

**Interreg
Europe**



European Union | European Regional Development Fund



*Sharing solutions
for better regional policies*

Finance seminar Interreg Europe 1st call projects

Athens, 29-30 September 2016

Interreg Europe first call figures



- N° of applications submitted: **261**
- N° of applications approved: **64**
(24.5 % of applications submitted)

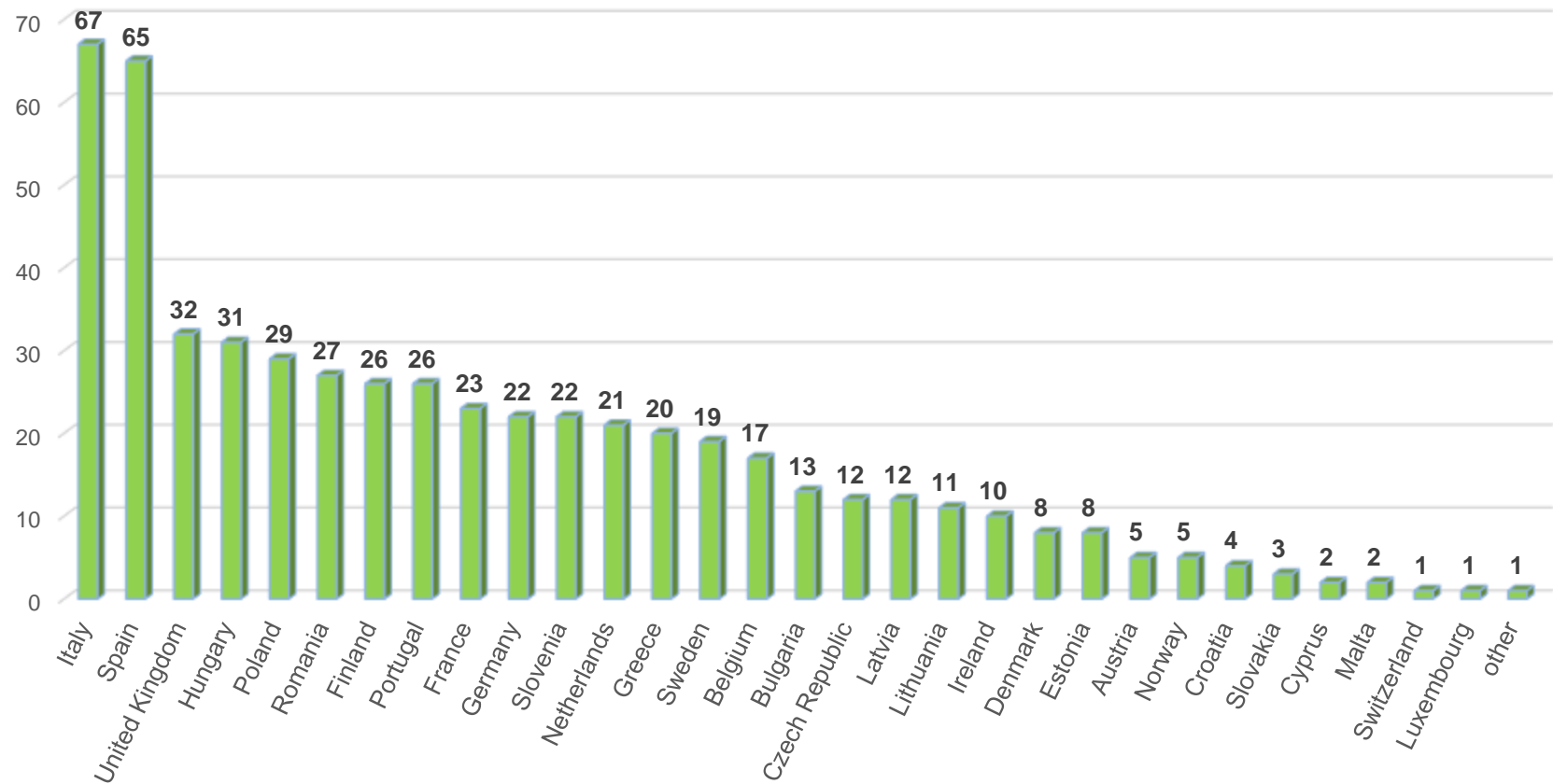
→ One third of ERDF already committed!



INTERREG EUROPE FIRST CALL

Approved project partners per country

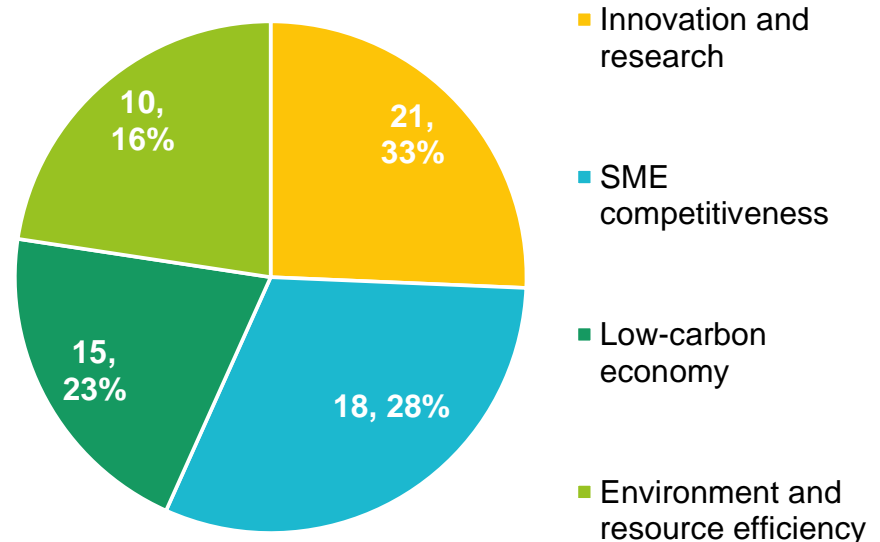
Out of the 64 projects approved and 545 partners





First call projects

- **projects approved: 64**
- **ERDF committed: 99 MEUR**



% of NUTS-2 covered: 60,5 % (167 regions out of 276)

All Partner States represented (EU28, NO, CH)

Our goal



To provide:

- Information on financial reporting and control procedures and requirements
- Practical case studies
- Room for your questions
- Opportunity to exchange on financial matters with financial managers and first level controllers of other projects

Before we start...



Main abbreviations

- FLC = First level controller
- LP = Lead partner
- PP = Project partner
- JS = Joint secretariat
- MA = Managing authority
- PM = Programme manual (not ~~project manager~~ 😊)
- PR = Progress report
- AF = Application form

**Interreg
Europe**



European Union | European Regional Development Fund



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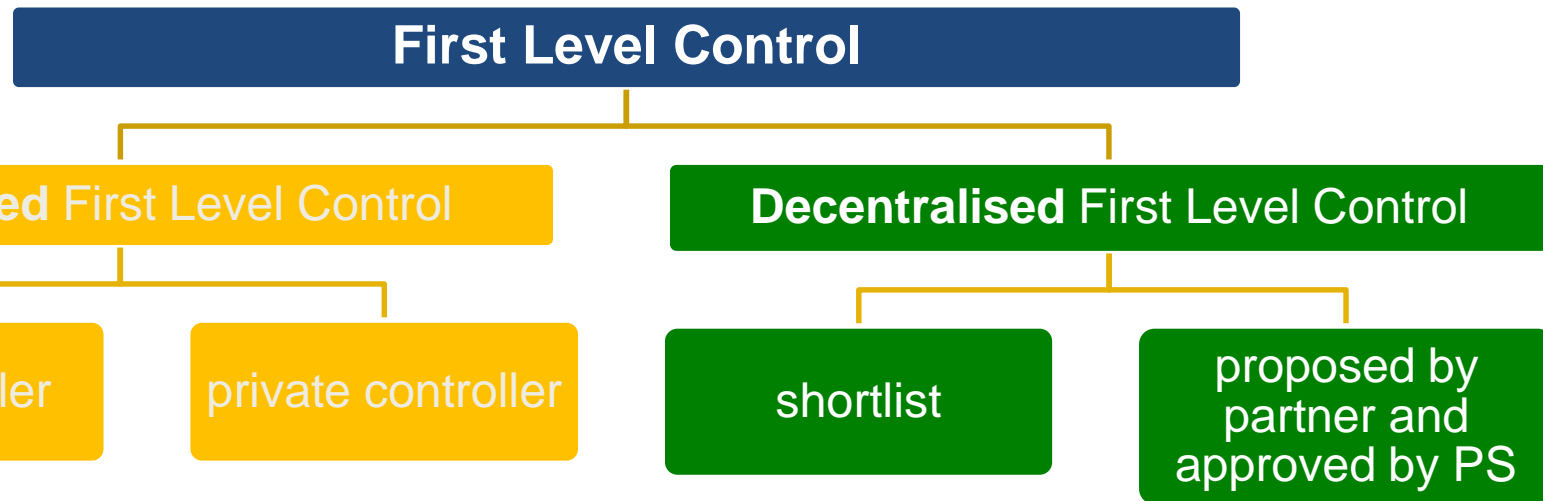
Financial reporting: legal framework and procedures

FLC and regulatory requirements



- All expenditure reported has to be certified by an independent controller, before submission to the JS
- MA is responsible for the financial management and control of the programme (Article 125 (4) of Regulation (EU) 1303/2013) but...
- ... the organisation of this control = Partner State responsibility (based on Article 23 (4) of Regulation (EU) 1299/2013: “... *each Member State shall designate the body or person responsible for carrying out such verifications...*”).

The different FLC systems



First level control systems



CENTRALISED (15): Belgium: Brussels+ Wallonia, Croatia, Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Luxemburg, Poland, Romania, Slovakia, Slovenia, Sweden, Northern Ireland (UK)

DECENTRALISED (16): Austria, Belgium-Flanders, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Italy, Lithuania, Malta, Netherlands, Norway, Portugal, Spain, United Kingdom

+ *Validation body for Spain and Portugal!*

FLC and regulatory requirements



What?

