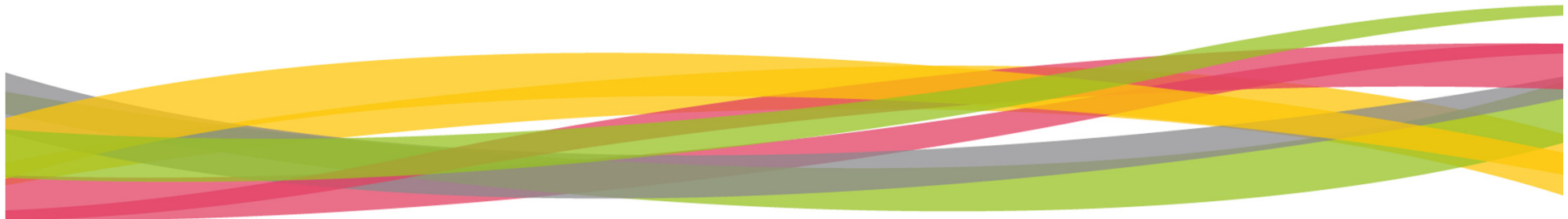


First Level Control of finance and activities: The Programme rules

First Level Control seminar – The Netherlands
Utrecht, 26 September 2017

Jenny Thomsen, Isabella Marie Leong and Christoffer Stougaard Villsen

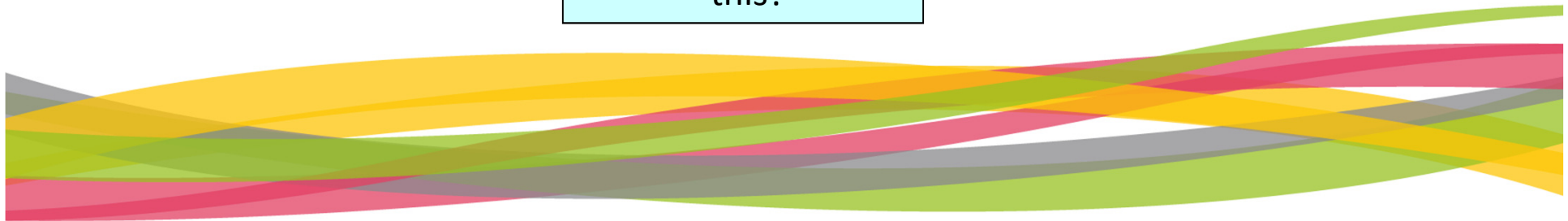
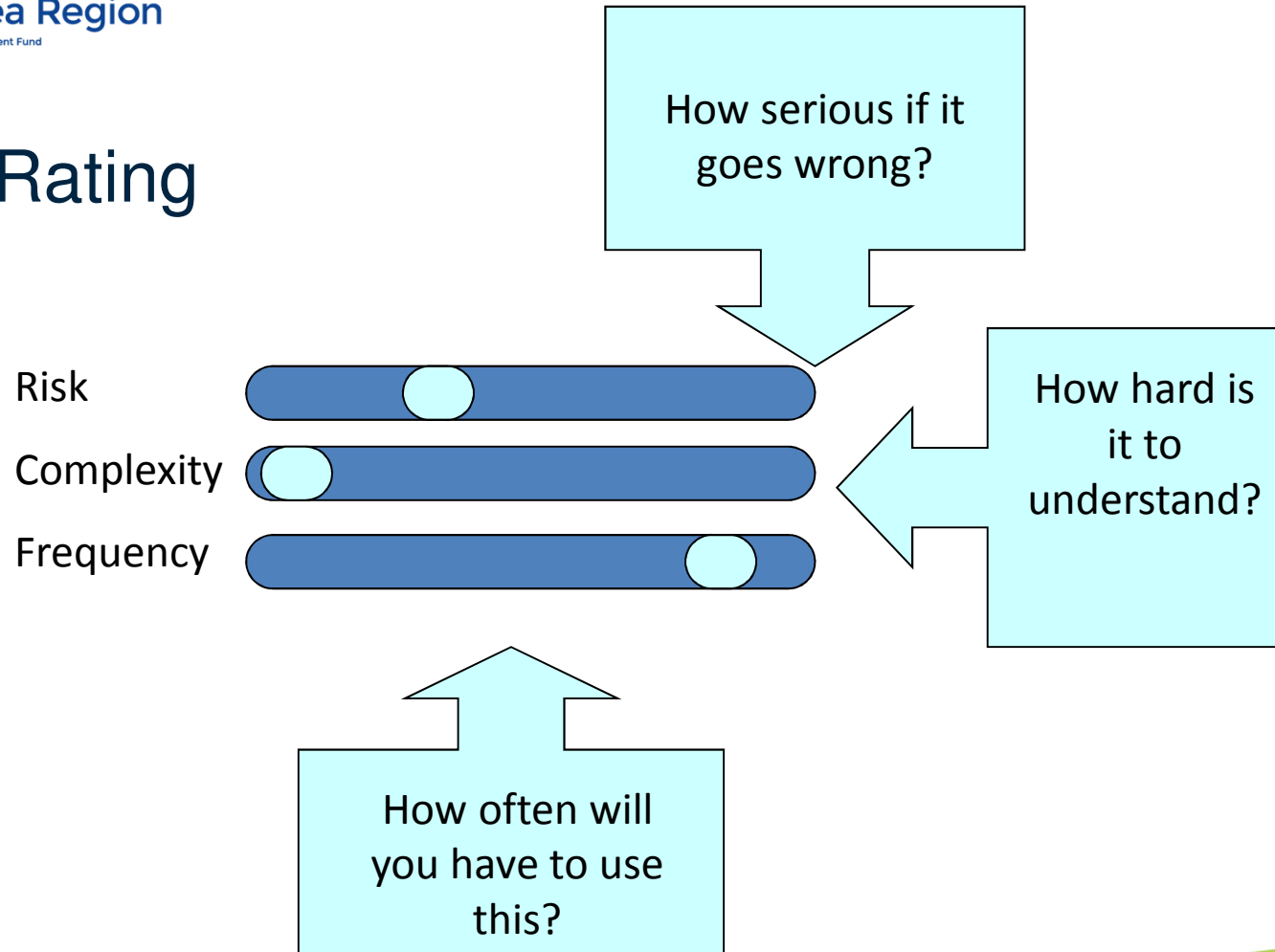


