Technical Session – Safe Handling of the Administrative Burden
What are we trying to do?

+ The new factsheets

+ Advance checking of contracts, infrastructure, costs outside the area etc.

+ Error rates, control and audit

+ 90 day rule requires more certainty and speed
This session

+ Group 1: Staff, Office & Admin, Travel
+ Group 2: External experts, Investments, Tender
+ Group 3: Shared Costs, Partnership roles, Partnership Agreement
+ Group 4: Private sector, State aid, Revenue
+ Group 5: Exchange rate, Audit trail, Letters of Intent, In-kind, Location
+ Group 6: Reporting, Publicity, Changes, Indicators
Rule Rating

Risk

Complexity

Frequency

How serious if it goes wrong?

How hard is it to understand?

How often will you have to use this?
1. General Principles

- Approved activities only
- 50% funding – Paid as reimbursement
- Beneficiaries in application only (except State Aid)
- Costs required for implementing the project only
- No double funding from EU sources (or other funds)
1. General Principles

+ NEVER paid:
  - Interest on debt
  - VAT (refundable)
  - Fines & penalties
  - Exchange rate losses
  - Aid to enterprises in difficulty
  - Land purchase over 10% of project budget....most of the time....
2. Staff - Christian

+ Flanders and Netherlands – alternative rules may apply
+ Staff full-time on the project. Gross costs. Contract or equivalent. No timesheets
+ Staff part-time with fixed percentage on the project. Fixed percentage of gross costs. Contract or equivalent. No timesheets.
2. Staff - Christian

- Staff part-time with variable hours on the project. Staff costs = Hours worked x Hourly rate. Hourly rate = Gross employment costs/Contracted working hours or 1720 hours per annum
- Timesheets for 100% of employees time…
- Staff paid by the hour: Document hourly rate + register hours worked
3. Office and Administration (‘Overheads’) - Christoffer

Risk

Complexity

Frequency

+ 15% of verified staff costs
+ Auto-calculated by Online Monitoring System
+ Basta!
4. Travel and Accommodation

- Risk
- Complexity
- Frequency

- Real costs
- Value for money
- Justification
5. External Experts & Services

- Procurement! Including project management and first level control
- In the application
- ‘We could only find one guy’ - Bad excuses don’t work…
6. Equipment and Infrastructure

- Regular equipment vs Specialist equipment
- Procurement
- After the project…?
11. Tender - Jesper

Risk

Complexity

Frequency

+ **Key message**: All contracts for any amount over €5,000 are offered to a range of bidders and advertisement and selection procedures must be documented.

+ 4 rules to consider (over EU threshold; below EU threshold/national / organisational; below €5,000)

+ Documenting a procurement process

+ 3 offer rule
8. Shared Costs - Christian

- Share tasks but not costs
- Split larger invoices
- Internal reimbursements (watch out for VAT!)
8. Shared Costs - Christian

+ Costs paid by and reimbursed to LB (only)

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Staff costs</th>
<th>Office and admin.</th>
<th>Travel and accommodation</th>
<th>External expertise</th>
<th>Equipment</th>
<th>Infrastructure</th>
<th>TOTAL BUDGET</th>
<th>(Net revenue)</th>
<th>TOTAL ELIGIBLE BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>LB</td>
<td>500.000</td>
<td>75.000</td>
<td>20.000</td>
<td>350.000</td>
<td>300.000</td>
<td></td>
<td>1,245.000</td>
<td>(50.000)</td>
<td>1,195.000</td>
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<tr>
<td>PP2</td>
<td>20.000</td>
<td>3.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23.000</td>
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</tr>
<tr>
<td>PP3</td>
<td>300.000</td>
<td>45.000</td>
<td>15.000</td>
<td>20.000</td>
<td></td>
<td></td>
<td>380.000</td>
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<tr>
<td>PP4</td>
<td>-</td>
<td>-</td>
<td>35.000</td>
<td></td>
<td></td>
<td></td>
<td>35.000</td>
<td></td>
<td>35.000</td>
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<tr>
<td>PP5</td>
<td>10.000</td>
<td>1.500</td>
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<td></td>
<td></td>
<td>11.500</td>
<td></td>
<td>11.500</td>
</tr>
<tr>
<td>Total</td>
<td>830.000</td>
<td>124.500</td>
<td>70.000</td>
<td>350.000</td>
<td>320.000</td>
<td></td>
<td>1,694.500</td>
<td>(50.000)</td>
<td>1,644.500</td>
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</table>

