Interreg
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FACTSHEET

Interreg IPA South Adriatic
(Italy–Albania–Montenegro 2021-2027)

PROGRAMME MANUAL

4.1 Reporting and Monitoring procedures

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Introduction

The approved application form (AF below), which is a binding document, guides the project implementation. This factsheet sums up the key elements of the project reporting activities of the 2021-2027 programme "2021TC16IPCB008 (Interreg VI-A) IPA Italy Albania Montenegro (South Adriatic)" or Interreg IPA South Adriatic (the Programme below), while providing project partners with related technical guidance.
Reporting is one of the processes applied by the Programme bodies to monitor, on a regular basis or at certain intervals, the project implementation, physical and financial progress of the project, the performance, the achievement of deliverables, outputs, results and the contribution to the Programme objectives and outputs. Reporting is also the basis for reimbursement of the IPA funds to cover project expenditures, first to the Lead Partner (LP below) and, through the LP, to the other Project Partners (PPs below).
PPs are required to follow this step, as to enable a proper implementation and monitoring of their project.
Keep in mind that all reporting procedures (including the related annexes to be filled in) are managed through Jems Platform.
The binding legal basis for the Interreg IPA South Adriatic projects are the applicable EU Regulations, especially the Interreg Regulation (EU) 2021/1059 and the CPR Regulation (EU) 2021/1060, the Financing Agreements for Albania and Montenegro, the Programme rules, especially the eligibility rules, National specific rules, the Subsidy Contract and Partnership Agreement.

The Managing Authority of the Programme (MA), assisted by the Joint Secretariat (JS), reserves the right to derogate from and to amend the procedures described in this fact sheet, whenever it is necessary to assure a sound financial management of the programme.

1 The reporting procedure

1.1 The Reporting System and Process

There are 2 types of reports a project has to complete and submit:
- **R. – i.e. Partner 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 its National Controller in Jems.
- **PR. – i.e. Project Report**: This report is filled out by the Lead Partner only. It contains both activities and financial information based on the inputs collected from the Partner Reports, and National Controller's certificates. The Project Report is submitted to the MA/JS in Jems.

Partners' Reports and Project Reports must be submitted exclusively through the electronic monitoring system Jems.

To follow in a correct way the reporting procedure, you must carefully check the following Factsheets, complementary to the present one:

- Jems manual partner reporting sections;

- Jems manual project reporting sections;
- SA_FS 4.10 - Audit trail section per each selected eligible expenditure category;
- SA_FS_4.10.1 - management verification section, per each selected SCOs

Each PP contributes to the content of the Project Reports (PR) by submitting its own Partner Report (R), which includes adequate information concerning physical and financial progress in relation to a certain reporting period, and which allows the LP to correctly report on behalf of the entire partnership.
Partner reports include the Controller' Certificates, as well as for Small Scale Projects (SSPs) the verifications carried out by Controllers/programme bodies on each SCO evidence provided.

Based on the Rs and validated expenditures, the LP includes relevant project data into the periodic PRs. The Lead Partner confirms that the information provided by the Partners:

- has been verified and validated by the assigned National Controller (or/and programme bodies for the SSPs) in compliance with the respective country specific control requirements;
- has been accurately included in the PR and that the related costs are incurred for the implementation of the project activities, as set out in the application form (AF) and described in the PR.

In the Project Report, the LP reports about the project progress, in alignment with the approved AF and justifies the reported expenditures validated by the National Controllers (see related F.S. of the Manual).

Once the PR is completed in all its parts, the LP submits it to the MA/JS. In order to simplify the reporting procedure, the Application for Reimbursement AfR is considered provided through the submission of each PR (ie . automatic generation).
The MA/JS checks the submitted PR and, if necessary, requests clarification to the LP in order to approve it.

Please note that the Partner Report (R) is an electronic document filled in via the Jems system by each PP and submitted to the Lead Partner (LP), too. Therefore, the LP bears responsibility for checking the content of each single R.
Only the Project Report (PR) submitted by the LP to the MA/JS is checked by the JS/MA.

The Accounting Function office of the MA draws up and submits the payment applications to the Commission.
The MA proceeds with the reimbursement of the related IPA contribution to the LP on its specified bank account.
The LP is responsible for transferring the contributions to the PPs according to the Subsidy Contract and Partnership Agreement and without delay as well as for uploading the proof of payments in the Jems system; **no amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce that amount for the other partners**.

