Interreg Europe

Co-funded by the European Union

Lead partner

seminar

18 March 2025

**Lead partner seminar
Krakow, Poland**

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1.

Reporting

timeframe
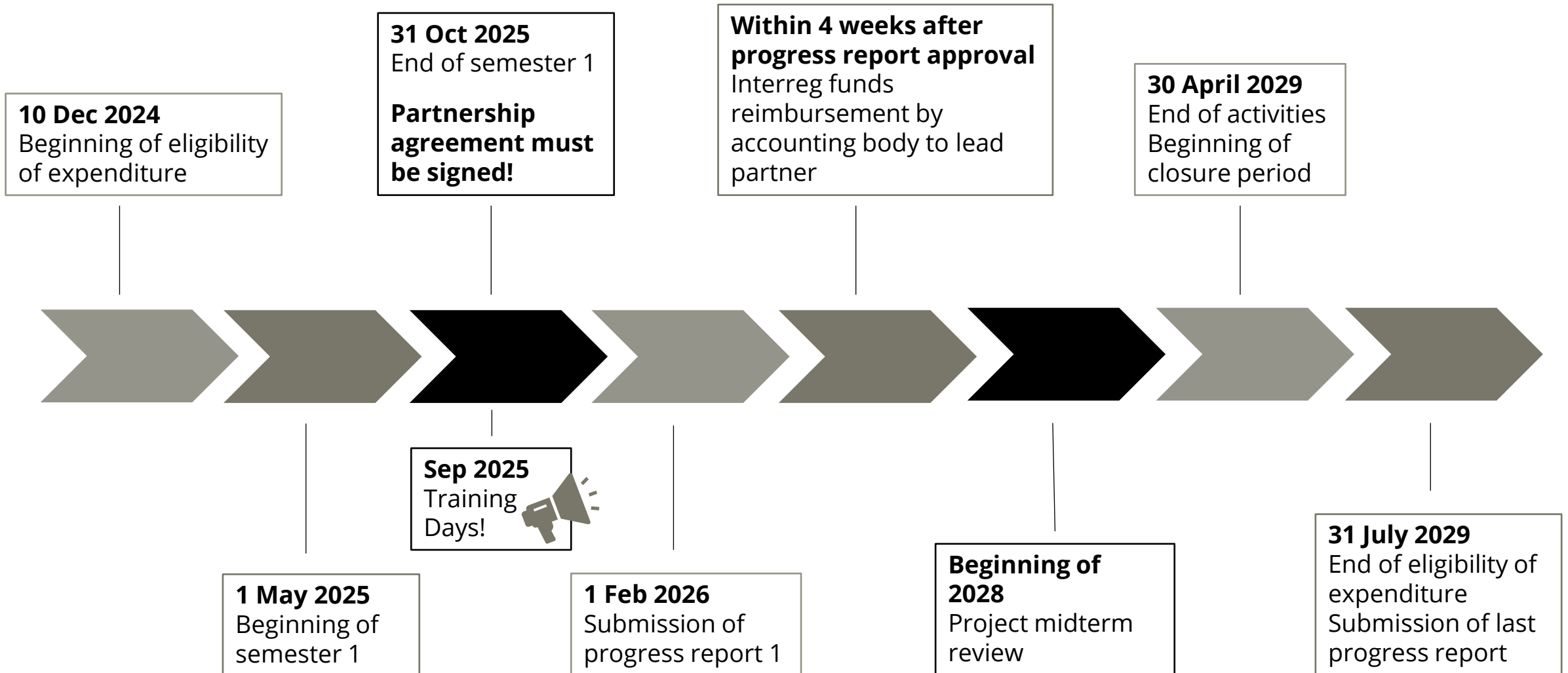
The partnership agreement

= key document **between a lead partner and the other project partners**, extending the arrangements of the subsidy contract to the level of each partner

Only partners who have signed the project partnership agreement are allowed to report expenditure!

Example of a project partnership agreement template on programme's website: https://www.interregeurope.eu/help/project-implementation-2021-2027

Further information in **section 5.1.4 Project partnership agreement** of the programme manual.

2.