First level controllers (FLCs) verify and confirm:

- the compliance of the costs with
 - ✓ the approved application form
 - ✓ the legal and financial provisions of the subsidy contract/ partnership agreement
 - ✓ the applicable European regulations
 - ✓ the national/internal rules
 - ✓ Interreg Europe programme requirements (programme manual)
- the delivery and payment of funded products and services

FLC and regulatory requirements



How?

1. Documents provided by the partner for the FLC's checks:

- List of expenditure incl. list of contracts
- Partner progress report

Based on the control checklist (Annex 3 of PM) =>
minimum requirements for the controller's checks.



FLC and regulatory requirements

- **How?**

| Desk checks | On-the-spot checks |
|---|--|
| Compulsory for each progress report | Reg. (EU) 1303/2013 Art. 125 (5) At least once during the project lifetime (timing: end of phase 1?) |
| If 100% expenditure check not proportionate, sampling allowed | If not proportionate, sampling of operations checked on-the spot possible |
| Sampling methodology justified in control report | |
| Checks and results documented in the control report (including checklist) | Start date, amount checked and result recorded in control report |



On-the-spot checks

In the context of Interreg Europe, they are useful to check in more depth

- the proper functioning of internal processes (ordering, accounting, payment)
- the existence & delivery of goods and services (meetings with staff, publications, equipment)

FLC and regulatory requirements



How?

2. Programme FLC key documents to be provided once the partner's costs are certified:

- First level control report (Annex 3 of the programme manual)
- First level control certificate (Annex 2 of programme manual) => FLC certifies amount to be reported by the partner based on his checks (+validation for Spain and Portugal)
- *For partners from decentralised system for the 1st PR or in case of FLC change: FLC designation certificate.*

Reporting deadlines and procedures



- Reporting periods are set by call subject to the monitoring committee (MC)'s approval
- First call MC's approval 9 February 2016

| | Reporting period | | Deadline for submission |
|-----------------------------------|------------------|---------------------------------------|-------------------------|
| Phase 1 (e.g.36 months) | six-monthly | 01 Apr – 30 Sept 01 Oct – 31 March | 01 January 01 July |
| Phase 2 (24 months) | annual* | 1 April – 31 March | 01 July |

* six-monthly reporting under certain conditions (eg. decommitment risk, high amounts due to pilots)

Reporting procedures



What are the main steps?

Is it option 1?



- 1) Project partners send their reports + list of expenditure and list of contracts to their FLCs
- 2) The FLCs verify and confirm the eligibility of the expenditure reported by the respective project partners
- 3) The lead partner consolidates and submits the joint progress report to the JS

Is it option 2?



- 1) Project partners send their reports + list of expenditure and list of contracts to the lead partner
- 2) The FLC of the lead partner verifies and confirms the eligibility of the expenditure
- 3) The lead partner consolidates and submits the joint progress report to the JS

Reporting procedures



Option 1 or 2?



Option 1!

- 1) Project partners send their reports + list of expenditure and list of contracts to their FLCs
- 2) FLCs verify and confirm the eligibility of the expenditure reported by the respective project partners
- 3) The lead partner consolidates and submits the joint progress report to the JS

Reporting procedures – main steps

1. During the first reporting period project partners:

✓ have signed the project partnership agreement

ONLY partners who signed the project partnership agreement can report costs!

Reporting procedures – main steps

1. During the first reporting period project partners:
 - ✓ have identified the organizations responsible for first level control at the Partner State level

If decentralised control systems:

- Designation certificate

Ready for the reporting procedures!

Reporting procedures – main steps



2. PP submit the partner reports to the FLCs:
 - ✓ List of expenditure including list of contracts
 - ✓ Financial correction sheet (if applicable – only from progress report 2)
 - ✓ (PP's activity report)

- Financial reporting per component /work packages is no longer required



Reporting procedures – main steps



List of contracts



List of contracts

Sharing solutions for better regional policies



| European Union European Regional Development Fund | | | | | | | | |
|--|---------------|--------------------------------------|--------------------------------------|---------------------------------|------------------------------------|---|-----------------------------------|---------------------|
| Project number: | | | | | | | | |
| Project acronym: | | | | | | | | |
| Name of partner: | | | | | | | | |
| Reporting period: 09/02/2016 - 30/09/2016 | | | | | | | | |
| Progress report 1 | | | | | | | | |
| The inserted figures should be rounded to 2 digits after the decimal point. | | | | | | | | |
| N° | Supplier name | Contracted amount (excl. VAT) in EUR | Contracted amount (incl. VAT) in EUR | Above EU threshold (Select y/n) | Procedure applied (drop down menu) | Contract type | Reported amount in current report | Comments (optional) |
| Pxx-01 | | | | | | | | |
| Pxx-02 | | | | | | | | |
| Pxx-03 | | | | | | | | |
| Pxx-04 | | | | | | | | |
| Pxx-05 | | | | | | | | |
| Pxx-06 | | | | | | | | |
| Pxx-07 | | | | | | | | |
| Pxx-08 | | | | | | | | |
| Pxx-09 | | | | | | | | |
| Pxx-10 | | | | | | | | |
| Pxx-11 | | | | | | | | |
| Pxx-12 | | | | | | | | |
| Pxx-13 | | | | | | | | |
| Pxx-14 | | | | | | | | |
| Pxx-15 | | | | | | | | |
| Pxx-16 | | | | | | | | |
| Pxx-17 | | | | | | | | |
| Pxx-18 | | | | | | | | |
| Pxx-19 | | | | | | | | |
| Pxx-20 | | | | | | | | |
| | | | | | | Date | | |
| | | | | | | First level controller signature and stamp, if exists | | |

Read the 'Read me!'

Reporting procedures – main steps

List of contracts

For contracts that are:

- used for the project for which a contractual agreement exists (not “one-off purchases”)
- linked to costs reported in travel & accommodation, external expertise + equipment
- not exclusively used for the project but used for the project implementation (e.g. travel agency, IT equipment company)



Reporting procedures – main steps

Sharing solutions for better regional policies



List of expenditure:



List of expenditure

| | |
|--------------------|-------------------------|
| Project number: | |
| Project acronym: | |
| Name of partner: | |
| Reporting period: | 09/02/2018 - 31/09/2018 |
| Progress report #: | 1 |

Some cells contain formulas. Please be sure to copy them correctly in case you need to add more rows.

A truncation to 2 digits after the decimal point is applied in the subtotal per budget line in Total amount in EUR certified by FLC column

| Budget line | Currency indicated in the list of contracts (7 options) | Item number as planned in the application form | Employer/supplier | Description | Document/ Invoice ref. no | Date of document/ invoice | Date of payment | Currency | Goods amount declared (including VAT) | % VAT recoverable? (N/A or Y/N) | VAT amount recoverable | Total amount declared (including VAT if not recoverable) (Assessed expenditure) | Exchange rate | Total amount declared in EUR (Assessed expenditure) | Total amount in EUR certified by FLC | In case of FLC correction: Error related to |
|--------------------------|---|--|-------------------|-------------|---------------------------|---------------------------|-----------------|----------|---------------------------------------|---------------------------------|------------------------|---|-------------------|---|--------------------------------------|---|
| Staff | [Hatched] | [Hatched] | | | | | | | | | | | 0.00 | 0.00 | | |
| | | | 0.00 | 0.00 | | | | | | | | | | | | |
| | | | 0.00 | 0.00 | | | | | | | | | | | | |
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| | | | 0.00 | 0.00 | | | | | | | | | | | | |
| | | | | | | | | | | | | | Total Staff | 0.00 | 0.00 | |
| Administration | [Hatched] | [Hatched] | | | | | | | | | | | 10% of staff cost | 0.00 | 0.00 | |
| 0.00 | | | 0.00 | | | | | | | | | | | | | |
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| 0.00 | | | 0.00 | | | | | | | | | | | | | |
| 0.00 | | | 0.00 | | | | | | | | | | | | | |
| Travel and accommodation | [Hatched] | [Hatched] | | | | | | | | | | | | 0.00 | 0.00 | |
| 0.00 | | | 0.00 | | | | | | | | | | | | | |
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| 0.00 | | | 0.00 | | | | | | | | | | | | | |

Read the 'Read me!'

Reporting procedures – main steps

List of expenditure:

- Costs incurred and paid by the partner in the reporting period
- For PR1: eligible from 9 February 2016 until 30 September 2016 (no costs paid out after!)
- Preparation costs allocated as lump sum to the lead partner not to be included in list of expenditure → **BUT: remember to include them in the amount certified in the FLC certificate of the lead partner!**

Reporting procedures – main steps

List of expenditure:

Descriptions

- self-explanatory
- clear link with reported activities/outputs planned in AF

Why so important?

- Finances have to match the activities
- Costs in PR reported against expenditure planned in AF



Expenditure in list of expenditure coherent with reported activities + costs planned in AF!

Reporting procedures – main steps



3. FLCs verify and confirm eligible the expenditure:
 - Control report including checklist (annex 3 of the programme manual)
 - First level control certificate (annex 2 of the programme manual)
 - Certified list of expenditure and list of contracts

Remember: **Not amendable STANDARD documents**

Reporting procedures – main steps



4. PP send the following documents to the lead partner
 - ✓ First level control certificate
 - ✓ Control report including checklist
 - ✓ Certified list of expenditure including the list of contracts
 - ✓ First level control designation certificate (decentralised)
 - ✓ PP's activity report

Reporting procedures – main steps



5. The LP consolidates the partner reports in the joint progress report (PR) in the iOLF system

No longer special role for the lead partner's controller!



