
Kolarctic CBC Programme 2014–2020

PROJECT IMPLEMENTATION MANUAL

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Important changes to the previous version
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FREQUENTLY USED ABBREVIATIONS

| | |
|--|---|
| Audit Authority | AA |
| Branch Offices | BOs |
| Cross Border Cooperation | CBC |
| Control Contact Point | CCP |
| European Neighbourhood Instrument | ENI |
| European Union | EU |
| European Commission | EC |
| Group of Auditors | GoA |
| Joint Monitoring Committee | JMC |
| Joint Operational Programme | JOP |
| Kolarctic Cross Border Cooperation 2014 – 2020 Programme | Kolarctic CBC Programme (or the Programme hereinafter) |
| Lead Partner | LP |
| Managing Authority | MA |
| National Authority | NA |
| Regional Assessment Group | RAG |
| Thematic Objective | TO |

1 INTRODUCTION

This Project Implementation Manual is intended to assist Lead Partners and project partners in the implementation of actions funded under the Kolarctic Cross Border Cooperation Programme 2014-2020. This Manual provides practical information and guidance on the procedures related to administrative and financial management, monitoring, reporting, accounting, visibility and communication, as well as other project implementation related requirements.

Practices and eligibility requirements identified in the manual must be followed. In duly justified cases the Partners may follow different practices than those laid down in the manuals. Any such alternative practices must be agreed with the Managing Authority in advance (see Conditions applicable to Grant Contracts financed by the Kolarctic CBC Programme 2014-2020 art. 19.3). If rules laid down in this Manual and Conditions are not followed, incurred cost may be considered fully or partly ineligible.

Please pay attention that this Manual does not replace the obligations and provisions set out in the Grant Contract signed between the Lead Partner and the Managing Authority, and its Annex II: Conditions applicable to Grant Contracts financed by the Kolarctic CBC Programme 2014-2020 (referred to later as Conditions). In case of doubt, the rules as set there prevail over this Manual.

Apart from reading this Manual, project partners are encouraged to consult the relevant parts of the Grant Contract and its annexes.

 Some procedures, especially financial ones, are in Norway different from the other participating countries. In these cases the Norwegian practice is described in the end of the chapter and marked with the flag .

2 COMMUNICATION WITH THE KOLARCTIC CBC MANAGING AUTHORITY AND THE BRANCH OFFICES

The Managing Authority is the contact point for any required guidance throughout the project implementation process. For each project, the Managing Authority designates a contact person. As a rule, all communication between the project, i.e. Lead Partner and the Managing Authority, should go through the contact person of the project. The contact person will provide the Managing Authority's guidance throughout the project implementation process and reporting stages. It is the responsibility of the Lead Partner (LP) to communicate with the contact person and to give a regular updated picture of the development of the project.

The contact person from MA, and the Branch Offices in participating countries, must be provided with the invitation to steering group meetings, or any group that leads the work in the project, as observers. Materials related to the meetings and discussed in steering groups shall also be provided.

The contact person from MA and the representatives of Branch Offices must be invited in all public project events.

The Branch Offices in different countries are a source of guidance and information especially to the partners in that country. They can also offer assistance in visibility activities and networking. The Branch Office staff is in close cooperation with the Managing Authority, but has no role in approving project activities, reports or costs.

Practical tip: The projects can make a mailing list including the contact person in the MA and BO representatives.

 **Kolarctic CBC Branch Office in Norway is the body funding the Norwegian activities of projects. For the Norwegian part of the project, the Kolarctic CBC Branch Office in Norway makes a financing decision concerning Norwegian Kolarctic funding, and designates a contact person for the Norwegian part of the project. This Norwegian contact person has the same role in the project as the contact person in the Managing Authority, and must be given the same information.**

3 PARTNERSHIP AGREEMENT

The Managing Authority requires that The Lead Partner and the Partners make and sign a Partnership Agreement before the Managing Authority signs the Grant Contract with the Lead Partner.

The partnership agreement is usually formulated according to the practices of the organization in question, on Lead Partner's responsibility.

In the Partnership Agreement, the Lead Partner and the Partners agree about

- The project's objective and content
- The decision making of the project, e.g. steering group (and / or other cooperation bodies)
- The tasks and responsibilities of each organisation
 - in carrying out the actual the project activities,
 - in producing the reporting materials to be delivered to the MA,
 - the timetables for the above,
- About the conditions and timetables for delivering the programme resources (financing) from the Lead Partner to the Partner.
- Other necessary issues

When necessary, the project can use a Partnership Agreement Checklist written by the MA.

4 GRANT CONTRACT

After the JMC has approved a project to be financed, the contact person of the project in the Managing Authority will get familiar with the project plan and the budget. These may need some adjusting, and this is the time to discuss about the possible adjustments. This is referred to in the programme document and the guidelines as "Grant Contract negotiations".

The contact person drafts a Grant Contract. A template for Grant Contract can be seen on the Kolarctic CBC website <http://kolarctic.info>. Each signed Grant Contract will be in PROMAS when it is signed.

The following annexes are in every Grant Contract.

Annex I: Project Plan

Annex II: Conditions applicable to Grant Contracts financed by Kolarctic CBC programme

Annex III: Project budget

Annex IV: Terms of Reference for an expenditure verification of a grant contract

Annex V: Contract-award procedures

Annex VI: Award of procurement contracts by Russian private beneficiaries

Depending on project, other annexes may be necessary.

NOTE: Grant Contract does not lead to a payment. The MA pays financing to the project **ONLY ACCORDING TO A PAYMENT REQUEST** submitted by the lead partner. This applies to all financing, including the first pre-payment at the beginning of the project. See more in *chapter 8.8. Payment Request*

5 RECOMMENDATIONS ABOUT PROJECT IMPLEMENTATION

This chapter contains practical advice on the basis on the experience gained in different projects. What is written here, can be considered as "friend's advice" to good project implementation, not as official requirements. **However, in this context it's worth reminding that the Programme reports annually to the Programme's Joint Monitoring Committee and European Commission on its implementation, and the projects' performance and quality constitute a significant part of the Programme's reported results.**

The project usually needs various competences. A project's substance, the specific objective, is in a field of specialty – biology, logistics, commerce or other. In addition to the experts who are specialised in these, the project needs management and administration. In recruiting personnel to carry out the tasks of the project, it is worthwhile to consider, if the same person(s) have both the specialised knowledge of the project's field of expertise, and the management and administrative skills. If not, then the project should get the needed administrative staff for bookkeeping, financial reports and payment requests. In a big and complex project you may need someone who is specialised in coordinating the cooperation and leading the project's everyday work.

The project's focus is in achieving its specific objectives – by producing the planned outcomes and results. Remember that also, all projects must disseminate them. How to disseminate, depends on the project. The project has promised to serve the societies of the programme region, it has a target group, be it broad or narrow, and it stays the target group.

All project personnel must be kept aware of the specific objectives. This applies to personnel regardless of the nature of their tasks.

Cross Border Cooperation is demanding. Kolarctic CBC projects are always projects that are supposed to be carried out in cooperation with partner organisations. What makes it even more challenging and interesting is that the partners are in different countries and within different organisational cultures. It would be a serious mistake by the project Lead Partner and Partners to neglect this fact. Many failures happen in CBC projects because a Lead Partner / Partner does not take into account that different participants of their project have different experiences, different skills, different needs, tasks, gender, backgrounds etc. Failure to respect each other is fatal.

So, how to take care of the good cooperation? It is good if the project parts already know each other and even better if they have carried out a cooperation project before. Especially if you do

not have this common experience: Have one more conversation! Do not take your own assumptions for granted, but remember that the partner organisation may have a slightly different understanding of, e.g.

- The objectives and activities of the project (yes, it is possible, even if you have done planning together)
- The practical arrangements concerning the project activities
- Decision making about the project and its activities
- Decision making from gender equality point of view

Pay special attention to the project activities. In the financing application, section "implementation" you have already filled in "*Describe the proposed team and the administration structure of the project*". Read this part of your plan again, and handle with your partners what this means in practice. Central topics to agree are listed below.

Agree on a Steering group

Steering group means here a group of project partners AND stakeholder and target groups, that is assigned to give its competence and contacts to support and monitor the project. It is not obligatory that a project must have a group called a steering group, but it is a good way to ensure two-way information flow between the project and the outer world. Does the project have a (this kind of) steering group? Exactly what role and authority will it have? What specifically are this group's tasks? Agree on this in the partnership agreement.

Agree on a group of project participants to coordinate the implementation:

This would be the group where you actually co-operate between the project partners. Who are the participants, and what tasks does the group have?

Agree on other groups / bodies

What about potential other groups in the project's implementation? Exactly what authority will they have? What specifically are their tasks?

Many projects have started to go wrong when a partner has experienced that the task, or the cooperation has not met its expectations. The partners need to get evidence that they really play a role in the project and that they can influence in the decision making in it.

Also agree on regular contacts, updating of common information, meetings, language, travels, etc. at the beginning of the project.

Notice also that every project has to take into account the gender equality point of view, especially decision-making groups. Gender equality in decision making groups should be preferably 50/50 nevertheless at least 60/40 according to the bases of sex.

In addition to the Work Plan given in the application, the project partners usually need a more detailed work plan, including schedule, for their own work. They also need to know what other partners do. It is essential that the project manager / leader / coordinator is always aware of what is going on in the different partners. All project partners must also know what authority and tasks the project leader has.

6 DURING PROJECT IMPLEMENTATION, PREPARE FOR REPORTING

6.1 Activities and deliverables

The activities of a well-planned project are clearly defined in the Work Plan part of the application. The outcomes, deliverables and results are to impact the target groups (- not to satisfy the Managing Authority). In the interim report the project describes what has been implemented. In practice, when you are writing an interim report, in PROMAS, you click on each Activity in the Work plan, and update the information:

- Status: Is the activity "To do", "In progress", or "Finalised"
- Description: what has the project done in this activity during the reporting period

In the Managing Authority, each project has a contact person, whose task is to approve the interim report. The contact person checks the report in cooperation with the Financial Officer. The contact person focuses on the narrative part of the report, while the Financial Officer examines the financial part of the report. A central topic to assess is: has the project delivered what it has planned? This is possible to assess when the deliverables and other outputs are clearly defined at the beginning of the project, and when the project, in its reports, pays attention to describing the activities and outputs according to the work plan given in the application. The contact person will see if the project will keep its promise about delivering results to the target groups.

6.2 Documentation

During the project implementation, you should pay attention to collect the following documents which will be needed for reporting and making the reporting documents:

- Indicator data
- Visibility materials, publications
- Accounting material as general ledger, payrolls, pay slips, invoices, receipts
- Work contracts
- Timesheets for part time employees
- Proof of commitments (procurement documents, contracts and order forms)
- Proof of payment (bank statements)

More information and requirements for financial reporting and its supporting documents is described in *Chapter 9.2.4. Financial Report and its Annexes*, and *Table 1: Main supporting documents which need to be provided to the auditor for different types of costs*.

6.3 Archiving and saving documents

During the project implementation, you should note that the partners must keep all records, accounting and supporting documents related to the project for **five years** following the final balance payment for the programme. The Managing Authority will inform the projects of the timetable after the programme has been closed

Projects shall archive materials related to the project application and the contract, project's meeting minutes, reports, receipts, accounting/bookkeeping and bank documents as well as procurement documents, supply contracts and examples of the visibility materials and other produced materials.

All documents must be easily accessible and filed to facilitate their examination. All supporting documents shall be available either in the original form, including in electronic form, or as a copy if the original is not available.

 **NOTE:** In case of Norwegian partners the supporting documents related to the project must be kept up for ten years after the final balance payment.

7 COMMUNICATION AND VISIBILITY INSTRUCTIONS

A duty of all approved projects is to make a communication plan. In this, the contact person of the project in the Managing Authority will be in contact with the Lead Partner, during the process of financial negotiations and preparation of the Grant Contract.

Why should the project care about these communication instructions?

Kolarctic CBC financed project has certain obligations. This you have already noticed when putting the effort in making the application with all its parts: budget, financing plan, logical framework... Also, as financier, Kolarctic CBC as well as the participating countries Sweden, Norway, Finland, and Russia, have demands towards your project: the programme and the participating countries do not mean to be anonymous benefactors. You must not hide its financial contribution to the project. The project must carry out communication and visibility activities which raise public awareness of

- The objectives, activities, outputs, results or/and impacts of the project, and
- The Kolarctic CBC and the participating countries' support to the project. These activities are referred to in this manual by "visibility".

On the other hand, the communication actions of Kolarctic CBC, and its stakeholder groups and contacts might offer your project visibility in different contexts. The programme and its financiers need to show project examples, and your project could be one of them!

This chapter contains both

- compulsory requirements for all LPs and partners, and
- recommendations and guidance, to help the LP and partners in their information activities

7.1. In short: Basic compulsory requirements – MUSTs - for the projects funded by Kolarctic CBC

In this chapter, some samples of the following chapters have been selected. They represent "musts", minimum requirements concerning all communication and visibility actions of all projects.

A MUST: The graphic identity of the Kolarctic CBC programme

The implementing partners and contractors of the project may use their normal visual design in documents, but should add the logo given to projects by the Managing Authority when communicating on matters related to the project. The Kolarctic CBC project logo must enjoy an equally prominent place and size as that of the project actors. The same applies to supplies and equipment, especially those that are going to be prominently placed, or used on a longer term than the project duration.

Note that the project does not use the logo which the Managing Authority of Kolarctic CBC uses. A separate logo has

been designed for the projects to use. The logo is available in colour and grey, in <http://kolarctic.info>



The projects must also in their written communication indicate that the project is funded by the Kolarctic CBC, EU, Russia, Norway, Sweden and Finland. (Select appropriate countries)

What is written above, applies in practice to

- Training and education materials and
- Information materials such as
 - websites,
 - brochures and leaflets,
 - press releases,
 - promotion materials
 - roll-ups and posters
 - social media applications

If your project is constructing permanent structures, get instructions from your contact person in the Managing Authority in how to indicate the Kolarctic CBC and the participating countries' support to the construction.

