Presentation of the NWE and NL FLC webinars

Investing in Opportunities

Agenda

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- Programme Specific Information
  - Budget line modifications
  - Covid specific rules
  - Public procurement
  - Shared costs
  - On the spot checks
  - Second Level Audit – feedback
  - Documents to be submitted
  - JS feedback – checklists
  - FLC responsibilities in cases of suspected or established cases of fraud

Agenda

- Technical Specificities
  - How to find your way in the system
  - How to make corrections
  - Submission and printing of the FLC checklist
  - Sitting ducks
  - Reverting reports
  - LP FLC system

Programme specific information

NWE 2014-2020

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€649 million budget

€396 million ERDF budget

60% co-financing

102 running projects

1078 project partner

Budget line modifications

Programme Manual:

"Projects are allowed to overspend by a maximum of 20% of the individual project budget lines without the prior approval of the Joint Secretariat. The overall ERDF funding cannot be exceeded."

Related question in the FLC checklist:

The partner total budget, budget per budget line and budget per work package was respected. If not, did the partner have the LP's approval for overspending the budget?

Explanation: e.g. verified that accumulated partner expenditure is within the partner budget of the latest version of the approved Application Form. If not, differences have been covered by the budget flexibility or explained / approved by the Lead Partner

Other project changes

Time extensions

Time extensions are frequently granted to the projects, especially during the times we face. We expect the project partners to get in touch with the FLCs to inform them about these changes.

Budget extensions

Financial extensions are not as common as the time extensions but have also happened already in this programming period. Again, we would expect project partners to inform the FLCs about these changes. Attention needs to be paid by the FLC to the extension of contracts and the exceptions that are granted under procurement law.

Public procurement

Why is public procurement so important?

Programme rule:

“For all contracts above €5,000 (excl. VAT) project partners (public or private) need to have documented proof that three quotes have been asked for. In the event that the partner must comply with other, stricter rules (e.g. internal rules), these stricter rules must apply.”

This rule is applicable to all project partners public and private.

Current European Thresholds:

- Works contracts: € 5,350,000
- Service and supplies: € 214,000

Shared costs

Programme Manual

- *“The contracting partner is the only one that budgets, pays and claims 100% of the cost item and receives the related ERDF”*
- *“All the other partners can decide to reimburse the share of the cost that is not covered by the ERDF to the contracting partner. However, the other partners cannot claim this reimbursement in their payment claims because the total ERDF share has already been paid to the contracting partner.”*
- *“The programme nevertheless advises projects to agree on and specify the internal procedures and the shares of such contributions in the partnership agreement.”*
- All ERDF deductions by the LP should be done in a transparent manner

Covid specific eligibility rules

Rules on how to deal with travel costs being cancelled have been published on the NWE website:

https://www.nweurope.eu/news-events/latest-news/covid-19-implications-for-the-nwe-programme/

Costs for the organization of virtual conferences/events are eligible.

Personal costs remain eligible as long as time has been worked on the project and the staff is still paid by the project partner.

Project extensions have been granted to cope with the follow up of the time lost.

Second Level Audit Feedback

So far there have been three audit campaigns (2018, 2019, 2020). 18 Projects were audited (TA 3x, 2 projects with prep costs only and 13 projects where both the LP and one PP were audited).

2018: findings were mainly staff miscalculation, the related admin costs and missing link to project. Overall error rate at 0.07%

2019: again, staff miscalculations and a missing link of staff with the project, the related admin costs, as well as a difference of the amount declared and the amount claimed of one cost item. Overall error rate at 0.10%

2020: staff costs declared twice, staff costs miscalculations, the related admin costs and equipment not depreciated according to organizational rules. Overall error rate at 0.16%

On the spot checks

Programme Manual:

"In accordance with Regulation (EU) No 1303/2013 Article 125 (5), this verification needs to take place on-the-spot, at least once during the project's lifetime. At the same time, the Regulation stipulates that the means invested on 'on-the-spot' verifications should remain proportionate to the costs to be verified and the level of risk identified."

