

Interreg



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IPA ADRION

IPA ADRION 2021-2027 PROGRAMME

Webinar devoted to all the beneficiaries of the 1st call for proposals

on “Financial Topics”

13 March - online





- The expenditure has occurred in the **eligible period** related to the duration of the project (with the exception of preparation costs and project closure costs);
- It refers to costs occurred for the implementation of the project and in accordance with the **approved AF**;
- It is **essential** for the implementation of the project and it would not be incurred if the project is not carried out;
- It relates to a product or service foreseen in the approved project proposal and that has been delivered and complies with publicity and information requirements;
- It is **borne directly by the beneficiary** and supported by accounting documents justifying incurred expenses/payments (invoices, pay rolls...) except for costs calculated as flat rates and lump sums;

Eligibility of expenditures – General rules 2



- It relates to an activity which has not benefitted from financial support by another public source (**no double funding**);
- It complies with the principle of **sound financial management** (efficiency, effectiveness and economy);
- It complies, if required, to the **public procurement rules** applicable in the respective Partner State;
- It is registered in the beneficiary's accounts through a **separate accounting system (strong recommendation)** or an adequate accounting code set in place specifically for the project;
- It is not in contradiction with specific Programme rules;
- It has been **validated by an authorized national controller**.

Non eligible expenditures



- Fines, financial penalties and expenditures related to legal disputes and litigation.
- Costs of gifts.
- Costs related to the fluctuation of foreign exchange rates and charges for national financial transactions.
- In kind contributions.
- Fees or Interest on debt and purchase of land.
- Second-hand equipment (unless it meets the conditions described in paragraph *Equipment costs*).
- **Sub-contracting between beneficiaries of the same project.**
- **Project expenditures split among PPs (i.e. sharing of “common costs”).**
- Cost for taxi is not reimbursed unless it is the only or the most cost-effective means of transport (or in other duly justified cases).
- The costs for the creation of a project website, unless it is expressly mentioned in the approved AF.
- Heavy investments, infrastructure and works.
- Orchestras and shows unless clearly described in the AF and further approved.

General principles and tips



- The eligibility rules are valid both for real costs and for simplified costs.
- All expenditures incurred under a simplified cost option must respect the eligibility rules and the principles of sound financial management remain valid.
- If using the flat rate option for Staff costs, remember to prove for each period that at least one person is working for the project as Staff.
- If using the flat rate for Travel and accommodation costs, remember to prove that the partner's staff did at least one trip in the project lifetime.
- Plan in advance procurement procedures. Remember they can last longer than expected. The Lead Partner should check the respect of the planned calendar.
- **Mid-term review:** will take place at the end of the first half of the project life-time. Project must spend at least the 80% of the spending forecast for the concerned periods; otherwise, a reduction of the project budget is possible.

Questions



1. Are costs born after the conclusion of the project eligible (e.g.: worker's productivity during the project, recognized and paid after the conclusion of the project)?

As a rule, eligible costs must be born within the project duration. The only exception refers to the project closure phase, i.e. the finalization of all the legal and administrative obligations related to the granted activities, including the preparation of the last progress report, the final report and the reconciliation with the initial amount granted, if necessary. These activities take place after the official finalization of project activities detailed in the AF and are generally included in the last request for payment.

All project costs must be paid out at the latest 60 days following the project's end date. Staff expenses (including social charges) related to the final month of the project may be reimbursed beyond this date, but no later than the date on which the last project report must be submitted.

2. Is the expenditure related to the participation event/seminar/meetings organized by IPA ADRION Programme eligible?

Yes, during project implementation period. If the travel and accommodation costs are planned as “flat rates”, participation at Programme events/seminars/ meetings are already covered by “flat rate” and cannot be additionally added.

Questions



3. Is it possible to change a partner budget from “flate rate” to “real costs” or viceversa?

No. In application phase it was possible to select adequate financing option on partner level budget, however selected financing option is not possible to modify during project implementation.

4. Can unspent amount be spent in the next period?

Yes. However, it is not possible to change the spending forecasts per period foreseen in the Application Form. Indeed, spending targets per period are important for the monitoring of project performance and cannot be changed. All unspent amounts in one period may however be reported in the next reporting period(s). Please note that this will affect the project spending performance. Deviations should be noted in “Partner/Project report/Deviation section”.

