



IMPLEMENTATION MANUAL

Part 6 of the Programme Manual



Index

| | | |
|----------|-----------------------------------------------------------------------|-----------|
| 1 | Introduction..... | 6 |
| 1.1 | Preamble | 6 |
| 1.2 | Legal framework..... | 7 |
| 2 | Contracting | 8 |
| 2.1 | Documents and fulfilment of conditions for signing the contract | 8 |
| 2.2 | Project level information in the Contracting section | 10 |
| 2.3 | Partner level information in in the Contracting section..... | 11 |
| 2.4 | Issuing the ERDF contract..... | 11 |
| 2.5 | Reimbursement of the preparation costs as a lump sum | 12 |
| 3 | Reporting, monitoring and control procedures..... | 13 |
| 3.1 | General principles for reporting | 13 |
| 3.2 | The reporting process..... | 14 |
| 3.2.1 | The timeline of partner reports | 14 |
| 3.2.2 | The timeline of project reports..... | 15 |
| 3.3 | Partner level reporting | 17 |
| 3.3.1 | Scope of the partner report..... | 17 |
| 3.3.2 | Creation of a partner report | 18 |
| 3.3.3 | Language of the partner report | 19 |
| 3.3.4 | Sections of the partner report..... | 19 |
| 3.3.4.1 | Report identification | 20 |
| 3.3.4.2 | Work plan progress | 20 |
| 3.3.4.3 | Public procurements | 22 |
| 3.3.4.4 | List of expenditures..... | 23 |
| 3.3.4.5 | Contributions | 26 |
| 3.3.4.6 | Report annexes | 27 |
| 3.3.4.7 | Report export | 28 |
| 3.3.4.8 | Financial overview menu | 28 |
| 3.3.4.9 | Report finalization and submission..... | 29 |
| 3.3.5 | Control of the partner report | 30 |
| 3.3.5.1 | Administrative verification..... | 30 |
| 3.3.5.2 | Expenditure verification..... | 31 |
| 3.3.5.3 | Corrections | 31 |
| 3.3.5.4 | On-the-spot checks | 32 |
| 3.3.5.5 | Documentation of the verification work..... | 33 |



| | | |
|-----------|---------------------------------------------------------------------------|-----------|
| 3.4 | Project level reporting..... | 33 |
| 3.4.1 | The scope of the project report..... | 34 |
| 3.4.2 | Creation of project level reports | 34 |
| 3.4.3 | Language of the project report..... | 35 |
| 3.4.4 | Content report | 35 |
| 3.4.4.1 | Project report identification | 35 |
| 3.4.4.2 | Work plan progress | 36 |
| 3.4.4.2.1 | Project specific objective and communication objective | 37 |
| 3.4.4.2.2 | Progress | 37 |
| 3.4.4.2.3 | Investments | 37 |
| 3.4.4.2.4 | Activities and deliverables | 37 |
| 3.4.4.2.5 | Outputs | 38 |
| 3.4.4.2.6 | Achievement status, completion | 38 |
| 3.4.4.3 | Project results & Horizontal principles | 38 |
| 3.4.4.3.1 | Results..... | 39 |
| 3.4.4.3.2 | Horizontal principles..... | 39 |
| 3.4.4.4 | Additional annexes to the content report | 40 |
| 3.4.4.5 | Report exports | 41 |
| 3.4.4.6 | Report finalisation and submission..... | 41 |
| 3.4.5 | Finance report..... | 41 |
| 3.4.5.1 | Project report identification | 42 |
| 3.4.5.2 | List of partner certificates | 42 |
| 3.4.5.3 | Additional annexes to the finance report | 43 |
| 3.4.5.4 | Financial overview..... | 43 |
| 3.4.5.5 | Report exports | 44 |
| 3.4.5.6 | Report finalisation and submission..... | 44 |
| 3.4.6 | The achievement table | 45 |
| 3.4.7 | Milestones and project review | 45 |
| 3.4.8 | Verification of the project report and reimbursement of expenditures..... | 47 |
| 3.4.8.1 | Verification by the JS and the MA..... | 47 |
| 3.4.8.2 | Payment of the ERDF funds | 48 |
| 3.5 | Audits by the Audit Authority (AA) and Group of Auditors (GoA) | 49 |
| 4 | Project modifications | 51 |
| 4.1 | General principles of project modifications | 51 |
| 4.2 | Deviations from the AF that do not require a modification | 52 |
| 4.3 | The modification procedure | 52 |
| 4.4 | Rules on changes requiring a modification of the AF..... | 55 |
| 4.4.1 | Modification of administrative elements | 55 |
| 4.4.2 | Modification of the budget..... | 56 |
| 4.4.2.1 | Modifications in project financing | 57 |



| | | |
|-----------|-----------------------------------------------------------------------------------|-----------|
| 4.4.2.1.1 | National financing contributions | 57 |
| 4.4.2.1.2 | ERDF co-financing | 59 |
| 4.4.2.2 | Reallocation between cost categories or partners | 60 |
| 4.4.2.3 | Changes in the staff functions..... | 61 |
| 4.4.2.4 | Limitations to the modifications in the budget | 61 |
| 4.4.3 | Modification of the time plan..... | 62 |
| 4.4.3.1 | Changes in the timely implementation of the activities | 62 |
| 4.4.3.2 | Reporting periods and deadlines | 63 |
| 4.4.3.3 | Extension of the project implementation period | 63 |
| 4.4.4 | Modification of the work plan | 63 |
| 4.4.4.1 | Deviations from the work plan | 63 |
| 4.4.4.2 | Major modifications of the work plan | 64 |
| 4.4.5 | Modification of the partnership | 64 |
| 4.4.5.1 | Legal succession | 64 |
| 4.4.5.2 | Withdrawal of a partner | 65 |
| 4.4.5.2.1 | Replacement within the existing partnership..... | 65 |
| 4.4.5.2.2 | Replacement by a new partner | 65 |
| 4.4.5.2.3 | A partner quits the project without replacement | 66 |
| 4.4.5.3 | Supporting documentation for partnership modifications..... | 66 |
| 5 | Communication rules | 68 |
| 5.1 | Legal background..... | 68 |
| 5.2 | Intellectual property rights..... | 69 |
| 5.3 | Financial consequences of breaching the communication and visibility rules | 69 |
| 5.4 | Communication requirements and communication support from the Programme | 69 |
| 5.5 | Project information on beneficiary websites and their social media channels | 70 |
| 5.6 | Posters..... | 70 |
| 5.7 | Branding and visibility | 70 |
| 5.8 | Use of the project logo | 70 |
| 5.9 | Branding infrastructure and construction measures | 71 |
| 5.10 | Branding promotional products | 72 |
| 5.11 | Special requirements for operations of strategic importance | 72 |
| 5.12 | Beyond eligibility requirements | 72 |
| 6 | Potential consequences of non-achievement of project targets | 74 |
| 6.1 | Achievement or failure of output targets | 74 |
| 6.2 | Achievement or failure of the project specific objectives..... | 76 |
| 6.3 | Achievement or failure of the project results | 77 |



| | | |
|-----------|----------------------------------------------------------------------------------------------|-----------|
| 7 | Project closure and follow-up reports on achievement of results | 78 |
| 8 | Complaints..... | 79 |
| 8.1 | Complaints related to project implementation, based on provisions in the subsidy contract... | 80 |
| 8.2 | Complaint related to controls and audits..... | 80 |
| 9 | Annexes..... | 81 |
| 9.1 | Abbreviations | 81 |
| 9.2 | File naming for uploads..... | 82 |
| 10 | Versions of the Implementation Manual | 84 |

Figures

| | | |
|----------|----------------------------------------------|----|
| Figure 1 | Partner-level reporting timeline | 14 |
| Figure 2 | Project-level reporting timeline..... | 15 |
| Figure 3 | Project reporting schedule in Jems..... | 16 |
| Figure 4 | Project privileges in Jems..... | 18 |
| Figure 5 | Project monitoring timeline..... | 46 |
| Figure 6 | Report and finance flow of the project | 49 |
| Figure 7 | Minimum logo size on A4 size media | 71 |

Tables

| | | |
|---------|-----------------------------------------------------------------------------|----|
| Table 1 | Potential changes in the national financing contributions..... | 58 |
| Table 2 | Achievement or failure of output targets..... | 75 |
| Table 3 | Rate of proposed financial correction according to the OI achievement | 75 |
| Table 4 | Achievement or failure of specific objectives..... | 76 |
| Table 5 | Rate of proposed financial correction according to the SO achievement..... | 77 |
| Table 6 | List of abbreviations..... | 81 |
| Table 7 | Standard file naming for uploads | 82 |



1 Introduction

1.1 Preamble

The current Implementation Manual of the Interreg VI-A Austria-Hungary Programme (hereunder Interreg AT-HU 2021-2027 or the Programme) is part of the Programme Manual.

This document is to be interpreted in the context of [further manuals](#), including comprehensive information on the application process, indicators, project selection, eligibility of expenditures, communication and implementation of projects. Where appropriate, mutual cross-references to other documents – the primary source of the information – are also included.

| | |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PART 1: | Application Manual – general information on the application process and in its annexes: <ul style="list-style-type: none">• Checklist for the annexes of the application• Templates for the obligatory annexes of the application |
| PART 2 | Jems Manual – how to fill in the application form (AF) |
| PART 3: | Indicator Manual – essential to align your project’s main outputs and results to the programme indicators |
| PART 4: | Selection Criteria and Methodology – how the applications are assessed |
| PART 5 | Eligibility Manual – contains all the IMPORTANT information on the eligibility of expenditures |
| PART 6 | Implementation Manual – about contracting, reporting, modifications, communication, etc. |

As the sixth part of the programme manual, the Implementation Manual will provide beneficiaries of the Programme – **lead partners** and **project 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 (**control** bodies) 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. communication,
5. project closure (to be added later).



In addition, separate chapters are devoted to potential consequences of non-achievement of project targets, and complaints.

The parts of the programme manual are complementary. This means, that certain processes, programme requirements and rules that have already been described in some other document are not necessarily repeated, but reference to them is included, where relevant. 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*.

The description of processes to be carried out in the Jems monitoring system during project implementation mainly relies on the [Jems User Manual](#) provided by Interact.

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 lead partner (also referred to as LP) and each project partner (also referred to as PP) to inform themselves about the valid national (i.e. Austrian or Hungarian) legislation and rules. 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,
- national eligibility rules (if relevant).

It is very important that the applicable national rules must be complied with, independent of the selected form of reimbursement, i.e. the application of the simplified cost options (SCO) offered by the programme, even if due to the applied SCOs they are not subject to control by the programme authorities.



2 Contracting

Following the decision of the MC about the submitted application, after the MC minutes are finalized, the 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 the 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 Joint Secretariat (JS) accompanied by the Managing Authority (MA) and the regional coordinator (RC) of the LP. Lead partners are encouraged to invite representatives of their project partners, at least one partner from the other member state. Alternatively, or in addition to the direct contract-preparation meeting, a workshop may take place where all LPs of the approved projects of a certain decision round are invited by the programme bodies (as far as possible also offering room for face-to-face discussions). Instead of physical meetings, if necessary, online meetings may also be organised.

Some control bodies also offer similar consultations for all concerned partners in the start-up phase of the projects.

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

2.1 Documents and fulfilment of conditions for signing the contract

1. For approved projects in the **first two decision rounds** the signed partnership agreement has to be uploaded in Jems. All relevant fields in the partnership agreement have to be filled in, especially
 - a. partner data, incl. data of the strategic partners in line with the AF and the indicator RCO87,
 - b. if a Hungarian local government is involved as LP or PP, please use the paragraph about the implementation of project related tasks by the municipality office, as its operative body (if not applicable, this specific paragraph shall be deleted from the agreement),
 - c. project ID and acronym,
 - d. do not forget to add the project acronym also in §2 (1), the section titled “Subject matter and purpose of the agreement”,
 - e. §5 (3) (k) the deadline for the LP to forward ERDF to the partners,
 - f. §12 (3) about shared ownership if relevant, (delete otherwise)
 - g. §18 working language(s),
 - h. §21 about final provisions including responsible court,
 - i. and number of copies of the agreement.



The template of the partnership agreement represents minimum requirements. The signed partnership agreement is a contractual relation between the LP and the partners, its content is mainly the responsibility of the partners involved. It can be extended with specific provisions between the partners, but these cannot 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 is already attached to the application. If (e.g. based on the MC decision) adaptations are needed in the agreement, they must be implemented as soon as possible.

2. For project partners that have selected the unit costs for the reimbursement of their staff costs, the Programme uses staff data sheets to get an overview about all staff working on the project during its implementation, including their assignment to the functions recorded in the AF. The staff data sheet is endorsed by responsible RCs, it is an annex of the ERDF contract and shall be continuously updated during implementation. Details concerning the application of the staff data sheet and related processes can be found in sections 5.1.2.1 and 6.2.4 of the Eligibility Manual.
3. 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 responsible controllers, depending on the nature of the condition.

After conditional approval the AF in Jems is put into status “Approved with conditions”. Changes in the content of the AF implied by the conditions have to be implemented by the LP after the AF is “Returned for conditions” by the JS. All changes will be checked and confirmed by the JS. Only if the conditions are complied with, the project will be set to the status “Approved”. The final AF including confirmed changes will be subject of the ERDF contract.

4. Often some **clarifications/adjustments** may be needed **in the content of the AF** even if the MC approves the project without specific conditions. These may include more precise formulation or adjustment of the main elements of the intervention logic, such as the overall objective, project specific objectives, communication objectives, outputs and results, including their indicator target values in line with the definitions according to the [Indicator Manual](#). Other adjustments may be necessary to clarify some of the activities, their linked deliverables or their target values, budget items, including e.g. reallocating budget items to the proper cost category. 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 project 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 (i.e. the 10%-20% thresholds – see details of the modification rules later in chapter 6).

Clarifications/adjustments to the content of the AF must be justified and documented in the **adjustment catalogue** provided by the JS to the LP.

If a project was approved with conditions, the adjustments/clarifications according to the adjustment catalogue can be implemented while the AF is in status “Returned for conditions”. For projects approved without conditions the AF must be opened for modifications in Jems (status “In



modification precontracted”). With edit access to the AF, 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 Jems can be found in section 4.3.

5. As part of the clarification procedure the LP/PPs and the JS set up a comprehensive list of the expected achievements of the project (the **achievement table**), identifying the main achievements and milestones of the project – these will be used for the monitoring of the project’s progress. For more details on how these are used, see sections 3.4.6 and 3.4.7.
6. Some approved projects are follow-ups to another project funded e.g. in the period before. The added value of the new project and the differentiation to the predecessor – meaning that the project is not the continuation of business as usual – is subject of the quality assessment and confirmed by the MC approval. However, as the AF and the assessment checklist may not always include a detailed description (e.g. due to limited available space), LPs of such projects are asked to submit a **proper differentiation of the predecessor and the follow-up project**, with clear **description of added value** in the new one, for later reference. A template is provided as a separate worksheet in the adjustment catalogue.
7. In case of projects that share costs with some parallel project, a **clear key and linked method** shall be provided **for cost sharing**. A template is provided as a separate worksheet in the adjustment catalogue.

2.2 Project level information in the Contracting section

The following information shall be filled in / uploaded in the Jems *Contracting* chapter:

1. The beneficiaries shall specify the **project start date**. It is recorded in Jems by the JS. The project end date is calculated automatically based on the duration specified in the AF. MA/JS record also the **entry into force** date, the date when the ERDF contract is signed by the MA.
2. In the **Contracts and agreements** section,
 - a. record the URL for the **project website** on the programme webpage,
 - b. upload the **ERDF contract** and its annexes, and
 - c. further project level documents such as the achievement table, adjustment catalogue.

Application Form users (LP)

- d. shall upload the **Partnership Agreement**
- e. and set the **Partnership Agreement entry into force date**¹,

Documents can be uploaded either to the folder “Contracts” (ERDF contract, Partnership Agreement, their attachment i.e. the Staff Data Sheet) or to the folder “Project” (e.g. the adjustment catalogue, incl. documentation of the clarifications/adjustments, differentiation from predecessor projects, key for cost sharing, etc.).

¹ The entry into force date of the partnership agreement shall be the date of the last signature.



3. The name and contact details of the responsible **project-, finance- and communication manager** shall be recorded in the **Project managers** section.
4. In the **Project reporting schedule** section the JS defines the project level reporting deadlines for the content and financial reports. This section gives the beneficiaries (mainly the LP) an overview about the reporting obligations, linked to the project's time plan (incl. planned delivery dates of deliverables, outputs and results). The ID of the pre-defined reports is not linked to the number of the reporting period. For more details on reporting deadlines please see section 3.2.

2.3 Partner level information in in the Contracting section

In the *Partner details* section users assigned to the respective partner shall record the following data:

1. In line with Art. 69 (2) of Regulation (EU) 2021/1060, partner organisations have to fill-in the following information of the **Ultimate Beneficial Owner(s)** of their organisation: first name, last name, date of birth, VAT/Tax identifier. In Interreg AT-HU 2021-2027 this section has to be filled by project partners with private legal status.
2. **Bank account information** shall be provided in Jems for all project partners in the Account details section. According to §8 of the ERDF contract, ERDF funds are transferred by the MA to the bank account provided by the LP in Jems. Similarly, in §5 of the Partnership Agreement it is specified, that the LP forwards the ERDF funds to the PP's bank account defined in Jems.
3. Documents to the programme bodies and the controllers are submitted in electronic format, however, original (paper, if applicable) documents must be stored by the LP and PPs. In the *Partner details* section all partners must specify the **location where the documents are stored**.

In the *Project privileges* section

4. **Users must be assigned** with edit rights to the LP and the PP in order to have access to reporting, and to record data in the Partner details section. Users with view rights can open and read respective partner data. This is useful for LPs to be able to read partner reports. Sensitive (personal) data is protected in Jems according to GDPR. Users with the active switch "sensitive data" are able to mark (and view) sensitive data in List of expenditure and Procurement section in Partner Reports.

2.4 Issuing the ERDF contract

Following the above steps, if all necessary fields are filled in as well as all required documents are provided to and confirmed by the JS, the MA issues an ERDF subsidy contract (in short ERDF contract) based on the standard contract template (available for download at the [programme homepage](#)), 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 ERDF contract signed by the LP is received by the MA within 28 days after delivery. If compliance with this deadline is not possible, a prolongation of the deadline can be requested in writing.

The contract enters into force upon signature by both contracting parties – the entry into force date is recorded in Jems by the MA/JS.



