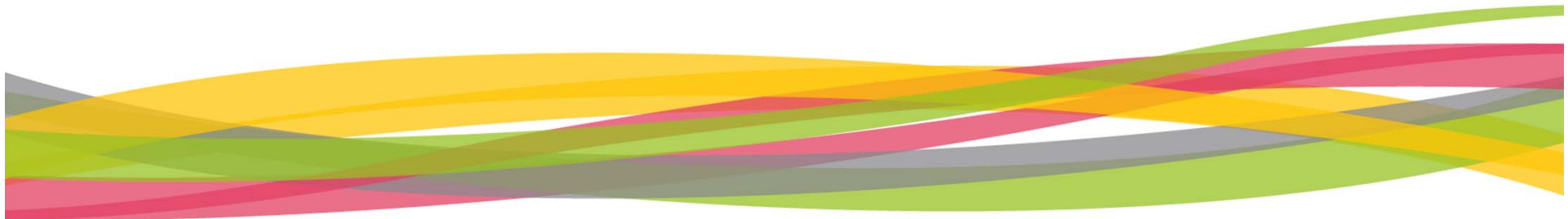




In-depth finances

Day 2 – 7 February 2019
Zwolle, The Netherlands

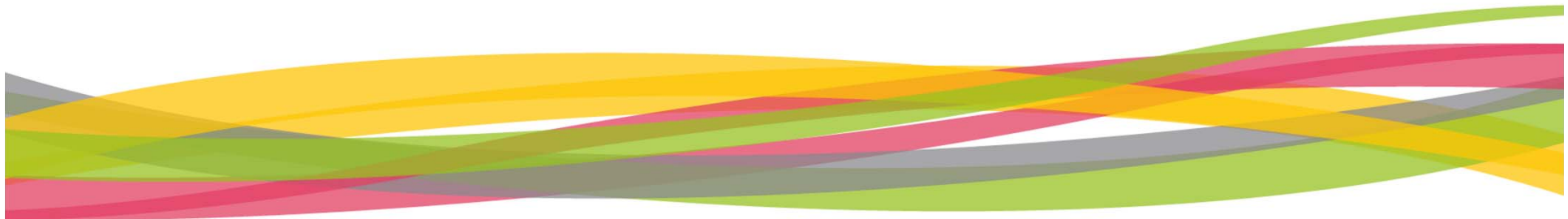
Christian Byrith & Christoffer Villsen





Before we get started

- + Introduce your self to the people sitting next to you (both right and left):
 - + What is your name
 - + Where are you from
 - + Which projet do you represent





Agenda

- + Recap on Yesterdays reminder of the control system
- + Expectations to the FLC report
- + Elaborating on specific items
- + Two exercises
- + Questions and answers

