

# CBC/ IPA-CBC finance network meeting

Welcome and Introduction 16 - 17 October 2018 | Geneva, Switzerland

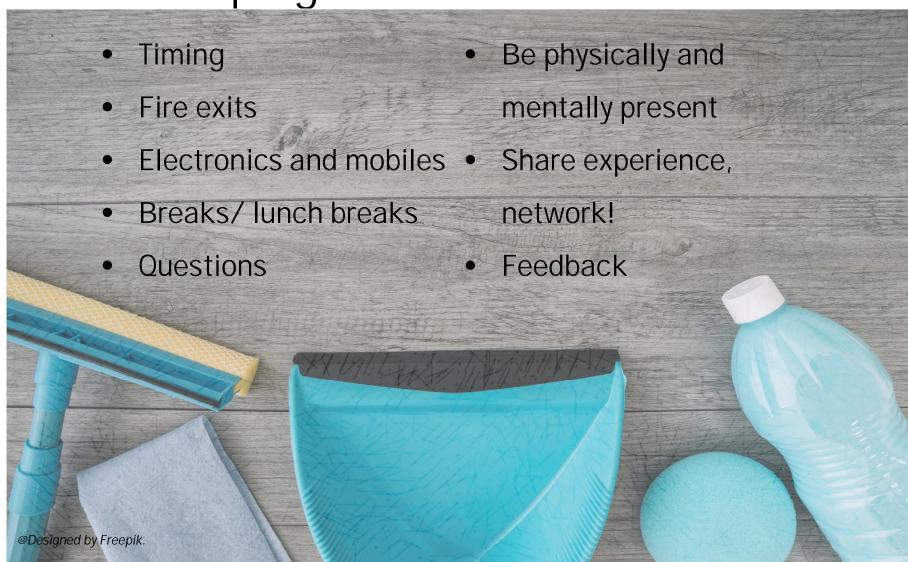
Interact team







Housekeeping





### Why did we come to Geneva?

# To Do List Lake Geneva Maison Tavel Palais des Nations Parc des Bastions **FONDUE AND** CHEEEEEESE!!!



# Meeting objectives















### Agenda

Day 1 Welcome and Introduction

Interreg CBC financial implementation

Managing programme's financial implementation

- Programme cash flow
- Decommitment

Day 2 Financial audit and control, irregularities

Eligibility of expenditures, SCOs

Omnibus regulation and future

**AOB** 



# Questions from registration

#### Day 1

Questions	Covered in session:			
Challenges related to programmes financial implementation (3)				
Financial consequence at programme level in case of non-performance, modifications of OP Financing Plan/ thematic concentration	Session 'Managing programme's financial implementation' – Day 1			
Decommitment and how to avoid it (3)				
Risks for the current programming period 2014-2020 (2)	Partly in session 'Interreg CBC programmes financial implementation' — Day 1 AOB			



# Questions from registration

#### Day 2

Questions	Covered in session:		
Role of National authority in managing irregularities and related recoveries within the programme	Session 'Financial audit and control, irregularities' - Day 2		
Financial audit and control and different levels of control (2), possibility to perform samples verifications, Irregularities needed to be reported to OLAF; irregularities – sampling methods			
Eligibility of expenditures (2); Staff costs settlement, 1720 hours method - shall we handle with it like with the standard SCO, shall the hourly rate considering the exact person be determined in advanced, in the subsidy contract?	Session 'Eligibility of expenditure and SCOs' – Day 2		



# Questions from registration

#### Day 2 (continuation)

Questions	Covered in session:			
SCOs in post 2020 (5)	Session 'Omnibus regulation and future' – Day 2			
Post 2020 (3), future regulations, TA as flat rate				
How will Omnibus regulation affect Interreg programmes (5) and its direct impact on ETC Regulation	rataro Bay 2			
Control system post 2020	Session 'Financial audit and control' + session 'Omnibus regulation and future' – Day 2			
Examples with revenues generated by the projects and how it will be identified during the implementation, projects which state aid.	AOB			
Pre-financing/ results of annual accounts	Event 'Annual accounts' from 2 October, read report on the website + AOB			





