



**Interreg**  
Hungary – Croatia



Co-funded by  
the European Union

# **INTERREG VI-A HUNGARY-CROATIA PROGRAMME**

# **PROJECT IMPLEMENTATION MANUAL**

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## INTRODUCTION

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The **Project Implementation Manual** of the Interreg VI-A Hungary-Croatia Programme (the Programme) was developed on programme level and based on the followings:

- Regulation (EU) 2021/1060 (CPR) of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (the CPR);
- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (the ERDF Regulation);
- Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (the Interreg Regulation);
- REGULATION (EU, Euratom) 2024/2509 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 September 2024 on the financial rules applicable to the general budget of the Union (the Financial Regulation);
- 'Interreg VI-A Hungary-Croatia Programme 2021-2027', approved by the EC on 21 March 2024 by Decision No. C(2024) 1989, with programme reference number CCI 2021TC16RFCB007);
- The application package (including the Guidelines for Applicants and Eligibility of Expenditures) of the given Call for Proposals of the Programme under which the Project has been selected and awarded the subsidy;
- Experience gained during the implementation of the Interreg V-A Hungary-Croatia Cooperation Programme 2014-2020 and the preceding programmes between Hungary and Croatia.

The Project Implementation Manual is intended to guide Lead Partners (LP) and Project Partners (PP) in the implementation of the projects, more specifically, on questions related to administrative and financial management, monitoring, reporting and control procedures, and other programme related requirements.

Should there be any amendments of the manual due to legislative changes or other requirements which influence the implementation of already approved projects, they will be available on the official website of the Programme: [www.huhr-cbc.com](http://www.huhr-cbc.com).

For specific issues related to your project please contact the JS for advice – you can find the contact details of individual JS programme managers on the above-mentioned website.

We wish you success in the implementation of your project!

## **Abbreviations**

AA	Audit Authority
AF	Application Form
AfR	Application for Reimbursement
BAF	Body with accounting function
BL	Budget line
IP	Interreg Programme – the programme document
DoVE	Declaration on Verification of Expenditures
ERDF	European Regional Development Fund
EC	European Commission
EU	European Union
FPR	Final Project Report
JS	Joint Secretariat
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
I+	Interreg + monitoring system
NA	National Authority (HU or HR)
NC	National Controller
OLAF	European Anti-Fraud Office (from French: Office européen de lutte antifraude)
PA	Partnership Agreement
PP	Project Partner
PR	Project Report
PPR	Project Partner Report
PF	Project Form
SC	Subsidy Contract

## ***Glossary of terms***

### **Audit**

The term 'audit' is used for the second level audit performed by the Audit Authority (Group of Auditors) or by external auditors on behalf of the Audit Authority in compliance with Article 77 of the CPR. Second level audit covers the verification, on a sample basis, of already verified and approved project expenditure.

### **Budget heading<sup>1</sup>**

Main lines from the project budget: Preparation costs, Staff costs, Office and administration, Travel and accommodation, External expertise and services, Equipment, Infrastructure and works, Other costs.

### **Cross-border co-operation**

The collaboration between adjacent areas across borders. The main aim is to reduce the negative effects of borders as administrative, legal and physical barriers, to tackle common problems, and to exploit untapped potential. Through joint management of programmes and projects, mutual trust and understanding are strengthened, and the cooperation process is enhanced.

### **DoVE – Declaration on Verification of Expenditures**

Document issued by the National Controller, containing the amount of verified expenditure of a Project Partner Report (PPR) submitted by a PP. By issuing this document, the controllers declare the legality and regularity of the expenditure according to EU and national regulations.

### **Eligible programme area**

The 3 Hungarian and 8 Croatian counties located in the border area as identified in the Interreg Programme as approved by the European Commission.

### **Flat rate**

A simplified cost option. Specific categories of eligible costs which are clearly identified in advance and which are calculated by applying a percentage fixed ex-ante to one or several other categories of eligible costs. Flat rates involve approximations of costs and are defined based on fair, equitable and verifiable calculation methods.

### **Lead Partner (LP)**

Project participant organisation taking on the overall responsibility for the development and the implementation of a project. Each LP shall conclude the Partnership Agreement (with its PP-s) and the Subsidy Contract (with the MA), ensure sound cross-border project management as well as project implementation, and transfer the due EU contributions to the PP-s.

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<sup>1</sup> In the hierarchy of the budget structure Budget heading is the first level, which might consist of Budget lines and within the Budget lines Budget items, in case the structuring of the budget needs it.

**Legally authorised representative**

A person authorised to sign binding documents (e.g.SC and PA) on behalf of an organisation.

**National legislation**

The legislation of the state on whose territory the LP/PP is located.

**Own contribution**

Amount with which the relevant PP-s have to contribute to the total eligible amount of their project part's own budget. It depends on national legislation whether a PP has to provide own contribution or not.

**Partnership Agreement (PA)**

Agreement signed by the LP and all PP-s which states the rights and obligations of the partner organisations related to the activities to be implemented within the project, and other issues to be settled in order to properly implement the project. It is an agreement that is signed between the LP and all PP-s and that contains all duties and responsibilities of each PP before, during and after project implementation.

**Project Form (PF)**

A form that summarises the project. The PF includes changes in the Application Form that are agreed between the project partnership and the JS/MA before the conclusion of the SC.

**Project Partner (PP)**

Any applicant whose application has been approved for financing.

**Project Partner Report (PPR)**

The report is filled out by each PP, including the LP (for its own project part). It contains both activity-related and financial information. The PPR is submitted by each PP in the monitoring system to their National Controller.

**Project Report (PR)**

This is the report to be submitted by the Lead Partner to the JS at the end of each reporting period (usually every 4 months) via the INTERREG+ system, outlining the performed activities within the period, as well as associated eligible expenditure. The report documents the progress of the project and serves as a reimbursement claim. In some documents the PR is referred to as PR&AfR.

**Real costs**

The form of reimbursement where the PP must document that expenditure has been incurred and paid out.

**EU contribution**

The EU funding part of the total eligible expenditure of a project.

### **Indicators**

Indicators measure whether the project is achieving its planned outcomes. They are used to track progress, reflect change or assess project performance. There are two types of indicators: Output (to measure whether the planned activities took place, and to monitor the quality of conducted activities) and Result (to provide information on the results and impact of the activities in the project).

### **Irregularity**

Any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the EU by charging unjustified expenditure to that budget (see Article 2 (31) of the CPR).

### **Monitoring Committee (MC)**

The two Member States of the Programme, Hungary and Croatia, have set up an MC for the Interreg Programme, in accordance with the relevant EU regulations. The MC performs the duties that are defined in Article 30 of the Interreg Regulation.

### **Monitoring system**

The INTERREG+ monitoring system is an online system covering the full project life cycle within one monitoring tool containing all records of a project. Lead Applicants must create an account and use the system to submit the project applications. If the project is approved, INTERREG+ is used for reporting on the progress of project implementation (both content-wise and financially). National Controllers will confirm the eligibility of expenditure and the Joint Secretariat will monitor the projects using this monitoring system.

### **National contribution**

The non-EU contribution to the projects' budget, provided either by the state budget (only in case of Hungarian PP-s as national cofinancing) or provided as own contribution.

### **Interreg Programme (IP)**

Document submitted by the two Member States and adopted by the European Commission, setting out a development strategy with a coherent set of priorities, to be carried out with the aid of a Fund, or, in the case of Interreg VI-A Hungary-Croatia Programme with the aid of the ERDF.

### **Subsidy Contract for the EU Contribution (SC)**

A grant agreement between the Managing Authority and the Lead Partner of a supported project.



