



North Sea - FLC seminar

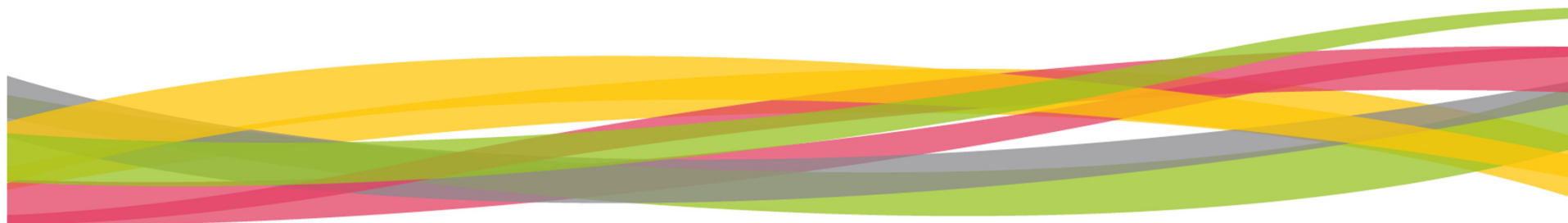
21 February 2018

Audit Authority by Svend Wellemborg

Danish Business Authority

Ministry of Industry, Business and Financial Affairs

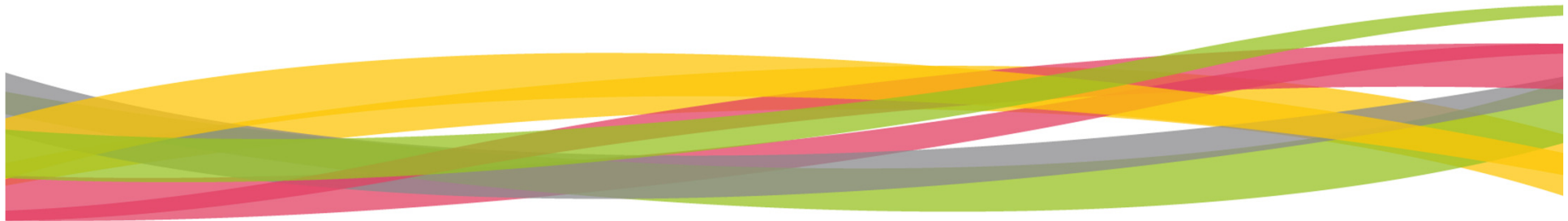
Copenhagen





Agenda

- Who are the SLC (Second Level Control)?
- What are the functions of a SLC?
- Areas with a higher risk of errors?





Audit Authority for the North Sea

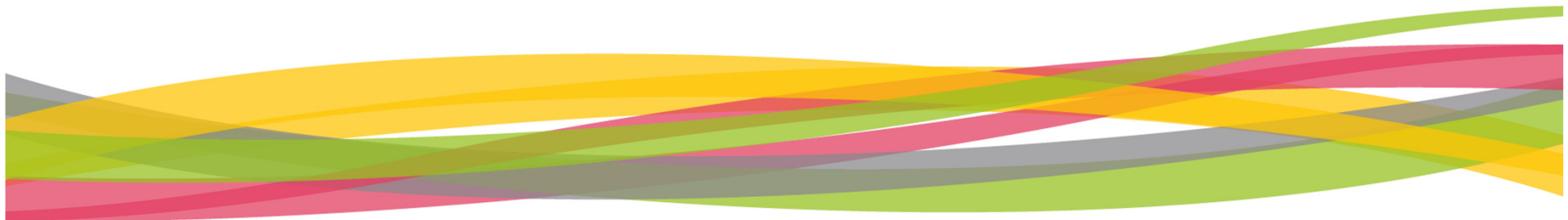
- *"Dahlerup Pakhus"* in ERST on Langelinie (here)
- EU audit team with a staff of 5
- Second Level Audit of all ESIF funds in DK
 - 4 National / 9 International – declaration on 3
- North Sea is a Danish based ETC programme, i.e. all programme authorities located in DK





Agenda

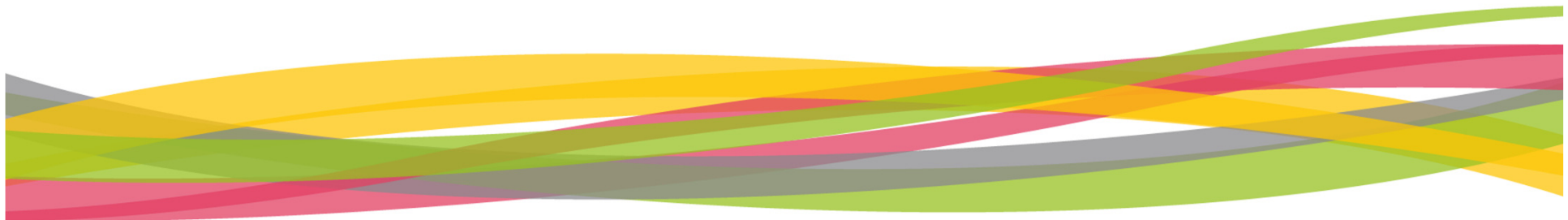
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Functions of the Audit Authority / SLC