The Programme expects the box in the FLC report to be ticked. We do not give too much further instructions on how an on the spot check needs to be implemented but suggest checking all things where the reality cannot be checked remotely.

If corrections will have to be made on past expenditure that have been discovered, the FLC will have to ask the project partner to introduce these corrections into the system.

On the spot checks

How does the programme deal with missing on the spot checks in Covid times?

- We appreciate if this is communicated to the programme through the LP to the project officer in charge of the project as early as possible

- We will analyze the situation with the relevant Member State representatives and the people responsible for the FLC system in that Member State and conclude if the on the spot check can be:

  - Postponed
  - Modified and done through other means
  - Cancelled

- The decision will be made taking into consideration that "*verifications should remain proportionate to the costs to be verified and the level of risk identified*"

Documents to be submitted

The FLC work in the system consists of:

- Making sure all expenditure items are validated (click verified by FLC box)
- Filling in FLC report and checklist
- Uploading all relevant procurement checklists (if applicable)
- Issuing the FLC certificate with the correct amounts

Checklists JS Feedback

Most comments by JS Officers on the FLC work is the lack of detail in the checklists.

But what is a good checklist in our point of view?

- more information than just ticking the boxes
- coherence
- no ambiguity of opinion but clear decisions
- includes all parts (checklist in eMS plus procurement checklists)

Why do we insist so much on the FLCs documenting their work?

Checklists JS Feedback

Let's take some examples:

1.2 VAT	
The partner organisation has the right to recover VAT. Please provide comments if 'partially' is ticked.	
- yes	Yes No
- partially	Yes No
- no	Yes No

The VAT information should correspond to what the partner indicated in the Application Form and should be visible in the LoE (invoice amount/amount declared).

3. Advance payments and preparation costs
The partner asked for the advance payment in the application form.
The partner fulfils the definition of a micro-enterprise or a micro-NGO.
The preparation costs have been paid to the partner according to the rules stated in the partnership agreement.

Those two questions on the advance payments and the prep costs should always be answered, just copy and paste the information from the previous reports.

Checklists JS Feedback

More examples:

Have staff costs been claimed?	Yes / No / Not applicable
Are the costs calculated according to the following options: 1) Full gross employment costs; 2) Fixed percentage of gross employment costs; 3) Flexible percentage; 4) Hourly basis; 5) Country specific method	Yes / No / Not applicable

Please do specify what kind of staff cost calculation method has been chosen by the partner. The partner should have stated that information in the LoE. If it is not there, please ask them to fill it in.

(In case of projects not falling under the specification above) At least one poster with information about the project (minimum size A3), including the financial support from the Union at a location readily visible to the public, such as the entrance area of the building.	Yes / No / Not applicable

Please do not tick the not applicable box. This question is always applicable. Partners need to have the poster visible to the public and FLCs should have at least seen a picture of the poster.
If you then go on the spot, verify that it is really there.

Checklists JS Feedback

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More examples:

6. Compliance with public procurement rules. Have any new contracts with a contract value above 5,000 EUR been reported? If yes please refer to the FLC section of the NWE homepage http://www.nweurope.eu/help-support/first-level-control/ for the checklist on public procurement and attach it in the eMS after finalising the controls. Please note that no upload will be possible after the certification has been done. If no but an old contract has been reported, please make reference to the Progress Report where the checklist has been attached.	Yes **No**

Maybe the most important one and the most incoherent one of all the boxes.

If the answer is no there are no new contracts. We would like to see: “but contracts a, b and c (LoE lines xyz) are in relation to the checklists presented in report 2.1., 2.2 and 3.1”

If the answer is yes, then please state which contracts (LoE lines xyz) they relate to and attach them in the upload section.

The procurement checklist

Why is it not incorporated into the system?

Who needs to fill it in?

