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Project Implementation Manual

for the Interreg Hungary-Slovakia Programme

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1. Abbreviations

AA	Audit Authority
CA	Certifying Authority
DGAEF	Directorate General for the Audit of European Funds
DNSH	Do No Significant Harm principle
DOVE	Declaration on Verification of Expenditures
EC	European Commission
ERDF	European Regional Development Fund
FPR	Final project report
FUR	Follow-up report
FO	Front Office
I+	Interreg+ monitoring system
JS	Joint Secretariat
LP	Lead partner
MA	Managing Authority
MC	Monitoring Committee
NA	National Authority
PA	Partnership agreement
PF	Project from
PPR	Project partner report
PR	Project report
SC	Subsidy contract for the EU contribution
SME	Small and medium-sized enterprises
SZPO	Széchenyi Programme Office Non-profit LLC.

2. Introduction

2.1. Legal basis

The Project implementation manual [Manual] for the Interreg VI-A Hungary-Slovakia Programme [Programme] is intended to provide guidance to all project partners (including the Lead partner) in the implementation of projects, in particular on issues related to administrative and financial management, monitoring, reporting and control procedures and other programme related requirements. The present Manual does not apply to the Final beneficiaries of the Small Project Fund. The manual has been developed on the basis of the following documents:

- 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 (ERDF 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;
- 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,
- 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,
- Programme document of the Interreg VI-A Hungary-Slovakia approved by the European Commission on 3 November 2022 with the programme reference number CCI 2021TC16RFCB014,
- Methodology for selection of operations for the Interreg VI-A Hungary-Slovakia Programme.

Should there be any amendments due to legislative changes or other requirements that affect the implementation of projects, the Manual will be updated and published on the official website of the Programme.

2.2. List of further guides and manuals

This Manual is intended to provide a complete overview of project implementation. However, detailed descriptions of the different procedures are explained in various documents as follows:

- Eligibility of expenditures for the Interreg Hungary-Slovakia Programme
- Guide to digital signatures for the Interreg Hungary-Slovakia Programme
- Guidelines on project promotion
- Interreg+ User Management Guide (FO)

- Interreg+ Project Creation & Contracting Guide (FO)
- Interreg+ Project Modification Guide (FO)
- Interreg+ Project Reporting Guide (FO)
- Interreg+ Project Part Reporting Guide (FO)
- Elszámolási segédlet az Interreg VI–A Magyarország-Szlovákia Program hazai partnerei részére, illetve az annak mellékletét képező Beszerzési útmutató
- Príručka k procesu a kontrole verejného obstarávania/obstarávania programov cezhraničnej spolupráce.

In case of specific questions or problems related to your project please contact the Joint Secretariat for advice.

2.3. Programme management bodies

The Programme is financed by the European Regional Development Fund [ERDF]. The donor of the ERDF is the European Commission [EC]. The Programme is managed by various institutions approved by the Directorate-General for Regional and Urban Policy.

Monitoring Committee

The Monitoring Committee [MC] is the main decision-making body for the Programme. The members of the MC are the legal representatives of the counties and higher territorial units that make up the programme area, as well as representatives of the relevant ministries. The main task of the MC is to ensure the quality and effective implementation of the Programme.

Managing Authority

The Managing Authority [MA] of the Programme is the Hungarian Ministry of Foreign Affairs and Trade. The MA has overall responsibility for the management and implementation of the Programme.

Certifying Authority

The certifying authority [CA] is the Hungarian State Treasury. The CA is responsible for submitting applications for payment and annual accounts to the EC.

Audit Authority

The Audit Authority [AA] is the Directorate General for the Audit of European Funds [DGAEF] in Hungary. The AA is responsible for verifying the effective functioning of the management and control system.

National Authority

National Authorities [NA] are the Hungarian Ministry of Foreign Affairs and Trade and the Ministry of Investment, Regional Development and Informatization of the Slovak Republic. NAs are responsible for setting up the control system for verifying expenditure at national level and for ensuring national state co-financing.

Joint Secretariat

The Joint Secretariat [JS] is hosted by the Széchenyi Programme Office Non-profit LLC. [SZPO] in Budapest. The JS supports the Lead and project partners in project development, in the conclusion of the Subsidy contract for the EU contribution and in project implementation. For each project selected, a

responsible Programme Manager [PM] is appointed within the JS to assist with project implementation. The contact details of each JS manager can be found on the Programme website.

National control bodies

National control bodies are responsible for the verification of expenditures. The Hungarian national control body is established within the structure of the SZPO in Sopron, Budapest and Mátészalka. In Slovakia, the national control body is the Department for the Control of Cross-border Cooperation Programmes of the Ministry of Investment, Regional Development and Informatization of the Slovak Republic. For each partner, national controller is appointed within the competent control body to verify the partner's expenditures.

