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IMPLEMENTATION MANUAL

for beneficiaries of the
Interreg V-A Austria-Hungary Programme

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1. INTRODUCTION

1.1. Preamble

The current Implementation Manual of the Interreg V-A Austria-Hungary Programme (hereunder the Programme) is part of the Programme Guidelines, a set of manuals comprising:

1. the booklets introducing the **Programme** and the **thematic priorities**,
2. followed by the **Application Manual** with its **attachments** such as the template for the Application Form (AF) including also templates for AF annexes and the selection criteria,
3. the **Eligibility Manual**, including valuable information about the eligibility of expenditure for application development as well as for the project implementation,
4. the **Communication Manual** which is a manual of its own due to its special importance, with technical and content related rules as well as useful tips to support the compliance with the legal expectations and support visibility of projects,
5. and the **Implementation Manual** (this document).

As the fifth part of the guidance package, the Implementation Manual will provide beneficiaries of the Programme – **lead partners** and **partners** of selected projects – information and guidance needed for the sound and timely implementation of their projects, in compliance with the applicable legal framework. Also bodies responsible for the verification (**first level control** bodies, or FLC) shall rely on the Implementation Manual with regard to programme requirements and the interpretation of certain rules.

The Implementation Manual focuses on the phases of the project lifecycle following the approval of applications by the Monitoring Committee (MC):

1. contracting,
2. reporting on partner and project level, including verification and the processing of the project report until ERDF payment,
3. project modifications,
4. complaints,
5. project closure.

Communication is handled in a separate manual. The manuals within the guidance package are complementary, meaning that certain processes, programme requirements and rules that have already been described in some other document are referred to where needed, but not repeated elsewhere as far as possible. This is especially true for the *Implementation Manual* which, at some points, may provide additional information and guidance to support certain procedures, but does not repeat, change or overwrite e.g. rules laid down in the *Eligibility Manual*.

1.2. Legal framework

The regulatory framework on EU level for the implementation of the projects financed by the Programme is defined in section 1.2 of the *Eligibility Manual*. In the hierarchy of rules (which can be also found in the quoted section of the *Eligibility Manual*) the EU rules have priority. This is followed by programme rules on eligibility of expenditure





and procedures to be applied. National rules should be applied for matters not covered by rules laid down in the above mentioned EU and programme rules.

It is the responsibility of the LP and each project partner (PP) to inform themselves about the valid national (i.e. Austrian or Hungarian) legislation. The implementation of projects must be especially in line with national rules related to:

- public procurement,
- accounting,
- taxation, incl. specific legislation on VAT,
- state aid,
- the implementation of EU funded projects, incl. institutions, procedures, etc.
- public financing and state budget.





2. CONTRACTING

Following the decision of the MC about the submitted application, after the MC minutes are finalized, the lead partner (LP) is informed in writing. According to its rules of procedures the decision of the MC can be:

1. approval
2. approval with conditions
3. postponing the application
4. rejection
5. put the application on the reserve list.

Soon after the notification about the approval or approval with conditions, the LP is offered a consultation about tasks related to the contract preparation and information concerning project implementation. This consultation usually takes the form of a face-to-face discussion involving the representative(s) of the LP, the JS (in most cases accompanied by the MA) and the regional coordinator (RC) of the LP or a workshop where all LPs of the approved projects in a certain decision round are invited by the programme bodies (as far as possible also offering room for face-to-face discussions).

Some FLCs also offer similar consultations for all concerned partners before the implementation.

Before the contract is issued by the MA, the followings have to be ensured:

1. **Signed original copies of certain annexes to the AF** that have been submitted in electronic format via eMS must be provided to the JS. For the annexes concerned see section A.3 of the administrative and eligibility criteria in the document "*Selection criteria for applications submitted to Programme*".
2. For approved projects in the first two decision rounds the **signed partnership agreement** has to be submitted to the JS. All relevant fields in the partnership agreement have to be filled in, especially
 - a. partner data,
 - b. project acronym
 - c. and project number (
 - d. do not forget the project acronym in §2, the section titled "Subject of the agreement"(!),
 - e. §21 about final provisions including responsible court
 - f. and number of copies of the agreement.
 - g. If a Hungarian local government is involved as LP or PP, it is advised to include a paragraph about the implementation of project related tasks by the municipality office, as its operative body (for the German/Hungarian text of the proposed additional paragraph and for any further information to this topic please refer to the Hungarian RC).
 - h. If the project involves strategic partners, they may also sign the partnership agreement – if their involvement is part of the conditions set by the MC, their involvement as signatory partners is compulsory!

The template of the partnership agreement represents minimum requirements. The partnership agreement is a contractual relation between the LP and the partners, its content is in the first line the responsibility of the partners involved. It can be extended with specific provisions between the partners, but these can-





not be contradictory to the ERDF contract and the content that has been originally provided in the template must not be changed.

For approved projects of the third and later decision rounds the signed partnership agreement has already been attached to the AF. If (e.g. based on the MC decision) adaptations are needed in the agreement, they must be implemented as soon as possible. The signed original partnership agreement as submitted via eMS or if relevant, an updated and signed version including the necessary modifications, must be submitted on paper to the JS.

3. The Programme uses **staff data sheets** to get an overview about all staff working on the project during its implementation and the schemes/methods chosen for staff costs determined on a real cost basis. Furthermore, according to the eligibility rules of the Programme, it specifies and fixes the hourly rate for the method part-time employment with a flexible number of hours worked on the project where the hourly rate is based on a standard number of 1720 hours per year (1720-method). The data sheet is collected with the help of the responsible RCs it is an annex of the ERDF contract and shall be continuously updated during implementation.
4. For projects that have been approved by the MC with conditions, the **fulfilment of the conditions** has to be ensured.
 - a. Some conditions have to be implemented before contracting: the LP must provide sufficient proof about their fulfilment to the JS, who checks and then records it to the ERDF contract.
 - b. Other conditions have to be executed during project implementation. These conditions are also recorded in the ERDF contract and their implementation will be checked either by the JS or by the regionally responsible FLC depending on the nature of the condition.

A conditional approval means that the AF is automatically put into status modification in eMS. Changes in the content of the AF implied by the conditions have to be done by the LP. The JS checks all changes and confirms them. The final AF including confirmed changes will be subject of the ERDF contract. More details about the modification procedure in eMS can be found in section 4.

5. Often some **clarifications** may be needed **in the content of the AF** even if the MC approves the project without specific conditions. Such adaptations may include more precise formulation or adjustment of the indicators in line with the common interpretation offered by the Programme in the *Guide on Indicators*. Other changes may be necessary to clarify the interpretation of some activity or budget item, including reallocating budget items to the proper budget line. Based on a mandate by the MC the MA and JS may agree on such clarifications with the LP in order to establish a clear basis for the ERDF contract and the implementation. Such changes must not modify the content of the approved application, and in case of budget reallocations they must be in line with the general modification rules (e.g. 10%-20% thresholds).

In order to implement clarifications the AF must be opened for modifications in eMS. After the AF is opened, the LP implements the necessary changes discussed and agreed with the JS. The JS checks all changes and confirms them. The final AF including confirmed changes will be subject of the ERDF contract. More details about the modification procedure in eMS can be found in section 4.

6. Some approved projects are follow-ups to another project funded in the period before. The added value of the new project and the differentiation to the predecessor is subject of the quality assessment and the MC approval – meaning that the project is not the continuation of business as usual. However, as the AF and





the assessment checklist provide only limited space for a more detailed description, LPs of such projects are asked to submit a **detailed differentiation of the predecessor and the follow-up project**, with clear **description of added value** in the new one, for later reference.

7. **Bank account information** must be provided in eMS for the LP ("Supplementary information" → "Bank information"). This account is fixed in the subsidy contract, ERDF funds are transferred here after the successful certification of expenditure.
8. **Users must be assigned** in eMS to the LP and the partners in order to have access to reporting (this is done in eMS in the section "Supplementary information" → "User assignment", for more details please see sections 3.3.2 (page 12) and 3.4.2 (page 30))
9. The **location where the documents are stored** by the LP/PPs must be provided in eMS ("Supplementary information" → "Documents").

Following the above steps, if all necessary documents are provided to and confirmed by the JS, the MA issues an ERDF grant contract based on the standard contract template (available for download at the programme homepage: www.interreg-athu.eu), which is signed and sent by the MA to the LP in two copies.

The contract offer is valid 28 days after receipt by the LP. The contract offer is deemed to be withdrawn if no copy of the grant contract signed by the LP is received by the MA within 28 days after delivery. If compliance with this deadline is impossible for reasons beyond the control of the LP, a prolongation of the deadline can be requested in writing.





3. REPORTING

3.1. General principles for reporting

Reporting is of crucial importance during project implementation and closure for both beneficiaries and programme authorities. Proper reporting allows regular **review and control of the project implementation process**, of related **expenditures**, informs about possible **problems** encountered and **corrective measures** introduced, and helps also to anticipate potential **modification needs**.

With the increased focus of EU funded programmes on **transparency and result orientation**, reporting has gained more importance as a tool to give feedback about project achievements. Applications are assessed and selected according to their objectives and the approach chosen to reach them. The MC selects those projects that are expected to contribute to the implementation of the programme targets in the most efficient way. This is most visible through the **main outputs** of the projects that are directly linked to the **output indicators** defined in the Cooperation Programme, but also other elements of the intervention logic on project and programme level are linked. For more details about these linkages please see section 2.2 of the *Application Manual*, titled "Relevance of the Project Idea" (especially Figure 2 about the Intervention logic of the Programme and the project).

Based on the reports, programme authorities must be able to check the consistency between the implementation and the concept approved on the basis of the AF. Therefore it is of crucial importance that selected projects have clearly formulated targets, implement foreseen activities accordingly, and **report about the implementation and eventual deviations in a proper and transparent manner**. Project main outputs are aggregated on programme level and (at least some of them, the so called common output indicators) are reported to the European level. The realization of project overall objectives and expected results contribute to the accomplishment of the Programme's specific objectives and result indicators. In this respect, detailed reports must be the sound and transparent proof of projects' contribution during their implementation to the programme objectives. Reporting about achievement of project targets is subject to **partner and project level reporting**, and is controlled by the FLC and the JS respectively. As project targets are defined on the project and not on partner level, the focus is, however, on project level reporting. JS, MA and Certifying Authority (CA) can all check elements of the reports and propose corrective measures if needed.

Additionally, only expenditure in line with the rules set up in the *Eligibility Manual* can be co-financed in the framework of the Programme. Reports represent a major tool to **check** not only **the eligibility of expenditures** but also their **relevance to the project** with regard to its planned activities and the budget. Financial reporting is done primarily in the **partner reports** and is controlled in the first line by the regionally responsible FLCs. Partner level (financial) reports are aggregated on the project level and the LP takes overall responsibility for the project, including its financial parts. JS, MA and CA may also check financial elements of the reports and propose corrective measures if needed.

Finally, comprehensive recording of all data related to the project is essential in the long-run considering **regular controls carried out by national or European audit bodies**. Thoroughly prepared reports represent not only a procedural obligation but





also a substantial source of information which can be used in order to remove any suspicion of irregularity, and thus the risk of sanctions towards LP and PPs. Especially at projects where content and/or budget have been substantially modified, auditors pay particular attention to decisions' justification and reasoning. Second level controls can be carried out at any time within the document retention period according to §14 of the ERDF contract (see also section 2.2 of the *Eligibility Manual*), by institutions of the European Court of Auditors, the European Commission (EC), the MA the CA the Audit Authority (AA), relevant authorities of the participating member states and their assigned delegates.

Reporting according to §6 of the ERDF contract is thus **a major obligation of LP and PPs toward the programme authorities**, which can, if disregarded, lead to financial corrections.

3.2. The reporting process

1. Each partner -including the LP- must elaborate a **partner report** including content and financial part. Once completed, each partner submits its report to the relevant FLC for verification. For more information about partner reporting see section 3.3.
Reporting periods including start and end dates of each period and reporting deadlines on partner level are laid down in the AF. Accordingly, **partner reports must be submitted via eMS not later than one month after the end of the reporting period**. The *Eligibility Manual* (see section 3.5 on time wise eligibility) defines that the eligibility period for the project ends 2 months after the last date of implementation, meaning that invoices have to be issued and expenditures have to be paid until this last date of eligibility. The reporting deadline on partner level for the last period therefore cannot be later than three months after project end.
2. Following their submission, partner reports are **controlled by the responsible regional FLCs** who issue a **first level control certificate and control report**. For more information about the verification process see section 3.3.10.
3. The lead partner elaborates the **project report** by aggregating the content of the partner reports and including the expenditure certified by the FLC bodies. Once finalized, the project progress report is sent via eMS to the Joint Secretariat (JS). According to the ERDF contract, this must be done as soon as possible following the verification by the responsible controller, but **not later than 5 months after the end of the reporting period**. For more information about the project reports see section 3.4.
4. The **JS** will proceed with the monitoring of the project report, verifying if the implementation of the project is in line with the latest valid AF as well as the proposed time line, and whether the expenditure is project relevant and thus eligible. The project reports are also **monitored by the MA**. The MA forwards the report to the **CA** and its Paying Unit, which **initiates the transfer of the ERDF funds to the LP**. In case they detect inconsistencies or errors, each institution can implement corrections and/or send back the report to a previous step. These steps are described in more detail in section 3.4.8.





3.3. Reporting on partner level

Each partner, including the LP, must prepare a partner report following each reporting period and submit it via eMS. Partner reports cover activities and expenditure of each individual partner according to the reporting periods in the latest valid AF and need to be verified by their responsible FLCs.

3.3.1. The scope of the report

In order to have a transparent overview about the progress of the project on all levels, reports must concentrate on the activities performed in the respective reporting periods as foreseen in the latest valid version of the AF. The Programme **does not allow partners to skip a reporting period or merge two or more of them** in their reporting, even if the partner in question implemented few or no activities or if it did not have any expenditure in the respective time frame. If only few or no activities were implemented, a short justification is needed. This will ensure that the LP receives the necessary information about implemented activities from the PPs in order to be able to compile the project report.

A formal modification of reporting periods including deadlines may be possible in exceptional cases (only for the project as a whole, not for single partners), and must be administered according to the rules and procedure described in sections 4.3 and 4.6.2.

The content and the financial parts of the report must be strongly linked. The declared expenditure should be related to the activities implemented and the deliverables/outputs produced in the reference period and reported about in the content part.

If the partner had no expenditures in the reporting period, the content part of the report must be prepared anyway and a justification must be given why there weren't any expenditures. This is called "**zero report**". The partner should state when the expenditures related to the activities (if any) are going to be paid and the expenditures submitted to the FLC for verification. Zero reports (including only content part without expenditures) must go through the FLC as any other report, because regional FLCs are also responsible to confirm that the content of the report is in line with the approved application.

It is strongly advised that partners always keep a **tight documentation** that enables them to start the preparation of reports right at the end of the reporting period (at the latest). Technically it is possible to start writing a report also before that. For more about creating a partner report see the sections below. Reporting deadlines must be strictly observed, as a delay at any of the partners will cause a delay in reporting at project level.

3.3.2. Creation of partner level reports

The reporting section in eMS becomes available to LP/PPs once a project is contracted, therefore in technical terms reporting can be started well before the end of the reporting period.

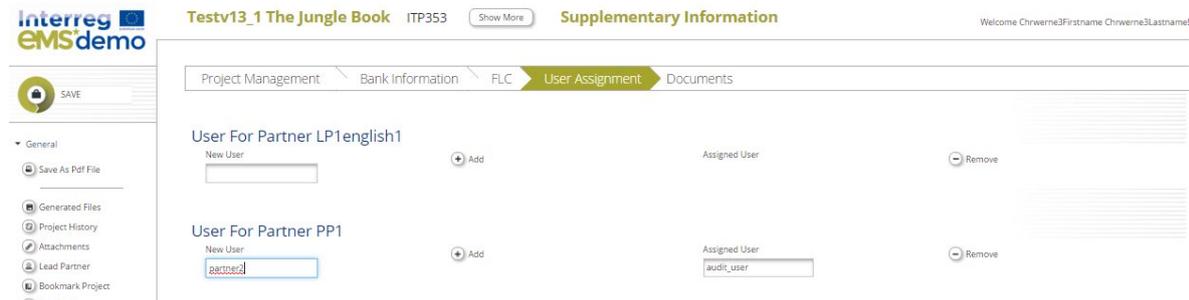
Partners get access to reporting after their existing **users have been assigned as partners by the LP** in the "Supplementary Information" → "User Assignment" section. If a partner or the person(s) representing that partner still do not have an applicant user in eMS, they must first register, then the LP can assign existing users to a





certain PP. Each partner can have multiple users and they will all have the same access to the partner report.

