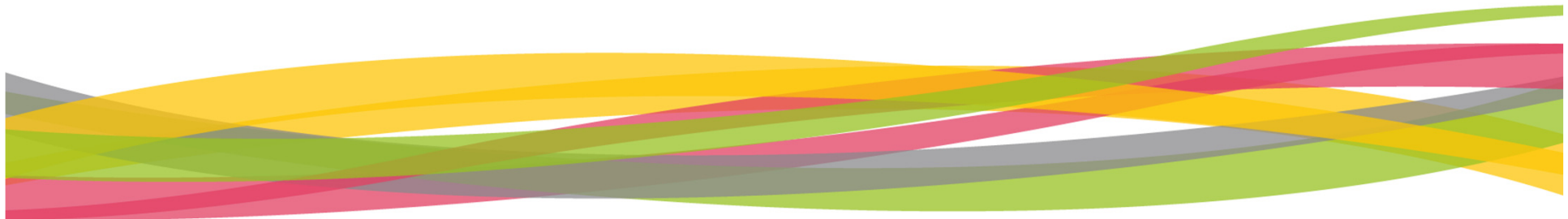


# First Level Control of finance and activities: The Programme rules

First Level Control seminar – Germany  
Bremen, 25 September 2017

Jenny Thomsen, Isabella Marie Leong and Christoffer Stougaard Villsen

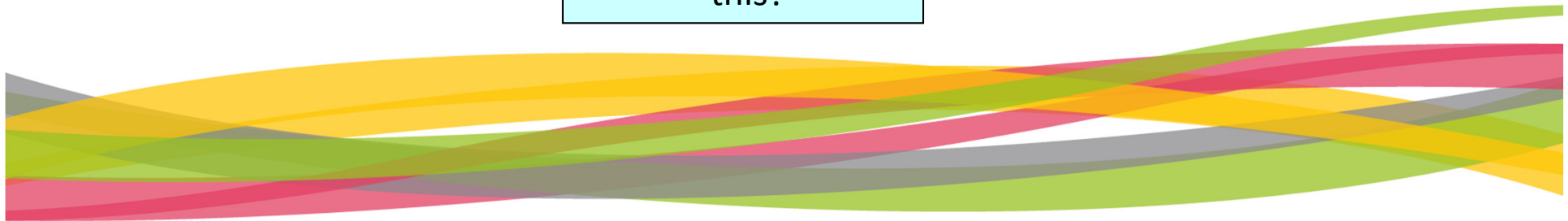
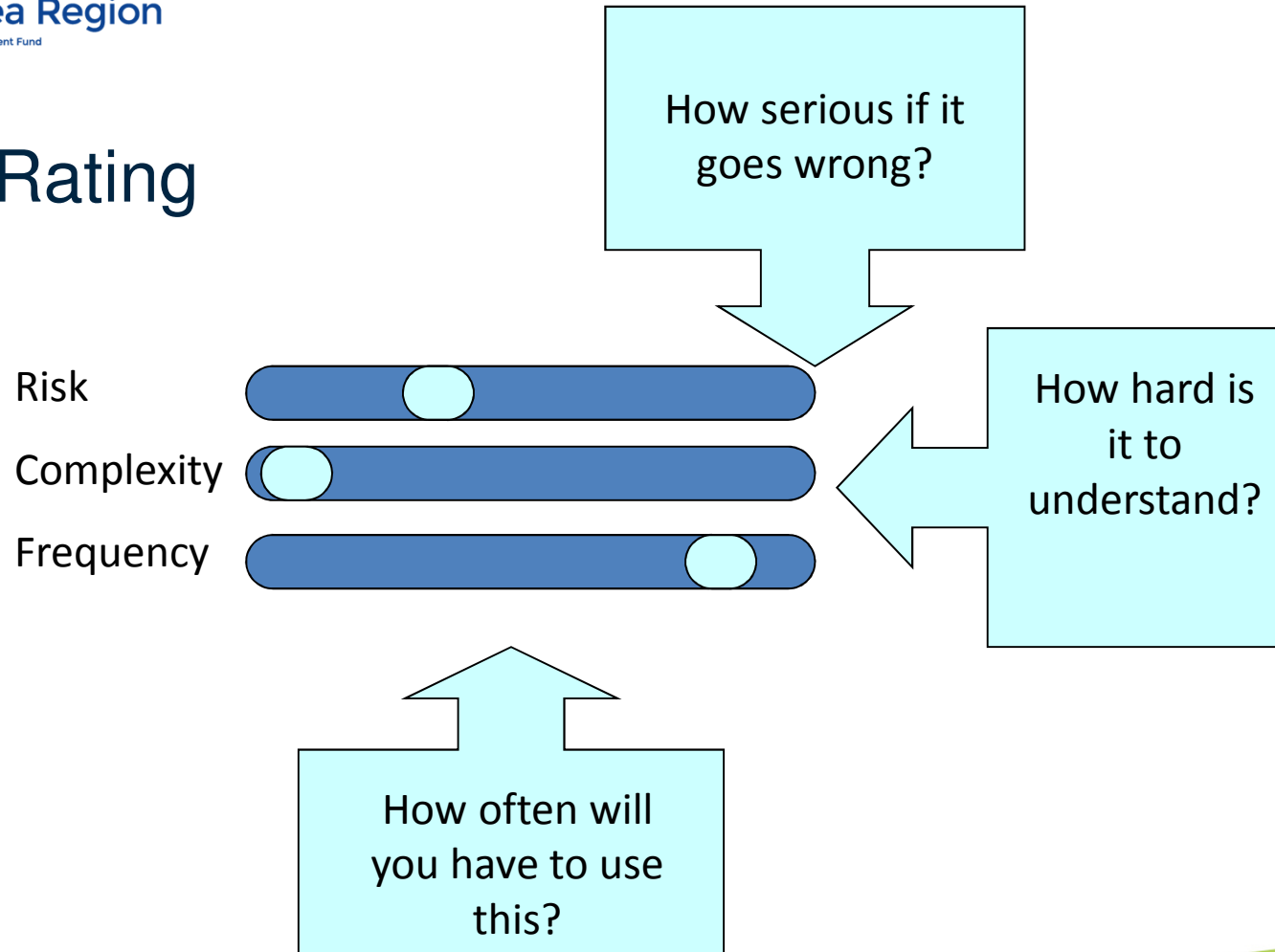


