

Reporting and management verifications

art. 72 -Reg. (UE) 1060/2021, art. 40 Reg. (UE) 1059/2021

Interreg IPA South Adriatic

FAQs

FOR BENEFICIARIES

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

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

Furthermore, please note that beneficiaries are still required to follow the guidance provided in the Programme Manual at <https://www.southadriatic.eu>.

For any further question, please contact the Joint Secretariat: js@southadriatic.eu.

1. Subsidy contracts and partnership agreements

1.1 CUP Number for Italian Project Partners

Please note that all Italian Project Partners must use the CUP number in all financial transitions as a national transparency and anti-fraud requirement. Each Italian Project Partner will have one CUP, Public Partners must request it themselves, while private Italian partners and IPA partners will receive it by the Managing Authority. The LP's CUP will be a "Master" type, serving as a reference for linking partner CUP related to the same project.

We ask Italian public partners not to generate their own CUP before receiving the "Master" reference from the LP. Take note that each partner in its CUP generation must fill in the budget assigned for its own project activities.

Please do not hesitate to contact us for any request on this.

Please also note that the Italian Lead Partners must fill in, sign and send annex 1 with the subsidy contract, while Italian Project Partners may send it to the Lead Partners together with the signed Partnership Agreement (see close in the subsidy contract).

1.2. Annexes to be included and sent to the MA jointly to the SC and PA signed**Subsidy contract:**

- Annex 1 - CUP No. declaration (applicable to Italian partners): compulsory only in case of Italian LP
- Annex 2 - Pre-financing request: to be included only where applicable. In case of private LP may be sent only following provision of the financial guarantee. In case of public LP must be sent jointly to the SC document signed.

Partnership Agreement

- Annex 1 - CUP No. declaration: must be sent with the PA signed.

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

2. Project reporting and project changes**2.1 Change of Legal Representative**

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

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

The documents must be sent to the email address of the relevant assigned JS Project officer and to the email address of the Joint Secretariat: js@southadriatic.eu.

The relevant assigned JS Project officer will open the AF in the Jems to allow the LP to make the change.

During the implementation phase, after contracting, the rules of Project changes are specified in the related Factsheet 4.7 of the Programme Manual.

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

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

2.3 How we can divide preparation and closure cost?

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

- Preparation costs (Budgetline Lump Sum) – to be reported in the 1st reporting period.

- Closure costs (BL Lump Sum) – to be reported in the last reporting period

Please check Factsheet 4.1 and JEMS_MANUAL_Project Reporting, related to the reporting procedures.

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

No template is provided. The bank account data and info of LP must be included in the pre-financing request attached to the Subsidy Contract. In addition, be informed that the bank data and info must be filled, for all partners, in the related sections of the Jems platform (i.e., bank account number etc.) as soon as the project will be in contracted stage in the section “Contracting – Partner details”.

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

Following the request by the MA of an additional report related to an intermediate period to be reported to the JS by a scheduled deadline (necessary for increasing the financial target value by the end of each year, please check carefully the factsheet 4.1 of the Programme Manual and *JEMS_MANUAL_Project Reporting*.

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

NB. The Lead Partner shall monitor that all project partners have created partner reports Rn, uploaded all their expenditures, and submitted them to the national controllers. Accordingly, the Lead Partner is kindly required to advise each project partner to do so and to monitor that each is complying.

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

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

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

Please advise your project partners and monitor them, as well as inform your assigned JS Project officer about any delay.

2.6. How long should a one day event for the small-scale project outputs last?

The daily total duration of the event must be reasonable, according to the common practices for similar events, and appropriate, in order to reach the event's objectives in the most effective way. As a general

principle, the total working time should be at least of 6 hours, or a full working day of 8 hours including a networking lunch, where appropriate, but it depends on the nature of the event, which needs to be duly justified by the organizers, on request.

3. Project financial management

3.1 Preparation costs and lumpsums (Are the preparation and closure lumpsums also co-financed (80% IPA contribution, 20% national co-financing for Italian partners, 85% IPA contribution, 15% national co-financing for IPA partners)?