Verification of expenditure and main **financial reporting steps**

The different **control systems**

Centralised control

Albania, Belgium (Brussels + Wallonia), Bulgaria, Bosnia and Herzegovina, Czech Republic, Croatia, Estonia, Finland, Greece, Hungary, Ireland, Latvia, Luxemburg, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovenia, Slovakia, Sweden, Ukraine

Directly **appointed by control body**

Decentralised control

Austria, Belgium (Flanders), Cyprus, Denmark, France, Germany, Italy, Lithuania, Malta, Moldova, Netherlands, Norway, Portugal, Spain

Controller needs **to be contracted by the PP and approved by Approbation body** (sometimes there is shortlist)

https://www.interregeurope.eu/in-my-country

interregeurope.eu/#

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Q Search | News and events | Help & contact | My account

The programme | Look for funding | **Approved projects** | Policy solutions | Get expert support | Meet our community

Approved projects   See all

Projects by topic:

Smart >

Green >

Connected >

Social >

Citizens >

Governance >

Search approved projects by :

Country
(France, Italy, Germany...) >

Implement project

Programme manual 2021-2027

Guidance and templates

Our seven new countries

Country specific info

Project results

Overview
Latest programme achievements

30 stories about policy changes
A publication about results in 30 countries

Project news   See all

Lead partner seminar for third call projects

| 18 March 2025

See also

Facts and figures

Policy solutions

FOLLOW US

NEW

Requirement for **decentralized controllers**

Interreg Regulation 2021/1059, article 46 (8):

"Each Member State, (...) shall identify as controller either a **national or regional** authority or a private body or a natural person as set out in paragraph 9."

NEW

Requirement for externalized controllers

Interreg Regulation 2021/1059, article 46 (9):

"Where the controller carrying out management verifications is a **private body** or a natural person, those controllers shall meet **at least one of the following requirements**:

a) Be a member of a national accounting or auditing body or institution which in turn is a member of **International Federation of Accountants (IFAC)**;

b) Be a member of a national accounting or auditing body or institution without being a member of IFAC, but **committing to carry out the management verifications in accordance with IFAC standards** and ethics;

c) Be **registered as a statutory auditor in the public register** of a public oversight body in a MS in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (21);

d) Be registered as a statutory auditor in the public register of a public oversight body in a third country, partner country or OCT, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned."

Financial reporting: **STEP 1**

1. **Find your controller**

Centralised systems
- Find out who your control body is

Decentralised systems
- Contract your controller
   (check your national requirements, there might be a shortlist)
- Get them appointed by your approbation body

In both cases, controllers get **access** to the Portal by the control/ approbation body **only**

Financial reporting: **STEP 2**

2. **Create and complete your financial report**

In the Portal:

- Financial report
- List of expenditure
- Supporting documents

Financial reporting: **STEP 3**

3. **Send it to your controller**

Send completed financial report to controller **early** in advance to ensure it is certified on time.

Certain controller systems have specific deadlines – **check** in advance **with your controller**!

Make sure the expenditure is reported clearly and all supporting documents are provided.

Reporting = fully **online**

NEW

Risk-based methodology …

… for the verification of expenditure

Guidance

For the period 2021-2027, the control of expenditure reported by partners is risk-based. The programme risk-based methodology is available here.

PDF

RISK BASED MANAGEMENT VERIFICATIONS METHODOLOGY.PDF

The programme risk-based methodology version 1 from October 2022.

Download (491.83 KB)

https://www.interregeurope.eu/help/project-implementation-2021-2027

Financial reporting: **STEP 4**

CERTIFIED

4. Verification + confirmation by the controller

Expenditure

- Verified and confirmed by the controller

In Spain and Portugal: additional step performed by the validation body

Control documents

- Issued by controller directly in the Portal

Financial reporting: **STEP 5**

5. Financial report sent back to the lead partner

- Each project partner sends their confirmed (and validated for ES and PT) report to LP.

- LP checks them on the basis of the control documents.

- All partner reports are compiled by the lead partner into the joint progress report.

Financial reporting: **STEP 6**

6. Joint progress report submitted to JS by lead partner

• Joint progress report submitted to the JS by the deadline

   (1 February or 1 August)

Financial reporting: **STEP 7**

7. Progress report checked by the JS

• JS checks the report

• If necessary, JS sends clarification requests to LP

• Once all points are clarified, progress report is approved.

