

Building Partnership



# Beneficiary's manual

in the frame of the

INTERREG V-A SLOVAKIA-HUNGARY  
COOPERATION PROGRAMME

Date of publishing:

10<sup>th</sup> July 2019

Beneficiary`s manual\_v2-00

## Content

Content.....	2
<b>INTRODUCTION .....</b>	<b>3</b>
<b>ABBREVIATIONS .....</b>	<b>5</b>
<b>1 BASIC PRINCIPLES.....</b>	<b>6</b>
1.1 Programme and project stakeholders.....	6
1.2 Information and monitoring system.....	10
1.3 Communication with project coordination bodies.....	10
<b>2 CONTRACTING .....</b>	<b>11</b>
2.1 Mandatory documents.....	11
2.2 Finalisation of the Application form in the pre-contracting phase .....	13
2.3 Subsidy Contract for the EU contribution.....	14
2.4 National co-financing contract .....	14
<b>3 PROJECT IMPLEMENTATION.....</b>	<b>16</b>
3.1 Project modifications .....	16
3.2 Reporting .....	19
3.3 Monitoring visits .....	27
<b>4 PROJECT CLOSURE.....</b>	<b>28</b>
4.1 Financial closing of the project .....	28
4.2 Archiving .....	28
4.3 Reporting in the Follow-up period.....	29
4.4 Project audits .....	30
4.5 Decommitment of funds .....	30

## INTRODUCTION

The Beneficiary's manual is intended to provide information and guidance to all Beneficiaries implementing projects selected in the Interreg V-A Slovakia-Hungary Cooperation Programme [Programme]. The manual is divided into four parts which follow the project implementation phases. Structure of the document was created in order to lead Beneficiaries to information that is relevant in different implementation phases.

The first part of the Manual introduces **basic principles** of the Programme operation. The second part describes the pre-implementation phase which starts with collecting of the necessary documents for **contracting** and ends with the signing of the Subsidy Contract. The third part contains Beneficiary tasks during the **project implementation** like project modifying or reporting on project progress. Finally, the fourth part includes information on **project closure** and the follow up obligations.

The Manual has several individual annexes which are indispensable parts of this document. All relevant documents can be downloaded from the website of the Programme separately or as the Beneficiary's package.

The Beneficiary's package contains the necessary guides, declarations and templates as following:

- Beneficiary's manual
- Guide on eligible expenditures
- Guide on indicators
- Guide on Project Report (PR&AfR)
- Visibility guide for projects
- Declaration on non-existence of the reasons for exclusion
- Declaration on De minimis aid
- Declaration of SME Beneficiary for the reimbursement of EU funds
- Template for the Subsidy Contract
- Template for the Partnership agreement
- Template for the Follow-up report
- Template for the Declaration on validation of expenditures
- Template for the project modification request
- Project revenues template
- User Manual for the IMIS 2014–2020 Beneficiary report module
- User Manual for the IMIS 2014–2020 Project report module

Documents prepared by the First Level Control units:

- Elszámolási segédlet
- Kontrolný systém v Slovenskej republike
- Príručka k procesu verejného obstarávania

In case of any amendments made to the Manual due to legislative changes or other requirements during Programme implementation which influence the implementation of already approved projects, they will be available on the official website of the Programme ([www.skhu.eu](http://www.skhu.eu)). For specific problems related to your particular operation, please, contact the Joint Secretariat or the First Level Control for advice. You can find the contact details on the above mentioned official website.

## ABBREVIATIONS

[AA]	Audit Authority
[AB]	Associated Beneficiary
[AF]	Application Form
[AFR]	Application for Reimbursement
[BR]	Beneficiary Report
[CA]	Certifying Authority
[DOVE]	Declaration on Validation of Expenditure
[ERDF]	European Regional Development Funds
[FLC]	First Level Control
[IP]	Info Point
[JS]	Joint Secretariat
[LB]	Lead Beneficiary
[MA]	Managing Authority
[MC]	Monitoring Committee
[MCBB]	Main Cross-Border Beneficiary
[MOARD]	Ministry of Agriculture and Rural Development of the Slovak Republic
[NA]	National Authority
[PR]	Project Report
[Programme]	Interreg V-A Slovakia-Hungary Cooperation Programme
[SME]	Micro, small and medium-sized enterprises
[SZPO]	Széchenyi Programme Office Nonprofit Limited Liability Company

## 1 BASIC PRINCIPLES

### 1.1 Programme and project stakeholders

#### Programme coordination bodies

The Interreg V-A Slovakia Hungary Cooperation Programme is implemented in an international environment. The European Commission expects to reach the maximum possible extent of the joint implementation; therefore a joint institutional structure was set up to operate the Programme. The responsible Programme coordination bodies are the following:

##### **Monitoring Committee**

The Monitoring Committee [MC] is the main decision-making body for the Programme and its overall task is to ensure the quality and effectiveness of the Programme's implementation. The MC is responsible among others for selection of project proposals.

##### **Managing authority**

The role of the Managing Authority [MA] is undertaken by the Ministry of Foreign Affairs and Trade in Hungary. The MA is the body formally responsible for managing the Programme on behalf of the participating partner countries. It is the MA that signs the Subsidy Contracts for EU contribution on behalf of the Programme with the Lead Beneficiaries of the selected projects.

##### **National authority**

National Authority [NA] closely cooperates with MA to ensure effective and efficient implementation of the Programme and establishes national requirements and conditions for its implementation. The role of the National Authority in Slovakia is undertaken by the *Ministry of Agriculture and Rural Development of Slovak Republic*. It is the Ministry that signs the national co-financing contract with Main cross-border Beneficiary located in the Slovak Republic.

The role of the National Authority in Hungary is undertaken by the Ministry of Foreign Affairs and Trade. The national co-financing contract with Beneficiaries located in Hungary is signed by the Széchenyi Programme Office Nonprofit LLC. on behalf of the Ministry of Foreign Affairs and Trade.

##### **Certifying authority**

Certifying Authority [CA] hosted by the Hungarian State Treasury is responsible for checking project expenditures, making claims for funding to the European Commission and making payments to projects.

##### **Audit Authority/Group of Auditors**

The Audit Authority [AA] is undertaken by the *Directorate General for Audit of European Funds* in Hungary and is responsible for system audits and sample audits of projects. The AA is assisted by a Group of Auditors [GOA] comprising representatives of each partner state. The

GOA is made up from the *Directorate General for Audit of European Funds* for Hungary and *Ministry of Finance of the Slovak Republic* for Slovakia.

## Project coordination bodies

### Joint Secretariat

The Joint Secretariat [JS] is hosted by the *Széchenyi Programme Office Nonprofit Limited Liability Company* in Budapest. The Secretariat assists the MA and the MC in carrying out their respective functions. JS provides information to potential Beneficiaries about funding opportunities and assists Beneficiaries in the implementation of projects with respect to Programme rules. JS is also responsible for the controlling of the overall project implementation on joint level.

