Financial rules and procedures in Interreg Europe - third call projects

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Interreg Europe joint secretariat

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CONTENT

1. Financial reporting and first level control
2. The iOLF reporting system
3. Eligibility rules
4. Points of attention

1. FINANCIAL REPORTING AND FIRST LEVEL CONTROL

Reporting procedures – timeframe for reporting

- Reporting periods set by call subject to the **monitoring committee (MC)'s approval**

EXAMPLE for 3rd call projects:

	Reporting period		Deadline for submission
Phase 1 (e.g.36 months)	six-monthly	01 June – 30 Nov. 01 Dec. – 31 May	01 March 01 September
Phase 2 (24 months)	**annual***	01 June – 31 May	01 September (1st year) 31 May (2nd year)

* six-monthly reporting under certain conditions

Preliminary steps

- During the first reporting period project partners:

✓ have signed the project partnership agreement

ONLY partners who signed the project partnership agreement can report costs!

Preliminary steps

- During the first reporting period :

  ✓ Spanish project partners propose their FLCs to **Ministerio de Hacienda**

  ✓ Ministerio de Hacienda **designates the FLCs through iOLF**

  Ready for the reporting procedures!

Main steps

1 • Project partners send their reports incl. list of expenditure and list of contracts to their FLCs through iOLF

2 • The FLCs verify and confirm the eligibility of the expenditure reported by the respective project partners in iOLF

3 • The lead partner consolidates and submits the joint progress report to the JS

Main steps

1 PPs fill the partner reports and submit them to their FLCs through iOLF

Submit to the FLC

The partner report includes:

- PP's activity report
- The list of expenditure
- The list of contracts

1 The partner's activity report

'Activities summary' tab of the partner report

➡ not included in the joint progress report

| Summary | ✔ **Activities summary** | ✔ Contact details | ✔ List of contracts | ✔ Expenditures | ✔ FLC checklist | ✔ FLC report |

Reporting period 3 ▾   Version 4 (Control work started) ▾

Activities Summary

Please briefly describe the activities that have taken place in this reporting period

dddd

1 The partner's activity report

- Goal = to provide information to the FLC on the activities carried out

- Can be filled in Spanish

- Not compulsory to use = information can be provided outside the system

The list of expenditure (LoE)

4. List of Expenditure ⓘ

Do any corrections linked to previous PRs have to be implemented in the current PR? ⓘ ☐

Budgetline ⓘ		Total budget	Previously reported	Currently reported	Certified amount	Total reported so far	% of Total reported so far	Remaining budget
Preparation		15,000.00	15,000.00	0.00	0.00	15,000.00	100.00%	0.00
Staff costs	✔	199,300.00	34,333.25	40,999.86	0.00	75,333.11	37.80%	123,966.89
Office and administration		29,895.00	5,149.99	6,149.97	0.00	11,299.96	37.80%	18,595.04
Travel and accommodation	✔	33,055.00	1,946.76	3,964.76	0.00	5,911.52	17.88%	27,143.48
External expertise and services	✔	33,600.00	1,275.38	7,652.85	0.00	8,928.23	26.57%	24,671.77
Equipment	✔	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
(Net Revenue)		0.00	0.00	0.00	0.00	0.00	0.00 %	0.00
Total		310,850.00	57,705.38	58,767.44	0.00	116,472.82	37.47 %	194,377.18

The list of expenditure

- Costs incurred and paid by the partner in the reporting period

- Costs eligible from 13 March 2018 until 30 November 2018 (no costs paid out after!)

1 The list of expenditure

Descriptions in the list of expenditure:

- self-explanatory

- clear link with reported activities/outputs planned in AF

The list of expenditure

Why so important?

- Finances have to match the activities
- Costs in PR reported against expenditure planned in AF

Expenditure in list of expenditure coherent with reported activities + costs planned in AF!

1 The list of contracts (LoC)

- Listing **all** contracts used for the implementation of the project (above & below EU thresholds)

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P06-01	▬▬▬▬	1,600.00	1,600.00	☐	Negotiated procedure without prior publication	Services	Travel and accomodation for 2 stakeholder representatives to participate in the thematic seminar ▬▬▬▬	

➕ Add Contract

The list of contracts (LoC)

1

- For costs related to travel and accommodation, external expertise and equipment

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P06-01		1,600.00	1,600.00	☐	Negotiated procedure without prior publication	Services	Travel and accomodation for 2 stakeholder representatives to participate in the thematic seminar	

+ Add Contract

Only contracts above EU thresholds should be transferred to the joint progress report. To transfer a contract into the joint PR, just tick the box 'above EU threshold'

- **Above EU threshold?**

Current EU thresholds* (contracts signed since January 2018, excluding VAT) :

1. 221,000€ for all public law bodies

2. 144,000€ for all central government authorities (this is a limited list of authorities, if you are on it you usually know it!)

*Commission Delegated Regulation (EU) No 2017/2365

Thresholds applicable during 2 years

What to include in the LoC?

'Classical' contracts

Any written contractual agreement e.g. confirmation emails or purchase orders.

What you should not include in the LoC?

- One-off purchases

- Oral agreements since not documented

Main steps

2 A

FLCs check the expenditure and fill the control report including checklist in iOLF

Partner reports certified!

Main steps

2 B

The Validation Body validates the FLC certificate in iOLF

Partner reports certified!

Main steps

3

PPs send their certified partner reports to the LP through iOLF.

The partner report includes:

- First level control certificate

- Control report including checklist

- Certified list of expenditure including the list of contracts

- PP's activity report

Main steps

4

The LP consolidates the partner reports in the joint progress report (PR) in iOLF

No longer special role for the lead partner's controller! NEW

4 Main steps

The LP consolidates the partner reports in the joint progress report, checking that the reporting complies with the minimum requirements :

- the expenditure is related to the project and corresponds to the activities in the application form

- the partner expenditure certified by a controller is in line with national control requirements (first level control certificate)

Main steps

BUT in case of doubts → LP asks for clarifications from PPs and can:

- undertake minor changes (eg. no change in amount)
- send back the partner report (new FLC certification)

PP + FLC always informed!

