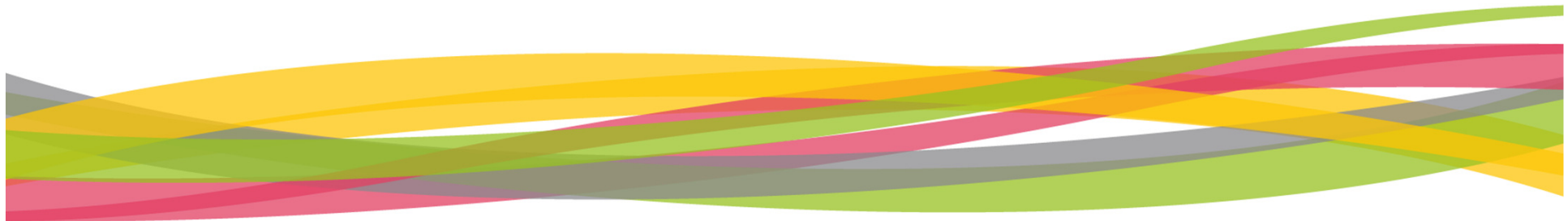




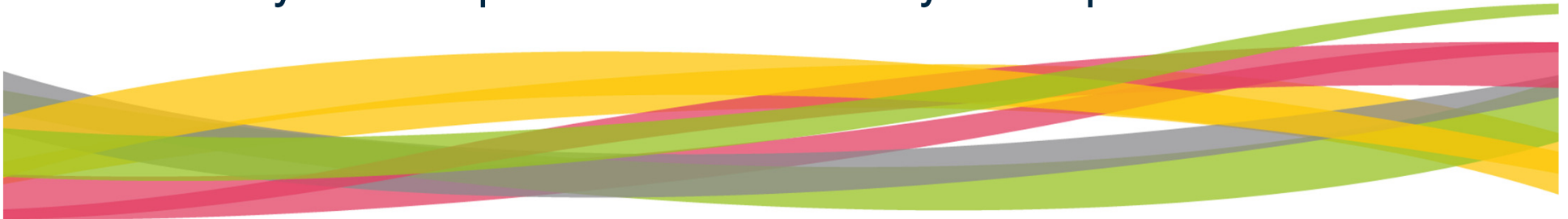
# Financial and Administrative Framework: The Programme Rules and Fact Sheets

Interwork event 3 – Sweden  
Gothenburg, 16 November 2016  
Jesper Jönsson, Christoffer Villsen & Kira  
Petersen




What are we trying to do?

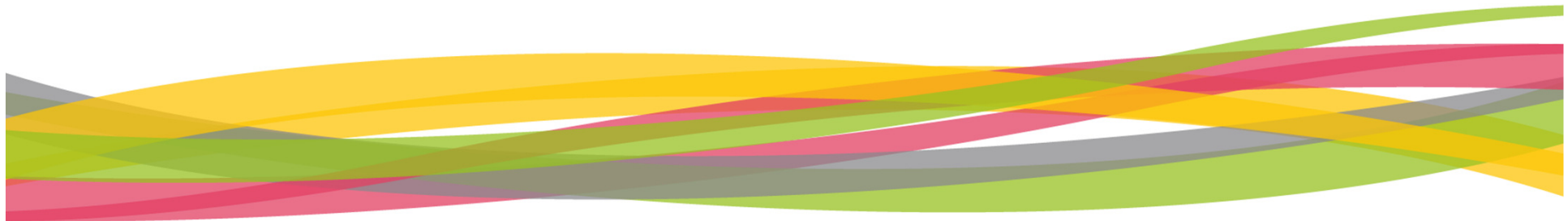
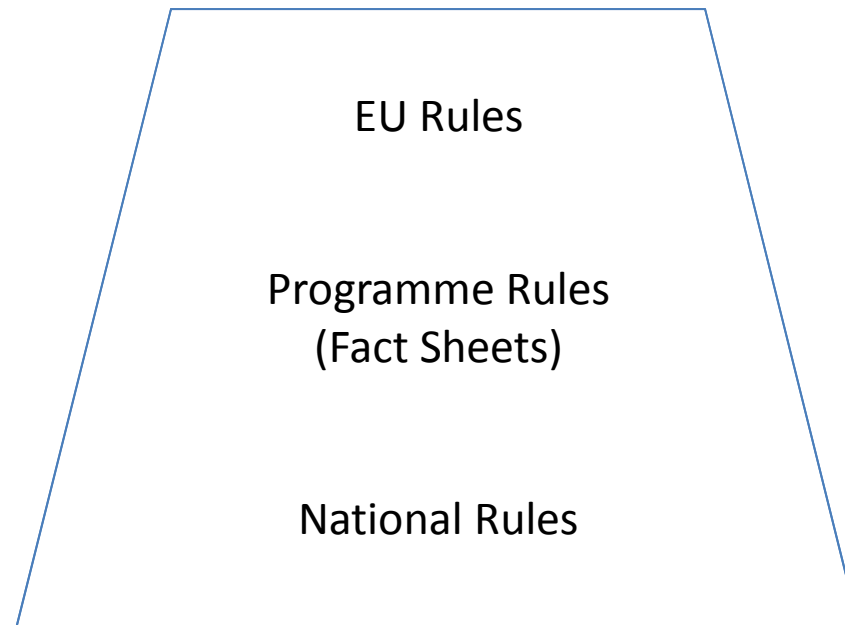
- + The new factsheets
- + Advance checking of contracts, infrastructure, costs outside the area etc.
- + Error rates, control and audit
- + 90 day rule requires more certainty and speed



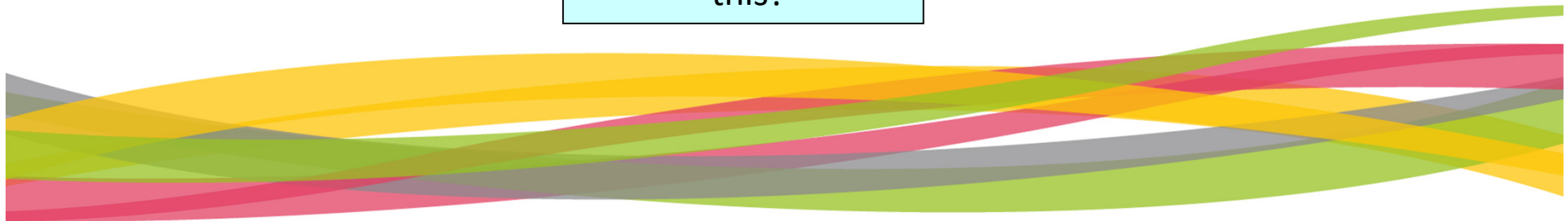
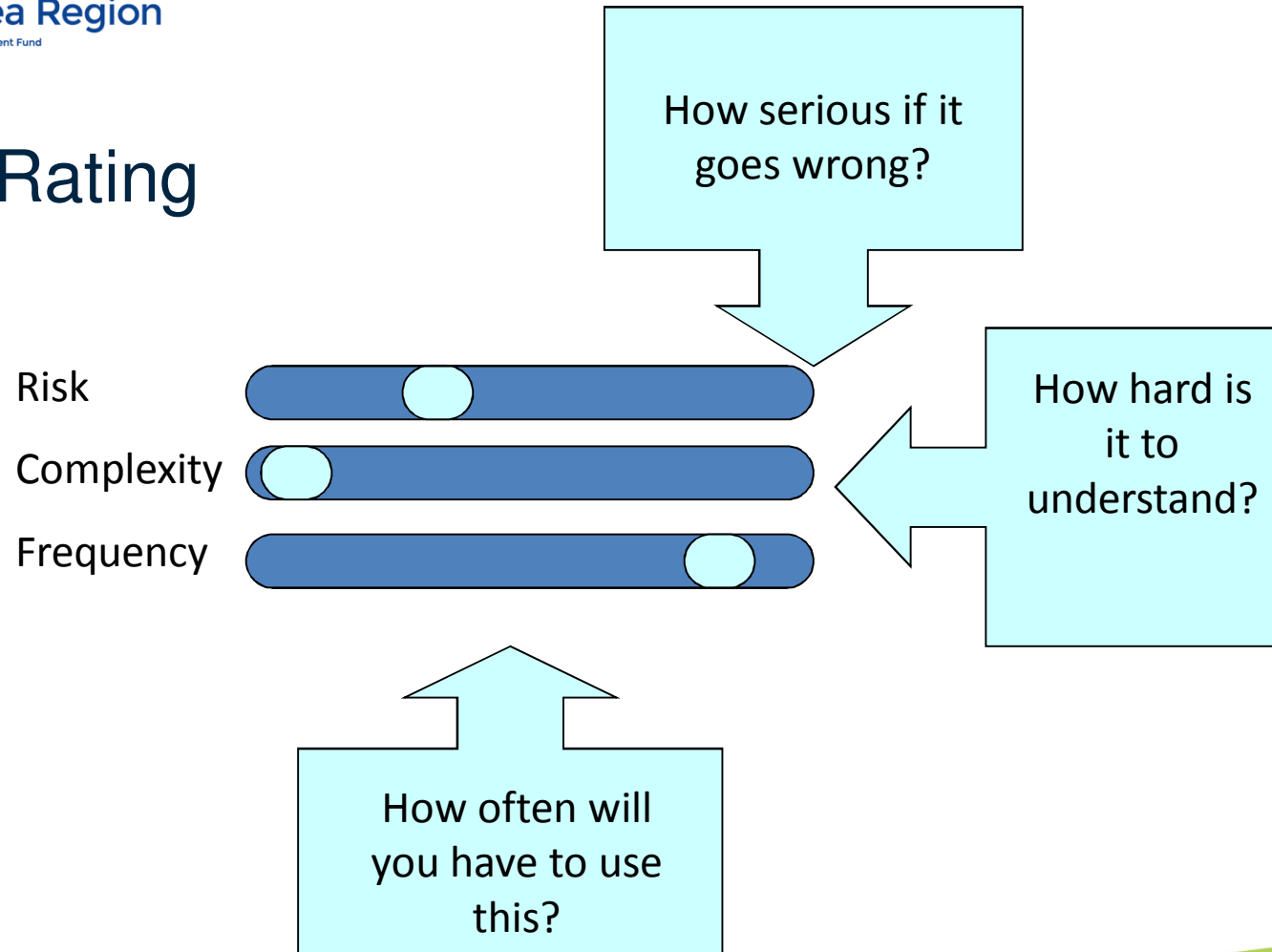
## Agenda – a lot of information presented in groups