### Info Points

Info points [IP] are hosted by the offices of Bratislava, Nitra and Košice self-government regions to complement the activities of the JS in Slovakia. The main tasks of the IPs are to assist in project generation, -application and -implementation processes and to contribute to information and awareness raising activities.

### First Level Control

The MA and the NA are also responsible for the setting up and the execution of the control system in order to validate the expenditures at the national level. The First Level Control [FLC] is the responsible department in each member state to control and validate the costs of the Beneficiaries emerging during the project implementation. This task is always carried out in line with the national laws and regulations.

The FLC in Hungary is also hosted by the *Széchenyi Programme Office Nonprofit Limited Liability Company* [SZPO] in Budapest, Sopron and Mátészalka. It is the SZPO that signs the national co-financing contract with Beneficiaries located in Hungary. The FLC in Slovak Republic is hosted by the *Ministry of Agriculture and Rural Development of the Slovak Republic* [MOARD].

## Beneficiaries

### Lead Beneficiary

Each project must have eligible partners from both countries of the Programme area. The minimum setup of the partnership is that the Lead Beneficiary has at least one cross-border partner which has seat on the other side of the border<sup>1</sup>. In line with the Article 13 (1) of Regulation No 1299/2013 of the Council and the European Parliament, if there are two or more beneficiaries implementing a project one of them shall be designated by all the beneficiaries as the Lead Beneficiary [LB]. This is the so-called *Lead Beneficiary principle*.

The LB represents the project and bears overall responsibility for ensuring the successful implementation of the entire project. Even though the LB carries the overall responsibility for the project all Beneficiaries shall consider themselves to be fully responsible for implementing their elements of the project in accordance with the Application form and Subsidy Contract.

**The LB is solely responsible towards the Programme management structure for the implementation of the terms of the Subsidy Contract, as well as for the timely and correct reporting towards the JS.**

The designated LB shall manage the project implementation process, coordinate the work of the partnership and fulfil administrative and professional tasks. The LB shall guarantee that the Beneficiaries understand and are aware of the actions that have to be fulfilled and shall find and develop the most efficient way and source of communication. Detailed list of tasks of the LB is the following:

- preparation and signing of the partnership agreement;
- conclusion of the Subsidy Contract;
- coordination of the overall project implementation;
- managing activities linked to overall project management;
- keeping continuous contact and information of beneficiaries;
- collecting the Declaration on Validation of Expenditures of Beneficiaries;
- preparation and submission of project reports and applications for reimbursements [PR/AFR];
- receiving and transferring the community contribution;
- preparation and submission of project modification requests;
- ensuring the compliance with EU regulations and with the relevant national legislation for the whole partnership (e.g. public procurement, state aid etc.);
- ensuring the achievement of the project level indicators;
- handling irregularities;
- managing activities related to project closure;
- submission of follow-up reports and
- ensuring the sustainability of the project results.

---

<sup>1</sup> This condition is not applied to European Grouping for Territorial Cooperation (EGTC).



Taking into account that the Lead Beneficiary is also a Beneficiary, the LB also signs the national co-financing contract to receive state co-finance.

### **Other Beneficiaries**

The role of the beneficiaries is as much important in the implementation of joint projects as that of the LB. The overall tasks and responsibilities of each Beneficiary are:

- supporting the activity of the LB;
- efficient cooperation with the other Beneficiaries;
- signing the partnership agreement and the national co-financing contract;
- implementation of the assumed activities in accordance with the approved timeframe and quality;
- preparation and submission of Beneficiary reports;
- receiving the community contribution and state co-financing;
- preparation of project modification requests;
- assuming responsibility in any irregularity related to the expenditure for which it has been declared.

### **Main cross-border Beneficiary**

In case the LB has its registered seat in Hungary and there is more than one beneficiary with registered seat in Slovakia, the Slovak beneficiaries appoint one organization among themselves as Main Cross-border Beneficiary [MCBB]. The role of the MCBB is to conclude the National co-financing contract on behalf of all Slovak Beneficiaries involved in the project. In case the LB has its registered seat in Slovakia, the LB will be the MCBB automatically; even there are more beneficiaries with registered seat in Slovakia.

### **Associated Beneficiary [AB]**

Associated beneficiaries are project beneficiaries who do not contribute financially to the project but have an interest in its results. They effectively act as professional guarantee or observers. In this case the AB is allowed to ensure the fulfilment of mandatory indicators (e.g. creation of new working places) without financial engagement. AB shall closely cooperate with LB in order to fulfil the undertaken mandatory indicators.

## 1.2 Information and monitoring system

IMIS 2014-2020 is an information and monitoring system required for the management of cross-border Programmes financed from European Regional Development Funds [ERDF] in the programming period of 2014-2020. During the implementation phase Beneficiaries shall manage their projects/project parts through IMIS 2014-2020 system. It means that each Beneficiary shall report on their expenditures and ask for its reimbursement through IMIS 2014-2020; modification requests are also initiated through IMIS 2014-2020. Furthermore, the verification process of the costs of the Beneficiaries, the approval of the reports and modification requests, the transfer of ERDF funds to the LBs, as well as irregularity and reclaim procedure and project closure are also proceeded in the system.

After creating the project in IMIS 2014-2020 the responsible programme manager of the JS shall assign users responsible at the Lead Beneficiary organization for recording (*recording user*) and verifying data (*signatory user*) in IMIS 2014-2020. Afterwards each user gets the login information (*username, password and certificate*) via e-mail. The same procedure is conducted on project part level. The responsible FLC controller shall assign the responsible users for each Beneficiary.

*The comprehensive guide on IMIS 2014-2020 system can be downloaded from the Programme website separately or as the part of the Beneficiary's package.*

## 1.3 Communication with project coordination bodies

Each project is linked to a responsible programme manager at the JS and the FLC unit as well. Beneficiaries primarily communicate with financial controllers at the FLC body or channel their request to the JS via the LB. The LB primarily communicates with the designated programme manager of the JS. The name and contact data of the JS programme manager is indicated in the MA notifying letter that is sent to the LB after the project is selected.

After obtaining the MA notifying letter it is advisable for the contact persons of the selected projects to contact the designated programme manager immediately in order to know the upcoming tasks regarding the project implementation.

The official communication with the JS is in English language. In case of submission of documents in hardcopy or if paper based communication is needed, documents shall be submitted by postal or courier service or delivered personally to the address of the JS. Evidence of the timely submission will be constituted by the date of dispatch, the postmark or handover protocol concluded during the personal delivery.

