

Lead Partner Seminar

JS/MA 9.12.2015

Riga



Welcome to the Lead Partner Seminar

Objective of the day:

Give the Lead Partner the needed tools to best implement the project

To know where to come with questions later on



42 funded projects



MANAGING AUTHORITY

- Regulatory tasks (MA and CA)
- Overall implementation and responsibility
- Administration and support services (IT support, bookkeeping, financial management of programme)

AUDIT AUTHORITY

PROJECT TEAM

Project consultations
and monitoring

FINANCIAL TEAM

- Financial management of projects
- Certification and payment

INFO TEAM

Communication
activities

CP1 CP2 CP3
Contact Point network
CP4 CP5

The contact person

Your contact person follows the project implementation actively

Your contact person should be invited to Steering Group meetings and other project events



Your contact person helps solve your project's problems

Your contact person gives you advice on project-related issues

...is there to help you!

STARTING UP THE PROJECT

- Fulfilling conditions and clarifying details
- Handing over to LP
- Contracting
- Providing startup information
- User rights to partners

SUBSIDY CONTRACT

- Key document defining the roles and responsibilities between the MA and the LP
- To be read - together with the Manual

Contracting situation 8.12.

- Signed contract delivered to 29 projects
- Contract sent for review/comments for 13 projects



Basic information

- Preamble
- Applicable legal framework
- Award of subsidy

§3 Object of use, eligibility of costs and reallocations

- Basic definitions for eligibility of costs
- Reference to flexibility rule
- Reference to modifications
- Possibility of prolongations

§4 Request for payments

- Reference to procedures
- Setting deadlines
- Income during and after project
- LP/PP commitment to co-financing

§5 Representation of project partners, liability

- LP responsibilities defined
 - Towards project partners
 - Towards the MA
- Reference to Partnership Agreement
 - Content
 - Role

Role of the LP/PP

- Lead Partner principle
- More requirements for the LP
- Requirements for the PP's -> the LP needs to train the PP's

General requirements

Lead Partner

- Ensure the timely and correct implementation of the project
- Actively communicate about the project

Project Partner

- Fulfill its part of the project activities, actively participate in cooperation
- Actively communicate about the project

Management Structure

Lead Partner

- Set up efficient management structures
- Appoint qualified Project Manager and Financial Manager

Project Partner

- Nominate a coordinator for the project

Financial Management

Lead Partner

- Guarantee the sound financial management of the project
- Follow up project spending and budget line spending
- Transfer ERDF amounts to partners immediately
- FLC checks on own costs

Project Partner

- Manage its own budget according to sound financial management
- Assume responsibility for own costs and repay costs if needed
- FLC checks on own costs

§6 Additional obligations

- Separate cost centre
- Signing the Partnership Agreement
- Paying ERDF amounts to partners
- Providing all relevant information to MA/JS
- Using the eMonitoring System
- Avoiding conflict of interest

§7 Communication and publicity

- Basic requirements for project
- Information on MA obligations

§8 Durability and ownership of results

- Durability of infrastructure investments and equipment
- Project results and outcomes are a joint property of the LP and PP's
- Making results available to the public

§9 Generation of revenues

- Net revenues relevant
- Net revenue always reduces the amount of ERDF
- Revenues should be included in Application Form
- If net revenues arise later, they must be reported in Partner Progress Reports

§10 Right of termination

- The MA has the right to terminate the project in case of serious negligence on behalf of the LP/PP or in case of violation of rules
- Termination may lead to a repayment of ERDF funds
- Interests may apply to funds to be repaid

§11 Archiving of project documents

- Maintaining documents until the end of the 4th year after the payment of costs of the relevant period
- List of bodies holding project documents must be submitted to JS/MA

§12 Controls and audits

- First Level Control
- Second Level Audits
- Also other possible audits
- LP requirement to provide assistance
- MA right to withhold payments while clearing open issues

§13 Recovery of ineligible expenditure

- Recovery as two-step process: amicable and official request
- Late interests would apply

§14-15 Assignment, legal succession and concluding provisions

- How to transfer duties (LP or MA)
- All official correspondence in English
- Role of eMonitoring System and user rights
- Appeal processes

PROJECT IMPLEMENTATION



Focus on results

- Remember that results (achieving the change) should always be the main focus during project implementation;
- Outputs you have planned, should be achieved;
- Follow work plan as a tool for achieving results. Reasonable flexibility about activities and deliverables.

