

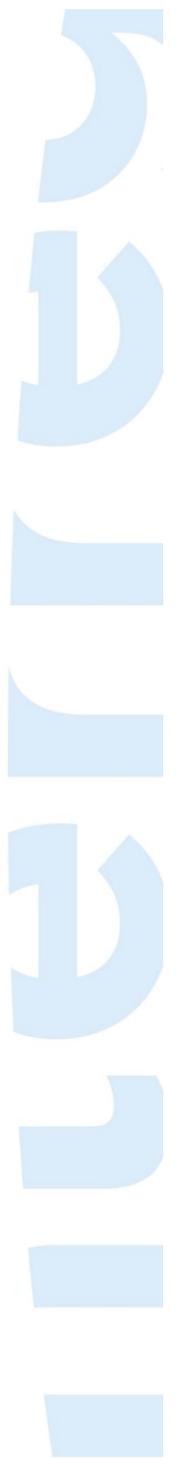


# FLC webinar for the Central Baltic

*29 May 2017*

# FLC work in Central Baltic programme

- All work done in eMS system
- Programme Manual
- FLC Manual
  - Programme rules and requirements
  - eMS guidance
- Intranet



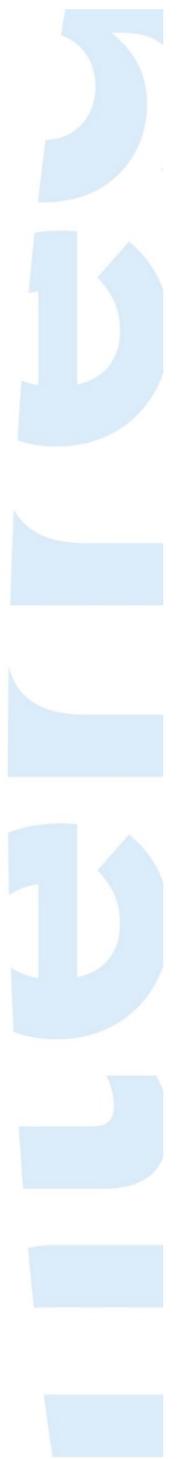
## JS contact person

- Each project is assigned a contact person
- The contact person
  - monitors the progress
  - supports the project implementation
  - Approves modifications and updates
- List of contact persons in Intranet



## What's new for 2014-2020

- New eligibility rules from European Commission
- Eligibility rules specifically for Interreg
- Big changes in staff cost calculation methods
- Simplified cost options
- Minor updates to other budget lines



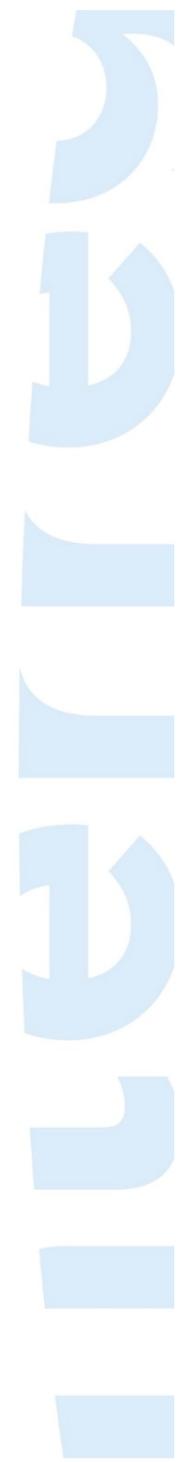
# Hierarchy of provisions 2014-2020

EU regulations

-> Programme

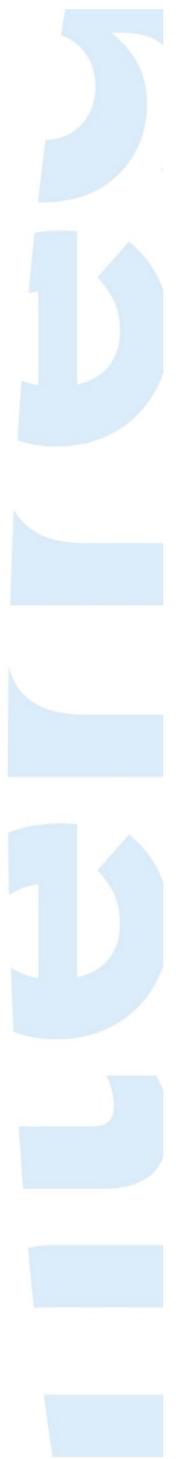
-> National

-> Institutional rules -  
not requirement for FLC



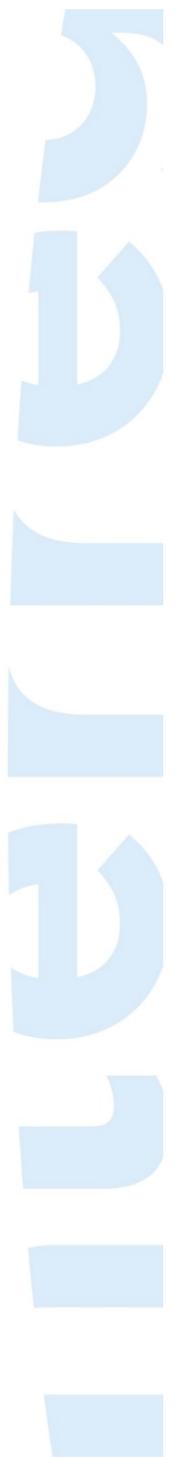
## Simplified cost options

- Lump sums
- Flat rates
- Not shown in bookkeeping
- Focus on outputs/results rather than cents
- Costs are not expected to match the paid sums