Where can I find it?

https://www.nweurope.eu/help-support/first-level-control/

Checklists JS Feedback

Important fields to be filled in:

Title of the procurement - if applicable			
Name of contractor - if applicable			
Total contract value			
The value of the procured, works, goods or services is above the EU threshold.	yes		no
The type of tender - if applicable	works	services	supply

Coherent information between all the title of the procurement and the LoE is very important.

All other fields are going to have to be filled in according to the chosen procedure.

Please delete fields with examples that have no relevance for your case.

Checklists JS Feedback

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(in case of procurements below national thresholds for public procurements AND above 5,000 EUR)
Is there documented proof that at least 3 quotes have been asked for?

The public procurement checklist might not be applicable for all of your partner‘s contracts. But the 5,000€ rule is applicable to all! Please make sure that in this case the first lines with the description of the procurement is filled in as well as the last line.

If a partner is providing you with argumentation for exceptions on why it was not possible to have asked for three quotes, or why a direct tender for a service of 300,000€ was necessary, please make sure that you provide your professional opinion as well. Specifically, when urgency or unforeseeable circumstances are argued by the partners. It is not enough to repeat the explanation received by the partner.

FLC responsibilities in case of suspected or established fraud

Should an FLC detect or suspect fraud on partner level, we ask the FLCs to report those cases to the JS through a specific report template that can be found at the bottom of the FLC information page:

https://www.nweurope.eu/help-support/first-level-control/

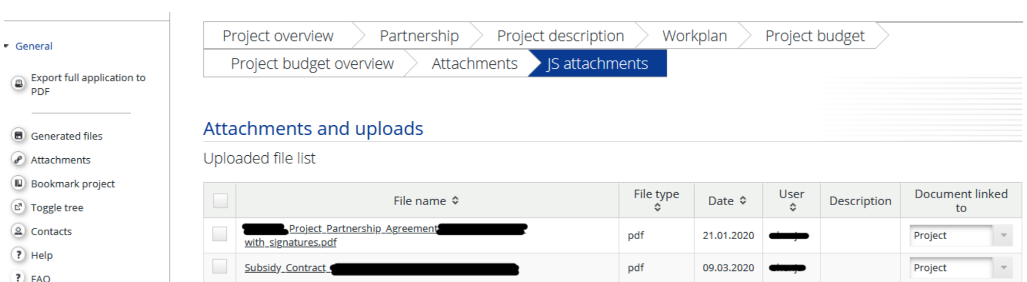
The programme will then take this information for further discussion and possible investigations with the related Member States.

Technical Specificities

Where to find information?

The approved application form can be found in the eMS under project in the menu on the left.

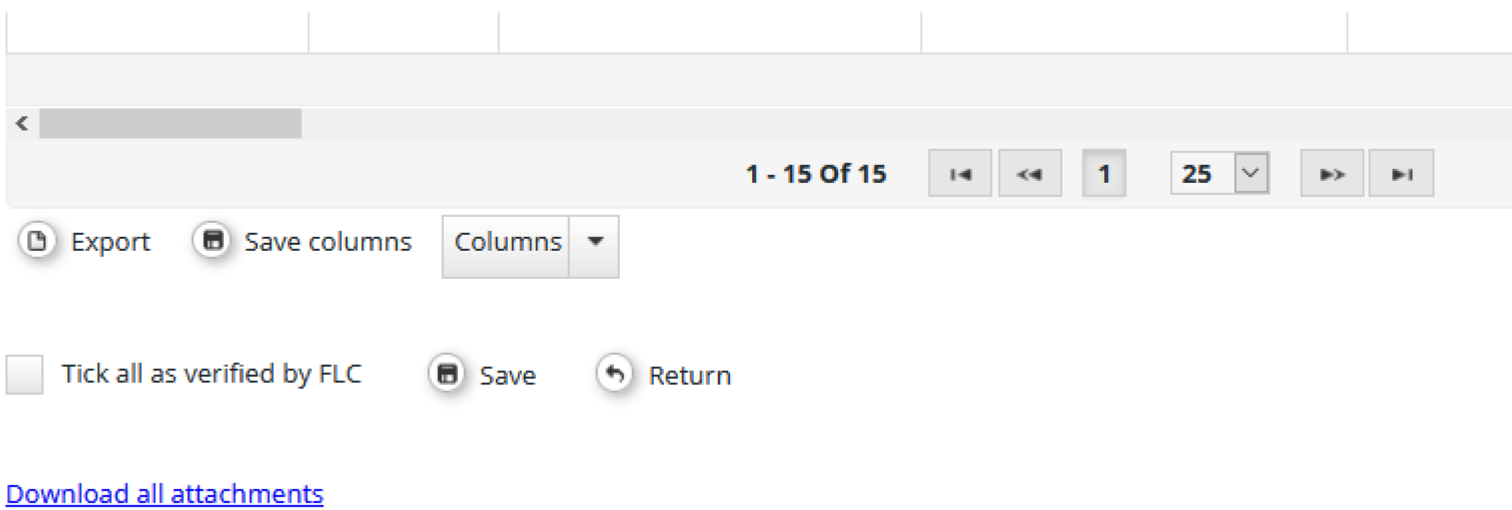
The scanned versions of the partnership agreement and the subsidy contract can be found in the JS attachment section of the application form.