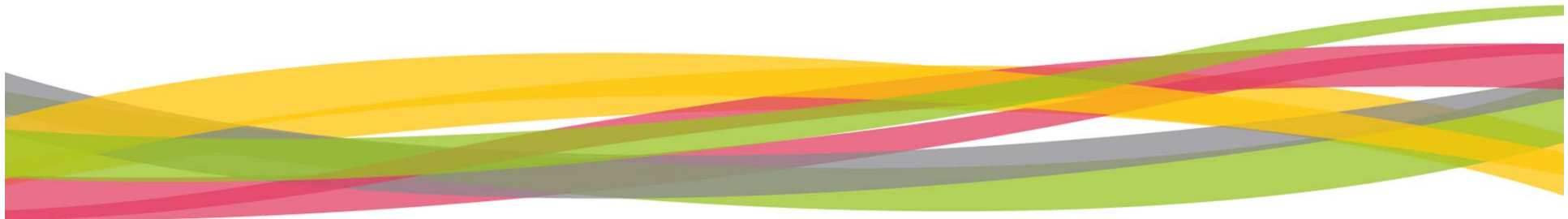




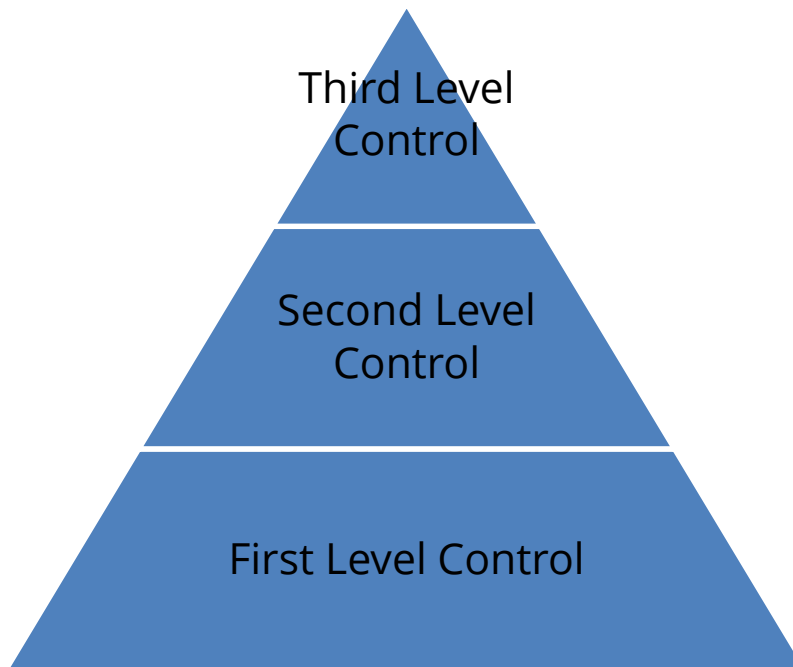
Central aim

The aim of this session is to highlight areas which cause problems for some and with which improved effort should lead to higher quality reporting

Keywords for this session: Knowledge exchange

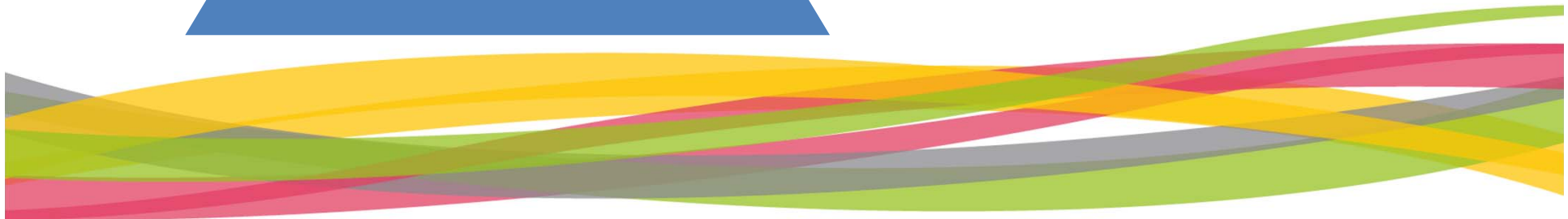


Control structure



Three levels of control – Beneficiary, national and EU level.

The most important is the first level, as all error/mistakes found and sorted at this level does not trigger an error for the entire programme.





First Level Control

Financial reporting:

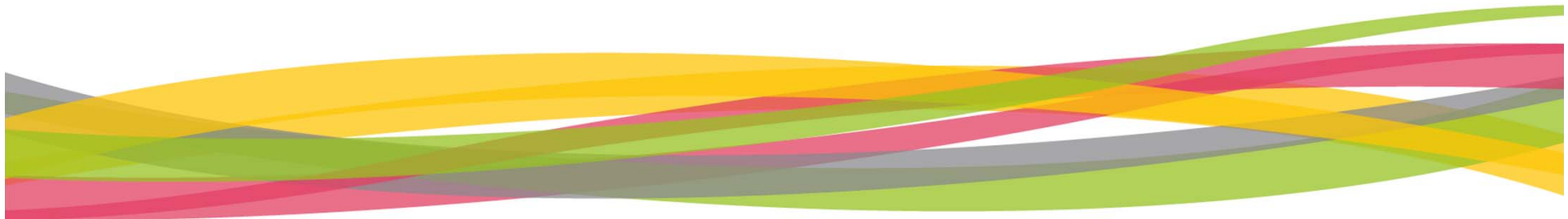
- + It is the responsibility of the beneficiary to only include expenditure which is eligible and relevant for the implementation, and
- + It is the responsibility of the First Level Controller to verify that the included expenditure is both correct and eligible.