2.4. Special tasks and responsibilities of the Lead partner

For every project, one of the partners must be appointed as Lead partner [LP]. The LP coordinates the project implementation process and the work of the partnership and performs administrative and technical tasks on project level including timely and accurate reporting to the JS. The LP is solely responsible to the MA for the implementation of the Subsidy contract for EU contribution. The LP ensures that all partners understand and are aware of the activities to be carried out. The general tasks of the LP are

- continuous coordination and monitoring of the entire project implementation
- continuous coordination and monitoring of the reporting process of the entire partnership
- conclusion and amendment of the Subsidy contract for EU contribution
- preparation and submission of Project reports
- the transfer of the corresponding EU contribution to the partners
- submission of follow-up reports after the closure of the project.

3. Contracting

3.1. Subsidy contract for the EU contribution

Following the selection procedure, the Subsidy contract for the EU contribution [SC] is concluded between the LP and the MA. The SC and its annexes set out the legal framework for the project implementation by defining the amount of ERDF funding granted, the timeframe for eligibility, the conditions for support. The SC also defines the implementation modalities, including reporting, verification and reimbursement of expenditure as well as the rights and obligations of the LP. The SC enters into force on the date when the last of the contracting parties signed it. The MA encourages the Lead partners to sign the SC electronically.

- **For technical help, please consult the “*Guide to digital signatures for the Interreg Hungary-Slovakia Programme*” document available on the Programme website.**

Clarification process

Before the contract is concluded, the JS initiates a technical meeting between all partners to clarify the project form [PF]. In particular, the aim of this meeting is to:

- apply the contractual conditions defined by the Monitoring Committee if relevant
- define the project start date and its duration
- clarify the project activities, in particular their description, duration and outcomes
- clarify the relevance, price and description of the different budget lines, and
- clarify the target value and description of the selected indicators.

If deemed necessary, the JS may decide to carry out on-site check of project locations. The first draft of the Project form must be created by the Lead Partner within 10 calendar days after the minutes of the technical meeting have been sent. Since the project form is an integral part of the SC, the Subsidy contract cannot be concluded before the PF is finalised.

- **For technical help, please consult the “*Interreg+ Project Creation & Contracting Guide (FO)*” document available on the Programme website.**

Access to the monitoring system

The project form is modified electronically by the Lead partners via the Interreg+ monitoring system [I+]. I+ keeps all parameters of the project up-to-date and serves as a comprehensive monitoring system during the implementation. In the phase of clarification, the LP must register an online access to the I+ Front Office to carry out the requested modifications. The registration must be initiated within 3 calendar days after the minutes of the technical meeting have been sent. The monitoring system is available at the following link: <https://husk.interregplus.eu/21-27>

- **For technical help, please consult the “*Interreg+ User Management Guide (FO)*” document available on the Programme website.**

Mandatory documents

The SC can only be finalised once all mandatory documents have been accepted by the JS. The mandatory documents must be submitted by the Lead partners via I+ within 45 calendar days after the minutes of the technical meeting have been sent. The list of documents is included in the MA's notifying letter and in the Call for Proposals. Depending on the nature of the project or the risks identified during the clarification process, the JS may request additional documents to be submitted. The MA may terminate the contracting procedure and cancel the Subsidy contract for EU contribution if the Lead partner is not able to submit the requested documents in time.

Partnership agreement

The Partnership agreement [PA] sets out the principles of cooperation and creates the legal basis between all partners within the project. This contractual agreement provides an overview of the role of each partner, the activities to be performed, the timeframe of the activities and the relationships between the partners, as well as the procedure in case of disputes. The partners must agree on – among others – the ownership of the project results, the methods for achieving and maintaining the results and the risk management procedures. The PA contains provisions on

- the responsibilities and contributions of the partners to the project
- the requirements for reporting
- the provisions to ensure sound financial management, including separate accounting and documentation requirements
- the provisions and deadlines for the transfer of EU funds by the LP to all partners
- provisions for the retention of documents necessary for an adequate audit trail
- internal rules for the recovery of unduly paid EU funds
- ownership of project results (provisions on industrial and/or intellectual property rights and dissemination rights)
- revenues after project closure, if the project affected with state aid
- applicable law, jurisdiction, procedure for legal disputes.

The PA serves as a mutually binding contract and ensures that each partner accepts and performs the tasks assigned to it. The PA may be amended by the partners as long as it complies with the SC. The PA is an integral part of the Subsidy contract for EU contribution that is signed by all partners.