## 1 Institutional setup of the Programme

**The European Commission (EC)** is the donor of the ERDF funds, establishing also the necessary regulations.

**The Managing Authority (MA)** of the Programme is the Sector for Managing Interreg Cooperation Programmes within the Ministry of Regional Development and EU Funds of the Republic of Croatia, bearing overall responsibility for the management and implementation of the Programme towards the EC.

**The Body carrying out the accounting function (BAF)** in the Programme is the Sector for Financial Planning, Cost Management and Control in the Ministry of Regional Development and EU Funds, and is responsible for submitting Applications for Payment and annual accounts to the EC, and and executing payments to Lead Partners.

**The Audit Authority (AA)** of the Programme is the Agency for Audit of European Union Programmes Implementation System of the Republic of Croatia as a functionally independent body from the MA, the BAF and the National Controllers, and is responsible for verifying the effective functioning of the management and control system. It is supported in its task by the Directorate General for Audit of European Funds (DGAEF) in Hungary.

**The Joint Secretariat (JS)** is the main contact for LP-s both from Hungary and Croatia in relation to implementation on project level. It is set up within Széchenyi Programme Office Non-profit LLC (SZPO) with the headquarters in Budapest, and with JS members located also in Pécs, Osijek and Čakovec. The JS assists the LP-s during project development, application, contracting, implementation and project closure as well. The JS also assists the MA, BAF, AA, MC and the two National Authorities in carrying out their respective duties.

For each project contracted under the Programme, a **responsible Programme Manager (PM)** is nominated within the JS, to provide assistance during the project implementation.

The contact data of the JS:

### **Joint Secretariat of the Interreg VI-A Hungary-Croatia Programme**

Széchenyi Programme Office Non-profit LLC

**Budapest:** 2 Szép street, 1053 Budapest

**Pécs:** 62-64 Rákóczi street, 7620 Pécs

**Osijek:** 4 Stjepana Radića, 31000 Osijek

**Čakovec:** 22/b Bana Jelačića, 40000 Čakovec

E-mail: [info@huhr-cbc.com](mailto:info@huhr-cbc.com)

**National Authorities:** Beside the above-mentioned structures, the Deputy State Secretariat for Regional and Cross-Border Economic Cooperation within the Ministry of Foreign Affairs and Trade of Hungary and the Sector for Coordination of European Territorial Cooperation Programmes and Macro-Regional Strategies within the Croatian Ministry of Regional Development and EU Funds bear responsibility for the implementation of the Programme on their respective territories. They establish the principles of the Programme's management and the control system at the national level and, in Hungary, also ensure national state co-financing.

**National Controllers:** Set up in the Regional Control Unit of SZPO with Territorial Offices in Pécs and Zalaegerszeg, Hungary and in the Sector for First Level Control within the Ministry of Regional Development and EU Funds, Croatia the respective controllers are responsible for verifying expenditure at national level in accordance with EU and national rules.

## **2 Responsibilities and tasks of the Lead Partner**

### **2.1 The Lead Partner principle and cooperation among organisations of the partnership**

All projects must follow **the Lead Partner Principle**:

In each project, one of the PP-s must be appointed to act as LP. The LP is the formal link between the project and the JS/MA in accordance with Article 26 of the Interreg Regulation. The LP takes on the responsibility for management on behalf of the entire partnership, and mediates the whole project towards the programme management bodies.

**The LP is solely responsible towards the MA** for the implementation of the SC for the EU contribution (hereinafter referred to as Subsidy Contract or SC), including the timely and correct reporting towards the JS.

The appointed LP coordinates the project implementation process and the work of the partnership, and fulfils administrative and professional tasks. The cooperation between PP-s (i.e. within the partnership) is established in the Partnership Agreement (PA) in order to implement project activities successfully.

The LP makes sure that all PP-s understand and are aware of the activities that have to be accomplished. Also, the LP's task is to find and develop the most efficient way and source of communication within the partnership.

**The overall tasks of the LP are the following:**

- Conclusion and, if deemed necessary, modification of the SC;
- Overall project coordination (including 'other project changes');
- Activities linked to project management;

- Continuous contact with the PP-s and with the JS;
- Preparation of project reports;
- Preparation of Applications for Reimbursement;
- Submission of the PR-s and AfR-s through the INTERREG+ system to the JS and fulfilling requests for completion or clarification;
- Receiving the EU contribution and transferring the relevant amounts to the PP-s;
- Follow-up of the project results after project implementation (including submitting follow-up reports, if relevant).

The aim of this main programme-level principle is to contribute to the proper and effective functioning of cross-border partnerships and to emphasise the sustainable cross-border cooperation leading to sustainable actions, results and impacts.

### Partnership Agreement

The PA is a document laying down provisions that guarantee the sound financial management of the funds allocated to the project; establishing cooperation principles which regulate the rights and responsibilities of PP-s for a successful implementation of their project activities. As for the EU funding, the SC establishes a legal basis between the MA and the LP – while the PA **establishes the legal basis between the PP-s, including the LP**. The PA is annexed to the SC.

This contractual arrangement provides an overview of each PP's role in the project, the activities to be fulfilled, the timeframe of the activities and the relationship between the PP-s, as well as the procedure used in case of disputes. Each PP bears its own responsibility, up to the limit of the tasks and funds allocated to it.

The PA covers all the special situations that might occur during the project implementation phase, as well as necessary steps to be taken. Therefore PP-s should agree on – among others – the ownership of the project results; the methods to achieve and maintain project results and risk management procedures.

The PA serves as a mutually binding contract and ensures that each PP accepts and carries out its assigned tasks.

The PA in general lays down provisions regarding:

- a) The PPs' responsibilities and contributions to the project;
- b) The requirements, both internal and external, related to the reporting;
- c) The provisions for ensuring sound financial management, including separate accounting and documentation obligations;

- d) Provisions and deadlines for transferring EU funds by the LP to the PP-s;
- e) Provisions for retaining documents required for an adequate audit trail;
- f) Internal arrangements for recovering EU amounts unduly paid;
- g) The ownership of project results (provisions regarding the industrial and/or intellectual property rights, and regarding dissemination rights);
- h) Obligations regarding State aid rules, if relevant;
- i) Applicable law, place of jurisdiction, procedures for litigation.

The model PA has been shared already in the application phase as part of the documentation. It is important to point out that the PA can be modified by the PP-s, as long as it is in line with the SC.

### **3 Conflict of interest**

PP-s must undertake all necessary precautions to avoid conflict of interest and must inform the JS/MA without delay about any situation constituting or likely to lead to any such conflict. A conflict of interest exists where the impartial and objective exercise of the functions of any person involved in the project is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

### **4 Concluding the Subsidy Contract for the EU contribution**

Following the positive MC decision, the SC will be concluded between LP and the MA. The JS/MA will send a letter on award of subsidy to the LP containing all relevant information, conditions and deadlines essential for contracting.

After the decision on award of subsidy and before the contracting a technical meeting is taking place between the LP and the JS. This meeting is about the clearing of the project budget, indicators and activities in order to update the project without prejudice to the main objective of the original application.

If deemed necessary, the JS can decide to carry out site visits at the premises of the LP (and the PP-s, if needed) or in other locations of implementation. The main purpose of the site visits is to check whether the activities have already started and whether they are in line with the content of the approved Project Form (PF). A site visit can be carried out by the JS on the date agreed with the LP. During the visit minutes of the meeting are taken containing the observations of the JS staff.

The SC guarantees, on the one hand, the rights and obligations of the LP, and on the other, the rights and duties of the MA for the appropriate use of EU contribution within the framework of the Programme.

