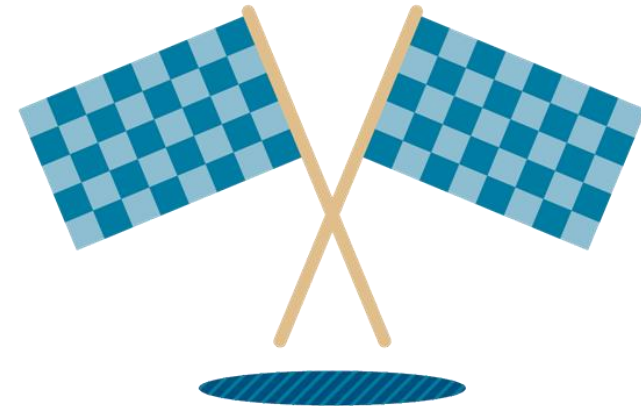


# Programme closure 2014-2020

---

## Implications for the Certifying Authority



# The closure guidelines

- The closure guidelines was published via a Commission Notice in OJ on 14/10/2021: [link](#)
- An extensive Q&A document also exists, with answers given to questions collected from Member States
- A Q&A document is also currently being prepared from the answers given by the COM at the Interact event on programme closure (22 September 2022)

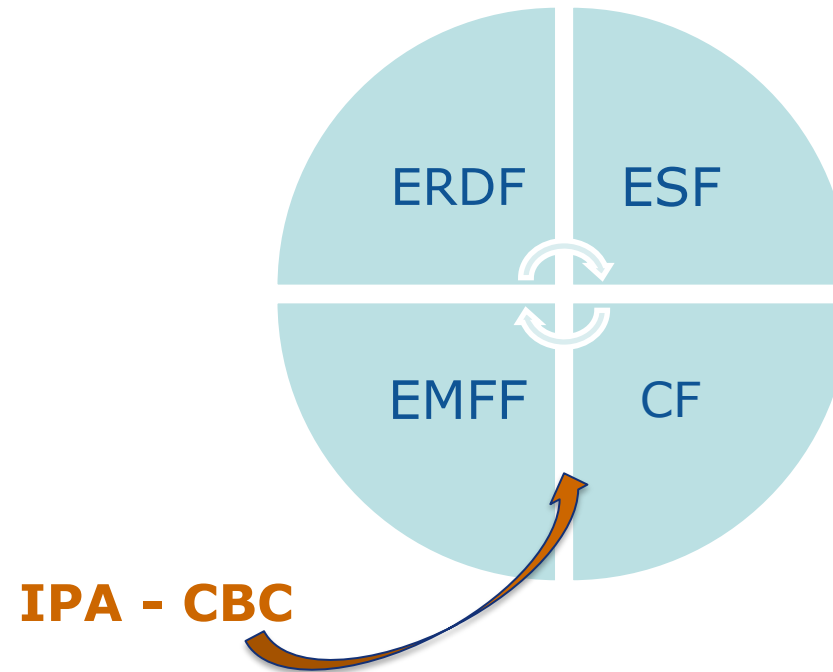


- **This closure guidelines is currently under modification!**
- The new version is planned to be published by the end of 2022



# The closure guidelines

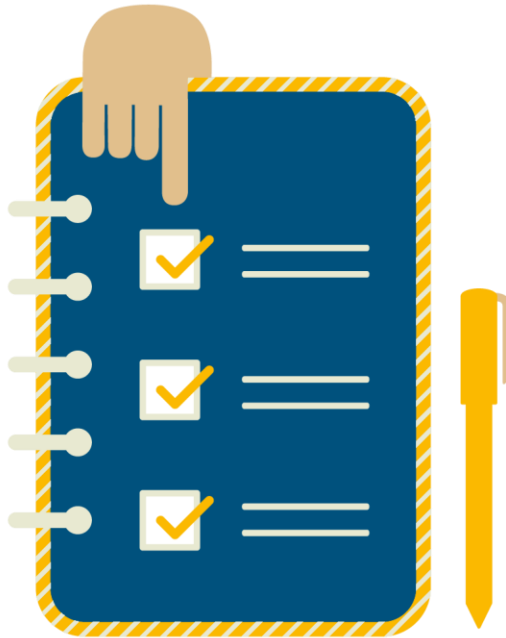
The modified guidelines will include in the scope IPA CBC programmes too!