Reporting procedures – main steps

6. Submission of the joint PR to the joint secretariat (JS) within three months after the end of reporting period



1 January 2017

for the first reporting period

Reporting procedures – main steps

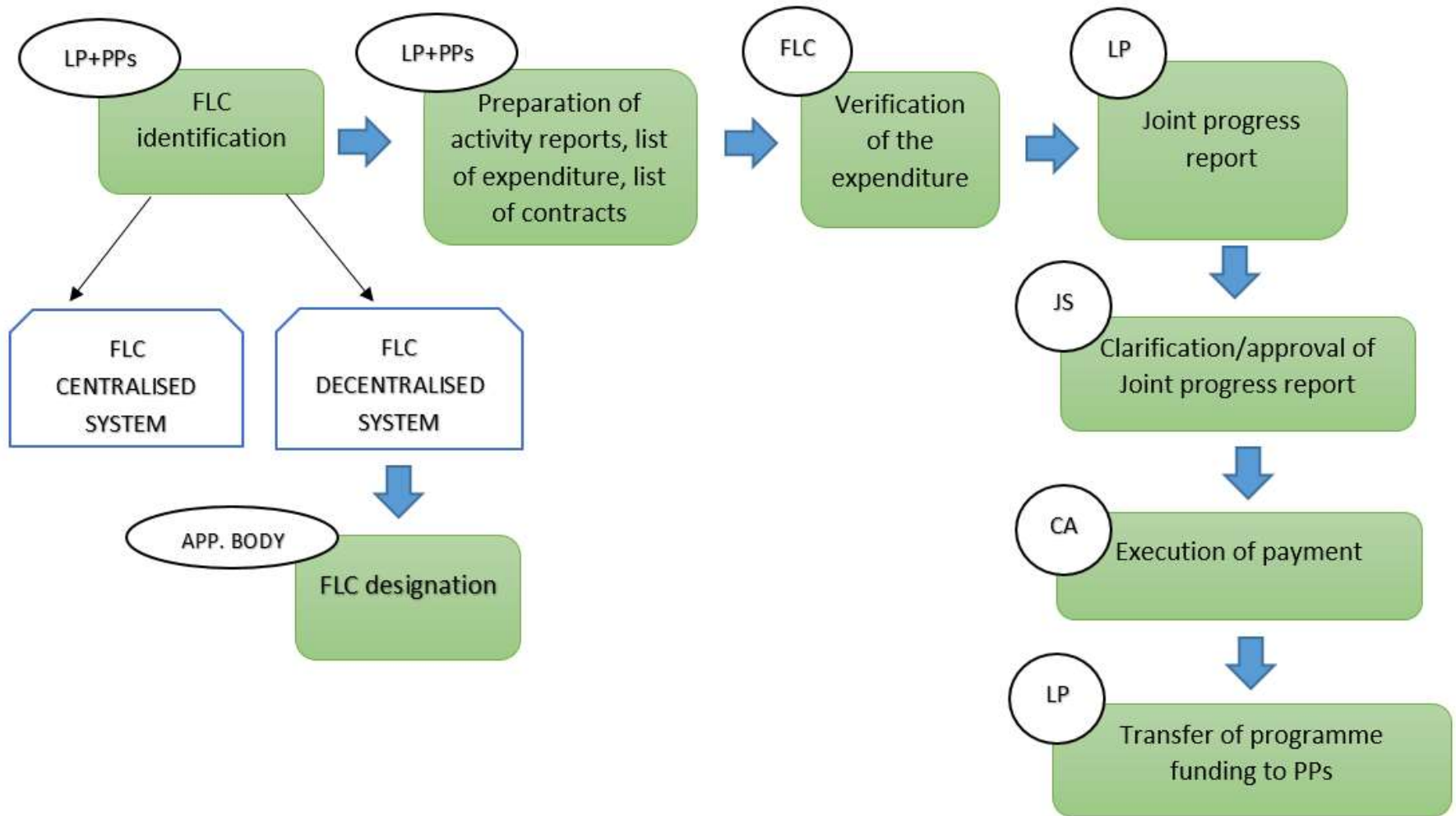
7. Clarification and/or approval of the joint PR
 - New FLC certificate required only if the overall amount by partner changes!

Reporting procedures – main steps



8. Execution of payment by the certifying authority

Reporting procedures-workflow



Reporting deadlines and procedures

How to make sure to have a **sound financial reporting** in place and to be able to report costs in full and in time **by 1 January 2017?**

Yes, it is possible!

Reporting procedures and deadlines

Agree on deadlines

- Partners reporting to their controller
 - ✓ Compile the relevant documents continuously throughout the semester → submission to the FLC **shortly after** the end of a reporting period
- Partners reporting to lead partner
 - ✓ Ensure LP has sufficient time to compile the PR and submit it on time

References



Useful information in the programme manual

- Section 6.2:
Reporting
- Section 7:
Financial Management



*Sharing solutions for
better regional policies*



**Interreg Europe
Programme Manual**

16 September 2016 (version 3)



Time for questions...

The lead partner's role...



The lead partner is:

- the formal link between the project and the managing authority/JS
- responsible for management, communication, implementation and co-ordination of activities

Legal basis: article 13 of the ETC Regulation (EU) No 1299/2013

...in the reporting and first level control process



The LP consolidates the partner reports in the joint progress report, checking that the reporting complies with the minimum requirements :

- the expenditure is related to the project and corresponds to the activities in the application form
- the partner expenditure certified by a controller is in line with national control requirements (first level control certificate)



...in the reporting and first level control process

Do not re-do the work of the FLCs!

Check on the basis of :

- ✓ project partner reports and outputs,
- ✓ independent first level control certificates,
- ✓ independent first level control reports (incl. control checklist),
- ✓ list of expenditure incl. list of contracts

...in the reporting and first level control process



The LP has to submit to JS **with PR1** (readable scans ok – no original)

1. First level control certificate for each project partner (LP included)
2. First level control designation certificate for partners from decentralized system;
3. Validation of the first level control certificate for partners from Spain and Portugal
4. List of expenditure for each partner reporting expenditure: the electronic (excel) version + scanned copy carrying the signature of the authorised first level controller

NO need to send control report checklist + list of contracts to JS!

...in the reporting and first level control process



After the submission of the progress report, the LP:

- answers to the list of clarification requests sent by the JS



...in the reporting and first level control process

After the approval of the progress report, the LP:

- receives the payment of the programme funding;
- transfers the programme funding to project partners without delay (!) in compliance with the amounts stated in the progress report.

Conclusions looking at PR1



For **PR1**:

Online in the iOLF: joint progress report

Offline: PP reporting, first level controls and FLC designations (decentralised systems)



Time for questions...



European Union | European Regional Development Fund

iOLF reporting system

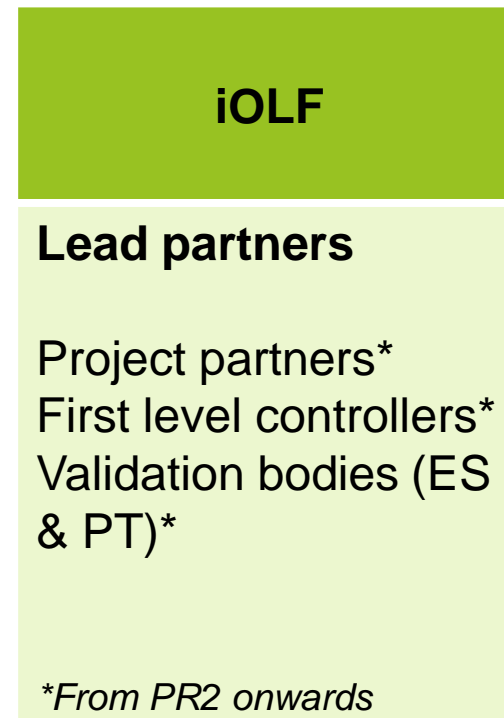
Two interlinked systems



Interreg Europe data base



Interreg Europe online forms



PR1 reporting



Interreg Europe data base



Interreg Europe online forms



PR1 reporting



For PR1 the lead partner will receive from partners outside the system:

- List of expenditure, incl. list of contracts,
- First level control certificate (incl. validation for ES and PT partners),
- Control report, incl. checklist,
- First level controller designation certificate (in decentralized systems),
- Good practices annex (if applicable)

...and will compile the joint progress report based on the data provided.

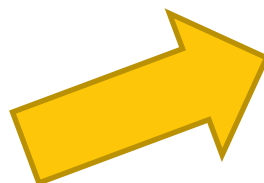
Reporting from PR2 onwards



Interreg Europe data base



Interreg Europe online forms



From PR2 onwards!



Reporting from PR2 onwards

Reporting fully online in the iOLF system! **(no more paper documents)**

- Partner reports
 - (incl. list of expenditure and list of contracts)
- FLC certification
 - (incl. the first level control certificate, the control report incl. checklist, and the financial correction sheet, if applicable)
- Validation (for ES + PT partners)
- Joint progress report



Time for questions...



IN PRACTICE

PR1 in iOLF



<http://iolf.eu/Account/Login?ReturnUrl=%2f>

Log in

Email

Password

[Register if you don't have an account.](#)

[Forgot Password?](#)

Need help? Mail to info@interregeurope.eu with subject "iOLF Question" or call +33 3 61 76 59 59

The use of iOLF signifies unconditional acceptance to the [terms and conditions](#).

