



INTERREG III B CADSES

Payment Claim Manual

1) Background / Description of involved actors

The following chapters give a short overview about the actors involved in the PIC Interreg III B CadSES, their main tasks and procedure related to the submission of the Payment Claims to obtain the reimbursement of ERDF funds.

1.1 The Managing Authority (MA)

The Member States appointed the Italian Ministry for Infrastructures and Transports as Managing Authority. The Ministry for Infrastructures and Transports functions as legal body for the programme management structure. The Ministry for Infrastructures and Transports concludes Subsidy contracts with Lead Partners of projects in its own name, thus being liable for ERDF funds in the first place as contracting partner. The MA collects and validates the projects Payment Claims and then forwards them to the Paying Authority.

The Managing Authority fulfils the functions according to Art 9 (n) and 34 of Council Regulation (EC) no. 1260/1999 and is responsible for the efficiency and correctness of management and implementation of the ERDF assistance.

1.2 The Paying Authority (PA)

The function of the Paying Authority, according to Article 9 (o) and Article 32 of Council Regulation (EC) 1260/1999, point 25 and 31 of the Interreg Guidelines and Regulations no. 48/2001, is carried out by the Italian Ministry of Infrastructures and Transports.

The Paying Authority mainly:

- draws up and submits ERDF payment applications;
- receives ERDF payments from the Commission;
- monitors commitments and payments of ERDF funds at programme level;
- monitors financial implementation of the projects (ERDF funds);
- pays out ERDF-funds to the final beneficiaries in accordance with Article 32 of Council Regulation (EC) no. 1260/1999.

Therefore it is responsible for:

- the management of ERDF funds;
- check of total expenditures, on the base of certification;
- payments related to ERDF funds;

The Paying Authority regularly compiles the Payment Claims on programme level and requests the ERDF funding by the European Commission. Thus the PA receives ERDF funds and distributes them to the Lead Partners' accounts.

1.3 The First level control / role and tasks of the certifying body (-ies)

The first level control aims to check all invoices and activities of the project participants and is carried out in relation to each Payment Claim. It is a compulsory audit that has to cover 100 % of the total eligible project expenditure. All expenditures must be audited on individual partner level.

As the first level control lies in the responsibility of each Member State according to art. 38 (1) reg 1260/1999 it is organized and managed at national level.

A Certification of Expenditures per each project partner, verifying the accuracy and compliance with relevant EC regulations and National legislations and program specific rules on budget and finances, must be annexed to the Payment Claim, which then the Lead Partner itself has to send to the MA. The certifying body must:

- not be involved in the decision-making or management and control processes relating to the project
- be independent from the project finances
- not be involved in the implementation of the actions audited
- be functionally independent from the organizational unit, where the project activities are carried out/managed/financed (e.g. not be subject to instructions from the Lead Partner or the partnership)
- be qualified in accounting, have sufficient EU program auditing experience and be familiar with EU rules and regulations¹

Issues to be checked by a certifying body

1. The reality of "deliverables" (services, works, supplies, etc.) against plans, invoices, acceptance documents, experts' reports, etc., and, where appropriate, on the spot
2. The observance of conditions of grant approval (Approval Letter, Subsidy contract, Application form, Joint convention etc.)
3. The eligibility of amounts claimed (Commission Regulation (EC) No 448/2004) and the correctness of the financial report
4. The adequate follow-up of all outstanding/open questions before acceptance of claim
5. The existence and maintenance of an adequate and reliable accounting system and the follow up of the audit trail (Commission Regulation (EC) 438/2001, Annex I) at all levels within the project.
6. that costs have been incurred during the eligibility lifetime of the project (date of start and date of end indicated in the approved application form). Also preparatory costs up to 2% of the overall budget of the project, with a maximum of EUR 20.000, can be considered eligible but they are eligible only within the framework of the budget approved by the Steering Committee, as they cannot increase the project budget as a whole. In any case costs incurred before March 12th 2001 are not eligible. Preparatory costs have to be indicated in the Payment Claim and in particular in the Demand for expenses reimbursement to the Lead Partner.

The MA requires that the appointed certifying body checks and certifies all expenditures and clearly states that all expenditures have been effectively incurred during the project implementation.

1.4 The Lead Partner (LP)

The Lead partner is the final beneficiary of ERDF funds according to Council Regulation (EC) 1260/1999 and point 31 of the Interreg Guidelines. It takes the overall responsibility for the

¹ the auditor has to check the compliance with all relevant INTERREG III B CADSES documents (e.g. Subsidy contract, Application form, Program Complement etc.) and corresponding EC regulations (e.g. eligibility of expenditures in accordance with Commission Regulation (EC) No 448/2004 etc.).

implementation of the entire project. This includes the financial management and full financial responsibility of all ERDF funds including all partners (one budget for project as a whole). The LP establishes legal relations with the project partners in order to legally define their co-operation and to safeguard himself against his partners by contract (Joint Convention). This means that he has to guarantee he is entitled to represent the project partners participating in the project and that he will establish with the project partners the division of the mutual responsibilities in agreements. He guarantees furthermore that he has complied with all the relevant legal and other requirements under the law, which applies to him and to the project partners, and that all necessary approvals have been obtained.