In case of electronic correspondence Beneficiary shall always indicate the project identification number in the subject field of the mail and contact data below the text of the mail. National languages can be used in informal communication according to the language knowledge of the programme managers. Contact data of the JS and the FLC units are available on the Programme website on the following link: <http://www.skhu.eu/contact-information>.

## 2 CONTRACTING

### 2.1 Mandatory documents

Once the MC selected the project for co-financing, contracting procedure can be started. As a first step, the MA sends *Notifying letters on approval* to LB of the awarded projects. The notifying letter contains key parameters of the approved project proposal, the name and contact data of the designated JS programme manager and the list of mandatory documents to be submitted for contracting along with the deadline for submission.

### Examples of mandatory documents to be prepared by the LB

#### Bank account service contract

Each LB has to open a new bank account or sub-account solely for the purposes of the project in EUR currency. The LB shall submit the copy of the service contract concluded between the organization and the Bank or an own statement including the following data:

- name of the bank;
- address of the bank or its branch office;
- IBAN number and
- SWIFT code of the account.

There can be organisations (especially in the public sector) which cannot open a separate EUR account, these cases will be handled individually).

*The document can be submitted in the national language of the Beneficiary.*

#### Specimen of signature

Each statutory representative of the LB has to submit an authentic copy of specimen of signature who will sign the Subsidy Contract.

*The document can be submitted in the national language of the Beneficiary.*

#### Partnership agreement

Partnership agreement replaces the previously signed Declaration on Partnership attached to the Application form and shall be signed by all Beneficiaries taking part in the project implementation. The Agreement covers all aspects of cooperation within the partnership including a clear distribution and allocation of respective financial amounts, reflecting the assigned tasks and responsibilities per Beneficiary. Beneficiaries shall agree on the ownership of the project outcomes, on sustainability conditions of the project results and on solutions regarding the handling of risk situations. The LB is requested to submit signed version of the Partnership agreement in three originals.

*Template of the Partnership Agreement can be downloaded from the Programme website separately or as part of the Beneficiary's package. The template can be extended according to the specific needs of the project partnership and character of the project, however no predefined parts of the template can be deleted or modified.*

## Examples of mandatory documents to be prepared by each Beneficiary

### Declaration on non-existence of exclusion criteria

Each Beneficiary shall submit original declaration on non-existence of the reasons for exclusion certified by the legally authorised representative of the organization. *Template of the Declaration can be downloaded from the Programme website separately or as part of the Beneficiary's package or as instructed in the Notifying letter.*

### Building permission

If relevant, the Beneficiary having construction/reconstruction activity that requires building permission shall submit the copy of valid building permission according to the instructions in the *Notifying letter*. *Documents shall be submitted in the national language of the Beneficiary.*

### Environmental Impact Assessment

If relevant, the Beneficiary having construction/reconstruction activity that requires Environmental Impact Assessment shall submit the copy of the assessment according to the instructions in the *Notifying letter*. *Documents shall be submitted in the national language of the Beneficiary.*

### Declaration on De Minimis aid

Each Beneficiary having economic activity affected by De minimis regulation shall submit original Declaration on De minimis aid indicating the amount of de minimis aid received by the Beneficiary during the current and the previous two fiscal years. *Template of the Declaration can be downloaded from the Programme website separately or as part of the Beneficiary's package or as instructed in the Notifying letter.*

### Information on Lead Beneficiary contact person data changes (if relevant)

### List of membership organizations (relevant for Slovak beneficiaries only)

Beneficiaries having seat in Slovakia and falling under the “interest association of legal entities (záujmové združenie právnických osôb)” type of organization shall submit the list of membership organizations.

The exact list of mandatory documents to be submitted on behalf of each Beneficiary involved in project partnership is stipulated in the *Notifying letter* sent to the LB by the MA.

## Submission of the documents

The LB has to collect and submit the documents within the deadline as stipulated in the *Notifying letter* to the JS. Mandatory documents shall be submitted by postal, courier service or delivered personally to the address of the JS or by means instructed in the *Notifying letter*. The envelope containing mandatory documents have to be sealed and properly marked in such a way that includes all of the following information:

- full name and address of the LB,
- title of the Programme,

- identification code of the project,
- text: “Mandatory documents for contracting”,
- name of the designated programme manager.

During the contracting process JS may request further additional information or completion of documents. In case of completion the JS asks LB to submit the requested documents in 10 calendar days from the receipt of the completion letter. *If LB is not able to present the mandatory documents within the given deadline the contracting procedure may be suspended or cancelled.*

## 2.2 Finalisation of the Application form in the pre-contracting phase

During the quality assessment external assessors may set different conditions that must be met before the signature of the Subsidy Contract or in some cases during the project implementation. Also the JS may indicate some parts of the Application form [AF] (*proposed budget, project duration or indicators*) which are not or partly not in line with conditions set in the relevant Call for proposals. The JS may propose modifications of the AF during the selection process before the decision of the MC.

After the project is selected, the JS requests personal consultation with each LB in order to consult the set conditions and/or the proposed modifications also considering Beneficiary requests reflecting on circumstances occurred since the submission of the AF. The aim of the consultation is to clarify the crucial parts of the project proposal and to finalize the submitted AF. During the consultation the following project parts shall be clarified:

- Beneficiary contact data;
- status of the mandatory documents;
- project duration and the appropriate starting date of the project;
- tasks and tangible outcomes regarding each project activity;
- content and amount of each expenditure;
- measures proposed to fulfil horizontal principles;
- content and value of each output indicator.

*Modifications agreed during the consultations are included into the final version of the AF which is attached to the Subsidy Contract as Annex I. Modifications come into force by the signature of the Subsidy Contract.*

After the conditions described in the *Notifying letter* are met and all the necessary documents are correctly submitted to the JS, the MA issues the *Declaration of Commitment* which serves as a financial guarantee before the conclusion of the Subsidy Contract.

### 2.3 Subsidy Contract for the EU contribution

The Subsidy Contract for the EU contribution [SC] is concluded between the MA and the LB. The SC guarantees the rights of the LB and the MA within the framework of the Programme. By signing the SC, the LB confirms acceptance of all related rules set out or referred in the contract and the relevant community and national regulations to observe during the project implementation.

**The SC sets out the rights and responsibilities of the contracting parties with regard to the grant reimbursement, monitoring and reporting, recovery of funds, control and audit system, as well as information and publicity requirements of the project. The SC confirms the maximum amount of the EU contribution (*ERDF co-financing*) available to the project and serves as a legal and financial framework for implementation of the project.**

The SC is prepared by the JS in English in three copies. The SC is signed first by the MA and then passed through the JS for signature to the LB who has **7 calendar days** for signature and delivery back to JS. The 2 originals of the SC signed also by the LB should be then delivered to the JS either by registered mail (with proof of receipt) or personally. One original of the SC is kept by the LB. *Template of the Subsidy Contract can be downloaded from the Programme website separately or as part of the Beneficiary's package. The general template of the SC can be adjusted by the Programme to the specific Call's for proposals conditions if relevant.*

The SC enters into force on the date of signature by the LB and the project shall start on the date indicated in the SC. The signed version of the SC is then scanned, uploaded to IMIS 2014-2020 and sent to the NA of Slovakia and Hungary by e-mail. Only after signing the SC, the NAs (or their delegates) can sign the national co-financing contract.