MUST: disclaimer

A disclaimer separates the views of the EU and the Project Partners.

A disclaimer must be included in all publications where information, views etc. are presented.

The wording is:

"This publication (website, video) has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of <name of the author / contractor / implementing partner> and can in no way be taken to reflect the views of the European Union."

MUSTs when preparing press releases and arranging media events

Like other information materials, also a media release must visually and in its text indicate the Kolarctic CBC funding.

The project must always inform the contact person of the project and the Kolarctic CBC Branch Office in the country, about press conferences and press visits to come.

At the media event itself, an EU flag or the Kolarctic CBC logo, including an EU flag, should be displayed if other flags (e.g. national flags) or symbols are being displayed.

Where appropriate, the project should arrange a journalists' visit so that representatives of the Managing Authority, or the Kolarctic CBC Branch Office in the country, can join the visit.

A *MUST* concerning publications: brochures, leaflets, guidebooks, media releases

The project must send copies, including electronic copies of the publications, to the MA (the contact person) and the Kolarctic CBC Branch Office in the country.

MUSTs concerning websites

As a minimum, the project must make links to the Kolarctic CBC website as follows:

<http://kolarctic.info> , and <http://www.kolarctic.no>

At the end of the action, the Lead Partner must copy the website onto a suitable form of data and deliver it to the MA for possible further use in its general communication activities and for archival purposes.

MUSTs in construction actions and infrastructure projects

Display Panels

Infrastructure-related projects funded by the programme should identify themselves as such by means of display panels describing the action. The display panels should be clearly visible so that those passing are able to read and understand the nature of the action. The project should erect the display panels beside access routes to the site where the action, e.g. construction is taking place, and they should remain in place from the start of the action until six months after its completion. Get more detailed information and material from your contact person in the Managing Authority.

Signs and panels are recommended in premises rented for the project actions, especially when it is likely that a significant number of the target group is passing by of visiting the premises.

MUSTs Photos, pictures, videos

The project must send copies of photos, other pictures or videos that are shown in the project's communication materials, to the contact person of the project in the Joint Managing Authority of Kolarctic CBC.

The files should be provided with the following information):

- The name and contact details of the person sending the pictures.
- The name of the action to which the picture relates, its duration (e.g. 2018-2020)
- and the country in which it was taken, preferably also the region / place

The MA and the European Commission will be entitled to use or reproduce photos submitted to the above archives without payment of royalties.

7.2. Planning of communication and visibility activities

Content of the information and communication plan:

| | |
|----------------------------|---|
| Messages: | What do we (we=the project) want to tell? |
| Target groups: | To whom do we want to deliver the messages? |
| Tools and channels: | What channels do we use in order to deliver the messages? |
| Activities: | What are the concrete communication activities? |
| Responsibility | Division of communication tasks |
| Timeframe | Schedule for separate communication activities |
| Budget | How much resources do we spend on communication? |
| Evaluation | How did we succeed in the communication actions? |

Messages

What do you want the audience to know about your project? A list of potential content is

- The activities of the project
- What the project is going to achieve
- What the expected impacts of the project are,
- How the project reflects the gender equality issues and environmental friendly approach through the communication?
- A special case might be: your project needs attention and participation from the audiences in order to succeed

Target groups

In order to communicate effectively, target audiences should be clearly identified in communication plan. Are they:

- Stakeholders working in the special field of the project?
- Citizens of the regions that are affected by the project?
- Decision makers

Depending on the case, the target groups may be in different countries.

Tools and channels

This is something that has been rapidly changing during the recent years and is changing now. Whereas in the 1980s and 1990s, a traditional media (television and newspapers) was central, and publication series was the second "must", a variety of channels exist today. In selecting tools, find out how your target groups can be reached.

Examples of channels, and some advice:

- The web: define if the project is going to establish a domain, or if it is going to be presented under another domain, or if it is going to establish several domains for several purposes (one could be for the Project, and one for the dissemination / outcome / result / reaching target groups).
- Social media: note that they are changing and various, and there are differences between countries. What do you need social media for?
- Traditional media (newspapers, radio and television)

- Books and other publications: They are for e.g. reporting and disseminating project results.
- Light printed publications like brochures and newsletters
- Live events: If you arrange these, to whom are they directed? Remember planning of the appropriately, according to message and target group.

Responsibilities

Define in the communication plan who / which organisation is responsible for communication in general, and for single activities. A couple of hints: involve a person who is truly interested in e.g. photography, and one who is truly interested in writing texts. Unless there are no such persons available in the projects staff, consider external services.

Timeframe

It is not meant that all information activities must happen in the beginning of each project. If you need publicity in the beginning, plan the timeframe according to that need. If, in your opinion, the project has something interesting to show later, during some phase of implementation, take advantage of that situation. Maybe your project's "show time" is near the end of the project? Always could be the right time to spread information.

7.3. Recommendations about text and photos

To whom are you writing? Different texts are for different purposes. The text in a press release or an information leaflet is different from that in a scientific report. Publications should always be tailored to the audience in question. Communication texts should be short and simple.

In formulating the messages, concentrate in writing the most essential thing first. Most essential is probably not "*we have this project called XXX ...*" or "*Project XXX has started*". From the project background or objective you find the most essential things. It would be very useful if you can pick a pin-point: one or two of the most interesting activities / outputs / persons / in the project and use it as a "cover photo" or headline of your communication. Find heroes and heroines! This applies especially to actions towards the media and the big, general audiences.

Photographs must be used or available to illustrate the project. Photographs should be of the people involved in the action, rather than the officials responsible for its management. In Kolarctic CBC projects, the arctic conditions, the arctic environment, infrastructure and industries are, besides people, also suitable content in photos. Please notice also that the photographs are one the best way to highlight equality between men and women, older and younger, people with different backgrounds etc.

The project must always have a permission of the person(s) in question, when publishing photos where single persons can be identified / recognized. It is practical to inform the audience or other group in advance that the project is going to take photos in the event.

Choose those photos which will best illustrate the results and impact of the action and match any written information on the action.

For producing printed materials, 300 dpi is the minimum quality standard. The projects must send the photo files that have been used in publications, to the Managing Authority of Kolarctic CBC. The files should be provided with the following information:

- The name and contact details of the person sending the pictures.
- The name of the organisation or person that owns the picture copyright.
- The name of the action to which the picture relates, its duration (e.g. 2018-2019)
- The country, and preferably also the region and town where it was taken.

The Managing Authority of Kolarctic CBC and the European Commission will be entitled to use or reproduce photos submitted to the above archives without payment of royalties.

7.4. Examples of possible communication materials, activities, tools and channels

Materials:

Be open-minded about what to do! Material that you publish can consist of

- Text (see previous chapter),
- Visual material that is either
 - still, or
 - moving (see previous chapter about photos)
- Audio material consisting of
 - speech,
 - music, or
 - other audio, and
- Different combinations of those above.

Actions:

Materials are not meant to just exist, they must be used in communication actions. To give some examples that seem to be used and favoured – starting from the most traditional ones:

Contacts to the media:

Consider what are the most appropriate media for your project content and your target group?

Press releases

A press release is something traditional in communication. What used to apply to a press release, applies today to texts and visual material meant to any media, that then modifies the material in a more or less journalistic way. Let's call this a media release.

Like other information materials, also a media release must visually and in its text indicate the programme funding, as described above.

A media release may be published connected to a media event, e.g. press conference or a media visit. But it may also be published without connection to a certain event, in which case it should be *news*.

The release must be dated at the top and it should also indicate when the information may be released. Generally, journalists prefer to be able to use the release immediately; in this case 'For immediate release' should be written at the top of the document. However, it is sometimes appropriate to embargo the release until, for example, the publication of financial figures. In this case, a simple expression such as 'Not to be used before 10:00 hours, 15 October' should be included at the top of the document.

A newsworthy media release should focus on the aspects of the project that would probably interest the big audience. It is interested in topics that are close to itself, or topics that are current in the public discussions. One good example how to formulate the media release is to select a person or a case that the project concerns and point out what has happened or developed in the life or work of him / her / it. A press release may contain a heading, a strong leading paragraph summarising the essential facts, the main body of the story, quotes, some background information, and contact details for further information.

In the end of a media release, the writer should provide the name of at least one person whom the journalist can contact for further information.

Remember to send the media release to the contact person of the project in the Managing Authority!

Press conferences and visits

Group visits by journalists to project sites may offer additional visibility opportunities. They must concentrate on tangible achievements. They must be well-timed, also from the journalists' point of view. Invitations must be sent with as exact information as possible about the timetable, the topics to be handled and the persons participating and persons available for interviews.

The project must always inform the Managing Authority about press conferences and visits to come. Where appropriate, the project should arrange a journalists' visit so that representatives of the MA, or the Kolarctic CBC Branch Office in the country, can join the visit.

At the media event itself, the Kolarctic CBC project logo, should be displayed if other flags or symbols are being displayed.

National flags are a good way of reminding about the participating countries (Norway, Sweden, Finland and / or Russia, depending on project), and about the cross-border nature of the project.

Events

Organising a public event (or participating in an event organised by some other project or body) may offer excellent opportunities for generating interest in the project and its achievements. Such events can include conferences, workshops, seminars, fairs, and exhibitions.

Please notice also to highlight equality between men and women, older and younger, people with different backgrounds etc., for example how many speakers are men and how many are women.

You must collect and keep a list of participants from all the events your project is organising. In face-to-face meetings, the participants must confirm their presence by signing the list of participants. In addition to the names and organisations of the attendees, the lists should indicate the date and name of the event, as well as the Programme logo.

The project must keep the Managing Authority of Kolarctic CBC, and the Kolarctic CBC Branch Office in the country, aware about the preparation and implementation of such events, including contacts with the media.

Websites

Websites are increasingly a basic requirement for communication. Own, separate websites are not required for all projects since information could simply be made available e.g. via the Lead Partner's and the Partners' websites.

If the action is designed to have a long life and will give rise to significant material that could be communicated on a website (photographs of the evolution of the action, short interviews, material for the press, etc.), your project may establish a website related to the action. You should take this into notice in making the communication plan.

Maybe your project has the need to establish several domains for several purposes (marketing, dissemination, reaching target groups, and / or informing about the project itself). Or maybe, these tasks can be handled under the same domain under different subpages.

When a project establishes a website, co-operation with the Managing Authority and Branch Offices can ensure coherence, and provide links to relevant sites. Remember that the Kolarctic CBC Programme is in the social media (profile name Kolarctic CBC) and you could cooperate with it.

*As a minimum, links should be made to the website of Kolarctic CBC as follows:
<http://kolarctic.info>*

At the end of the action, the Lead Partner must copy the website onto a suitable form of data, e.g. a mass memory), or when appropriate, just send it as a HTML or JPEG file, to the MA for possible further use in its general communication activities and for archival purposes.

Leaflets and brochures

Publications such as printed leaflets and brochures can be useful in communicating the results of a project, or a sub-action of the project, to specific audiences.

- **Leaflets** can provide basic factual information and the address (such as a mailing address or web site) where further information can be found;
- **Brochures** can go into greater detail, highlighting the context, including interviews with stakeholders, beneficiaries, and so on;

The project must make a distribution plan for material in paper form. In general, all material that a project produces in paper form, it should also make available in electronic form, so that it can be sent by e-mail and posted on a web site.

Newsletters

Newsletters are characterised by their regularity and can be issued to inform on the progress of a project. This is useful for example for infrastructure projects, training programmes, and so on, where the impact of an action can be appreciated over time.

Display panels, commemorative plaques, other signs and panels

Infrastructure-related projects funded by the programme should identify themselves as such by means of display panels describing the action. The project should erect the display panels beside the site where the action is taking place. The panels should remain in place from the start of the action until six months after its completion. Get more detailed information and material from your contact person in the Managing Authority.

Permanent commemorative plaques are meant for permanent structures such as houses, roads, bridges, etc.

Signs and panels are recommended in premises rented for the project actions, especially when it is likely that a significant number of the target group is passing by or visiting the premises.

7.5. Capitalization

Capitalization – the use of “capital” (knowledge).

Capitalisation is

- a **use of available knowledge** to improve programme and project practices;
- (re)use of knowledge gained and of the project results;
- transfer of the thematic knowledge generated by the projects to the policy-makers;
- delivery of inputs to future strategy and programme or project development.

The purpose of capitalization is to increase **the visibility of programme and project results to citizens and key decision-makers at all territorial levels**, as well as to promote the (re)use of project outputs, foster the use of synergies and complementarities between projects, and avoid double funding of similar project interventions.

Some of the activities that fall under **capitalisation** are carried out by projects regularly, such as:

- Keep in touch with projects addressing similar challenges;
- Promote projects results to the wider audience;
- Share and promote solutions developed in the project.

But what else can be done by the projects LP and Partners for capitalization purposes?

- Involve the policy makers since the beginning!
It will ensure the dissemination of projects results on the policy-makers level.
- Build a network of partners interested in the project theme and use the available knowledge to develop new projects.

It will help to build up the firm platform of gained knowledge under the specific theme and exclude the doubling of projects ideas in the future.

- Support others in use of the outputs or results produced by the project.
It will help to sustain the projects results.

8 FINANCIAL MANAGEMENT

The Lead partner has the overall responsibility for financial management, but each partner must monitor its spending and keep its own records on expenditures of the project. One task of the Lead partner is to make sure that project partners report expenditure in line with their original budget, do not exceed the budget for different categories of costs, or do not claim costs under headings where they have no budget.

The Lead partner has to ensure that the expenditure presented by the partners:

- have been incurred for the purpose of implementing the project
- correspond to the realized activities of the project
- correspond to the division of the tasks agreed between all partners.