Not applicable to ENI CBC!



# Relevant scope for Interreg / IPA CBC Certifying Authorities



Today we are focusing on the most important issues for CA-s!

It is not planned to go into details about other issues related to closure, such as programme amendments, indicators, ACR content etc.

We will not focus on issues not related to Interreg / IPA CBC Programmes, such financial instruments, major projects etc.



# Timeline – financial perspective

**31.12.2023**

- Final date of eligibility (deadline for projects to incur expenditure)

**1-07-2023 – 30.06.2024**

- Final accounting year

**31.07.2024**

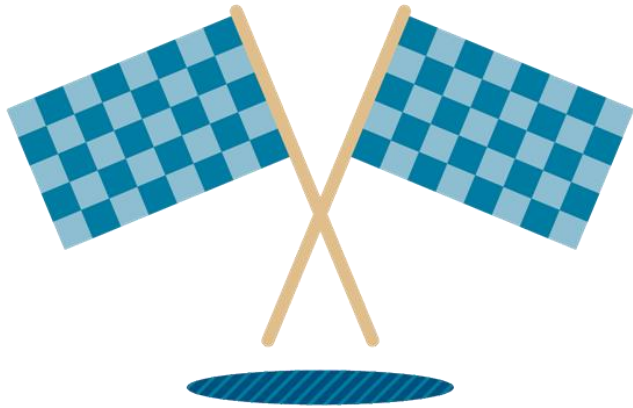
- Final application for an interim payment (following the final accounting year, deadline for declaring costs to the Commission)

**15.02.2025**

(or 1 March 2025, if extended by the EC)

- Submission of the closure documents

# Closure documents



The closure documents to be submitted as per Article 141 CPR:

- ✓ The assurance package – as for every accounting year
  - Accounts
  - Management declaration and annual summary
  - Audit opinion and annual control report
  
- ✓ + Final implementation report (not in May as usual but in February!)



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Overbooking

- Overbooking needs to be included in the final accounting year (last accounting year before closure of the programme, which can be earlier than 2023-2024 in case of early closure)
- Before the last accounting year, overbooking should not be included, because it will be lost for the programme (will not be carried over to the next year)



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Overbooking and flexibility

- Flexibility applies on priority level up to 10% (or 15% if the proposed modifications are adopted)
- If all priorities are overbooked, there is no possibility for using the flexibility, but overbooking can still be used to replace irregularities
- Flexibility can apply to any priority (TA as well)
- Thematic concentration is not an issue at closure and does not need to be considered





# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Non- functioning operations (Current rules)

- Programmes are invited to exclude costs of non-functioning operations from the accounts, but if included:
- The operation budget must exceed EUR 2 million
- And total certified expenditure must not exceed 10% of eligible total expenditure (EU+national) decided for the programme
- Operation must be completed by 15 Feb 2026



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Non- functioning operations (FAST CARE proposal)

- The operation budget must exceed EUR 1 million
- And total certified expenditure must not exceed 20% of eligible total expenditure (EU+national) decided for the programme
- Operation must be completed by 15 Feb 2027



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Non-functioning operations

- To be reported in Annex II of the CG (annex to be applied for the FIR)
- COM will pay these costs if above are complied with
- Reporting required by the deadline, and costs will be recovered if not duly completed
- Irregular amounts may be replaced by overbooked expenditure (if available)



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Preconditions for phasing of operations

(Art. 118 new  
CPR)

- Continuation of the programme
- Two phases from financial point of view
- Total cost  $\geq$  EUR 5 million
- Audit trail - no double declaration
- 2<sup>nd</sup> phase: eligible under 2021-2027
- Programme undertakes to complete



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Preconditions for phasing of operations (FAST CARE proposal)

