FACTSHEET

Interreg IPA CBC

Italy–Albania–Montenegro Programme

PROGRAMME MANUAL

4.1   Reporting procedure

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REGIONE PUGLIA

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Introduction

This factsheet provides technical guidance to the Partners on the project reporting activities.

Reporting is one of the tools used by the Programme to monitor, on a regular basis or at certain stages of the project implementation, the project's physical and financial progress, the performance, deliverables, outputs, achievements and contributions to the Programme objectives and output indicators. Reporting is also the basis for the reimbursment of the IPA contribution part of the project expenditures to the Lead Partner and, through the LP, to the other Partners.

Please follow the activities as described below.

1. HOW TO REPORT PROJECT PROGRESS

1.1. The Reporting System and Process

Each joint progress report of a project consists of:

- Activities sections (including communication) providing information on the implementation of activities, deliverables and outputs

- Financial sections providing information on the project`s expenditure verified by national controllers (according to the Rule of Eligibility of Expenditure) *

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* EXCEPTION FOR SMALL SCALE PROJECTS

Small Scale Projects are not required to submit to the MA/JS project's expenditures controlled by FLCs.

However, they should prove the reality and existence of the output (see 4.1 – Annex 3 Guidance for Small Scale Projects).

There are 2 types of reports a project has to complete:

- **Partner Progress Report:** this report is filled out by each Partner, including the Lead Partner. It contains both activities and financial information. The Partner Report is submitted by each Partner to their First Level Controller in eMS.

- **Joint Progress Report:** this report is filled out by the Lead Partner. It contains both activities and financial information based on the Partners' First Level Control certificates collected. The Joint Progress Report is submitted on the eMS by the Lead Partner.

Partners' Reports and Joint Progress Reports must be submitted through the electronic monitoring system eMS to the MA/JS.

In the Joint Progress Report, the LP reports about the project progress proving that the implementation is in accordance with the approved AF and **justifies the reported and validated expenditures*** (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects) included in the AfR.

Each PP must contribute to the compilation of the Joint Progress Reports by preparing and submitting the own *Partner Progress Reports* (PPR) providing adequate information for the LP concerning the activities and the financial progress through the Partner Report in relation to a certain reporting period.

The PPR also contains the financial data of the expenditures (related invoices, accounting documents of equivalent probative value, etc. filled in according with procedure depicted) reported by the Partner, validated by the Controller by issuing the Control Certificate. * (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects)

The PP has to submit the PPR to the designated/selected First Level Controller within the deadline agreed in compliance with the country's specific requirements for the FLC and before the deadlines agreed with the LP useful for the submission of the JPR (more information on the validation procedure is provided in Factsheet 4.4 of this manual) * (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects);

Based on the PPR, the LP fill out the JPR at project level. The Lead Partner confirms that the information provided by the Partners:

- has been verified and validated by the FLC in compliance with the respective country specific control requirements* (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects);
- the Partners' information has been accurately reflected in the joint progress report and that the related costs has incurred from the implementation of the project activities as planned and set out in the application form (AF) and described in the JPR.

Once the JPR is completed by the LP it is submitted to the MA/JS. The submission of the JPR implies the automatic generation of the AfR (see Factsheet 4.2).

The MA/JS checks the submitted JPR and, if necessary, requests for clarification to the Lead Partner in order to approve the JPR.
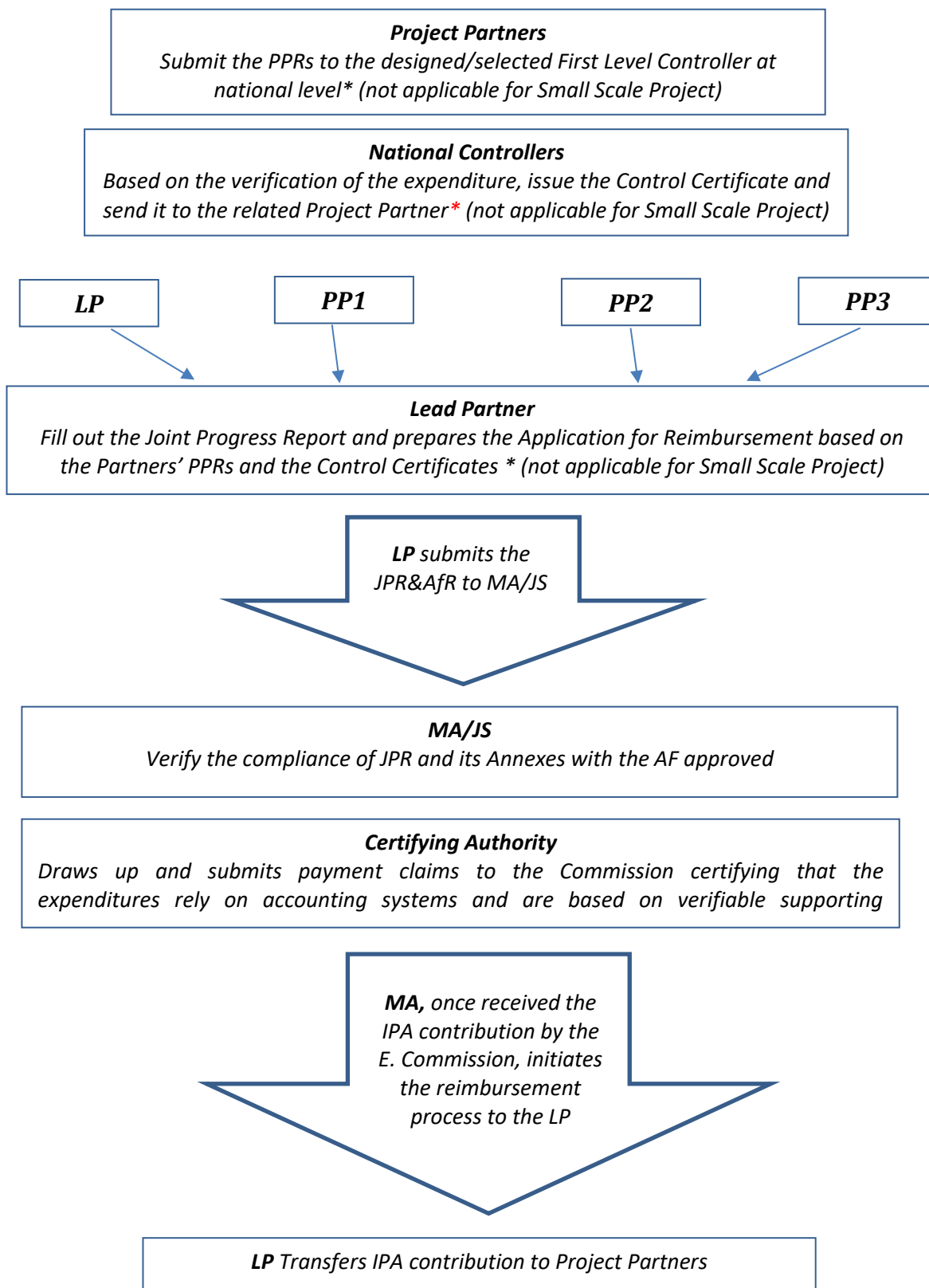
The Certifying Authority draws up and submits to the Commission the payment claim, certifying that the expenditures rely on accounting systems and are based on verifiable supporting documents.

