

# Reporting and management verifications <sup>1</sup>

## Interreg IPA CBC Italy-Albania-Montenegro

### FAQs

### FOR BENEFICIARIES

*These FAQs have been created to support the beneficiaries to share the answers given to specific questions. The ultimate goal of the FAQ is to harmonize the approaches and practices of beneficiaries, and therefore to avoid errors or irregularities.*

*These FAQs do not replace in any way EU and National rules or their interpretation of the courts, or binding documents like the calls, the programme and the subsidy contract.*

*Furthermore, please note that beneficiaries are still required to follow the guidance provided in the Programme Manual: <https://www.italy-albania-montenegro.eu/tools/programme-manual>.*

*For any further question, please contact the Joint Secretariat: [js@italy-albania-montenegro.eu](mailto:js@italy-albania-montenegro.eu).*

#### **1. Subsidy contracts and partnership agreements**

##### **1.1 CUP Number for Italian Project Partners**

Please note that all Italian Project Partners must use the CUP number in all financial transitions as a national transparency and anti-fraud requirement. Each Italian Project Partner will have one CUP, Public Partners must request it themselves, while private partners will receive it by the Managing Authority. Please do not hesitate to contact us for any request on this.

Please also note that the Italian Lead Partners must fill in, sign and send annex 6 WITH the subsidy contract, while Italian Project Partners may send it also LATER to the Lead Partners together with the signed Partnership Agreement (see close in the subsidy contract)".

##### **1.2. Annexes to be included and sent to the MA jointly to the SC and PA signed**

###### **Subsidy contract:**

- Annex 3 - Reporting periods and deadlines: Compulsory annex
- Annex 5 - Financial guarantee: Compulsory only in case of private LP (in other cases specify "not applicable" in the list of annexes in pg. 19)
- Annex 6 - CUP No. declaration (applicable to Italian partners): compulsory only in case of Italian LP (in other cases specify "not applicable" in the list of annexes in pg. 19)

<sup>1</sup> art. 37 Reg. Att. CE (UE) N. 447/2014. art. 125 (4) Reg. (UE) N. 1303/2013, art. 23 Reg. (UE) N. 1299/2013

- Annex 7 - Pre-financing request: to be included only where applicable. In case of private LP may be sent only following provision of the financial guarantee. In case of public LP must be sent jointly to the SC document signed.

### **Partnership Agreement**

- Annex 3 - Reporting periods and deadlines: Compulsory annex
- Annex 5 - CUP No. declaration: must be sent with the PA signed.

In case of any additional relevant problem with the CUP/other annexes please contact the JS.

## **2. Project reporting and project changes**

### **2.1 Change of Legal Representative**

In case of administrative partner change (change of legal representative), in the period between the submission of the AF and the signature of the SC/PA, the LP has to submit to the MA/JS, before the signature of the partnership agreement, the following documents:

- The updated ANNEX A (Statement in pdf format) of the concerned partner, signed and completed with the copy of the ID and accompanying act attesting that the signatory holds the power of signature and representation, as specified in the 1st call applicant package;
- The updated Partner section data (in word format) with all information required.

The documents must be sent to the email address of the relevant Project officer and to the email address of the Joint Secretariat: [js@italy-albania-montenegro.eu](mailto:js@italy-albania-montenegro.eu).

During the implementation phase, after contracting, the rules of Project changes are specified in the related Factsheet of the Programme Manual.

### **2.2 What documents are needed to claim the preparation cost lumpsum?**

A: No document is required, as the application form as such, as submitted in the eMS, is the document proving the whole work done by the lead partner.

### **2.3 How we can divide preparation and closure cost?**

Preparation and closure costs are divided in the Ems in 2 items as follow:

- Preparation costs (BL external expertise and services) – to be reported in the 1st reporting period.
- Closure costs (BL external expertise and services) – to be reported in the last reporting period

*Please check Factsheet 4.1 and Factsheet 4.2, related to the reporting procedures.*

### **2.4 Is there any template available for the bank account data?**

No template is provided. The bank account data and info must be included in the pre-financing request attached to the Subsidy Contract. In addition, be informed that the bank data and info must be filled in the related sections of the eMS platform (i.e., bank account number etc.) as soon as the project will be in contracted stage in the section "Supplementary Information".