Agenda – a lot of information presented in groups

- + 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

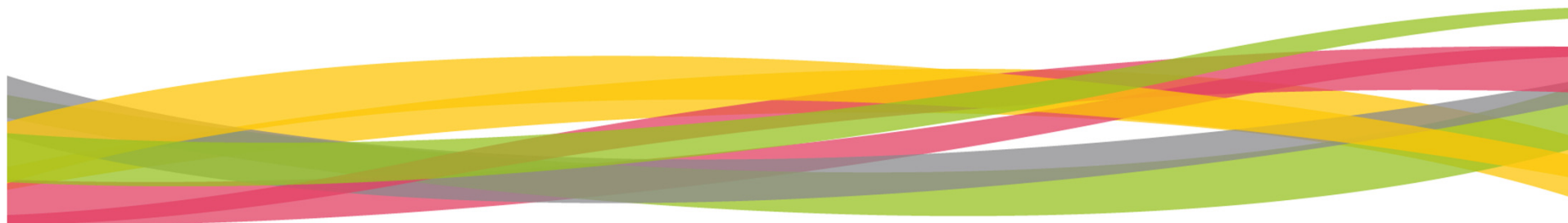


Rule Rating

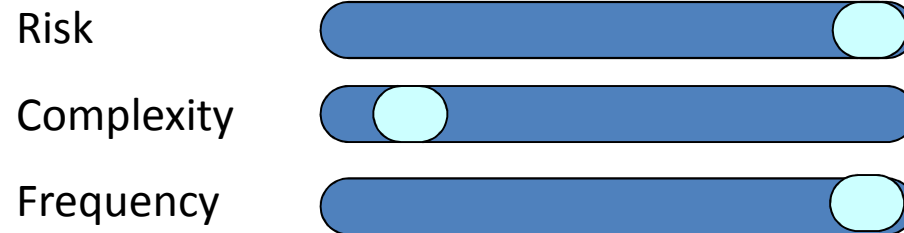




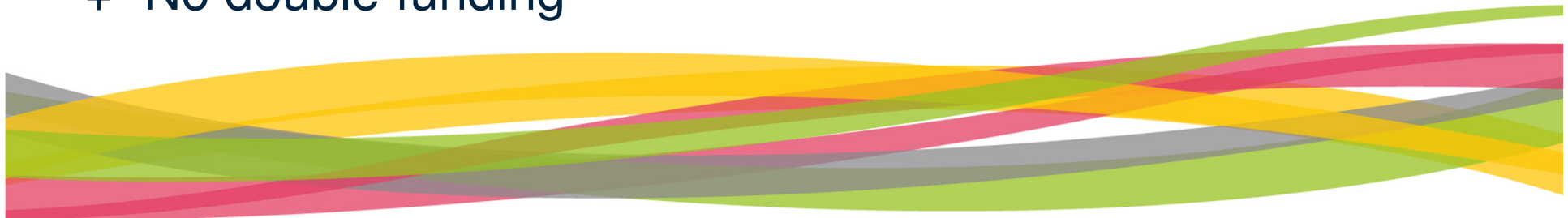
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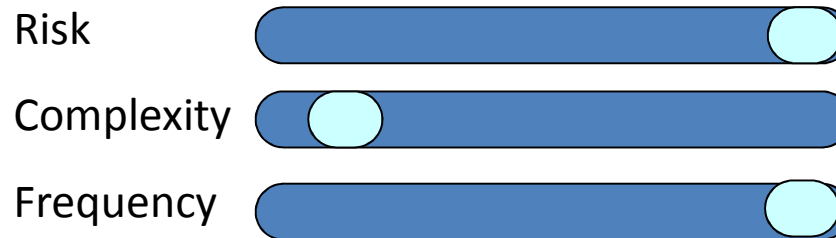
1. General rules on eligibility – Fact Sheet 1



- + 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

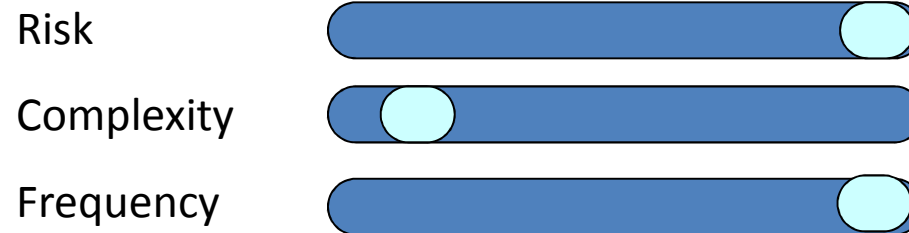


+ NEVER paid:

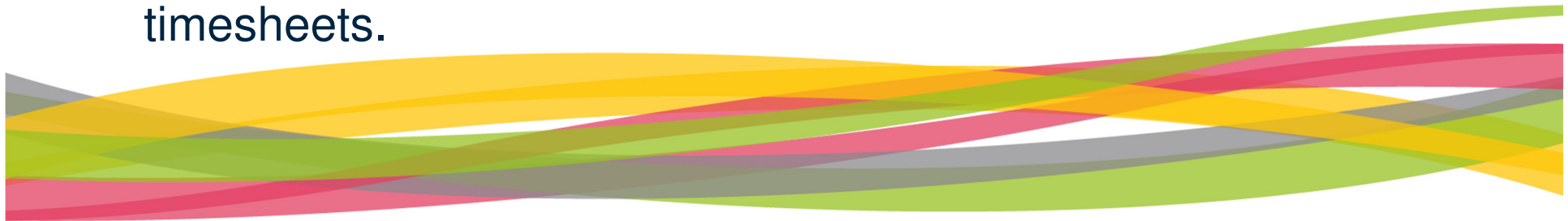
- Interest on debt
- VAT (refundable)
- Fines & penalties
- Exchange rate losses
- Aid to enterprises in difficulty
- Land purchase over 10% of project budget....most of the time....



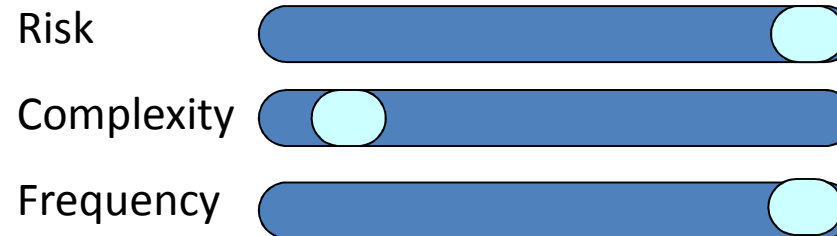
1. Staff costs – Fact Sheet 2



- + 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

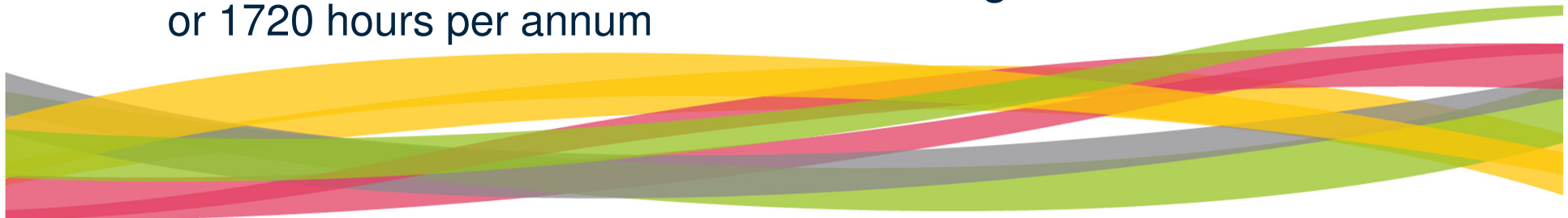


+ Staff part-time with variable hours on the project:

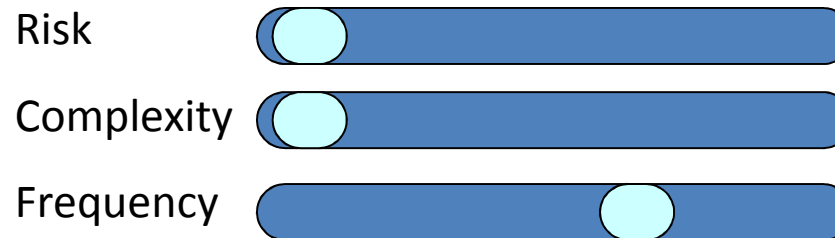
- Staff costs = Hours worked x Hourly rate
- Hourly rate = Gross employment costs / Contracted working hours or 1720 hours per annum

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

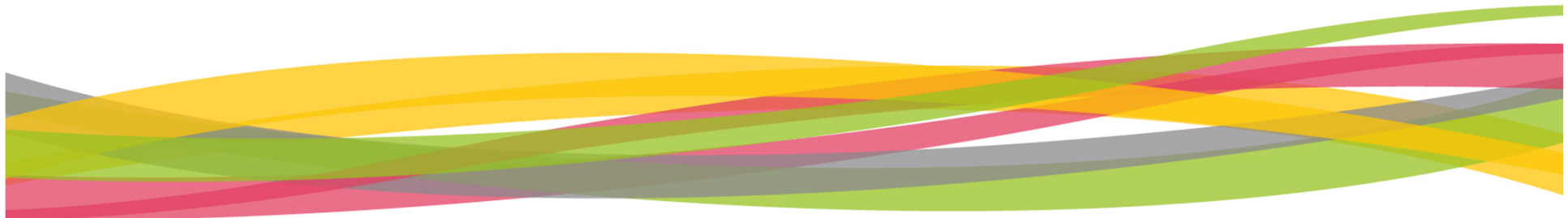
- + Staff paid by the hour:
Document hourly rate + register hours worked