Main steps

5 — LP submits the joint PR to the JS within three months after the end of reporting period

1 March 2019

for the first reporting period

Main steps

6

Clarification and/or approval of the joint PR

The LP answers to JS's clarification requests ➡ PPs should be cooperative and provide input if needed

Main steps

7 Execution of payment by the certifying authority

Main steps

8

The LP transfers the programme funding to PPs in compliance with the amounts stated in the PR

Reporting deadlines and procedures

How to make sure to have a **sound financial reporting** in place and to be able to report costs in full and in time **by 1 March 2019**?

Yes, it is possible!

- Work with internal deadlines
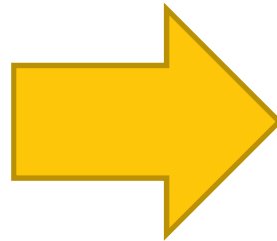
- **PPs reporting to their FLC**
  - ✓ PPs submit their partner report to the FLC **shortly after** the end of a reporting period

- **PPs reporting to lead partner**
  - ✓ Ensure LP has sufficient time to compile the PR and submit it on time

2. THE IOLF REPORTING SYSTEM

Two interlinked systems

Interreg Europe data base

Interreg Europe online forms

iDB

Joint secretariat
Managing authority
Certifying authority

Partner states*
Approbation bodies*

*statistics

iOLF

Lead partners

Project partners
First level controllers
Validation bodies (ES & PT)
Approbation bodies
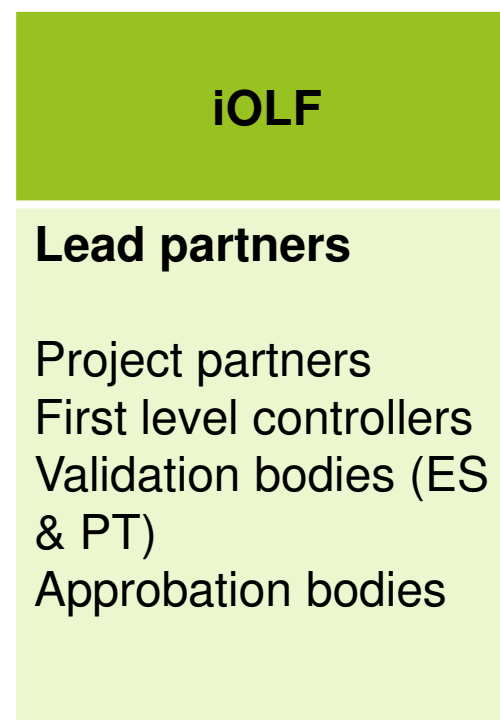
Reporting fully online

Reporting fully online in the iOLF system!

- Partner reports
  - (incl. list of expenditure and list of contracts)
- FLC designation
- FLC certification
  - (incl. the first level control certificate, the control report incl. checklist, and the financial correction sheet, if applicable)
- Joint progress report

Reporting fully online

PPs need access to iOLF

- LP creates **only** the access for PPs

Project Users	Application Form (Version 1) ⌄		User Administration
Number	**Organisation (English)**	**Email**	**Status**
LP	Partner A	k.ecke@interregeurope.eu	Active
LP	Partner A	i.piazza@interregeurope.eu	Active
LP	Partner A	p.polaskova@interregeurope.eu	Active
LP	Partner A	test@lp.eu	Active

Reporting fully online

FLCs need access to iOLF

- **Ministerio de Hacienda y Administraciones Públicas**:

- creates FLC accounts in iOLF ➡ activation of accounts by FLCs

- assigns FLCs to their PPs in iOLF ➡ activation of assignments by FLCs

Reporting system - iOLF

http://iolf.eu/Account/Login?ReturnUrl=%2f

PROJECT PARTNERS DASHBOARD

Project dashboard for PPs

Project History

Title	Version	Status	Last Updated
Application Form	1	Submitted 14/04/2017 16:00 k.ecke@interregeurope.eu	k.ecke@interregeurope.eu 14/04/2017 16:00:55

Document Center   [Download] [Q Change Filter]

	Name	Size	Changed on
☐	Application Form_PGI04933_WEB-INAR.pdf	486.48 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
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☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Project Summary_PGI04933_WEB-INAR.pdf	119.46 kB	14/04/2017

Partner Contact Detail ℹ   [Please select ▾] [➕ Partner Contact Detail]

Partner	Version	Status	Last Change
LP	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 2	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 3	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 4	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:58

Policy Instrument Progress ℹ   [🗁 Open policy instrument report]

No policy instrument reports found

Partner Reports ℹ   [➕ Partner Report]

Partner	Reporting period(s) Including report	Status	Last change
LP	1 not included	Submitted to FLC	a.niechajowicz@interregeurope.eu 03/05/2017 14:11

Partner Report Consolidation

No partner report consolidations found

Project Users   [Application Form (Version 1) ▾] [👥 User Administration]

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Project History

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Application form
Joint progress reports
PR clarifications

Partner Contact Detail [Please select ▼] [+ Partner Contact Detail]

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Project contact details

Project History

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The **only** place where you edit the contact details

Partner Contact Detail ℹ

Please select ▾   ➕ Partner Contact Detail

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Partner contact details

- The **only** place where contact details are edited
- Contact details can be changed by PPs & LP

Partner Contact Detail ⓘ	Please select ▾	＋ Partner Contact Detail

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Updating partner contact details

Partner reports

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LP	Partner A	p.polaskova@interregeurope.eu	Active
LP	Partner A	test@lp.eu	Active

All your partner reports are visible here

Partner reports

- Each partner can see only their own reports
- LP notified by email when a partner submits report to FLC

Partner Reports ⓘ   ✚ Partner Report

Partner	Reporting period(s) Including report	Status	Last change
LP	1 not included	Submitted to FLC	a.niechajowicz@interregeurop e.eu 03/05/2017 14:11

Project users

Only the LP can add
new users to the project

Project users

- All partners can see all users (no FLCs listed here)
- Only the LP can add or remove users

Number	Organisation (English)	Email	Status
LP	Partner A	k.ecke@interregeurope.eu	Active
LP	Partner A	i.piazza@interregeurope.eu	Active
LP	Partner A	p.polaskova@interregeurope.eu	Active
LP	Partner A	test@lp.eu	Active

