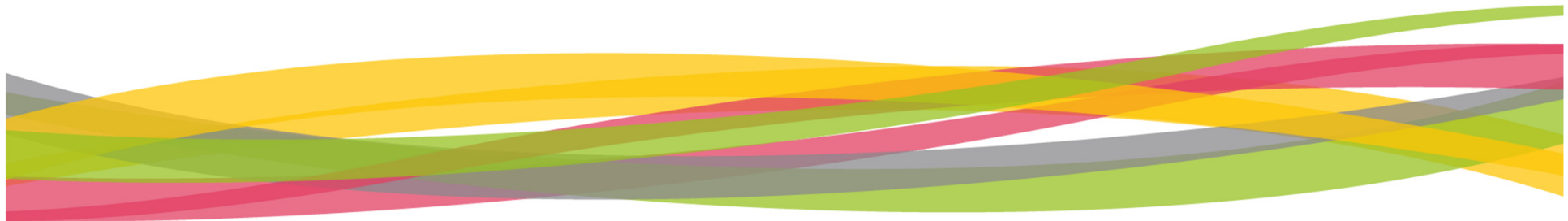


First Level Control of finance and activities: The Programme rules

First Level Control seminar – Germany
Hamburg, 6 September 2016
Carsten Westerholt and Christian Byrith

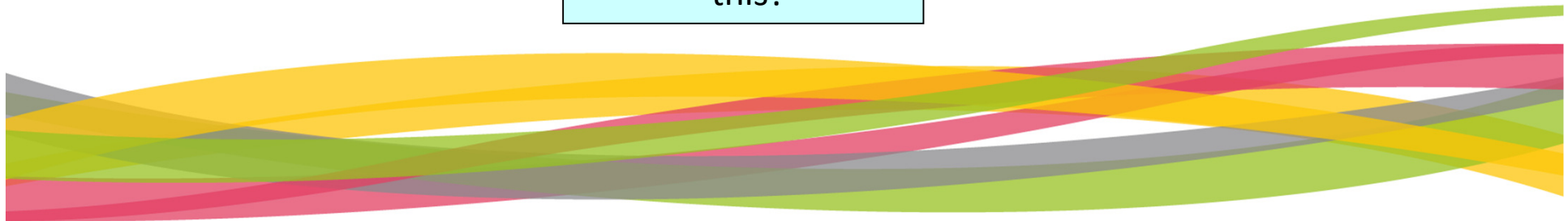
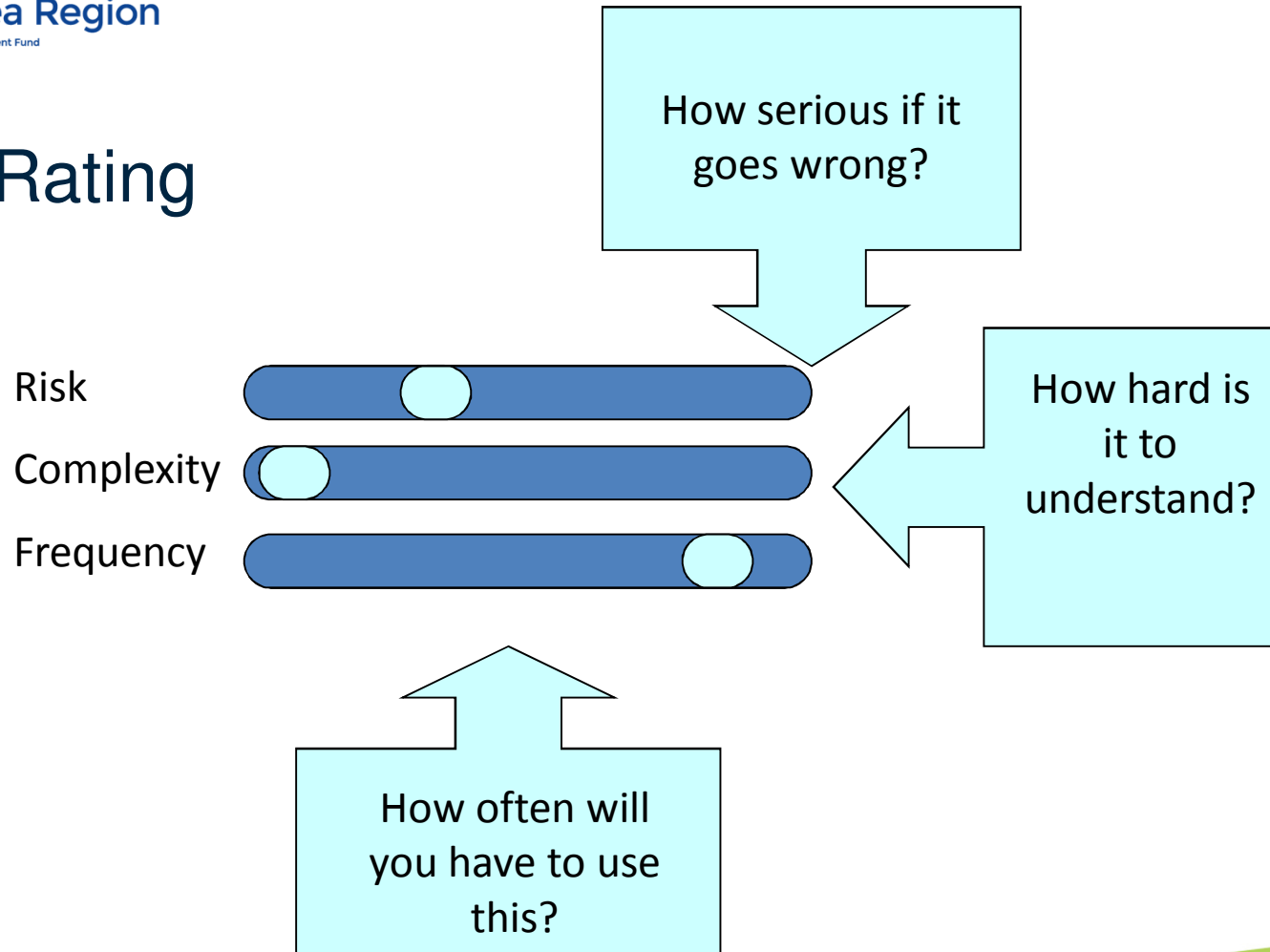


Agenda – a lot of information presented in groups

- + Group 1: General rules, Staff, Office & Admin, Travel
- + Group 2: External experts and services, Tender procedures, Equipment and infrastructure (investments)
- + Group 3: Shared Costs and Partnership Agreement
- + Group 4: Private sector, State aid, Revenue
- + Group 5: Exchange rate, Audit trail, Letters of Intent, In-kind, Location
- + Group 6: Reporting, Publicity, Changes