PR1 in iOLF



Available end of September

Dashboard

| Project History | | | |
|-------------------------------|---------|----------------------------------|--|
| Title | Version | Status | Last Updated |
| Monitoring Committee decision | | Approved | JS 12/04/2016 17:58:30 |
| Progress report 1 | 1 | Open | WebApi 13/09/2016 10:22:45 |
| Conditions | | Open | JS 04/04/2016 16:46:44 |
| Application Form | 2 | Submitted 07/03/2016 18:00 | thomas.ducloutrier@crdt- auvergne.fr 07/03/2016 18:00:38 |

PR1 in iOLF



Status tab

Home > Status

Status ! 1. Implementation overview ! 1.3 Activities ! 2. Results/Policy instruments ! 3. Finance ! Contact Details Lead partner declaration

Status of the current Progress Report

Reporting period to

ERDF amount reported in this reporting period

History PR 1

Finance tab + sub-tabs

Status ! 1. Implementation overview ! 1.3 Activities ! 2. Results/Policy instruments ! 3. Finance ! Contact Details Lead partner declaration

Check

3.1 Summary ! 3.2 Project expenditure ! 3.2.2 External expertise and services 3.2.3 Equipment 3.2.4 List of contracts ! 3.2.5 Spending Plan ! 3.2.6 On-the-spot Checks

3.3 Source of funding

PR1 in iOLF



Summary tab – not editable

- 3. Insight into project's finances
 - 3.1 Project expenditure summary
 - ▶ 3.1.1. Project expenditure by budget lines
 - ▶ 3.1.2 Reported expenditure by partner
 - ▶ 3.1.3 Reported expenditure by partner and funding rate
 - ▶ 3.1.4 Budget breakdown per source of funding and partner
 - ▶ 3.1.5 ERDF-Norwegian funding
 - ▶ 3.1.6 Partner contributions

Error messages in case expenditure exceeds 20% flexibility rule



- Table 3.1.1 row 2: The budget line Staff costs has been exceeded by more than 20 % in relation to the latest approved version of the application form. A request for change might be necessary. Please contact the Joint Secretariat.
- Table 3.1.1 row 3: The budget line Office and administration has been exceeded by more than 20 % in relation to the latest approved version of the application form. A request for change might be necessary. Please contact the Joint Secretariat.
- Table 3.1.1 row 8: The budget line Total budget has been exceeded by more than 20 % in relation to the latest approved version of the application form. A request for change might be necessary. Please contact the Joint Secretariat.
- Table 3.1.2 row 1: The budget of partner PP1 City of Katowice (PL) has been exceeded by more than 20 % in relation to the latest approved version of the application form. A request for change might be necessary. Please contact the Joint Secretariat.
- Table 3.1.5 row 3: The amount of ERDF funding has been exceeded in relation to the latest approved application form. Please amend the report accordingly.



PR1 in iOLF



Project
expenditure
tab

3.2. Project Expenditure

3.2.1 Budget breakdown per partner per budget line

| | Partner name | Partner state | Preparation costs | Staff costs | Office and administration | Travel and accommodation | External expertise and services | Equipment | Revenues | Total partner expenditure |
|---|------------------------|---------------|-------------------|-------------|---------------------------|--------------------------|---------------------------------|-----------|----------|---------------------------|
| PP1 | City of Katowice | PL | 15,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,000.00 |
| PP2 | Moustache City Council | UK | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| PP3 | Viking | NO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | | | 15,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 15,000.00 |
| Original budget in the application form | | | | 570,000.00 | 85,500.00 | 35,000.00 | 197,500.00 | 2,000.00 | 0.00 | 905,000.00 |

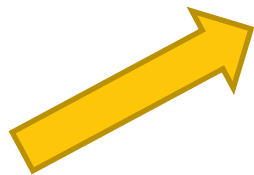
Changes from the original plans

In case of overspending or underspending in a budget line, please state the reasons and indicate the measures that were taken to avoid this in the future. Please also describe on a general level problems encountered and corresponding solutions found.

If a partner does not report any expenditure, please state the reasons and indicate the measures that were taken to avoid this in the future.

0 / 3,000 characters

• One or more partners did not report any expenditures. Please fill out the field 'If a partner does not report any expenditure, please state the reasons and indicate the measures that were taken to avoid this in the future.' below.



Justification needed if partners not reporting expenditure, or budget line exceeded

PR1 in iOLF



External expertise and services tab

instructions

3.2.2 External expertise and services

| | Partner | Planned in the AF under item number | Planned cost | Description in the application | Planned amount | Supplier(s) | Description | Total amount in EUR | Reported so far | |
|---|----------------------|-------------------------------------|--------------------------------|--------------------------------|----------------|-------------|-------------|---------------------|-----------------|---|
| 1 | LP: City of Katowice | 8 | Meeting costs: partner meeting | meeting 2 | 3,000.00 | | | | 0.00 | ✕ |
| 2 | LP: City of Katowice | N/A | Unplanned | N/A | 0.00 | | | | 0.00 | ✕ |
| | | | | | | | | 0.00 | 0.00 | |

+ Add Expertise

Planned amount exceeded for at least one reported item or/and unplanned expenditure reported. Please provide justification.

Please explain why this expenditure was necessary for the implementation of the project, even though it has not been planned in the application form.



Unplanned items have to be justified!

PR1 in iOLF



Equipment tab

3.2.3 Equipment

| | Partner | Planned in the AF under item number | Type of cost | Description in the application | Planned amount | Supplier(s) | Description | Total amount in EUR | Reported so far | |
|---|--|-------------------------------------|--------------|----------------------------------|-----------------------------------|----------------------|----------------------|-----------------------------------|-----------------------------------|--------------------------------|
| 1 | <input type="text" value="Please select"/> | <input type="text" value="N/A"/> | Unplanned | <input type="text" value="N/A"/> | <input type="text" value="0.00"/> | <input type="text"/> | <input type="text"/> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | <input type="text" value="X"/> |
| | | | | | | | | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | |

+ Add Equipment

Planned amount exceeded for at least one reported item or/and unplanned expenditure reported. Please provide justification.

Please explain why this expenditure was necessary for the implementation of the project, even though it has not been planned in the application form.








Unplanned items have to be justified!


PR1 in iOLF



List of contracts tab

3.2.4 List of contracts awarded subject to the provisions of EU public procurement directives

| Number  | Partner | Supplier name | Contracted amount (excluding VAT) | Contracted amount (including VAT) | Procedure applied | Contract type | Reported amount in current report | Previously reported | Reported amount | Comments |  |
|--|---|----------------------|-----------------------------------|-----------------------------------|--|---|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|---|
| <input type="text"/> | Please select  | <input type="text"/> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | Please select  | Please select  | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | <input type="text"/> | |

 Add Contract

Please select

- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership
- Other EU-level procedure
- Request for several offers
- Negotiated procedure without prior publication

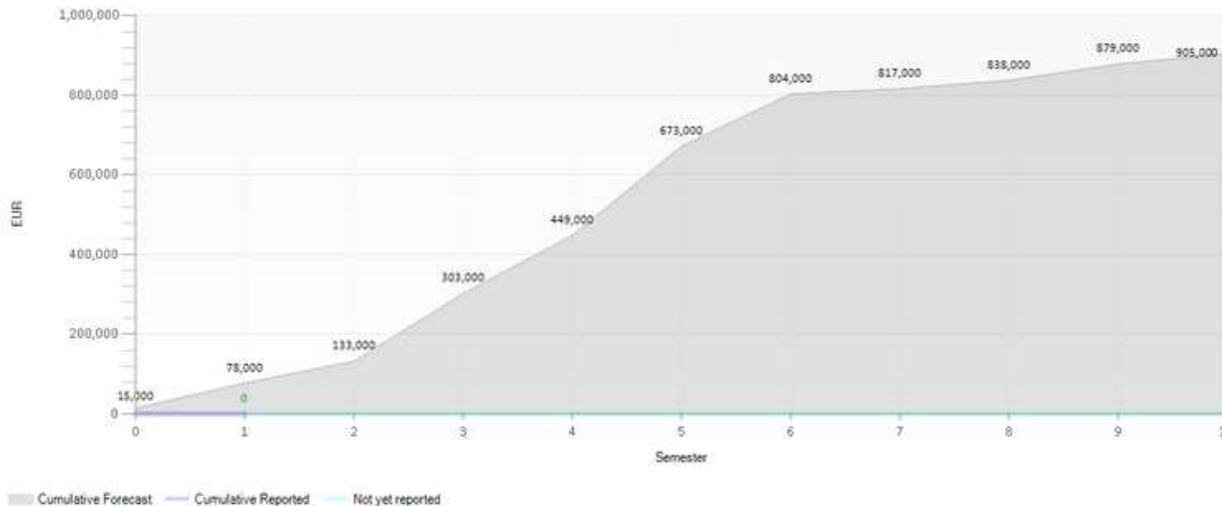
PR1 in iOLF



Spending plan tab

3.2.5 Spending plan

| | Preparation | Semester 1 | Semester 2 | Semester 3 | Semester 4 | Semester 5 | Semester 6 | Semester 7 | Semester 8 | Semester 9 | Semester 10 |
|-------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Amount forecasted | 15,000.00 | 63,000.00 | 55,000.00 | 170,000.00 | 146,000.00 | 224,000.00 | 131,000.00 | 13,000.00 | 21,000.00 | 41,000.00 | 26,000.00 |
| Amount reported | | 0.00 | | | | | | | | | |



Justification needed if overspend or underspend



Changes from the original plans

If there is overspend or underspend (both accumulated and/or for the current report), please specify the reasons and the corresponding measures to correct this.