## Agenda – a lot of information presented in groups

- + 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

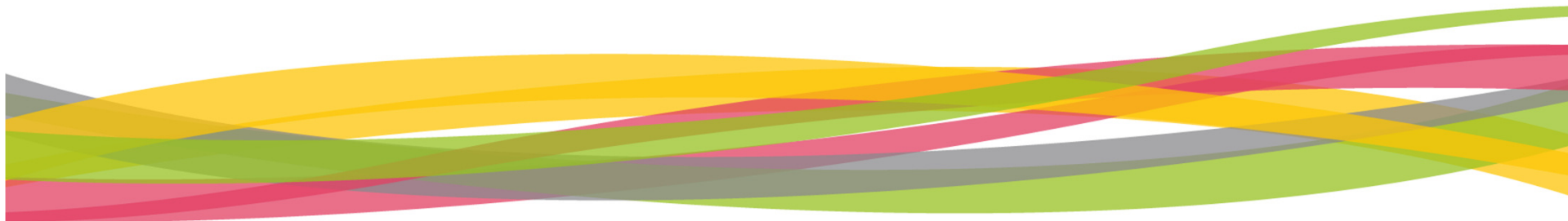


# Rule Rating

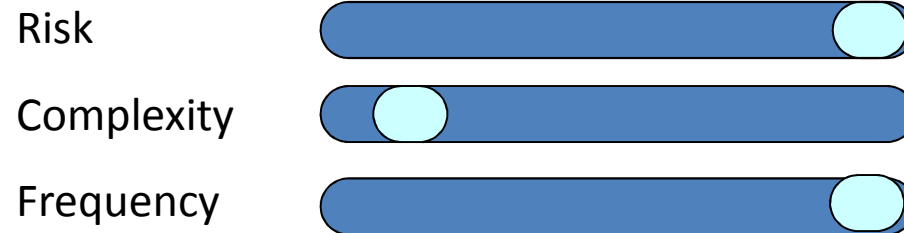




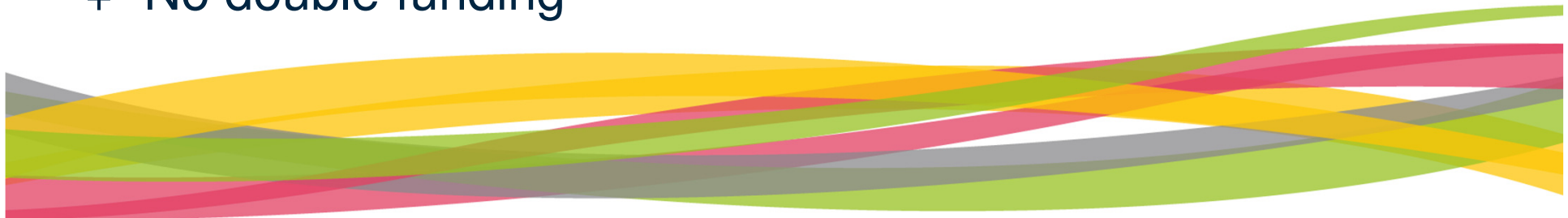
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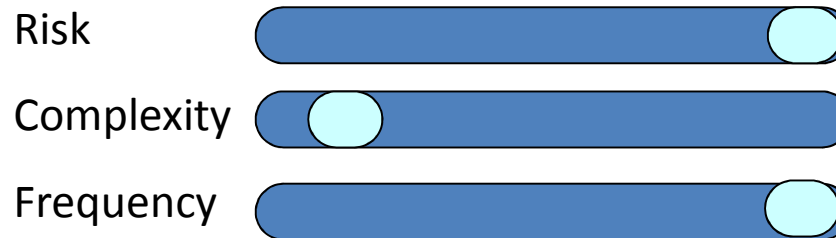
## 1. General rules on eligibility – Fact Sheet 1



- + 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

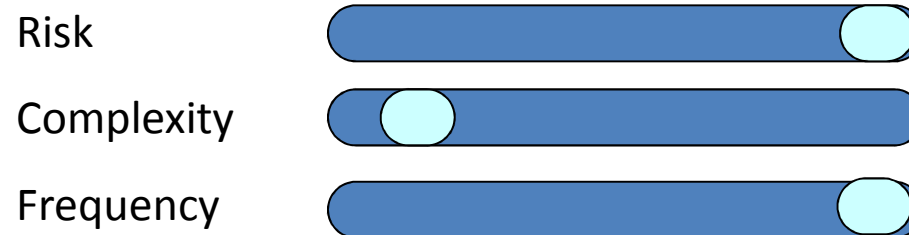


+ NEVER paid:

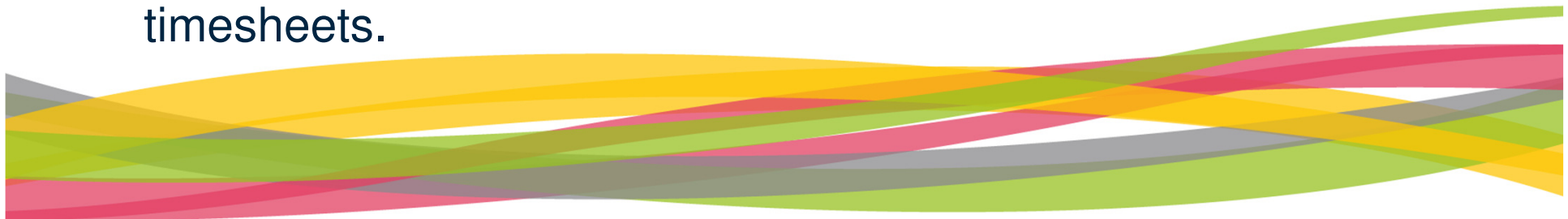
- Interest on debt
- VAT (refundable)
- Fines & penalties
- Exchange rate losses
- Aid to enterprises in difficulty
- Land purchase over 10% of project budget....most of the time....



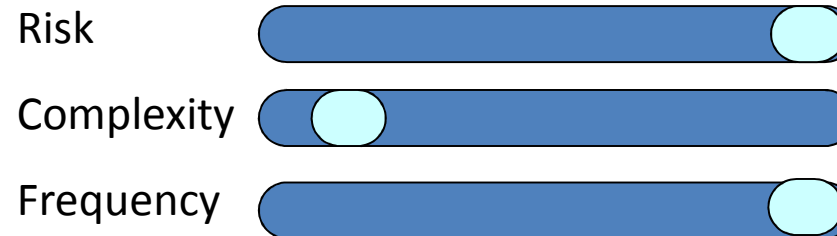
## 1. Staff costs – Fact Sheet 2



- + 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

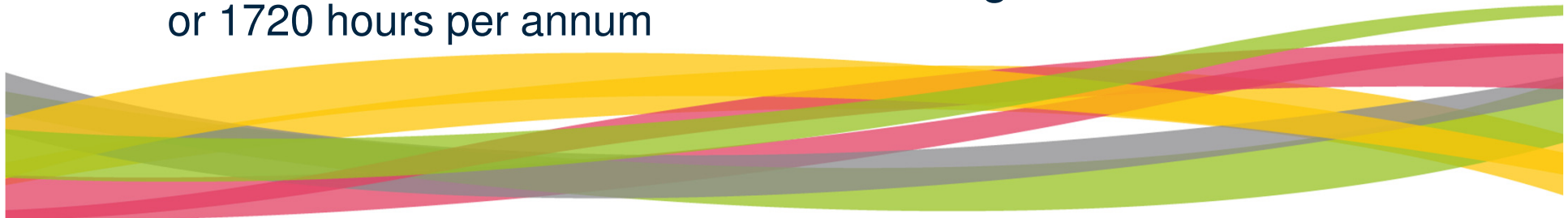


### + Staff part-time with variable hours on the project:

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

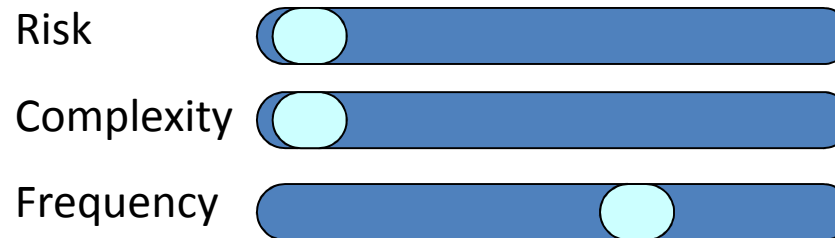
### + Timesheets for 100% of employees time...(not just time spent on project)