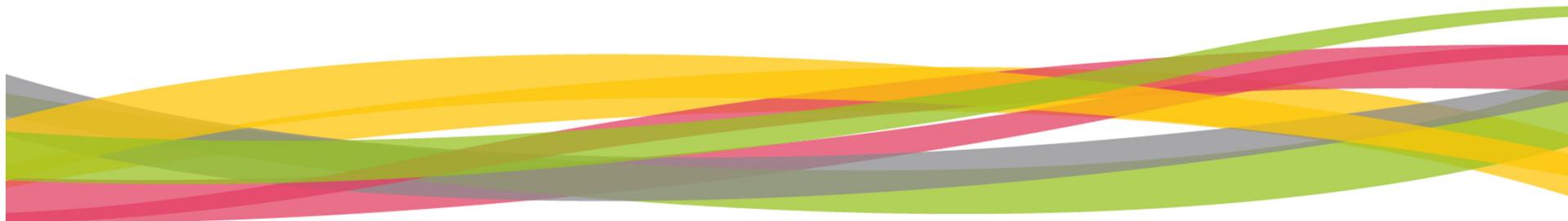


Rule Rating

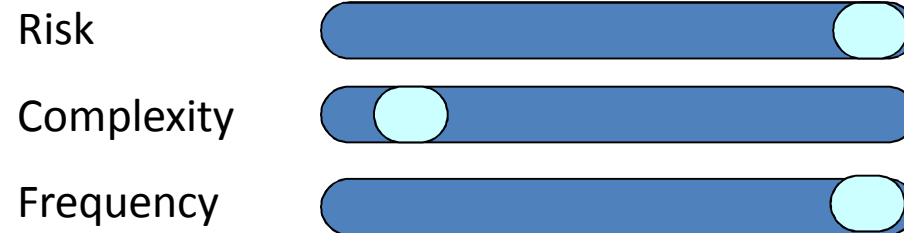




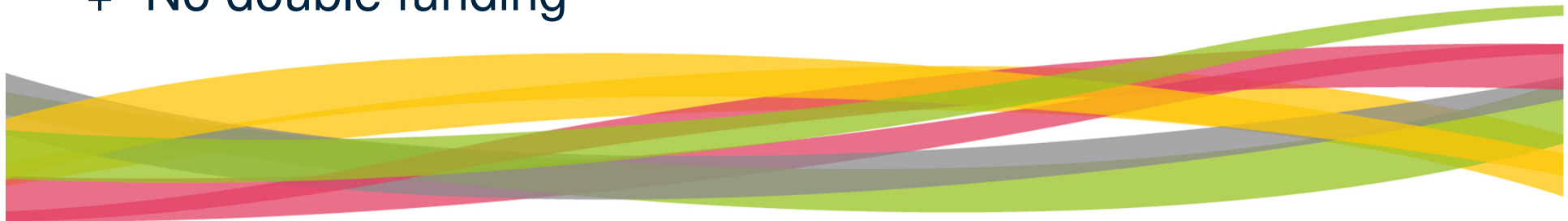
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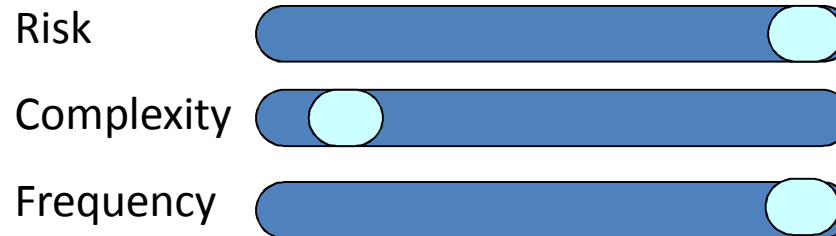
1. General rules on eligibility – Fact Sheet 1



- + Approved activities only
- + 50% funding – paid as reimbursement
- + Beneficiaries in application only
- + Costs required for implementing the project only
- + No double funding



1. General rules on eligibility – Fact Sheet 1

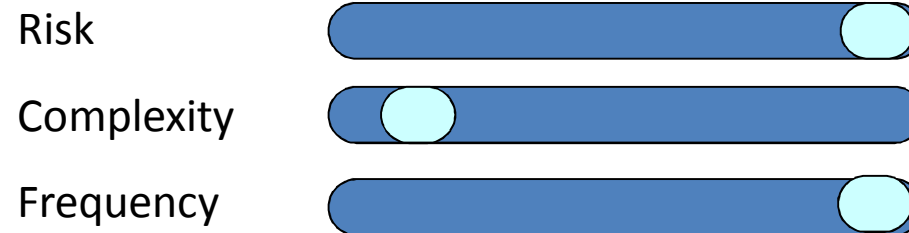


+ NEVER paid:

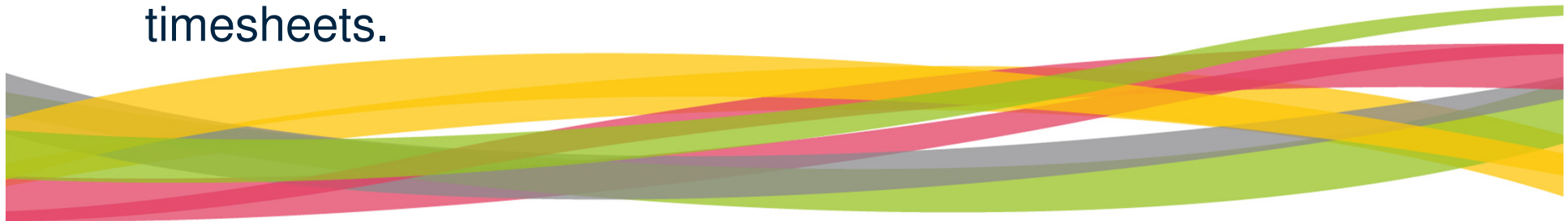
- Interest on debt
- VAT (refundable)
- Fines & penalties
- Exchange rate losses
- Aid to enterprises in difficulty
- Land purchase over 10% of project budget....most of the time....



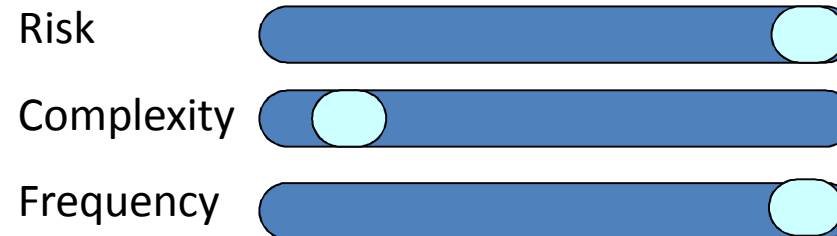
1. Staff costs – Fact Sheet 2



- + Flanders and Netherlands – alternative rules apply (see Fact Sheets 2a and 2b)
- + Staff full-time on the project. Gross costs. Contract or equivalent. No timesheets.
- + Staff part-time with fixed percentage on the project. Fixed percentage of gross costs. Contract or equivalent. No timesheets.