First Level Control responsibility

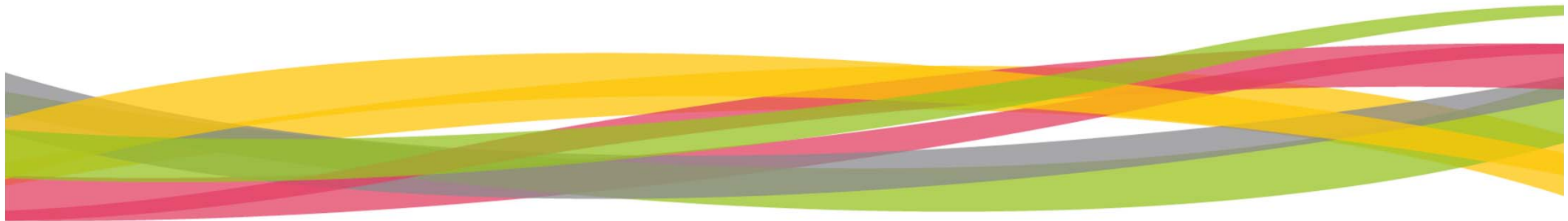
- + Correctness of the expenditures;
 - + based on national/organisational audit rules
- + Eligibility of the expenditure;
 - + based on activities presented in the approved application, and
 - + Fulfilment of the programme rules





First Level Control Report

- + Let's have a recap on the First Level Control report and how it should be operated in the OMS.







- HOME
- PROJECT APPLICATIONS
 - List
 - FLC Designations
 - Finances Reports
- COMMUNICATION
 - Announcements
 - Messages
- CONFIGURATION
 - My account

Periodic Reporting: Finances Reports
FDA! / #1, FLC Report for FDA6 Norway

Home > Periodic Reporting > Finances Reports > FDA! / #1, FLC Report for FDA6 Norway

For rules on eligibility of costs please see Fact Sheet 1

Project Acronym	FDA!
Finance Report Number	1
Name of controlled project beneficiary	FDA6 Norway
Verification	
General methodology *	<input checked="" type="checkbox"/> Desk-based <input checked="" type="checkbox"/> On-the-spot <input type="checkbox"/> Other 2 are checked, select up to 2
(If 'other') Please describe	<input type="text"/> Method used for the verification
(if on-the-spot) Start date of on-the-spot verification	2017-05-17 
(if on-the-spot) End date of on-the-spot verification	2017-05-17 
(if on-the-spot) Location of on-the-spot verification *	<input checked="" type="radio"/> Premises of project beneficiary <input type="radio"/> Project event/meeting <input type="radio"/> Place of physical project output
(if on-the-spot) Focus of on-the-spot verification *	<input type="text" value="Accounting System and supporting evidence"/> e.g. accounting system, cost items, investments, etc.
Sampling was applied *	<input type="radio"/> No <input checked="" type="radio"/> Yes





(if on-the-spot) Location of on-the-spot verification * Premises of project beneficiary Project event/meeting Place of physical project output

(if on-the-spot) Focus of on-the-spot verification *
 e.g. accounting system, cost items, investments, etc.

Sampling was applied * No Yes

(if yes) Sampling method used *
 Briefly describe sampling methodology and indicate where a detailed description can be found. Include additional information on the scope and on the percentage checked.

Start of control work *

Date(s) of requests for clarifications, if applicable

Date of receipt of satisfactory clarifications, if applicable

End of the control work *

Expenditure declared and certified by budget line

Certified expenditure should equal Declared expenditure unless ineligible expenditure was found during verification which has been deducted. These deductions should be described below in the section entitled Findings, Conclusions and Follow up Measures per budget category.

