



The start up phase

Contractual and administrative issues

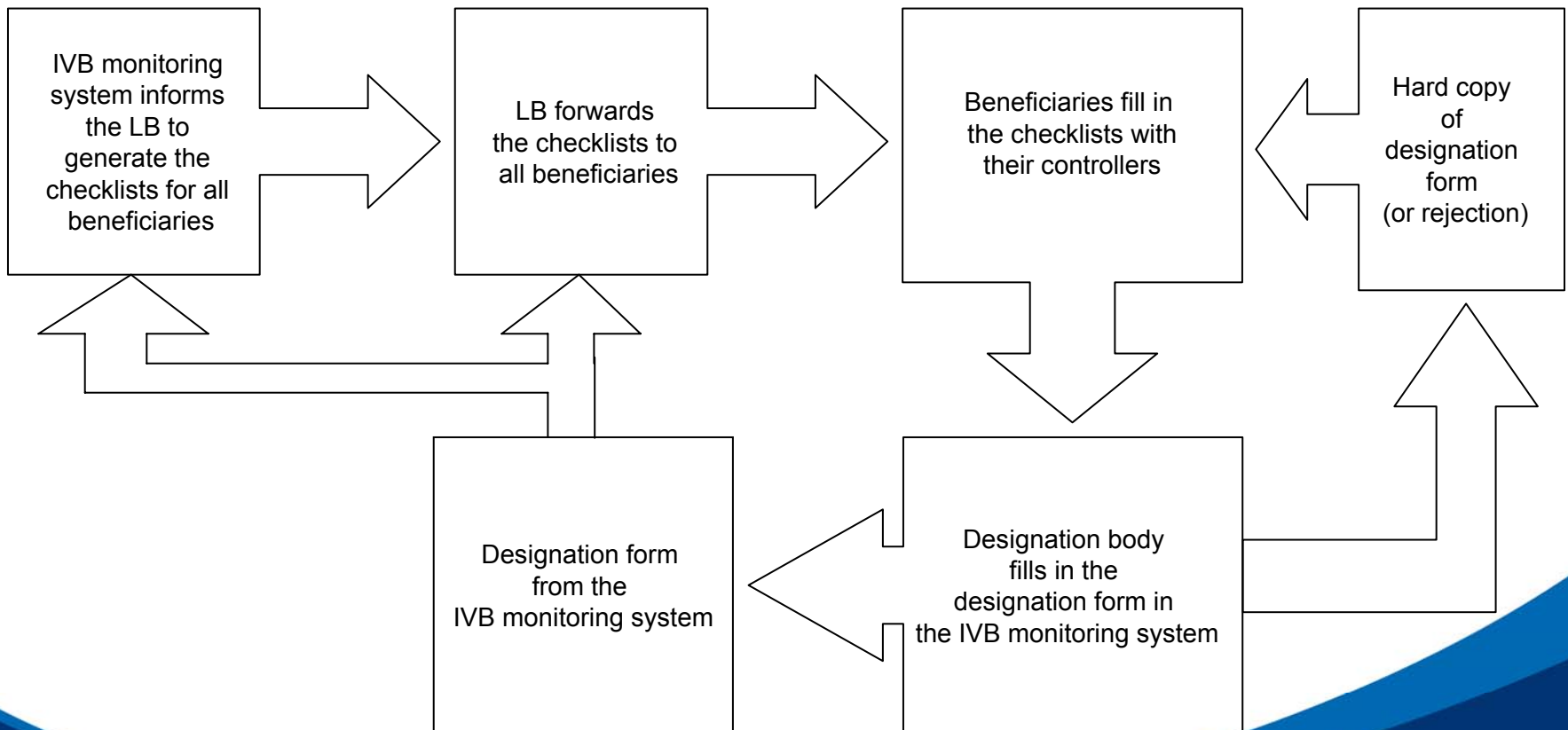


Designation of 1st level controllers I

- All beneficiaries must have a 1st level controller
 - Special arrangements for sub-partners
- Member States responsible for designation
- Who can be a controller?
 - Independent, qualified/experienced (ERDF), command of English
 - Internal and external allowed (in most cases)
 - For conditions see the Manual (Appendix 2)
- Designation procedure standardised
 - See the Manual (programme web site)
 - Separate designation for each project
 - Changes re-start the procedure
 - Start already now – use the paper version