How to validate expenditure?

In order to validate expenditure, the FLC will have to tick “verified by FLC”

This will have to be done in the LoE and can be done individually for every item by clicking on it and ticking the box, or in bulk at the very bottom of the LoE.



How to access all FLC documents?

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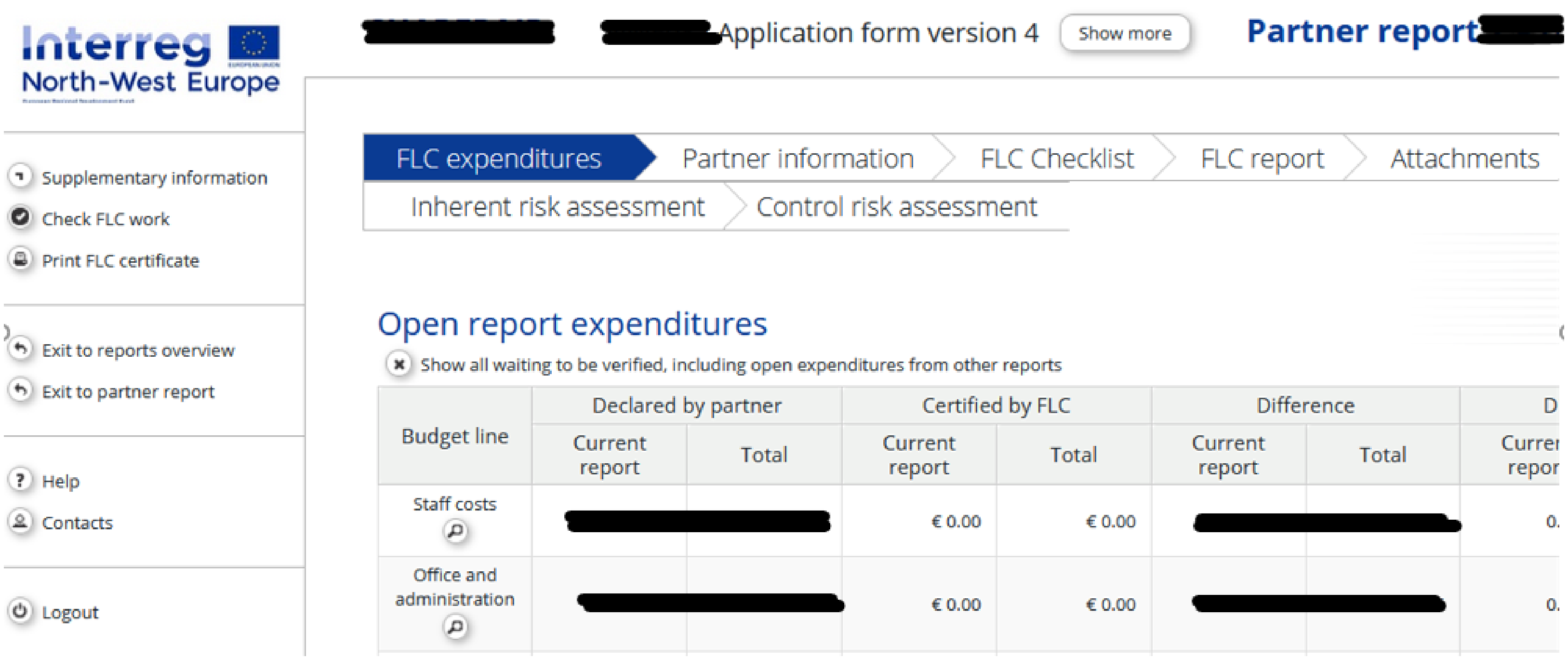
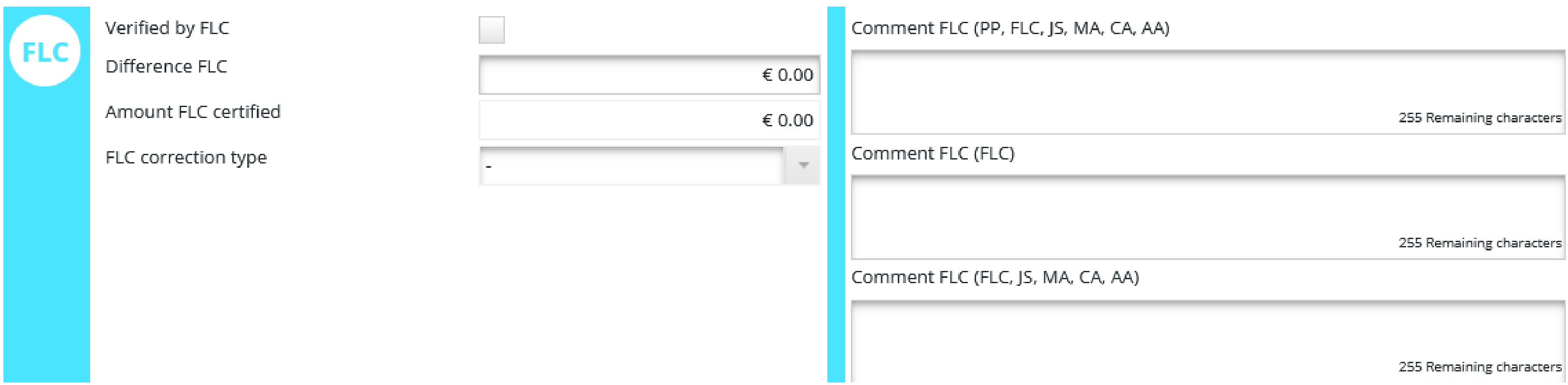
If you enter the system and you click on the FLC documents in the menu on the left side, you will see the following information:



How to make corrections?

If an FLC needs to make corrections to a specific expenditure item presented by a partner in the LoE, the partner is able to enter each item separately and correct it.



Please note that all corrections need to be positive otherwise the eligible amount will be raised!