Lead partner principle

- Coordinates the work of the partnership
- Monitors and gives guidance to partners
- Sharing information within the partnership is obligatory!
- Official contacts from MA/JS always via the LP
- If partners contact MA/JS directly, they should make the LP aware of this

Set up a supporting Steering Group

- The Lead Partner is obliged to set up a Steering Group
- Best when members have thematic expertise and are interested in the project
- The Steering Group should consist of representatives of project partners and especially key stakeholders or end users (who are not necessarily project partners)
- Use the Steering Group to guide the project implementation towards results and sustainability

The Steering Group should:

- **Monitor and steer** the project in order to meet the targets/objectives set in the project application. If necessary, the Steering Group can propose changes to the implementation of the project. The Lead Partner then makes the official change requests to the JS.
- **Handle official changes in the project budget** and approve them before the Lead Partner submits the material to the Joint Secretariat/Managing Authority
- **Approve the Final Report** before it is submitted by the Lead Partner to the Joint Secretariat
- **Participate in the planning of information activities and spreading** information about the project and its results

Something changed – what to do?

- What is the change about?
- What is affected by the change? Objectives, results, outputs, partnership, budget...?
- Different types of modifications
- Always start with informing JS Contact Person
- Not all modifications may be approved

Different modifications

- The different modifications have been divided into two groups depending on whether the change requires a modification of the Subsidy Contract or not.
- Project modifications are in force from the date of the decision (by the JS, MA or SC as relevant). No costs requiring formal approval can be incurred before the decision has been made.

Modifications having no impact to the Subsidy Contract

Minor adjustments of the project activities

- If minor adjustments do not have an impact to the project deliverables, results and/or indicators, can be done without a formal procedure, but should be communicated to the JS (Contact Person).

Technical modifications

- Technical modifications, that don't have an impact to the content of the project (bank data change, change of the partner's (NB! not the LP) name, legal status, change of hosting organisation, change of contact person etc.) are made based on need. The JS should be notified of these types of modifications as soon as possible by official letter from the Lead Partner.

No impact to the Subsidy Contract - Flexibility rule

- Simple way to adjust the budget to changed circumstances
- Projects are allowed to overspend max. **20% of individual budget lines** (Staff costs and Lump sums excluded) on project level
- JS follows the project budget based on the **total costs per budget line totals**.
- **Total budget** cannot be exceeded
- No switching money **between partners**
- **Lead Partner has responsibility** to follow up the budget: all cuts needed will be done by the LP

Modifications having an impact to the Subsidy Contract - 1

- Any modifications beyond the scope of the flexibility rule, minor adjustments or technical modifications require a formal approval by the JS/MA and in certain cases, by the SC.
- A modification in project activities having an impact to the project results and/or indicators must be well justified and can only be implemented upon formal request and approval by the JS or the SC - depending on the significance of the modifications.
- **Budget modifications** that do not fall within the scope of the flexibility rule require the approval by the JS or the SC - depending on the significance of the modifications.
- **Partner modifications:** if the partnership is modified (an existing partner drops out and is replaced by another partner, or a partner drops out and other partners overtake its obligations, or if a different partner becomes Lead Partner, etc.).

Modifications having an impact to the Subsidy Contract - 2

- **End date extension** can only be approved in exceptional cases and usually not for more than 3 months. Any extension must be justified by external reasons hindering the timely closure of the project. It should not be used as a tool to prolong the project without severe reasons and delays during the project implementation.
- **Changes of the LP's name, legal status, change of hosting organisation** etc. should be notified to the JS as soon as possible.