8.1. Accounting instructions

All partners shall keep accurate and regular accounts of the implementation of the project, by using an appropriate accounting and double-entry bookkeeping system. Project accounts, expenses and revenues related to the project must be easily identifiable and verifiable. This can be done by either using a separate accounting system, or by using adequate accounting code/cost centre in the accounting system for all project-related transactions. Only the cost and revenues of each single project are recorded under that cost centre. External auditor must have access to the accounting system and bookkeeping documents of the project, in order to carry out the expenditure verification.

The Lead partner and Partners shall open a separate bank account for project purposes, in order to be able to follow up the financial flows and accrued interest. If a separate bank account cannot be opened, the partner has to set up a reliable method to calculate the accrued interest from pre-financing paid from the Managing Authority.

8.2. Expenditure verification

The expenditure of a project shall be verified by an external auditor. Criteria for choosing the auditor, and instructions for the expenditure verification procedure, are presented in *Annex IV to the Grant Contract; Terms of Reference for an Expenditure Verification (EV1 Expenditure and Revenue verification procedure)*.

As a result of the verification, it should be possible to conclude that the costs declared by the beneficiary and the revenue of the project are:

- **real** (expenditure was really incurred and revenues are identified and quantified);
- **accurately recorded** (amounts are stated and recorded according to the supporting documents);
- **eligible** (in line with eligibility criteria) in accordance with the Grant Contract.

8.2.1. Designation of Auditor

Each partner has to designate a competent auditor who fulfils the specific conditions mentioned in the *Terms of Reference for an expenditure verification (Annex IV to Grant Contract)*. The auditor has to be approved also by the Managing Authority. The Lead Partner shall inform the Managing Authority of all partners' choice of auditor **within six months** of the beginning of implementation of the Project, using the template *Declaration of the Auditor* which Lead Partner gets from Managing Authority.

Procurement rules have to be obeyed when choosing the auditor in all cases. The partner can use external auditor with whom its host organization already has a contract. In this case, the selected auditor has to fulfil Programme's criteria concerning the competence and in the selection procedure procurement rules has been obeyed. Partners from the same country can use a common auditor.

The auditor shall meet at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC);
- The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in the Terms of Reference;
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state);
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in Russian Federation and this register is subject to principles of public oversight as set out in the legislation of the country concerned.

The auditor shall undertake the engagement in accordance with:

- International Standard on Related Services ("ISRS") 4400 *Engagements to perform Agreed-upon procedures regarding Financial Information* as promulgated by the International Federation of Accountants ("IFAC");
- the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the ENI CBC Implementing Rules requires that the Auditor is independent from the Beneficiary(ies) and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

8.2.2. Documents for the expenditure verification

The templates are available on the Programme website <http://kolarctic.info>. **All templates have to be filled in in English and the use of these templates is compulsory for the auditor.** In a case when the same auditor makes the expenditure verification for more than one partner, the Expenditure and Revenue Verification Report and its annexes have to be made for each partner separately.

EV1 Expenditure and revenue verification procedure

- ✓ Instructions for the auditor and project partners
- ✓ Annex IV of the Grant Contract

EV2 Service contract for the expenditure and revenue verification

- ✓ Contract between the partner and auditor when the separate contract done

EV3 Expenditure and revenue verification report

- ✓ To be filled in by the auditor
- ✓ Mandatory template model for the auditor's report
- ✓ Including project level details for Lead Partner auditor to fill in.

EV3/NO Expenditure and revenue verification report for the Norwegian Lead Partner

- ✓ To be filled in by the Lead Partner's auditor
- ✓ Mandatory template model for the interim reports when the LP is from Norway
- ✓ Includes only project level details (based on partners' verification reports from Finland, Russia and Sweden) for Lead Partner's auditor to fill in.

EV4 Checklist for the expenditure verification

- ✓ To be filled in by the auditor
- ✓ Mandatory

EV5 List of factual findings

- ✓ To be filled in by the auditor
- ✓ Mandatory

EV6 Report on suspected fraud and/or established fraud

- ✓ Auditor submits direct to the Managing Authority

Partner shall provide to auditor all needed supporting documents (see *Table 1.*) related to the project and give the access to the accounting system and bookkeeping documents of the project, in order to carry out the expenditure verification. The auditor also has the right to request any additional material (not listed in table bellow) in order to verify the eligibility of reported costs.

Table 1. Main supporting documents which need to be provided by partners to the auditor for different types of cost

| | |
|------------------------------------|---|
| Project background material | <ul style="list-style-type: none"> ✓ Grant Contract with its Annexes and all amendments ✓ Project Partnership agreements and all amendments ✓ Access to the accounting system (either separate accounting system or adequate accounting code/cost centre) for all project-related transactions ✓ Document from the taxation authority showing that VAT that has been paid cannot actually be reclaimed (see chapter 8.4. Value added tax) |
|------------------------------------|---|

| | |
|-----------------------------------|--|
| Project reporting material | <p><i>NOTE: More detailed information about requirements for filling in the attachments of Interim and Final Reports are described later in Chapter 9.2.4."Financial Report and its Annexes"</i></p> <ul style="list-style-type: none"> ✓ Interim Report (narrative part and financial part) with the annexes. ✓ Final Report (narrative part) ✓ Financial report forms (Annexes 1-8) ✓ Accounting records; general ledger, payrolls ✓ Proof of purchases and procurement procedures, price comparisons ✓ Service, supply and work contracts; proof of delivery ✓ Invoices and the proof of payments, bank statements ✓ Receipt of the grant paid by Managing Authority to Lead partner/Partners and from Lead partner to other partners |
| Personnel costs | <ul style="list-style-type: none"> ✓ Payroll records and pay slips ✓ Timesheets (manual or electronic follow up) ✓ The method for calculating the hourly/daily rates and the calculation of the staff costs |
| Travel costs | <ul style="list-style-type: none"> ✓ Agenda/minutes or similar of the meeting/seminar/conference ✓ Proof of participation (e.g., email or signed list of participants) ✓ Daily allowance and kilometre allowance claims ✓ For fuel and oil expenses, a summary list of the distance covered |
| Equipment and purchases | <ul style="list-style-type: none"> ✓ For equipment used only partially for the project: Calculation method showing the share allocated to the project and justification for the share allocated ✓ Proof of existence (pictures, delivery note, etc.) |
| Office costs | <ul style="list-style-type: none"> ✓ Rent and lease contracts ✓ For office premise costs (rent, electricity, warming, cleaning) used only partially for the project: Calculation method showing the share allocated to the project and justification for the share allocated |
| External services | <ul style="list-style-type: none"> ✓ Proof of delivery of services such as approved reports, timesheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), etc. ✓ Proof of completion of works, such as acceptance certificates ✓ Deliverables and other evidence of the work carried out by external experts ✓ Copies of main project deliverables such as studies, agendas of meetings, etc., in line with the Interim report ✓ Publicity items such as brochures, publications, website, etc. |
| Infrastructure investments | <ul style="list-style-type: none"> ✓ Proof of delivery of services such as approved reports, timesheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), etc. ✓ Proof of completion of works, such as acceptance certificates ✓ Deliverables and other evidence of the work carried out by external experts ✓ Proof of existence (pictures, delivery note, etc.) |

8.2.3. Rules for Expenditure Verification Report

The Lead partner and partners shall organize the expenditure verification in accordance with the expenditure verification procedures set up by the Managing Authority and use the provided templates.

The auditor verifies **at least 65% of the total expenditure** and **at least 10% of each direct budget line** related to the project. **Indirect costs are verified only against the % approved in the budget**, recorded cost items (incurred costs) are not checked separately. In the verification reports, the auditor lists the expenditure verified, actual findings, errors and exceptions. As well, the auditor gives an opinion of the eligibility of the reported costs and describes difficulties and problems encountered during the procedure.

The Expenditure and Revenue Verification Report has to be attached to any Interim Report accompanied with a Payment Request. The report covers all expenditure not covered by any previous verification report. The report has to be made for each partner who has expenditures during the reporting period in question. Lead Partners' auditors adds project level information to the LP's verification report.

If a partner has only a small amount of the expenditure during a reporting period, the partner can request a permission to report the costs within the next interim report. In these cases the Lead Partner contacts Managing Authority (e-mail to the contact person) before the submission of the Interim report and provides an estimation of the incurred costs that the partner wants to report later.

Even in these cases the Lead Partner can ask a partner to submit needed information to the Lead Partner in order to follow up the implementation of the project entity.

The Managing Authority assesses the factual findings reported by the auditor and draws its own conclusions based on these factual findings and its own checks. Based on the Expenditure and Revenue Verification Report, the Managing Authority rejects ineligible costs and determines the total amount of eligible expenditure that may be approved under the Grant Contract. In the case of irregularities or fraud, the Managing Authority has the right to cut the project's budget with an equal amount as regarded as ineligible in order not to allow the re-use of the irregular sum.

Note that all organisations getting financial support of the programme, can be subject also to a verification carried out by the Managing Authority, the European Commission, the European Anti-Fraud Office, the European Court of Auditors, the Audit Authority/Group of Auditors, representatives of national authorities involved in the implementation and financing of the Programme and any representatives or external auditor authorised by the Managing Authority.

 **NOTE:** The expenditure verification of Norwegian partners is made only at the end of the project. The Expenditure Verification Report for the whole implementation period of the Norwegian partners has to be submitted only with the Final Report. Within the interim reports when Norwegian costs are not audited, only Norwegian Lead Partner's auditor shall fill in project level details using simplified audit report **EV3/NO**. In the Final report Norwegian Partners shall use form **EV3**.

8.3. Eligible and ineligible project costs

Project costs are eligible if they are **actually incurred, related to the project, and can be easily identified and verified**. These costs would not be incurred in the organisations without the project implementation. Costs must be recorded in organisation's bookkeeping records and they can be identified, e.g. either by using a separate accounting system, or by using adequate accounting code/cost centre in the accounting system.

Only the costs that were actually incurred during the project implementation period are eligible. The only exceptions to this rule are **preparatory costs** and **final costs** (see *Table 2*).

The costs which are incurred during the last reporting period, but recorded in the bookkeeping after that, needs to be clarified

- ✓ For example credit card payments, when invoice comes in the next month.

Please note that under EC rules, the project may include in the financial report only costs (salaries, invoices etc.) that have been *paid*. The project partner may actually pay the invoice (or other cost) after the end of the reporting period, but it must be paid before the Lead Partner submits the report to the Managing Authority.

Table 2. Terms for the eligibility of costs incurred outside of the implementation period of the project

| | |
|---------------------------|---|
| Preparatory costs: | <ul style="list-style-type: none"> ✓ costs are eligible for approved projects and incurred after the Call for proposal was opened till the application was submitted in PROMAS. ✓ costs are included in the approved budget and they fulfil programme's eligibility requirements ✓ costs are limited to travel costs (travel tickets, accommodation) of the staff employed by partner's organizations; ✓ costs do not exceed 2 000 € per project; ✓ costs have to be reported within <u>first Interim report</u> in the Annex 4 <i>Preparatory costs</i> and included in the auditors Verification Report; |
| Final costs: | <ul style="list-style-type: none"> ✓ costs are included in the approved budget and they are incurred after the end date of the project ✓ costs are limited to the salary costs of the personnel finalizing the final reports, costs of final expenditure verification and final evaluation of the project; ✓ costs must fulfil the eligibility requirements; ✓ costs have to be reported within <u>Interim report for the last reporting period</u> by filling in the Annex 5; 5.1 <i>Final costs</i> ✓ if the costs are not verified by auditor the copy of the invoices and the proof of payments must be submitted to the Managing Authority. |

To be accepted as eligible costs, expenditures have to meet the requirements set in *Art. 14.1. of the Conditions applicable to Grant Contracts financed by the Kolarctic CBC Programme 2014-2020.*

Eligible costs shall meet the following criteria:

- Incurred during the implementation period of the project
 - exception is made for project's Preparatory costs and Final costs (see *Table 2*);
 - supplies and equipment shall be delivered and installed during the implementation period of the project unless otherwise indicated in the approved project plan;
 - procedures to award contracts for goods/services/works may have been initiated but the contracts may not be contracted before the start of the implementation period of the project. In duly justified cases, if agreed with the Managing Authority, the contracts can be concluded beforehand with beneficiaries' own risk when it benefits the implementation of the project. Implementation of the contract (service, supply, work) may not start before the Grant Contract is signed and the payments regarding to the contracts are eligible only after that;
 - all payments must be made before the submission of the final report;
- Indicated in the project budget;
- Necessary for the project implementation;
- Identifiable and verifiable, in particular being recorded in the accounting records and determined according to the accounting standards of the country where the partner is established and usual cost accounting practices of the partner;
- Reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- Comply with the requirements of applicable tax and social legislation of the country where the partner is established;
- Supported by invoices or documents of equivalent probative value.

The following costs are considered as ineligible:

- Debts and debt service charges (interests);
- Provisions of losses or liabilities;
- Costs already financed in another framework (for example by the EU budget);
- Purchases of land or buildings for an amount exceeding 10% of the total eligible costs of the project;
- Currency exchange rate losses;
- Duties, charges and taxes, including VAT, except where non-recoverable under the relevant national tax-legislation;
- Loans to third parties;
- Fines, financial penalties and expenses of litigation;
- Contribution in kind (any provision of non-financial resources free of charge by a third party, e.g. payment in kind, voluntary work etc.)
- **For micro projects financed in the fourth call for proposals:** purchases belonging under budget lines 3 Equipment and Purchases, 4 Office Costs, 6 Infrastructure Investments and 8 Indirect costs.

8.4. Value added tax (VAT)

VAT is eligible cost only when, according to the national tax legislation, the organization does not have the right to recover the paid VAT of the incurred costs of the project and it remains as final cost for the organization and project. If the partner can recover the VAT but chooses not to use this right, the VAT is not an eligible cost for the project.

Before the Grant Contract is signed, the partner has to submit to the Managing Authority a certificate proving that VAT is not recoverable. The confirmation letter shall be issued by the tax authority. In case, it is not possible to get the confirmation from the tax authority, the confirmation letter can be prepared by the partner organization in question and signed by authorized person. However, if it turns out later at any phase of the project implementation, that the organization actually has a right to recover VAT (which means VAT is an ineligible cost), it will be recovered and the project budget will be deducted with the corresponding ineligible amount.