### Introduction







# Programmes' financial implementation

Network meeting of finance officers of Interreg CBC and IPA-CBC programmes

16-17 October 2018 I Geneva, Switzerland

Malgorzata Zdunek, Interact







### Who is here?



Interreg V - A: 14

Interreg IPA CBC: – 9

NA Cyprus - 1

Interreg VC (IN): 3

EC DG Regio - 2



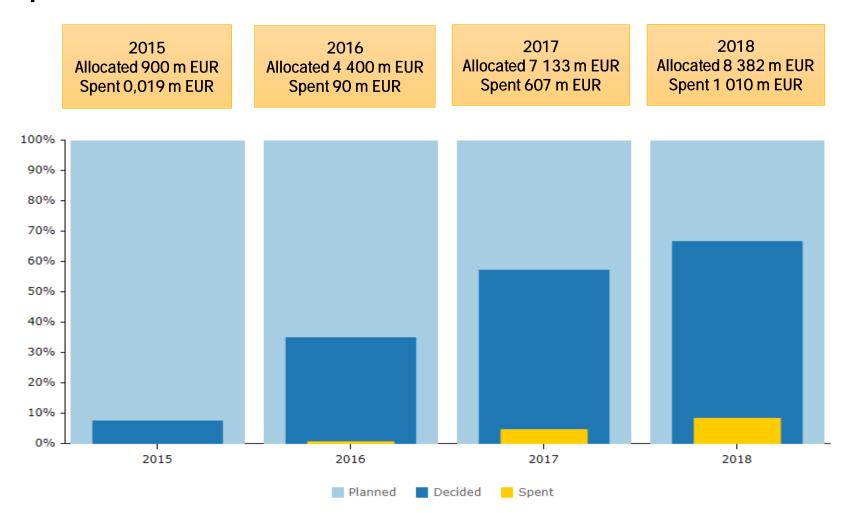
#### Post it time!

Current stage of programmes' financial implementation





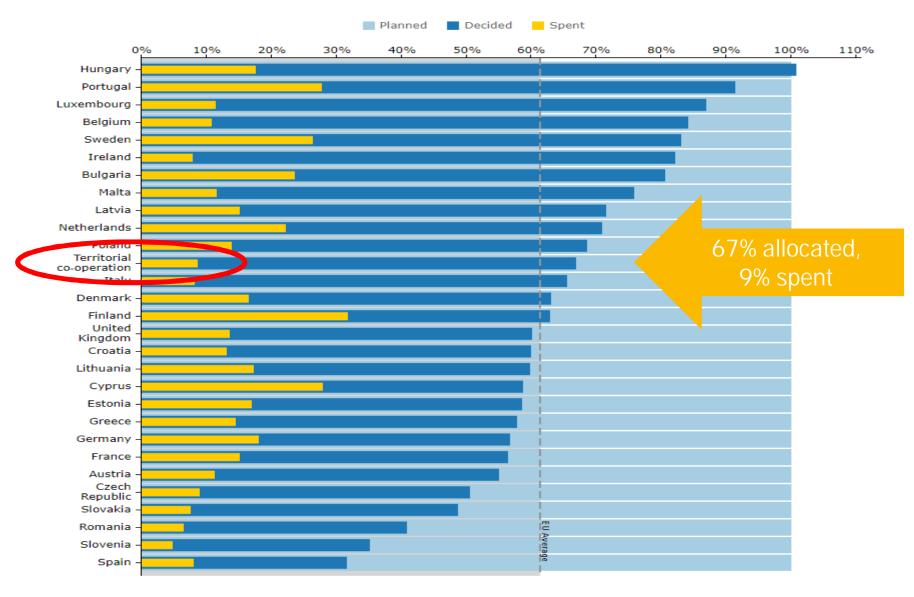
# Interreg 2014-2020 EU allocated and spent



