

2nd Call for proposals Lead Partner Seminar

PROJECT BUDGET

Negotiation phase / Audit trail / First steps / FLC

Bologna, 1 October 2019

Conditions for improvement

- Project budget indicated in the Conditions for Improvement is the result of possible budget reductions decided by the assessors on specific activities / work packages / budget lines / partners or due to the ineligibility of some partners and their consequent exclusion;
- Exclusion of a partner implies the exclusion of its activities and budget from the project;
- Project budget indicated in the Conditions for Improvement has been approved by the Monitoring Committee on July 2019;
- Project budget indicated in the Conditions for Improvement cannot be increased. However, it can be further decreased during the negotiation phase.

Starting date of the project

- In the Application Form you indicated a “provisional” starting date of the project. It can be modified during the negotiation phase.
- In any case, the project duration must remain the same.
- Projects can set the starting date on any date after the 17th of July 2019 (date of projects’ approval by the Monitoring Committee). In theory, at your own risk, you could have decided that your project has already started, even before knowing the conditions for improvement.
- If your project already started, costs for the participation to this meeting are eligible (and should be included in the budget). Otherwise they are not.
- Consider that most entities cannot operate before the signing of the Subsidy Contract and of the Partnership Agreement.
- The signature of the Subsidy Contract can be reasonably be expected in the first months of 2020.

Further meetings with the JS

- In the conditions for improvement, you found the indication to foresee some future meetings/events with the JS (at least 5).
- These meetings/events will normally be addressed to the Lead Partners.
- Some of these meetings/events will take place in Bologna, but some of them might take place in other Countries of the Programme area or in Europe.
- During the negotiation phase, you should include the costs for the participation to these meetings/events in the WP Management of the LP.
- The total budget of LP cannot be increased. Costs must result from shifts/reduction of other costs.

Promotional costs

COSTS FOR PROMOTIONAL MATERIAL ARE ELIGIBLE IF:

- Allocated under External expertise and service budget line.
- Proven efficacy in reaching one or more target groups is demonstrated.
- Not higher than 1% of the total eligible budget, unless duly justified.

PROJECT WEBSITE COSTS ARE NOT ELIGIBLE

- In order to ensure accessibility, durability and consistency of the information, each project will have its own dedicated page linked to the ADRION Portal to showcase it to a wide audience.
- The project pages will include a pre-filled information field automatically fed from eMS + dynamic information to be filled-in by projects.
- Costs for pages updating content-wise ARE eligible.
- Exceptions are possible in case the planned website is a technical tool (e.g. a working platform open to external stakeholders) necessary for the implementation of the activities. Its need and efficacy must be demonstrated and described in the Application Form.

Activities OUTSIDE the EU Programme area

- For EU Programme area it is intended the eligible areas of the 4 EU Countries:

Italy: NUTS regions: Abruzzo, Basilicata, Calabria, Emilia-Romagna, Friuli-Venezia Giulia, Lombardia, Marche, Molise, Provincia Autonoma di Bolzano, Provincia Autonoma di Trento, Puglia, Sicilia, Umbria, Veneto;
+ Assimilated partners.

Croatia: NUTS regions: Jadranska Hrvatska; Kontinentalna Hrvatska);

Slovenia: NUTS regions: Vzhodna Slovenija; Zahodna Slovenija

Greece: NUTS regions: Anatoliki Makedonia, Thraki; Kentriki Makedonia; Dytiki Makedonia; Thessalia; Ipeiros; Ionia Nisia; Dytiki Ellada; Sterea Ellada; Peloponnisos; Attiki; Voreio Aigaio; Notio Aigaio; Kriti.

Activities OUTSIDE the EU Programme area

Art. 20 of Regulation (EU) No 1299/2013, ADRION CP (page 126)

- This section (C.6) concerns activities implemented by ERDF partners within an IPA Partner State involved in the Programme for the benefit of the whole Programme area. **The total amount allocated for the implementation of these activities cannot be higher than 20% of the project budget.**

It does NOT include travel costs of ERDF partners to IPA Countries.
It does NOT include accommodation costs of ERDF partners in IPA countries.
It does NOT include costs of IPA partners.

It includes specific activities (e.g. a training seminar, recruitment of experts, venue and catering) organized and paid by the ERDF partners in the IPA Country.

**IPA Funds can only be spent in or for the benefit of IPA Partner States.
IPA partners shall implement their activities within their countries.**

Equipment

- Budget line Equipment covers costs related to equipment purchased, rented or leased by a beneficiary, essential for the implementation of project activities.
- Cost of equipment is only eligible if foreseen in the approved AF. During project implementation, purchase of any equipment not explicitly mentioned in the AF will have to be subject to prior approval by the MA/JS.

Two categories of equipment:

**Equipment for
general office use**

**Equipment considered as
thematic and functional to
pilot actions**

Depreciation for equipment expenditure

Equipment for general office use: computers, office furniture, printers, cameras, etc., upon condition that it is for the exclusive use for the project and it can be demonstrated. When the exclusive use for project purposes and activities cannot be demonstrated, such costs are deemed to be covered under the office and administration budget line.