Modifications having an impact to the Subsidy Contract - 3

A decision by the SC is needed in case of:

- increasing the ERDF share or the total ERDF amount of the project,
- if more than two partners or more than 10% of the partners (whichever first occurs) withdraw from the project and/or are replaced. The replacement with new partners is subject to the approval of the Member States/Åland locating the partners,
- if the **objectives of the project or the results** are modified so that the provisions of the original project application are considerably changed.

Modification request

- Incorporate as many of such modifications as possible into one request for modification
- Modifications on activities or the budget should be done not more than 2 times during project implementation
- The final request must be submitted no later than 6 months before the end date of the project
- Initiated by the project in eMS, JS will unlock the project
- Project makes the relevant changes, JS will assess the change (JS has 20 days to assess a request and forwarded it to the MA/SC for decision)
- MA/SC decision and updated Subsidy Contract may be needed
- Change comes into force when approved by MA in the eMS

ELIGIBILITY OF COSTS

- Programme Manual, chapters 3.5 and 3.6

Basic rules for eligibility of costs

- Incurred and paid between the project start and end dates
- Related to the project
- Paid by a project partner
- Following sound financial management
- In line with programme and/or national rules
- No fees or costs between project partners

Audit trail

- It must be possible to trace all costs in bookkeeping
- Needed documents are listed in the Manual
- Project documentation must be kept by each partner
- Keeping invoices and supporting documents at least 4 years

Tendering (1)

- Private and public partners follow the same rules
- Bid-at-three from 5000 EUR
 - including or excluding VAT, depends on organisation
- Asking for three offers, two should be received
- Procurement must be free from partiality and conflict of interest
- Unique skills is very unique indeed

Tendering (2)

- Public procurement limits: follow national procurement thresholds
- National rules apply
- Existing framework contracts can be used

Flexibility rule (1)

- Modifications with no impact to Subsidy Contract
- Minor modifications of individual budget lines
- Allowed to overspend max 20%
- Calculated on project level
- Lead Partner is responsible

Flexibility rule (2)

- Total budget can't be exceeded
- Can not switch money between partners
- Staff costs can not be changed in flexible way
- Can not affect project content and activities

VAT

- An eligible cost only if the partner has no means to recover it
- Will be checked by the FLC with the first partner report
- Any changes in VAT status must be reported

Costs outside programme area

- Costs outside the programme area
 - May not exceed 20% of programme ERDF
 - Travel costs are never calculated towards this limit
- Travels and activities outside the programme countries must nevertheless be justified in the Application Form

Staff costs

- A work contract or other document must exist
- Timesheets when using flexible hours of work (template available, own ones can be used as well)
- Only staff directly working for the project
- In case changes within staff costs are needed, inform your contact person

Office and administrative expenditure

- Flat rate
- 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 costs

- Efficiency and costs go hand in hand
 - No business class traveling
- Travels and activities outside the programme countries are eligible only when they are justified in the Application Form
- Use of own car is allowed
- Travel costs of Steering Group members, target group members eligible if the costs are borne directly by the Project Partner
- Travel costs of external experts or service providers under external expertise budget line

External expertise and services costs

- Tenders may be needed - make sure the rules are followed
- Consider the difference between staff and external expertise

Equipment expenditure (1)

- All equipment must have been listed in the approved application
- In case changes concerning equipment listed in the application are needed contact your contact person
- Equipment can be purchased, rented or leased
- Equipment cannot be purchased, rented or leased from another partner
- In case of purchase depreciation applies to all items above the low value asset price

Equipment expenditure (2)

- 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, 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
- All costs are subject to applicable public procurement rules