Staff costs * € (Only integers numbers accepted, no commas or dots.)
 Declared: 10000 € Difference: 0 € Certified in % to declared: 100 %

Office and administration * € (Only integers numbers accepted, no commas or dots.)
 Declared: 1500 € Difference: 0 € Certified in % to declared: 100 %

€ (Only integers numbers accepted, no commas or dots.)





Expenditure declared and certified by budget line

Certified expenditure should equal Declared expenditure unless ineligible expenditure was found during verification which has been deducted. These deductions should be described below in the section entitled Findings, Conclusions and Follow up Measures per budget category.

Staff costs	<input type="text" value="10000"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 10000 € Difference: 0 € Certified in % to declared: 100 %"/>	
Office and administration *	<input type="text" value="1500"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 1500 € Difference: 0 € Certified in % to declared: 100 %"/>	
Travel and accommodation *	<input type="text" value="450"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 500 € Difference: 50 € Certified in % to declared: 90 %"/>	
External expertise and services *	<input type="text" value="30000"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 30000 € Difference: 0 € Certified in % to declared: 100 %"/>	
Equipment *	<input type="text" value="10000"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 10000 € Difference: 0 € Certified in % to declared: 100 %"/>	
Investments *	<input type="text" value="20000"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 20000 € Difference: 0 € Certified in % to declared: 100 %"/>	
Total Expenditure *	<input type="text" value="71950"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 72000 € Difference: 50 € Certified in % to declared: 100 %"/>	
(Net revenue) *	<input type="text" value="0"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 0 € Difference: 0 € Certified in % to declared: - %"/>	
Total Eligible Expenditure *	<input type="text" value="71950"/>	€ (Only integers numbers accepted, no commas or dots.)
	<input type="text" value="Declared: 72000 € Difference: 50 € Certified in % to declared: 100 %"/>	





Funding

The sum of the certified amounts for *Programme co-financing (e.g. ERDF)* and *Total beneficiary match funding* should equal the certified amount of *Total Eligible Expenditure*. Additionally, *Programme co-financing (e.g. ERDF)* is capped to 50% of the total eligible expenditure as set in the original application.

Programme co-financing (e.g. ERDF) * € (Only integers numbers accepted, no commas or dots.)
 Declared: 36000 € Difference: 25 € Certified in % to declared: 100 %
 Maximum ERDF per the original application: 372500 €.

Beneficiary match funding

Public contribution * € (Only integers numbers accepted, no commas or dots.)
 Declared: 36000 € Difference: 25 € Certified in % to declared: 100 %

Private contribution * € (Only integers numbers accepted, no commas or dots.)
 Declared: 0 € Difference: 0 € Certified in % to declared: - %

Total beneficiary match funding € (Only integers numbers accepted, no commas or dots.)
 Declared: 36000 € Difference: 25 € Certified in % to declared: 100 %
 Total certified Expenditure is 71950€.
 Total certified funding is 71950€.
 The two values are equal.

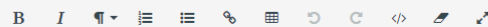
Expenditure outside the programme area

Part of the expenditure was incurred outside (the Union part of) the programme area * No Yes

(if yes) How much was certified? * € (Only integers numbers accepted, no commas or dots.)

Findings, Conclusions, Follow-up Measures

Description of findings, observations and limitations *





Expenditure outside the programme area

Part of the expenditure was incurred outside (the Union part of) the programme area? No Yes

(if yes) How much was certified? * € (Only integers numbers accepted, no commas or dots.)

Findings, Conclusions, Follow-up Measures

Description of findings, observations and limitations *

B I [Rich text editor icons]
 On overall level the supporting evidence is considered to be complete, however one piece of evidence for an expenditure of € 50 was missing. 140

A description of the types of errors found and a reason why it is an error. Also add a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.

Conclusions and recommendations *

B I [Rich text editor icons]
 The beneficiary was reminded to re-evaluate internal procedures for handling supporting evidence. 98

The conclusion takes into consideration the above-mentioned observations/reservations. It also describes the measures implemented to solve the errors detected and it eventually provides recommendations to avoid the repetition of the same types of errors in the future.