The SC containing the PF serves as the basis for the monitoring of activities, and it is a core document in the event of settlement of disputes. The SC enters into force on the date when the last of the contracting parties has signed it. The implementation of the project starts on the date indicated in the SC, which can be before or after the signature of the SC.

## **5 Monitoring system for project implementation: the INTERREG+**

Beside the submission of the application the monitoring system ensures:

- a) Data integrity and confidentiality;
- b) Avoidance of submission of identification data more than once when filling in reporting documents;
- c) Data storage: relevant data and documents in particular with regard to eligibility of expenditure and related audit trail must be uploaded in I+ and be available to all bodies involved in monitoring, control and verification of expenditure, audit, implementation and evaluation activities, thus to reduce the administrative burden for the PP-s in sending the same information more than once to the different bodies, unless it is found to be outdated.

During the process of signing the SC, each LP receives online access to the Front Office of the Programme's monitoring system. This surface will enable them to submit PR-s and AfR-s and modification requests on behalf of the partnership. Upon the LP's approval of their role requests, PP-s also gain access to the Front Office of I+ where they will be able to see the content of their project part and submit PPR-s.

The monitoring system is the main communication and monitoring tool all along project implementation: all information must always be updated by the LP, as the JS/MA shall make reference to those data when proceeding with the requests for payment.

The INTERREG+ monitoring system is in line with Regulation (EU) No 2016/679 (General Data Protection Regulation, GDPR) which introduces rules on data protection.

Once a project is contracted, the reporting section in I+ becomes available to the PP-s. All PP-s must become I+ users through registration: recording- and signatory user roles will be provided on the level of PP and on project level, as only assigned users can create, modify and submit PPR-s and PR-s.

The LP requests the I+ user roles from the JS. After the user role has been granted, the LP's recording user provides access to all PP-s upon their request submitted via the system. The

usernames and passwords to access project data, PPR-s and PR-s are considered confidential data. The LP and the PP-s have to create their own PPR-s. Also, the LP has an obligation to prepare and submit the PR on behalf of the partnership. Only users assigned to the LP can view PPR-s from all PP-s, as those users are responsible to prepare and sign the PR. Other PP-s have access only to their own partner-level reports.

For more information about accessing the monitoring system, details on adding, removing and changing different types of users please refer to the User Manuals (for each module) for Front Office Users of the INTERREG+ System.

## 6 Modification of the project

Even if well planned and prepared, a project might need modifications during the implementation due to various reasons. The deviations from any aspect of project implementation defined in the SC and its Annexes must be reported to the JS. To seek an approval for changes, the LP fills in the modification request in cooperation with the PP-s and submits it to the JS.

### **As a general rule:**

- The LP has to notify the JS maximum 15 calendar days from the time after the change has occurred, or with the submission of the PR at the latest.
- Only one addendum to the SC can be managed in a project with an implementation period shorter than 12 months. In case of longer projects, another SC addendum is possible after the first year of implementation has passed.
- Only one other project change can be requested during a (four months) reporting period.
- A project prolongation request has to be initiated at least 45 calendar days before the project end date currently in force.

**The basic rule is that modifications affecting the basic purpose of the project as approved by the MC are not allowed.**

The following types of modifications can be differentiated:

1. Modification of the SC;
2. Other project changes (OPC);
3. Administrative changes;
4. Slight project changes;
5. Withdrawal – ‘Declaration of Withdrawal’ of the PP leaving the project;
6. Termination of the SC.

The following modifications can be requested:

- a) Change of the PP-s;
- b) Substantial changes in the overall project objectives;
- c) Change of value of indicators;
- d) Prolongation of the duration of the project;
- e) Budget reallocation;
- f) Change of activities (either introducing new activities or replacing old ones);
- g) Change of the contact persons, other data of the LP / PP-s;
- h) Change of other datasheets (Infrastructure, Other info, Partners without budget etc.)

**The following modifications are not possible during project implementation:**

- Change of the type of budget (e.g. from Staff is flat rate to Staff is real cost or vice versa)
- Budget reallocation within those budget headings which are calculated based on flat rate and lump sum.

**As a general rule, all types of modifications shall be requested by the LP through INTERREG+, with the exception of the followings (does not need to be approved / does not need to be administered):**

- Modifications/reallocations between budget items within one budget line do not need to be requested within a modification process. INTERREG+ tolerates these differences while reporting;
- Modifications qualified as '4. Slight project changes' should not be administered and approved;
- Merging of reporting periods - the LP only has the obligation to inform the JS in the name of the partnership and since merging the reporting periods has an effect on the reimbursement of the EU funds, the merge should be agreed by the whole partnership. The JS informs the NC-s about any merging of reporting periods that has been communicated to them.

For technical help regarding how to submit a modification request within the system, please see the Front Office User Manual for Project Modification on the Programme's website.

## **6.1 Modification of the Subsidy Contract (addendum to the SC)**

If the LP requests substantial project changes then that requires a request for the modification of the SC. Such a request must be approved by the MA and – in certain cases

related to the change of the Partnership - the MC. After the approval of the request, the MA and the LP are signing an addendum to the SC, about which the National Controllers are also informed.

### **The following changes require modification of the SC:**

#### **a) Change (or withdrawal) of PP-s**

This type of request for project modification requires the approval of the MA and the MC. If the MC approves the requested change, the addendum is signed by the MA.

However, in case of a merger/fusion with legal continuity/successor in the PP or LP organisation without a change of EU tax number, which can be proven by legal documents of succession, an addendum is not necessary, unless the MA decides differently. In such instances it is enough that the LP informs the JS by submitting the necessary documents.

In case the **LP/PP is experiencing a structural or legal change, such as legal status change or legal succession** it is possible to continue project implementation / follow-up **on condition that the new entity takes over all duties and obligations of its predecessor** (e.g. retention of documents, respect of internal audit trail, eventual follow-up of irregularities etc.) and that eligibility rules are respected. Legal change can affect however the sources of funding structure of the respective PP. All documents affecting the modified legal status or legal change must be provided to the JS/MA.

### **The following changes of PP-s might occur:**

- *A withdrawn PP is replaced by another one that is already present within the partnership, and it takes over the remaining activities (including the connected indicators and budget etc.)*
- *Withdrawal of a PP without replacement*
- *A withdrawn PP is replaced by a new one which takes over the remaining activities (including the connected indicators and budget etc.)*

In case a PP is withdrawn from the implementation, it must be confirmed that the partnership still meets the eligibility requirements. The partnership must demonstrate that the withdrawal of the PP does not jeopardize the effectiveness of the project, and that planned outputs and goals are ensured. A new PP, as the ones already included, must also fulfil all eligibility criteria of the Call and must demonstrate sufficient skills and expertise to efficiently implement the remaining tasks. The withdrawn PP must respect the obligations of document retention for the duration as contained in the SC/PA and must solve all pending situations (e.g. repayment of undue EU funds).



**b) Substantial changes in the project objectives** or in the content of the project

Proposed changes resulting deviation from the quantified outputs, tangible outputs of the project (in general more than 20%) are considered as 'Substantial changes in the content of the project' in general.

Since this type of change can have fundamental effects on the project content, the modification request has to be very well grounded and reasoned (e.g. 'vis maior' case) to provide all relevant information to the decision making process. In case the request for modification is deemed necessary and well justified, the JS forwards it to the MA for decision. If the MA approves the requested change, an addendum is signed.

**c) Substantial change of the target value of a programme-level output or result indicator**

In case a substantial change of the value of a programme-level output or result indicator is requested, the PM may consult with the MA to jointly determine whether the modification requires SC modification. If not, the JS decides on the modification as an OPC modification.