2.5 Reimbursement of the preparation costs as a lump sum

In accordance with section 3.6 of the Eligibility Manual, approved projects which successfully signed the ERDF contract with the MA receive reimbursement of their preparation costs (costs that are incurred before the start date of the project, as set in the application form), standard projects EUR 6 300, small-scale projects EUR 3 000 of total cost per project, in the form of a lump sum. For further details see the respective section in the Eligibility Manual.



3 Reporting, monitoring and control procedures

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 **result orientation and the use of simplified cost options (SCO)**, feedback about project achievements has gained increased importance.

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 **outputs** and **results** of the projects that are directly linked to the common Interreg specific **output** and **result indicators** defined in the Interreg Programme. The realization of a project's overall objective contributes to the accomplishment of the Programme's specific objectives. For more details about these linkages please see section 3.4 of the [Application Manual](#), titled "Project intervention logic and indicators" (especially Chart 4 about the Intervention logic of the Programme and the projects).

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 the planned activities accordingly, and **report about the implementation and eventual deviations in a proper and transparent manner**. The projects' indicator achievements are aggregated at programme level and are reported to the European Commission (EC). For this reason, 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 national controllers and the JS/MA respectively. As project targets are defined on the project and not on the partner level, the focus of content reporting is, however, on the project level.

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 responsible controllers. Partner level reports are aggregated on the project level and included by the LP in the **project level report**. The JS and MA may also check the 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 to remove any suspicion of irregularity, and thus the risk of sanctions towards LP and PPs. Second level controls can be carried out at any time within the document retention period according to §15 of the ERDF contract (see also section 2.2 of the *Eligibility Manual*), by institutions of the European Court of Auditors, the EC, the MA, the Audit Authority (AA), relevant authorities of the participating member states and their assigned delegates.

Reporting according to §7 of the ERDF contract is thus **a major obligation of LP and PPs toward the programme authorities**, the non-compliance of which can lead to financial corrections.

3.2 The reporting process

3.2.1 The timeline of partner reports

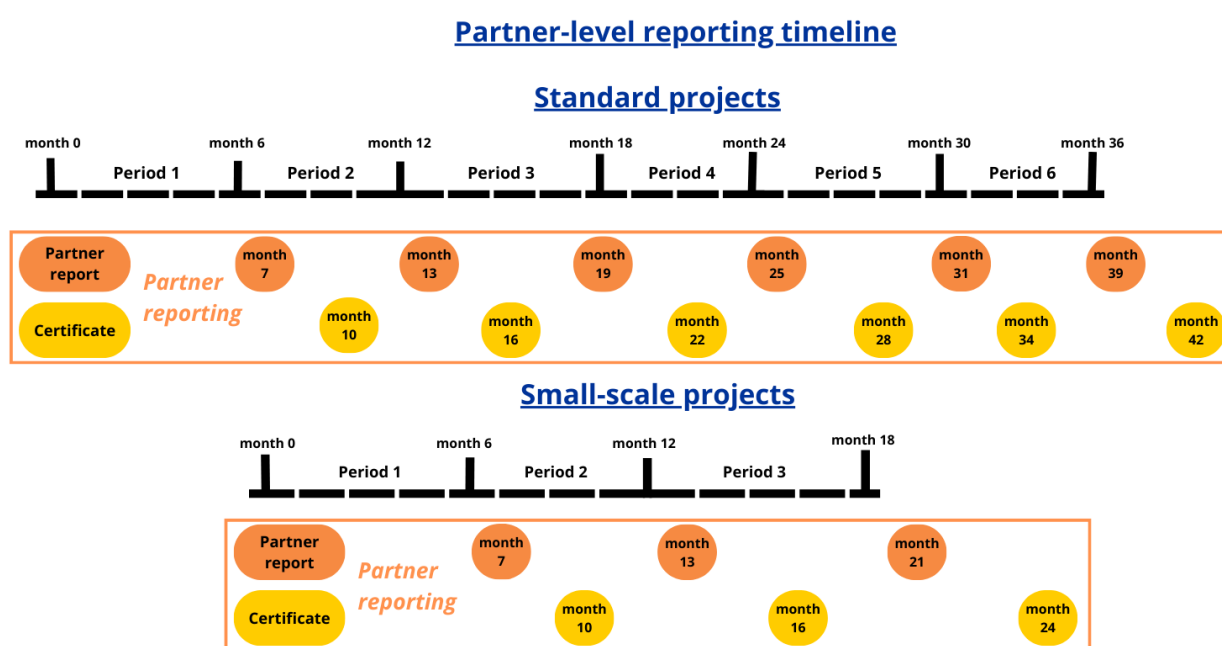
Each project partner – including the LP – must elaborate for each reporting period a **partner report** including a **content and a financial part**. Partner reports must be submitted to the responsible controllers via Jems as a general rule **a.s.a.p. but not later than 1 month after the end of the reporting period** as specified in §7 (3) of the ERDF contract. For more information about partner reporting see section 3.3.

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. This means that although implementation has to be finished by the project end date, invoices can be issued and expenditures paid until this last date of eligibility. Consequently, the **last partner report shall be submitted a.s.a.p. but not later than 1 month after the end date of eligibility for the project**. For most projects this is **3 months after the project end**. Due to the final date of eligibility being the 31.12.2028 at programme level, for projects ending later than 31.10.2028 this possibility cannot be made use of. E.g. for projects having their end date of implementation on 31.12.2028, the end of eligibility is the same date, and their last partner report (including all incurred and paid expenditure) shall be submitted in accordance with the general rule, until 1 month after the end of the eligibility for the project.

It is highly recommended that the partners draft their respective partner reports throughout the reporting period and do not wait until the end of the period to complete it. This will allow a timely submission to the controllers.

Following their submission, partner reports are verified by the responsible controllers who issue a control report and a control certificate. In line with article 46 (6) of Regulation (EU) 2021/1059 the expenditure of the beneficiaries shall be verified by the controllers within a period of 3 months of the submission of the documents. For more information about the control process see section 3.3.5.

Figure 1 Partner-level reporting timeline

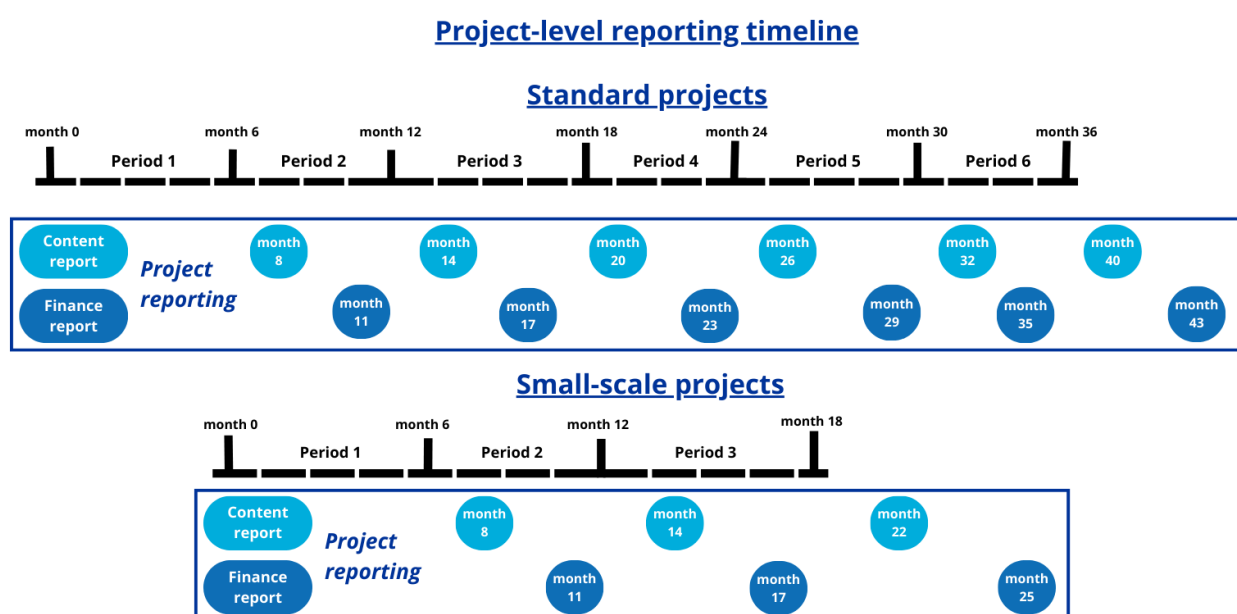


3.2.2 The timeline of project reports

At **project level** there are two types of reports because Interreg AT-HU 2021-2027 disentangles content and financial reporting in order to reimburse funds as soon as possible. Accordingly, after each reporting period the following reporting obligations apply:

1. **Content report:** the LP elaborates the content report by aggregating the progress of the partners, and submits the report to the JS via Jems a.s.a.p. following the submission of partner reports, but **not later than 1 month after the deadline of the partner report for the reporting period concerned**. By this time all partner reports shall have been submitted to the controllers and accessible for the LP to compile the content report at project level. LPs are advised to start writing their project reports even earlier, as soon as information about progress becomes available.
2. **Finance report:** the LP compiles the finance report by taking up the available partner certificates and shall submit the report to the JS via Jems a.s.a.p. but as a general rule not later than **4 months after the deadline of the partner report for the reporting period concerned**. Note, that controllers are expected to issue their certification within 3 months after the submission of the partner report. The finance report linked to the last reporting period shall be submitted as soon as all certificates of the partner level expenditures become available.

Figure 2 Project-level reporting timeline



The respective deadlines for the content and finance reports related to each reporting period are laid down in the **reporting schedule** section for each AF in Jems, including start and end dates of each period and an overview of planned delivery dates of deliverables, outputs and results.



Figure 3 Project reporting schedule in Jems

| Project start date (YYYY.MM.DD.) | | Project end date, calculated automatically (YYYY.MM.DD.) | | Project duration in months | |
|----------------------------------|--|----------------------------------------------------------|--|----------------------------|--|
| 2024.04.01. | | 2027.03.31. | | 36 | |

| ID | Type of report | Period | Date | Final report | Comment |
|----|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------------------|---------------------------------------------------------------------|---------|
| 1 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 1, month 1 - 6, 2024.04.01. - 2024.09.30. | Date 2024.11.30. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 2 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 1, month 1 - 6, 2024.04.01. - 2024.09.30. | Date 2025.2.28. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 3 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 2, month 7 - 12, 2024.10.01. - 2025.03.31. | Date 2025.5.31. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 4 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 2, month 7 - 12, 2024.10.01. - 2025.03.31. | Date 2025.8.31. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 5 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 3, month 13 - 18, 2025.04.01. - 2025.09.30. | Date 2025.11.30. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 6 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 3, month 13 - 18, 2025.04.01. - 2025.09.30. | Date 2026.2.28. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 7 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 4, month 19 - 24, 2025.10.01. - 2026.03.31. | Date 2026.5.31. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 8 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 4, month 19 - 24, 2025.10.01. - 2026.03.31. | Date 2026.8.31. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 9 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 5, month 25 - 30, 2026.04.01. - 2026.09.30. | Date 2026.11.30. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 10 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 5, month 25 - 30, 2026.04.01. - 2026.09.30. | Date 2027.2.28. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| 11 | <input checked="" type="checkbox"/> Only Content <input type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 6, month 31 - 36, 2026.10.01. - 2027.03.31. | Date 2027.7.31. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| 12 | <input type="checkbox"/> Only Content <input checked="" type="checkbox"/> Only Finance <input type="checkbox"/> Both | Period 6, month 31 - 36, 2026.10.01. - 2027.03.31. | Date 2027.10.31. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |

The JS checks the project reports, verifying on the basis of the content report if the implementation of the project is in line with the latest valid AF as well as the proposed timeline. The content reports shall have been checked and confirmed by the JS, including any clarifications/corrections if relevant, by the time the finance reports are submitted. Following the submission of the finance report the JS cross-checks whether the certified expenditure is project relevant and thus eligible, and if it is in line with the progress reported in the content report.

The project reports are **verified by the MA** too, who also performs the accounting function and **initiates the transfer of the ERDF funds to the LP**. In accordance with article 74 (1)(b) of Regulation (EU) 2021/1060, the MA shall ensure, subject to the availability of funding, that the beneficiary receives the amount due in full and no later than 80 days from the date of submission of the payment claim (project level finance report) by the beneficiary. The deadline may be interrupted if information submitted by the beneficiary does not allow the MA to establish whether the amount is due.



In case they detect inconsistencies or errors, both the JS and the MA can implement corrections and/or send back the report to a previous step. This process is described in more detail in section 3.4.8. The payments to a project may be suspended in whole or in part if irregularities are suspected. The MA has the right to withhold ERDF payments to a specific beneficiary (LP or PP) or to the project as a whole until all related issues have been clarified.

Detailed information about project level reporting is available in section 3.4.

3.3 Partner level reporting

Reporting at the partner level takes place through the partner report, i.e. a tool available in Jems that allows to inform the programme bodies about activities performed, deliverables achieved and costs incurred by the concerned partner during a certain period of project implementation. The standard duration of periods is 6 months (depending on project duration the last period might be shorter). For the reporting deadlines see the section 3.2.1.

3.3.1 Scope of the partner report

The partner report has two main functions. It allows:

- project partners (including the LP) to submit activity and financial information to the respective controller for the verification of expenditure (see section 3.3.5 in this respect);
- LPs to collect and consolidate information from all partners that is needed for reporting to the MA/JS at project level. The partner report is not subject to checks by the MA/JS.

The partner report is therefore a project management tool. The use of the partner report is compulsory. 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 period. If only few or no activities were implemented, a short justification is needed.

The content part of the partner report must be filled in also in the rare case if a partner had no expenditure in the reporting period. In this case a justification must be given why there wasn't any expenditure. This is called **"zero report"**. The partner should state when the expenditure related to the activities (if any) are going to be paid and submitted to the control for verification. Zero reports are also subject to verification by the responsible controllers, because they are responsible for confirming that the content of the report is in line with the approved application.

A modification of reporting periods including deadlines is not possible.

In the **content part** of the partner report, the partner reports about activities carried out in the respective period as well as about its contribution to the involvement of target groups, implementation of deliverables and outputs. Supporting documents can be uploaded in the respective section in Jems. An important part of the partner report is also an overview of all public procurements – for listing public procurements above the EU threshold see section 3.3.4.3.

The **financial part** of the partner report contains the "list of expenditure" i.e. a table to be filled in by beneficiaries listing all expenditure items submitted to the controllers for verification. All supporting documents related to the expenditure incurred and claimed by a partner form part of the partner report, and

shall be uploaded to the respective cost item in Jems. The responsible controller will then either confirm or reject (in part or in full) expenditure submitted by the beneficiary for verification. About possibilities for clarifications during the control of partner reports see section 3.3.5. The amount confirmed by the national controller is stated in the “control certificate” and is to be included by the LP in the project finance report (see section 3.4.5).

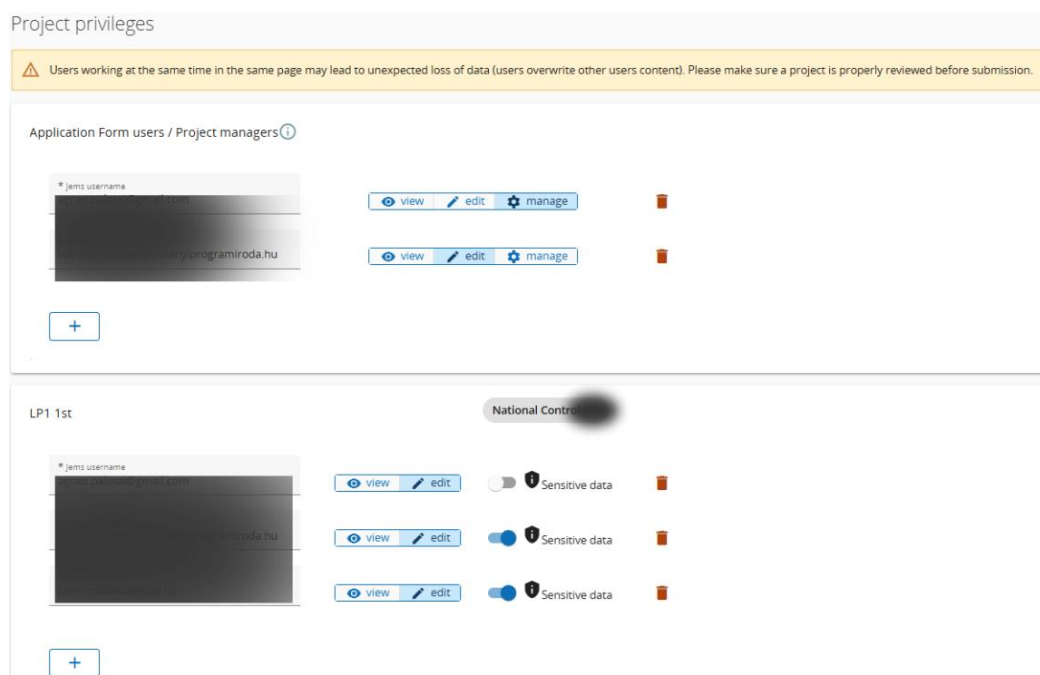
3.3.2 Creation of a partner report

Partner reporting can technically start when the ERDF contract is signed and the project is forwarded to the status “Contracted”. In contracted projects the menu for the reporting section is accessible from the upper part of the left-side menu. The latest valid application form is available for reference under the menu item “Application form”. Older versions of the application form are available in the drop-down list “Project version”.

The partner reports can be accessed by registered users of Jems, whom the LP (or a user linked to the project with “manage rights”) has assigned to the partner:

- **view** right: grants read-only access to the partner reports,
- **edit** right: grants access to create and edit partner reports.

Figure 4 Project privileges in Jems



For creating a new partner report linked to their organisation, partners must navigate to their organisation in the menu Partner Reports and click “+ Add Partner Report” above the table displaying an overview of existing reports. Afterwards, the user is redirected to a partner report.

Each partner report is given an ID automatically, starting with R.1 (ID in ascending order R.1, R.2, R.3, etc.). The partner report ID does not reflect the reporting period.



It is possible for the LP/PP to create more than one partner report for a certain period. This possibility, however shall be used only in exceptional cases, and always discussed with the responsible controller beforehand.

It is possible to delete a partner report as long as it has not been submitted to the controller. In order to delete the report, please click on the “Trash bin” icon in the last column of the partner report overview table. Always the most recent draft report can be deleted if more than one draft reports exist. All users assigned with editing rights to the partner can create and delete a partner report.

In order for the **LP to have read access to reports of all PPs**, LP user(s) need(s) to be assigned to the partners with viewing rights. Assigning LP users with viewing rights to PPs enables them to read partner reports that are not yet submitted, which is necessary to ensure up-to-date information about the partners’ progress and meeting the reporting deadline on the project-level.