Due to the FAST CARE proposal, in a new Art. 118a easier conditions are envisaged for projects selected and started before 29 June 2022:

- Total cost  $\geq$  EUR 1 million
- Relaxation of eligibility rules for 2<sup>nd</sup> phase



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Phasing of operations

- To be completed by the end of the 2021-27 programming period
- Failure to complete a phased operation as planned may give rise to financial corrections for both phases
- List of phased operations to be given in Annex I CGL
- Costs of the first phase are eligible in the 2014-2020 programme



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Ongoing national investigations, suspended projects

- Programme decision: include / exclude from the accounts
- If included: Annex III + inform COM on the outcome
- If irregularities established: COM proceeds with the recovery
- Possibility to use overbooking (if available)
- Suspended operations: No expenditure may be declared after July 2024



# Special issues in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Ongoing OLAF investigations, EC, ECA audits

- Programme decision: include / exclude from the accounts
- If irregularities established: COM proceeds with the recovery





# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Preparation of the accounts

- Same template applies: Annex VII of Commission Implementing Regulation (EU) No 1011/2014)
- The general rules are also the same, with some differences



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Preparation of the accounts

- Any necessary deductions must be carried out in the accounts for the final accounting year – even if they refer to expenditure declared in previous accounting years
- Ongoing assessments due to national / OLAF investigations and EC / ECA audits may be kept into the accounts, as explained before



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Irregularities

- The accounts for the final accounting year may include amounts to be recovered and irrecoverable amounts relating to expenditure declared not only in the previous accounting years, but also in the final accounting year
- Amounts to be recovered and irrecoverable amounts will be excluded from the final balance payment
- Reporting on amounts to be recovered is expected, irrecoverable amounts are assessed case-by-case by the COM



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Irregularities

- NB: In Interreg the the recovery chain at programme level is set out in Article 27 Reg 1299/2013
- Irrecoverable amounts do not apply in the same way: if LB is unable to secure repayment from other beneficiaries, or MA fro LB => MS shall reimburse the MA, and MA reimburses COM



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Irregularities

- In case of a risk of irregularities related to expenditure declared in the final accounting year, the decision about its legality and regularity and whether to keep it in the accounts must be taken before the submission of the accounts (until 15 February 2025 or 1 March 2025, if deadline is extended)
- Amounts recovered for any irregularity found after closure must be repaid to the EU budget
- Irregular amounts may be replaced by overbooked expenditure (if available)



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Payments to beneficiaries

- The certifying authority should ensure compliance with Article 129 of the CPR, i.e. that by closure the amount of public expenditure paid to beneficiaries is at least equal to the EU contribution paid by the Commission to the Programme.
- **Question at closure event: Please confirm that the amount to be reported under Article 129 also includes own resources and non-cash co-financing from public bodies => A: There is currently an ESIF Q&A discussion on it**



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

## Payment to the programme (final balance)

At the level of the programme, contribution from the Funds through payment of the final balance may not exceed

- the eligible public expenditure declared; or
- the contribution from each Fund and category of region to each programme as set out in the Commission decision approving the programme; whichever is the lower.



# Accounts in the final accounting year

Due to the annual closure of accounts the work is mostly the same as in any accounting year with some exceptions / specific features

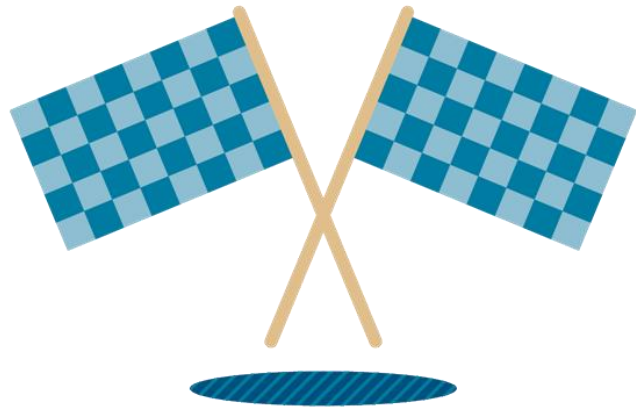
## Decommitment

- Decommitment of the last year (2020) – together with programme closure (Article 86(2) CPR):
- Part of commitments still open on 31 December 2023 will be decommitted if any of the closure documents are not submitted to the EC by 15 Feb 2025 (or 1 March 2025 if extended by the EC)





