



Drop-In Seminar on Finance

[Joint Annual Conference and General Assemblies 2008]

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Finance Unit
North Sea Region Programme Secretariat

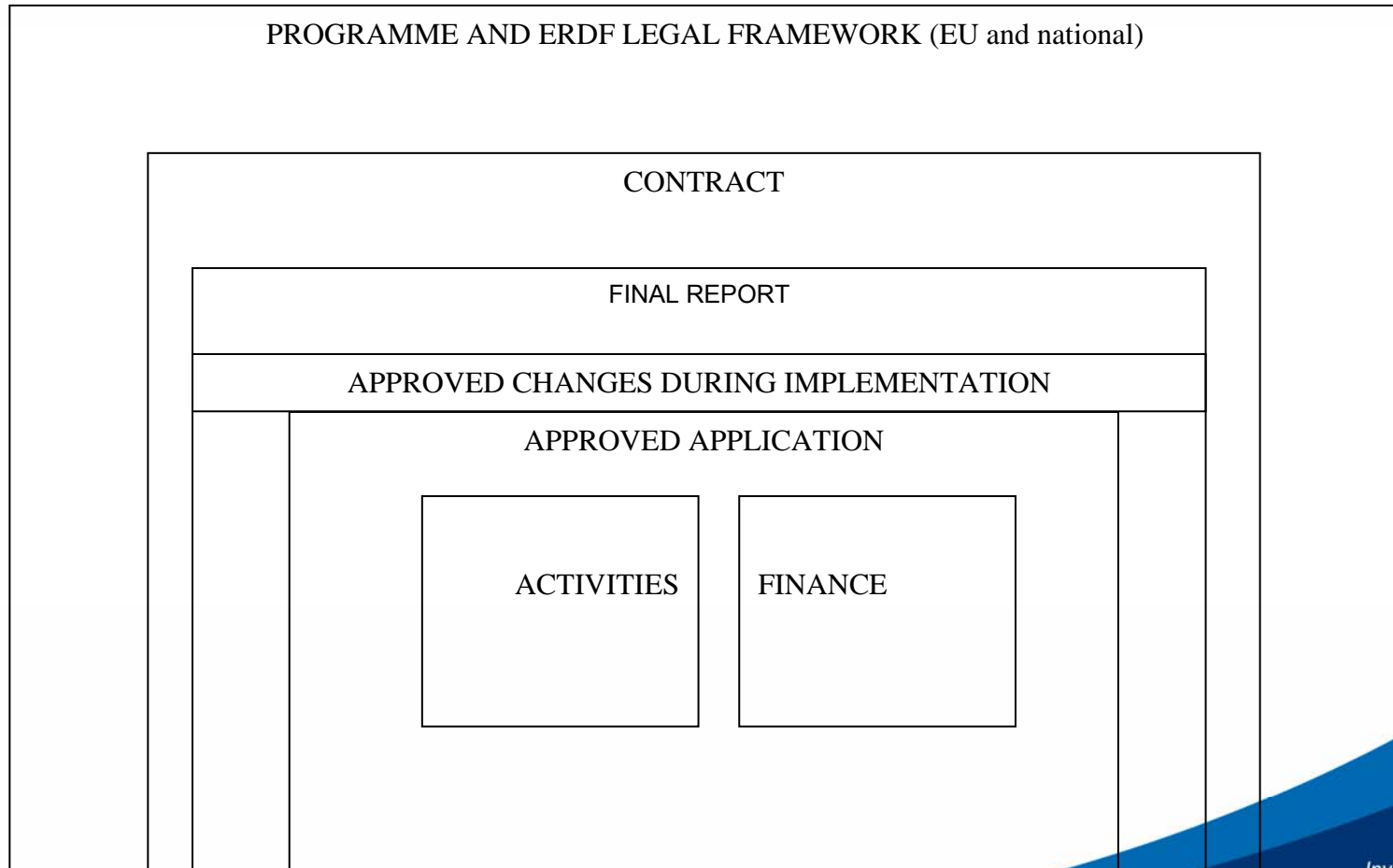


Legal framework, eligibility, LB responsibility...