Be aware, that assigning editing rights to LP users over partner reports gives the LP more control, and enables them to edit and submit partner reports.

Partner reports consist of several sections (i.e. “Report identification”, “Work plan progress”, “Public procurements”, “List of expenditures”, “Contributions” and “Report annexes”), 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 Jems for the Programme, and also built on the project specific content of the last approved AF at the time of creating the partner report. The linked version of the AF is displayed in the overview. Draft reports that are not linked with the actual version of the AF are marked with a warning sign.

Note

After the partner report has been created, please do not forget to **save your work regularly**.

3.3.3 Language of the partner report

Even though Jems provides bilingual input fields for the partner reports, the partner report should be completed **in the language of the partner** (German for Austrian partners, Hungarian for Hungarian partners). Control documents are 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), evidence of the achievement shall be made available in all relevant languages.

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

3.3.4 Sections of the partner report

The partner report includes sections focusing on the content of project implementation, financial implementation, as well as sections for the related documentation and overviews.



3.3.4.1 Report identification

The “**Report identification**” tab contains general information about the partner’s involvement in the project during the reporting period.

In this section at first the reporting period has to be selected from the drop-down menu. Jems in principle allows to change the reference period for the report, but partners in our Programme **must not change the start and end dates** of the partner report. Periods must not be merged, skipped or changed (see above), furthermore it must be ensured that all partners’ reports cover the same periods in line with the valid time plan of the project.

In the text input fields “**Summary of partner’s work in reporting period**”, “**Partner problems and deviations**” the partner shall give general description of the progress in the reporting period. Please concentrate on the reference period and as far as possible avoid repetitions of information that is provided in the specific questions elsewhere.

Problems and deviations from the plans and the reasons for changes **must be sufficiently described and justified** here, especially those changes that are not documented elsewhere (i.e. generally those that do not need modification of the content of the AF – see also section 4.2). In this part concentrate on general problems. Specific deviations from deliverable and output targets should be reflected in the Work plan progress tab. Avoid repeating specific details.

The **Partner spending profile** fields are filled in automatically (on the basis of the Application Form and the List of expenditures), except the field for **Next report forecast** field where the partner must enter the planned amount of spending for the next partner report, and a text field for **deviations** from the spending profile. The forecast given here is not binding, but should nevertheless be realistic as far as possible. The forecast helps to see e.g. how far the project is in line with the implementation of its financial plan, how eventual delays can be corrected, and may provide input for programme level overviews of spending.

Finally, in this section partners shall provide information on the **target groups reached**. For each target group selected in the AF, their involvement shall be described. In an ideal case the involvement of target groups is linked to deliverables in the work packages. In this case the target group reached in the respective period shall be reported at the deliverables and in this general section only reference shall be made to the respective deliverable.

3.3.4.2 Work plan progress

The “**Work plan progress**” tab includes reporting per work package (WP). It shows the work plan related data from the latest valid version of the Application Form (at the time of creating the report), organised per WP.

The project partner’s contribution to the progress of each WP, including general description of their contribution, **activities**, **deliverables** and **outputs** shall be marked (if relevant) by the tick-box, and with an appropriate description of the contribution. Note, that all activities are listed, not only those ones to which the partner is allocated in the AF.

If relevant, concrete issues related to the activities/deliverables/outputs, specific deviations from the related targets should be reflected in the Work plan progress tab. Avoid repeating general problem descriptions from the Report identification tab.



Please have in mind that most of the activities and deliverables and certainly the outputs are the product of more than one partner's efforts. The complete picture about related achievements will be available in the project reports, based on all partners' contributions.

Investments defined in the AF are not directly reflected in the partner report, therefore the partners' contribution to the investments is expected to be reported on the activity-deliverable level.

Users shall upload evidence of the partners' contribution as one **attachment** per item – these documents will show up again in the Partner Report Annexes tab.

Note

One attachment per activity/deliverable/output can be uploaded. If more than one document is related to any of them, a compressed file (e.g.zip) including all necessary documents shall be uploaded. The upload limit is 50 MB per file. Please use the available storage space with care and **avoid oversized annexes** at any parts of the report.

The circle of attachments 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 activity, deliverable or output, however, when the project has finalised an achievement, 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, and photo documentation of working meetings. Please bear in mind that invoices or other documents of equivalent probative value or in the case of the staff cost category the time sheets are to be uploaded in the financial section of the partner report "List of expenditure" (see also section 3.3.4.4). Controllers may require further supporting documents according to the audit trail described in the *Eligibility Manual* (see its Chapter 5 and the cost category specific sub-sections about respective documentation for the audit trail). These documents should rather be linked with the respective expenditure item, instead of uploaded as deliverable and output evidences.

Note

In general, uploading deliverable and output evidence to both partner and project reports should be avoided. As far as possible, documents uploaded to the partner reports should concentrate on the partners' contribution to the output or deliverable, while the project reports should focus on the final products with the involvement of all relevant partners.



3.3.4.3 Public procurements

The Programme requires in the “**Public procurements**” tab to record public procurements above the EU threshold (applicable only for expenditure that the project partner reports on real cost basis) with the following data:

- procurement (contract name),
- reference number,
- contract date,
- contract type,
- contract amount and currency,
- supplier name,
- VAT number,
- comment.

Relevant expenditure recorded in the List of expenditures shall be linked to the respective “Procurement” (the contract name that is recorded in the first field of the procurement section). It is therefore important that the partner provides a distinctive name, so that the procurement can be easily identified in the List of Expenditure.

After the procurement is recorded, the following fields become active and shall be filled in:

- beneficial owners of the contractor,
- subcontractors (if any) shall be recorded in the procurements section,
- attachments to the procurement,
- GDPR attachments (including sensitive personal data) – readable for users with active “Sensitive data” switch in their privileges.

All fields related to the procurement can be filled in and documents can be uploaded while the partner report is in draft status. After submission of the partner report the fields for the procurement are locked for editing.

Unlawful price fixing / antitrust agreements

In public procurement procedures particular attention must be paid to any illegal price agreements or potentially relevant antitrust violations (cartel decisions, judgements or ongoing investigations; any relevant “self-cleaning measures”) that could constitute grounds for excluding companies from participating in procurement procedures within the meaning of Section 78 (1) no. 4 of the Austrian public procurement law (BVerG) of 2018. It is recommended that this is considered and documented in a suitable form during the admissibility check of the bidders. To this, the extract from the association register (“Verbandsregisterauszug” in ANKÖ) can be a helpful document. Non-fulfilment leads to high financial corrections

Similarly, Hungarian project partners shall pay close attention to the list of bidders excluded from public procurement procedures, available in the Hungarian Electronic Public Procurement System (ekr.gov.hu).



3.3.4.4 List of expenditures

Cost incurred and paid shall be recorded in the “**List of expenditures**” tab. As a general rule, a partner report shall cover expenditure incurred by the partner during the reporting period (of course related to the project and in line with all the relevant eligibility rules).

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 been 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 as a general rule, expenditure incurred and paid in the period shall be included in the partner reports, it is also acceptable if the financial section of the partner report includes expenses that have incurred or have been paid in another reporting period. Some examples for such cases are (non-exhaustive list):

1. If some expenditure item cannot be verified by the responsible controller, e.g. due to incomplete documentation (parked expenditure) and is resubmitted at a later period.
2. When some expenditure incurs in reporting period (t) but is only paid in the next period (t+1), it can be reported together with other expenses of the period (t) as long as the payment by the beneficiary occurs before the submission of the related partner report.
3. 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 cost category specific sections of the *Eligibility Manual* on the audit trail. The financing of a partner's eligible expenditures by ERDF is automatically calculated in Jems based on the approved co-financing rate for the partner (see e.g. A.3 Project budget overview in the AF). Accordingly, the financial section of partner reports is composed of two sections: the **list of expenditure** and the **contributions**. In the following paragraphs the details of the list of expenditure are explained.

By clicking the “+ add expenditure button” the partner can add expenditure items one by one. Expenditure items include the following options/columns:

1. **ID:** This running number is always in the format R[report number].X. The ID is dynamic in draft status (reports created have seamless consecutive numbering, even if a report is deleted), however it will be frozen upon submission of the report. The number will be used later on to identify cost items coming from another (previous) report (through parking of expenditure).
2. **GDPR flag:** Partner user with active privilege “Sensitive data” can flag expenditure items that are GDPR sensitive. In this case, users without active Sensitive data privilege will not be able to see Description, Comment and Attachment.
3. **Previously parked by:** This field displays which body parked the expenditure earlier (if relevant). Items can be parked either by Control (during partner reporting) or JS/MA (during the verification of a project report). An item shall keep its label throughout the system. The label could only change



if the item is parked, reincluded and parked again – in this case the new label shows the body that parked the item again after re-inclusion.

Parked expenditure

In case a controller/programme user parked some items in control or during the verification of a project report, they show up in the Parked expenditure section in the List of expenditure. A partner user can decide to either re-include the item by clicking the re-inclusion button or delete the item.

When the item gets re-included, it will get included in the List of expenditures. The entire item is editable for changes by the partner except for:

- The Cost item ID shall be frozen and is therefore recognizable (the first number indicates from which report the item came initially and the second the item number).
- Previously parked by - is automatically displaying level of verification that (last) parked the item.
 - Also the exchange rate and currency are frozen as this item has already been submitted for control.

4. **Unit costs and Lump sums:** In our Programme the project partners can choose from the drop-down menu the programme specific staff unit costs according to their budget in the AF. Lump sums are used only to finance preparation costs, they are not subject to control therefore won't appear in this section.
5. **Cost category:** This field links the cost item to a cost category according to the respective partner's budget in the AF. When a unit cost is chosen in the previous field, the cost category staff costs will be automatically displayed.
6. **Investment No.:** This field links expenditure to investment items defined in the AF, if the project has investments. If the project has no investments this field is hidden in the report. Locked when staff unit cost is chosen.
7. **Procurement:** Expenditure can be linked here to public procurements (for more info see section 3.3.4.3). All contract names created by the partner in the public procurement section show up here. Locked when staff unit cost is chosen.
8. **Internal reference no. & Invoice no.:** These input fields can be used to identify the expenditure. Locked when staff unit cost is chosen.
9. **Invoice Date & Date of Payment:** The date when the invoice was issued and the date when the payment was made shall be recorded here by the partner. Locked when staff unit cost is chosen.
10. **Description & Comment:** Here the partner can provide further justification on the cost item. Both fields are hidden for users without access to sensitive data, if the item is marked as such.

For **staff costs**, the partners should provide in the field "**Name/provider**" the name of employee (and optionally other relevant identifier). In the field "**Comment**", the partners should provide the information about the summary of activities carried out by the employee. Details shall be available in supporting documents as described in section 5.1.2.1.2. of the Eligibility Manual (work time registration or an appropriate additional document).



For all other cost categories (External expertise and services, Equipment and Infrastructure and works), the partners shall use the field “**Name/provider**” to provide the name of the contractor. In the field “**Comment**” the service/equipment/works shall be specified.

11. **Number of units** (quantity): If the partner reports staff unit costs, the number of hours shall be recorded here with 2 decimals. This field is not available for other costs than staff unit costs.
12. **Price per unit**: If the partner reports staff unit costs, the unit costs linked to the selected function/performance group is displayed here. This field is not available for other costs than staff unit costs.
13. **Total invoice value & VAT**: Fields for the total gross value of the invoice and for the VAT value out of the total. Inactive when staff unit cost is chosen.
14. **Declared amount**: This is the value that the partner claims, it is the basis for reimbursement i.e. this amount will be checked by the controller for eligibility. It shall not be greater than the Total invoice value. The declared amount can be smaller than the total invoice value e.g. in case of costs shared between projects (see section 6.1 of the Eligibility Manual), or if the recoverable VAT is not eligible due to national rules. For staff unit costs it is automatically calculated based on the number of units (hours) and the applicable unit cost for the selected function.
15. **Currency**: In line with section 3.8 of the Eligibility Manual, if the expenditure occurred in a currency other than the EUR, Hungarian partners can select it in this field (typically HUF). The applicable monthly **conversion rate** of the EC is automatically displayed and the field in **Declared amount in EUR** is calculated by Jems. While a report is in draft, exchange rates are updated constantly, once a report is submitted, the exchange rate is taken from the month of submission and frozen. Due to the applicable legal background Austrian partners cannot choose other currency than the EUR. In case their expenditure occurs in e.g. HUF, they need to do the conversion according to the rules applicable to them and record expenditure in EUR.

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:

- a. use/open an Euro account for the project,
 - b. contract suppliers in Euro,
 - c. plan with the exchange rate risk and make a reserve².
16. **Attachments**: Upon creation of an expenditure item, it is not possible to add attachments. After the item has been saved for the first time, one file can be uploaded to each item. When an attachment is uploaded, the related expenditure item can only be deleted, if the related attachment is deleted before. If a user needs to upload multiple files to 1 cost item, it is recommended to upload a zip file. The upload limit is 50 MB per file. Please use the available storage space with care and avoid oversized annexes.

For each expenditure item the documents defined in the cost-category-specific section “Specifications, reporting and audit trail” of the Eligibility Manual must be uploaded. In order to have sufficient proof of the expenditure, controllers are entitled to ask for additional supporting documents based on the respective national legislation.

² Remember that costs related to fluctuation of foreign exchange rate are not eligible.



For rules regarding the format of documents please see section 3.4 of the Eligibility Manual.

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

The partner budget is laid down in the AF in Jems and according to §3(1) of the ERDF contract it forms essential part of the project's financial structure, thus it is binding. Expenditure exceeding the partner budget according to the latest valid AF should not be recorded in the partner reports. For changes in the budget see the section on modifications (especially section 4.4.2).

The budget plan according to periods is indicative. For changes in the timely implementation of the project see the section on modifications (especially section 4.4.3).

The budget plan according to main cost categories is laid down in the AF in Jems and according to §3(1) of the ERDF contract it forms essential parts of the project's financial structure, thus it is binding. Expenditure exceeding the cost categories according to the latest valid AF should not be recorded in the partner reports. For changes in the budget see the section on modifications (especially section 4.4.2.2).

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), **reports remain always be linked to the version of the AF in which they have been created.**

Consequently, if a budget modification is needed to cover the submitted expenditure, the modification procedure shall be finalised before a report is created. This procedure needs consequent and careful financial management.

As the Programme allows the use of flat rates, related fields will be automatically calculated by Jems (as far as foreseen in the approved application) and the cost category where flat rate is applied cannot be selected for real costs or unit costs. It is not possible to add real cost invoices to cost categories covered by flat rates. It is also not possible to modify the amount calculated by Jems as a flat rate (neither by beneficiaries nor by any of the authorities verifying the report), except if the underlying direct costs are modified.

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 (national eligibility rules, if applicable) or the internal rules of the beneficiary organisation must be applied.

3.3.4.5 Contributions

On the “**Contributions**” tab partners shall provide information about the financing contributions to their expenditure. This is a cumulative section, which records amounts received per report and adds them up in next reports. The partners have to fill in the empty fields in the column “**Current report**”.



The contribution(s) to match ERDF, calculated on the basis of the expenditure declared and the financing structure of the partner (acc. valid AF), can be found in the section “Financial overview” under “Partner contribution”. The “Contributions” section is, however, disconnected from the “Financial overview” tables. In the latter, only an indication is given to what the partner should contribute.

Payments of national contributions shall be made in line with the contracts between the project partner and the financing institution (or according to the respective rules of the automatic national financing contribution for Hungarian partners, based on the applicable Hungarian legislation). In the column “Current report” of the Contributions section payments that already have been made shall be recorded, according to the actual status at the time of reporting.

Note, that Jems does not check if in a given report the actual contributions (Contributions section) match the indication (Financial overview). In case contributions are paid according to the timing agreed in a financing contract, e.g. in larger amounts in advance or ex post based on the certifications, partners shall follow here the reality of payments. This may mean that the last contributions cannot be recorded in the partner report, if they are paid after the certification of the final partner report.

In case the financing structure of the partner changes during implementation, new sources can also be added by clicking on the “+” button. Contributions must not exceed the eligible expenditure minus ERDF!

Note

When a new partner report is created, it takes into account values of all previously submitted reports at that moment. Therefore, if you want to have the correct amounts in the “Previously reported” and in the “Total reported so far” columns, make sure that all previous partner reports are submitted before opening a new report.

Note

If the Sources of contributions are changed in the AF via a project modification, the changes shall apply to newly created reports after the approval of the modification. Previously reported amounts in deleted Sources of contributions will of course still show up in the list, however, it is not possible to add additional amounts for deleted Sources of contributions in the field Current report.

For changes in the financing structure, the paragraphs §1 (5) and (6) of the ERDF contract must be respected!

3.3.4.6 Report annexes

In the “**Report annexes**” tab a list of all annexes uploaded in different sections of the partner report is shown, including information on the user who uploaded, upload date, and optional description. In the section-independent part of the “Report annexes” tab (upper level of the tree-structure), partners can upload additional attachments related to the entire report. Please use this section only if important doc-



uments cannot be linked to activity, deliverable or output evidence, public procurements, the list of expenditures or the contributions. Files uploaded in this section can be deleted here, other files can only be deleted in the section where they were uploaded.

The current limit for uploaded documents in Jems is 50 MB per document. Please use the available storage space with care and **avoid oversized annexes** at any parts of the report. Scanned documents must have a sufficient, readable quality, but colour scans are usually not necessary. Documents that were originally produced electronically, should be uploaded in the original format as they were issued, especially e.g. to save electronic signatures. 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 “**ATHU-0X00XXX_PPx_R1_DeliverableID_Name.pdf**” is advisable – in line with the numbering of the reports in Jems. For more detailed proposals please see Table 7 in section 9.2.

Document retention

Originals have to be stored safe at the place indicated for each partner in the “Partner details” / “Location of documents” section of the project in Jems. For document retention periods see the ERDF contract (§15) and the *Eligibility Manual* (section 2.2).

3.3.4.7 Report export

Jems can offer two export plugins, a PDF for the content part of the report, and an Excel for the financial part. Users can in principle select the export language (language of the headings) and the input language (language fields where the text input was made). In the default setup of Jems, however, only empty export plugins are available for the partner report. As in the Programme it is not foreseen that the reports are printed, signed and stored in either PDF or in hard copy, but the reporting procedure is supposed to be conducted solely via Jems, the export plugins have not been developed for this function.