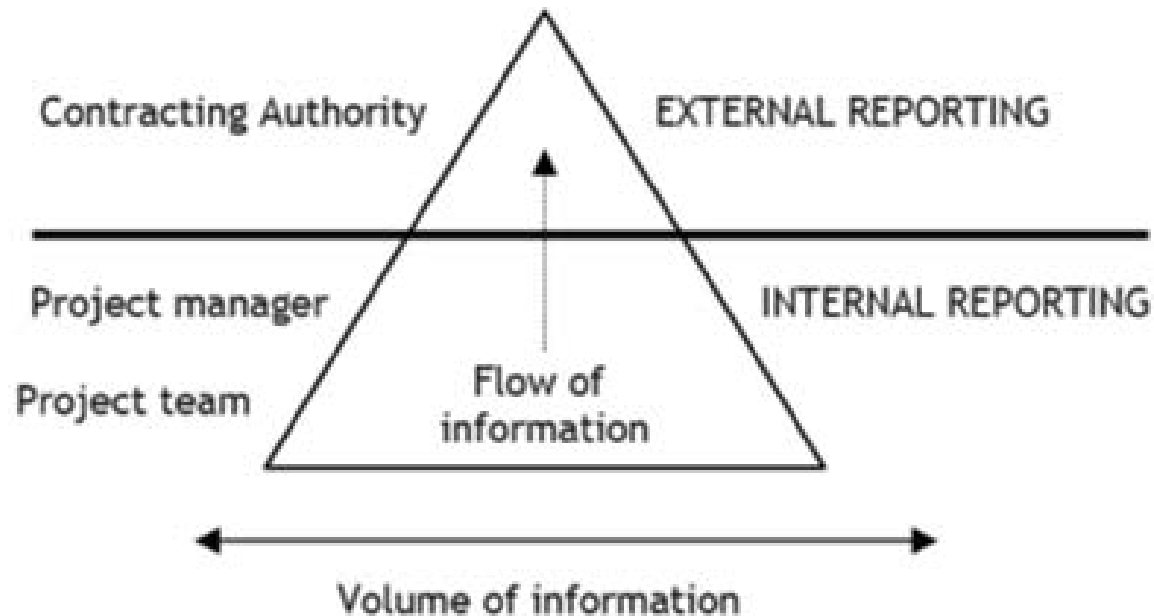
Net revenues

- Income is understood as net revenues and must be reported
- Contact JS in case you would have net revenues that you have not foreseen in the budget

REPORTING



Project reporting



Reporting tips

- Make it interesting, informative
- Provide information that your audience needs
- Limit it to the requested period
- Compare actual performance with respect to the plan in the application form
- Don't forget final check

