Interreg North-West Europe

European Regional Development Fund

EUROPEAN UNION

FLC and project seminar
The Hague 17 May 2017

Investing in Opportunities

Role of the Joint Secretariat

1 project officer as main contact

“Active” monitoring

Tools for monitoring

6-monthly progress reports
(activities and expenditure)

+ Meetings/phone calls
+ Partner meetings, project events
+ Yearly quality appraisal (JS)

Responsibility lead partner

Lead partner principle

Main contact with JS

Subsidy contract

Distribute ERDF to partners

Monitor overall progress / spending in line with application form → qualitative overview

Responsibility project partners

Shared ownership + cooperation

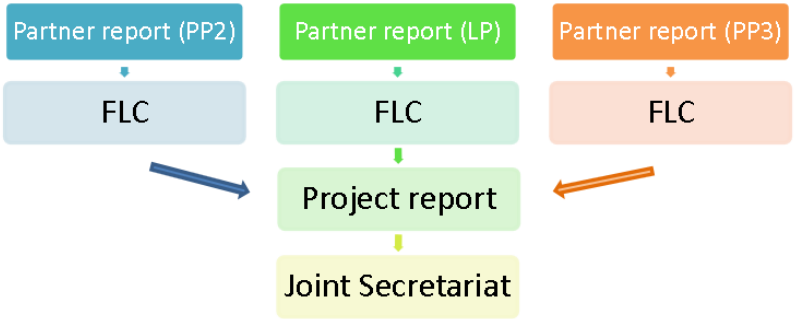
Report on your activities, deliverables, outputs and results

Collect evidence

Timely reporting

Progress Reports

- Always contain content and finances



How much time is needed for the whole process?

What do you do if your partners do not report on time?

Responsibility FLC

- First and main line of defense
- The only one who has all the documents
- Ensures eligibility of expenditure and audit trail
- Other countries, other systems…

Responsibility FLC

- Documenting the FLC work
  - Main point of criticism by auditors
  - Documents to be filled in:
    - Checklist (eMS + procurement)
    - Report

Responsibility LP FLC

The Programme asks the FLC of the lead partner to confirm:

- that the documents presented by the project partners are complete and have been validated by the partner FLC.
- that the information provided in the checklist of the partners is sufficient.
- that the ERDF payment from the lead partner to the project partners has been made without unnecessary delays and in full.

Responsibility LP FLC

- Making sure that all is fine vs. re-doing the job of the PP FLC.
- It's all about the quality of the work done on the level below.
- LP will have to provide the LP FLC with the documents.
- So what do you do if you think that it is missing?

Anti Fraud measures in NWE

- Zero tolerance
- Special FLCs reports in case of suspicion of fraud
- Whistleblowing procedure
- 40% of fraud cases against the government happen because processes were not followed.

Intentional deceit

- Motive
- Opportunity
- Repetition
- Concealment

Irregularity vs. fraud - examples

Irregularity	Fraud
Added hours on the timesheet wrongly so claimed excess hours than worked.	Intentionally added more hours on the timesheet then actually worked. Repeated on a number of occasions.
Used same invoice twice. The amount relates to goods and services received.	Charged invoice for goods not related to project for personal gain or for goods not received.
Travelled on project related activities but unable to provide the key supporting evidence.	Travelled for personal reason and charged the costs to the project.
Followed the tendering process correctly but did not fully comply with all the requirements.	Followed the tendering process but internally manipulated the bids to favour a particular tenderer.

How are fraud cases detected?

- Internal & External Audit
- Staff Changes
- Whistleblowing
- Confessions
- Technology
- Accidentally

Q&A

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Programme Manual

Investing in Opportunities

Basic rules

The programme manual changes, pay attention to new submissions.
There are different levels of rules (European, Programme, National and institutional).
If those rules contradict each other, the stricter rule prevails.

To be eligible project costs must:

- Relate to the activities of the AF
- Be reasonable, justified, consistent with the applicable rules and sound financial managment
- Identifiable, verfiable, plausible
- Incurred and paid
- Substantiated by proper evidence

Basic rules

Budget flexibility

The JS monitors the project spending only. Only in case of slow spending of a project, officers will look into the spending of partners in order to analyse the situation.