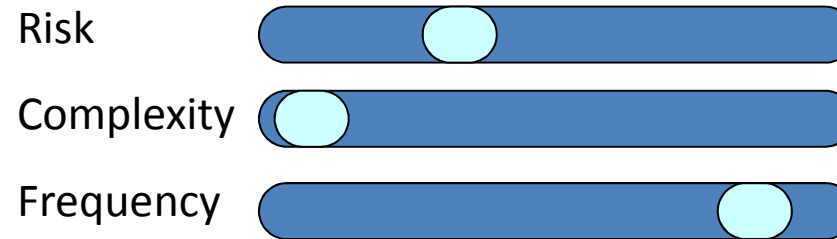
1. Office and Administration (including 'Overheads' costs) – Fact Sheet 3



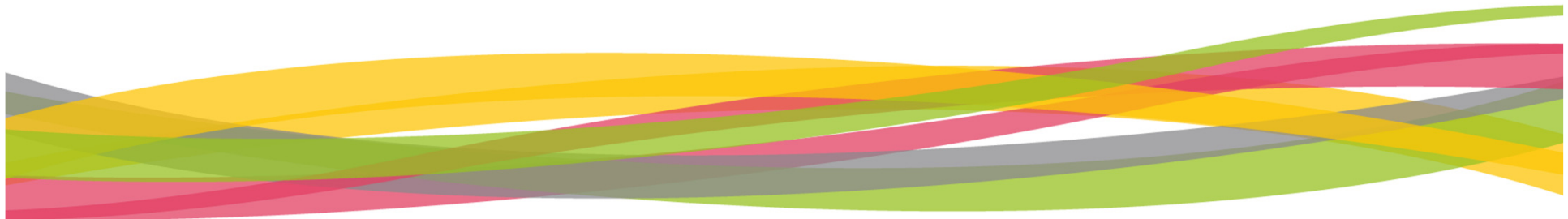
- + 15% of verified staff costs (50% reimbursement)
- + Auto-calculated by Online Monitoring System (OMS)
- + Basta!



1. Travel and accommodation costs – Fact Sheet 4

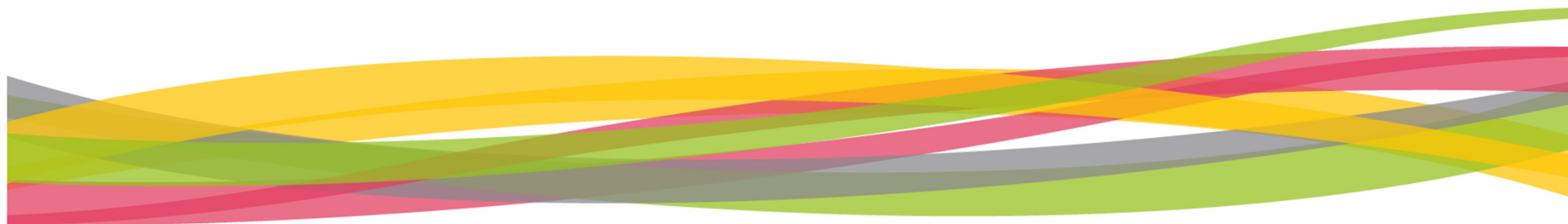


- + Real costs
- + Value for money
- + Justification

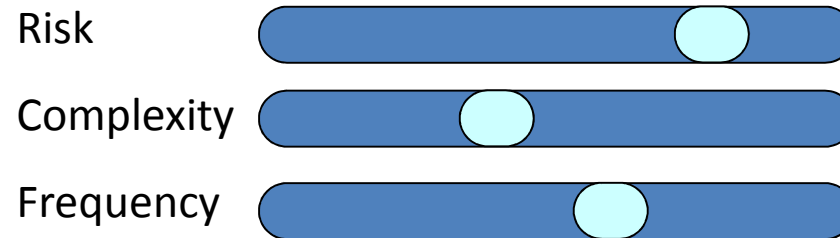




2

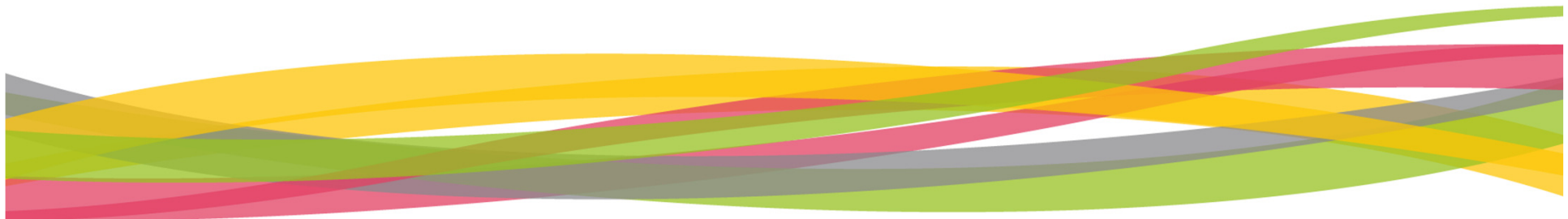


2. Contracting External Experts and Services – Fact Sheet 5

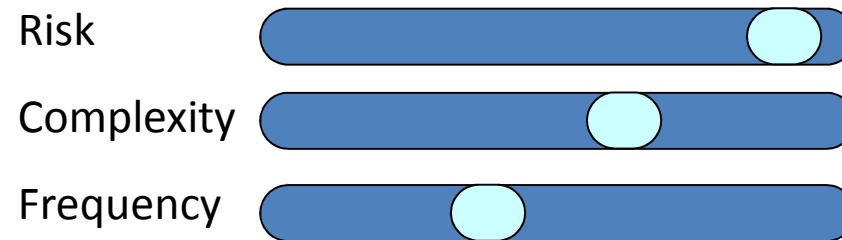


+ Procurement! (including f. ex. project management and first level control)

+ ‘We could only find one guy’ (bad excuses don’t work...)