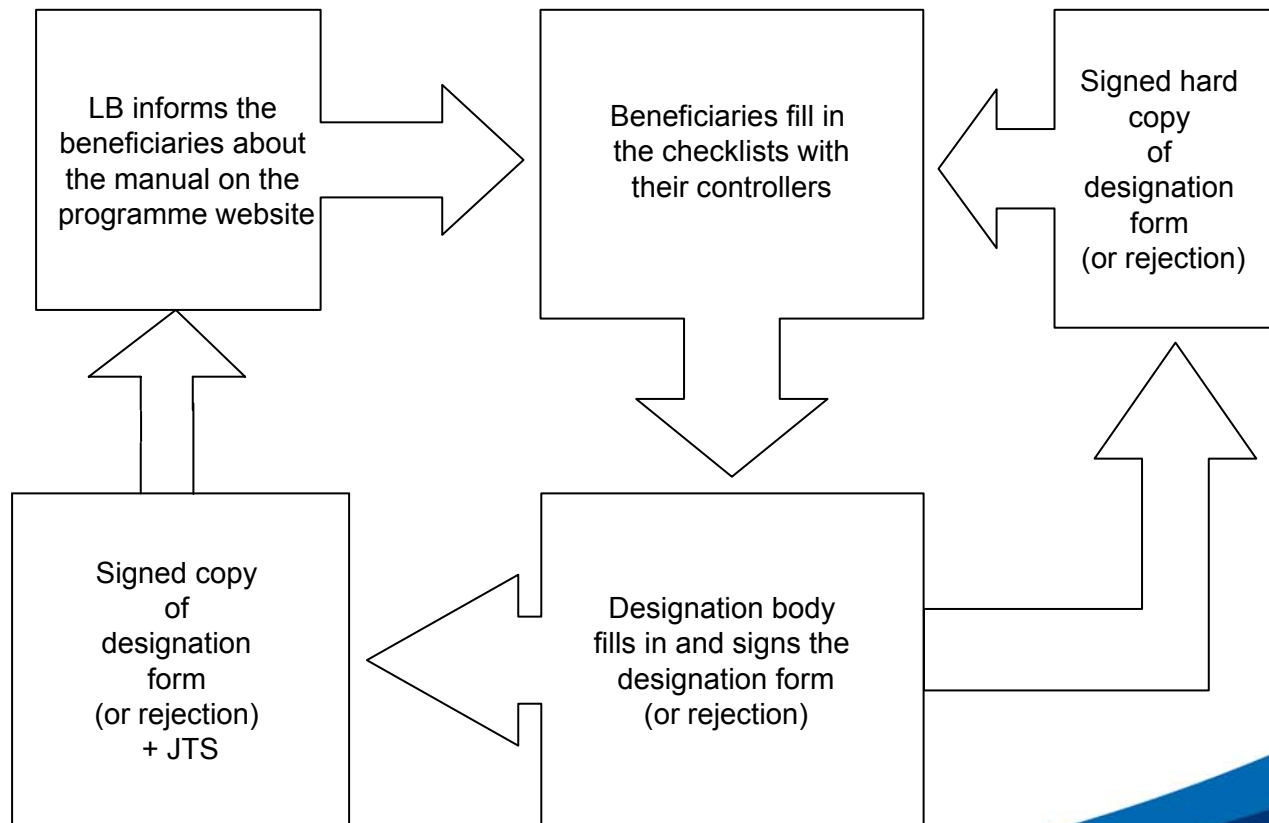


Designation of 1st level controllers II – decentralised system