PARTNER REPORT

Summary

Indicate the correct reporting period – impossible to change it later on

Activities summary

- Information for FLC
- It can be filled in Spanish

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditure	✔ External expertise and services	✔ Equipment

💾 Save   ⊘ Check

Reporting period 1 ⌄   Version 1 (Submitted to FLC) ⌄

Activities Summary

Please briefly describe the activities that have taken place in this reporting period

- Participation in 2 project meetings: 1 in Norway for the interregional workshop and site visit, 3 day round trip with the staff members ECKE, PIAZZA, NIECHAJOWICZ and stakeholders SMITH & MITCHEL, 1 steering group meeting in Brussels, participating staff member PIAZZA

- Continued work on the action plan development, update of the baseline study (included in supporting documents): several intermediate meetings with external service provider

- Production of the programme poster, put in the foyer of the department (visible to the general public, see picture included in supporting documents)

- 1 stakeholder group meeting: a total of 15 participants (see participants list included in supporting documents)

- Preparation of upcoming interregional workshop at the beginning of semester 2, at LP premises (agenda, public procurement for catering & transport etc., included in supporting documents)

901 / 2,000 characters

Contact details

- Select the current version of contact details
- New version of contact details can be created in the dashboard from the 'Partner contact details' section

List of contracts

- Listing **all** contracts used for the implementation of the project (above & below EU thresholds)
- Listed contracts will reappear in next partner reports

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditure	✔ External expertise and services	✔ Equipment

💾 Save ⊘ Check

Reporting period 1 ▾   Version 1 (Submitted to FLC) ▾

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P01-01	Coordination AT	120,000.00	144,000.00	☐	Open procedure	Services	No payments yet, contract set up only in second half of this reporting period	

Expenditure

Example budget line (1/3)

- Link the T&A, external expertise and equipment expenditure with contracts listed in the list of contracts
- Link the external expertise and equipment expenditure with the relevant item planned in AF, section E.2

4. List of Expenditure - External expertise and services

N°	Budget line	Contract number	Item number as planned in the application form	Description in application form	Type of cost	Employee/supplier
1	External expertise and services	P01-03	N/A		Publication and dissemination costs (unplanned)	Printing Pro
2	External expertise and services	N/A	4	av. 2 stakeholders participating in 4 interregional events & 1 final event	Travel & accommodation costs: members of the stakeholder groups and other external bodies	Smith
3	External expertise and services	N/A	4	av. 2 stakeholders participating in 4 interregional events & 1 final event	Travel & accommodation costs: members of the stakeholder groups and other external bodies	Mitchell

Expenditure

Example budget line (2/3)

- Exchange rate automatically calculated by the system (= exchange rate valid on the date of submission to the FLC)

Description	Document reference number	Date of invoice/document	Date of payment	Currency	Exchange rate	Gross amount declared (including VAT)
Printing project poster	4582 - DG	06/02/2018	09/02/2016	EUR	1.0000	56.00
Stakeholder participating in the interregional workshop & site visit in Norway	4689 - EX	17/05/2018	22/05/2018	EUR	1.0000	850.00
Stakeholder participating in the interregional workshop & site visit in Norway	4692 - EX	18/05/2018	21/05/2018	EUR	1.0000	850.00

Expenditure

Example budget line (3/3)

- In the certified report, the "Total amount certified by FLC" will be visible

Check if VAT recoverable	VAT amount if recoverable	Total amound declared (including VAT if not recoverable)	Total amount declared in EUR	Total amount certified by FLC	In case of FLC correction, error related to
✔	9.00	47.00	47.00	0.00	
	0.00	850.00	850.00	0.00	
	0.00	850.00	850.00	0.00	

External expertise and services

- Individual items from the List of expenditure, listed in the External expertise budget line, are here merged into **one item per indicated AF item.** Same for equipment.

| Summary | ✔ Activities summary | ✔ Contact details | ✔ List of contracts | ✔ Expenditure | ✔ **External expertise and services** | ✔ Equipment |

| 💾 Save | ⊘ Check | | Reporting period 1 ⌄ | Version 1 (Submitted to FLC) ⌄ |

5. External expertise and services

	Item number as planned in the application form	Type of cost	Description in the application	Planned amount	Supplier(s)	Description ⓘ	Total amount in EUR	Reported so far ⓘ
1	4	Travel & accommodation costs: members of the stakeholder groups and other external bodies	av. 2 stakeholders participating in 4 interregional events & 1 final event	10,000.00	Smith, Mitchell	Smith & Mitchel participated in their capacity as stakeholder group members, having a particular experience in the good practice presented during the workshop and site visit in	1,700.00	1,700.00
2	N/A	Publication and dissemination costs (unplanned)		0.00	Printing Pro	Production of project poster	47.00	47.00

Planned amount exceeded or unplanned expenditure reported. Please provide justification.

Unfortunately, no resources were available to provide the poster internally as originally planned (long term sick leave, no replacement). Therefore an external provider had to be hired.

58

Submit partner report

| Summary | ✔ Activities summary | ✔ Contact details | ✔ List of contracts | ✔ Expenditure | ✔ External expertise and services | ✔ Equipment |

Save | Submit to the FLC | Submit to the lead partner | Reporting period 1 ⌄ | Version 1 (Submitted to FLC) ⌄

Summary

In the table below please select the reporting period(s) that you wish to include in this partner report.

Please note that if you include a specific reporting period in this report, it will be impossible to select it again in any other partner report. Please also note that it is possible to add another reporting period to an existing, open partner report. However, for technical reasons, moving the end date to an earlier point in time is not possible. If you accidentally choose a wrong end date, please delete the entire partner report from the Dashboard and recreate a new report with the corrected dates.

