The Urban Lab of Europe !

Factsheet – Administrative Project Closure

The administrative project closure within the framework of the Urban Innovative Actions Initiative is a two-phase process that starts after the last day of project implementation and continues until the Final Qualitative Report (FQR) is accepted and the closure lump sum (EUR 12 000 ERDF) is transferred to the Main Urban Authority (MUA).

1) Phase 1 starts at the end of the project implementation and ends after the submission of both the final Annual Progress Report and final Financial claim, and the subsequent transfer of the third ERDF payment to the project;

2) Phase 2 starts after Phase 1 and consists of the submission and acceptance of the FQR followed by the last ERDF payment to the project.

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Phase 1

Phase 1 of the administrative closure starts after the last day of the project implementation and it includes the preparation and submission of the final APR and FC2.

1. Final Annual Progress Report (APR)

The final APR covers the last reporting period. The template is similar to the previous APRs submitted by the project. Its submission to the UIA Permanent Secretariat (UIA PS) on the Electronic Exchange Platform (EEP) should happen at the latest 3 months after the project end date[1].

2. Last Financial Claim (FC2)

FC2 must be submitted on the EEP at the latest 3 months after the project end date.

- Any cost incurred after the project end date is covered by the lump sum for closure (EUR 12 000 ERDF).
- Expenses incurred prior to the end date can still be invoiced and paid after the project end date. In any case, these expenses must be paid for by the project before the submission of the FC2 to the First Level Controller (FLC) on the EEP. For instance: the final event of the project takes place one day before the end date of the project. The related expenses are invoiced 2 weeks later and paid 6 weeks later. These expenses can be included in FC2 if they are paid before FC2 submission to FLC.
- The lump sum for closure is automatically included in FC2. However, its payment is postponed until the acceptance of the FQR.

Following the submission of FC2 the project partnership must ensure that the necessary supporting documents (audit trail) are provided to the FLC for validation of the project expenditure as well as the appropriate access to the project investments during an on-the-spot verification the may be carried out by FLC and UIA related organisations (e.g.: UIA PS, European Commission, Entrusted Entity,…).

3. ERDF payments

The approval of both the final APR and FC2 leads to release of the third ERDF payment to the project.

As a reminder, the first ERDF payment is paid to the project following the completion of the Initiation Phase; it consists of an advance equivalent to 50% of the ERDF budget of the project. A second advance equal to 30% of the budget is transferred following the approval of FC1. The payment of the lump sum for closure is conditional to the acceptance of the FQR; it is the fourth and final payment to the project.

Example: A project has a total budget of EUR 1 250 000 corresponding to EUR 1 000 000 ERDF (80% ERDF rate) and EUR 250 000 of contribution (20% of project budget). At the end of the project implementation, the total eligible costs (TEC) reported by the project amount to EUR 1 250 000 (scenario 1), EUR 900 000 (scenario 2) and EUR 1 500 000 (scenario 3). In terms of ERDF payment, we have:

Phase	**Corresponding ERDF payment**	**TEC = EUR 1,250,000 ERDF payment (EUR)**	**TEC = EUR 900,000 ERDF payment (EUR)**	**TEC = EUR 1,500,000 ERDF payment (EUR)**
End Initiation Phase	50%	500 000	500 000	500 000
FC1	30%	300 000	300 000	300 000
FC2	20% - EUR 12 000	188 000	- **92 000**	188 000
FQR accepted	EUR 12,000	12 000	12 000	12 000
Total	**100%**	**1 000 000**	**720 000**	**1 000 000**

[1] The project end date refers to the end of the project implementation; see also the section on definitions and Article 2.2 in the Subsidy Contract

Note that the third ERDF payment in scenario 2 corresponds to a recovery of unused ERDF advances received by the project. In this case, the project must reimburse EUR 92,000 ERDF to the Certifying Authority (in charge of ERDF payments to the UIA project).

4. Request for changes during project closure

No request for major changes should be submitted later than 2 months before the project end date except for changes to the budget. These can be requested up to the submission of the FC2 to the FLC, provided they are limited to mere technical budgetary changes. Such budget changes cannot be linked to any substantial changes to the project (i.e. changes in the partnership or work plan).

For instance: it may be deemed necessary to adjust the budget to the real spending profile of the project in case the 20% flexibility per PP, budget line or work package is breached. Therefore, the MUA in charge of the project should ensure that the final spending profile is consistent with UIA rules on budget flexibility.

Phase 2

Phase 2 of the project administrative closure is made of 2 main elements – the submission and acceptance of the Final Qualitative Report (FQR) and the payment of lump sum for closure to the project.