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

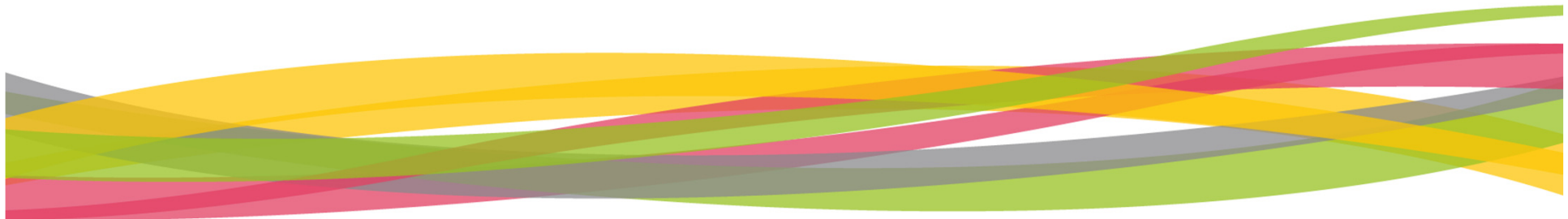




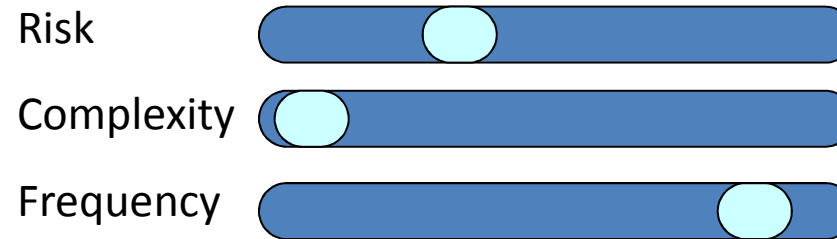
# 1. Office and Administration (including 'Overheads' costs) – Fact Sheet 3



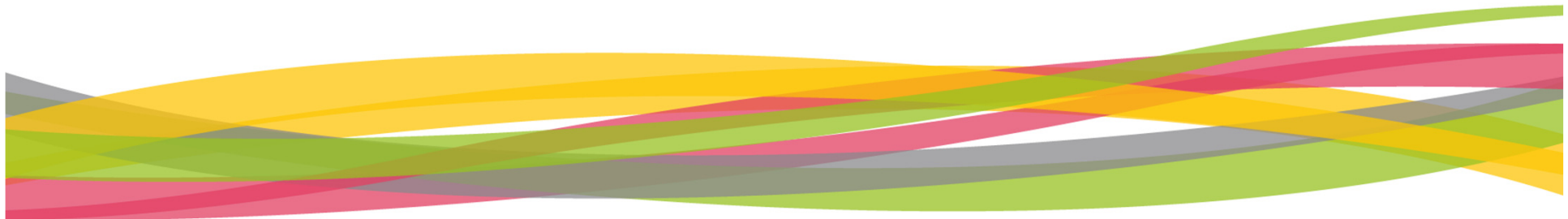
- + 15% of verified staff costs (50% reimbursement)
- + Auto-calculated by Online Monitoring System (OMS)
- + Basta!



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

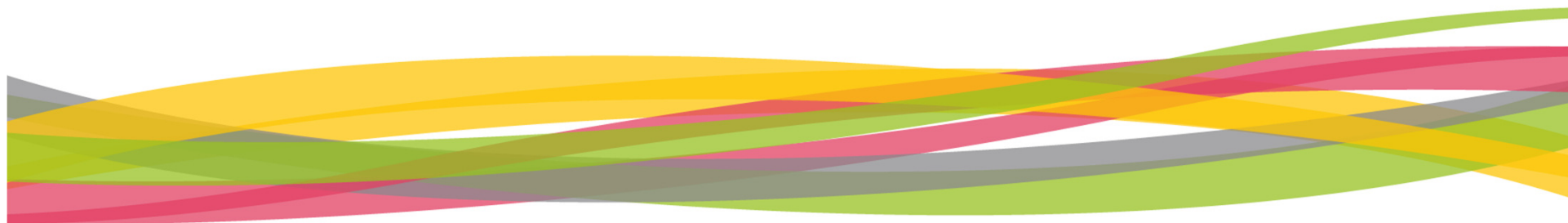


- + Real costs
- + Value for money
- + Justification

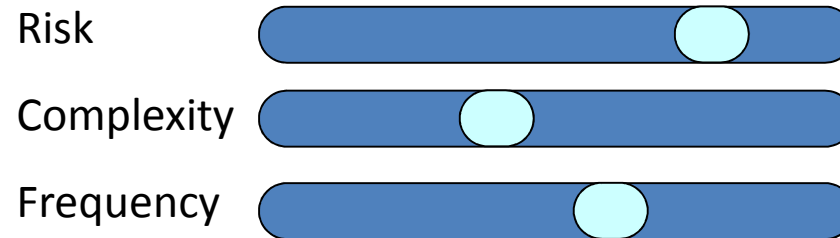




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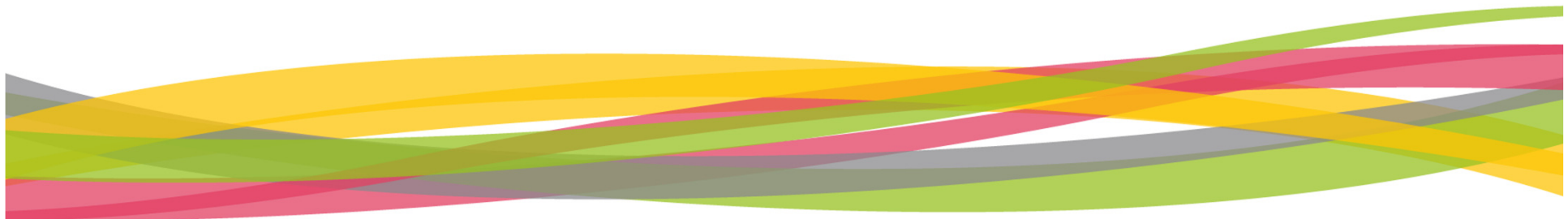


## 2. Contracting External Experts and Services – Fact Sheet 5

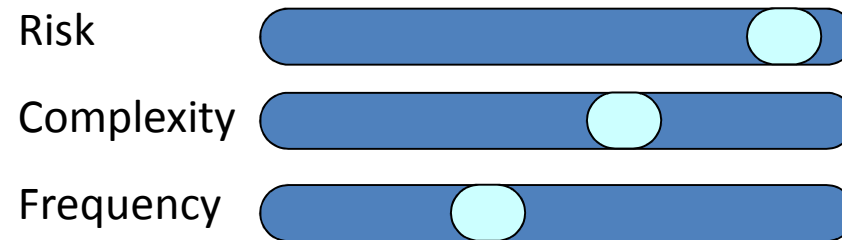


+ Procurement! (including f. ex. project management and first level control)