## 2.5 How can Lead Partners create and submit an additional report (i.e. additional period), if necessary and requested by the MA? How can the project partners do this?

Follow this example occurred in 2018:

Following the request by the MA of an additional report related to the period 01/07/2018-31/10/2018 to be reported to the JS by 30/11/2018 (cfr Note Prot. 1316 of 02/08/2018), please check carefully the factsheet 4.1 and 4.2 of the Programme Manual (the factsheet 4.2 has been updated and published on 12/09/2018, in order to explain the possibility to create 2 partner reports per period, if formally required by MA/JS, notwithstanding the deadlines foreseen in the Subsidy Contract and Partnership Agreement).

Please take into account that a **new partner report can be created once the previous one has been submitted.** It is currently not possible for the partner to open more than one report at the same time.

Therefore, in order to avoid any misunderstanding, the procedure to be followed should be like this:

- 1) The Lead Partner for its own expenditures and each project partner shall submit its partner report PR 1 (as foreseen in the subsidy contract) – incl. expenditures incurred and paid from project start to 30.06.2018. Then it submits the PR to the national controllers (FLC). If there is no expenditures, the PR 1 shall be submitted with “zero” expenditures, but information on the progress, obstacles and measures to overcome obstacles must be included in the report.
- 2) The Lead partner has to submit the Joint Project Report - JPR 1 by 30/09/2018, including all partners expenditures certified till the deadline (30/09/2018). If there are no expenditures, the JPR 1 shall be submitted with “zero” expenditures, but information on the progress, obstacles and measures to overcome obstacles must be included in the report.

NB. The Lead Partner shall monitor that all project partners have created partner reports PR 1, uploaded all their expenditures, and submitted them to the national controllers. If there is “zero” expenditures, JPR 1 is still required and it shall include information on the progress, obstacles and measures to overcome obstacles. Accordingly, the Lead Partner is kindly required to advise each project partner to do so and to monitor that each is complying.

- 3) Once all project partners have closed their PR 1, they shall open an additional partner report PR 2.1 (specifying the period 01/07-31/10/2018), upload their expenditures incurred and paid and submit it to the national controllers (FLC).
- 4) Afterwards, the Lead Partner shall generate the JPR 2.1 specifying that it is related to the interim period 01/07- 31/10/2018 and collecting all partners’ reports certified by FLCs till 30/11/2018 (fixed interim reporting deadline).
- 5) Finally, until 31/03/2019 all partners have to follow the same procedure described above, submitting partner reports PR 2.2, i.e. related to expenditures incurred and paid from 01.11.2018 to 31.12.2018. Then the Lead Partner shall regularly submit the JPR 2.2 as foreseen in the subsidy contract.

In general we strongly suggest to the LPs to require the partner reports’ submission in fixed periods before the joint project report (JPR) fixed deadline, in order to guarantee **enough time by FLC to certify the related expenditures and by the LP to collect content information** as well as all certified expenditures gained, and submit the JPR on time.

If the interim partner report would be **equal to 0,00 EURO**, because no expenditures incurred until October, please ask your project partner (PP) **to not generate it**, but to follow the standard/regular periods (ie. 01 July to 31 December 2018) and to generate only one report. In this case the JPR shall include only those partner reports, which have expenditures. If no project partner has expenditures from 01/07 to 31/10/2018, the LP shall also generate only one JPR for the standard period 01 July-31 December 2018. In this case, as the additional report was obligatorily required by the Managing Authority, the LP shall duly explain via email and within the deadline, why no expenditures have incurred, what progresses are made, what obstacles are there and what measures are planned to speed up activities.

As a general rule one JPR can collect certified expenditures of PRs related also to previous periods.

Please advise your project partners and monitor them, as well as inform your contact person at the JS about any delay.