For strategic and standard projects the JS organizes one or more mid-term review meetings with LP (as detailed in the §4 of this document).
In order to guarantee a correct implementation of all the financed projects, the Programme bodies (MA/JS/NAs/NIPS/Controllers) may also organize during the project lifetime, monitoring visits and on-the-spot verifications.

The scheme below, summarizes the process of the reporting system

Project Partners
Submit the Rs to the National Controller

National Controllers
Validate the expenditure, based on the verifications and issue the Certificate to the related Project Partner

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

Lead Partner
Fill out the Project Report and prepares the Application for Reimbursement based on the Partners' Rs and Controllerl Certificates (which is the basis for the Application for Reibursement)

***LP** submits the PR&AfR to MA/JS*

MA/JS
Verify that expenditures have been validated and the compliance of PR with the AF approved

MA Accounting Function Office
Draws up and submits payment claims to the Commission

***MA** receives the IPA contribution by the EU Commission and pays the LP*

***LP** Transfers and documents the payment of IPA contribution to Project Partners*

1.2 Reporting deadlines

The reporting periods and the reporting deadlines are set in **Jems- section** – **project reporting schedule**. With the exception for SSPs, it is advised to submit a partner report at least twice a year, filling in both content and expenditures incurred, and following the scheduled deadlines agreed with the LP.
In fact, the deadlines for each partner should consider that the Controllers should have enough time to validate the related expenditures, as well as that the LP should have enough time to collect all Rs and submit the PR by the set deadline. All reports have to be submitted via Jems.

LPs are recommended to agree appropriate deadlines with the PPs for the timely submission of each R, to allow validation of partner's expenditures by the National Controller, a timely collection quality check of all Rs by the LP (including deliverables and outputs) and the preparation and submission of the PR.

Warning!
All project partners shall provide sufficient time for controllers to verify their reports.
Italian Project Partners should agree a suitable deadline with the appointed controller.
For Albanian and Montenegrin project partners, it is highly recommended to submit the Rs **within 15 days from the end of the reporting period**. Other deadlines shall be agreed with the concerned controllers. In general, delayed partner reports may be excluded from the PR by the LP, with consequences on the time of reimbursement.

The PR must be submitted to the MA/JS by the LP, within 3 months from the end date of each reporting period, as defined in Jems- section – project reporting schedule. The deadlines should be understood as the latest possible submission date, meaning that if a LP is ready to submit the PR before the set deadline, it may do so.
In cases of delays in reporting certified expenditures, the LPs may submit them in next reporting periods.

Besides, take note that:

- The **first PR** shall include the "Preparation costs" lump sum (as in the LP budget) without uploading any document (the AF is already the proof) and the expenditures incurred, paid and validated within the first reporting period. **Only for strategic/standard projects**, it is strongly recommended to upload the Project's Communication Plan in the first reporting period, unless differently agreed with the JS project officer in charge.
- The **last PR** must also include the Project "Closure costs" as set out in the related call for proposal (the closure costs are not applicable for SSPs).

Warning!
Postponements of deadlines for submission of reports can be agreed with the JS only in exceptional and duly justified cases. In such cases, the LP has to request the postponement to the MA/JS prior to the deadline.

Reporting framework SCHEME

PROCESS	EXAMPLE
Reporting period & deadline as set in AF – project reporting schedule (JEMS)	Period 1 by 30/09/2024
Partner deadline for submission of R to Controller (agreed with LP)	31/07/2024

National Controller deadline for validation of expenditures (including any PP's clarification)	15/09/2024
LP deadline for submission of PR to MA/JS	30/09/2024

Once the PR is submitted by the LP, the JS/MA performs their checks, in compliance with the check-lists agreed.

The Final Project Report (FPR) must include the summary of the overall activities implemented during the project lifetime, cooperation added value, any prizes related to project result gained during national/international competitions or mentioning of these by key project target groups, as well as the list of outputs. The information about the project 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 FPR is identical to the one described for the PRs.

Warning!
The Final Project Report (FPR) shall be submitted within the same deadlines of the other PRs.

1.3 Partner report submission

There are no restrictions for the number of partner reports (Rs) to be created by project partners, since the partner report ID does not reflect the reporting period.
Each R shall adequately summarize the project implementation for the concerned reporting period by each project partner, to allow the development of an exhaustive PR by the LP. Each R reported by the Partner will be validated by the National Controller, who issue a Controller's Certificate and Report.
Remind to submit the R to the designated National Controller within the deadline agreed in compliance with the country specific Control System and before the deadlines agreed with the LP.

