Technical Session – Safe Handling of the Administrative Burden
What are we trying to do?

+ The new factsheets

+ Advance checking of contracts, infrastructure, costs outside the area etc.

+ Error rates, control and audit

+ 90 day rule requires more certainty and speed
This session

+ Group 1: Staff, Office & Admin, Travel
+ Group 2: External experts, Investments, Tender
+ Group 3: Shared Costs, Partnership roles, 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, Indicators
Rule Rating

- Risk
- Complexity
- Frequency

How serious if it goes wrong?

How hard is it to understand?

How often will you have to use this?
1. General Principles

- Approved activities only
- 50% funding – Paid as reimbursement
- Beneficiaries in application only
- Costs required for implementing the project only
- No double funding from EU sources (or other funds)
1. General Principles

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....
2. Staff

- Flanders and Netherlands – alternative rules may apply
- 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.
2. Staff

Risk

Complexity

Frequency

+ 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...

+ Staff paid by the hour: Document hourly rate + register hours worked
3. Office and Administration (‘Overheads’)

- 15% of verified staff costs
- Auto-calculated by Online Monitoring System
- Basta!
4. Travel and Accommodation

+ Real costs
+ Value for money
+ Justification
5. External Experts & Services

- Procurement! Including project management and first level control
- In the application – make sure you explain…‘Project support’ not good enough!
- ‘We could only find one guy’ - Bad excuses don’t work…
6. Equipment and Infrastructure

- Regular equipment vs Specialist equipment
- In the application – make sure you explain...‘Technical equipment’ not good enough!
- Transnational benefit of infrastructure
- Procurement
- After the project…?
11. Tender

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)

Documenting a procurement process

3 offer rules
8. Shared Costs

- Share tasks but not costs
- Split larger invoices
- Internal reimbursements (watch out for VAT!)
8. Shared Costs

+ Costs paid by and reimbursed to LB (only). Put full cost + contract values under LB budget

---

**D.2 - Project budget – overview per beneficiary / per budget line**

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Staff costs</th>
<th>Office and admin.</th>
<th>Travel and accommodat</th>
<th>External expertise</th>
<th>Equipment</th>
<th>Infrastructure</th>
<th>TOTAL BUDGET</th>
<th>Diet revenue</th>
<th>TOTAL ELIGIBLE BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>LB</td>
<td>500.000</td>
<td>75.000</td>
<td>20.000</td>
<td>350.000</td>
<td>300.000</td>
<td></td>
<td>1.245.000</td>
<td>(50.000)</td>
<td>1.195.000</td>
</tr>
<tr>
<td>PP2</td>
<td>20.000</td>
<td>3.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23.000</td>
<td></td>
<td>23.000</td>
</tr>
<tr>
<td>PP3</td>
<td>300.000</td>
<td>45.000</td>
<td>15.000</td>
<td></td>
<td>20.000</td>
<td></td>
<td>380.000</td>
<td></td>
<td>380.000</td>
</tr>
<tr>
<td>PP4</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35.000</td>
<td></td>
<td>35.000</td>
</tr>
<tr>
<td>PP5</td>
<td>10.000</td>
<td>1.500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.500</td>
<td></td>
<td>11.500</td>
</tr>
<tr>
<td>Total</td>
<td>530.000</td>
<td>124.500</td>
<td>70.000</td>
<td>350.000</td>
<td>320.000</td>
<td></td>
<td>1.694.500</td>
<td>(50.000)</td>
<td>1.644.500</td>
</tr>
</tbody>
</table>

---

**D.2.1 - Shared costs to be claimed from other beneficiaries**

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Staff costs</th>
<th>Office and admin.</th>
<th>Travel and accommodat</th>
<th>External expertise</th>
<th>Equipment</th>
<th>Infrastructure</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LB</td>
<td>40.000</td>
<td>6.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46.000</td>
</tr>
<tr>
<td>Total</td>
<td>40.000</td>
<td>6.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46.000</td>
</tr>
</tbody>
</table>

---

Shared cost amount related to the remaining partnership
13. Partnership Roles and Responsibilities

- **Key message:** Every project has a Lead Beneficiary with overall responsibility for ensuring the project is delivered according to plan
- All beneficiaries – responsible for own activities and accuracy of expenditure
- Responsibilities of Lead Beneficiary and First Level Control
- Local partnerships: Co-ordinating and Co-beneficiaries (same country!)
14. Partnership Agreement

- Must have a SIGNED agreement to get paid
- Include deliverables
- Include financial flows – shared costs and corrections
15. Private Sector Beneficiaries

- Private sector partners are a risk factor
- State aid, documentation, revenue, tendering
- Monitor and assist them
16. State Aid

Private and public beneficiaries – dependent on activities
- revenue generation, now or in future?
- competitive advantage?
- distortion of competition?

Applying under a State Aid Scheme
- De Minimis: Max €200,000 over 3 fiscal years
- Self-declaration
16. State Aid

General Block Exemption Regulation (GBER):
- Article 20 only in North Sea Region programme
- SMEs only
- €2 million max
- Only for costs of participating in a European Territorial Cooperation project
- 50% funding for services for final recipients

Always consider non-aid options!
9. Revenue

+ Net revenue
+ Some of this can’t be used by most of you…
+ Three years after completion
10. Exchange Rates

There is only right way to do it

Monthly rate for the month expenditure is submitted to FLC
12. Documents required for the Audit Trail

- If it’s not documented it never happened
- What auditors hate…
- More than ‘correctness’ - Eligibility
20. Letters of Intent

Risk

Complexity

Frequency

+ No changes = Do it again
+ No letter? No project
21. In-kind contributions

Not Eligible!!
18. Location of Beneficiaries and Expenditure

**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**
- **Partners outside programme area – 3 zones and special rules apply**
  - Zone 1: The rest of the territory of Member States that are part of the North Sea Region (e.g. Berlin)
  - Zone 2: Member States which are not in the North Sea Region (e.g. Poland)
  - Zone 3: Non-EU countries outside the programme area (e.g. Iceland)
- **Location of expenditure – max 20% outside of programme area**
- **Alternative arrangements: invited experts or contracted service providers**
22. Reporting

+ **Key message**: All reports are processed and paid within 90 days.
+ 3 reports (Basic Progress Report; Full Progress Report and Final Report)
+ Reporting every 6 months
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
+ The programme’s strategy is built on active and effective communication of project results

Requirements

+ Set up and use website (webspace provided)
+ Use project logo provided by secretariat
+ Plaque/ billboard for infrastructure investments >500,000 EUR
26. Changes

- Minor changes
- 10% budget flexibility
- Maximum 2 major changes per project
23. Indicators

- Deliverables, outputs & results
- Don’t be scared by the tables – the online application system will do most of the work for you!
- Indicators matter! More than they used to
23. Indicators - Matt

Typical project?

+ 12 deliverables
+ 6 outputs
+ 3 results

Less is more...
Thanks you for your endurance

Fact Sheets & Guidance Note online

www.northsearegion.eu

Contact the Joint Secretariat for technical questions