



The 2014-2020 Interreg Programme Management Handbook is composed of fact sheets. Each theme is covered by one fact sheet so that the reader can easily and quickly choose the relevant fact sheet.

Fact Sheet; **Project Closure**

1. What is it? What is the definition of the term / theme of this fact sheet?

Project closure is the last phase in the project implementation process. If the implementation of the project has been successful, this should be a relatively easy process for both the project and the programme. The focus at project closure is on the objectives, results, impacts achieved and expenditures occurred in comparison to the proposal in the application and changes subsequently approved by the programme. Attention should therefore be on results and indicators and the completion of all work packages. If these have been successfully completed within budget the project can be closed - once it has completed the final financial control.

The financial aspects of the closure process involve making sure that all costs have been appropriately charged to the project (by all beneficiaries and to the right budget line), that a proper audit trail exists, and that all post revenue incomes have been accounted for.

The project closure also refers to putting the relevant arrangements in place regarding post-project obligations towards such legal aspects as ownership and changes thereof, cessation of activities, reallocation of outputs, and Intellectual Property Rights of project outputs and results and free of charge access to them.

2. Why we are discussing it?

Project closure¹ should be planned well in advance by the programme. First of all, the programmes should well ahead of the closing date make sure that the requirements related to project closure are clearly communicated to the project. However, there are several more responsibilities that the programme has in connection with project closure. These responsibilities include making sure;

- that all the projects outputs and results are available,
- that the financial closure of the project is correct, and
- that all information necessary for programme evaluation, communication results, and data for statistical analysis is available.

The closure process could also cover analysis or evaluation of project implementation, identification of best practices and lessons learnt, and the discussion on how to ensure the durability of project achievements. Moreover, all project documents and deliverables should be collected and stored for future possible audits.

Programmes need to ensure that projects close according to the EC and programme rules. If projects are not closed correctly there can be consequences for the programme and related programme bodies such as:

- the programme can't close until all of its projects are closed
- the projects can't be closed until they have fulfilled all of the necessary requirements
- errors and irregularities can occur as a result of poor management of project closure

¹ This fact sheet focuses on the project closure process from a Programme perspective. Learn more about the responsibilities of the project's side in connection with closure; please see the Project Management Handbook.



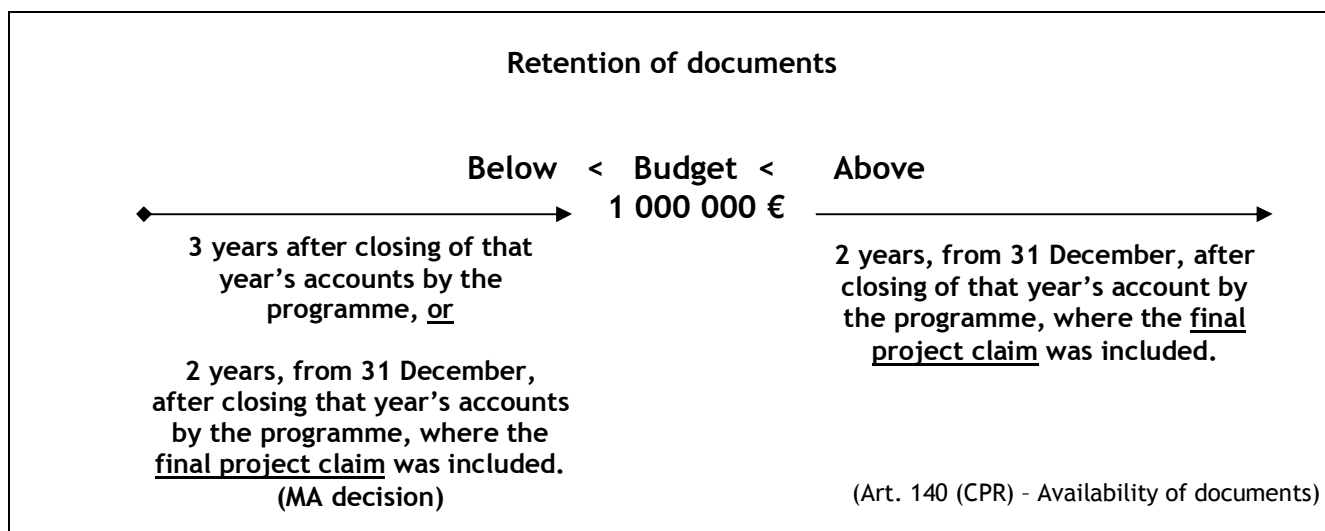
All the above may affect other projects which have not caused any problems, and could delay the closure of both projects and programme. This is certainly unfair for project beneficiaries who carried out the closure in line with all programme requirements. In such cases, the reputation of the programme may be affected, and key beneficiaries (like SME's) could be discouraged from future participation.

It is important to communicate the legal requirements of the closure process to the projects early on. These requirements include the following important aspects:

1. durability of operations: according to Art. 71 CPR 1303/2013 projects may only hold on to ERDF contribution if an investment and the project's concrete outputs don't experience a significant change within 5 years after completion, which means:
 - "a cessation or relocation of a productive activity outside the programme area;"
 - "a change in ownership of an item of infrastructure which gives a firm or a public body an undue advantage"
 - "a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives."