The LP is liable towards the MA in ensuring that the project partners fulfil their obligations under the Subsidy contract, which he signed with the MA. He is liable towards the MA for infringements by the project partners of obligations under the above-mentioned Subsidy contract in the same way as for his own conduct.

Thus the LP is responsible to collect all certifications of all project partners and to prepare and submit the Payment Claim. The Payment Claim consists of a Demand for reimbursement of expenditures, a Description of Incurred Expenditures and all the Certifications of expenditures, one per each project partner, using the standard forms annexed to the manual and following to the allocations foreseen in the Subsidy contract and Application form approved. The Payment Claim must be submitted according to the deadlines indicated in point 4) of this manual. After being validated by the MA, the MA itself gives a mandate to the PA for ERDF reimbursement to the LP. On this basis the PA provides to transfer ERDF funds on the LP account. The LP, being the final beneficiary of ERDF co-funding, will manage the internal allocation of ERDF funds among the project partners.

2) Language

The language to be used in all the documents related to the Payment Claim as well as in all official communication with the MA and the CADSES program is **English**.

3) Basic procedure

Each single project partner has to provide the LP with his Certification of Expenditures according to the guidelines for the so-called first-level control²; the Lead Partner has to organise the collection of the Certifications of Expenditures and of other documents needed for the Payment Claim.

The original Payment Claim, duly stamped and signed and containing all the necessary documents, has to be sent in one paper version and one electronic version to the Managing Authority in Rome.

Address for paper version:

Ministry for Infrastructures and Transports INTERREG Division-Section CADSES MA, Via Nomentana 2, I – 00161 Rome, Italy.

E-mail address for the electronic version:

cadses@infrastrutturetrasporti.it

² The first-level control (the appointing of the Certifying Bodies) is organized at national level. Please see chapter 1.3 and refer to the CCP in your country to get more detailed information.

4) Deadlines

There are 4 deadlines per year to submit the Payment Claims to the MA in Rome:

April 1st
July 1st
October 1st
December 1st

However the **LP should at least submit one Payment Claim per year within the 1st of December.**

Background information: Significance of the deadline DECEMBER 1st

The projects are demanded to claim the ERDF subsidy according to the year splitting stated in the Subsidy contract (Table 10.4 for the 1st call, table 16.4 for the 2nd call). The deadline December 1st is the last deadline in a year; the last moment, when the Payment Claims can be still processed within the calendar year and submit to the European Commission before the December 31st. It is essential for the n+2 rule that the Programme claims the ERDF funds to the EC before the end of the year; otherwise the programme must face a loss of funds, which could be mirrored to the projects and can reduce the total amount of the ERDF subsidy.

First Payment Claim

First Payment Claim can be submitted as soon as the LP receives the signed Subsidy contract. The Payment Claim will be processed from the next deadline after the reception.

If the LP is a legal entity/body under private law or a natural person, he has to submit a presentation of securities as customary for banking practice, particularly a deficiency guarantee of a bank in the amount of the subsidy stated in § 1 of the Subsidy contract towards the MA, before the payment to the LP is made. The deficiency guarantee must be worded to the effect that deficiency will be construed if, in the event of a reduction or repayment demand by the MA or in the event of another reimbursement obligation, the LP has failed to repay or reimburse (within the time stipulated by the MA) the amount for which repayment or reimbursement is requested. The guarantee must apply until 31 December 2012. These securities as customary for banking practice are not required in case of body governed by public laws. Body governed by public law means a body:

- established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character, and
- having legal personality and
- financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.

In the first Payment Claim all the incurred expenditures **since the start of the project plus the preparatory costs³** can be claimed. This can cover also a period longer than a year; the decisive date is the project starting date in the Subsidy contract.

³ Up to 2% of the total costs, in any case not more than EUR 20.000.

5) In order to obtain the ERDF reimbursement the LP has to submit to the MA the Payment Claim.

The Payment Claim consists of the following documents:

1. Demand for reimbursement of expenditures
2. Description of Incurred Expenditures
3. Certifications of Expenditures (one per each project partner)

Ad 1. Demand for reimbursement of expenditures

See Annex 1 of this manual. It contains the LP's declaration and the period in which the expenditures have been incurred. If expenditures have been incurred in different period for each project partner, the LP has to refer to the earliest and latest date of related expenditure.

Ad 2. Description of Incurred Expenditures

See Annex 2 of this manual. It contains a description of the project activities related to the incurred expenditures.

Ad 3. Certification of Expenditures

The Certifications of Expenditures have to be presented using a format with **at least the minimum requirements** indicated in Annex 3 and have to be duly stamped and signed by the Certifying body concerned.

Each project partner has to send his original Certification of Expenditures to the LP. The LP is in charge of preparing the Payment Claim and sending it to the MA, along with originals of the Certification of Expenditures of all relevant partners.

To be processed by the MA the Payment Claim must consist **only** of the above-mentioned documents. The MA will not accept any further documents.