

AdSWiM

Managed use of treated urban wastewater for the quality of the Adriatic Sea

Financial management and reporting procedures

Kick-off meeting | Udine | April 9th-10th 2019

Important reference documents (1)

- Application Form (AF): describes the framework of the project, WPs, activities etc.
- Financial Plan (budget): details the breakdown of the available budget by partner, WP, Budget line, period
- Contracts: Subsidy Contract (SC) and Partnership Agreement (PA)

Important reference documents (2)

- Factsheet n.6 on Project implementation
- SIU user manuals
- For Italian PPs: Manuale per la rendicontazione ed i controlli in relazione alla spesa dei Programmi di Cooperazione Territoriale Europea (MEF/IGRUE)»
- Other documents at <http://www.italy-croatia.eu/content/project-implementation-documents>

The reporting procedure in general

- Purposes of project reporting:
 - ✓ To monitor the implementation of the project compared to the approved Application Form
 - ✓ To request the reimbursement of the expenditures incurred in the framework of the project (100% of reported expenditures will be controlled)

The reporting procedure in general

- The procedure has two steps: Partner Report (step 1) and Progress Report (step 2)
- The reporting procedure is made exclusively on the Programme's on-line system SIU with username and password provided by the MA (in detail: LP collects data of PPs and FLC and communicates them to the MA; MA creates accounts)

Partner report (step 1)

- To be filled in by each PP individually. Each PP has to report on the progress made in the implementation of the project and the relative expenditures incurred.
- The Partner Report includes:
 - Activity report (description of carried out activities, target groups involved, outputs delivered)
 - List of expenses **incurred and paid** during the RP (Reporting Period)
 - Annexes (to be uploaded on SIU and/or sent via email to FLC), specific for each budget line

Partner report (step 1)

- LP and each PP send their partner report via online system SIU to the FLC, including the list of expenses, invoices and payments;
- FLC evaluates the expenses and provides the LP and each PP with a certification of validated expenses (CoVE)

Organization of FLC system

FLC is organized differently in the two partner States:

- In **Croatia** the FLC is **centralized**. The body in charge is the Agency for Regional Development.
- In **Italy** the FLC system is **decentralized**. Each beneficiary has to appoint its own controller according to the requirements set at national level. FLC can be:
 - INTERNAL (Only for public bodies' functionally independent departments/units inside the beneficiary's organization)
 - EXTERNAL (Independent institutions/ selected by a procurement process in line with the Programme's rules)

Organization of FLC system

- **For Italian beneficiaries:** read carefully the document “description of the Italian FLC System” on the Programme’s website (<http://www.italy-croatia.eu/content/project-implementation-documents>) and all provided annexes
- The appointment of controllers has to be validated by the Italian FLC validator (Veneto Region – Area for Instrumental Resources – Budget and Accounting Directorate – FLC Team)

Organization of FLC system

Other differences:

- **For Italian beneficiaries, FLC costs have to be reported** either on BL external (if an external controller is appointed) or staff (in case of internal audit department carrying out FLC). This sum must include at least one on-the-spot visit! Croatian beneficiaries do not have FLC costs as controls are carried out at a National level.
- **For Italian beneficiaries, the appointed controller has to be indicated in the relevant section of the PR** before any expenditure claim is submitted. Croatian beneficiaries only have to mention the Agency in charge.

Eligibility of expenditures

Some highlights from the general principles regarding the admissibility of expenditures:

1. Expenditures must be strictly related to activities described in the AF and financial plan (budget). All reported costs must be directly linked to project preparation /implementation.
2. NO DOUBLE FUNDING!
3. Separate accounting system or accounting code specific for the project

CUP code (for Italian partners)

- It must be included in all the documents related to the project (tender procedures, contracts, invoices, payments, service orders...)
- It is communicated to LP and it is valid for all ITA PPs
- In addition to the CUP, include in all project documents the name of the Programme and at least the acronym of the project

Other relevant aspects

- Procedures to hire personnel (temporary workers, scholarships, etc.) as well as public procurement must be started as soon as possible (as they are time-consuming they risk to slow down the implementation and the financial progress)
- Selection of external providers must comply with European/national rules on public procurement. Private bodies must select providers according to a transparent market search
- For assignments above 5000 €, both public and private bodies must collect at least three quotations