Using error types

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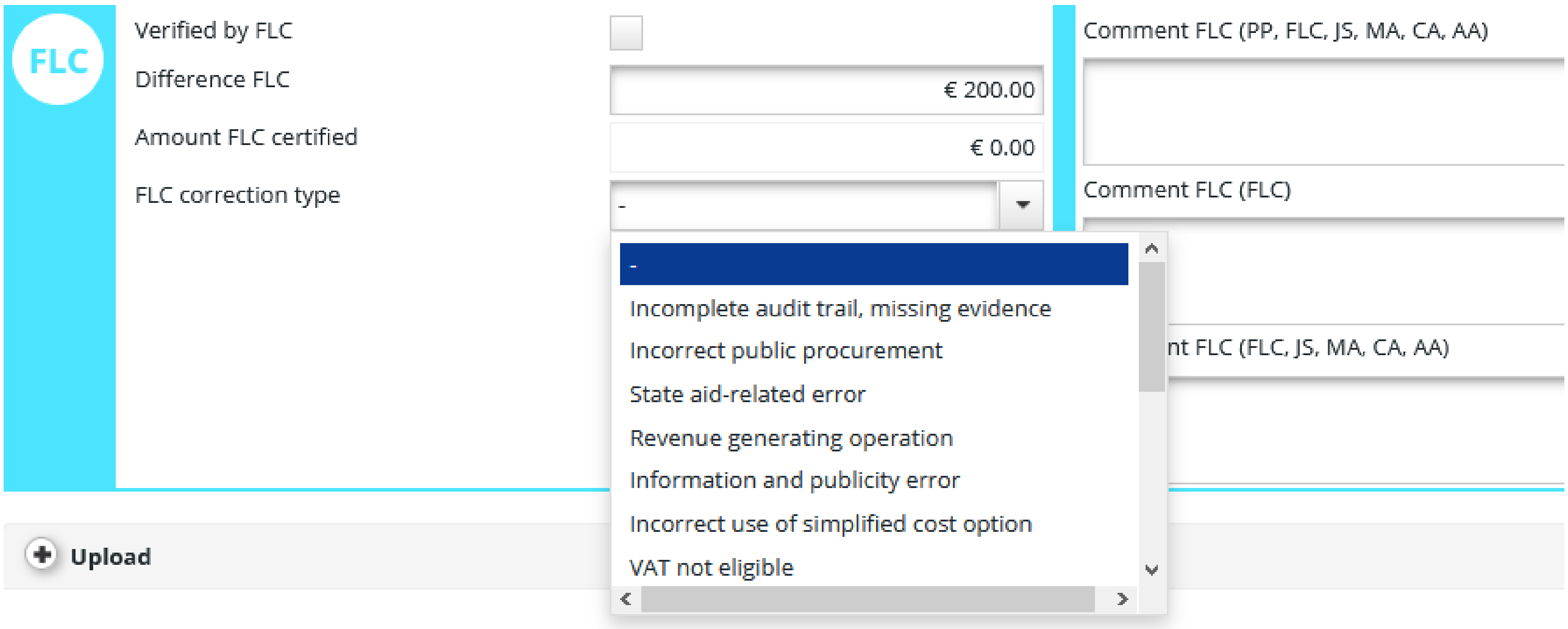
Error typology, why is this important?



The programme needs to know what was corrected and why in order to report it to the Commission. Please try to use the category “other” a bit less!

Proper submission and printing of the FLC checklist

The FLC checklist works with a four-eye validation system. Therefore, there are two rounds of validations that need to be properly done otherwise the checklist will not print properly.

Checklist for expenditure declared and certified by budget line

First level control

Weight	Question	Value	Weighted value	Comment	Confirmed
NWE Project FLC checklist					0.00
0	1. General Information			4000 Remaining characters	

Click save at the bottom of the page and click on final check to open the final check.

Proper submission and printing of the FLC checklist

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Checklist for expenditure declared and certified by budget line

First Level Control

Question					
Weight	**Value**	**Average**	**Weighted value**	**Comment**	**Done**
NWE Project FLC checklist					**0.00**
1. General Information					
0		N/A		4000 Remaining characters	

Click save at the bottom of the page again and you will be able to finish the checklist. This last step will finalize the checklist and freeze all answers.

What can you do and how can you help yourself if you are stuck and the checklist blocks?

Take a look at the bottom of the checklist. If you see things like show consolidated view or unblock checklist, or even go back to previous step. Those could help you move in the right direction.

Sitting ducks

What are sitting ducks?