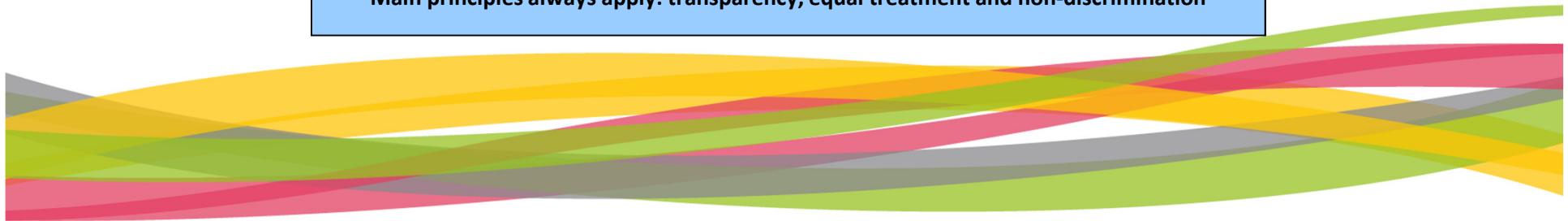
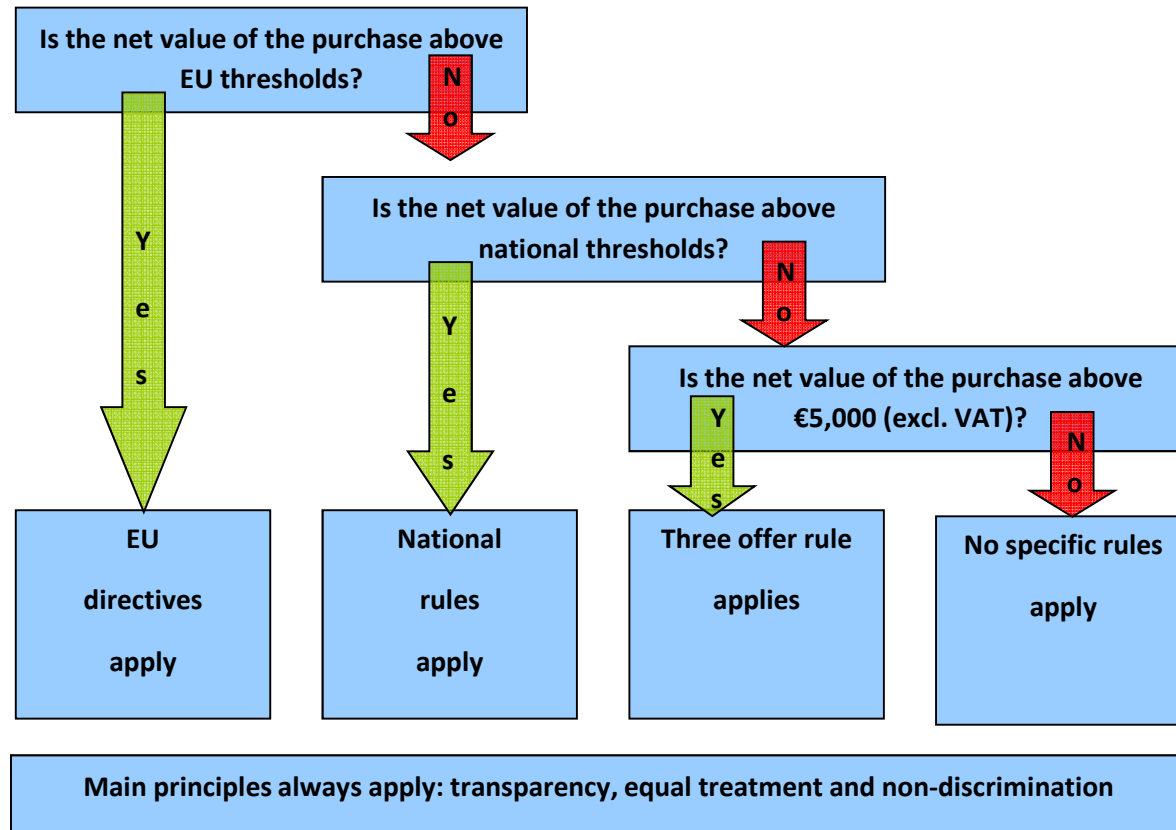


2. Tender procedures – Fact Sheet 11

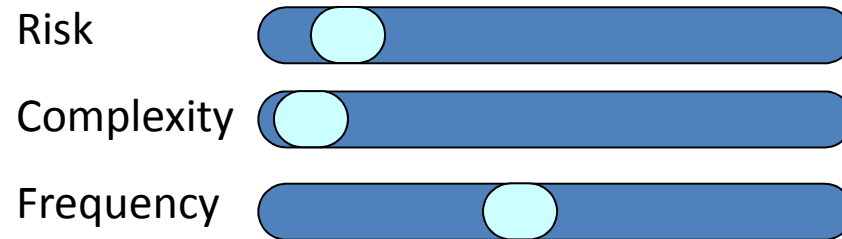


- + **Key message:** All contracts for any amount over €5,000 are offered to a range of bidders and advertisement and selection procedures must be documented.
- + 4 rules to consider (over EU threshold; below EU threshold but over national/ organisational threshold; over € 5.000; below €5,000)
- + 3 offer rule

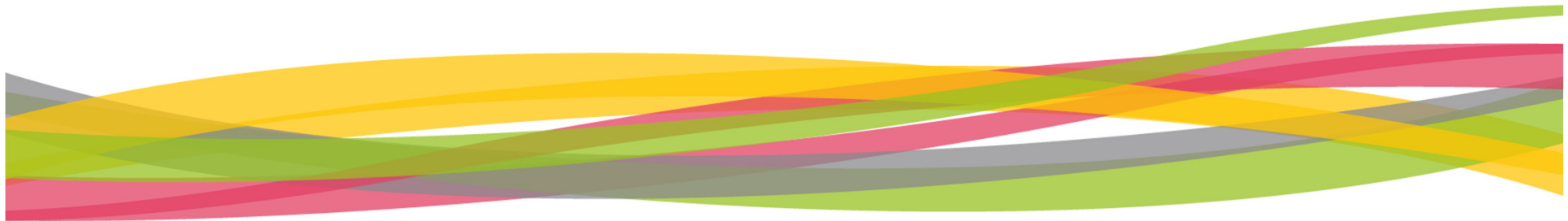
2. Which rules apply to which amounts? – Fact Sheet 11



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

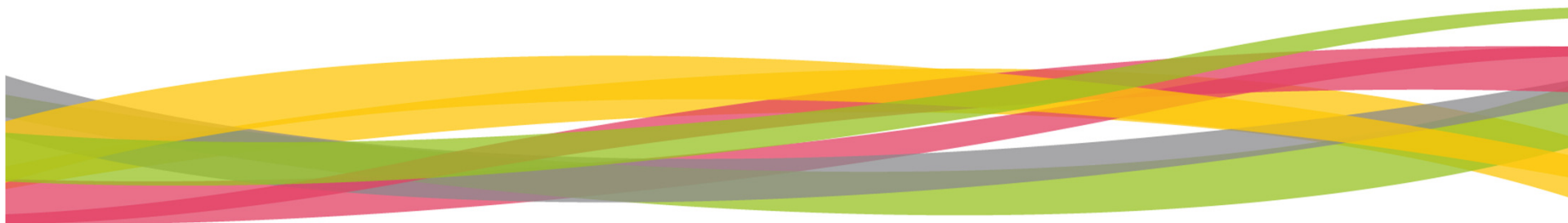


- + Regular equipment vs. specialist equipment
- + Procurement!
- + Investments must remain in place for at least 5 years from date of final payment to the project.

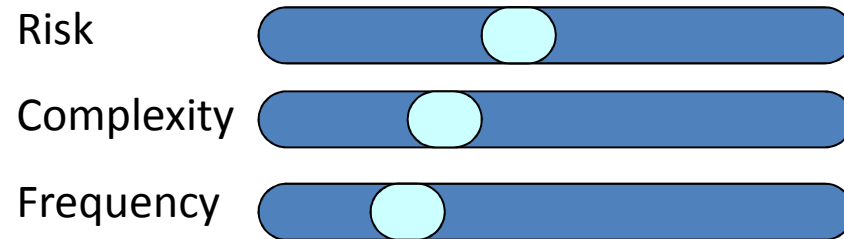




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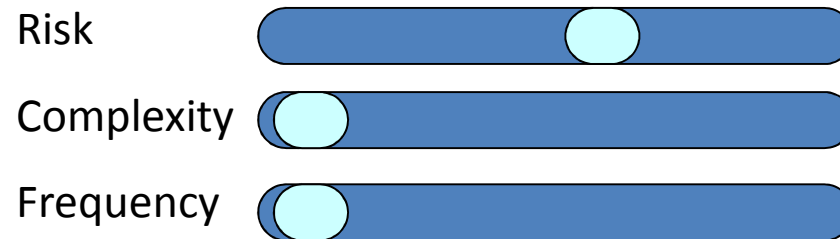
3. Shared costs – Fact Sheet 8



- + Any fixed rate payments must be justified against real cost calculations
- + Beneficiary that originally incurs a cost is responsible for the correctness of the cost



3. Partnership Agreement – Fact Sheet 14

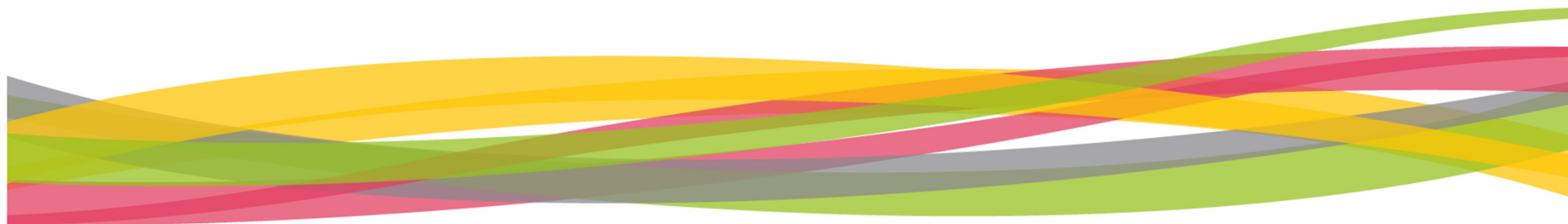


- + Must have a **SIGNED** agreement to get paid, including all beneficiaries and co-beneficiaries
- + Should indicate and explain how shared costs will be calculated and reimbursed
- + May include internal reporting deadlines, internal procedures for requesting changes, etc.

