Implementing a Project

European Union
European Regional
Development Fund

LEGAL DOCUMENTS FOR INTERREG PROJECTS

Legal Documents

The **subsidy contract** is the key document between a lead partner and the managing authority of Interreg Europe.

A **project partnership agreement** is the key document between a lead partner and the other project partners, extending the arrangements of the subsidy contract to the level of each partner.

NOTE! Only partners who have signed the project partnership agreement are allowed to report expenditures.

REPORTING

Monitoring Process

Each project is monitored by two persons from the JS:

- Policy Officer
- Financial Officer
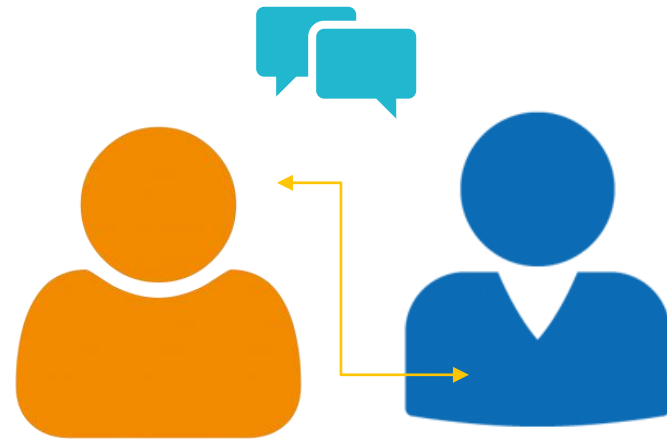
Monitoring Tools

Reporting and monitoring documents:

- Progress report and annexes (next slide)
- Request for changes form

Other tools to monitor progress:

- Projects website;
- Exchange with the lead partner and partners upon need (skype, conferences, phone)
- Meetings with the lead partner and partners upon need

Projects have to be as precise as possible on the information they report.

A **progress report** is a core document for monitoring the progress of your project implementation. It is an important channel of information between your project partnership and us in the joint secretariat.

It includes both activity and financial information related to the project's implementation.

Interreg has set up an online system (iOLF) for the reporting on the activities and finances related to our project implementation and achievements.

On-line Sytem (iOLF)

On-line system with:

- Progress report (template)
- Partner FLC certificate (process online)
- Partner control report and checklist
- Expenditure list by partner (fill in a template)

Reporting Periods

In principal, the progress report covers six months during phase 1 and one year during phase 2.

The reporting period dates are set by the monitoring committee of the programme during the projects' approval.

For the last progress report, the date by which the progress report needs to arrive at the joint secretariat also marks the end date of eligibility.

Reporting Principles

Innova-FI
Interreg Europe
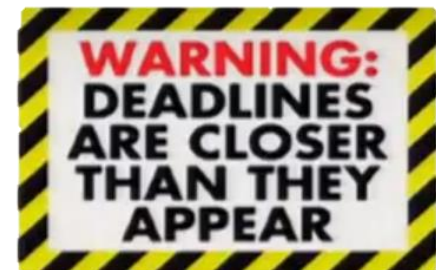
- The lead partner will collect the information from the other partners in a word document offline; and them combine and copy/past in the iOLF platform

- Please, **keep in mind the characters limit**

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Sharing solutions for
better regional policies

Progress Report template (*)

1. Insight into project's implementation

1.1 Overview

Exchange of experience process (phase 1) or Monitoring the action plan implementation (phase 2)

- Please describe the involvement of partners during the reporting period. Is this involvement according to the plans? (2,000 characters)

- Is the policy learning process progressing as initially planned? Do the partners learn from each other and is there any difficulty encountered in this regards during the reporting period? (2,000 characters)

- How are the stakeholders involved in this learning process? Is this involvement ensured in all partner regions? (2,000 characters)

Participation in Policy Learning Platform (2,000 characters)

1.2 Storytelling

What are you particularly proud of in this reporting period? (4,000 characters)

Reporting – Innova-FI Template

Achievements reporting of the INTRA Project - Implementation	
Project number:	
Project acronym:	
Name of partner:	
Reporting period:	
Progress report #:	

1. Overview

1.1. Exchange of experience process

Is the policy learning process progressing as initially planned? ? Do you learn from other partners and is there any difficulty encountered in this regard during the reporting period (max. 1,000 characters)?