5. Should partners pay for the Controls?

All control tasks that are centralized are free of charge. Only Italian controllers are “decentralized” and their services can be charged.

Audit trail



The audit trail is the procedure/s allowing tracking all the financial documents and additional necessary documents supporting the financial flow within a project.

It includes all documents related to the project from the subsidy contract/partnership agreement to the reports, proofs of payments and reporting closure, including eventual amendments or revisions.

The audit trail must be kept both at level of single partner (including lead partner) and project level. Physical or electronic archive, separate accounting system or code.

LP /PP must have a list including all project expenditure and transactions in English (format excel, word).

Audit trail - example



Type of document	Specifications
Subsidy contract	<ul style="list-style-type: none"> ▪ All versions; ▪ Latest updated application form annexed to the subsidy
Partnership agreement	<ul style="list-style-type: none"> ▪ All versions;
Reporting forms	<ul style="list-style-type: none"> ▪ All submitted documentation
PP reporting forms (if any)	<ul style="list-style-type: none"> ▪ All accepted documentation
First level control reports	<ul style="list-style-type: none"> ▪ All certificates and reports + on the spot checks
For each expenditure	<ul style="list-style-type: none"> ▪ Information on the selection process - procurement procedure - contracts ▪ Received invoices ▪ Proof of payment ▪ Documentation submitted to the first level controller
Further supporting document related to other budget lines	<ul style="list-style-type: none"> ▪ Time sheets; contracts; reports
Outputs and deliverables produced	<ul style="list-style-type: none"> ▪ Adequate and relevant related documentation produced during the project lifetime and copy of the deliverables
Transfer of funds to PP (for LP only)	<ul style="list-style-type: none"> ▪ Registration of transfers

Preparation costs





- Preparation costs are a lump sum, up to EUR 14.200.
- They are optional, depending if the project included them in the Application Form.
- There is no need to justify such expenditure.
- Differently from the past, they will be submitted in Jems together with Report 1.
- If present in the AF, Jems proposes the preparation costs in a drop-down menu in column “Unit costs and Lump sums. The partner must select them and submit them together with the other expenditures of Report 1.

List of expenditures

Currencies and conversion rates are taken from InforEuro, the European Commission's official monthly accountir the month when the Partner Report is first submitted for verification. If your Local currency is EUR, your expendit

Items highlighted in yellow were edited during last reopening of the partner report.

ID	 Previously parked by	Unit costs and Lump sums	Cost category	Contract name
R1.?	<input type="checkbox"/>	N/A	use select a c... ▼	N/A ▼
		Lump Sums		
		Preparation - Preparation		



Questions



6. Do the "Preparation costs" need to be reported in the 1st partner report? If yes, where should they be reported in JEMS?

Yes. In the first Partner report in JEMS you should “include” (select) preparation costs. Amount is automatically calculated.

Please remind to all your partners to tick the preparation cost option under the column “Unit Costs and Lump sums”, in case they have preparation costs foreseen in the AF.

7. A partner forgot to include the preparation costs in partner report 1. What should he do?

The partner will include the preparation costs in the next reporting period.

Budget lines



- Staff costs (real basis or flat rate, as 20% of other real costs)
- Office and administrative costs (fixed flat rate 15%)
- Travel and accomodation (real basis or flat rate, 10% of Staff costs for ERDF and 15% of Staff costs for IPA partners)
- External expertise and services (real basis)
- Equipment (real basis)

Alternatively:

- Staff costs as real costs and
- All other expenditures as 40% of Staff costs

Staff costs – Real costs- audit trail



Type of assignment	Eligible costs	Time sheets	Documentation required
Full time	100% of the gross employment costs	NO	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document and/or official assignment to the project. • Job description providing information on the tasks related to the project. • Periodic staff report with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer’s contribution.
Part-time with a fixed percentage of time worked per month	The fixed percentage of the gross employment per month	NO	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document and/or official assignment to the project official assignment to the project. • Monthly calculation for each reporting period. • Periodic staff report with a summary description of the tasks performed and the outputs achieved by the employee in the project reporting period. • Job description providing information on the responsibilities related to the project. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer’s contribution.
Part-time with a flexible number of hours worked per month	<p>The number of hours devoted to the project multiplied by the calculated hourly rate.</p> <p>The hourly rate is calculated by dividing the latest documented annual gross employment cost/1,720 hours</p>	<p>YES</p> <p>Timesheet must cover 100% of the employee’s actual working time)</p>	<ul style="list-style-type: none"> • Employment/work contract or an appointed decision/contract considered as an employment document (including information on the hours worked monthly). • Job description providing information on the responsibilities related to the project. • Calculation of the monthly gross employment costs based on the hours recorded in the time sheet and the calculated hourly rate. • Document stating the latest documented annual gross employment cost. • Payslips or other documents of equivalent probative value. • Proof of payment of salaries and employer’s contribution.

Staff costs – flat rate



20%
of
directs
costs

- No documentation required
- At least one employee involved in the project to be demonstrated: a self – declaration issued by the beneficiary's legal representative

Questions



8. Are there average monthly hours to stick to or monthly limits (i.e. equaling 1720/12) when reporting “staff costs” planned on “1720 method”?

Method “1720” sets maximum number of hours that can be claimed from one or more EU projects using the described method. This method is applicable for different EU funding schemes not only for IPA ADRION Programme.

Based on project activities and their intensity, partners could report different no. of hours per month. It does not need to be a linear division (e.g. 1720/12 months) but it should be based on the workload for project activities. It is up to the beneficiary institution to establish proper monitoring of staff working for EU project(s) and to ensure that there is no double financing.

9. What is the reference period to calculate hourly rate in “1720 method”?

See section 13.1.1 “Staff costs reimbursed based on real costs” of the Implementation Manual. Latest available document should be used.

Questions



10. When selecting "Staff cost" as a real cost, is it necessary to provide a description of activities performed for each employee within the reporting period? If yes, is there a template provided by the Programme?

Yes. Periodic staff report with a summary description of the tasks carried out and the outputs achieved by the employee in the project reporting period should be provided.

Template is provided by the Programme and available here (under ADMINISTRATIVE DOCUMENTS): <https://www.interreg-ipa-adrion.eu/support-for-applicants/how-to-implement/>

11. Do we need to provide the Periodic Staff Report and Task Assignment Document in English as well, if we have already provided it in national language for the national controller.

They can be in the national language. If requested by Programme authorities, copies in English must be provided.

Questions



12. Should we use the timesheets IPA ADRION Programme provides or can we use ours?

If accepted by their controllers, Partners can use their own timesheets, provided that they include all the information present in IPA ADRION templates.

13. When filling out the timesheet, what info should we enter in "hours related to other activities" and what it means "total working hours should cover 100%"?

Hours related to other activities refer to hours worked on tasks/activities other than the project. The total working hours, including those for the project and other activities, must add up to 100% of the working time.

14. What if there is an overtime cost on the payroll that was not for the purpose of the project?

That is not an eligible cost. Overtime is eligible only in justified cases and when it is in compliance with the national law and the standard practice of the beneficiary. Overtime of an employee working part-time on the project can only be eligible if transparently and proportionally allocated to the project.

Questions



15. How can we engage staff on contract basis that are not working in partner organization?

Please refer to section 13.1.1 Staff costs reimbursed based on real costs of the Implementation Manual, in the paragraph about the Payments of natural persons other than Staff. Please note that this applies only to partners from Bosnia and Herzegovina, Greece, Italy, Montenegro, Serbia, and North Macedonia.

16. Our budget is divided in 6-months periods and cost for one staff position is different in periods. Can we sum up budgeted amount and divide it equally on periods.

Based on the project activities and their intensity, if allowed by the calculation method indicated in the Application Form, partners could report different no. of hours or percentage of working time per month.

17. Is it possible to change calculation method of “staff costs” during the implementation (e.g. from full-time to fixed percentage per month)?

Yes, however, changing the calculation of staff costs method is not allowed in the first 6 months of the implementation, apart from exceptional cases which must be approved by the JS/MA. Also, changes related to staff cannot be done within the same reporting period.

Questions



18. Cost for extra-personnel, initially not foreseen in the AF, should be included in Staff costs or in Office and administration cost category? Which documents should be provided?