- + Group 1: General rules, Staff, Office & Admin, Travel
  - + Group 2: External experts and services, Tender procedures, Equipment and infrastructure (investments)
  - + Group 3: Shared Costs, 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
- 

# The Hierarchy of Rules



# Rule Rating



Are there more versions?

What has been changed?

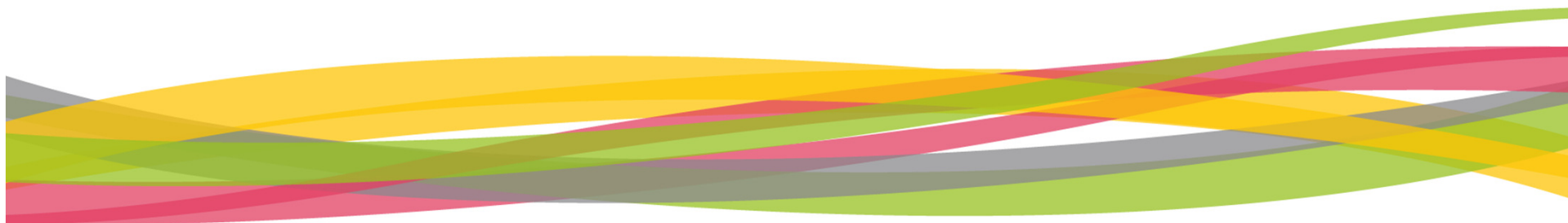
	Valid from	Valid to	Main changes
Version 3	13.04.16	...	Consolidated and simplified some assessment criteria
Version 2	20.10.15	13.04.16	Change to assessment categories. Changed reference to Preparatory Costs
Version 1	27.04.15	20.10.15	

When is which version valid?

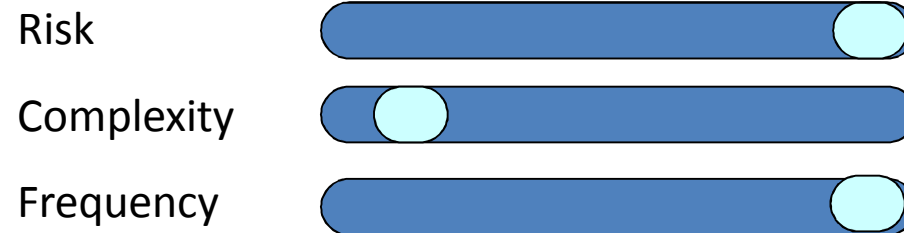




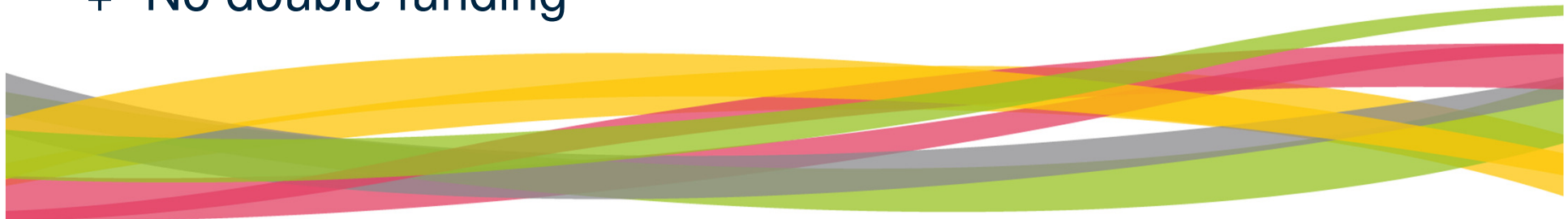
1



## 1. General rules on eligibility – Fact Sheet 1

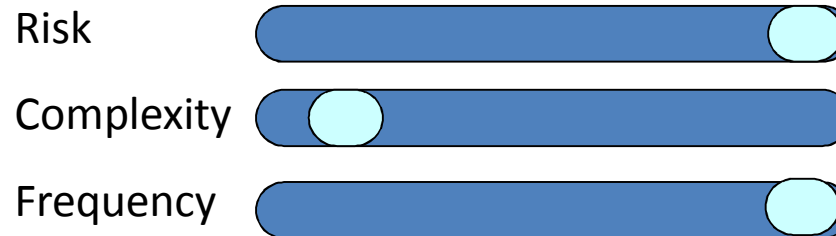


- + Approved activities only
- + 50% funding – paid as reimbursement
- + Beneficiaries in application only
- + Costs required for implementing the project only
- + No double funding





## 1. General rules on eligibility – Fact Sheet 1

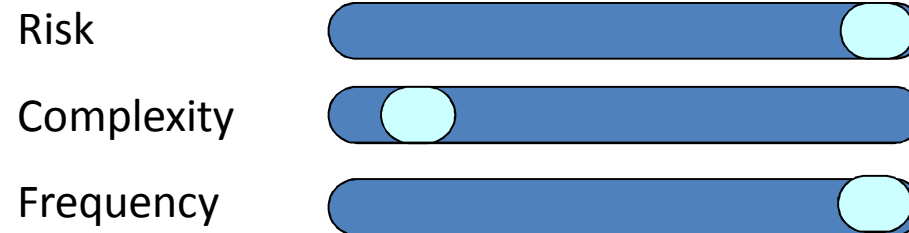


+ NEVER paid:

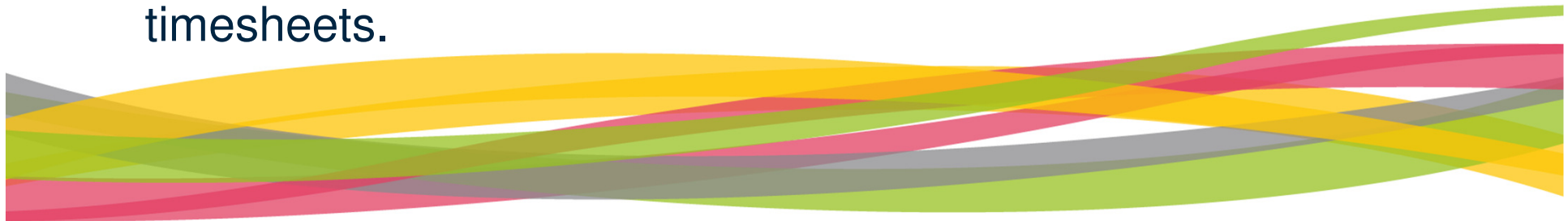
- Interest on debt
- VAT (refundable)
- Fines & penalties
- Exchange rate losses
- Aid to enterprises in difficulty
- Land purchase over 10% of project budget....most of the time....