**d) Prolongation of the project duration**

As a general rule, the request for modification requires the approval of the MA, but in case the project duration exceeds the maximum duration set in the Guidelines for Applicants of the respective Call for Proposals, the approval of the MC is also necessary.

**e) Budget reallocation (between budget lines)**

Budget reallocation (between budget lines), which generate changes exceeding 20% of any of the affected budget headings and exceeding 50.000 EUR within the budget of the LP / PP.

**Any request for modification of the SC has to be justified and submitted by the LP to the JS.** The latter checks the request for modification and in cases described above submits it for approval to the MA.

Upon approval of the MA/MC, the finalised addendum to the SC has to be signed by both contracting parties.

## **6.2 Other project changes**

For project changes not listed above – i.e. changes which do not involve the amendment of the SC – **the modification requires the approval of the JS**, and the modification is considered as an other project change (OPC). The LP has to notify the JS maximum 15 calendar days from the time after the change occurred, or with the submission of the PR at the latest.

OPC-s may be:

- Budget reallocation between budget headings in case not exceeding the SC modification threshold (~changes not exceeding 20% of any of the affected budget headings and exceeding 50.000 EUR within the budget of the LP / PP’);
- Budget reallocations between budget lines within one budget heading (for example: 5.5 to 5.8, or 6.2 to 6.1); changes in the budget description;
- Changes in activities (e.g. reformulation of the activity, tangible outputs, location, joining of activities, description change etc.) in general (unless the objectives or the purpose of the project is affected) <sup>2</sup>. However, moving activities between reporting periods is not considered an OPC, therefore it is sufficient that the LP reports about it in the next PR, unless requested otherwise by the PM;
- Any change of indicators due to budget reallocation or change of activities or other changes occurred (with the exception of substantial change of the value of a programme-level output or result indicators as it would need SC modification); Under- or overachievement of indicators solely during project implementation would not reason modification of an indicator;
- Change of other datasheets (Infrastructure, Other info, Partners without budget etc.) and change of separate project bank account.

All changes in the project must be in line with the rules of the Guidelines for Applicants of the relevant Call for Proposals <sup>3</sup>, as well as with the Eligibility of Expenditures document. (E.g. if a limit for a certain type of cost was set in the Guidelines, the proposed change must respect the limit as well.)

Furthermore, requested changes must be in line with the decision of the MC, i.e. if the MC decision contained any conditions for contracting, those must be respected throughout the implementation of the project, and the modification(s) of the project cannot be contradictory to the conditions.

Other project changes reported on PPR or PR level without approval from the JS may lead to expenditure cuts on behalf of the NC-s.

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<sup>2</sup> The JS (in agreement with the MA) has the right to decide based on the modification request if the changes in the activities can be handled as OPC-s, or if they are substantial changes and then Chapter 6.1 b) applies.

<sup>3</sup> Except for a case as described in letter d) above i. e. when the MC approves a prolongation in the project’s duration which exceeds the maximum set in the GfA.

### 6.3 Administrative changes

Change of the contact persons, other data of the LP / PPs are considered smaller administrative changes, which have to be administered in the INTERREG+ system (such as changing of the postal address or the address of the headquarters, change in contact person, contact data – phone number, e-mail address – of the contact person or the legally authorised representative etc).

### 6.4 Slight project changes

**Slight project changes type, which should not be reported or communicated** for approval of the JS, is relevant in the following cases: (accepted automatically, **no administration through I+**)

- a) **Changes in the total costs of budget items – within the limits of the given budget line –**, in case all the budget items are fulfilled or expected to be fulfilled (no changes occurred in the content of the activities or in the project, no deviation from the quantified outputs - e.g. output or result indicators);
- b) **Changes in the parameters of the budget items**, which are not resulting in deviation from the quantified outputs (e.g. output or result indicators) of the project or not affecting the result, quality or the aim of the activity it belongs to;
- c) **Personnel changes in the project staff** (affecting data of budget items on budget line 2.1 and 2.2 – Real cost in reporting Staff cost is used by the Project Partner), in case it is not affecting the position fulfilled in the project (only the person).

The main goal of the automatic approval in case of the 'Slight project changes' is to enable much easier reallocation between budget items of the same budget line and minimize the necessary administration. It is definitely not the goal to ensure spending of the remaining amounts on budget items to something, which was not planned (or drastically increase the spending or the quantity of a planned item). Examples for the project changes, which are considered slight and therefore not need the approval of the JS:

- a) **Changes in the total costs of budget items – within the limits of the given budget line:**  
In case budget item '5.3.1 Event 1' is successfully completed, but costs 500 euros less compared to the allocated amount, the remainings can be spent without the approval of the reallocation within the same budget line '5.3 Events, conferences, seminars, project meetings' to e.g. budget item '5.3.2 Event 2'. Necessity and other eligibility aspects in relation to the expenditure applies similarly as before, but availability of the allocation for budget item '5.3.2 Event 2' is handled flexible.

**b) Changes in the parameters of the budget items:**

- i. performance in better quality or higher quantity up to 50% increase (e.g. better quality, parameters in case of budget items on '*6.1 Purchase of equipment*'; more participants of an event than described in case of budget items on '*5.3 Events, conferences, seminars, project meetings*'; more books/promotional materials printed or in better quality in case of budget items on '*5.6 Costs related to publicity, promotion and communication*');
- ii. underperformance in the quantity of planned project partner meetings is acceptable (budget items on budget line '*5.3 Events, conferences, seminars, project meetings*') as an exception;
- iii. only in relation to communication activities (budget items on budget line '*5.6 Costs related to publicity, promotion and communication*'), besides 'the performance in better quality or higher quantity up to 50% increase' principle (detailed in point i.) such changes, which do not cause more than 25% decrease of the output either in the length/volume or the number of pieces (e.g. flyers, articles, brochures etc.) are acceptable with the purpose to let projects modify their communication mix according to the needs more flexibly;
- iv. changes in technical parameters, which are not affecting the output itself (e.g. organisation of a study trip/event when it is irrelevant if travelling with 2 times 3 buses or 3 times 2 buses; compared to the planned 8 persons 10 or only 6 persons participate; technical parameters of thematic equipment -e.g. computers due to advance of technology etc.). The bilingual nature of activities should not be affected by slight modifications ;
- v. in case a budget item covers more procurements / services / travels etc. (e.g. several equipment, more workshops, more business trips), reallocation between 'sub-items' (different parts of the budget items if any) within the budget item is not needed at all (in description etc.).

**c) Personnel changes in the project staff**

- i. In case the person of e.g. the financial manager is changing, but the position is still budgeted (even in cases when another project staff already involved in the project will take over the position);
- ii. Changes in the personnel might induce changes in the working hours or percentage spent on the project as well as the salary, but as long as it does not affect the total amount of the budget item above the flexibility rule in point a), or the function covered by the staff, there is no need for project modification.