Each budget line can be overspent by 20%, afterwards a change request needs to be made.

What happens if you forgot to claim an item?

Budget lines

Staff

Office and administrative expenditure

Travel and accommodation

External expertise and services

Equipment

Infrastructure and construction works

Start and end of eligibility

Startdate: approval of MC, set by JS.

Enddate: set by the project.

Preparation costs: 30,000€ ERDF paid to the LP, up to partnership to decide who get‘s what.

Advance payments: available upon request with the submission of the AF, possible only for micro enterprises and micro NGO. 50,000€ or 50% of partners budget, whichever is lower.

BL Staff costs

Option A – Flat rate

20% of direct costs (all costs other than staff, and office and administration costs)

Option B – Real costs

1. Full gross employment costs - Staff working full time on the project
2. Fixed percentage of gross employment costs - Staff working on a fixed % on the project
3. Flexible percentage of gross employment costs - Staff working on a flexible % on the project
4. Hourly basis - Staff working on an hourly basis
5. National/Regional Methods

BL Staff costs

For **option A** – no documentation needed
The cost item will be created automatically (20% of the costs other than staff and office & admin)

For **option B**:

- FLC + external auditors have access to payroll records to verify (with the name and salary details)
- Timesheets may be needed
- External staff secondment **NOT** possible
- Dividends are **NOT** eligible
- Charge-out rates are **NOT** eligible
- Consultancy fees **NOT** eligible

BL Staff costs

Method 1 – Full gross employment (full time)

Documents:

- A single document (e.g. work contract) specifying 100% of time to be worked on project
- Timesheets **NOT** needed

BL Staff costs

Method 2 – Fixed percentage of gross employment costs

Gross employment costs x fixed %

Documents:

- A single document (e.g. mission letter) specifying % of time to be worked on project
- Timesheets **NOT** needed

Changing the fixed percentage under Method 2 should be exceptional – see method 3 if the percentage will change more often

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BL Staff costs

Method 3 Flexible percentage of gross employment costs

Number of hours x hourly rate

How to calculate hourly rate?

a) $\frac{\text{Monthly / Annual gross employment costs}}{\text{Contractual hours}}$

b) $\frac{\text{Annual gross employment costs}}{\text{1720 hours}}$

- Timesheets needed

BL Staff costs

Method 4 – Hourly basis

Number of hours x hourly rate agreed in the contract

Documents:

- A single document (e.g. contract) specifying hourly rate
- Timesheets

BL Staff costs

Method 5 – Country specific methods

- **The Netherlands**
- Belgium (Flanders) - option A (flat rate) or regional method
- Belgium (Wallonia): regional method only

Timesheets

- Please make sure that 100% of working time is recorded
- Other EU funded projects should be clearly visible in order to avoid double founding
- Timesheets should always be signed by the employee and the line manager

BL Office and administrative expenditure

- The costs created automatically when you specify staff costs
- Always 15% of partner's staff costs items

Do **NOT** charge office and admin costs under other BLs e.g.:

- Shipping fees
- Invoices for telephones
- Bank transfer fees
- Office supplies

Those are all already covered by 15% flat rate

BL Travel and accommodation

Covers only:

a) travel
b) meals
c) accommodation
d) visa
e) daily allowances

Internal rules apply, only for staff of the partner institution.
Any item listed in points (a) to (d) covered by a daily allowance will not be reimbursed in addition to the daily allowance.

BL Travel and accommodation

The projects can travel within all countries participating in NWE, even if they are not part of the Programme area, witout making a special request.

Other for travels to other European countries a request will have to be made, if it has not been approved in the application form already.