Financial reporting: **STEP 8**

8. **Payment made by the accounting body to the LP**

The reimbursement of the Interreg funds

• Done by the accounting body

• Within approximately four weeks after the approval of the progress report by JS

Financial reporting: **STEP 9**
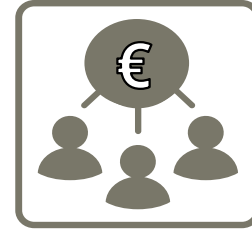
9. Transfer of the funds to partners by LP

LP transfers the funds to the partners after receipt of the payment.

The transfer

- Done within the timeframe agreed in the partnership agreement

- In line with the amounts stated in the progress report

3.

Main
eligibility principles

General **principles**

Different levels of rules

• European: EU Regulations

• Programme

• National

• Partner/ institutional

General **principles**

CONSISTENT
the expenditure allocated to the right cost category

JUSTIFIED
unforeseen expenditure items or over/ underspending needs to be justified

COHERENT
reported activities and finances have to match

General **principles**

Eligibility of costs is determined by the **relevance of the activities**!

Costs necessary to:

- Carry out the project activities

- Achieve the project objectives

Eligibility period

Eligibility period from project approval

- by the monitoring committee **(10 Dec 2024)**
- to the project end date **(31 July 2029)**

Submission date of last report = project end date = end date of eligibility of costs

APPROVED

Eligibility **rules** - points of **attention**

Prior **approval from JS** necessary for items not already specified and approved in the application form

For example:

• Activities/ travel outside the programme area

• Equipment

• Infrastructure and works

Eligibility **rules** – points of **attention**

No shared costs !

Contracting partner principle applies

- **Contracting partner** = the only one reporting and receiving the funds!

Ineligible costs

- Gifts/ gadgets

- Fines

- Financial penalties

- In-kind contributions

- Awards & prizes

- Double financing

See **section 6.4.6** of the programme manual

Flexibility rule

Budget may slightly change during the implementation of your project.

How to deal with such small changes?

NEW **20% budget flexibility rule**
on the total partner budget

• no pre-approval from JS, justification in PR
• total Interreg funds of the project cannot increase

4.

Cost
categories

Cost **categories**

1. Preparation costs
2. Staff costs
3. Office and administrative costs
4. Travel and accommodation
5. External expertise
6. Equipment
7. Infrastructure and works

1. What are **preparation costs?**

?

- Costs for the **preparation of the application**
- Lump sum of **EUR 17,500** (total amount) per project
- Share of **Interreg funds** (**EUR 14,000**) paid after the **first progress report** approval

To whom?

- **Attributed to LP** and reported as LP expenditure in PR1
- To be **shared with partners** involved in the application preparation
- Distribution among partners according to the partnership agreement
- **No supporting evidence** required

2. What are **staff costs?**

?

Gross employment costs

= salary payment + taxes + social security contributions

For whom?

Only staff employed directly by the partner institution and working on the project (**not** for associated policy authorities)

2. Staff costs **calculation method**

Fixed % of the gross employment costs

1. **Full-time on project?** ➤ 100% real costs charged

2. **Fixed % on project?** ➤ % of real costs charged

2. Staff costs **supporting documentation**

- **Employment contract**

- **Task assignment letter – to be signed ASAP**
  - % of time per month to be worked on the project
  - % can be reviewed occasionally, if really needed
  - Template available on our website
    https://www.interregeurope.eu/help/project-implementation-2021-2027
- **Payslips, proof of payment to identify real salary costs**

- **No timesheet needed!**

Flat rates

SIMPLIFICATION

15% of partner's staff costs ▶ office & administrative costs

NEW 15% of partner's staff costs ▶ travel & accommodation costs

- Automatic calculation
- No supporting documents needed when reporting
- Paid with the approval of every PR
- Costs belonging to the flat rates cannot be reported under other costs categories

3. What are **office & administrative costs?**

?

- General administrative expenses of the partner organisation

  (office rent, stationery, accounting, postal services, …)

How much?

- Flat rate - **15%** of partner's **staff costs**

4. What are **travel & accommodation costs?**

?

- Travel and accommodation costs **for <u>all</u> staff employed in the partner organization <u>regardless of their role in the project</u>**

How much?