The full cost of equipment is only eligible when the following conditions are satisfied:

- Equipment item is exclusively used for the project implementation;
AND
- The depreciation period is shorter than the time lap between the purchase of the equipment and the end of the project;
OR
- Equipment item is not depreciable (e.g. low value asset) according to the national legislation of the concerned partner.

If conditions are not met, depreciation rules apply.

Depreciation for equipment expenditure

Equipment considered as **thematic and functional** to the implementation of pilot actions (small scale investments and demonstration projects).
It can be a tool or a device that remains in use by the partnership after the completion of the project. Thematic and functional equipment are reimbursed in full.

Depreciation rules do NOT apply.

Depreciation for equipment expenditure

- Depreciation costs of equipment must be calculated on the basis of what provided by ***national legislation*** of each partner.
- Information on national provisions on depreciations of equipment can be found on ADRION website, under the section dedicated to First Level Controllers.
- All the equipment items must be clearly indicated in the AF. Projects are required to describe the nature, quantity and cost of each equipment item, as well as indicate the link with the deliverables and outputs foreseen in the work plan. In case of depreciation, it should be also illustrated how the costs for the project were calculated.
- Equipment cannot be sold (i.e.: change of owner) for at least 5 years after the project end date.

Critical points - Lessons learnt from First Call

- Public procurement procedures can be very time demanding; ensure that all your partners get familiar with national and internal procedures BEFORE the signing of the Subsidy Contract and Partnership Agreement.
- Schedule public procurement procedures at the early stages of the project.
- Be aware that some national legislations prevent public administrations to report the entire staff costs; check with your partners if they considered this aspect when drawing their budget. In case, remind them they have a flat rate option for staff.
- For Italian partners, the procedure to recruit and validate First Level Controllers can last several months. Be sure your Italian partners get familiar with the procedures and start them as soon as possible.



Audit trail – a good start



Audit trail – the procedure

- The audit trail is the procedure allowing the tracking of all the financial documents and additional necessary documents supporting the financial flow of 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 at project level.
- A physical and/or electronic archive must be put in place allowing data storing, records and documents concerning the physical and financial implementation of the project.
- A separate accounting system or an adequate accounting code must be put in place for the project.

Audit trail – documents retention

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 reports
For each expenditure	<ul style="list-style-type: none"> ▪ Information on the selection process - procurement procedure ▪ 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

- Supporting documents composing the audit trail must remain available at the premises of each beneficiary at least for **a period of three years**, starting from 31 December following the submission of the last payment claim to the EC by the MA.

Audit trail – annulling of documents

In order to avoid double funding:






The stamp must contain the following information:

- ✓ The expenditure has been co-funded by the INTERREG ADRION Programme;
- ✓ The number and the acronym of the project;
- ✓ The amount of the cost claimed in the concerned project;
- ✓ The date of payment.

In case the invoices (or other documents with probative value) are available only in electronic format, the information of the stamp must be incorporated in the subject and/or content of the electronic document.

First Level Control - systems

Designated body or persons responsible at Country level for carrying out the verification of expenditures in relation to beneficiaries on its territory (ex art. 23 of the Regulation (EU) No 1299/2013).

Type of system	Country	Free of charge
CENTRALIZED	SLOVENIA / GREECE / ALBANIA / SERBIA / BOSNIA AND HERZEGOVINA / MONTENEGRO	
CENTRALIZED	CROATIA	
DECENTRALIZED	ITALY	

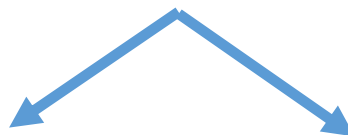
First Level Control - costs

Cost for FLC of **CROATIAN** partners must be inserted under budget line “external expertise and services”.

Cost for FLC of **ITALIAN** partners must be inserted under budget line “external expertise and services” (if FLC is external)
or
under budget line “staff costs” (if the FLC is internal).

First Level Control – Italian system

In **Italy**, two possibilities for the selection of FLC:



➤ External:

Qualified controllers identified by the beneficiaries, who must comply requirements of professionalism, integrity and independence and registered in the register of certified public accountants by at least three years or, alternatively, in the register of Auditors referred to Legislative Decree January 27, 2010, n. 39.

➤ Internal:

Only in case of public bodies, controls can be performed by their internal control structures, provided that they ensure functional separation from the offices responsible for carrying out the management of the operations financed by the Programme.

They must be validated by *Commissione Mista* and then communicated to JS.

First Level Control

Contacts of national FLC are available on ADRION website
<http://www.adrioninterreg.eu/index.php/contacts/national-controllers/>

For information on the validation procedure of the controllers for ITALIAN partners please refer to Italian National Contact Point

Contacts available on ADRION website

Be aware that the whole procedure can require months!