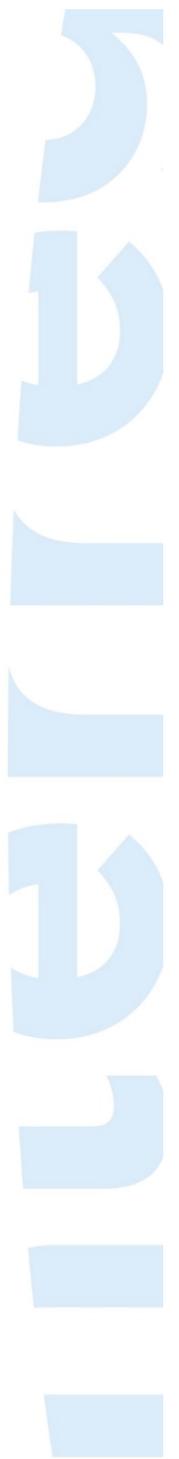
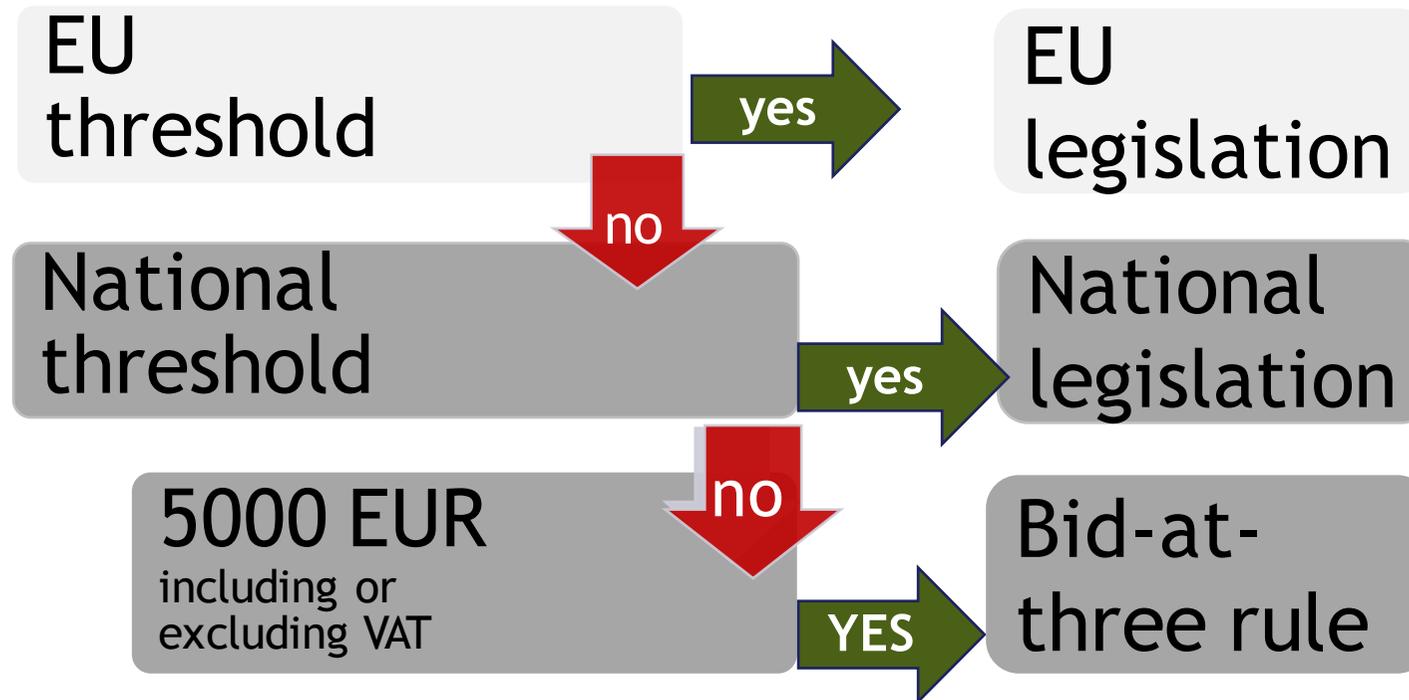


# Public procurement

- Applies to all partners (also private partners)
- Principles of transparency, non-discrimination and equal treatment.
- Framework contracts can be used
- Avoid artificial splitting of contract
  - Cumulative amounts count
  - Type of the service crucial