Following, the MA proceeds with the reimbursement to the LP's of the related IPA contribution on the specific bank account. The LP is responsible for transferring the contributions to the PPs according the approved AfR and **without delay**.

Each JPR (and the overall project implementation) is monitored by two Project Officers of the Joint Secretariat in order to ensure a four eyes principle. The Project Officers will promptly provide feedback to the projects' LPs on their JPR.

The Joint Secretariat will also organise one or more mid-term review meeting with LPs of running projects. The aim of the mid-term review is to have a detailed picture on the project's performance before the finalization of the core activities and aimed at the monitoring of the action plans. The JS will communicate to the LP/PP the agenda of the review meeting and a "Mid term Review/Monitoring Visit minute" will be drafted (cfr. ANNEX 4.1.2)

The results of the mid-term review might lead to project changes including budget changes or budget cut.

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Project Partners
Submit the PPRs to the designed/selected First Level Controller at national level* (not applicable for Small Scale Project)

National Controllers
Based on the verification of the expenditure, issue the Control Certificate and send it to the related Project Partner* (not applicable for Small Scale Project)

LP   **PP1**   **PP2**   **PP3**

Lead Partner
Fill out the Joint Progress Report and prepares the Application for Reimbursement based on the Partners' PPRs and the Control Certificates * (not applicable for Small Scale Project)

LP submits the JPR&AfR to MA/JS

MA/JS
Verify the compliance of JPR and its Annexes with the AF approved

Certifying Authority
Draws up and submits payment claims to the Commission certifying that the expenditures rely on accounting systems and are based on verifiable supporting

MA, once received the IPA contribution by the E. Commission, initiates the reimbursement process to the LP

LP Transfers IPA contribution to Project Partners

1.2. Reporting deadline

The LP must submit the Joint Progress Report **twice a year**, i.e. within **3 months** from the end date of each reporting period fixed on **30th June and 31st December**[1] starting from the start date of the project. The reporting periods are also regulated in the Subsidy Contract.

The **Joint Progress Report (JPR)** shall provide information about the progress of the project activities implemented by the PPs within the reporting period and the outputs achievement. Additionally, any public procurement procedures, as well as project's visibility/dissemination actions carried out within the reporting period, must be described in the JPR* (not applicable for Small Scale Project).

The JPR must be filled out by the LP (using the information provided by the PPs) and sent to the Programme Bodies – JS/MA/CA - through the eMS portal.

> **The Lead Partner has to submit the JPR to the Programme Bodies through the eMS portal of the Programme website. In case of delay in the reporting, a reminder will be sent by the JS to the Lead Partner. The Lead Partners are reminded that the failure to submit the required reports will be qualified as a basis for termination of the Subsidy Contract.**

Each JPR must include only the activities implemented in the concerning reporting period.

> **Warning!**
>
> **The eMS system authmatically memorizes the data related to the submitted JPRs in the previous reporting periods. Therefore, the information of current period will be automatically added to the already existing information.**

The JPR & AfR must be submitted to the MA/JS, by the LP, within **3 months** from the end date of each reporting period. The deadlines for submission of JPR & AfR are defined explicitly in the **Subsidy Contract/** ANNEX 3 – Reporting periods and deadlines. The deadlines should be understood as the latest possible submission date, meaning that if a project is ready to submit the joint progress report before the set date may do so. All reports have to be submitted via eMS.

The first JPR & AfR must include the "**Preparation costs"** of the project and the expenditures incurred and paid within the first reporting period. Also, it must include the Project's Communication Plan.

The last JPR must include also the Project's "**Closure costs**" * (not applicable for Small Scale Project).

JPR, with all related annexes, submitted after the fixed deadlines may be rejected. In this case, the rejected JPR data and annexes can be included and re-submitted in the next reporting period.

> **Warning!**
> **Postponements of deadlines for submission of reports can be AUTHORIZED by the MA/JS only in exceptional and duly justified cases. In such cases, the LP has to formally request from the postponement to the MA/JS at least one week prior to the deadline.**

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[1] This is not applicable to TA, P.A. 5

The Project Partners should consider that the preparation of PPRs, with related validation of the expenditure at Partner level, affects the collection of PPRs and the submission of the JPRs by the LPs within the fixed deadline.

> **LPs are recommended to agree appropriate deadlines with the PPs for the timely submission of the PPR and validation of partner's expenditures by the FLC, in order to allow to guarantee the timely collection of all PPRs. This allows to LPs to perform in time quality checks of the collected information (including deliverables and outputs) and the preparation of the Joint Progress Report.**

Once the JPR is submitted by the LP, the process of assessment by the JS/MA/CA starts.

The checks and approval of the JPR by the above-mentioned bodies, after submission of the JPR by the LPs, will be concluded within 90 days by the submission. In case of request for clarification or integration of the data/attachments to the LPs the deadline for the approval of the JPR is suspended. The LP must provide the requested clarification/integration of the necessary documents to the JS/MA/CA within 10 working days by the date of the formal request.

Finally, the Certifying Authority, after having verified the regularity of the JPR, **proceeds with submission of the payment claim to the European Commission.**

The payment of the eligible IPA amounts, to the LPs, by the MA is subject to the availability of pre-financing funding and interim payments. The Lead Partner is responsible for the reimbursement of the respective eligible amounts to each PP, according the amounts of the FLC Certificates* (not applicable for Small Scale Project) included in the specific JPR, without delays.

Where applicable, the co-financing for Italian partners will be covered by the National Rotation fund and will be paid by the MA for the total eligible amount, after the project closure and after the validation of all incurred project's expenditure.

A specific request of the co-financing reimbursement must be sent to the MA by each concerned partner according a specific template to be provided by the MA.

The Final Joint Progress Report (FJPR) must include the description of the overall activities implemented during the project. The information about the project's contribution to the Programme Output Indicator(s), the horizontal issues, etc. shall be reported by the LP, too.

The procedure of submission, checks and approval for the FJPR is identical to the one described for the Joint Progress Reports.