1. Staff costs – Fact Sheet 2

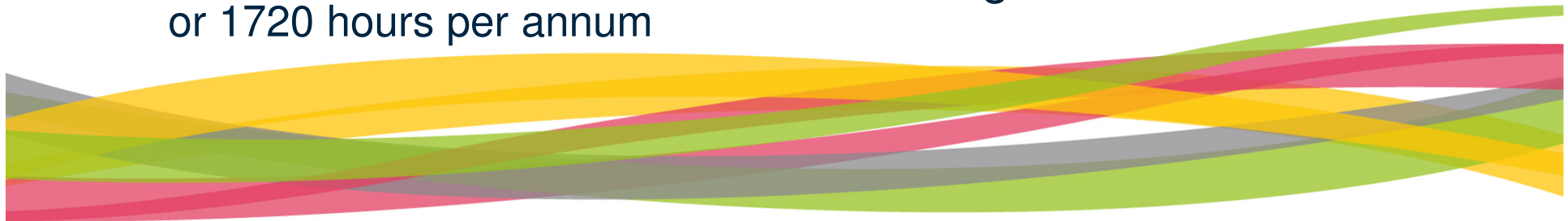


+ Staff part-time with variable hours on the project:

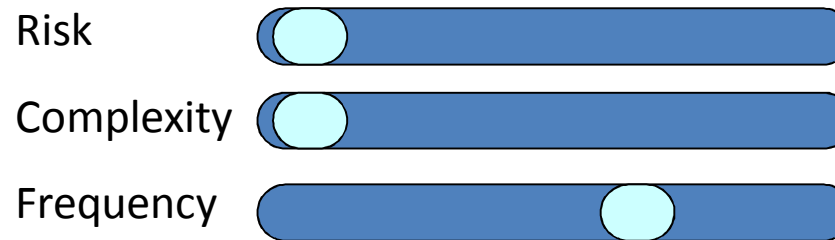
- Staff costs = Hours worked x Hourly rate
- Hourly rate = Gross employment costs / Contracted working hours or 1720 hours per annum

+ Timesheets for 100% of employees time...(not just time spent on project)

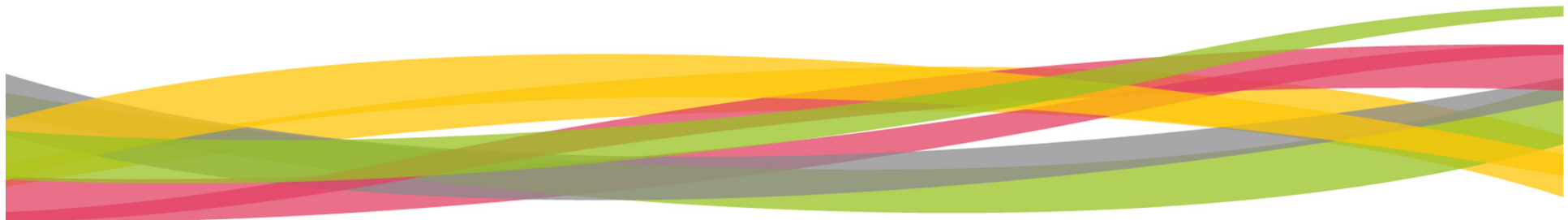
- + Staff paid by the hour:
Document hourly rate + register hours worked



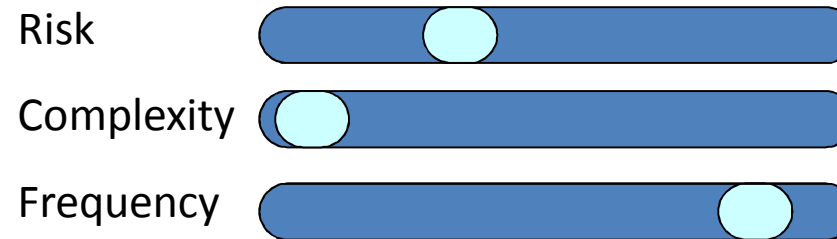
1. Office and Administration (including 'Overheads' costs) – Fact Sheet 3



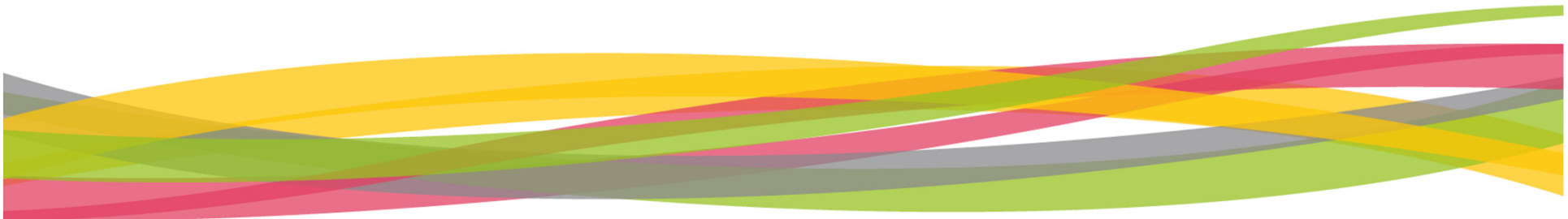
- + 15% of verified staff costs (50% reimbursement)
- + Auto-calculated by Online Monitoring System (OMS)
- + Basta!