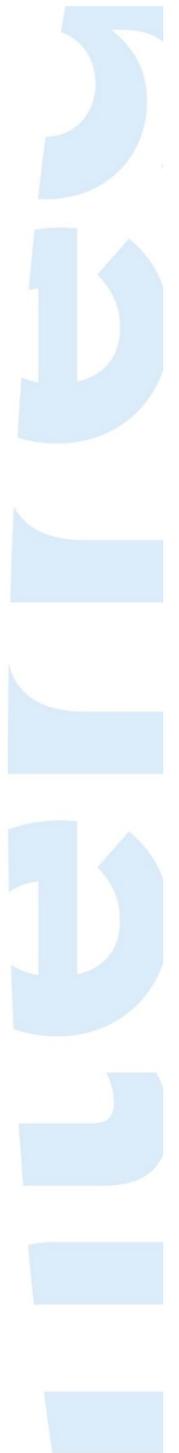


# Public procurement



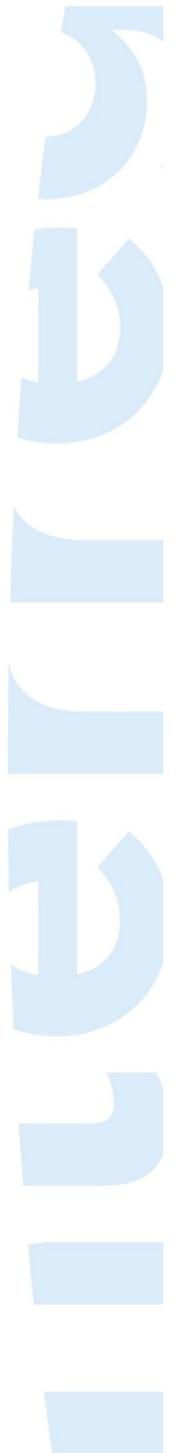
## VAT

- An eligible cost only if the partner has no means to recover it
- Is checked by the FLC with the first partner report
- Any changes in VAT status (as defined in eMS) - notify JS contact person



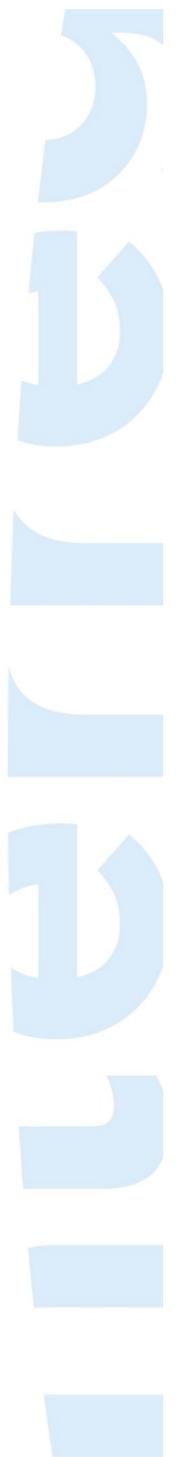
## Costs outside the programme area

- Travel costs are not calculated towards this
- However, travel costs outside the programme area must be approved in the AF or separately by the JS contact person
- Only relates to activities outside the programme area



# Communication requirements

- Key elements
  - EU flag with reference "European Union"
  - Reference "European Regional Development fund"
  - Central Baltic 2014-2020 logo
- For details: Guide for Project Communication
- Manual gives principles for making corrections
- Stickers are no longer needed on equipment



# Eligibility of costs: budget lines



Staff costs



Office and administration



Travel and accommodation



External expertise and services



Equipment

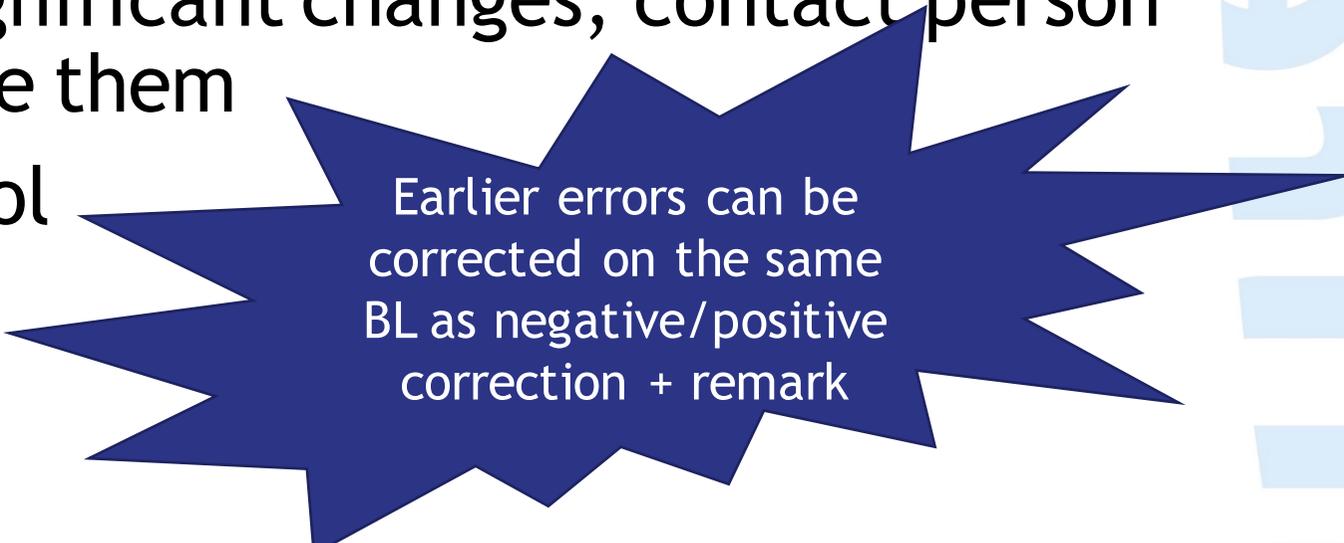


Infrastructure and works



## Staff costs - issues to consider in 2014-2020

- The rules have changed considerable - set methods
- The Manual must be read literally, without any assumptions or interpretations
- In case of significant changes, contact person must approve them
- Staff cost tool



Earlier errors can be corrected on the same BL as negative/positive correction + remark