Project title	Successful Reporting in Interreg Europe
Project index number	PGI04933
Partner name	Partner A
Partner number	LP (PP1)
Reporting period start date	Reporting period 1 (begins on 01/01/2018)
Reporting period end date	Reporting period 1 (ends on 30/06/2018)
Included in progress report	Not yet included in a progress report.
Certified by	

FLC DASHBOARD

Log in

no active project

Dashboard | My Projects

To access your projects

[FLC] a
Account settings

Test System
Rev: 89544

Home > Contact details

Save | Check for errors | Submit | + New Version

Contact Information

Name
a
1 / 50 characters

Organisation
a
1 / 200 characters

Department
a
1 / 200 characters

To update contact details:
+ New Version and
+ Submit

My projects

List of projects the FLC is assigned to

Click on a row to access the project

Project dashboard for FLCs

Project History

Title	Version	Status	Last Updated
Monitoring Committee decision		Approved 09/02/2016	JS 18/04/2016 12:19:29
Progress report 2	1	Ready for submission	ranko.simic@lansstyrelsen.se 09/06/2017 10:46:33
Application Form	6	Submitted 02/03/2017 09:45 emina.radetinac@lansstyrelsen.se	emina.radetinac@lansstyrelsen.se 02/03/2017 09:45:57
Progress report 1 clarifications		Open	emina.radetinac@lansstyrelsen.se 24/03/2017 14:04:23
Progress report 1	3	Ready for submission	emina.radetinac@lansstyrelsen.se 24/03/2017 14:01:16

FLC Contact Detail   test@spain.flc   ∨   ➕ FLC Contact Detail

FLC Name	Version	Status	Last Change
a	1	Last submitted	test@spain.flc 04/04/2017 15:47

FLC Checks

Partner	Reporting period(s) Including report	Status	Last change
PP 4	2 not included	Control work started	test@spain.flc 08/06/2017 18:53

All reports of the partner that have been submitted to the FLC will be visible here

PARTNER REPORT – FLC VIEW

Partner report – FLC view

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditure	✔ FLC checklist	✔ FLC report

✈ Certify report   **↺ Request changes** | Reporting period 2 ▾ | Version 5 (Control work started) ▾ |

Summary

In the table below please select the reporting period(s) that you wish to include in this partner report.
Please note that if you include a specific reporting period in this report, it will be impossible to select it again in any other partner report. Please also note that it is possible to add another reporting period to an existing, open partner report. However, for technical reasons, moving the end date to an earlier point in time is not possible. If you accidentally choose a wrong end date, please delete the entire partner report from the Dashboard and recreate a new report with the corrected dates.

Project title	Supporting eco-innovations towards international markets
Project index number	PGI00014
Partner name	Murcia Business Innovation Centre (BIC Murcia)
Partner number	PP4
Reporting period start date	Reporting period 2 (begins on 01/10/2016)
Reporting period end date	Reporting period 2 (ends on 31/03/2017)
Included in progress report number	Not yet included in a progress report.
Date of submission to first level control	08/06/2017
Certified by	
Validated by	

Activities summary

Summary	✔ **Activities summary**	✔ Contact details	✔ List of contracts	✔

Activities Summary

Please briefly describe the activities that have taken place in this reporting period

a

Contact details

Summary	✔ Activities summary	✔ **Contact details**	✔	List of contracts	✔ Expenditure	✔ FLC checklist	✔ FLC report

💾 Save	⊘ Check		Reporting period 2 ⌄	Version 5 (Control work started) ⌄

12 / 200 characters   22 / 200 characters

Flc Contact Details - Version 1   Version 1 ⌄

Name
a

1 / 50 characters

Organisation
a

1 / 200 characters

Department
a

1 / 200 characters

Position
a

1 / 200 characters

Address
a

1 / 200 characters

List of contracts

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P04-02	Big contract	250,000.00	300,000.00	✓	Open procedure	Services		
P04-03	Small contract	15,000.00	18,000.00	☐	Request for several offers	Services		

List of expenditure

| | ✔ Expenditure | ✔ FLC checklist | ✔ FLC report |

Reporting period 2 ⌄   Version 5 (Control work started) ⌄

...AT ...ble?	VAT amount if recoverable	Total amount declared (including VAT if not recoverable)	Total amount declared in EUR	Total amount certified by FLC	In case of FLC correction, error related to
	0.00	2,000.00	2,000.00	2,000.00	Please Select ⌄
	0.00	3,000.00	3,000.00	2,000.00	

Please Select
Audit trail
Public procurement
State aid
Revenues
Information and publicity
Simplified cost option
VAT
Link to project
Miscalculation
Cost declared twice
Double funding
Sound financial Management
Other ineligible expenditure

FLC checklist

Downloadable

FLC report

Downloadable

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditure	✔ FLC checklist	✔ FLC report

💾 Save	✅ Check for errors	↑ Back to list	📄 FLC report	📄 FLC certificate	📄 Report on fraud

First level control report ⓘ

1. Project and progress report

Project Title	Supporting eco-innovations towards international markets		
Project Acronym	SUPER	Project Index	PGI00014
Progress Report	No.		
Reporting Period	Start	01/10/2016	End	31/03/2017

2. Project partner

Number	4
Organisation	Murcia Business Innovation Centre (BIC Murcia)

Certify report – step 1

Click "Certify report"

Project title	Supporting eco-innovations towards international markets
Project index number	PGI00014
Partner name	Murcia Business Innovation Centre (BIC Murcia)
Partner number	PP4
Reporting period start date	Reporting period 2 (begins on 01/10/2016)
Reporting period end date	Reporting period 2 (ends on 31/03/2017)
Included in progress report number	Not yet included in a progress report.
Date of submission to first level control	08/06/2017
Certified by	
Validated by	

Certify report – step 2

Click the link received in the email

Dear Sven Controller,

Please confirm that you certified the partner report of
in reporting period(s) 2.

To do so, follow the link below:
http://iolf.interreg.gecko.de/FLCC/Summary/ConfirmCertify/4821/12992/137/a0f76d35-ab94-4062-9b57-d15cef953007

Kind regards,
Interreg Europe

This is an automatic email - please do not reply.