Documents proving the eligibility of the partner

All partners must submit documents via Interreg+ system¹ proving their eligibility and legal basis of operation as follows:

- the certificate of foundation

¹ Documents have to be scanned and uploaded in the system by the LP.

- a certificate of being registered not older than 30 days
- specimen signature of the authorised representative(s) of the LP
- De minimis declaration according to a predefined template

Bank account

The Lead partner must submit via Interreg+ system the statement or contract on project bank account in EUR currency.

Small and medium-sized enterprises

Small and medium-sized enterprises [SME] must submit via Interreg+ system the SME qualification statement according to a predefined template.

Documents related construction works and investments in infrastructure

All partners carrying out construction work and investments in infrastructure must submit the following documents via Interreg+ system:

- climate change self-assessment according to a predefined template (in case of projects containing investment in infrastructure(s) with an expected lifespan of at least five years)
- If the partner is the owner of the property, he must submit the property deed of the affected parcels, which is not older than 90 days at the time of submission.
- If the partner is not the owner of the property, he must submit the following documents
 - Permission to use or operate the property for an indefinite period or as set in the Call for proposals,
 - a Declaration of consent from the current owner for the planned investment, and
 - property deed not older than 90 days at the time of submission.
- If the partner is willing to purchase the property as part of the project, he must submit the following documents:
 - Letter of Intent to sell or tentative purchase agreement for the property,
 - property deed not older than 90 days at the time of submission, and
 - independent appraisal report not older than 90 days at the time of submission.
- If the investment requires a building permit issued by the competent building authority, the partner must provide the building permit.
- If the investment requires notifying the competent authority, the partner must submit the acceptance of the notification.

State aid assessment

The aim of the State aid assessment is to evaluate the compliance of the project with State aid rules. This is offered to applicants as part of the application form as a self-assessment. State aid applies when all five criteria listed below are met:

- 1) The recipient of the aid is an “undertaking”, which is carrying out an economic activity in the context of the project.
- 2) The aid is granted by the State or through State resources and it is imputable to the State, which is always the case for any Interreg programme.
- 3) The aid gives an economic advantage (a benefit), which an undertaking would not have obtained under normal market conditions.
- 4) The aid is selectively favouring certain undertakings or the production of certain goods or provision or certain services.
- 5) The aid distorts or threatens to distort competition and affects trade within the European Union.

The evaluation of State aid is the responsibility of the Member States. During the clarification process, the JS – in cooperation and in consultation with the MA and NA – carries out a State aid assessment. This evaluation may overrule the applicants’ self-assessment. For partners receiving national public co-financing to their budget, the granting of aid must comply with the rules on cumulation and aid intensity². The SC can only be finalised once the State aid assessment has been completed.

3.2. National co-financing

Hungarian co-financing certificate

Once the Subsidy contract for EU contribution has been concluded, the Hungarian partners can be entitled to national co-financing without further tendering, which is disbursed out in the form of ex-post funding once the project part has been completed. The Hungarian co-financing certificate is issued by the Hungarian control body on behalf of the National Authority after the project part has been implemented.

- **For more information, please consult with the Hungarian control body and the relevant articles of Gov. Decree 241/2023. (V.20.)**

Slovak national co-financing contract

The Slovak partners are entitled to national co-financing without further tendering, which is disbursed out in the form of ex-post funding once the project part has been completed. The national co-financing contract is issued by the Slovak National Authority once the Subsidy contract has been concluded.

² Slovak beneficiaries receiving state aid or de minimis aid from the ERDF are not eligible for national co-financing from the state budget of the Slovak Republic.

4. Implementation

4.1. User management

Once the SC is finalised, all partners must register a recording and at least one signatory user for their project part. The request for registration will be approved by the LP. Once the users are registered each partner can submit a Project part report. The monitoring system is available at the following link: <https://husk.interregplus.eu/21-27>

- **For technical help, please consult the “*Interreg+ User Management Guide (FO)*” document available on the Programme website.**

4.2. Activity plan

The realisation of the project begins on the date specified in the SC. The start date is determined by an agreement between all partners and the JS during the clarification process. At the partners' own responsibility, the project activities can start after the LP has submitted the application form. The project is implemented by carrying out the activities defined in the project form. Each activity has a specific timeframe that must be respected. In case of a deviation from the activity plan, the Lead partner must inform the JS immediately so that the necessary steps can be taken.

4.3. Conflict of interest

Each beneficiary is responsible for ensuring that appropriate measures are taken to minimise any risk of conflict of interest during the procurement process. 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 direct or indirect personal interest with another person.

It is recommended for the partner to have an internal code of conduct and a conflict of interest policy relating to projects funded from European funds. If the partner does not have this kind of codes, he shall take into consideration the EU legislation, guides or other national documents on these issues.