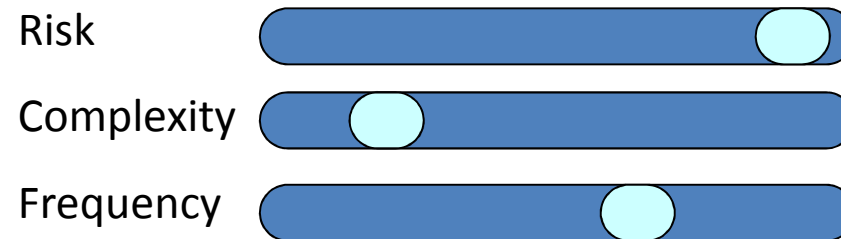




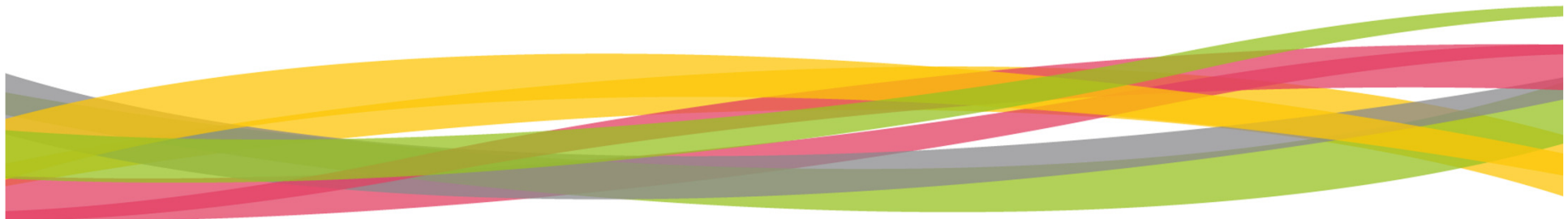
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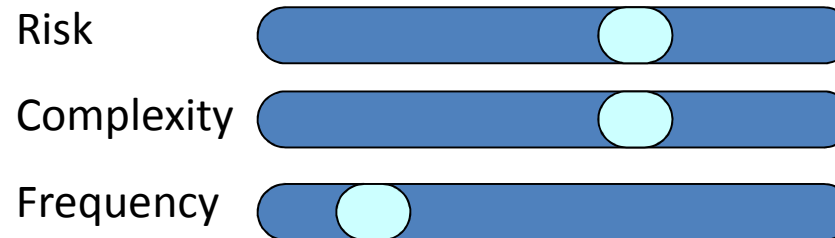
4. Private Sector Beneficiaries – Fact Sheet 15



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



4. State Aid – Fact Sheet 16

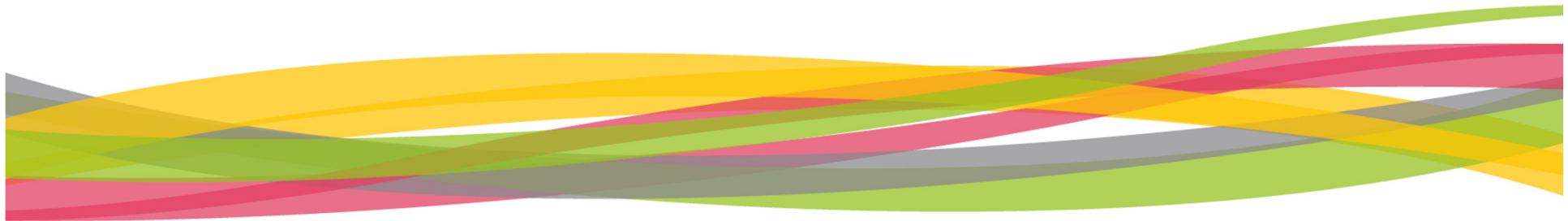


- + Basic principles:
 - + Three options available:
 - + No economic advantage
 - + De Minimis: Max €200,000 over 3 fiscal years
 - + General Block Exemption Regulation (GBER): €2 million per project (only applies to SMEs)
 - + Beneficiary under De Minimis or GBER is exempt from programme rules on tendering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



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

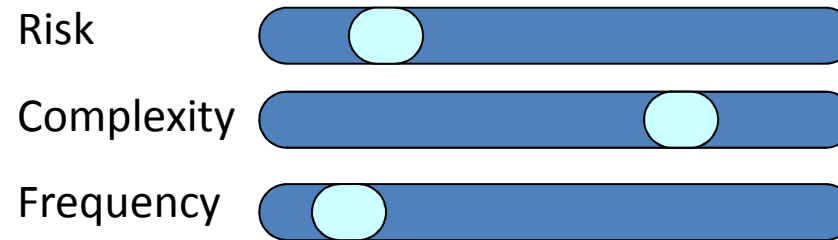
- + A final recipient is any undertaking that receives aid in some form but *is not one of the project beneficiaries*, e.g. an SME taking part in training offered by the project.
- + Final recipients in NSRP projects are only an issue when the aid provided to them by the programme involves services with a clear value that are to some degree exclusionary, i.e. not open and available to all similar organisations. Examples include consultancy, research and development, coverage of travel costs, etc.



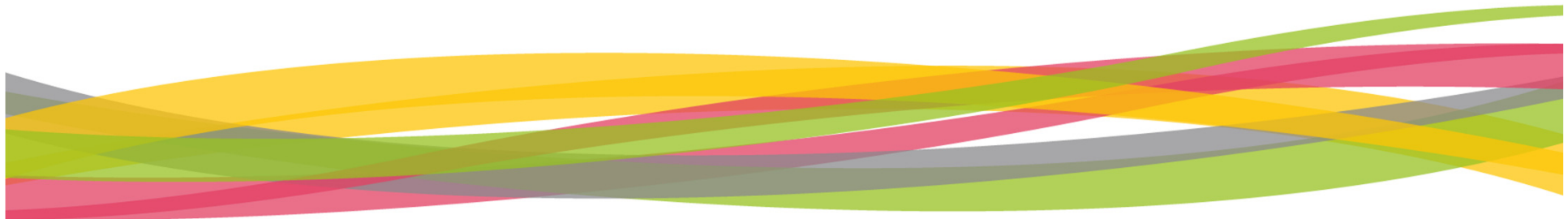
4. State Aid for Final Recipients – [Fact Sheet 17]

- + In the NSRP, final recipients receive aid ONLY under the *de minimis* regulations and are co-funded at 100%.
- + The full cost of the services they are provided must be documented by the project and the beneficiary must ensure that the SMEs comply with all relevant terms of the *de minimis* scheme.
- + All final recipients must sign a *de minimis* self-declaration, provided in Fact Sheet 17, in which they confirm that they have not received up to EUR 200,000 in public funding through *de minimis* within a three-year period.
- + The 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 for final recipients (this is what they do for beneficiary).