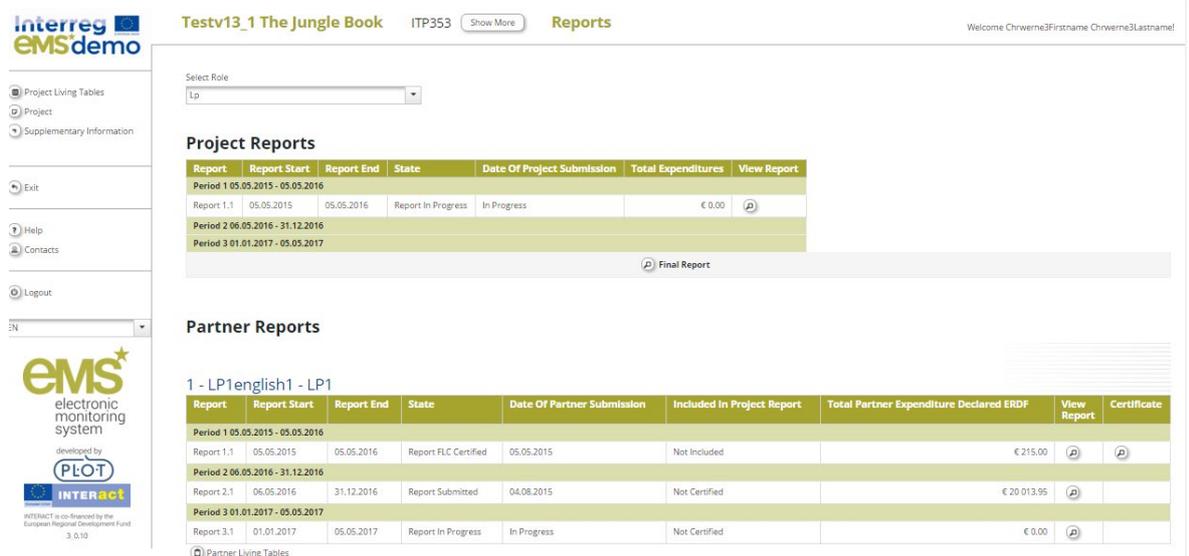
Figure 1 Partner User assignment – Supplementary Information



Please note that it is also possible to allocate users to the LP. These users together with the LP user (the Lead Applicant automatically becomes LP user in the Austria-Hungary Programme) will have access to the LP report section (add and edit project report).

Partner reporting technically starts when the subsidy contract is signed and the project is forwarded to the status “Contracted”. When the LP or another partner access a project already in “Contracted” status, they are automatically directed to the overview of partner and project reports (“Reporting overview”). Previously, before contracting, applicants were directed to the application form. In contracted projects the application form is accessible from the left-side menu under a menu item “Project”. This menu item always leads to the latest valid application form. Older versions of the application form are available in the “project history”.

Figure 2 Reporting overview



If a user has multiple roles in the system (i.e. LP and partner), it has to select the role from the dropdown menu at the top of the interface called “Select role”.





Note

LPs must create their own partner reports as “PP”, not as “LP”. The LP role is exclusively for creating “Project reports”.

Figure 3 “Select role” drop-down and create new report



For creating a new partner report, partners must click “Create new report” under the table displaying an overview of partner reports. Afterwards, the user is redirected to a partner report corresponding to the chosen reporting period.

Each partner report is given a number that consists of a period number and a report number. By default, it is possible to create **just one report per period**, but the JS may allow additional reports for the same period.

It is possible to delete a partner report as long as it has not been submitted to the FLC. In order to delete the report, please click on “Delete report” in the report menu to the left. All users assigned to the partner are able to create and delete a partner report.

LPs have read access to reports of all PPs, once they have been created by the partner. LPs can also read partner reports that are not yet submitted. In case the LP also wants the right to edit and submit partner reports, the respective LP user must be assigned to the partner.

Partner reports consist of several sections (i.e. “Partner report”, “List of expenditure”, “Contribution and forecast” and “Attachments”), each of which must be filled with information. Fields in the partner report are in line with the structure of the AF as configured in eMS for the Programme, and also built on the project specific content of the valid AF.





Note

After the partner report has been created, please do not forget to **save your work regularly**. eMS currently does not give a warning if the user switches to another section within the report or otherwise leaves the page without saving.

3.3.3. Language of the partner report

The partner report with all elements, including its content and financial parts, should be completed **in the language of the partner** (German for Austrian partners, Hungarian for Hungarian partners). Even though eMS normally provides bilingual input fields in our Programme, the local activities of the partner are normally implemented in the local language. For the FLC work it is easier too if the controllers read and check documents in the local language. FLC documents will be also issued either in German or in Hungarian.

If deliverables and outputs or any kind of product of the project are produced in both German and Hungarian (and/or in English), partners who report about them are asked to make available evidence in all relevant languages.

It shall be ensured, however, that for project level reporting the content of the partner reports is available for the LP in a language that he/she understands. This is normally regulated in the partnership agreement in its §18 (working language(s)).

3.3.4. Content section of the partner report

The “Partner report” section focuses on activities implemented throughout the reporting period. It contains general descriptions of activities as well as reporting per work package (WP).

eMS technically allows to change the reference period for the report, but partners in our Programme **must not change the from-to dates** at the top of the report. Periods must not be merged, skipped or changed (see above), furthermore it must be ensured that all partner reports cover the same period. Please concentrate in your reports always to the respective period, according to the valid time plan of the project.

The section “**Summary of partner’s work**” asks you to describe your progress in this reporting period and how this contributed to other partners’ activities, outputs and deliverables delivered in this reporting period. Please concentrate your description on the reference period and as far as possible avoid repetitions of information that is provided in the specific questions below.

To provide **information on specific outputs**, please select each applicable output from a drop-down listing all outputs included in the AF. It is possible to upload documents for each output in the section “Output evidence”. Please have in mind that main outputs are usually the product of more than one partners’ efforts, and consider also the target date for the relevant outputs. The complete picture about reaching a main project output will be available in the project reports, based on partner contributions.

Partner reports also contain a section to provide information on the **target groups reached**. For each target group selected in the AF, information can be provided, including size of the target group reached in the respective period, and the description





of their involvement. Similarly to the main outputs, when you report about this section take into account how the individual partner's share of contribution in the given period relates to the overall target and the planned deadline.

Following the target groups, partners shall **report on individual work packages**. The list of available WPs depends on the WPs included in the approved application. In our Programme a management WP and at least a WP implementation or a WP investment is included in every project. Most projects will also have a WP preparation and a WP communication. Partners see all WPs, even if they have not been assigned to a WP in the AF. Partners must describe their contribution to those WPs where they were involved in the reporting period concerned, and for the sake of transparency they should also mark if in a certain WP they did not participate in that period.

The **section related to the WP preparation** must be only used in the report about the preparation period. In this report logically all other WP sections must not contain any entry. In reports beginning with period 1 the section about WP preparation must not be filled in and other WP sections must be completed according to their time plan in the AF and their implementation status.

In their reports partners should keep in mind the detailed **activities** of a WP **as planned** in the latest valid version of the AF. The report at WPs should reflect this structure. **Deviations** from the plans and the reasons for changes **must be sufficiently described and justified**, especially for those changes that are not documented elsewhere (i.e. generally those that do not need modification of the content of the AF). For more details about modifications see section 4.

Note

eMS normally shows at every WP the expenditure declared by the partner in relation to that specific WP. As in our Programme the reporting of expenditures on the WP level is switched off (in the application phase the development of budget at WP level serves planning purposes), eMS allocates expenditure items declared in the financial section of the report to the management WP (except that costs of the preparation period are allocated to the preparation WP). The fields "WP expenditure - current report" and "WP expenditure reported so far" therefore do not reflect the reported spending.

Reports of individual WPs should contain **descriptions** of activities, **problems** (if any) and information on individual **deliverables** with evidence in the form of attachments. Deliverables are reported by clicking on "Add deliverable" under the relevant WP. The drop-down shows all deliverables listed in the AF. Partners can upload documents for each deliverable in the section "Deliverable evidence".

The circle of **uploaded documents** expected in the sections **output evidence** and **deliverable evidence** strongly depend on the content of the project in question and the phase of the implementation. It is not necessary in every report to upload documents to every output and every deliverable, however, when the project has completed a milestone, partners should provide documentation about their contribution.

As a general rule the following documents **should be uploaded**: studies, research results, curricula, brochures, photos of main project events and of infrastructural investments, agenda and/or invitation of main project events and other finalised written





products of the project. In partner reports you may also **consider uploading** lists of participants, minutes, photo documentation of working meetings. Please bear in mind that invoices or other documents of equivalent probative value or in case of the staff budget line the staff cost documentation are to be uploaded in the financial section of the partner report "list of expenditure". FLCs will require further supporting documents according to the audit trail described in the *Eligibility Manual* (see its Chapter 2 and the budget line specific subsections about respective documentation required) to prove the eligibility of expenditure, in addition to the above (see also section 3.3.5.1 later on). These documents should not be uploaded to the deliverable and output evidences.

Note

In general it should be avoided that output and deliverable evidences are uploaded to both partner and project reports. As far as possible, documents uploaded to the partner reports should concentrate on the partners' contribution to the output or deliverable, while the partner reports should focus on the final products with the involvement of all relevant partners. When version 2.0 of the Implementation Manual is published it is already possible to insert link from the project report to evidences already uploaded in one of the partner reports.

3.3.5. The financial section

The expenditure that incurred during the reporting period (as a basic rule) at each partner in relation to the project and in line with all the relevant eligibility rules forms the basis of the financial report.

Concerning the time wise eligibility of the expenditure and its relation to the financial reporting, the following needs to be clarified. The Eligibility Manual states in section 3.1 that the expenditure is eligible if it has incurred and has been paid by the beneficiary in the period of eligibility. The period of eligibility is defined in section 3.5 of the Eligibility Manual on the basis of the start and end dates of the project implementation. As the eligibility of expenditure in time is regulated only in the above described framework, the start and end dates of individual reporting periods don't have a relevance for the eligibility of the expenditure.

For that reason, although timely reporting is strongly encouraged, it is acceptable if the financial section of the partner report includes expenses that have incurred or have been paid in a previous reporting period. Some examples for such cases are (non-exhaustive list):

- If some expenditure cannot be verified by the designated controller due to incomplete documentation, and needs to be resubmitted at a later period.
- When some expenditure incurs shortly before the end of reporting period (t) but is not paid until the end of that period, it can be reported together with other expenses of the period (t) if it is paid by the beneficiary before the submission of the related partner report.
- When the expenditure that incurred in period (t) is paid by the beneficiary only following the submission of the related partner report, it can be reported together with the expenses of a subsequent reporting period (t+n).





The expenditure must be justified with supporting documentation according to the relevant general and budget line specific sections of the *Eligibility Manual* on the audit trail. The financing of the eligible expenditures by ERDF is automatically calculated in eMS based on the approved co-financing rate for the partner. The composition of the national financing contributions must be completed in each report by the partners, in line with the financing sources laid down in the latest valid version of the AF. Partners are also asked to provide a forecast on their spending in the next reporting period. Accordingly, the financial section of partner reports is composed of two sections: the **list of expenditure** and the **contributions and forecast**.

The expenditure declared in the financial report and the financial contributions are subject to the verification by the FLCs.

3.3.5.1. List of expenditure

Financial reporting is done through the list of expenditures section. In our Programme **expenditure is registered in the financial part of the partner reports according to partner, period and budget line.**

Partner and period are determined by the partner report itself (each report refers to just one partner and one period), the budget line must be selected for every item in the list of expenditure.

Partner budgets are laid down in the ERDF contract and form essential parts of the project's financial structure. Expenditure exceeding the partner budget according to the latest valid AF should not be registered in the partner reports. For changes in the budget see the section on modifications (especially section 4.5).

The budget plan according to periods is indicative. For changes in the timely implementation of the project see the section on modifications (especially section 4.6).

The budget plan according to main budget lines is binding. Expenditure exceeding the main budget lines according to the latest valid AF should not be registered in the partner reports. For changes in the budget see the section on modifications (especially section 4.5).





Attention!

If expenditure achieves the available amount according to the latest valid version of the AF, reallocations between budget lines or partners may become necessary. This happens most often on the budget line level, but in few cases partner budgets may be also affected. However, even if changes are acknowledged or approved by the relevant bodies (JS, MA or MC) according to the modification rules, **reports remain always be linked to the version of the AF in which they have been created**, therefore modifications must be initiated and finalised before the report is created.

In previous versions of eMS (3_3.1) draft reports not yet submitted at the time of modification request were lost after the modification was approved and all partners (including those who are not affected by the modification request) needed to record their reports anew. As previously promised, in current version of eMS (publication of version 2.0 of the Implementation Manual) users are able to see the reports at any time (also when a modification was initiated) and can continue working on the reporting workflow, but reports will still be linked to the AF version at the time of their creation. **Reports never change their AF version.** Consequently, if a budget modification is needed to submit the expenditure, the modification procedure has to be finalised before a report is created. This procedure needs consequent and careful financial management.

As written in the *Application Manual* the budget on the level of WPs is indicative (it serves mainly planning purposes), therefore expenditure is not linked to WPs, reporting on WP level is not part of the financial reporting.

As the Programme allows the use of flat rates, related fields will be automatically calculated by eMS (as far as foreseen in the approved application) and the budget line where flat rate is applied cannot be selected for real costs.

In terms of **eligibility of expenditure** and the related **documentation** for the audit trail LP and PPs must rely in the first line on the *Eligibility Manual*. For specific rules including the rules on the form of documentation the relevant national legislation or the internal rules of the beneficiary organisation must be applied.

3.3.5.1.a. Reporting real costs

When the partner clicks "Add real cost" in the section "list of expenditure" a pop-up appears, where the system asks to give basic information on the cost item. Each **expenditure** item must be **linked to a budget line**.

Please fill in all fields logically on the basis of available data on the invoices or other documents of equivalent probative value or in case of staff costs on the basis of the attached staff cost documentation. It is especially important to indicate precisely the "Total value of item in original currency" and "Declared amount in original currency". The declared amount can be less than the total value of the item if for example the operation is financed also from other resources or if costs are shared between partners (for details about both options see the *Eligibility Manual*). Also in case the beneficiary is entitled for VAT refund and as thus reports net costs, the declared amount will exclude the VAT.





It is possible to upload one or multiple attachments to each of the expenditure items by clicking the "Upload" button. It is also possible to download attachments related to one expenditure item at once, using the "download all attachments" option.

The partners must **upload to each expenditure item the relevant invoice or other primary accounting documents of equivalent probative value**¹. Please don't forget that according to the *Eligibility Manual* (section 3.4) original paper invoices should be normally submitted to the FLC for control. For further rules on copies and e-invoices see the same section in the *Eligibility Manual*. **Both the invoice (or other primary accounting documents of equivalent probative value) and all other supporting documents** proving the expenditure (delivery notes, bank statements, timesheets, procurement documentation, etc.) **shall be submitted to the control body on electronic data carriers**. For more information about the relevant documents to the audit trail please see the budget line specific subsections of the *Eligibility Manual*. In order to have sufficient proof of the expenditure, FLCs are entitled to ask for additional supporting documents based on the respective national legislation.

3.3.5.1.b. Expenditure in another currency than Euro

In case the expenditure has incurred in **another currency than the Euro**, the LP or PP must choose the applicable currency and record the item in the original currency (both total value and declared amount). eMS will automatically calculate the declared amount in Euro according to the programme rule (see section 3.8 of the *Eligibility Manual*), using the monthly accounting exchange rate of the European Commission in the month during which that expenditure was submitted for verification by the concerned beneficiary to the controller. In case the report is submitted in a month later than an expenditure item was recorded, this calculation will be automatically updated.

The system recalculates the amounts several times – first time when the expenditure item is created and each time it is modified before submission. The value is updated when the user clicks on "Check saved report" and once more at the moment of submission of the report to the FLC. It is not modified ever again, even if the report is reverted to the partner and re-submitted the exchange rate from the moment of submission is the valid one.

The exchange rate risk is borne by the beneficiaries. This is especially valid for the Hungarian partners, as most of their expenditure will be in Forint – although Austrian partners can also have expenditure that is not in Euro. To avoid or decrease the exchange rate related risk, LP and partners are recommended to:

- use/open an Euro account for the project,
- contract suppliers in Euro,
- plan with the exchange rate risk and make a reserve.

3.3.5.1.c. Expenditure outside (the Union part of) the programme area

In the list of expenditures partners should mark any expenditure spent outside (the Union part of) the programme area. These will be summed up in the appropriate report summary table and taken over to project and programme statistics, since such expenditures are subject to the 20 % flexibility rule. Please apply the rules set in the

¹ In case of staff costs instead of the invoice or other primary accounting documents of equivalent probative value Austrian partners must upload the "Berechnungsblätter", Hungarian partners upload the "bérsegédtábla".





relevant sections of the *Eligibility Manual* and **mark expenditure as spent outside** (the Union part of) the programme area, **if the 20% rule applies** (sections 3.7.2 and 5.3.3.3). Please note also that it is possible to change this checkbox also during management verifications, if FLC considers it was ticked incorrectly.

Technical advice

The list of expenditure can be scrolled by pressing the middle-mouse-button (press it and move around in the table). As the table is very wide, this often can help to view the full content.

