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*Sharing solutions  
for better regional policies*

# Managing finances

**March 2016 | Lead partner workshop in Rotterdam**



# Content

1. Remember the basics
2. Progress report (incl. case study)
3. First level control



**REMEMBER THE BASICS**



# Basic principles

- Plan sufficient resources and time
- Put in place solid communication tools
- Agree on timelines and procedures in project partnership agreement or minutes of first meeting
- Be aware of different administrative cultures





# References

- Useful information in the programme manual
- Section 6.2: Reporting
- Section 7: Financial management
  
- See also the Delegated Regulation (EU) 481/2014





# Eligibility period

- Preparation costs
  - EUR 15,000 lump sum
  - included in the first lead partner claim
- Eligibility period
  - From: 9/2/2016 (approval by monitoring committee)
  - To: project end date
- Submission date of last report = project end date = end date of eligibility of costs
- Last 3 months before project end date: administrative project closure



Start the project implementation as soon as possible!



# PROGRESS REPORT



# Main steps

- Partner completes list of expenditure and supporting documents
- 
- Controller checks and confirms eligible expenditure
  - ✓ Control report including checklist
  - ✓ Control certificate
- 
- Lead partner checks and includes expenditure in report

Set a realistic time frame!





# Lead partner responsibilities

- No longer special role for the lead partner's controller!
- The lead partner checks on the basis of:
  - Partner control certificate
  - Control report incl. checklist
  - List of expenditure
- That:
  - the expenditure is related to the project and corresponds to the activities in the application form
  - the partner expenditure certified by a controller in line with national control requirements (control certificate)

Don't re-do the work of the partner controllers!



# Budget lines

- Staff
  - Administration costs
  - Travel and accommodation
  - Equipment
- 
- External expertise and services

Only for staff  
directly employed  
by the partner  
organisations



# 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

# 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)
  - seated in partner organisation

Programme manual section 7.2.1 & Delegated Regulation (EU) 448/2014, Article 3



# Staff costs (calculation)

## What does your contract say?

- full-time on project?
  - > Real cost charged (no timesheets)
- fixed % on project?
  - > % of real cost charged (no timesheets)
- flexible hours on contract? (timesheets needed)
  - > monthly salary / contractual hours or
  - > annual salary / 1,720 hours
- hours + hourly rate fixed in contract? (timesheets needed)

Special national rules might apply (NL + BE-VL)



# Administration costs

- Flat rate of 15% of staff costs
- Includes: office rent, utilities, office supplies, general accounting etc.
- No supporting evidence required
- No administration costs under any other budget line (postal services, express delivery, stationery, etc.)

Programme manual section 7.2.2 & Delegated Regulation (EU) 481/2014, Article 5



# Travel and accommodation

- Only for staff employed by a project partner officially listed in the application form.
- Non-staff travel costs: external expertise budget line!
- Includes items such as travel, meals, accommodation, visa, daily allowances

Programme manual section 7.2.3 & Delegated Regulation (EU) 481/2014, Article 6



# External expertise

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

Programme manual section 7.2.4 & Delegated Regulation (EU) 481/2014, Article 6



## CASE STUDY



# PUBLIC PROCUREMENT MATTERS!





“involved in several Interreg projects and usually supported by an external company for the day-to-day project management.”

TO DETERMINE THE APPLICABLE PROCEDURE:  
WHAT IS THE TOTAL VALUE OF ALL SERVICES OF  
SAME TYPE OF THE WHOLE INSTITUTION?



“urgency”

“the only one”

“more economic  
– no cost for  
training new  
one”

“good value  
(comparison  
2009)”

**DIRECT AWARD FOR THESE REASONS IS RARELY JUSTIFIED!  
OBJECTIVE REASONS NEEDED!  
LET THE MARKET PROVE!**



# Main steps

- Any time an external provider is contracted or equipment is purchased
  - **Estimate** the value of your need (at institutional level)
  - **Identify** which rules apply (European, national, internal)
  - **Apply** the right procedure (adequate advertising through adequate media depending on interest of tender, timeframe)
  - **Award** the contract in a fair and transparent way
  - **Document** and archive the relevant documentation/ justification (even for direct awards)



## CASE STUDY - END





# Equipment

- Purchased, rented or leased by a partner, necessary to achieve the objectives of the project
- Mainly 'office equipment' for project management purposes, not exceeding EUR 5,000-7,000 per project
- Only planned/pre-approved equipment eligible!

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



# Eligibility

Gifts and gadgets are NOT eligible!