- Flat rate - **15%** of partner's **staff costs or real costs** (mainly for partners from 7 EU candidate countries)
- The calculation method cannot be changed during the project

4. **Travel & accommodation costs**

- Partners expected to travel to meetings as planned in AF (importance of **in-person** exchange)
- Justification to be provided in the joint PR if they do not attend
- Partner recurrent non-participation could put into question the costs and overall involvement within the project

5. What are **external expertise & services?**

Services needed outside the partner organization

For what?

- travel & accommodation for external stakeholders
- organization of events
- verification of expenditure (controllers' costs)
- etc.

Must comply with **public procurement rules**

5. External expertise and services

Includes for instance:

- travel & accommodation (T&A) for external stakeholders & external experts,

- support for project management,

- Also **T&A for associated policy authority (APA)**

Consistency activities vs reported costs!
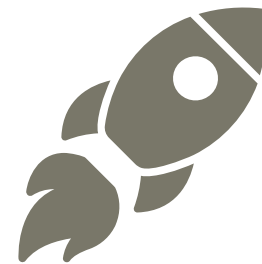
6. What are **equipment costs?**

Equipment purchased, rented or leased by a partner, to achieve the objectives of the project

For what?
- Only planned/ pre-approved equipment eligible!

Buy it early and report it ASAP!

Must comply with **public procurement rules**

7. What are **infrastructure & works?**

?

Small scale building materials or labour needed for works

NEW

For what?

- Only for pilot actions
- Only planned/ pre-approved infrastructure and works eligible!

Must comply with **public procurement rules**

Common **principles**

VAT eligible

Evidence of compliance:
- Written agreement
- Invoices
- Proof of payment
- Proof of delivery/ existence of output/ equipment/ infrastructure or works

Public procurement

No programme-specific rules

Good use of public funds

Public procurement **applicable rules**:
- the EU public procurement directives (Directive 2014/24/EU)
- Annex II of the financing agreement (partners from 7 new countries)
- national rules
- internal rules of the partner organisation