3.3.4.8 Financial overview menu

The “**Financial overview**” tables show how the partner organisation is proceeding in terms of spending. The amounts included in the tables represent the aggregation of data from all partner reports submitted, by the date when the current partner report was created. Beware that only the last partner report, created after all other partner reports have been submitted, has the most recent aggregated data (in case partner reports were not submitted in the same order they were created)!

Previously reported columns are displaying separately in a second row how much of the total was previously parked by control. Current report columns are displaying separately in a second row how much of the total that was previously parked, the partner has decided to reinclude in the current partner report.

The section includes the following automatically generated financial overview tables (all values in Euro):

1. Partner Expenditure – **summary** – it gives an overview of the funding from ERDF and the contributions (of which public, automatic public and private).



2. Partner Expenditure – **breakdown per cost category** (staff, office/administration, travel/accommodation, external expertise/services, equipment, infrastructure/works, 40% other cost, lump sum). The lump sum shown in its own separate row is never added up in specific cost categories. Flat rates are calculated in the overview table on the totals declared in the current report. Flat rates are not calculated on top of the lump sums.
3. Partner Expenditure – **breakdown per lump sum** – displayed in all partner reports, but relevant only for partners with a share of the lump sum preparation costs. As preparation costs are the only lump sum in the Programme, in normal partner reports they are displayed in the previously reported column.
4. Partner Expenditure – **breakdown per unit cost** – displayed only for partners using staff unit cost.
5. Partner Expenditure – **breakdown per investment** – displayed only for projects including investments. Only real costs linked to the investment in the List of expenditure are displayed in this overview table. Flat rates (if relevant) are automatically calculated on top of the investment costs.

The tables above are structured according to:

- a. Partner **total eligible budget** – partner budget according to the valid version of the AF.
- b. **Previously reported** – values from previously submitted reports (including reopened ones) + the preparation cost lump sum.
- c. **Current report** – values included in the current report.
- d. **Total reported so far** – sum of the previous two columns.
- e. **% of total** – the share of total reported so far of the project total eligible.
- f. **Remaining budget** – this indicates the difference between total reported so far and partner total eligible from the application form. The value becomes negative in case the reported expenditures exceed the budget in valid AF.
- g. **Previously verified** – indicates the sum of total eligible, verified by controllers in certified partner reports, plus the partner’s share of lump sum preparation cost confirmed by the programme.
- h. A column with **total eligible after control** that sums up total eligible certified by control shows up in partner report overviews once control work is finalized.
- i. **Previously paid** – lump sum preparation costs plus regular payments (the column is applicable for the summary (1) and the lump sum (3) tables).

3.3.4.9 Report finalization and submission

In order to submit the partner report, the partners have to navigate to the “**Submit**” tab.

First the user has to click the button “**Run pre-submission check**”³. Issues blocking the submission are displayed by Jems. If they are corrected, the pre-submission check has to be run again. Each time a report is saved, it needs to be checked again before submission. If the control is successful, the button “**Submit partner report**” will be available and the user has to click it. In the final step, the submission of the report has to be confirmed.

³ Programme validation rules for reports will be developed based on experiences and needs in the reporting.



A submitted report is locked and the partner cannot modify it anymore. After submission, the partner report is forwarded to the controller assigned to the partner in question. The partner can see the status of the report on the Partner progress report identification dashboard.

3.3.5 Control of the partner report

LP and PPs are assigned to their responsible control institution. Controllers have access in Jems to reports of all partners that have been assigned to them.

In accordance with article 74 (2) of Regulation (EU) 2021/1060 management verifications are performed by the controllers on a sample basis, drawn according to a risk analysis.

In the ongoing control work both project users assigned to the partner report and responsible controllers have access to the section “**Control communication**”, where they can upload and download documents related to the partner report.

In the Control communication section, when a partner report is in status “control ongoing”, both programme and partner user(s) can:

- download any document
- upload, delete and edit the description of own uploads

When a report is in status “Certified” (after control of partner report is finalized):

- download is possible for any document
- new uploads can be added (by either controllers or partners with edit rights)
- the description can be edited for own uploads
- deletion is disabled

3.3.5.1 Administrative verification

After the submission of the partner report controllers perform an **administrative verification** and ask for clarification if the report is not complete either in formal terms or content-wise. For this, controllers can reopen the report to the partner. When the last submitted partner report is reopened, all items become editable again, except that no expenditure items can be added or deleted to avoid exchange rate issues. Annexes can be added or changed (except that previous uploads in the Report Annexes tab cannot be deleted). If not the last created partner report is reopened, the modification possibilities are more limited, but expenditure item attachments can be changed/uploaded and in the Report annexes tab new uploads can be added.

Upon (re)submission of a reopened partner report:

- partner report goes back to the status from before reopening, namely Submitted or Control ongoing,
- no recalculation of exchange rates happens,
- financial overviews are refreshed, reflecting changes done,
- partner report overview is populated with updated Amount submitted and Date of last submission.

The control work can't be started/finalised while partner report is in status Reopened.



3.3.5.2 Expenditure verification

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

1. a **sample** drawn on the basis of the risk-based management verification methodology,
2. the **data in Jems**,
3. the **invoices** or other primary accounting documents of equivalent probative value,
4. and other **supporting documents** proving the expenditure (delivery notes, bank statements, time-sheets, procurement documentation, etc.).

Where SCOs are applied, the respective sections of the Eligibility Manual about reporting and audit trail are taken as the basis for control.

3.3.5.3 Corrections

Controllers can make **corrections** to the declared amount (both positive and negative). Corrections become visible for the partners when the controller work is finalised and the partner certificate is issued. To see it, partners must click in their report the “Open controller work” button. In the “Expenditure verification tab” the “Control work” section is to the right of each expenditure item, where potentially deducted amounts and certified amounts are visible. The latter ones are included in the control certificate. If a correction is made, the controller marks the corrections according to a pre-defined list of **correction types** (“Typology of error”):

1. incorrect public procurement,
2. state-aid related error,
3. incomplete audit trail, missing evidence,
4. ineligible project,
5. miscalculation,
6. no or insufficient link to the project,
7. cost declared twice,
8. double funding,
9. incompliance with national (tax) rules incl. VAT,
10. expenditure outside the eligibility period,
11. information and publicity error,
12. incorrect use of simplified cost option,
13. failure of sound financial management,
14. data protection error,
15. performance indicator related error,
16. conflict with environmental rules,
17. conflict with equal opportunities and non-discrimination rules,
18. positive correction,



19. other ineligible expenditure.

Corrections to expenditure items declared as real costs or corrections to the staff declared as unit cost (only the hours can be corrected) automatically lead to correction of the linked flat rates (staff, office and administration, travel and accommodation, 40% other costs).

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

Controllers can choose NOT to verify an expenditure item (e.g. in case verification needs further clarification). In this case controllers mark the item as “parked” and such items are NOT included in the current control certificate. **Parked items** are neither accepted nor rejected and wait in the system for correction and re-inclusion in another report. If necessary corrections have been made and the requirements for eligibility are fulfilled, previously parked items can be re-included by the project partner in the list of expenditure of a subsequent report, and can be resubmitted for verification.

3.3.5.4 On-the-spot checks

Controllers will perform **on-the-spot checks** of the beneficiaries according to the followings:

1. at least one on-the-spot-check shall be carried out
 - a. if the project partner’s activities include infrastructure development, or;
 - b. if the project partner implements equipment purchase exceeding EUR 10 000.
2. in cases not falling under point 1. above, on-the-spot checks shall be carried out on the basis of a sample based on risk analysis.

During on-the-spot checks, controllers must verify the followings:

1. physical and financial progress;
2. reality of the project especially with regard to cost items referring to the cost categories “Equipment” and “Infrastructure and works”, in compliance with the reports;
3. delivery of the product/service in full compliance with the terms and conditions of the ERDF contract;
4. original supporting documents are available and match the documents submitted electronically;
5. adequacy of storage of documents and accounting system;
6. respect for EU and programme rules on communication and visibility;
7. compliance with the respective rules on state aid, environment protection and sustainable development, equal opportunities and non-discrimination.

In general, the on-the-spot-check shall take place when the project is well underway, both in terms of physical and financial progress, but as far as possible in the first half of the project implementation to enable that corrective actions can be taken in due time if problems are identified. At the latest the check shall be done when the last partner report is checked. National legislation prescribing more stringent rules for on-the-spot checks must be observed by the controllers.

The beneficiary may be exempted from the on-the-spot check, inter alia, if the progress of the project can be verified on the basis of a desk-based check or if the control body has already carried out an on-the-



spot check of the beneficiary in the context of other projects. In justified cases virtual on-the-spot checks are possible.

3.3.5.5 Documentation of the verification work

For the verification work described above, controllers use a **control checklist**, which gives evidence of the verifications performed, and becomes visible to project users with access to the partner report when the report is in status certified (upon finalisation of the control).

At the end of the control work, the controllers issue a **Control report** including information among others

- format of the documents (i.e. original/copy/electronic),
- methodology of the verification (i.e. administrative/on-the-spot),
- timing of the control work,
- overview of declared and eligible amounts,
- overview of deductions by errors,
- description of findings, observations and limitations,
- follow-up measures from last certified report were implemented,
- conclusions and recommendations,
- follow-up measures for the next partner report.

Additionally, a **Control certificate** is issued, reflecting the work and scope done by controllers, to certify the compliance of the expenditure verified by the controller with the principles of eligibility, legality and relevance.

The control report and the certificate are generated in Jems, available for download by any user having access to the “Overview and finalize” tab in the control work. Both documents are valid in their electronic format without a signature by the controllers.

For the timely verification of partner reports the requirements laid down in section 3.2.1 shall be respected.

The verified eligible expenditure becomes available for the LP to take it up to the project finance report.

3.4 Project level reporting

Reporting and monitoring at project level, carried out by the LP, builds on the following main elements:

1. content reports in Jems,
2. finance reports in Jems,
3. continuous monitoring of project achievements,
4. project review.

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



The project content report covers the progress in the implementation of the work plan including **activities**, their **deliverables** and the project's **outputs**. The project finance report covers the certified **expenditures** of each partner, linked to the activities implemented. In Interreg AT-HU 2021-2027 content and finance reports at project level are disentangled. For the deadlines of these reports please see the section 3.2.2.

By collecting and cross-checking data provided in partner reports (accuracy and global coherence) and by carrying out further analysis of deliverables, outputs, results achieved and the involvement of target groups, LPs can successfully **monitor project implementation** and plan on time, when necessary, implement corrective measures to cope with potential deviations. Project level reporting includes regular control of all partners' contribution and a review of the achievement of project targets.

Project reports also provide LPs 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 the expenditure reported by all partners and in case of doubt about the eligibility of some expenditure for the project, they shall contact the programme bodies who may initiate a reopening of the control work by the responsible controller.

The achievement table that is set up in the contracting phase and continuously filled in during implementation, as well as the project reviews provide additional tools to monitor the progress of the project. For more information on these tools, see sections 3.4.6 and 3.4.7 respectively.

3.4.1 The scope of the project report

In order to have a transparent overview about the progress of the project, reports must concentrate on the activities actually performed in the respective reporting period. 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 for amendment.

A formal modification of reporting periods or deadlines is not possible.

The content of all partner reports should be reflected in the project report, also if a partner submits a zero report (a partner report without certified expenditure, for details see section 3.3.1).

3.4.2 Creation of project level reports

Project reports are prepared by the LP, mainly based on the inputs in the partner reports. Project reports can only be **created by the users assigned to the LP** (as application form users), starting from the moment when the project status is changed to "contracted". For details about user assignment please see the section 2.3 in (list item 4).

For **creating a new project level report**, the LP must navigate to the "Project reports" section, click the "+ Add project report" button and select one of the reports pre-defined according to the "Project report schedule" section under "Contracting". In Interreg AT-HU 2021-2027, a content and a finance report is pre-defined to each reporting period. Please manually add the start and end date of the reporting period. Jems in principle allows to change the reference period for the report, but users in our Programme **must not change the start and end dates** of the project report. Periods must not be merged, skipped or changed. If this is the final report of the project, it shall be marked by the programme bodies in line with



the project reporting schedule. Click “Create”, then the system opens the “Project report identification” section of the project report.

It is possible to delete a project report as long as it has not been submitted to the JS. In order to delete the report, please click on the “Trash bin” icon in the last column of the project report overview table. All users assigned with editing rights to the project level can add, create and fill in project reports.

Jems allows to create more than one report for a reporting period, based on the pre-defined content or finance reports. Each report receives an ID, a serial number that is not linked to the number of the reporting period. The report is always linked to the version of the AF that is valid at the time of creation of the report.

3.4.3 Language of the project report

The project report should be completed normally **in German and Hungarian**, except the field “Highlights of main achievements”, which shall be filled in **additionally in English**. 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 whole project report is completed **in English**. In the latter case the LP should select one of the language fields in Jems (either DE or HU) 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 in a language that the LP understands. This is normally regulated in the partnership agreement in its §18 (working language(s)).

3.4.4 Content report

It is advised that the LP starts preparing the project content report already by the end of the reporting period, when the progress achieved is visible, and finishes as soon as possible following partner reports are finalised and submitted to the controllers. If any of the partners is in delay with reporting, the LP shall warn them and prepare the project content report on the basis of available information about that partner’s progress.

The main elements of the content report include the tabs for “Project report identification”, “Work plan progress” and “Project results & Horizontal principles”. Additional tabs allow the upload of further documents, export and report submission.

3.4.4.1 Project report identification

The upper part of the “Project report identification” tab repeats the information provided at the creation of the report. In its general setup Jems allows here to change the start and end date of the reporting period, independent of the selected pre-defined report (content or finance report for a reporting period), however, please keep the pre-defined start and end dates and apply the rules defined above in section 3.4.1. Furthermore, the LP shall ensure that all partners’ reports about the respective period are reflected in the project content report.



The rest of the “Project report identification” tab includes text fields that are of horizontal relevance to the progress of the project implementation (not directly linked to the WPs), and overview tables of project output and result indicators.

In the field “**Highlights of main achievements**” the LP should primarily build on the summary sections of the partner reports, but put the focus on the developments at project level, especially main achievements, as identified in the achievement table (see sections 2.1 and 3.4.6). 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 shall give critical feedback on the functioning of the partnership and highlight the added-value of the cross-border cooperation. This section is to be filled in trilingual (German, Hungarian and additionally in English).

The “**Overview of the outputs and results achievement**” is filled in automatically and reflects the actual achievements as recorded in the “Work plan progress” and “Project results & Horizontal principles” tabs, as well as the status in previously submitted reports. Note that while more than one project level reports can be created in Jems at the same time, only achievements recorded in already submitted reports are reflected in cumulated values of any newly created report.

The section **Project problems and deviations** includes two fields, one of them focusing on the deviations from the planned content of the implementation, the other one focusing on deviations in the spending profile. In these fields the LP should describe any systematic or operative difficulties and delays that hinder the realisation of project targets, including among others the achievement of specific objectives, outputs, involvement of target groups, potential under/overspending, 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. This section and any other description of deviations from target values at the respective other sections of the report (mainly the “Work plan progress” tab, but also “Project results & Horizontal principles”) should be complementary to each other, repetitions are to be avoided as far as possible. This section should be a summary of all problems, deviations and delays reported in the WP related sections of the project report (if applicable).

In the section “**Target groups**” the target groups identified in section C.2.4 of the AF are listed. Ideally the involvement of the target groups is linked to some activities defined in the work plan, where the deliverable may provide room to record the size of the target group that was reached, and documents to prove the achievement (e.g. list of participants or photos to a certain event) can also be attached. It is proposed therefore, that in this horizontal part of the report only a summary is given of the achievements related to the target groups. Specific details shall be provided, as far as possible, in the report about the implementation of the work plan.

3.4.4.2 Work plan progress

On the tab “**Work plan progress**”, the Lead Partner has to give information about the status of project implementation **in each WP**, including the status of the WP’s project specific objective, communication objective, the activities and their deliverables, as well as the outputs. The sections of the report to the individual WPs reflect the WP structure according to the latest valid 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.



3.4.4.2.1 Project specific objective and communication objective

The level of achievement to the WP's **project specific objective** and the **communication objective** shall be identified according to a dropdown menu including the levels:

1. fully achieved,
2. partly achieved,
3. not achieved.

Additionally, the LP is expected to write an explanation about the achievement.

In general, all specific/communication objectives have to be achieved at latest by the end of the project implementation, and adequate evidence must be available to prove the achievements. The achievement of specific/communication objectives is most often closely linked to the achievement of some (core) deliverables and/or some of the WP's outputs. 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. §20 (1)b) of the ERDF contract and chapter 6 below).

3.4.4.2.2 Progress

In the text field "**Progress**" the LP shall describe the progress in the implementation of the WP during the reporting period and explain how the partners were involved (who did what). Focus should be on the achievements on the project level, reflecting the individual partner contributions. The section shall include a summary of information in other sections of the report about the WP. 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.

3.4.4.2.3 Investments

The "Work plan progress" tab includes a section about each **investment** in the relevant WP, if applicable. As these were defined in the AF on the project level, there's no direct information about their progress in the partner reports, except for the contribution of the partners to linked activities. The LP shall mark the level of achievement for each **investment** according to a dropdown menu including the levels:

1. finalised,
2. in progress,
3. not started.

Additionally, the progress shall be described in a text field.

3.4.4.2.4 Activities and deliverables

Similar to the project specific objective and the communication objective, the level of implementation for each **activity** shall be identified according to a dropdown menu:

1. finalised,
2. in progress,
3. not started.



The contribution of involved partners to these activities, as described in the partner reports, shall be considered in the compilation of the project content report, but it needs to be taken into account that activities were defined in the AF on the project level, and therefore always a complete picture shall be reflected.

At the planned end period of the activity (visible below 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 of the activities shall be described by their quantitative achievement (the cumulative value reflects achievements in previously submitted reports plus the current achievement), and a description of the progress. The LP should describe the deliverable in view of the plans in the AF and how the deliverable contributes to the achievement of the WP's targets. The contribution of the individual partners to the deliverable, as described in the partner reports, should be reflected.

Although in the AF there's no dedicated field for deliverable target values, in Interreg AT-HU 2021-2027, as an outcome of the contracting process the achievement table (see sections 2.1 and 3.4.6) includes deliverable targets (often based on the descriptive content of the AF). These target values should be respected, and the progress or deviations from the target should be properly described in the linked text field.

An activity is usually not marked as completed unless all related deliverables have reached their (indicative) targets. Although in the application the end periods of the activities and the delivery periods of the deliverables are not compared, in general an activity shall be finished when all deliverables have been delivered (reached their delivery periods). If this is not the case, a sufficient explanation is needed in the WP's problem description section.