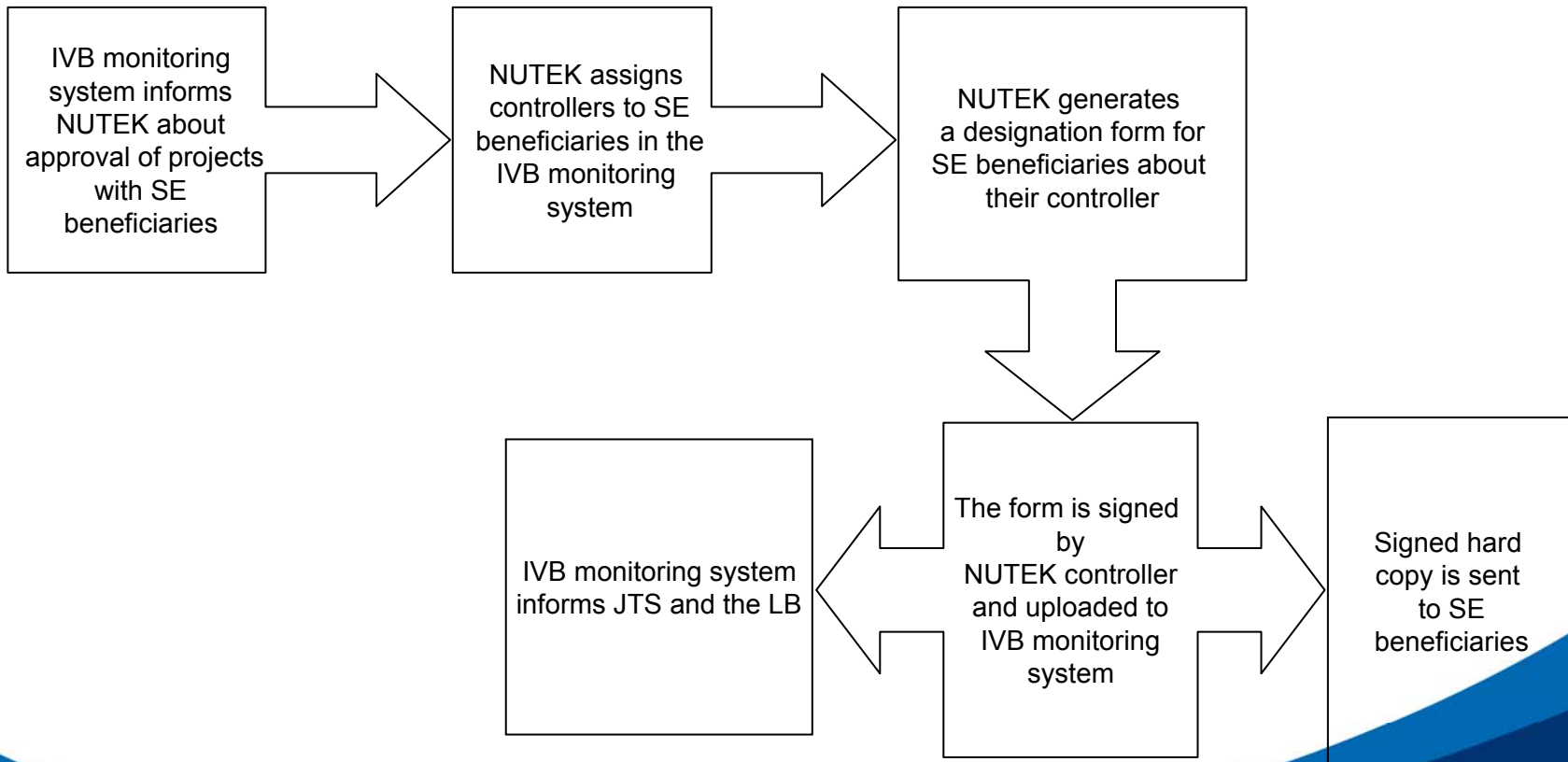


Designation of 1st level controllers II – decentralised system – current projects