Source: Regional Policy 2014-2020, Cohesion Data

### ERDF 2014-2020

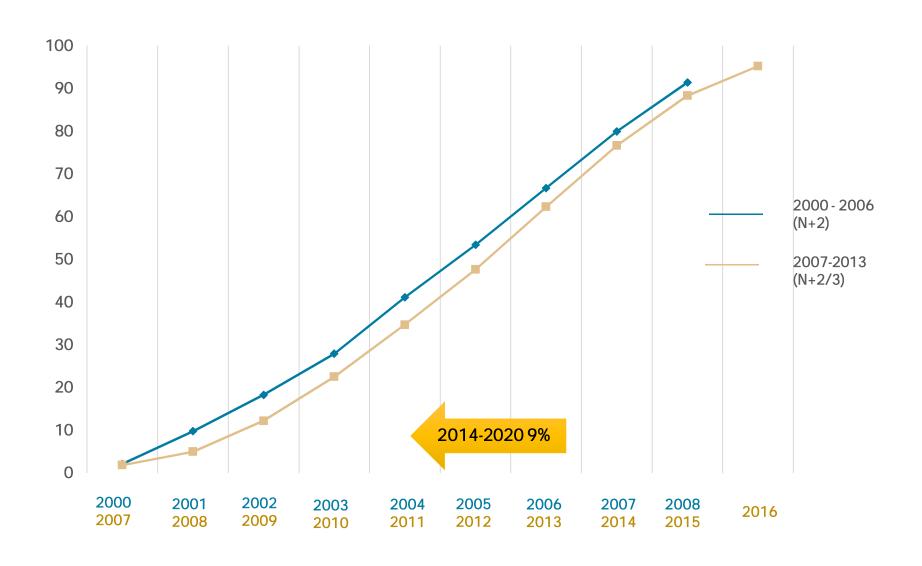




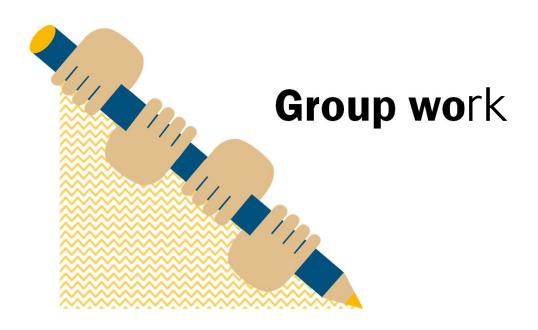
Source: Regional Policy 2014.2020, Cohesion Data – state as of 30.06.2018



# ERDF absorption rate, EU28









### Group work!

#### Timing:

20 minutes

#### Task:

- Share with others main problems and challenges faced
- Discuss the reasons of delayed implementation





# Managing programmes' financial implementation

Network meeting of finance officers of Interreg CBC and IPA-CBC programmes

16-17 October 2018 | Geneva, Switzerland

Iuliia Kauk, Malgorzata Zdunek, Interact



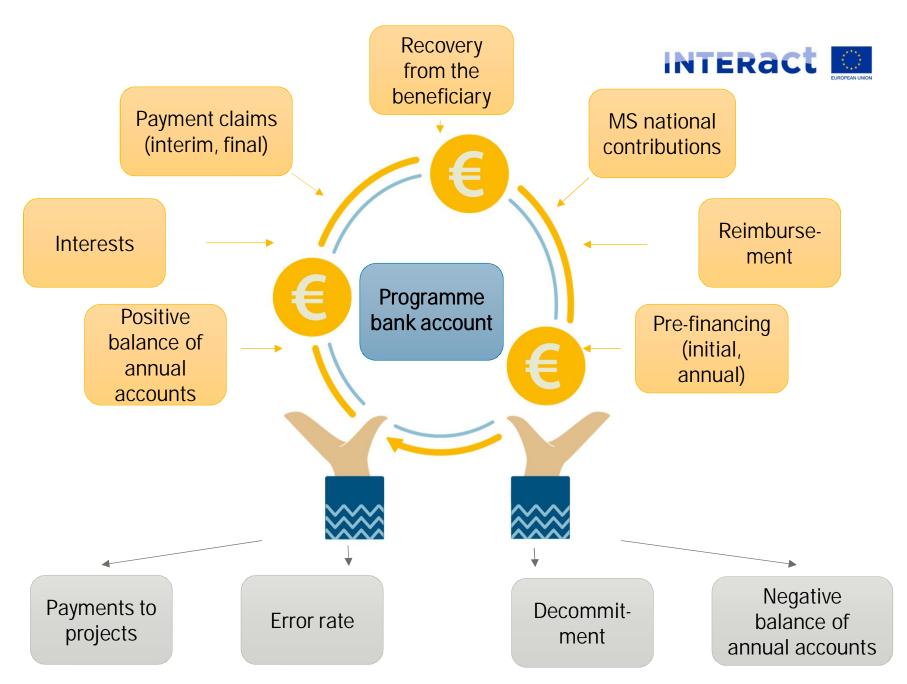




# Cash flow and liquidity







Please click on the each element for information. 'Programme bank account' is clickable as well.



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Initial	1%	1%	1%								
Annual			2%	2,625 %	2,75%	2,875 %	3%	3%	3%	3%	

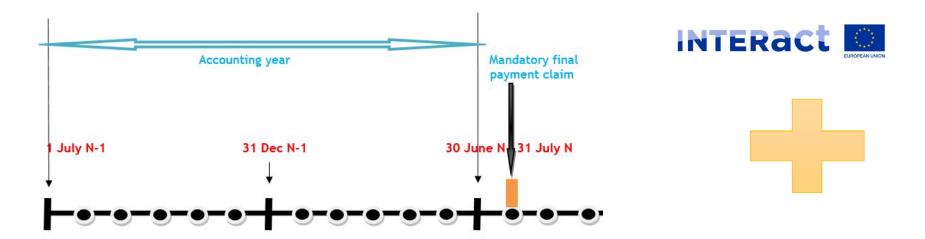


- 1% of total fund for each year:
   2014, 2015, 2016
- Available for the whole period

   must be accounted for
   (cleared) by the end of 2023
   and, thus, at final closure

