

What's new in Interreg?

- latest finance news

Grzegorz Gołda/ Controllers workshop

21-22 November 2023/ Rotterdam, The Netherlands

Interact



Co-funded by
the European Union
Interreg

Plan



2014-2020

Programme closure



2021-2027

Updates/ news on some topics

Where are we with the 2014-2020 period?

10th AC – ,the last one‘!

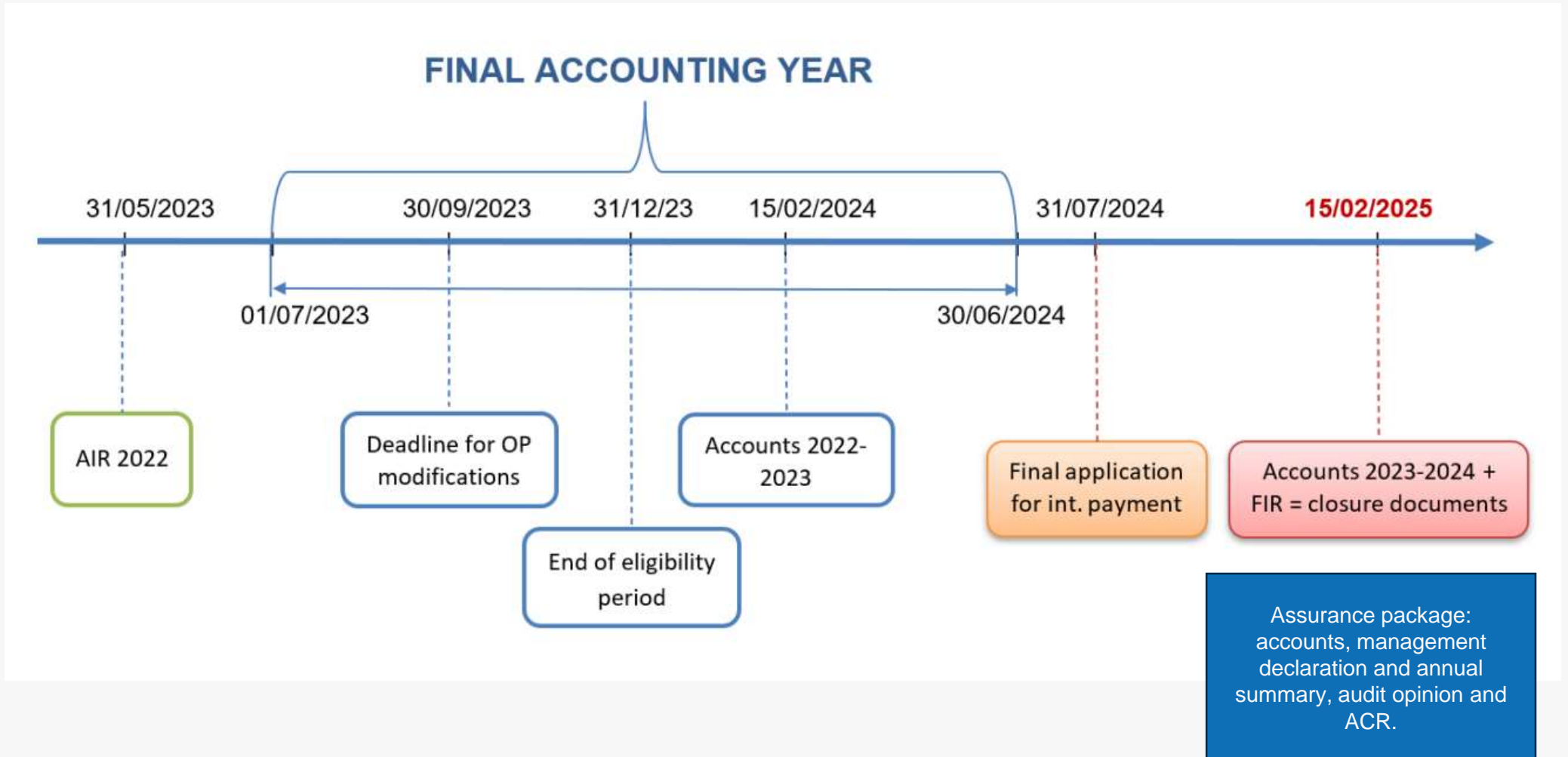
- **1 July 2023 – 30 June 2024** - 10th accounting year (AC)
- **31 December 2023** – final date for the eligibility of expenditure on the ground (N+3) – *deadline for projects to incur all costs*
- Programmes can pay beneficiaries later – Article 21(2) of ETC Regulation:
- shall ensure that a beneficiary receives the total amount of eligible public expenditure due in full and no later than 90 days from the date of submission of the payment claim by the beneficiary”. The payment deadline to the beneficiaries can be interrupted in the cases provided in Article 132(2) CPR.

Eligibility of advances

- Is it possible to certify for the 2014-2020 operations only expenditure in the form of advance payments? – No, need to be covered by the work on the ground (paid by the beneficiary within the eligibility period in application of a contractual obligation and duly justified through invoices or documents with equivalent probative value).
- By when do the works/services/equipment have to be accepted against the amount of advance payment? - By the date for submission of the closure documents; i.e., 15 February 2025(2026) or 1 March 2025(2026).