0 / 3,000 characters

PR1 in iOLF



On-the-spot check tab

3.2.6 On-the-Spot Checks

| Partner number | Partner name | Partner state | On-the-spot check carried out for this report | Start date | Total n° of on-the-spot checks carried out for this partner |
|----------------|------------------------|--|--|------------|---|
| PP1 | City of Katowice |  PL | Yes <input type="button" value="v"/> | 23/10/2016 | 1 |
| PP2 | Moustache City Council |  UK | Please select <input type="button" value="v"/> | | 0 |
| PP3 | Viking |  NO | Please select <input type="button" value="v"/> | | 0 |

Further information regarding the on-the-spot checks (if applicable)

0 / 3,000 characters

Information to be taken from the control report incl. checklist of each partner

PR1 in iOLF



Source of funding tab

3.3 Budget breakdown per source of funding and partner

| | Partner name | Partner state | Funding rate | Programme funds (ERDF or NO) | Partner contribution from public sources | Partner contribution from private sources | Total partner contribution |
|-----|------------------------|---------------|--------------|------------------------------|--|---|----------------------------|
| PP1 | City of Katowice | PL | 85.00 % | 22,525.00 | 3,475.00 | 500.00 | 3,975.00 |
| PP2 | Moustache City Council | UK | 85.00 % | 0.00 | 0.00 | 0.00 | 0.00 |
| PP3 | Viking | NO | 50.00 % | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total | | | 22,525.00 | 3,475.00 | 500.00 | 3,975.00 |



Amount can be amended if different from what was planned in the application form

PR1 in iOLF



Activities tab

Home > 1.3 Activities > 1.3 Work plan

Status: ✓ 1. Implementation overview ✓ **1.3 Activities** ✓ 2. Results/Policy instruments ! 3. Finance ✓ Contact Details Lead partner declaration

Save Check

- 1 Advisory Board meeting
- 1 International dissemination event
- 2 external events
- Interreg communication training and seminars

Activities which took place during the reporting period ⓘ

Describe in detail the activities related to a) exchange of experience (phase 1) or action plan implementation follow-up (phase 2), b) communication and dissemination and c) project management.

a) Exchange of experience

sds 3 / 3,000 characters

b) Communication and dissemination

sds 3 / 1,500 characters

c) Project management

sdsd 4 / 1,500 characters

Changes from the original plans

Describe and justify any changes from the original work plan and, in case of delays, outline the solutions found to catch up with the foreseen time plan.

0 / 1,000 characters



PR1 in iOLF



Lead partner declaration tab & submit button



Lead partner declaration

By clicking the "submit" button, the lead partner officially validates and submits the entire project progress report and confirms the following:

1. For this report the total paid and confirmed expenditure amounts to EUR 31,700.00
2. The information included in the joint progress report accurately reflects the information provided by all partners and gives a correct description of the implementation of the project.
3. The expenditure reported by all partners and included in the progress report :
 - a. exclusively relates to the implementation of the project as agreed between the partners and in line with the latest approved application form and subsidy contract;
 - b. complies with the rules and obligations listed in the subsidy contract, including, but not limited to rules governing the eligibility of expenditure (in particular Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes, and any amendment and rules laid down in the latest version of the Interreg Europe programme manual);
 - c. has been verified and confirmed by an authorised controller/control body in compliance with the control requirements of their EU Member State or of the Kingdom of Norway.

Automatically calculated

Points of attention



- Do not try to enter figures with more than two digits after the decimal point in the system
- Make sure there are no discrepancies between the figures in the online system and the paper documents
- While reporting external expertise and equipment expenditure, select the corresponding item planned in the application form



PRACTICAL EXERCISE



Time for questions...

**Interreg
Europe**



European Union | European Regional Development Fund



*Sharing solutions
for better regional policies*

Eligibility of expenditure



GENERAL PRINCIPLES



General principles

Different levels of rules

- European: EU regulations
- Programme
- National
- Partner/institutional



General principles

Eligibility of costs is determined by the relevance of the activities!

Costs necessary to



- Carry out the project activities
- Achieve the project objectives



General principles

CONSISTENT

- allocate the expenditure to the right budget line

JUSTIFIED

- unforeseen expenditure items or over/underspend needs to be justified

COHERENT

- reported activities and finances have to match



BUDGET LINES



Preparation costs

lump sum of EUR 15,000 per project attributed to lead partner

- Covers costs linked to the preparation of the application
- Added only to the reported lead partner's expenditure in PR1
- Distribution among partners regulated internally by project partnership agreement – only lead partner reports to the programme!
- **No supporting evidence required!**



Budget lines

- Staff
 - Administration costs
 - Travel and accommodation
 - Equipment
-
- External expertise and services

Only for staff
directly employed
by the partner
organisations

Staff costs (principles)



- For partner staff only (employment contract)
- Not for staff employed by other bodies even if
 - 100% owned by partner
 - seconded to partner
 - they are members (of association, umbrella organisation)
 - if seated in partner organisation

Programme manual section 7.2.1 & Delegated Regulation (EU) 481/2014, Article 3



Staff costs (calculation)

What does your contract say?

- full-time on project?
 - > Real cost charged (no timesheets)
- fixed % on project?
 - > % of real cost charged (no timesheets)
- flexible hours on contract?
 - > monthly salary / contractual hours or
 - > annual salary / 1,720 hours
- hours + hourly rate fixed in contract?



Administration costs

- Flat rate of 15% of staff costs
- Includes: office rent, utilities, office supplies, general accounting etc.
- No administration costs under any other budget line (postal services, express delivery, stationery, etc.)
- **No supporting evidence required!**

Programme manual section 7.2.2 & Delegated Regulation (EU) 481/2014, Article 5



Travel and accommodation

- Only for staff employed by a project partner officially listed in the application form.
- Non-staff travel costs: external expertise budget line!
- Includes items such as travel, meals, accommodation, visa, daily allowances
- Compliance with specific national and/or institutional rules

Programme manual section 7.2.3 & Delegated Regulation (EU) 481/2014, Article 6



Travel and accommodation

- Supporting documents
 - Agenda (or similar)
 - Documents to prove the travel took place (e.g. participant list, boarding passes)
 - Paid invoices (e.g. hotel bill)



External expertise

- Services needed outside the partner organisation, incl. travel & accommodation for stakeholder groups
- Public procurement!

Programme manual section 7.2.4 & Delegated Regulation (EU) 481/2014, Article 6



External expertise

- Supporting documents
 - Evidence of selection process in compliance with public procurement
 - Contract or other written agreement of equivalent probative value
 - Invoice or request of reimbursement
 - Proof of payment
 - Outputs/services deliverables



Equipment

- Purchased, rented or leased by a partner, necessary to achieve the objectives of the project
- Mainly 'office equipment' for project management purposes, not exceeding EUR 5,000-7,000 per project
- Only planned/pre-approved equipment eligible!
- Compliance with public procurement rules

Programme manual section 7.2.5 & Delegated Regulation (EU) 481/2014, Article 7



Equipment

If equipment item only partially used for the project, only share related to the use in the project can be reported!



Equipment

- Supporting documents
 - Evidence of compliance with public procurement rules
 - Invoice
 - Proof of payment



Time for questions...



ELIGIBILITY PERIOD



Eligibility period

- Eligibility period
 - ✓ From: 9/2/2016 (approval by monitoring committee)
 - ✓ To: project end date
- Submission date of last report = project end date = end date of eligibility of costs
- Last 3 months before project end date = administrative project closure (last payments, preparation of the last progress report, FLC)



Eligibility period

Expenditure can be reported only if paid before the end of the reporting period!

Paid = debited from partner's institution bank account

PR1 → costs paid out before 30 September 2016!



NOT ELIGIBLE COSTS & ITEMS REQUIRING PRE-APPROVAL



Not eligible costs

- VAT – if recoverable by whatever means
- In-kind contributions
- Fines, financial penalties, expenditure on legal disputes and litigation, exchange rate fluctuation and interests on debt,
- Expenditure already supported by other subsidies
- Gadgets and gifts



Gifts and promotional items

Gifts and promotional items (gadgets) are **not eligible** unless

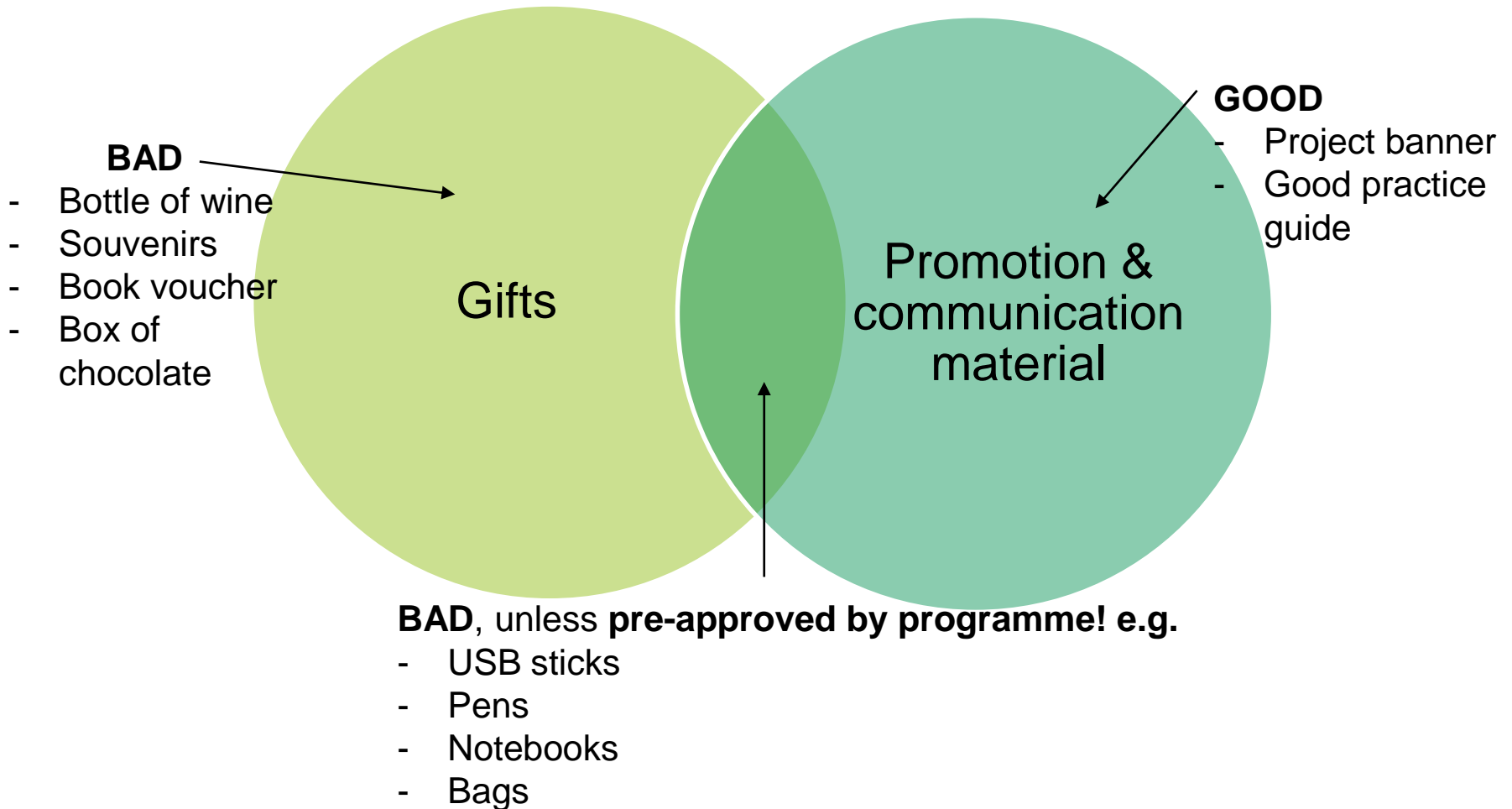
- approved **ex-ante** by the programme (application form & during project implementation)
- needed for a **specific communication activity** (EU logo/project logo does not automatically make a gift a promotional material)