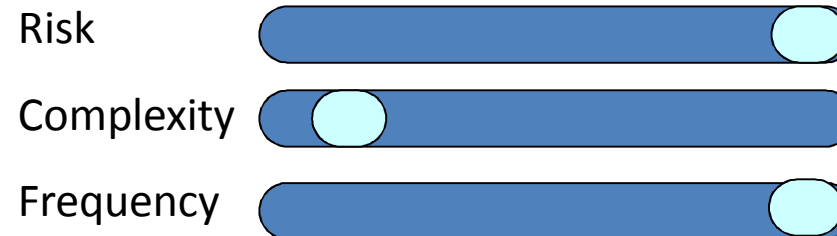
## 1. Staff costs – Fact Sheet 2



- + Flanders and Netherlands – alternative rules can 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

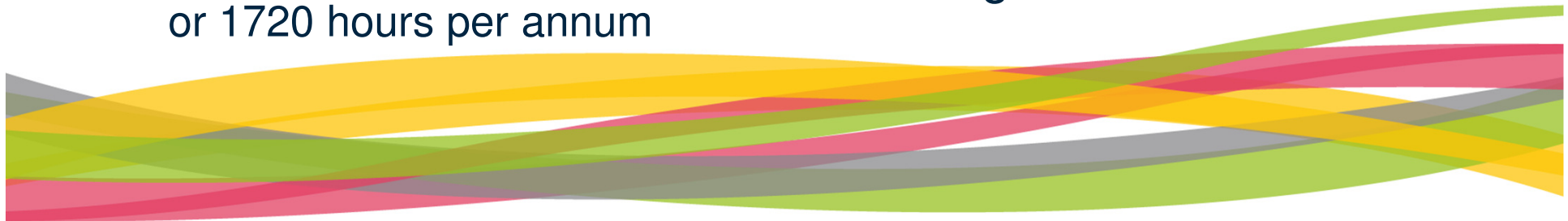


### + Staff part-time with variable hours on the project:

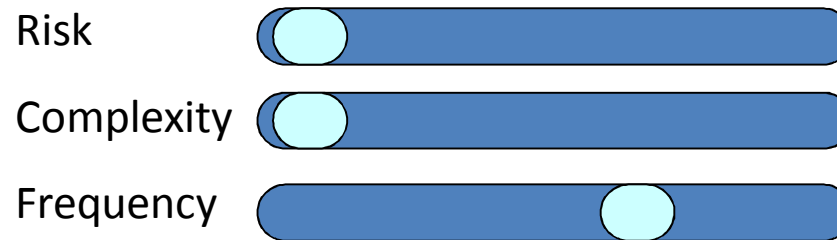
- Staff costs = Hours worked x Hourly rate
- Hourly rate = Gross employment costs / Contracted working hours or 1720 hours per annum

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

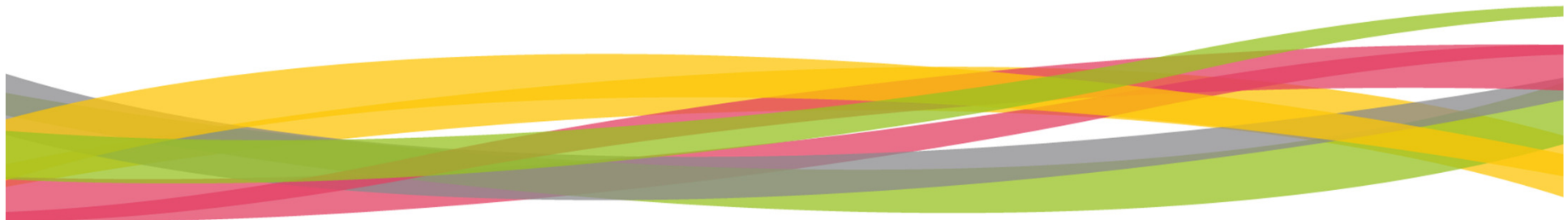
- + Staff paid by the hour:  
Document hourly rate + register hours worked



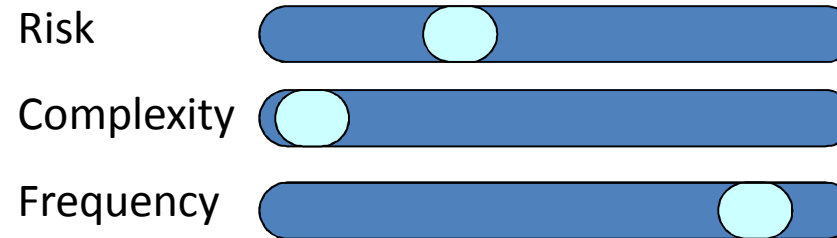
# 1. Office and Administration (including 'Overheads' costs) – Fact Sheet 3



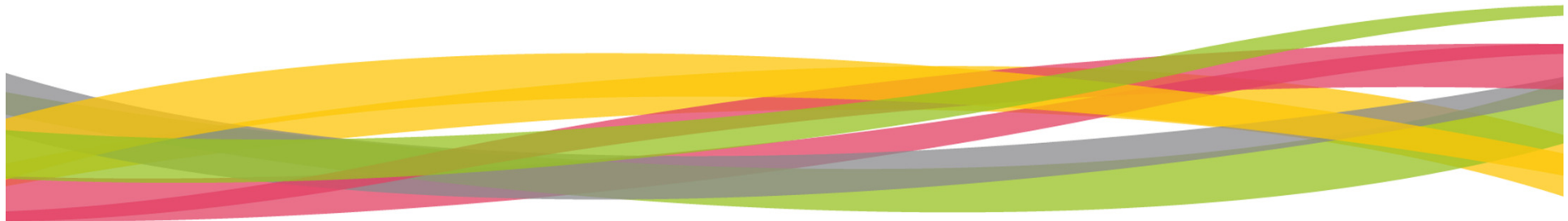
- + 15% of verified staff costs (50% reimbursement)
- + Auto-calculated by Online Monitoring System (OMS)
- + Basta!



## 1. Travel and accommodation costs – Fact Sheet 4

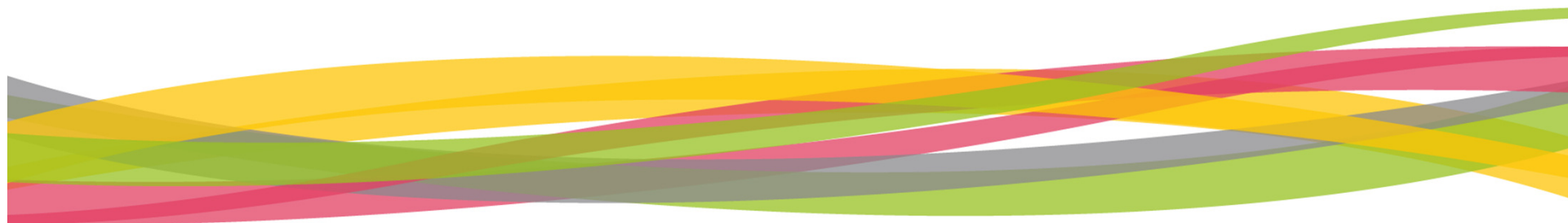


- + Real costs
- + Value for money
- + Justification

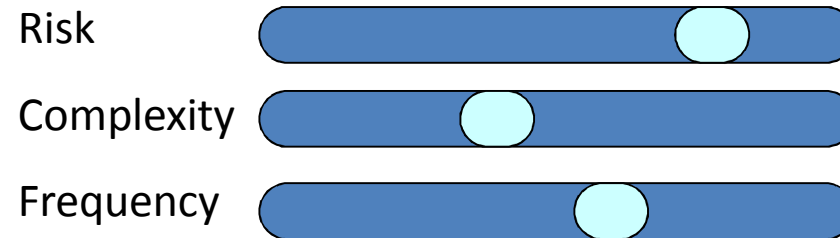




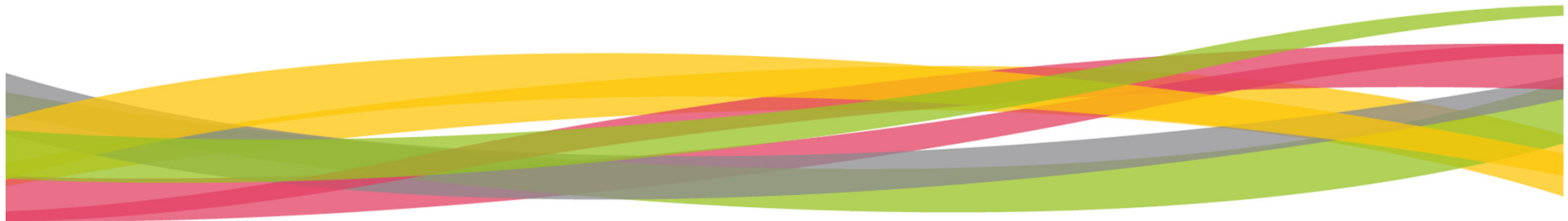
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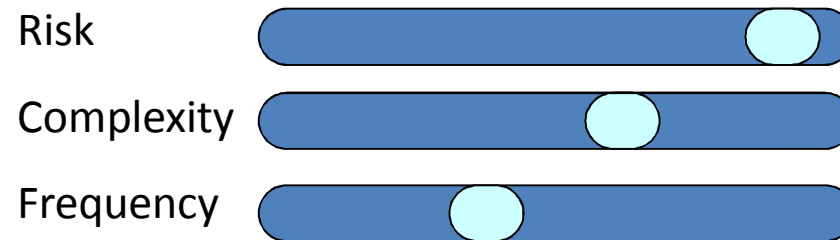
## 2. Contracting External Experts and Services – Fact Sheet 5