- **A comprehensive guidance on the avoidance and management of conflicts of interest is available at https://ec.europa.eu/info/strategy/eu-budget/protection-eu-budget/conflict-interest_en**

4.4. Eligibility of expenditures

In general, expenditure is eligible if it is essential for achieving the project objectives and results. Expenses can be reimbursed after they have been incurred and paid by the partner, with the exemption of those expenditures which are reimbursed based on simplified cost options. Before the reimbursement, expenses must be verified by national controllers.

- **For more information, please consult the “*Eligibility of Expenditures for the Interreg Hungary-Slovakia Programme*” document, available on Programme website.**

4.5. Public procurement

Procurement rules to be applied at programme level are defined by MA. National rules and legislation are also to be respected.

- **For more information on rules on public procurement, please consult the following documents available on the Programme's website:**
 - *Eligibility of Expenditures for the Interreg Hungary-Slovakia Programme*
 - *Elszámolási segédlet az Interreg VI–A Magyarország-Szlovákia Program hazai partnerei részére, illetve az annak mellékletét képező Beszerzési útmutató*
 - *Príručka k procesu a kontrole verejného obstarávania/obstarávania programov cezhraničnej spolupráce*

4.6. Payment forecast

The ERDF funds committed by the EC for the years 2021-2026 must be spent by the end of the third year after their allocation. This rule is known as the n+3 rule. The ERDF funds committed for 2027 must be spent by the end of 2029. To ensure that the Programme is not the subject of decommitment, the timing and allocation of Calls and the timeframe for project implementation are carefully planned. The payment forecast for the project is determined during the clarification process according to the overall financial planning of the Programme. In case of a significant deviation from the payment forecast, the Lead partner must inform the JS immediately so that the necessary steps can be taken.

4.7. Visibility and project promotion

Each partner is obliged to promote the visual identity of the European Union and the Programme, as well as the funding from the European Regional Development Fund, and must communicate its objectives and results to stakeholders, decision-makers and the public. In addition to the visibility and communication measures, partners can use different marketing tools as well, to reach their target groups and ensure the durability of the project results.

- **For more information, please consult the “Guidelines on project promotion” document available on the Programme website.**
- **For operation of strategic importance, please, consult the related guidance from the European Commission available on the Programme's website.**

5. Project modifications

Even if a project is well planned and prepared, it may have to be changed during implementation for various reasons. Deviations from any aspect of project implementation defined in the SC and its Annexes must be reported to the JS within 15 calendar days of the change. If the project form needs to be corrected, changes can also be initiated by the JS. To obtain approval for changes, the LP, in collaboration with the project partners, submits the request for modification through the I+.

- **For technical help, please consult the “*Interreg+ Project Modification Guide (FO)*” document available on the Programme website.**

As a rule, changes that jeopardise the main objectives of the project are not allowed. Before the submission of the modification request the LPs are advised to consult with the JS if changes may occur during the implementation of the project. The submitted modification request has to be thoroughly justified. Once the JS has received the request, the necessary steps are taken depending on its nature. If the justification is not sufficient, the JS may request a technical meeting with the partners concerned or on-spot visit for further clarification.

5.1. Amendment of the Subsidy Contract

In case of significant project changes, the modification request must be approved by the MA/MC. The MA/MC approval is needed in case of the following changes:

- **Withdrawal of the Lead or project partner**

If one of the Lead or other project partners decides to withdraw, the implementation of the project may continue if the change does not jeopardise the fundamental purpose of the project and the criteria for cross-border cooperation are still met. In case of a withdrawal by LP, the role of Lead partner must be taken over by another partner.

In case the withdrawn partner already received EU contribution payments related to preparation costs and/or expenditure incurred and verified, as a main rule, the EU contribution is to be repaid to the Programme. In case the already implemented activities of the Partner contributes to the results of the project, the Managing Authority can decide on the eligibility of the expenditure of the Partner. The withdrawn partner must in any case respect the obligations of documents retention for the time duration as mentioned in the SC and PA.

- **Replacement of the project partner**

A withdrawn partner may be replaced by another organisation if the change ensures the fundamental purpose of the project and the eligibility rules and assessment criteria of the respective Call for proposals are met.

In case the withdrawn partner has already received EU contribution payments related to preparation costs and/or expenditure incurred and verified, as a main rule, the EU contribution is to be repaid to the Programme. In case the already implemented activities of the Partner contributes to the results of the project, the Managing Authority can decide on the eligibility of the expenditure of the Partner. The withdrawn project partner must respect the obligations of documents retention for the time duration as reported in the SC/PA and solve all pending situations

(e.g. repayment of undue EU funds). The replacing project partner(s) shall take over the left budget of the withdrawn project partner; it must demonstrate to have sufficient skills and expertise to efficiently implement the remaining tasks left by the withdrawn project partner. Replacement of the partner must be approved by the MC.