Jointly to the FJPR, the LP is required to submit breaf overview of the objectives reached, activities implemented and results achieved by the project in the document **Final Project Summary**. The information shall be used by the MA /JS for purposes of project promotion. (see Factsheet 5.1 Project Closure Process)

> **The Final Joint Progress Report (FJPR) has to be submitted within 30 (thirty) working days after the end of the the last project reporting period.**

1.3.   Preparation of Progress Report and Joint Progress Report

The description of the project implementation in the PPR by the PPs must be adequately detailed to allow to the LP to draft an exhaustive JPR, including the Certificates of validation of expenditures* (not applicable for Small Scale Project), for the concerning reporting period.

Description of the activities implemented in the Progress report

The Activity part of the JPR collects contributions contained in the Partner Report (PR). In the activity part of the PR, PPs must describe the project implementation achievements at Partner level, how it is progressing, how the target groups are reached, the activities carried out and the status of the related deliverables for completed activities to be uploaded.

> **Please note that the Partner Report is a reporting tool prepared and delivered by PPs to the LP. Therefore, the responsibility for the check of the single PPRs is on the LP.**
> **Only the JPR submitted by the LP is subject to check by the concerned programme bodies (JS/MA/CA).**

The templates of both PPR (feeding into the JPR) and the JPR follow a similar structure.

Based on the activity report prepared by PPs, in the activity part of the JPR, the LP should provide a comprehensive overview of the overall progress of the project in terms of results achieved, cross-border implementation by the Partnership and any kind of discrepancy from the original application form.

Futhermore, detailed description concerning the progress towards reaching the specific objectives of the project should be provided in terms of: target groups reached and involved by the Partnership; activities carried out and by which PPs within the different work packages; the overall progress in relation to the planned activities, deliverables and outputs compared to the initially envisaged targets values.

The specific descriptions of the activities and outputs should, at the same time, justify the reported expenditures of the different project Partners are claimed in the concerned AfR.

Content of the JPR

Main data

This section contains administrative information for the project: name, reference number, reporting period, name of LP, contact details, etc.

The JPR contains a statement of the LP, declaring that the information and documentation contained in the progress report, and related attachments, provide a correct description of the implementation and the present status of the project part.

Activity report

LP is requested to provide an overview of the activities carried out during the reporting period and the degree of achievement of the project's objectives and results according the workplan described in the approved Application Form. Also, it must describe the level of involvement of all Partners explaining the main problems faced during the period.

It consists of the following sections:

a. **Highlights of main achievements** - LPs are requested to provide an overview of the activities carried out **during the respective reporting period** (information for previous reporting periods will be included automatically), as well as the delivered outputs. At the same time LP has to compare the summarized data, concerning the implemented activities, with the original information from the Application Form. All deviations and/or differences, in comparison to the Action plan set in the Application Form schedule, should be reported, as well as their impact on the implementation of other project activities. (***Example:*** If the procedure for supply of promotional materials is not finalized, explain if and how this could affect the correlated project activities such as the planned public events, and suggest possible ways of remediation);

Please, note that the information in this section have to be adequately detailed in order to allow a fast and prompt check and validation of the JPR by the concerned Programme Bodies;

b. **List of available certificates of expenditure –** to be selected using the drop-down menu among those loaded* (not applicable for Small Scale Project).

c. **Project specific objectives achievement Implementation timeframe -** LP should provide information about the Project Specific Objectives achievement in accordance to the action plan.

d. **Project outputs achievement -** Indicate for each output its current level of achievement. Quantify the outputs finalised in the current period. Only for finalised outputs upload documentation.

e. **Additional result indicators achievement -** Provide a quantification of indicators reached in the current period. Give a concise and clear explanation on the reported number (include reference to activity or deliverable number). Ensure compliance with indicator. Keep in mind the set targets and monitor the progress. Ensure that no multiple counting occurs, e.g. between periods and partners

f. **Target groups reached -** Reported figures should reflect only active involvement of target groups (e.g. trainings, interviews, pilot actions etc.) but not general dissemination activities. Consider only entities and not persons. Ensure a transparent quantification. Ensure consistency with project activities. Keep in mind the set targets. No multiple counting of the same entity in the same or different periods or addressed by different partners.

Generally, the required documents for specified activities are listed below* (not applicable for Small Scale Project - see 4.1 Annex 3 Guidance for Small Scale Projects):

Type of Activities	Source of Verification
Seminar, Conference (organization)	- Agenda; - Participants (registration list, signed by the participants); - Photos (hall, participants, lectors, programme/project visualization); - Presentation (with the name, title and signature of the lectors); - Copies of the materials given to participants; - Feedback for response, with reccomandations and assessment from participants; - Public announcement or invitations;

		Financial documentation, related to above
Seminar, Conference (participation)	▪	List of participants;
	▪	Report of the PP's representative;
	▪	Photo of the representative (in front of the agenda or other space of the seminar which gives sufficient information on the participation, programme/project visualization);
	▪	Uploaded information on the seminar on project/beneficiaries' web site/s;
	▪	Certificate(s) (if applicable);
	▪	Financial documentation, related to above
Training	▪	List of participants, full name, address, contact (phone, e-mail), name of organization they represent;
	▪	Training programme;
	▪	Training materials;
	▪	Feedback for assessment of training;
	▪	Report from training and summary of feedback;
	▪	Photos from the training with programme/project visualization;
	▪	Press publications with programme/project visualization;
	▪	Financial documentation, related to above
Exibition (participation)	In addition to the seminar participation:	
	▪	Plan of the hall;
	▪	Plan of the stand;
	▪	Photos of the stand (the visibility plaque has to be visible on the photo)
Application for trade mark or patent	▪	Copy of registration form;
	▪	Certificate;
	▪	Financial documentation, related to above
Tests	▪	Report on test results;
	▪	Contract for the tests with explicity stated expected tests procedures;
	▪	Certificate;
	▪	Financial documentation, related to above
Web-site	▪	Screenshot;
	▪	Website counter results;
	▪	Financial documentation, related to above
Publications	▪	Copy of the publication with programme/project visualization, including the first page of the magazine and the header of the page and the page self, where the publication is located;
	▪	Financial documentation, related to above
Advertising	▪	Photos of the advertisement;
	▪	Video/audio material with programme/project visualization;
	▪	Financial documentation, related to above
Internal carried tasks	▪	Reports on progress and related physical outputs;
	▪	Drafts;
	▪	Elaborated strategies, plan, and etc.;
	▪	Technical documentations (test results, photo from tests, etc…);
	▪	Financial documentation, related to above
Working meetings	▪	List of participants, full name, address, contact (phone, e-mail), name of organization they represent;
	▪	Detailed agenda;
	▪	Photos;
	▪	Report from meeting;
	▪	Financial documentation, related to above
External Experts	▪	Contract
	▪	Curricula
	▪	Report for tasks completed;
	▪	Copies of elaborated materials;

