

## FPA Watch Group meeting

### MINUTES

Wednesday, April 21, 2021

10 am to 1 pm

Virtual

*\*approved by DG ECHO\**

#### **Welcome:**

*Objective: Short update from FPA Task Force on behalf of the FPA Watch Group and VOICE secretariat.*

- Acknowledgement of novelty of the HIP – still lot to learn
- General Assembly: end of May; Idea: Meeting with Mrs Michou with all members before the summer – TBC
- Welcome Maria and acknowledgment of the great work of Magali over the last couple of years; Maria introduced herself – humanitarian and development background in NGOs
- Survey on tools and templates: Feedback follows the PCM – thanks for contribution; on-going survey on HIP cycle.

#### **Exchange with FPA Watch Group:**

*Objective: Collecting main questions for DG ECHO on pre-identified issues and any other questions.*

##### **1. HR costs:**

- “215 days’ rule”: Provide clear and practical examples on how to calculate those daily rates – max. number of days for staff, what kind of tracking, when information has to be provided, what kind of evidence to be provided and at what stage (FR, audit)?
- Discrepancies between NGO’s internal systems – how can we deal with that?  
-> Concrete guidance needed.

##### **2. Consortium:**

- Things do not change much, but frame changed drastically on liability. It is not clear who is going to cover the liability in case someone leaves the consortium. Who covers for that share?
- Fraud cases: Should it be the lead of the consortium to inform DG ECHO?
- Communications channel in case of audits?
- Technically who is going to cover for taking the action until the end if there are no top-ups?
- How can we approach this at the FR stage and at the audit stage?

##### **3. Assessments/audits:**

- When will periodic assessment take place? This year? When will we be informed?  
-> more clarity needed when audits are planned to start  
-> Guidance for partners needed on how to best complete in line with the new Humanitarian Partnership

#### 4. Guidance notes:

- New single form guidance published a few days ago. What has changed from the previous one?
- Guidance on indicators arrived a bit late for the second version and not for the first (Protection Mainstreaming Indicator e. g.)
- MGA is complicated. Q&A documents useful, but not enough, some other pending questions that are supposed to be replied in the AGA; expected for December, then for May, not yet published.
- Budget: Still some misunderstandings. Useful is definition of costs, although there are still doubts and it could be helpful to consult among us members in case we are able to find answers.

#### 5. Implementation of harmonisation, simplification

- Reference to the recent EU Comm.: Operational flexibility and harmonisation highly discussed.
- Worked for months on a new budget template, but then additional very cumbersome requests from DG ECHO field colleagues so this is neither harmonisation nor simplification.
- SEA additional requirements – example that this is not simplification.

#### 6. Q&A

- Signature process – 2 choices: 1) Qualified signature – harmonised across all the DGs, but no guidance on that; it seems very expensive methodology. 2) Postal courier – scanned copies are not allowed anymore. Very expensive and time consuming considering the length of the contract.
- Eligibility of costs: There will be no eligibility during the suspension of contract – which was not the case during the beginning of COVID-19.

#### Exchange with DG ECHO:

*Objective: To clarify identified questions on several topics.*

##### 1. HR costs:

##### **Introduction by Task Force on behalf of the Watch Group:**

- Normally NGOs do not compute the working days that way: How this will work practically for us?
- Ceiling around 215 – depending on the different country/is context – staff could work more or less. What happens in case of leaves for instance?
- What are the expectations of us tracking those number of days considering that this does not really match with our internal tracking systems? What kind of evidence DG ECHO will be asking?
- What about those discrepancies between real working time and time not worked by employees?
- What kind of system will have to be put in place?

##### **Answers provided by DG ECHO:**

- Calculation is based on unit costs that are daily rate and all staff costs that are eligible – whatever is applicable to all staff based on the national legislations.
- Whatever is applicable, you sum up all the yearly costs of one staff member and divide them by 215 and obtain the staff member's daily rate for a given year. Very theoretically – it is an average; we agree that it might not be accurate. It should take into account leaves, weekends, etc.
- It is then checked (based on individual timesheets) how many days the respective staff person has effectively been working on the DG ECHO funded project. The daily rate (compounded on 215 days) is then multiplied by the number of days effectively worked on the DG ECHO project, to obtain the staff person's eligible staff costs.