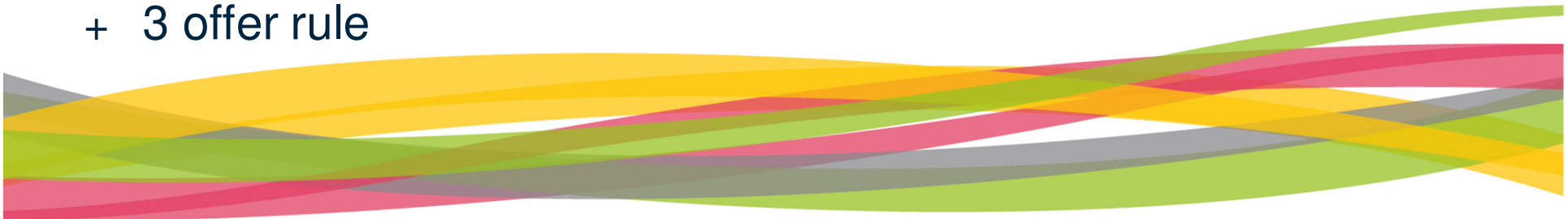
- + Procurement! Including project management and first level control
- + In the application make sure you explain...‘Project support’ is not good enough!
- + ‘We could only find one guy’ (bad excuses don’t work...)



## 2. Tender procedures – Fact Sheet 11

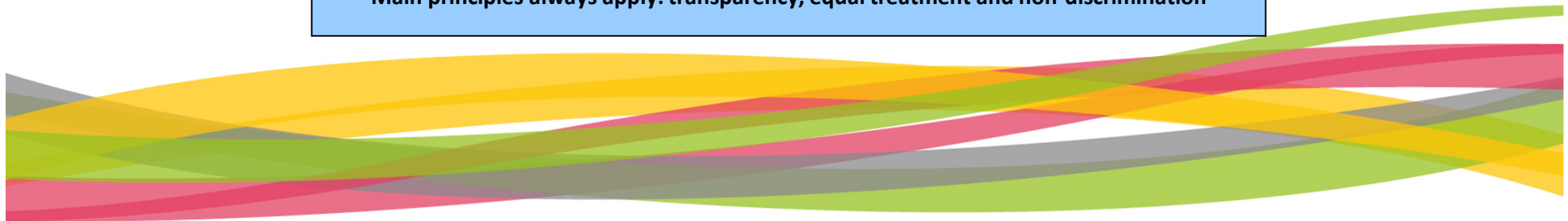
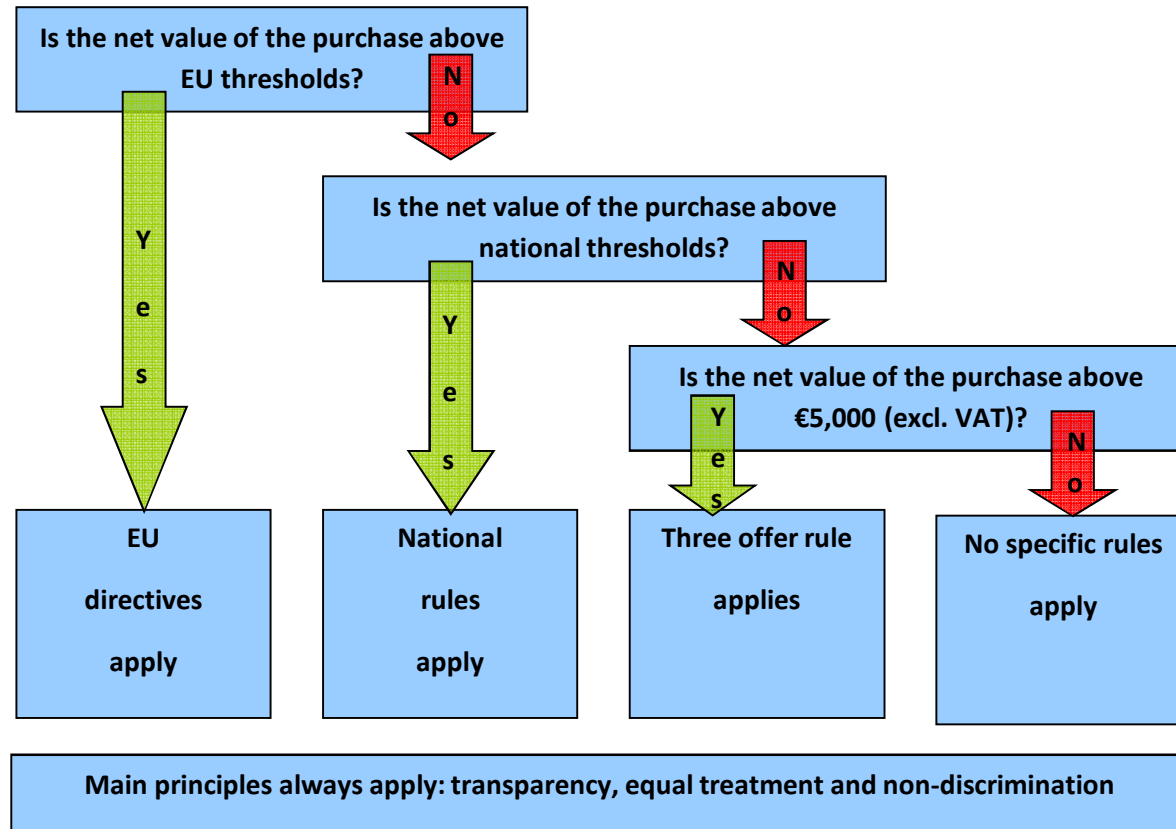


- + **Key message:** All contracts for any amount over €5,000 are offered to a range of bidders and advertisement and selection procedures must be documented.
- + 4 rules to consider (over EU threshold; below EU threshold/ national / organisational; below €5,000)
- + 3 offer rule

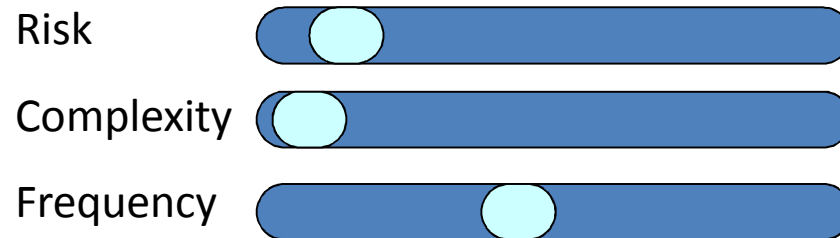




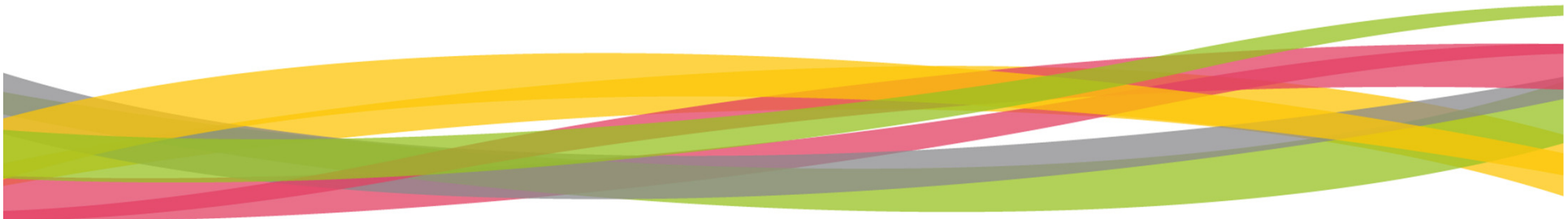
## 2. Which rules apply to which amounts? – Fact Sheet 11