3.4.4.2.5 Outputs

Similar to the project specific objectives, the target value of the project outputs must be achieved by the set delivery period, but at latest 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 financial consequences according to the ERDF contract (see esp. §20 (1)b) of the ERDF contract and chapter 6 below).

3.4.4.2.6 Achievement status, completion

At the top of the "Work plan progress" tab there is a checkbox to mark if the **WP is completed**. Normally this check box should be only marked if all linked objectives are in the status "Fully achieved" and the achievement values of deliverables and outputs have reached their targets. If the full achievement of some targets is not realistic by the finalisation of the WP, explanation must be provided, as written above.

In the dropdowns to the different objectives normally a lower level of achievement should not be selected than in the period before. If (e.g. due to a mistake) this would be the case, explanation must be provided.

3.4.4.3 Project results & Horizontal principles

In the Project results & horizontal principles section the LP shall report about the achievement of expected project results and the contribution to the horizontal principles.



3.4.4.3.1 Results

Results are strongly linked to the effects/benefit of using the project outputs for the target group, and describe the change the project is aiming at **by the end of the project or shortly thereafter**.

Although according to the definitions in the Indicator Manual the achievement for each result indicator can be measured during project implementation (see details there), the expected delivery period of their final achievement is different.

The final achievement of the following indicators shall be reported by definition **one year after the completion of the project**. By project closure the partners shall prove that they have taken the necessary measures for this achievement:

- “**A**” indicators (RCR84 – Organisations cooperating across borders after project completion),
- “**D**” indicators (RCR85 – Participations in joint actions across borders after project completion).

The final achievement of the following indicators is potentially possible **during implementation**, but shall be available **up to one year after project completion at the latest**. In the latter case by project closure the partners shall prove that they have taken the necessary measures for this achievement:

- “**B**” indicators (RCR79 – Joint strategies and action plans taken up by organisations),
- “**C**” indicators (RCR104 – Solutions taken up or up-scaled by organisations).

The final achievement of the following indicator shall be available **upon project finalisation**:

- “**E**” indicators (RCR81 – Completion of joint training schemes).

LPs shall describe the progress on planned results in line with the above requirements. The rules for follow-up reports will be published in a separate chapter of this manual (see chapter 7).

Result achievement values recorded in already submitted reports and current achievements are reflected in the cumulative value.

In addition to the achieved value LPs are expected to write appropriate description about the progress and the potential related challenges.

3.4.4.3.2 Horizontal principles

The LP shall reflect in the project report the **fulfilment of targets related to the horizontal principles** (equality between men and women, equal opportunity and non-discrimination, sustainable development [environment]). The table in the project level content report shows the horizontal principles in line with the targets set in the actual valid version of the AF (positive, neutral or negative effects). Note that the targets related to the horizontal principles are sometimes updated in the clarification process during contracting, in line with the results of the project assessment.

The description of the project’s actual contribution to the horizontal principles shall be based on concrete targeted actions. For example, implementing the project in compliance with generally accepted minimum requirements or standards, such as striving for electronic documentation and minimising paper waste is usually not considered as positive contribution to the horizontal principle of sustainable development. On



the other hand, positive contribution to any of the three horizontal principles shall be linked to related targeted actions.

The LP should select at each of the three principles from a dropdown, if the type of the contribution at the given period has

1. positive effects,
2. neutral effects,
3. negative effects,

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

The Programme would like to draw the attention of all beneficiaries especially to the application of the horizontal principle for **sustainable development**. Please refer to the respective suggestions and requirements linked to environmental aspects in section 3.6.3 of the Application Manual, such as especially linked to:

- coherence and synergies with strategies and plans addressing environmental issues,
- sustainable collaboration between institutions,
- stakeholder involvement, and involvement of the civil society,
- Green Public Procurement,
- minimizing the project's carbon footprint.

3.4.4.4 Additional annexes to the content report

The “**Project report annexes**” section shows all files uploaded in the project report.

All uploads from the other sections of the project report are shown in the tree structure either in the Work plan progress or in the Project results & horizontal principles branch.

Users have the possibility to upload additional files linked to the content report on the upper level of the tree, by clicking the “Upload file” button. Please use this section only if important documents have not been uploaded to the other sections of the content report and cannot be linked to activity, deliverable, output or result documentation.

The list includes the filename, location, upload date, the user who uploaded and the file size. Since it is not always possible to add descriptions to files in the dedicated sections (due to the chip style upload), in the overview list users with edit right are allowed to add descriptions to all files. Files uploaded in this section can be deleted here, other files can only be deleted in the section where they were uploaded.

The current limit for uploaded documents in Jems is 50 MB per document. Please use the available storage space with care and **avoid oversized annexes** at any parts of the report. Scanned documents must have a sufficient, readable quality, but colour scans are usually not necessary. Documents that were originally produced electronically, should be uploaded in the original format as they were issued, especially e.g. to save electronic signatures. 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 **“ATHU-0X00XXX_PR1_DeliverableID_Name.pdf”** is advisable – in line with the numbering of the reports in Jems. For more detailed proposals please see Table 7 in section 9.2.

Document retention

Originals have to be stored safe at the place (in case of documents of the project report) indicated for the Lead Partner in the “Partner details” / “Location of documents” section of the project in Jems. For document retention periods see the ERDF contract (§15) and the *Eligibility Manual* (section 2.2).

3.4.4.5 Report exports

Jems can offer an export of the report, where users can in principle select the export language (language of the headings) and the input language (language fields where the text input was made). In the default setup of Jems, however, only an empty PDF export plugin is available for the project report. As in Interreg AT-HU 2021-2027 it is not foreseen that the reports are printed, signed and stored in either PDF or in hard copy, but the reporting procedure is supposed to be conducted solely via Jems, the export plugins have not been developed for this function.

3.4.4.6 Report finalisation and submission

In order to submit the project content report, the LP has to navigate to the **“Submit”** tab.

First the user has to click the button **“Run pre-submission check”**⁴. Issues blocking the submission are displayed by Jems. If they are corrected, the pre-submission check has to be run again. Each time a report is saved, it needs to be checked again before submission. If the control is successful, the button **“Submit project report”** will be available and the user has to click it. In the final step, the submission of the report has to be confirmed.

A submitted report is locked and the LP cannot modify it anymore. After submission, the content report is forwarded to the JS. The report status is changed from “Draft” to “Submitted” and the date of the first submission is displayed in the overview table.

A new project report can be created anytime. It is possible for the LP to create more than one report for a certain period. This possibility, however shall be used only in exceptional cases, and always discussed with the JS beforehand.

3.4.5 Finance report

In Interreg AT-HU 2021-2027 the project finance report is used as an application for payment by the LP to the programme bodies.

The main elements of the finance report in Jems include the tabs for “Project report identification”, and “List of partner certificates”, as well as an automatically generated “Financial overview”. Additional tabs allow the upload of further documents, export and report submission.

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



3.4.5.1 Project report identification

In the finance report the “Project report identification” tab is basically the same as in the content report. As according to the rules of the Programme the content report and the finance report are to be submitted separately and the finance report follows the content report in about three months as a general rule, at the time when the finance report is submitted, basic information about the progress of the project shall be already available in the content report.

Like in the content report, the top of the page repeats the information provided at the creation of the report. In its general setup Jems allows here to change the start and end date of the reporting period, independent of the selected pre-defined report (content or finance report for a reporting period). However, LPs shall link their finance report to the reporting period as foreseen in the Project reporting schedule. As a general rule, the same start and end dates shall be recorded into the reporting period **start and end date fields**. In exceptional cases, if the list of partner certificates includes delayed certificates about a previous period, the start date shall be adapted accordingly.

Also as a general rule, in the text input fields “**Highlights of main achievements**” and “**Project problems and deviations**” the partner shall refer to the submitted content report related to the same reporting period. Additional information may be provided e.g. in justification of delayed certificates (if not all partner certificates for the reporting period are included in the finance report) or if certificates of a previous period are included. In the disentangled finance reports the section “Target groups” does not need to be filled in, as the respective information must be available in the content report.

As it is described in section 3.4.4.1, the “**Overview of the outputs and results achievement**” is filled in automatically based on the status in previously submitted reports.

The “**Partner spending profile**” table is displayed only in the finance reports. It lists certified amounts and forecasts per partner based on the certificates included in the List of partner certificates tab. In case a partner has multiple certificates included in one Project report, the date from the last certificate and forecast is displayed here (providing the most accurate cumulative values and forecast).

3.4.5.2 List of partner certificates

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

The LP must tick in the list of available partner certificates the ones to include in the project finance report. Only the selected partner certificates will be taken into account in the application for payment. Partner certificates, which are not included in any of the project reports yet, can be included in another project level finance report.

Jems does not check whether all the partner certificates included in a project report by the LP refer to the same reporting period. This means that delayed partner certificates can be taken up in subsequent finance reports.

Note

If not all certificates are available on time, the LP may decide to prepare and submit the finance report and enclose additional verified expenditure later. This is possible either in a new finance report linked to the same period, or in the finance report of a subsequent period. How to proceed, shall be decided mainly based on the availability of the certificate in time and the respective amount, in consultation with the LP, partners and controllers concerned and the JS.

3.4.5.3 Additional annexes to the finance report

The “**Project report annexes**” tab allows to upload additional files by clicking the Upload file button. Please use this section for e.g. background documents connected to the information in text fields of the “Project report identification” tab, or documents otherwise linked to the finance report. For further technical details about this section please see section 3.4.4.4.

3.4.5.4 Financial overview

The “**Financial overview**” tables show how the project is proceeding in terms of spending. The amounts included in the tables represent the aggregation of data from all project level finance reports submitted by the date when the current project report was created. Beware that only the last project report created once all other project reports were submitted has the most recent aggregated data (in case project reports were not submitted in the same order they were created)!

The section includes the following automatically generated tables (all values in Euro):

1. Project expenditure – **summary** – it gives an overview of the funding from ERDF and the contributions (of which public, automatic public and private).
2. Project expenditure – **breakdown per cost category** (staff, office/administration, travel/accommodation, external expertise/services, equipment, infrastructure/works, 40% other cost, lump sum). The lump sum shown in its own separate row is never added up in specific cost categories. Flat rates are not calculated on top of the lump sums.
3. Project expenditure – **breakdown per investment** (only for projects including investment elements). Only real costs linked to the investment in the List of expenditure are displayed in this overview table.
4. Project expenditure – **breakdown per lump sum**. In Interreg AT-HU 2021-2027 this table is always linked to the preparation costs reimbursed as a lump sum. As this is the only lump sum in the Programme, in normal project reports the preparation costs are displayed in the previously reported column.
5. Project expenditure - **breakdown per unit cost**. In Interreg AT-HU 2021-2027 this table lists the staff functions defined in the budgets of the LP/PPs –each function appears only once, also if it was selected more than once for a partner or partners.

The tables above are structured according to:

- a. Project **total eligible budget** – project level budget according to the valid version of the AF.



- b. **Previously reported** – values from previously submitted project reports + the preparation cost lump sum.
- c. **Current report** – values included in the partner certificates for the current report.
- d. **Total reported so far** – sum of the previous two columns.
- e. **% of total** – the share of total reported so far of the project total eligible.
- f. **Remaining budget** – this indicates the difference between total reported so far and project total eligible budget from the application form. This value becomes negative in case the reported expenditures exceed the budget in the valid AF.
- g. **Previously verified** – displays values verified by controllers from all project reports until the creation of the report, plus lump sum preparation cost.
- h. A column “**current report after verification**”, reflecting the amounts after MA/JS deductions shows up in project report overviews once MA/JS work is finalized.
- i. **Previously paid** – lump sum preparation costs plus regular payments (the column is applicable for the summary (1) and the lump sum (3) tables).

Two further tables include information structured according to cost categories (staff, office/administration, travel/accommodation, external expertise/services, equipment, infrastructure/works, 40% other cost, lump sum)

- 6. Project expenditure - overview **per partner/per cost category** – according to the certified expenditures included in the partner certificates for the current report. The lump sum shown in its own separate column is never added up in specific cost categories. Flat rates are not calculated on top of the lump sum.
- 7. Project expenditure – summary of **deducted items by control**. The table sums up all deductions carried out by control per partner and cost category. These values are not cumulative but only related to the certificates included in the particular report.

3.4.5.5 Report exports

Jems can offer an export of the report, where users can in principle select the export language (language of the headings) and the input language (language fields where the text input was made). In the default setup of Jems, however, only an empty PDF export plugin is available for the project report. As in Interreg AT-HU 2021-2027 it is not foreseen that the reports are printed, signed and stored in either PDF or in hard copy, but the reporting procedure is supposed to be conducted solely via Jems, the export plugins have not been developed for this function.

3.4.5.6 Report finalisation and submission

In order to submit the project content report, the LP has to navigate to the “**Submit**” tab.

First the user has to click the button “**Run pre-submission check**”⁵. Issues blocking the submission are displayed by Jems. If they are corrected, the pre-submission check has to be run again. Each time a report is saved, it needs to be checked again before submission. If the control is successful, the button “**Submit**

⁵ Programme validation rules for reports will be developed based on experiences and needs in the reporting.



project report” will be available and the user has to click it. In the final step, the submission of the report has to be confirmed.

A submitted report is locked and the LP cannot modify it anymore. After submission, the finance report (application for payment) is sent to the JS. The report status is changed from “Draft” to “Submitted” and the date of the first submission is displayed in the overview table.

A new project report can be created anytime. It is possible for the LP to create more than one finance report for a certain period. This, may be needed, in case delayed partner certificates need to be taken up, however, this shall be discussed with the JS beforehand.

3.4.6 The achievement table

During the contracting/start-up phase an overview of all expected achievements is set up, a tool that is used for the monitoring of the project, in line with the content of the AF.

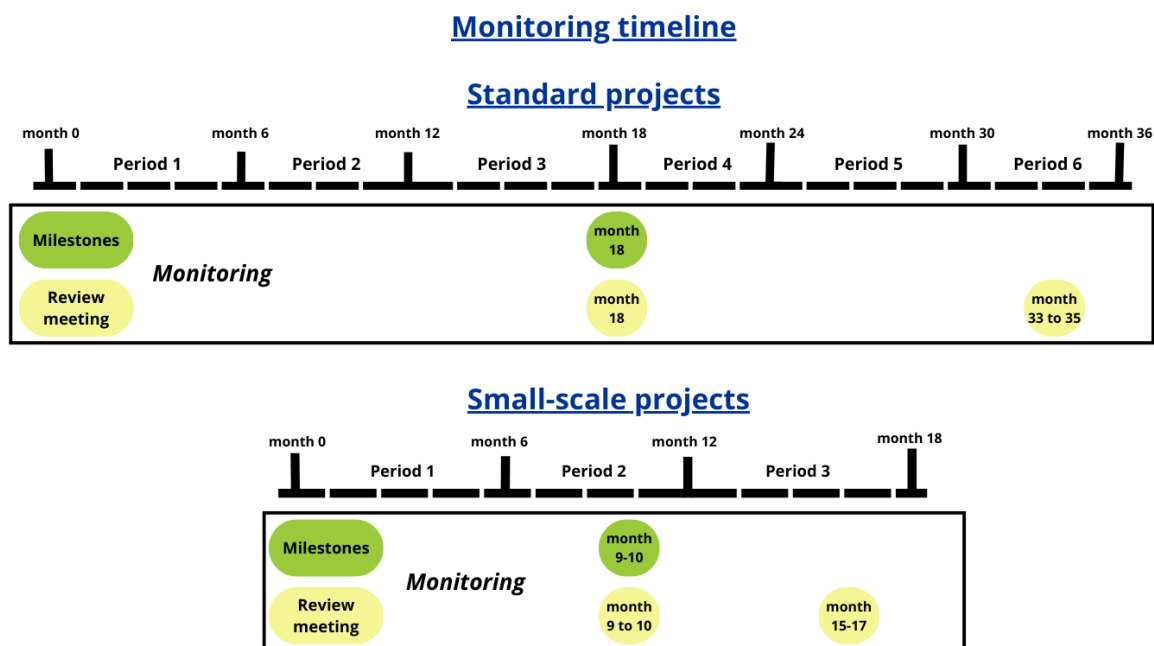
1. It includes the complete list of project targets (overall and specific objectives, outputs, results and deliverables)
 - a. transparently showing their links to each other,
 - b. their planned target values and actual/final achievements,
 - c. reference (links) to the proof/documentation about the final achievement in Jems and on the project website.
2. It identifies those elements of the above list that are considered as **main achievements** to be made available for the public.
3. It identifies a set of **monitoring milestones**. The milestones represent the expected level of progress for some major achievements (typically deliverables or outputs) at approximately half time of project implementation for standard projects, or at about 9-10 months of implementation for small scale projects.
4. Indicative dates for two **project reviews** (in addition to the review at contracting), in which a thorough discussion between the MA/JS and the partnership takes place.

After the table is set up in the start-up phase, it is filled in during project implementation continuously, but at least linked to each project report with information about the actual level of achievement, potential issues and related to-dos.

3.4.7 Milestones and project review

The aim of project reviews is to perform a “fitness check” at a certain stage. The first one shall take place approximately half time of project implementation for standard projects, or at about 9-10 months of implementation for small scale projects, focused on the achievement of the milestones and status of main achievements. The second review meeting shall take place preferably 3-1 months before the expected end of the project implementation, in order to leave room for corrective measures, if needed. The indicative time-plan for the project review and the definition of the related milestones shall be laid down also in the achievement table (see above in section 3.4.6).

Figure 5 Project monitoring timeline



Project reviews complement information collected through regular reporting and monitoring and help to reach a common view on the state of project implementation between the partnership and the MA/JS. The review also allows to assess the effective capacity of the project to achieve its objectives as defined in the approved application form, also in light of possible external factors. In project reviews the LP shall ensure a close engagement of all project partners in order to discuss the planning of upcoming activities as well as to identify any deviations and modifications, if necessary.

The project review focuses on both strategic and operational aspects of project implementation such as:

- Physical progress towards project objectives (focused primarily but not exclusively on the achievement of milestones and other status of main achievements as identified in the achievement table) as well as financial progress (with reference to the spending plan laid down in the AF);
- Project management and cooperation intensity (including communication, knowledge management and transfer);
- Sustainability of outputs and results;
- Outlook on upcoming activities of the remaining project implementation period;
- Identification of potential risks or problems, project deviations and delays as well as necessary mitigation measures and project modifications (finance and activity modifications, etc.)
- Compliance with other obligations as laid out in the ERDF contract.

Whenever possible, project reviews are implemented online, thus minimising costs and time needed. Project reviews might also be attended by one or more Regional Coordinators in a supporting role. Furthermore, in exceptional cases, the MA/JS might involve external experts with relevant thematic expertise to provide specialist support.