Basically, the R consists of:
CONTENT DATA

- Workplan progress sections (including communication issues related to each WP), providing information on the implementation of activities, and deliverables/outputs evidence if any;
- Public procurement section, providing information on the project-related procurements;
- List of expenditures sections, providing information on the project expenditures verified by national controllers (according to the Rules of Eligibility of Expenditure);
- General communication and management tools shortly described in the summary of partner's work in the reporting period and uploaded in the "report annexes" section only if relevant
- Relevant uploaded evidences, taking care to follow the **§ 5 of this document**.

In the activity part of the R, the partner must describe the project implementation activities at Partner level, how they are progressing, how the target groups are reached (specifying always number and typo involved), and the deliverables related to completed activities if any, whose evidence must be uploaded. If any, the contribution to the project output/result should be included too, uploading documents only if final.

FINANCIAL DATA
The R also contains the financial data of the expenditures incurred, (including the 2% FR of the requested amount, in case italian **external controller** is assigned), in accordance with the eligibility rules and the rules

set out in the related call for proposals. The list of proof of evidences to be uploaded are listed in:

- the SA_FS 4.10 - Audit trail section per each selected eligible expenditure category,
- the SA_FS_4.10.1 - management verification section, in case of selected SCOs.

The list of expenditures validated by the National Controller shall be coherent with the activities and outputs reported in the R. Nonetheless, expenditures for activities reported in previous reporting periods may also be included and in this case a precise reference to previous Rs is advisable for an effective management verification.

WARNING only for strategic and standard projects
Project partners are required to report and describe their activities for a given period in a R, even in case no expenditures incurred. In this case, the project partner shall fill in all activities part as well as include a "zero-expenditure" item in the system (amount 0, description "zero-expenditure"), while the National Controller, by releasing the R in the Jems system, only confirms that the R has no expenditure to be validated.

SPECIFIC RULES FOR SMALL SCALE PROJECTS (SSPs) & FOR USED SIMPLIFIED COST OPTIONS

The SSPs are reimbursed exclusively on Simplified Cost Options finalized and reported by each project partner upon full achievement of the "SCO output" (***which is not the Project Output!).***
It is strongly suggested to **do not report R at "zero-expenditure" in the related reporting period**, since the validation by Controllers will be issued upon reaching the SCO's output under consideration.
In order to upload in a correct way the proof of evidence of the reported SCO outputs, keep in mind the logic of the audit trail for SCOs. Basically, the SCOs output evidence shall be uploaded :

- in a complete way (no partial uploading will be allowed), organizing the documents according to the Management verification details, specified per each Simplified cost option in the F.S. 4.10.1 of the programme manual;
- in the R- **Workplan progress** - related deliverable attachment section and **not** in the list of expenditures sections (LoE);
- including a very short **follow up** description that the LP could use for the subsequent step of the project implementation, considering that any "SCO output" carried out by each partner shall contribute to the global project objective and Project output/result. The follow up document should be uploaded in the workplan progress section and in the relevant attachment section, as contribution of the activity/deliverable/output it contributes to. The follow up main contents should be:

FOLLOW UP CONTENTS:
- SCO output finally achieved
- Typology and number of target groups involved
- critical review of the activity prformed and deviations, if any;
- contribution to the **project output** or to the subsequent project implementation step

Besides take care also to:

- avoid to upload SCO output proof of evidence in the section "report annexes", which should be used only if relevant, for general attachments not linked to any specific activity/deliverable, such as management or general communication tools (NB. no file uploaded can be modified/deleted from this section if the report has been already submitted!);

- avoid misunderstanding for Controllers, since only evidence of completed "SCOs output" in charge to the partner shall be checked and validated;
- in case there are contribution by the partner to other AF planned deliverables (out of any SCOs in charge), it should be explained in the summary of partner's work, and only if relevant, uploaded in the correct section of the workplan progress, as contribution to the project objective/output/result.