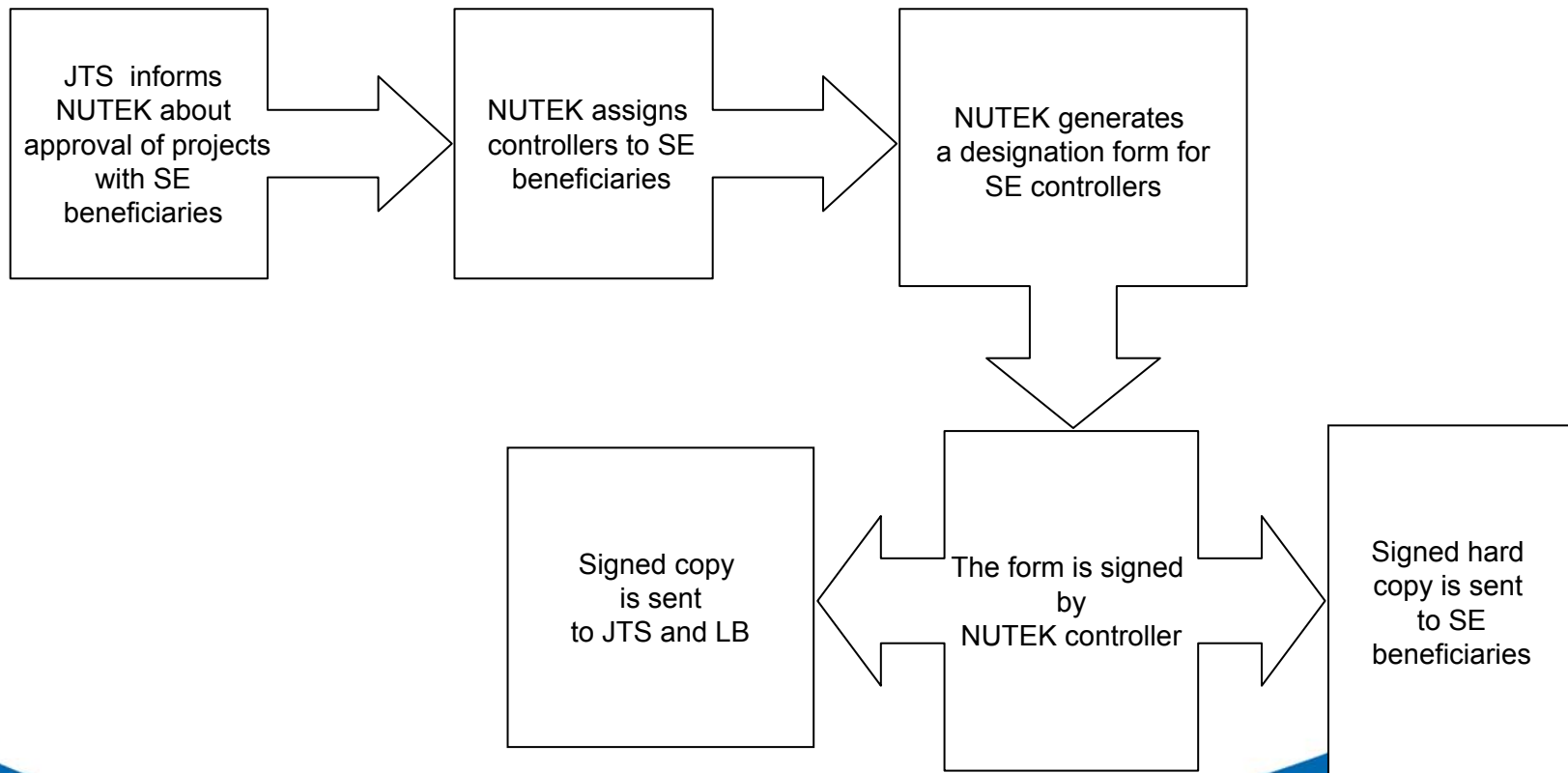


Designation of 1st level controllers II – (centralised system) Sweden





Designation of 1st level controllers II – (centralised system) Sweden – current projects