- **Change in legal status of the project partner**

The partner can be replaced by legal successor if the new entity takes over all the tasks and obligations of its predecessor and the eligibility criteria of the respective Call are met. Legal change can affect the subsidy structure of the respective partner. All documents affecting the modified legal status or legal change must be provided to MA/JS.

- **Prolongation of the project duration**

The duration of the project may be extended if any of the partners are unable to complete their activities by the end date of the project. As 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 necessary. If the MC approves the requested change, the Addendum of the SC is signed by the MA and the LP.

- **Budget reallocation to another project partner**

If the financial situation or the absorption capacity of the partners makes it necessary, the partners may optimise and restructure the project budget and reallocate between each other. Budget reallocations between partners are possible on the condition that the total EU contribution of the project is not exceeded.

Once the request has been approved, the MA and the LP conclude an addendum to the SC. If the request is rejected, the partners must continue the implementation under the same conditions.

5.2. Other project changes

Other project changes (OPC) do not need amendments, but must be approved by the JS. Other project changes may be:

- Change in the description, duration or the outcomes of the activity
- Change of the activity plan (introduction of new activities or replacement of old activities)³
- Change of the technical documentation
- Change of the infrastructure location
- Change of the indicator value⁴
- Reallocation of the budget between budget lines
- Change in the description of the budget item

³ If the complexity of the modification justifies, addendum might be needed.

⁴ If the complexity of the modification justifies, addendum might be needed.

- Replacement or withdrawal of a partner without budget
- Modification of the Partnership Agreement⁵
- Other (e.g. change of LP bank account, project summary etc.)

In case the technical documentation was modified, the amended technical documentation must be uploaded in the I+. Budget reallocations between cost categories are possible on the condition that the total EU contribution of the project is not exceeded. Budget line calculated on flat rate basis cannot be reallocated.

If the JS deems it necessary, it can also obtain the approval of the MA/NA to authorise the modification request. Once the request has been approved, it will enter into force and expenditures affected by the change are eligible. If the request is rejected, the partners must continue the project implementation under the same conditions.

5.3. Administrative changes

Administrative changes such as, changing postal address or the address of the headquarters, contact person, contact data (phone number, e-mail address) of the contact person or the legally authorised representative can be registered directly by the Lead Partner in the monitoring system and valid only from its registration in the monitoring system.

⁵ If the complexity of the modification justifies, addendum might be needed.

6. Reporting

Project reporting and monitoring are the basis for the reimbursement of EU contribution. Reporting takes place at partner and project level as well.

6.1. Project partner report

Reporting at the partner level takes place through a Project partner report (PPR) submitted by each partner via the I+ in English. Supporting documents for the report have to be uploaded into the monitoring system in electronic format.

- **For technical help, please consult the “*Interreg+ Project Part Reporting Guide (FO)*” document available on the Programme website.**

The reporting period covers four months of project implementation, beginning with the start date of the project. The reporting deadline is 15 calendar days after the end date of the reporting period and 30 days in the case of the final report. The PPR has two main functions. It enables project partners (including the LP):

- to submit activity and financial information to the respective national controller for verification of expenditure, and
- Lead partners to collect and consolidate information from all partners needed for reporting to the JS at project level.

Partners having no expenditures occurred and paid in the reporting period must also submit a PPR to report about their activities in compliance with the reporting deadlines. The expenditure of partners receiving financial support that has not been verified within the deadline for the reporting period can only be requested for the next two reporting deadlines after the reporting period in question.

- **For more information, please consult the following documents available at Programme website:**
 - *Elszámolási segédlet az Interreg VI-A Magyarország-Szlovákia program hazai partnerei számára*
 - *Eligibility of expenditures for the Interreg Hungary-Slovakia Programme*

The expenditure included in the report is verified by the national controllers through administrative verifications (i.e. desk-based verifications) as well as on-the-spot verifications, if relevant. As a result of the verification, the National control body issues the Declaration on Verification of expenditure, which is part of the PPR. Once the submitted PPRs have been approved, the progress report at project level is prepared by the Lead partners.

6.2. Project report

Reporting at the project level takes place through a Project report [PR] submitted by the Lead partner via the front office of the I+ in English. Supporting documents for the PR have to be uploaded into the monitoring system in electronic format.

- **For technical help, please consult the “Interreg+ Project Reporting Guide (FO)” document available on the Programme website.**

PRs must be submitted regularly within the deadlines specified in the SC. The reporting period covers four months of project implementation, beginning with the start date of the project. By signing the SC, Lead partners comply with the reporting deadlines, which is 90 calendar days after the end date of the reporting period (In case of final report this deadline is 100 calendar days from the end date of the final reporting period. For details of final PR please consult chapter 7.1).