3.3.5.1.d. Flat rates

If the partner has staff cost and/or office and administration flat rates in the project budget, the system will **automatically calculate flat rates** based on relevant inputs into the list of expenditures. Technically, the system adds artificial flat rate expenditure items, calculating the flat rate percentage from inputs in other relevant budget lines.

Please note that it is not possible to add real cost invoices to budget lines covered by flat rates. It is also not possible to modify the amount claimed based on flat rates (neither by beneficiaries nor by any of the authorities verifying the report).

3.3.5.1.e. Lump sum preparation costs

If the LP and PPs make use of the 5 000 € lump sum preparation costs, those **partners** that have a share of that according to the approved application **must create a report for the preparation period** (other partners don't need to). As this is a lump sum, the content section of the partner report does not have to be filled in. Among the fields in the dialogue box for the expenditure item the budget line should be selected where the preparation costs were foreseen according to the approved budget, and the following two fields must be filled in: "Total Value of Item in Original Currency" and "Declared amount in Original Currency". Respective partners should write 5 000 € (or the partner's relevant share of the 5 000 €) to the fields total value of the item in original currency and to the declared amount in original currency. No attachments or any proof of expenditure are needed.

The registration of the lump sum preparation costs in the expenditures of the preparation period and their pro forma verification are necessary, because the linked national financing contributions are released in several cases on the basis of FLC verifications.

Experience shows that some partners forget to create a report for the lump sum preparation costs or try to include these costs in the first report. Due to the necessity to have a separate report on preparation costs, and as eMS does not allow having two reports being processed at the same time, in such cases the report linked to the preparation period must be created after the report on the first period is submitted to the FLC. If needed, FLCs should warn project partners to so. The partner report on the preparation period must be submitted so that the FLC can verify it as soon as possible and the respective certificates can be included in the first project report.





3.3.5.1.f. Revenues

Revenues during project implementation, as foreseen in the AF, have to be reported in the list of expenditure by selecting the budget line “net revenues”. Revenues have to be recorded without a minus sign.

As **net revenue** those incomes should be reported that wouldn't incur without the project. Expenditure which is linked to the revenue but not reported in the project shall be deducted from the revenues (e.g. if the preparation and production of a publication is financed by the Programme, but some expenditure related to the retailing is not subject to the project, those expenses decrease the net revenue). The revenue and the related expenditure must be documented, and the primary accounting documents that prove them must be uploaded as attachment to the revenue item in eMS.

The total eligible expenditure for funding is calculated automatically in eMS by deducting net revenues from the declared expenditure. The ERDF funding and the required national financing contributions are calculated based on this eligible expenditure (declared expenditure reduced by net revenues).

$$\text{eligible expenditure} = \text{declared expenditure} - \text{net revenue}$$

where

$$\text{net revenue} = \text{project related revenue} - \text{expenditure related to the revenue (but not in the project)}$$

In case revenue incurs during the implementation although it was not planned in the application, it has to be reported the same way.

The net present value of revenues that incur after the project implementation period (only **for projects with total eligible costs exceeding 1 000 000 €** before the reduction by the net revenues) is to be calculated following the method as provided for in Art. 61(3) paragraph b) of the Regulation (EU) No 1303/2013 and as further detailed under Articles 15 to 19 of the Delegated Regulation (EU) No 480/2014. The net present value calculated this way reduces the total eligible costs of the project and is taken into account in the approved rate of ERDF funding. The **revenues after project implementation are not subject to reporting in the implementation phase.**

In case it would be objectively not possible to determine in advance the revenues that incur after project implementation, the net revenue generated within three years of the completion of an operation, or by the deadline for the submission of documents for programme closure, whichever is the earlier, have to be reported to the MA/JS. The corresponding ERDF contribution has to be either withheld from the last instalment to the project or reimbursed to the MA, and shall be deducted from the expenditure declared to the Commission (see Art 61 (6) of Regulation (EU) No 1303/2013).

For rules about revenue generating projects please see also the section 4 of the *Eligibility Manual*.

3.3.5.2. Contribution and forecast

In the “Contribution and forecast” section partners are asked to **forecast spending for the next partner report**. The forecast given here is not binding, should nevertheless be realistic as far as possible in order to see e.g. how far the project is in line





with the implementation of its financial plan, how eventual delays can be corrected, but also to provide basis for estimations of required ERDF on programme level.

Financing contributions are documented with a financing declaration or an own-resource self-declaration in the application phase. **Third party contributions** must be **fixed in a contractual form until the submission of the first partner report to the FLC**, but not later than the first ERDF payment, a copy of the contract must be attached to the AF in eMS.

The source(s) of national financing contribution matching the ERDF in each partner report is/are specified on the basis of national contributions that are recorded and documented in eMS. eMS calculates the target amount:

total contribution = total eligible expenditure introduced in the list of expenditures – ERDF cofin.

and proposes the same sources of contribution as specified in the latest valid AF. Normally contributions should be registered at each report according to the approved financing structure of the partner (e.g. if 15% national financing contribution is provided by a third party financer, this has to be registered at this section report by report, or if the national financing part is made up of 10% Hungarian automatic contribution and 5% own resources, contributions have to be recorded accordingly). In case the financing structure of the partner would change during implementation, new sources can also be added by clicking on the "Add contribution" button.

The total value of contributions from all sources must match the target value. The exact information on sources of national financing contribution is necessary to calculate the total public expenditure at CA level.

Attention!

The system has a built-in check, which does not allow submitting a report where the sum of all sources of partner contribution does not match the target value.

Note

Due to the functionality of eMS which limits the validity of "checked" status in time (see page 25), it is highly unrealistic that the partner report is submitted in a month later than an expenditure item in a currency other than the Euro was recorded. Nevertheless if that would be the case, the declared value of the item in Euro will be recalculated at submission. However, the change in the total declared amount may lead to a change of the required contribution and eMS will give an error message. In such cases please update the amount of contributions where necessary.

3.3.6. Additional attachments to the partner report

Partners are also allowed to upload additional attachments related to the entire report. A list of all attachments uploaded in this section is shown here, including information on who uploaded which document and when. Please use this section only if important documents cannot be linked to output evidences, deliverable evidences and the list of expenditures.





Oversized attachment uploads should be avoided at any parts of the report. The current limit for uploaded documents in eMS is 5MB per document. Scanned documents must have a sufficient, readable quality, but colour scans are usually not necessary. It is also recommended that documents are precisely named. **File naming should be meaningful for any third persons and have a consistent structure**, preferably including project ID, phase of the project (e.g. report number) and reference to the content of the document. The filename "interreg_attachment_1.pdf" for example should be avoided. Instead "ATHU0XX_PartnerReport01_DeliverableName.pdf" is advisable.

3.3.7. Partner finance report menu

In the "Partner finance report" menu item (left-side menu) partners will find various financial tables summing up the declared expenditure. The tables are updated live with every new expenditure item.

Please note that the heading "Currently reported" column changes over time. Initially (when the partner is preparing the report), it is "amount to be declared to FLC". After submission to FLC it becomes "amount declared to FLC". It changes into "amount certified by FLC" after the FLC certificate is issued and finally changes into "amount included in project finance report" once the LP submits the project progress report with the relevant certificate to the JS.

Figure 4 Partner finance report

Programme	Partner Total Budget	Previously Reported/ Certified By C A)	Currently Reported (amount certified by FLC)	Total Reported	No/ Total Budget	Remaining Budget	Total Amount Declared By Partner(s)	Total Amount Certified By FLC	Total Amount Included in Project Finance Report
Total Co-financing	€ 497 250.00	€ 0.00	€ 4 292.50	€ 4 292.50	1.00 %	€ 492 957.50	€ 2 877.50	€ 4 292.50	€ 0.00
Of which ERDF	€ 497 250.00	€ 0.00	€ 4 292.50	€ 4 292.50	1.00 %	€ 492 957.50	€ 2 877.50	€ 4 292.50	€ 0.00
Partner Contribution	€ 87 750.00	€ 0.00	€ 757.50	€ 757.50	1.00 %	€ 86 992.50	€ 472.50	€ 757.50	€ 0.00
Total eligible expenditure	€ 585 000.00	€ 0.00	€ 5 050.00	€ 5 050.00	1.00 %	€ 579 950.00	€ 3 350.00	€ 5 050.00	€ 0.00

Budgetline	Partner Total Budget	Previously Reported/ Certified By C A)	Currently Reported (amount certified by FLC)	Total Reported	No/ Total Budget	Remaining Budget	Total Amount Declared By Partner(s)	Total Amount Certified By FLC	Total Amount Included in Project Finance Report
Staff costs	€ 300 000.00	€ 0.00	€ 1 000.00	€ 1 000.00	0.00 %	€ 299 000.00	€ 3 150.00	€ 1 000.00	€ 0.00
Office and administration	€ 45 000.00	€ 0.00	€ 150.00	€ 150.00	0.00 %	€ 44 850.00	€ 0.00	€ 150.00	€ 0.00
Travel and accommodation	€ 200 000.00	€ 0.00	€ 0.00	€ 0.00	0.00 %	€ 200 000.00	€ 0.00	€ 0.00	€ 0.00

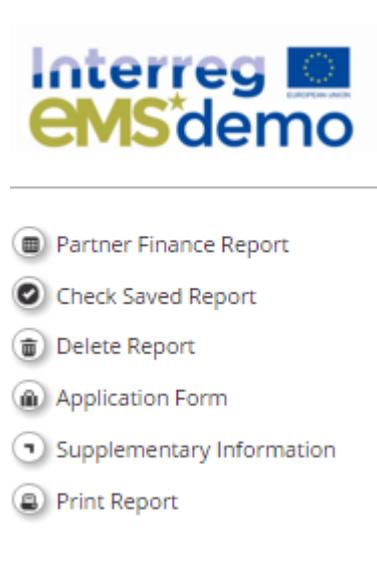
3.3.8. Report finalization and submission

Before submitting a partner report, **the saved report needs to be checked** (similarly as the saved AF has to be checked prior to submission) by clicking "Check saved report" in the left-side menu.





Figure 5 Checking saved report



When clicking on “Check saved report” a validation plugin is called, including built in validation functions of eMS and the validation rules set up by the Programme². In case some of the rules are not fulfilled, an error message will appear and the partner needs to correct the respective part of the report.

Attention!

The “check” status is only valid for a limited amount of time and within the same session and user. It is not possible to check the report and let anyone else submit it or submit it e.g. a month later. If the check status is not valid anymore, the report needs to be checked again.

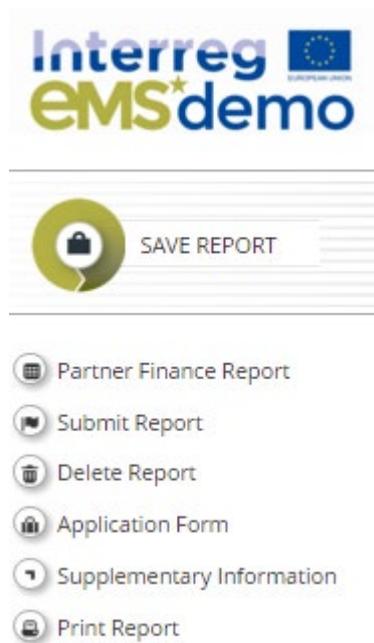
Each time a report is saved, it needs to be checked again before submission. Only after the check is successful, the system will allow for the report to be submitted. The “Check saved report” button will be replaced with the “Submit report” button.

² Programme validation rules for reports will be continuously developed based on experiences in the reporting.





Figure 6 Submitting checked report



A submitted report is locked and the partner cannot modify it anymore. After submission, the partner report is forwarded to the FLC of the partner in question. The partner can see the status of the report on the reporting overview dashboard.

A new partner report can be created once the previous one has been submitted. It is not possible for the partner to create more than one report to a certain period. It is however possible that the JS creates another report for the partner, even if there is already a report open.

Figure 7 Reporting overview – partner reports in various stages

1 - AT cooperation agency - ATCoop

Report	Report Start	Report End	State	Date Of Partner Submission	Included In Project Report	Total Partner Expenditure Declared ERDF
Period 1 09.06.2016 - 09.06.2018						
Report 1.1	09.06.2016	09.06.2018	Report FLC Certified	09.06.2016	Period 1 Project Report 1	Report submitted, FLC certified and included in submitted project report
Report 1.2	09.06.2016	09.06.2018	Report Submitted	27.06.2016	Not Certified	Report submitted but not yet FLC certified
Period 2 09.06.2018 - 09.06.2018						
Report 2.1	09.06.2018	09.06.2018	Report FLC Certified	09.06.2016	Not Included	Report submitted and FLC certified but not yet included in submitted project report
Period 3 09.06.2018 - 09.06.2018						
Report 3.1	09.06.2018	09.06.2018	Report Submitted	09.06.2016	Not Certified	
Period 4 09.06.2018 - 09.06.2018						
Report 4.1	09.06.2018	09.06.2018	Report Submitted	13.06.2016	Not Certified	
Period 5 09.06.2018 - 09.06.2018						
Report 5.1	09.06.2018	09.06.2018	Report In Progress	In Progress	Not Certified	Report not yet submitted to FLC

Partner Living Tables

Note

Although in the partner report section at the left hand menu there is an item “Print report”, this includes only basic functionality of eMS. As in our Programme **it is not foreseen that the reports are printed, signed and stored in either PDF or in hard copy**, the plugin for the print template has not been developed.

It is also not necessary to submit a hard copy of the report or of attached supporting documents to the FLC, except invoices or other primary accounting documents. Other supporting documents must be available either in the eMS or shall be provided to the FLC on electronic data carriers. Individual FLC requirements in terms of hard copies to





be submitted may derive from the general programme requirement.

Originals have to be stored safe at the place indicated for each partner in the supplementary information / documents section of the project in eMS. For document retention periods see the ERDF contract (§14) and the *Eligibility Manual* (section 2.2).

3.3.9. Partner living tables

Partner living tables are financial tables at the partner level that summarise partner expenditure processed through all partner reports. They grow over time as expenditure is declared by the LP/PPs and processed by the various authorities.

You can use living tables to keep an overview on expenditure declared in partner reports. To access partner living tables, press the button under the partner report overview table.

3.3.10. Verification of the partner report

LP and PPs are assigned to their responsible FLC institution. FLCs have access in eMS to reports of all partners that have been assigned to them, including the progress reports' content part, the list of expenditure, the contribution and forecast, as well as the additional attachments.

3.3.10.1. Administrative verification

After the partner report is submitted, FLCs perform an **administrative verification** and ask for clarification if the report is not complete either in formal terms of content-wise. Clarification is possible either by reverting the report to the partner which opens the report again for writing, and/or by opening the attachment section of the partner report.

3.3.10.2. Verification of eligibility

When the report is complete from the administrative perspective, FLCs **verify the eligibility of each expenditure item** on the basis of

1. the **data in eMS**,
2. the **invoices** or other primary accounting documents of equivalent probative value uploaded in eMS,
3. and the **supporting documents** proving the expenditure (delivery notes, bank statements, timesheets, procurement documentation, etc.) that are submitted to the control body on electronic data carriers.

3.3.10.3. Corrections

FLCs can make **corrections** to the declared amount (both positive and negative). The corrected amount will be shown in the field "amount certified by FLC". The amounts that are **marked as "verified by the FLC"**, will be included in the FLC certificate. If a correction is made, the FLC marks the corrections according to one of the following **correction types**:

1. incomplete audit trail, missing evidence,
2. incorrect public procurement,
3. state-aid related error,
4. revenue generating operation,





5. Information and publicity error,
6. incorrect use of simplified cost option,
7. VAT not eligible,
8. no or insufficient link to project,
9. Miscalculation,
10. Cost declared twice,
11. Double funding,
12. Breach of sound financial management principle,
13. Other ineligible expenditure,
14. Positive correction,
15. Other.

FLCs can also make comments to the expenditure items, independent of corrections.

Technical advice

The list of expenditure can be scrolled by pressing the middle-mouse-button (press it and move around in the table). As the table is very wide, this often can help to view the full content.

FLC can choose NOT to verify an expenditure item (e.g. in case verification needs further clarification). Any item that is NOT ticked "Verified by FLC", is NOT included in the current FLC certificate. Such items are neither accepted nor rejected and wait in the system to be verified. Not yet verified items, in case they fulfil the requirements for eligibility, can be verified by the FLC in later reports.

3.3.10.4. Flat rates

For expenditures calculated using **flat rates** (staff costs, office and administration), the difference and certified amount are calculated automatically. They also do not need to be marked as "Verified by FLC", as they are marked when any other expenditure is checked as verified. Direct corrections or comments on flat rate budget lines are not possible. Corrections to the expenditure items in the direct cost budget lines have an automatic impact on the expenditures calculated using flat rates.