1. Travel and accommodation costs – Fact Sheet 4

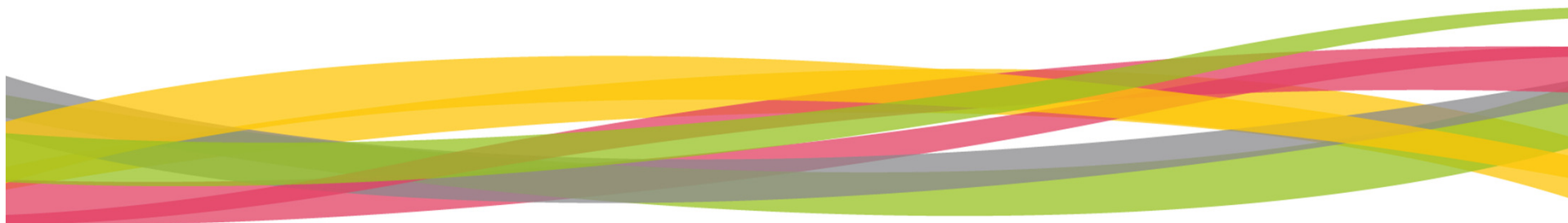


- + Real costs
- + Value for money
- + Justification

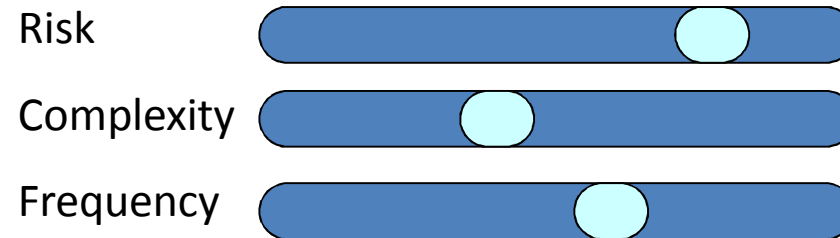




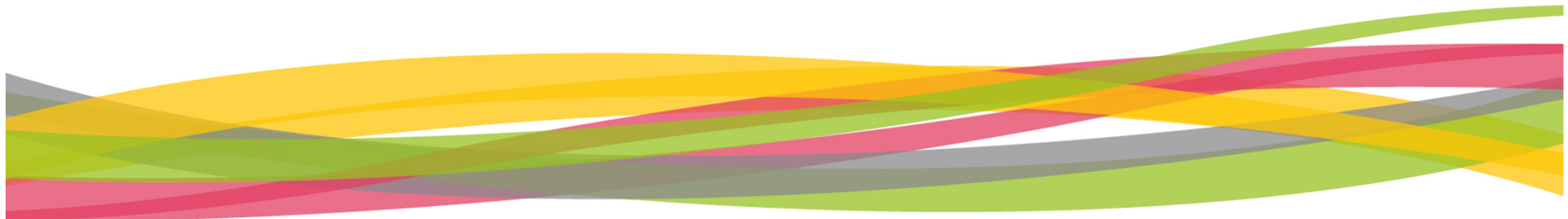
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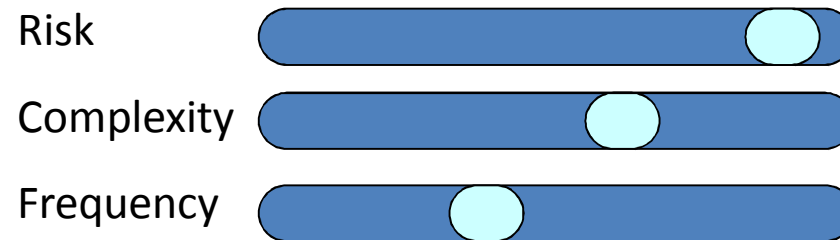
2. Contracting External Experts and Services – Fact Sheet 5



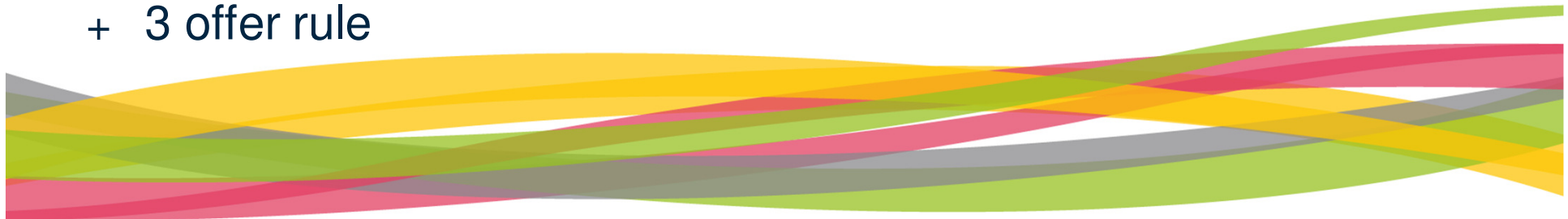
- + Procurement! Including project management and first level control
- + In the application make sure you explain... ‘Project support’ is not good enough!
- + ‘We could only find one guy’ (bad excuses don’t work...)



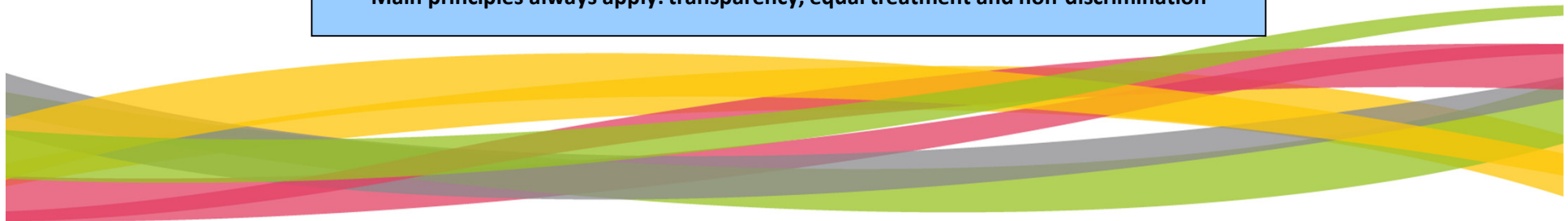
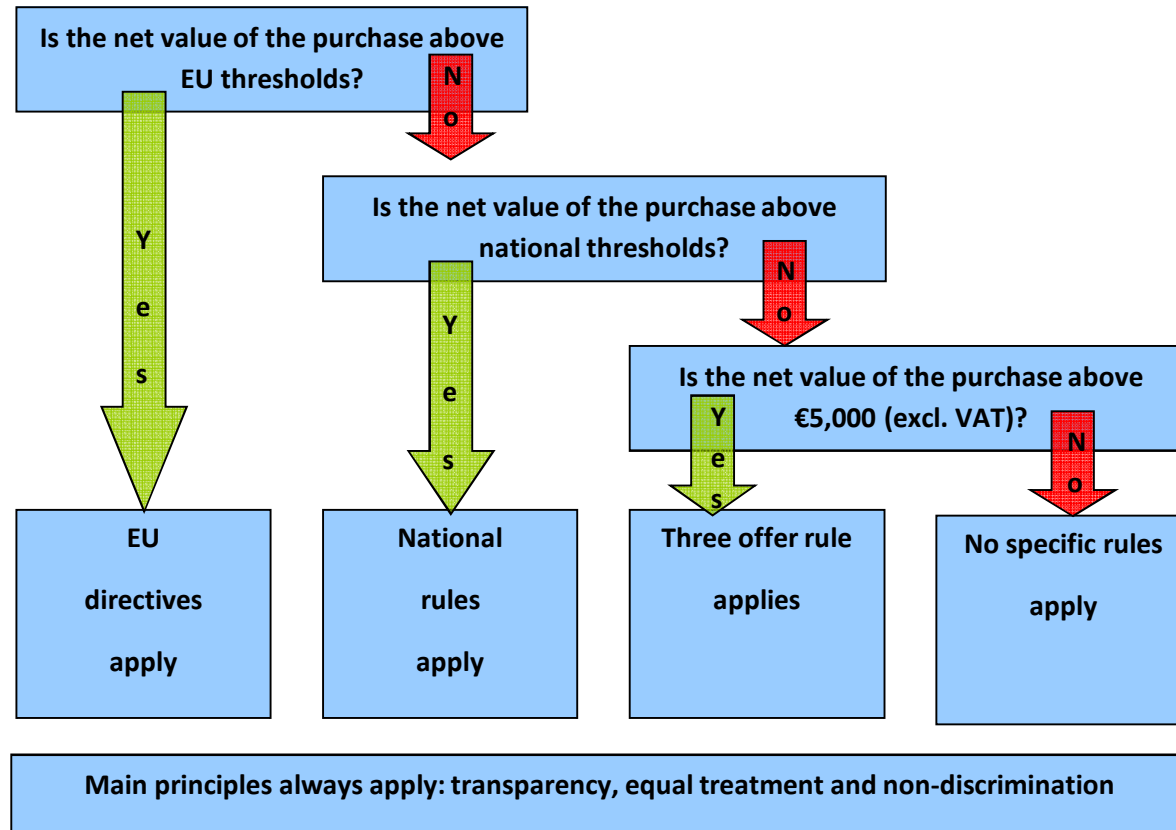
2. Tender procedures – Fact Sheet 11