Follow-up measures for the next progress report *

B I [Rich text editor icons]
 If evidence is found then the amount can be included in the next claim for reimbursement. 90

Follow-up measures to be implemented in the next progress report should be described in this section.

Detailed breakdown of findings by cost category

Staff Costs *

B I [Rich text editor icons]
 None 4

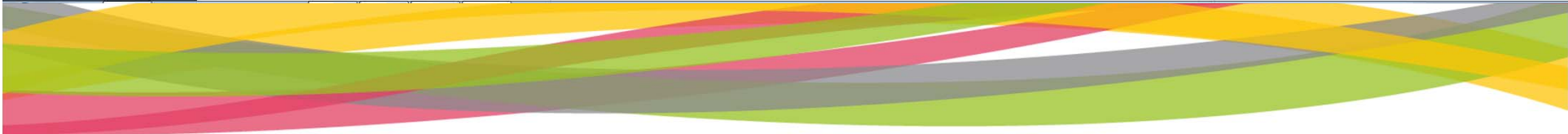
Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report.





Detailed breakdown of findings by cost category

Staff Costs *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>None</p> <p>Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report.</p>
Office and administration *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>None</p> <p>Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report</p>
Travel and accommodation *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>Supporting evidence for a € 50 expenditure was missing. This links to item no. XX on the list of expenditure attached to the finance report.</p> <p>Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report</p>
External expertise and services *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>None</p> <p>Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report</p>
Equipment *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>None</p> <p>Description of findings, observations and limitations; Conclusions and recommendations; Follow-up measures for the next progress report</p>
Investments *	<p>B I [dropdown] [list] [list] [link] [table] [refresh] [undo] [redo] [code] [edit] [share]</p> <p>None</p>





Attachment 20170515103420_20170503112057_test.docx - Delete file?
 Upload a file
 Der er ikke valgt nogen fil
 Optional supportive material.

Purpose of the Control, Responsibilities, Legal Basis and Methodology

Purpose of the control report and addressees

We performed a verification of the above mentioned report. We prepared this independent first level control report in order to provide the project beneficiary with information on the control work carried out by us, the errors detected, the conclusions drawn and the recommendations and follow-up measures identified.

This control report refers solely to the beneficiary report identified above and does not constitute a confirmation of the controlled entity's other statements and accounts.

This control report is primarily for the attention of the controlled lead beneficiary/project beneficiary.

It will furthermore be made available to the managing authority, the joint secretariat of the programme and managing authority, as well as authorised third parties such as the audit authority and the European Commission upon request.

Responsibility of the Project Beneficiary

The lead beneficiary / project beneficiary is responsible for the preparation of the beneficiary report in accordance with the reporting provisions outlined in the subsidy contract.

The lead beneficiary / project beneficiary is furthermore responsible for executing internal control in order to enable the preparation of beneficiary reports that are free from material misstatement, including those due to fraud or error.

Responsibility of the Lead Beneficiary

Responsibilities of the Lead Beneficiary are outlined in Article 13 of Reg. (EU) No 1299/2013.

Responsibility of the Managing Authority/Joint Secretariat


MA/JS carry out the functions according to Article 125 of (EU) No 1303/2013 and Article 23 of (EU) No 1299/2013. The MA/JS take the responsibility for monitoring overall project progress.

Responsibility of First Level Control

FLC is responsible for verifying expenditure declared in the beneficiary report based on the verifications carried out according to Article 23 of (EU) No 1299/2013.

Legal basis and guidelines

- Reg. (EU) No 1303/2013 ; Reg. (EU) No 1301/2013; Reg. (EU) No 1299/2013
- Commission Delegated Regulations (EU) No 481/2014, (EU) No 480/2014
- Guidance document on management verifications to be carried out by Member States on operations co-financed by the Structural Funds, the Cohesion Fund and the EMFF for the 2014–2020 programming period
- Cooperation Programme
- Programme Manual
- Fact Sheets
- (national, regional) FLC manual