#### Annual pre-financing

- For years 2016 2023
- Paid before 1 July each year
- Must be accounted for (cleared) by the end of each accounting year – not available for the whole programming period



#### Interim payment claim

 A programme can claim total eligible expenditure entered into the CA accounting system after certification during the whole accounting year

#### Final payment claim

 Is obligatory and needs to be submitted for each accounting year (1 July N-1 to 30 June N)

between 1 July N and 31 July N

The claims are reimbursed by the EC:

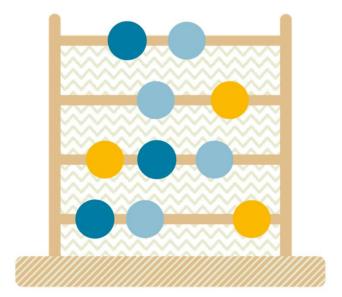
Payment = (eligible expenditure x priority co-finance rate) x 90%



# Exercise – calculation of the balance of the annual accounts

#### Your task (10 mins):

 Based on your programme's data (amounts claimed from the EC during the first three accounting years + estimations), calculated annual balance



- Feedback (5 mins):
- Joint discussion

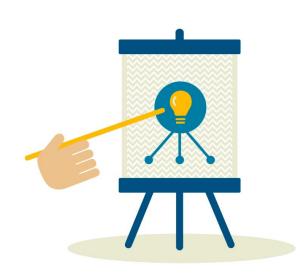


# Calculation of the balance of the annual accounts

Balance of the annual accounts =
Amount in payment claims submitted to
the EC – amount reimbursed by the EC
(90%) – planned annual pre-financing deductions



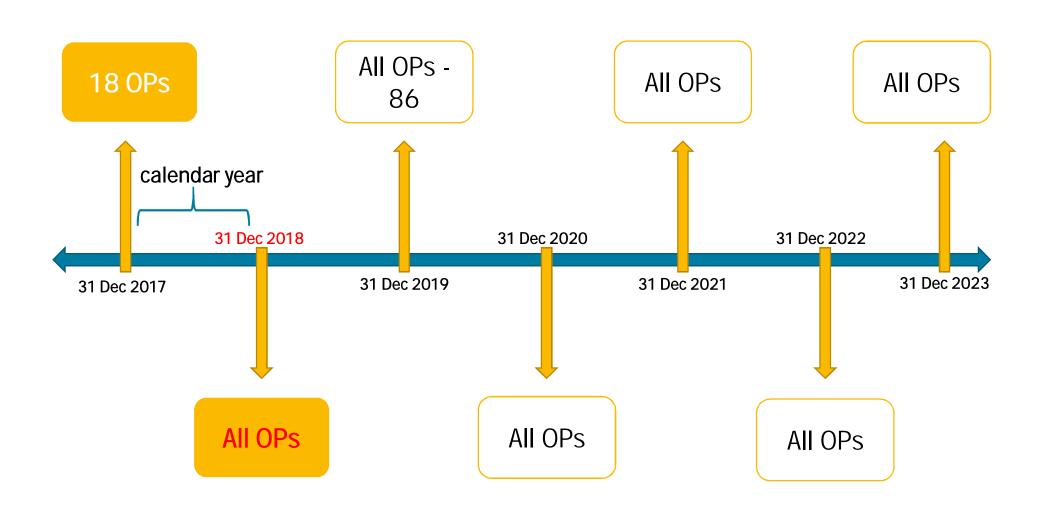
# Decommitment methodology and process in 2014-2020







## Decommitment – targets





# Decommitment risk – state of play as of October 2018

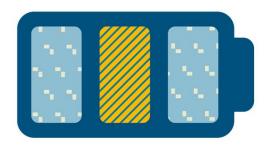
Target of December 2018:

**27 Interreg programmes** (CBC + TN) are at the risk of decommitment (EUR 42 mln)





# Decommitment procedure





### Decommitment procedure - roadmap

Art. 88(1) CPR
September N+3 –
Sent to MA via SFC2014
\*detailed info at the level
of OP!