Programme manual sections 7.4.9 and 8.2.1 & Delegated Regulation (EU) 481/2014, Article 2



Gifts and promotional items





Items requiring pre-approval

- Prior approval from JS necessary for items not already specified and approved in the application form, e.g.
 - Activities/travel outside the programme area
 - Promotional material (gadgets)
 - Equipment



Time for questions...



POINTS OF ATTENTION



Points of attention

- Exchange rate
- Project closure
- Financing of joint activities
- Public/private funding
- Dealing with changes



Exchange rate

- All financial reporting and project follow-up in Euros
- Reg (EU) No 1299/2013 Article 28: expenditure incurred in non-Euro currency by the partner organisation to be converted in Euros
- EC Exchange rate applicable in the month the documents are submitted for verification to the FLC (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)



Costs related to the fluctuation of foreign exchange rates are not eligible.



Project closure

- Any expenditure incurred, invoiced or paid after the official project end date not eligible (**including project closure costs!**)
- Activities must be finalised
- Submission date of last report = project end date = end date of eligibility of costs
- Last 3 months before project end date = administrative project closure (last payments, preparation of the last progress report, **FLC**)
- Establish clear timetable/deadline for partners to receive FLC certificate and submit relevant documents and information to the lead partner

Obligations for closed projects – general rule



- Reg (EU) No 1303/2013 - Article 140: each partner organisation is required to archive documents related to the project's implementation for a minimum period (= 2 years after 31 December following the submission to the EC of the programme's annual accounts where the last PR is included)



How to archive and for how long?

- How?
 - ▶ Supporting documents have to be kept either in originals or certified true copies or in electronic versions.

- How long?
 - ▶ Information on the concrete period provided with the closure notification letter

Possibly longer archiving periods (e.g. national laws) have to be taken into account!!

Programme manual, section 6.4.2



Financing of joint activities

No shared costs!

Share
activities, not
costs!

Contracting partner principle applies






Contracting partner = the only one reporting
and receiving the ERDF!



Public/Private funding

- In the PR, need to indicate source of funding per partner (co-financing): public or private?

3.3 Budget breakdown per source of funding and partner

| | Partner name | Partner state | Funding rate | Programme funds (ERDF or NO) | Partner contribution from public sources | Partner contribution from private sources | Total partner contribution |
|-----|------------------------|--|--------------|------------------------------|--|---|----------------------------|
| PP1 | City of Katowice |  PL | 85.00 % | 22,525.00 | 3,475.00 | 500.00 | 3,975.00 |
| PP2 | Moustache City Council |  UK | 85.00 % | 0.00 | 0.00 | 0.00 | 0.00 |
| PP3 | Viking |  NO | 50.00 % | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total | | | 22,525.00 | 3,475.00 | 500.00 | 3,975.00 |



Public/Private funding

In iOLF, automatic allocation according to legal status:

- private not profit → private sources
- public or public equivalent → public sources
- But modification necessary if:
 - A private partner receives public funding for the project = to be indicated as public funding
 - A public or public equivalent body receives private funding for the project = to be indicated as private funding



FLC to check if the contribution is in the right place!



Public/Private funding

Example: private partner receiving public funding

| Programme funds | | | Partner contribution | | |
|-----------------|------------------|-----------|--|---|----------------------------|
| ERDF | ERDF/NO rate (%) | Norwegian | Partner contribution from public sources | Partner contribution from private sources | Total partner contribution |
| 184,047.1 | 85.00 | 0.00 | 21,652.60 | 10,826.30 | 32,478.90 |
| 92,367.00 | 75.00 | 0.00 | 12,315.60 | 18,473.40 | 30,789.00 |

Public/Private funding



Example: public partner receiving private funding

| Programme funds | | | Partner contribution | | | |
|-----------------|------------------|-----------|----------------------|--|---|----------------------------|
| ERDF | ERDF/NO rate (%) | Norwegian | | Partner contribution from public sources | Partner contribution from private sources | Total partner contribution |
| 262,650.0 | 85.00 | 0.00 | | 44,100.00 | 2,250.00 | 46,350.00 |
| 150,000.0 | 75.00 | 0.00 | | 0.00 | 50,000.00 | 50,000.00 |
| 170,000.0 | 85.00 | 0.00 | | 30,000.00 | 0.00 | 30,000.00 |



Time for questions...



Dealing with changes

- Budget changes within the 20% budget flexibility rule = can be justified and reported as 'deviations' in the PR
- Budget reallocation above the 20% flexibility rule = formal approval by the JS/MA through request for change procedure

Programme manual section 6.3.5



The flexibility rule

- Budget line and partner's budget at **project level (total!)** can be exceeded by up to 20% of the original amount without formal approval by JS
- total ERDF/Norwegian funding allocated to the project cannot be exceeded
- overspending of partners/in budget lines needs to be compensated by underspending of other partners/in budget lines
- Deviations justified in the PR



The flexibility rule

- Lead partner to agree on the changes in cooperation with partnership
- Lead partner to keep an overview on all the budget changes → Problems may occur if budget flexibility not monitored closely
- JS to advice, but FLC responsible to confirm the eligibility of the costs



The flexibility rule

- Example

| Budget line at project level or partner budget | Original amount in the approved application form | Maximum possible overspending for this line | Explanation |
|--|--|---|--|
| Travel and accommodation costs | €180,000 | €36,000 | With the 20% flexibility rule, the original amount for this budget line can be exceeded by a maximum of EUR 36,000. |
| Partner 1 | €220,000 | €44,000 | With the 20% flexibility rule, the original amount for this partner budget can be exceeded by a maximum of EUR 44,000. |



Major budget change

- Budget reallocation above 20% limit for each budget line and partner budget at project level (total!) requires prior approval by MA/JS through request for change procedure
- Only one formal request for change procedure can be launched during the lifetime of a project.

Strongly recommended only at the end of the project, with solid overview on the project spending!



Major budget change

- Example

| Budget line at project level or partner budget | Original amount in the approved application form | New budget proposed by the project | Explanation |
|--|--|------------------------------------|---|
| Travel and accommodation costs | €180,000 | €220,000 | Any budget increase above EUR 36,000 is no longer covered by the 20% flexibility rule, hence an official budget change has to be requested. |
| Partner 1 | €220,000 | €300,000 | Any budget increase above EUR 44,000 is no longer covered by the 20% flexibility rule, hence an official budget change has to be requested. |



Dealing with changes – exercise

| Partner | Preparation costs | Staff costs | Office and administration | Travel and accommodation | External expertise and services | Equipment | Revenues | Total partner budget |
|---------------------------|-------------------|-------------|---------------------------|--------------------------|---------------------------------|-----------|----------|----------------------|
| 1. City of Katowice | 15,000 | 150,000 | 22,500 | 20,000 | 63,500 | 1,000 | 0 | 272,000 |
| 2. Moustache City Council | 0 | 200,000 | 30,000 | 15,000 | 96,000 | 1,000 | 0 | 342,000 |
| 3. Viking | 0 | 220,000 | 33,000 | 0 | 50,000 | 0 | 0 | 303,000 |
| | 1.64 % | 62.16 % | 9.32 % | 3.82 % | 22.85 % | 0.22 % | 0.00 % | |
| Total | 15,000 | 570,000 | 85,500 | 35,000 | 209,500 | 2,000 | 0 | 917,000 |



Dealing with changes – exercise

- Partner 2 asks you as lead partner if it can exceed its staff budget by € 80,000. What is your answer?

Dealing with changes – solution



In principle, it's possible!

BUT, under certain conditions...



Dealing with changes – solution

To be checked:

- Is this excess theoretically in line with the flexibility rule?

YES!



Dealing with changes – solution

| Partner | Preparation costs | Staff costs | Office and administration | Travel and accommodation | External expertise and services | Equipment | Revenues | Total partner budget |
|---------------------------|-------------------|-------------|---------------------------|--------------------------|---------------------------------|-----------|----------|----------------------|
| 1. City of Katowice | 15,000 | 150,000 | 22,500 | 20,000 | 63,500 | 1,000 | 0 | 272,000 |
| 2. Moustache City Council | 0 | 200,000 | 30,000 | 15,000 | 96,000 | 1,000 | 0 | 342,000 |
| 3. Viking | 0 | 220,000 | 33,000 | 0 | 50,000 | 0 | 0 | 303,000 |
| | 1.64 % | 62.16 % | 9.32 % | 3.82 % | 22.85 % | 0.22 % | 0.00 % | |
| Total | 15,000 | 570,000 | 85,500 | 35,000 | 209,500 | 2,000 | 0 | 917,000 |

20% ceiling applies to budget line and partner budget at **project level**



20% of staff budget (€ 570,000) = € 114,000



Dealing with changes – solution

- Is this excess compensated by underspending in other budget lines/partner's budget?