### 2.4 National co-financing contract

#### **National co-financing contract for Hungarian Beneficiaries**

After the SC for EU contribution is concluded, each Beneficiary (except for SME Beneficiaries) registered in Hungary signs a separate national co-financing contract with the FLC Body hosted by the SZPO. In order to sign the contract Hungarian Beneficiaries are requested by FLC controllers to submit relevant documentation. After the conditions set by the FLC are fulfilled the national co-financing contract is sent to the Hungarian Beneficiaries for signature. Upon return, SZPO also signs the contract on behalf of the Hungarian NA.

After concluding the national co-financing contract Hungarian Beneficiaries receive the national contribution part of their budget as pre-financing without any prior request of the Beneficiaries. Beneficiaries are informed about the conditions of the payment as well as the rules of their financial settlement (*regulated in the Implementing Regulations of 126/2016. (VI.7.)*) in the notifying letter sent by the FLC body.

With the fulfilment of the SC, the national co-financing contract is also regarded as fulfilled proportionally in respect of the concerned Beneficiary.

### **National co-financing contract for Slovak Beneficiaries**

Slovak Beneficiaries acting in the partnership of a project first shall appoint one organization among themselves as a Main Cross-Border Beneficiary who concludes the national co-financing contract on behalf of all Slovak Beneficiaries (except for SME Beneficiaries) involved in the project. After the Subsidy Contract for EU contribution is concluded the MCBB registered in Slovakia signs the national co-financing contract with the Ministry of Agriculture and Rural Development of the Slovak Republic [MOARD]. In order to sign the contract the MCBB is requested to submit relevant documentation by the programme manager at the MOARD.

### 3 PROJECT IMPLEMENTATION

The factual project implementation starts with the start date of the project set in the SC. The final start and end date of the project is adjusted to current circumstances during the contracting procedure. Beneficiaries can start implementing their activities before signing the SC on their own responsibility. Each project shall be implemented according to the SC and the AF and Partnership Agreement that are integral parts of the SC. However even the most carefully planned and prepared projects might face unexpected difficulties. In all such cases, the LB has to immediately contact the JS to inform about the situation and the planned modification. The JS, based on the type of modification, in accordance with the procedures described in the following sections, will inform the LB about the procedure to be followed and the necessary documents to be submitted.

#### 3.1 Project modifications

In case some parts of the project needs to be changed the LB shall submit a request for project modification electronically (via IMIS 2014-2020 or email). After the designated programme manager receives the request the JS identifies the Programme body that is entitled to make the decision on it. Based on the level of change there are three types of modifications:

- Subsidy Contract modification;
- other project change;
- administrative changes;

Only one project modification can be initiated at a time. It is advised for the respective Beneficiaries to discuss their modification needs first with the LB and the designated first level controller. Before the request is submitted, the LB shall consult the planned modifications with the designated JS Programme manager. The modification request shall be prepared electronically and **submitted by the LB electronically** (via IMIS 2014-2020 or email). All modifications shall be reasonable, clearly justified and clarified and provided by supporting documents if available.

*Template for the project modification request can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

#### Subsidy Contract modifications

The Modifications of the SC cannot affect the basic purpose of the Project as approved by the MC. After the request is submitted, the JS processes the request for modification and forwards it for approval to the MC or the MA.

The Lead Beneficiary has to request contract modification in case of substantial changes of the project which are the following:

- **Modifications to be approved by the MC**
  - changes in the composition of the project partnership;
  - prolongation of the project duration exceeding the maximum duration set in the Call for Proposal;



- **Modifications to be approved by the MA**
  - more than 20 per cent deviation from the quantified output indicator(s);
  - changes in project activities (introducing new ones or replacing old ones);
  - financial reallocation between cost categories<sup>2</sup> exceeding 20% of either affected expenditure category and exceeding 10.000 EUR within the budget of the LB or the particular Beneficiaries.
  
- **Modifications to be approved by the JS**
  - change of the bank account of the Lead Beneficiary;

After the request is approved, modifications are included into an Addendum to the SC. The Addendum is prepared by the JS in three originals and shall be signed by both parties – the MA and the LB - similarly to procedure of contracting. The Addendum to the contract enters into force on the date of signature by the last of the Parties. The date from which the changes shall be effective have to be explicitly identified in the text of the Addendum.

*Request for Modification of the SC can be requested only once per a reporting period.*

The last request for modification of the SC can be submitted to the JS not later than **45 days before the end date of the project**. The requests submitted after this period might be rejected.

### Other project changes

Other project changes that do not require the modification of the SC are dealt and approved by the designated programme manager of the Joint Secretariat. Examples of these changes are as follows:

- changes of addresses, contact details, statutory representative/s, contact person/s;
- changes of bank accounts of Beneficiaries (other than LB);
- changes in project activities (specification/description);
- changes in project timetable (not having impact on the overall project duration);
- changes in budget items provided that they do not affect the basic purpose of the project approved by the MC; and
- financial reallocations within cost categories or in between the cost categories equalling or not exceeding 20 per cent of either affected expenditure category or equalling or not exceeding 10 000,00 EUR within the budget of the LB or the particular Beneficiary;

The change is approved once the LB receives a confirmation from the JS that the project change is accepted.

*Request for other project changes can be requested only once per reporting period, however in duly justified cases JS may accept further requests.*

---

<sup>2</sup> Budget reallocation from/to preparation costs is not possible.

## Administrative changes

List of administrative changes is the following:

- changes in contact data;
- change of bank account of the Beneficiary (other than the LB);

Contact data are name, official or postal address, phone number and e-mail address of the statutory representative or the contact person. Administrative changes shall be considered as an approval of the JS as stipulated in the section of other project changes.

*Changes in the LB Recording user and/or LB Signatory user of IMIS 2014-2020 are handled as special modification requests. The comprehensive guide on how to use the IMIS 2014-2020 system can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

## Special rules for budget reallocations

The budget of a Beneficiary can be changed in case the Beneficiary needs to reallocate part of his financial resources from a specific budget line to another. Budget reallocation between Beneficiaries is not allowed. Reallocation from the budget line '*preparation costs*' or to cost category '*management staff costs*' or '*external management costs*' is not allowed. All budget modifications have to be clearly justified and clarified and provided by supporting documents if available.