- Days are tracked through an electronic system – if there is one in place. In case not, declaration of hours is enough and should be signed by the superior/manager. Two persons is better for the signature but flexible. DG ECHO is not going to impose or provide any template, but accept the existing formats of each partner.
- In the budget, you do not have to add the number of days, but only the total amount of costs for the staff member as the ambition was to simplify the amount to the minimum.
- Controls will be carried out at Final Report stage and audit stage.
- What if a person works for 220 days for instance? How are we supposed to deal with differences? The daily rate works on the assumption of 215 workable days per year. DG ECHO: The five additional working days do not have to be declared to DG ECHO, otherwise the partner would charge more than the amount that the person costs the organisation. If at audit stage, those additional days will not be checked by the auditors as only the number of days up to 215 will be checked by the auditors.
- What if a staff member works less? DG ECHO does not pay for days not worked on DG ECHO projects.
- Inconsistency with partners' internal system is still an issue. Tracking modality differs from our internal system. This also creates inconsistencies. DG ECHO: Trainings cannot be considered working days. Every DG will have same rules and guidelines which means that only the effectively worked hours can be charged to the project.

## **2. Consortium: responsibilities, liabilities, communication lines:**

### **Introduction by Task Force on behalf of the Watch Group:**

- Consortia is a space where partners are able to organise themselves: DG ECHO leaves flexibility.
- Change in partners can lead to substantial change in financial liability. Doubts about what we should put into internal MoU?
- Who is going to be audited? Only the leader or also the partners?
- For how long do the partners need to keep the documentation?
- When it comes to SEA or corruption cases – Who should take these conversations forward? The partners or the lead of the consortium?
- What information should be updated in APPEL from co-partners? Liability of lead?

### **Answers provided by DG ECHO:**

- From a liability point of view, all partners are responsible for the implementation of the action and if something goes wrong they are liable, but if a member of the consortium leaves, either one of the members of the consortium carries out the remaining tasks or they have to find a new beneficiary for those activities that have not been carried out after one member of the consortium has left.
- Financially, everyone is financially liable for their portion, but only in special cases, a co-partner could be liable to recover some costs.
- Coordinator is responsible for:
  - Checking reports before submitting them to DG ECHO
  - Updating the SF (since being the only one who can access the SF)
  - Focal point for DG ECHO on the Action. Coordinator facilitates the relationship with DG ECHO (as DG ECHO does not have relationships with other members of the consortium).
  - Not responsible to keep all the documents related to the action (e. g timesheets of all beneficiaries) as this could be impossible. There are also documents that cannot be shared with the coordinator. Responsible only for common documents, e. g. reports.

- Audit after a final payment: Auditor must go to each beneficiary and ask for required documents.
- Maybe for the facilitation of the exercise, some documents might be required and asked to the coordinator, but this would have to be general documents, not sensitive documents for instance.
- Each beneficiary is responsible for each document related to their portion.
- Relation between a beneficiary and IP: in the internal agreement, there must be a clause that says that DG ECHO can also go to IPs and audit them.
- Another clause that should be added: If there is an issue, there must be internal regulations between a beneficiary and its and IPs so that DG ECHO is able to take action accordingly.
- Audits remotely? DG ECHO does not like remote audits. Necessity of the situation but going on the spot is the real point of any audit.
- Financially speaking, each beneficiary would be liable for its IPs and keeping the documents.

### **3. Assessments/audits:**

#### **Introduction by Task Force on behalf of the Watch Group:**

- Periodic assessment? When is this supposed to happen this year?
- Any templates that will be shared? Guidance?