TO BE VERIFIED



Dealing with changes – solution

| Partner | Preparation costs | Staff costs | Office and administration | Travel and accommodation | External expertise and services | Equipment | Revenues | Total partner budget |
|---------------------------|-------------------|-------------|---------------------------|--------------------------|---------------------------------|-----------|----------|----------------------|
| 1. City of Katowice | 15,000 | 150,000 | 22,500 | 20,000 | 63,500 | 1,000 | 0 | 272,000 |
| 2. Moustache City Council | 0 | 200,000 | 30,000 | 15,000 | 96,000 | 1,000 | 0 | 342,000 |
| 3. Viking | 0 | 220,000 | 33,000 | 0 | 50,000 | 0 | 0 | 303,000 |
| | 1.64 % | 62.16 % | 9.32 % | 3.82 % | 22.85 % | 0.22 % | 0.00 % | |
| Total | 15,000 | 570,000 | 85,500 | 35,000 | 209,500 | 2,000 | 0 | 917,000 |

20% applied to **partner budget**



20% of P2 budget = € 68,400 = max excess



Dealing with changes – solution

- Is this budget excess justified in the context of the project (needed for the project implementation)?

TO BE VERIFIED (what can justify such a significant increase in the staff budget of a partner??)

Dealing with changes – conclusion



- Overspending compensated by underspending in other partner budget/budget lines!
- Justified for the project



Overview on changes + cooperation



Time for questions...

**Interreg
Europe**



European Union | European Regional Development Fund



*Sharing solutions
for better regional policies*

Financial reporting What are the challenges?



STAFF COSTS



Staff costs

Definition:

- Costs for staff members employed by a partner organisation listed in application form and working on project
- Costs
 - = gross employment costs
 - = salary payment + taxes + social security contributions in line with employment policy of the partner organisation



Staff costs (calculation)

4 calculation methods:

What does your contract say?

A. full-time on project?

> Real cost charged

B. fixed % on project?

> % of real cost charged

C. flexible hours on project?

> C.1 - monthly salary / contractual hours or

> C.2 - annual salary / 1,720 hours

D. hours + hourly rate fixed in contract?



Group discussion

Question 1 & 2:

- Which method will you apply?
- For whom in the project?
- Why?
- Pros/Cons?



A. + B. Full-time / fixed %

- Calculation:

Employment cost * %

- Supporting documents
 - Employment contract or equivalent document
 - Document setting out the percentage of time working on the project (e.g. mission letter)
 - Payslip
 - Proof of payment
 - **No timesheets!**
- Other points:
 - Regular review (e.g. annual staff appraisal)
 - % adjusted if necessary



C. 1 Flexible hours - monthly calculation

- Calculation:
 - hourly rate: **Monthly gross employment costs / nb of hours per month per employment contract**
 - attention to holiday allocation
 - record 100% working time
 - timesheet example on website!
(<http://www.interregeurope.eu/about-us/programmedocuments/>)



C.1 Flexible hours - monthly calculation

- Supporting documents
 - Employment contract or equivalent document
 - Document identifying working time + holidays (e.g. contract)
 - Document showing the calculation of hourly rate
 - Payslip documenting monthly salary costs
 - Proof of payment
 - Registration of 100% working time → Timesheets!
- Recalculation potentially each month !



C.2 Flexible hours - 1720h method

- Calculation
 - latest annual employment cost / 1720h
- Example timesheet on website!
(<http://www.interregeurope.eu/about-us/programmedocuments/>)

C.2 Flexible hours - 1720h method



- Supporting documents
 - Employment contract or equivalent document
 - Document showing the calculation of hourly rate
 - Payslip documenting **annual** salary costs
 - Proof of payment
 - Registration of 100% working time (total below <1720h?) → **Timesheets!**
- Regular updates necessary? **Potentially one time calculation hourly rate.**
- Person recently employed? → annual salary from equivalent position
- Person on part-time contract? Pro-rata?



D. Hourly rate fixed in contract

- Hourly rate indicated in contract per number of hours worked on the project
- Example timesheet on website!
(<http://www.interregeurope.eu/about-us/programmedocuments/>)



D. Hourly rate fixed in contract

- Supporting documents
 - Employment contract or equivalent document (documenting working relationship + hourly rate)
 - Payslip documenting monthly salary costs
 - Proof of payment
 - Registration of 100% working time →
Timesheets!

Staff costs (principles)



Change of calculation method possible?

Staff costs (principles)



Simplification is also what YOU make it!



Group discussion

Question 3:

What to be put in mission letter?

Staff costs: mission letter



- Name of employee
- Role in the project
- % allocated to the project
- Description of project related role, responsibilities and monthly tasks (see application form)
- Dated and signed by employee + line manager
- Regularly reviewed (e.g. annually on occasion of staff appraisal) and adjusted if needed.



[Letter head of organisation]

[Logo of the Programme]

Date:

Project timeframe:

Mission Letter in connection with the xxx project

I would like to confirm that [Insert Name and Designation of person] is being assigned work on [Insert Name of Project] funded by the Interreg Europe Programme.

S/he will be carrying out the following duties during the period [duration of the employee working on the project]:

[Insert list of project related roles, responsibilities and monthly tasks assigned to the employee]

In order to carry out these tasks [Insert Name of Person] is expected to dedicate [indicate % of time to be performed on the project] equivalent to [insert number of hours] hours per month on [Insert Name of Project].

[Signature]

[Insert Name and Designation]
[Person Assigned]

[Signature]

[Insert Name and Designation]
Chief-executive Officer/Director Corporate Services/Equivalent



Group discussion

Question 4:

- How to check the mission letter?

Full-time / fixed %?



- **Is the % stated in contract/mission letter?**
 - Document signed at beginning
 - Reviewed on regular basis (e.g. annual staff appraisal)
- **Is the person involved in another project?
No double-financing?**
- **Is the % plausible?**
 - in relation to their role in the project?
 - in relation to other costs declared (e.g. travel?)?
 - in relation to the FLC's knowledge from controlling other projects?

The budget is the (natural) limit!



Group discussion

Question 5:

***Eligible or not?
By Interreg Europe***

Eligible or not eligible?



- Indirect staff costs?
 - Either covered by administration cost flat rate
 - Or reported as direct staff costs acc. to one of the 4 methods if it can be directly linked to project

Eligible or not eligible?



- Bonus + lunch vouchers eligible?
- On payslip?
- In line with labour policy applicable in partner organisation?
- Project related?

Eligible or not eligible?



- Private pension schemes?
 - actually paid (not only set aside)?
 - in line with labour law policy in partner organisation?

Eligible or not eligible?



- Person seconded and paid by another entity?

No because:

- Staff costs = for partner staff only (employment contract)
- Not for staff employed by other bodies even if
 - 100% owned by partner
 - seconded to partner
 - they are members (of association, umbrella organisation)

Staff costs (principles)



- What to do with social security contributions paid after end of reporting period?



Time for questions...

**Interreg
Europe**



European Union | European Regional Development Fund



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for better regional policies*

Reporting external expertise costs



A FEW REMINDERS



General principles

CONSISTENT

- allocate the expenditure to the right budget line

JUSTIFIED

- unforeseen expenditure items or over/underspend needs to be justified

COHERENT

- reported activities and finances have to match



External expertise

- Services needed outside the partner organisation, incl. travel & accommodation for stakeholder groups
- Public procurement!

[Programme manual section 7.2.4 & Delegated Regulation \(EU\) 481/2014, Article 6](#)



Reporting procedures – which docs?

- Project partners submit the partner financial reports to the FLCs:
 - List of expenditure including list of contracts (template provided by programme <http://www.interregeurope.eu/about-us/programmedocuments/>)
 - Financial correction sheet (if applicable – only from PR2)
- Reporting per component /work packages is no longer required





HOW TO REPORT EXTERNAL EXPERTISE COSTS IN THE IOLF



Report external expertise costs in the iOLF system

Dashboard

| Project History | | | |
|-------------------------------|---------|----------------------------------|--|
| Title | Version | Status | Last Updated |
| Monitoring Committee decision | | Approved | JS 12/04/2016 17:58:30 |
| Progress report 1 | 1 | Open | WebApi 13/09/2016 10:22:45 |
| Conditions | | Open | JS 04/04/2016 16:46:44 |
| Application Form | 2 | Submitted 07/03/2016 18:00 | thomas.ducloutrier@crdt- auvergne.fr 07/03/2016 18:00:38 |



PR in the iOLF system

Status tab

Home Status

Status ! 1. Implementation overview ! 1.3 Activities ! 2. Results/Policy instruments ! 3. Finance ! Contact Details Lead partner declaration

Status of the current Progress Report Open

Reporting period 01/04/2016 to 30/09/2016

ERDF amount reported in this reporting period 0.00

History PR 1

Finance tab + subtabs

Status ! 1. Implementation overview ! 1.3 Activities ! 2. Results/Policy instruments ! 3. Finance ! Contact Details Lead partner declaration

Check Collapse All

3.1 Summary ! 3.2 Project expenditure ! 3.2.2 External expertise and services 3.2.3 Equipment 3.2.4 List of contracts ! 3.2.5 Spending Plan ! 3.2.6 On-the-spot Checks

3.3 Source of funding



PR in the iOLF system

External expertise tab

3.2.2 External expertise and services

| | Partner | Planned in the AF under item number | Type of cost | Description in the application | Planned amount | Supplier(s) | Description | Total amount in EUR | Reported so far |
|---|------------------------|-------------------------------------|----------------------------------|--|----------------|-------------|-------------|---------------------|-----------------|
| 1 | LP: MODERNA Foundation | 37 | Meeting costs: stakeholder group | Organisation of stakeholder group meetings (1 per semester in Phase 1) | 1,200.00 | | | 0.00 | 0.00 |
| | | | | | | | | 0.00 | 0.00 |

+ Add Expertise

1. Select partner and item's number
2. Sections "type of costs", "description in the application" and "planned amount" filled in automatically according to info provided in the AF.