BL External expertise and services

- Tasks that partners cannot carry out themselves
- Linked to the project

Examples of costs:

- External experts (e.g. for performing studies)
- Travel and accommodation for experts
- Promotion, communication and publicity costs
- Services related to the organisation of meetings and events (e.g. interpreters, room rental, catering, registration fees etc.)
- Financial / legal consultancy costs
- First Level Control costs (if applicable)

BL Equipment

- Purchased, rented, leased
- Cannot be previously funded by EU funds

The following cost can be claimed under Equipment:

- Office equipment
- IT hardware and software
- Furniture and fittings
- Laboratory equipment
- Machines and instruments
- Tools or devices
- Vehicles
- Other specific equipment needed for operations

Equipment

Situation	Non depreciable	With a depreciation plan	purchased before project approved	Rented / leased
solely used for the project	full cost	pro rata	pro rata	full cost
partially used for the project	pro rata	pro rata	pro rata	pro rata
is a core component of the investment	full cost	full cost	full remainder	full cost

BL Infrastructure and Works

- Purchase/provision of land
- Purchase/provision of real estate
- Site preparation
- Delivery
- Handling
- Installation
- Renovation
- Other costs necessary to the implementation of construction works

Durability

Infrastructure investments (financed under the infrastructure and construction works budget line) must remain with the project partners for at least 5 years after the project end date.

No substantial modification of the infrastructure and investments within five years after the project closure date regarding:

- a cessation of operation
- a relocation outside the programme area
- a change in ownership giving a firm or a public body an undue advantage
- a substantial change affecting the nature of the infrastructure and/or construction work which would result in the undermining of its original objective

Q&A

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Electronic Monitoring System (eMS)

Investing in Opportunities

Reporting expenditure

Partners spend according to the AF and report their costs directly in the eMS, in the List of Expenditures (LoE).

Each invoice is allocated to one of 6 budget lines and attributed to one of the Work Packages.

Edit expenditure
Partner report 11 LP_1 Period 1 List of expenditures

PP

Budget line ---

Workpackage ---

Internal reference number

Invoice number

Invoice date

Date of payment *

Currency EUR - EURO

Total value of item in original currency

VAT

Declared amount in the original currency

Expenditure outside the Programme area?

In kind

Please describe the expenditure. In the case of staff costs, please indicate the applied method (cf. programme manual section 5.2.I)

2000 Characters remaining

Further description, if needed

2000 Characters remaining

Partner Comment

2000 Characters remaining

Edit expenditure
Partner report 11 LP_1 Period 1 List of expenditures

PP

Budget line

Workpackage

Internal reference number

Invoice number

Invoice date

Date of payment *

Currency

Total value of item in original currency

VAT

Declared amount in the original currency

Expenditure outside the Programme area?

In kind

Staff costs
Office and administration
Travel and accommodation
External expertise and services
Equipment
Infrastructure and works
Net Revenue

EUR - EURO

Please describe the expenditure. In the case of staff costs, please
e applied method (cf.
e manual section 5.2.I)

2000 Characters remaining

cription, if needed

2000 Characters remaining

Partner Comment

2000 Characters remaining

Edit expenditure
Partner report 11 LP_1 Period 1 List of expenditures

PP

Budget line: Travel and ac

Workpackage: ---

Internal reference number

Invoice number

Invoice date

Date of payment *

Currency: EUR - EURO

Total value of item in original currency

VAT

Declared amount in the original currency

Expenditure outside the Programme area?

In kind

LT implementation Long term
M management Project management

Please describe the expenditure. In the case of staff costs, please indicate the applied method (cf. programme manual section 5.2.I)

2000 Characters remaining

Further description, if needed

2000 Characters remaining

Partner Comment

2000 Characters remaining

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Exchange rate

The eMS takes care of converting expenditure into euros, but when do you claim in another currency?

Expenditure	Bookkeeping	eMS
€	€	€
	Other	€
Other	€	€
	Other	Other

Edit expenditure
Partner report 11 LP_1 Period 1 List of expenditures

PP

Budget line: Staff costs

Workpackage: M managem

Internal reference number

Invoice number

Invoice date

Date of payment *: 08.12.2016

Currency: EUR - EURO

Total value of item in original currency

VAT

Declared amount in the original currency

Expenditure outside the Programme area?