JOINT PROGRESS REPORT

Partner report consolidation

Project History

Title	Version	Status	Last Updated
Application Form	1	Submitted 14/04/2017 16:00 k.ecke@interregeurope.eu	k.ecke@interregeurope.eu 14/04/2017 16:00:55

Document Center

	Name	Size	Changed on
☐	Application Form_PGI04933_WEB-INAR.pdf	486.48 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Practical information.pdf	242.07 kB	14/04/2017
☐	Project Summary_PGI04933_WEB-INAR.pdf	119.46 kB	14/04/2017

Partner Contact Detail

Please select ▾ + Partner Contact Detail

Partner	Version	Status	Last Change
LP	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 2	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 3	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:57
PP 4	1	Valid	k.ecke@interregeurope.eu 14/04/2017 15:58

Policy Instrument Progress

Open policy instrument report

No policy instrument reports found

Partner Reports

+ Partner Report

Partner	Reporting period(s) Including report	Status	Last change
LP	1 not included	Submitted to FLC	a.niechajowicz@interregeurope.eu 03/05/2017 14:11

Partner Report Consolidation

No partner report consolidations found

Project Users

Application Form (Version 1) ▾ User Administration

Number	Organisation (English)	Email	Status
LP	Partner A	k.ecke@interregeurope.eu	Active
LP	Partner A	l.piazza@interregeurope.eu	Active
LP	Partner A	p.polaskova@interregeurope.eu	Active
LP	Partner A	test@ip.eu	Active

75

Partner report consolidation

What can the LP do in the partner report consolidation module?

1. Minor changes = the amount does not change

2. Reject = sends report back to partner ➡ new certification

3. Set ready for inclusion = blocks for editing before including in PR

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditures	✔ External expertise and services	✔ Equipment

📂 Open for minor changes ↺ Reject 🔒 Set ready for inclusion in progress report   Reporting period 2 ⌄
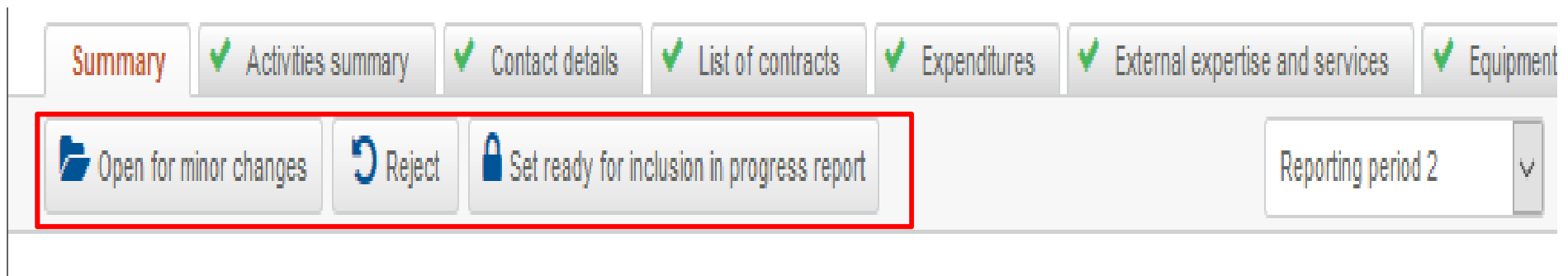
Partner report consolidation

- Minor changes = **the amount does not change**, for instance: wrong budget line (except staff), incomplete item description, justification not sufficient, old contact details...

LP can correct the budget line, as long as it doesn't have impact on the amount certified by the FLC

Partner report consolidation

- Prepare description of EE and equipment items for the joint PR

Conclusions looking at PARTNER REPORTS & PR1

Online in the iOLF: all reporting

Offline: Sending of supporting documents (invoice, payment proofs, procurement documents) to FLC

Help 😉

- Info bubbles

- Check button

- Error messages

  • Exchange rates need to be refreshed.

- Video tutorials:

https://www.interregeurope.eu/projects/implement-a-project/

3. ELIGIBILITY RULES

General principles

CONSISTENT

- allocate the expenditure to the right budget line

JUSTIFIED

- unforeseen expenditure items or over/underspend needs to be justified

COHERENT

- reported activities and finances have to match

General principles

Eligibility of costs is determined by the <u>relevance of the activities!</u>

Costs necessary to

- Carry out the project activities
- Achieve the project objectives

Eligibility period
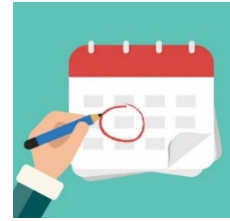
Eligibility period from project approval by monitoring committee (e.g. 13 March 2018 for 3rd call) to project end date

Submission date of last report = project end date = end date of eligibility of costs

Administrative closure: last three months before project end date!

Preparation costs

Lump sum of EUR 15,000 per project attributed to lead partner

- Covers costs linked to the preparation of the application

- Added only to the reported lead partner's expenditure in PR1

- Distribution among partners regulated internally by project partnership agreement – only lead partner reports to the programme!

- No supporting evidence required!

Budget lines

- Staff
- Administration costs
- Travel and accommodation
- Equipment

- External expertise and services

Only for staff directly employed by the partner organisations

Staff costs (principles)

- For partner staff only (employment contract)

- Not for staff employed by other bodies even if

  - 100% owned by partner

  - seconded to partner

  - they are members (of association, umbrella organisation)

  - if seated in partner organisation

Programme manual section 7.2.1 & Delegated Regulation (EU) 481/2014, Article 3

Staff costs (calculation)

Calculation methods:

1. full-time on project
   > Real cost charged

2. fixed % on project
   > % of real cost charged

Contract

3. flexible involvement
   > a) - monthly salary / contractual hours or

   > b) - annual salary / 1,720 hours

4. hours + hourly rate fixed in contract

1 + 2 Full time / fixed %

1. Full-time on project > Real cost charged
2. Fixed % on project > % of real costs charged

- NO timesheet ➡ mission letter

Time registration

Mission letter

HIGHLY recommended even for limited involvement

1 + 2 Full-time / fixed %

- Calculation:

  Employment cost * %

- Points of attention:
  - ✓ Regular review (e.g. annual staff appraisal)
  - ✓ % adjusted if necessary

- Simple calculation!

1+2 Full-time / fixed % - Mission letter

- Name of employee

- Role in the project

- **% allocated to the project**

- Description of project related role, responsibilities and monthly tasks (see application form)

- Dated and signed by employee + line manager

- Regularly reviewed (e.g. staff appraisal) and adjusted if needed

- Programme template available

1+2 Full-time / fixed %

Is the % plausible?