If the LP or PP has chosen the **flat rate option for the staff costs**, the staff expenditure is automatically calculated on the basis of direct expenditure (i.e. external expertise and services, equipment, infrastructure and works). According to the rules in the *Eligibility Manual* (see section 5.1.4.2) neither has to be documentation on staff costs calculated as flat rate be provided to the controller, nor do controllers need to check the expenditure. However, in the first reporting the LP or PP must once again prove that it has at least one employee by submitting a declaration of the relevant institution about the number of employees covered by social insurance³. On request of the responsible controller a repeated proof can be requested later again. The veracity of the document that the beneficiary has employee(s) may be checked by any of the bodies entitled to perform controls and audits.

³ In Hungary: Kormányhivatal Családtámogatási és Társadalombiztosítási Főosztály, Egészségbiztosítási Osztály, in Austria: Krankenkasse.





The **office and administration flat rate** is automatically calculated on the basis of the certified staff costs, no further control is needed.

3.3.10.5. Lump sum preparation costs

According to the rules in the *Eligibility Manual* (see section 3.6.1) **lump sum preparation costs** are not checked by the FLC (except whether the declared amount is the same as the amount laid down in the approved application, which must be exactly 5 000 € on the project level). The FLC issues a pro forma verification about the declared preparation costs, which will then serve as a basis for the payment together with the reimbursement of the expenditures included in the first report (and in some cases for the payment of national contributions).

3.3.10.6. On-the-spot checks

FLCs will perform **on-the-spot checks** of all beneficiaries at least once during project implementation, generally, when the project is well underway, both in terms of physical and financial progress in order to guarantee that corrective actions can be taken in due time when problems are identified.

During on-the-spot checks FLCs must control the following subjects:

- reality of the project;
- delivery of the product/service in full compliance with the terms and conditions of the subsidy contract;
- physical progress;
- respect for community rules on information and publicity;
- full compliance with public procurement procedures;
- adequacy of storage of documents and accounting system.

On-the-spot checks of all beneficiaries are compulsory **at least once** and they shall take place in the first half of the project implementation period. At the latest the check will be done when the last partner report is checked. Furthermore, a **second on-the-spot check** is compulsory **on those beneficiaries realising any investment in infrastructure/works**, either when the investment is completed or the last partner report is checked. National legislation prescribing more stringent rules for on-the-spot checks must be observed by the FLCs.

3.3.10.7. FLC Certificate and control report

At the end of the control work, the FLC issues an **FLC Certificate and control report**, including all expenditures marked as “verified by the FLC”. The FLC certificate and control report is **printed and signed by the FLC** and shall be **uploaded** to the “Attachments” section in eMS. Expenditures of the beneficiaries shall be **verified within a period of three months** (see §23 (4) of Regulation (EU) 1299/2013, fourth subparagraph) of the submission of the complete documentation by the beneficiary concerned to the FLC.

3.4. Reporting on project level

LPs must prepare a project report following each reporting period and submit it to the JS via eMS.

Project reports cover **activities of each partner and their certified expenditures**. By collecting and cross-checking data provided in partner reports (accuracy and global





coherence) and carrying out further analysis of deliverables, outputs, results achieved and the involvement of target groups, LPs and actors involved in project management can successfully **monitor project implementation** and plan on time, when necessary, implement corrective measures so to cope with potential deviations. Project progress reports indeed enable to regularly control all partners' work and precisely review the fulfilment of project's objectives and binding elements, to which programme authorities pay particular attention.

Project reports are also aimed at providing LPs with a global **overview of incurred and certified expenditures**. Since LPs bear full responsibility of incurred costs towards programme authorities, they must control with the greatest diligence expenditure reported by all partners and exclude them if necessary from the project progress reports.

3.4.1. The scope of the report

In order to have a transparent overview about the progress of the project, reports must concentrate on the activities performed in the respective reporting periods as foreseen in the latest valid version of the AF. The Programme **does not allow to skip a reporting period or to merge two or more of them**, even if in the respective time frame few or no activities were implemented, or no expenditures incurred. In such cases the LP must prepare a report including a sufficient justification about the delay and inform about plans how it will be corrected.

A formal modification of reporting periods including deadlines may be possible in exceptional cases, and must be administered according to the rules and procedure described in sections 4.3 and 4.6.2.

The reports of all partners should be included in the project report, even if a partner submits a zero report (a partner report without certified expenditure, for details see section 3.3) for a certain period.

It is advised that as soon as partner reports become available, the LP starts preparing the project report and finishes as quickly as possible after all partner certificates are available. In technical terms the preparation of a project report can be started well before all certified partner reports are available. For more details about creating a project report see section 3.4.2.

The deadline for project reports is laid down in the ERDF contract (see also in section 3.2).

3.4.2. Creation of project level reports

Project reports are created by the LP based on partner reports previously certified by FLC. Project reports can only be **created by the LP user and those users that are assigned to the LP**, starting from the moment when the project status is changed to "contracted". For details about user assignment please see the section 3.3.2. at partner level reporting.





Note

The Lead Applicant who has created the project automatically becomes LP user in the Austria-Hungary Programme.

After the project has been contracted, the “Reports overview” is the default view when accessing the project. In order to generate a project report, the LP needs to select the role “LP” from the role dropdown. Each LP has two roles to select from: “PP” for creating own partner reports and “LP”. The LP role allows seeing reports of all partners and to create and submit the project report.

Figure 8 Reporting overview - Generating a project report

Select Role
Lp

Project Reports

Report	Report Start	Report End	State	Date Of Project Submission	Total Expenditures	View Report
Period 1 09.06.2016 - 09.06.2018						
Report 1.1	09.06.2016	09.06.2018	Report Submitted	09.06.2016	€ 2 150.00	
Period 2 09.06.2018 - 09.06.2018						
Period 3 09.06.2018 - 09.06.2018						
Period 4 09.06.2018 - 09.06.2018						
Period 5 09.06.2018 - 09.06.2018						

Create Report For
09.06.2018 - 09.06.2018
Period 2

If the LP user is not assigned in the supplementary information section to other partners as a user, he/she can only see reports of other partners and cannot create, modify, delete or submit them.

In the report overview users with appropriate privileges can see if a partner report was already certified by the FLC and if yes, whether it was included in the project report. LPs can access the reports and the certificates of all partners (see section “Reporting on partner level”).

For **creating a new project** report, the LP must click “Create report for” and select a period for which the report should be created. The system redirects the user to the project report corresponding to the selected reporting period.

Each project report is given a number which consists of the period number and the report number. By default, it is possible to create **just one report per period**.

It is possible to delete the report only as long as it has not been submitted to the JS. In order to do this, the LP must click on the “Delete Report” button in the left-side menu. All users assigned to the LP are able to create and delete a partner report.

Project reports consist of a financial part and a content part.

The **financial part** is compiled automatically by the system based on available **FLC certificates included in the project report by the LP**.





The **content part** of the report needs **to be filled in manually by the LP**. It is also possible to upload attachments to a project report. The items in the project report reflect the structure of the AF, as configured by the Programme, and reflect also the project specific content of the latest valid AF (i.e. those [types of] WPs are available for reporting that have been used/created by the users in the application phase).

Note

After the partner report has been created, please do not forget to **save your work regularly**. eMS currently does not give a warning if the user switches to another section within the report or otherwise leaves the page without saving.

3.4.3. Language of the project report

The project report should be completed normally **in German and Hungarian**. In special cases, if the agreed common language of the partnership is English - e.g. in case of a project that is (also) targeted to a wider international audience - it is possible that the project report is completed **in English**. In the latter case the LP should select one of the language fields in eMS (either for Austrian or for Hungarian entries) and use it consequently for all text entries.

Evidence about deliverables and outputs or any kind of product of the project must be made available in all languages they have been produced in (normally both German and Hungarian (and/or in English)).

It shall be ensured, that for project level reporting the content of the partner reports is available for the LP in a language that he/she understands. This is normally regulated in the partnership agreement in its §18 (working language(s)).

3.4.4. Content section of the project report

The content section, including the "Report" and "Work packages" tabs focuses on activities implemented throughout the reporting period. It contains general descriptions of activities as well as reporting per WP.

3.4.4.1. The "Report" tab

eMS technically allows to change the reference period for the report, but LPs in our Programme **must not change the from-to dates** at the top of the report. Periods must not be merged, skipped or changed (see above), furthermore the LP must ensure that all partners' reports are included and they cover the same period. In the financial section also certified expenditure from other periods before may be included (see details in section 3.4.5.1).

The "Report" tab first asks to describe activities during the reporting period in the section "**Highlights of main achievements**". LPs should rely here primarily on the summary sections of the partner reports, but put the focus on the developments on project level. Please concentrate descriptions on the reference period and as far as possible avoid repetitions of information that is provided in the other parts of the project report. The LP should give a critical feedback on the functioning of the partnership and highlight the added-value of the cross-border cooperation.





The following section on the "Report" tab includes **a list of available FLC certificates** of all partners. The LP must choose the certificates that are included in the project report. For more information about the financial part of the project report see section 3.4.5.1.

The list of FLC certificates is followed by a list of project specific objectives. In this item the LP should indicate the **level of achievement to each project specific objective**, according to a dropdown menu including the levels:

1. fully achieved,
2. (achieved) to a large degree,
3. (achieved) to a minor degree,
4. not achieved.

The LP should select the appropriate answer from the dropdown according to the status at the end of the reporting period and give an explanation. Especially deviations from the time plan must be reflected, if e.g. the level of achievement is in substantial delay. Normally a lower level of achievement should not be selected for a specific objective than in the period before. If (e.g. due to a mistake) this would be the case, explanation must be provided. In later versions of eMS a functionality may be available that offers the achievement level marked in the previous report.

Normally all specific objectives have to be achieved completely by the end of the project implementation, and adequate evidence must be available to prove the achievements. If a specific objective is not reached by the end of the project, the MA is entitled to implement appropriate consequences according to the ERDF contract (see esp. §19 (1)b).

The achievement of the specific objectives is strongly dependent on the project main outputs, linking the project with the Programme. The table "**project main outputs achievement**" below the specific objectives is automatically generated from information provided in the "Work packages" section of the report. It is possible that the achievement of a main output is produced as a sum of achievements in more than one WP (in line with the internal structure of the project developed in the application phase).

Similar to the project specific objectives, the project main outputs must be completed by the end of the project implementation. Substantial deviations to the targets according to the latest valid AF need adequate explanation. Especially if the level of achievement is considerably below the targeted level, the MA is entitled to implement appropriate consequences according to the ERDF contract (see esp. §19 (1)b).

In the section "**Target groups reached**" those target groups are listed which were reported as (at least partially) reached in minimum one of the partner reports. The size of the target group reached is not cumulated from the partner reports, as contact to the same group can in principle be reported by more the one partners. It is the responsibility of the LP that the appropriate size of the target group reached is reported on project level. Normally this should not be lower than the lowest value reported by the partners, unless there's a clerical mistake in the partner reports. The LP must also identify the source of verification to the given value (e.g. list of participants to a certain event, number of communication materials delivered, etc.) and give a description of the achievement (incl. explanation of deviations from target, especially if they are





substantial). eMS calculates the percentage of the achievement to the target. By the end of the project, this percentage should be around 100%.

Problems encountered and solutions found is the field where the LP should describe any systematic or operative difficulties and delays that hinder the realisation of project targets, including among others specific objectives, main outputs, target groups, etc. If such problems are faced, the partners should discuss how they handle them and find common solutions. Solutions normally ensure that delays are fetched up, obstacles are removed and targets are going to be reached by the end of the project implementation. The description of deviations from target values at the respective other sections of the report and the section about problems and solutions found should be complementary, repetitions are to be avoided as far as possible. This section should be also a summary of all descriptions of problems, deviations and delays in the WP related sections of the project report (if relevant).

The LP should reflect in the project report the **fulfilment of the horizontal principles** (equality between men and women, equal opportunity and non-discrimination, sustainable development [environment]). The LP should select at each of the three principles from a dropdown, if the contribution at the given period

1. is as planned,
2. has produced additional positive effects,
3. is less than planned.

and give a description of the project's contribution. Contributions below expectation must be sufficiently explained.

Below the horizontal principles the "Report" tab includes a checkbox to mark if the project has been **fully implemented**. If marked, the LP must also provide the date when the project is considered to be ready. This check box should be only marked in the last project report, if all important indicators have been fully achieved. If the full achievement of some targets is not realistic at project closure, explanation must be provided, as written above.

At the very bottom of the page the section "**reporting per work packages overview**" can be used to access individual WPs.

3.4.4.2. Reporting on WPs

The list of available WPs depends on the WPs included in the approved application. In our Programme a management WP and at least a WP implementation or a WP investment is included in every project. Most projects will also have a WP preparation and a WP communication.

The sections of the report to the individual WPs reflect the WP structure according to the approved version of the AF. All WP sections are available for project level reporting in each reporting period, independent of the time frame for that WP marked in the AF (including the WP preparation). In each WP report section (incl. preparation, management, implementation, investment and communication) the LP should mark the WP status as

1. not started,
2. completed,
3. proceeding according to work plan,





4. behind schedule,
5. ahead of schedule.

The report section for the **WP preparation** must be only used to report about the preparation period. In this section a short description of activities carried out is expected, including the contribution of each partner.

In case of projects making use of the lump sum preparation cost option this description is not compulsory. The LP must nevertheless ensure that for the preparation period the expenditure reported by all partners equals altogether exactly 5 000 €. The status of the WP must be marked as completed when the report about the preparation period is compiled.

In case of those projects that report real costs in the WP preparation, the description of the activities should be in line with the description of activities recorded in the partners' report about the preparation period and their certified list of expenditures. Normally the status of the WP must be marked as completed when the report about the preparation period is compiled. In few exceptional cases it may be realistic that not all preparation activities could have been implemented and "behind schedule" is marked (e.g. if some plans and permissions have not been obtained in the preparation period and related expenditures still incur in a normal reporting period). Nevertheless in such cases it must be ensured that the relevant documents are available at latest according to the deadline specified in the *Eligibility Manual* in section 5.6.3.2.b.

All **WP report sections other than preparation** shall include:

1. A **description of the progress** in the current reporting period and an explanation of **how partners were involved**, who did what. Here the focus should be on the achievements on the project level, but also reflecting the individual partner contributions.
2. A description and a justification of the **problems and deviations including delays** from the work plan presented in the AF and the solutions found. This section should focus on the challenges within the respective WP, and be summarised with the content of other WP-problem descriptions in the general section on the "Report" tab.

In both of the above fields the LP should compile the inputs included in the partner reports. The report about WP continues with the following:

3. A section about each **activity and deliverable** in the relevant WP. As these were defined in the AP on the project level, information about them in the partner reports cannot be directly overtaken. The LP should nevertheless keep track of their implementation and mark for each **activity**, if (including the contributions of all partners) at the end of the respective reporting period its **status is**:
 - a. not started,
 - b. completed,
 - c. proceeding according to work plan,
 - d. behind schedule,
 - e. ahead of schedule.

At the planned end date of the activity (visible next to the activity title) but at the latest by the finalisation of the WP the activity should be reported as completed, otherwise a sufficient explanation is needed in the WP's problem description section.





Deliverables, that are necessary for the implementation of the project and directly or indirectly contribute to the achievement of main outputs must be also marked, if their **status** at the end of the respective reporting period is:

- a. not started,
- b. proceeding according to work plan,
- c. behind schedule,
- d. ahead of schedule,
- e. completed and achieved as planned,
- f. completed and achieved more than planned,
- g. completed and achieved less than planned.

If an activity is not marked as completed, normally one or more of the related deliverables is also incomplete or completed less than planned. Although in the application deliverable dates are not recorded, currently eMS shows deliverable dates in the project report. These deliverable dates should be disregarded, as they don't come from the valid application form. Normally deliverables should be reported as completed by the planned end date of the relevant activity or at the latest by the finalisation of the WP. If not, a sufficient explanation is needed in the WP's problem description section. The LP should describe the deliverable reflecting how the plans in the AF have been implemented and how the deliverable contributes to the achievement of the WPs targets. The contribution of the individual partners to the deliverable should be available in the partner reports.

The implementation status of the WP management must be marked as completed by the last project report.

For the **report sections related to WPs implementation and investment**:

4. Additionally the **project main outputs** relevant for that WP are included in a table. The LP should mark the **status of implementation** at the end of the reporting period for each main output on the following scale.
 - a. not started,
 - b. completed,
 - c. proceeding according to work plan,
 - d. behind schedule,
 - e. ahead of schedule.

As the achievement of the main outputs is crucial from the perspective of the project's effective contribution to the programme targets, it is especially important that the project main outputs are completed by the end of the project implementation. The overview table in the "Report" tab will provide a complete picture about each main output, but as that table takes data from the WP level, it must be ensured that the achievements at each WP correspond to the plan.

The **upload of evidence related to deliverables and outputs** is part of the project level reporting of WPs too. The circle of uploaded documents expected strongly depends on the content of the project in question and the phase of the implementation. It is not necessary in every report to upload documents to every output and every deliverable, however, when the project has completed a milestone, the LP is advised to provide documentation about the achievement.