1.4 Project report submission

There are no restrictions for the number of project reports (PRs) to be created by LPs, since the PR ID does not reflect the reporting period. In any case, it is advised to submit a PR at least twice a year, even in case of **"zero-expenditure" certified.**
The PR shall provide information about the project progress and the PROJECT OUTPUT/RESULT achievement, rather then to include all certified expenditures. The PR filled out by the LP (on the basis of the information provided by the PPs) must be submitted to the JS/MA through the Jems portal.

The LP has to submit the PR to the MA/JS through the Jems system, following the scheduled deadlines. Failing to submit the PRs may be a reason for termination of the Subsidy Contract.

CONTENT DATA
In the activity part of the PR, the LP should provide:
- a comprehensive overview of the overall progress of the project in terms of outcomes, deliverables, outputs and results achieved, cross-border implementation by the Partnership and cooperation added value, as well as any kind of deviation from the original AF.
- summarized description concerning the progress towards reaching the specific objectives of the project (ie. per each WP) should be provided, in terms of activities carried out, target groups reached and involved by the Partnership within the different work packages.
- any public procurement procedures, as well as project's visibility/ dissemination actions carried out (**not applicable for SSP).**
- proof of evidence of **only completed** deliverables/outputs/results, avoiding any kind of duplication of the same document in different parts of the PR or in the further PRs to be submitted.
- **ALERT FOR SSP!**: With reference to the "SCOs outputs" certified in any R, the LP will attach in the workplan progress per each deliverable achieved, only relevant final documents (eg. Follow up documents issued by any Partner).

Warning!
The LP must adequately detail the section A2, A3 and A4 of the PR, to allow its fast and prompt verification by the MA/JS. The provided description in the "highlights of main achievement" shall be suitable for COMMUNICATION purposes and thus understandable for non-specialists.

FINANCIAL DATA
The PR includes the expenditures incurred and paid in the period, and validated by the National Controllers for the LP and the PPs.
Expenditures incurred within the project eligibility period, and not reported in previous reporting periods, may be reported till the project lifetime, once they are validated by the National Controllers.

Warning!

Any final project output shall be published on the PROJECT WEBSITE on time.

If not uploaded before, remind that the evidence of the project final output/result shall be included at least in the FPR.

For communication or capitalizazion purposes, all valuable deliverables/outputs/results finally achieved shall be also uploaded by the LP in the "shared folder" section in Jems, in order to give their prompt availability to the MA/JS and avoid their uploading in several PRs (**cfr § 5 of this document**).

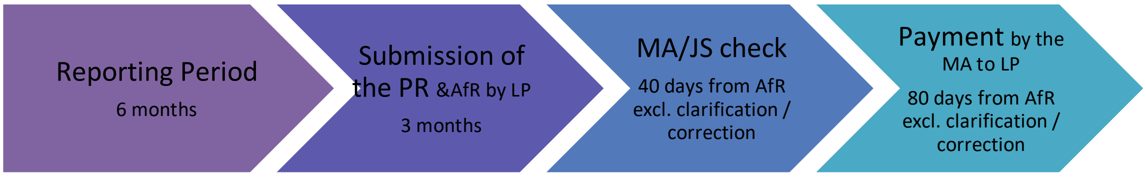
Finally remind that when the FPR is created, an **additional tab called "Project closure"** appears and LP shall complete it in accordance to the details provided in the Factsheet 5.1 of the programme manual and technically in the Jems manual - project reporting sections

2 Verification of the Project Reports & Application for Reimbursement

Timeframe of reimbursement

The LP and the PPS 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.



The timeframe for the PRs check by the MA/JS might be extended for required integration to be provided by the LP.

Application for reimbursement (AfR)

Taking into account the obligations of the LP, in compliance with the Article 26 of the Regulation (EC) No. 1059/2021 and the Subsidy Contract, the AfR is the basis for requesting the reimbursement of the EU contribution (IPA III fund) by the LP for the entire project, based on the Control Certificate, confirming the validation of project expenditures by the National Controllers (or/and Programme bodies in case of SSPs).

The data of the AfR are automatically included in the financial part of the submitted PR in Jems, based on the validated expenditures, included by the LP, who gathered all Rs and control certificates in the Jems system.
The LP shall submit the PR including only the Controller's Certificates available for the reporting deadline.
The expenditure of the Rs not validated for the given reporting period within the deadline, will be requested in the earliest next PR.