In kind

- DKK - Danish krone
- DOP - Dominican peso
- DZD - Algerian dinar
- EGP - Egyptian pound
- ERN - nakfa
- ETB - Ethiopian birr
- EUR - EURO
- FJD - Fiji dollar
- FKP - Falkland Islands pound

Please describe the expenditure. In the case of staff costs, please indicate the applied method (cf. programme manual section 5.2.I)

2000 Characters remaining

Further description, if needed

2000 Characters remaining

Partner Comment

Characters remaining

Reporting expenditure : specific rules

When financially reporting on investments please attribute the costs to all relevant budget lines (e.g. Staff costs, Equipment, not only Infrastructure and works).

Claim in accordance to your Application Form!
If costs for a member of staff are budgeted under Project management and another WP, then allocate your staff costs to both of those WP. But do not split an invoice: alternate the allocation.

Office and administration is calculated automatically.

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What will the eMS do?

- Automatically aggregates the claimed amounts and puts them in a list
- automatically applies the exchange rate for foreign currencies (UK partners)
- transfers the reports from the partners to their First Level Controllers (FLC), to the LP, who, with their FLC, endorses the amounts and transfers the report to the JS.

What documents go into the eMS?

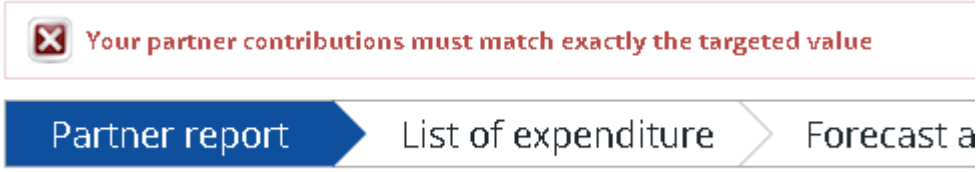
- Partners are allowed to upload additional attachments related to the entire report. Make sure that the attachments are relevant for the report.

- The eMS is not a storage place for invoices, procurements documents or timesheets.

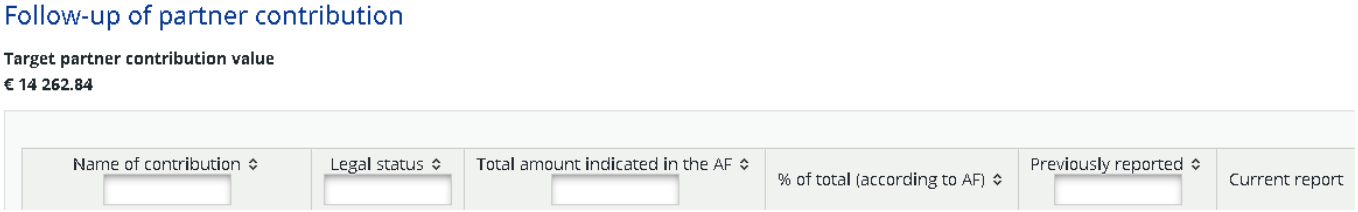
- Only upon special request by the JS or LP, the partner should upload such documents.

Common mistakes

- The contributions are not indicated

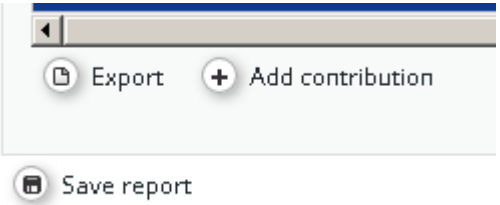


- What to do? Go to the relevant section and make sure that you indicate the right amount.



Common mistakes

- Don’t forget to….