1. Final qualitative report (FQR)

The FQR must be submitted by the project, one year after the end of the project implementation (please note that Call 5 projects may be subject to a more restricted timeline due to the end of the Initiative implementation on 31 December 2024). The FQR takes the format of an online questionnaire/survey, where the project reports on the experience implementing a UIA project and the main lessons learnt. The FQR is accessible online; a link will be provided by the Lead Officer at the end of the project implementation. The FQR contains several sections; the project should provide information and feedback on:

- the experiences of the UIA project implementation and operational challenges;
- the result indicators one year after the end of UIA project
- the added value of the UIA

The FQR has to be filled in by the MUA; the contribution of Project Partners and the UIA Expert could be required. As stipulated in the Subsidy Contract (Article 7.1.d), the FQR must be “submitted no later than one year after the project end date”. While questions included in section 1 and 3 of the FQR can be answered already after the official end of the implementation phase, questions in section 3 (update on result indicators) can be completed only at the end the year following the official end date.

2. Closure lump sum

After the acceptance of the FQR by the UIA PS, the final ERDF payment to the project is released (EUR 12,000); it covers the costs related to "project closure and transfer of knowledge".

Post-closure responsibilities

1. Availability of documents

All accounting and supporting documents related to the project implementation must be made available not only during the lifetime of the project, but also after its end. Data about the project (e.g. subsidy contract, partnership agreement, project data, service contracts, public procurement documentation, rental agreements, etc.), documents related to the expenditure, controls and audits, and documents required to ensure an adequate audit trail must be properly archived ensuring compliance with the internal, national and EU rules. The documents can be kept either in the form of originals or in versions to be in conformity with the original on commonly accepted data carriers. Where documents exist in electronic form only, the computer systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

The project documentation has to be retained at least five years from the date when the final ERDF payment (lump sum for closure) is paid to the project. The MUA is responsible to ensure that the whole partnership complies with this requirement. This period shall be longer if there are on-going audits, appeals, litigation or pursuit of claims concerning the subsidy contract. In such cases, the project partners shall keep the documents until such audits, appeals, litigation or pursuit of claims are closed. Other possibly longer statutory retention periods, as might be stated by national law, remain unaffected.

The documentation has to be made available in case of audit and control missions by UIA bodies (Second Level Controllers, Entrusted Entity, Certifying Authority and UIA PS) or other EU institutions (e.g. Court of Auditors, OLAF[2]…).

2. Ownership of the project outputs and investments

The project outputs and results having the character of investments in infrastructure or productive investments implemented as part of the project activities have to remain within the project partnership and the related project partner for at least five years following the final ERDF payment to the MUA.

3. Durability and sustainability of the project outputs and investments

All project main outputs (incl. investments) delivered during the project lifetime have to remain operational and continue to serve their purpose for at least the respective period of the five years to ensure the project durability. Should there be any substantial modifications within the 5 years of the final payment to the project related to:

- a cessation of operation;
- a relocation outside the project area/ EU
- a change in ownership giving a firm or a public body an undue advantage
- a substantial change affecting the nature objectives or implementation conditions of the investment which would result in the undermining of its original objective

The UIA PS must be immediately informed by the MUA. Should there be no immediate information or due justification, unduly paid sums may be recovered by the Initiative.

If project investments are unfinished at the end of the project implementation period in a way that would prevent the project and investments durability and sustainability, the MUA is responsible for completing them

[2] The European Anti-Fraud Office (OLAF) is the EU body mandated to detect, investigate and stop fraud with EU funds.

after the project implementation phase. Durability and sustainability are considered undermined whenever the non-completion of an investment prevents it to be used and/ or used for the purpose foreseen in the AF.

For instance, the incomplete construction or refurbishment of a building preventing project activities to be carried out in the investment during the project lifetime, shall be completed after the project end date in order to host the planned activities with the target groups and ensure the objectives and implementation conditions of the investment are sustained. The same goes for a plant that would not be delivered on time to start production activities during the project lifetime: the investment shall be completed after the project end date in order to fulfill its initial function.

Investments completion shall be carried out in line with AF commitments, with Partners' own resources and ideally, during the administrative closure and knowledge transfer year, in order to be reported in the FQR. In any case, the UIA PS should be kept informed at the different stages. Should there be no information or due justification for the non-completion of the investments, unduly paid sums may be recovered by the Initiative.

4. Revenues

If the project generates net revenues after the project implementation phase (e.g. to ensure durability of the results), they must be estimated and reported in FC2 during the Phase 1 of the administrative project closure. Net revenues are revenues less any operating, repair maintenance, replacement (for short-life equipment) costs incurred during the corresponding period. For more detailed information on revenues and the calculation of the net revenues, please refer to the UIA Guidance and the factsheet on revenues.

5. Communication

As far as projects with infrastructure investments are concerned with a public contribution of more than EUR 500 000 (i.e. funds from UIA and any other public sources), the temporary billboards have to be replaced with permanent plaques no later than 3 months after the completion of works.