The checks and approval of the PRs and payments of the IPA contribution to the LP by the JS/MA, should be concluded within 80 days, unless the JS/MA needs to request integration of documentation and clarification to the LPs or PPs, which suspend this deadline consequently. The LP shall provide the requested clarification/integration of the necessary documents to the JS/MA without further delay and according to the deadline set by the JS/MA.

Finally, the Accounting function Office of the MA, proceeds with the submission of the payment application to the European Commission.
The reimbursement of EU contribution will be paid in EURO by the MA to the LP's bank account (as indicated in Jems).

The payment of the eligible IPA amounts by the MA to the LPs, is subject to the availability of IPA funds in the MA account.

Warning for Italian Partners! Prior to any payment to Italian Partners, the MA and Italian LPs must verify in the related online platform the validity of the recipient's DURC certificate (i.e. regular payment of social contributions) and other mandatory administrative checks whereas applicable (i.e. anti-corruption and anti-mafia controls). In case of irregular DURC certificates of the Italian LPs and/or negative feedback of other administrative checks, the MA shall suspend the payments to LP, while in case of Albanian and Montenegrin LPs, the MA/JS will inform them, when any payment to Italian partners with irregular DURC can be done. **Please note that irregular DURCs of Italian LPs have a negative impact on all other project partners, therefore they are urged to regularly verify their own DURC certificates.**

The LP is responsible for the reimbursement of the respective eligible amounts to each PP, according to the amounts validated and reimbursed by the MA, without delays (ie. by 30 days from the receiving of IPA amounts by the MA in compliance with the Subsidy Contract and the Partnership Agreement or as agreed with the concerned project partners).
No deduction, retention or any other specific charges can be made by LP concerning the approved amount, when transferring the contribution, from EU Funds to each project Partner according to the approved AfR. In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

Warning! The LP shall upload evidence of the payment done to each partner in the Jems system **(cfr. REFERENCE GRID FOR ARCHIVING AND REPORTING ISSUES in JEMS in this document).** **If evidence of the transfer of payments to partners by the LP is not uploaded into Jems, the subsequent reimbursement will be suspended.**

The co-financing for Italian partners will be covered by the National "Fondo di Rotazione" applicable in Italy 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 expenditures. A specific request for reimbursement of the National "Fondo di Rotazione" must be sent to the MA by each concerned partner according to a specific template provided by the MA (cfr. Factsheet 5.1 of the programme manual).

JS/MA Check

MA/JS are responsible for checking and approving of the PRs. The main objectives of PRs assessment include confirmation that expenditures have been validated (i.e. presence of the controllers' certificates), analysis of the project's progress, timely implementation of the activities, project's output evidence and their correspondence to the AF.

When the MA/JS detect some inconsistencies or insufficient information in the reporting documents, they reopen the PR, in order to request the necessary integration from the LP within maximum 7 working days, which must be completed with all required documents (shorter deadlines might be given for urgency, the type of completion or in duly justified cases longer deadlines may be agreed on).

The MA/JS reserves the right to change this standard procedure in order to ensure sound management of the programme.

Basically, takes note that:

- the JS organises one or more **mid-term review meetings** with LPs, to have a detailed picture on the project progress and performance, and the implementation of the core activities. The results of the mid-term review might lead to project changes, including budget changes or corrections.
- **In case of investments** performed, the JS officers, the MA, the National Authorities, the National Info Points may proceed with on-the-spot visits at any time.
- **In case of SSPs ,** on the spot checks are foreseen as stated in the factsheet 4.10.1 of the programme manual.

Rejection of the Project Report and the Application for Reimbursement

If the LP does not fulfil all the requested corrections, or with major deviations, the PR might be rejected. If a PR is rejected, the amount requested in the AfR will not be reimbursed to the LP.

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 Monitoring Committee, to:

- apply a reduction of the project budget;
- withdraw from the Subsidy Contract (Art. 12 of the Subsidy Contract).

3 De-commitment and overbudget

Decommitment at Programme Level

The European Commission shall automatically de-commit any part of a budget commitment of a Programme that has not been used, according to the Artt. 105-106-107 of Regulation (EU) No 1060/2021.

In case the Programme is affected by decommitment of Community funds, the MA, upon a decision of the Monitoring Committee, is entitled to decommit the approved projects' budget.

Reference Documents

- Regulation (EU) No 1060/2021
- Subsidy contract
- Partnership agreement

Therefore, 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 and AF, but it must be taken in consideration that in case of under-spending compared to the original spending forecasts, the MA may 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 assesses the level of under-spending and the reasons for lower financial performance. In case of underspending, the MA reserves the right to propose to the MC the budget decommitment (Art. 12 of the Partnership Agreement and Art. 17 of the Subsidy Contract).

