



Ministry of Housing, Spatial Planning
and the Environment

**The Interreg IVB
North Sea Region
Programme**



Financial Reporting First Level Control

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It's not that hard!

- Report twice a year about content, progress and costs
- The Lead Beneficiary collects and integrates the data
- Those data have already been checked by the First Level Controller
- So the LB-FLC only has to do a few final checks...





Or is it...?

- INTERREG means cooperating with parties from other countries
- With a different language and a different culture
- The more parties involved, the more different structures
- The more countries, the more national rules

So...

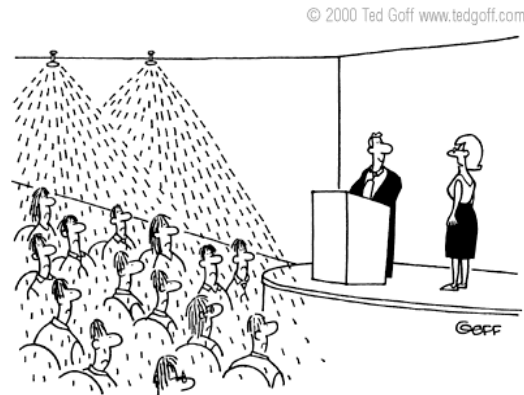
- There is a need for overall rules
- There is a need for detailed documentation by the partners

Some overall rules are very different from general rules in the Netherlands!



Today's presentation

1. First Level Control
2. Points of interest from the regulations
3. Points of interest from a national view
4. Discussion



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"You're not allowed to use
the sprinkler system to keep
your audience awake."



First Level Control

- FLC appointed
- Control procedures
 - Completeness
 - Compliance
 - Plausibility
 - Existence and reality
- Financial report
 - Deadlines
 - Lead partner or project partner
 - Complete and elaborated





Some highlights from the regulations

Different, but not difficult...:

Audit Trail:

- Keep your files at least until 2023, electronic is OK!
(closure of the *program* plus 3 years)
- Provide a full Audit Trail, and make it part of those files

Communication:

- Use the logo on all your expressions, and keep a proof on file
- Available through www.northsearegion.eu, section Downloads





Some highlights from the regulations, *cont.*

Some financial issues...

Currency conversion

- 3 Options, choose at the beginning of the project
- Stick to your choice!
- Use the official exchange rate, published in the Official Journal of the European Union

See Fact Sheet No. 1





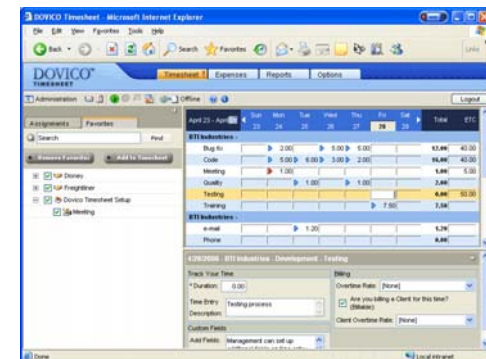
Some highlights from the regulations, *cont.*

Staffcosts and Overhead: Related, but not the same...

Staffcosts

- Staffcosts should be based on timesheets and pay slips.
- Have the timesheets signed by the responsible manager.
- Use real hours spent. Averages can be used for a cost estimation, but must be replaced with real figures afterwards.
- External consultants? > External experts budget line!

See Fact Sheet No .2





Some highlights from the regulations, *cont.*

Participating in more programs? Terminology not everywhere the same!

Overhead

Under NSR Overhead includes both direct and indirect administration costs.

- Direct: real-cost basis
- Indirect: average real costs of an organisation of the same type
Maximum is 25% of the costs on which they are based
Review periodically, document well!

Staff Costs and Overhead: See Fact Sheet No. 2



Some highlights from the regulations, *cont.*

In kind contributions

- Allowed, when...
- Part of the proposal, and
- When the value can be determined objectively.



Generated income

- Regulation changed, now only for projects with total costs exceeding € 1 mln.
- Revenue must be deducted from costs
- All income generated during a period of 5 years following completion of a project must be deducted from the ERDF grant



National Rules

No additional national rules in The Netherlands, but pay attention to:

- Public Procurement
- VAT
- State aid





National Rules

Public Procurement

- Act like a Public Body, even if you're not
- Be as transparent as you can
- Keep everything you did on file, even refused bids
- European thresholds for decentralized governmental bodies:
€ 193,000 for services and supplies; €4,845,000 for works
- Below those amounts: follow your own internal rules,

but...



National Rules

Public Procurement, cont.

- Commission's view: need for transparency applies to every amount
- Court's view: certain cross-border interest needs to be proven

But what is a certain cross-border interest?

- VROM's view: better be safe than sorry!

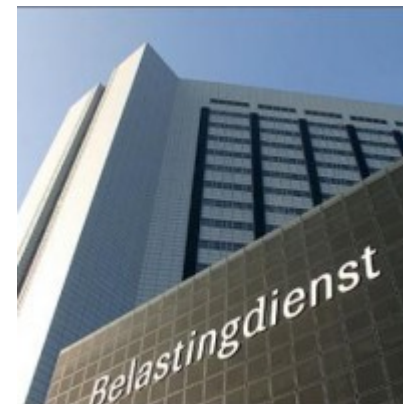




National Rules

VAT (BTW)

- Only eligible when borne by the partner.
- Municipality? Province? Regional Public Body?
VAT that can be reclaimed from the VAT Compensation Fund is NOT eligible!





National Rules

State Aid: 5 cumulative criteria

1. Transfer of state resources
2. Action is selective
3. Economic advantage
4. (Potential) distorting effect on intra-EU trade
5. (Potential) distorting effect on intra-EU competition



- 1 and 2: always YES
- 3: needs to be assessed
- 4 and 5: needs to be assessed (but probably YES if 3 is YES)

Is this a problem?



National Rules

State Aid, cont.

The results of projects are freely available to all, so it is not impossible, but it is not likely that ERDF will affect the market between the member states.

Limited state aid is accepted: *de minimis*

- Maximum ceiling of € 200,000 over 3 fiscal years (all public funds, not just programme).
- Ceiling applies to each undertaking. Beware of multiple beneficiaries in the same undertaking (e.g. companies in the same group).
- Ceiling temporarily higher: € 500,000 until end of 2010.
- Check www.europadecentraal.nl



Questions?

And after this meeting...

- Call JTS
- Contact the Dutch contactperson:
lidwien.slothouwer@agentschapnl.nl
- Send a mail to interreg@minvrom.nl

Enjoy your project!