Financial reallocations within cost categories or in between the cost categories

- **exceeding 20 percent** of either affected expenditure category or
- **exceeding 10 000,00 EUR** within the budget of the LB or the particular Beneficiary shall be approved by the MA.

Financial reallocations within cost categories or in between the cost categories

- **equalling or not exceeding 20 percent** of either affected expenditure category or
- **equalling or not exceeding 10 000,00 EUR** within the budget of the LB or the particular Beneficiary shall be approved by the JS.

The limit of budget reallocation is calculated from the concluded original SC so the accumulation of changes is counted together and rules are applied accordingly. By its nature, any increase of a budget line(s) on one side leads to a reduction of budget of other budget line(s) on the other side, therefore each affected budget line is taken into consideration, in line with the respective rule.

*All indicated changes in the project have to respect the rules of the relevant Call for Proposals as laid down in the Applicant's Manual and in the Guide on eligible expenditures.*

### 3.2 Reporting

Beneficiaries shall report on the implementation of their project part and apply for reimbursement in four months periods set in the SC. Reporting on the progress of the project implementation is divided into two major parts. The “national” part of procedures lies with the organisations of Member States (National Authorities and Control Bodies) and the Beneficiaries while the joint part lies with the cooperation between the joint institutional structure (MA and JS) and the LB of the projects.

The reporting starts with the preparation of Beneficiary reports to be elaborated by each Beneficiary taking part in the project implementation. Beneficiary reports have to be submitted to relevant FLC bodies via IMIS 2014-2020, however the following documents are requested to be submitted to the posting address of the respective control unit on paper:

- HU Beneficiaries: originals of the invoices
- SK Beneficiaries: one original of the Beneficiary report signed by legal representative.

After the approval of each Beneficiary report, the LB summarizes the received information and prepares the Project Report and the Application for Reimbursement on joint level. Besides the regular four months period reports, Beneficiaries can submit interim reports in justified cases. Submission of interim reports has to be always discussed in advance with the respective FLC controller.

#### Beneficiary report

The joint institutions cannot take the responsibility of the two Member States when controlling the expenditures and activities of the Beneficiaries on their territories. Therefore the expenditures of the Beneficiaries are validated by the designated controllers of Hungary and Slovakia respectively. **The Beneficiary report is the beneficiary’s periodical report about the actual status of the implementation of their project part.** Each Beneficiary (*also the LB*) submits its Beneficiary report [BR] in English through the Front office of the IMIS 2014-2020 system in 15 days after the end date of the reporting period, which is automatically forwarded to the respective FLC controller. Documents which have to be submitted via postal mail shall be delivered immediately but not later than 5 calendar days after the BR has been submitted via the IMIS 2014-2020 system.

The BR contains all relevant information of the implementation of the Beneficiary’s project part including e.g. project achievement, detailed description of activities, measures taken regarding project publicity and fulfilment of project indicators.

#### Achievements

In the achievements part Beneficiaries have to answer two questions. First, the Beneficiary has to provide description on the overall progress of the implementation of his project part. Secondly, the Beneficiary has to indicate if there are any problems or deviations from the originally planned way of implementation.

## Activities

Activities are the basic elements of the project which were described and approved in the AF. In each report, Beneficiaries have to prove that the implementation of their activities is accomplished according to the proposed description, deliverables and tangible outcomes and timeframe. In case the Beneficiary fails to implement any relevant activity, Beneficiary has to explain the reasons of the delay and propose remedy action for accomplishing in due time.

## Indicators

Indicators are quantitative values developed on Programme, project and Beneficiary level in order to measure the project results and outputs. In the AF Beneficiaries to give description on their contribution to the relevant indicator also needed to indicate the target value of each relevant indicator. Beneficiaries have to precisely update the change in the actual values for every indicator in each BR. In the description field - related to each indicator -, Beneficiaries shall add textual description about the fulfilment and describe the methodology of the calculation. *Definitions for each indicator and information on how to report can be found in the document called Guide on indicators which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

## Information and publicity

All Beneficiaries are jointly responsible to communicate sufficient information about the start, the progress and the result of their project. The LB and the Beneficiaries should carefully clarify and share joint communication responsibilities which shall be monitored along project implementation. In the BR each Beneficiary shall report on their achievements in their obligations concerning communication activities. *All obligations concerning project publicity can be found in the document called Visibility guide for projects, which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

## Expenditures

In the Beneficiary report each Beneficiary shall indicate all its expenditures incurred and paid in the given reporting period supported with original invoices and the requested supporting documents. If the total amount of the Beneficiary Report does not reach 4 000 EUR, control of the BR can be closed without validation of expenditures depending on the decision of the respective FLC controller. In this case Beneficiaries should report on their expenses in the following period. *For the detailed description of requirements regarding Expenditures please refer to the following documents Elszámolási segédlet and Kontrolný systém v Slovenskej republike which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

## Declaration on Validation of Expenditures

On the basis of the submitted report the FLC issues the document Declaration on Validation of Expenditures [DOVE].

## Net revenues

Project revenues are regulated in detail under Points (57) and (58) of the preamble of EC Regulation No. 1303/2013, and according to Article 61 of EC Regulation No. 1303/2013 further rules are determined. In case of revenue-generating projects the applicants have to calculate the expected net revenues following the method described in Articles 15 to 19 of Delegated Regulation (EU) No. 480/2014. (Source: EC Regulation No. 1303/2013)

As a general rule, EU contribution (ERDF) in a project (corresponding to the eligible expenditure) shall be reduced according to the net revenue generated by the project both during project implementation as well as three years after project completion.

Net revenue means in accordance with Articles 61 and 65(8) of Regulation (EU) No. 1303/2013 cash inflows directly paid by users for the goods or services provided by the operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs (including replacement costs of short-life equipment) incurred during the corresponding period.

Where not all the investment cost is eligible for co-financing, the net revenue shall be allocated pro rata to the eligible and non-eligible parts of the investment cost. Please note that operating cost-savings generated by the project shall be treated as net revenue unless they are offset by an equal reduction in operating subsidies (see Article 61(1) of Regulation (EU) No. 1303/2013).

Any payment received by the B arising from contractual penalties as a result of a breach of contract between the B and a third party (or third parties) or that has occurred as a result of the withdrawal of an offer by a third party chosen under public procurement rules (the 'deposit') shall not be considered as revenue, and shall not be deducted from the eligible expenditure of the project.

Projects for which the total eligible cost does not exceed 50.000 Euros are exempted from any deduction of revenues generated related to the project, in line with 65(8) of Regulation (EU) No. 1303/2013.