In case of approval of the project's budget decommitment by the MC, the MA/JS initiates the procedure as specified in the Annex 2 to the Factsheets 4.7 of the programme 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 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 National Controllers (or/and programme bodies for the SSPs) as 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);
- use the overbudget during the project life – see below.

Projects' Overbudget

With the aim of mitigating the de-commitment risk the beneficiaries of Strategic Projects shall commit to book in the budgets of their organisations own national/regional funds for an additional 15% of the total partner budget (over-budget) and they have the right to report over-budget expenditures towards the end of the project implementation.

Upon approval of the MA, also the beneficiaries of the standard call, may have the right to report over-budget expenditures towards the end of the project implementation.

Small Scale Projects don't have any possibility to request overbudget.

Over-budget 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 occur at closure of the operations and of the programme.
The subsidy contract and corresponding partnership agreement 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/mature at the time of the inclusion into the project, i.e. already contracted, carried out or paid ,
- **clearly identified in separate reporting**, as they will not be reimbursed immediately, but only at programme closure, when savings become certain.

The Managing Authority may not assume responsibility for amounts, which do not become available at programme closure.

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 assigned JS officer, to verify the overall coherence, the suitability of the activities-actions and outputs to functionally contribute to achieving the global project objective, as well as the potential savings in the priority axis;
2. **Contact the National Controller**: The Lead Partner or the project partner, once received the pre-approval by MA/JS, will submit all supporting documents to the assigned Controller to pre-check the completeness of the related expenditures to be submitted;
3. **SC 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 before;
4. **Separate R**: The Project Partner includes the overbudget activities and related expenditures in a separate Partner Report (R), which must be submitted to the Controller, who shall validate its compliance with all programme rules. Overbudget partner reports must include appropriate evidence and justification on the coherence of the activity/deliverable and its suitability and functional contribution to reaching the global project objective/result;
5. **Separate PR**: The Lead Partner includes all available and validated Rs of step 4 into a separate R, including the justification provided by the partners;
6. **Reporting to EU Commission**: Following up on the verifications by JS and MA, the MA Accounting function includes these expenditures in the payment application;
7. **Payment**: No payment shall be made by the MA to the Lead Partner and Project Partners in relation to PRs 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 according to a chronological/proportionate approach in agreement with the Monitoring Committee, in order to be able to release the final payments, including the overbudget amount.

Mid-term review and additional on-the-spot verifications

Project Mid-Term Review

Projects of the Interreg IPA South Adriatic are going to be subject to a mid-term review carried out by the JS, which may be supported by the MA/NIPs/National Authority & National Monitoring Units.

The aim of the mid-term review is to revise the project progress against the project objectives, outputs and expected results, defined in the approved AF and to timely detect bottlenecks, which may occur during the project implementation, as well as to gain knowledge 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:

- For **Strategic Projects**: every 2 years of the project implementation phase, or as agreed between JS and LP, taking into account that the LP shall update the assigned JS officer on the project state of art and the risk assessment mitigation measures;
- For **Standard Projects**: around the end first half of the project implementation phase, or agreed between JS and LP, as a general rule, after the submission of the concerned project report;
- For **Small Scale projects**, only in exceptional and duly justified cases, since the programme already foresee on the spot checks as stated in the Factsheet 4.10.1 of the Programme manual.

It must be highlighted that, during the project implementation, representatives of the Programme Bodies are verifying project activities during standard events organised by the project.

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

- The latest PR covering the project mid-term;
- The project mid-term summary sheet (cfr Annex 4.1.1, to be sent at least two weeks before the meeting) in which the LP summarises 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 and budget line).
- A mid-term review meeting with the JS officers in charge, organised by the LP, possibly at the occasion of a project steering committee meeting, to involve all project partners.

As a general rule and unless otherwise agreed, the meeting takes place approximately one month after the submission of the PR report at the middle of project duration.

The mid-term review follows a collaborative approach between JS, LP and PPS. It ensures engagement of project partners and should be understood as a constructive dialogue between PPs and the JS. It is considered as a valuable source of feedback to both the PPS 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 PPS 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/MC, depending on the type of change.

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.