# Eligibility - points of attention

- Eligibility of costs is determined by the relevance of the activities
- Not eligible costs:
  - Gadgets and gifts
  - VAT – if recoverable by whatever means
  - In-kind contributions
  - Fines, financial penalties, expenditure on legal disputes and litigation, exchange rate fluctuation and interests on debt,
  - Expenditure already supported by other subsidies

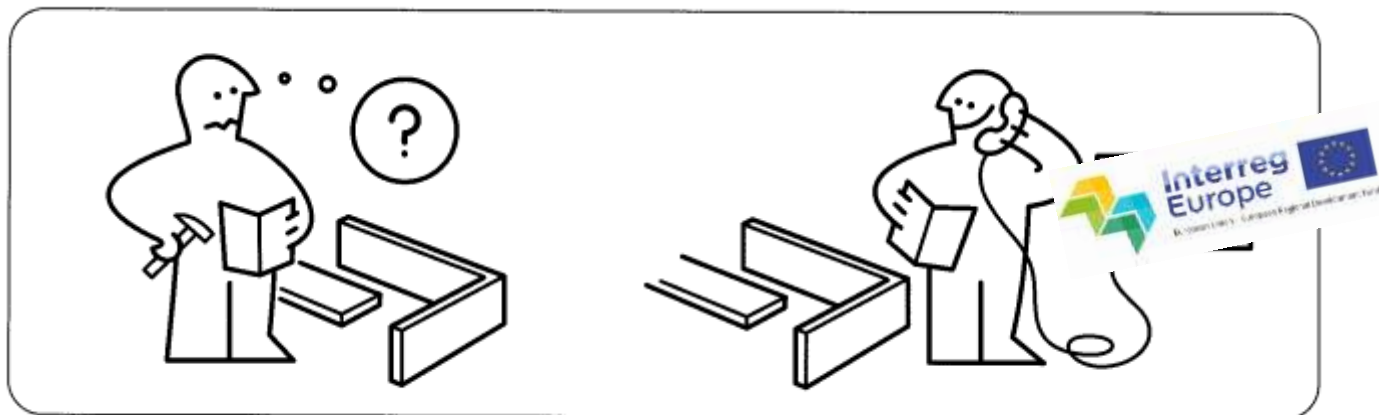
No shared costs! Contracting partner principle applies.





# Eligibility - points of attention

- Prior approval from JS necessary for items not already specified and approved in the application form, e.g.
  - Activities/travel outside the programme area
  - Promotional material
  - Equipment



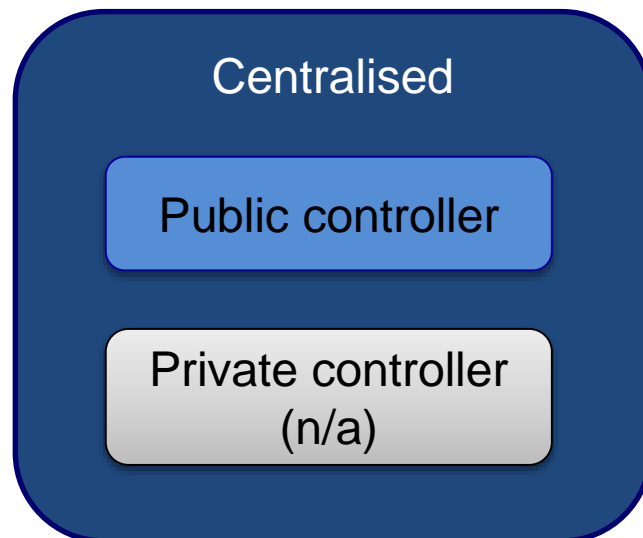


# FIRST LEVEL CONTROL



# First level control systems

- All project costs must be checked and certified by a first level controller
- First level control is national responsibility
- 4 principle systems exist:





# First level control systems

**CENTRALISED:** Belgium-Brussels, Belgium-Wallonia, Czech Republic, Estonia, Greece, Hungary, Ireland, Luxemburg, Latvia, Poland, Romania, Slovenia, Slovakia, Sweden, Northern Ireland (UK)

**DECENTRALISED:** Cyprus, Germany, Denmark, Finland, Italy, Lithuania, Malta, Netherlands, Norway, Portugal, United Kingdom

**DECENTRALISED with shortlist:** Austria, Belgium-Flanders, Bulgaria, France

Questions? Check the website! Still questions? Get in touch with your national point of contact!



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 January 2017?**



**Yes, it is possible!**



# Next steps

- Ask partners to get to know their FLC system
- For decentralised systems:
  - Procure and contract first level controller
  - Ask national designation body to approve the controller
    - ✓ designation checklist
    - ✓ designation certificate
- Agree on deadlines
  - Partners reporting to their controller
  - Partners reporting to lead partner

Don't leave it to the last minute! Procurement and designation take time.

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# Thank you!

Questions welcome



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