Other relevant aspects

- Contracts for external providers should include payment conditions that split the amounts to be paid during project duration (to respect expenditure forecasts set in the AF)
- Scholarships and temporary workers can be included in BL “staff”
- Project documents and/or promotional materials must comply with the rules of ITA-HR communication and brand design / projects communication kit (guidelines available at this link: <http://www.italy-croatia.eu/content/project-implementation-documents>)
- During each project meeting/event you need to fill in an attendance sheet collecting the signatures of all participants

Eligibility timeframe for each phase

1. Preparation costs: from approval of CP to the date of closure of the call (i.e. lump sum, no need to document expenditures, to report in PR 1)
2. Implementation: from start to end date (01/01/2019 to 31/12/2020)
3. Closure: final project implementation costs (incurred by the end date of the project and paid within 30 days from the end date = by 31/01/2021) + costs related to the last Progress Report (can be incurred after the end of the project and must be paid within 30 days from the end date)

BL Staff costs (real costs basis)

- Contract of employment / Service order
- Calculation of gross labour cost of the employee and calculation of hourly cost
- Report about carried out activities
- Timesheet (only for personnel working on the project for a variable number of hours)
- % of time working on the project (for personnel working on a fixed %)
- Payrolls
- Proof of payment (salaries+social charges)

BL Office and administration

Calculated on a flat rate basis (15% of staff costs)

No need to submit documents

BL Travel&Accommodation

- Authorisation to attend the meeting/event
- Brief report about the meeting and related documents (invitation, attendance sheet, agenda, minutes etc.)
- Expense documents (e.g. train tickets, hotel receipts, etc.)
- Request for reimbursement
- Proof of payment (e.g. reimbursement done by the institution to the employee)

BL External services

- Documents related to the tender or assignment procedure
- Contract or assignment letter
- Report by the assignee
- Deliverables produced (e.g. promotional materials, translations, technical reports etc.)
- Invoice
- Proof of payment

BL Equipment

- General equipment – only depreciation (to be purchased within the first 6 months of the project)
- Thematic equipment – full cost (to be purchased not later than 6 months before project closure)
- Documents related to the tender or assignment procedure
- Depreciation criteria and related documents
- Declaration on the specific use of the instrument for project purposes (only in case of full cost eligibility)
- Invoice + delivery/installation report
- Proof of payment

Progress report (step 2)

- LP collects the validation certificates of all PPs and sends a global “Progress Report” concerning the project as a whole to the Managing Authority;
- The Managing Authority approves the documents and authorizes the disbursement of ERDF funds and National Italian funds to LP (which then transfers them to PPs).

Deadlines

Nr.	Reporting Periods	PP → FLC	Approval FLC	LP → MA
I	01/01/2019 - 30/06/2019	31/07/2019 HR: 10/07/2019	31/08/2019 HR: 10/09/2019	30/09/2019
II	01/07/2019 - 31/12/2019	31/01/2020 HR: 10/01/2020	28/02/2020 HR: 10/03/2020	31/03/2020
III	01/01/2020 - 30/06/2020	31/07/2020 HR: 10/07/2020	31/08/2020 HR: 10/09/2020	30/09/2020
IV	01/07/2020 - 31/12/2020	31/01/2021 HR: 10/01/2021	28/02/2021 HR: 10/03/2021	31/03/2021

Budget flexibility

It is possible to move funds between budget lines or WPs if the amount moved is below the threshold of 20% of the amount stated in the AF for the receiving budget line/WP.

Example

BL/WP	Budget in AF	New Budget	Increase	Increase (%)	Y/N
BL External	200.000,00	220.000,00	+20.000,00	10%	MINOR
BL Travel	50.000,00	80.000,00	+30.000,00	60%	MAJOR
WP1	300.000,00	350.000,00	+50.000,00	17%	MINOR
WP3	320.000,00	400.000,00	+80.000,00	25%	MAJOR

Budget flexibility

Remember that any change in BL staff costs results in a change in BL office and administration, since the latter is calculated as a percentage of the first!

Minor modifications has to be reported as “deviations” within the Progress reports and must be approved by the LP. Major modifications (>20%) must be approved by the MA (only once in the project lifetime)

A budget reallocation exceeding the threshold of 20% can be asked only once in the lifetime of a project.

Reference documents, questions, problem

- Always refer to the AF, budget, contracts and factsheet n.6, SIU user manual and other specific documents listed in the Programme website;
- It's Partner responsibility to know the RULES !
- The Lead Partner is available for general advice on specific problems not already clarified by the above documents
- Croatian partners can also contact the Regional Contact Point and FLC office
- Important: timely inform the LP of any problem that could delay or otherwise hamper the implementation of the project, so adequate preventive/corrective measures can be taken.


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