FLC work in the eMS

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SAVE

- Partner finance report
- Attachment upload closed
- Expenditure attachment upload closed
- FLC documents
- FLC checklist
- Application form
- Print report
- Revert from FLC to PP

- Exit
- Exit to ca-confirmation generation

- Help
- Generated files
- Contacts

- Corrections and audits
- Advance payments

- Logout

EN

Show more

Partner report **Period 1 List of expenditures**

Partner report | List of expenditure | Forecast and contribution | Documents | Attachments

List of expenditure

Report number	Item Id	Budget line	WP	Procurement	Internal reference n
1.1	1.1	Staff costs	T1 WP T1 Joint development of innovative ideas to reduce food waste		
1.1	1.2	Staff costs	T1 WP T1 Joint development of innovative ideas to reduce food waste		
1.1	1.3	Staff costs	C Communication		
1.1	1.4	Staff costs	T2 WP T2 Joint testing and implementation of innovative solutions to reduce food waste		
1.1	1.5	Staff costs	T2 WP T2 Joint testing and implementation of innovative solutions to reduce food waste		
1.1	1.6	Staff costs	LT Long term		
1.1	1.7	Staff costs	M Project management		
1.1	1.8	Staff costs	M Project management		
1.1	1.9	Staff costs	M Project management		
1.1	2.1	Office and administration	T1 WP T1 Joint development of innovative ideas to reduce food waste		
1.1	2.2	Office and administration	C Communication		
1.1	2.3	Office and administration	T2 WP T2 Joint testing and implementation of innovative solutions to reduce food waste		
1.1	2.4	Office and administration	LT Long term		
1.1	2.5	Office and administration	M Project management		
1.1	4.1	External expertise and services	M Project management		

FLC work in the eMS

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PP

Budget line	External expertise and services
Workpackage	M Management Project management
Procurement	---
Internal reference number	
Invoice number	KDGLÖD
Invoice date	
Date of payment *	01.03.2017
Currency	EUR - EURO
Conversion rate	(1)
Total value of item in original currency	20 000.00
VAT	2 000.00
Declared amount in the original currency	18 000.00
Declared amount in Eur	18 000.00
Expenditure outside the Programme area?	
In kind	

Please describe the expenditure. In the case of staff costs, please indicate the applied method (cf. programme manual section 5.2.I)