The lumpsum as such is an amount, which does not relate to concrete, identified and single expenditure items. However, our reimbursement and accounting system works for all items in the same way; therefore, following the reporting of the total lumpsum amount, only IPA contribution will be reimbursed as well as the 20% national co-financing for Italian partners.

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

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

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

The Lead Partner could ask for a financial guarantee for the pre-financing to private project partners.

We provided for a financial guarantee template (please check ITALME Factsheet n. 3.3 of the Programme Manual on financial guarantee), but also national authorities may give support to Albanian and Montenegrin partners.

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

According to Art. 40 (3) and (6) of IPA IR (EU) No. 447/2014 and Art. 22 and Art. 26 of ETC Reg. (EU) No. 1059/2021, the Managing Authority signs legally binding Subsidy Contracts ONLY with Lead Partners, who bear overall responsibility towards the Managing Authority for the entire projects, activities and expenditures. Accordingly, the Managing Authority pays only certified amounts in relation to the Project Report, not to each single partner reports. The provisions of the IPA IR and ETC Regulations together with those of article 1 (3) of the Subsidy Contract (offset of the pre-financing occurs through the retention of 40% of the IPA amount requested in each Project report, until the **total** amount of pre-financing is progressively offset) provide that the Managing Authority has to consider the level of expenditures reached by the Partners **together** within the Project Report, not for each single partner's report.

Consequently, the reimbursement provided by the MA on the basis of the certifications, is made to the partners in proportional way, calculated on the amount exceeding the 40% of the IPA of the prefinancing disbursed at project level, and not at partner level, because it is provided considering the Project Report and

therefore the expenditures of the project as a whole.

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

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

3.6 A recent audit of our partner ABC in project XYZ led to a financial correction of XXX €, in relation to a specific event organised for our project two years ago, in which project relevance and communication requirements were not fully complied with, according to the auditor. Is the total partner budget also reduced of XXX €? And if the partner manages, can it declare an additional XXX € in over- budget, while compensating the financial correction?

In relation to the above-mentioned audit finding, in compliance with related programme rules, the "cancelled operation" is the cancelled actions and related contractual arrangements made for the event, which was subject of the correction and affected by the finding, i.e. in which project relevance and communication requirements were not fully complied with, according to the auditor. Therefore, expenditures related to the contractual arrangements made for this event may not be reimbursed by the programme.

Accordingly, the programme authorities have deducted XXX € in the last annual accounts submitted to the EU Commission and from the payments due to your project.

However, the total approved programme and project budget remain unchanged, i.e. it has not been reduced as a consequence of the financial correction, therefore the partner may claim it to the Managing Authority, provided that the additional expenditures incurred are eligible, i.e. they comply with all programme rules and are fully in line with the approved application form, thus necessary to reach the objectives, outputs, and actions planned, as well as within the limits of the approved budget, and in any case they are not part of the actions and contracts subject of the correction.

According to the programme rules and to the subsidy contract, expenditures may be reimbursed within the limits of the total budget approved, which was committed to the project by the Managing Authority, i.e. any expenditure in over-commitment requires prior approval by the Monitoring Committee and the Managing Authority, as well as an amendment of the subsidy contract. Therefore, before submitting any expenditures exceeding the total available budget, the lead partner shall request a project budget change and corresponding amendment of the subsidy contract, in compliance with the programme manual FS 4.7, for an additional amount of XXX € related to additional activities to be financed, which shall be eligible and coherent with the approved project application form.

4. Public procurement

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

It is forbidden to artificially split services and works, in order to avoid to use the proper procurement procedures foreseen considering the relevant threshold. In general, it isn't forbidden to merge different services/works in a tender, but only if the relevant service or work could be split taking into account its nature. Anyway, it is forbidden to discriminate other bidders, e.g. while excluding them to participate in a tender, while artificially merging services, which are usually offered by different categories of bidders.

4.2 How to report in-house costs?

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

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

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

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

4.4 How does the restrictive procedure work?

In the restricted procedure any economic operator may submit a request to participate by providing the information that is requested by the contracting authority. The contracting authority shall invite all candidates, that satisfy the selection criteria. See Art. 167 of EU Reg. 2024/2509.