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

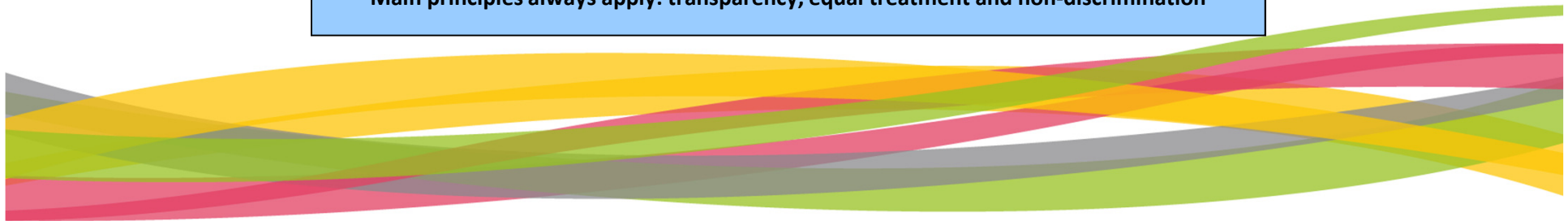
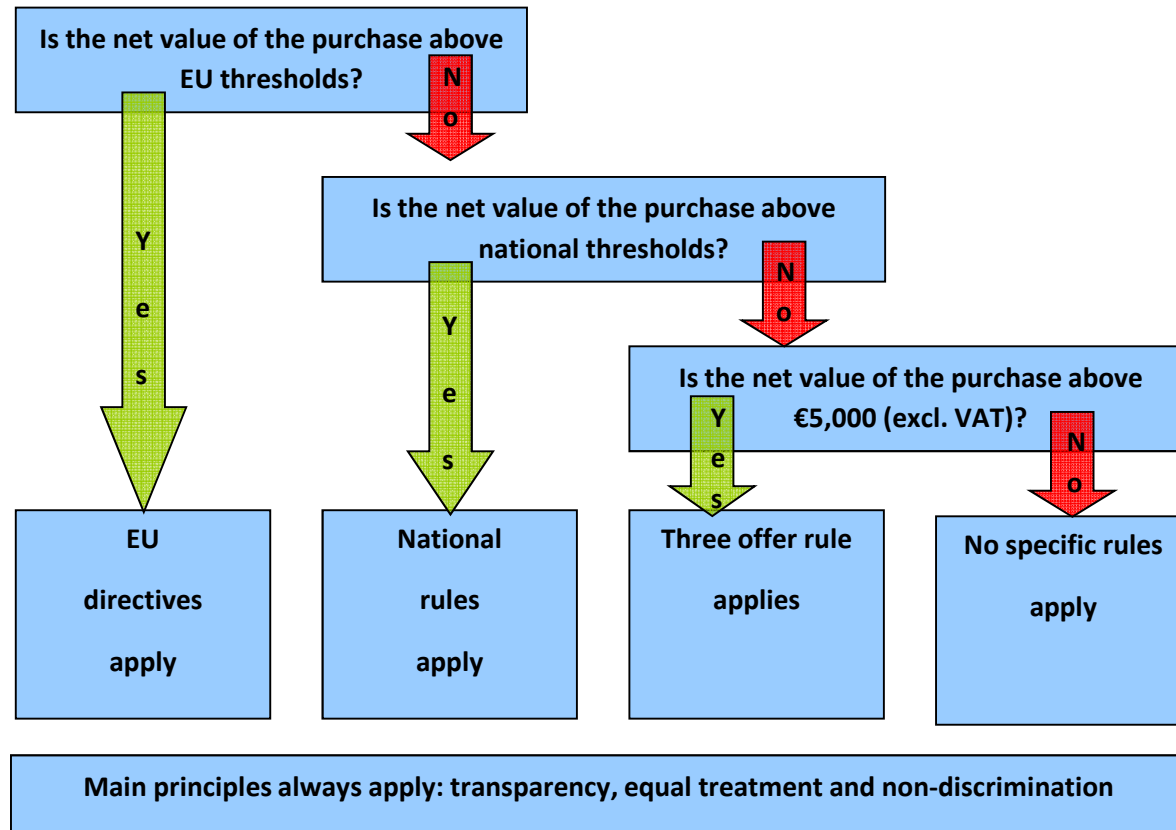


## 2. Tender procedures – Fact Sheet 11

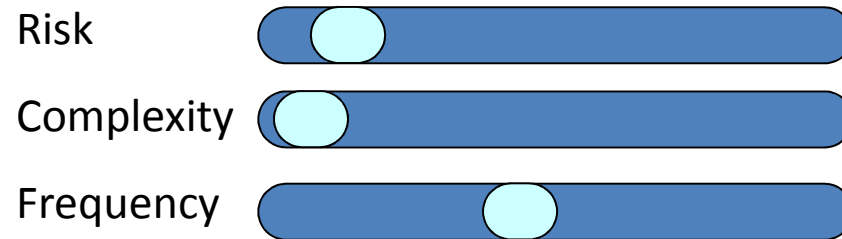


- + **Key message:** All contracts for any amount over €5,000 are offered to a range of bidders and advertisement and selection procedures must be documented.
- + 4 rules to consider (over EU threshold; below EU threshold but over national/ organisational threshold; over € 5.000; below €5,000)
- + 3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

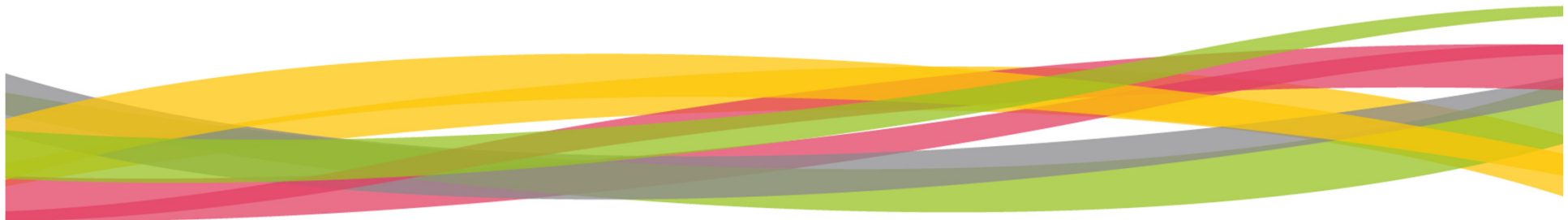
## 2. Which rules apply to which amounts? – Fact Sheet 11



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

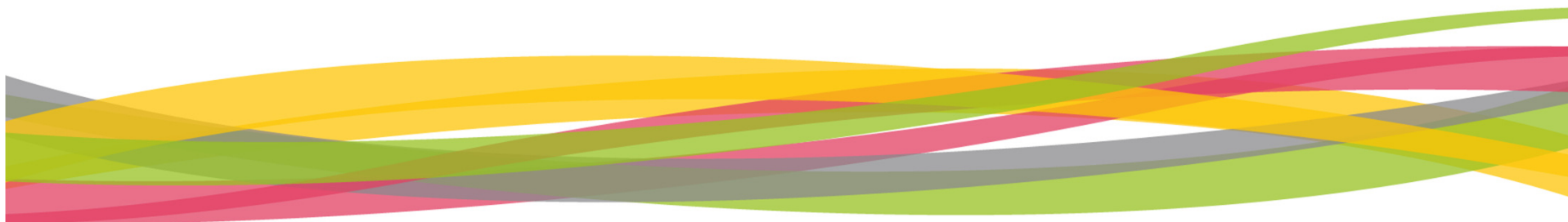


- + Regular equipment vs. specialist equipment
- + Procurement!
- + Investments must remain in place for at least 5 years from date of final payment to the project.