As a general rule the following documents **should be uploaded**: studies, research results, curricula, brochures, photos of main project events and of infrastructural in-





vestments, agenda and/or invitation of main project events and other finalised written products of the project.

Note

LPs are asked to concentrate on documents that focus on the deliverables/outputs produced with the involvement of all relevant partners. If possible, duplicate uploading of documents that are already available in one of the partner reports should be avoided. If a document has been already uploaded elsewhere and the LP does not upload it again, a reference should be inserted pointing to the respective partner report and the relevant document's title should be added. When version 2.0 of the Implementation Manual is published it is already possible to insert link from the project report to evidences already uploaded in one of the partner reports.

The **report section to WP communication** includes sections about progress, problems, and activities (including deliverables) just like the WPs management, implementation and investment. Additionally in the report about WP communication the LP must provide information on the following:

5. **Progress towards the communication objectives** as defined in the AF. The explanation should describe achievements in the respective reporting period. The **level of achievement** should be marked cumulatively on the following scale:
 - a. fully achieved,
 - b. (achieved) to a large degree,
 - c. (achieved) to a minor degree,
 - d. not achieved.

Normally the **status of implementation for a WP, an activity, a deliverable or a main output**, or **the level of achievement of a communication target** should be at least as high as in the period before. If (e.g. due to a mistake) this would not be the case, explanation must be provided. In later versions of eMS a functionality may be available that offers the status/level marked in the previous report.

Note

eMS normally shows at every WP the certified expenditure in relation to that specific WP, according to the certifications included in the project report. As in our Programme the reporting of expenditures on the WP level is switched off (in the application phase the development of budget at WP level serves planning purposes), eMS allocates expenditure items certified in the financial section of the report to the management WP (except that costs of the preparation period are allocated to the preparation WP). The fields "WP expenditure - current report" and "WP expenditure reported so far" therefore do not reflect the reported spending.





3.4.5. Financial part of the project report

3.4.5.1. Certificates

Financial reporting is done based on FLC certificates. All FLC certificates of all partners, which were not yet included in any project report, are available to be included in the project report.

From the **list of available FLC certificates the LP must select the ones to include** in the project report under "Include in project finance report". Only the selected FLC certificates will be taken into account for project report.

FLC certificates, which are not included in any of the project reports yet, can be included in another project report. The eMS does not check whether all the FLC certificates included in a project report by the LP refer to the same reporting period. This means that technically FLC certificates could originate from different reporting periods.

Normally the partner reports must be submitted and certified before the project report. As long as they are available, it is **strongly advised that LPs include in the project report all FLC certificates from a given period**. To avoid delays of a partner report due to some expenditure elements that cannot be verified by the FLC on time, the FLC should consider provisionally not to mark them as "verified by FLC". For the rest of the items the verification can be finalised and the FLC Certificate and control report can be issued. In this case the expenditure item not marked as "verified by FLC" still stays open for verification later.

Note

If not all certifications would be available on time, the LP may decide to prepare and submit the project report and **enclose additional verified expenditure** later. This is still possible **after the report is submitted to the JS**, however only **if the JS reverts the report to the LP, before finalising the monitoring of the project report**. The related certificate of expenditure and other control documents must be available by that time.

Once the **FLC certificates** are selected to the project report, they **can be accessed from two places** in the project report: the "Certificates" tab in the navigation toolbar or the table "List of partner FLC certificates" in the "Report" tab. Under "Certificates" only those selected will be visible.

If the LP clicks on an expenditure item in the list of expenditures, in the "Edit expenditure" dialogue box the expenditure's details can be seen as provided by the respective partner. The LP also sees the FLC section including the correction, the correction type, the amount certified and the FLCs comment to the respective partner. The dialogue box enables the **LP to make negative corrections**. eMS interprets corrections without a negative sign as negative. If the LP makes a correction, a sound justification must be given in the comment field. LP corrections are usually possible if e.g. in spite of the FLCs verification the LP considers that the product is not proportionate to the expenditure item or is insufficient or otherwise risky for the project as a whole.





Attention!

The Lead Partner can only decrease items certified by FLC and cannot increase them.

The LP can also decrease single expenditure items to zero, which means that the expenditure claimed by the respective partner for this items, will completely be excluded from the project report.

Expenditures can be edited by a LP directly in the item view form by setting the difference in the corresponding field. The values previously inserted by a partner and by FLC (budget line, internal reference number, invoice number, invoice date, date of payment, currency, VAT) cannot be modified anymore.

LPs are advised to **handle corrections with great care**. The verification of expenditure is the responsibility of the dedicated national controller bodies. If a financial mistake is suspected by the LP, he/she is suggested to contact the relevant partner in the first line, or ask the responsible FLC for clarification, if needed. If the result of this discussion is that a correction in the partner report or in the certification process can solve the problem, then the possibilities to revert partner reports back to the FLC or to the partners should be used. This might be necessary also in cases when the LP notices a mistake, which is not in his/her authority to correct.

Reverting the report to a partner means that the respective partner needs to correct and re-submit the report to the FLC and then the FLC needs to re-certify the report. Corrections to the report that have to be implemented by the partner are rarely needed, they can substantially prolong the reporting process and delay payments, therefore this possibility must be used by the LP only in exceptional cases.

Reverting the report to FLC means that the FLC needs to re-certify the report but no corrections from the Partner are necessary.

Attention!

The LP cannot revert his/her own partner report to the FLC. If he/she tries, the eMS displays error message at the top of the page and no action is performed by the system.

3.4.5.2. Project report tables

Here the LP can find various summary tables of the expenditure included in the project report. Please note that the tables are updated before the report is submitted. All the cuts done by the LP should be immediately visible in the tables.

Project report tables follow the same logic as those in the partner report but take into account all certificates included in the project report.

Please note that the "currently reported" column changes its values (and name) each time a project report changes status. Before the report is submitted it is "amount to be declared to the JS" and once it is submitted it changes into "amount declared to the JS". Likewise, the column "previously reported (certified by CA)" also changes if new CA confirmations become available. After submission of the report to the JS, the values do not change anymore.





3.4.6. Additional attachments to the project report

It is possible to upload additional attachments relevant for the entire project report at the "Attachments" tab. The list includes information on who uploaded which document and when. Please use this section only if important documents have not been uploaded to the partner reports and cannot be linked in the project report to output evidences and deliverable evidences.

Oversized attachment uploads should be avoided at any parts of the report. The current limit for uploaded documents in eMS is 5MB per document. Scanned documents must have a sufficient, readable quality, but colour scans are usually not necessary. It is also recommended that documents are precisely named. **File naming should be meaningful for any third persons and have a consistent structure**, preferably including project ID, phase of the project (e.g. report number) and reference to the content of the document. The filename "interreg_attachment_1.pdf" for example should be avoided. Instead "ATHU0XX_PartnerReport01_DeliverableName.pdf" is advisable.

3.4.7. Report finalisation and submission

Before submitting a project report, **the saved report needs to be checked** (similarly as the saved application form has to be checked prior to submission) by clicking "Check saved report" in the left-side menu. When clicking this button, a validation plugin is called, including built in validation functions of eMS and the validation rules set up by the Programme⁴. In case some of the rules are not fulfilled, an error message will appear and the LP needs to correct the respective part of the report.

Each time a report is saved, it needs to be checked again before submission. Once the report is successfully checked, it can be submitted by clicking "Submit Report", which will appear instead of "Check saved report" button.

Attention!

The "check" status is only valid for a limited amount of time and within the same session and user. It is not possible to check the report and let anyone else submit it or submit it e.g. a month later. If the check status is not valid anymore, the report needs to be checked again.

The project report is submitted to the JS. The report state is changed from "Report in progress" to "Report submitted to JS" and a submission date is displayed in the overview table.

After submission, the Lead Partner can see the report but can't modify it anymore.

A new project report can be created once the previous one has been submitted to JS. It is not possible for the LP to create more than one report for a certain period. It is however possible that the JS creates another project report, even if there is already a report open.

⁴ Programme validation rules for reports will be continuously developed based on experiences in the reporting.





In our Programme, the submitted the project report is automatically also a **payment request** for the ERDF funding related to the certified expenditure. The submission of a separate payment request (as in some other programmes) is not needed.

Note

Although in the project report section at the left hand menu there is an item "Print report", this includes only basic functionality of eMS. As in our Programme **it is not foreseen that the reports are printed, signed and stored in either PDF or in hard copy**, the plugin for the print template has not been developed.

It is also not necessary to submit a hard copy of the report or of any attached supporting documents to the JS, however originals have to be stored safe at the place indicated for each partner in the supplementary information / documents section of the project in eMS. For document retention periods see the ERDF contract (§14) and the *Eligibility Manual* (section 2.2).

3.4.8. Monitoring of project reports and reimbursement of expenditures

3.4.8.1. JS and MA monitoring of the project report

Each project report is monitored at the JS by the responsible programme manager for **activities, results, communication and financial issues**.

The JS has reading access to the reports beginning with their creation. This allows a **continuous monitoring and a flexible correction** of the reports according to the requirements, and may especially improve efficiency of reporting and reduce the time needed for reporting in bilingual project reports. LPs are asked to create and prepare their project reports in one of the languages (for more details on language requirements, see the respective section at 3.4.3) and notify their contact person at the JS. The JS programme manager will read the report and give feedback to the LP. If the necessary corrections are made, the report can be translated into the other language, be finalised and submitted. With this procedure substantial resources and time can be spared.

After the project report is submitted, the content part of the report cannot be edited by the JS. If in spite of the informal consultation process before report submission **clarification** would be still needed, the JS requests the LP to provide answer to the questions and amend the progress report. Requested amendments might also concern e.g. proof of deliverables or outputs annexed to the progress report. The number of clarification rounds and the overall duration of the clarification process are directly linked to the quality (accuracy, completeness) of the submitted report.

The JS can open any single item verified by FLC and if it finds that an amount is partially or completely ineligible, it can deduct or add amounts and make comments. JS **corrections** are marked according to the same correction types as in case of the FLCs (see section 3.3.10). Flat rates are adjusted automatically. It is not possible for the JS to manually cut the flat rates.

If any of the expenditure to be adjusted was declared in a currency different than euro, the JS may decide to **cut it in euro or cut it in the original currency**. In the latter case the JS enters the difference in the original currency and the system calcu-





lates the difference and the new eligible amount in euro using the exchange rate of the time when the item was submitted to the FLC.

As presented in section 3.4.5.1, the LP may **enclose additional verified expenditure** to the joint progress report **if the JS reverts the report to the LP** before the monitoring of the project report is finalised.

The JS finalises the monitoring of the project report by filling in a JS monitoring checklist. Once the JS monitoring checklist is filled in and all the questions are confirmed, the JS notifies the MA on the completion of the monitoring. The **MA carries out additional control steps** and if no additional issues requiring additional clarifications from the LP are raised, it launches the payment procedure. The **MA can also make corrections** using the same correction types as in case of the FLCs (see section 3.3.10).

In addition to the progress report (and annexes), the MA/JS will use other tools to monitor the progress of implementation, among them:

- Check whether information on the project websites, including the project sub-websites on the programme website are relevant and up-to-date;
- Informal exchange with the LP, if necessary (e.g. by email or phone), for gathering additional information and clarifications;
- Participation in project meetings and/or on-the-spot-checks;
- Extraordinary meetings with the LP and PPs, if necessary.

3.4.8.2. CA check and payment of the ERDF funds

The MA launches the payment procedure by forwarding the project report to the **CA**, which **carries out the controls deriving from its obligations** according to §126 of the regulation (EU) 1303/2013. If necessary, the CA may require further clarifications from the LP with the help of the MA, or carry out controls of its own. In case the controls would prove the necessity of a correction, these can be made directly by the CA using the same correction types as in case of the FLCs (see section 3.3.10).

Payments are made to the LP by the Paying Unit of the CA in Euro to the bank account defined in the ERDF contract. The bank information is also registered in eMS in the section "supplementary information". In case of a change in the bank data, this must be reported immediately to the JS/MA and recorded in eMS. The **disbursement** of funds by the CA Paying Unit shall take place as soon as possible and at the latest **within 90 days** from the date of submission of the submitted project report to the JS (see §132 (1) of Regulation (EU) 1303/2013). This payment deadline may be interrupted by the MA if an investigation has been initiated by national, programme or European institutions in relation to a possible irregularity. In such cases the LP will be informed in writing of the interruption and the reasons for it.

As stipulated in the subsidy contract, the disbursement of funds to the LP is subject to the condition that the European Commission makes the necessary funds available. Should funds not be available, the LP will be duly notified and – if possible - a provisional date for the expected payment will be announced.

According to §12 of the ERDF contract **the LP must forward the relevant parts of the ERDF to the partners according to their certified expenditure within 14 days after receipt.**





4. PROJECT MODIFICATIONS

4.1. General principles of project modifications

According to the ERDF contract (§1 (3)) the funding is provided to the project approved by the MC, and subject of the contract is the final submitted version of the application recorded in eMS, whereby all provisions of the contract always refer to the latest valid version of the AF, as recorded in eMS.

Experience shows, however, that during its implementation, a project might face the need to modify the content of the latest valid AF in order to adapt it to the actual needs. Modification should be targeted at ensuring the best project performance.

If during implementation changes are needed compared to the content of the approved (or the latest valid) AF, the programme bodies must see **how far** these **changes are justified** and whether they are **in line with the original targets**. Although the Programme offers certain flexibility in project implementation, important changes have to be recorded in the AF and might even need the approval of the MA or the MC.

The modification rules are laid down in the ERDF contract (§8-10) and further details are provided in this section.

Depending on their impact on the project:

1. some **small adaptations** don't need to be recorded in the AF,
2. others must be recorded and acknowledged by the JS, however do not need approval of the MA or the MC (**minor modifications**),
3. finally some changes require prior approval by the MA or the MC (**major modifications**).

Concerning the content of the change they can be related to:

1. modification of **administrative elements** of the AF,
2. modifications of the **budget**,
3. modifications of the **time plan**,
4. modifications of the **work plan**,
5. modifications of the **partnership**.

4.2. Adaptations not requiring a change of the AF

The **circle of modifications** that are formally necessary and the **procedures** that need to be followed are **described in the sections hereafter**. However, in order to reduce the administrative burden on all participants, **the Programme generally does not require the modification of the AF's content in cases that are not specifically defined**.

Following is a list of some small adaptations that usually do not induce a modification in the content of the AF. The list is not exhaustive.

- the **focus** of implementation is **shifted** from some (circle of) activities or deliverables to another (circle of) activities or deliverables,





- some **activities or deliverables** are **substituted** by similar activities or deliverables that more efficiently serve the otherwise unchanged project targets,
- certain budget items are implemented according to slightly **modified technical specifications** than laid down in the AF,
- **unit price and/or quantity** are different to the ones laid down in the AF,
- the financial implementation deviates from the plan either on the level of **WPs** and/or the **reporting periods**.

It is a general rule for any such **adaptations** that they **must be in line with the originally set targets of the project**, especially with the project specific objectives and the main outputs. Unless the change does not have an impact on the level of budget lines or partner budgets, it is sufficient if deviations from the original plan are described and justified in sufficient detail in the relevant sections of the partner and progress reports.

Normally the **FLCs** should have the capacity and right to **decide whether or not such a change is in line with the targets of the project, and if it is, related expenditure can be validated**. If the modification influences a constituent part of the project, has a large impact on other partners or on the project as a whole, or if it is not clear what procedure should be applied, it is always safe to ask the JS whether or not it has to be reported in a formal modification procedure.

Although small adaptations in the project implementation as described above usually don't require a change in the content of the AF, for the sake of transparency the LP may consider to update the project if later a formal modification procedure is needed for other upcoming reasons.

4.3. The modification procedure

LPs are suggested to **contact the JS** by phone or e-mail before a modification in eMS is initiated. If the need for a formal modification procedure is confirmed, The JS will support and guide the LP through the process.

Attention!

The LP always has to inform the JS as soon as the need for a major modification becomes known

A modification is a complex process. Partnerships should be aware that a major modification procedure can only be launched before the project end date as indicated in the latest valid version of the AF. However, in order to ensure proper planning and implementation of activities in the final phase of the project, it is strongly recommended to submit any major modification request at least 2-3 months prior to the end date of project implementation. Concerning the impact of modifications on open (partner or project) reports, please see page 19 and 46.

After submission applications are normally closed for editing. The content of the AF can be changed in the following cases:

1. The **administrative and eligibility assessment discovers incompleteness** or mistakes and the JS opens the AF for clarifications.





2. The project is **approved by the MC with conditions** (the AF is automatically opened in modification modus when the decision is recorded).
3. The project is **postponed by the MC** (the AF is automatically reverted to status "saved" – the status before submission – when the decision is recorded).
4. The project is **approved, but** although no conditions have been defined by the MC, the contract preparation consultations between LP and JS/MA discover **need for clarification**. Technically in such cases the modification procedure can be initiated by either the LP or the JS.
5. During project implementation a **change in the content of the AF is needed**, and the LP submits a modification request. It is technically possible that in exceptional cases the JS or MA can also initiate a change.