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

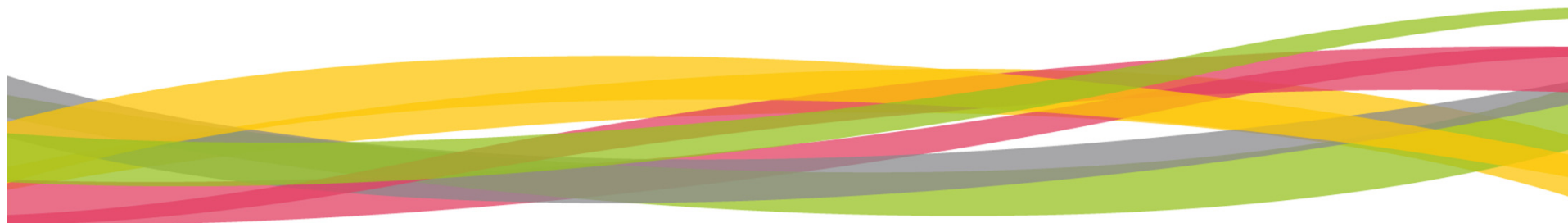


- + Net revenues must be reported
- + All net revenues received within 3 years after project end must be reported
- + Eligible costs – (net) revenues = Net eligible costs
- + Does not apply to those participating as part of State Aid scheme

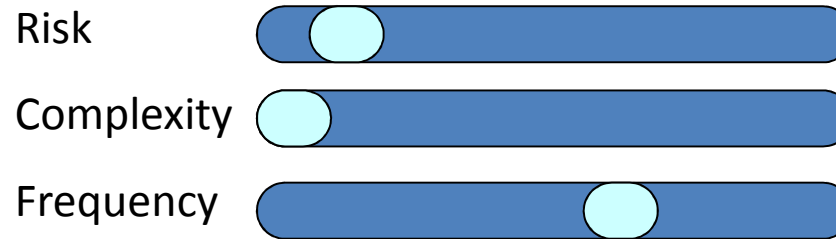




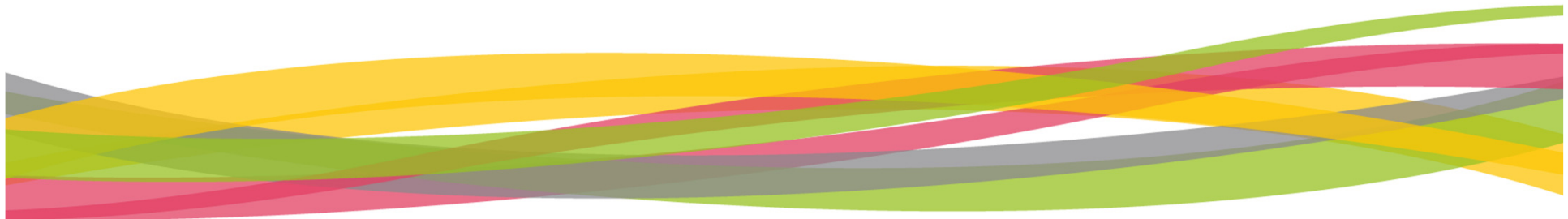
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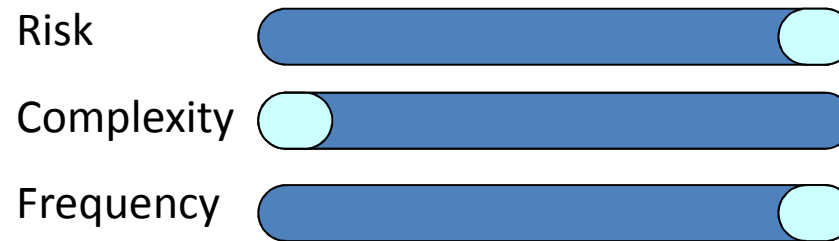
5. Exchange Rates – Fact Sheet 10



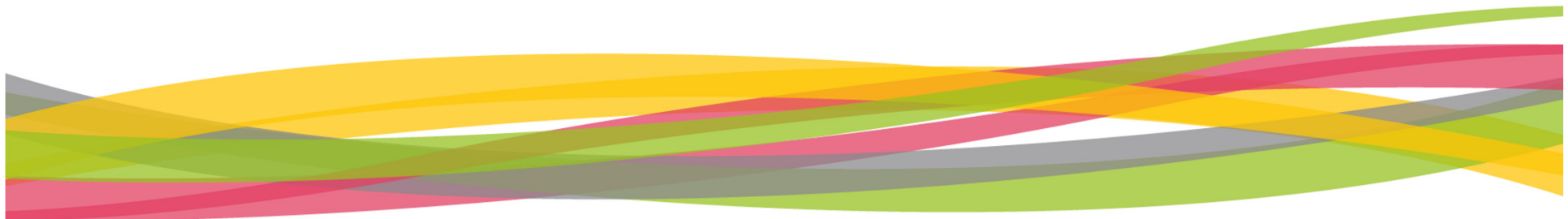
- + There is only one right way to do it
- + Exchange rate of the month expenditure is submitted to FLC for verification



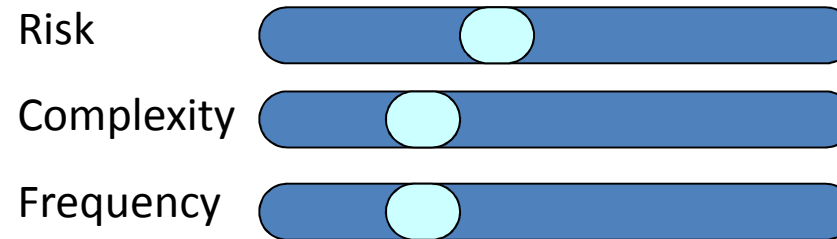
5. Documents required for the Audit Trail – Fact Sheet 12



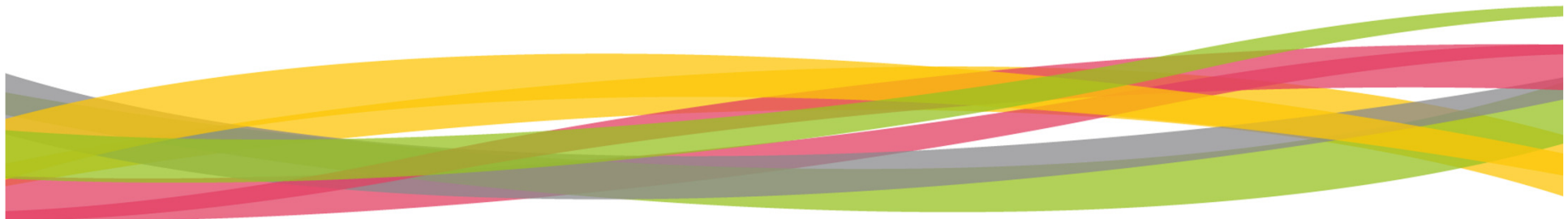
- + If it's not documented it never happened
- + What auditors hate...
- + More than 'correctness' - eligibility