The LP and all partners should well in advance prepare for the review. For this purpose, the most recent information on project progress and possible needs for adaptations or modifications should be collected



by the partnership in order to allow realistic projections towards the project end. Such information should be provided to the MA/JS in due time prior to the review.

As an outcome of the project review, the MA/JS provides feedback and, if needed, further guidance and recommendations to the partnership for the remaining project lifetime. In addition, follow-up actions may be identified.

The LP shall prepare a summary of the main points of discussion and the conclusions taken. This summary has to be sent to the JS preferably within two weeks after the review.

3.4.8 Verification of the project report and reimbursement of expenditures

3.4.8.1 Verification by the JS and the MA

Each project report is checked and verified at the JS by the responsible programme manager.

The JS has reading access to the reports beginning with their creation. In principle this makes continuous monitoring and a flexible correction possible, in case questions would arise on either behalf (LP or JS). However, please note that the **JS formally starts verification work** only when the full bilingually completed project report (content or finance) is formally submitted via Jems. For the deadlines see section 3.2.2.

In the ongoing verification work both project users and the JS/MA have access to the section “**Verification communication**”, where they can upload and download documents related to the verification of the project report.

When a project report is in status “Verification ongoing”, both programme and partner user(s) can:

- download any document,
- upload, delete and edit the description of own uploads.

When a report is in status “Verified” (after verification of the project report is finalized):

- download is possible for any document,
- new uploads can be added (by either programme or partners with edit rights),
- the description can be edited for own uploads,
- deletion is disabled.

In case **clarification** is needed, the JS requests the LP to provide answer to the questions and if necessary, reopens the project report for amendments. A request for amendment might concern any descriptive part of the **content or finance report** including its general attachments, in the case of content reports also the attachments linked to activities, deliverables, outputs or results. The number of clarification rounds is not limited, but the LP and JS shall together strive for the high quality (accuracy, completeness) of the submitted project report and of the clarifications so that the duration of the clarification process can be minimised. The content report verification shall be finalised at latest by the time the finance report for the same reporting period is submitted.

In case of the **finance report** the JS has access to all expenditure items from all certified partner reports included in the project report. If the JS finds that an amount is partially or completely ineligible, they can



deduct or add amounts and make comments. JS **corrections** are marked according to the same error types as corrections by the control bodies (see section 3.3.5.3). Flat rates are adjusted automatically.

Time-wise, the verification of the finance report (application for payment) shall be conducted so that the requirements laid down in section 3.2.2 can be respected.

The JS concludes the verification work of the project report by filling in a JS verification checklist. Once the JS's checklist is filled in and all the questions are confirmed, the JS notifies the MA on the completion of the verification work. The **MA carries out additional control steps**, using their own MA checklist. The **MA can also make corrections** using the same error types as in case of the controllers (see section 3.3.5). If no additional issues requiring clarifications from the LP are raised, **MA finalizes verification work and launches the payment** procedure of the funds from ERDF (see section 3.4.8.2).

Controls performed by the MA/JS are complementary to the verification of expenditure carried out by national controllers. Such controls are aimed at verifying the quality of project implementation as well as the quality of work done by national controllers.

In addition to the project report (and annexes), the MA/JS uses the **achievement table** (see section 3.4.6), the **milestones** and the related **project reviews** (see section 3.4.7) to monitor the progress of implementation. Further tools include:

- checking whether information on the project website and (if applicable) social media channels 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 monitoring visits;
- extraordinary meetings with the LP and PPs, if necessary.

3.4.8.2 Payment of the ERDF funds

The MA **carries out the controls deriving from its accounting function** according to §76 of the Regulation (EU) 2021/1060.

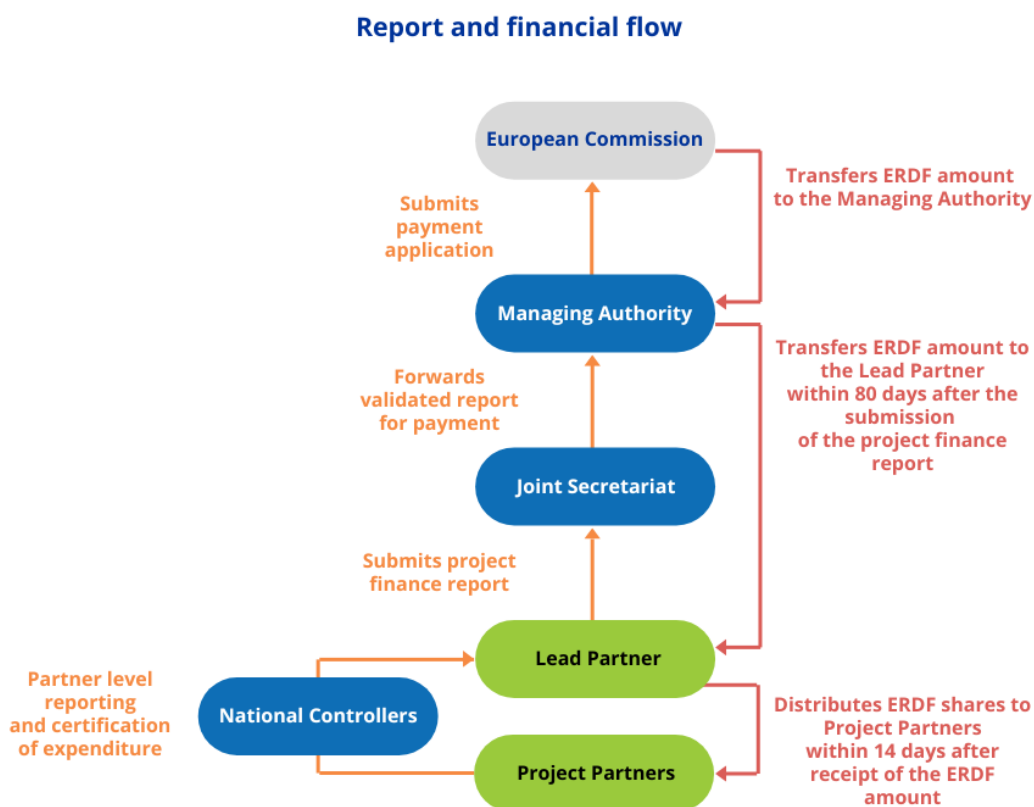
Payments are made to the LP by the MA in Euro to the bank account defined in the “Contracting/Partner details” section of the AF in Jems, in line with §8(7) of the ERDF contract. In case of a change in the bank data, this must be reported immediately to the JS/MA and recorded by the LP in Jems.

The **disbursement** of ERDF funds by the MA shall take place until the deadline laid down in section 3.2.2. 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 ERDF contract, the disbursement of ERDF funds to the LP is subject to the condition that the EC makes the necessary funds available. Should funds not be available, the LP will be duly notified.

According to §13 of the ERDF contract **the LP must forward within 14 days after receipt** (or within the deadline defined otherwise in the partnership agreement) **the relevant parts of the ERDF to the partners' bank accounts**, defined in the “Contracting/Partner details” section of the AF in Jems, **according to their certified expenditure**.

Figure 6 Report and finance flow of the project



3.5 Audits by the Audit Authority (AA) and Group of Auditors (GoA)

The AA is the programme body responsible for carrying out system audits and audits on operations in order to provide independent assurance to the EC that the programme management and control system functions effectively and that expenditure submitted to the EC is legal and regular.

The AA is supported by the GoA which is composed of representatives from both member states Austria and Hungary. The AA and the GoA may entrust part of the audit work to an external audit company.

Audits on projects may be performed during the entire programme lifetime, and until the document retention deadline defined in §15 (1) of the ERDF contract. A sample of the projects and project partners to be audited is drawn every year by the EC/AA.

During the audit, auditors analyse a number of aspects related to the implementation of the project, including the following:

- Existence of the project;
- Compliance with obligations set in the ERDF contract and partnership agreement;
- Eligibility of expenditure;
- Compliance with EU and national rules (including public procurement);
- Existence and soundness of the audit trail;



- Review of the control work carried out by the national controller.

The audit can be performed desk-based and/or on the spot, at the premises of the audited body or in any other place where the project is being implemented.

In case of detected non-compliances or infringements, audit findings are raised. For each finding the auditors clearly state the reasons and provide requirements for clearance of the finding. All findings are presented to the audited project partner upon completion of the audit in order to undergo a contradictory procedure. Within the contradictory procedure the LP, PP(s), controller(s), in Hungary the National Authority (NA) and the programme bodies (MA/JS) have the possibility to comment on each finding. At the end of this procedure, the AA and GoA have to confirm or lift the findings, and the audit report becomes final. The audit report includes a suspicion of irregularity and the irregularity is formally established by the member state concerned. The necessary follow up measures are taken by the MA in cooperation with the member states.

The audit follow-up depends on the type of findings detected:

- In case of findings with financial impact, i.e. in case of detecting the (suspicion of) irregular amounts, the amounts considered as not eligible are withdrawn from the next payment claim submitted to the MA/JS or are recovered from the LP/PP if the project is already closed (or if the amount claimed by the concerned beneficiary is lower than the irregular amount);
- Should findings have no financial consequences, the affected beneficiary (or its controller if applicable) has to document that recommendations set by the auditors have been followed up.

The MA/JS support the communication flows between all parties involved in the audit process, i.e. the AA, GoA members, external auditor (if applicable), LP, PPs, controllers and the National Authority in Hungary.



4 Project modifications

4.1 General principles of project modifications

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

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 approved targets**. The Programme offers certain flexibility in project implementation, but important changes have to be recorded in the AF and might need the approval of the MA or the MC.

The modification rules are laid down in the ERDF contract (§9-11) and further details are provided in this chapter.

Depending on their impact on the project:

1. **Deviations** from the valid AF during implementation are (minor) divergences that do not concern any of the major modifications (budget categories, partner budget, major content elements, partnership). They don't need to be recorded in the AF. LP/PPs shall **report actual achievements and justify deviations in their reports**.
2. **Minor modifications** usually concern administrative details, such as names, contacts, bank data, etc. recorded either in the Contracting or in the AF project partner sections. They must be recorded and **acknowledged by the JS**, but do not need approval of the MA or the MC. Additionally, changes in the (national) financing contributions and certain small adaptations of the budget that are below 10% of the total project budget or don't affect the cost categories at partner level are also considered as minor modifications.
3. **Major modifications** concern changes in the budget affecting cost categories or partner budget of at least 10% of the total eligible budget of the project, main content elements (of the project intervention logic) or the partnership. They require **prior approval by the MA or the MC**.

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

1. **administrative elements** of the AF (minor modification),
2. **budget** (minor or major modification),
3. **time plan** (major modification),
4. **work plan** (major modification),
5. **partnership** (major modification).



4.2 Deviations from the AF that do not require a modification

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 listed in section 4.4.**

Below is a list of some deviations from the valid content of the AF 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 (group of) activities or deliverables to other (group 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 **different technical specifications** than laid down in the AF,
- **unit price and/or quantity** are different to the ones laid down in the AF, including changes to the actual working hours assigned to a function vs. planned working hours (but please note that staff unit costs for a function cannot be changed as they are fixed for the whole project implementation),
- the timely implementation of the budget (spending) deviates from the plan on the level of **reporting periods**.

If the implementation of the project is subject to any such **adaptations**, as a general rule they **must be in line with the originally set targets of the project**, especially with the project specific objectives and the project outputs. Unless the change has an impact on the level of budget categories 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 project reports.

Controllers shall have the capacity and right to **decide whether or not such a deviation is in line with the targets of the project, and if it is, the related (otherwise eligible) expenditure can be certified.**

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 reasons.

4.3 The modification procedure

In Jems the modification can be initiated only by programme users (MA/JS). The modification section becomes available for programme users once the AF is set to the status "Approved". Applicant users should only work in the Application Form itself and therefore the modification section is hidden for them by default.

If the need for a modification arises, the LP shall **contact the JS** by phone or e-mail.



Attention!

The LP shall always inform the JS as soon as the need for a modification becomes known. LP and PPs shall consult with each other about their modification needs, strive for combining them and avoid frequent small modifications. 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 need to be made, it is advisable to combine the changes in one project modification.

If the need for a formal modification procedure is confirmed, the LP shall send a written modification request with proper justification (either in German and Hungarian, or in English) to the JS per e-mail, using the template that is available on the programme homepage. Modification requests shall be initiated only by the LP, not the other PPs. The LP is responsible for all project modifications.

Note

Always the last valid AF is subject to a modification request, not the initial one, the justification by the beneficiaries shall be written from this perspective.

Attention!

In the modification request it is not required to give full details of the modification (i.e. exact descriptions and budget details before and after). The LP shall summarise the reason for the modification (justification), identify the parts of the AF that are affected and provide information about the main corner stones of the change. Details shall be recorded in the modified AF.

Once the request is accepted, the JS opens the AF for modification. After it is opened, a new version of the AF is created.

1. If the modification was initiated before the project is contracted, as part of the clarification/adjustment procedure, the status of the AF will become "In modification precontracted" (for projects approved with conditions the clarifications can be arranged within the status "Returned for conditions" – see also point 4 in section 2.1). The justification for the modification (the adjustment catalogue) shall be uploaded by the programme users in both cases to the "Project" attachments of the "Contracts and agreements" section.
2. If the project has been already contracted when the modification is created, the AF will be put in status "In modification". The justification documentation for the modification shall be uploaded by the programme users to the attachments section under Modifications.



Note

Only one project modification can be opened at a time. If the beneficiaries/programme users want to open another modification then they shall first close the previous modification or hand-back the modification to directly include the needed changes in this modification.

In the status “In modification precontracted” and “In modification” users that are assigned as collaborators with “edit” rights for the AF can make changes to the content of the AF and re-submit the project which leads to the status “Modification precontracted submitted” or “Modification submitted” respectively. Pre-submission checks that are used at the stage of AF submission are applied also for modifications. After successful re-submission the assessment window of the Modification section becomes editable for programme users.

According to the standard setup of Jems, there are certain limitations to the project modifications.

Following the approval of a project, **project partners or strategic partners can no longer be removed during a project modification** (neither in status “In modification precontracted” nor in “In modification”). If a partner needs to be removed during a project modification, they shall be deactivated instead. This is done to ensure that the project history and the associated audit trail are not compromised. Numbering of partners is also frozen with this feature. New partners can still be added to the project. If a project partner is deactivated, the LP shall remember to remove related privileges of linked applicant users.

In the **modifications past contracting** (status “In modification”) the following **features are blocked**:

1. Partner budget options: the flat rate options cannot be changed any longer for existing partners, only for newly added partners.
2. The priority and specific objective of a contracted project can no longer be changed.
3. The existing work packages, investments, activities, deliverables, outputs and results can no longer be removed during a project modification. Their descriptions and target values can be adapted, but in case they need to be removed during a project modification, they can be deactivated instead (similar to project partners). New work packages, investments, activities, deliverables, outputs and results can be added to the project.

When the modified project is resubmitted, the **programme users** (MA/JS) do the following:

1. They **review** the AF and see if the changes made to the project are in line with the request for modification and the relevant modification rules. Any non-authorized modification of the AF’s content beyond the flexibility limits (see section 4.2) lacks legal basis and is therefore void. As a consequence, any expenditure linked to such modification is ineligible.
2. They can “**hand-back** to applicant” for further clarifications/improvement. The hand-back to applicant functionality allows the programme user to set the application form back to “In modification precontracted”/“In modification” so that the content of the AF can be further edited by the applicant users. 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 (MA or MC).



Be reminded that when the AF is handed back, it does not create a new project version, but the applicant can apply further changes on the same modified application form version. Therefore, each modification procedure only creates one new application form version. Once the applicant re-submits the application form, the modification assessment window is open again for editing and the programme user can complete the modification decision or hand-back to the applicant again.

3. They can **upload** documents in the modification section, such as the modification request, comments or a modification assessment (if applicable).
4. After all checks and clarifications are completed, they close the modification by selecting either “**Approve** modification” or “**Reject** modification”. A decision date and an entry into force date (may be different than the decision date) shall be selected for the modification decision. Based on the type and extent of the modification, the programme users shall write (beside other details, as needed) the followings to the explanatory notes of the modification:
 - a. modification acknowledged/rejected by the JS,
 - b. modification approved/rejected by the MA,
 - c. modification approved/rejected 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 details in section 4.4.

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

Note

If a project modification is rejected, the modified application form version is stored, but the previous valid version remains the current “last approved” version. Rejected modifications are labelled with a red X in the versioning menu (e.g. “X V. 4.0”).

Programme users (and other users with appropriate view privileges) will find closed modifications in a new section called “Past modifications”. This section keeps track of all modification decisions. It also provides on the headline of each modification the final decision of the modification as well as the project version that was created with this modification.

4.4 Rules on changes requiring a modification of the AF

4.4.1 Modification of administrative elements

The update of administrative data in the AF is a minor modification. Such changes don’t require the approval by the programme bodies. Technically, 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). Such modifications of administrative elements can be related to:



1. the LP/PPs **name** with no impact on its legal status (of financing) ⁶,
2. the LP/PPs **address**,
3. the LP/PPs **legal representative**,
4. the LP/PPs **contact person**,

In case of these changes the relevant partner section of the AF has to be updated.

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 shall contact the JS.

Some administrative changes concern the data provided in the contracting section. These can be related to:

5. data of the **project⁷/finance/communication managers** (at project level),
6. LP/PPs **ultimate beneficial owner(s)**,
7. LP/PPs **bank account** details,
8. LP/PPs **location of project documents**.

These parts of the contracting section are locked for editing after the contract is signed. The LP shall notify the JS about the need for modification (preferably per e-mail). If the need for the modification is confirmed, the JS unlocks the respective section. As these supplementary data don't concern the content of the AF, the procedure described in section 4.3 is not needed.

4.4.2 Modification of the budget

The ERDF 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 categories) and in the total sum. Changes of the above elements therefore need to be implemented in a formal modification procedure.

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 the 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 a cost category or related to the spending according to reporting periods do not require a formal modification. For modifications not requiring a change of the AF please see section 4.2.

⁶ Legal succession is discussed at the section 0 related to partner changes.

⁷ Please note that the project manager (as recorded in the contracting section of the AF) can be, but is not necessarily the same as the contact person recorded in the AF for the LP.



4.4.2.1 Modifications in project financing

4.4.2.1.1 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** to the ERDF. The contribution can be provided by the **partner itself**, by **third party** financing institution(s) or some combination 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 in the application phase by a financing declaration or an own-resource self-declaration, third party contributions (except the automatic financing contribution for Hungarian PPs) must be additionally fixed in a contractual form and the contracts shall be stored by the respective partners acc. §1 (5) of the ERDF contract.