### 3. Project financial management

**3.1 Preparation costs and lumpsums** (Are the preparation and closure lumpsums also co-financed (85% IPA contribution, 15% national co-financing)?

The lumpsum as such is an amount, which does not relate to concrete, identified and single expenditure items. However, our reimbursement and accounting system (eMS) works for all items in the same way, therefore it is only possible to pay 85% as IPA co-financing also for the lumpsum, the remaining 15% has to be reported as contribution amount.

Therefore, Italian public beneficiaries receive 8.500 EURO for IPA co-financing of the preparation costs, and 1.500 EURO is the national contribution (on National Rotation Fund), while for closure they receive 4.250 EURO for IPA co-financing and 750 EURO is the national contribution (on National Rotation Fund); public Albanian and Montenegrin beneficiaries and private beneficiaries receive 8.500 EURO for preparation and 4.250 for closure by IPA co-financing while remaining 15% has to be reported as own co-financing amount at project level. The eMS application form, which was submitted and is an integral part of the subsidy contract, clearly specifies the co-financing amounts also for the WP preparation, for example in the table "Project Budget Overview Cofin Wp" in the section "Project Budget Overview".

**3.2 Is a separate bank account compulsory even for public bodies?**

National rules shall be applied. In any case project costs and relevant cash flows must be easily traceable and identifiable accordingly to national rules.

**3.3 I am a private project partner. Can the lead partner require a financial guarantee?**

A Lead Partner may ask for a financial guarantee for the pre-financing to private project partners, but it is not compulsory. We provided for a financial guarantee template (please check Factsheet n. 3.3 of the Programme Manual on financial guarantee), but also national authorities may give support to Albanian and Montenegrin partners.

The Lead Partner could ask for a financial guarantee for the pre-financing to private project partners according to the clause of Article 11 of the Partnership Agreement. This provision is not mandatory and constitutes an option for the Lead Partner.

**3.4. In our project two partners did not report any expenditures in the first reports, but we reported more than the third of our pre-financing compensation, therefore we should be entitled to receive a reimbursement as performing partner. Why does the Managing Authority deduct from our reported amount the pre-financing shares of the two partners, who did not spend?**

According to Art. 40 (3) and (6) of IPA IR (EU) No. 447/2014 and Art. 12 (5) and art. 13 (3) of ETC Reg. (EU) No. 1299/2013, the Managing Authority signs legally binding Subsidy Contracts ONLY with Lead Partners, who bear overall responsibility towards the Managing Authority for the entire projects, activities and expenditures. Accordingly, the Managing Authority pays only certified amounts in relation to the Joint Progress Report, not to each single partner reports. The provisions of the IPA IR and ETC Regulations together with those of article 1 (3) of the Subsidy Contract (compensation of pre-financing in first three reports) provide that the Managing Authority has to consider the level of expenditures reached by the Partners together within the Joint Progress Report, not for each single partner's report.

Consequently, the reimbursement provided by the MA on the basis of the certifications by the CA, is made to the partners in proportional way, calculated on the amount exceeding the third of the pre-financing at project level, and not at partner level, because it is provided considering the Joint Progress Report and therefore the expenditures of the project as a whole.

**3.5. Art. 40 of the IPA IR (EU) No. 447/2014 sets that the lead beneficiary shall ensure that the other beneficiaries receive the total amount in full, i.e. no amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce those amounts for the other beneficiaries. As Lead Beneficiary, we transferred the correct total amount in full to the beneficiaries, but they claim that a different amount was received. In our bank account, we have evidence that the correct amount was transferred to the banks of the other beneficiaries in EURO, without any deduction. Can we be held liable also for the bank charges of other beneficiaries?**