2000 Characters remaining

Further description, if needed

2000 Characters remaining

Partner Comment

2000 Characters remaining

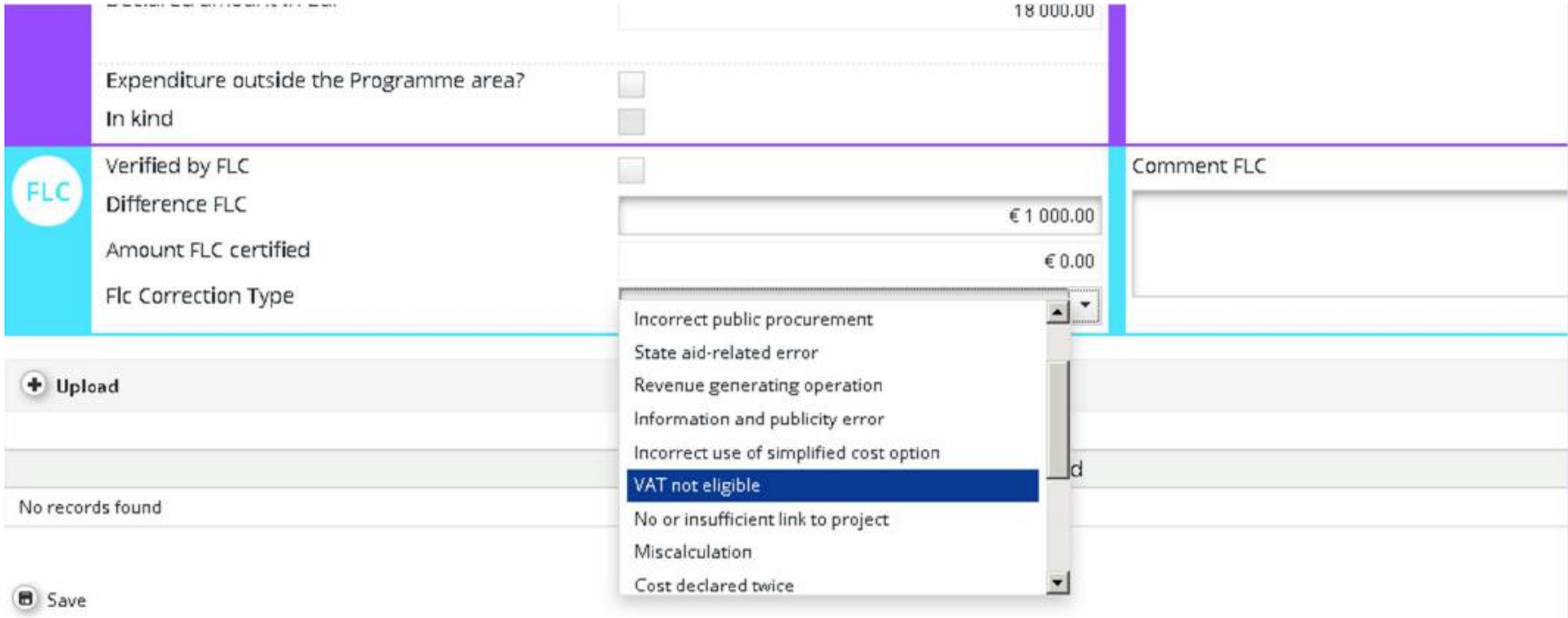
FLC

Verified by FLC	
Difference FLC	€ 0.00
Amount FLC certified	€ 0.00
Flc Correction Type	-

Comment FLC

255 Characters remaining

Classification of errors



FLC documentation to be submitted

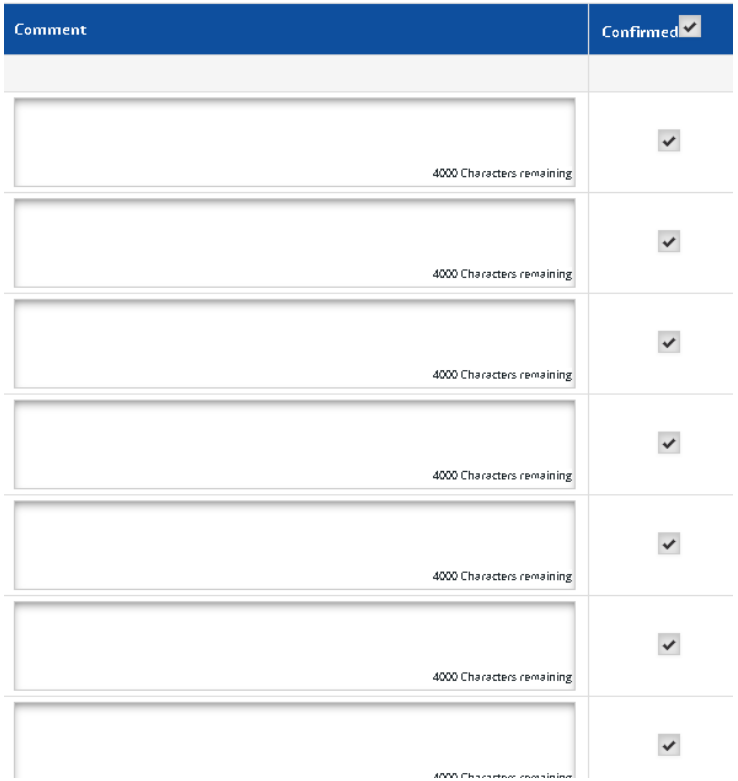
- Checklists and report
- FLC certificate