If not foreseen in the Application Form, extra staff cannot be reported, unless a preliminary justification is provided to the JS and also reported in the deviation section of partner and project report. Staff should always be reported under the Staff cost category.

Moreover, the budget per cost category cannot be exceeded, except for a flexibility of 20% at the project level (which means that another category needs to be reduced for the same amount). For all Staff costs the partner must provide the audit trail as foreseen in the Implementation Manual, included the appointment decision/contract and the job description.



Office and administrative costs



15%
of staff
cost

- No documentation required

Questions



19. In which category of the budget should we categorize the laboratory disposals like laboratory reagents?

It depends on the nature of the reagents. If they are of general use and they can be considered as equivalent to “office supply”, they should fall under Office and Administrative costs.

20. Inside the cost category “Office and Administrative costs”, can we include any type of cost? Should we keep supporting documents in case of audit controls?

Eligible costs under “Office and Administrative costs” are listed in the Implementation manual. The list is exhaustive. No supporting documents should be requested or provided.



- General principles of eligibility:
 - Beneficiaries must always choose the most economical modes of transport otherwise it must be duly justified in each case;
 - Accommodation costs should be within middle price range;
 - The duration of the mission must be clearly in line with its purpose;
 - Any expenditure covered by a daily allowance cannot be accounted for and reimbursement in addition to the daily allowance;
 - Travel and accommodation are only for the Staff of the partner.

Questions



21. What about trips not foreseen in the Application Form?

Any travel related activity not foreseen in the approved AF should be communicated to JS and approved by JS, then reported in “Partner/Project report/ Deviation section” during reporting.

Travel and accommodation outside the Programme area (e.g. meetings and events organized by European institutions in Brussels; participation in thematic events, trade shows etc.) must be clearly indicated in the AF, or if they are not explicitly envisaged in the application form but they are clearly linked to the outputs and results of the projects they must be duly justified in the reports and subject to approval by the MA/JS.

22. In the budget, one person was planned to travel to the project meeting. Is it allowed for two people to travel for the same amount of money?

Yes, if properly justified and reported in the deviation section of the report.

Questions



23. Is a “rent-a-car” eligible cost? Under which cost category it should be reported?

Yes, rent-a-car is eligible if such costs are already foreseen in AF. In all other cases, such request must be properly justified. All deviations than will be reported in Partner/Project report “Deviation section”.

If the rented car is for a “Staff travel”, it should be reported under “Travel and Accommodation” cost category, proven that it was the most convenient way of transportation and that it was allowed by the internal rules of the organization. Fuel invoices are also admissible (of course their costs must be in line with the covered distance).

It is different if the vehicle was rented for specific project activities. (e.g. pilot action). In this case the cost, which should be already foreseen in the Application Form, should be reported under “Equipment” category cost.