The eligibility of the VAT is indicated in the approved budget of the project *Annex A, sheet Budget by Partners*. If the VAT is an eligible cost, the project costs are reported in the financial reports and in the accounting records including the VAT. If the VAT is not an eligible cost, the project costs are reported in the financial reports and in the accounting records excluding the VAT. Since the eligibility of the VAT may vary between the project partners, each partner needs to find out the eligibility of the VAT separately.

The official document needs to be presented to the auditor for the expenditure verification.

8.5. Use of EUR

The Managing Authority of Kolarctic CBC will make the payments to the projects only in Euro. Amounts claimed in the financial reports have to be presented in Euro. Any amount originally invoiced in other currency than Euro must be converted into Euro at the InforEuro **monthly** exchange rate published by EC. The official InforEuro monthly exchange rates are available on the following internet address:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

When converting expense into Euro in financial reports, the project must use the InforEuro exchange rate of the month during which the expense **was recorded in the accounting records**, not the month when the activity was implemented or paid.

| | |
|-----------------|---|
| Example: | <p>The invoice for hotel accommodation during 15-16 July 2017, RUB 5000,00</p> <ul style="list-style-type: none"> • paid with credit card during the visit in July • receipt date in accounting records 10th August 2017 • paid later on 1st September 2017 <p>The expense converted in the financial report by using the InforEuro exchange rate of August 2017 - RUB/EUR 0,01357.</p> <p>The result is EUR 67,85 (5000,00 x 0,01357).</p> |
|-----------------|---|

For converting non-Euro amounts into Euro use the InfoEuro exchange rate with **all decimals** (e.g. SEK/EUR 0,10391). The resulting EUR amount is to be included into the financial report

with **two decimals** (e.g. EUR 150,99). The use of two decimals also applies for all expenditures incurred directly in EUR, no rounding is allowed.

Any currency exchange losses are not eligible costs.

 **NOTE:** The Norwegian Kolarctic financing is paid in Norwegian krone (NOK) from Kolarctic Norwegian Branch Office (Vadsø) straight to Norwegian partners.

8.6. Project costs by budget lines

In the Financial Report the project costs have to be allocated between the budget lines according to the approved project budget. **Only costs which were budgeted are eligible.** If cost were not budgeted the partner has to inform about the budget change to MA before making the purchase (see chapter 11.2. *Modification of the budget*). More about eligibility of the costs in chapter 8.3. *Eligible and ineligible project costs*.

Budget lines:

1. Personnel
2. Travel
3. Equipment and purchases
4. Office costs
5. External services, sub-contracting
6. Infrastructure investments
8. Indirect costs (max 7%)
10. Project revenues

Budget line 1: Personnel

Includes the salaries, social security charges and other remuneration-related costs of the project's personnel. The costs of staff assigned to the project under the following conditions are eligible:

- work is based on an employment contract / any similar type of contracts according to national rules /designation or secondment order of civil servant;
- costs related to activities which the partner would not carry out if the project was not undertaken;
- costs related to actual gross salaries including social security charges and other remuneration-related costs;
- social security charges include the costs the employer must pay according to the national legislation;
- salaries and social costs may not exceed the normal salary level of the organization and country in question;
- salaries with holiday compensations are based on normal working hours of the organization in question and following the national legislation;
- holiday compensations are eligible only after they are paid;
- the annual holiday payments, holiday bonuses and holiday compensations are eligible when they are based on national legislation. Other compensations like bonuses may be

considered as eligible only if they are based on the national legislation and they are provided with equal conditions to all employees in organisation;

- salary costs of the sick leave, maternity and paternity leave are eligible only if paid according to the national legislation. Eligible cost is the part which is not covered with the reimbursement or any compensation from other sources, like national social security system, taxation system or obligatory/voluntary insurance. For the part-time employees the share which can be allocated to the project is the average of the working hours calculated from the previous six (6) months.
- part-time work must be identified with the reliable follow up of the working hours (manual timesheets or electronic system).

Examples of ineligible costs:

- natural benefits (telephone, car, accommodation etc.)
- salary costs, which can be recovered from other authority (compensation of sick leave or maternity leave salaries, etc.)
- volunteer work
- scholarships

Budget line 2: Travel

Includes travel and subsistence costs of staff and other persons taking part in the project, for example:

- travelling tickets
- car rents
- daily allowances
- kilometre allowances
- accommodation
- visa costs
- preparatory costs (see *Table 2*)

The travel costs under the following conditions are eligible:

- travel costs of the project staff and other persons must be clearly related to the project activities and follow the principle of cost effectiveness. Economy class tickets shall be used.
- travel reimbursements (daily allowances, kilometre allowances etc.) are approved according the criteria and amounts laid down in national rules and regulations. They may not exceed the national tax-exempt level.
- Travel costs shall be tendered when relevant.

The travel costs of guests or participants of the project events are not usually eligible costs. They may only be accepted if the participants clearly contribute to achieving the project's objectives. In this case, they should be clearly indicated in the project budget or prior approval from the Managing Authority needs to be requested.

To be regarded eligible, trips outside the usual working area of the project must be necessary for project implementation, or clearly improve the impact of the project. Prior approval of the Managing Authority is highly recommended. The cost of the travel should be proportional to the benefit gained for the project.

Examples of ineligible costs:

- lump sums (per diems)
- cost of passport
- travel costs of persons other than project staff, when they do not contribute to achieving the project's objectives
- **Travel costs related to trips that are not indicated in the project plan and / or very weakly related to project implementation, thus being disproportionately high compared to the benefit gained for the project.**

*Travel and accommodation costs of the **external service providers** belong to budget line 5: External services, sub-contracting.*

Budget line 3: Equipment and purchases

Please note, costs under this budget line are not eligible for micro projects.

Includes the equipment and other purchases needed for the implementation of the project, for example:

- IT equipment and IT software
- mobile devices
- machines, tools
- materials
- office furniture
- publications (purchase of books, magazines etc.)

The items can be purchased, rented or leased. If the items are partly used in the project, only the share which is clearly justified as project cost, may be considered as eligible.

Purchases, rent and leasing contracts of the equipment needs to be tendered according to the national and Programme procurement rules (see chapter 8.7. *Procurement procedures*).

As a main rule, these items are needed and meant to be used during the implementation of the project and thus they should be purchased in the beginning of the project or certain activity if not otherwise justified in the project plan.

The costs of the equipment and purchases costs are eligible under the following conditions:

- purchase or rental costs for equipment and supplies (new or used), specifically for the purpose of the project, and provided they correspond to market prices;
- the cost of consumables specifically purchased for the project;
- costs entailed by contracts awarded by the Partners for the purposes of the project;
- any tendering requirements have been respected;
- all purchases are related to the purposes of the project;
- they are indicated in the project budget
- equipment and purchases bought for the project with the value over 300 EUR/ 21 000 RUB/ 3000 SEK/ 3000 NOK has to be reported within Interim report by filling in the Annex 3 *List of Purchases*.

Budget line 4: Office costs

Please note, costs under this budget line are not eligible for micro projects.

Includes office expenses of the staff involved in the project, for example:

- office rent
- electricity, warming, cleaning
- telephone/internet services
- IT services
- postage, copying
- office supplies

Project can use existing premises of the Partner organization in question, or a separate office premises can be rented. If the premises which the project uses are already rented by the Lead Partner or Partner for their regular operations, project costs are calculated by counting the actual cost per square meter multiplied with area used by the project. **Rents of the part-time employees are appraised in proportion to their working times and included in this budget line.**

If the project staff works in the premises owned by the organisation, only actual costs of full-time employees (warming, electricity, cleaning) can be allocated to the project with the same principles as in rental premises. Internal rent including profit is not eligible.

Office costs include also the use of telephone and internet connections, IT-services, postage, copying (to be verified with a counter if a common copying machine) and other office supplies.

The office costs under the following conditions are eligible:

- they are based on the lease and services contracts
- calculation method showing the share allocated to the project and justification for the share allocated are available
- includes only office costs of full-time employees (excl. rent of the premises)

*Office costs (excluding rents) of **part-time employees** are not appraised in proportion to their working time but included to the budget line 8. Indirect costs.*

Budget line 5: External services, sub-contracting

The budget line includes outsourced services, for example:

- conference and meeting costs
- consulting costs
- interpretation and translation costs
- auditing costs
- evaluation costs
- accounting services (when outsourced)
- visibility actions
- design and publication services (production of own publications)
- bank charges
- occupational health services

Travel and accommodation costs of the external service providers belong in this budget line.

These types of costs are paid according to invoices based on contracts/written agreements and shall be verified by receipts and bookkeeping documentation.

Evaluation is not obligatory for the projects, but it can be done as an internal evaluation made by the employees of the project (*1. Personnel costs*) or the service can be outsourced to an external evaluator (*5. External service, sub-contracting*).

Occupational health care services based on the national legislation can be considered as eligible costs. For the part-time employees the share which can be allocated to the project is the average of the working hours calculated from the previous six (6) months. Project can include the costs to the sub-budget line "Other".

Purchases between the project partners are eligible only in limited cases and the Lead Partner must **always ask a permission for that from the Managing Authority beforehand**. In case the service is bought from a project partner, the eligible price can only include justified real costs (working hours, materials) – the price may not include any profit.

External services must be acquired through competitive tendering according to the national and Programme procurement rules (see chapter *8.7. Procurement procedures*).

External services and sub-contracting costs are eligible under the following conditions:

- The costs derive directly from the requirements of the Grant Contract (dissemination of information, project evaluation, audits) including financial service costs (costs of bank transfers and financial guarantees);
- The costs are budgeted specifically for the purpose of the project, and they correspond to market prices;
- Any tendering requirements have been respected.

Please note: Hospitality costs, lunch or dinner costs should be reported only when they relate to a clearly indicated project event or meeting. The Managing Authority may ask you to provide a list of participants. Single meals of project employees are not eligible.

Budget line 6 Infrastructure investments

Costs under this budget line are not eligible for micro projects.

This includes the costs of the investments in infrastructure. Infrastructure investments are, for example, construction of

- roads, bridges,
- water and sewage systems,
- energy production,
- construction of telecommunication, IT networks

In this budget line, costs for the equipment, external services, work contracts, construction material etc. needed for the infrastructure investment, shall be reported. The costs must be

specified during Grant Contract negotiations in a separate document *Specification of Infrastructure Investment*.

Budget line 8 Indirect costs

Costs under this budget line are not eligible for micro projects.

Indirect costs (administrative overheads) may include project administration costs which, due to Programme regulations or impossibility to appoint the costs as direct cost to the project, cannot be included in budget lines 1. Personnel or 4. Office costs. Indirect costs may include, for example:

- salaries of financial management and other administration costs
- IT services
- internet
- daily office costs (supplies, copying, etc.)
- maintenance, repair and insurance for equipment and supplies
- office costs (excluding rents) of the part-time employees

Indirect costs are calculated on a flat-rate of up to 7 % of the eligible direct costs excluding infrastructure investment costs. The share of indirect costs of an individual Partner can differ, depending on the cost structure of the organization. The indirect costs percentage on a project level is indicated in the *article 4.3 of the Grant Contract*. The content and the share amount of the indirect costs of each partner is checked (by filling in the form *Indirect cost specification*) and approved by Managing Authority during the Grant Contract negotiations. The percentages of indirect costs of each partner are indicated in the approved budget *Annex A, sheet Budget by Partners*.

The idea of using flat-rate is to simplify reporting procedures. When making financial reports during the project implementation, project partners do not need to provide any receipts or other accounting documents concerning administrative costs. **In the Financial Report, the partner reports the indirect costs only by calculating the amount, using the flat-rate percentage indicated in the approved budget Annex A, sheet Budget by Partners.**

Auditor shall only verify that the amount of the indirect costs are equal with the amount (% of the direct costs) agreed in the budget, cost items (incurred costs) are not checked separately.

Indirect costs under the following conditions are eligible:

- The fixed percentage must be fair and equitable and must be based on a verifiable calculation method. Indirect costs do not need to be supported by accounting documents in the financial reports.
- Indirect costs are eligible provided that they cannot be identified as belonging to any category of eligible direct costs.
- Indirect costs may not include any ineligible costs or costs that have been indicated under other headings in the budget of the project.

Examples of ineligible costs:

- costs not related to the project implementation
- cost already reported under another budget line

Budget line 10 Project revenues

Project can earn revenues from the sales of produced material, participation fees, entrance tickets etc. The revenues are indicated here and deducted from the total eligible costs.

8.7. Procurement procedures

All equipment, purchases and external services has to be bought through tendering procedures. If the implementation of project activities requires procurement, the contract must be awarded to the tender offering the best value for money used which can mean the lowest price but also the quality and expertise of the supplier. The procurement procedure shall respect the principles of transparency and fair competition for potential contractors and avoid any conflicts of interest. Tender documents shall give a full, clear and precise description of the subject of the contract and specify the selection and award criteria applicable to the contract. All tender procedures shall be documented and the selection criteria justified.

Project's external auditor shall verify the procurements within the projects' Interim Reports and the Managing Authority may carry out ex post checks on Lead Partner's and Partner's compliance with the rules. All procurements shall comply with the applicable national legislation and regulations, as well as EU and Programme regulations, and to the conditions set in the Grant Contract and its annexes.

Procurement procedures may be initiated before the signature of the Grant Contract but the **binding contracts may not be contracted before the start of the implementation period** of the project. In duly justified cases, if agreed beforehand with the Managing Authority, the contracts can be awarded beforehand when it benefits the implementation of the project, taking in to notice that contracts are awarded with the own risk of the partners. Implementation of the contract (service, supply, work) may not start before the Grant Contract is signed and the payments regarding to the contracts are eligible only after that.