The ratio of article 40 is that the lead beneficiary does not charge other beneficiaries with fees or other amounts, but it transfers the amount they have the right to receive. If the bank of the lead beneficiary charges transnational transaction fees (in form of fixed amounts or percentages), these cannot be deducted from the total due to the other beneficiaries, but instead, they are eligible for the lead beneficiary according to article 4 (I) of the ETC delegated act (EU) No 481/2014. If the other beneficiaries received a different amount than what the bank of the lead beneficiary transferred, either A) it is a transnational transaction charge by the recipient bank, or B) it is an internal i.e. not transnational charge by the bank of the beneficiary or C) it may be also connected to a different exchange rate. In case of A), if there is a legal basis for these transnational transaction in-coming charges by the bank of the beneficiary, these are eligible for the beneficiary according to article 4 (I) and may be entered in that specific budget line (in case of flat rate, without being reported as a real cost). In the cases of B) and C) these are not eligible (see article 2 (c) of the ETC delegated act (EU) No. 481/2014) and they shall be borne by the beneficiary.

## **4. Public procurement**

### **4.1 As private partner can we have a direct procurement of the FLC?**

Even private partners have to apply public procurement rules in compliance with Regulations EU 966/2012 and 1268/2012 and the relevant national rules on public procurement.

### **4.2 Is merging of services forbidden like splitting them? If we notice a bidder can provide different services, can we merge them?**

It is forbidden to artificially split services and works, in order to avoid to use procurement procedures foreseen under a specific threshold. In general, it isn't forbidden to merge different services in a call. Anyway, it is forbidden to discriminate other bidders, e.g. while excluding them to participate in a tender, while artificially merging services, which are usually offered by different categories of bidders.

### **4.3 How to report in-house costs?**

They belong to external experts as single item, but the controller has to check that they are based on real costs, therefore an analytic documentation of how it has been calculated has to be submitted to the FLC.

### **4.4 May one partner purchase goods/services also for others e.g. for efficiency and savings from a critical mass?**

There must be a clear responsibility for contracting, paying, using and reporting a good/service. Therefore, the contracting body has to be the only responsible for the entire goods/services purchased and to assure that this is used for the project. Additionally, the national co-financing issue has to be taken into consideration: Which country is co-financing the specific good/service? As well as the destination of an investment to be kept for five years under the responsibility of the beneficiary who purchased the goods.

It should be avoided whenever possible and each partner should have the budget needed to purchase the goods/services needed separately.

### **4.5 How does the restrictive procedure work?**

A public notice for expression of interest to bid is the preliminary step. Only the bidders interested are then required to send an offer. See Art. 164 of EU Reg. 1046/2018 and Art. 127 of EU Reg. 1268/2012.

### **4.6 We are a subject of international law, specifically an international organization, which procurement rules do we have to follow?**

A: All partners have to comply with IPA public procurement rules, no matter what their nature is. While receiving IPA funding, applying and signing the contracts of the programme, the international law organisation accepted to use the rules of the programme. In case of IAMB, there is also a practice in other programmes and in other cooperation actions with Puglia Region confirming that it can apply national public law rules (applying both rights and obligations of Italian public law organisations).

## 5. Eligibility of expenditures

### 5.1 STAFF COSTS

#### 5.1.1 In case of hourly rate calculated on annual basis, is 1720 obligatory to calculate hourly cost? Even though more hours are worked?

Yes, this is a simplification method introduced by Art. 68 of CPR EU Reg. 1303/2013.

#### 5.1.2 If in Albania pay slips for public officers are not compulsory by law, what can we use?

A calculation sheet, showing how the amount is calculated, signed/stamped by the HR department could replace the usual pay slip. It has the purpose to check how the amount is calculated.

#### 5.1.3 If a staff member works for different projects/programmes, how to report it?

A precise timesheet showing all hours worked, also for the other projects/programmes and the pay slip stamped with the different projects/programmes' shares, as well as an assignment letter specifying the tasks.

#### 5.1.4 Can we have a contract for extra-hours outside the usual working time for the project?

No, extra-hours are as such cannot be fixed beforehand, they are extraordinary, not possible to be fixed in advance. They are eligible, if necessary and exceptional and according to national labour law rules.

#### 5.1.5 May the public body appoint its staff to the project also with a decree by the council or by the director or only with appointment letter?