	- Protocol for put-in-work - Financial documentation, related to above
Supply of equipment	- Documents from tender procedure, technical specification, signed contracts; - Documents for procurement, including Final Acceptance Certificate; - Statement/certificate of origin for equipment/supplies; - Available equipment, stamped as described hereinafter; - Financial documentation, related to above
Supply of promotion materials	- Documents from tender procedure, technical specification, signed contracts; - Document for procurement, including Acceptance Certificate; - Copies from the elaborated material (where the necessary Programme visual elements are printed); - Photos made during the acceptance of promotional materials - Financial documentation, related to above
Technical documentation for works	- Documents from tender procedure, bill of quantities, technical specification, signed contracts; - Correspondance between involved parties; - Permissions, Environmental Impact Assessment (if applicable); - Documents from Works Supervision – statements, protocols for works completed, supervision reports, copy of the required protocols in costruction; - Documents for acceptance of site by Committee and/or Use Permits; - Publicity measures; - Photos with programme/project visualization - Financial documentation, related to above

Audit Trail* (not applicable for Small Scale Project - see 4.1 Annex 3 Guidance for Small Scale Projects)

One of the most common errors in Interreg projects, which caused many ineligible expenditures, irregularities and thus funds being paid back to the programme, is the documentation of expenditures (the audit trail).

We **strongly recommend and urge all project managers** to organize and keep the audit trail right from the beginning, i.e. to store all key electronic documents in a project storage space (server, shared drive, external hard disk), as well as in original paper folders.

For example, you might want to organise your folders according to the work packages (01 WP 1, 02 WP 2…) and the subfolders according to the expenditure category (011 Staff, 012 Travel…). **Please note that in case of controls and audit, you will be required to demonstrate you are keeping an organized and complete audit trail.**

We suggest thus to name your files with a certain logic and to upload them in the eMS for reporting with a coherent name such as:

"YEAR_No OF PROGRESS REPORT_BUDGET LINE_WP_DOCUMENT DESCRIPTION_DOCUMENT NUMBER"

The supporting documents of the expenditures, in the eMS "List of expenditures" section, may be uploaded in both pdf files and zipped folders. To simplify the FLC check the different documents, related to a single expenditure, should be scanned and uploaded in single pdf file or in zipped folder.

Warning!

To avoid system's slow-downs it's advisable the upload of attachments having mazimum size 15MB. In any case the maximum size of <u>each</u> single file/zip folder cannot exceed 30 MB.

If possible, in *only one* pdf document or zip folder should be included all necessary supporting documents for each expenditure item.

Example n.1 - *Reporting of Staff Cost of employee selected to work full time on the project*

Attachment n.1 File name:

2018_1PR_STAFF COST_WP1_PAYSLIP JANUARY 2018_P.ROSSI_SELECTION PROCEDURE/APPOINTMENT

(This file should include all documents related to the public selection procedure official or written assignment of the employee and work contract and any other relevant document)

Attachment n.2 - File name:

2018_1PR_STAFF COST_WP1_PAYSLIP JANUARY 2018_P.ROSSI_PAYMENT DOCUMENTS

(This pdf file should include all documents related to the payment of the staff member such as payslip, report of the activities implemented, payment proofs of the salary and payment documents concerning any other costs directly linked to salary as above specified, incurred and paid by the employer and any other relevant document)

Example n.2: *Reporting of Travel and accommodation costs*

Attachment name:

2018_1PR_T&A_WP1_MISSION REIMBURSEMENT P.ROSSI_N.2/2018_1° PARTNERS MEETING BARI

(This pdf file should include all necessary documents proving the expenditure such as authorization, receipt/invoices, any declarations, reimbursement request from the employee, payment proof and all other necessary supporting documents)

In cases of expenditures incurred on the basis of public selection procedures/public procurement procedures and paid periodically through the concerning payment documents (such as monthly staff payslips or invoices for services contracted) it is recommended to upload only once the documents related to the procedure, in the first reporting of the expenditure. In the next reportings of the following Progress Reports, it should be indicated in the eMS "Partner comment" section the "Project Report" and the "Internal Reference number" containing the concerning uploaded documents.

Financial part of the Report* (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects)

The financial report section of the JPR/FJPR, filled in according to procedures depicted in Factsheets 4.4, and 4.10, reports the expenditures validated by the FLC at national level in relation to the reported activities of the project, incurred and paid by the LP and the PPs during the relevant project period.

Only validated expenditure can be reported by the Project Partners to the Lead Partner, according to the following procedure:

1. Each Project Partner, as well as the LP, has to report and submit for validation to the designated Controller in its Partner State, the expenditures incurred and paid in the relevant project period in the Partner Report[2]. Each project Partner – including the LP – is responsible separately for having its expenditure validated by the designated Controller in its Partner State.

2. The Controller verifies the expenditure submitted by the Project Partner based on the invoices or accounting documents with equivalent probative value and the delivery of the products and services, the soundness of the expenditure declared and the compliance of such expenditure with EU and Programme rules, and relevant national rules. The Controller issues the signed FLC Certificate and the Independent FLC Report to the Project Partners/LPs through eMS platform (see Factsheet 4.4).

With reference to the FLC system, as far as Italian beneficiaries are concerned, please check the Factsheet n. 4.9 "Nulla Osta" – Release procedure for the Italian First Level Control.

As far as concern Albanian and Montenegrin beneficiaries the national FLC system is centralized and will be implemented respectively:

- *Albania:* Ministry for Europe and Foreign Affairs
- *Montenegro:* Ministry of Finance.

Currency exchange* (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects)

Expenditures incurred in a currency other than the euro shall be converted into euro according the monthly exchange rate of the European Commission in which the expenditure is *submitted for verification to the FLC*:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Revenues* (not applicable for Small Scale Project - see 4.1 - Annex 3 Guidance for Small Scale Projects)

Revenues represent cash inflows directly paid by users of goods and services developed/produced by the project.

As a rule, the eligible expenditure of a project shall be reduced according to the net revenue generated by the project both during project implementation period and during **three** years after project completion.

In the application phase, project Partners had to calculate the expected net revenues in accordance with the method described under Articles 15 to 19 of the Delegated Regulation (EU) No 480/2014.

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[2] Eventual expenditures incurred and paid in previous project periods and not reported in the relevant periods, can be reported in next reporting periods if duly justified in the narrative report.