If the partner organization has a framework contract which has been awarded according to the criteria set for procurement procedures of the Kolarctic CBC, it can be used in the project also.

Applicable procurement rules depend on the location of the Lead Partner or Partner (Finland, Russia, Sweden, Norway) and the type (public, private) of the organization in question.

Procurement in Finland and Sweden (public and private organizations)

1. Value of the procurement **over the national threshold values**

- National legislation of the public procurement to be obeyed
 - Finland www.hankinnat.fi
 - Sweden www.upphandlingsmyndigheten.se www.konkurrensverket.se
- Applies also to the private organizations if the public funding exceeds 50 %
- Documentation of the whole procedure

2. Value of the procurement **from 3 000 € / 30 000 SEK (rate 1€=10SEK) to the national threshold value**

- The request for the tender must be asked in writing from 3-5 tenderers
- Procedure shall be documented and the criteria for the decision justified

3. Value of the procurement **under 3 000 € / 30 000 SEK (rate 1€=10SEK)**

- The request of the price is asked by phone/e-mail/webpages
- Documented shortly

Procurement in Russia

Procurement practises of the Russian entities are agreed in the "*Agreement of the financing and implementation of Programme Kolarctic 2014-2020*"

The public entity or a legal entity, which is a subject to the national procurement legislation established in the Russian Federation, shall apply the legislation of the Russian Federation.

The private entity shall comply with the regulations set up in *Annex VI of the Grant Contract "Award of procurement contracts by Russian private beneficiaries"*

In addition to these regulations, following procurement rules set up by the programme shall be followed in the cases where national thresholds are higher:

1. If the value of the procurement is **over 3 000 € / 210 000 RUB (rate 1€=70 RUB) but under the national threshold value**

- The request for the tender must be asked in writing from 3-5 tenderers
- Procedure shall be documented and the criteria for the decision justified

2. Value of the procurement **under 3 000 € / 210 000 RUB (rate 1€=70 RUB)**

- The request of the price is asked by phone/e-mail/webpages
- Documented shortly

Procurement in Norway

1. Value of the procurement **over the national threshold values**

- National legislation of the public procurement to be obeyed
 - www.regjeringen.no
- Documentation of the whole procedure

2. Value of the procurement **from 100 000 NOK to the national threshold value**

- The request for the tender must be asked in writing from 3-5 tenderers
- Procedure shall be documented and the criteria for the decision justified

3. Value of the procurement **under 100 000 NOK**

- The request of the price is asked by phone/e-mail/webpages
- Documented shortly

Documentation

Documentation for public procurement includes following documents and shall be available for the auditor. The project sends the documents to the Managing Authority only by request.

- Tender documentation:
 - Procurement publication/notice
 - Terms of reference
 - Offers/quotes received
 - Evaluation/selection report (Report on assessment of bids)
 - Information on acceptance and rejection
 - Contract, including any amendments
 - Documents required by auditors to check the procurement can vary depending on national public procurement laws and Programme rules.
- Price comparison for small purchases (from what companies the offers have been asked, given prices and the basis for the decision)
- Copy of invoices, service reports etc.
- Copy of payment documents (cash receipt or payment order)
- Annex 3. List of Purchases

More detailed guidelines are presented in the annexes to the Grant Contract - *Annex V: "Contract-award procedures in the projects financed in the framework of Kolarctic CBC Programme 2014-2020"* and *Annex VI: "Award of procurement contracts by Russian private beneficiaries Kolarctic CBC Programme 2014-2020"*, available in the Kolarctic web pages www.kolarctic.info.

Rule of the independence of the supplier

If the Project management (administration) or any tasks in the project are outsourced, and included in the budget line 5. *External services*, the partners have to ensure that the independence of the suppliers applies.

Those entities or persons who have participated in the planning phase of the project, may not be eligible as service providers. The projects must ensure that the procurement process, including request for tender and award criteria do not favour any specific actors, and all participants have equal access to any relevant information. This process should be given due consideration so that fair competition is ensured, and a situation where one of the tenderers has access to wider information of the project than others, avoided. National legislation and good administrative practices have to be followed. A contract shall not be awarded to candidates or tenderers who, during the procurement procedure for that contract are subject to a conflict of interests.

8.8. Payment Request

Note that the MA pays financing to the project **ONLY ACCORDING TO A PAYMENT REQUEST** submitted by the Lead partner. THIS APPLIES TO ALL FINANCING, INCLUDING THE FIRST PRE-PAYMENT AT THE BEGINNING OF THE PROJECT.

To request grant from the Managing Authority of Kolarctic CBC, the Lead Partner shall fill in a Payment Request (electronic form) in PROMAS and submit it. The Payment Request has to be printed out, signed by authorized person and sent to MA. Also, in the case when the Managing Authority pays part of the grant direct to other partner, only the Lead Partner submits the Payment Request, covering the whole amount of the requested grant to all partners.

Amount of Payment Request:

- Lead Partner can calculate the amount of requested grant by himself and send the Payment Request together with the Interim report to the Managing Authority. In the Payment Request, the Lead Partner can request max 90% of the Russian + Finnish and 50% of the Swedish reported costs of the Interim report in question, while the rest of the costs stays as own contribution to the project or to be financed by other financiers. The MA will make the recalculation and pay against the approved costs of the Interim report. So the paid amount can be smaller but not more than the amount requested in the Payment request. If the amount of payment is more than requested in the Payment Request the MA will ask the Lead Partner to submit a new Payment Request.

or,

- the Lead Partner can ask the Managing Authority for the exact amount of the payment after the Interim report has been approved, and send the Payment Request then.



The Kolarctic financing from the Norwegian state must be requested separately, from the Kolarctic Branch Office in Norway.

Table 3. Types of Payment Requests

| | |
|--|--|
| First pre-financing Payment Request | <ul style="list-style-type: none"> ✓ First pre-financing Payment Request can be submitted only after the Grant Contract is signed. ✓ If the grant exceeds EUR 60 000 the MA may request a financial guarantee for the amount of the first pre-financing payment as required by the Article 15.6. of Grant Contract Annex II: Conditions applicable to the Grant Contract. The guarantee has to be attached to the Payment Request. ✓ With the first pre-financing Payment Request, the Lead Partner has to attach the Financial Identification Form if it has not been submitted earlier. Each partner who receives financing direct from the Managing Authority must submit it. ✓ Pre-financing is not available in Norwegian Kolarctic financing |
|--|--|

| | |
|--------------------------------|--|
| Interim Payment Request | <ul style="list-style-type: none"> ✓ The Lead Partner must submit an interim Payment Request to the MA with each Interim Report (if it requests an interim payment). An interim Payment Request can be submitted also after the Interim Report has been approved and the exact amount of the next pre-financing is calculated by the MA. ✓ In a case when the bank account details are changed, the new Financial Identification Form must be attached to the Payment Request. ✓ Norwegian Kolarctic financing is paid against realized costs. Please, send the signed Annex 8 and letter of Payment Request direct to the Norwegian Branch Office. |
| Final Payment Request | <ul style="list-style-type: none"> ✓ The Lead Partner must submit a final Payment Request to the MA with the Final Report, or after the Final Report has been approved and the exact amount of the final balance payment is calculated by the MA. |

The MA may request additional information concerning payment request at any time. Partners must submit requested information to the MA within 30 days of the request.

The Managing Authority will make a final decision of the eligibility. Any costs that are claimed but found to be ineligible will be deducted from the eligible costs. After the approving of the Payment Request, the Payment Order will be send to the Lead Partner in PROMAS.

8.9. Payments to the project

The Managing Authority pays Programme financing which includes EU financing, Finnish state co-financing and Russian state co-financing. The amounts and equivalent percentages of the project financing are set out in the *Grant Contract in Article 4.2*.

The Managing Authority pays the grant to the Lead Partner. The Lead Partner is responsible for distributing the pre-financing to other partners, as agreed in the *Partnership Agreement* and in the *Project Plan*. The Lead Partner must ensure that these payments to the Partners are made without unjustified delay.

Indicative payment schedule and maximum amounts of payments are set out in the Grant Contract. The total amount of the first pre-financing payment and interim payments shall not exceed 80 % of the total grant.

The amount of the final balance payment will depend on the total eligible costs of the project which Managing Authority has approved after verification of the Final Report. The final balance payment covers the balance between the Programme financing to the approved total eligible cost of the project (calculated using the percentages stated in the Grant Contract Art. 4.2.) and the earlier payments already paid to project by MA. For details, please refer to Articles 14 and 17 of the Conditions applicable to Grant Contract.

NOTE! The final balance payment to the project will be paid only after the Final Report has been approved which might happen even 6 months after the project has ended. Pre-payments are

maximum 80% of the financing, so the partners shall have sufficient financial resources to take care of the final costs of the project until the Managing Authority pays the final balance payment.

Norwegian Kolarctic financing

 The Norwegian Kolarctic financing is paid in Norwegian krone (NOK) from Kolarctic Norwegian Branch Office (Vadsø) straight to Norwegian partners.

Norwegian Kolarctic financing can't be paid in advance, due to national rules. It is still possible to get preliminary payment from Kolarctic Norway, based on a short verbal explanation, with a simple account of realized costs (filled in *Annex 8 Financial report for Norwegian partners*) signed by the receiver organization of the Kolarctic Norway financing decision. It is practical to request such preliminary payment simultaneously with the Interim report on EU funds, but it is also possible to do it separately. Please, send the signed **Annex 8** and **letter of Payment Request** in both cases direct to the Norwegian Branch Office.

Accumulated preliminary payments from Kolarctic Norway without Expenditure Verification Report are limited to 75% of the Kolarctic Norway financing to the project. The rest, maximum 25 % of the financing can be paid only after the Final report has been approved.

Payment schedule for EU-funding, Finnish co-funding and Russian co-funding

Payment procedures for EU-funding, Finnish co-funding and Russian co-funding are set out in Articles 4 and 5 of the Grant Contract and correspond to one of the three options bellow. The MA will pay the grant to the Lead Partner as following:

Table 4. Payment options

| | |
|-----------------|---|
| Option 1 | <ul style="list-style-type: none"> ✓ The first pre-financing payment is maximum 30% of the total grant awarded by the Managing Authority in the Grant Contract Art. 4.2. Payment is made within 45 calendar days from the date when the MA has received the first pre-financing Payment request. ✓ Interim payments are paid against the verified and approved expenditures reported by partners in Interim Reports. The amount of the interim payment is calculated by multiplying the approved reporting costs by the percentage of the grant awarded by Managing Authority (set out in the Grant Contract Art. 4.2). Payment is made within 45 calendar days from the date when the MA has approved an Interim Report (both narrative and financial) and received the Interim Payment request. <p>The total amount of the first pre-financing payment and interim payments shall not exceed 80 % of the grant awarded in the Grant Contract.</p> |
|-----------------|---|

| | |
|-----------------|---|
| | <ul style="list-style-type: none"> ✓ Final balance payment (amounting to at least 20 % of the total grant) is made within 45 calendar days after the Managing Authority has approved the Final Report and received the Final Payment Request. |
| Option 2 | <ul style="list-style-type: none"> ✓ The first pre-financing payment is maximum 80% of the awarded grant for the estimated budget for the first 12 months. Payment is made within 45 calendar days from the date when the Managing Authority has received the first pre-financing Payment Request. ✓ Interim payments are based on the verified and approved expenditures reported by partners in Interim Reports. The amount of the interim payment is maximum 80% of the grant awarded by Managing Authority for the estimated budget for the next 12 months. If the consumption of previous pre-financing payment is less than 70%, the amount of the new interim payment will be reduced by the unused amounts of the previous pre-financing payment. Payment is made within 45 calendar days from the date when the MA has approved an Interim Report and received the Interim Payment Request. <p>The total amount of the first pre-financing payment and interim payments shall not exceed 80 % of the grant referred in the Grant Contract.</p> <ul style="list-style-type: none"> ✓ Final balance payment (amounting to at least 20 % of the grant) is made within 45 calendar days of the MA has approved Final Report and received the Final Payment Request. |
| Option 3 | <ul style="list-style-type: none"> ✓ The partners will not receive any pre-financing payments. ✓ All payments are paid against the verified and approved expenditures reported in Interim/Final Reports. The amount of the interim/final payment is calculated by multiplying the approved costs by the percentage of the grant awarded (set out in the Grant Contract Art. 4.2). Payment is made within 45 calendar days from the date when the MA has approved an Interim/Final Report and received the Interim/Final Payment Request. |

8.10. Own contribution, revenues and interest

Own contribution

Own contribution is a co-financing from the Lead partner and Partners of the project. Own contribution has to cover **at least 10% of the total eligible costs on the project level**.

Usually, this financing comes from the Lead partners' and Partners' host organization. But it can also come from other public or private sources.

Lead Partner and Partners jointly agree upon the structure of the own financing. The amount and share of the own contribution per each partner is agreed between the partners and stated in the *Partnership Statement*. Partners' share of the own contribution can vary from 10 %, but in the project level it must be at least 10 %.

In the Grant Contract (art. 4.2.) the own contribution is indicated on the project level.

Only budgeted, eligible costs of the project can be covered by own contribution, in-kind costs or volunteer work are not eligible. Revenues earned from the project activities can not be considered as own contribution but have to be deducted from the project's total eligible costs.

All project's costs, including also the costs paid from the partner organization's own funds (own contribution), are reported in the financial report. **Own contribution is not an individual part of the total costs and special items not indicated in the project's budget or financial reports.** Auditor verifies the project's costs, without separating the part paid from the funds received as pre-payment from the programme or paid from the organizations own funds. From the total eligible costs the MA pays the share indicated in the Grant Contract and the rest remains as project's / partners' own contribution.

As a rule, own contribution of the project will be calculated by multiplying the approved costs of the Interim/Final report by the percentage of own contribution which is set out in the Grant Contract.

| | |
|-----------------|--|
| Example: | Total eligible costs of the reporting period are 100.000 EUR . Share of the EU-funding 50% and state co-financing 40 % in the Grant Contract. MA pays 90.000 EUR and the rest 10% remains as an own contribution. |
|-----------------|--|

Revenues

The project can earn revenues from the sales of produced material, participation fees, entrance tickets etc. The revenues are deducted from the total eligible costs.