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

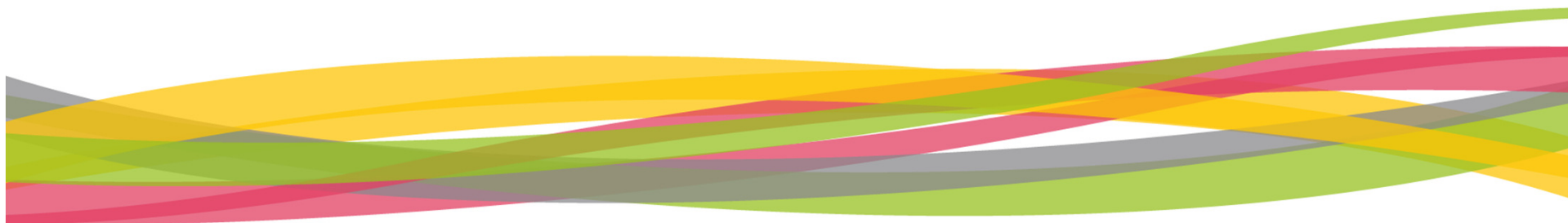


- + Regular equipment vs Specialist equipment
- + Procurement
- + Investments must remain in place for at least 5 years from date of final payment to the project

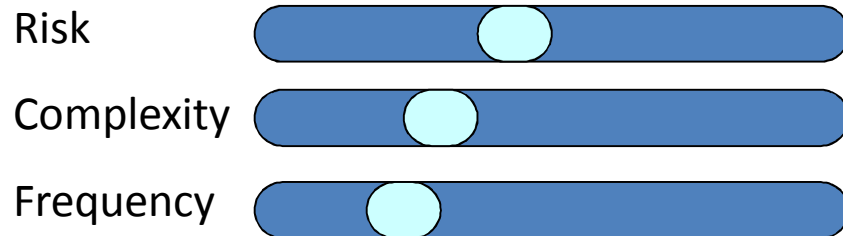




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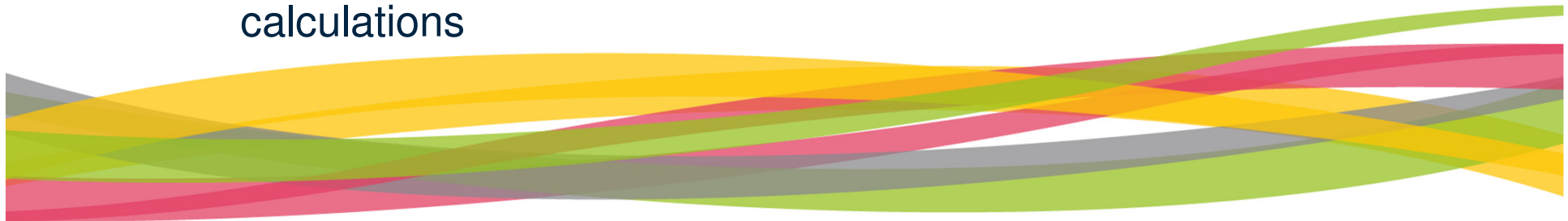


### 3. Shared Costs – Fact Sheet



- + Share tasks but not costs
- + Split larger invoices
- + Internal reimbursements (watch out for VAT!)
- + 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



## 8. Shared Costs

+ Costs paid by and reimbursed to LB (only)

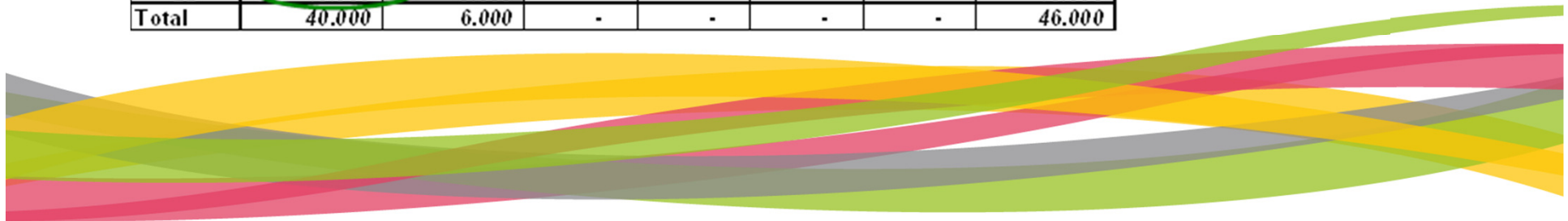
**D.2 - Project budget – overview per beneficiary / per budget line**

Beneficiary	Staff costs	Office and admin.	Travel and accommodat	External expertise	Equipment	Infrastruc- ture	TOTAL BUDGET	(Net revenue)	TOTAL ELIGIBLE BUDGET
LB	500.000	75.000	20.000	350.000	300.000		1.245.000	(50.000)	1.195.000
PP2	20.000	3.000					23.000		23.000
PP3	300.000	45.000	15.000		20.000		380.000		380.000
PP4	-	-	35.000				35.000		35.000
PP5	10.000	1.500					11.500		11.500
<b>Total</b>	<b>830.000</b>	<b>124.500</b>	<b>70.000</b>	<b>350.000</b>	<b>320.000</b>	<b>-</b>	<b>1.694.500</b>	<b>(50.000)</b>	<b>1.644.500</b>

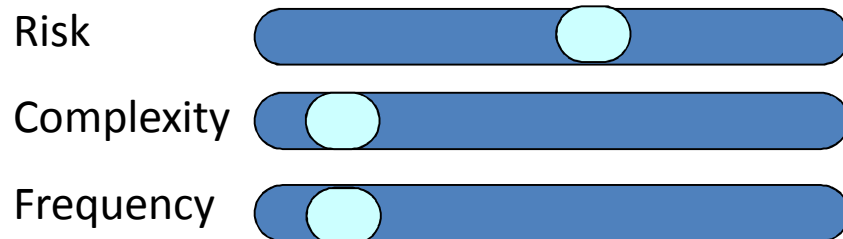
Shared cost amount related to the remaining partnership

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

Beneficiary	Staff costs	Office and admin.	Travel and accommodat	External expertise	Equipment	Infrastruc- ture	TOTAL
LB	40.000	6.000					46.000
<b>Total</b>	<b>40.000</b>	<b>6.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46.000</b>



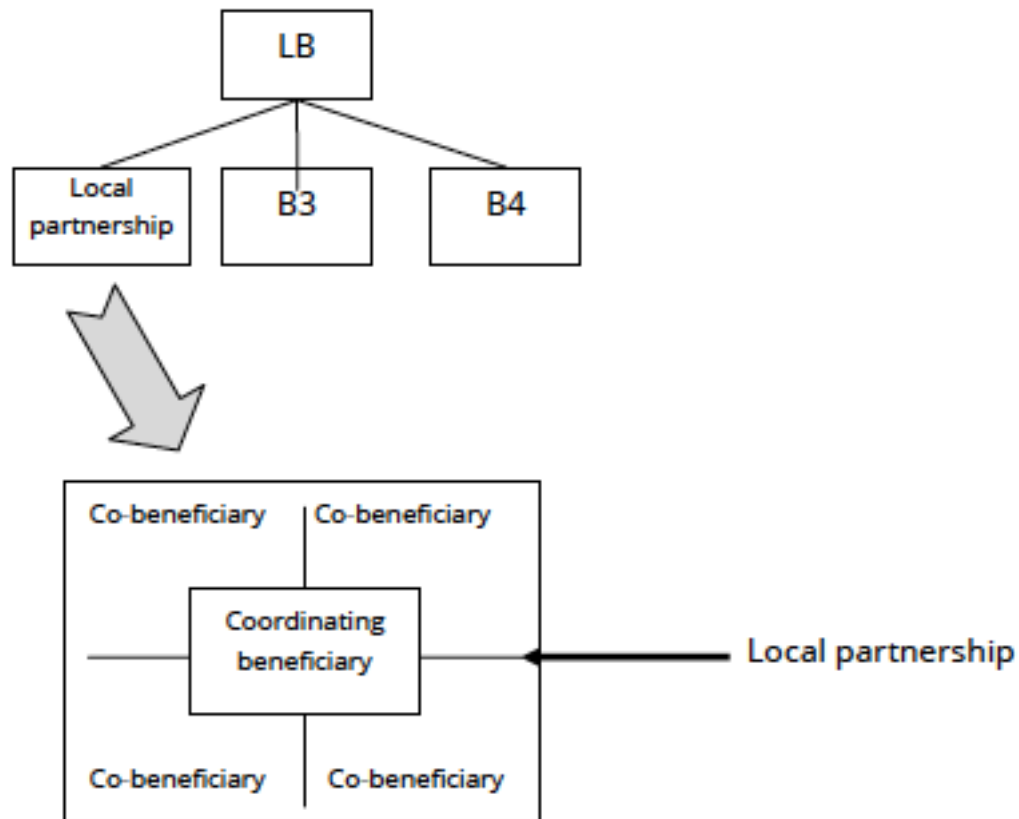
### 3 . Partnership Roles and Responsibilities –Fact Sheet 13