## Application phase

Where it is possible to objectively estimate the revenues in advance, projects should indicate the amount of possible revenues in the AF / among the project data in the IMIS system. In case of revenue-generating projects which generate net revenue after their completion, applicants have to calculate the expected net revenues following the method as provided for in Article 61(3) Paragraph b) of Regulation (EU) No. 1303/2013 and as further detailed in Articles 15 to 19 of Delegated Regulation (EU) No. 480/2014.

Projects shall not indicate expected net revenues in the AF / project data in IMIS if the specific project activity generating net revenue is subject to State aid rules [according to Article 65 (8)].

Based on Article 61(7) Paragraph b) of the CPR, projects below 1 million Euro total 'eligible' costs are exempted from the ex-ante calculation of revenue generation, but revenues generated during their implementation have to be taken into account for these projects at closure [in line with Article 65(8)],

EU contribution at the time of contracting is calculated on the basis of the total eligible expenditures after deduction of any revenue which will be generated during the project's implementation period, in case it is foreseen and the calculation method and amount are accepted by the MC.

### **Project implementation phase**

B-s are responsible for keeping account of all the revenues and for having the required documentation available (e.g. for control purposes). The revenues, if not deducted at the application phase, must be stated in the final BR and must be deducted from the eligible expenditure i.e. the certified eligible expenditure of the final BR should be calculated with the deduction of any revenues. B-s have to provide their Controller with information on the revenues generated in the final reporting period and have to support this with accounting- or equivalent documents to be kept at the premise of the B-s or to be submitted based on request.

Calculation of the revenues (based on the templates provided in Annex I.) has to be checked by the FLC - preferably in the frame of the on-the-spot check. In case the FLC finds such discrepancies between the submitted calculation and the supporting documents that raise the suspicion of an irregularity, the initiation of irregularity procedure should be started. Consequences of the irregularity will be handled through recovery procedure.

### **After project closure**

All Beneficiaries have to provide information to the Lead Beneficiary on revenues after the project closure for the Follow-up Reports. Reported revenues will be handled through recovery procedure in line with the Programme rules.

In case a revenue-generating project – which has not had an estimation of revenues in the application phase for objective reasons and therefore a decrease of total eligible cost has not yet been done – expects to have any revenues within three years after the project closure, the JS has to be informed about the calculated net revenues and those have to be reported to the FLC. In case revenue has to be deducted no later than the acceptance of the final PR of the project, the repayment of the respective amount has to be effected, and the deduction will be executed at the latest from the final Application for Payment of the Programme submitted to the EC or clarified and settled during the pre-closure and closure phase.

## Project report

Implementation of a cross-border project as joint operation is monitored by the JS. The LB is obliged to submit Project report [PR] to the JS via the Front Office module of the IMIS 2014-2020 system based on the deadlines stipulated in the SC. The PR summarizes all relevant aspects of the project implementation based on the information received from the Beneficiary reports. Inputs (data and text) inserted into the separate Beneficiary reports are automatically uploaded and merged into the relevant fields of the PR. The task of the LB is to revise, harmonize and complete the uploaded parts into one text describing the relevant topic. Relevant part of the Project report is the following:

### **Achievements**

In the achievements part the LB has to provide description on the overall progress of the implementation on joint level, and have to indicate if there are any problems or deviations from what was described and approved in the SC which need some corrective actions from either side.

### **Activities**

In the Project report the LB has to summarize the progress of each activity according to the descriptions given by the Beneficiaries. Each activity description shall be supported by materials proving the actual status or reaching of tangible outcomes/deliverables which shall be uploaded into the system.

### **Horizontal principles**

Principles of Sustainable development, Equal opportunities and non-discrimination and Equality between men and women are mandatory for all projects. Additionally each project has to respect two more horizontal principles relevant for their PA. Each principle is supported by measures, which shall be applied by Beneficiaries in a way that they have to find concrete actions in order to increase awareness of these principles and foster a behavioural change. The progress in the commitment in horizontal principles during implementation shall be described only on project level by the LB in each PR and need to be supported by proving documents.

### **Indicators**

In the BR beneficiaries shall report on the progress of all their relevant indicators, that is they need to define the actual values in each period together with a short description. In the PR those numbers will be summarized automatically and the LB shall give an overall description on the implementation of each indicator as well as describe the progress of the indicator. The fulfilment of an indicator also has to be supported by supporting documents. *Definitions for each indicator and information on how to report can be found in the document Guide on indicators which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

### Information and publicity

In the BR each Beneficiary shall report on their achievements related to their obligations concerning the communication activities. The information given on BR level shall be aggregated in the PR, and the LB needs to perform a summarized description on the progress of communication activities on project level. Deliverables and supporting materials (*photo documentation, sample of promotional materials, audio-visual products, etc.*) should be also submitted. *All obligations concerning project publicity can be found in the document Visibility guide for projects which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

### Expenditures

During the preparation of the PR the LB has to select all Declarations on validation of expenditure relevant for the given reporting period for each Beneficiary, issued by the FLC body. The financial data of the DOVEs are automatically summarised in the joint PR and the LB has no possibility to modify the financial information included. In case of discrepancy concerning the data of the DOVE is encountered the erroneous DOVE shall be reverted to the FLC body and new DOVE shall be reissued.

### Transfers

During the preparation of the PR the LB is obliged to give information on the financial transfers of the previous reporting period. The transfer of ERDF to all relevant Beneficiaries has to be documented and the proof of transfer (bank statement) has to be uploaded in IMIS 2014-2020. After the approval of the final PR the bank statement has to be also submitted by the LB to JS in 10 working days after obtaining the ERDF part from MA.

*All information about how and what to report on project level can be found in the document called Guide on Project Report (PR&AFR) which can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

### Submission of the Project report

From the data entered into the system, IMIS generates two separate documents. These two documents are inseparable parts of each other and are serving as the basis for the reimbursement of the eligible expenditures in case the project implementation. The PR document summarizes all information in .pdf form containing each description field and summary of the financial data. The **Application for reimbursement [AFR]** serves as the document on the basis of which the transfer of ERDF contribution to the bank account of the LB can be initiated. The data of the AFR are automatically loaded from the information given in BRs by each Beneficiary and the DOVEs issued by the FLC Body. The LB has no possibility to modify the information included; neither can it be separated from the PR. *Both documents have to be prepared and submitted via the electronic surface of the Programme – IMIS 2014-2020 in 90 calendar days after the end of the relevant reporting period.*



In case reimbursement of expenditures of SME beneficiaries is requested by the LB, an obligatory annex to the relevant Project Report – *Declaration of SME Beneficiary for the reimbursement of EU funds* - shall be uploaded in the IMIS. It shall be signed by the statutory representative(s) of the SME Beneficiary and shall not be older than 30 calendar days from the submission date of the respective Project Report.