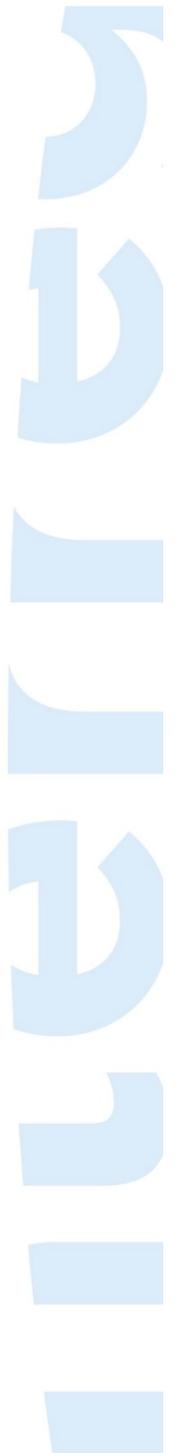
## Staff costs

- Only staff directly working for the project
- Salary levels must be the same as otherwise in the organisation or comparable for similar tasks in the same type of organisation/country
- A work contract or other document must exist
  - Audit trail
- Salary for external experts cannot be under this budget line



## Staff costs

- Timesheets when using flexible hours of work
  - total working time (divided between the project and other activities, if needed)
  - per day with brief information on the tasks done
  - template available, own ones can be used if FLC approves
- Reservations for holiday allowances/salaries are not eligible



# Staff Costs Audit trail

## Real costs

### Part time

#### Flexible number of hours

Full time	Fixed %	Annual hourly rate (1720 hours/year)	Monthly hourly rate	Hourly rate set in the contract					
					✓	✓	✓	✓	✓
					✓	✓	✓	✓	✓
✓	✓	for the latest documented annual gross employment costs	✓	✓					
X	X	✓	✓	✓					
✓	✓	for the latest documented annual gross employment costs	✓	✓					

Employment/work contract or an appointment decision/contract considered as an employment document

Job description providing information on responsibilities related to the project

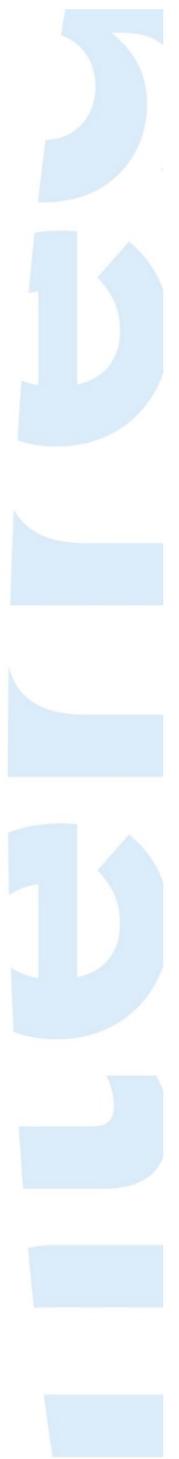
Payslips or other documents of equivalent probative value

Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project

Proof of payment of salaries and the employer's contribution

## Full time

- Most simple method
- For people working only with the project (even if less than 100%)
- All gross employment costs included



## Part-time with fixed percentage

- Gross employment cost for that month divided with the fixed percentage
- Simple calculation
- No need to consider the content of the gross employment cost or time worked



# Calculation of hourly rate & cost for the project: monthly working time

Two steps:

1. the hourly rate calculated as the monthly gross employment cost/number of hours per month as fixed in the employment document
2. the above hourly rate is multiplied with the hours worked per month for the project from the time registration

## Monthly working time: example

- Gross employment cost per month 4.000 €
  - **Defined monthly work time in the employment document 152 h**
  - Working time for the project according to time registration 43 h in a specific month
1. hourly rate:  $4.000 \text{ €} / 152 \text{ h} = 26,32 \text{ €/h}$
  2. cost for the project :  $43 \text{ h} * 26,32 \text{ €/h} = 1.131,76 \text{ €}$

## Calculation of hourly rate & cost for the project: annual working time

Two steps:

1. the hourly rate is calculated as the latest documented annual gross employment cost / 1720 h
2. the above hourly rate is multiplied with the hours worked per month for the project from the time registration

## Annual working time: example

- Latest documented annual gross employment cost 45.000 €
- Working time for the project according to time registration a) 43 h in a specific month  
b) 242 for the reporting period

1. hourly rate:  $45.000 \text{ €} / 1720 \text{ h} = 26,16 \text{ €/h}$

2. cost for the project:

a)  $43 \text{ h} * 26,16 \text{ €/h} = 1.124,88 \text{ €}$

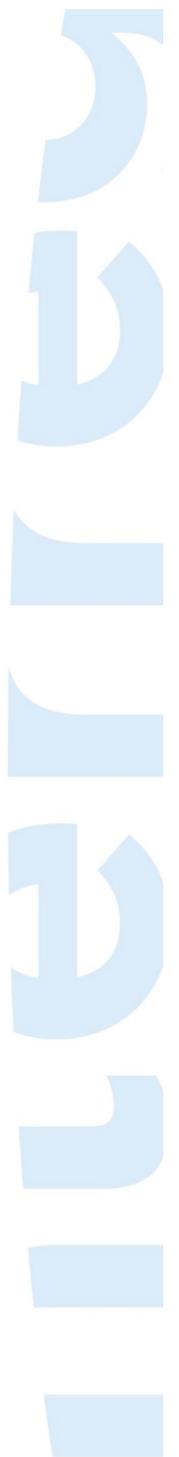
b)  $242 \text{ h} * 26,16 \text{ €/h} = 6.330,72 \text{ €}$