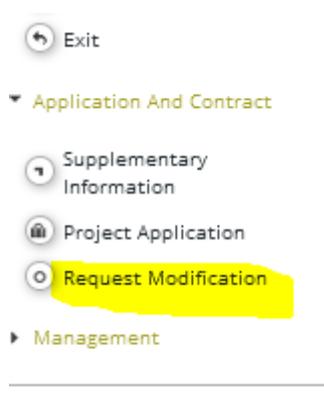
When the attachment upload section is reopened for further uploads by the LP the rest of the AF remains closed. No new version of the AF is generated.

Number 3 in the list above (project postponed by the MC) is technically not a modification, while 1, 2, 4 and 5 are all handled by eMS in a modification procedure. A modification is technically possible at any stage of the project implementation before the status is set to "Finalised". When a modification is accepted, a new version of the AF is created. After the finalization of a modification, the old version of the AF is archived and a new one is created and becomes the valid AF. This process is described in detail below.

Modifications can either be initiated by a programme authority (e.g. JS, MC) or by the LP (or automatically initiated in case of a conditional approval, as written above). A modification created in eMS by the JS directly opens the AF for modification by the LP.

Only the LP (users assigned to the LP) **can request a modification**. All changes, including changes related to any of the partners must go through the LP, who is legally responsible for the total project and technically entitled to implement changes. The LP can initiate the procedure by pressing the "request modification" button. In case of contracted projects the **"Request modification" button** can be found in "Project overview" (the user has to switch from the default view "Reporting" to "Project overview") in the menu group "Application and Contract" on the left hand.

Figure 9 (LP view) Requesting the JS to open the AF for modifications



After clicking "Request modification", the LP is asked to give information about the intended modification in a dialog box and select from the following categories:

1. Change of end date / duration
2. Change of project results / indicators





3. Change of partnership
4. Change of budget
5. Change of activities
6. Change of periods

Without at least one category selected from the above list the change request cannot be saved. These categories are predefined by eMS (currently available only in English and not translatable by the Programme). They serve statistical purposes and as such, are indicative. Please select the category/categories that are closest to the content of the intended modification.

In the modification request dialogue box the LP is not asked to provide details about the intended change itself. Instead, the LP should **identify the part of the AF that needs to be changed and provide justification for the changes**. If more than one topic needs to be changed, e.g. if several partners are affected, more than one budget related changes are necessary, or several other types of changes have become necessary, it is advisable that changes are handled together. In the change request dialogue box the LP should give an overview listing all relevant changes. Currently 3 000 characters (about a short A4 page) are available for the change request.

Please keep in mind that although there is only one language field for the dialogue box for **change request**, it should be filled in **either in German and Hungarian, or in English** (e.g. German text / Hungarian text).

Attention!

eMS warns in the modification dialogue box, if open reports exist (both partner and project). Reports are always linked to the version of the AF they have been created in. This means, if a modification is finalised (accepted by the JS), open reports are kept, but are still linked to the old version of the AF. Consequently, if a budget modification is needed to submit the expenditure, the modification procedure has to be finalised before a report is created. This procedure needs consequent and careful financial management.

For details, see also page 19.

Once the modification request is saved, it is submitted to the JS who screens the provided information and based on the outcome either accepts or rejects the request.

- If the JS refuses the request to modify the AF, this closes the request and the AF remains locked. The LP can decide to open a new modification request.
- If the JS accepts the request for modification, this unlocks the AF for editing by the LP.

In both cases an explanation or a justification can be given by the JS.

Note

It is always the last valid AF which is subject to a modification request, not the initial one!





Note

It is not possible to initiate a modification request (neither by programme authorities nor by the LP) if a previous modification is not finalized (i.e. confirmed or rejected by JS).

If the JS accepts the modification request and the AF is unlocked for editing, the LP can modify the details of the project and submit the modified AF to the JS for confirmation.

The following workflows are initiated:

- LP requests permission to modify → JS refuses the request for modification → the request is closed and the AF remains locked, no new version of the AF is generated.
or:
- LP requests permission to modify → JS accepts the request for modification → LP modifies AF → JS confirms modification → new version of the AF is generated.
or:
- LP requests permission to modify → JS accepts request for modification → LP modifies AF → JS requests further modifications → LP modifies AF → JS confirms modification → new version of the AF is generated.
or:
- LP requests permission to modify → JS accepts request for modification → LP modifies AF → JS rejects modification → AF remains unchanged and no new version of the AF is generated (the rejected modification version is archived in the project history).

Note

Only the whole AF can be opened for editing, independent of which part or parts of the AF the LP or its partners want to modify. It is the responsibility of the LP that only those parts of the AF are changed that were described in the request for modification. If, during modification it turns out that other changes are also needed, the LP must consult with the JS, and if agreed, the LP user can implement the modifications.

After the modified AF is submitted, the JS can compare in eMS the versions before and after the modification, and decide how far the changes are in line with the modification request and the relevant modification rules.

Any non-authorized modification of the content of the AF going beyond the flexibility limits (see section 4.2) lacks legal value and is therefore void. As a consequence, any expenditure linked to it becomes ineligible.

During the modification procedure the **JS may ask for additional clarification**, supporting documents, further modifications or the revision of already prepared modifications.





Note

During the modification procedure, please don't forget to **save your work regularly**. eMS currently does not give a warning if the user switches to another section within the AF or otherwise leaves the page without saving.

When the modification is done but before submission, the LP must click the button "**Check modification**". With this a validation plugin is called, including built in validation functions of eMS and the same programme specific validation rules that are applied also in the check before submission. In case some of the rules are not fulfilled, an error message will appear and the partner needs to correct the respective part of the report.

Each time a change in the AF is saved, the modification needs to be checked again before submission. Only after the check is successful, the system will allow for the modification to be submitted. The "Check modification" button will be replaced with the "Submit modification" button.

The project modification becomes final when the procedure is closed with the confirmation of the JS.

Based on the type and extent of the modification, the confirmation by the JS can record the:

1. **acknowledgement** of the change **by the JS** itself,
2. **approval** of the change by the **MA**,
3. **approval** of the change by the **MC**.

If an approval by the MA or the MC is needed, the JS gives a technical opinion to the programme bodies based on the final submission of the project modification. In such cases the LP and partners must calculate with the time needed for the approval process (especially in case of an MC decision). For further details about who is authorised to confirm the modification, see the sections hereunder.

Note

If, following two clarification rounds, information in the revised AF is still unclear/incomplete, the JS may reject the modification or give a negative technical opinion to the respective programme bodies.

The LP will be notified by the JS on the decision taken by the relevant programme bodies. After the JS confirms the submitted modification, a new AF is generated and the old one is archived. eMS stores all versions of the AF in consecutive order under the menu item "project history". Different versions of application forms can always be compared via the comparison function.

In case the modification is rejected by the programme bodies, **the same modification must not be requested again** by the LP.





In any case, the **LP must inform the partnership about the approval or rejection** of the modification request and of the consequent entry into force of the revised AF.

4.4. Modification of administrative elements and some other minor changes

The update of administrative information in the AF is minor modification. Such changes don't require the approval by the programme bodies. Nevertheless, the same procedure has to be followed in order to open the AF for editing, as for any other changes which require a change in the content of the AF (see section 4.3). Modification of administrative elements can be related to:

1. Change of **contact data** of LP/PPs,
2. Change of **legal representative(s)** of LP/PPs,
3. Change of **LP/PPs name** with no impact on its legal status (of financing)⁵,
4. Change of **contact person/** project manager of LP/PP,
5. Change of **bank account** of the LP⁶,
6. Change of **location of project documents**⁷.

In case of these changes either the relevant partner section of the AF or the supplementary information has to be updated. If relevant, also the respective supporting documents have to be uploaded to the AF attachment section.

If at a partner changes occur in the **ownership structure** or in its **legal status** (of the financing), in most cases the above described procedure has to be followed. To clarify if and what kind of change is needed in the content of the AF, the LP should contact the JS.

4.5. Modifications of the budget

The subsidy contract stipulates in §3 that the budget and the financing plan according to the latest valid version of the application constitute the basis of the funding and they are binding in their main elements (partner budget, budget lines) and in the total sum. Changes of the above elements therefore need to be implemented in a formal modification procedure.

⁵ Legal succession is discussed at the section 4.8.1 related to partner changes.

⁶ In previous versions of eMS bank account data registered in the supplementary information section could be technically edited by the LP without a formal modification procedure. In the current version (when version 2.0 of the Implementation Manual is published) a later version of eMS the write access to bank data is already limited.

⁷ The location of project documents is saved in the supplementary information section and technically it can be freely edited by the LP. Nevertheless, in case of a change, the LP is asked to inform the JS.





Attention!

Modification requests related to **changes in the project budget** (including changes in the financing and/or reallocations between budget lines and/or partners) **must not be submitted more than twice a year**.

In case a need to change the budget is recognised, the LP should query all partners about the need for further modifications, collect the changes and submit all of them at once for approval.

Changes within the budget lines, between WPs or related to the spending according to reporting periods do not require a formal modification procedure. For modifications not requiring a change of the AF please see section 4.2.

4.5.1. Modifications in project financing

4.5.1.1. National financing contributions

The financing plan of the project is defined in the AF at each partner budget and it includes the **national financing contributions** matching the ERDF. The contribution can be provided by the **partner itself**, by **third party** financing institution(s) or some mixture of these. The financing contribution can come from either **public** or from **private** sources (see also section 3.2 of the *Eligibility Manual*). While all of the above financing contributions are documented with a financing declaration or an own-resource self-declaration in the application phase, third party contributions must be fixed in a contractual form until the submission of the first partner report to the FLC, but not later than the first ERDF payment.

The **change of the financing plan** as defined in the AF **at any of the partners** is a change that must be thoroughly documented, but does not require an approval by the MA or the MC (minor modification). In such cases partners must immediately inform the LP, and the LP shall ensure that

1. the **up-to-date contracts** or **own-resource self-declarations** about the national financing contributions are submitted to the JS or MA and to the responsible FLC,
2. and the relevant changes are recorded in eMS

as soon as possible. Changes are checked for administrative completeness by the JS, who acknowledges the change as soon as all necessary information is provided. An approval of the MC may only become necessary in case modification involves an increase of the total eligible cost of the project or the share of the ERDF co-financing.

It is strongly advised that

1. changes in the financing plan are avoided as far as possible and partners try to stick to the financing structure according to the approved plan.
2. if changes are nevertheless needed (e.g. because a public contribution to substitute own resources becomes available only after MC approval), the modification should be implemented before any of the partners start the reporting procedure. Partners must be aware of the implications of the modification procedure on reporting (see above).





3. if changes in the financing plan occur during project implementation, remember that they are effective only for the reports created after the approval of the modification (in any case, consult the JS beforehand).
4. partners who are affected by changes in their financing plan should consult the responsible RC, and let the LP know as soon as possible.

Table 1 Most frequent changes in the national financing contributions

Modification	Required action
<p>A third party financing contribution is substituted by a contribution from another financing institution. Assumption: values are the same.</p>	<p>Before the verification of the first financial report of the partner concerned the name of the financing institution should be changed in eMS. If relevant, the legal status (public or private) must be also updated.</p> <p>The new financing contract must be attached to the AF.</p> <hr/> <p>According to version 3_3.1 of eMS a change of the financing institution was applied retrospectively, also if the modification was applied after the first report. All previous contributions to declared expenditures were changed to the new financing institution. Legal status of the financing (public or private) needed to be updated accordingly, if relevant.</p> <p>The new financing contract must have been attached to the AF.</p> <p>This option is not available since the new version 4_1.1 of eMS was installed in November 2018.</p>
<p>100% of the (remaining) third party financing contribution is substituted by a contribution from another financing institution. Assumption: total value of all contributions after the change is the same as the value of the contribution(s) before.</p>	<p>Since the version 4_1.1 of eMS was installed in November 2018, only contributions related to those expenditures that are declared after the modification can be linked to a new financier. The new financing source and the contribution must be recorded in eMS in addition to the existing ones, with the appropriate legal status (public or private). The total available value of the old contribution must be decreased by the value of the new contribution.</p> <p>The new financing contract must be attached to the AF.</p>





Modification	Required action
<p>Some part of the own resources (or some part of a third party financing) is substituted by another resource. Assumption: total value of all contributions after the change is the same as the value of the contribution(s) before.</p>	<p>The additional financier and its contribution should be recorded in eMS with the appropriate legal status (public or private). The total available value of the old contribution must be decreased by the value of the new contribution.</p> <p>The new financing contract must be attached to the AF.</p>
<p>Additional contribution is provided by some financing institution, while the total eligible cost of the partner remains the same.</p>	<p>The ERDF co financing is decreased by the value of the additional contribution. A new co-financing rate has to be established.</p> <p>The new or increased financing contract (or own resource self-declaration) must be attached to the AF.</p>
<p>Third party financing institution retreats from financing.</p>	<p>If not taken over by another third party financier, the remaining part of the contribution must be replaced by the partner's own resources.</p> <p>In eMS the own resources must be increased and the third party contribution decreased by the relevant value. The own resource self-declaration about the increased amount must be attached to the AF.</p> <p>If a contribution is replaced to 100% by own resources after the partner has submitted a report (even zero-report), the old financing source cannot be deleted anymore because the contribution is linked to a partner report. Contributions in existing reports cannot be changed.</p>
<p>The increased total eligible budget of a partner (e.g. due to a budget reallocation between partners) requires additional financing contribution.</p>	<p>The increased budget and the increased or additional financing have to be recorded in eMS. Documents (contract or own-resource self-declaration) about the increased or additional financial contribution must be attached to the AF. If relevant, the ERDF financing rate must be adopted. MC decision may be needed.</p>
<p>The decreased total eligible budget of a partner (e.g. due to a budget reallocation between partners) requires a decrease of the available contributions.</p>	<p>The total eligible cost of the project, the ERDF co-financing and the contributions must be decreased so that the co-financing rate after the change shall remain the same as approved. An update of the financing documents is not necessary.</p>





4.5.1.2. ERDF co-financing

The total eligible budget of the project is approved by the MC. An **increase of the total eligible project budget** (assuming the co-financing rate is not changed) would increase also the ERDF funding. An increase of the total eligible budget of the project is therefore **subject to prior approval of the MC**.

The share of ERDF co-financing in the project is also approved by the MC (the co-financing rate must not exceed 85% on partner level). The **share of available ERDF co-financing** for the project can only be increased if the co-financing rate at partner level does not exceed 85% after the modification, and such a change is **subject to prior MC approval**.

If, due to the increased ERDF, the value of required national contribution is decreased, own-resource self-declarations and contracts on the national financing contributions do not have to be updated (unless other relevant changes make the update of those contracts necessary).

4.5.2. Reallocation between budget lines or partners

Reallocations in the project budget **between budget lines** (staff, office and administration, travel and accommodation, external expertise and services, equipment, infrastructure and works) **or between partners** are categorised according to the extent of the change.

Minor change:

1. If the reallocation between budget lines or between partners is **below 10% of the total eligible budget of the project**, the LP must inform the JS about the change according to the standard modification procedure (see section 4.3). When the modification is submitted, in case the formal requirements are fulfilled the JS acknowledges the change.

Major changes:

2. Reallocations between budget lines or between partners of **at least 10% but below 20% of the total eligible budget of the project** must be submitted according to the standard modification procedure (see section 4.3) and are subject to the prior approval of the MA.
3. Reallocations between budget lines or between partners of **at least 20% of the total eligible budget of the project** must be submitted according to the standard modification procedure (see section 4.3) and are subject to the prior approval of the MC.

If a modification includes both reallocations between budget lines and between partners, the bigger proportion of the two related to the total eligible project budget, will count for the categorisation.

Reallocations between budget lines or partners are cumulated during project implementation and handled according to the 10-20% rules above. If cumulated (minor) changes have reached e.g. 8% of the total eligible project budget, and further 2% of changes are planned, it becomes a major change and is subject to an approval by the MA. Following a decision of the MC about budget modifications the cumulation starts again from 0%.

If a reallocation between partners increases or decreases the eligible budget of the partners, the necessary changes in the financing contributions must be documented





according to section 4.5.1.1. It is the task of the partner affected by the change, to **ensure that the required national financing contribution is available and documented.**

In case of **reallocations between partners** usually expenditure related to certain item(s) is overtaken by another partner.

1. If the involved **partners have the same ERDF co-financing rate**, shifting the expenditure item(s) and the related ERDF does not change the financing structure either on partner or on project level.
2. In case the reallocation involves partners **with different co-financing rates**,
 - a. the total cost of the item and the relevant share of its ERDF co-financing according to the rate at the partner where it was originally budgeted should be applied at the other partner. Although this requires a change of the ERDF co-financing rate at the partner which overtakes part of another partner’s budget, on project level the total cost and the total ERDF will remain unchanged (see Table 2 below).
 - b. Other reallocation methods can be applied based on the individual circumstances at the project, however, in some of these cases an MC decision to raise the ERDF or the total eligible budget may be needed. In other cases less ERDF or a decreased total budget may become available after the modification.