If the official decree has all information required, yes. We provided a minimum required information to be kept. Anyway, you have to check and define the authority/body competent to deliver the appointment depending by the Statute of the organization.

#### 5.1.6 Is gross salary including additional elements incentives etc.?

If foreseen by national law and national contractual regulations or regulation of the organisation.

#### 5.1.7. The monthly amount calculated in the file "4.10\_Annex3\_timesheet\_staff" is obtained from the sum of all lines, including the amounts referring to other projects that are not approved by this Interreg, on which the employee has been working. Is this correct or only the amount of the concerning Project approved by this Programme

The formula of the timesheet template is correct; the goal is to verify that the total number of hours is compliant with the actual monthly total cost.

### 5.2 TRAVEL COSTS

#### 5.2.1 Is daily allowance for travel possible?

Only if a regulation of the organisation is in place and generally applicable (not ad hoc and only for the project).

#### 5.2.3 How can be reported costs for missions including expenditures invoices/receipts in currency other than euro?

##### a) report of the full amount of the mission reimbursed to the staff member?

**b) re-calculation of each single cost of invoice/receipt, therefore the whole cost of the mission, "using the monthly accounting exchange rate of the EC in the month during which expenditure was submitted for verification to the First Level Controller (par. 10 del 4.10\_Eligibility\_rules)"?**

If the travel and accommodation expenditures are paid by the employee/staff and the missions costs are reimbursed by the institution in a single request for reimbursement the whole amount of the financial document may be reported in euro if reimbursed in this currency.

### **5.3 EQUIPMENT**

**5.3.1 Is thematic equipment to be kept for five years starting from project end date?**

No. It must be kept for five years starting from the year of the last payment to the lead partner.

**5.3.2 Can we claim the full amount of office equipment?**

No, only thematic investment can be claimed in full. Office equipment may be only claimed according to depreciation rules and only if it is used exclusively for the project.

### **5.4 EXTERNAL EXPERTS**

**5.4.1 If we have to pay for costs of the politicians, ad hoc participating in the project activities, how can we do it?**

There is a need of a legally binding document (agreement, contract, assignment letter, official invitation letter), specifying the reason, scope of the work and activities for the project.

## **6. Communication**

## **7. First Level Control**

**7.2. Is there any simplification for public procurements of very low value (e.g. 20-40 EUR) in the filling of the FLC checklist for public procurement, which is very cumbersome for FLCs?**

In general terms, it would be suitable to fill in the public procurement FLC checklist also for low value procurements, in order to verify and confirm that the applicable principles are complied with in all case (as specified in the Financial Regulation and for Italian beneficiaries in the guidelines No. 4 by ANAC). However, as the questions in the public procurement checklist refers mostly to formalised public procurement procedures, it is possible to tick "N.A." extensively and wherever the question is not applicable to direct procurements for low value amounts (such as e.g. for amounts below or equal to 250 € VAT included, in compliance with the EGESIF guidelines on non-recovered amounts).

**7.3 For equipment items, which were included also in previous reports (e.g. in case of depreciation) and for which section 4 public procurement of the checklists was already filled in once, shall I fill it in again in the subsequent reports?**



If the public procurement was verified for an item in previous reports, please only specify precisely in the comment field in which report the public procurement was verified, i.e. where the related section 4 of the checklist was filled in for the procurement.

## **8. COVID-19**

### **8.1 How shall we collect the evidence required to avoid N+3 de-commitment, on the templates provided by the MA, separately project per project or jointly? By when?**

Please collect this information on the COVID-19 delays and financial impacts from each single partner (separate tables) until 31.12.2020. If the Programme will not reach its N+3 target for 2020 as a whole by the annual closure of 15 February 2021, we are going to ask all Lead Partners to send us this collected evidence about COVID-19 delays, attesting that the delays are directly connected and are consequences of the conditions and situations generated by the pandemic of COVID-19. The European Commission will then assess case-by-case and may approve that the delays are actually connected to the COVID-19. If the evidence is not sufficient for the European Commission, the budget reduction for the N+3 will be applied to the programme and thus proportionally to the projects.