Shared cost amount related to the remaining partnership

<table>
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<th>Beneficiary</th>
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<th>External expertise</th>
<th>Equipment</th>
<th>Infrastructure</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>LB</td>
<td>40.000</td>
<td>6.000</td>
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<td></td>
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<td>46.000</td>
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<tr>
<td>Total</td>
<td>40.000</td>
<td>6.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46.000</td>
</tr>
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</table>
Key message: Every project has a Lead Beneficiary with overall responsibility for ensuring the project is delivered according to plan.

- All beneficiaries – responsible for own activities and accuracy of expenditure.
- Responsibilities of Lead Beneficiary and First Level Control.
- Local partnerships: Co-ordinating and Co-beneficiaries.
14. Partnership Agreement

- Must have a SIGNED agreement to get paid
- Include deliverables
- Include financial flows – shared costs and corrections
15. Private Sector Beneficiaries

- Private sector partners are a risk factor
- State aid, documentation, revenue, tendering
- Monitor and assist them
16. State Aid - Isabella

Private and public beneficiaries – dependent on activities
- revenue generation, now or in future?
- competitive advantage?
- distortion of competition?

Applying under a State Aid Scheme
- De Minimis: Max €200,000 over 3 fiscal years
- Self-declaration
16. State Aid

General Block Exemption Regulation (GBER):
- Article 20 only in North Sea Region programme
- SMEs only
- €2 million max
- Only for costs of participating in a European Territorial Cooperation project

Always consider non-aid options!
9. Revenue

+ Net revenue
+ Some of this can’t be used by most of you…
+ Three years after completion
10. Exchange Rates

- There is only right way to do it
- Monthly rate for the month expenditure is submitted to FLC
12. Documents required for the Audit Trail

Risk

Complexity

Frequency

+ If it’s not documented it never happened
+ What auditors hate…
+ More than ‘correctness’ - Eligibility
20. Letters of Intent

Risk
Complexity
Frequency

+ No letter? No project
21. In-kind contributions

- Voulnitary work and ‘gifts’
- Challenge is setting value and documentation
- Not too common…. 
18. Location of Beneficiaries and Expenditure - Kira

**Key message**: As a basic rule all beneficiaries, activities and expenditure have to take place inside the boundaries of the North Sea Region.

- **Location of Lead Beneficiary**
- **Partners outside programme area – 3 zones and special rules apply**
  - Zone 1: The rest of the territory of Member States that are part of the North Sea Region (e.g. Berlin)
  - Zone 2: Member States which are not in the North Sea Region (e.g. Poland)
  - Zone 3: Non-EU countries outside the programme area (e.g. Iceland)
- **Location of expenditure – max 20% outside of programme area**
- **Alternative arrangements**: invited experts or contracted service providers
22. Reporting – Jesper

**Key message**: All reports are processed and paid within 90 days.

+ 3 reports (Basic Progress Report; Full Progress Report and Final Report)
+ Reporting every 6 months
+ 90 days (LB) and 15 days (FLC)
Key message

- Accepting an EU grant means agreeing to promote the work of the European Union in the North Sea Region
- All materials produced for distribution outside the partnership must clearly state EU funding
- The programme’s strategy is built on active and effective communication of project results

Requirements

- Set up and use website (webspace provided)
- Use project logo provided by secretariat
- Plaque/ billboard for infrastructure investments >500,000 EUR
26. Changes

- Minor changes
- 10% budget flexibility
- Maximum 2 major changes per project
23. Indicators

+ Deliverables, outputs & results
+ Don’t be scared by the tables – the online application system will do most of the work for you!
+ Indicators matter! More than they used to
23. Indicators - Matt

Typical project?

+ 12 deliverables
+ 6 outputs
+ 3 results

Less is more...
Thanks you for your endurance

Final Fact Sheets online

www.northsearegion.eu

27 April at latest

Contact the Joint Secretariat for technical questions