Timeline before submission of the closure documents



Phasing of operations over two programming periods

Article 118 CPR (2021/1060)

Article 118 CPR 2021/1060:

Selection of operations consisting of the second phase of an operation selected for support and started under CPR 1303/2013

NEW: Article 118a CPR (2021/1060)

Article 118a CPR 2021/1060:

Conditions for operations subject to phased implementation that were selected for support before 29 June 2022 under CPR 1303/2013 (**not applicable to IPA-III**).

Annex I to Guidelines to the closure of OP (CGL)

List of all operations phased from 2014-2020 to 2021-2027 – to be attached to the FIR (closure document of 2014-2020)

Conditions to be met

- 2 identifiable phases (fin. point of view);
- total costs (2 phases) \geq EUR 5m;
- complete and detailed audit trail;
- 2nd phase is eligible under 2021-2027
- MS undertakes in the FIR for 2014-2020 (Article 141) to complete the 2nd and final phase in 2021-2027.

- Project selected and started before 29 June 2022;
- 2 identifiable phases (fin. point of view);
- operation falls within actions programmed under a relevant specific objective and is attributed to a type of intervention in accordance with Annex I;
- complete and detailed audit trail (no double-financing)'
- total costs (both phases) \geq EUR 1m.

Non-functioning operations

Annex II to CGL – together with FIR (2014-2020 programme closure)

Exclude from the final accounting year

Expenditure incurred and paid for operations that are not physically completed or fully implemented and/or not contributing to the objectives of the relevant priorities – to be excluded from the final accounts.

Can be left in provided that:

- The total cost of each non-functioning operation \geq EUR 2 million;
- the total expenditure certified to the EC for non-functioning operations does not exceed 10 % of the eligible total expenditure (EU and national) decided for the programme

If left in the final accounting year:

Non-functioning operations must be physically completed or fully implemented and they should contribute to the objectives of the relevant priorities by 15 February 2026; amounts for non-functioning operations to be reimbursed to the EU budget if operations are non-functioning by the date.

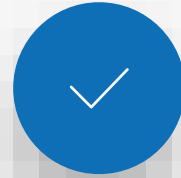


Questions:

Projects closure 2014-2020

- Any interesting cases to share?
- Any open questions/ issues?
- Is there any further support needed?

Plan



2014-2020

Programme closure



2021-2027

Updates/ news on some topics

Interreg programmes adoption



- 4 strands
- All submitted 87 Interreg programmes adopted by the end of 2022
 - *(incl. 5 programmes with participation of Ukraine and Moldova; all programmes with Russia and Belarus discontinued).*
- 3% of the cohesion policy budget, ca EUR 10 billion (incl. external EU funds)



Legal framework for 2021-2027



- [CPR](#), Interreg Regulation – Jun 2021
- [NDICI Regulation](#) – Jun 2021 (Regulation (EU) 2021/947)
- [IPA III Regulation](#) - Sep 2021 (Regulation (EU) 2021/1529)
- The [IPA III programming framework](#) - adopted in Dec 2021
- [NDICI multiannual strategic document](#) adopted in Aug 2022
- [FAST-CARE](#) – Oct 2022 (Regulation (EU) 2022/2039)
- + 2 Implementing Decisions: [Implementing Decision \(EU\) 2022/74](#) & [Implementing Decision \(EU\) 2022/75](#)

Updates to the legal framework 2021-2027

Adopted on 14 August 2023

- **Implementing Decision (EU) 2022/74** setting out the list of Interreg programmes and indicating the global amount of the total support (Article 8(1) of the Interreg Regulation)
- **Implementing Decision (EU) 2022/75** setting out the list of Interreg programme areas (Article 11(1) IR)
 - Transfer of 2023-2027 commitments (125.5 m EUR ERDF + 136m EUR NDICI)
 - List of Interreg programmes: extended geographies - Aurora (two Finnish regions), Central Baltic (one Finnish and one Latvian region), Lithuania-Poland (two Polish regions), South Baltic (one Polish region).

Updates to the legal framework 2021-2027

Adopted on 14 August 2023

- Amounts of support:
- ERDF transferred to internal Interreg programmes based on MS decision;
- NDICI allocation transferred to Interreg programmes implemented with Ukraine and Moldova (also to extended Interreg Europe and Urbact)
- All affected programmes must be modified by end of 2023.

[Follow CPR Expert group for updates!](#)
Last CPR Expert group meeting – October 2023

Audit (1/2)



All methodological notes are out!

1. MN on the assessment of the management and control system (for AA's system audit) – 24.05.2023

- Reminder – deadline for the description of the MCS was on 30 June 2023

2. MN on the annual control report, audit opinion and treatment of errors + Annex IV Audit findings (typology of findings) – 26.07.2023

- Typology of findings will be used as basis in Jems
- [Roadmap to assurance package in 2021-2027](#)

Audit (2/2)



All methodological notes are out!