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

Warning!
The JS recommends requesting major changes after the mid-term review and on the basis of the outcomes of the review, especially in case of low project performances. The MA reserves the right to decommit and apply reductions to the project budget, in case of severe shortcomings and delays in project implementation (as reported in the Annex 2 to the Factsheet 4.7).

How to prepare for the mid-term review
The LP and all PPs should prepare well 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**, or as agreed between JS and LP, with the involvement of the project partners.

The mid-term review meeting should be preferably organised back to back to a regular project Steering Committee meeting in order to involve all PPs and to minimise costs.
National Info Points and National Authorities/National Monitoring Units may also be involved.

When preparing the mid-term review meeting the LP has to:
- Agree with the JS a date and venue as to allow for a timely organisation of the meeting (online meeting may be agreed upon between JS and LP);
- Provide the JS with an agenda and list of participants and distribute it to all PPs;
- Organize the logistics for the meeting (venue, equipment, etc.), as needed.

As a general principle, **mid-term review meeting may run according to the following agenda**:
- Introduction of the meeting by the representative of the JS or Programme bodies;
- LP presentation (activity and financial progress, management, communication, problems, need for project modifications, other issues);
- Further presentations by other PPs (e.g. on specific outputs and highlights, investments, target groups etc.);
- Open discussion on issues encountered;
- Recommendations and agreement on follow-up actions, as applicable.

If required, a separate follow-up meeting could occur at the fringe of the mid-term review meeting.

Warning!
It is recommended to prepare with special care the PR, which will be submitted before the mid-term review, as well as the project mid-term review template, since these documents will be the basis for the mid-term discussion and appraisal. After the mid-term review meeting the LP will arrange any necessary follow-up with the PPS.

In case it is 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.

Additional on-the-spot visits

In addition to mid-term review meetings, in case of poor financial performance of a project or other shortcomings detected, it might be necessary to have additional on-the-spot visits by the MA/JS or NIPs/National Authority & National Monitoring Units and the project partners. The main goal of these additional verifications is to solve issues and problems detected during implementation, to maximise the impact of the programme, to ensure the proper use of the funds, to support, advise, assist and assess the project partners.

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

The on-the-spot visits are not to be considered an audit on the expenditures (performed by the AA or by National Controllers), but a technical verification related to the implementation of the project, the achievements of project objectives, as well as expected outputs/results.

The MA reserves the right to carry out specific actions, including decommitment (as explained in the related Factsheet) and/or withdrawal from the Subsidy Contract, in case the project implementation significantly differs from the objectives indicated in the Application form, serious deficiencies occur or in all cases foreseen by the Subsidy Contract clauses. 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.

Monitoring visits

During the project implementation, the national Authorities, in accordance to the Risk based management sampling methodology, to the assessment carried out during the MTR or to a settled internal national monitoring procedure, may organize monitoring visits between the NIPs/National Authority & National Monitoring Units and the listed project beneficiaries per each concerned country. The monitoring visits have an **advisory role** and the main goal is to check the internal capacities/performance of the partners involved for the benefit of the project implementation, to maximise the impact of the programme and of the implementation procedures, to support, advise, assist and mitigate any risk in the proper use of the funds

4 ARCHIVING RULES in Jems for AUDIT TRAIL

Audit Trail

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 provided for expenditures (the audit trail).

We **<u>strongly recommend and urge all project managers</u>** 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 expenditure category (01 for staff, 02 for external services….) and the subfolders according to the workplan references (01.1 management, 01.2 WP1…).
<u>Please note that in case of controls and audit, you will be required to demonstrate you are keeping an organized and complete audit trail.</u>

We suggest, thus, to name your files with a certain logic and to upload them in the Jems for reporting with a coherent name such as: ***"YEAR_No OF PR_*EXPENDITURE CATEGORY*_DOCUMENT TYTLE & NUMBER"***

Warning!
The Jems system allows the uploading of only one file per each item. Therefore, in case multiple files should be uploaded per item, it is recommended to upload a .zip or .rar file, with a defined title clearly linked to the item itself (**maximum dimension for item: 100 MB)**

The supporting documents of the expenditures, in the Jems "List of expenditures"(LoE) section as well as in the other reporting sections for evidence of "SCOs' output" and project deliverables/outputs, may be uploaded in both pdf files and zipped folders. Take note of the Jems limitation in the "**uploading procedure**", since only one file can be uploaded per each item. <u>In case multiple files need to be uploaded to one item, it is recommended to upload one pdf document or a .zip or .rar file , including all necessary supporting documents for each expenditure, correctly named.</u>

The Jems system foresees different kinds of sections to attach the relevant documents referred to a project during its lifetime of implementation.