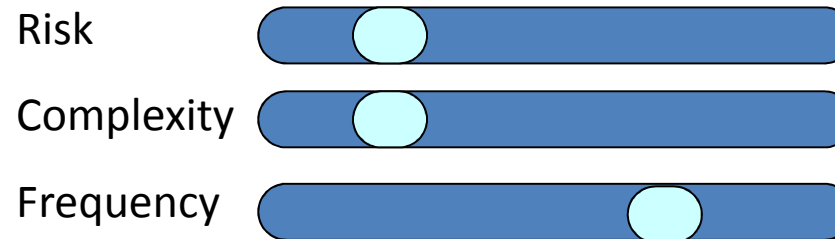
5. In-kind contributions – Fact Sheet 1



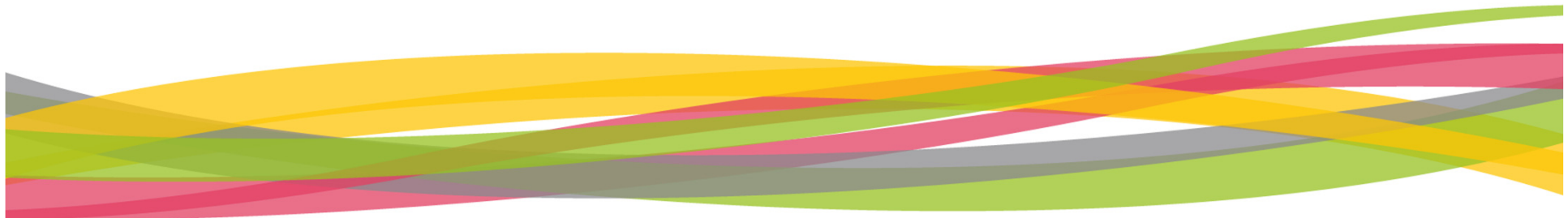
- + NOT ELIGIBLE!
- + Staff costs are not in-kind contributions; unpaid voluntary work is not a cost



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

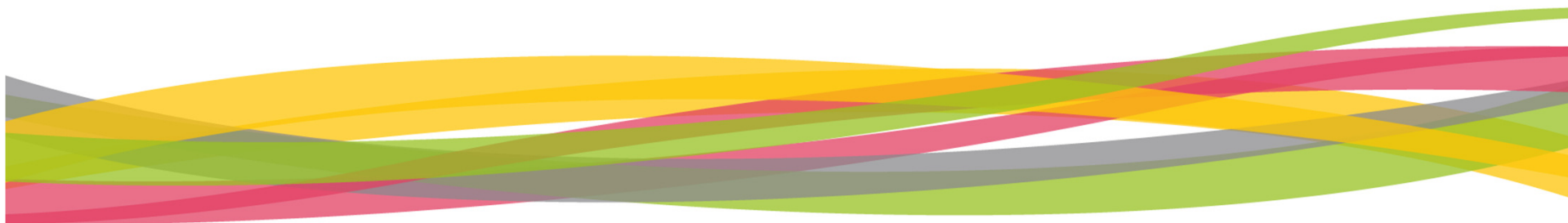


- + **Key message:** As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region.
- + Location of Lead Beneficiary
- + Location of expenditure – max 20% outside of programme area

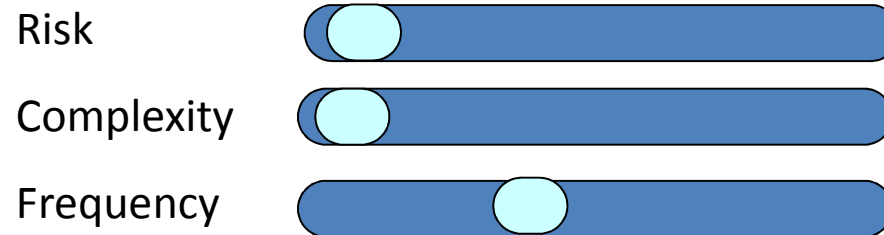




6



6. Reporting – Fact Sheet 22



+ 3 types of reports

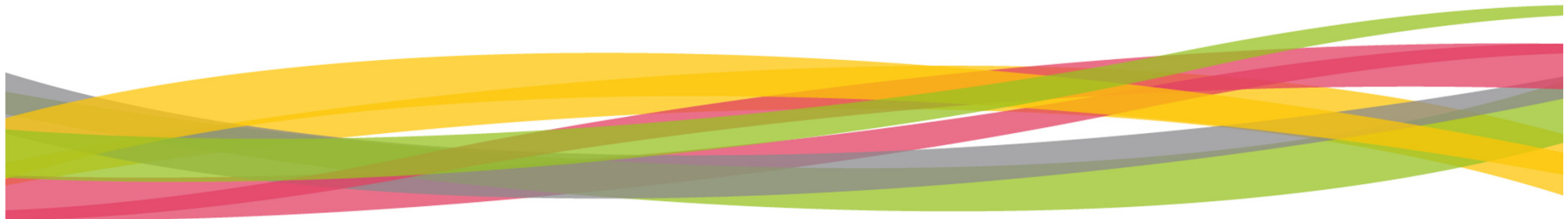
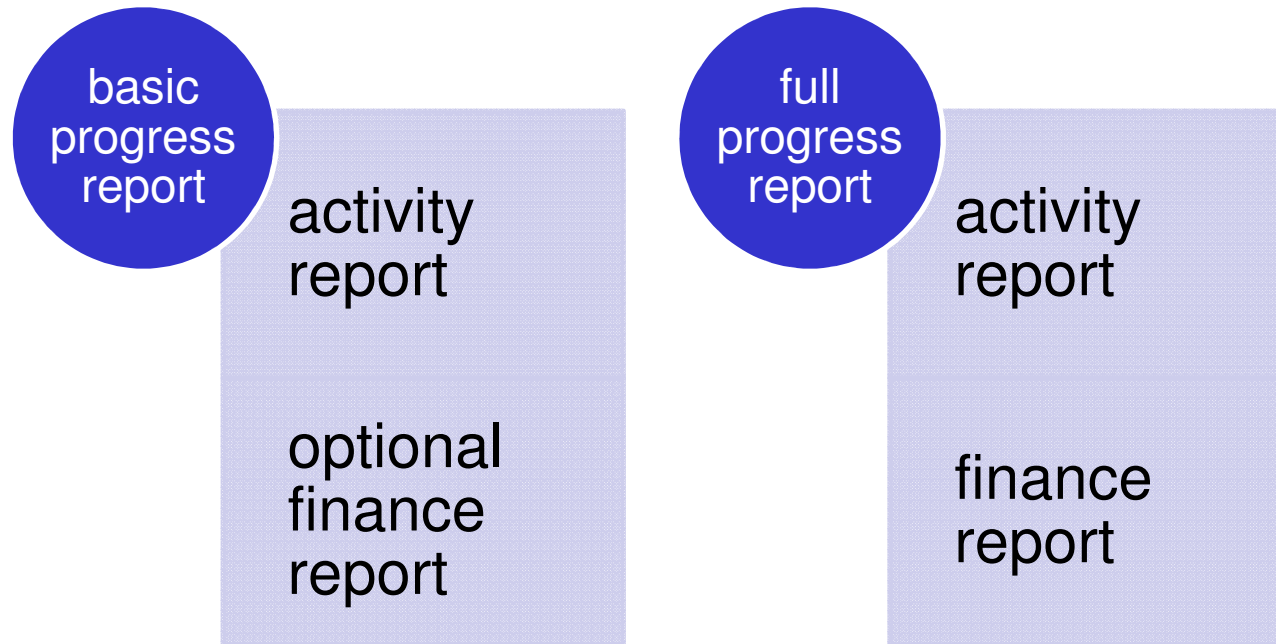
Basic Progress Report – Statement of expenditure is optional

Full Progress Report – Must include a statement of expenditure

Final Progress Report – Must include a statement of expenditure



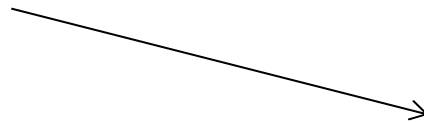
6. Reporting – Fact Sheet 22



6. Reporting – Fact Sheet 22

- + If the projects decides to submit a financial claim to the Joint Secretariat, all beneficiaries must be included, even if claiming € 0.
- + Tendering First Level Controller

No First Level Controller, no Authorised Signatory, no signed Partnership Agreement in place...



...no funding can be claimed!