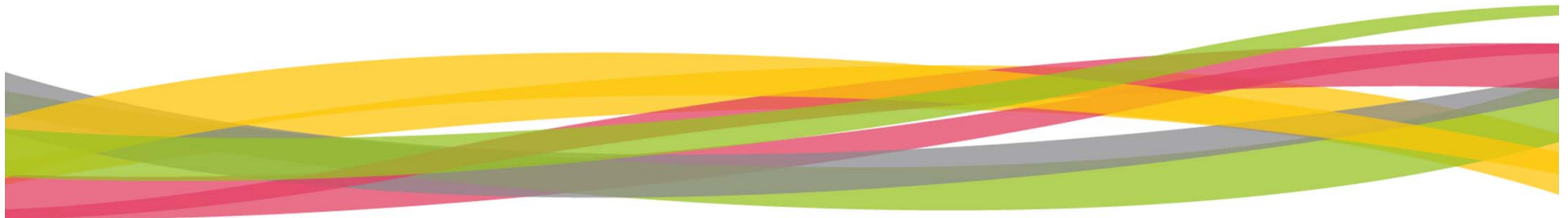






First Level Control Report

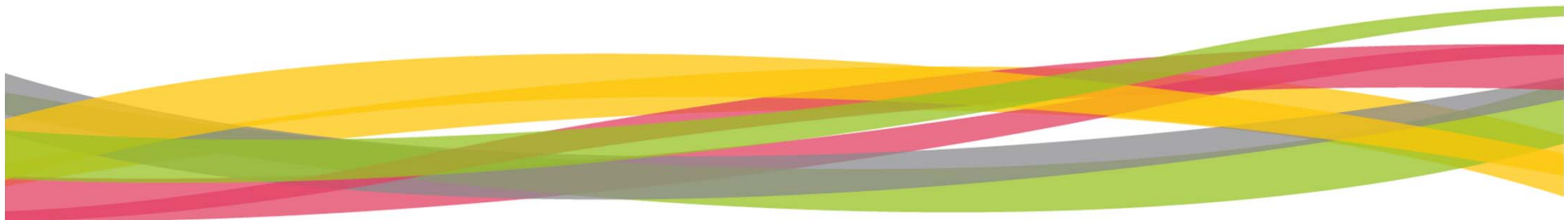
- + Be very precise when filling in the First Level Control report as open-ended conclusions may give rise to questions at the Secretariat and delay the processing of the project report.





First Level Control Report - example

- + “In general, all expenses are eligible and properly supported.”
- + “Everything is considered eligible” - followed by relatively extensive comments on observations, which are rather inconclusive.

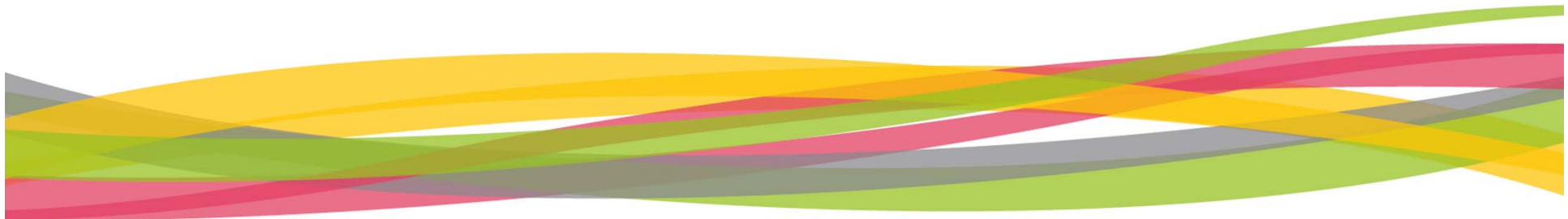




Documenting staff costs – Fixed time

Remember how staff time is documented;

- + Full time on the project: Addendum to the employment contract
- + Part time with fixed percentage: Addendum to the employment contract