The strictest rule must always be **applied**

The controller will **verify** the compliance

Public procurement

```
Letters of acceptance and rejection → Contract

Terms of reference          Evaluation/ selection report          Invoices and proof of payment

Request for offers/ procurement publication/ notice → Offers/ quotes received          Proof of delivery of goods or services
```
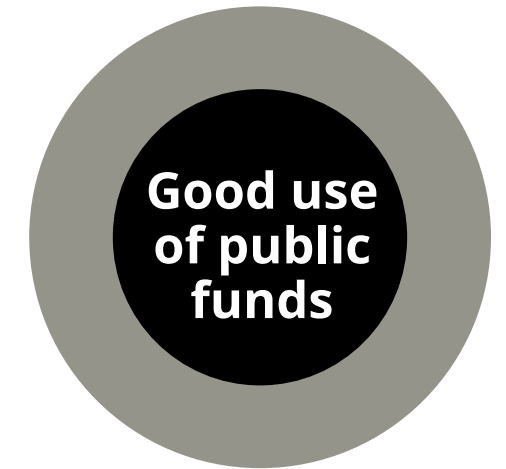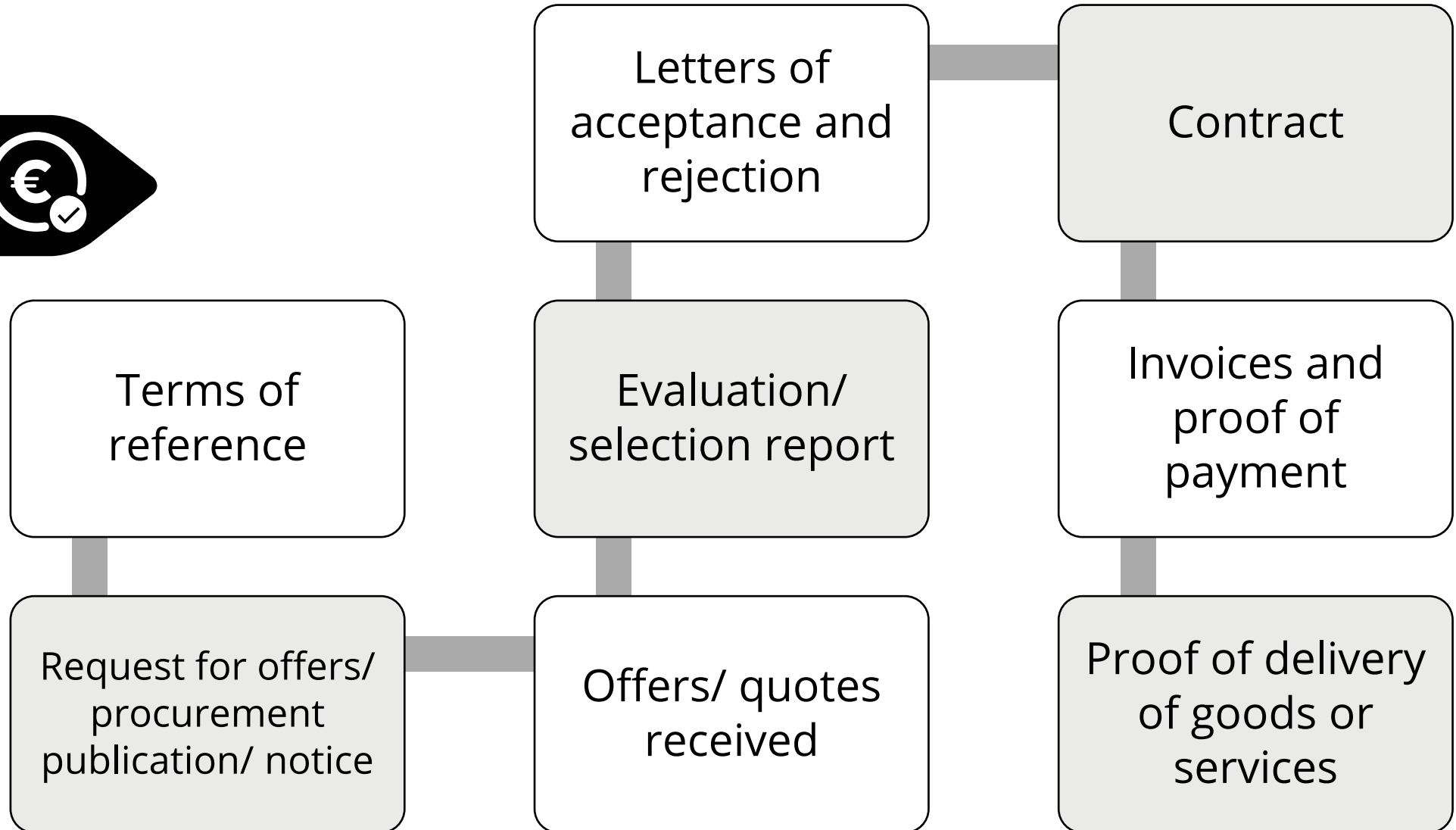
Public procurement **frequent errors**

- Inadequate procedure chosen
  e.g. direct award of contract not justified

- The value of the contract not estimated at institutional level

- Insufficient publicity

- Splitting the contracts to fit below thresholds

- Insufficient audit trail
  e.g. missing documents
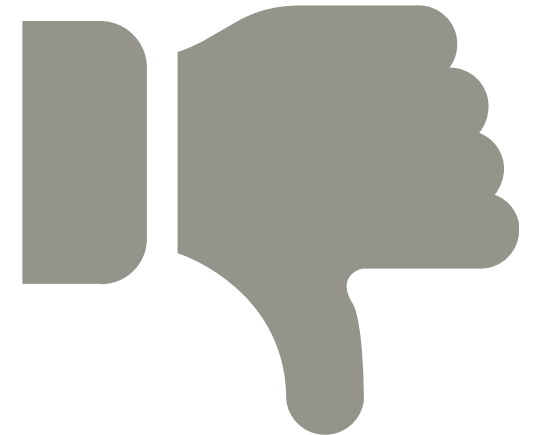
Public procurement **direct award**

Carefully consider:

"Urgency"

"The only one"

"More economic – no cost for training new person"

"Good value (based on old comparison)"

Public procurement **success factors**

✔ Takes time: **start as early as possible!**

✔ **Estimate** the value of your need (at institutional level)

✔ **Identify which rules apply** (European, national, internal)

Public procurement **success factors**

✔ **Apply** the right procedure (adequate advertising through adequate media depending on interest of tender, timeframe)

✔ **Award** the contract in a fair and transparent way

✔ **Document** and archive the relevant documentation/ justification (even for direct awards)

5.