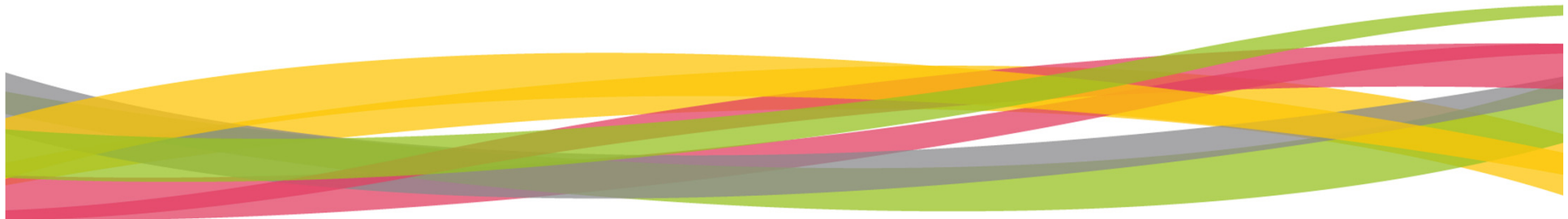
1. Ensure proper functioning of the management and control system
2. Appropriate sample of operations on the basis of the EU declared expenditure, assisted by a Group of Auditors, to produce valid Programme error rates (2017: 0,27%) below 2%.
3. Minimum 5% of operations & 10% of expenditure
4. Annual Control report (EC's assurance package)





Agenda

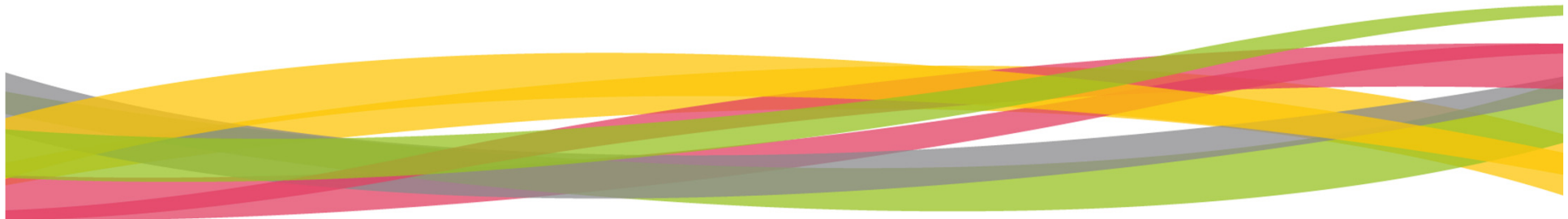
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General principles for expenditure (Fact sheet 1)

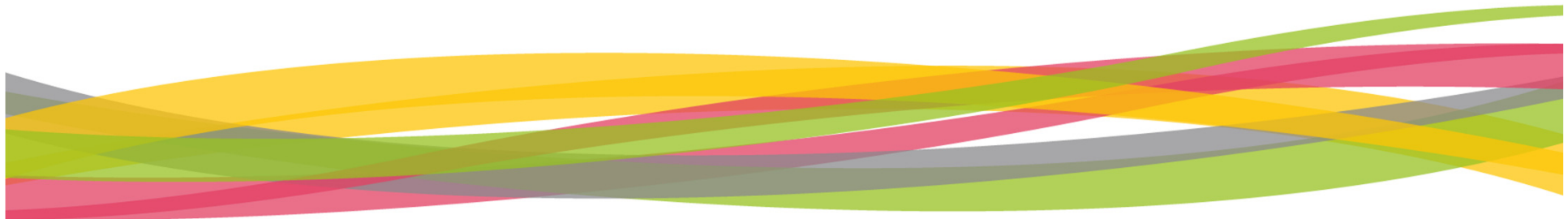
- Relevant / necessary for the project
- Defrayed within the accounting period
- Paid within the accounting period
- Financially sound (market price & terms or cost price)
- Documented
- Not part of the 15% overhead flat rate (Fact sheet 3)
- No problem in buffer expenditure





Highlights on public procurement (Fact sheet 11)