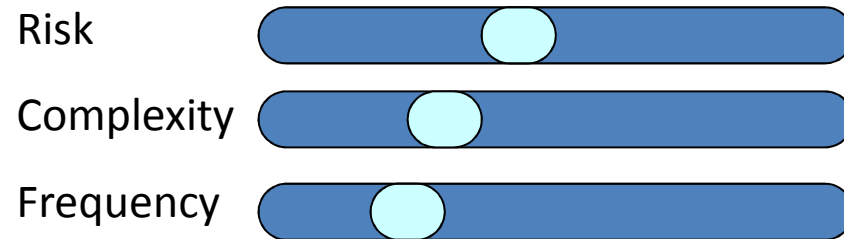


3





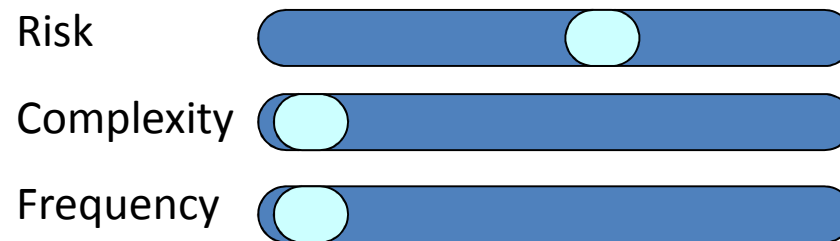
### 3. Shared costs – Fact Sheet 8



- + 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

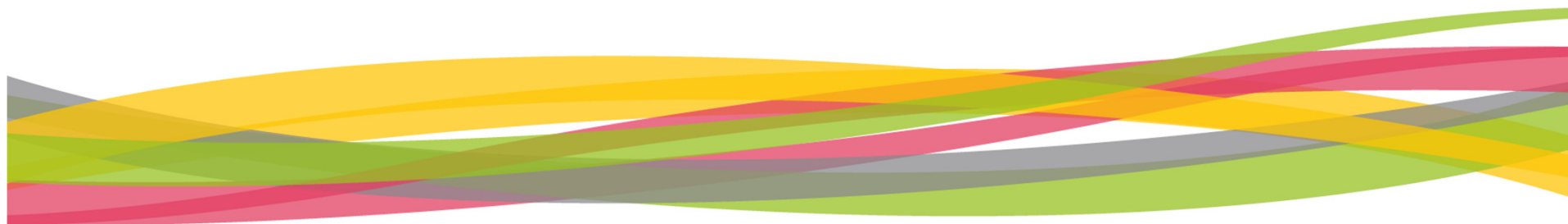


- + Must have a **SIGNED** agreement to get paid, including all beneficiaries and co-beneficiaries
- + Should indicate and explain how shared costs will be calculated and reimbursed
- + May include internal reporting deadlines, internal procedures for requesting changes, etc.

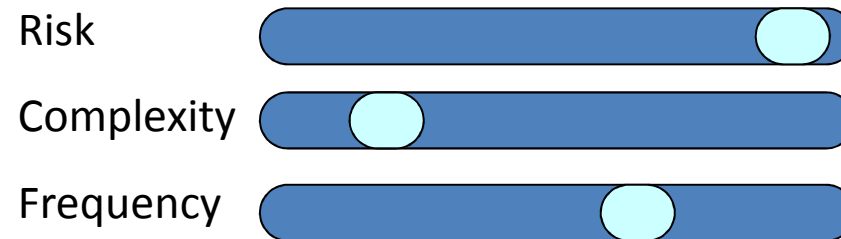




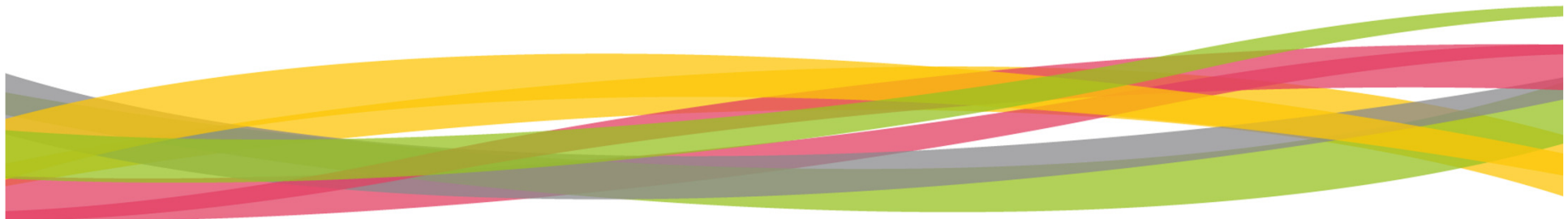
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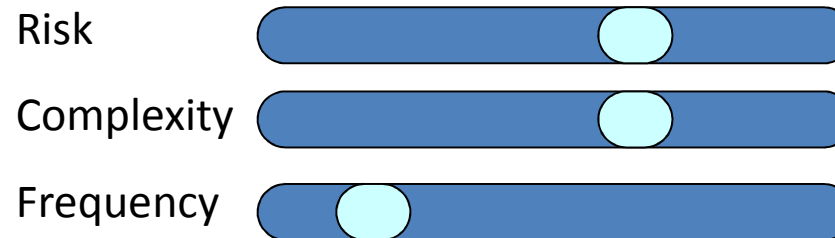
## 4. Private Sector Beneficiaries – Fact Sheet 15



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



## 4. State Aid – Fact Sheet 16

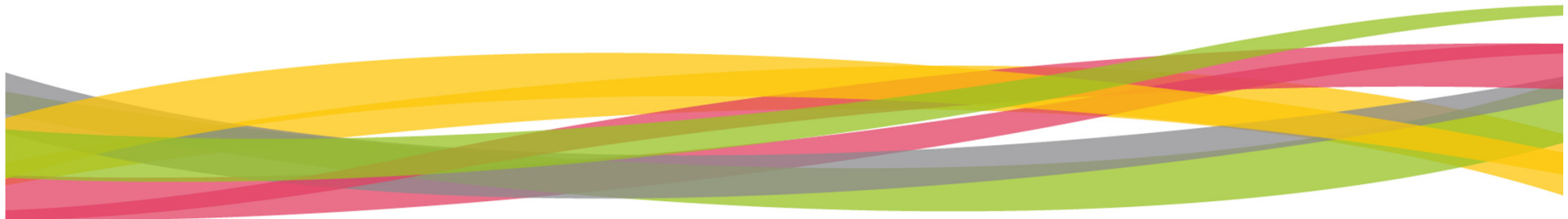


- + Basic principles:
  - + Three options available:
    - + No economic advantage
    - + De Minimis: Max €200,000 over 3 fiscal years
    - + General Block Exemption Regulation (GBER): €2 million per project (only applies to SMEs)
  - + Beneficiary under De Minimis or GBER is exempt from programme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



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

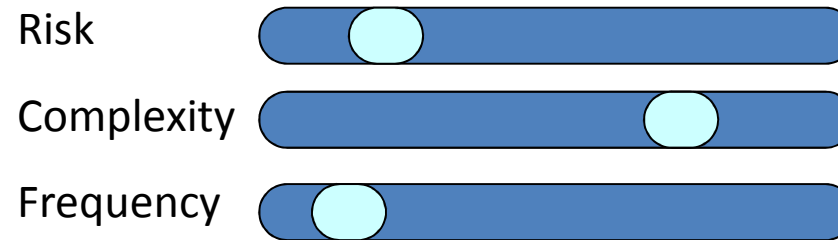
- + A final recipient is any undertaking that receives aid in some form but *is not one of the project beneficiaries*, e.g. an SME taking part in training offered by the project.
- + Final recipients in NSRP projects are only an issue when the aid provided to them by the programme involves services with 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.