Be aware that the documents to be uploaded during the reporting procedure per each expenditure item, are listed in the following Factsheets:

- **SA_FS 4.10 - Audit trail section per each selected eligible expenditure category,**
- **SA_FS_4.10.1 - Management verification section per each selected SCOs**

In cases of expenditures incurred on the basis of public selection procedures/public procurement procedures and paid periodically through the concerning payment documents (eg. monthly staff payslips or invoices for services contracted), Partners have to report on each new public procurement and update it in later reports. Any procurement can be directly linked to expenditures in the section "LoE". Therefore, take care to create any procurement item with a clear contract name which it will be then used in the "LoE".

Documents Archiving

Here below you can find a summary table to guide each beneficiary in the correct uploading of documents in Jems platform, ensuring a correct audit trail as well as an easier monitoring/verification actions by the programme bodies/Controllers, avoiding overlapping, double counting or fragmentation.

REFERENCE GRID FOR ARCHIVING AND REPORTING ISSUES IN JEMS

Jems SECTION	JS uploading Privileges	Docs to be uploaded by LP/PP
CONTRACTING - CONTRACT AND AGREEMENT - **CONTRACT**	• contract docs (SC, PA, MA decree, CUP LP, updating of SC or PA)	• Partnership Agreement (PA) by LP
CONTRACTING - CONTRACT AND AGREEMENT **- PROJECT**	• MA authorizations, • relevant MA communications, MA acts of Pre Financing, • MA reimbursement to LP, • Project MTR/OTS minutes	• Pre Financing request by LP • acts of reimbursement to PPS by LP in unique pdf • Italian letters of co-financing by LP (collected from final Rs of Italian partners)
CONTRACTING - **PARTNER Details**	//	• relevant partner docs (financial identification doc. or other relevant partner docs) by each PP
SHARED FOLDER	May upload and cancel everything	• Project Outputs/Results/any relevant final deliverables by LP/PP, to be used for COMMUNICATION issues • OUTPUT Summary Table (cfr. FS. 5.1) NOT possible to cancel any doc, once uploaded
Application Form **MODIFICATION**	• open any modification request • upload relevant/completed docs provided by LP via email and pre-checked	• AF updating and its submission by LP, in accordance with the modifications allowed by Programme bodies
REPORTING – R/PR **– report annexes**	//	• general management or general communication evidences, to be used only for justified cases by LP/PP, since all files already uploaded in the different sub-sections of the partner report, are automatically shown in this section and not viceversa. Warning! Once submitted, any uploaded file in this section cannot be deleted anymore.
REPORTING – R/PR – workplan progress **– deliverable - attachments**	//	• relevant evidence per each final deliverable achieved or contributed to by LP/PP. In case of SSP, take care on correct uploading of each SCO's output by PP in any Rs, or of each project achievement evidence by LP in PRs
REPORTING – R – workplan progress – **public procurement attachments**	//	• evidences per each procurement finalized by any related PP NOT applicable for SSP
REPORTING section – R – **list of expenditures -attachments**	//	• evidences per each expenditure item by any PP NOT applicable for SSP
REPORTING section – PR **– OUTPUTS and RESULT - attachments**	//	• final evidences of the achieved project outputs and results by LP

5 Programme reference documents

- Subsidy contract
- Partnership agreement
- SA Jems Manual
  - Factsheet Jems manual partner reporting
  - Factsheet Jems manual project reporting
- SA Programme Manual
  - Factsheet 1.1 Programme strategic framework
  - Factsheet 4.6 State Aid
  - Factsheet 4.9 Italian First Level Controller Procedure
  - Factsheet 4.4 Controllers guidelines
  - Factsheet 4.10 Eligibility rules
  - Factsheet 4.10.1 Simplified cost options guidance

Templates (in word file)

- Annex 4.1.1_template for Project summary sheet
- Template of MTR agenda and registration list
- Annex 4.1.2_Template for MTR/on the spot check minute
- Annex 4.1.2 bis_ Template for Monitoring visit minute
- Annex 4.1.3_Template JS Checklist for PR