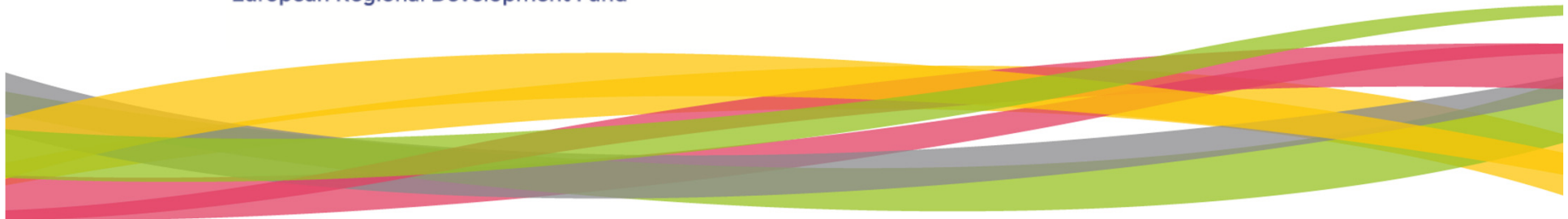
- Financial sound
- Purchases > € 5,000 => Bid-of-three (documented)
 - Comply-or-explain (explanatory notes)
- SKI or framework agreements (FLC)
- Not both partner and supplier
- Conflict of interest
- Ensure no border-crossing interest below EU directive
- Private beneficiaries (Fact sheet 15)





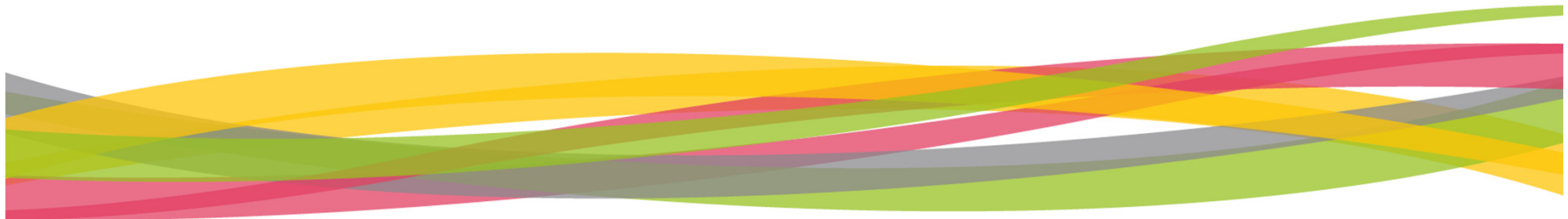
North Sea and EU logo (Fact sheet 25)

Insert logo on all documentation available for the public, incl. reports, brochures, websites, A3 poster, E-mail signatures, etc.



Highlights on staff costs (Fact sheet 2)

- New for ETC in 2014-2020 – Percentage full time
 - Contract/addendum/secondment signed before staff cost incl.
 - Project tasks to be documented
- Time registration (1720 hours)
 - Meaningful descriptions on hours used
 - Hourly rate = Latest documented annual gross employer costs /1720 hours
 - Many differences – SFG, Free housing, bonus, transport compensation
 - Time off paid by yourselves (hourly rate)





Other difficult areas

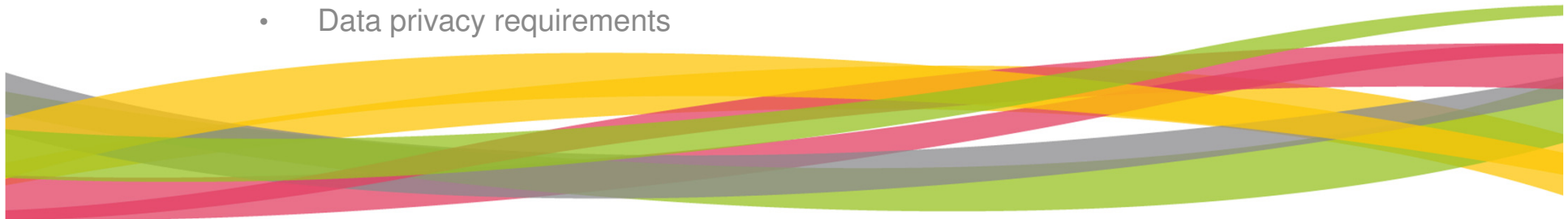
- **State aid – complex** (Fact sheet 16-17)
 - Direct and indirect, state aid activities defined
- **Personal data privacy** (new as of May 25 2018)
 - Databeskyttelsesforordningen (afløser Persondataloven fra 2000)
 - Consent obtained (Samtykkeerklæringer)
 - General or sensitive personal data? (www.datatilsynet.dk)
 - Risk of fines
- **Indicators** (Fact sheet 23)
 - Progress – reach 85% of targets
 - How to measure and document
 - Deliverables, Output and Project results
- **Rate of exchange** (Fact sheet 10)
 - Month submitted to the FLC for verification





Digitalization

- E-cohesion
 - Establish a electronic data exchange system
 - Reduce burden at beneficiaries
- Online Monitoring System (OMS)
- Electronic invoices, and e-signatures accepted (so paper or e-medium)
- Risk for long archieving requirements (Fact sheet 12)
 - 5 full years from 31 December of the year in which the final payment is made to the project.
 - Data privacy requirements





Thank you and the best of luck with your projects

Svend Welleberg

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