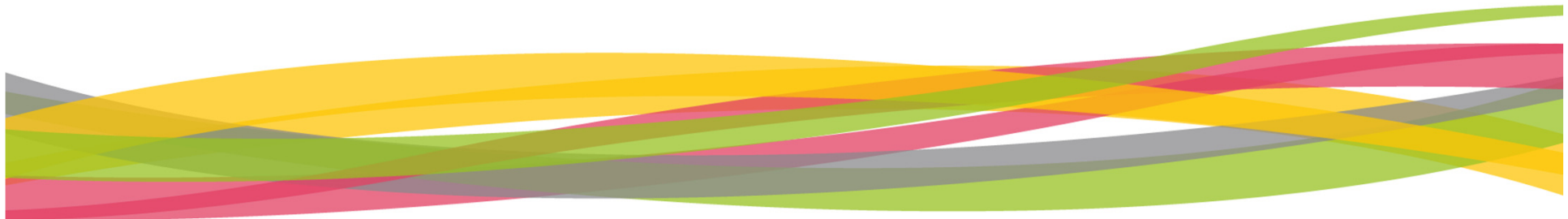
## 4. State Aid for Final Recipients – [Fact Sheet 17]

- + 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



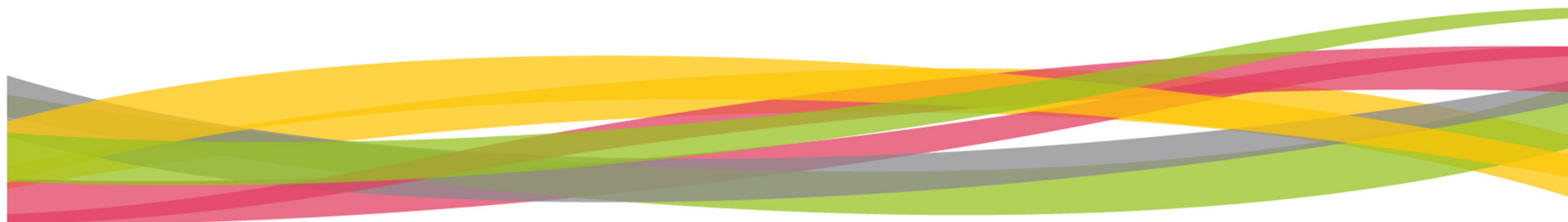
- + Net revenues must be reported
- + All net revenues received within 3 years after project end must be reported
- + Eligible costs – (net) revenues = Net eligible costs
- + Does not apply to those participating as part of State Aid scheme



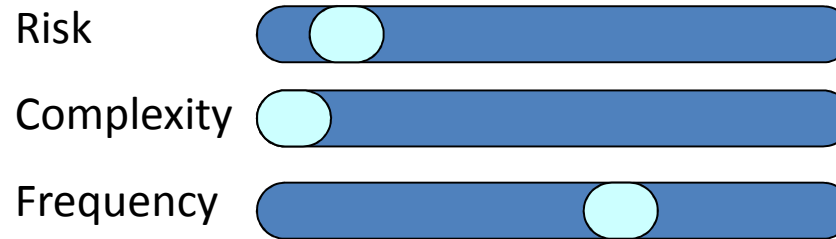




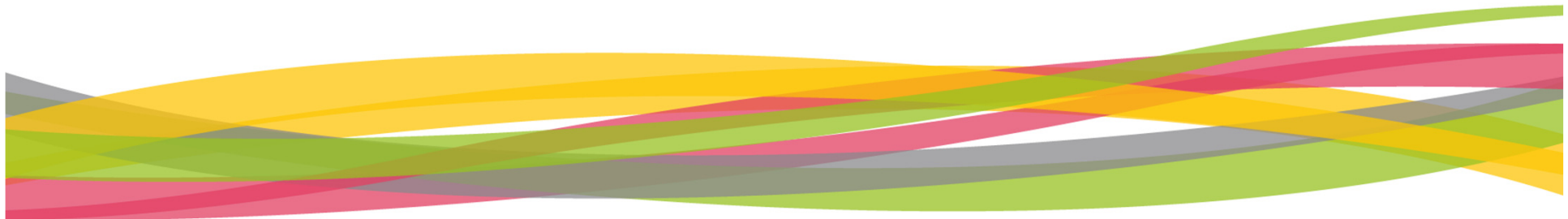
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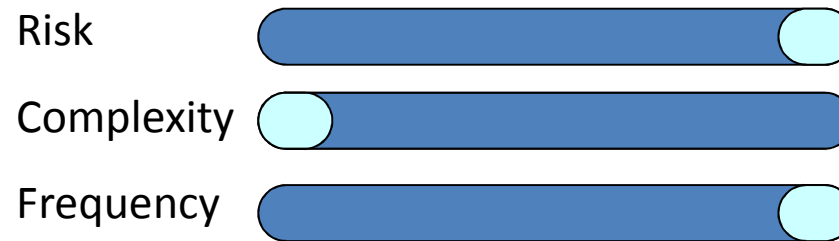
## 5. Exchange Rates – Fact Sheet 10



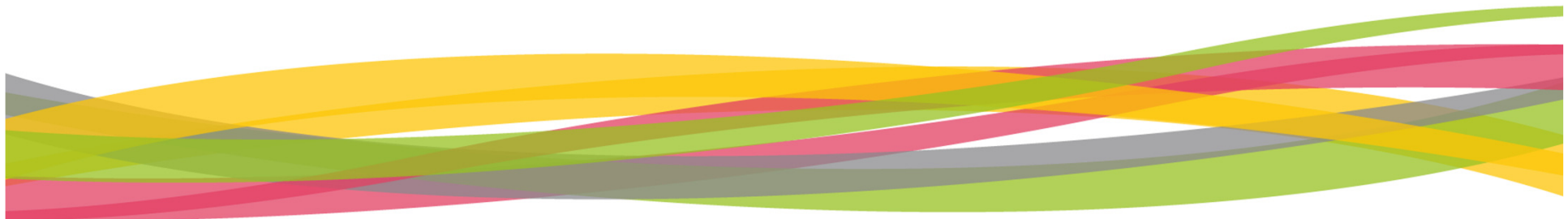
- + There is only one right way to do it
- + Exchange rate of the month expenditure is submitted to FLC for verification



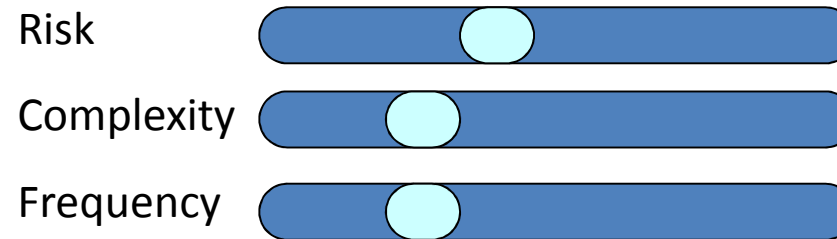
## 5. Documents required for the Audit Trail – Fact Sheet 12



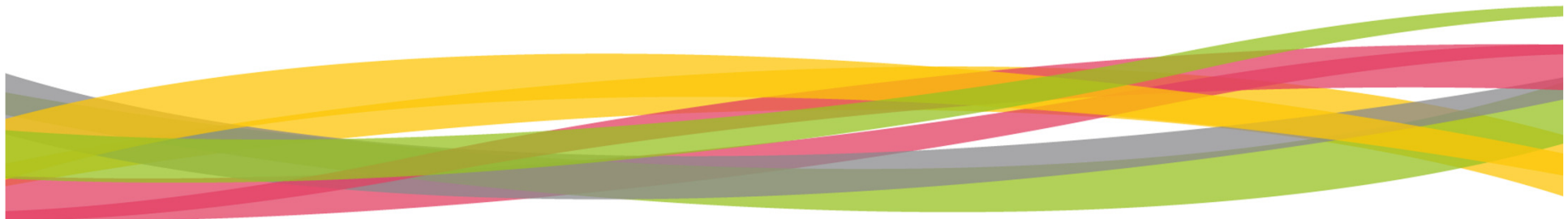
- + If it's not documented it never happened
- + What auditors hate...
- + More than 'correctness' - eligibility