Recording of a new PR begins with the selection of the approved PPRs. By default, the system selects all available PPRs that have been approved by the national control bodies. If the system does not contain a PPR for each partner by the specified deadline, the LP must contact the JS prior to submission to discuss the further steps. In case any partner fails to receive an approval for the submitted PPR in time, the approved PPR can be included in the next PR. The reporting period covered by the PR depends on the reporting period(s) of the selected PPRs.

The purpose of the PR is to inform the JS about the activities carried out and the expenses incurred in the given reporting period. The PR must show the progress of implementation in a given period and the deviations compared to the activity plan. It is important that the LP describes the progress of the project implementation in sufficient detail and quality. The Lead Partner must provide the following information:

Achievements tab

The Lead partner summarises the progress of the core activities of the entire project in relation to the main objective from the start of the project to the end of the respective reporting period. Any deviations (especially with regard to results and outputs) must be explained and justified.

Activities tab

The system displays the original description and planned outcomes of the activity as well as the progress and outcomes reported in the PPRs. In order to produce a comprehensive report, the project partners must provide the LP with adequate information on their part. The Lead partner have to review the information uploaded by the partners in the PPR section and copy the relevant information (and edit if necessary), in the current description and outcomes field. In case the content of any PPR is unsatisfactory or any of the required supporting documents are missing, the LP shall ask its partners for completion.

The Activities tab is equipped with a Documents section where the Lead partner must upload documents, photos or videos illustrating and proving the progress of the activity.

Transfer from LP

The LP must report on the transfer of EU contributions to other partners. The scanned copy of the bank statement showing the transfer of EU funds must be uploaded to the “*Transfer of LP*” folder on the Documents tab.

Application for Reimbursement

The financial status of the project is displayed on the Financial progress tab (non-editable). The tab shows the financial progress by budget line and by source of all partners during the reporting period. Based on the Declarations of Verification of Expenditures (DOVE) issued by control bodies, the system automatically generates the Application for Reimbursement (AfR). The AfR states the total amount of EU funds to be reimbursed.

Interim report

An interim report (an additional report between reporting periods) can be submitted to the JS upon request in justified cases.

Verification process on project level

After receiving the PR, the responsible JS programme manager carries out a review. The programme managers primarily check the following criteria:

- the project activities have been reported in accordance with the activity plan and in the prescribed manner
- the quality and quantity of the supporting documents is sufficient to demonstrate the progress of the activities
- the prescribed communication measures have been carried out
- the payment forecast has been met, and
- the EU contribution has been transferred to other partners.

In case the content of the submitted PR is unsatisfactory or any of the required supporting documents are missing, the JS sends a completion letter via monitoring system. The LP has maximum 10 calendar days upon receipt of the request to submit the required information and documents. The documents are submitted electronically by filling the required fields in I+ or uploading the documents into the corresponding folder.

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. If the Lead partner does not respond to the request for completion, the PR may be rejected.

Revalidation

If any corrections to the amount or to the descriptive information of the Declaration of Verification of Expenditure [DOVE] are necessary, the JS sends it back to the control body for revalidation. The DOVE may be reissued for the following reasons:

- ineligible expenditure in the actual PR/AfR
- the reported budget items do not match the approved budget of the project part, or the project modification rules are not complied with
- inadequate delivery of planned project deliverables (outputs) and results in terms of quality and content
- differences/deviations in relation to the approved project activities
- unjustified, unnecessary, overestimated and inappropriate costs
- the cross-border effects of the activities are not comprehensible
- the minimum requirements for communication under the programme are not met

After revalidation of the DOVE, the Lead partner must resubmit the PR/AfR.

Reimbursement of EU contribution

Once the verification of the PR and AfR is finalised, the JS initiates the reimbursement of the EU funding. After the MA approves the transferability of EU contribution mentioned in the approved PR and AfR, the CA transfers the amount of the EU contribution indicated in the approved AfR to the Lead Partner's bank account. Upon receipt of the EU funds, the Lead Partner is obliged to transfer the corresponding amounts to each partner within the deadline set in the Partnership agreement.

7. Monitoring visit

In order to gain a deeper insight and to verify the quality of the project implementation, including the work carried out, indicators, the progress and the results, the JS visits all project partners at least once during the project implementation. If deemed necessary, additional visits may be required depending on the financial and technical performance of the project. The main objective of the monitoring visit is

- to check the equipment and services purchased on site,
- to check the progress of construction works at each project site, where relevant,
- verify the proper application of visibility and communication measures on site, and
- review the readiness to introduce new services once implementation is finalised.