**3. MN on preparation, submission, examination and audit of accounts –
25.08.2023**

- No MN on audit strategy is planned; withdrawals are treated in MN on accounts

4. Reflection paper on the risk-based management verifications in 2021-2027

- HIT guidance on risk-based methodology

All MN are available in the community “Financial Programme Management”/
“Audit work” folder

Legal framework – other news

- Potential update of the Financial Regulation – no news as to when yet

2nd accounting year

1 January 2022 – 30 June 2023

- All Interreg programmes approved (re-programming of 2021) in 2022
- Many calls launched (for regular, small-scale projects, SPF)
- No payment applications submitted to the EC in the 2nd accounting year – no common sample drawn by the EC
- 3rd accounting year – 1 July 2023 – 30 June 2024
 - First experience in the next spring/ summer (2024) for many programmes

SCOs in 2021-2027



- Article 94 CPR – SCOs at the higher level (EC – programme)
 - currently 6 CBC Interreg programmes submitted schemes to EC
 - adopted for 3 programmes: ESPON, Belgium – the Netherlands Slovenia - Hungary;
 - in progress 3 Programmes: South Adriatic, Slovenia-Austria, Slovenia-Croatia ;
 - Mapping of SCOs under art 94 available at [Inforegio – Simplified Cost Options](#) and [the Interreg SCO community](#);

SCOs in 2021-2027 - news



- Focus (end of 2023/2024) – implementation challenges (updated of methodologies/ indexation) & audit and control of SCOs (audit findings + what to check/ what not to check)

NEW Factsheet

Verification of SCOs – practical implications of SCOs on control work

NEW Factsheet

A 40% flat rate in a project life cycle

NEW Training programme on SCOs

New product of Interact; comprehensive package to get foundations of SCOs (in preparation; launch Q1 2024)

Factsheet | Verification of SCOs

2. Up to 15% flat rate for travel and accommodation costs of direct staff costs ⁸	
What to check	What not to check
The flat rate set by the MA ex-ante is part of the project partner budget (in the latest version of the application form) and indicated in the document setting out the conditions for support (i.e., subsidy contract)	Underlying expenditures of the travel and accommodation cost category (the expenditure has been incurred and paid)
The flat rate covers travel and accommodation costs (as defined in Article 41 of the Interreg Regulation) and uses direct staff costs as the basis costs	Supporting documents to make sure the amount of the flat rate was spent on the expenditures of the travel and accommodation cost category
A correct percentage of the flat rate (as set out in the programme's rules, in the application form and in the document setting out the conditions for support) is applied and the calculation is correct	Evidence that the actual amount spent corresponds to the amount of the calculated flat rate
In case of a change of the flat rate, the new flat rate is not applied retrospectively. It is used only for newly selected operations.	
Basis costs (staff costs) do not contain ineligible costs (verification of the staff costs will depend on the reimbursement method used)	Evidence that all the trips of the project staff planned in the application form were organised
Travel and accommodation costs ⁹ are not included in other cost categories	
The category (travel and accommodation) of costs covered by the flat rate exists. This information can be gathered from either a mission order or report or a recording of a meeting or similar evidence for at least one trip (the existence of the cost category is to be checked at least once in the project's lifetime).	Evidence that the cost category exists with each progress report is not to be checked.

Audit findings in SCOs



- Methodology findings:
 - Not reliable sample, no audit trail, categories of costs not mentioned, SCOs developed by applicants, ineligible costs included, calculation steps not clear, retrospective changes, SCO based on planned costs;
 - Unequal treatment: some beneficiaries were selected to use real costs instead of SCOs,
- Inadequate verifications:
 - Timesheets verified (flat rate), support documents verified (40%), actual salary not lower than SCO, number of hours not verified, hours rounded up, only audit trail – self-declarations...

Audit findings in SCOs



Inadequate verifications (1)



Timesheets verified
(staff costs flat rate)



Support documents
verified (40% flat rate)



Actual salary not lower
than SCO



Deductions for lunch
breaks, special leaves,
holidays



On-the-spot visits foreseen
but not realized



Audit trail
not available



Audit findings in SCOs



Inadequate verifications (2)



No of hours not verified



Hours rounded up



Different controls and payments



Conditions for trainings not verified



Checks of signatures requested, signatures not available



Only audit trail = self declarations



Audit findings in SCOs



Ineligible SCOs

1. SCO for minimum 8 participants. Only 2 attended.
2. SCO for a number of hours which were not fulfilled
3. Direct costs declared: 0, indirect costs (flat rate of direct) declared: > 0
4. AA identified ineligible costs but no corrections



Verification of flat rates



- Existence of cost category (checked at least once in the project's lifetime!)
 - Not required to office and administrative costs – given that it exists for a project!
 - Staff costs – at least one contract/ equivalent
 - Travel and accommodation – one document per project partner (that has a flat rate for travel) proving that travels have taken place (e.g., mission report, recording of a meeting, progress report etc.).
 - 40% flat rate – not required, as is one “category” – existence is checked in activity reports.

Cooperation works

All materials will be available on:

Interact Library at www.interact-eu.net/library