#### **Answers provided by DG ECHO:**

- Will be centralised at the Commission level and will be done by REA validation team (one of the EU executive agencies)
- There will be a registration number which is the one granting access to the platform
- PIC number will give access to the account. Annual Account for this year will be given soon
- Not happening before August/September, a notification will be sent to partners.
- Less than 6 months to submit.
- Guidance to be developed in the upcoming months to provide more information.
- This year: Financial account not going through APPEL anymore. But through the tender and funding portal.
- Thresholds: might be simplified, but for the moment nothing has changed until further notice. Next/upcoming one in August and September 2021 – will be requested to submit the 2020 audited accounts.
- Audit strategy at the HQ: nothing is going to change.
- Field level still not going to happen any time soon considering that this is not feasible given the COVID-19 situation. Maybe from next year onwards.
- FPA grants will still be audited, but no limit in time was given. Audit plan is a bit delayed due to the adoption of the new audit strategy. Focus would be on the legality and regularly check which means that the main focus would be on actual expenses. Hence, checking that expenses are regularly recorded in the accounting system. Not really on procedures and internal system or not an overall system audit. It will not be similar to what has been audited during the ex-ante assessment. Only what is really linked to the expenditures.
- Follow up recommendations from Ex ante process: after this meeting more information will be provided as we are working on a template.

### **4. Guidance notes:**

#### **Introduction by Task Force on behalf of the Watch Group:**

- With auditors: It has been two years that we are working on guidance offering alternatives to documents or modalities that are not available. Let's revitalise this.

- Which is the latest part updated of the SF guidelines?
- Budget instruction are very useful and welcome.
- MGA: At the stage when we will have to sign the document, we do not have clarifications.
- AGA – When will this be launched? End of May/June.
- Start date: Under the new MGA is it still possible to set an earlier start date for the eligibility period if there is some preparation work that needs to be done before the official start date of the Action? The new MGA Data Sheet and T&C Article 4 do not seem to provide such option.

**Answers provided by DG ECHO:**

- In fact, this is not possible anymore. No way to make distinctions between start day and eligibility date. In case there is a need for a period for preparation, identify a start date including the preparation time.
- Question: Pre-financing: Is there still an expectation that 80 % pre-financing will be the standard? The new MGA data sheet and T&C refers to 90 % of interim payment ceiling (Art. 21 & 22).
- DG ECHO: General rule 80 % maximum. Not interim payment as this would need to be linked also to an interim report.
- Question: Pre-Financing – are 2 or 3 instalments possible? If yes, when?
- DG ECHO: Yes, when a partner is exceeding or is about to exceed its threshold (no changes compare to the previous system under the 2014 FPA).

**5. Implementation of harmonisation, simplification:**

**Introduction by Task Force on behalf of the Watch Group:**

- Further modernise funding mechanisms including operational flexibility
- Harmonised reporting requirements – still too few improvements
- SEA annual report – yearly report required in addition to ad hoc report
- Budget – simplified as much as DG ECHO could. Still unit and staff costs required from some TA.

**Answers provided by DG ECHO:**

- Question: How to put in place and operationalise DG ECHO's commitment to the GB and how to simplify the SF at the final report stage? FPA Task Force on behalf of the Watch Group proposed how to simplify the SF according to the 8 +3 template.
- Answer: DG ECHO mentioned that it has the new SF in place, and therefore new analysis is needed but it would nevertheless appreciate to have this analysis related to old SF shared with them again.

**6. Q&A:**

**Introduction by Task Force on behalf of the Watch Group:**

- Signature of the contract – Very costly and complex. Guidance by DG ECHO?

**Answers provided by DG ECHO:**

- One option: Trusted service provider: purchase a Qualified electronic signature.
- Documents are also accepted if brought to the DG ECHO office.
- The option to print the documents, sign them and send them back is still possible.

**AOB:**

- New Partner's website – will be launched soon.
- APPEL – new system (e-Grant) next year or in two years – to follow the corporate approach.

*Thanks to the FPA Watch Group for the active participation and to the FPA TF members who helped facilitating the meeting!*

**Annex:**

**Action Points:**

1. Analysis of survey of new tools and templates will be shared.
2. Analysis of survey on HIP cycle will be shared.
3. Follow-up with DG ECHO about possible concrete guidance on HR costs/"215 days' rule".
4. Follow-up with DG ECHO about possible guidance for partners on periodic assessments.
5. Previous analysis of reporting (SF vs. 8 + 3 template) and on alternative supporting documents for audits to be shared with new DG ECHO colleagues.
6. Follow up with DG ECHO on a potential template to follow up recommendations from Ex-ante assessment.
7. Next meeting end of June or after summer after publication of the AGA and annex 5.