Lead Beneficiary responsibility

- Fact Sheet No 5
- Different from IIIB
 - Individual Member States ultimately responsible for each beneficiary
- Maintained responsibility for:
 - Project implementation
 - In line with the application / approved changes
 - Eligibility of expenditure
 - Expenditure for approved/agreed activities
 - Expenditure controlled by designated controllers
 - Transfer ERDF/equivalent to beneficiaries



Lead Beneficiary responsibility – partnership agreement

- Compulsory points (Article 20 of 1080/2006):
 - Sound financial management
 - Recovery procedure
 - Signed with all beneficiaries
- Good points to have:
 - Reference to project Application/Contract (all programme documents)
 - Detailed work plan and description of outputs
 - Division of work between beneficiaries
 - Responsibility for sub-partners/beneficiaries outside eligible
 - Spending targets and de-commitment



Lead Beneficiary responsibility – partnership agreement II

- Good points to have (II):
 - Tendering
 - Reference to EU directives and principles
 - Documentation
 - Reporting requirements (programme templates)
 - 1st level control arrangements
 - Changes: activities/budgets/partnership
 - Ownership of outputs
 - (private beneficiaries!)



Lead Beneficiary responsibility – partnership agreement III

- Good points to have (III):
 - Protection of audit trail until the end of 2023
 - ...
- Templates on INTERact website
 - http://www.interact-eu.net/mint/pepper/orderedlist/downloads/download.php?file=http%3A//www.interact-eu.net/downloads/145/Partnership_Agreement_Template_for_2007_13_Territorial_Cooperation_Projects.pdf
 - http://www.interact-eu.net/downloads/713/INTERACT_Handbook_and_Template_on_Partnership_Agreement_2007_13.doc
- Protect the Lead Beneficiary
 - Fair distribution of risks within the partnership



Changes in partnership

- Only in very exceptional cases
- In principle, no new sub-partners
- Changing the status from sub-partner to sub-contractor **NOT ALLOWED**
- Having said that let us know immediately in order to find a workable solution



QUESTIONS?