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

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

5. Eligibility of expenditures**5.1 STAFF COSTS****5.1.1 In case of hourly rate calculated on annual basis, is 1720 obligatory to calculate hourly cost? Even though more hours are worked?**

Yes, this is a simplification method introduced by Art. 55 of CPR EU Reg. 1060/2021.

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

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

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

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

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

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

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

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

5.1.6 Is gross salary including additional elements incentives etc.?

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

5.1.7. The monthly amount calculated in the file "4.10_Annex3_timesheet_staff" is obtained from the sum of all lines, including the amounts referring to other projects that are not approved by this Interreg, on which the employee has been working. Is this correct or only the amount of the concerning Project approved by this Programme?

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

5.2 TRAVEL COSTS**5.2.1 Is daily allowance for travel possible?**

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

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

- a) report of the full amount of the mission reimbursed to the staff member?**
- b) re-calculation of each single cost of invoice/receipt, therefore the whole cost of the mission, "using the monthly accounting exchange rate of the EC in the month during which expenditure was submitted for verification to the Controller (par. 10 del 4.10_Eligibility_rules)"?**

According to the simplification procedures listed in the updated FS. 4.10 and 4.10.1, the travel and accommodation expenditures related to the employee/staff mission costs are reimbursed using the FR of 15% on the basis of the reported staff costs in euro.

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

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

5.3.2 Can we claim the full amount of office equipment?

No, only thematic investment can be claimed in full. Office equipment may be only claimed according to depreciation rules and only if it is used exclusively for the project. In any case check carefully the FS.4.10 to avoid double funding with the FR 15% for office and administration costs

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

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

5.5 GENERAL ELIGIBILITY**5.5.1 What is the correct currency conversion rate to be used? If we have a contract with an amount in EURO, which is paid out in LEK and the EURO amount automatically calculated by Jems platform at the time of submission to the Controller differs from the amount of the contract, what is the correct amount? Are costs related to currency fluctuations eligible?**

In accordance with Article 28 of the ETC Regulation (EU) 1059/2021, as well as paragraph 10 of Factsheet 4.10 of the programme manual, the conversion rate is made using the monthly accounting exchange rate of the Commission in the month during which expenditure was submitted for verification to the Controller. The Jems automatically calculates this at the moment when the beneficiary submits the report to the assigned controller.

This means that the amount paid out in Lek and entered into the Jems, is converted automatically and correctly into EURO, no matter what the contract sets: E.g. Contract 1000,00 EUR, paid out in 116.000 LEK (rate 1=116), reported in LEK to controller, automatically converted into EURO 983,05 (rate 1=118), which is the correct amount, even if lower or higher than the amount of the contract. The beneficiary bears this currency conversion risk, as well as any additional cost, such as bank fees, related to currency fluctuations.

6. Communication

6.1. Regarding the evidence of the outputs implemented within Small Scale Projects, how can we share proofs such as videos or large graphics files via the Jems platform? And is there a section in the programme website in which it is possible to upload large files?

Currently, it is possible to upload videos and large files via the Jems in the Projects' Reports, both in the specific section of each activity/deliverable. These are the accepted formats and maximum size of uploadable files:

- extensions: zip, gif, jpg, png, doc, docx, pdf, xls, xlsx, ppt, pptx, mp4, mov, avi, wmv
- maximum size: 10 Megabytes

As videos may exceed that size, in order not to overload the servers, it is advisable to upload them to the partner's Youtube channel and insert the link to the video in the descriptive sections of the report. There is no dedicated section in the programme website to upload videos or large files; in addition to sending them via Jems, they can be published in the programme Facebook page.

6.2. Should we use a specific template for stickers on the small equipment purchased for the project?

As specified in chapter 2 of Factsheet 4.5 of the Programme Manual, the EU Regulation and the Programme set specific rules for visibility of websites, publications/events, promotional materials and for works, including infrastructures and physical investments. For a more effective traceability of equipment, depending on its size, material and value, it is advisable to use a sticker with at least the project logo, or the project logo and the sentence "Co-financed by the European Union under the Instrument for Pre-Accession Assistance (IPA III)".