All expenditure not ticked “verified by” in the LoE will not be forwarded to the next level. They remain stuck until released by the FLC.

How do I see what sitting ducks are there at my partner?

[redacted]

Report	Report start	Report end	State	Date of partner report submission	Date of partner report first submission	Date of FLC verification	Included in project report	Total partner expenditure declared ERDF	View	Certificate
Period 0 26.09.2019 - 26.09.2019										
Period 1 26.09.2019 - 31.12.2019										
Period 2 01.01.2020 - 31.12.2020										
Report 2.1	[redacted]		Report FLC certified	[redacted]			Period 2 Project report 1	[redacted]		
Report 2.2	[redacted]		Report in progress	In progress			Not certified	€ 0.00		
Period 3 01.01.2021 - 31.12.2021										
Period 4 01.01.2022 - 31.12.2022										
Period 5 01.01.2023 - 25.01.2023										

Partner livingtables

Sitting ducks

Partner living tables

Partner expenditure summary

Fund	Partner total budget B	Flc			
		Total declared to flc C	Total flc certified D	Total amount declared to flc but found ineligible E	Pending flc level (incl sitting ducks) F= C- D- E
E R D F	[redacted]				
Partner contribution	[redacted]				
Total eligible expenditure	[redacted]				

How are sitting ducks released?

First the FLC will have to access the sitting ducks in order to validate them. This can be done in the FLC expenditures.

FLC expenditures | Partner information | FLC Chec
Inherent risk assessment | Control risk assessment

Open report expenditures

Show all waiting to be verified, including open expenditures from other reports

Sitting ducks

Open expenditures of [redacted]

☑ Show all waiting to be verified, including open expenditures from other reports

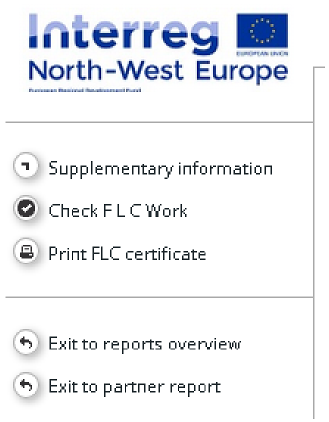
Budget line	Declared by partner			Certified by FLC			
	Current report	Other reports (open expenditu	Total	Current report	Other reports (open expenditu	Total	Current report
Staff costs	[redacted]						
Office and administrat	[redacted]						

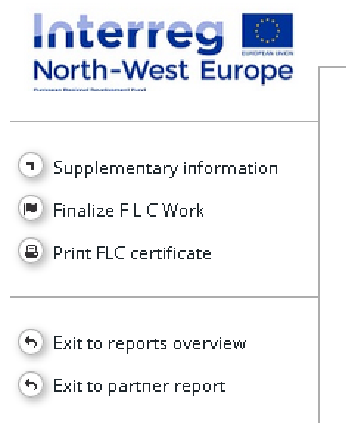
Once you have accessed them through the magnifying glass and ticked the verified by box you are good to go.

Now you just need to make sure they appear in the certificate as well. All that needs to be done at the end of the certification process is to ensure that the "show all waiting to be verified is ticked" before issuing the certificate.

The submission process

Once the checklist is done the FLC report will have to be filled in and validated as well. Once both are done the report is ready to be submitted.





The submission process

FLC certificate

3. Verification		
Total declared (EUR)	Programme co-financing (EUR)	National contribution (EUR)
35 657.08	21 394.25	14 262.83
Total certified (EUR)	Programme co-financing (EUR)	National contribution (EUR)
0.00	0.00	0.00