Eligibility

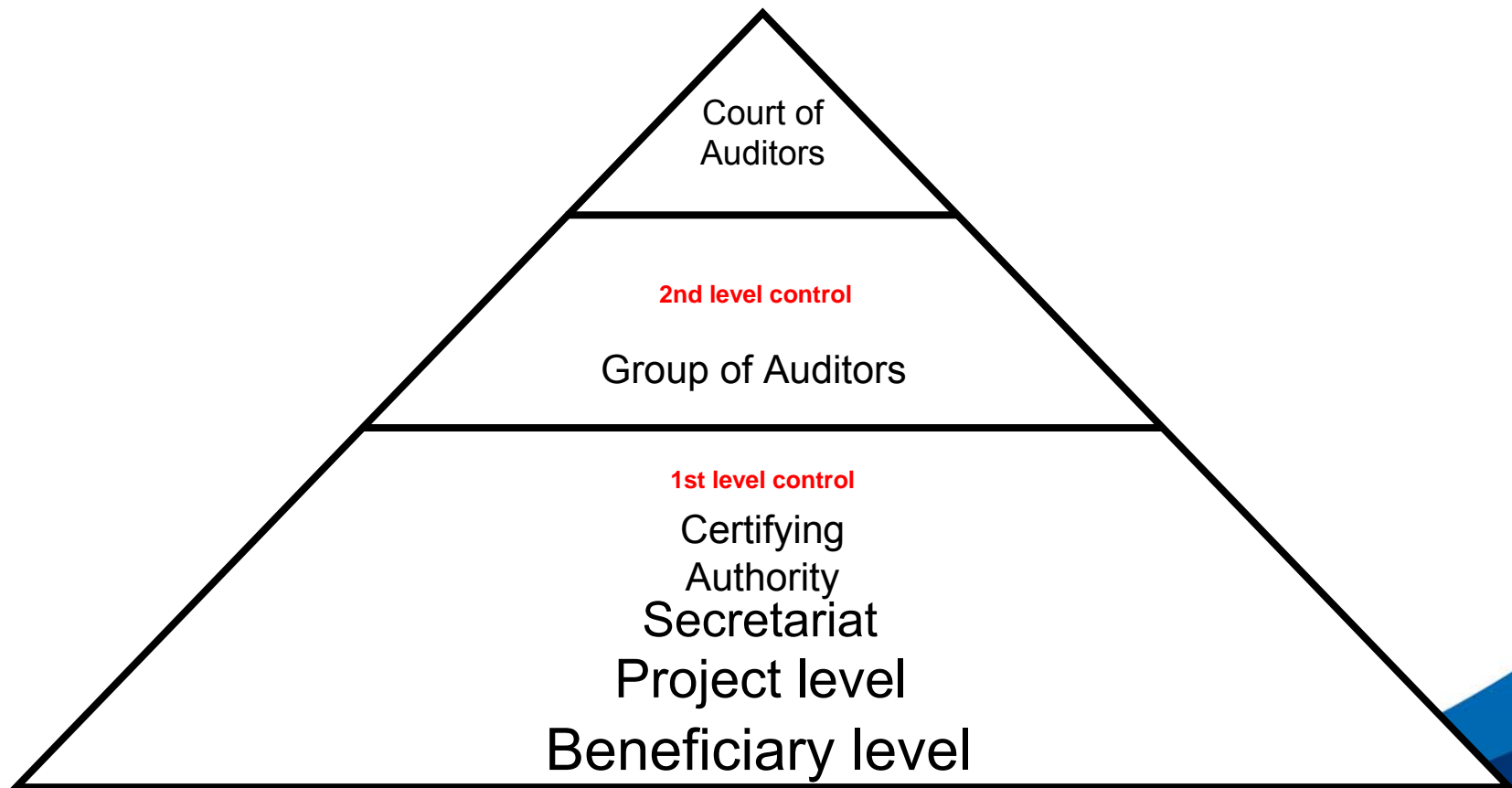
- In law (events library on programme web site – 1st LBS)
 - EU regulations, Fact Sheet No2, National Rules (appendix 11 of the Manual – DK, still awaiting re-confirmation on Scottish rules)
 - Real costs with supporting accounting evidence
- In time
 - Submission of application – project closure
 - Derogation: Preparation costs
- In space
 - Eligible area
 - 20% in the 3 neighbouring programmes (BSR, NWE, NPP)
 - 10% rest of EU
- In function
 - Project application / approved changes (prior to execution)
 - Project relevant



QUESTIONS?



First and Second Level Control





First Level Control - beneficiary level

- Article 16 of (EC) Regulation 1080/2006
 - Member States set up a system to verify at each beneficiary:
 - Delivery of products and services co-financed
 - Physical delivery
 - The soundness of expenditure declared for operations
 - Correct reporting, accounting and supporting evidence
 - Compliance with the approval decision, EU and National Rules (Manual)
 - E.g. eligibility, public tender, etc.



First Level Control – beneficiary level (II)

- Key control level and the foundation of the whole control system of the Programme
 - The closest to the operation and beneficiaries
 - In the best interest of beneficiaries
- Looks like IIIB?
- Weaknesses of IIIB defined the requirements in IVB programme
 - Therefore the control paperwork with detailed guidance and checklists must be used
 - also part of the check



First Level Control - lead beneficiary level

- Article 20 of (EC) Regulation 1080/2006
 - LB has to make sure that:
 - Expenditure of beneficiaries incurred for the purpose of implementing the operation and agreed activities
 - 1st level control carried out at beneficiary level
 - Project controller must verify that:
 - LB has fulfilled the requirements
 - The control on beneficiary level gives reasonable assurance on eligibility of expenditure
 - No qualifications and seems professional – no remarks
 - If qualification or poor quality – professional judgement on assurance