➤ **Revenues generated in the project implementation phase**

Project Partners are responsible for keeping account of all the revenues and keep the required documentation available (e.g. for control purposes). The revenues, must be stated in the Partner reports and must be deducted from the eligible expenditure. Project Partners must provide their Controller with information on the revenues generated in the reporting period and to support this with the accounting or equivalent documents.

➤ **Revenues generated after the project closure**

If a project expects to have any revenues within three years after the project closure the respective revenues the MA/JS must be duly informed, and they must be deducted from the final payment claim of the Programme submitted to the European Commission.

1.4.   Assessment of the JPR

Completion of the Progress Report and the Application for Reimbursement

Concerned Programme Bodies are responsible for the check and approval of the Joint Project Reports. The main objectives of JPRs assessment include analysis of the project's progress, timely implementation of the activities, project's output and their correspondence to the Application Form.

When the concerned Programme Bodies detect some inconsistencies or insufficient information in the reporting documents, they reject the JPR requesting the necessary integration from the LP within **maximum 10 working days** - completed with all required documents (shorter deadlines might be given according to the urgency or the type of completion).

If the LP does not fulfil all the requested corrections, or something different from the first completion has not be completed the MA/JS/CA can ask a second completion. The LP has another **maximum 5 working days** for the integration/corrections after receiving the formal request.

In this case the JPR must be re-submitted via eMS, in the given deadline.

Rejection of the Progress Report and the Application for Reimbursement

After the second unsuccessful completion, the JPR and AfR might be rejected.

If a JPR is rejected the amount requested in the related AfR will not be reimbursed to the LP in the concerned reporting period.

A rejected JPR and AfR can be resubmitted only once more. In such case, when the resubmitted JPR and AfR, have severe failures to report, impeding an assessment by MA/JS, the MA/JS might finally reject it, expenditures included in that AfR of the rejected JPR will not be reimbursed and without any possibility to recover.

This would also mean that the LP was not able to appropriately fulfil its reporting obligations deriving from the Subsidy Contract. Therefore, the MA reserves the right, on prior decision of the Joint Monitoring Committee, to:

- apply a reduction of the project management costs;
- withdraw from the Subsidy Contract (Art. 17 of the Subsidy Contract).

In case of investments activities performed during the reported period, the JS officers may proceed with **on-the-spot** visit.

1.5. Application for reimbursement

The **Application for Reimbursement** is the basis for requesting the reimbursement of the contribution from the EU Funds (IPA) by the LP for the project after the verified expenditures.

The data of the AfR are automatically included in the JPR in the eMS, based on the validated expenditures reported in the financial part of the JPR. The related FLC Certificates must be enclosed by LP to the JPR* (not applicable for Small Scale Project).

In case the FLC Certificates and PRs are not received from each project Partner for a given reporting period, the LP shall submit the JPR including only the FLC Certificates available for the reporting deadline. The expenditure of the project Partners not validated for the given reporting period within the deadline, shall be requested in the earliest next JPR* (not applicable for Small Scale Project).

Before submitting the JPR, in compliance with the Article 13(2) c and d) of the Regulation (EC) No. 1299/2013, the LP shall verify the following:

- the expenditure declared by the Project Partners participating in the Project has incurred only for the purpose of project implementation and corresponds to the activities agreed among those Project Partners in the frame of the approved Application Form;
- the expenditure declared by the Project Partners included in the present JPR has been validated by the designated FLC* (not applicable for Small Scale Project);
- all FLC Certificates presenting the expenditure of the Project Partners in the JPR are attached and are officially signed by the designated controllers* (not applicable for Small Scale Project);
- the expenditure declared in the concerned AfR has not been included in any other previous JPR;
- the information included in the JPR are true and correct.

The reimbursement of EU contribution will be paid in EURO to the LP's bank account[3] (as indicated in the eMS and Subsidy Contract), where all financial transactions related to the project can be identified and tracked.

The **LP is responsible to transfer the received contribution from EU Funds** to each project Partner according to the approved AfR as soon as possible, **at the latest within one month of its receipt**. No deduction, retention or any other specific charges can be made by LP concerning the approved

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[3] The mutual rights and obligations, such as reporting obligation, i.e. the relationship between Managing Authority and Lead Partner is regulated in the subsidy contract, while the relationship between Lead Partner and Project Partners is regulated in the partnership agreement. This means that the Managing Authority does not have contractual rights and obligations towards each single Project Partner. The Project Partner therefore has to report to the Lead Partner and not to the Managing Authority. Also in case of the project monitoring activity by the Managing Authority/JS, payments, pre-financings and its off-set, recoveries of unduly spent amounts, etc., the Managing Authority EXCLUSIVELY relates to the Lead Partner, on the basis of the contract and Joint Project Reports submitted by the Lead Partner, and not on each single partner reports.
The only minor exception is the payment of the national contribution for Italian public/public law bodies in projects with Albanian or Montenegrin lead partner at project closure.

amount when transferring the contribution and no legal dispute between the LP and the PP concerned could be subject to any compensation from the approved amount to be transferred by

> **Warning!**
>
> **Bank statements proving the transfers of contribution from EU Funds to each project partner are going to be requested in any audit of the project.**
>
> **The LP shall upload all the payment orders made to the partners in the relevant section of eMS - "Supplementary Informations" / "Official Attachments".**

the LP to the PPs.

In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.
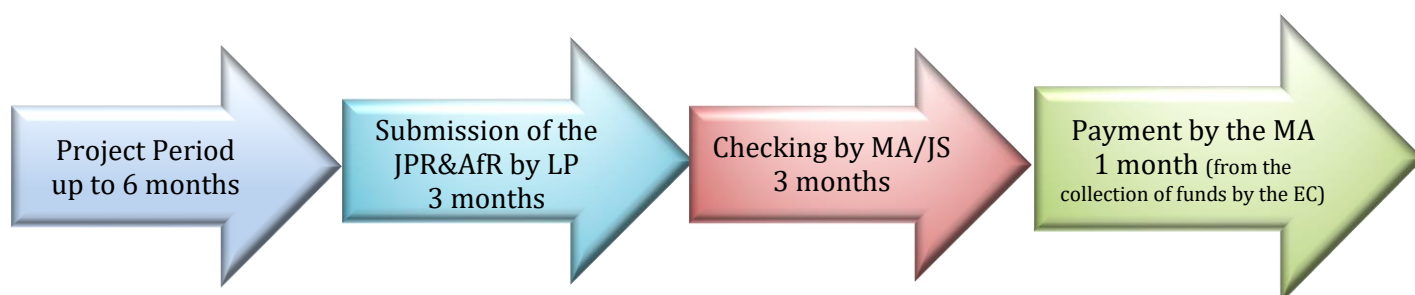
> **Where applicable, the co-financing for Italian partners will be covered by the National Rotation fund will be paid by the MA for the total eligible amount, after the project closure and related validation of all incurred project's expenditure.**
>
> **A specific request of the co-financing reimbursement must be sent to the MA by each concerned partner according a specific template to be provided by the MA.**

Timeframe of reimbursement

The LP and the project Partners must consider the timeframe of Funds reimbursement when preparing the time plan of their project activities.