The JS may carry out monitoring visits to check the status of project implementation. As general rule, the JS informs the LP of the proposed date before the monitoring visit in time, although unannounced visits are also possible. The monitoring visit is not considered an audit and is not a prerequisite for the approval of the PR and AfR. However, the JS/MA may use the information gathered during the visit as a basis for proposing specific measures, including suspension of EU contribution payments or even withdrawal from the SC (if project implementation deviates significantly from the objectives stated in the SC or if irregularities are suspected).

All observations made and the results of the monitoring visit will be included in the minutes signed by the JS programme manager.

7.1. Audit trail

The audit trail is a comprehensive set of documents that provides a complete history of a project and demonstrates that proper procedures have been followed and results achieved. It is mandatory for all partners and is required by law in both SC and PA. In connection with the audit trail, it is necessary to create and regularly update a project archive in which all relevant data, documents, images, etc. related to project implementation are stored, as well as to set up a separate accounting system or accounting code.

Please note that relevant documents required for public relations must also be uploaded to the monitoring system. The audit trail enables the recording of all supporting documents for the steps taken by the partners during project implementation.

The documents may be originals, certified copies of the originals or electronic versions stored on commonly accepted storage media (including electronic only) in accordance with the respective national regulations of all partners. Electronic archives must fulfil the security standards required by national law and be considered reliable for verification and audit purposes. These documents must be available for any audit, control or verification after completion of the project.

8. Project closure

8.1. Final project report

The final PR report must be submitted until 100 days after the end date of the project. Compared to the PR, the Final Project Report (FPR) must contain the following additional information:

Achievements tab

In the FPR, the Lead partner must upload the summary of results for the entire project in the style of a press release to be used for communication purposes.

Indicators tab

Each indicator has three parameters. The baseline value of an indicator reflects the initial state before project implementation. The actual value shows the progress in fulfilment in the respective reporting period, while the achieved value represents the accumulation of the actual values already reported. The Lead partner only has to update the actual value of the indicators once in the FPR. The reported indicator values in the final report must match the target value specified in the SC. In case of a deviation from the target values, the LP must inform the JS immediately so that the necessary steps can be taken. The Lead partner must include all supporting documents to prove fulfilment of the indicator.

- **For more information, please consult the “*Guidelines on indicators*” document available as Annex I. of the present Manual.**

Report on “Do No Significant Harm [DNSH]” and the horizontal principles

The report on DNSH and the horizontal principles is prepared by the Lead partner using a template provided by the JS. The Lead partner must report on the following principles:

- **Do no significant harm**
The supported measures should not have a significant negative impact on the environment and are fully compatible with the ‘Do No Significant Harm’ principle and the Environmental statement of the programme.
- **Sustainable development**
The EU and its Member States are committed to implementing the UN 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals [SDGs]. All partners must demonstrate how their project is in line with and contributes to sustainable development.
- **Equal opportunities and non-discrimination**
The programme aims to promote equal opportunities and prevent any discrimination based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation at all stages of programme implementation and in access to funding. All partners must explain how their project respects and possibly even strengthens equal opportunities and non-discrimination.

- **Equality between women and men**

The programme aims to promote gender equality and prevent any discrimination based on gender at all stages of programme implementation and in particular in access to funding. All partners must explain how their project addresses and potentially reinforces gender equality.

Supporting documents

The FPR shall be equipped with additional documents as follows:

- An electronic copy of deliverables (study, research, database, book, publication etc.),
- Documents proving the fulfilment of the indicators,
- Samples of information and publicity material (e.g. posters, books, booklets, brochures, branded merchandize etc),
- Professional photographic documentation (See Guide on Project Promotion),
- Other project specific documents requested by the JS.

Financial closure cannot be initiated in case other processes related to the project are still on-going (such as irregularity and recovery procedures). After the final payment of EU contribution to the Lead partner and transfer the reimbursement to partners, the JS initiates the financial closing of the project. Bank statements proving that the LP has transferred the EU contribution approved in the Final Project Report to the project partner(s) must be submitted to the Joint Secretariat within 14 calendar days from the date of the transfer.

8.2. Durability of projects

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 of EU contribution to the LP. All partners should retain ownership of the results (infrastructure, equipment, other results) after project implementation during the project's follow-up phase.

If it is necessary to transfer the rights of use of the project results to a third party in order to obtain the results or to ensure the effective operation, the LP must notify the JS and obtain the MA's prior written consent. The request should be submitted with a detailed justification, supporting documents and a draft written agreement with the third party. If the MA approves the request, the written agreement with the third party can be signed.