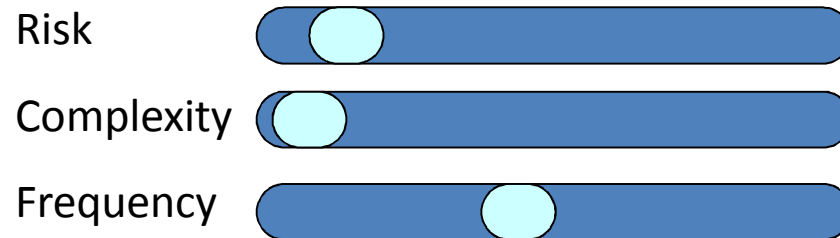
- + **Key message:** All contracts for any amount over €5,000 are offered to a range of bidders and advertisement and selection procedures must be documented.
- + 4 rules to consider (over EU threshold; below EU threshold/ national / organisational; below €5,000)
- + 3 offer rule



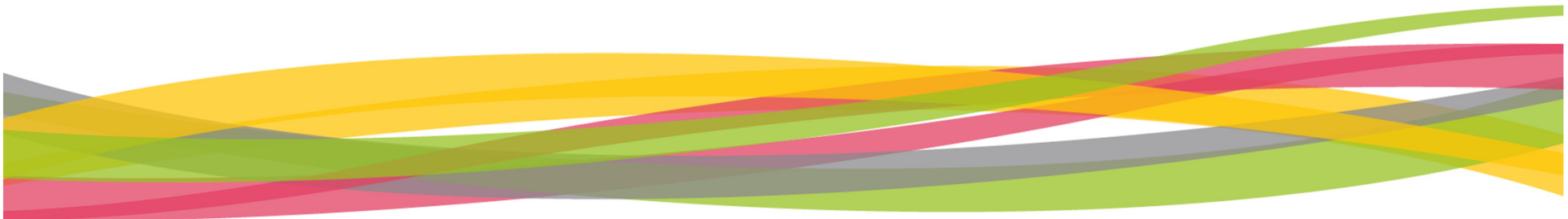
2. Which rules apply to which amounts? – Fact Sheet 11



2. Equipment and Infrastructure (investments) – Fact Sheet 6

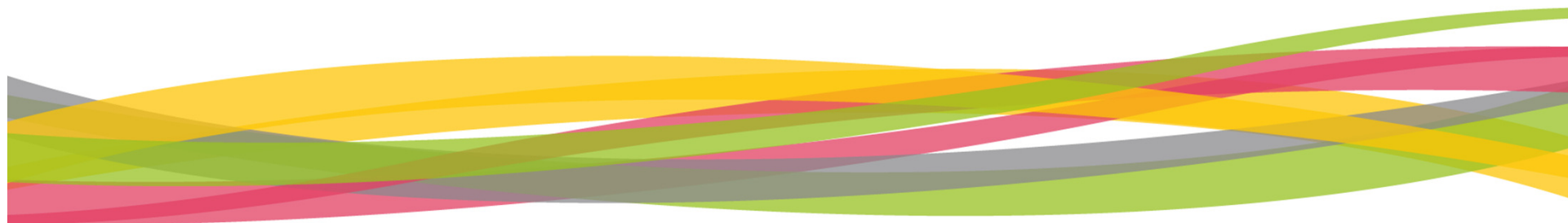


- + Regular equipment vs Specialist equipment
- + Procurement
- + Investments must remain in place for at least 5 years from date of final payment to the project

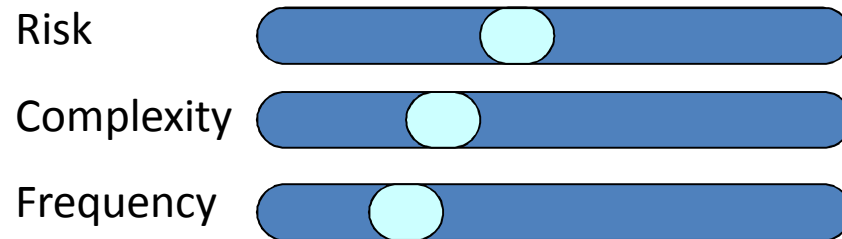




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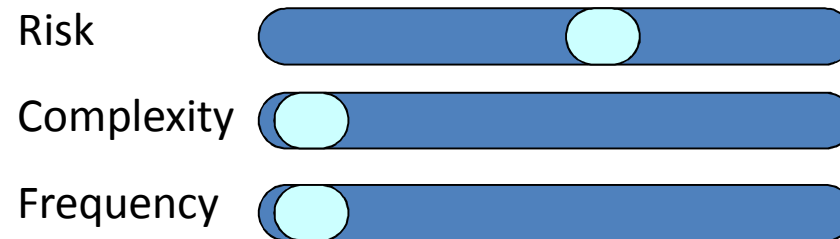
3. Shared costs – Fact Sheet 8



- + Any fixed rate payments must be justified against real cost calculations
- + Overheads arising from staff time used on shared activities must be calculated in same way
- + Beneficiary that originally incurs a cost is responsible for the correctness of the cost



3. Partnership Agreement – Fact Sheet 14

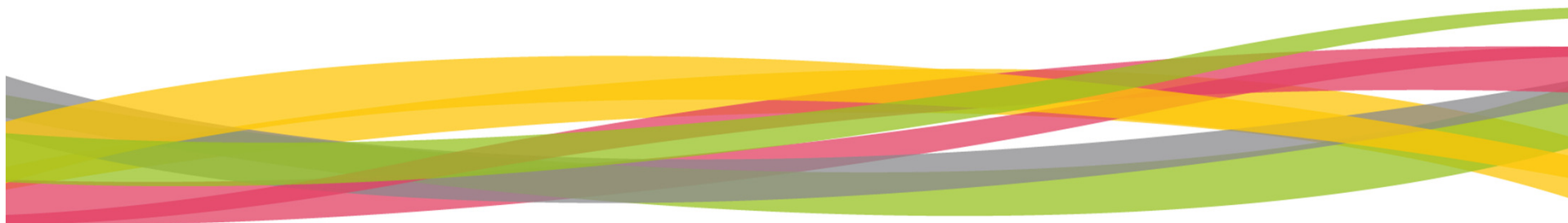


- + Must have a **SIGNED** agreement to get paid, including all beneficiaries and co-beneficiaries
- + Should indicate and explain how shared costs will be calculated
- + May include internal reporting deadlines, internal procedures for requesting changes, etc.