Questions



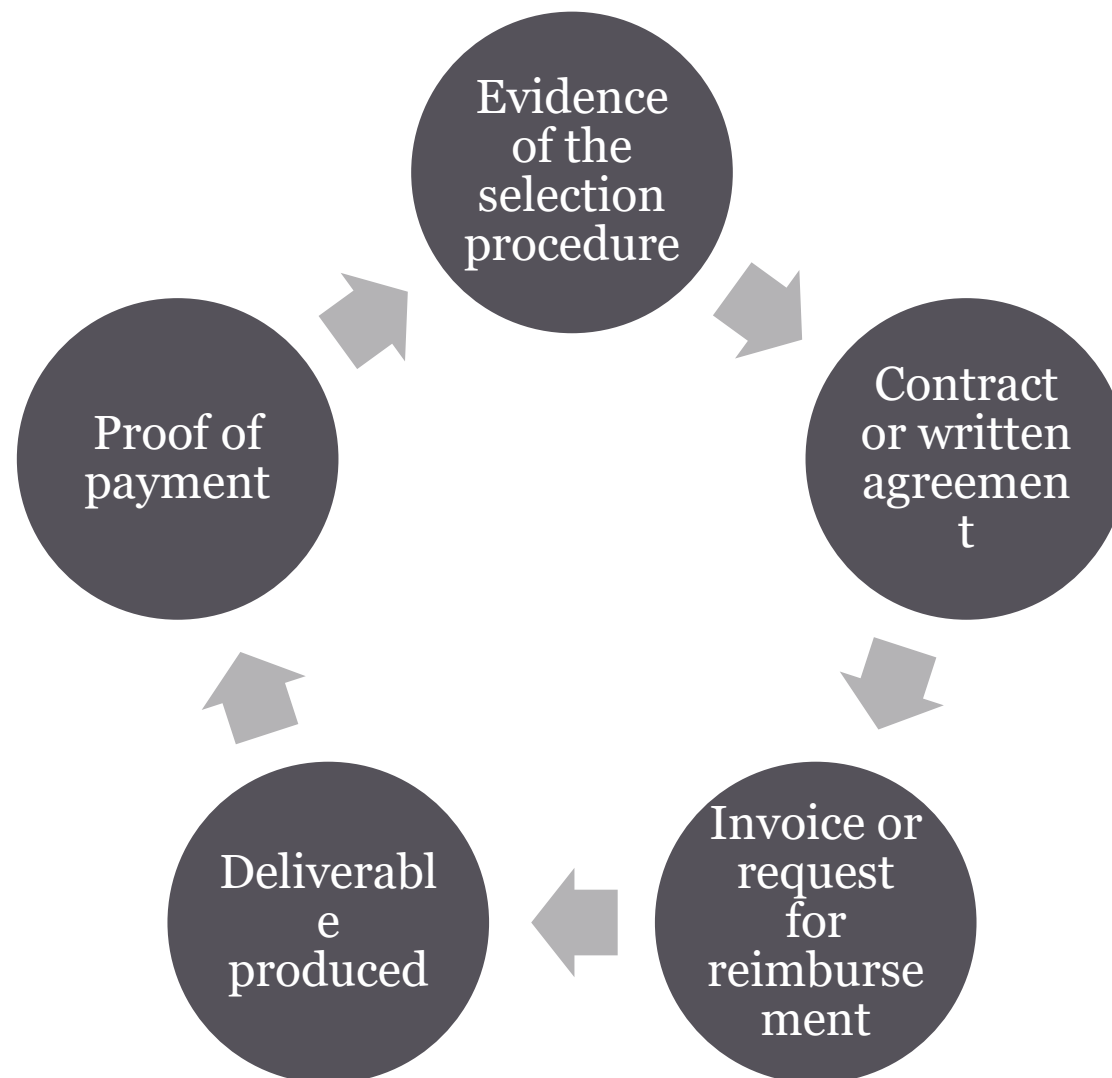
24. If the money for one trip was not spent, is it allowed that the unspent amount is used for any other travel? Within the same period or in different periods?

Any travel related activity, not foreseen in the approved Application Form, should be communicated to JS and approved by JS, then reported in “Partner report/ Deviation section” during reporting.

25. If PP is not claiming staff costs for one employee, but that person is somehow included in the project implementation and wants to participate in a travel related to the project, should this cost be reported under Travel and Accommodation or External expertise and services cost category?

If the employee is somehow engaged in the project implementation, his/her travels can be reported under Travel and Accommodation cost category, at condition that his/her presence is justified, and that the supporting documents are provided. In particular, the organization should provide an internal act assigning the person to the project.

External expertise – audit trail



Questions



26. Is it possible to transform part of the “External Expertise costs” in “Staff costs” and vice versa?

- Yes, if costs are planned as “real costs” and if well justified and explained.
- No, in case of use “flat rates” for planning “Staff costs”.

Please bear in mind that human resources planned confirm partner capacity and expertise to implement the project and eventual modifications may not in any way weaken the partner capacity.

27. Can legal entities and physical persons who are donors to a political party be eligible as contractors, experts, etc.? And expenditure, is it eligible?

Please refer to your national and institutional legislation.

Questions



28. Which is the correct budget line for costs referred to in-house bodies?

Please refer to IPA ADRION Programme Implementation Manual, section 13.4. and section 16.1.1.

29. Is it possible for a partner to hire as external experts the Staff persons of another partner?

No.

30. Is it possible for a partner to directly contract an associated partner, without a tender process?

Please refer to art. 13.4 of the Implementation Manual: “Subcontracting between beneficiaries inside the same project partnership is not allowed.” Associated partners are considered beneficiaries of the same project. Therefore, subcontracting is not allowed.