**Tomasz Petrykowski
Finance Officer**



Legal framework for project impementation





Legal framework

- General Regulation (EC) 1083/2006
- ERDF Regulation (EC) 1080/2006
- Implementation Regulation (EC) 1828/2006
- National Rules
- Programme rules
 - Operational Programme
 - Fact Sheets
 - Info Sheets
 - Guidances



Eligible Costs – sources

- (EC) 1083/2006 Art. 56 Eligibility of expenditure
 - National rules in most cases
- (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

- For activities in the approved application
 - Additional/changed activities only if approved by the secretariat during implementation
- Within eligible period
 - Preparation costs
- Eligible area
- Real costs
 - for actually delivered activities
 - with supporting documentation



Eligible Costs II

- Staff costs $\leq 50\%$
- Land purchase $\leq 10\%$ total eligible expenditure unless environmental conservation
- In kind contribution $\leq 50\%$: e.g.: land, real estate, equipment, raw materials, etc.
 - Value to be independently assessed and certified by an authorised body
- Flat overhead rate of up to 25% - documented and reviewed periodically
- Outside eligible area (20% - NWE, BSR, NPP/ 10% - rest of EU – appoint responsibility in the LoI)



Lead Beneficiary responsibility

- Overall project management (activity and finance) including reporting and contact with the secretariat
- Appointment of project controller
- Liable for all amounts claimed
- Compulsory partnership agreement covering:
 - Relationship with all beneficiaries;
 - Provisions guaranteeing the sound financial management of the funds allocated to all beneficiaries and sub-partners;
 - Provisions securing the protection of the audit trail at all levels;
 - Arrangements for recovering amounts unduly paid;
 - Compliance with public procurement rules;
 - Etc.



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 beneficiaries 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



Legal framework – General Regulation (EC) 1083/2006

- Art. 15 (1) Additionality
- Art. 55 Revenue generating projects
- Art. 56 Eligibility of expenditure
- Art. 57 Durability of operations
- Art. 60 Functions of managing authority
- Art. 66 Arrangements for monitoring
- Art. 69 Information and publicity
- Art. 72 Responsibilities of the Commission
- Art. 80 Wholeness of payment to beneficiaries
- Art. 81 Use of euro
- Art. 90 Availability of documents
- Art. 93 Automatic decommitment
- Art. 102 Repayment



Legal framework – ERDF Regulation (EC) 1080/2006

- Art. 6 (2) European Territorial Cooperation
- Art. 7 (1) Eligibility of expenditure
- Art. 13 Rules on eligibility of expenditure
- Art. 15 Functions of managing authority
- Art. 16 Control system
- Art. 17 Financial management
- Art. 20 Responsibilities of lead/beneficiaries
- Art. 21 Conditions governing the location of operations



Legal framework – Implementation Regulation (EC) 1828/2006

- Art. 8 Information and publicity measures for the public
- Art. 9 Technical characteristics of information and publicity measures
- Art. 13 Managing authority
- Art. 14 Accounting records
- Art. 15 Audit trail
- Art. 16 Audit of operations
- Art. 19 Availability of documents
- Art. 27 Definitions (Irregularities)
- Art. 28 Initial reporting – derogations
- Art. 29 Urgent cases
- Art. 30 Reporting of follow up – Non-recovery
- Art. 47-53 Eligibility



Thank you

Legal framework, eligibility, LB responsibility...