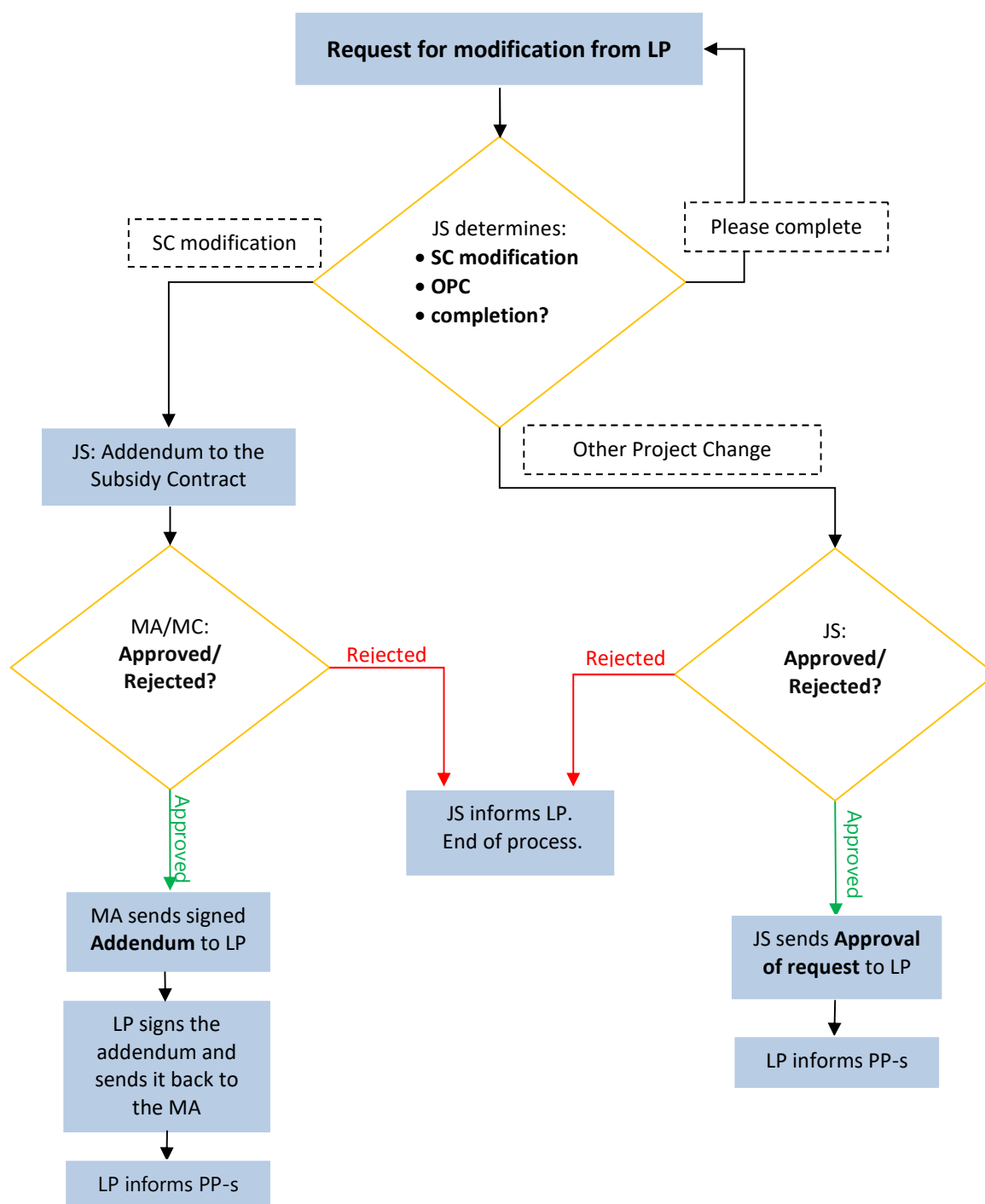
In such cases when it is not evident that the needed changes would qualify as Slight Project Changes, the JS should be contacted for clarification.

## 7 Modification process

**The LP submits** a request for modification to the JS through INTERREG+.

Upon receiving the request **the PM of the JS checks it.**

- It is determined that **the request is an addendum to the SC.**
  - JS prepares the addendum with supporting documents and sends it to the MA
  - **MA decides** on the addendum
    - MA determines that the SC modification **requires the approval of the MC**
      - MA initiates the (written) decision-making of the MC
      - JS organises the MC decision-making procedure
      - MC decision is made and one of the following two steps is managed, depending on the positive/negative decision
    - MA determines that the SC modification is acceptable, **it is approved**
      - MA signs and sends the signed addendum to the LP
      - LP signs the addendum and sends it back to the MA
    - MA determines that the SC modification is not acceptable, **it is rejected**
      - MA informs the JS
      - JS informs the LP
- It is determined that **the request is an Other Project Change (OPC)**
  - JS determines that the OPC is acceptable – it is approved
    - JS approves and sends the approval to the LP
    - LP informs the PP-s
  - JS determines that the OPC is not acceptable – it is rejected
    - JS informs the LP of the rejection
- It is determined that **the request needs to be completed**
  - JS sends the request back for completion to the LP
  - LP resubmits the completed request



## 8 Monitoring visits

In order to have a more direct contact between the programme management bodies and the partnership of individual projects and to get a closer, more realistic view of the project implementation, the work being carried out, the progress and the achievements, **the JS**

**visits contracted projects<sup>4</sup> at least once during the implementation period**, and in case it is considered necessary, additional visits might be needed based on the project financial and technical performance.

LP/PP-s should be prepared for these visits and ready to provide all required information and documents. **The focus of the review and meeting** will be on the progress of activities, their timely implementation and the related reported and verified costs, the progress towards project objectives and indicator targets, management and communication of the project, potential risks, problems, delays and their possible solutions, and a realistic forecast for the remaining implementation. It is to be based on a constructive dialogue between the programme management and the project partnership to get direct feedback on both sides about the status and perspectives of the project.

**In general, the JS notifies the LP prior to the monitoring visit about the proposed date, although unannounced visits are also possible**, especially if there is a suspicion of irregularity. The visit may be linked to a project event. In addition, a JS monitoring visit provides an opportunity for PP-s to consult the JS. **The monitoring visit is not considered as an audit** and is not a pre-requisite for the approval of the PR and the AfR. However, the JS/MA can use the information gathered during the visit as a basis to propose specific actions, including suspending EU contribution payments or even withdrawal from the SC (in case the project implementation significantly deviates from the objectives indicated in the SC, or if there is a suspected irregularity).

The aim of the monitoring visit can be:

- On-the-spot monitoring of the project implementation (e.g. in case of any delay) and personal consultation if problems occurred;
- To clarify and collect more information about professional/technological changes that occurred in the project (e.g. to gain sufficient information about the reasons for a modification of the SC);
- The clarification of information included in the PR, final PR and Follow-up Report in case they contain errors or a further clarification is deemed necessary;
- To visit an important event of the project (e.g. opening or closing conference).

**In case of investment projects a site visit can be organised prior to conclusion of the SC**, in order to check the present situation.

All observations made and the results of the monitoring visit are included in **the minutes that is to be acknowledged and signed by all the participants**.

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<sup>4</sup> Please note that other programme bodies (e.g. MA, NC-s) can also perform monitoring visits / on the spot checks.

## 9 Reporting and reimbursement process of the EU funds

The payment of EU funds is connected to the submission and approval of a PR. The aim of the PR is to describe the progress in the implementation of the project and the way the PP-s have acted in order to obtain these results. The PR furthermore underpins the content of the AfR, i.e. establishes links between the incurred costs and the tasks and activities stipulated in the PF. Each PR submitted to the JS has to be prepared by the LP and shall be accompanied by an AfR, which indicates the total amount of EU funding to be reimbursed for the given reporting period.

An essential condition for the transfer of EU funding is the timely submission of the PR together with the necessary supporting documents/annexes containing correct information. PR-s need to be submitted on a regular basis by the deadlines specified in the SC. The reporting period, in general, covers four months of the project's implementation, starting from the starting date of the project.

EU funding will be transferred directly to the LP's bank account (sub-account opened exclusively for the purpose of the project). The LP is responsible for further transferring the respective EU amounts to the PP-s within the timeframe agreed in the PA.