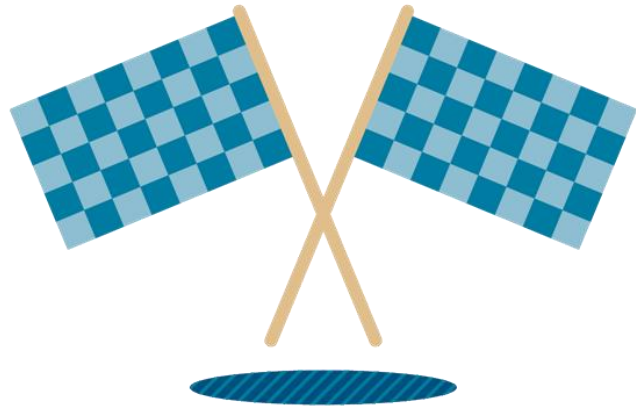
# Submission of the closure documents



- By 15 February 2025 (or 1 March if deadline extended by COM)
- No modifications any of the closure documents after the deadline for submission, except when the Commission requests a modification or in case of clerical mistakes.
- Failure to submit any of the closure documents may be an indication of a serious deficiency in the MCS



# Examination and acceptance of the accounts

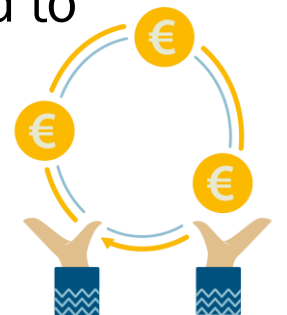


- The same rules as established for the examination and acceptance of accounts for any other accounting year.
- COM informs programme by 31 May 2025 as to whether it accepts that the accounts are complete, accurate and true
- Payment of the final balance no later than three months after the date of acceptance of accounts of the final accounting year or one month after the date of acceptance of the final implementation report, whichever date is later.



# Calculation of the final balance

- For the final accounting year (as for any other year), the EC will reimburse 90% of the amount claimed by applying the co-financing rate for each priority
- After the amount chargeable to the Fund is calculated, the EC will clear first the annual and then the initial pre-financing, amounts recoverable but not recovered by the EC for the accounts submitted in 2020 (cleared or recovered) – CRI Regulation.
- Final balance amount should not exceed (Article 130(3)):
  - At the level of priority per Fund: by more than 10%, the contribution from the Funds for each priority as set out in the EC decision approving the programme;
  - At the level of the programme: the eligible public expenditure declared (capping to 100% submitted payment applications) or the contribution from each Fund to each programme as set out in the EC decision approving the programme, whichever is lower.



# Illustration of how the 10% flexibility works

Financial Plan								Declaration of expenditure (all past accounting years)		Paid over all past accounting years
Priority	Eligible Total	EU (Fund Contribution)	National Counterpart	National Public	National Private (*)	Public /Total	Cofin Rate	Total expenditure	Public Contribution	
Priority 4	800	600	200	150	50	T	75%	500	400	375
Priority 5	7,000	6,000	1,000	800	200	T	86%	6,500	5,500	5,571
Priority 6	27,000	20,000	7,000	5,000	2,000	T	74%	20,000	17,000	14,815
<b>Transition</b>	<b>34,800</b>	<b>26,600</b>	<b>8,200</b>	<b>5,950</b>	<b>2,250</b>			<b>27,000</b>	<b>22,900</b>	<b>20,761</b>
<b>Programme</b>	<b>250,800</b>	<b>204,600</b>	<b>46,200</b>	<b>43,950</b>	<b>2,250</b>			<b>175,000</b>	<b>170,900</b>	