How are your stakeholders involved in this learning process (max. 1,000 characters)?

1.2. Participation in Policy Learning Platform

Please describe your participation in the activities of the Platform during the reporting period. Are there any benefits deriving from this participation (max 1,000 characters)?

2. Story telling

2.1. What are you particularly proud in this reporting period? Any striking element to report from the reporting period?

If possible, please develop one aspect of the project you have found particularly interesting during this reporting period (e.g. specific activity, exchange among partners, testimony from a stakeholder). You can use quotes or interviews, or insert link to a picture, video or any other means which could provide a lively illustration of this aspect. (max 4,000 characters)

3. Work plan

3.1. Overview of output indicators

Please give figures for the following output indicators according to what you have reached / produced in the current reporting period:

Output indicators	Current semester	Achieved so far - cumulative	Target PP	Target INTRA	Remark
No. of policy learning events organised			Phase 1: each PP 8 Phase 2: jointly 2	50	50 INTRA events: a. study visits in SI, PT, UK, BG, IT, ES (phase 1), total 6; b. 2nd round of study visits (phase 1), total 6; c. six (6) regional stakeholder meetings per involved region (1 meeting per period in each region), total 36 d. two PPs meeting in phase 2, total 2

Reporting, part 1 - Principles

Reporting, part 2 - Implementation overview

Reporting, part 3 - Activities

Reporting, part 4 - Results

Reporting Procedures

The reporting procedure for projects can be summarised as follows:

a) Each partner submits to the lead partner in iOLF a partner report certified by a controller in compliance with the country specific requirements for first level control before the deadline agreed with the lead partner. The partner report in iOLF is formed by

   i. the independent first level control certificate

   ii. the independent first level control report (incl. control checklist) and

   iii. the list of expenditure (incl. the list of contracts)

NOTE: Information on activities carried out by the partners during the reporting period has to be collected by the lead partner outside the iOLF system.

Reporting Procedures

b) On the basis of the individual partners' reports and the partners' information on the activities carried out, the lead partner compiles the joint progress report for the whole partnership.

c) The lead partner compile all that the partners' information about the activities that will be presented in a joint progress report and verify that the related costs result from implementing the project as planned and set out in the application form and described in the progress report

Reporting Procedures

e) The lead partner submits the progress report to the joint secretariat. The joint secretariat checks the report and if necessary sends clarification requests to the lead partner. Once all points have been clarified, the progress report is approved.

f) The JS executes the payment to the lead partner.

g) The lead partner transfers the funds to the partners after receipt of the payment, without delay

1ˢᵗ REPORT

- **End of 1ˢᵗ reporting period: 30.11.2018**
    - ✓ To be reported as eligible, all expenditure must be incurred and paid (i.e., debited from partner's bank account) before the end of the reporting period!
    - ✓ Final submission in iOLF until **28.02.2019**

- **Deadline for submitting financial and activities report to LP by 15/01/2019**

Monitoring of a project's progress and mid-term review

The joint secretariat will also organize a mid-term review meeting with lead partners of running projects. **This meeting is planned towards the end of phase 1 (between 2 to 3 months before the end of phase 1).**

The aim of the mid-term review is to have a detailed picture on the performance of the project (beyond the information provided through the progress reports) before core activities are finalized and implementation of the action plans are monitored.

CHANGES IN PROJECT IMPLEMENTATION

General

Minor changes: Through Progress Report (iOLF)

- Budget changes (<20% budget flexibility)
- Minor partner changes - contact details,
- Minor activity changes - rescheduling of activities

Major Changes: JS approval necessary

- Partnership Changes
- Core activity changes
- Budget changes (reallocation above 20%)
- Project duration

Major changes

For major changes, in accordance with the subsidy contract, the project is obliged to request approval from the programme.