- in relation to the employee's role in the project?

- in relation to other costs declared (e.g. travel)?

- in relation to the FLC's knowledge from controlling other projects?

This makes sense! 🙂
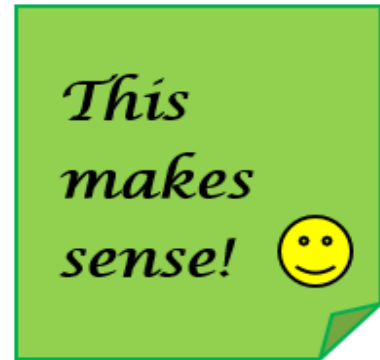
1+2 Full-time / fixed %

Is the person involved in another project?

- No double-financing?

- Coherence supporting documents

The budget is the (natural) limit!
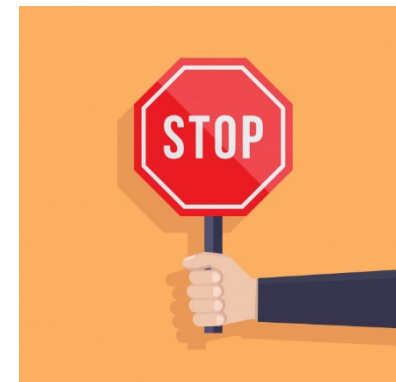
2 Fixed %

✓ Method 2 can be used even when the staff member's involvement in the project is **limited**

Set a fixed percentage even if small
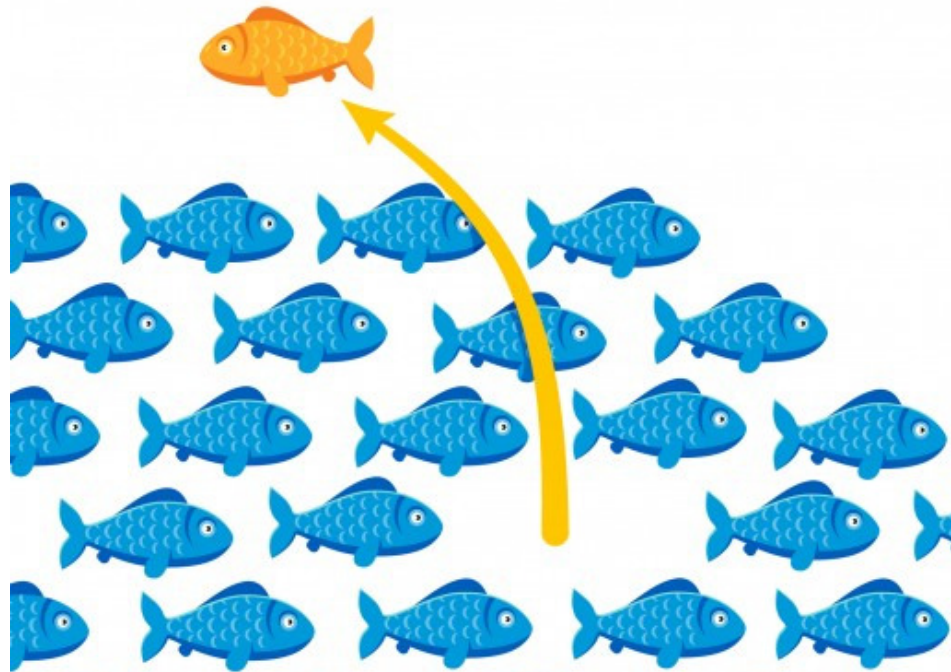
2 Fixed %

Easier

More secure for staff costs reporting >possible impact also on office and administration flat rate

Simplification is also what YOU make of it!

3 + 4 Flexible involvement

3. flexible % on project
> a) - monthly salary / contractual hours or
> b) - annual salary / 1,720 hours

- Timesheet required

4. hours + hourly rate fixed in contract

- hourly rate **fixed** in employment contract
- used in **specific** partner states
- timesheet required

NOT recommended – risk of errors in calculation

Administration costs

- Flat rate of 15% of staff costs

- Includes: office rent, utilities, office supplies, general accounting etc.

- No administration costs under any other budget line

- No supporting evidence required!

Programme manual section 7.2.2 & Delegated Regulation (EU) 481/2014, Article 4

Travel and accommodation

- Only for staff employed by a project partner

- Non-staff travel costs: external expertise budget line!

- Includes items such as travel, meals, accommodation, visa, daily allowances

- Compliance with national and/or institutional rules
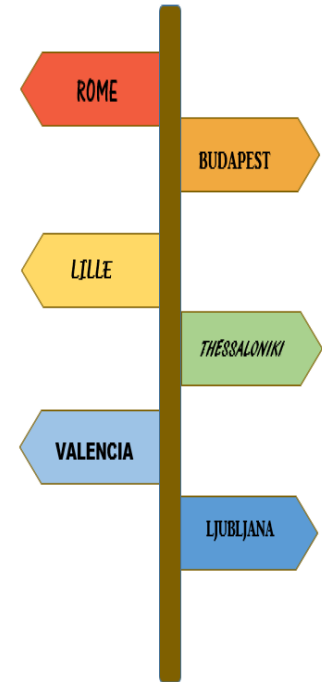
⚠ boarding passes + proofs of participation

Programme manual section 7.2.3 & Delegated Regulation (EU) 481/2014, Article 5

Travel & accommodation – Audit trail

Agenda

Daily allowance

Paid invoices

Proof of payment

- Compliance with national / institutional rules

External expertise

- Services needed outside the partner organisation, incl. travel & accommodation for stakeholder groups

Compliance with public procurement rules

External expertise – Audit trail

Contract

Selection process
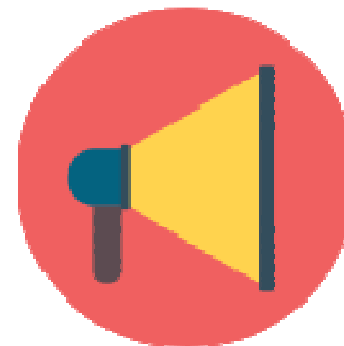
Evidence of compliance with procurement rules

Paid invoices

Service deliverables

Proof of payment

External expertise

Payment

- on basis of contracts or written agreements

- against invoices or requests for reimbursement

External expertise

For stakeholder travel:

- formalize their involvement in writing (e.g. invitation email, contract or written agreement)
- relevance / link with the policy instrument addressed
- terms for travel reimbursements

Equipment

- Purchased, rented or leased by a partner, to achieve the objectives of the project

- Mainly 'office equipment' for project management, not exceeding EUR 5,000-7,000 per project

- Only planned/pre-approved equipment eligible!