- Taking only the "total cost" example of the CGL (as if Priority 4-6 were Priorities 1-3, and no more)
- Financial plan and declared expenditure (except last year)



# Illustration of how the 10% flexibility works

Paid over all past accounting years
P
375
5,571
14,815
<b>20,761</b>

Declaration of expenditure (last accounting year)			Sum of Total Paid in past years and Calculated Fund Contribution last year
Total expenditure	Public Contribution	Calculated Fund Contribution (1)	
D	E	F=C*D or C*E	M=P+F
220	180	165	540
1,500	700	1,286	6,857
4,000	2,200	2,963	17,778
<b>5,720</b>	<b>3,080</b>	<b>4,414</b>	<b>25,175</b>

- Blue column from the previous slide – showing paid EU contribution from all year but the last one
- Next: declared expenditure in the last accounting year
- $M=P+F$  (EU contribution of total declared expenditure)



# Illustration of how the 10% flexibility works

Sum of Total Paid in past years and Calculated Fund Contribution last year
$M=P+F$
540
6,857
17,778
<b>25,175</b>

Calculation at the level of the priority axis (all years, including last)	
Flexibility limit	Amount retained at priority level (2)
$H=B+B*10\%$	$J=\min(M,H)$

660	540
6,600	6,600
22,000	17,778
<b>29,260</b>	<b>24,918</b>

- Blue column from the previous slide – showing EU contribution of total declared expenditure
- Second column: amount or the priority in the financing plan \* 110%
- Third column: max. amount due at priority level (which is lower 1st or 2nd column?)



# Illustration of how the 10% flexibility works

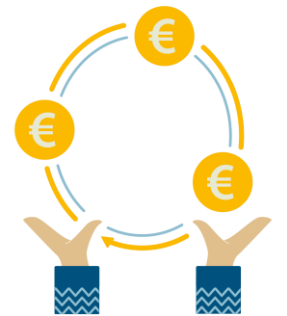
Calculation at the level of the programme	
Capping to Public Contribution (3)	Capping to Amount retained at priority level and Fund Contribution (4)
$K=(E+E1)$	$L=\min(J, \text{total B per category of region})$
580	540
6,200	6,600
19,200	17,778
<b>25,980</b>	<b>24,918</b>

- Pale orange column: public expenditure declared in all years (from previous columns E + E1)
- Blue column also on previous slide – max. amount due at priority level
- **Orange** amount is the aggregate public expenditure declared by the programme
- **Green** amount is the calculated max. per priority, green amount lower, i.e. EU contribution is capped at 24,918 EUR (underspending in some priorities leads to this result)



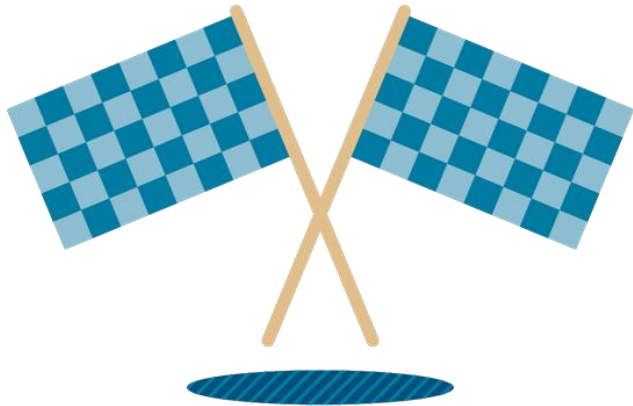
# Clearance of the initial and annual pre-financing

- When the programme receives the max Fund contribution (as set in the programme) -> amounts in the accounts will be reduced by the annual pre-financing first and then initial pre-financing (3%)
- Amounts not recovered by the EC for accounts submitted in 2020 will be cleared when calculating the final balance (COVID measure) – CRI, Article 2(5)





# Calculation of the final balance



- The calculation of the final balance is the job of the Commission
- The procedure for calculating the final balance is being prepared now
- It can be expected that, as usual, there will be a calculation sheet attached to the calculation received by the programme



# Cooperation works

---

All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)