8.3. Follow-up reports

Projects comprising investment in infrastructure or productive investment must submit follow-up reports [FUR] on predefined format for 5 years starting from the date of the final payment of EU contribution to the LP. In case of SMEs the duration of the follow-up period is 3 years. As for projects with soft activities follow-up period is 1 year. The purpose of the FUR is to inform the JS that project outputs are sustained and the project partners are not subject of any of the following:

- cessation or relocation of a productive activity outside the programme area;

- a change in ownership of an item of infrastructure which gives to 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.

Except for the first and last report, the FUR covers 12-month periods. The reporting plan is defined in the I+ notifying letter sent to LP after the Final project report is approved. In case that LP does not submit the follow-up report within 15 days following the expiry of the deadline, LP will receive a reminder letter.

➤ **The “Follow up report” template is available as Annex II. of the present Manual.**

If the content of the Follow-up report is inadequate, the JS requests a completion. The LP should submit the clarifications and/or missing documents within 10 calendar days after receiving the notice. The JS may conduct monitoring visits at any time to check the status of the project during the follow-up period.

8.4. Retention of project documents

Additional financial controls and audits can be expected during the entire Programme period. Until then, the partners should be able to provide without delay all documentation related to their respective project parts. All supporting documents for the project must be kept for a period of 5 years from 31 December of the year in which the last payment of EU contribution was made by the managing authority to the LP. Other rules may apply in case of State aid relevance. The retention period shall be interrupted either in the case of legal proceedings or by a request of the EC.

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 each partner’s premises to check all relevant project documentation and invoices or other accounting documents with equivalent probative value.

9. Irregularity

An irregularity may occur at any stage of the project cycle, from programming to audit, ex-post monitoring or evaluation. Checks at any stage of project implementation may indicate that the conditions that a partner must fulfil after project completion are not being met.

Suspected irregularities may be detected by the control body, JS, MA, CA, NA, AA, EC, the European Court of Auditors, the European Anti-Fraud Office (OLAF), other bodies authorised to carry out financial verification of projects, project partners, whistleblowers or natural persons. The National Authority of the country where the partner concerned is established (or in case of EGTC, the EGTC is registered) is responsible for investigating suspected irregularities and for taking decisions in the event of irregularities. The following mechanisms for identifying irregularities may be used:

- detailed checking of PRs
- on the spot checks and ad hoc controls by any of Programme bodies
- monitoring visits
- cross checks and follow up checks
- notification by other grant recipients
- local knowledge (press/members of the public)
- national and Commission audit reviews.

Recovery of EU funds from running projects

Where recoveries shall be performed in running projects, all unduly paid out EU funds must be deducted from the next reimbursement due or, where applicable, from reimbursement which is still under examination by the Programme bodies or remaining EU payments can be suspended. 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 project partner, the relevant control body provides the necessary information to the JS/MA/NA so that the financial correction can be made
- 2) in cases where they have been identified by other organisation or person, the MA/JS will promptly inform the Lead partner, the concerned partner and the national authority. Possibility of involving the responsible National control body, will be undertaken whenever necessary.

Recovery of EU funds from closed projects

In the case of projects that have already been completed or in cases where the deduction from the next reimbursement cannot be made in full, recovery proceedings must be initiated against the Lead partner. In cases where the project has already received the last EU funding instalment, the MA demands full or partial repayment of the EU contribution from the LP. If the unduly paid EU amounts relate to a project partner, it is the responsibility of the project partner concerned to repay the unduly paid EU amounts to the LP in accordance with the Partnership Agreement.

In all cases of financial corrections, the LP shall ensure that the partners concerned repays the unduly paid EU amounts to the LP. If the LP is unable to obtain repayment from other partners, the LP shall inform the MA/JS in writing within the repayment deadline.

Anti-fraud

The Programme's main principle is the zero tolerance against fraud, no fraud will be tolerated within the programme and during project implementation. Therefore special emphasis shall put on fraud prevention through creating an adequate culture in the institutions and through the establishment an operation of the internal control system. The anti-fraud strategy of the MA with the agreement of the participating countries adopts a proactive, structured and targeted approach to managing the risk of fraud. The measures put in place are effective and proportionate to risk identified and determined according to 3 pillars in order to achieve the objectives of the policy, namely to reduce the fraud risk through the internal controls and to ensure that procedures are in place to detect fraud and to take appropriate measures once a suspected case of fraud is detected.

- **For more information, please consult the following documents available at Programme website:**
 - ***Anti-fraud strategy***
 - ***Mission statement.***

10. Data protection and processing policy

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

11. Annexes

Annex I. – Guidelines on indicators

Annex II. – Follow up report template

Annex III. – Monitoring visit template