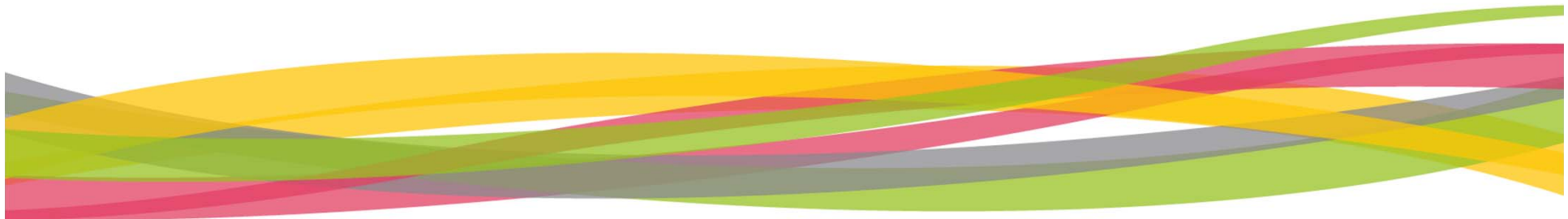




Documenting staff costs – variable hours

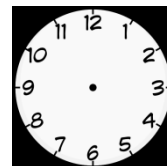
Remember how staff time is documented;

- + Part time with variable hours: Time sheets covering 100% of the working time
- + Staff paid by the hour: Hours worked



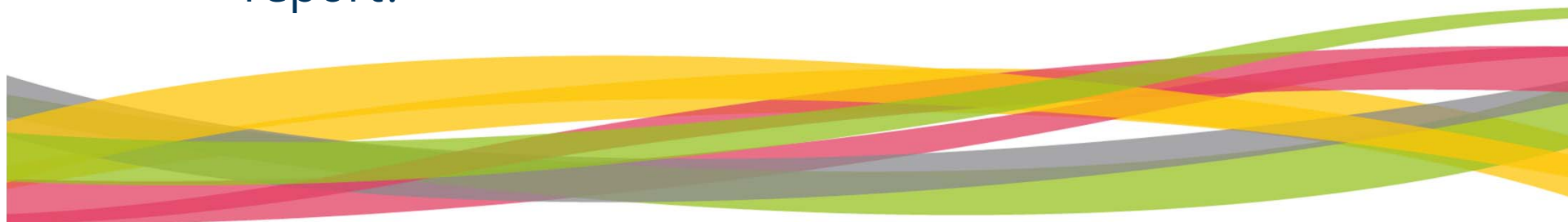


Exchange of knowledge



- 15 minutes in groups
- Summary in plenary

- + Do you apply a method which requires calculating an hourly rate?
- + What is the biggest issue/challenge when calculating the hourly rate?
- + How do you document your approach and subsequent staff costs included in a progress report?





Programme rules and guidance

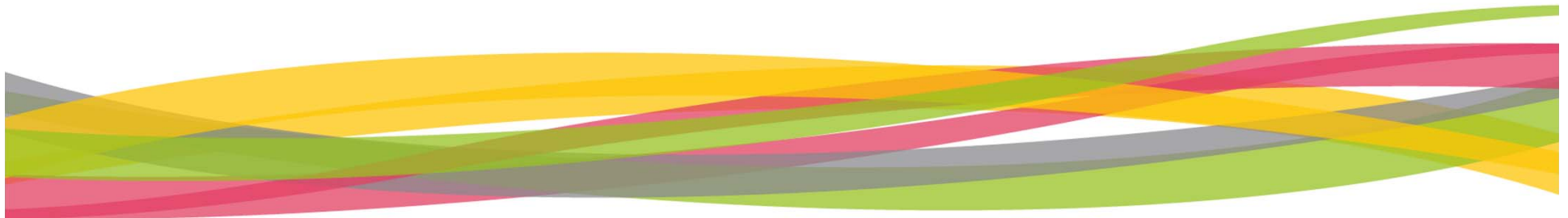
- + Remember that rules perhaps changes during the course of time.
- + Each fact sheet clearly defines the validation period
- + When reporting the OMS provides help text to each of the entry fields.