Major changes concern:

- the partnership (e.g. withdrawal, replacement of a partner),

- the core activities of the project (including the possible introduction of a pilot action at the end of phase 1),

- the budget of the project (reallocation above the 20% flexibility for each budget line and partner, see below),

- the project's duration

Extension of a project's duration

In principle, an extension of a project's duration should not be needed given the specific nature of phase 2. In cases where some partners are late in the delivery of their action plan in phase 1, their respective phase 2 would then be shortened accordingly.

It is extremely important that partners carefully check the time needed to complete phase 1 successfully. The joint secretariat will closely monitor the completion of phase 1 through progress reports, on-going contact with the lead partner and possibly a review meeting towards the end of phase 1.

PROJECT CLOSURE

The end date of the project is the **date by which:**

- all the project activities must have been completed (incl. all activities related to the administrative closure of the project, such as first level control)

- all payments must have been made, meaning debited from the bank account

- the last progress report has to be submitted to the joint secretariat

NOTE: Any expenditure (including costs linked to project closure) incurred, invoiced or paid after the project end date indicated in the latest approved application form is ineligible.

Obligations for closed projects

According to EU Regulation each partner institution is required to **archive documents** related to the project's implementation for a minimum period.

All supporting documents have to be available for a two year period from 31 December following the submission to the European Commission of the programme's annual accounts in which the expenditure of the last progress report is included.

The joint secretariat will provide the information on the concrete period with the closure notification letter.

Upon request by the programme, by the Commission or by the Court of Auditors, the documents have to be made available.

A) Eligibility of Expenditure

B) Budget Lines Categories

C) Non Eligible Expenditure

D) Public Procurement

FINANCIAL MANAGEMENT

General Alerts/Suggestions

- Eligibility period: from 01.06.2018 until **31.05.2023**

- All eligible costs <u>must be</u> dated and paid until 31.05.2023, so it's advisable that closure of operational activities should take place no more than **28.02.2023**. The last 3 months should be for administrative project closure (last payments, preparation of the last progress report, FLC – First Level Control);

- Each partner organisation is required to archive documents related to the project's implementation for a <u>minimum period of 2 years</u> after the end of the final year of the project (e.i.,2025);

- All partners must identify a FLC – **attention, public procurement!**

General Alerts/Suggestions

Reporting steps:

1. Partners send the reports, list expenditure and list contracts to their FLC;
2. FLC verify and validate the info above;
3. Partners send financial and activities reports to LP
4. Lead partner consolidates and submits the progress report to Secretariat

At reporting phase each partner must send to Lead Partner:

- ✓ FLC control certificate (annex 2)
- ✓ Control report including checklist (annex 3)
- ✓ Certified list of expenditure including the list of contracts
- ✓ First level control designation certificate (if applicable)
- ✓ Activity Report covering the reporting period

GENERAL ELIGIBILITY

General Eligibility

All the subsidy payments shall be paid to the project leader and this one intermediate with all the other partners. All the transactions must be made/reported in Euros.

To be considered eligible all project reported costs <u>must</u>:

- Be necessary for executing the project activities, achieving the defined goals and included in the budget estimation application form;

- Be incurred and paid by the each one of partners, debited from its bank account within the project period (no earlier than the project start date and no later than the project end date), be substantiated by proper evidence allowing identification and checking;

General Eligibility

To be considered eligible all project reported costs <u>must</u>:

- Be justified, reasonable, in line with the usual internal rules of the partner, the EU, the programme and national rules, i.e., consistent with the principles of sound financial management;

- Be identifiable, verifiable, plausible, determined in accordance with the relevant accounting principles, and recorded in a separate accounting system or with an adequate accounting code;

- Be verified by a first level controller in accordance with Regulation (EU) no 1303/2013, Article 125(4).

BUDGET

Budget Lines Categories

1. Staff *(real costs)*

2. Office and administrative expenditure *(unit costs/flat rate)*

3. Travel and accommodation *(real costs)*

4. External expertise and services *(real costs)*

5. Equipment *(real costs) - not applicable to this project*

1. Staff Costs

General Principles

- Costs for partner staff members only, who works for the implementation of the project (partime or fulltime);
- Staff members costs related to the partner (umbrella organisations or associated partners) are <u>Not eligible;</u>
- Calculated individually for each employee;
- Within the same partner organisation, different calculation methods may co-exist.