The following flowchart **presents the procedures described in the previous sections with the indicative timeframes.**

Project Period up to 6 months → Submission of the JPR&AfR by LP 3 months → Checking by MA/JS 3 months → Payment by the MA 1 month (from the collection of funds by the EC)

It should also be taken into consideration that the timeframe for the JPRs check by the MA/JS might be extended for required completions by the LP.

1.6.   Financial progress and decommitment of the project

The LP must ensure that each PP strictly follows its spending forecast according to the approved AF. The Partnership has the possibility to deviate from the spending forecasts laid down in the Subsidy Contract, but it must be taken in consideration that in case of under-spending compared to the original spending forecasts, the MA/JS can decommit the project, by reducing the original project budget and the corresponding contribution from EU Funds.

If the Project Partners are not able to report expenditures according to the approved spending forecast, the MA/JS will assess the level of under-spending and the reasons for lower financial performance (for more details see 4.7 - Annex 2 Project Change Decommitment of the Programme Manual). In case the underspending exceeds the 20% of the original budget spending forecasts, and/or the final level of expenditure is 3% lower than the minimum eligible project's budget (i.e 500.000€ for the 1st call), if applicable, the MA/JS reserves the right to propose to the JMC the budget decommitment (Art. 20 of the Partnership Agreement and Artt. 12 and 17 of the Subsidy Contract).

In case of approval of the project's budget decommitment by the JMC, the MA/JS initiates the amendment of the Subsidy Contract (Factsheets 4.7 on project changes of this Manual). Through this process the distribution of the decommitment at project Partner level will be defined, taking into consideration the financial performance of the different Partners.

How to avoid decommitment at project level

The risk of a decommitment during project life time can be reduced by taking into consideration that:

- the financial plan of the project, especially the budget split along activities timeline should be defined carefully (considering already in advance possible delays, e.g. in the first level control);
- the financial performance of the project Partners should be monitored closely and regularly by the LP (as stated in PA the LP shall ensure sound financial management of the project);
- the project Partners should stay in contact with their first level control (FLC) bodies so to ensure that the expenditures can be certified in time (as stated in PA the project Partners shall ensure timely reporting of activities and costs) * (not applicable for Small Scale Project);
- use the overbudget – see 1.6.1- during the project life.

Decommitment at Programme Level

According to Article 136 of Regulation (EU) No 1303/2013 the European Commission shall automatically decommit any part of a budget commitment of a programme that has not been used by 31 December of the third year following the year of budget commitment (Factsheet 4.M).

In case the Interreg IPA Italy-Albania-Montenegro Programme is affected by decommitment of Community funds the MA, upon a decision of the Joint Monitoring Committee, is entitled to decommit the approved projects budget.

Reference Documents

- *Regulation (EU) No 1303/2103*
- *Subsidy contract*
- *Partnership agreement*

1.6.1. Overbudget for thematic projects

With the aim of mitigating the de-commitment risk, in compliance with the decisions by the Joint Monitoring Committee on this topic (such as e.g. JMC 22-23/10/2018 in Tirana, written procedure no. 32 of 28 July 2022), the beneficiaries of Thematic Projects have the right to claim expenditures in overbudget. Even though there is no unique definition, "overbudget" is understood as an amount related to operations or part thereof, which may be budgeted and reported, even though not available in the programme allocation for the specific priority axis. This amount is expected to become available in the future, because of underspending and savings, which usually occure at closure of the operations and of the programme. The subsidy contract shall regulate the overbudget, specifying that the amount in overbudget must be covered with other funds, in case savings are not available at programme closure.

Consequently, the additional activities/outputs in overbudget must be
- coherent, suitable and functionally contributing to reaching the global project objective,
- eligible and compliant with all programme rules, in particular their expenditures must not be financed by other EU programmes (double-financing), and not part of a completed operation,
- validated by the national controllers,
- advanced i.e. already contracted, carried out or paid at the time of the inclusion into the project[4],
- clearly identified in separate reporting, as they will not be reimbursed immediately, but only at programme closure, when savings become certain.

At programme closure, as soon as it becomes clear beyond any reasonable doubt, that specific previously committed amounts are not spent, the Managing Authority de-commits the unspent funds from the projects in underspending and commit the overbudget amounts in relation and in proportion to the additionally budgeted and reported amounts by thematic project partners. The Managing Authority may not assume responsibility for amounts, which do not become available at programme closure. This occurs on the legal basis of the addendum to the subsidy contract to be signed.

Therefore, these are the steps to be followed:
1. **Contact JS**: The Lead Partner or the project partner, who is willing to use the over-budget and to include advanced activities into the project, contacts the JS officer appointed to the project, to verify the overall coherence, the suitability of the activites-actions and outputs to functionally contribute to achieving the global project objective, as well as the potential savings in the priority axis;
2. **Addenda**: The Lead Partner and the Managing Authority agree on the clause related to overbudget, while signing an addendum to the Subsidy Contract and the Project Partners with the Lead Partner do the same, in relation to the Partnership Agreement, if not done that before;
3. **Separate Partner Reporting**: The Project Partner includes the overbudget activities and related expenditures in a separate Partner Report (PR), which must be submitted to the First Level Controller, who shall validate its compliance with all programme rules. If the available maximum number of partner reports for the period is reached, the project partner shall ask JS/MA to

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[4] The definition of advanced activities includes also activities, which are thoroughly planned and thus expected to be implemented in a very short time, for a reporting to the Managing Authority on time to decrease the de-commitment risk.

authorize to create additional reports in the eMS system. Overbudget partner reports must include appropriate evidence and justification on the coherence of the activity/action/output and its suitability and functional contribution to reaching the global project objective;

4. **Separate JPR**: The Lead Partner includes all available and validated PRs of step 3 into a separate JPR, including the justification provided by the partners;

5. **Reporting to EU Commission**: Following up on the verifications by JS and MA, the Certifying Authority includes these expenditures in the payment application;

6. **Payment**: No payment shall be made by the MA to the Lead Partner and Project Partners in relation to JPRs in overbudget, until programme closure. Once and as soon as the operations of the specific priority axis are closed and unspent amounts are certain, the MA de-commits these and commit them in compliance with the amounts reported in overbudget, and, in case of partial availability of funds, divide it per partner in proportion to the reported amounts, in order to be able to release the final payments, including the overbudget amount.