## Hourly rate

- Hourly rate defined in the work contract
- Related social security costs will be allocated to the project

## One-step calculation

- Hourly rate multiplied with number of hours worked on the project



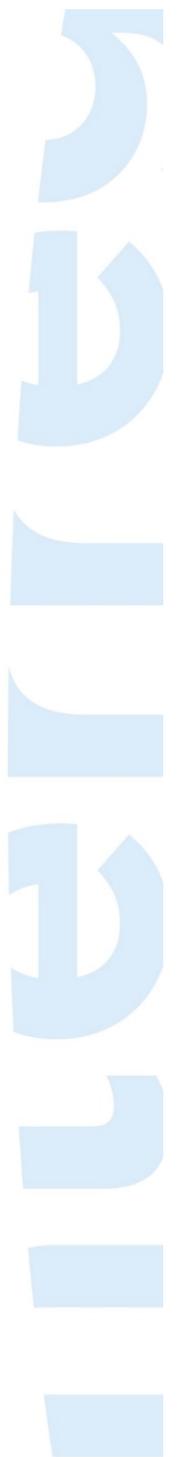
## Staff Costs - help available

- **Support for Staff Costs -Document**
- **Project Contact Person at JS**
- **Staff Cost Tool**
  - **obligatory for persons working part-time with flexible number of hours**



## Office and administration

- Flat rate (15% from staff costs)
- Calculated automatically by the eMS in the application and during reporting (but check!)
- Closed list of costs that are allowed here - these costs cannot be reported under any other budgetline.
- TIP: watch out for overlaps in bookkeeping and IT related costs



## Travel and accommodation

- Only travel, accommodation, visa cost, and/or daily allowances
- All cost must be borne directly by the project partner
- Travels and activities outside the programme countries are eligible only when they are justified in the Application Form or pre-approved



# Travel and accommodation

- Efficiency and costs go hand in hand, sound financial management
  - no business class travelling
  - use of own car is allowed in justified cases
- Travel costs of Steering Group members, target group members eligible if the costs are borne directly by the project partner
- NB! Travel costs of external experts or service providers go under external expertise budget line



## External expertise and service

- External expertise and services must be tendered. Follow the procurement rules
- Sub-contracting between project partners is not allowed
- Cost paid on the basis of contracts or written agreements and against invoices or requests for reimbursement
- FI partners: last FLC invoice must be paid before the final FLC check



## External expertise and services

- Travel and accommodation costs of experts must be included in the contract. They cannot be reported under the Travel and accommodation budget line
- Service contracts can exist for both staff and external expertise - the content of the work defines the budget line



# Equipment

- All equipment must be listed in the approved application
- In case changes concerning equipment listed, approval by the contact person is needed



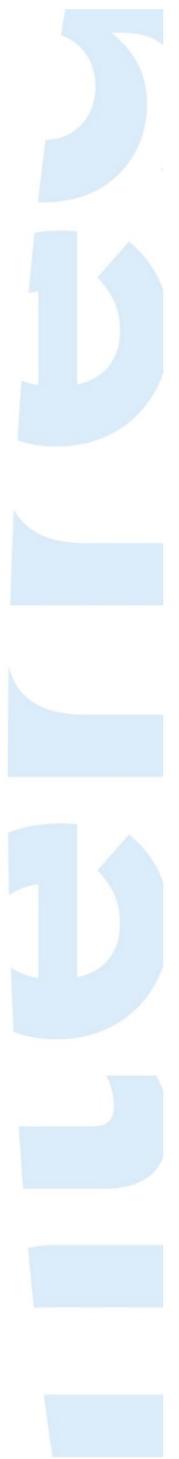
# Equipment

- Follow the procurement rules
- Equipment can be leased, rented, paid out as a one-time cost
- If depreciation applies, a depreciation plan (calculation scheme of depreciation) must be provided to the FLC when the cost is first reported



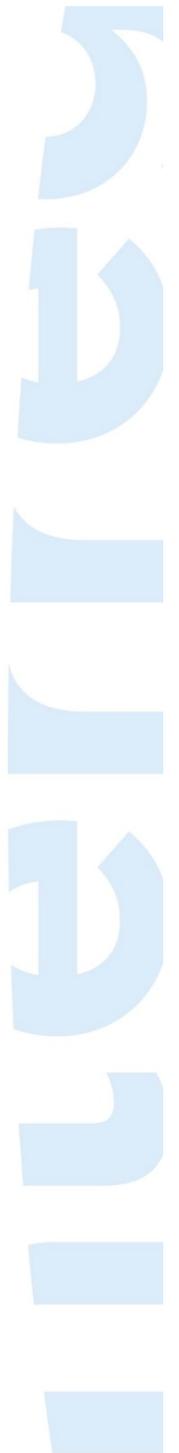
# Equipment

- Equipment cannot be purchased, rented or leased from another partner
- During the assessment limit values have been put for some purchases
- If the phone is bought as a package including the phone and service in one monthly fee the cost falls under Office and administration (flat rate)