The revenues of the project have to be reported in the Interim Reports and verified by auditor.

Interest

Any interest accruing from pre-financing paid by the MA to the partner organisations which are not public bodies/government departments must be reported in the Interim Report for the last reporting period, by providing the Annex 5, 5.2 Interest. The bank should provide a bank account statement on the amount of interest accrued from pre-financing. If no bank account statement is available, the partner has to provide a reliable method for calculating the accrued interest. The auditor shall verify the interest and it will be deducted from the final balance payment.

Interest will not be deducted from the grant to government departments or public bodies.

8.11. Recovery order

In a case when the total of pre-financing payments from the MA to Lead partner/Partner exceed the final amount of approved financing, the Lead Partner shall repay to the MA any amounts paid in excess. The MA will send a Recovery Order to the Lead Partner and the Lead partner has to pay it during 45 days. The Partners concerned shall repay the Lead Partner any amounts recovered with respect to the provisions of the partnership agreement obtaining between the Partners.

In a case when the Lead Partner fails to make repayment within the deadline set by the Managing Authority, the Managing Authority may increase the amounts due by adding interest.

If the Grant Contract is terminated for any reason, the possible guarantee for securing the pre-financing may be invoked in order to repay the balance of the pre-financing still owed by the Lead Partner.

See more in the *Art. 18 of Conditions applicable to Grant Contracts*.

 The same rules apply with the Norwegian Kolarctic financing.

9 PROJECT REPORTING

All projects reports filled in by Lead Partner and submitted to MA in PROMAS.

- Project Update
- Interim Report
- Final Report

9.1. Project Update

A Project Update is a light version of an Interim Report. The Managing Authority may ask the project to fill in and submit a Project Update, for example in situations when the MA needs some information and the project is not supposed to submit an Interim Report. The Project Update is filled in and submitted in PROMAS.

9.2. Interim Report

The Lead Partner is required to submit the Interim report at least once in 12 months (see *Chapter 9.2.1. Period of Interim Report and Schedule*). The schedule is agreed with the project's contact person from the MA. The Lead Partner has the responsibility to collect all required documents for the report from each partner and upload them to PROMAS.

The Lead Partner has to ensure that:

- Report has been fully filled in
- Required documents for the narrative report (*PQM questionnaire, photos of produced material, publications, news releases and other documentation of relevant outputs*) have been submitted to PROMAS
- Required annexes of the Financial report (**Annexes 1-8**) of all partners have been submitted to PROMAS
- Required EV documents (**EV2-EV5**) of all partners have been submitted to PROMAS
- Appropriate templates of annexes have been used and they filled in in ENGLISH
- Latest updated versions of templates from www.kolarctic.info has been used
- All Financial report's annexes are accurate and informative (required fields filled in with sufficient details)
- Reporting period in Financial reports is equal with the reporting period indicated in PROMAS
- Amounts of reported costs and reporting period in Financial report's annexes are consistent and equal with EV documents
- All reported costs and revenues have been incurred during the reporting period
- All reported expenses are directly related to the project's activities described in the approved Project Plan, necessary for its implementation, and they are in accordance with the approved Project budget.
- If there were the budget change (less than 15% of the budget line) and the LP hadn't informed the MA about the change before the submission of the Interim report, the change is informed in the Interim report (see *chapter 11.2. Modification of the budget*)
- The signatures in the annexes are existing
- The files are in pdf/jpg formats with good quality (easy to read)

Completed report will speed up MA's check of the Interim report. To help the Lead Partner, the MA prepared the *Checklist for interim/final report* (see *Appendix 1*, also available for download from www.kolarctic.info). The checklist can be modified by Lead Partner to serve the needs of the project (delete/add questions). Lead Partner can create own checklist for its partners based on this list. Partners do not need to submit the checklists to the MA. It is used only to help the project to collect all needed documents for Interim/Final reports.

Interim Report consists of two separate parts:

- **narrative part:** filled in in PROMAS by answering the questions and updating the Work Plan. Annex 1. *PQM questionnaire* has to be filled in and attached to Interim report in PROMAS (see chapter 9.2.2. *Narrative part of the Interim Report*)
- **financial part:** annexes of financial report (*Annexes 1-8, EV1-EV6 documents*) have to be filled in by each partner and attached to Interim Report in PROMAS (see chapter 9.2.3. *Financial part of Interim Report*)

The Interim Report for the last reporting period is for checking the costs, and the narrative part of it must serve the purposes of checking the costs of the last reporting period. The financial report from the last interim reporting period acts also as a final report of the financial issues, including Annex 5 in addition to the regular Interim report documents.

The Lead Partner submits the Interim Report with all attachments in PROMAS. The Interim Report has to be printed out from PROMAS and signed by an authorized person in the LP and sent to the Managing Authority. As well some of the required annexes must be printed out, signed, and sent to the Managing Authority (see *Table 6. Content of Financial Part of the Interim Report*).

PROMAS: All uploaded documents have to be in PDF/JPEG format with good quality (easy to read). In the file's name indicate the name of document and name of the partner (e.g. *Annex 1_Lapin Liitto*)

 Annex 8 Financial report for Norwegian partners – signed report shall be sent direct to the Norwegian Kolarctic office in Vadsø.

9.2.1. Period of Interim Report and Schedule

The reporting period of Interim Report may not be longer than twelve months. First reporting period begins on the start date of the project. Following reporting periods begin on the date following the end date of the previous reporting period. **Reporting period of the Interim Report has to be the same for every partner.** The Interim Report must also accompany the Payment Request, excluding the first pre-financing payment when relevant. For the purposes of fulfilling this requirement, the reporting periods may be shorter than twelve months. The reporting periods will be planned during the Grant Contract negotiations.

The Lead Partner must submit Interim Reports to the Managing Authority no later than three months after the end of the reporting period. Interim Report for the last reporting period must

be submitted together with the Final Report no later than four months after the end of the project implementation.

The date of submission of the Interim Report is the date of electronic submission in PROMAS. The Managing Authority has **45 calendar days** to send request for clarifications regarding the narrative part and the financial part of the Interim report. Partners must submit requested information to Managing Authority within **30 calendar days** of the request. The time limit stops until requested information has been submitted and starts running again on the date when the Managing Authority receives the required information. The time limits are followed **separately for narrative part and financial part** of the Interim Report.

After both the narrative part and the financial part of the Interim Report have been approved, and the Interim Payment Request has been submitted, the decision on the interim payment and the Payment Order is made during **45 calendar days**. The Managing Authority can suspend this time limit in the cases mentioned in the *Article 15.3. of Conditions applicable to Grant Contract*.

9.2.2. Narrative part of the Interim Report

The Lead Partner makes the narrative part of an Interim Report by clicking "Interim Report" in PROMAS and by filling in all requested parts.

The meaning of the narrative part of the interim report is

1. to describe the project activities that have been carried out during the reporting period
2. in doing this, to show that the project has been implemented according to the plan (= the approved application)
3. to list the outcomes of the project
4. to inform about what needs to be done in the project and possibly amend in the project's work plan

PROMAS contains the electronic template for the Interim Report, which the LP must fill in. Filling in the narrative parts of the Interim Report in PROMAS is described below in *Table 5*. User guide for PROMAS is available in programme's web pages. The Interim Report is divided in tabs, which partly resemble the tabs of the application form in PROMAS.

Table 5. Content of Narrative part of the Interim Report

| | |
|-------------------------|---|
| Tab: Summary | <p>The purpose of the summary is to give an overall view on the project implementation, activities and events during the reporting period. Describe clearly the connection between reported activities and the project plan.</p> <ul style="list-style-type: none"> ➤ Describe and reflect your progress in the project activities and outputs this far and, comment about the timeline of your project. ➤ Any changes or delays in the project plan should be mentioned. ➤ Describe how you have monitored and evaluated your project implementation and success. ➤ Please name the organisations and companies that have participated in your project activities, and whose participation you are reporting in the indicators. Please briefly indicate their role in the reported project activities. |
|-------------------------|---|

| | |
|--|---|
| | <ul style="list-style-type: none"> ➤ Include a brief description about the calculation method of the other SOI and COI indicators. You may attach supporting documents (e.g. maps) as Annexes. When reporting numbers of participants (individuals), please indicate them in relation to activities reported. <p>NOTE: It would be easiest if you wrote the Summary after you have written the other parts of the report. The Summary sums up generally what has been done in the project during the period, and the state of the project. You are free to choose to the summary information that you have written in the other parts, or maybe you want to write in the Summary some information for which there is no place in the other parts of the report. You can, for example, comment on successful project events and activities, good practices discovered, the division of tasks between partners or new findings.</p> |
| Tab: Work Plan | <p>The activities that the applicant wrote in the table "Activity planner" of the grant application in the applying phase, now appear in a table "Work Plan" in the Interim Report template. Activities have to be updated. Concerning each activity, the LP must:</p> <ul style="list-style-type: none"> ➤ update the status of each activity (To do / In progress / Finalised) ➤ add description what has been done in each activity during the reporting period ➤ Update dates, role of partners, location ➤ Update output |
| Tab: Indicators | <ul style="list-style-type: none"> ➤ Indicate here the realized <u>cumulative</u> values for indicators: Thematic indicators and Project specific Indicators. ➤ Realized <u>cumulative</u> values means numbers collected since the start of the project implementation to the end of the reporting period ➤ When reporting numbers of organizations, companies and participants, please calculate each participant only once (multiple counting of same organization or person participating more than once is to be avoided) ➤ You should follow and collect the indicators from all the partners regularly. ➤ Store the indicator data (lists of participants etc.) – it might be needed for verifying the reported values. When storing the data, please respect applicable laws of personal data protection. <p>You are asked to give more information about the content of your indicators and calculation methods in the summary section of the report.</p> <p>For collecting and reporting thematic indicators, please see the description of each indicator on page in the section 10.3.2 Project Quantitative Monitoring, Indicators.</p> |
| Tab: Communication and visibility | <ul style="list-style-type: none"> ➤ Describe the communication and visibility activities during the reporting period. |

| | |
|---------------------------|--|
| | <ul style="list-style-type: none"> ➤ Please include links to news, publications, project websites and social media publications introducing your activities, results and materials. ➤ For offline material, please include pdf files or pictures as annexes |
| Tab: Annexes | <p>Write a name for the annex and browse your computer to add the file.</p> <p>You must attach following documents:</p> <ul style="list-style-type: none"> ➤ filled in <i>Project Qualitative Monitoring (PQM) questionnaire</i>. For more information about qualitative monitoring, please see the <i>section 10.3.3. Project Qualitative Monitoring (PQM)</i>. Template is available on the Programme website http://kolarctic.info ➤ made publications, pictures or presentations that support your description about project implementation in previous sections ➤ annexes of financial report (<i>Annexes 1-8, EVR documents</i>) filled in by each partner. The list of required annexes for the financial part is listed in the <i>Table 6</i>. |
| Tab: Signature | Fill in the needed information, submit and print out the document. |

9.2.3. Financial part of Interim Report

The financial part provides information of the realized expenses versus budgeted expenses in accordance with the approved project budget (*Annex III Project budget*). Financial part contains of the **Financial Report (Annexes 1 – 8)** the **Expenditure and Revenue Verification Report (EV1-EV6)**.

All requested annexes (Table 6) of Financial Report and Expenditure and Revenue Verification Report for each project's partner have to be loaded as an annexes to the Interim Report in PROMAS.

PROMAS: All uploaded documents have to be in PDF/JPEG format with good quality (easy to read). In the file's name indicate the name of document and name of the partner (e.g. *Annex 1_Lapin Liitto*)

NOTE: More detailed information about requirements for filling in the annexes of Financial report are described in *chapter 9.2.4. Financial Report and its Annexes* and requirements for Expenditure and Revenue Verification Report in *chapter 8.2.2. Documents for the expenditure verification*

Templates for financial reporting are available as electronic versions on the Programme website <http://kolarctic.info>.

Table 6. Content of Financial Part of the Interim Report

| Financial report | |
|---|---|
| Annex 1 Financial Report with General ledger specification Micro projects: <i>Annex 1/Micro Financial report with general ledger specification</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ Lead Partner and each Partner have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| Annex 2 Personnel cost specification Micro projects: <i>Annex 2/Micro Personnel cost specification</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ Lead Partner and each Partner have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| Annex 3 List of Purchases Micro projects: <i>Not applicable</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ Lead Partner and each Partner have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| Annex 4 List of Preparatory the costs Micro projects: <i>Not applicable</i> | <ul style="list-style-type: none"> ➤ Submit, if applicable ➤ To be reported in the first Interim Report ➤ Lead Partner and each Partner have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| Annex 5 Templates for the last interim report Micro projects: <i>Annex 5/Micro Templates for the last interim report</i> | <ul style="list-style-type: none"> ➤ Submit, if applicable ➤ To be reported in the last Interim Report ➤ Lead Partner and each Partner have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| Annex 6 Timesheet Micro projects: <i>Annex 6/Micro Timesheet</i> | <ul style="list-style-type: none"> ➤ PROMAS: Don't need to be submitted to the Managing Authority, but they have to be presented to auditor for verification |
| Annex 7 Consolidated financial report | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ Only Lead Partner have to fill in the template. |

| | |
|---|--|
| Micro projects: <i>Annex 7/Micro Consolidated financial report</i> | <ul style="list-style-type: none"> ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS ➤ Signed paper version to be submitted to MA |
|  Annex 8 Financial report for Norwegian partners Micro projects: <i>Annex 8/Micro Financial report for Norwegian partners</i> | <ul style="list-style-type: none"> ➤ Submit, if applicable ➤ Lead Partner/Partner from Norway have to fill in own template. ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS ➤ Signed paper version to be submitted to Norwegian Kolarctic branch office |
| Expenditure and Revenue verification report | |
| EV1 Expenditure and revenue verification procedure Micro projects: <i>Same template</i> | <i>Instructions for the auditor and project partners</i> |
| EV2 Service contract for the expenditure and revenue verification Micro projects: <i>Same template</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| EV3 Expenditure and revenue verification report Micro projects: <i>Same template</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS ➤ Signed paper version (copy or duplicate) to be submitted to MA |
|  EV3/NO Expenditure and revenue verification report for Norwegian Lead Partner Micro projects: <i>Not applicable</i> | <ul style="list-style-type: none"> ➤ Mandatory annex for Norwegian LP during interim reports ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS ➤ Signed paper version (copy or duplicate) to be submitted to MA |
| EV4 Checklist for the expenditure verification Micro projects: <i>EV4/Micro</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |

| | |
|---|--|
| <i>Checklist for the expenditure verification</i> | |
| EV5 List of factual findings Micro projects: EV5/Micro <i>List of factual findings</i> | <ul style="list-style-type: none"> ➤ Mandatory annex ➤ PROMAS: Signed, scanned copy (pdf file) to be loaded in PROMAS |
| EV6 Report on suspected fraud and/or established fraud Micro projects: <i>Same template</i> | <ul style="list-style-type: none"> ➤ Submit, if applicable ➤ Auditor must submit direct to the Managing Authority (signed, original) |
| | |

The Managing Authority may request other supporting documents (e.g. invoices, tendering documents, timesheets etc.) during the check in order to approve the report.