Compliance with public procurement rules

Programme manual section 7.2.5 & Delegated Regulation (EU) 481/2014, Article 7

Equipment – Audit trail
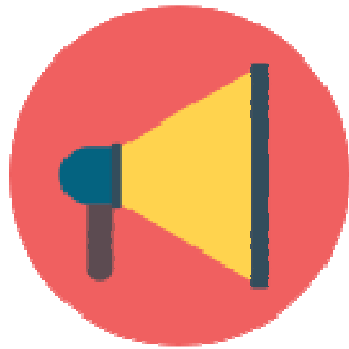
Evidence of compliance with procurement rules

deliverables

Paid invoices

Proof of payment
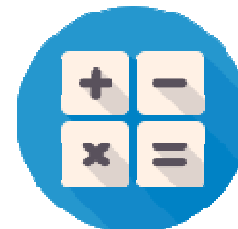
Calculation of pro-rata use
(where applicable)

Equipment – Point of attention

- If equipment item only partially used for the project (or bought at late stage), only share related to the use in the project can be reported!
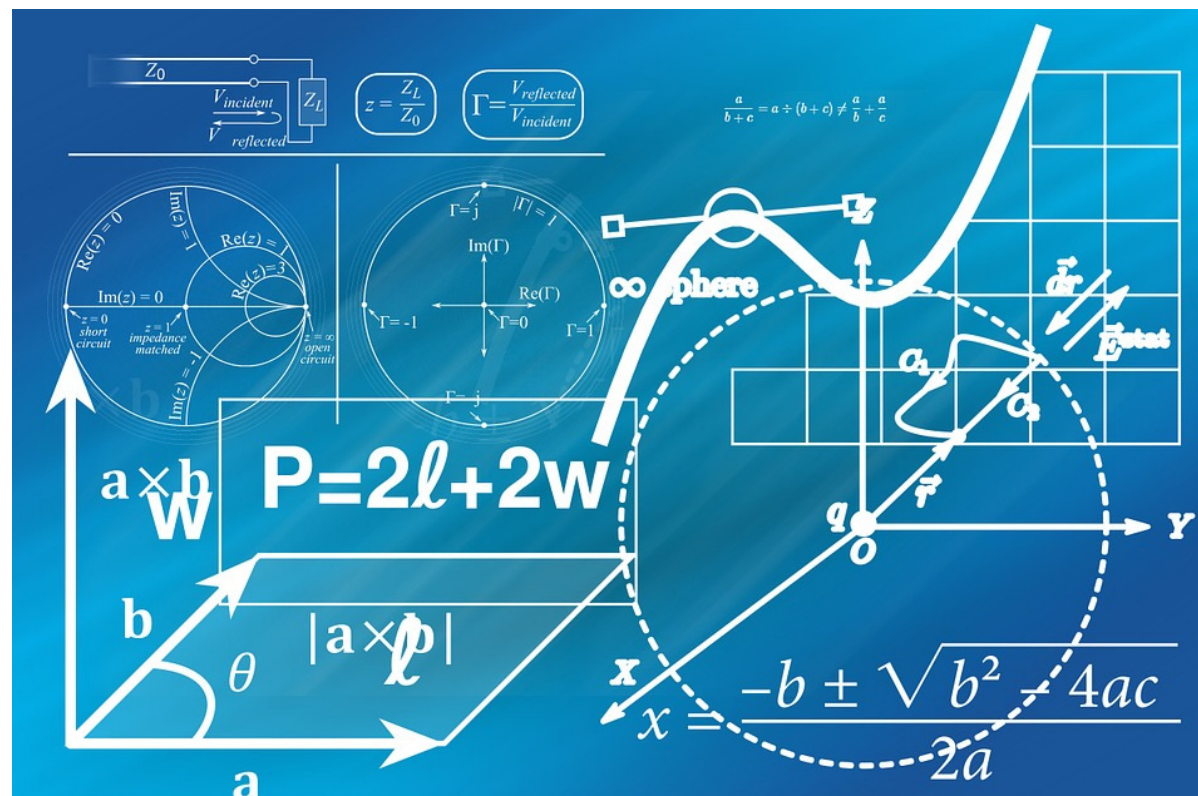
Items requiring pre-approval

Prior approval from JS necessary for

- Activities/travel outside the programme area

- Unplanned equipment

- Gifts and promotional items (strict approach by programme)

4. POINTS OF ATTENTION

Points of attention

- Financing of joint activities

- Public procurement

- Financial corrections

- Fraud detection and reporting

- State aid

- Quality checks/ audits

- Lessons learnt

Financing of joint activities

No shared costs!

Share activities, not costs!

Contracting partner principle applies

⬇

Contracting partner = the only one reporting and receiving the ERDF!

Public procurement

- Public procurement applicable rules*
  - the EU public procurement directives (Directive 2014/24/EU)
  - national rules
  - internal rules of the partner organization

- No programme-specific rules
  - Section 7.4.6 Public procurement of the programme manual
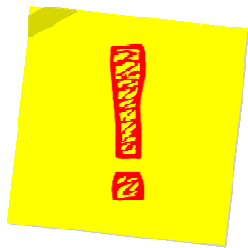
* The strictest rules must always be applied

in case of doubts, check with your procurement department

Procurement and reporting

- List of contracts to be filled in by each partner (contracts below and above EU threshold)
  - ➤ list of contracts in the partner report

- List of contracts subject to EU procurement directives (only above EU threshold)
  - ➤ list of contracts in the joint PR (contracts automatically transferred from the partner reports)

Procurement and reporting

- FLC checks compliance with public procurement rules
  - Documented in section 5 of the first level control report incl. checklist