Rounding

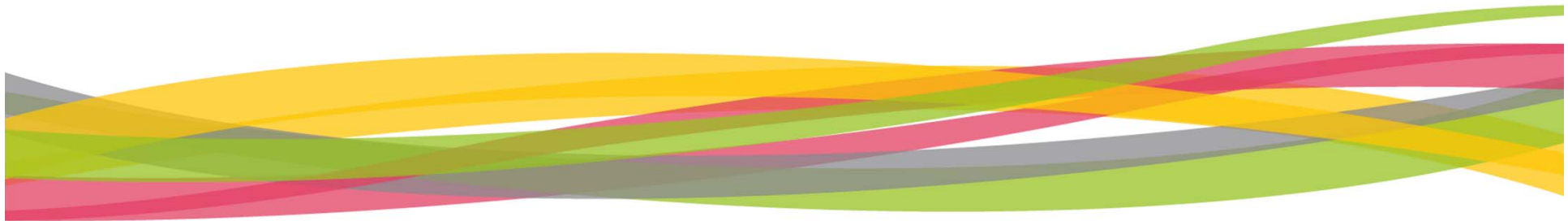
- + Remember that totals always have to be rounded in favour of the programme (i.e. rounded down)





Annexes

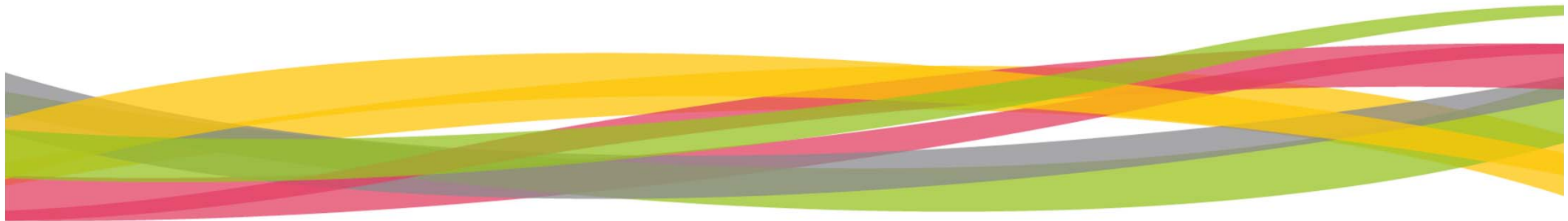
- + One annex per budget line applied
- + Only relevant information – list of expenditure
- + If you want to do us a favour – submit the annex as PDF





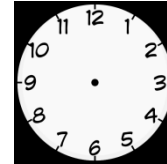
Annexes

- + Amount in annex have to be the same as reported in the OMS
 - + If deduction by FLC result in lower amount in OMS compared to the annex, this is considered acceptable (of course!)
 - + If the FLC verifies a higher amount than the one presented in the annex, then the annex should be revised.





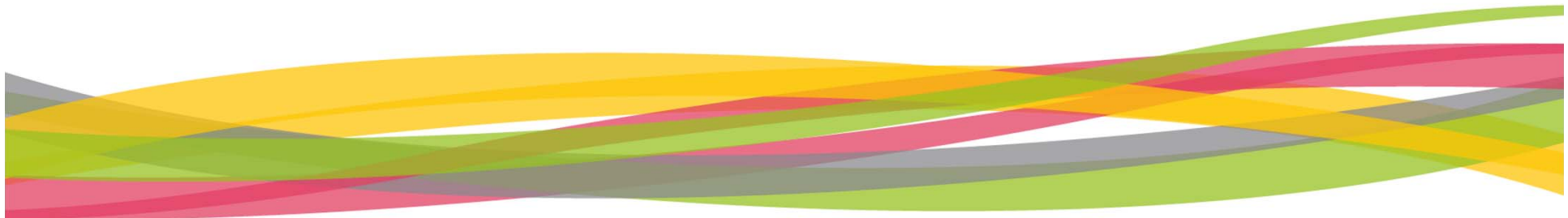
Exercise



- 10 minutes
- Summary in plenary

In groups,

1. Present the rule which you find **least** challenging,
2. Why do you find this rule least challenging?
3. Present the rule you find **most** challenging,
4. What is it you find challenging about it?





Questions and answers