Tomasz Petrykowski
Finance Officer



Application in practical terms

Christian Zieske, Finance Officer



Application in practical terms

- You provide a set of forms – before the deadline
 - complete, correct and in beauty – see our guidance
- You provide matching Letters of Intent
 - consistent with the requirements – see our Fact Sheet
- You provide up to 10 pages appendices
 - compact, understandable – see your scale



Formal Check

- We send you an acknowledgement of receipt
 - there may follow requests for further clarification
- Will your application pass the eligibility check?
 - if no – filed; if yes – processed and tabled to the SC
- We assess your entire application technically
 - two approaches - eligibility and contents



Applicants

- There is to be a responsible Lead Beneficiary
 - full and clear details, signature and stamp
- There is to be a responsible partnership
 - all listed and with corresponding Letters of Intent
- There is to be a clear costed workplan
 - match of every activity, timing and expenditure



Limitations

- Observe eligible area, status and activities
 - NUTS 3 codes, sub-partners, purchase of land
- Observe proportions and thresholds
 - staff costs, in-kind contribution, material investments
- Observe timeframe and detailing requirements
 - done by 2013, calculations and costs specified

Consistency

- The information provided needs to be consistent
 - tables need to work within and with another
 - tables need to match and mirror the text
- Example A: (Letters of Intent & sections 6 and 7)
 - names, amounts, timing (and unconditional!)
- Example B: (Sections 2.3, 6.1 and 6.2)
 - co-funding is 50% of total eligible budget



And what else?

- Partnership agreement
 - sound financial management, protection of audit trail
 - agreement of conducts, what if disagreement
 - references to guiding documents and conditions
 - if relevant - Partners outside the eligible area and Sub-partners

- Controller and subsequent network
 - contracting one after definition guidance



Advice

- Use our guidance and Fact Sheets
 - download latest versions, check our news section
- Use our experience and expertise
 - get one free pre-assessment per project idea
- Use our time, at any of our events like this
 - for information, one by one please!



1st level control, private sector beneficiaries and partnerships Christian Byrith & Erik Fuglsang



1st level control

- 1st level controller = Project Auditor (IIIB days)
- Each Member State shall set up a control system to validate expenditure
- Member States are responsible for designating 1st level controller
- Each Member State shall ensure that the expenditure can be validated within a period of three months !
- The 1st level control system differs from country to country
- 1st level system is subject to an ex ante compliance assessment
- Current status



1st level control

- All beneficiaries, including subpartners, must have a first level controller appointed and approved at the beginning of the project
- All first level controllers must sign a declaration or a statement before the contract is considered valid
- The statement will contain references to the contract, relevant regulations, including relevant national rules and declare that the management and control system is well functioning.



1st level control and reporting

- All beneficiaries are controlled in connection with each reporting round.
- The Lead Beneficiary submits a consolidated report which has been signed by the first level controller of the lead beneficiary together with reports from each beneficiary signed by the individual first level controller
- In case of inconsistency between the individual reports and the consolidated report we can't pay you.
- Make sure that the LB controller checks the reports for consistency, please !



1st level control. What is being checked?

- Check that the audit trail is intact and check that accounting evidence is kept on file.
- Check that the expenditure declared corresponds to the accounting records and supporting documents
- Check compliance with Community and relevant rules and the stipulations laid down in the contract
- Check compliance with public tendering procedures
- Check that there is a partnership agreement in place
- Let's leave it here for today



Private Sector Participation

- Can private sector beneficiaries participate and if yes under which conditions ?
- Non-economic activities and non-violation of State Aid rules
- Does the legal status matter ?
- Universities and Research Institutes and requirements for the accounting system



Private Sector Participation II

- If there is a risk of violating the State Aid rules, what do we do ?
- De minimis support
- Observing the conditions stated in the OP regarding “public similar concept”
- Private companies used as suppliers. Is it possible and if yes under which conditions?



Sub-partners

- Current status
- Limited number ?
- Is it possible to use subpartners and if yes under which conditions ?
- Grant rate for subpartners
- The Fact Sheet



Partnership Design

- some reflections

- The size of the partnership and the size of the individual partners
- The composition of the partnership
- Make sure that the beneficiary is for the benefit of the project !