Reporting on
Interreg Europe Portal

https://portal.interregeurope.eu

Points of attention

- Ensure that every person who needs to work on the partner reports:

    1. Has created a user in the Portal

    2. The user is assigned to the right organisation

    3. The user is provided with read+write rights

Partner access: add a new user to a project

LP adds new users if needed

Users receive an **activation email**

• **Check your junk folder!**

Define the user rights and assign a user to an organisation

Controller's access

Controller users are created by the control bodies

- **Centralised systems**
  - Find out who your control body is, they already have accounts in Portal

- **Decentralised systems**
  - Ask the approbation body to approve your contracted controller and to create their account in Portal

User access

- LP, PPs, Controllers see the Application form

- PP users will only see their own partner reports

- LP users will see their own reports and the other partners' reports

- Controller sees the financial report when it's submitted to them

- All users assigned to the PP or LP receive the notifications related to that organisation

Financial report

- **Compiled by each partner within 2 weeks after end of the reporting period**

- **Includes:**
  - Activity summary (≠ policy report)
  - List of expenditure
  - Procurements

- **Supporting documents uploaded on the Portal**

1. List of expenditure

- Expenditure only for cost categories reported on a real cost basis

- Descriptions in English

- For partners outside Eurozone expenditure converted to EUR automatically

1. List of expenditure

- Partners from Eurozone declare amounts in Euro

- Partners outside Eurozone declare amounts in local currency

- Currency as debited from bank account of the partner

Items selected for the sample appear in colour

1. List of expenditure

- Drop down list to select a contract number from the Procurements tab

- Month selection for staff costs

- Link with application form section F2

2. Procurements

Contract number	LP01-003
Created in	4
Last changed	21/01/2025

Contract name
External experts support 2024
29/100

Reference number
AG-2024-199
11/100

Contract date
25 Jun 2024

Contract type
Services

Contract amount (excl. VAT) in EUR
30,000.00

Above EU threshold
No

Procedure applied
Open Procedure

Open Procedure
Any interested supplier may respond to an advertisement in the OJEU (or another publication if below EU thresholds) by submitting a tender/offer.

Supplier name
Supplier name
13/100

Supplier VAT number
Supplier VAT number
19/100

Partner's comments
0/500

Controller's comments
0/500

Lists all contracts
above 10,000 EUR

One list accessible
in all finance
reports

3. Supporting documents

Visible only to the partner and their controller (possibility to further limit for specific users)

One list accessible in all finance reports

- Bulk upload, download and tagging
- Filtering by tags
- Sorting by column headers
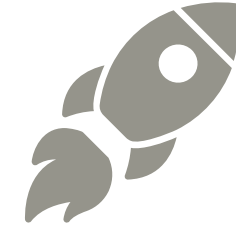- Search by file name

6.
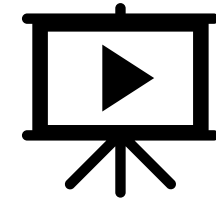
10 points

to remember

10 points to remember

1. Get **controller** as soon as possible

   (see website **In my country** pages for details)

2. Set internal **reporting timeline and control procedure** with partners

3. The whole reporting process happens on **the Portal**

   https://portal.interregeurope.eu

4. All **activities and expenditures must match** each other and be justified

5. There is only **one staff-cost reporting option**
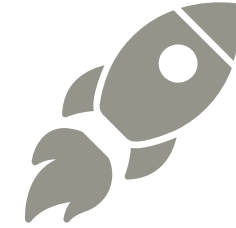
10 points **to remember**

6. Prepare **task assignment letter** indicating % of time staff members will dedicate to the project

7. Do not include **costs covered by flat rates** in other cost categories

8. Check with JS for **unplanned expenditure**

9. All partners must **comply with procurement rules**

10. **Assign users** to organisations and **define their rights in the Portal**

Watch our **tutorial videos**

https://youtu.be/Z4uZJEwbxco?list=PLXXM7UvBjn
hg-nu0MaFm6IW9zcElepogm

https://www.youtube.com/watch?v=GBx0CqOi6H
0&t=3s

https://www.youtube.com/watch?v=4svAVsBBFak

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