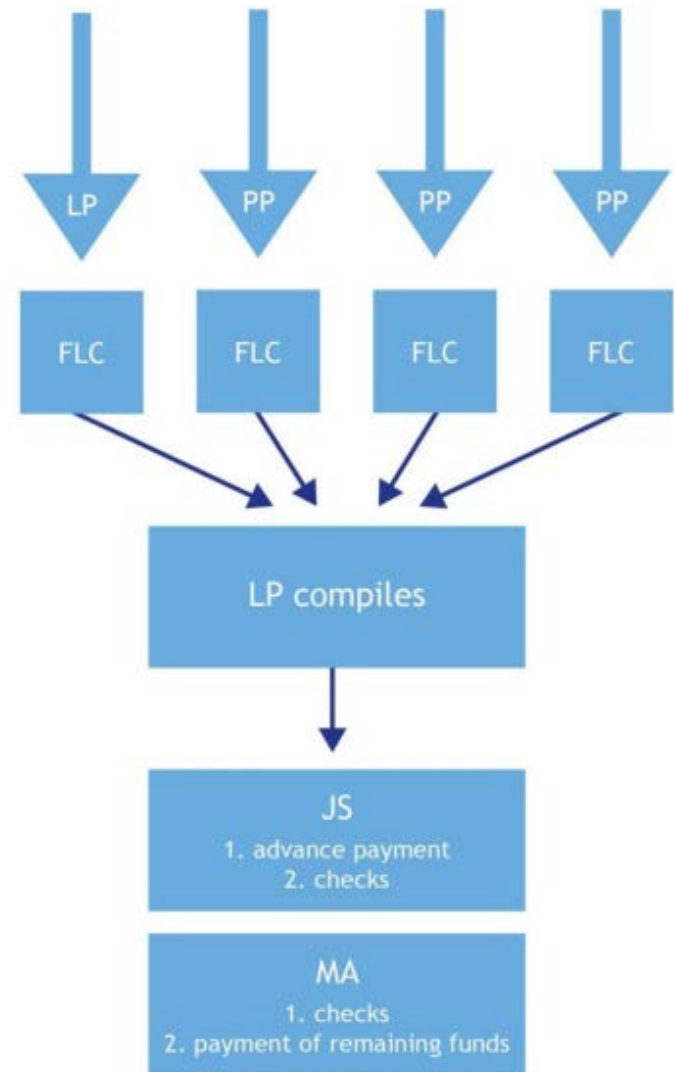
➤ *Guide for project implementation*

Reporting process

- 6 months reporting period
- 2 step process
 - Partner report
 - Project report (LP)
- Final report

Reporting process

- Each project partner fills in **Partner report** and submits it with all mandatory annexes to FLC
- FLC checks the eligibility of the costs
- Lead Partner compiles **Project report** and submits that to the JS
- The MA makes advance payment of 60 % for the LP
- The JS assess the Project report
- The MA makes the final payment based on the certified cost for the LP



First Level Control (FLC)

- **Centralised**

- In Estonia - The Ministry of Finance
- In Latvia - State Regional Development Agency, Territorial Co-operation Project Control Department
- In Sweden - Swedish Agency for Economic and Regional Growth
- In Åland - Åland Government, Department of Trade and Industry

- **De-centralised**

- designation from Ministry of Employment and the Economy, carried out by independent auditors

Conversion to euro

- All costs are reported in euro – eMS converts the costs automatically
- All costs incurred in other currencies are filled in by all partners
- The final conversion rate is calculated when the project report is submitted to the FLC

Staff cost

- Salaries are recommended to be reported by employee by month (gross wages)
- Reservations for holiday allowances/salaries are not eligible, but the actual costs can be reported when they have been paid out
- The timesheet must contain information on the total working time (divided between the project and other activities, if needed) per day with brief information on the tasks done

Office and administration cost

- The office and administration costs are covered as a flat rate
- The costs under this flat rate should not be marked to the project cost centre or account in bookkeeping
- The sum is calculated automatically by the eMS and is paid without supporting documents

Lump sums

- Budget line - Fill in the name of the relevant lump sum, as set in the budget and Subsidy Contract
- Description 1 or CREDITOR - Fill in Partner name
- Description 2 or SPECIFICATION OF THE INVOICE - Fill in "lump sum XX", using the name set in the budget and Subsidy Contract
- Proof on indicator fulfilment is needed for all lump sums

Attachments to the partner report (1/3)

- Attachments that are typically requested by the FLC are:
 - Bookkeeping list/general ledger
 - Copies of original invoices and other equivalent probative accounting material
 - Supporting materials to invoices
 - Lists of participants
 - Meeting agendas
 - Specimens of deliverables

Attachments to the partner report (2/3)

- Adequate documentation for the value of salaries:
 - Copies of employment contracts or similar documents
 - Time sheets when required
 - Salary slips
 - Payment orders/bank statement of the paid out salaries
 - Bank statement of the actual payments

Attachments to the partner report (3/3)

- Clarification of depreciation methods used (for the first depreciation of the item in question)
 - If the VAT status changes: Certifications that VAT is not recoverable if VAT is included in the project costs and the certification has not been submitted earlier
- The FLC in each country will provide detailed information on their requirements

Attachments to the project report

- Document providing the right of the "official user" to sign documents on behalf of the organisation
- Copy of signed Partnership Agreement
- Name e.g. Output_1.1_final_report_YYMMDD

Available supporting materials

- Programme Manual
- Guide for Project Implementation
- Guide for Project Communication
- www.centralbaltic.eu
- Materials will be updated so keep checking!



Thank you!