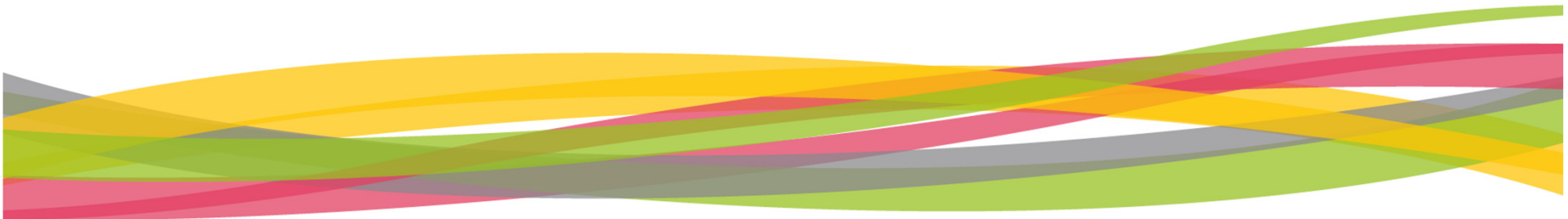
6. Reporting – Fact Sheet 22

90- days clock

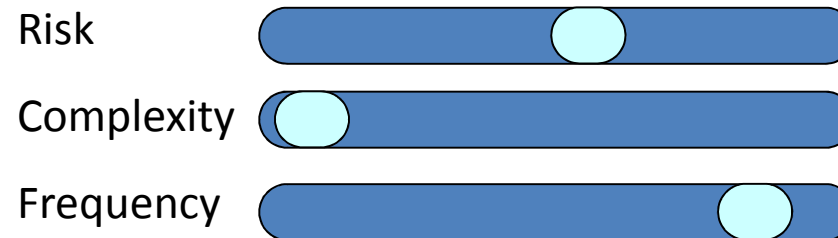
All reports should be processed and paid within 90 days!

Issues requiring follow up letter = If information is missing we will send you a message. It will stop the 90-days clock until we receive the requested information.

Concluding progress report and payment cover letter = You will receive a message after your report has been processed and your funding will be paid out.



6. Publicity Requirements – Fact Sheet 25

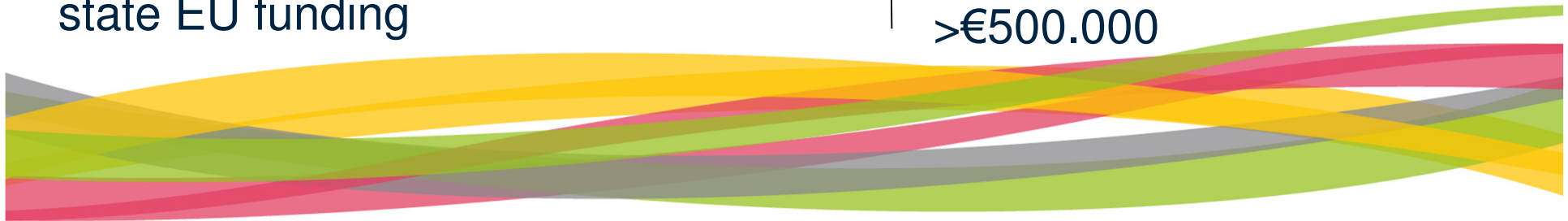


Key message

- +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

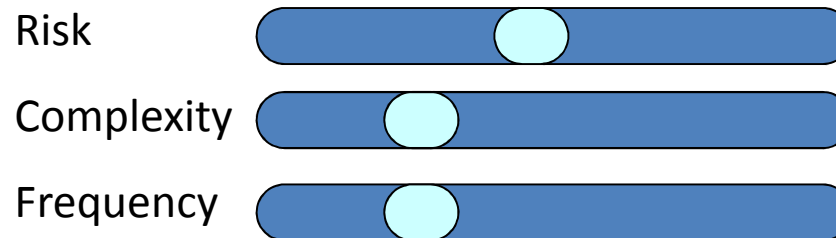
Requirements

- Use project logo provided by secretariat
- Set up project poster (OMS)
- Plaque/ billboard for infrastructure investments >€500.000





4. Project Changes – Fact Sheet 26



There are three different kind of changes:

1. **Basic information**

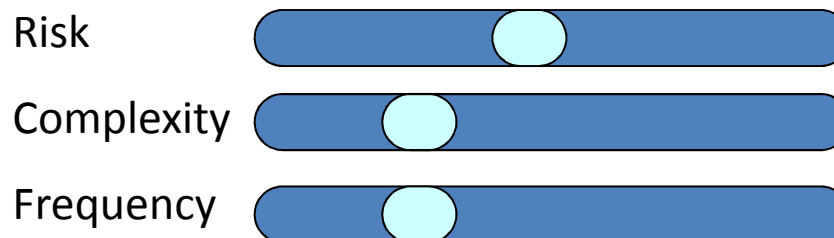
f. ex. change of details of beneficiarie´s contact information (but not the organisation's name, legal or state aid status)

 **APPROVAL BY PROJECT MANAGING USER**





4. Project Changes – Fact Sheet 26



2. Minor changes

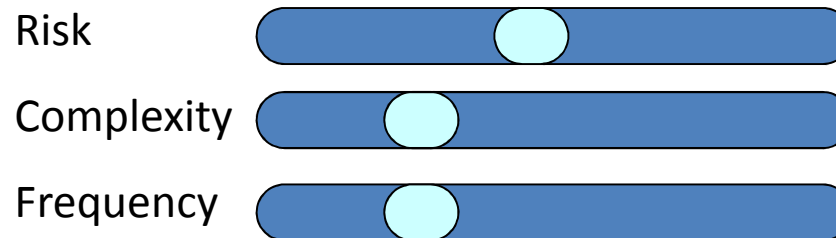
Changes that do not result in significant changes to the project outputs or budget, f.ex. adjustments to deliverables



APPROVAL BY JOINT SECRETARIAT



4. Project Changes – Fact Sheet 26



3. Major changes

Changes to the most critical parts of the application form including significant changes to the budget, f. ex. re-allocating money between beneficiaries

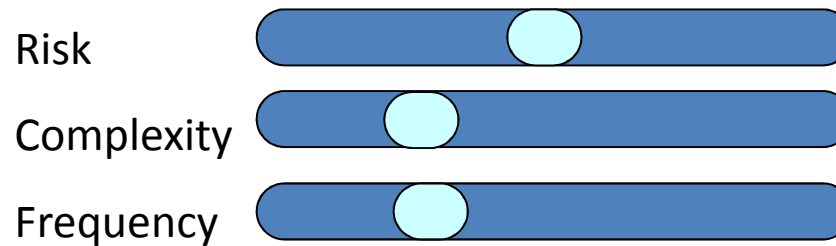


APPROVAL BY STEERING COMMITTEE

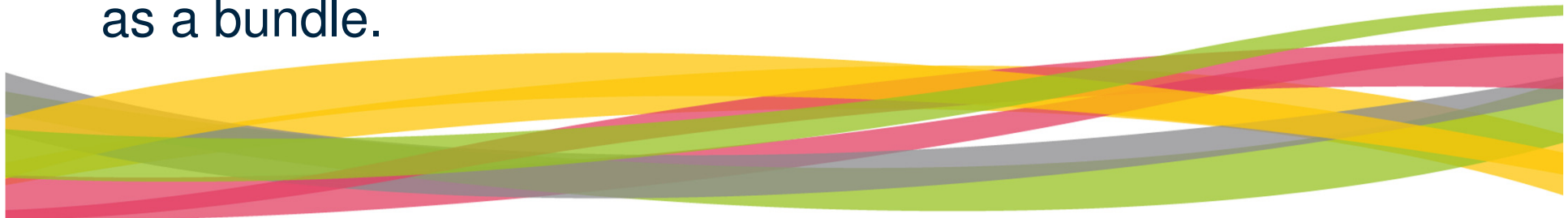
!Maximum of 2 major changes during the lifetime of the project!



4. Project Changes – Fact Sheet 26



- No change request and reporting at the same time in order to ensure that the latest approved data can be included with the following report.
- Minor changes or major changes can be collected and submitted as a bundle.



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