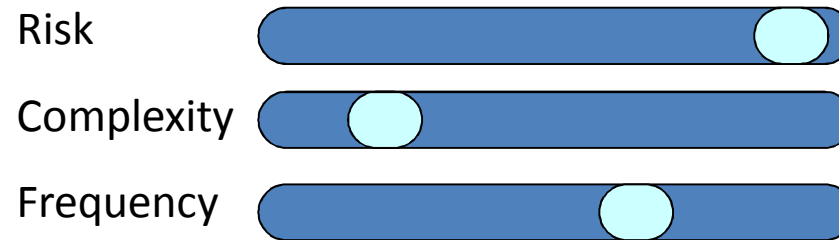




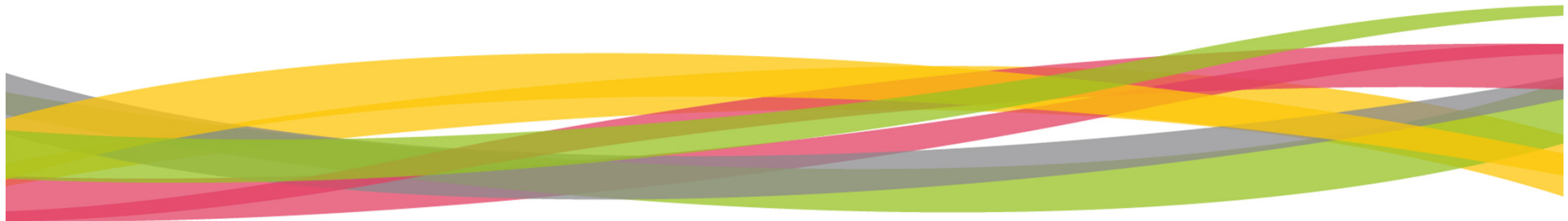
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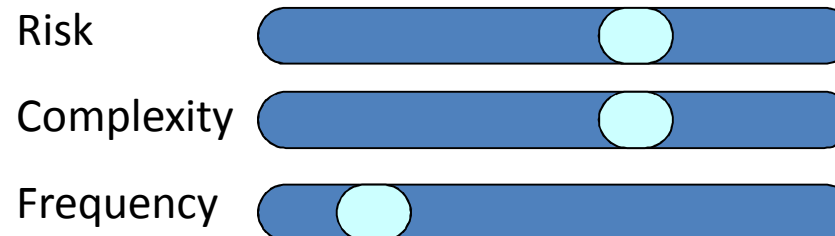
4. Private Sector Beneficiaries – Fact Sheet 15



- + Private sector partners are a risk factor
- + State aid, documentation, revenue, tendering
- + Need to monitor and assist them



4. State Aid – Fact Sheet 16



- + Basic principles:
 - + Three options available:
 - + No economic advantage
 - + De Minimis: Max €200,000 over 3 fiscal years
 - + General Block Exemption Regulation (GBER): €2 million per project (only applies to SMEs)
 - + Beneficiary under De Minimis or GBER is exempt from programme rules on tendering and revenue generation

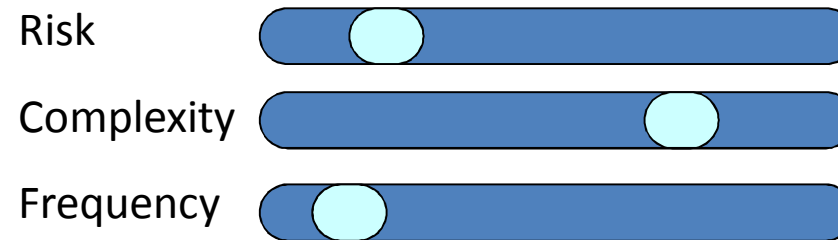


4. State Aid for Final Recipients – [Fact Sheet 17]

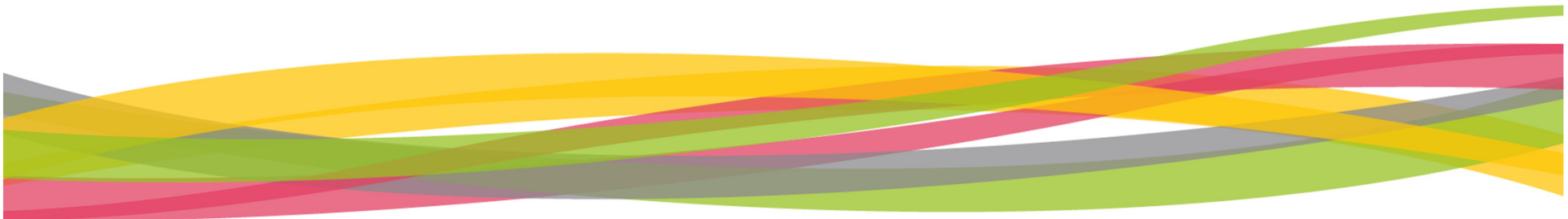
- + A final recipient is any undertaking that receives aid in some form while not being an actual partner of the project, i.e. whomever the partners are working with, e.g. SMEs
- + Every final recipient has to declare (through template provided by JS) that they have 50% co-funded their participation in the seminar, training, conference, etc. provided by the beneficiary
- + FLC's job is to ensure that documentation is in place and that every SME has signed the declaration
- + It is **not** the FLC's job to verify the veracity of documentation (this is what they do for beneficiary)
- + These rules only apply to GBER; final recipients under beneficiaries under De Minimis are exempt because they are co-funded at 100%



4. Deducting revenue from project payment claims – Fact Sheet 9

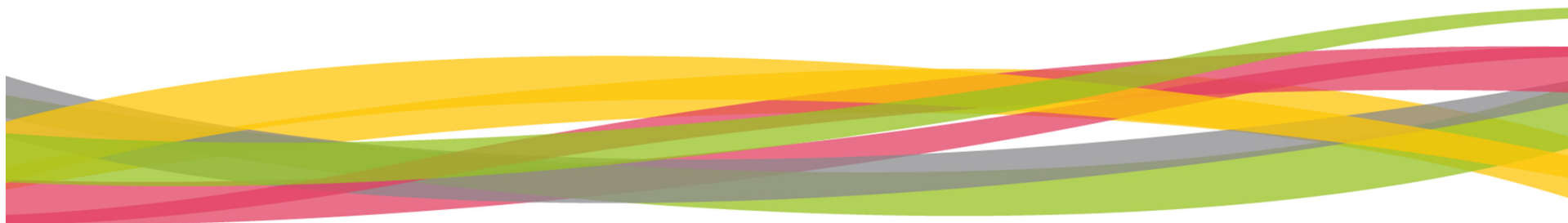


- + Net revenues must be reported
- + All net revenues received within 3 years after project end must be reported
- + Eligible costs – (net) revenues = Net eligible costs
- + Does not apply to those participating as part of State Aid scheme