Table 2 Preferred method of budget reallocation between partners with different co-financing rates (example)

Original budget (before modification)			
	total	ERDF	contribution
PP1:	100	= 85	+ 15
PP2:	100	= 50	+ 50
Total:	200	= 135	+ 65
		67.5%	32.5%
Changed budget (after modification)			
Total costs reallocated, keep amounts of ERDF and contribution.			
<i>Reallocation from PP1 to PP2</i>			
	total	ERDF	contribution
PP1:	50	= 42.5	+ 7.5
		85%	15%
PP2:	150	= 92.5	+ 57.5
		61.6%	38.3%
Total:	200	= 135	+ 65
		67.5%	32.5%
<i>Reallocation from PP2 to PP1</i>			
	total	ERDF	contribution
PP1:	150	= 110	+ 40
		73.3%	26.6%
PP2:	50	= 25	+ 25
		50%	50%
Total:	200	= 135	+ 65
		67.5%	32.5%

4.5.3. Other modifications in the budget

The following rules about changes related to staff costs are defined in the *Eligibility Manual*. For more details see its section 5.1!

Beneficiaries (each partner) must choose a **reimbursement option** (real cost or flat rate) in the budget part of the AF. In some cases the MC may decide that the flat rate option cannot be used by some of the partners. The change of reimbursement scheme





is only possible before first staff costs are submitted for validation. The chosen reimbursement option (or the one based on the MC decision) will be applied for the whole period of project implementation and **must not be changed**.

It is **highly recommended that** within the real cost option the chosen **scheme** (full time, part time with fixed percentage or flexible number of hours, contracted on an hourly basis) for the settlement of costs related to the individual employees **is kept for the whole project implementation**. Justified changes are, however, possible in the following cases:

1. between full time employment and part time employment with a fixed percentage,
2. different percentage in the option part time employment with fixed percentage,
3. replacement of an employee.

Such changes must be **recorded in the staff cost data sheet** and communicated in the first line to the FLC and to the JS. If relevant, also the budget data in eMS shall be updated. No approval of the MA or the MC is needed.

It is not allowed to change between part time with fixed percentage and part time with a flexible number of hours.

The **hourly rate for the 1720-method** (part-time employment with a flexible number of hours worked on the project where the hourly rate is based on a standard number of 1720 hours per year) must be **fixed in the staff cost data sheet** for each employee whose staff costs are reported according to that method, and **must not be changed later during project implementation**.

4.6. Modifications in the time plan

Overall, beneficiaries should strive to implement planned activities according to the time plan in the latest valid version of the AF. The JS will monitor the timely implementation via regular contact to the LP and on the basis of project reports, where the LP has to give account about the status of WPs, activities, deliverables, outputs, specific and communication objectives on a scale of *not started* – *completed* (or similar; for details see section 3.4.4).

4.6.1. Changes related to the timely implementation of activities

Even if the LP closely monitors project activities, it can happen that due to unexpected situations or external circumstances some **activities, deliverables or main project outputs cannot be completed according to the original time plan**. If this happens, the LP or PP has to inform the partnership as soon as possible to discuss and agree on the next steps. Furthermore, LP has to inform the JS and, if necessary, submit modification request.

Delays that do not risk the achievements of the main targets within the valid time frame have to be **reported as “deviations” within the periodic partner and project reports**. The progress report has to include a justification of such modifications, an explanation on their consequence on the project’s implementation and, if applicable, the solution agreed within the partnership on how to tackle them.

It is crucial to note that LP has to make all efforts to catch up with the delay and to implement respective activities as soon as possible. The LP has to make sure that the





project can be implemented in the given time frame. No formal modification of the AF is needed.

4.6.2. Changes in the reporting period and deadlines

Reporting periods and the related reporting deadlines are binding according to the latest valid version of the AF. As written in the reporting section above (see page 12), the Programme **does not allow partners to skip a reporting period or merge two or more of them** in their reporting. In case the **end of the reporting period** needs to be **shifted to another date**, the LP should seek common agreement within the partnership about the modified date. Changes in reporting periods shall serve the smooth administrative implementation of the project but must not jeopardise the timely implementation of the project in general, especially the achievement of project main outputs and specific objectives.

The formal modification of the reporting time plan must be based on mutual understanding between the LP and JS/MA and technically the procedure described in section 4.3 must be followed. The **request for such a modification has to be submitted for prior consent of the JS/MA 1 month before the reporting period's end**, at the latest. If the change affects the reporting periods ahead, LP has to adjust the entire time plan accordingly with the consent of the JS/MA.

According to the ERDF contract if none of the partners have started project implementation until the first reporting deadline for partner reports, the MA has the right to resign from the subsidy contract.

4.6.3. Extension of the project implementation period

In exceptional and well justified cases the LP, in agreement with the partners can request a modification of the project implementation period, which then needs to be approved by the MA (major modification). This can be justified e.g., if without an extension of the project duration it would not be possible to achieve the project specific objectives or the main outputs.

According to the subsidy contract a **request for prolongation shall be submitted at least 1 month before the project end date** according to the latest valid version of the AF. In order to ensure a proper planning and implementation of activities in the final phase of the project, however, it is strongly recommended to identify any potential need for prolongation on time and to submit the respective request for extension of project implementation period rather 2-3 months prior to the original project end date.

The latest possible end date for the project implementation is 31 December 2022 and no prolongation of project duration beyond this date will be granted.

4.7. Changes in the work plan

As the extent and the nature of changes in the work plan can vary on a very wide scale, depending also a lot on the specificities of the project, the LP should inform the JS in advance by e-mail on any major work plan modification. The JS should be also notified in case there is doubt about whether the change is possible and what consequences it should have. Based on this information the JS will either confirm the minor





character of the modification or inform the LP on the need to request a major modification.

4.7.1. Minor adaptations of the work plan

If the main project targets can be reached more efficiently using some other tools than planned, but the core of the project remains untouched, modification to the details of the latest valid AF may not be necessary.

Minor adaptations in this case usually do not require a change of the latest valid AF and the resulting expenditure can be verified by the FLC. Such deviations from the work plan must be explained and justified in the partner and project reports. For the sake of transparency the LP may consider to update the project if later a formal modification procedure is needed.

For more details about adaptations not requiring a change of the AF see section 4.2 above.

4.7.2. Major modifications of the work plan

The adaptation of deliverables mostly does not need a modification of the AF (see section 4.2), but depending on the scope and on the impact of the change in some cases prior consultation with the JS may be advisable and if the proposed change is substantial, an approval by the MA (in exceptional cases the MC) may become necessary.

If project activities need to be modified going beyond a minor adjustment of the work plan (as presented in previous section), i.e. **substantial modification of activities or any modifications to the project specific objectives, main outputs, or important structural elements of the project** (such as the WPs implementation and investment) become necessary, such changes affect the core of the project which was approved by the MC, they have to be agreed by the partnership and **must not be implemented without prior approval of the MA (in exceptional cases the MC)**.

Especially modifications of activities that may have state aid relevance need special attention and prior approval by the programme bodies.

Requests for substantial modifications of activities or any modification of the main outputs/project specific objectives or other important structural elements of the project have to follow the procedure described in 4.3 and include sufficient justification. The modification request shall be submitted in due time, well in advance before the activities are to take place according to the work plan. A retroactive approval may be granted only in exceptional and duly justified cases.

Table 3 includes some examples of major changes in the work plan that would need a general agreement within the partnership and an approval of the MA.

Table 3 Examples for major work plan changes

1. Modification of the project approach with an impact on project specific objectives and expected project results.

The project partnership intends to modify one out of its three project specific objectives in order to better match the needs of the involved urban areas. More in detail, due to changed framework conditions the project intends to address companies in order to establish more resource-efficient production processes instead of increasing the





skills of policy makers on resource efficiency (as originally planned in the approved application form).

2. Quantitative and/or qualitative modification of main outputs and/or their characteristics (including output indicator targets).

The project partnership intends to reduce the number of planned local strategies on cultural and creative industry support measures due to limited interest of involved stakeholders or missing policy support. More in detail, instead of four local strategies as originally planned in the approved application form, only two would be developed and implemented. Resources made available following this change would be used for implementing trainings addressing the relevant policy makers on the importance of cultural and creative industries.

3. Modifications of investments.

A project originally intended to carry out a pilot investment for the energy-efficient refurbishment of historical buildings. Due to changed national legislation on the monument protection policy, the respective investment cannot be realised for such type of building. The partnership therefore intends to implement such pilot investment on a different type of historical building not subject to the newly introduced limitations. This includes also an adaptation of the necessary technical investment specifications.

4.8. Modifications of the partnership

The partnership is a core feature of a project and, as such, it is assessed in the application process and approved by the MC. Therefore, **modifications of the partnership should be avoided** to the possible extent and any other possible solution should be explored before requesting a partnership modification. **If it cannot be avoided, the JS/MA has to be immediately informed** about such changes and a formal modification process according to the procedure described in section 4.3 is needed. If a partner leaves the partnership, the LP and the remaining partners must strive to overtake the tasks and responsibilities of that partner, or involve a new partner who overtakes them. Partnership changes are regulated by §9 of the subsidy contract.

It should be noted that any change having an impact on the constitution of the partnership (e.g. a partner leaving the partnership, new partner involved, old partner exchanged to a new one) is handled as a partnership modification. In such cases **the adaptation of the partnership agreement and the approval by the Monitoring Committee are necessary**.

Financial implications of a partnership modification are not considered as budget modification (e.g. as reallocation of tasks and budget within the partnership), but rather as a consequence of the partner modification, therefore they are not counted to the 10%-20% thresholds. As the partnership change is subject to an MC decision anyway, after the approval of the change cumulation of budget changes is started from 0% again.

4.8.1. Legal succession

In case of **legal succession**, where according to national law another legal person takes over all tasks, responsibilities, assets, etc. of the LP or a PP so that a deterioration of the financial and professional capacity of the acquiring institution is not to be





expected (the expected impact of the change on the project is usually less than in other partnership modifications), an approval of the MC is not necessary but a **prior consent of the MA is needed** (see subsidy contract, §18). In case of legal succession the partner involved must transfer all project related rights and responsibilities to the legal successor, who is bound to overtake all project related rights and responsibilities.

4.8.2. A partner is replaced by an existing partner within the partnership

In this case one or more of the existing partners partly or fully overtake the tasks and responsibilities of the withdrawing partner and no new institution/body is joining the partnership. As a consequence, the budget may be partly reallocated among the partners taking over tasks of the withdrawing partner. The documentation of the national financing contributions (see section 4.5.1.1) and the partnership agreement are to be updated accordingly.

4.8.3. A partner is replaced by a new partner

In case a partner withdraws from the project and is replaced by a new partner, the replacement organisation must fulfil the same formal requirements as any other partner. The necessary documentation has to be submitted in the course of the modification procedure and the JS performs a check about compliance of the new partner with the administrative and eligibility requirements. The assessment of the replacement partner has to include the assessment of compliance with state aid regulations⁸.

The new organisation should preferably be from the same geographic area (member state, if possible NUTS2 or also NUTS3 territory). In any case it should have the same or at least similar experience, technical, organisational and financial capabilities and competences as the one withdrawing, in order to enable its proper contribution to the project.

In case the withdrawing partner has not yet started the implementation of its activities, tasks and the related budget can be fully overtaken by the new partner. If the withdrawing partner has already partially carried out the planned activities and cannot continue in the project, only the remaining tasks and budget may be overtaken by the new partner. It is nevertheless to be highlighted that funds of the withdrawing partner become available for the new partner only after approval of the replacement by the MC.

4.8.4. A partner quits the project without replacement

If activities of the withdrawing partner are not overtaken by any other organisation (either existing or new partners), the activities in the work plan related to the withdrawing partner (and the respective budget) have to be excluded from the revised application form. However, this option is only possible if the concerned activities and the role of the withdrawing partner are not crucial for the project implementation and their exclusion does not endanger the achievement of the project main outputs and project specific objectives. If this cannot be demonstrated, the MA has the right to terminate the project and demand a partial or full repayment of funds.

⁸ This is performed by the responsible bodies on MS level.





A combination of the above three types of partnership modifications is possible, e.g. only part of the activities are taken over by a newly incoming partner and other activities (and related budget) are either excluded or distributed within the partnership.

Attention!

Obligations deriving from the ERDF subsidy contract and the partnership agreement in terms of audits, retention of documents and durability of outputs remain applicable to the withdrawing partner even if only part of the originally foreseen budget was spent. These responsibilities shall be overtaken by other partners only in exceptional, duly justified cases (e.g. liquidation of the partner concerned).

4.8.5. Supporting documentation for partnership modifications

The LP in cooperation with the other partners and the JS has to ensure that in case of partnership modifications the following supporting documentation is available.

In case of legal succession:

1. Official documentation stating the structural/legal change of institution.
2. Depending on the legal situation, updated partnership agreement and if necessary, other documents related to the observation of obligations deriving from the ERDF subsidy contract and partnership agreement. If the legal succession in itself ensures the fulfilment of these obligations, this point can be omitted.

Related to the withdrawing partner:

1. Documentation about the retreat of the partner (withdrawal letter by the partner, common agreement of the partnership, or other [legal] document justifying the withdrawal of the partner).
2. In case withdrawing partner has already received funds: documentation of how the obligations deriving from the ERDF subsidy contract and partnership agreement will be fulfilled.
3. Documentation related to the financial closure of the implemented project part (reports, verification documents, completed payment, etc.)
4. In rare cases, if relevant, updated declaration on financial contribution/ financing contracts.

If existing partners take over tasks and responsibilities of the withdrawing partner (additionally to the documents related to the withdrawing partner):

1. Updated partnership agreement.
2. Documentation of the additional national financing contribution according to the subsidy contract.
3. Updated content of the AF.

Related to newly involved partners (additionally to the documents related to the withdrawing partner):

1. Updated partnership agreement including the new partner.
2. Documentation of the national financing contribution according to the subsidy contract.





3. Other relevant documents attached to the AF according to the administrative and eligibility criteria.
4. Updated content of the AF.

If the withdrawing partner is not replaced (additionally to the documents related to the withdrawing partner):

1. Sufficient justification that the concerned activities and the role of the withdrawing partner are not crucial for the project implementation and their exclusion does not endanger the achievement of the project main outputs and project specific objectives.
2. Updated content of the AF.

Further supporting documents may be required by the JS/MA, if considered to be necessary.





5. COMPLAINTS

In accordance with Article 74 (3) of the regulation (EU) 1303/2013, a procedure for examination of complaints is set up by the programme. A complaint can be lodged against decisions taken by programme bodies in relation to project applicants or beneficiaries during the project lifecycle. Depending on the implementation phase concerned and the administrative body a complaint is lodged against, different procedures apply. Thus, different cases for complaints can be specified as follows:

1. complaints related to the project selection process,
 - a. complaints against a formal and eligibility decision,
 - b. complaints against the MC decision,
2. complaints related to the project implementation, based on provisions in the subsidy contract,
3. complaints related to controls and audits.

Other complaints that do not fall under one of the described categories are considered as beyond the influence of the programme, and thus might be lodged against the body or institution responsible.

Complaints must be sent in writing within 14 days after information about the decision concerned is received. The lead applicant or lead partner shall clearly specify the failures or mistakes that have happened and include clear references to the relevant programme documents (Cooperation Programme, Application Manual, Eligibility Manual, Implementation Manual, Communication Manual, etc.).

If a complaint includes an incomplete description of a case that does not allow for a thorough assessment by the MA/JS or another competent body to be involved, further information may be requested at any time of the procedure. If the information requested is not provided within the period of time as specified by the requesting authority/body (at least 3 working days) the case shall be closed without further investigation.

In general, prior to filing a complaint, the lead applicant or lead partner is strongly recommended to request additional technical or legal information. Experience has shown that technical exchange on this level between the lead applicant or lead partner and the MA/JS has brought a quick clarification of the concerned cases minimising administrative burden. Such request of information interrupts the deadline for submitting a complaint until the day of the reply by the MA/JS.

It is only the lead applicant or lead partner who is entitled to file a complaint, and thus acts on behalf of all partners.

All complaints related to the three specified cases have to be submitted to the JS who acts on behalf of the MA. If the MA is not directly concerned by the complaint, it will discuss the case with the relevant programme bodies. The complaint is examined by MA/JS – if relevant, in discussion with the programme body concerned – on the basis of the information brought forward by the lead applicant or lead partner, considering if the complaint is justified or not. The MA may consult the MC during examination of the complaint. In any case, the MC is informed about all complaints filed to the MA and on the decision taken.