7. Controller

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

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

7.2 For equipment items, which were included also in previous reports (e.g. in case of depreciation) and

for which section on public procurement of the checklists was already filled in once, shall I fill it in again in the subsequent reports?

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

8. SIMPLIFIED COST OPTION**8.1 Can a partner organise a workshop or B2B in another country of the area and use the country-specific lump sum (e.g. Italian Partner organising a workshop in Montenegro and using the related lump sum)?**

It is not possible, because lump sums are calculated on a basis of a fair, equitable and verifiable methodology based on historical data, which took into account all costs connected to the identified output (see the non-exhaustive list of type of costs covered), not only those costs related to the location of the event.

8.2 Concerning the evaluation questionnaires, is it mandatory to use the template provided by the Programme?

It is compulsory to collect inputs from participants or external experts on the project events, as well as to assess/analyse the success of the event as a follow up, in order to demonstrate that the content of the workshops/b2bs events were useful and contributed to the achievement of project objectives. You may also collect external experts evaluations, e.g. the template may be adapted in case it is not 100% suitable for the specific event, so you can use other formats (i.e. electronic format, google format, etc.).

8.3 Can you please clarify the reporting procedure of a meeting step by step: Do we simply need to add a new report in the Jems? Is the controller certification needed or not?

Reporting rules and procedures of Small Scale Projects are in details described in the relevant Jems Factsheet

First of all, each project partner has to report its own events in the partner report, while uploading deliverables of the three compulsory phases: a) before (invitation, analyses/studies, papers etc.), b) during (signature list, photos, ppt etc.), c) after the event implementation (analysis of evaluation forms, workshop proceedings, press releases etc.). If you order the deliverables according to these three phases (e.g. 3 merged pdf-files), the person verifying the SCO output will proceed more efficiently. The national controller will verify the SCO output and fill in the check-lists. It is compulsory to invite the MA/JS at least one month before the event. Controller, or MA/JS (in IT) and NIPs, NA (in AL and ME) are going to verify the output on-the-spot at least once per partner.

The Lead Partner is going to upload the project outputs (e.g. a joint report, papers, event follow up, joint memorandum of understanding, etc.) in the project report.

8.4 Can these 40 people be PhD students?

Yes, there is no limitation / exclusion per type of participants, but the event must be clearly a project event, thus exclusively for the project target groups, contributing to the achievement of the project objectives, with a proper visual identity, it is not acceptable to use own workshops you would have organised in any case (e.g. a standard learning event of a research centre or university). If you clearly fail to achieve the project

objectives, you will be required to repeat it.

8.5 Is there any limit when it comes to the number of people involved from each country (e.g. for a workshop in Italy, a partner should guarantee at least 10 people from Albania and 10 people from Montenegro)?

No there is no minimum-maximum no. set, but we encourage to strive for a balanced participation from all countries of the programme area and in any case the cross-border dimension is necessary.

It is required that at least 40 different persons for at least 1 day (as a general rule **at least 6 hours workshop** is acceptable) are present in person and sign the signature lists (e.g. you may reach 40 with 2 days and involving 20 persons per day, but only with different persons).

8.6 When 1 partner organizes 2 events during 1 month, for example in Italy, is it necessary as a partner to participate in both events physically?

For any organized event it is necessary to ensure the compliance with the programme rules as set in the FS 4.10.1.

8.7 Coming back again to the workshop. Is it allowed to organize a workshop in Italy involving only 40 Italians in presence, and then we will have Albanian and Montenegrin participants online?

NO. it is required to ensure the attendance of partner countries, too.

8.8 May a B2B involve partners from outside the programme area? In what proportion?

B2Bs must involve 10 economic operators (meeting in person, including their travel to attend the event) in order to establish significant business relationships. Basically, it can involve partners from outside the programme area, if benefitting the programme territories, and if there are other participants belonging from at least two programme countries. Basically, it depends on the project objective.