Equipment



Eligible cost items under Equipment cost category are:

1. Office equipment
2. IT hardware and software
3. Furniture and fittings
4. Laboratory equipment
5. Machines and instruments
6. Tools or devices
7. Vehicles
8. Other specific equipment needed for the project.

Equipment cannot be purchased, rented or leased from another project partner.

If foreseen in the AF or properly justified, equipment can also be rented or leased.



Questions



31. Is it possible to rent or lease the equipment, instead of purchasing them? How should they be reported in these cases?

Yes, if such costs are already foreseen in Application Form. In all other cases, such request must be properly justified. All deviations than will be reported in Partner/Project report “Deviation section”.

Reporting



Questions

32. The salary for the last month of the first reporting period will not be paid until the end of that month. How to report that cost?

Only salaries which have been paid within the relevant reporting period should be reported in that reporting period. Salaries which are not paid should be included in next reporting period.

33. In the option where all “other costs are calculated as 40% of staff costs”, is it necessary to upload any documentation regarding the incurred expenditure?

No, it is not necessary to upload any documentation/proof of the expenditure in JEMS. However, while implementing the project all project partners must respect the general eligibility rules foreseen by the Programme.

Reporting



Questions

34. If for a certain 6-month period the expenditures are equal to EUR 0,00, should we submit the partner report?

Yes, partners are requested to submit the report which must be certified by controllers anyway. Moreover, in case expenditures amount to EUR 0,00, partners should insert at least one expenditure with value 0,00 in the List of Expenditure of your report in JEMS.

35. Does LP have to wait for the late certificates from the Partner reports in order to submit the Project report?

LPs and PPs must respect reporting deadlines.



Questions

36. A partner has not its controller assigned in JEMS. Should he submit the partner report?

Partner reports can only be included in a project report if they have been certified by a controller. Therefore, each partner should have a controller associated in JEMS. In case of partners from North Macedonia, please directly refer to your national controller authority in case you have not an assigned controller. For Italian partners, if you already sent the request to Commissione Mista, you can enquire with the Italian NCP to solicitate the validation. All other controllers should be already associated to their partners.

Reporting



Questions

37. In the project report I cannot find the section where to describe deliverables, outputs, etc.

The first reporting period is “only finance”. This means that, in the “Project report identification”, some general information on the implementation of activities should be provided.

A detailed description of activities, target groups involved, deliverables and outputs will be provided in report 2, which will be both content and finance.

Therefore, in the first report, information on activities, deliverable and/or outputs must be provided at partner level (what the partner did and how it contributed) because it is a necessary information for the checking of expenditures by the controller, but these information should not be reported in the project report.

Other finance related questions



38. How do we manage costs which fall within the flat rate? How do we know how much budget we have per cost category if everything apart from staff costs is flat rate?

Indeed, if you selected that method, it is up to you to properly monitor your budget capacity and spending per cost category.

39. What should we do to receive the 15% of national co-financing, if applicable?

Please refer to your National Contact Point to receive information on the national co-financing.

40. How do we return the amount that we received for the pre-financing of the project to IPA partners? Which percentage will be applied?

Received pre-financing will be compensated with the last project payment by the Managing Authority.

Other finance related questions



41. Is it obligatory to have a separate project account for the project, or can the basic account of our organization be used?

When allowed by internal beneficiary rules, a separate bank account or a sub-account for receiving project Interreg funds in euros is strongly recommended.

42. How to proceed in case of change of the bank account?

In case of the change of the bank account of the LP/PP, update of bank account details in JEMS is needed. In case of any document related to the change, it needs to be uploaded as annex in the relevant JEMS section.

Please also contact your JS Finance Officers to be informed if a new Grant form is needed.

43. Are IPA public procurement thresholds to be intended with or without VAT?

According to the latest information received from the European Commission, thresholds for IPA partners should be intended VAT included.



For specific questions on your project:

If related to specific national legislations = refer to **National Contact Points** or **National Controllers**

PPs should always firstly address to **LPs**, after having carefully read the programme's documents.

LPs should try to provide answers, based on Programme's documents and EU Regulations.

Only in case they cannot answer, LPs should refer to their **content and finance officers**.

General JS address:

IPA-ADRION@regione.emilia-romagna.it