First Level Control – forms & checklists

- The standardised forms should make control on LB level more feasible
 - Approved by all Member States
 - Define the lower boundary of ‘reasonable assurance’ on project level
 - The project controller can always ask for more information, if in doubt
 - All rectifications must be documented, described and reported on – part of the feedback loop necessary for analysis of the quality of control
 - Only clarified issues included in the claim

Forwarded to the JTS

**Lead Beneficiary Controller
Project level**

Control statement (section 9 of accumulated financial report form)

1st level control checklist for accumulated expenditure on project level

Any qualified Control Statement and Checklist on beneficiary level

**Lead Beneficiary
Project level**

Accumulated reporting forms on activities and finance for the whole partnership

An overview of controlled realised* expenditure for the whole partnership

Beneficiary controller

Control statement (section 9 of financial report form)

1st level control checklist for beneficiary expenditure

Beneficiary and sub-partner level

Reporting forms on activities and finance for the beneficiary and sub-partners

A detailed overview spreadsheet showing all costs incurred and links to the Work Packages



Second Level Control

- Article 62 of EC Regulation 1083/2006 requires Audit Authority to:
 - Verify effective functioning of the management and control system (Article 16 of EC Regulation 1828/2006)
 - On-the-spot at beneficiaries location
 - Quality check of the 1st level control carried out
 - They will find something
 - Ensure that audits are carried out on an appropriate sample
 - IIIB – minimum 5% of ERDF (7 projects checked)
 - IVB – random statistical sampling (15-40% of ERDF)



QUESTIONS?



Monitoring and reporting – online communication

- IVB monitoring system
- Still under development
 - Implemented in accordance with programme schedule (currently application procedure)
 - Reporting procedure will follow right away
- Access to Lead Beneficiaries only
 - Beneficiaries access not planned for but let us know how it works (when it does;-)



Monitoring and reporting online communication II

ACCESS

The system should be quite intuitive

- No training planned (we need your feedback)
- Register your organisation
- Receive a user name and password
- You are on-line
- Choose your form

North Sea Region Programme: IVB Database - Microsoft Internet Explorer provided by Region Midtjylland

er Rediger Vis Foretrukne Funktioner Hjælp

Tilbage Søg Foretrukne

resse <http://ivb.nsearegion.eu/asp/Usr.asp/> Hyperlinks >>

The Interreg IVB North Sea Region Programme

Welcome

[Register](#) Register your personal information and become a user to access our services

[Login to your account](#) Start your connection to the user area

Login to manage and submit your pre-assessment

IVB North Sea Region Programme Administration Area :: powered by Apogee Essence v3.7.06.10s © 2002-2009 Apogee Information Systems ::



Functionalities

- A meeting platform for LB's with JTS
 - Hope that it will bring us closer;-)
- Data exchange tool to reduce the time (and paper flow? – we still must receive key originals)
- Key programme processes fully integrated:
 - Pre-assessment
 - Designation of 1st level controllers
 - Irregularities
 - Second level control



Functionalities II

- Key programme processes fully integrated (II):
 - Application
 - Changes
 - Changes directly in the application form (with track changes)
 - Justification form
 - Approval
 - Travel/activities outside eligible area
 - Request form
 - Approval form



Functionalities III

- Key programme processes fully integrated (II):
 - Reporting
 - LB informed automatically about the deadline
 - Pre-printed forms for all beneficiaries generated as a request
 - Forms to enter the figures and activities for the whole partnership
 - Manual Appendences 8/9/10
 - Reporting on travel/activities outside eligible area
 - JTS feedback and your feedback on that
 - Printed versions of the above



Monitoring and reporting online communication IV

Support

- Technical
 - Directly at APOGEE – remember to copy us in (this is to make sure you get the service you pay for)
 - Contact details in the system and on programme website
- Content
 - JTS staff
 - Finance and Administration
 - Project Development and Communication



Monitoring and reporting online communication V

Your first reporting round

- On line



- Ask beneficiaries to download the forms from the programme website
- First you have to register your project
 - Project
 - Partnership
 - Budgets
- Only project level form available



QUESTIONS?