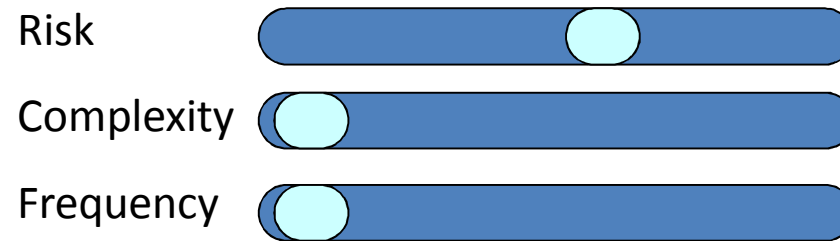
- + **Key message:** Every project has a Lead Beneficiary with overall responsibility for ensuring the project is delivered according to plan
- + All beneficiaries – responsible for own activities and accuracy of expenditure
- + Responsibilities of Lead Beneficiary and First Level Control
- + Local partnerships: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



## Example of a Local Partnership set up



### 3. Partnership Agreement – Fact Sheet 14



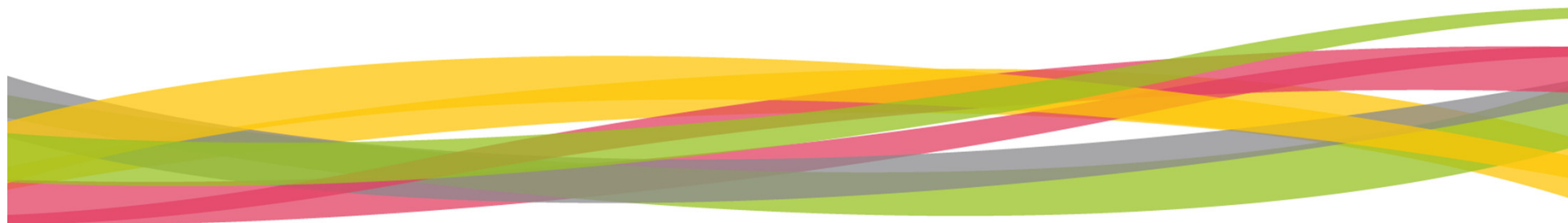
- + Must have a **SIGNED** agreement to get paid, including all beneficiaries and co-beneficiaries
- + Should indicate and explain how shared costs will be calculated
- + May include internal reporting deadlines, internal procedures for requesting changes, etc.



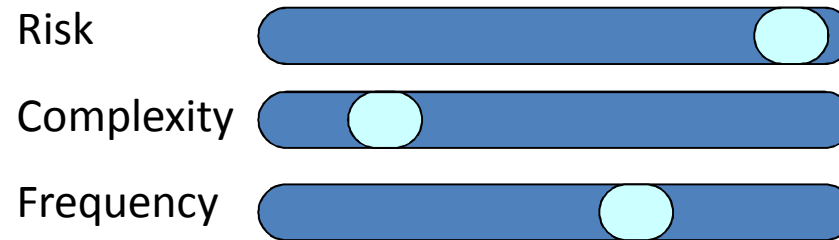




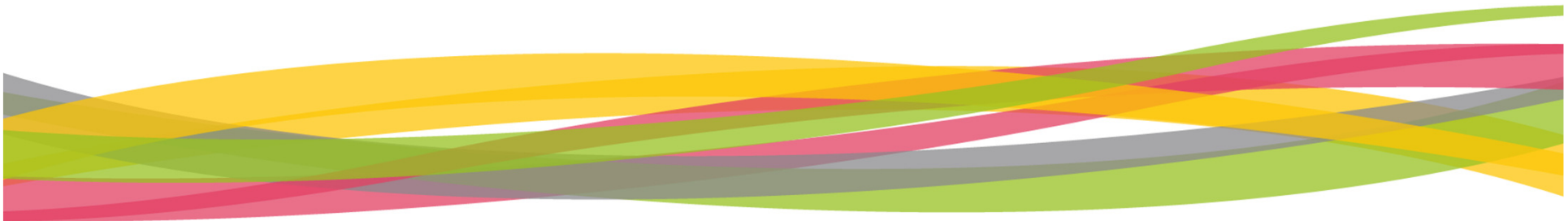
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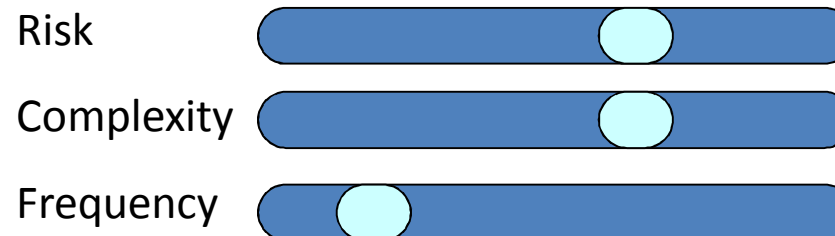
## 4. Private Sector Beneficiaries – Fact Sheet 15



- + 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 – but only in exceptional cases
    - + 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 are exempt from programme rules on tendering and revenue generation

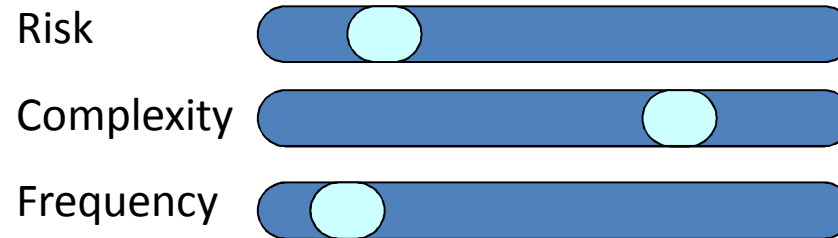


## 4. State Aid for Final Recipients – [Fact Sheet 17]

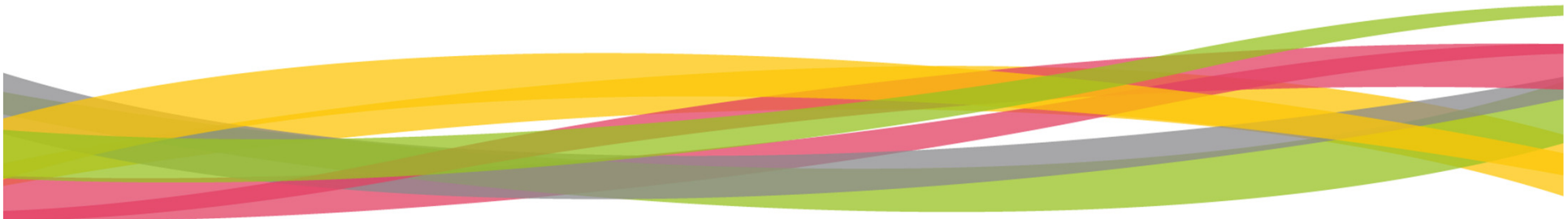
- + Final recipient: any undertaking that receives aid in some form while not being an actual partner of the project, i.e. whomever the partners are working with, e.g. SMEs
- + Every final recipient has to declare that they have 50% co-funded their participation in the seminar, training, conference, 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
- + 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

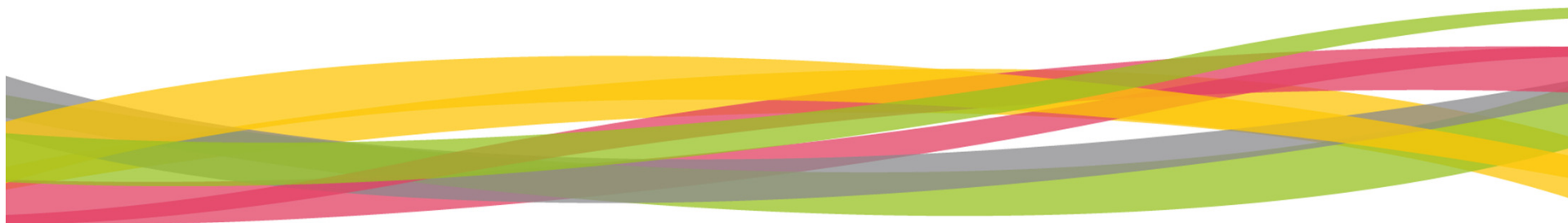


- + Net revenues must be reported
- + All net revenues received within 3 years after project end must be reported
- + Eligible costs – (net) revenues = Net eligible costs
- + Does not apply to those participating as part of State Aid scheme