*The Template for the Declaration of SME Beneficiary for the reimbursement of EU funds can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

### Approval of the PR/AFR

After submitting the requested documents the designated programme managers - ensuring the four-eye principle - carry out the formal and professional verification of the submitted documents within 30 calendar days from the submission. In case a completion is needed, additional 30 calendar days are available.

### Completion

In case the PR/AFR is not appropriate in content and/or in its format, the JS asks the LB to submit the missing documents and/or to clarify the questions related to the PR/AFR. The LB has 10 calendar days (and 5 calendar days for any further completion rounds) after receiving the request for completion to submit the clarifications and/or missing documents and to correct the PR/AFR through the monitoring system in electronic format.

If the requested clarification or missing documents were not submitted via IMIS within the given deadline, two warning notices will be sent to the LB by the JS (*1<sup>st</sup> warning notice within 1 calendar days after the deadline for submitting the documents and/or clarification expired, 2<sup>nd</sup> warning notice within further 7 calendar days*). After the second, unsuccessful notice the PR/AFR may be rejected, about which the LB is notified.

### Revalidation

In case of any correction to the amount of the AFR is needed revalidation procedure shall be initiated. The relevant DOVE(s) have to be sent back to the FLC for revalidation. The LB has to resubmit the PR/AFR with the corrected DOVE. The amount of the PR/AFR shall be reduced and the DOVE has to be reissued due to the following reasons:

- ineligible expenditure in the actual PR/AFR;
- inappropriate delivery of planned project outputs and results in terms of quality and content;
- differences/deviations concerning the approved project activities;
- unjustified, unnecessary, overbudgeted and inappropriate costs;
- the cross-border impact of the activities cannot be traced;
- minimum communication requirements of the Programme are not kept;
- EU horizontal principle requirements of the Programme are not kept,
- correction in the actual value of indicators given in the BR is necessary.

In case the LB in agreement with other Beneficiaries decides so, the PR/AFR may be resubmitted without the particular DOVE which is sent back to revalidation, but once the DOVE is revalidated it has to be submitted with the *following* PR/AFR the latest.

After completing the content and financial check of the PR/AFR, and in case both documents are correct the JS approves the PR/AFR in IMIS 2014-2020 and forwards the AFR to the MA for decision on the payment of the AFR. The LB is informed about the approval/rejection of the PR and AFR via e-mail sent out automatically by the IMIS. After the MA makes the decision on payment of the AFR, the MA forwards the approval decision to the CA in order to initiate the payment of the EU contribution to the LB.

### Reimbursement of the expenditures

The total support of each project consists of two sources. The EU contribution (*contribution of the European Regional and Development Fund*) can be maximum 85% of the total budget while the national co-financing (includes national and own sources) can reach up to 15% of the total budget. The proportion of these sources depends on the type of the project and the Beneficiary. The reimbursement of the support follows different processes depending on its source.

#### EU contribution

The reimbursement of EU contribution is authorised by the CA. After the Application for reimbursement is approved by JS, and the relevant decision is made by the MA the CA transfers the requested payment to the LB's bank account indicated in the SC. In case the EU contribution balance of the Programme bank account handled by the CA does not cover the amount to be reimbursed, the reimbursement process will be suspended until the transfer of the EU contribution from the European Commission is credited to the Programme bank account.

Please be aware that considering the time framework of the verification process of the FLC Bodies, the approval procedure of PR/AFR by the JS and the initiation of the transfer by MA/CA, the reimbursement of the EU contribution can take approximately 6-8 months. *After receiving the EU contribution, the LB is obliged to transfer the share of the EU contribution to each Beneficiary within the timeframe agreed in the Partnership agreement.*

#### National contribution

For Hungarian Beneficiaries the whole amount of the national co-financing is transferred in advance after the conclusion of the national co-financing contract. In case of any difference between the amounts of the advance paid national contribution and the national contribution part of the verified expenditures, the responsible First Level Controller sends a repayment request to the Hungarian Beneficiaries on unsettled advance of the national contribution.

For Slovak Beneficiaries the national contribution is reimbursed by the MOARD. The national contribution is reimbursed to the MCBB according to the approved expenditures indicated in the actual AFR after the JS informs the NA about the transfer of the EU contribution. *After receiving the national contribution, the MCBB is obliged to transfer the share of the national*

*contribution to each respective Slovak Beneficiary within the timeframe agreed in the Partnership agreement.*

### 3.3 Monitoring visits

Technical aspects of project progress are controlled by Monitoring visits carried out by the JS. The main objective of the visit is to gather information on the project implementation site, to check the professional accomplishment and the reality of the project. The monitoring visit can place at least once during the project implementation phase or multiple times, if necessary. During the monitoring visit the following aspects are surveyed:

- information on the activities matching to the objectives set in the SC and in the approved AF;
- project's progress according to schedule;
- the fulfilment of the indicators;
- the adequacy of the procedures followed;
- fulfilment of reporting obligations and horizontal commitments;
- fulfilment of visibility requirements;
- comparison of on-the-site information and information submitted in PRs.

Monitoring visits are also aimed at exploring the difficulties, risks arising from technical implementation, and aim to propose preventive activities and treatment regarding those. They also have a supportive role in providing technical assistance, thus they give possibilities for the partners for project consultation. If the JS initiates a monitoring visit, the LB is notified about the proposed date at least 7 calendar days beforehand.

#### **On-the-spot checks**

On-the-spot checks are part of the verification activities and are carried out by the responsible FLC authorities at least once during the project implementation. On-the-spot checks are “controls” carried out on the spot on the basis of the documentation and records held by the Beneficiary. The checks shall verify that the following conditions are fulfilled:

- the operation meets the selection criteria for the Cooperation Programme and has been implemented in accordance with the approval decision and fulfils any applicable conditions concerning its functionality and use or the objective to be attained;
- the expenditure declared corresponds to the accounting records and supporting documents held by the Beneficiary;
- the expenditure declared by the Beneficiary is in compliance with Community and national rules;
- the public contribution has been paid to the Beneficiary.

*For the detailed description of the on-the-spot checks please refer to the following documents *Elszámolási segédlet* and *Kontrolný systém v Slovenskej republike* which can be downloaded from the Programme website separately or as the part of the Beneficiary's package.*

In any cases when the Beneficiary fails to report on their net revenues in the Final Beneficiary Report but during the on-the-spot-check of the FLC Body it is proven that revenues have been

generated as a result of project activities, an irregularity procedure shall be initiated and net revenue shall be reclaimed.

## 4 PROJECT CLOSURE

### 4.1 Financial closing of the project

The closing procedure of the project includes tasks starting with the verification of the final BR and final [PR].