See you in the MATRIX





FIRST LEVEL CONTROL in practice

Lead Beneficiary Seminar
5 February 2009
Lübeck, Germany



The set up of the 'workshop'

- Informal
 - Who is who?
 - Project managers (experienced/not), controllers?
- Any questions about FLC from yesterday
- Small introduction on my side
- Hands on approach
 - Go through the checklists
 - You are lucky, you know what you will be checked on;-)
- Your time for questions to us
- Opportunity to exchange knowledge with the experienced ones...



Note on yesterday

- Designation procedure
 - The LB just initiates the process and waits for the end result directly from the Designation Authority
 - In decentralised system the beneficiaries have to take action
 - In centralised not (maybe rush NUTEK)
 - You can manage the process by asking beneficiaries to inform you when they send the Designation Checklist
 - In principle it should not take more than 2 months (postage)
- First reporting round will not be delayed, if the IVB monitoring system is not ready
 - We will go ahead with the paper version
 - How many plan to submit before mid-May?



The Manual

- Who read it?
- Appendix 1 – "Guidance document..."
 - Key document for establishing the scope, timing and intensity of control
 - Cotrollers tasks in ETC = MA tasks in other programmes
- Appendix 2 – remember that it is not final yet!
- Appendix 11 – National Rules



Eligible Costs – sources

- National rules
- (EC) 1083/2006 Art. 56 Eligibility of expenditure
- (EC) 1080/2006 Art. 7 (1) Eligibility of expenditure
- (EC) 1080/2006 Art. 13 Rules on eligibility of expenditure
- (EC) 1828/2006 Art. 47-53 Eligibility
- Fact Sheet No 2
- FAQ



Eligible Costs I

- Real costs with supporting documentation
- Within eligible period
 - Preparation costs
- Only activities in the approved application
- Additional/changed activities only if approved by the secretariat
- Eligible area (20/10%)

Eligible Costs II

- Expenditure by public authorities
 - Additional
 - Only real costs
 - Certified
- Land purchase \leq 10% total eligible expenditure unless environmental conservation
- In kind contribution (max.50%): e.g.: land (max.10%), real estate, equipment, raw materials, etc.
 - Value to be independently assessed and certified by an authorised body



Eligible Costs III

- Staff Costs
 - Timesheets
 - Hourly rate calculation:
 - Payslips, contract
 - National rules for the number of hours
- Ordinary overhead costs:
 - Rent, heating, cleaning, fax, phone, IT etc.
 - Pro rata basis
 - Flat rate of up to 25% - documented and reviewed
 - FAQ reference
- Irrecoverable VAT



Eligible Costs IV

- Depreciation
 - Only depreciation for equipment, unless project life-time is long enough to depreciate full value
 - Only if purchase not declared as eligible expenditure
- Financial charges
 - Resulting directly from requirements of the programme
 - Directly linked to and necessary for implementation
 - No interest on debt, fines, financial penalties, legal disputes
- Other costs
 - Costs not fitting in anywhere else: freight, insurance, exhibition, courier etc.
- Income:
 - Any income must be reported on as a negative value
 - Only net costs are eligible
 - Eligible costs - Income



Accounting System

- Separate accounts for the project
- It is recommended that you use the structure of the budget lines used in the application and the periodic report form for all partners
- The audit trail: Ensure that it is possible to reconcile the amount on each budgetline with the individual expenditure records and supporting documents from the accounting system
- Accounting evidence and documents must be kept on file until 2023
 - For partners and sub-partners (especially those, which left the project or no longer exist)
- Involve the Project Controller and the Finance Manager from the very beginning