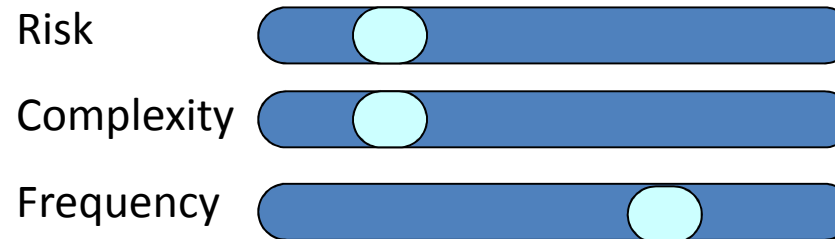
## 5. In-kind contributions – Fact Sheet 1



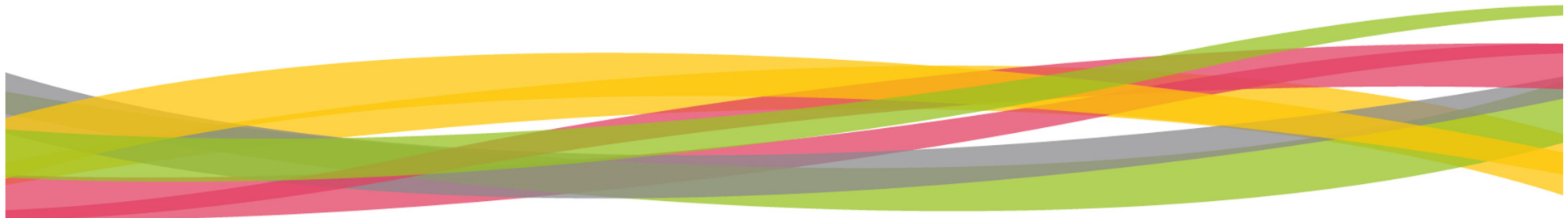
- + NOT ELIGIBLE!
- + Staff costs are not in-kind contributions; unpaid voluntary work is not a cost



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

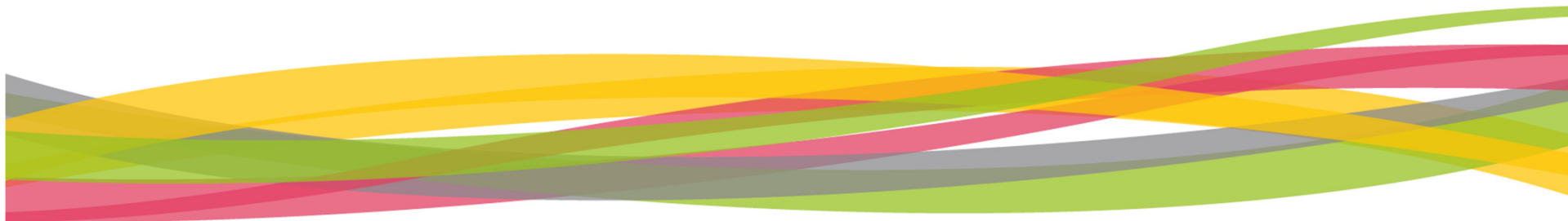


- + **Key message:** As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region.
- + Location of Lead Beneficiary
- + Location of expenditure – max 20% outside of programme area

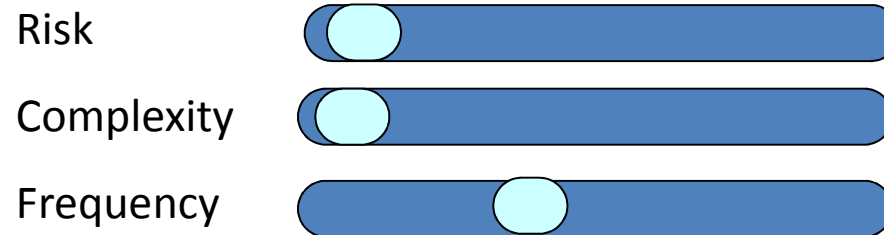




6



## 6. Reporting – Fact Sheet 22



+ 3 types of reports

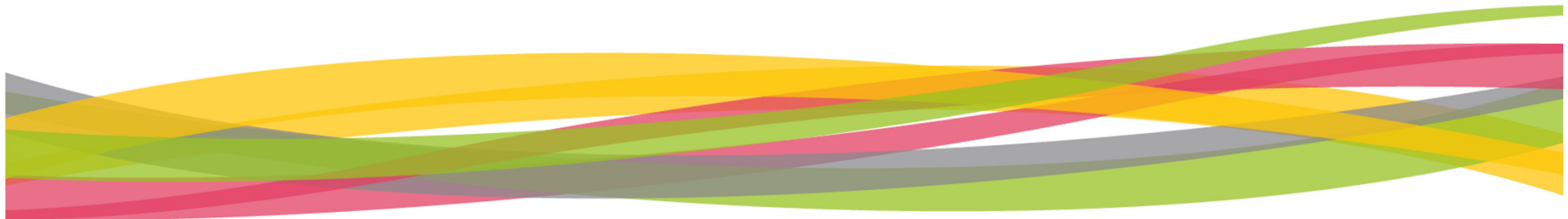
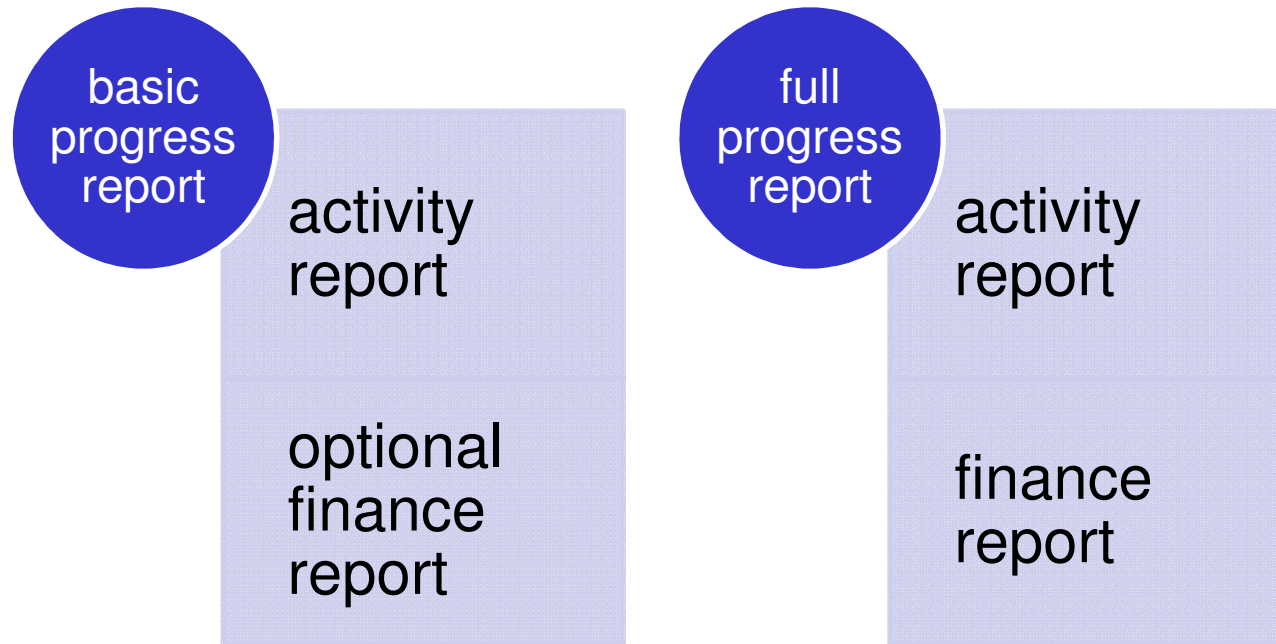
**Basic Progress Report** – Statement of expenditure is optional