NOTE: In the addition to *Annex 2 and Annex 3* the Lead Partner can fill in the Personnel list and List of purchases in PROMAS under the section Project Management>Project Summary. **That is not obligatory.**

9.2.4. Financial Report and its annexes

The Lead Partner shall ensure that the expenses reported by the Partners are directly related to the implementation of the Project and that they respect the provisions of the Grant Contract, project's budget and the partnership agreement. Each report must provide a full account of all aspects of the Project's implementation for the period covered. The level of detail provided in financial reports must equal with the Project Plan and matching with the project's budget.

Requirements for Financial Report and supporting documents

- All reported costs are according to the project budget – there are not costs which are not budgeted
- Only costs which are incurred during the reporting period in question, are reported
- All costs are recorded into the bookkeeping records of the project and verified
- Costs are reported in the currency used in the bookkeeping records and converted to Euro
- For currency conversion to Euro, the InforEuro monthly exchange rate must be used
- Figures in the Expenditure and Revenue Verification Report and Financial Report with supporting documents have to match

Financial Report is part of Interim Report. **The period of the Financial Report has to be equal with the period stated in the narrative part of Interim Report** (see chapter 9.2

(Interim report). The Financial Report with the required annexes (see *Table 6*) has to be attached to the Interim Report in PROMAS. Some documents (see Chapter 9.2. *Interim Report*) must be printed out, signed and sent to the Managing Authority. If the Managing Authority requests from the Lead Partner some other supporting documents, the Lead Partner must submit them with a clarification or translation in English. Please note, that the project does not need to send timesheets to the Managing Authority, the auditor of the project will check them.

Due to the regulations to protect personal data (General Data Protecting Regulation GDPR), we recommend that you do not load in PROMAS documents which include project staff´s personal data like social security number, bank account etc. When you report salaries, please use only the documents provided by the programme.

Financial Report Annexes

Templates for Financial Report are available as electronic versions on the Programme website <http://kolarctic.info>. All financial reporting documents has to be filled in by each project's partner. All documents has to be filled in in English. Partner has to make sure that all templates are carefully filled in and provide all required information. The amounts indicated in the templates have to be equal with the amounts stated in the Expenditure Verification Report's documents! This will speed up the check of the Financial report by MA.

Annex 1. Financial report with General ledger specification - mandatory annex of the Interim report.

- ✓ **Sheet 1.1. Financial report** the amounts must be indicated in Euros.
In the report, the project partner indicate the budget of the partner in question, and realised expenses of the project during the reporting period and allocate them between the main budget lines with the same principles as in the approved budget.
- ✓ **Sheets 1.2. General ledger specifications** by budget lines. Filled in in currency of the accounting records and then converted in Euro by using InforEuro **monthly** exchange rate published by EC (see Chapter 8.5. *Use of Euro*). Each expense is indicated separately and allocated to the appropriate main budget line, including the date of record, verification number, amount in bookkeeping currency and euro, exchange rate and description of the expenditure.

Description should provide detailed information of the costs: Names of travellers, dates of travel, name and date of event, purpose of the cost, etc. **The good description should provide the answers to the questions: What?, Who?, When?, Why?**

| | |
|-----------------|--|
| Example: | <ul style="list-style-type: none"> • N. N., flight tickets Murmansk-Rovaniemi-Murmansk, Arctic conference in Rovaniemi 26.1.2018. • N. N., accommodation in hotel X 25-27.1.2018, Arctic conference in Rovaniemi 26.1.2018 • N. N., daily allowances 25-27.1.2018, Arctic conference in Rovaniemi 26.1.2018 |
|-----------------|--|

| | |
|--|--|
| | <ul style="list-style-type: none"> • Hotel Oy, Rent of conference room, project meeting in Rovaniemi 1.3.2019 • Hostel Oy, Coffee break catering for 15 people, project meeting in Rovaniemi 1.3.2019 • Company OOO Ab, notebook Hp1587 for N. N. |
|--|--|

In addition, during the expenditure verification the auditor has to mark checked receipts, write comments and sign the form.

| Budget line 4. Office costs Строка бюджета 4. Офисные расходы | | | | | | | |
|---|---|--------------------------------|---|---|--|--|---------------------------------------|
| Document reference number in accounting records Название и номер документа | Date of invoice/receipt in accounting records Дата оформления документа в системе бухгалтерского учета | Name of currency Код валюты | Total amount in currency Сумма в валюте (EUR/RUB/SEK/NOK) | Monthly EUR exchange rate Ежемесячный курс обмена валюты в евро (a) | Total amount in EUR Сумма в евро (a)*(b) | Description of the item Содержание операции, назначение платежа (Answer to the questions: What?, Who?, When?, Why?) (Отвечает на вопросы: Что?, Кто?, Когда?, Зачем?) | Auditor's remarks Пометки аудитора |
| 123456 | 1.1.2019 | EUR | 100,00 | | 100,00 | Copying costs of the material to the seminar | X EU flag missing from the material |
| | | | | | | | |

✓ **Sheet 1.3. Financing**

Indicate received financing: payments from the Managing Authority/Lead Partner or other financiers of the project (excl. own contribution)

In addition, during the expenditure verification the auditor has to mark checked receipts, write comments and sign the form.

Annex 2. Personnel cost specification - mandatory annex of the Interim report.

✓ **Sheet 2.1 Personnel list**

The partner has to indicate details of each employees of the project, incl. name, position, tasks in the project, start and end date of work in the project, monthly/hourly gross salary, full or part time worker. All information has to be based on the real employment contracts. *To be updated within each report.*

✓ **Sheet 2.2 Salary specification.**

- Filled in in currency of the accounting records.
- The partners indicate the details of monthly salary costs of each employee of the project.
- All information has to be based on the real employment contracts, timesheets and bookkeeping records.
- All employees indicated here shall be also indicated in the 2.1. Personnel list.
- "Paid in reporting period" should be equal with the "Total costs" in the Annex 1.2. General Ledger Specification, Budget line 1. Personnel.

Annex 3. List of Purchases - mandatory annex of the Interim report, if purchases have been made.

Please note, Annex not applicable for micro projects.

- Filled in in currency of the accounting records.
- Filled in only equipment, machines and countable items. Purchases of services and non-countable materials which cannot be verified afterwards are not indicated here.
- All purchased items with value over **300 EUR/ 21000 RUB/ 3000 SEK/ 3000NOK** shall be listed here.
- Details of each purchase, incl. supplier, value, date and method of tender (select from the provided options), must be indicated on the list.
- Fill in cumulatively from the whole project implementation period.
- The list is used during the on-spot checks made by MA.

Annex 4. Preparatory costs - mandatory annex of the first Interim report, if the project budget includes preparatory costs.

Please note, Annex not applicable for micro projects.

- ✓ If the budget of the project includes preparatory costs, this annex must be submitted within the first Interim Report. In this annex, the travel costs which were incurred after the Call for proposal was opened till the application was electronically submitted in PROMAS. (See *Table 2*)

In addition, the auditor has to mark checked receipts to the report during expenditure verification and sign the form.

Annex 5 Templates for the last Interim Report - mandatory annex of the Interim report for the last reporting period

- ✓ **Sheet 5.1. Final costs** If applicable, the annex shall be submitted within the Interim Report for the last reporting period including only costs incurred after the end date of the project. Costs are limited to salary costs of the personnel finalizing the final reports, and cost of final expenditure verification. If an evaluation of the project is included in the project plan and finalized after end date of the project, the LP can include costs of the evaluation in this annex. If the costs are not verified by auditor, the copy of the invoices and the proof of payments must be submitted to the Managing Authority.
- ✓ **Sheet 5.2. Accrued interest from pre-financing** To be filled in only from the organizations which are *not public bodies/government departments*. The statement has to be provided by bank and indicates the amount of interest accrued on the bank account from pre-financing paid by the Managing Authority during the whole implementation period. If no bank account statement is available the partner has to provide the reliable method for calculating the accrued interest. (*Article 15.8. of Conditions applicable to grant contracts*)

Annex 6 Timesheets

- ✓ Organization can use the records generated from their own electronic recording system to follow working hours if the records provide the same information as the official timesheet templates provided by the Managing Authority. Only part-time employees of the project must fill in the timesheets. In the *Table 7* below you can find more instructions of how and when to fill in the timesheets.

Timesheets shall not be submitted to MA, they are verified by the auditor!

Table 7. Filling instructions for the timesheets

| | |
|--|---|
| | <p>Examples for filling in the timesheets in certain situations:</p> <p>1. Part-time employee in project, no other duties in the organization.</p> <ul style="list-style-type: none"> - Employee is working all working hours in the project and the total salary comes from the project, <i>treated as full-time employee</i> and timesheet is not needed. <p>2. Part-time employee in project, who is working normal working day in the organization and doing extra work (outside normal working time) in the project and gets extra salary of that work.</p> <ul style="list-style-type: none"> ➤ Timesheet has to be filled in. Only hours and activities of the project work are reported in timesheet. ➤ Timesheet benefits both employee and employer in following up the work done. ➤ Separate work contract of the project work must be done. <p>3. Part-time employee in project, whose working hours are shared between "normal" work and project work.</p> <ul style="list-style-type: none"> ➤ Timesheet has to be filled in. Both project working hours and other working hours are reported in the timesheet. Activities of project work must be described. ➤ Part of the total salary is divided to project according to percentage of project work. <p>4. Full-time employee in project, no other duties in the same organization.</p> <ul style="list-style-type: none"> ➤ Timesheet is not needed. <p>Employee fills in the timesheets and supervisor approves it. If employee works in several projects, all hours must be followed in same timesheet by adding own column to each project.</p> |
|--|---|

Annex 7 Consolidated financial report - mandatory annex of the Interim report.

- ✓ The Consolidated Financial report includes the summary of approved/reported expenditure on country and project levels. For each Interim Report you shall fill in the own sheet and if needed, add more sheets for Interim Reports. In the report has to be indicated total approved project budget (incl. amendments) and realized expenditure. The realized expenses are allocated only between the main budget lines. Only the Lead Partner fills in this form and all figures are provided in Euro.

Annex 8 Financial report for Norwegian partners

- ✓ In the report, the Norwegian project partner indicate the budget of the partner in question, and realized expenses of the project during the reporting period and allocate them between the main budget lines with the same principles as in approved budget.

- ✓  **Note!** As the Norwegian partners report their costs to their financiers only in kroner. If needed, the costs of Norwegian partners are converted to euro using the same exchange rate as in the project's original budget.

9.3. Final Report

Final Report consists of:

- **narrative part:** filled in in PROMAS by answering the questions
-  **Financial Report for Norwegian Lead Partner and partners:** annexes of financial report (*Annexes 3, 5, 8 and EV1-EV6 documents*) have to be filled in by each partner and attached to Final Report in PROMAS. See *Table 6 Content of Financial Part of the Interim Report* and *chapter 9.4. Exceptions to the reporting requirements for the Norwegian partners*

The Lead Partner must submit the Final Report with required attachments in PROMAS. The Final Report has to be printed out from PROMAS and signed by authorized person in the LP and sent to the Managing Authority.

 Annex 8 Financial report for Norwegian partners – signed report shall be sent direct to the Norwegian Kolarctic office in Vadsø.

Schedule for Final Report

A Final Report must be submitted together with an Interim Report for the last reporting period no later than four months after the end of the Project implementation. The Final report focuses on narrative description of the project, as described in the previous chapter.

The date of submission of the Final Report is the date of electronical submission in PROMAS. The Managing Authority has **45 calendar days** to request clarifications and additional information to the report. Partners must submit requested information to Managing Authority within **30 calendar days** of the request. The time limit stops until requested information has been submitted and starts running again on the date the required information is received. After the Final Report has been approved and the Final Payment Request has been submitted, the decision on the final balance payment and the Payment Order is made during **45 calendar days**. The Managing Authority can suspend this time limit in the cases mentioned in the *Article 15.3. of Conditions applicable to Grant Contract*.

Narrative part of Final Report

The Final Report is for different purposes than an Interim Report. The Final Report must describe the activities, outputs and results of the project to a wider audience than only the Managing Authority. It is meant to be read by people from outside the programme administration; professionals of your branch, journalists, any interested citizens. The Final Report represents you and your project to the outside world.

In PROMAS, there is a template for a Final report of the project. The template is short and focuses on the minimum needed information and is not always sufficient.

The Final report itself is also a (more or less central) result of the project. Many projects produce knowledge, information or recommendations. In these projects, it is not sufficient to include these knowledge, information or recommendations in the Final report in PROMAS only, but you must do a dissemination of the results separately. A minimum is a publication or file, or any outcome that your project plan indicates. Produce what you have promised!