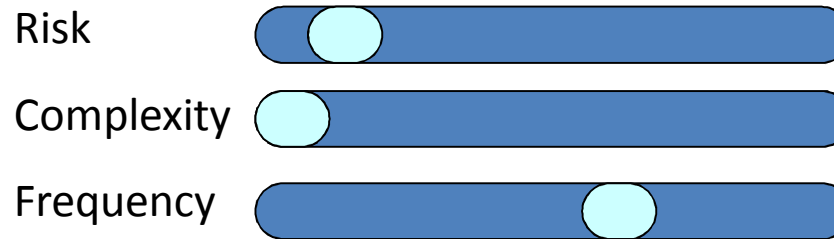




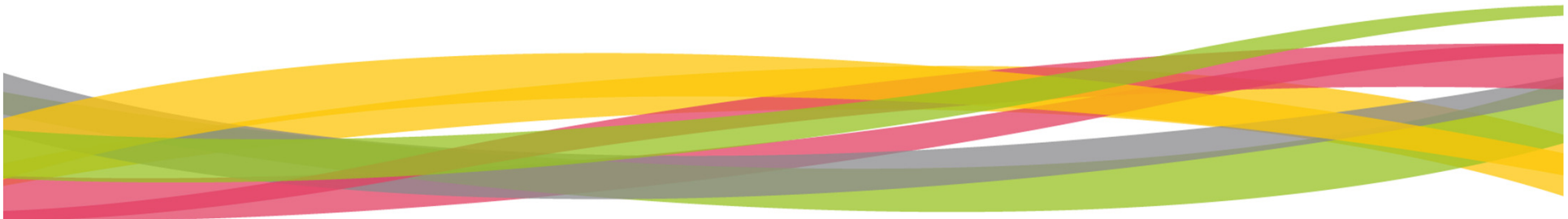
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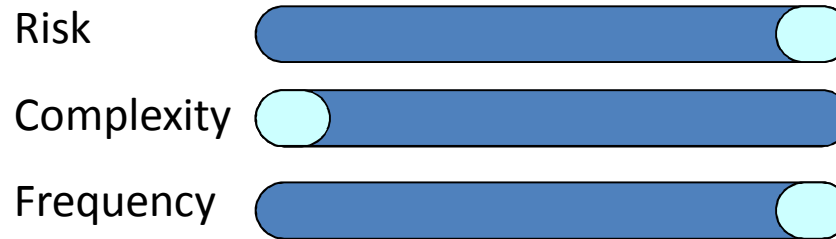
## 5. Exchange Rates – Fact Sheet 10



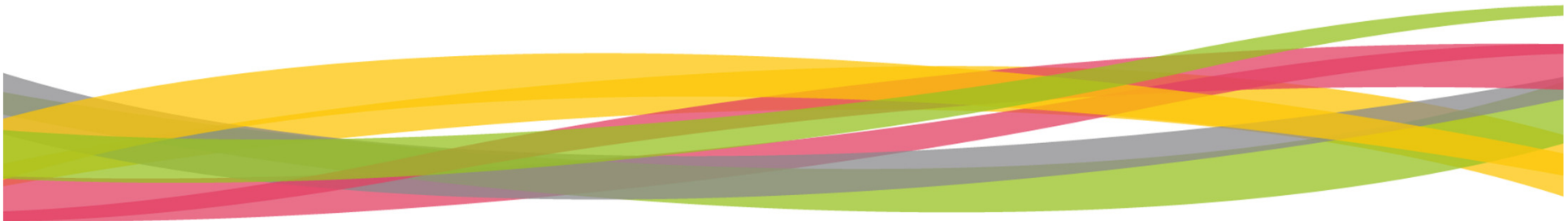
- + There is only one right way to do it
- + Monthly rate for the month's expenditure is submitted to FLC



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

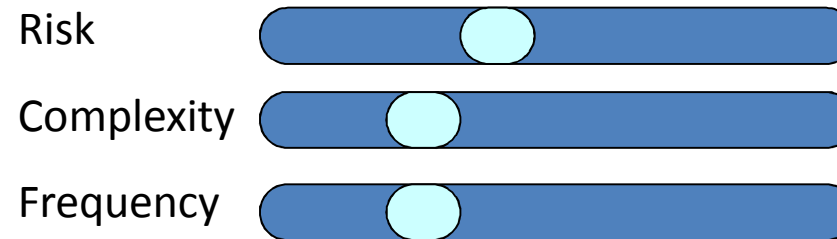


- + If it's not documented it never happened
- + What auditors hate...
- + More than 'correctness' - eligibility

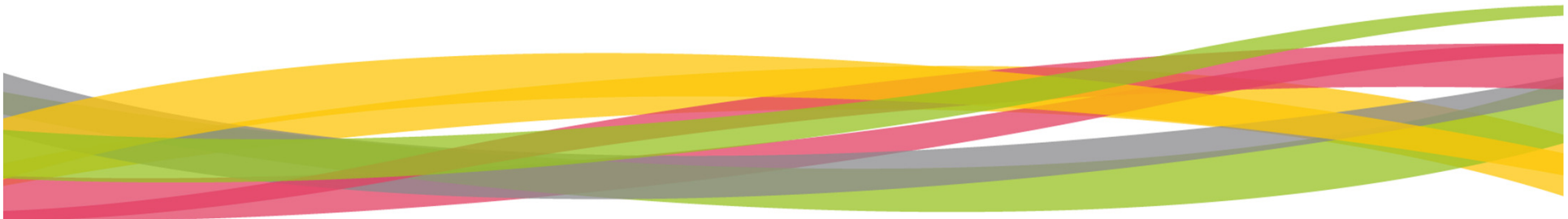




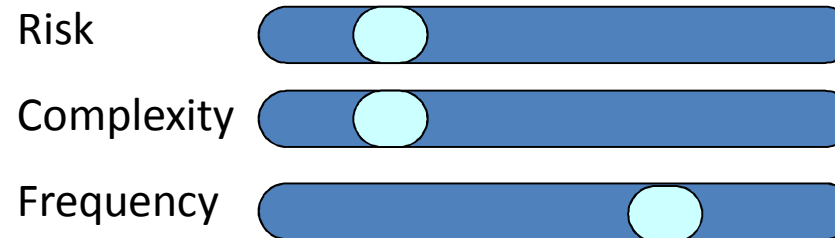
## 5. In-kind contributions – Fact Sheet 1



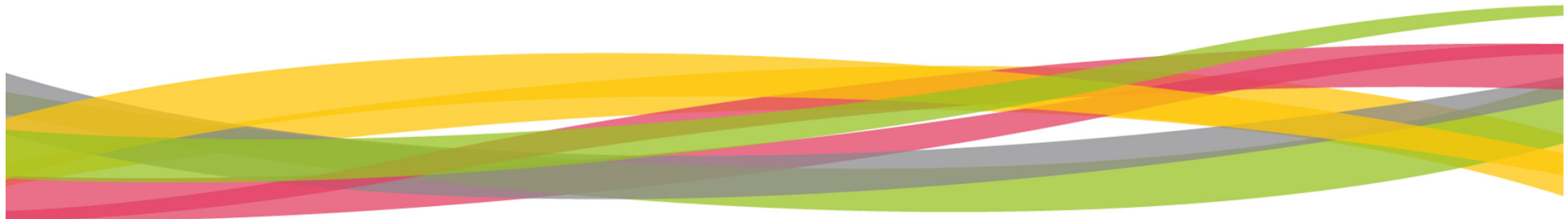
- + NOT ELIGIBLE!
- + Staff costs are not in-kind contributions; unpaid voluntary work is not a cost



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

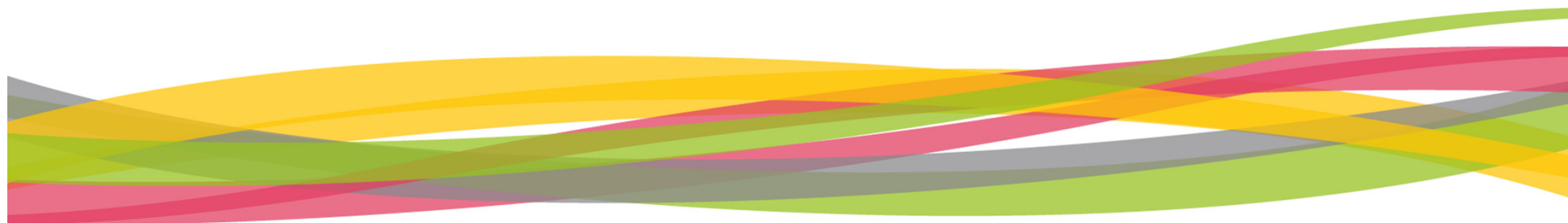


- + **Key message:** As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region.
- + Location of Lead Beneficiary
- + Location of expenditure – max 20% outside of programme area

