

Advance payment, Preparation costs and Audit trail

Marco Zecchinato
Finance Officer

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Advance payment for IPA partners

- After the signature of the Subsidy Contract and the Partnership Agreement;
- 10% of their EU budget;
- To be compensated in equal shares with the first two payments requested by the IPA partners.

Partnership Agreement NOT signed = NO advance payment !

Advance payment compensation

Compensation of the advance payment in equal shares within the first two requests for payment.

Example

IPA PP budget: EUR 170.000 (EUR 144.500 EC funds + EUR 25.500 national contribution)

Advance payment: EUR 14.450

MA/JS will then deduct EUR 7.225 from each of the first requests for payment:

	Total EC funds requested* a)	Advance payment to be deducted from the 1st reimbursement payment (b)	EC funds to be reimburse (c) = (a) – (b)
1st request for payment	25.00,00	7.225,00	17.775,00
2nd request for payment	32.000,00	7.225,00	24.775,00

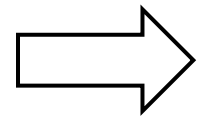
** assuming that all requested EU funds are considered as eligible by MA/JS*

Report 0

- To be presented after the signature of the Subsidy Contract and Partnership Agreement;
- Lump-sum;
- No need to present invoices or other supporting documents;
- Correct budget lines as in the Application Form (no Equipment);
- Partner Reports with expenditure must be certified by FLC.

Eligibility of expenditure – general rules 1

- It 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 expenditure – 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** 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**.

Not Eligible expenditure

- **In kind contributions** (in the form of provision of works, goods, services, land and real estate for which no cash payment supported by invoices, or documents of equivalent probative value, has been made);
- Interest on debt;
- Purchase of land;
- Recoverable **value added tax (VAT)**, except where it is not recoverable under national VAT legislation;
- Fines, financial penalties and expenditure on legal disputes and litigation;
- **Costs for gifts**, except those not exceeding **EUR 50** per gift where related to promotion, communication, publicity or information (in ADRION, maximum total value of gifts per project: **500 EUR**);
- Costs related to fluctuation of foreign exchange rate;
- Charges for national financial transactions.

Not Eligible expenditure for the ADRION Programme

- Under travel and accommodation budget line, the cost of taxi is not reimbursed, unless (i) it can be demonstrated that no public transport was available at the time and place needed; or (ii) local transportation is covered by a daily allowance provided for by the internal rules of the concerned partner; or (iii) it is the most convenient transport mean;
- Costs for **alcoholic beverages**;
- Costs for the creation of a project web site, as ADRION will offer in its web site space for all funded projects in order to guarantee a coordinated visibility, unless duly justified;
- Shared costs are not allowed;
- Basic courses (e.g language, accounting, use of MS Office);
- PP employee/s cannot be paid as expert for the project.
- Orchestras and shows unless clearly described in the AF and further approved.

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.

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

Audit trail – Each Project partner

EXAMPLE: 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 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

Retention of the documents, adequate archive and a separate accounting system

- 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;
- Supporting documents composing the audit trail must remain available at the premises of each beneficiary at least for **a period of two years** as from 31 December following the submission of the payment claim to the EC by the MA that contains the last expenditure of the project following its completion; MA shall inform when this period shall start;
- Documents referring to project activities and expenditure carried out in the framework of aid granted under the *de minimis* rule must be retained for a period of **10 fiscal years** from the date on which the aid was granted (date of signature of the subsidy contract).

Annuling of invoices

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;
- ✓ In case a single invoice include different items, the share of expenditure claimed in the project.

CUP (Codice Unico di Progetto) should be also indicated in the invoice (for Italian partners only).

In case the invoices (or other documents with probative value) are available only in electronic support, the same information must be incorporated in the subject and/or content of the electronic document (except for the payment date).