Urban Innovative Actions

CA Network Meeting

Nice, 14 of May 2019

Main objectives

Art.8 ERDF: "…*To identify and test new solutions which address issues related to sustainable urban development and are of relevance at Union level.*"

• To provide urban authorities with resources to test how new and unproven solutions work in practice and how they respond to the complexity of real life

• To draw lessons and share knowledge with other urban authorities across Europe

Structures involved in the UIA Initiative

• **European Commission**: indirect management + final selection of the projects

• **Region Nord Pas de Calais - Picardie**: Entrusted Entity – Delegation Agreement signed 2nd June 2015

• **Permanent Secretariat** – 'one stop shop'

• **Province of East Flanders**: Certifying Authority

Key figures

- UIA budget: EUR 372 Mio ERDF

- Co-financing per project: max. EUR 5 Mio ERDF

- Co-financing rate: max. 80%

- Project duration: max. 3 years

Thematic coverage

- Thematic alignment of UIA with the 12 urban topics identified in the framework of the EU Urban Agenda

- Limited number of topics selected by the Commission for each UIA Call for Proposals

- Detailed description of the topics selected for each Call in the specific Terms of Reference

Funding principle

Total Costs

- ERDF co-financing: max. 80%
- Partner contribution: at least 20%

Own resources or not
Private or public sources (the latter is encouraged)

ERDF advance payment

- 50% on signature of the subsidy contract
- 30% when project expenditure reaches 70% of 1st instalment
- Remaining ERDF paid on closure of the project (= pre-financing by project)

Controls

Controls at several levels

First Level Controls (FLC)

Second Level Controls (SLC)

Other Types of Controls

First Level Control (FLC)

It is the **base of the "pyramid structure" of checks** and constitutes the most important level of the overall project audit.

Responsible for ensuring that all of the **expenditure declared** by the project partners complies with the EU, national and Initiative rules and is therefore **eligible, legal and rational**.

Centralised and **externalized** to a **company/ consortium, directly managed by** the **UIA PS**

Controls will be performed **at least** 3 times during the project lifetime:

1. Beginning of the project implementation
2. Project implementation
3. At the end of the project

EC OLAF

CA, EE

SLC

FLC

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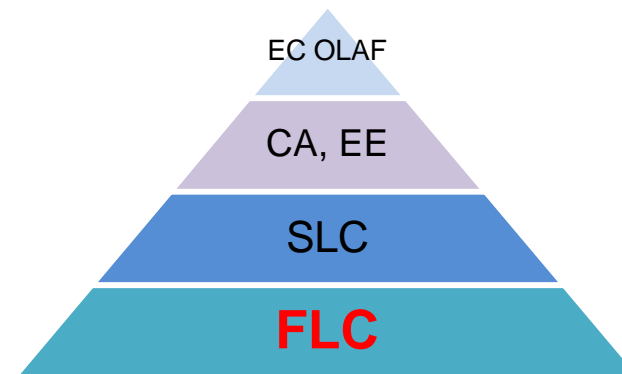
First Level Control

The **FLC** shall **detect errors** and **correct them** before they become **systemic**.

The **FLC** shall guarantee that:

The beneficiary has a **sound financial management** and **control system**	The declared **expenditure relates** to the **activities** carried out as stipulated in the last approved version of the **Application Form**	The FLC checks that the **expenditure incurred is compliant with** the relevant **European ,National** and **Initiative rules** as well as with the provisions of the **Subsidy Contract.**

Ex Ante FLC

- **Beginning** of the project implementation
- Prior to the first advanced payment
- **Obligatory step** for all MUAs and their PPs
- Takes place at the MUA level
- All PPs have to attend the training
- Several conditions that need to be met and checked by the FLC:

  - ü Bank account details
  - ü VAT status
  - ü Legality of the Partnership Agreement
  - ü Risk of fraud or bankruptcy
  - ü Location(s) of investment(s)

Training on: <u>audit trail</u>, setting up the accounting system, public procurement and FLC procedures, in-kind contribution

First Level Control

- FLC methodology for administrative and on-the-spot control delivered and approved

- FLC control (ex-ante, administrative and on-the-spot) managed by the central team in Paris with support of the local Grant Thornton teams (knowledge of local regulations and language)

- First financial claim submitted in the system

- First administrative control taking place – project CURANT city of Antwerp – no findings

Second Level Control (SLC)

Centralised and **externalized** to a **company/ consortium, directly managed by** the **UIA PS**

Aims at **ensuring that FLC worked properly**.

The duty of the second level controllers is to **carry out the system audit** and the **audits on projects** on the basis of an appropriate sample to **verify the expenditure declared**.

At least **10% of projects will be selected every year**

- **OTHER TYPES OF CONTROLS: PS, CA, EC and OLAF**

Permanent Secretariat Site Visit

Fulfils the Entrusted Entity obligation to **verify the operations on-the-spot** (Article 13 of Regulation (EC) 1828/2006).

What? to learn from the project; to verify the management system (incl. audit trail); to see deliverables

When? at least once during the project lifetime

Who?   Visited: MUA + PPs

          Visitors: PS staff

Outcome: Site visit report

Certifying Authority's Quality Controls

The Certifying Authority will perform audits, normally **once a year**. It is a quality control done on the basis of a **sample of projects**.

Commission and OLAF checks

The Commission and OLAF can perform **on-the-spot checks** on projects co-financed by the ERDF, with a minimum of one day's notice.

Thank you for your attention!