Art. 88(2) CPR
By 31 March N+4
The COM informs MAs on
the amounts to be
decommitted

Warning letter

Notifications for the exceptions

Decommitment letter

Art. 87(2) CPR
By 31 January N+4
Proof documentation of the amounts under exception – by Fund and by category of region – SFC2014



### Decommitment procedure - roadmap

Art. 88(2) CPR
2 months from receival of decommitment letter
Submit observations

Art. 88(4) CPR By 30 September N+4 The COM amends decision adopting the programme

MS to agree/disagree on the amounts

Revised financial plan

Implementing acts

Art. 88(4) CPR
By 30 June N+4
MS submits revised financial plan for the financial year concerned – reduced amounts by Fund and by category of region - Programme amendment process via SFC2014

## Decommitment target



Pre-financing (initial, additional initial, annual)

Full prefinancing due
for each and
every year
concerned even
if recovered
later or offset

Decommitment target

All commitments in the OP

Submitted interim payment applications (not amounts in certified accounts)

Including 10% retention, payment applications interrupted or suspended

#### OPERATIONAL PROGRAMME

FUND





ALLOCATIONS FOR OUTERMOST REGIONS





## ... NOT included in calculations of decommitment targets

### Recoveries

# Annual accounts

- Offsetting of recoveries against future payments (pre-financing and/ or interim payments)
- Results of examination and acceptance of accounts

#### **Decommitment via Annual accounts**



Balance of annual accounts

CALENDAR YEAR

1 January N – 31 December N

**BASIS** 

ACCOUNTING YEAR (1 July N-1 – 30 June N)

31 December N+3

DUE

To be cleared EVERY YEAR

- 31 May N+1 - 30 days

**INCLUDED** 

Additional initial (Art. 134 CPR as modified by Art. 1 of Regulation 2015/1839)

INITIAL PF+ADDI TIONAL INITIAL

To be cleared <u>at CLOSURE</u> of programme – Art. 81 CPR

INCLUDED – <u>FULL</u> ANNUAL PRE-FINANCING

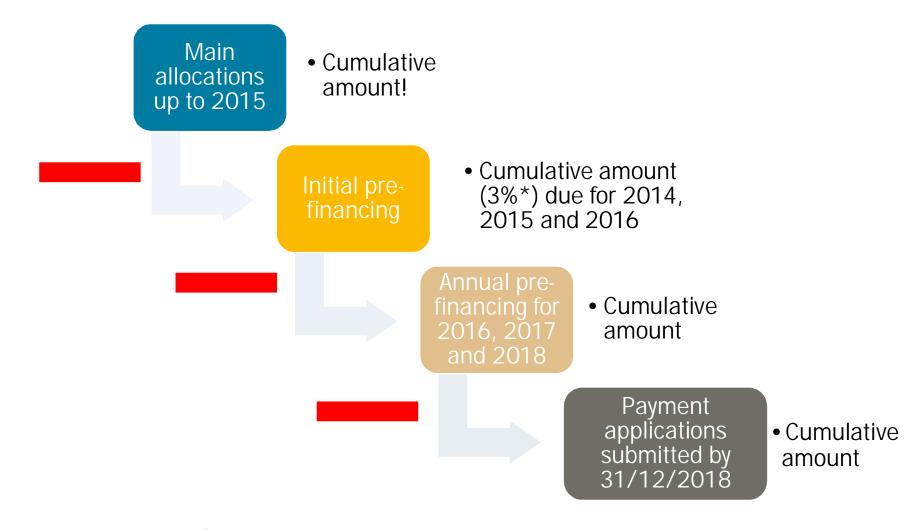
ANNU AL PF ACTUAL ANNUAL PRE-FINANCING (even if offset)

Submitted interim payment applications, not in certified accounts – 100%

PAYME NT CLAIMS

90% of amounts in certified accounts

# e.g. calculation of target by 31/12/2018



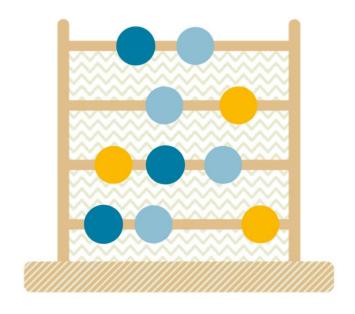
<sup>\*</sup> For Greece – 10% (additional initial pre-financing: 3,5% in 2015 and 3,5% in 2016) – Article 134 CPR as modified by Article 1 of Regulation 2015/1839



# How to calculate your programme's decommitment targets?

N+3 calculator – template for Interreg programmes

N+3 calculator – template for Interreg-IPA CBC programmes





# How to speed up your programme's spending?



Factsheet\* '<u>Diminishing the</u> risk of decommitment'

\*Factsheet is part of a Repository project



# Cooperation works

All materials will be available on:

www.interact-eu.net