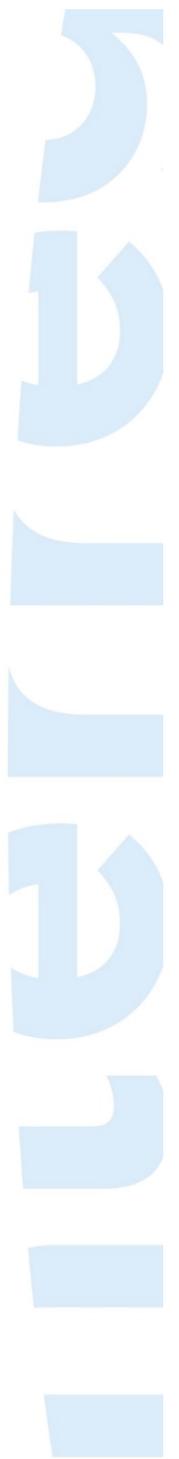
## Infrastructure and works

- Costs for site preparation, delivery, handling, installation, construction, renovation, purchase of land etc.
- Costs of infrastructure and construction works are eligible if no other EU funds have contributed towards financing of the same expenditure item
- Costs are subject of public procurement rules



## Lump sums

- Information is defined in the Subsidy Contract, annex 1
- Only the achievement of the indicator is checked
- No underlying documents will be submitted
- If in doubt, contact the project Contact Person



## Net revenues

- Income is understood as net revenues and must be reported
- In case of net revenues that were not foreseen in the budget, JS assistance in calculating may be needed



# FLC WORK - GENERAL PRINCIPLES



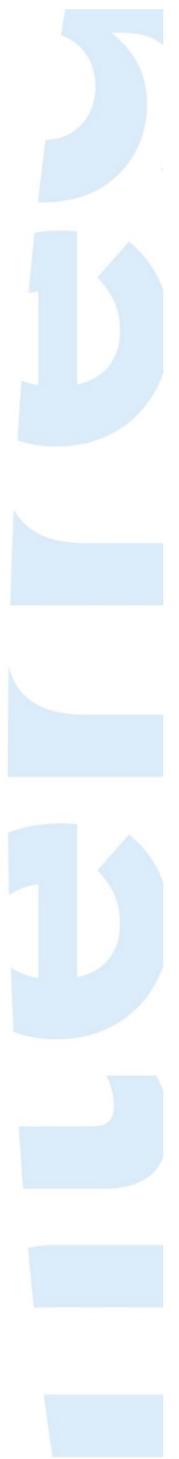
## eMonitoring System (eMS)

- Jointly developed for Interreg programmes
- Around 30 programmes across Europe use the system
- Each programme has their own eMS
- Each programme grants access to their eMS separately
  - E-mail with user account information and access sent by Merike Niitepõld after programme receives information from FMEE (TEM)
  - Rights granted for each partner separately



## FLC role

- FLC as an independent controller is the basis of the programme's control system
  - Irregularities not identified = programme error rate
- FLC must make cuts if issues are detected
- Projects should expect a high-quality FLC service



## Who uses FLC work

- Project partners
- Lead partner
- JS staff in making payments
- MA staff in annual analysis and reporting to Commission
- Second level auditors



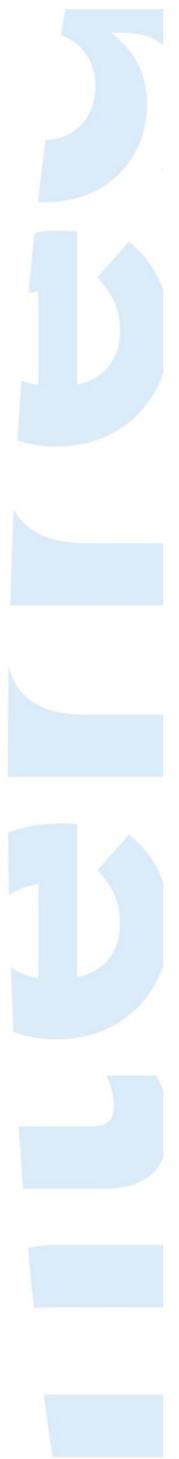
## What to fill in

- Desk-based or on-the-spot checks
- Comments in List of Expenditure always when corrections
- Findings summarised in FLC report
- Checklist gives useful information



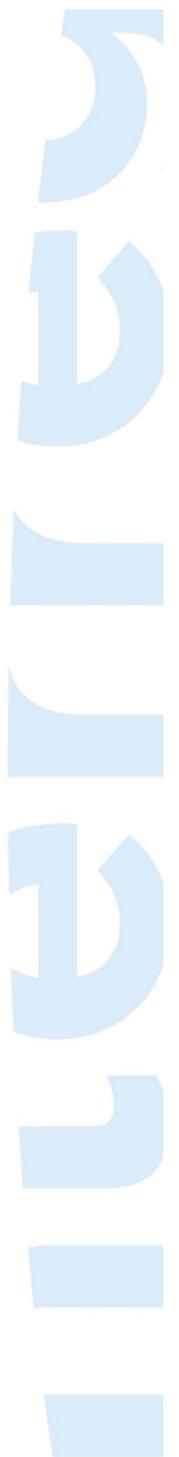
## FLC work in eMS

- Go through all sections and fill in everything
- "View report" leads to different sections
  - List of Expenditure
  - FLC expenditures
  - Partner information
  - FLC checklist
  - FLC report
  - Attachments
  - Risk assessment sections (2)