**Full Progress Report** – Must include a statement of expenditure

**Final Progress Report** – Must include a statement of expenditure



## 6. Reporting – Fact Sheet 22

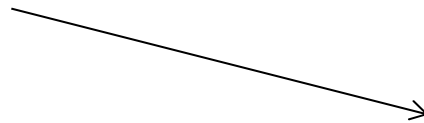




## 6. Reporting – Fact Sheet 22

- + 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!**



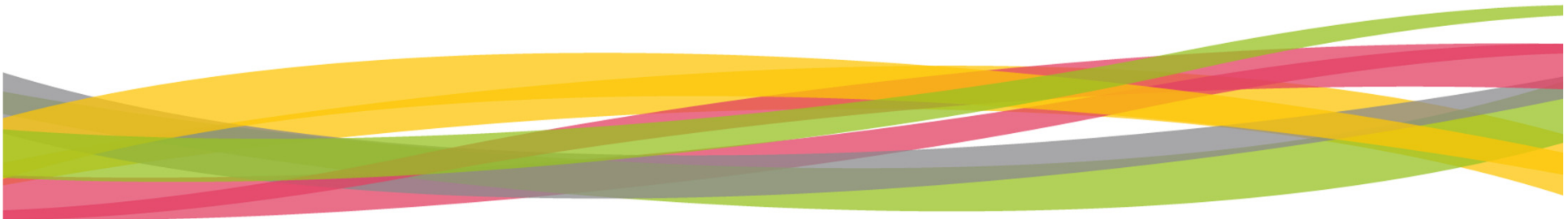
## 6. Reporting – Fact Sheet 22

90- days clock

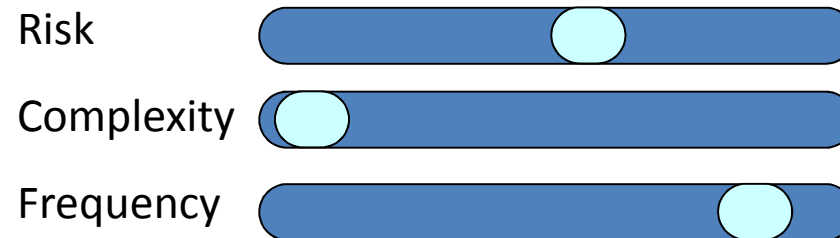
All reports should be processed and paid within 90 days!

**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

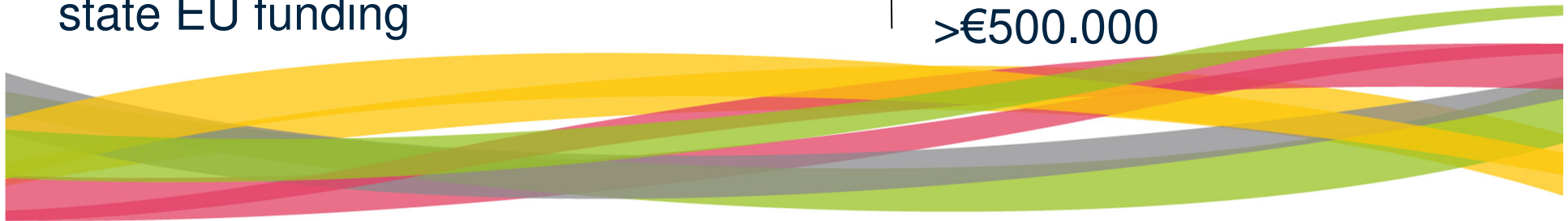


### Key message

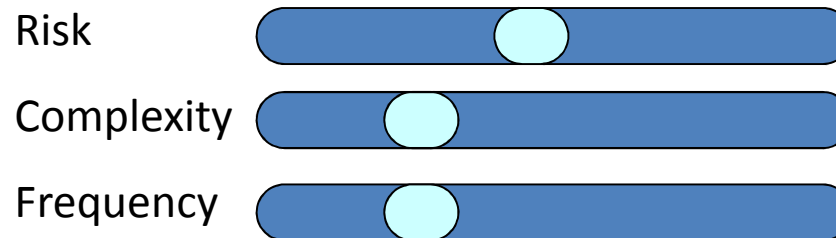
- +Accepting an EU grant means agreeing to promote the work of the European Union in the North Sea Region
- +All materials produced for distribution outside the partnership must clearly state EU funding

### 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**

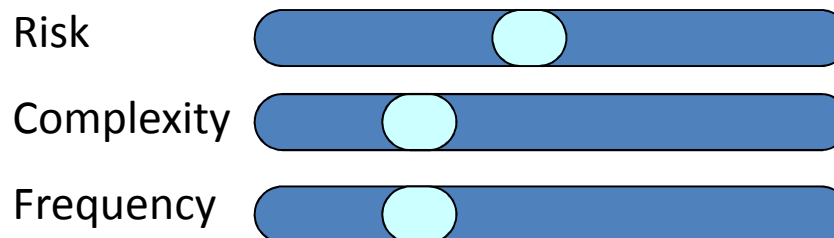
f. ex. change of details of beneficiarie´s contact information (but not the organisation's name, legal or state aid status)

 **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

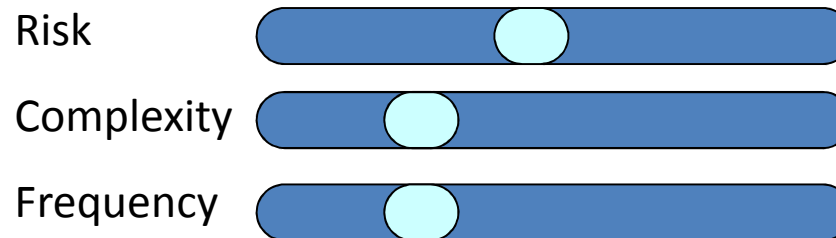


APPROVAL BY JOINT SECRETARIAT





## 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

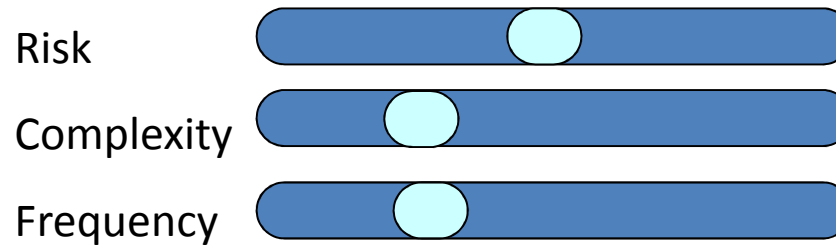


**APPROVAL BY STEERING COMMITTEE**

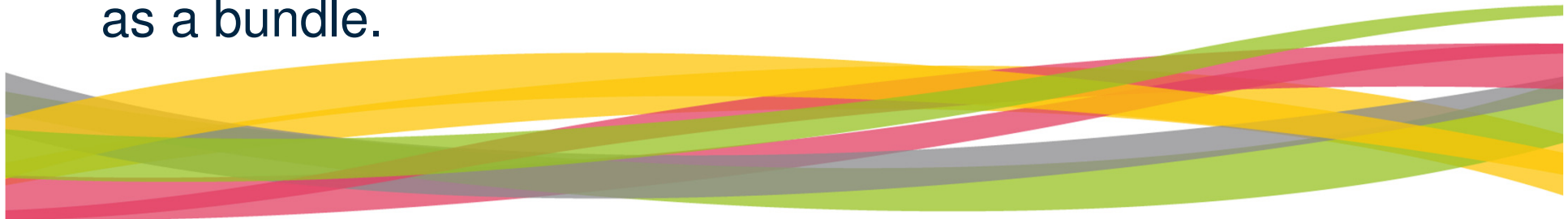
**!Maximum of 2 major changes during the lifetime of the project!**



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

Please contact the Joint Secretariat  
with any questions you may have