Financial corrections

Following quality checks/audit, irregularities **may be detected and corrected through a financial correction:**

Budgetline		Total budget	Previously reported	Currently reported	Certified amount	Total reported so far	% of Total reported so far	Financial correction	Remaining budget
Staff costs	✓	127,332.00	26,048.42	22,631.50	22,631.50	48,679.92	38.23 %	-604.70	79,256.78
Office and administration		19,099.00	3,907.26	3,394.73	3,394.73	7,301.99	38.23 %	-90.70	11,887.71
Travel and accommodation	✓	17,626.00	2,571.75	1,303.89	1,303.89	3,875.64	21.99 %	0.00	13,750.36
External expertise and services	✓	67,810.00	2,780.47	862.19	862.19	3,642.66	5.37 %	0.00	64,167.34
Equipment	✓	0.00	0.00	0.00	0.00	0.00	0.00 %	0.00	0.00
(Net Revenue)		0.00	0.00	0.00	0.00	0.00	0.00 %	0.00	0.00
Total		231,867.00	35,307.90	28,192.31	28,192.31	63,500.21	27.39 %	-695.40	169,062.19

Definition of fraud

Fraud   ≠   **Irregularity**

Intentional   error /bad
                               management

Consequences:

financial correction   financial correction

investigation & sanctions

Fraud risks identified

Irregularity	Fraud
Added hours on the timesheet wrongly so claimed excess hours than worked.	Intentionally added more hours on the timesheet then actually worked. Repeated on a number of occasions.
Used same invoice twice. The amount relates to goods and services received.	Charged invoice for goods not related to project for personal gain or for goods not received.
Travelled on project related activities but unable to provide the key supporting evidence.	Travelled for personal reason and charged the costs to the project.
Followed the tendering process correctly but did not fully comply with all the requirements.	Followed the tendering process but internally manipulated the bids to favour a particular tenderer.

Fraud risks identified

Main risks identified for Interreg Europe programme:

- **Staff costs** reported do not correspond to the reality

- **Public procurement** (conflict of interests, favouritism, corruption)

- **Double financing**

Fraud risks - origin

Fraud risks may be at the level of:

- the beneficiary staff

- the external contractors

- collusion between the two

- JS / FLC staff (conflict of interest, corruption…)

Fraud prevention and detection

To prevent and detect fraud, partners should:

- be aware of the potential risks of fraud

- have internal procedures in place to prevent and detect fraud

 See revised programme manual

- general info in section 7.9

- recommendations for public procurement in section 7.5.6

Fraud prevention and detection

- FLC should check the beneficiaries' reports and supporting documents with "<u>appropriate skepticism</u>" (in particular for staff costs and public procurement)
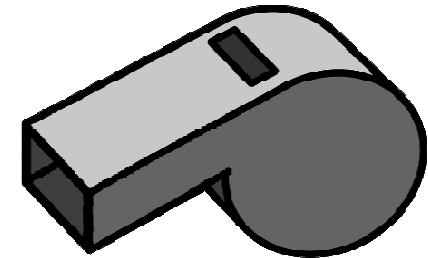
<u>appropriate skepticism</u> = "an attitude that includes a questioning mind and a critical assessment of audit evidence"

Reporting suspected or established fraud

How can the MA/JS be informed ?

- whistleblowing procedure for general public/beneficiaries (adress available at https://www.interregeurope.eu/about-us/anti-fraud-policy/)

- specific reporting template for FLC

FLC reporting template on suspected or established fraud

- Available for download in iOLF from FLC report tab of the partner report:

- To be sent by the FLC to the JS financial control and audit officer by email

State aid in Interreg Europe

Phase 1

No state aid activities

- JS checks AF during assessment
- FLC to check during implementation that no state aid activities are carried out (= in line with AF)

Phase 2

State aid only if pilot actions are approved with state aid relevance (de minimis)

- FLC to check de minimis declaration (= ceiling not exceeded)

❗ Limited relevance due to the type of activities carried out by Interreg Europe projects!

Quality checks/audits

Several bodies to carry out quality checks/audits

- To detect errors and ensure proper use of funds

Second level audit campaign 2017-2018

Main reason for irregularities:

- VAT

- Miscalculation in staff costs

No systemic irregularities, only individual irregularities with very limited financial impact
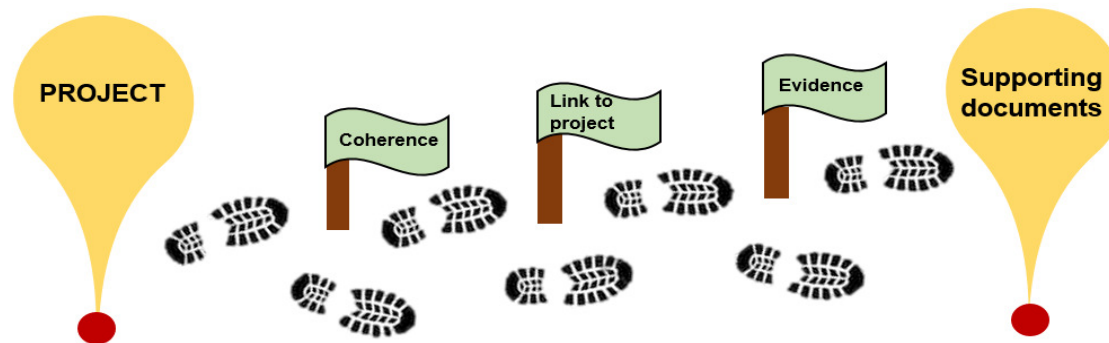
6 Projects sampled + Technical assistance

EUR 1,410.05 total amount of irregularities

EUR 10,307,892.76 checked by second level auditors

Good news! ☺

Second level audit campaign 2017-2018

Main lessons learnt:

- Pay attention to the audit trail

PROJECT

Coherence

Link to project

Evidence

Supporting documents

- Make it simple for staff costs

- Video tutorials on our website

https://www.interregeurope.eu/projects/implement-a-project/

- Contact your LP in case of questions, the LP will contact the responsible policy and finance officers at the JS – LP principle ☺

References

Read the programme manual

Section 6.2 Reporting

Section 7 Financial management