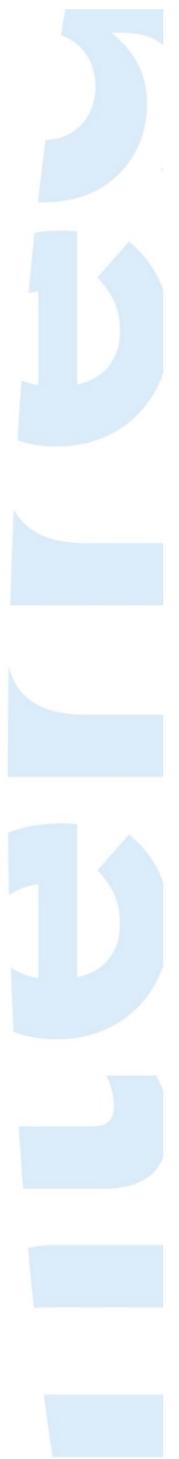
## List of expenditures

- Click on each item (pop-up window)
- Verify the cost item by ticking it
- If needed, make a correction
- When a correction is made, a comment is always required
- Changing of Budget lines
  - will be possible in future directly. Currently correction is done between cost items within the existing budget and commented on properly



## FLC expenditure

- Overview table per budget line
- Shows the declared and already certified amounts
- Can be used to keep track of own work
- Expenditure items can be opened this way also



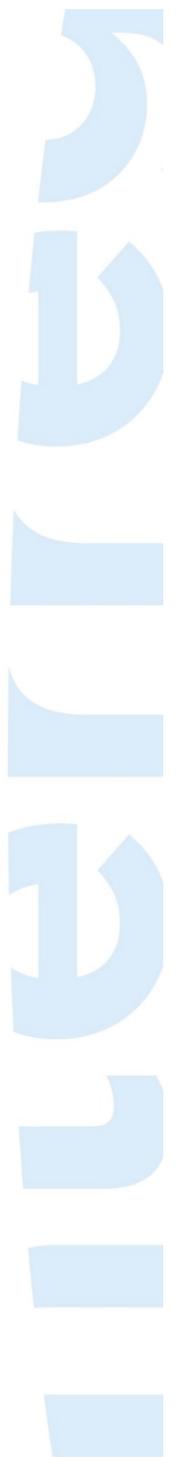
## Partner information

- Can be used for basic information per partner
- Bank account information will be requested directly by the JS, FLC check not relevant
- The existence of a Partnership Agreement should be checked with the first check for all Project Partners (not LP)



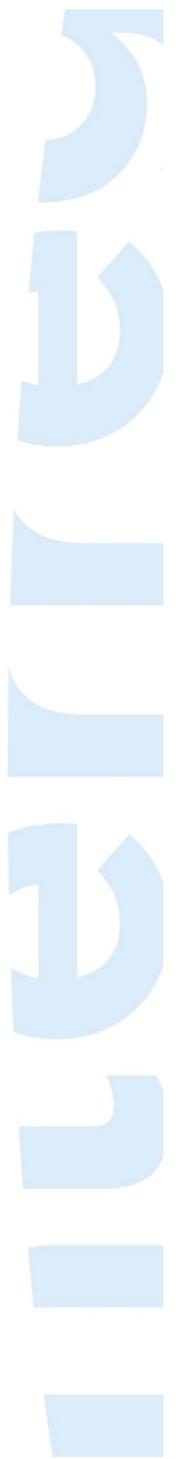
## FLC checklist

- Together with verifying each cost item, this is the main part of the work
- Comments should be added frequently and they must be detailed enough
- Answering "no" or "not applicable" usually requires a comment
- Confirm by ticking on the right hand side
- Not all sections are used for all partners (flat rate vs direct costs for office and administration)
  - Then no comment is needed for "not applicable"



## FLC report

- Information which may change between reports
- Information about the current report
- Visible for the project partner



# Attachments

- This section can be used by the partner to add attachments that are of general relevance for the report
- The section is report specific (not copied over to the next)
- Note that attachments can also be kept in other places



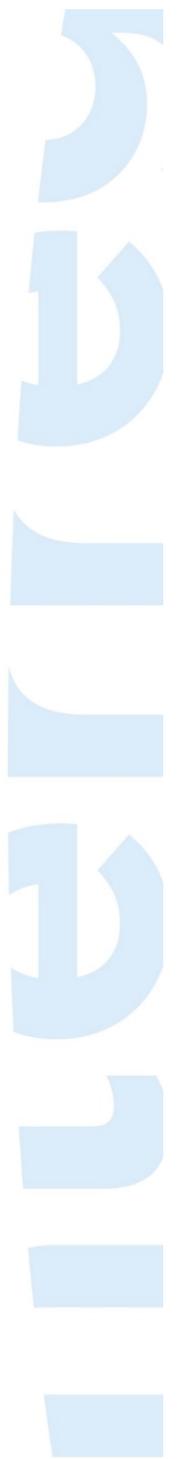
## Risk assessment sections

- These sections are currently not in use
- If they will be used, the FLC manual section will be updated



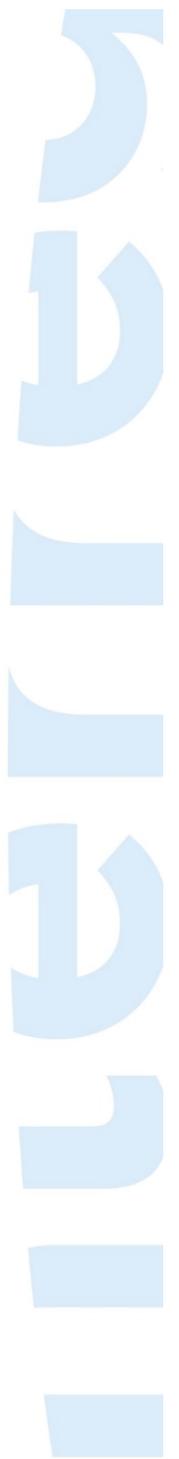
## Finalising the work

- Before finalising the FLC work, an FLC certificate can be generated
- Press "check FLC work"
- If no errors are detected (currently none exist) you can "finalise FLC work"