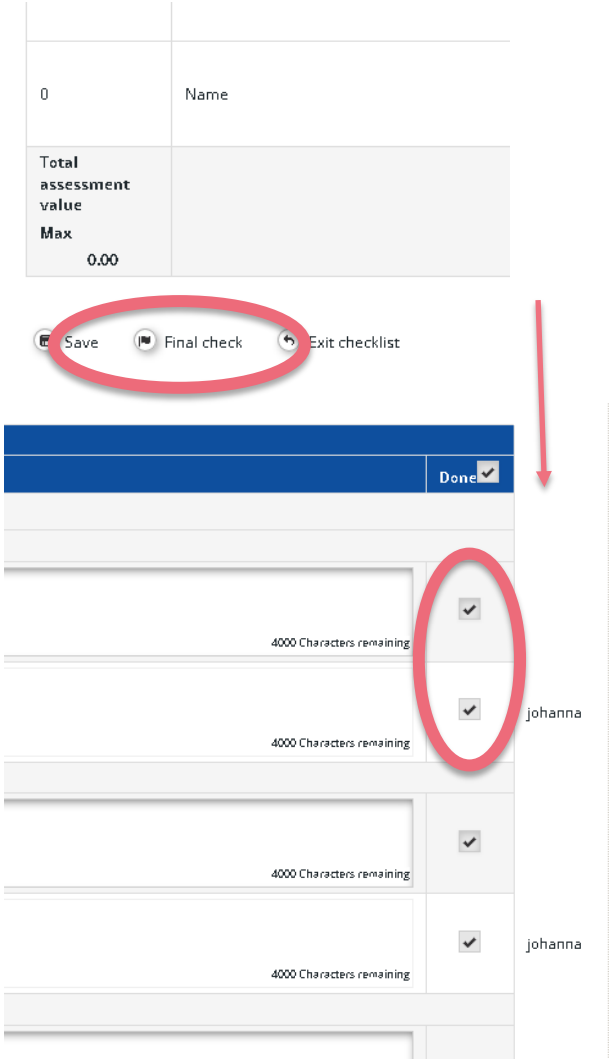
No signature is necessary due to the personalised login!

The sitting duck concept

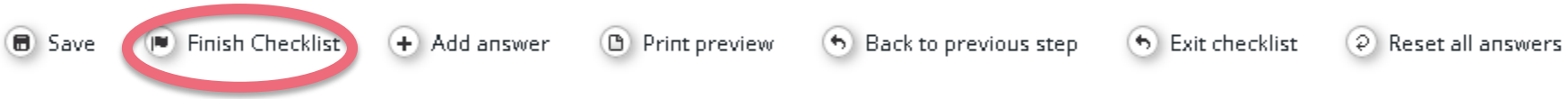
Expenditure that is not ticked verified by the FLC.

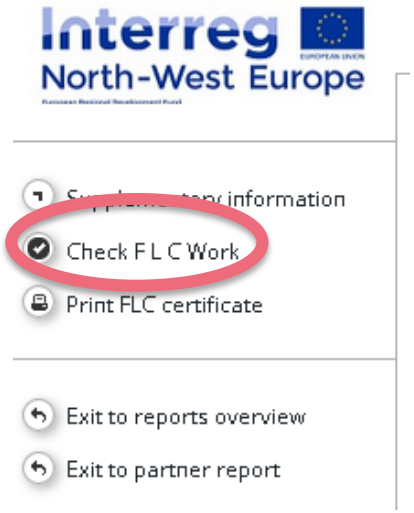
Double validation of the FLC checklist

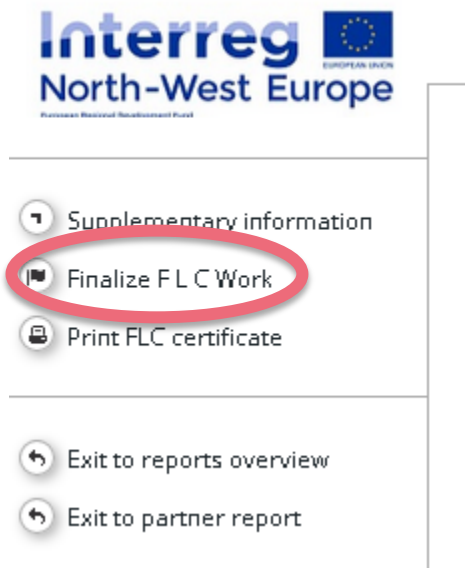




Finalising FLC work







Finalising FLC work

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FLC certificate

3. Verification		
Total declared (EUR)	Programme co-financing (EUR)	National contribution (EUR)
35 657.08	21 394.25	14 262.83
Total certified (EUR)	Programme co-financing (EUR)	National contribution (EUR)
0.00	0.00	0.00