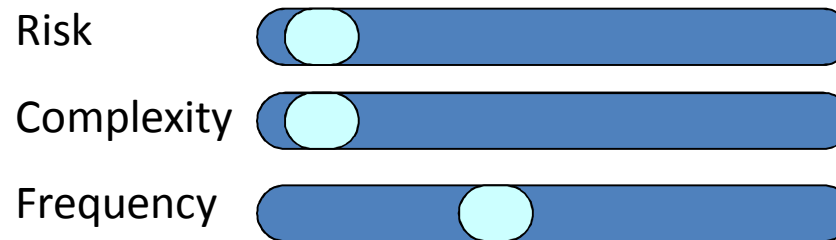




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## 6. Reporting – Fact Sheet 22

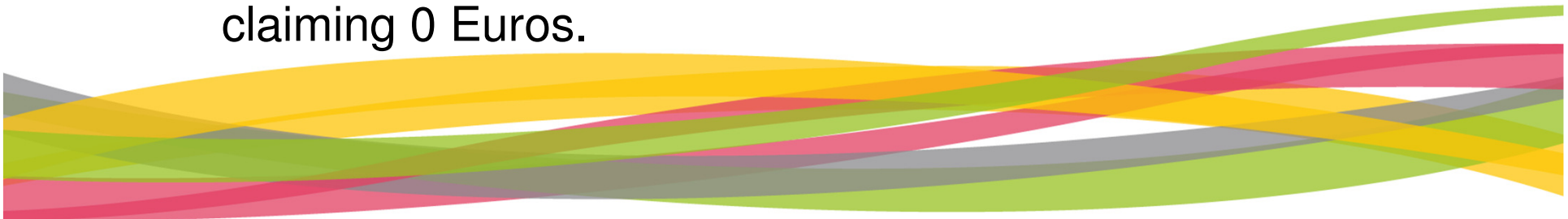


- + **Key message:** All reports are processed and paid within 90 days.
- + 3 types of reports (Basic Progress Report, Full Progress Report, and Final Report)
- + Timing of first report is voluntary within first year of operation; thereafter reporting is every 6 months



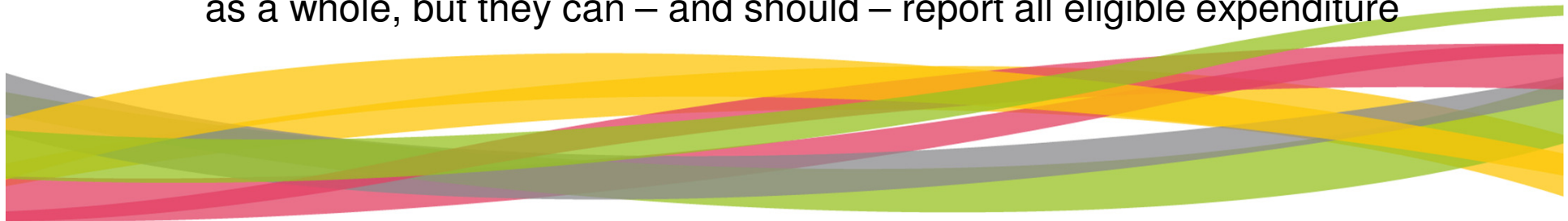
## 6. Reporting – Fact Sheet 22

- + 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.

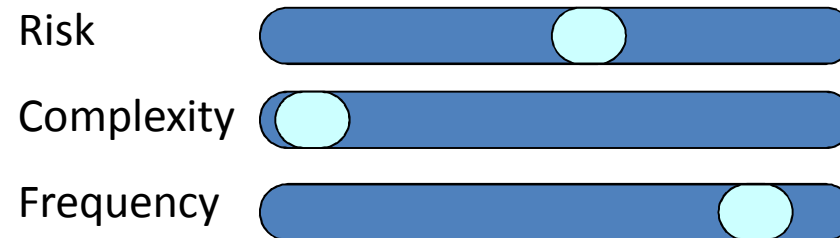


## 6. Reporting – Fact Sheet 22

- + 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

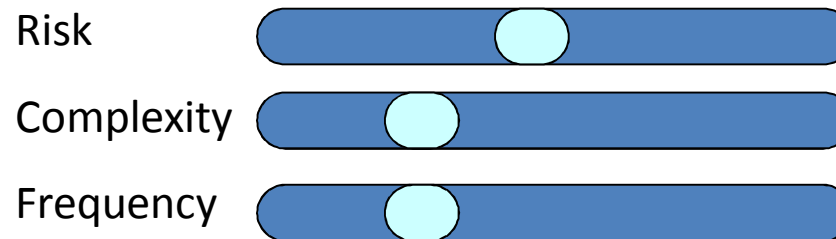
- + Accepting an EU grant means agreeing to promote the work of the European Union in the North Sea Region
- + All materials produced for distribution outside the partnership must clearly state EU funding

### Requirements

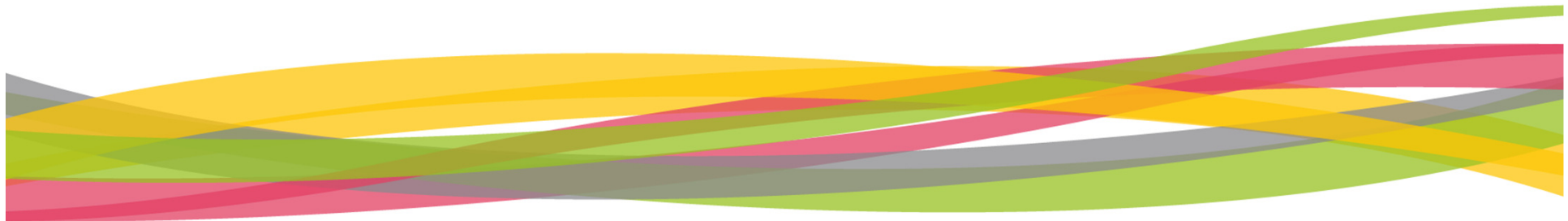
- + Use project logo provided by secretariat
- + Set up project poster (OMS)
- + Plaque/ billboard for infrastructure investments >500,000 EUR



## 6. Project Changes – Fact Sheet 26

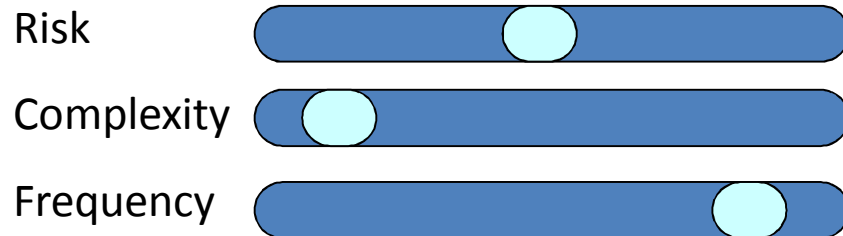


- + Minor changes
- + 10% budget flexibility
- + Maximum of 2 major changes per project

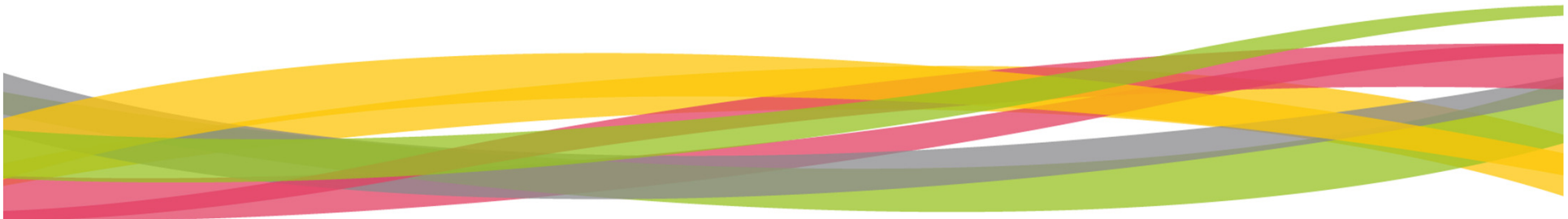




## 6. Indicators –Fact Sheet 23



- + 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



## 6. Indicators – FS 23

Typical project?

+ 7 deliverables per

Work Package

+ 5 outputs

+ 2-3 results

Less is more...

# How to select and use indicators



Select deliverables from the list of options based on main activities



Use the output indicator for the specific objective you are working with



Use all five compulsory output indicators as required by the European Commission



Explain how your project outputs and results contribute to Programme results



Set realistic targets for all indicators and plan how to collect data



Select your own project results to measure the quality of your output



Report on progress at least once a year



Progress on targets is important - if the Programme does not reach 85% of targets, the Commission may not pay all funds



Make sure you can provide evidence for the figures you report

Thank you for your endurance

Fact Sheets online (under 'Key documents')

[www.northsearegion.eu](http://www.northsearegion.eu)

Please contact the Joint Secretariat  
with any questions you may have