What costs are we talking about?

- Salary payments (fixed in an employment/ work contract)
- Other costs directly linked to salary payments paid and not recoverable by the employer:
  - ➤ Employment taxes
  - ➤ Social security (including health coverage and pension contributions)

1. Staff Costs (cont.)

What type of contract does employees have?

- full-time on project - real cost incurred and <u>no timesheets needed</u>;

- fixed (%) dedication on project - % of real cost incurred and <u>no timesheets needed</u>;

- hourly-rate base (<u>timesheets are needed</u>) - Dedicated hours X hour rate

    - When the contract doesn't define the hourly rate this should be calculated as follow:

        - ✓ real cost incurred / total working hours.

Note: the total hours will be 1720 for a full year contract or the number defined in the work contract between employee and employer

1. Staff Costs (cont.)

Supporting documents for this expenditures

- Employment contract or any other equivalent legal agreement;
- Document clearly showing that the employee works a fixed percentage (100% or less) of the time on the project (when applicable) *;
- Document identifying the real salary costs (gross salary and employer's social contributions for the employee, such as payslips;
- Document showing the calculation of hourly rate (when applicable);
- Timesheets (when applicable – see type of contract). It must be a "full timesheet", i.e., must record 100% working time and not only the activities related to the this project;
- Proof of payment.

* It's necessary the work contract or any other document issued by the employer such as a "mission letter", i.e., a document setting out the fixed percentage worked on the project.

1. Staff Costs (cont.)

"Mission Letter"

To prove the plausibility of the time allocation it must comply with:

- The document is issued for the specific employee at the beginning of the period to which it applies;

- It is dated and signed by the employee and a line manager/ supervisor;

- It must contain the percentage of time dedicated to the project per month and a description of the project-related role, responsibilities and monthly tasks that are assigned to the employee in question and that provide sufficient evidence for the time allocation;

- The time allocation and description of tasks are reviewed on a regular basis (e.g. annually on the occasion of the staff appraisal) and adjusted if needed (e.g. due to changes in tasks and responsibilities);

- When the staff member's involvement in the project is limited, it is still considered to be acceptable to set out a fixed percentage in a mission letter even if it is relatively small.

Note: A template of a mission letter can be sent to whom wants to use this method

2. Office and Administrative Costs

Cover the general administrative expenses of the partner organisation that are necessary for the delivery of project activities;

- Reported (automatic on application form) as a **flat rate of 15% of each partner's actually eligible reported staff costs**;

- Project partners do **not need** to provide any justification or supporting documents (for expenditure incurred or even payments);

NO JUSTIFICATION OR SUPPORTING DOCUMENTATION IS NEEDED!

3. Travel and Accommodation Costs

General Principles

- It concerns to travel and accommodation costs of <u>staff employed by a project partner</u> officially listed in the application form; (non-staff costs: only eligible if budgeted in external experts line category)

- It should relate to trips undertaken within the programme area (any exception must be pre-validated with joint secretariat);

- Compliance with specific national and/or institutional rules;

What costs are we talking about?

(a) travel (train, airplane, car, metro, etc);

(b) meals;

(c) accommodation;

(d) visa;

(e) daily allowances. (if any item listed above is covered by daily allowance it wont be reimbursed in addition to this one)

3. Travel and Accommodation Costs (cont.)

Supporting documents for this expenditures

- Agenda (or similar) of the meeting/ seminar/ conference;

- Documents proving that the journey actually took place (boarding passes or participant lists etc.);

- Paid invoices (including hotel bills, transport tickets, etc.) and, if applicable, the employee's expense report with a proof of reimbursement by the employer to the employee;

- Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee;

- Proof of payment.

Note: Direct payments issued by an employee must be supported by a proof of reimbursement from the employer to be eligible.