2. PROJECT MID-TERM REVIEW & ADDITIONAL CHECK ON THE SPOT REVIEW

2.1 Project Mid-Term Review

Aims and process

Projects approved in the framework of the Interreg IPA CBC Italy-Albania-Montenegro Programme are going to undergo a mid-term review carried out by the Programme Bodies (MA/JS/NIPs/National Authority & National Monitoring Units).

The aim of this is to review the project progress against the project objectives, outputs and expected results defined in the approved application form and compliance with non-financial rules such as those on publicity and information, to timely detect bottlenecks, which may occur during the project implementation, as well as to have a common view of the state of play considering eventual external factors, while at the same time agreeing on any source of risk for the project and mitigating measures.

The mid-term review takes place at the end of the first half of the project implementation phase, notably shortly after the submission of the concerned progress report (e.g. for a project lasting 24 months, the mid-term review would occur soon after the submission of the progress report No. 2, for targeted call projects after the end of the semester, where the middle of the project falls, while for small scale projects, the mid-term review takes place with the management verification visit) * (see 4.1 - Annex 3 Guidance for Small Scale Projects). Only for Thematic projects, having a longer project duration, also First Year Review will be performed in addition to the mid term review.

It must be highlighted that, during the monitoring, the Programme Bodies will verify the true existence of the project, not only that it is "living" on the paper and spending, but that the implementation of its activities is real and in progress, and going in the right direction towards the expected results and objectives, by analysing all relevant outputs delivered by the project as reported in the JPRs (e.g. agenda, minutes and list of participants of meetings held, promotional material, studies, tenders, supply of equipment, realization of infrastructures etc.).

The mid-term review is based on the following elements:

- The latest progress report covering the project mid-term (e.g. no. 2 for the first call projects);

- The project mid-term summary sheet (based on a template provided by the programme, Annex 4.1.1) in which the LP should summarise the most recent state of play of project implementation and provide a realistic activity and financial forecast for the remaining project life time (deliverables and outputs and as well as spending per project partner, work package and budget line). The completed sheet Annex 4.1.1 should be provided to the JS at least two weeks prior to the mid-term review meeting.

- A ***mid-term review meeting*** with the Programme Bodies organised by the project, possibly in the frame of a steering committee meeting in order to involve all partnership, or with the Lead Partner and other partners necessary to better assess the progress of the project[5]. The meeting should take place as a general principle **about one month after the submission of the mid-term progress report.**

The mid-term review follows a collaborative approach between the Programme Bodies (MA/JS/NIPs/National Authority & National Monitoring Units) and the partnership. It ensures engagement of project partners and should be understood as a constructive dialogue between the lead partner, representing the partnership, or the whole partnership (if possible) and the programme representatives. It is considered as a valuable source of feedback to both the partnership and the programme. In the review, it will be analysed whether there is a need to restructure or modify the project in terms of, e.g. adjusting or modifying the work plan, the time plan or budget. In case specific risks/problems or significant delays are identified, the partnership has to develop and agree on mitigation measures. It is to be emphasized that major project modifications can only be requested in exceptional cases, which need to be duly justified and approved by the JS/MA/JMC (see Factsheet 4.7, incl. annexes) depending on the type of change.

The mid-term review focuses in particular on the following aspects:

- Analysis of physical and financial progress of the project;
- Joint reflection on management issues (including communication, knowledge management and transfer);
- Sustainability of outputs and results;
- Realistic forecast and recommendations for the remaining project implementation period;
- If applicable, identification of risks/problems, project deviations and delays as well as necessary project modifications (finance and activity modifications, etc.).

As an outcome of the mid-term review feedback, recommendations (e.g. on management and communication issues, budget, content-related aspects, investments etc.) for the remaining

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[5] For example, in a project, where an infrastructural investment is planned, which a project partner other than the lead partner is in charge of, the midterm visit at the site where this partner intends to build the infrastructure may be useful.

project period will be provided by the relevant programme bodies, addressed to and in consultation with the partnership (as Annex 4.1.2). In addition, follow-up actions may be agreed.

The LP has to prepare a summary of the main points of discussion and the conclusions/agreements taken at the mid-term review meeting. This summary has to be sent to the JS possibly within two weeks after the meeting for reviewing.

If project modifications are deemed necessary after the mid-term review, the project can formally request those modifications to the programme following the procedure described in Factsheet 4.7.

A summary and overview of the outcomes of the project mid-term reviews is presented to the JMC and National Delegations according to the JMC rules of procedure.

> *Attention:* No activity or major budget modifications are allowed before the mid-term review (see also Factsheet 4.7 Project changes)[5.] Based on the outcome of the review, especially in case of low project performances, the programme reserves the right to decommitt and apply reductions to the project budget (as reported in the Annex 2 to the Factsheet 4.7).

How to prepare for the mid-term review

The mid-term review meeting should be preferably organised in conjunction with a regular project Steering Committee meeting in order to ensure the involvement of all PPs and to minimise costs. Depending on the exten[6]t of the issues to be discussed, up to one working day could be foreseen for the review meeting.

The project management team (project, finance, and communication managers), all work package leaders as well as at least one representative per PP could preferably attend the meeting. The MA/JS/NIPs shall agree with the Lead Partner on the most suitable invitees to the meeting.

National Info Points and National Authority/National Monitoring Units will be involved by the JS on the upcoming meeting and one or more of them may also attend the meeting or independently manage the meeting in representation of the Programme and in agreement with the JS/MA.

The meeting allows the LP and PPs to report on their work in an interactive way, thereby usefully complementing the written reports.

As a general principle, mid-term review meeting should run according to **the following agenda**:

- Introduction of the process by the relevant Programme body;
- LP presentation (activity and financial progress, management, communication, problems, need for project modifications, other issues);
- Further presentations by work-package leaders and/or other PPs (e.g. on specific outputs and highlights, investments, target groups etc.);

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[6] Only for thematic projects, with express derogation and at any time, the JS/MA can authorize major modifications and changes for exceptional and well-justified cases.

- Open discussion;
- Recommendations and agreement on follow-up actions, if applicable.

If required, a separate follow-up meeting between the LP and the relevant Programme Bodies could occur at the fringe of the mid-term review meeting.

The LP and all PPs should well prepare in advance for the meeting. This includes collecting most recent content and financial information (quantitative and qualitative data) allowing realistic projections towards the project end. This information feeds into the mid-term project review factsheet-Annex 4.1.1, to be submitted to the JS **two weeks prior to the mid-term review meeting**. Such preparatory analysis within the partnership is also important because the entire partnership should be able to provide input to the discussion.