2. retention of documents and proper audit trail

The projects partners should also be informed about their obligation towards retention of necessary documents.



- If the total eligible budget of the project is larger than 1 000 000 EUR, the necessary documents must be made available to the EC and auditors, upon request, for a period of 2 years from 31 December following the submission of accounts in which the final expenditure of the completed operations is included.
- If the total eligible budget of the project is lower than 1 000 000 EUR, the necessary documents must be made available to the EC and auditors, upon request, for a period of 3 years from 31 December following the submission of the annual accounts in which the expenditure of the project is included. The Managing Authority (MA) of the programme may also decide that the above-mentioned retention period of 2 years after closing is also applicable for projects with a budget under 1 000 000 EUR.



- The Managing Authority (MA) must inform the projects about the dates stated above. The MA must also inform the project about when the submission of the final expenditure by the project has been included in the submission to the European Commission.
- Keeping a clean and proper audit trail so that expenditure and related activities can be easily found and justified after the closure of the project as well.

Moreover, it is necessary to ensure that the project is aware of the need to have relevant staff in place to answer all the potential questions and requests of audit bodies. Normally, the project managers move on within (or worse, outside) the beneficiary organisation, which may cause problems accessing the relevant information. In worst cases, the information may be lost (e.g., lack of access to employee emails by public organisations).

3. rules concerning information and communication

The detailed rules concerning the information and communication measures for project partners, as described in the Annex XII of the Regulation (EU) No 1303/2013, must be implemented by projects during implementation of their activities, and also followed after the project's closure. These responsibilities include, among others, displaying the Union emblem and reference to the fund supporting the operation on all information and communication measures, providing similar information on websites, and on a poster readily visible to the public.

4. Reference to the regulations and what is new in the 2014-2020 programming period compared with the 2007-2013 programming period

Not many changes have been made in the regulations from the past period to the new one. The most noticeable change is that of the new rules regarding retention of documents (please see above).

Legislative framework:

- CPR Regulation (EU) No 1303/2013
 - art. 61 - operations generating net revenue after completion
 - art. 71 - durability of operations
 - art. 115 - information and communication
 - art. 140 - availability of documents
 - Annex XII - information and communication on support from the funds

5. Challenges and frequently-asked questions

Projects are often not aware that the closure process is relatively time-consuming and can result in delays.

A number of problems may occur when closing a project or just after it is closed, causing difficulties for programme closure²:

- the project does not have all the information needed by the programme.
- irregularities found during the closing stages need to be resolved.
- the project has overspent on some budget lines, and a change request (which needs to be processed first) is submitted together with the final report.

² Fact Sheet on Programme closure.



Obligations are sometimes not fulfilled because in some cases project partners may lose interest in further cooperation, the partner organisation can be transformed or changed, or the relevant staff have moved to other departments or even other organisations.

All these points pose a risk for the proper closure of the programme, and as such should be adequately managed by the programme from this perspective. Good communication with the projects, making them aware about these post implementation obligations, is a first starting point.

6. How they are addressed and how does it work in practise?

Programmes need to identify well in advance which information and data they should collect from projects before they close. Programmes will need this information for programme evaluation, statistical analysis, capitalisation of project and programme results, and for programme reporting. Data provided by projects should be of sufficient quality so that programmes can make use of it. This information might be needed for audit and control purposes later. It is crucial to make the deadlines clear, to clarify with the projects duties towards the retention of documents, and which outputs and results must be made durable for which period of time after project closure. If these obligations are not fulfilled, programmes cannot close. It is therefore recommended that duties as regards project closure are clearly described already in the subsidy contract. Another possibility is to cover this information in the letter sent to the project informing about the last reimbursement.

A well-prepared final report form should enable programmes to collect and collate project information and data that they will need for future use. Additionally, as the project may be audited by EU, national or other audit bodies also after its closure, programmes could include a requirement in the subsidy contract identifying a contact person responsible for providing information about the project after its closure; someone who will be able to react on Managing Authority requests and is able to provide information and materials needed by auditors.

7. Good practice examples

Programmes can provide projects with examples of good practice on how to present the information in a user-friendly way. This could include examples and advice on how projects can best communicate their achievements.

Moreover, it is recommended that the programme includes all necessary details of the project closure in the Programme Manual or in the guidelines on project implementation and reporting. It is also good practice to instruct projects about closure during events such as Lead Partner seminars, which are delivered by the programme for newly-approved projects.

Training about project closure and partners' responsibilities after project closure could be delivered by the programme to help projects understand their obligations and responsibilities regarding this matter.

8. Reference to other, more-detailed papers

- **Fact sheet on Programme Monitoring**
 - [http://admin.interact-eu.net/downloads/9561/INTERACT Programme Management Handbook Factsheet Programme monitoring.pdf](http://admin.interact-eu.net/downloads/9561/INTERACT_Programme_Management_Handbook_Factsheet_Programme_monitoring.pdf)
- **Fact sheet on Programme Closure**
 - [http://admin.interact-eu.net/downloads/9464/INTERACT Programme Management Handbook Programme Closure.pdf](http://admin.interact-eu.net/downloads/9464/INTERACT_Programme_Management_Handbook_Programme_Closure.pdf)