## 10 Reporting deadlines

By signing the PA and SC the PP-s respect the deadlines of reporting which are **10 days for each PP** (20 days in case of the final report) to submit PPR to NC-s **and 90 days** (100 days in case of the final report) **for LP-s after the end of the reporting period to submit the PR to the JS.**

In cases of passive project implementation or considerable delay in reporting without notifying the JS, the MA is entitled to consider a deduction of the management costs.

## 11 Project Reports

At the end of each 4-month reporting period, the LP prepares and submits a PR to the JS via the Front Office of INTERREG+. For technical help regarding how to submit a PR in the system, please refer to the Front Office User Manual for PR-s on the programme's website. The purpose of the PR is to inform the JS and the programme management bodies about the activities which were carried out and the expenditures that were incurred in the given reporting period. In order to compile a comprehensive report, the LP gathers necessary data and documents from all PP-s of the project.



Each PP (including the LP) prepares their own PPR concerning the activities that they implemented and justifying their own expenditures. The LP/PP-s shall be aware of the fact that this might be a time- and resource consuming process and that the timely preparation of the documents is essential for the successful reimbursement process.

The PR (which includes both the narrative and financial report) is accompanied by the AfR which is generated by the monitoring system based on the Declarations on Verification of Expenditures (DoVE-s) issued by the responsible National Controllers to each PP for the given period, as well as other compulsory annexes and relevant supporting documents.

The PR, including the AfR as well, is automatically generated by the monitoring system (and saved under the 'Documents' datasheet) upon the completion and online submission of the PR.

The deadline for submission of the PR and AfR to the JS is 90 days (100 days in case of the final report) from the end date of the respective 4-month reporting period. The project start date, the reporting periods and the actual deadlines for submission are indicated in the SC, in the PF and are also available in INTERREG+.

The PR is prepared by the LP, but each PP must contribute to the compilation of the PR by preparing and submitting their PPR-s first. PP-s must provide adequate information and supporting evidence to the LP concerning the activities and financial progress of their project part via the PPR in relation to the given reporting period. It is important that the LP describes the progress of the project's implementation in sufficient detail and quality, and provides the connecting supporting documents as well. In the PR, the LP is expected to regularly present the progress in achieving the project objectives, implementing the activities and reaching the deliverables, including the progress towards reaching the indicators' target values. Following the submission of the PR, the report is checked and verified by the JS.

### **11.1 Reporting about the horizontal and 'Do no significant harm' principles**

All projects financed by the Programme must respect the horizontal principles of the Programme, including the 'Do no significant harm' (DNSH) principle which states that the activities implemented within a project may not cause any significant harm to the environment.

However, some projects may contribute to one or more of the Programme's horizontal principles (equal opportunity and non-discrimination, gender equality, and sustainable development including environmental protection). Such projects were awarded points during the assessment of applications, and they need to justify the higher score now, in project implementation. In case the project planned to promote and strengthen any of the three horizontal principles, the contribution should be explained and proved in the PR-s and, if relevant, already in the PPR-s.

In the reports the PP-s should explain their contribution to the above-mentioned principles with specific actions, and should always prove it with quantitative data, supporting documents and other sources of verification. Those specific actions relevant to both principles will be closely monitored by the Programme bodies. For more information, please visit chapter 4.2 <sup>5</sup> of the Guidelines for Applicants.

## 11.2 Preparation and content of the PR, procedures

The PR shows the progress of the implementation of project activities in a given period of time. The PR provides an overview of the project implementation and also shows eventual deviations in comparison to the approved project plan presented in the PF. The PR consists of two main parts: a narrative and a financial part.

a) The **narrative part** requires descriptions about the steps taken in a given reporting period.

Under the ***Achievements chapter***, updates are provided by answering the following questions:

### 1. Progress towards the main objective

The partnership explains the progress of the project towards the main Objective

- Is the project implementation on time according to the time plan defined in the Subsidy Contract?
- What is the estimated delay of the overall implementation in months?
- Are there any differences/deviations in terms of activities/outputs?
- Justification for the above mentioned delay/differences/deviations.

### 2. Summary of achievements of the project implementation in the present Reporting Period

The partnership explains the progress of the project towards the planned outcomes – a description about the progress towards specific objectives listed as tangible outputs. For each report, the partnership provides an updated description from start till the end of the present reporting period for each tangible output.

### 3. Summary of achievements on EU horizontal policies (equal opportunities, sustainable development) in the present Reporting Period.

The partnership explains the active contribution of the project, if any, towards the horizontal principles and explains which specific activities have contributed to them. In this section, the partnership reflects on the environmental impact of the project activities, possible environmental resiliency of the results of the project and the way the project contributed to other EU-, national- or regional level strategies and principles.

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<sup>5</sup> In case of projects falling under the Operations of Strategic Importance category, requirements for horizontal principles are defined under Chapter 3.1 of the respective OSI GfA.

#### **4. Other comments in the present Reporting Period, if relevant (e.g. Progress made in fulfilling the special SC Condition; State aid/De-minimis issues, etc .**

The partnership explains the achievements of the project in any special SC Condition, State aid/De-minimis issues or other noticeable progress needs reporting.

#### **5. Consecutive summary of actual achievements of the project**

The partnership explains the achievements of the project from start till the end of the project. The PP-s provide an overall update on activities, indicators and any other results and achievements of the project.

Under the **Activities, Indicators, Infrastructure chapters** updates are to be provided regarding the progress achieved in the specific reporting period. The progress described should always be proven with evidence in form of uploaded supporting documents:

- progress of specific **activity groups**,
- progress with specific **activities** within the activity groups – including differences and deviations in comparison to the original activity plan,
- progress on **communication** related activities,
- progress on reaching all **indicator** targets.

Please note that the narrative part must be clear, coherent, relevant and time-related when compared to the PF. In case of deviations (especially in deliverables and outputs), a clarification/justification shall be provided.

**The JS/MA might reject submitted deliverables or outputs that are of low quality or do not comply with the PF, requesting the project to solve the detected issues.**

b) The **financial part** contains information and provides general overview of the expenditures related to the project activities performed in the reporting period.

The PR must contain the lists of expenditures for all PP-s, verified by the respective National Controllers in the form of DoVE-s.

The LP must ensure that the expenditures presented for reimbursement by the PP-s are not double financed, are in compliance with the principle of sound financial management, and were included in the budget of the project as approved by the MC.

The financial part of the PR summarises the costs incurred and paid on partner level based on several different aspects. The PR contains the financial summary by budget lines and by sources, the overall financial progress in the total budget and in the EU contribution separately, in the reporting period. This part also contains information about the transfer of

the EU funding by the LP to the PP(s) related to the previous reporting period, accompanied by the bank statement(s) proving the transfer(s).

Supporting documents/annexes for PR-s are the following:

- DoVE of each PP, including the LP;
- a scanned copy or PDF version of the procured study, research, database, book, publication, presentations of workshops, etc;
- proof of information and publicity activities carried out in the reporting period (published brochures, leaflets and other promotional material, radio and TV recordings, newspapers articles, web publications, social networks posts, photographs, promo film and attendance lists of events, etc);
- photo documentation of equipment procured (preferably showing while it is used by the PP-s or the target groups), of works activities, infrastructural sites, and of soft activities (e.g. trainings, study tours, etc), if relevant;
- scanned copy of bank statement proving the transfer of EU funds;
- documents proving the reported progress of the indicators.

#### **PPR-s closed without verification, PR-s with merged reporting periods**

In case a PP had no expenditures incurred in a certain reporting period, it is possible to merge that reporting period with the following one, upon notifying the JS with justification. In this special case, no request shall be submitted through the INTERREG+ system, the LP only needs to inform the JS via e-mail. The merging of reporting periods shall apply to the whole project, therefore it will affect all PP-s, thus two reporting periods can be merged only upon agreement of the whole partnership.