When preparing the mid-term review meeting the LP has to:

- Agree with the JS a date and venue **at least two weeks** in advance;
- Provide the JS with an agenda and list of participants and distribute it to all PPs;
- Organise the logistics for the meeting (venue, equipment, etc.).

> *Tip:* It is recommended to prepare with special care the progress report, which will be submitted before the mid-term review, as well as the project mid-term review factsheet since these documents will be the basis for the mid-term discussion and appraisal. After the mid-term review meeting the LP has to arrange any necessary follow-up with the partnership.

When assessed as needed, the national bodies (National Authority/National Monitoring Units & NIPs) will monitor the activities of their partners with periodic visits and/or phone calls as appropriate.

2.2 Additional check on the spot review

Beyond the mid-term review meeting, in case of low financial performance of a project, it migh be necessary to have additional on-the-spot visits between the MA/JS/NIPs/National Authority & National Monitoring Units and the project management. Compared to the mid-term review the additional on-the-spot visit has an advisory role and the main goal is to solve issues and problems encountered during implementation, to maximise the impact of the programme, to ensure the proper use of the funds, to support, advice, assist and assess the Partnership.

In case of projects with major investments additional on-the-spot check might be planned at the premises related partner or where the investment is located.

The on-the-spot check is not to be considered an audit on the expenditures (performed by the AA), but a technical check related to the implementation of the project, the achievements of project objectives, as well as expected results.

The MA/JS can propose specific actions, including decommitment (as explained in the Fsactsheet 4.7 – Annex 2) and/or withdrawal from the Subsidy Contract, in case the project implementation is significantly different from the objectives indicated in the Application form, serious deficiencies occur or in all cases foreseen by the Subsidy Contract terms.

In any case the MA/IS are committed to have a constructive approach with the partnership in solving serious bottlenecks, which put at risk the entire project.

3. ANNEXES

3.1 Summary of Project Implementation

ANNEX 4.1.1

Summary of Project Implementation

Project ref. no.		Project Acronym	
Lead Partner			
Project start date		Project end date	
Visit type	☐ Mid-term Review ☐ Additional check on the spot visit	Visit number	
Place of the visit		Date of the visit	
JS/NIPs/National Authority/National Monitoring Unit			

Implementation of work plan/activities
Is the project work plan being timely and appropriately implemented? Are all planned activities being timely implemented?

Achieved outputs
Are the project outputs being timely and appropriately achieved as foreseen in the application form?

Financial progress
Is the project financial management working properly? Are project finances managed properly through a regular financial reporting?

Overall implementation
Is the project progressing as expected? Are activities well coordinated? Are all partners sufficiently contributing to the achievement of project results? Are project results appropriately communicated? Are target groups of project activities sufficiently involved? Are sufficient measures set up for project outputs to be used far beyond the project life and/or to be transferred?

Drawbacks/risks
Are there any drawbacks and risks for the project?

3.2 Check on the spot minute

ANNEX 4.1.2

On-the-spot check minute

Project ref. no.		**Project Acronym**	
Lead Partner			
Project start date		**Project end date**	
Visit type	☐ Mid-term Review ☐ Additional check on the spot visit	**Visit number**	
Place of the visit		**Date of the visit**	
JS/NIPs/National Authority/National Monitoring Unit			

Project management and coordination
Is the project management working properly? Are project activities well coordinated?

	Recommendations/deadlines
☐ *Fulfilled*	
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Project financial management
Is the project financial management working properly? Are project finances managed properly through a regular financial reporting?

	Recommendations/deadlines
☐ *Fulfilled*	
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Partnership
Are all partners actively contributing to the achievement of the project objectives and expected results? Is there any partner, who is lagging behind?

	Recommendations/deadlines
☐ *Fulfilled*	
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Implementation of work plan/activities
Is the project work plan being timely and appropriately implemented? Are all planned activities being timely implemented?

	Recommendations/deadlines
☐ *Fulfilled*	
☐ *To be fulfilled*	

☐ *Not fulfilled*	
☐ *Not Applicable*	

Outputs
Are the project outputs being timely and appropriately achieved as foreseen in the application form?

☐ *Fulfilled*	*Recommendations/deadlines*
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Communication
Are project outputs and results well communicated? Are communication measures implemented according to a strategy, i.e. are communication measures suitable for the intended target groups?

☐ *Fulfilled*	*Recommendations/deadlines*
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Involvement of target groups/stakeholders
Are the project target groups appropriately involved?

☐ *Fulfilled*	*Recommendations/deadlines*
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Sustainability and transferability of outputs/results
Are project outputs leading to intended results, which may be used far beyond the project life? Are the project outputs meand to be transferred and used after the project closure?

☐ *Fulfilled*	*Recommendations/deadlines*
☐ *To be fulfilled*	
☐ *Not fulfilled*	
☐ *Not Applicable*	

Drawbacks/risks
On the basis of the drawbacks and risks identified during the meeting, what measures could mitigate the risks?

	Recommendations/deadlines

Work and cash flow in brief: an example

Reports / payments

Work and cash flow in brief, with a simple example

STEP 01
Subsidy
PP's total budget confirmed
e.g. 100 € (85 € IPA, 15 € nat)

STEP 02
Pre-financing
MA pays to LP pre-financing
20% of 85 IPA = 17 €, LP pays to PP

STEP 03
Spending
PP contracts/pays services, e.g. 1st
period 20 €, PP sends to FLC 20 €

STEP 04
National control
FLC certifies e.g. 18 € (2 €
ineligible), PP reports to LP 18 €

APPROVED

STEP 05
Reporting
LP confirms consistency of PPs
reports. LP reports to MA 18 €

STEP 06
MA/JS
MA/JS reconfirms to CA
consistency 18 €

STEP 07
CA
CA checks & applies for
payment to EC for e.g. 18 €

STEP 08
EC
EC checks / pays to MA,
15,3 € IPA (85% of 18 €)

STEP 09
MA
MA pays to LP 9,7 € IPA, i.e. 15,3 € -
pre-financing offset (17/3=5,6 €)

STEP 10
***AA
In future audits of operation AA might
find irregularities. Unduly paid
amounts are paid back by 1- MA to EC,
2 - by LP to MA, and 3 - by PP to LP

Payment
PP receives from LP for the 1st
period = 9,7 € IPA

LEGENDA:
PP = project partner   LP = lead partner   MA = managing authority
JS = joint secretariat   CA = certifying authority EC = European commission
AA = audit authority .   FLC = national controller