5.1. Complaints related to the project selection process

Complaints may be made if failures during the project selection process of an application affecting the funding decision are suspected. Failures mean that the project assessment did not comply with the selection criteria and/or the procedures laid down in the cooperation programme or the application manual. Also technical mistakes may occur resulting in an incomplete or wrong assessment. If a project is not selected for funding as a consequence of such failures, the lead applicant has the right to file a complaint. More concrete, two sub-cases for complaints against the project selection process can be defined:

- complaints against the application of the administrative and eligibility criteria and thus the result of the assessment (as follows, called "complaint against eligibility decision")
- complaints against the MC decision (as follows, called "complaint against funding decision")

If a complaint against an eligibility decision is considered justified, the MA/JS will review the project application and the related section of the assessment, subject to the complaint. Following this a different eligibility decision may be taken. The final decision on the complaint is communicated by the MA to the lead applicant in writing. This decision will be final, binding to all parties and not subject to any further complaint proceedings within the programme if the complaint is based on the same ground.

In case of a complaint against the funding decision, the assessment of the project application and the related MC decision cannot be revised. However, the lead applicant may request further information and details from the MA/JS on the assessment performed and the reasons for rejecting the project application.

5.2. Complaints related to project implementation, based on provisions in the subsidy contract

The lead partner, on behalf of the partnership, may file complaints against acts, omissions and/or decisions of the MA/JS on any issue covered by the subsidy contract. Such complaints are examined by the MA/JS on the basis of information brought forward by the lead partner. The MA will inform the LP as soon as possible, whether the MA is competent to investigate and decide on the issue or if the case is beyond its sphere of competence.

In general, article 23 of the subsidy contract stipulates that the contracting parties use their best endeavours to resolve any disputes eventually arising from the contract amicably. However, if no agreement on the application of the subsidy contract provision or their interpretation can be found, the LP is entitled to address the competent court under consideration of the rules as laid down in the subsidy contract and related to Austrian national law.

5.3. Complaint related to controls and audits

The lead partner, on behalf of the partnership, may file complaints against acts, omissions and/or decisions of control and audit bodies, being responsible control bodies, programme auditors or auditors from any other national or EU institution. Such complaints are examined by the MA/JS on the basis of information brought forward by the lead partner, in close cooperation with the body concerned.





6. PROJECT CLOSURE

The end of the project implementation period and of the eligibility period is laid down in the subsidy contract and cannot be prolonged unilaterally by the beneficiaries. Invoices have to be issued and expenditures have to be paid until the last date of eligibility, i.e. 2 months after the last date of implementation at the latest (see time-wise eligibility in 3.5 of the Eligibility Manual and §2 (2) of the ERDF contract). Activities carried out after the end of the implementation period and expenditure of which the invoice (or other primary accounting document of equivalent probative value) was not issued and paid until the last day of eligibility are not eligible for funding.

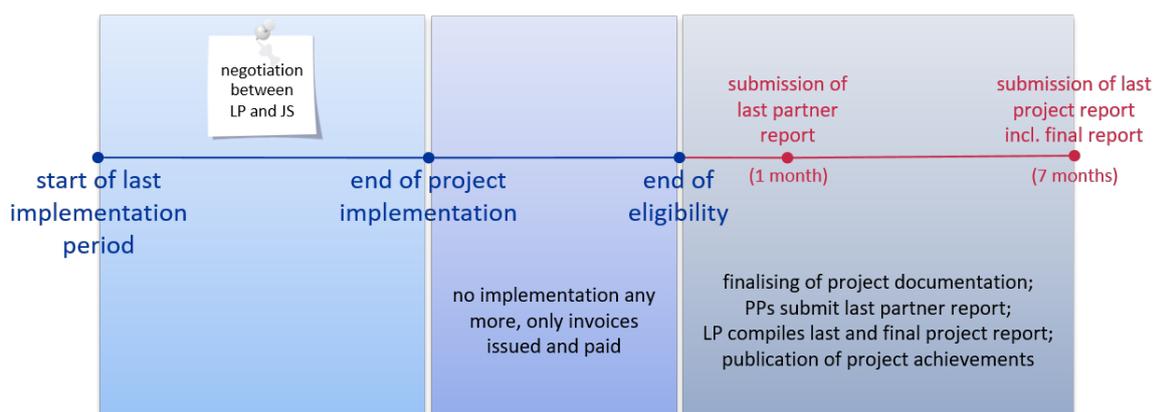
In the last reporting period, approximately half year before the end of project implementation the programme offers a consultation similar to the contracting meeting, where among others the status of project implementation, achievements and their dissemination, tasks related to the project closure, especially to financial closure, are discussed. The consultation preferably takes the form of a face-to-face discussion involving the representative of the LP, the JS, and the RC of the LP. If needed, the MA, further project partners and RCs can be invited. The meeting is not compulsory but highly recommended.

6.1. Beneficiaries' closure related tasks

The last partner report (6.1.3) must be submitted as soon as possible but not later than one month after the end date of eligibility (or three months after the end of project implementation).

The last project report (6.1.4) including the final report (6.1.5) must be submitted as soon as possible after all FLC certificates are available, but not later, than 7 months after the end of the last reporting period.

Figure 10 Project closure timeline



In the subsections below the specific tasks related to project closure are elaborated in more details.

6.1.1. Publishing the project's main achievements

With regard to the communication of the achievements of the project, it must be ensured, that in line with §13 of the ERDF contract the **achievements** are made available to the public. For projects that make use of the microsite as part of the programme homepage, this means that





- *studies, plans, strategies, curricula, cooperation agreements and other documents* produced in the project comprising **main outputs, project specific objectives achieved** and in some (few) cases **deliverables**, that are characteristic for the project,
- *evidence (e.g. photos)* of the achievement of **main outputs, project specific objectives** or in some (few) cases of **deliverables** that are characteristic for the project, and that do not take the form of a document,
- *main publications, PR materials and other communication items* produced in the project,

should be published at a dedicated section of the microsite until the submission of the final report. For projects that have their own website other than the microsite within the programme homepage, the same requirement shall be applied at a prominent section of their own homepage.

The publication of project achievements is important for two reasons:

- to provide proof that the project targets (primarily main outputs, specific objectives) are achieved,
- and to make these achievements visible not only for the project's target groups but also for the wider public.

As achievements to be published can take many forms, before finalising the last project report and the final report, LPs must consult with the JS/MA which documents should be published on the microsite/own homepage of the project. The JS checks that each important achievement of the project is published in a proper way.

6.1.2. Financial closure of the project

As soon as possible but at the latest in the last implementation period the spending of all project partners should be checked, and if it is certain that substantial parts of the total approved project budget would not be used, the LP shall submit a modification request to reduce the budget to the expected maximal spending.

All partners must ensure that payments are initiated on time before the last date of eligibility of expenditure.

The LP must provide proof of the transfer of all ERDF reimbursements to its partners in line with §12 (3) of the ERDF contract (usually bank statement of the money transfer). The appropriate document should be uploaded to the Application Form annexes. For this, the JS opens the AF to the LP for document uploads.

For the final reports a specific flexibility rule is defined: in case a partner's expenditure exceeds the planned budget for a category by not more than 20% of that single cost category in the partner's budget (while there is no change in the content of the project), the FLC may validate that expenditure without a formal project modification.

If a partners' expenditure exceeds the planned partner budget, but other partners do not use their budget to the full extent, there is a possibility for reallocation between the partners according to the general project modification rules (see section 4.5.2). If the FLC validates expenditure that occurred above the approved partner budget, in exceptional cases this reallocation can be implemented ex post, following the FLC verification, in order to enable the reimbursement of already certified expenditure. Project





partners should, however, strive to initiate reallocation between partners before expenditure above the approved partner budget is declared to the responsible FLC body. In any case, national financing contribution must be ensured if a partner budget is increased due to reallocation.

6.1.3. The last partner report

After the end of the project implementation and following the last project related payments (the end of the eligibility period is 2 months after the last date of implementation) all partners submit the last partner report, which is at the same time considered as the final partner report, to the relevant FLC.

Project partners are encouraged to start preparing their last partner report as soon as possible after the end of the implementation period, or even sooner when information about achievements become available. Please do not wait with the last partner report until the official deadline of 3 months after the end of project implementation!

6.1.4. The last project report

The LP compiles the last project report, includes all FLC certificates and submits it to JS for approval as soon as possible, but not later, than 7 months after the end of the last reporting period.

LPs are encouraged to start preparing the last project report right after the closure of project implementation, or even earlier, when information about certain achievements become available, and not wait until (all) certified partner reports are handed in.

In general, LP and PPs must ensure that their reports, especially the last report include the followings:

4. comparison of the planned and implemented activities with transparently description and sufficient justification of the deviations from the plans,
5. clear presentation of the achievements including evidence attached to the reports, and sufficient justification of the deviations,
6. the role of each partner and of the partnership in producing a cross-border impact of the project,
7. evidence that the information and communication requirements according to §13 of the subsidy contract have been fulfilled,
8. problems and challenges detected and answers found,

In the last project report the **checkbox “fully implemented” has to be marked**, assuming that all important indicators have been achieved, i.e.:

9. **project specific objectives** are fully achieved,
10. the implementation of the **work packages** implementation and investment is completed,
11. **main outputs** of the project are completed.

The above achievements form crucial part of the project, and therefore their incompleteness may be an important sign that the project has not reached its goal. In case they are incomplete at the time of project closure, the MA is entitled to implement appropriate consequences according to the ERDF contract (see esp. §19 (1)b).





If the project was implemented according to the plans and no major deviations occurred, normally the followings are also achieved:

12. all individual **activities** within the WPs are completed,
13. each **deliverable** is completed and achieved at least at the level as planned,
14. **communication objectives** are fully achieved.

As, however, these elements are considered as intermediate tools to achieve the main targets of the project, their incompleteness may not necessarily be a failure. In exceptional cases some activities, deliverables may have been substituted during implementation by other, more effective activities or deliverables, and project communication objectives may have been supported by other, more effective communication tools. In such cases, however, project reports should include sufficient explanations.

The submission, first level control and JS/MA monitoring, as well as the CA check of the final reports is done basically according to the same procedures as in case of a normal progress report, except that the completeness of the expected achievements and their complete documentation is also checked according to the above. The verification of the last report is also the last possibility to perform on-the-spot checks, if they have not taken place yet.

6.1.5. The final report

In addition to the last project report an additional “final report” is to be filled in by the LP, describing the overall achievements of the project– for the details see the relevant section below.

The final report is a feature that is not visible in eMS by default. It is enabled by the JS individually for the LP of each project, after which the LP can see the report and fill it out.

While each project report reflects primarily the relevant reporting period, the final report summarises the project as a whole. In the final report the LP must answer the following questions:

1. Provide an overview about the achievements of your project. Focus primarily on the contribution to the programme targets, on the cross border impact of the project, and on why the achievements couldn't have been reached without the cooperation of the partnership.
This summary should be formulated so that it can be used as standalone text for publications. Please do not use listings!
2. How do you plan to ensure the durability of the achievements of the project? Please reflect on aspects such as continued work of the partnership, financing and ownership of the results.
3. Please list the most important communication measures of your project (at least 5, not more than 10) in line with §13 of the ERDF contract, e.g.
 - a. events (incl. title, short description, date, number of participants, project partners involved)
 - b. and any other PR or information measures (digital activities, brochures, newsletters, press articles, giveaways) incl. date of publication, number of copies, project partners involved.
4. Have the partners implemented all planned activities? (**Yes, Partly, Not**) If not, or only partly, please provide justification for the deviations.





5. Has the project achieved all of its deliverables? (**Yes, Partly, Not**) If not, or only partly, please provide justification for the deviations.
6. Has the project achieved its main outputs? (**Yes, Partly, Not**) If not, or only partly, please provide justification for the deviations.
7. Has the project achieved its specific objectives? (**Yes, Partly, Not**) If not, or only partly, please provide justification for the deviations.
8. Did the cooperation with the partners work as expected or did it fall short of expectations? Have all partners assumed the role assigned to them and provided the necessary input? (**Yes, Partly, Not**) If not, or only partly, please provide explanation.

Answers to the final report should be bilingual (German/Hungarian). Additionally, the first question (overview) should be answered trilingual (German/Hungarian/English).

6.1.6. Responsibilities after project closure

If JS/MA/CA checks are successfully finished and the payment is done, beneficiaries still have responsibilities

15. for document retention and cooperation in case of ex post controls according to §14, and
16. for durability of the project according to §17

of the subsidy contract.

6.2. First level control during project closure

FLC bodies implement their verification tasks and certify the eligible expenditure as described in section 3.3.10. In order to support the financial closure of the projects and support the most effective use of ERDF funds, the following flexibility rules are introduced for the financial closure:

6.2.1. Over-validation (in general)

Partner budget is exceeded.

Over-validation is possible, if project costs are in line with the originally set targets of the project and no additional (not planned) activities are concerned.

- No project modification is necessarily required;
- eMS does not monitor over-validations;
- if partner budget is exceeded FLC makes an explanatory note in the control report;
- over-validation does not necessarily lead to reimbursement but may enable it.

6.2.2. Reallocation between partners

Partner budget is exceeded, while some other partner has leftovers – *reallocation between partners [after the last day of eligibility]*.

- Reallocation between partners shall be initiated according to the normal modification procedure and LP records modification in eMS;





- national financing contribution must be ensured for partners whose budget is increased due to reallocation;
- modification is processed according to the programme rules;
- technically the reallocation between partners can be handled in eMS both before and after the last FLC validation, though it is advised beforehand with the involvement of partners and JS;
- FLC makes an explanatory note in the control report;

6.2.3. Reallocation in the partner budget across categories

Partner budget is not exceeded.

Over-utilisation of single cost category – *shifting between budget categories [after the last day of eligibility]*.

- Shifting between budget lines shall be initiated according to the normal modification procedure and LP records modification in eMS;
- modification is processed according to the programme rules;
- technically the reallocation between budget lines can be handled in eMS both before and after the last FLC validation, though it is advised beforehand with the involvement of partners and JS,
- FLC makes an explanatory note in the control report.

Exceeding a cost category up to or more than 20% of the budget line concerned, within the partner budget:

Up to 20%, the FLC can validate, if...

- there's no content related change.
- FLC makes an explanatory note in the control report: *„Declared expenditure in cost category [xyz] exceeds the planned amount by not more than 20% of the budget line concerned, implemented activities are in line with the work plan, therefore expenditure can be certified.“*

Over 20%

- Project modification is required (LP shall record modification in eMS);
- process modification according to the programme rules.

WITHOUT a project modification up to 20% can be certified. If the declared expenditure in a certain cost category exceeds the budget line by more than 20% and the partner does not intend to submit a project modification, the FLC can validate ONLY UP TO 20% more in the respective cost category and make the relevant explanatory note in the control report.

6.3. JS tasks for the closure

- JS contributes to the project's financial closure by keeping track of the validations in close co-operation with the FLCs.
- JS also handles leftovers – if relevant – and implements accordingly the necessary project modification procedure in co-operation with the LP.
- JS checks the publication of main project achievements.
- JS enables the final report for the LP.





- JS checks the last project report according to the same procedures as in case of a normal progress report, except that the completeness of the expected achievements and their complete documentation is checked. Additionally JS checks the final report.
- JS forwards the reports together with the relevant JS monitoring checklist / closure checklist to the MA ensuring that there are no outstanding issues.
- JS checks that all ERDF payments including the final one are forwarded by the LP to the project partners.

6.4. MA tasks for the closure

- MA approves project modifications related budget shifting in its responsibility.
- MA carries out additional control steps and if no issues requiring further clarifications from the LP are raised, it launches the last ERDF payment procedure. The MA can also make corrections using the same correction types as in case of the FLCs.
- MA sends a closure letter notifying the LP about the project status and about sustaining achievements, reminder about document retention.

6.5. CA tasks for the closure

- CA carries out controls as usual according to the regulation (EU 1303/2013, §126). If necessary, the CA may require further clarifications from the LP with the help of the MA, or carry out controls of its own. In case the controls would prove the necessity of a correction, these can be made directly by CA using the same correction types as in case of the FLCs.





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9. Versions of the Implementation Manual

Version number	Date	Content of the update
1.	13.09.2017	-
1.1	04.07.2018	<ul style="list-style-type: none"> • clarification on participants of the contract preparation meetings (2) • clarification on the procedure to be applied for the reporting of lump sum preparation costs (3.3.5) • clarification on the document upload limit (3.3.6 and 3.4.6) • deleted false reference to the technical possibility for the JS to create additional project reports (3.4.2) • clarification related to the possibilities of complaints related to project selection (5)
2.0	04.12.2019	<ul style="list-style-type: none"> • add extended and revised chapter on project closure (chapter 6) • clarification on deliverable dates in the project report in eMS (3.4.4.2) • clarifications at various places throughout the Implementation Manual with regard to the changes resulting from eMS updates (dependence of reports on modifications, linked attachments in reports, locked bank data in the supplementary information)
2.1	21.10.2020	<ul style="list-style-type: none"> • correction related to net revenues: the example about penalties (section 3.3.5.1.f) was removed, as it stood in contradiction with the recent clarification in the Eligibility Manual (version 2.4)
2.2	02.09.2021	<ul style="list-style-type: none"> • Added clarification in section 3.3.5 related to the eligibility of expenditure that has incurred or has been paid before the actual reporting period.