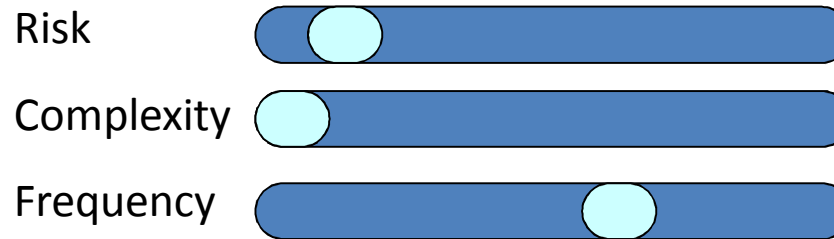




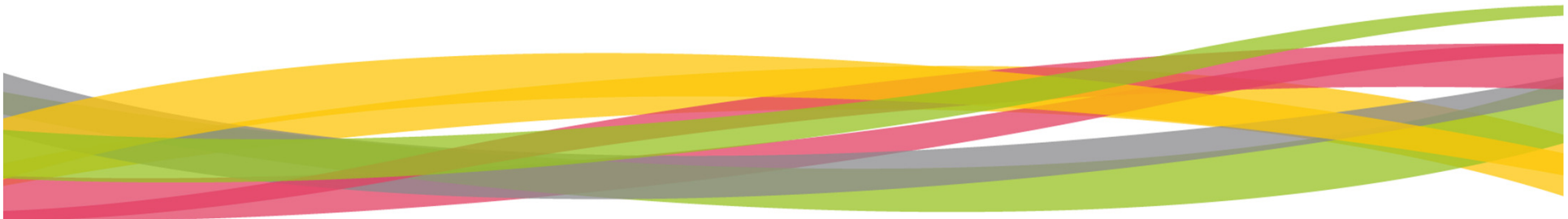
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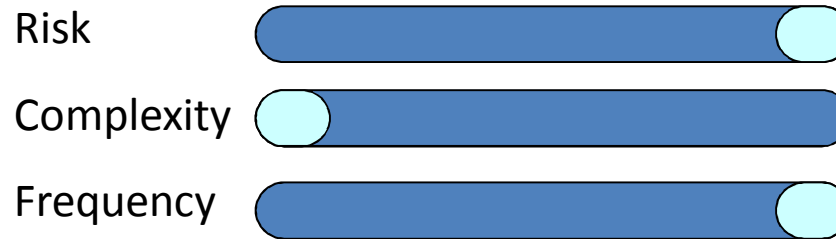
5. Exchange Rates – Fact Sheet 10



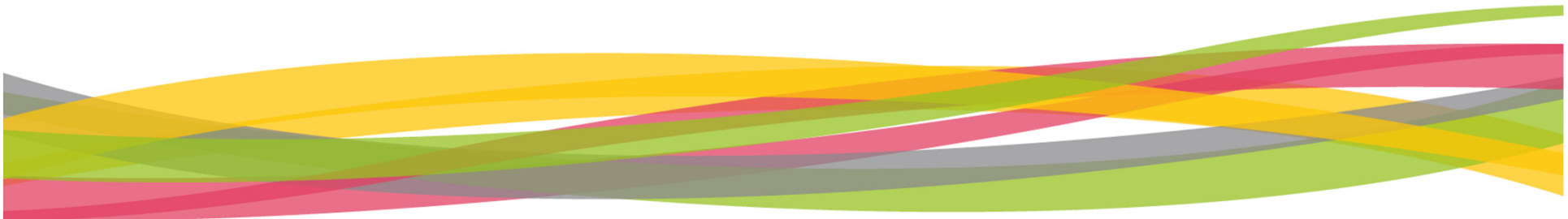
- + There is only one right way to do it
- + Monthly rate for the month's expenditure is submitted to FLC



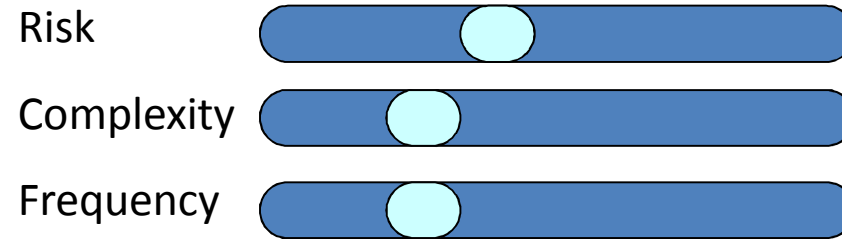
5. Documents required for the Audit Trail – Fact Sheet 12



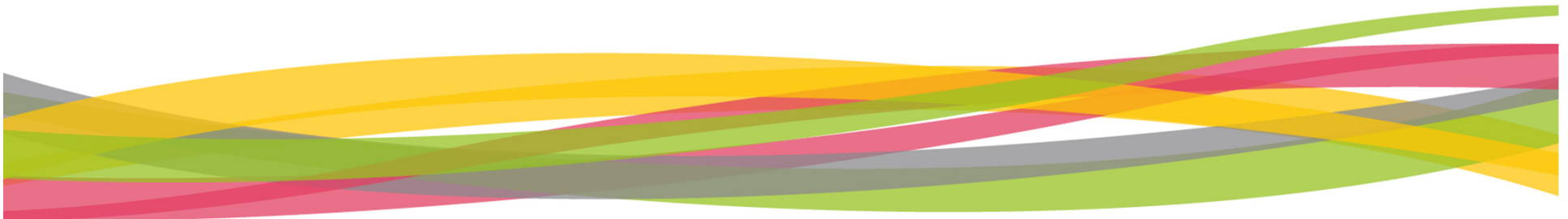
- + If it's not documented it never happened
- + What auditors hate...
- + More than 'correctness' - eligibility



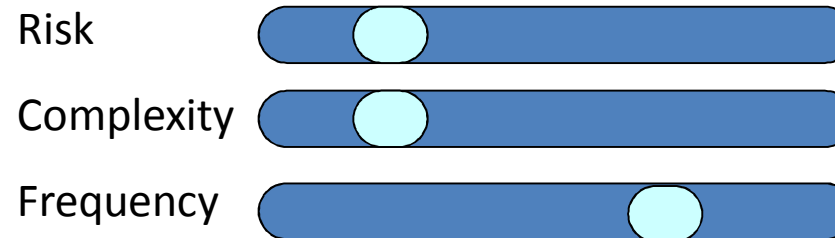
5. In-kind contributions – Fact Sheet 1



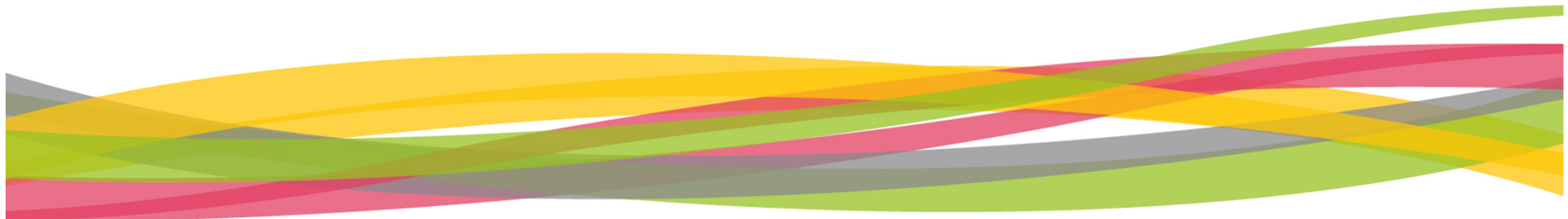
- + NOT ELIGIBLE!
- + Staff costs are not in-kind contributions; unpaid voluntary work is not a cost