A PPR without any reported expenditure can also be submitted to the National Controllers, with proper explanation regarding reasons and causes of underperforming. The controllers will in this case close the verification without issuing a DoVE.

PP-s of the project with weak performance will be invited by JS/MA to targeted meetings, in order to provide further clarifications on the project implementation state of play and to define a road map to catch up or to adopt specific countermeasures.

**As a general rule supporting documents for the PR have to be submitted only in electronic form, via INTERREG+.**

If applicable, documents containing confidential and protected personal information of participants, such as patient data, medical history (anamnesis) of individuals, filled-in surveys and questionnaires, transcripts of interviews and similar can be submitted if their submission does not infringe laws protecting privacy, confidentiality or ethical guidelines for research with participation of human subjects (in academic/ scientific/ research institutions).

Personal information of individuals gathered for the purpose of implementing measures of equal opportunities can be submitted only if the PP-s have obtained the prior written consent of the individuals. For the purpose of verification of the implemented activities and incurred expenditures during the reporting, these documents can be submitted only if there is no other reliable source of verification, and only if identification data of individuals are deleted or the data is aggregated and impersonalised. Please find more details in the GDPR section.

The PR is filled in, which also includes the upload of all necessary supporting documents, and submitted electronically through the Front Office surface of the monitoring system. The AfR is generated by INTERREG+. **The language of reporting is English:** the PR, the AfR and the DoVE-s are prepared in English. Accompanying documents which were created in Hungarian or Croatian language do not have to be translated.

### **Verification process by the JS**

Following the receipt of the documents, the responsible PM at the JS performs the content verification of the PR. During the verification process, the JS may request additional information or documents if necessary for the proper understanding and approval of the PR. The verification process is suspended until all required documentation and data are provided by the LP.

The verification process is divided into two main stages: **verification of the PR and verification of the AfR.**

### **11.3 Completion**

In case the submitted PR is technically incomplete, the content of the report is found unsatisfactory or any of the required supporting documents are missing, the PM sends a completion letter via INTERREG+, asking the submission of additional/missing documents and information.

The LP has maximum 10 calendar days upon receipt of the request to submit the required additional/missing information and documents. These are submitted electronically by filling the required fields in the certain sheet(s) of the monitoring system, or by uploading them to the corresponding folder of INTERREG+.

### **11.4 Revalidation**

If any correction to the amount or the descriptive information of the DoVE is needed then it is sent back by the JS to the National Controller for revalidation.

The DoVE can be reissued due to the following reasons:

- a) ineligible expenditure in the actual PR/AfR;
- b) reported budget items are not in line with the accepted budget of the project part, or rules of project modification are not kept;
- c) inappropriate delivery of planned project outputs and results in terms of quality and content;
- d) differences/deviations concerning the approved project activities;
- e) the cross-border impact of the activities cannot be traced;
- f) unjustified, unnecessary, overbudgeted or inappropriate costs;
- g) minimum communication requirements of the Programme are not kept;
- h) EU horizontal policy requirements of the Programme are not kept.

The LP has to resubmit the PR/AfR with the revalidated PPR's DoVE.

### **11.5 Rejection**

If the LP does not respond to the request for completion of documents, the PM sends a reminder. If the LP fails to reply to the second notice and does not complete the documents, the PR may be rejected. As a general rule, those expenditures which relate to a rejected AfR can be re-submitted only once and only for the subsequent reporting period. Only in justified cases may a later re-submission of those expenditures be accepted.

### **11.6 Preparation and content of the AfR**

The AfR summarises the expenditures of the PP-s in the reporting period, based on the DoVE-s issued by the National Controllers.

In the verification process of the AfR special attention is paid to the following aspects:

- The EU subsidy requested in the AfR is within the frame of the approved amount of EU subsidy; and
- the EU amount of reimbursement is correct and in line with the EU amounts approved in DoVE-s.

## 11.7 Procedure of reimbursement of the EU funding

Once the verification of the PR and AfR has been completed, the JS initiates the reimbursement of the EU funding. Following the approval of the MA, the BAF transfers the amount of EU contribution stated in the approved AfR to the (separate) bank account of the LP. Upon receipt of the EU funding, the LP is obliged to further transfer the respective amounts on time and in full to each PP. The timeframe of this reimbursement is regulated in the PA.

## 11.8 Final Project Report

The reporting procedure and the form of the final PR are the same as the procedure and form of any PR, but special attention should be paid to tick the relevant check box in the monitoring system.

The latest possible date for the LP/PPs to pay the expenditures incurred within the project is 30 calendar days after the last day of the project's eligibility period. However, the payment is not allowed after the final date of eligibility in the Programme, which is 31 December 2029.

The project is considered fully implemented if carrying out the planned activities and results is successful, and if at least 80 per cent of the quantifiable outputs was achieved in due time.

Supporting documents for the final PR are the following:

- A scanned copy of the procured study, research, database, book, publication etc;
- Photo documentation, if relevant (infrastructure/equipment);
- Documents proving the fulfilment of the indicators;
- Valid permission of use <sup>6</sup> (in HU: *használatba vételi engedély*, in HR: *uporabna dozvola*); record of the technological delivery session (in HU: *műszaki átadás-átvételi nyilatkozat*, in HR: *zapisnik o primopredaji radova*); statement of the responsible architectural supervisor (in HU: *felelős műszaki vezető nyilatkozata*, in HR: *izjava nadležnog građevinskog nadzora*); any other permits prescribed by the relevant regulations;
- Other project specific documents requested by the JS;
- Scanned copy of bank statement proving the transfer of EU funds.

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<sup>6</sup> Temporary permission of use (*ideiglenes használatbavételi engedély / privremena uporabna dozvola*) can be accepted from the PP only in duly justified cases, or it can submit the copy of the document (provided by the relevant authority) proving that the organisation has handed in its request for the initialisation of the permission procedure (if relevant).

In addition, LP-s should deliver to the responsible PM along with the final PR samples of information and publicity material produced during project implementation. Such material includes, but is not limited to: posters and any other printed material – books, booklets or brochures, as well as promotional branded merchandise used during the project. The Programme will use such material on occasions which promote the Programme, Interreg and the EU.

The final reimbursement of the EU funding is made after the conclusion of the project and according to the final AfR as approved by the JS. Following the approval of the FPR the JS initiates the financial closing of the project in the monitoring system, in order to calculate the exact amount of EU funding to be reimbursed to the LP.

Financial closure cannot be initiated in case other processes related to the project, such as irregularity and recovery procedures are still ongoing. After the final payment of EU contribution to the LP and the transfer of the reimbursement to the PP-s, the project is considered closed.

## **12 Eligibility**

Detailed rules of eligibility of costs are described in the ‘Eligibility of Expenditures’ document published on the Programme’s website – please always check the latest available version.

## **13 Procurement rules**

Programme level procurement rules to be applied by PP-s are published on the Programme’s website, as part of the ‘Eligibility of Expenditures’. National rules and legislations are also to be respected.

## **14 Suspicion of irregularity and the irregularity process**

An irregularity may occur at any moment in the project cycle, from programming through to audit, ex-post monitoring or evaluation. Checks at any stage of project implementation may indicate that the conditions to be met by a PP after project completion are not being respected.

Irregularity suspicions can be detected by the National Controllers, JS, MA, NA-s, BAF, AA, EC, European Court of Auditors, European Anti-Fraud Office (OLAF), whistle-blowers, LP-s, PP-s, other bodies authorised to carry out financial verifications on projects, or other bodies and individuals, including anonymous ones. Providing information about irregularities is the prerogative and task of the National Authority of that country where the affected PP is located. (In case of an EGTC this is the country where it is registered.)