The **change of the financing plan** regarding national contributions 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 own-resource self-declarations** and **third-party financing declarations** (according to the template of Annex 3 to the AF) are uploaded to the AF annexes,
2. and the relevant changes are recorded in Jems to the AF Partners' Co-financing section

as soon as possible. Updated/new contracts of third-party financing contributions don't need to be submitted, but they must be stored safely by the partners in question.

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 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 upcoming reporting procedure. Partners must be aware of the implications of the modification procedure on reporting (see section 3.3.4.5 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 Potential changes in the national financing contributions⁸

| Modification | Required action |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A third-party financing contribution is substituted (at project start) by a contribution from another financing institution. Assumption: values are the same.</p> | <p>The name of the financing institution should be changed in Jems. If relevant, the legal status (public or private) must be also updated.</p> <p>The new financing declaration must be attached to the AF.</p> <p>Changes will be reflected in the Financial overview and Contributions section of the partner reports only if the report is created after the modification is approved.</p> |
| <p>100% of the (remaining) third party financing contribution is substituted by a contribution from another financing institution (during project implementation). Assumption: total value of all contributions after the change is the same as the value of the contribution(s) before.</p> | <p>The new financing source and the contribution must be recorded in Jems 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 declaration must be attached to the AF.</p> <p>Contributions in past reports shall be equal to the decreased value of the old contribution. Partner reports created after the approval of the modification will reflect the new financing institution, contributions in upcoming reports shall be linked to that.</p> |
| <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 financer and its contribution should be recorded in Jems 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 declaration must be attached to the AF.</p> <p>Only Financial overview and Contributions sections of the partner reports created after the approval of the modification will reflect the new financing institution. Contributions in upcoming reports shall reflect the new financing structure. Contributions in previous reports cannot be changed retrospectively.</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. For this, a copy of the partner needs to be created in Jems, whereas all reporting linked to the previous ERDF rate shall be linked to the original partner, and the changed co-financing shall be reflected in the new partner.</p> <p>The new or increased financing declaration (or own resource self-declaration) must be attached to the AF.</p> |

⁸ The list may not be exhaustive.



| Modification | Required action |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <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 Jems 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>Only Financial overview and Contributions sections of the partner reports created after the approval of the modification will reflect the new financing institution. Effective contributions in upcoming reports shall reflect the new financing structure. Contributions in previous reports cannot be changed retrospectively.</p> |
| <p>The increased total eligible budget of a partner (e.g. due to a budget reallocation between partners) requires additional financing contribution – either the same provider of financing contribution increases its contribution or an additional new financier is included. Assumption: ERDF-rate at partner level is kept unchanged.</p> | <p>The increased budget and the increased or additional financing have to be recorded in Jems. Financing declarations (third party or own-resource self-declaration) about the increased or additional financial contribution must be attached to the AF. MA or MC decision may be needed due to the reallocation (according to the 10%-20% rules).</p> <p>Only Financial overview and Contributions sections of the partner reports created after the approval of the modification will reflect an additional financing institution (if applicable).</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. Assumption: ERDF-rate at partner level is kept unchanged.</p> | <p>The total eligible cost of the partner, 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> |

4.4.2.1.2 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 by the MC**.

The total ERDF funding for the project is also approved by the MC. The **amount of ERDF co-financing for the project can only be increased** if the co-financing rate at partner level does not exceed, as a general programme rule, 80%. Due to the availability of (automatic) government contribution for Hungarian project partners, their ERDF-rate shall practically not exceed 60%. Such a change is **subject to prior approval by the MC**.

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).



4.4.2.2 Reallocation between cost categories or partners

Reallocations in the project budget **between cost categories** (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 cost categories or between partners is **below 10% of the total eligible budget of the project**, the JS acknowledges the change.

Major changes:

2. Reallocations between cost categories or between partners of **at least 10% but below 20% of the total eligible budget of the project** are subject to the prior approval of the MA.
3. Reallocations between cost categories or between partners of **at least 20% of the total eligible budget of the project** are subject to the prior approval of the MC.

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

Reallocations between cost categories 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%.

In case of **reallocations between project partners**, if the involved partners have the **same ERDF co-financing rate**, shifting the expenditure item(s) and the related ERDF are linked and there is no change in the financing structure either at partner or at project level.

If the **reallocation between partners** is based on shifting **expenditure related to certain item(s)**, different ERDF co-financing rates of the involved partners may lead to a change in the ERDF amount at project level. The ERDF funding approved for the project cannot be exceeded without a decision by the MC.

If the **reallocation between partners** is based on **shifting a certain amount of ERDF** from one partner to the other, different ERDF co-financing rates of the involved partners may lead to change of the partner budget. The total approved budget of the project cannot be exceeded without a decision by the MC.

If applicable, the necessary changes in the financing contributions must be documented according to section 4.4.2.1.1. It is the task of the partner affected by the change, to **ensure that the required national financing contribution is available and documented**.

If reallocations between partners involve change of the ERDF-rate at any of the partners, for the new co-financing rate a copy of that partner needs to be created in Jems, whereas all reporting linked to the previous ERDF rate shall be linked to the original partner, and the changed co-financing shall be reflected in the new partner.

Other reallocation methods can be applied based on the individual circumstances at the project. In any case, **if an increase of the ERDF or the total eligible budget at project level is involved, a prior approval**



of the MC is required. In other cases, less ERDF or a decreased total budget at project level may become available after the modification.

4.4.2.3 Changes in the staff functions

The staff costs reimbursed on the basis of unit costs constitute a specific part of the budget. If a partner has chosen this reimbursement method, it cannot be changed to flat rate reimbursement or the other way around – see Eligibility Manual sections 4.1 and 5.1.2. The **functions defined in the valid AF** are the basis for the project implementation. The **working hours** by functions **are indicative**; multiplied by the applicable unit costs their sum defines the ceiling of the staff costs. If – justified – changes within the partner’s staff budget occur, they must remain within the budget for this category, or otherwise the reallocation rules between cost categories shall be applied (see section 4.4.2.2). Based on the rules related to staff unit costs, as laid down in the Eligibility Manual, and on the general principles for project modifications, most of the staff related changes can be handled without a formal modification of the AF:

1. **deviations** in the working hours (no impact on total staff costs) are handled according to section 4.2
2. if a function is not used at project start, e.g. because no employee is available for the function, as a basic rule it shall be left in the budget, **no modification of the AF** is needed;
3. if a function is not used during project implementation due to personal changes in the staff, but the tasks must be maintained, temporary overtaking of the tasks by a person holding another function **does not require a modification of the AF**;
4. if a function is not used and the related tasks are added permanently to a person holding another function, then the respective person’s allocation to the function shall be reviewed based on his/her original tasks combined with the newly added tasks and if necessary, the person’s **assignment to the function shall be updated** (the update shall be endorsed by the RC and reflected on the staff data sheet) ;
5. if new staff is appointed to an existing function, the **staff data sheet needs to be updated** (including endorsement by the RC);
6. if existing staff leaves the project or is assigned to a new function, the **staff data sheet needs to be updated** (including endorsement by the RC);
7. if – in exceptional and duly justified cases – a new, additional function is needed, a **modification of the AF is required** with a thorough explanation from the project on the reasons for the extension of the circle of functions in the project partner’s staff budget. The staff and their function need to be added to the updated staff data sheet and it must be endorsed by the responsible RC. The new function has to be taken up to the partner’s staff budget in Jems and the modification has **to be acknowledged by the JS**.

Changes shall be handled within the available staff costs, or according to the rules about reallocations in section 4.4.2.2.

4.4.2.4 Limitations to the modifications in the budget

According to the Eligibility Manual (see section 4.1), the settlement options selected by the applicants for the reimbursement of their expenditure (lump sums, unit costs, flat rates, real costs) are either confirmed



in the course of the project approval procedure, or in exceptional cases modified as a result of a conditional approval by the MC. The format for the settlement of costs is thus conclusively defined and becomes contractually agreed. **A change of the reimbursement method in the course of the project implementation is not possible.**

The application of SCOs implies a strong limitation also on the reallocations between cost categories and partners.

1. The possible **reallocations between cost categories** within the budget of a project partner are defined below according to the possible budget compositions in Table 2 of the Eligibility Manual (see its section 4.2):
 - a. If *no other flat rates* are used than *office and administration and travel and accommodation costs* (option 1): any reallocation involving staff cost is only possible if the sum of change in staff, the linked office and administration and travel and accommodation costs equals the sum of change in external expertise and services, equipment and infrastructure and works cost categories.
 - b. If the *20% staff flat rate* is applied (option 2): reallocations are limited to shifting costs between the external expertise and services, equipment and infrastructure and works categories. The sum of external expertise and services, equipment and infrastructure and works must not increase. Note that for small-scale projects this is the only available option for reallocations between cost categories.
 - c. If the *40% other cost flat rate* is applied (option 3): reallocations between cost categories are not possible.
2. In case of **reallocations between project partners** the flat rates applied at each involved partner must be respected!

State aid contractual conditions that set thresholds to the budget as it was granted to beneficiaries limit the possibility of budget modification. In particular, partners receiving State aid within a project under the *de minimis* regime cannot increase their budget.

4.4.3 Modification of 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, results, specific and communication objectives either on the basis of target values set in the AF or on a scale of *not-, partly- or fully achieved* (for details see section 3.4.4).

4.4.3.1 Changes in the timely implementation of the activities

Even if the LP closely monitors project activities, it can happen that due to unexpected situations or external circumstances some **activities, deliverables or project outputs are delayed in comparison to the original time plan**. If this happens, the LP or PP has to inform the partnership as soon as possible to discuss, seek corrective actions and agree on the next steps. Furthermore, the LP has to inform the JS about delays and the related actions.

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**. Project reports have to include a



justification of such deviations, an explanation on their consequence on the project's implementation and, if applicable, the solution agreed within the partnership on how to tackle them.

The partnership has to make all efforts to make up for the delay and implement corrective activities as soon as possible. The LP and PPs have to make sure that the project can be implemented in the given time frame. No formal modification of the AF is needed.

4.4.3.2 Reporting periods and deadlines

The Programme applies standard reporting periods of 6 months. The rules for reporting deadlines on partner and project level are defined in section 3.2 of this manual. Project level reporting deadlines are fixed in Jems within the "Project reporting schedule" of the Contracting section. Both partner and project level reporting deadlines are referred to in §7 (3) and (4) of the ERDF contract. In line with §11 (2) of the ERDF contract the reporting periods and deadlines cannot be changed.

4.4.3.3 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 duration**, 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 the outputs or the results.

In line with the ERDF 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 2028 and no prolongation of project duration beyond this date will be granted.

4.4.4 Modification of the work plan

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 about any substantial changes. The JS should be also notified in case there is doubt about whether the change is possible and what consequences it should have in formal terms. Based on this information the JS will either confirm that it's enough to justify deviations from the work plan in the reports or agree with the LP to launch a modification of the AF.

4.4.4.1 Deviations from 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 are usually not necessary.

Such **deviations from the work plan do not require a change of the latest valid AF** and the linked expenditure can be verified by the controllers. 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 other reasons.



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

4.4.4.2 Major modifications of the work plan

Changes related to **deliverables** are usually considered as deviations from the work plan. However, if a deliverable is identified as a main achievement (see section 3.4.6), or if the scope and impact of the change otherwise justifies, changes to deliverables shall also be subject to a formal project modification and **confirmation by the JS (in exceptional cases approval by the MA)**.

If the work plan needs to be modified beyond a minor adjustment (as presented in previous paragraph), i.e. **substantial modification of activities or any modifications to the project specific objectives, outputs, results or important structural elements of the project** (e.g. WPs, investments) 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 **shall 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 the work plan 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.

4.4.5 Modification of the partnership

As a principle, **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 §10 of the ERDF contract.

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, after the approval of the change cumulation of budget changes is started from 0% again.

4.4.5.1 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), a **prior consent of the MA is needed** (except in the event of universal succession, when the MA's approval is not required), in line with §19 of the ERDF contract. 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.

4.4.5.2 Withdrawal of a partner

Sections 4.4.5.2.1-4.4.5.2.3 describe the available options, if a partner has to withdraw from a project.

Attention!

In case a partner is deactivated, a warning appears that this action cannot be reverted. Applicants should do this action with great care.

Note

The partner section of a deactivated partner can still be edited by applicant users with the appropriate privileges while the project is in modification status. This allows e.g. to change the description or budget of a deactivated partner.

4.4.5.2.1 Replacement within the existing 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. 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 4.4.2.1.1) and the partnership agreement are to be updated accordingly.

4.4.5.2.2 Replacement 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 regulations⁹.

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, only the remaining tasks and budget may be overtaken by the new

⁹ This is performed by the responsible bodies on MS level.



partner. Please note that funds of the withdrawing partner become available for the new partner only after approval of the replacement by the MC.

4.4.5.2.3 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 have an overall negative impact on reaching the project targets (mainly the project specific objectives, outputs and results). If this cannot be demonstrated, the MA has the right to terminate the project and demand a partial or full repayment of funds.

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 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).

4.4.5.3 Supporting documentation for partnership modifications

The LP in cooperation with the other partners and the JS have 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 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 contract and partnership agreement are to 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 ERDF contract.
3. Updated content of the AF.

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

1. Updated partnership agreement including the new partner.
2. Lead partner and partner declarations according to the programme templates.
3. Documentation of the national financing contribution according to the ERDF contract.
4. Other relevant documents attached to the AF according to the administrative and eligibility criteria.
5. 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 have an overall negative impact on reaching the project targets (mainly the project specific objectives, outputs and results).
2. Updated content of the AF.

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



5 Communication rules

Communication of project achievements is of utmost importance. This chapter of the Implementation Manual summarizes the requirements that must be met to ensure eligibility and further hints are given to reach target groups on the widest possible level. It is also crucial that project communication aligns with the Programme's communication objectives set in the Interreg Programme. Among the below listed programme-level communication objectives the highlighted one relies on the projects' contributions to be fulfilled, however, projects during the implementation of their communication activities shall be aware of the other objectives, as well.

- Establish a common understanding about and achieve effective use of processes by all programme bodies;
- Increase knowledge of (potential) applicants of the simplified framework and support offered by the programme;
- Improve the communication with beneficiaries and foster the exchange among them for better project implementation and increased valorisation of results;
- **Achieve broad visibility of project results/achievements in the programme region and beyond** in continued cooperation with neighbouring Interreg programmes.

The communication channels of the Programme also rely on content provided by the projects. Therefore, direct contact with beneficiaries will be maintained by programme bodies to foster a better know-how exchange and communication. The following communication channels of the Programme will showcase project news, events, achievements, etc:

- Website: the main communication channel of the Programme, where (potential) applicants and beneficiaries can easily and directly access information and project-related content will be published.
- Newsletter: the online newsletter of the Programme promotes those projects' achievements which are already in a mature status of implementation or even finished their activities.
- Social media plays a key role in reaching various target groups and thus will be increasingly used by the Programme and projects. The Programme's social media channels (e.g. Facebook, LinkedIn) will be used to reach all target groups. Tailored information on projects/programme news, events, project results or campaigns in cooperation with other Interreg programmes.

Project communication is fundamental in increasing awareness about the Programme and its achievements. It shall be tailored to thematic stakeholders and can raise the interest of citizens in the project area. The past has proven that project events and infrastructure have the highest impact on awareness raising for Interreg. The wider public – relevant stakeholders and citizens – will be approached best via projects.

5.1 Legal background

Beneficiaries' communication obligations and responsibilities are regulated by the following legislations:

- Art. 46, 47 and Art. 50 of Regulation (EU) 2021/1060 (CPR): rules on visibility, transparency and communication responsibilities of project partners;



- Annex IX of Regulation (EU) 2021/1060 (CPR): rules on the use and technical characteristics of the emblem of the Union;
- Article 36 of Regulation (EU) 2021/1059 (Interreg Regulation): rules on transparency and communication responsibilities of project partners.

5.2 Intellectual property rights

Upon request, all project partners must provide the Programme or any EU institutions, bodies, offices or agencies with any communication materials produced in the project. All project partners must offer them under a royalty-free, nonexclusive and irrevocable licence without significant additional costs or administrative burden. This license on intellectual property rights shall grant to the EU and the Programme at least the following rights:

- internal use (right to reproduce, copy and make available the communication and visibility materials to EU and EU member states' institutions and agencies and their employees);
- reproduction of the communication and visibility materials by any means and in any form, in whole or in part;
- communication to the public of the communication and visibility materials by using any and all means of communication;
- distribution to the public of the communication and visibility materials (or copies thereof) in all forms;
- storage and archiving of the communication and visibility materials;
- sub-licensing of the rights on the communication and visibility materials to third parties.

5.3 Financial consequences of breaching the communication and visibility rules

Projects risk financial consequences when they disregard EU and programme branding requirements.

Failure to include the mandatory communication and visibility requirements (programme logo/project logo, statement, poster, etc.) and therefore failing to meet the basic requirements outlined in the CPR, the Interreg regulation and this manual, may lead to cuts in funding. Costs of any communication activity, such as conferences, events, seminars, printed materials, digital materials, web or social media appearance, giveaways, etc. might also be considered ineligible for ERDF funding in case rules are only partly followed (e.g. the programme logo is used incorrectly – too small in size, distorted, unsuitable position or not visible due to unsuitable background, etc.).

If amendments to violated requirements are not possible, the MA/JS may cancel up to 2% of the ERDF co-financing granted to the beneficiary concerned. The financial cuts will be applied to the concerned partner(s) with the principle of proportionality considering the infringement.

5.4 Communication requirements and communication support from the Programme

The Programme provides beneficiaries with the following communication tools in the form of templates and manuals to meet the legal requirements in the easiest possible way:



- Interreg AT-HU Brand Manual, a document with examples for right logo use, promotional items, etc.
- project logo
- document templates (Word, PowerPoint, A3 poster)
- project site on the programme webpage
- promoting project news and achievements on the programme's online channels.

5.5 Project information on beneficiary websites and their social media channels

All project partners have to provide on their organisations' official websites, where such a site exists, and on their social media channels, the project logo (highlighting the financial support from the Union) and a short description of the project (proportionate to the level of support, including its aims and results).

Programme support to meet the requirement: project logo, elevator pitch of the project primarily used for the project site on the programme webpage.

5.6 Posters

All project partners must publicly display at least one poster of a minimum size A3 (or an equivalent electronic display) on their premises with information about the operation highlighting the support from the Funds.

Programme support to meet the requirement: template for the A3 project poster, in portrait and landscape format, as well provided by the Programme.