I. Based on the documents provided and my verification and professional judgement as a first level controller, for the amount certified I certify that:

a. expenditure is in line with European, programme and national eligibility rules and complies with conditions for support of the project and payment as outlined in the subsidy contract;
b. expenditure was actually paid with the exception of costs related to in-kind contribution, depreciations and simplified cost options;
c. expenditure was incurred and paid (with the exceptions above under "b") within the eligible time period of the project and was not previously reported;
d. if applicable, payment of staff costs is proven on the basis of payslips or documents of equivalent probative value;
e. expenditure based on simplified cost options (if any) is correctly calculated and the calculation method used is appropriate;
f. expenditure reimbursed on the basis of eligible costs actually incurred is either properly recorded in a separate accounting system or has an adequate accounting code allocated. The necessary audit trail exists and all was available for inspection;
g. expenditure in currency other than Euro was converted using the correct exchange rate;
h. relevant EU/ national/ institutional and programme public procurement rules were observed;
i. EU and programme publicity rules were observed;
j. co-financed products, services and works were actually delivered;
k. expenditure is related to activities in line with the application form and the subsidy contract.

II. Based on the documents provided, my verification and my professional judgement as a first level controller, I have NOT found any evidence of:

- infringements of rules concerning sustainable development, equal opportunities and non-discrimination, equality between men and women and state aid;
- double-financing of expenditure through other financial source(s);
- generation of undisclosed project-related revenue.

III. I hereby confirm that the verification of the project financial report was done precisely and objectively and with professional scepticism.

The control methodology and scope, control work actually done as well as eligible and ineligible expenditure per budget line are documented in the FLC report (based on the programme template). In case of suspicion of fraud, it is reported using the specific programme template.

I and the institution / department I represent are independent from the project's activities and financial management and authorised to carry out the control.

Controller's signature	
Location	
Date	
Name and surname	

Finalize F L C Work And Issue Certificate

Main sources of information

Programme Manual

http://www.nweurope.eu/help-support/implementation-resources/

eMS reporting guidance

http://www.nweurope.eu/media/1534/nwe_reporting-in-the-ems_guidance_20161201.pdf

FLC guidance and templates

http://www.nweurope.eu/help-support/first-level-control/

Q&A

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Quiz studies

Investing in Opportunities

A Swiss partner loses a key member of staff halfway through implementation and is no longer able to deliver a report promised in the original action plan. A Dutch partner is available to deliver the same material. What are the procedures for making this change?

The French lead partner of the Go-Pro project is charged transaction fees by its bank for transferring project payments to other French partners. Are those costs eligible?

As project lead partner, the organisation A faces charges for the project coordination (mostly for project management, communication and finance management). The lead partner wants to split this expenditure between all the partners according to their share in the total eligible budget and wonders how he could claim it. As lead partner, how would you proceed?

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“Urban Water”, a project on water systems in urban areas has been approved in NWE MC 5 (Sept 2016). In first progress report, the FLC of the lead partner has found an invoice for a study on research in relation to the project’s activities that was paid in August 2016. Are those costs eligible?

A German partner from the Birdwatch-Trail project has travelled to the UK in order to take part in steering group meeting deciding how to best implement the common investment on the Isle of Islay. The only hotel available on the island costs £300 per night, the train and the ferry cost an additional £375 and £50 were spent on food. How should the partner transfer those costs into €? And are those costs eligible?

A Dutch partner from the “Urban Water” project has participated for three days in a flooding conference in Marseille without asking for approval from the JS. Now that those costs are claimed in the first progress report, what would you as FLC do?

BasoLyte is a private company participating in a waste disposal project, receiving an ERDF grant of €200,000. It spends €100,000 of this amount on buying new rubbish bins for a waste sorting system being implemented by the project. It buys these rubbish bins from its regular supplier because they have had good working relations for the past 5 years and the partner knows that they can trust the delivery date of the ordered bins. Is there a problem with the expenditure?

Q&A

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