rouble
<i>Total cost in original currency:</i>	35 000,00 rouble
<i>Exchange rate:</i>	72.9792
<i>Total cost of the reporting period per heading (in EUR):</i>	479,59 euros
<i>Amounts according to the general ledger (ONLY in case the amounts in the financial report and in the general ledger are not consistent (Euro or Rouble):</i>	35 000 rouble

*NOTE! In order to avoid exchange rate losses, the lead partner and partners should carefully plan the amount and timing for transferring money from a euro bank account to a roubles bank account. In most cases the best plan is to transfer money according to the actual short-term needs.*

The revised rule described above enters into force on the date of this letter.

In the interim financial reports which already are under preparation but have not yet been finalized and not submitted either to the auditors or to the Managing Authority, either the revised rule or the old one can be followed.

If you have any questions on the use of InforEuro you can contact the financial unit of the Managing Authority, either Ms Auli Cannizzaro (email: [auli.cannizzaro@kareliacbc.info](mailto:auli.cannizzaro@kareliacbc.info)) or Mr Ossi Tornberg (email: [ossi.tornberg@kareliacbc.info](mailto:ossi.tornberg@kareliacbc.info)).

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Marko Ruokangas  
Programme Director  
Karelia CBC Programme 2014-2020