The following mechanisms for identifying irregularities may be used:

- detailed checking of PR-s,
- on-the-spot checks and ad hoc controls by any of the programme bodies,
- monitoring visits,
- cross-checks and follow-up checks,
- notifications by other grant recipients,
- local knowledge (press / members of the public),
- national- and EC audit reviews.

#### **a) Recovery of EU funds from ongoing projects**

Where recoveries shall be performed in ongoing projects, all unduly paid EU funds must be deducted from the next reimbursement due (or, where applicable, from a reimbursement which is still under examination by the programme bodies), or remaining EU payments can be suspended. In order to ensure a proper audit trail of such deductions, the financial corrections will be managed and stored in the monitoring system.

**Depending on how the amounts unduly paid out have been detected**, different requirements must be met:

- 1) in cases where they have been identified by the National Controller of the PP (e.g. during an on-the-spot check), the relevant controller must provide the necessary information to the relevant NA so that the financial correction can be made;
- 2) in cases where they have been identified by other actors (JS, MA, BAF, AA, European Commission), the JS/MA will promptly inform the relevant NA. Possibility of involving the responsible National Controllers at national level will be examined whenever necessary.

#### **b) Recovery of EU funds from closed projects**

For already closed projects, or in cases when a deduction from the next reimbursement cannot be made in full, a recovery procedure towards the LP must be launched.

For cases in which the project has already received the last EU fund instalment, the MA shall demand from the LP the repayment of the EU subsidy in whole or in part. In case the EU amounts unduly paid refer to a PP, the concerned PP repays the LP any EU amounts unduly paid in accordance with the agreement existing between them (i.e. the PA).

In any cases of financial corrections the LP shall ensure that, if applicable, the concerned PP repays the LP any EU amounts unduly paid, as provided for in the PA. If the LP does not

succeed in securing repayment from other PP(s), the LP shall inform the MA via the JS in written form within the deadline for repayment.

If the MA does not succeed in securing repayment from the LP, the Member State on whose territory the PP concerned is located (or in case of an EGTC, the country of registration of the EGTC) shall reimburse the MA any EU amounts unduly paid to that PP. As a consequence, the affected Member State shall be entitled to claim the unduly paid EU funds from the PP concerned. The MA shall be responsible for reimbursing the EU amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating Member States as laid down in the Interreg Programme.

### c) Double funding

One of the important elements to be taken into account when participating in EU funded projects is the need for implementing measures to avoid double funding from different co-financing sources for the same expenditure item.

In practice this means that the expenditure that has already been supported by other EU- or national funds is not eligible. In case of co-financing from other funds, the cost can be deemed eligible only for the part of the cost not covered by the other subsidy. For more information please refer to Article 5 of the SC and to national rules.

## 15 Project closure

**The audit trail** is a comprehensive set of documents which **provides a complete history of a project** and evidence that proper procedures have been applied and outcomes achieved. It is a compulsory requirement both for the LP and the PP-s and is legally foreseen both in the SC and in the PA. Linked to the audit trail is the need for ensuring the creation and regular update of a project archive where to store all relevant data, documents, pictures etc. related to the project implementation, and for the setting in place of a separate accounting system or a separate accounting code.

Please note that relevant documents necessary for a PR must be uploaded in the monitoring system as well. The audit trail allows the recording of all documentary evidence of the steps undertaken by the PP-s during project implementation.

**Documents that are part of the audit trail can be originals, certified true copies of the originals, or electronic versions** stored on commonly accepted data carriers (including electronic only) in accordance with the respective LP's and PP's' national rules. Electronic archives must comply with the relevant necessary security standards in accordance with national law, in order to be considered as reliable for verification and audit purposes. These documents shall be made available for any audit, control or verification after project closure.

**All supporting documents related to the project must remain available at the premises of each LP/PP at the appropriate level for a 5-year period from 31 December of the year in which the last payment by the MA to the LP is made** (see Article 82 (1) of the CPR). In case of State aid relevance, different rules can apply.

Right after the last day of implementation, **the project's retention period** starts. For the entire retention period, all bodies in charge of performing controls and audits are entitled to access the LP's and PP's premises to check all relevant project documentation and invoices or other accounting documents with equivalent probative value.

**A project comprising investment in infrastructure or productive investment** shall repay the contribution from the funds if within five years of the final payment to the LP, or within the period of time set out in State aid rules (Annex V of the SC, where applicable), the project is subject to any of the following:

- a) a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
- b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

If such changes are to occur, the LP is obligated to notify the JS beforehand.

To ensure compliance with these conditions, **following the final payment to the LP, the MA sends a Durability statement to the LP**, who is obliged to sign and submit the statement confirming that the stated conditions will be respected. The Durability statement shall be sent to the LP together with the official MA letter on the closure requirements. Furthermore, **the MA will perform the durability check at least once in five-year period**. Durability may be checked via desk check or by on-the-spot check.

If it is established that the project is subject to any of the above-mentioned criteria within five years of the final payment to the LP, the MA ensures that the ERDF amount is recovered by the relevant PP, in proportion to the period of non-compliance<sup>7</sup>.

## 16 Use of results after project closure

The PP-s should retain the ownership of results (investments, equipment, other deliverables) during both the implementation period and the follow-up period of the project, according to Article 11 and 14 of the PA.

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<sup>7</sup> As an exception, durability requirements set in this chapter do not apply in case of cessation of a productive activity due to a non-fraudulent bankruptcy. In relation to the B-Light 2. project the MA may reduce the time limit set out to 3 years in cases concerning the maintenance of investments or jobs created by SME-s.

**If there is a need to transfer rights of use of project outputs described and approved in the PF to a third party to maintain the results, the LP has to notify the JS.** The given PP has to obtain the prior written consent of the MA. The request for the consent to transfer rights of use of outputs of the project should be submitted with a well-defined justification, supporting documents and the draft of a written agreement that is to be concluded with the third party. In case the MA approves the request, the written agreement with the third party can be signed.

## 17 Project Follow-up Report

According to the SC, the project results have to be maintained for a period of minimum 5 years after the date of the final payment to the LP. This means that the project results shall not undergo a substantial modification. In addition, PP-s must fulfil certain obligations towards the Programme, namely keeping all the project documentation in a safe place for audit purposes and preparing and submitting project follow-up reports even when all the activities were implemented, expenditures reimbursed and paid, and the project was closed.

**Additional financial controls and audits can be expected during the entire programming period.** Until then, the PP-s should be able to provide without delay all documentation related to their respective project parts.

The Follow-up period starts from the end date of the project. The Follow-up period lasts 5 years after the date of the final payment to the LP. **The reports are submitted upon JS request in the monitoring system, before the set deadline.** In case that LP does not submit the Follow-up Report within 15 days following the expiry of the deadline, they will receive a reminder letter.

If the content/format of the Follow-up Report is not appropriate, the JS requests a completion. The LP has to submit the clarifications and/or missing documents within 10 days after receiving the notice.

## 18 GDPR

The EU General Data Protection Regulation's purpose is to harmonize data privacy laws across Europe, to protect and empower all EU citizens' data privacy, and to reshape the way organisations across the region approach data privacy. The GDPR applies to all managing of personal data, such as how to collect, handle, store and delete the data. The relevant Regulation (2016/679) introduces strict rules on data protection. The Interreg VI-A Hungary-Croatia Programme is obliged to collect certain personal data necessary for project monitoring, with full respect of the GDPR.