5. Beneficiaries and activities outside the NSRP area – Fact Sheet 18

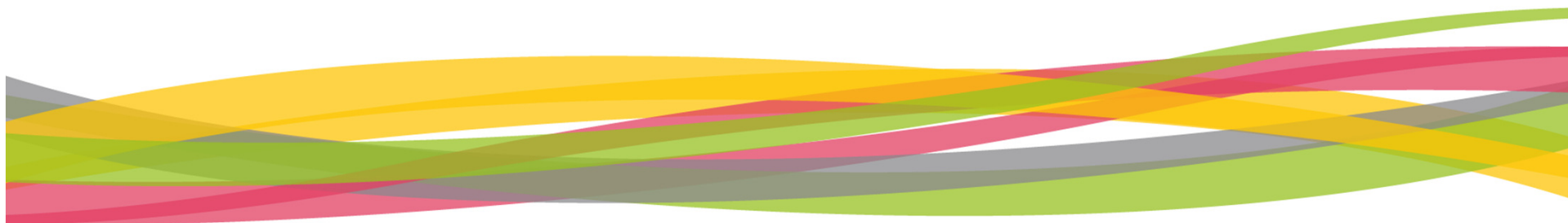


- + **Key message:** As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region.
- + Location of Lead Beneficiary
- + Location of expenditure – max 20% outside of programme area

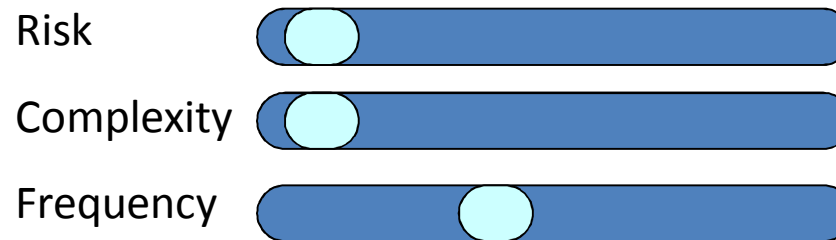




6



6. Reporting – Fact Sheet 22



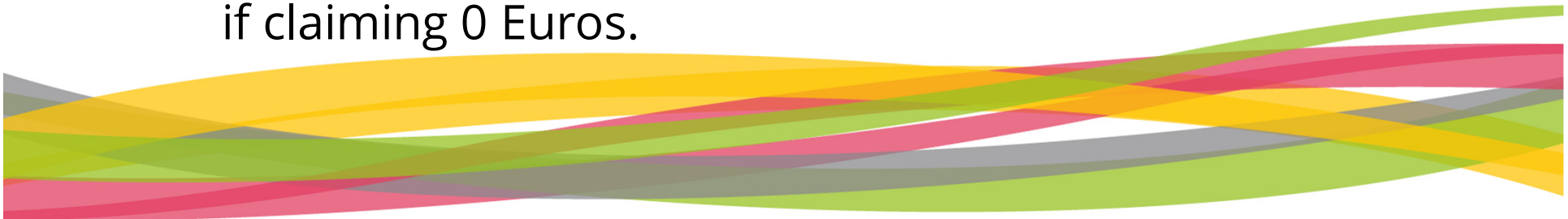
- + **Key message:** All reports are processed and paid within 90 days.
- + 3 types of reports (Basic Progress Report, Full Progress Report, and Final Report)
- + Timing of first report is voluntary within first year of operation; thereafter reporting is every 6 months



6. Reporting – Fact Sheet 22

- + Step 1: Tender...
- + Step 2: Designation of First Level Controller
- + Step 3: Control by FLC of your report(s)

- + Controller not designated = No access to the online system...
- + Incomplete FLC Certificate = rejection of certificate
- + All beneficiaries must be included in finance claim, even if claiming 0 Euros.

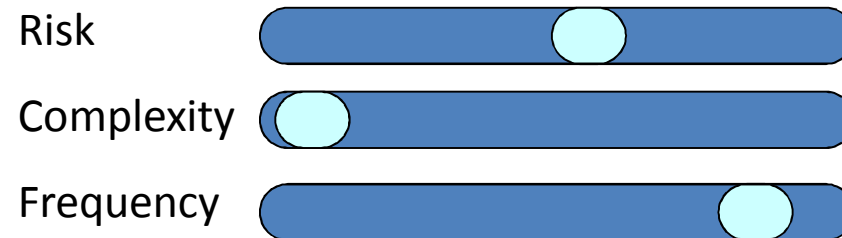


6. Reporting – Fact Sheet 22

- + Adhering to the Lead Beneficiary principle
 - + In reporting: beneficiary reports to his/her FLC who signs off and allows LB access to the data
- + OMS! OMS! OMS!
 - + If it's not in the OMS, it never incurred...
- + Deadlines must be respected
 - + If unable to meet a reporting deadline, LB must contact the JS or report will be considered invalid
- + Maximum claim
 - + No beneficiary can be paid more than their approved budget for the project as a whole, but they can – and should – report all eligible expenditure



6. Publicity Requirements – Fact Sheet 25



Key message

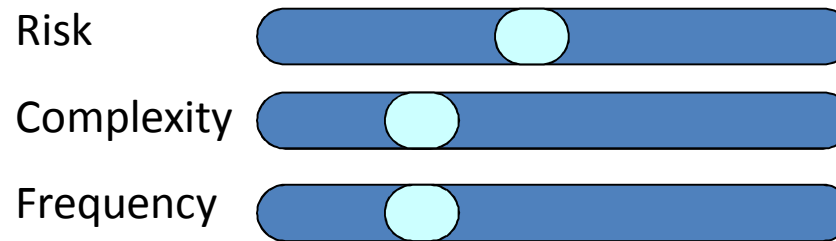
- + Accepting an EU grant means agreeing to promote the work of the European Union in the North Sea Region
- + All materials produced for distribution outside the partnership must clearly state EU funding

Requirements

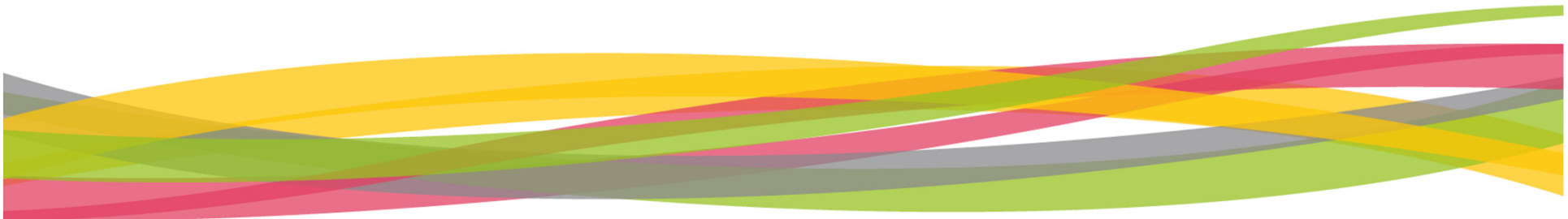
- + Use project logo provided by secretariat
- + Set up project poster (OMS)
- + Plaque/ billboard for infrastructure investments >500,000 EUR



6. Project Changes – Fact Sheet 26



- + Minor changes
- + 10% budget flexibility
- + Maximum of 2 major changes per project



Thank you for your endurance

Fact Sheets online (under 'Key documents')

www.northsearegion.eu

Please contact the Joint Secretariat
with any questions you may have