5.7 Branding and visibility

Co-funded projects must acknowledge and promote the ERDF support received in all their activities. The approach to harmonise branding across the Programme, including all project branding, has been a cornerstone of communication in Interreg AT-HU since the previous period, strongly based on the common Interreg branding. It helps to facilitate project branding, reduces costs and helps to raise awareness on activities and results reached with ERDF support.

This harmonised approach is continued in the current period and projects must follow the Programme's brand design in all activities.

Programme support to meet the requirement: project logo, a document-, a presentation-, an A3 poster template provided by the Programme, and a programme-level Brand Manual.

5.8 Use of the project logo

Project logos are based on the programme logo. These logos are designed to meet all requirements set out in the EU regulations 2021/1059 and 2021/1060 and are provided by the Programme for the projects.

Projects are under no circumstance allowed to develop their project logos. However, specific logos might be considered as outcomes of the project with a lifetime that goes well beyond project duration, e.g. in

the case of brand development. In such exceptional cases, prior approval of the MA/JS has to be requested before the activity is implemented.

Project logos have to be placed on the front cover of all publications and documents. In videos, the logo has to be integrated in a reasonable size at the beginning as well as at the end of the video. On websites and their subpages, online and smartphone applications, social media channels and other digital platforms, the logo has to be positioned in a place which is visible on top without scrolling or clicking. On other communication products such as conference bags or exhibition roll-ups, it has to be placed in a prominent place.

The size of the logo should be reasonable and recognizable. If other logos are displayed in addition to the project logo, the project logo has to be placed on the same page (or surface) as the other logos.

Please note that the European Union flag emblem – which forms an integral part of the project logo - shall not be smaller than the size of the biggest logo displayed on the same page (or surface), measured in height or width.

To be safe, feel free to consult with the JS about size and placing of the logo and about combining logos.

Programme support to meet the requirement: project logo, a programme-level Brand Manual (with non-binding design templates for publications, plaques, posters, promotional materials etc.), a document-, a presentation-, an A3 poster template provided by the Programme.

Figure 7 Minimum logo size on A4 size media



5.9 Branding infrastructure and construction measures

In projects involving physical investment the total cost of which exceeds EUR 100 000, it is obligatory to establish durable plaques or billboards clearly visible to the public, that present the emblem of the Union in accordance with the technical characteristics laid down in Annex IX of the Regulation 2021/1060, as soon as the physical implementation of operations involving physical investment starts or purchased equipment is installed. In case of several infrastructures/equipment are concerned within one project, durable plaques or billboards have to be placed at all of them.



In addition to information on the ERDF support received by the project and the contact details of the responsible partner (name, address, e-mail and website), billboards and permanent plaques have to include:

- the project logo;
- description of the main project objective and the objective of the supported activity including the address of the project website.

In any other case, at least one poster (minimum size A3) or an equivalent electronic display has to be placed at a location clearly visible to the public, with information about the operation highlighting the support from the Funds (see point 5.6 above).

Programme support to meet the requirement: project logo-, an A3 poster template provided by the Programme.

5.10 Branding promotional products

Awareness-raising on a project is the most common reason for purchasing promotional items (give-aways or gadgets). They can be used at events, such as exhibitions and conferences, or in broader awareness campaigns.

Promotional items are produced in larger quantities and come custom-printed with the project logo. They are usually relatively small and inexpensive. Their production has to respect horizontal principles of equal opportunities, non-discrimination, sustainable development and environmental protection. Besides that, promotional items shall be aligned with the objectives or topic of the project, they shall give an impression of what the particular project aims at.

Project support to meet the requirement: project logo, a programme-level Brand Manual (with non-binding design templates for publications, plaques, posters, promotional materials etc.).

5.11 Special requirements for operations of strategic importance

Projects selected in the Programme as operations of strategic importance according to Art 50 1.) (e) of Regulation (EU) 2021/1060 (CPR), are obliged to organise a communication event or activity, as appropriate, and involve the EC and the MA in a timely manner.

Project support to meet the requirement: To fulfil this special requirement the Lead Partners of operations of strategic importance are informed at the contracting meeting and assisted during the implementation of their related communication activities. Furthermore, the EC has published a [practical toolbox](#)¹⁰ (available among others also in German and Hungarian), with information on communicating operations with strategic importance.

5.12 Beyond eligibility requirements

In addition to the above-explained legally required communication channels and activities, projects are expected to implement additional communication measures going beyond the minimum effort of meeting

¹⁰ https://ec.europa.eu/regional_policy/information-sources/publications/guides/2024/communicating-operations-of-strategic-importance-in-2021-2027-a-practical-toolbox_en



eligibility requirements. That does not equal target group-oriented informative communication about the benefits of the project and the funding granted by the Programme.

It is strongly recommended to produce relevant communication products such as short videos, infographics and other visual content that can be shared on partner social media as well as on other digital channels of the project, the Programme and other relevant stakeholders. Further guidance and support will be provided case-by-case by the JS in beneficiary support measures.

It is important for the Programme to support the success of projects by providing sufficient, high-quality and timely support to project partners during the preparation and implementation of projects. Furthermore, supporting applicants and project partners in effectively implementing projects is important to ensure well-functioning internal communication between the programme bodies to provide support during the project implementation, and ensure efficient implementation, including communication and capitalisation of results. By effective cooperation with the project partners the Programme will be able to promote the projects' achievements and results; increase the capacity of the projects to communicate their results, promote capitalisation activities, improve cooperation between projects and highlight the benefits of cross-border cooperation for the general public in the programme area.

The support can be used for different purposes, such as information days, trainings, seminars, information materials and the dissemination of project news, results and outcomes. Projects must actively engage with the Joint Secretariat to plan and implement effective project communication.

Each project is highly recommended to provide the following items via e-mail to the JS to ensure that the Programme will be able to support efficient and successful project communication:

- invitations to the events at least 14 days before the event,
- good quality photos of each event (in due time after the event), deliverables, equipment, investments, etc. after the completion of the activity,
- the links to the webpages, social media pages or any other relevant sites which are connected to the project,
- news articles, TV or online appearances, short films or audio-visual materials prepared for the project.



6 Potential consequences of non-achievement of project targets

All beneficiaries have to complete their project related activities within the projects' implementation period. By the end of the project all activities shall be reported as completed, leading to the achievement of all main project targets, especially project specific objectives, project outputs and results (some results are expected within a year after the end of the project).

Across 7 programme specific objectives (SO) altogether 26 output and result indicator targets have been identified in the Interreg Programme document. For this, 5 programme output indicators and 5 programme result indicators are used (for details see the Indicator Manual). The values of output and result indicators for selected projects (contracted value) and values achieved by projects (actual achievements) are electronically transmitted to the EC by 31 January, and 31 July of every year (acc. to Art. 42 (1) of the Regulation (EU) 2021/1060).

The achievement of programme targets is strongly dependent on project achievements; therefore, it is of utmost importance that selected projects deliver their targets (see also section 3.1 of this Manual).

The achievement of project specific objectives, outputs and results is crucial part of the project, their incompleteness may be an important sign that the project has not been implemented properly. Non-compliance is subject to §20 (1) (b) of the ERDF contract, potential consequences are regulated in the same article under paragraphs (2)-(7).

For the above reasons it is important to be able to assess the actual achievements of each selected project against the (contracted) target values, and be able to define, if a project has achieved its targets.

Fact is, that for various reasons projects are not always able to reach all originally planned project targets until the physical project closure. Programme bodies endeavour to support (mainly by information and coordination) projects that are facing difficulties in achieving their targets, first of all because the success of the supported projects is also in the interest of the Programme, but also in order to avoid negative consequences at project and programme levels.

In the followings it is set out when the achievement of a project is acceptable as well as when and to what extent a consequence shall be applied in case of failure.

6.1 Achievement or failure of output targets

The success or failure of achievement related to the output indicator targets is assessed using a **threshold of 65%** of the contract targets. Depending on the number of indicators in the project, the cases are defined in Table 2.

Table 2 Achievement or failure of output targets

| Nr. of indicators in the project | Output indicator (OI) value at project closure in % of the contract target | Achievement of project targets |
|----------------------------------|----------------------------------------------------------------------------|--------------------------------|
| 1 | ≥ 65% | Achieved |
| | < 65% | Failed |
| 2 | ≥ 65% for both OIs | Achieved |
| | < 65% for one or both OIs | Failed |
| 3 or more | ≥ 65% for all OIs | Achieved |
| | ≥ 65% for all but one OI | Achieved |
| | < 65% for two or more OIs | Failed |

It is possible that in a project two or more project outputs contribute to the achievement of a programme output indicator. In order to measure the achievement or failure of output targets, the number of indicators are counted, independent of the number of project outputs.

Explanation

E.g. if a project has 3 project outputs that contribute to 2 programme indicators, the 2 indicators are considered in the counting. Let's assume these two indicators are RCO87 (Organisations cooperating across borders) and RCO116 (Jointly developed solutions). One of the work packages contributes to RCO116 with 1 solution, the other one with 3, altogether 4 solutions are expected. If in the 2 work packages 3 solutions (75% of the target for the indicator) are successfully produced, the indicator is concerned as achieved, independent which solution failed. In principle, if more indicators include more than one project output, there is greater flexibility to fail a project output as long as the achieved indicator value is at or above 65%.

In case of failure to achieve project targets (as defined in Table 2) the MA may apply corrections according to Table 3:

Table 3 Rate of proposed financial correction according to the OI achievement

| Achievement | Rate of financial correction |
|-------------------------|------------------------------|
| achievement ≥ 65% | 0 |
| 65% > achievement ≥ 60% | 5% |
| 60% > achievement ≥ 50% | 10% |
| 50% > achievement | 25% |

Corrections shall be applied to the certified expenditure.



6.2 Achievement or failure of the project specific objectives

The project specific objectives are concrete targets by work package about what is supposed to be achieved by the implementation of the WP. Although specific objectives usually can't be directly measured by quantifiable standard indicators, their achievement is crucial for the success of the project, therefore other ways to measure their achievement need to be found. Depending on the project, the achievement or failure of a specific objective can be assessed on the basis of

1. linked main outputs,
2. and/or linked deliverables,
3. and/or in some cases other project specific quantitative or qualitative criteria.

For the purpose of assessing the achievement of project specific objectives, if at project closure any doubt arises about their achievement, the JS/MA shall identify those outputs/deliverables/other quantifiable criteria that can objectively define the achievement of the specific objective(s) concerned and define their contribution (in %) as well as their readiness (%) to the SO, based on which the achievement ratio can be assessed. The achievement table (see section 3.4.6) is a tool that can be used to get an overview of those elements which should have contributed to the specific objective. Other qualitative criteria shall be used only in exceptional cases, if objectively measurable outputs/deliverables are not available.

Each project has as many specific objectives (SOs) as work packages (WPs). Depending on the number of SOs/WPs in the project the success or failure to reach project targets should be assessed as defined in Table 4:

Table 4 Achievement or failure of specific objectives

| Nr. of SOs (WPs) | Achievement of the specific objective | Achievement of project targets |
|------------------|---------------------------------------|--------------------------------|
| 1 | Achieved | Achieved |
| | Not achieved | Failed |
| 2 | Both achieved | Achieved |
| | One or both not achieved | Failed |
| 3 or more | All achieved | Achieved |
| | all but one achieved | Achieved |
| | two or more not achieved | Failed |

In case of failure to achieve specific objectives (as defined in Table 4) the MA may apply corrections, as far as possible on the basis of available quantifiable criteria, according to the values in Table 5.

If only qualitative criteria are available to judge the success/failure of the specific objective(s), the proposed 5%, 10% or 25% corrections shall be applied depending on the seriousness of the failure with a sound justification.



Table 5 Rate of proposed financial correction according to the SO achievement

| Achievement | Rate of financial correction |
|------------------------------|------------------------------|
| achievement \geq 65% | 0 |
| 65% > achievement \geq 60% | 5% |
| 60% > achievement \geq 50% | 10% |
| 50% > achievement | 25% |

Corrections shall be applied to the certified expenditure.

6.3 Achievement or failure of the project results

Each project output can **lead to a project result**. The expected results of a project describe the **change** it aims for **by the end of the project or shortly thereafter**. Project results are measured by the result indicators of the Programme.

According to their timely measurement, the following indicators' final achievement can be measured up to one year after project completion:

- “**A**” indicators – RCR84 Organisations cooperating across borders after project completion,
- “**B**” indicators – RCR79 Joint strategies and action plans taken up by organisations (in some cases measurable also until project finalisation),
- “**C**” indicators – RCR104 Solutions taken up or up scaled by organisations (in some cases measurable also until project finalisation),
- “**D**” indicators – RCR85 Participations in joint actions across borders after project completion.

The following indicator's final achievement can be measured by project finalisation:

- “**E**” indicator – RCR81 Completion of joint training schemes.

While the achievement of project outputs is usually objectively dependent on the actions of the beneficiaries, the achievement of project results is more exposed to external factors than in the case of outputs. Also – by definition – these achievements are measured in 4 out of 5 cases until up to one year after project completion. For these reasons the Programme shall monitor, if the project partners have implemented the project so that it enables the achievement of results the most efficient way. This is practically done by monitoring the achievement of project outputs and project specific objectives. If – during follow-up reports about the achievement of project results (see chapter 7) – it turns out that the negligence of project partners, the low level/quality of other project achievements have led to the non-achievement of project results, the MA may apply financial consequences analogue to the output indicators.



7 Project closure and follow-up reports on achievement of results

The chapter about project closure and follow-up reports on achievement of results will be published at a later phase.



8 Complaints

In accordance with Article 69 (7) of the Common Provisions Regulation, 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 Monitoring Committee's decision,
2. complaints related to the project implementation, based on provisions in the subsidy contract,
3. complaints related to controls and audits.

The Application Manual includes a full description of the complaint procedure. Here the respective parts applicable for project implementation are repeated. For complaints falling under point 1 above see Chapter 8 of the Application Manual.

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.

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

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

If a complaint includes an incomplete description of a case that does not allow for a thorough assessment by the Managing Authority/Joint Secretariat 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 partner is strongly recommended to request additional technical or legal information. Experience has shown that technical exchange on this level between the lead partner and the Managing Authority/Joint Secretariat 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 Managing Authority/Joint Secretariat.

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



8.1 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 Managing Authority/Joint Secretariat on any issue covered by the subsidy contract. Such complaints are examined by the Managing Authority/Joint Secretariat on the basis of information brought forward by the lead partner. The Managing Authority will inform the lead partner as soon as possible, whether the Managing Authority is competent to investigate and decide on the issue or if the case is beyond its sphere of competence.

In general, 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.

8.2 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 Managing Authority/Joint Secretariat on the basis of information brought forward by the lead partner, in close cooperation with the body concerned.

9 Annexes

9.1 Abbreviations

Table 6 List of abbreviations

| | |
|-------------|------------------------------------|
| AA | Audit Authority |
| AF | Application Form |
| AT | Austrian |
| DE | German |
| EC | European Commission |
| ERDF | European Regional Development Fund |
| EU | European Union |
| EUR | Euro |
| GoA | Group of Auditors |
| HU | Hungarian |
| HUF | Hungarian Forint |
| IP | Interreg Programme |
| JS | Joint Secretariat |
| LP | Lead Partner |
| MA | Monitoring Committee |
| MC | Monitoring Committee |
| OI | Output Indicator |
| PP | Project Partner |
| SO | Specific Objective |
| RC | Regional Coordinator |
| RCO | REGIO Common Output Indicator |
| RCR | REGIO Common Result Indicator |
| SCO | Simplified Cost Option |
| VAT | Value Added Tax |
| WP | Work Package |



9.2 File naming for uploads

Table 7 Standard file naming for uploads

| Type of document | File name | Location | Source | Description in Jems |
|-------------------------------------|-----------------------------------------------------|-------------------------------|--------|---------------------|
| Partner Report | | | | |
| Activity contribution | ATHU-0X00XXX_PPx_Rx_Ax.x_name.xyz | Work plan progress | LP/PP | Activity name |
| Deliverable contribution | ATHU-0X00XXX_PPx_Rx_Dx.x.x_name.xyz | | LP/PP | Deliverable name |
| Output contribution | ATHU-0X00XXX_PPx_Rx_Ox.x_name.xyz | | LP/PP | Output name |
| Procurements | ATHU-0X00XXX_PPx_ProcurementName_AdditionalInfo.xyz | Procurements | LP/PP | Procurement name |
| Expenditure item | ATHU-0X00XXX_PPx_Rx.y_name. | List of Expenditure | LP/PP | Expenditure name |
| Contributions | ATHU-0X00XXX_PPx_Rx_Contribution_SourceName.xyz | Contributions | LP/PP | Contribution source |
| Project Report | | | | |
| Activity | ATHU-0X00XXX_PRx_Ax.x_name.xyz | Work plan progress | LP/PP | Activity name |
| Deliverable | ATHU-0X00XXX_PRx_Dx.x.x_name.xyz | | LP/PP | Deliverable name |
| Output | ATHU-0X00XXX_PRx_Ox.x_name.xyz | | LP/PP | Output name |
| Other annexes to the project report | ATHU-0X00XXX_PPx_PRx_AnnexName_optionalYYMMDD.xyz | Annexes | LP/PP | Annex name |
| Control | | | | |
| Control report | Control Report X - ATHU-0100080 - PP3 - R4.pdf | Control overview and finalize | | |
| Control certificate | Control Certificate X - ATHU-0100080 - PP3 - R4.pdf | | | |



The list of the supported file types is available in the Jems Manual provided by Interact at <https://jems.interact-eu.net/manual/> – section “Supported file types extensions (for upload)”. The maximum size of a single uploaded file cannot exceed **50 MB**.

Legend for the standard file naming:

- ATHU-0X00XXX – the character marked in red is the call ID,
- ATHU-0X00XXX – the characters marked in red are the unique project ID,
- PPx identifies the project partner, whereas “x” is the partner number – please note that in Jems the lead partner is identified as LP1, unless the lead partner role is transferred in a modification to another partner,
- Rx is the partner report ID, whereas “x” is the partner report number,
- Ax.x is the activity ID including the identification of the work package and the unique ID of the activity,
- Dx.x.x is the deliverable ID including the identification of the work package, the activity and the unique ID of the deliverable,
- Ox.x is the output ID including the identification of the work package and the unique ID of the output,
- PRx is the project report ID, whereas “x” is the project report number,
- The naming of the control reports is automatically generated by Jems.

Descriptions fields next to the upload help to identify the uploaded documents.



10 Versions of the Implementation Manual

| Version number | Date | Content of the update |
|----------------|------------|-----------------------------------------|
| 1.0 | 22.10.2024 | approved by the Bilateral Working Group |