Interreg North-West Europe
European Regional Development Fund
EUROPEAN UNION

Finance
& other programme rules

Isabelle Lecroart
Finance officer

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Investing in Opportunities

Interreg North-West Europe
European Regional Development Fund

Preparation Costs

Advance Payments

Reporting expenditure

Exchange rate

Focus on each budget line

Public procurement

Fraud

Q & A

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Preparation Costs

- €30,000 ERDF paid to the Lead Partner
  ⇒ TEC amount = €50,000 (usually)
  ⇒ "other contribution" = €20,000 (usually)

- Work Package 0 Preparation costs
  LP budget / external experts budget line

- No report to be submitted – the JS creates Report 0.1

Advance Payments

- For micro enterprises and micro NGOs, upon request at the time of submission
- Max €50,000 ERDF paid to the Lead Partner
- Closely monitored and offset at the latest at the end of the project

Reporting expenditure

Partners spend according to the Application Form and report their costs directly in the eMS, in the List of Expenditures.

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

eMS?

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)

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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

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

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Partner Comment

Characters remaining

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What does the eMS do?

- automatically aggregates the claimed amounts and puts them in a list
- automatically applies the exchange rate for foreign currencies
- 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.
- warns you if a mistake is detected, or blocks you.

Exchange rate

The eMS takes care of converting expenditure into euros.

When do you claim in another currency?

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

Reporting expenditure : specific rules

1. One invoice = one line : do not split an invoice!

You can alternate the allocation of WPs if costs (e.g. for a member of staff) are budgeted several WPs.

2. Office and administration is calculated automatically.

3. Claim in accordance with your Application Form!

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

4. Only report eligible expenditure!

What is eligible expenditure?

- incurred
- paid
- within the eligibility period
- justified by supporting documents

Budget lines

Staff costs: overview of the various methods for claiming staff expenditure

OPTION A flat rate

Method A: flat rate 20%

OPTION B real costs

B.1 full time

B.2 fixed percentage

B.3.A flexible percentage – contractual hours

B.3.B flexible percentage – 1,720 hours

B.4 hourly basis

B.5 country specific (Flanders, NL, LU)

Staff costs

Upon applying, each partner organisation chose between:

Option A – Flat rate

20% of direct costs (all costs other than staff, and office and administration costs) => no need for any document

Option B – Real costs

You can then apply up to 6 different methods.

The A or B option is chosen for the entire project duration and applies to the entire partner organisation.

Where do you work?

- In Wallonia? You don’t have the choice of the method, regional one only.
- In Flanders? Choice between the flat rate (A) or your regional method (B.5)
- In the Netherlands and Luxembourg? All 6 methods + a national one.
- Elsewhere? You have 6 options.

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If you chose Option A – flat rate:

- Applies to all staff members at partner level
- Less administrative work but watch for mistakes in other budget lines (the basis for staff costs reimbursement calculations)
- Plan your cashflow!

If you chose Option B – Real costs:

- Several methods are available
- You can choose a different one for each staff member and change method if need be (within option B).
- Watch for the subtleties (holidays, rate update…)!

Choosing a method

For each member of staff: do you work on the project in the same capacity each month?

- Yes: no timesheets.
  - full time: method 1 = the full gross employment cost is eligible.
  - part time: method 2 = a fixed percentage of gross employment costs is eligible.
- No: Timesheets needed.
  An hourly rate will be calculated (method 3.A, 3.B) or defined in a contract (method 4).

Timesheets

The NWE template is on our website.

- Please record 100% of the working time
- Other EU funded projects should be clearly visible in order to avoid double funding
- Timesheets should always be signed by the employee and the line manager

Please note that

ONLY staff on the payroll is eligible
⇒ Secondment is not eligible
⇒ Dividends are not eligible

The FLC and external auditors will need access to payroll records, with the name and salary details, to validate the expenditure.

The eMS is set up for data confidentiality.

