



Drop in Seminars



Key Changes in Project Finances

- New vocabulary
- Partnership agreements are compulsory
- New rules on 1st level control
- Increased focus on private-sector involvement
 - Important to have a full understanding of the rules
 - The Lead Beneficiary must stay in charge
- No more sub-partners

Vocabulary

Some of the key concepts have got a new name:

IIIB

Lead Partner

Auditor (1st level)

Controller (2nd level)

IVB

Lead Beneficiary

Controller

Auditor

Grant Offer Letter = Contract



Partnership Agreements

A partnership agreement is compulsory and must include the following key elements:

- Provisions for sound financial management
 - Protection of the audit trail
 - Procedures for 1st level control
 - Procedures for claiming back funding in connection with irregularities
 - Principles for distribution of ERDF within the partnership –must mirror the approved application

Partnership Agreements

Other key elements:

- A precise description of the responsibilities within the partnership

If the project has beneficiaries (partners) outside the eligible area:

- Provisions for informing the member state of the beneficiary of the activity.
- Defining the beneficiaries inside the eligible area, which are financially responsible for the activities outside the eligible area.



Detailed Costed Workplan

- All project applications must include a detailed costed workplan
- The purpose is to ensure that there is a link between the qualitative plan in the project description and the quantitative plan in the budget



Detailed Costed Workplan

- The formal requirements are minimum requirements:
 - ⇒ The assumptions on which the budget is based must be realistic and clear
- Only limited scope for changes once a project is approved
 - Norwegian funding is fixed
 - Very difficult to move funding between the countries
 - No flexibility on years
- Important to take project budgeting seriously

Decommitment

The N+2 rule (the decommitment rule) is here to stay – because it has worked!

- Spending target
 - Based on project budgets
- Funding lost due to decommitment will be passed on to the projects who caused it.

1st Level Control

In many respects the “old principles” still apply:

- Grant Offer Letter not valid until a controller is appointed
- National audit rules apply
- The division of responsibility between the 1st level controller and the LB is the same
- Get in touch with your controller from day 1

1st Level Control

Experiences from IIIB:

- The quality of work varies considerably
- The audit trail is often not intact
- The advice given to projects by the 1st level controllers is not always valid

1st Level Control

Ambitions for IVB:

- A reduced number of 1st level controllers leading to improved quality of advice given
- A reduced number of cases involving irregularities
- Significant reductions in the error rates detected by the 2nd level controllers

1st Level Control

Action points:

- 1st level controllers will be designated by the individual national authorities
- Increased emphasis on International Standards of Audit (ISA rules)
 - Restrictions on who can act as 1st level controllers
- Partnership agreements are compulsory

1st Level Control

Designation of controllers:

- Each country will designate controllers
 - Centralised system/decentralised system
 - Not up to the projects to choose

- Controllers must be able to apply the ISA rules



Public Private Partnerships

Private organisations/companies can be partners in Interreg IV projects if:

Participation is on a "public similar" basis

- The partners have no ownership of project results/outcome.
- The principle of real costs is observed.
- Public tender/procurement rules are observed.

Public Private Partnerships

Other ways of private sector involvement:

- Private partners as suppliers
- Public sector projects as "testers" of new techniques.
- Private sector sponsors of "public goods".
- Public sector projects as facilitators or providers of framework conditions.

Public Private Partnerships

Key points to bear in mind:

- Private sector involvement is often a good idea, but Interreg IV is not designed for private sector involvement.
- Focus on what you can do within the rules – Stay away from the grey areas!
- If in doubt ask for advice!

European Union



The European Regional Development Fund

**The Interreg IVB
North Sea Region
Programme**



*Investing in the future
by working together for a
sustainable and competitive region*