#### Final Project report

During the project closing the JS checks the final PR/AFR and checks whether all activities are accomplished according to the AF and all requirements arising from the SC were fulfilled (e.g. the project has been fully implemented by carrying out the planned activities and the planned outputs and results, the project is realized in due time etc.). The final PR shall be elaborated and submitted within 90 calendar days from the end date of the project implementation period. Since the purpose of the final PR is to allow the overall assessment of the project, all contracted project activities must be completed before the final project report is submitted.

The submission steps and deadlines of the completion procedure and approval of the final PR/AFR are just the same as in case of a regular PR/AFR. However, after the third, unsuccessful notice, the final PR and the final AFR can be rejected and the LB has to be informed about the possible/applied sanctions (e.g. suspension of last payment, repayment of subsidy, withdrawal from the Subsidy Contract). Following the transfer of EU contribution of the final AFR, the JS initiates the financial closing of the project in IMIS 2014-2020. After the project was closed, Beneficiaries must fulfil certain requirements regarding record keeping, sustainability and net revenues. These requirements are aimed at guaranteeing transparency and durability of the projects funded.

### 4.2 Archiving

According to the Common Provisions Regulation (EU) No 1303/2013 Article 140, without prejudice to the rules governing State aid, it shall be ensured that all supporting documents regarding expenditure supported by the Funds on operations for which the total eligible expenditure is less than EUR 1 000 000, are made available to the Commission and the European Court of Auditors upon request for a period of three years from 31 December following the submission of the accounts in which the expenditure of the operation is included. In the case of operations other than those referred above, all supporting documents shall be made available for a two year period from 31 December following the submission of the accounts in which the final expenditure of the completed operation is included.

It is important to keep in mind that this period might be interrupted in duly justified cases and will resume after this interruption. This time can also be extended if the final Project Report cannot be certified to the European Commission for some time after the final payment for the project – e.g. in case of detected irregularities within the project – the LB will be informed about

the prolongation by the JS. Upon request by the Programme, by the Commission or by the Court of Auditors, the documents have to be made available.

Other, possibly longer statutory archiving periods, as required by national law, remain unaffected from the rules set in the SC. This means, for example, if the national law requires archiving for ten years from the end date of the project, then the project documents have to be archived for ten years from the end date of the project.

Please bear in mind also that the JS might request Project Follow-up reporting, therefore it is strongly advised to properly record and file all connected supporting documentation of project maintenance in the follow-up period. The documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.

#### 4.3 Reporting in the Follow-up period

Project Follow-up reports [PFR] have to be submitted for 5 years from the end of the project implementation period or within the period of time set out in State aid rules, where applicable in order to provide information on the sustainment of the project results and outputs. Project Follow-up report shall be submitted primarily in case of investment projects (*i.e. eligible cost on budget line 6 and 7 in the Application Form*) however the JS also reserves the rights to request follow-up reports from LBs implementing soft projects that aimed on creating or maintaining new working places, special services or has the obligation on indicators. The report shall give information on

- the maintenance and utilization of investment outputs,
- the maintenance of services created by project (if relevant),
- the continuation of the cooperation activities between partners,
- significant communication measures about the project results,
- sustainability of indicators,
- net revenues generated after the implementation.

The Project Follow-up Reports must be prepared on project level on behalf of the whole project partnership. The LB is entitled to gather all relevant content related and financial data necessary for preparation of the Follow-up Reports from the Beneficiaries. The Project Follow-up Reports shall be submitted by the Lead Beneficiary electronically (via IMIS 2014-2020 or email) each year until 31<sup>st</sup> of March covering the period of the preceding year.

In case the PFR is not appropriate in content and/or in its format the JS asks the LB to submit the missing documents and/or to clarify the questions related to the report. The LB has 10 calendar days after receiving the *Request for completion* to submit the clarifications and/or missing documents. If the requested clarification or missing documents were not submitted within the given deadline, two warning notices will be sent to the LB (*1<sup>st</sup> warning notice within 15 calendar days after the deadline for submitting the documents and/or clarification expired, 2<sup>nd</sup> warning notice within further 15 calendar days after the first warning notice*). After the second, unsuccessful notice the JS initiates an Irregularity procedure according to the Article 13

of the Subsidy Contract. The Managing Authority is entitled to withdraw from the Subsidy Contract and to demand the repayment of the EU contribution in full or in part if the Lead Beneficiary repeatedly fails to submit Project Follow-up Reports. *The Template for the Project Follow-up Report can be downloaded from the Programme website separately or as part of the Beneficiary's package.*

### Monitoring visits

During the project sustainability period or after submission of the Final Project Follow-up Report monitoring visit at the project implementation sites might be carried out by the JS in order to verify the maintenance of projects outputs and results and all related sustainability obligations. If based on the reports or the monitoring visit it may be supposed that project outputs are not sustained (*or requests for clarification or completion/re-submission are not available*) the JS reports the suspicion of irregularity to the relevant irregularity officer of the NAs and in parallel to MA in order to initiate an irregularity procedure to be carried out by the Member State.

## 4.4 Project audits

While the project is considered to be closed project data in the IMIS 2014-2020 are available for further audits during the programming period and after at least 3 years from the closure date of the Programme. As it is defined in the SC, the LB is obliged to guarantee fulfilment of an audit of the project by any responsible auditing body of the EU, the partner state or the AA, MA/JS and CA of the Programme. The aim of these audits is to check the proper use of funds by the Beneficiaries.

The audit of the selected projects will take place at the premises of the selected Beneficiaries. Beneficiaries concerned will be notified in due time by the relevant authorities about any audit to be carried out on their reported expenditure. Audits performed by the AA or by external auditors on behalf of the AA include in general sample checking of the

- validated and reported expenditure against the supporting documents and other relevant information at the premises of the Beneficiaries in order to verify the accuracy and validity of the related FLC documents (DOVE),
- project documentation and audit trail, the accounting of project expenditure.

In the interest of a successful audit Beneficiaries have to make available all documents required, provide necessary information and give access to their business premises.

## 4.5 Decommitment of funds

If at any phase of the implementation it is found that project implementation is significantly different from the objectives indicated in the Subsidy Contract or part of national law, or an omission is supposed to have been committed by the Beneficiaries that has or would have effect on the budget of the European Union and/or on the national budget (suspicion of irregularity), depending on the nature of the irregularity suspected the JS immediately notifies the irregularity officer of the relevant NA and parallel the MA. After the notification, the irregularity procedure of the relevant Member State will be conducted according to their national rules.

According to the structural funds regulation of the European Union, the European Commission will automatically decommit any part of a budget commitment of the Cooperation Programme that has not been used by 31<sup>st</sup> of December of the third year following the year of budget commitment.

Following the Subsidy Contract, this decommitment risk on Programme level has also consequences on project level. If a project only presents certifications of expenditure legitimating an ERDF request of less than the foreseen ERDF request according to the spending forecast included into the SC, the difference can be deducted proportionally according to the decommitment on Programme level.