Necessary documents:

For methods 1, 2 and 3 : the gross employment costs

+

B.1 (Full time) : a document (e.g. work contract) specifying that 100% of time is worked on the project

B.2 (Fixed %) : a document specifying the percentage of time to be worked on the project

B.4 (Hourly basis): a document (e.g. contract) specifying contractual hourly rate

Calculations:

B.1 (Full time) = gross employment costs (usually)

B.2 (Fixed %) = gross employment costs x fixed %

B.3 (Flexible %) = number of hours x hourly rate

B.4 (Hourly) = number of hours x contractual rate

How to calculate the hourly rate for method 3?

a) $\frac{\text{Monthly / Annual gross employment costs}}{\text{Contractual hours per month or year (! => not weekly)}}$

OR

b) $\frac{\text{Annual gross employment costs}}{\text{1720 hours}}$ => extrapolation under conditions

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

Please specify the method for charging staff costs here

Office and administration

- You cannot see this budget line in the LoE, but you will see it in the claim
- Calculated automatically when you claim staff costs
- 15% flat rate

Do not charge office and administrative costs (telephone bills, bank transfer fees, office supplies, etc.) under other lines. **Those are all already covered by the 15% flat rate.**

Travel and accommodation

Covers only the partner staff or assimilated for:

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

Any item listed in points (a) to (d) covered by a daily allowance will not be reimbursed in addition to the daily allowance.

Internal rules apply (thresholds, class, etc.).

External expertise and services

Tasks that partners cannot carry out themselves

Examples:

- 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)

Equipment

- Purchased new or second hand, rented, leased
- Not already funded by EU

Examples:

- Office equipment (not office supplies)
- 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

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.

- Cannot undergo any substantial modification 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 its nature which would result in the undermining of its original objective.

Net Revenues

- Partners declare the amount of net revenues as any expenditure item.
- Net revenues decrease the TEC of the project (i.e. the basis for ERDF calculation).
- Net revenues = revenues – operating costs (these are not claimed).
- Vouchers: if you sell vouchers and do not have operating costs, the revenue gained will be treated as net revenue
- SMEs operating under a state aid exemption regime could have specific rules – check with your officer.

Public Procurement

How to comply with public procurement?

There are four levels of procurement rules:

- the EU directives
- National rules
- Partner organisations‘ internal rules
- Programme specific rules

Public Procurement

NWE Programme rule:

For all contracts above € 5,000 (excl. VAT) project partners need to have documented proof that three quotes have been asked for. In the event that the partner must comply with other, stricter rules (e.g. internal rules), these stricter rules must apply.

The violation of this rule will lead to a 25% flat rate correction by the FLC.

Public Procurement

The fundamental procurement principles of transparency, non-discrimination and equal treatment also apply for all purchases and subcontracted activities below the threshold values.

Current EU threshold values:

- Services and supplies €221,000
- Works contracts: €5,548,000

Public Procurement

What documents to keep?

- Budgeting information (how was the contract amount established?)
- Terms of reference
- Request for offers or publication notice
- Offers/quotes received
- Report on assessment of bids including:
  - ✓ Justification for procedure
  - ✓ Evaluation of offers
  - ✓ Letters of acceptance/rejection
- Contract including amendments
- Invoices, payments
- Proof of delivery of goods or services

Public Procurement

Public procurement for private partners

The 3 quotes rule also applies to private partners!

Private partners defined as „governed by public law“ must follow public procurement rules if they :

1) Are established for the specific purpose of meeting general interest needs, do not have an industrial or commercial character, and;
2) Have a legal personality, and;
3) Are financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law, or are subject to management supervision by those bodies or or or…

Private partners that do not fulfill those conditions are not obliged to apply the Directive 2014/24/EU, unless some national or internal rules force them to.

Public Procurement

Main procurement mistakes:

- **Direct award** of tenders without any competition
- **Extension of contracts** are too big or in addition to the old contract, breach a threshold.
- **Insufficient audit trail** (lack of documentation)
- Exceptions due to **urgency** : min 3 quotes rule + prove the unforeseeable circumstances. Insufficient planning by the project partner is not acceptable.
- **Previous relationship:** having worked with a provider whose quality of work was good and wishing to benefit from the knowledge the provider acquired then is not sufficient => never approved by external auditors.

Flat rate corrections on procurements range from 10% to 100% depending on the severity of the breach.

Public Procurement

More information on public procurement can be found in section 5.5 of the programme manual.

Anti Fraud measures in NWE

- Zero tolerance
- Special FLC reports in case of suspicion of fraud
- Whistleblowing procedure

Intentional deceit

- Motive
- Opportunity
- Repetition
- Concealment

Q&A

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JOHN TLUMACKI/GLOBE STAFF