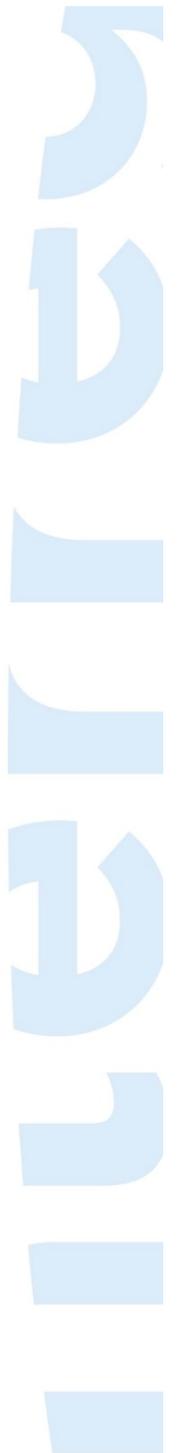
## Sitting ducks

- The FLC can choose to not verify an unclear cost item by NOT ticking the cost
- These costs (sitting ducks) are available for verification in any report after this
- To access it, go to "FLC expenditure" and tick "show all open"



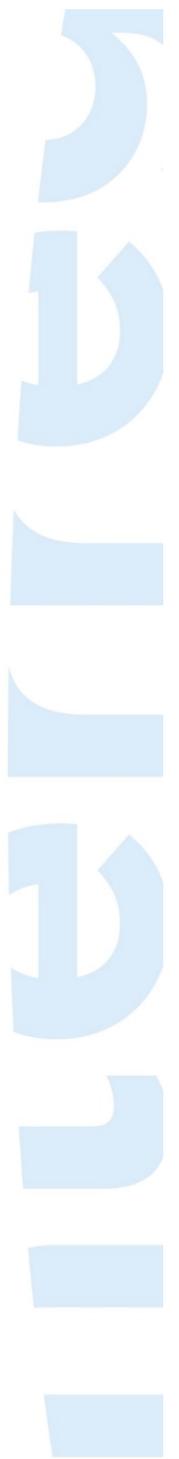
## Requesting new information from the partner

- Either re-open the entire report by pressing "Revert from FLC to PP"
  - Note that this deletes all FLC entries made so far
- Open only the attachments section by ticking "Attachment upload allowed"



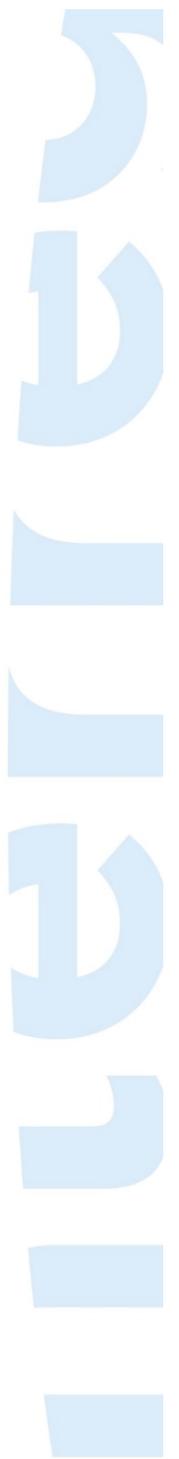
## TIPS for using the eMS

- Save work regularly
- Revert to partner loses all FLC work - when needed, do the revert before filling in your work
- All deductions or corrections must be commented on in the List of Expenditure comment field
- Remember to tick all costs as verified



## TIPS for using the eMS

- Column select - choose and save the columns that you want to see
  - The selection can be changed at any time
- Scroll a big list by using the middle-mouse button (press it and move around in the table)
- In checklist "tick all" option exists at the top and bottom



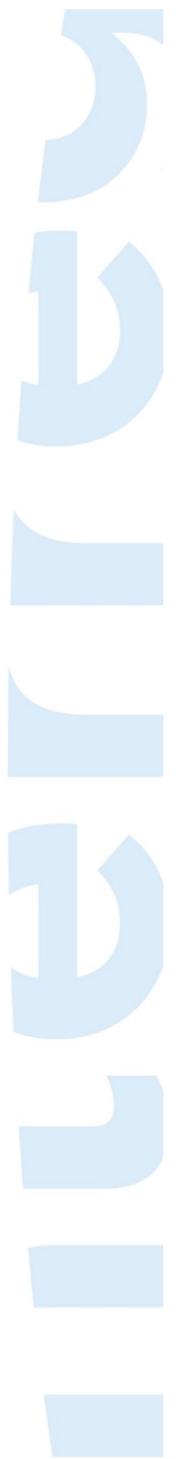
## TIPS for the FLC

- Remember that the 2007-2013 and 2014-2020 period rules have changed in many regards
- Read the Programme Manual carefully
- Always check for an updated version of the FLC Manual and Programme Manual before starting a check
- Look in the Interact Matrix of costs (for FLC and programme bodies only, not for partners!)



## Do you have questions?

- On the project's content?  
-> Project contact person
- On the FLC work and eligibility in general?  
-> [merike.niitepold@centralbaltic.eu](mailto:merike.niitepold@centralbaltic.eu)
- On technical problems in eMS?  
-> [ems@centralbaltic.eu](mailto:ems@centralbaltic.eu)





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Central Baltic Programme 



Thank you!



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