4. External Expertise and Services Costs

General Principles

External services needed outside the partner organisation (and consortium) to carry out certain tasks/ activities linked to delivery of the project including travel & accommodation;

4. External Expertise and Services Costs

What costs are we talking about?

- training;
- translations;
- IT systems and website development, modifications and updates;
- promotion, communication, publicity or information;
- financial management;
- intellectual property rights;
- first level control costs, certification and audit costs;
- travel and accommodation for external experts;
- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- services related to the participation, organisation and implementation of events or meetings (including rent, catering or interpretation);
- the provision of guarantees by a bank or other financial institution;
- other specific expertise and services needed for operations

4. External Expertise and Services Costs (cont.)

Supporting documents for this expenditures

- Evidence of selection process in compliance with public procurement;
- Contract or other written agreement of equivalent probative value;
- Invoice or request of reimbursement;
- Outputs/services deliverables;
- Proof of payment.

Notes:

- Project partners cannot contract one another within the same project.
- Advance payments may only be accepted if they are supported by an invoice or another equivalent document.

Change of chapter, or section of the document

NON ELIGIBLE COSTS

Non Eligible Costs

- VAT is not eligible except in case where VAT is non-recoverable under national VAT legislation (regardless whether the individual actually does or not);

- In-kind contributions (provision of works, goods, services, etc);

- Gifts (except those not exceeding €50 per gift which relate to promotion, communication, publicity or information – must be predicted in plan activities);

- Fines, financial penalties, expenditure on legal disputes and litigation, exchange rate fluctuation and interests on debt;

- Expenditure already supported by other subsidies (EU or national);

PUBLIC PROCUREMENT

Public Procurement

- Whenever purchases are made and contracts are awarded to external suppliers, project partners have to be in a position to demonstrate the good use of public funds;

- The principles of transparency, non-discrimination and equal treatment have to be respected and conditions of effective competition must be ensured;

- Project partners are required to keep a record of every step of the public procurement procedure for first level control and audit purposes;

- A procurement may not be divided into several smaller procurements with the purpose of fitting them individually into the value range applicable to direct awarding.

- Three levels have to be taken into consideration:
    - the EU public procurement directives
    - national rules
    - internal rules of the partner organisation

As a matter of principle, the strictest rules must always be applied.

Public Procurement (cont.)

Three levels have to be taken into consideration:

As a matter of principle, the strictest rules must always be applied.

EU public procurement directives

↓

national rules

↓

internal rules of the partner organisation

Public Procurement (cont.)

Common "errors" in procurement process

- Inadequate procedure chosen (e.g. direct award of contract not justified)

  ➢ Keep in mind that justifications like urgency, the only provider available (technical exclusion or exclusivity), value based on old comparison are not accepted to direct award procedure. Objective criteria is mandatory;

- Insufficient publicity;

Public Procurement (cont.)

Common "errors" in procurement process

- Value of the contract not estimated at institutional level;

- Splitting the contracts to fit below thresholds (a procurement may not be divided into several smaller procurements with the purpose of fitting them individually into the value range applicable to direct awarding);

- Insufficient audit trail (e.g. missing documents)

Public Procurement (cont.)

Specific recommendations by the programme

- high level of transparency in the award of contracts (e.g. publication of all contracts information that is not publicly sensitive);

- the tender process includes a transparent bid opening process and adequate security arrangements for unopened tenders (in order to avoid the manipulation of bid data).

Note: To avoid any problem (loss/return of funding), all partners must prove the awarding of contracts were made in compliance with public procurement rules. As these are complex processes all project partners are advised to work closely with their legal department to ensure that everything is ok.

Public Procurement (cont.)

Preventing Fraud

For all public procurement above the lowest applicable threshold, partners should implement a robust internal control system, in line with the proportionality principle, to avoid in particular:

- Irregular split purchases;
- Unjustified direct awards;
- Irregular extensions of contract;
- Irregular amendments of existing contracts;
- The leaking of bid data;
- That bid specifications are too narrow;
- That procurement procedures are not followed.

Thank you!

Project media