PR in the iOLF system

External expertise tab

3.2.2 External expertise and services

| | Partner | Planned in the AF under item number | Type of cost | Description in the application | Planned amount | Supplier(s) | Description | Total amount in EUR | Reported so far | |
|---|------------------------|-------------------------------------|----------------------------------|--|----------------|----------------------|----------------------|---------------------|-----------------|--|
| 1 | LP: MODERNA Foundation | 37 | Meeting costs: stakeholder group | Organisation of stakeholder group meetings (1 per semester in Phase 1) | 1,200.00 | <input type="text"/> | <input type="text"/> | 0.00 | 0.00 | |
| | | | | | | | | 0.00 | 0.00 | |

Add Expertise

1. Enter data (supplier + description + amount) as indicated in list of expenditure
2. Check, save and pass to the next item.



- **Keep the AF at hand!**

The info included there is your reference for reporting



- **Make information self-explanatory and sufficient!**

Keep in mind that the JTS does not participate to your project's activities



- **As LP, you are the filter between your partners & the JTS**
Do not redo everything but keep in mind that we all make mistakes!



- **In case of doubts, get back to your partners and ask for explanations**
This will save you time afterwards! (less clarifications rounds)



- **Anticipate potential corrections to make**
Adopt a clear timeline to avoid last minute rush



Questions?

**Any suggestions
from your experience?**

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Complying with & controlling public procurement rules



SOME THEORY...



Basics

- **Public procurement applicable rules***
 - the EU public procurement directives (Directive 2014/24/EU)
 - national rules
 - internal rules of the partner organization
- **No programme-specific rules**
 - Section 7.4.6 Public procurement of the programme manual

*** The strictest rules must always be applied**

in case of doubts, check with your procurement department



Private non-profit bodies

- The private non-profit bodies
 - should respect national rules and internal partner rules (if they exist),
 - should be able to demonstrate good use of public funds,
 - in some countries need to comply with national public procurement rules.

If not sure, contact your national point of contact!



Procurement and reporting

- FLC checks compliance with public procurement rules
 - see: first level control report incl. checklist (section 5. Public procurement)
- List of contracts to be provided by each partner
 - see: list of expenditure incl. list of contracts template
- List of contracts subject to EU procurement directives
 - compiled by the lead partner in the progress report



List of contracts in PR

- In the joint PR – only contracts “above EU threshold”

3.2.4 List of contracts awarded subject to the provisions of EU public procurement directives

| Number | Partner | Supplier name | Contracted amount (excluding VAT) | Contracted amount (including VAT) | Procedure applied | Contract type | Reported amount in current report | Previously reported | Reported amount | Comments |
|----------------------|---------------|----------------------|-----------------------------------|-----------------------------------|-------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|----------------------|
| <input type="text"/> | Please select | <input type="text"/> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | Please select | <div style="border: 2px solid red; padding: 5px;"><input type="text" value="Please select"/> Works Services Supply</div> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | <input type="text" value="0.00"/> | <input type="text"/> |

+ Add Contract



List of contracts in PR

- In the joint PR – only contracts “above EU threshold”

3.2.4 List of contracts awarded subject to the provisions of EU public procurement directives

| Number | Partner | Supplier name | Contracted amount (excluding VAT) | Contracted amount (including VAT) | Procedure applied | Contract type | Reported amount in current report | Previously reported | Reported amount | Comments |
|--------|---------------|---------------|-----------------------------------|-----------------------------------|-------------------|---------------|-----------------------------------|---------------------|-----------------|----------|
| | Please select | | 0.00 | 0.00 | Please select | Please select | 0.00 | 0.00 | 0.00 | |

+ Add Contract

- Please select
- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership
- Other EU-level procedure
- Request for several offers
- Negotiated procedure without prior publication



Common procurement findings

- Inadequate procedure chosen (e.g. direct award of contract not justified)
- Insufficient publicity
- Value of the contract not estimated at institutional level
- Splitting the contracts to fit below thresholds
- Insufficient audit trail (e.g. missing documents)



Direct award of contract

- Common non-justified reasons:

“urgency”

“the only one”

“more economic
– no cost for
training new
person”

“good value
(based on old
comparison)”

- Direct award for these reasons is rarely justified
- Objective reasons needed (the market should prove)



GROUP DISCUSSION



Group discussion (15 min)

- 1) Discuss and list the main steps needed to contract an external provider through:
 - group 1: a public procurement above EU threshold?
 - group 2: a consultation of several providers?

- 2) Which documents are needed for FLC/audit purpose?



Main steps – EU procedure

- 1) Definition and estimation of the need
- 2) Choice of the type of tender (eg. with lots or not, framework contract, etc.) and of the EU procedure (open, restricted, etc.)
- 3) Drafting administrative & technical terms of reference
- 4) Publication in OJEU (+ other publicity? e.g. website)
- 5) Opening & analysis of offers + drafting selection report
- 6) Notification to rejected tenderers
- 7) Notification to selected tenderer & signature of contract
- 8) Contract award notice (OJEU)



Main steps – below thresholds

- 1) Definition & estimation of the need (at the level of the legal entity)
- 2) Drafting terms of reference /request
- 3) Sending terms of reference /request to several providers
- 4) Analysis of offers/quotes and drafting selection report
- 5) Notification to rejected providers
- 6) Notification to selected provider + signature of contract / order form



Documents to keep and control !

- 1) Terms of reference (incl. transparent and non discriminatory selection & award criteria)
- 2) Procurement notice / requests sent to several providers (with same info and deadline)
- 3) Offers/quotes received
- 4) Evaluation/selection report (incl. justification of procedure and application of announced criteria)
- 5) Notification letters to rejected and selected tenderers
- 6) Contract and any amendment / renewal
- 7) Invoices and proofs of payments (matching contract/order)
- 8) Proof of delivery of goods and services



Time for questions...

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Lead Partner responsibilities – case study on control report, incl. control checklist



A FEW REMINDERS



General principles

CONSISTENT

- allocate the expenditure to the right budget line

JUSTIFIED

- unforeseen expenditure items or over/underspend needs to be justified

COHERENT

- reported activities and finances have to match

Reporting procedures – main steps



4. PP send the following documents to the lead partner
 - First level control certificate
 - Control report including checklist
 - Certified list of expenditure including the list of contracts
 - First level control designation certificate (decentralised)
 - PP's activity report



- **Do not re-do the FLC!**

Check plausibility and coherence.

- **In case of doubts, get back to your partners and ask for explanations**

If you don't understand it → other externals (JS, EC auditors, second level auditors) will not understand it.



- **Screen the list of expenditure, list of contract, control report, including checklist**

Focus on obvious points (e.g. payment dates, place of delivery, amounts).



- **Anticipate potential corrections to make**

Adopt a clear timeline to avoid last minute rush





Questions?

**Any suggestions
from your experience?**

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Anti-fraud strategy and suspected fraud reporting



Anti-fraud strategy

- **Regulatory requirement for MAs to**
“put in place **effective and proportionate anti-fraud measures** taking into account the **risks identified**”
(Article 125(4)(c) of Regulation (EU) No 1303/2013)
- implemented notably through:
 - information of project and FLC on the main risks identified
 - recommendations included in the programme manual
 - FLC checklist taking into account risks identified
 - procedures for the reporting of suspected fraud



Definition of fraud

Fraud

Intentional

Consequences:

correction

investigation & sanctions



Irregularity

error /bad
management

correction



Fraud risks identified

Main risks identified for Interreg Europe programme:

- **Staff costs** reported do not correspond to the reality
- **Public procurement** (conflict of interests, favouritism, corruption)
- **Double financing**



Fraud risks - origin

Fraud risks may be at the level of

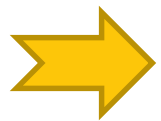
- the beneficiary staff
- the external contractors
- collusion between the two
- JS / FLC staff (conflict of interest, corruption...)



Fraud prevention and detection

To prevent and detect fraud, partners should

- be aware of the potential risks of fraud
- have internal procedures in place to prevent and detect fraud



See revised programme manual

- general info in section 7.8
- recommendations for public procurement in section 7.4.6

Fraud prevention and detection



Examples of recommendations included in the revised programme manual (public procurement – section 7.4.6) :

- Proper application of conflict of interests policy
- Secondary review mechanism for all contracts & amendments above national/EU thresholds
= 4 eyes principle



Fraud prevention and detection

To prevent and detect fraud, FLC should

- be aware of the potential risks of fraud
- check the beneficiaries' reports and supporting documents with “appropriate scepticism” (in particular when checking staff costs and public procurement)

« appropriate scepticism » = "an attitude that includes a questioning mind and a critical assessment of audit evidence“



Reporting suspected or established fraud

How can the MA/JS be informed ?

- whistleblowing procedure for general public/beneficiaries (by end of year)
- specific reporting template for FLC



FLC reporting template on suspected or established fraud

- New Annex 4 of the programme manual
- Available on the Interreg Europe website and later on downloadable in iOLF
- To be sent by the FLC to the Joint Secretariat financial control and audit officer by email



Time for questions...



JS support

What's next

- online Q&A sessions on reporting
 - 4-6
 - from mid-October
 - open to all project partners
- Reporting activities and achievements
 - 4 video tutorials (1. General instructions / 2. Implementation overview, 3. Activities / 4. Results and Policy instruments): available end of October
 - Dedicated Q&A session: 18 November

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Thank you!

Questions welcome



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