I. Based on the documents provided and my verification and professional judgement as a first level controller, for the amount certified I certify that:

a. expenditure is in line with European, programme and national eligibility rules and complies with conditions for support of the project and payment as outlined in the subsidy contract;
b. expenditure was actually paid with the exception of costs related to in-kind contribution, depreciations and simplified cost options;
c. expenditure was incurred and paid (with the exceptions above under "b") within the eligible time period of the project and was not previously reported;
d. if applicable, payment of staff costs is proven on the basis of payslips or documents of equivalent probative value;
e. expenditure based on simplified cost options (if any) is correctly calculated and the calculation method used is appropriate;
f. expenditure reimbursed on the basis of eligible costs actually incurred is either properly recorded in a separate accounting system or has an adequate accounting code allocated. The necessary audit trail exists and all was available for inspection;
g. expenditure in currency other than Euro was converted using the correct exchange rate;
h. relevant EU/ national/ institutional and programme public procurement rules were observed;
i. EU and programme publicity rules were observed;
j. co-financed products, services and works were actually delivered;
k. expenditure is related to activities in line with the application form and the subsidy contract.

II. Based on the documents provided, my verification and my professional judgement as a first level controller, I have NOT found any evidence of:

- infringements of rules concerning sustainable development, equal opportunities and non-discrimination, equality between men and women and state aid;
- double-financing of expenditure through other financial source(s);
- generation of undisclosed project-related revenue.

III. I hereby confirm that the verification of the project financial report was done precisely and objectively and with professional scepticism.

The control methodology and scope, control work actually done as well as eligible and ineligible expenditure per budget line are documented in the FLC report (based on the programme template). In case of suspicion of fraud, it is reported using the specific programme template.

I and the institution / department I represent are independent from the project's activities and financial management and authorised to carry out the control.

Controller's signature	
Location	
Date	
Name and surname	

Print

Finalize F L C Work And Issue Certificate

Reverting properly

During the assessment of the JS comments might be made either on the partner report or on the FLC checklist that will require changes to be made.

- Changes to the checklist and how to ensure that they print properly

If the FLC has been asked to make changes to the FLC checklist, there needs to be a point of attention in the double validation process. Please ensure that the changes were implemented in both views. Just copy and paste them over when you are validating them, otherwise the checklist will not print properly.

- Changes on partner level

In order for the partner to make changes the FLC will have to unlock expenditure items that have been previously validated. This will unfreeze this specific item for changes but not the rest of the claim.

Reverting properly

How to unblock a line in order to have it modified

Untick the verified by FLC

Save => change of color

Send it back to the partner

If the tick stays, the partner will not be able to modify it.

Proper printing of the FLC checklist after reversion

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Please note that there can be issues with the FLC checklist after it has been reverted to the FLC and changes have been incorporated.

Be aware that before finalization of the checklist the new text will have to appear in both boxes, during the two-step validation process, otherwise the checklist will not print properly.

Costs are correctly allocated to the right budget line

e.g. Inspected list of expenditures.

0	Yes **No** Not applicable	N/A	0.00	Text B 3994 Remaining characters	☐	
	Yes No Not applicable		0.00	Text A 3994 Remaining characters	☑	NWE_flc

LP FLC principle

The NWE Programme asks the FLC of the LP to answer three questions. They need to confirm that:

- The LP forwarded the ERDF shares to the partner for previous reports without unnecessary delays and in full
- The documents presented by the PPs are complete and have been validated by the partner FLC
- The information provided by the partner FLCs in the checklist is sufficient

How to get the information?

- The LP user in the system has the right to extract all information

LP FLC principle

What needs to be considered?

- Making sure that all is fine vs. re-doing the job of the PP FLC
- Timing is important. The FLC check of PP1 and the LP FLC check should be done at the same time, once all partners have submitted their reports
- It’s all about the quality of the work done on the level below
- So what do you do if you think that it is missing?

More information

More information on eligibility in the specific budget lines and procurement:

Programme Manual:

https://www.nweurope.eu/help-support/implementation-resources/

Implementation Tutorials for the eMS (registration, project reporting content and finances and FLC work)

https://www.nweurope.eu/help-support/project-implementation-tutorials/

FLC guidance, contact details for the different MS and checklist and report templates:

https://www.nweurope.eu/help-support/first-level-control/