You may solve this by publishing the Final Report according to the dissemination, communication, and capitalization routines of your organization, and according to ad communication plan that you have prepared at the beginning of the project. Talk about this with the contact person of your project in the Managing Authority.

Many projects produce relations, competence and connections between people and organizations. These must be documented and saved as well as possible. NOTE also: *Chapter 7.5. Capitalization*.

Content of Narrative part of the Final Report:

- Tab: Activities
- Tab: Indicators
- Tab: Results
- Tab: Impact
- Tab: Monitoring and evaluation
- Tab: Environmental impact
- Tab: Communication and visibility
- Tab: Assessment of project administration
- Tab: Annexes

9.4. Exceptions to the reporting requirements for the Norwegian partners

According to the national requirements, Norwegian partners do not have same reporting formalities and templates as used in Finland, Russia and Sweden.

NOTE: The expenditure verification of Norwegian partners is made only at the end of the project. The Expenditure Verification Report for the whole implementation period of the Norwegian partners has to be submitted only with the Final Report. Within the interim reports when

Norwegian costs are not audited, Norwegian Lead Partner's auditor shall fill in project level details using simplified audit report **EV3/NO**. In the Final report Norwegian Partners shall use form **EV3**.

➤ **Requirements for Norwegian Lead Partner during Interim Reports**

Norwegian Lead Partner has the same responsibilities as Lead Partners in other countries. Lead Partner has to fill in *Annex 7. Consolidated financial report*. And Partner's auditor shall fill in the simplified Expenditure and Revenue Verification Report.

Upload following documents in PROMAS within Interim Report:

- Annex 7. Consolidated financial report
- EV3/NO Expenditure and revenue verification report (For Norwegian LP interim report)

➤ **Requirements for Norwegian Lead Partner and Partners during Final Report**

Norwegian Lead partner and Partners have to submit the financial report in the end of the project, covering the whole implementation of the project.

Upload following documents in PROMAS within Final Report:

- Expenditure Verification Report (EV1-EV6)
- Annex 3. List of Purchases
- Annex 5. Templates for the last interim report
- Annex 8. Financial report for Norwegian partners

Annex 8 Financial report for Norwegian partners – signed report shall be sent direct to the Norwegian Kolarctic office in Vadsø.

Templates are available in programmes' webpages www.kolarctic.info.

10 MONITORING AND EVALUATION

10.1. Monitoring and evaluation in principle

Monitoring and evaluation is a process of continued gathering of information and its analysis to check whether **progress is being made** towards project goals and objectives and highlight whether there are any **unforeseen (positive or negative) effects** from a project and its activities.

Monitoring involves systematic collection of data to provide the project management/steering group about project implementation with indications of the project progress and objectives achieved in the use of allocated funds.

Evaluation is the systematic and objective assessment of an on-going or completed project or, programme, its design, implementation and results. Evaluation explains in details the reasons for success or failure of the actions. It draws lessons and provides meaningful recommendations for on-going or future actions.

Monitoring and evaluation are both concerned with the collection, analysis and use of information, while **monitoring measures changes over the period of time** during project's implementation and **evaluation involves judgment about progress and impact during project implementation as well as after its closure**.

It is useful to understand the difference between monitoring and evaluation organized by the Programme and Lead Partner & Partners in terms of who is responsible, when it is required, why it is necessary and the link to the Logical Framework.

10.2. Internal Project Monitoring and Evaluation

| | Who is responsible? | When it is required? | Why it is necessary? | Link to Logical Framework |
|---|--|-----------------------------|---|--|
| Internal Project Monitoring and Evaluation | Project Lead Partner and Partners | On-going process | Allow Project Manager to check the progress, take improving and/or corrective action, collect data for interim report, and update Work plan | activities, outputs, Specific objective: outcomes; Overall objective: Impact |

Effective project management means: thinking before acting, identifying and dealing with potential problems before they occur, and constantly monitoring and evaluating to determine whether your actions are achieving their desired results. It is an internal management responsibility of the Lead Partner and Partners to implement project monitoring and evaluation activities.

The goal for the Lead Partner and Partners is to make the Project Monitoring and Evaluation as a second nature, a way of thinking about the decisions you make in managing your project, not to control every single activity. Monitoring and evaluation should not be expensive and complicated.

10.2.1. Internal Project Monitoring

Monitoring activities should provide the mechanism by which relevant information is provided to the right people at the right time to help them make informed decisions. The main task in this process is to point out **those areas that are in need of monitoring:**

- Operational progress (activities undertaken and results achieved);
- Financial progress (budget and expenditure);
- Preliminary response by target groups to project activities.

The monitoring answers questions like:

- Have activities been completed as planned?
- Have deliverables been produced as foreseen?

Monitoring should highlight strengths and weaknesses in project implementation and enable responsible people to deal with problems, improve performance, build on successes and adapt to changing circumstances. Monitoring is an effective way to: *provide constant feedback on the extent to which the projects are achieving their goals; identify potential problems at an early stage and propose possible solutions; monitor the accessibility of the project to all sectors of the target group(s); monitor the efficiency with which the different components of the project are being implemented and suggest improvements; Improve project design etc.*

Thus, here are **three steps** to set-up internal project monitoring:

1. Establish monitoring procedure and the frequency (what to monitor, how to monitor, where to take the information for monitoring from and how often to report);

The use of **Logical framework** and **Work Plan** are highly recommended as practical tools, which directly support effective management, monitoring and review. It is good to set up the monitoring on a regular basis with the "comfortable" and suitable for everyone (Lead Partners and Partners) frequency, not to overload with additional unnecessary work. At the time to make the monitoring process often enough, in order to detect falls at an early stage.

2. Appoint responsible people to implement monitoring (organizing data collection, analysing information, reporting);

Most of the information that is needed to monitor your project will be produced by the project itself. These are possible sources of information for monitoring: *the Grant Contract; the Partnership Agreement; sub-contracts; data on project specific indicators at the level of Outputs and COI, SOI at the Specific objective: outcomes; the financial records - the bookkeeping system; quantitative surveys and questionnaires (e.g. evaluation forms filled by participants during project events, target groups etc.).*

-
3. Determine the right people to whom results of the monitoring will be reported (decision making personal);

To set up a Project Steering Committee/Project management group involving all partner organizations representatives and target group level representatives to meet on a regular basis is a good way to discuss the progress in the implementation and ensure the decision making process.

Depends on the result of the project monitoring, the Project Steering Committee/Project management group might take the following "corrective/improving actions" to ensure the smooth project implementation and bring project implementation on track:

- Re-scheduling the project (if the project runs behind the schedule);
- Re-planning activities in the Work Plan and Logical framework (if some of the activities are not relevant any more to reach results);
- Re-planning Specific objective(s): outcomes in the Logical framework (if some of the Specific objective(s) are not relevant any more to reach overall objective) **in duly justified reasons and after approval of the contact person in MA!**
- Re-designing project specific indicators, COI, SOI / its target value in the Logical framework (if some of the indicators do not fulfil its purpose / do not look realistic anymore);
- Re-budgeting the project (appropriating funds from one heading to another and/or avoiding expenses under unnecessary heading);
- Re – assigning the staff (shifting the staff from one area to another; recruiting temporary staff to meet the time schedule).

These actions will require the project modifications. More information can be found in the Chapter 8.

10.2.2. Internal Project Evaluation

Evaluations can also be an important tool to monitor your project. Usually, the evaluation is carried out in the middle of the project implementation – to find out if the project is performing as planned and consequently to improve the project efficiency and impact while the activities are still ongoing. And at the end of the project duration - to present the achievement of the project and lessons learnt.

The evaluation differs from monitoring by its scope, it is broader and concerned with whether the right Objective was chosen to solve problem. Evaluation data is collected and analyzed less frequently than monitoring and can be conducted either by the Lead Partner and Partners or by the external evaluators (subcontractors).

Before planning to carry out a project evaluation, first ask yourself **why** you want to implement the evaluation. Evaluation should never be carried out without having a clear picture of why and for whom the evaluation is being done.

Evaluation focuses on the tracking progress at the higher level of the Logical Framework – **Overall objective: impact** against Relevance, Effectiveness, Efficiency and Sustainability.

The best to define the focus and the evaluated questions is to consider limitation such as time, human resources and budget (e.g. How much money does the project have for the evaluation? How much time is available to implement the evaluation? Will the evaluation be done by Lead Partners and Partners or external evaluators?)

Common evaluation questions might include:

- Relevance: To what extent are the project's objectives justified in relation to the needs of the programme area?
- Effectiveness: To what extent have the overall objective been achieved? Has the project produced the expected effects?
- Efficiency: Have the planned outputs been achieved at the lower costs? Did the project have an impact on the target groups in relation to their needs? Are the chosen Result indicators appropriate?
- Sustainability: Will project results will continue if there is no more funding?

When selecting evaluation questions, it is important to ensure that these questions are answerable with the available data.

Depends on the result of the project evaluation, the Project Steering Committee/Project management group might take the following "corrective/improving actions" to ensure the smooth project implementation and bring project implementation on track:

- Re-designing project Result Indicators / its target value in the Logical framework (if some of the indicators do not fulfil its purpose / do not look realistic anymore);

These actions will require the project modifications. More information can be found in the *Chapter 11 Amendment of the Grant Contract ant other changes in the project*.

During monitoring and evaluation process, remember to:

- Communicate, communicate and communicate. Good communication is a major key success element of any project;
- Bring people together and give access to information. It will save a lot of time from explaining issues. Intranet or any other sharing information system is the good way to keep people in the same page always.
- Give feedback to your team members. It allows to improve the quality of the project implementation, and simply ensures that the message reached the receiver.

10.3. External project Monitoring and Evaluation

10.3.1. Day-to-Day Monitoring

| | Who is responsible? | When it is required? | Why it is necessary? | Link to Logical Framework |
|--|---|-----------------------------|---|--|
| Day-to-day monitoring of projects | Managing Authority (MA) with the support of Branch Offices (BOs) and NAs and CCPs | On-going process | To check the progress, update Work plan, financial flow, data collection, programme reporting | Inputs, activities, outputs, outcomes, overall objective |

The day-to-day monitoring **or** in other words **project progress monitoring** is an ongoing process during the whole project implementation. The contact persons in the Managing Authority and Branch Offices are responsible for day-to-day monitoring of project implementation.

It is mutually beneficial for both Lead Partners, who gets continues feedback and guidance on project implementation, and for the Managing Authority, where contact persons review project progress in relation to agreed schedules and expected results through the analysis of the Interim report (see *Chapter 9.2 Interim report*).

The basic principle of the day-to-day monitoring is to check the activities and outputs reported against what was originally planned in the application form. Beyond this minimum requirement, the aim is also to get as much qualitative information as possible on the lessons learnt and results achieved within the reporting period. Projects have to be as precise as possible on the information they report. In day-to-day monitoring process, it is the Lead Partner's responsibility to inform other project partners.

Day-to-day monitoring activities involve:

- regular interactive communication of contact persons in the Managing Authority and Branch offices with the Lead Partner and Partners (e.g. by e-mail, telephone, skype);
- physical meeting(s) with the Lead Partner and Partners;
- participation of the contact persons, Branch offices in the Steering group meetings or other projects meeting/events;
- on-spot-check checks of Managing Authority, Branch offices to projects;
- approval of the Interim report;
- approval of the requests for project modifications.

In addition to day-to-day monitoring, the programme and the projects shall use other tools to monitor the progress of the project's implementation on a continuing basis.

10.3.2. On-the-spot checks

On-the-spot project verifications may be carried out on a sample basis. They are carried out in order to check the reality of the activities and the delivery and installation of the purchased products or services. It is also used to check the compliance of the agreements to the deliveries

and payments as well as to check that programme's visibility requirements have been fulfilled. Managing Authority and Branch offices conducts the visits, mainly in the premises or project-related sites of the partner. MA informs the Lead Partner and the partner in question at least two weeks beforehand. Partner shall ensure that needed persons and documentation is available during the visit. The partners shall allow access to the sites and premises and provide assistance during the verification. They shall allow to examine and take copies of the accounting records and other documents concerning the financial and operational management of the project. Partners shall organize that items under the checking are easily reachable.

Projects for on-the-spots are selected through sampling or based on the findings from the project reports. All remarkable purchases or investments are checked on-the-spot.

If Managing Authority finds errors or exceptions during the visit, it shall provide the partner a possibility to give clarification. In the case of the partner's accidental mistakes or technical error in reporting, the MA recovers the unduly paid grant or deducts it from the next payment and no other consequences follows. If the systematic error occurs, MA request the Lead Partner to correct the deficiencies within set time limit and report the corrections to the MA. An additional on-the-spot visit may occur.

In the case when findings include serious, intentional irregularities, fraud or breach of obligations, the Managing Authority shall document the case and inform project's Lead partner. Unduly amount is recovered and the case reported to appropriate bodies.

10.3.3 Quantitative Monitoring, Indicators

As a part of the planning and contracting phase, each project has set target values for Common Output Indicators (COI), Programme Specific Output Indicators (SOI) and Project Specific Indicators. Indicators are used to measure progress towards set goals. The indicators are reported to MA in at the end of each reporting period.

The indicators are specific to your project priorities, and all the activities refer to activities that are implemented with Programme support. The description of each indicator specifies the things the projects individually, and the programme as a whole are measuring.

When collecting and reporting the indicator values, avoid multiple counting: An organization/institution receiving support more than once is still only one organization/institution, and a person participating in more than one activity or belonging to several beneficiary group is still only one person.

The reported indicator values must be *verifiable*, meaning that the reported values can be checked. The project should ensure that sufficient information (participant lists, letters of intent, location / population information) is collected and kept available for verification purposes (e.g. on the spot verification) in beneficiary organisations.

In interim reports, the projects are reporting output indicators. This means that each indicator value should be a direct consequence of your project activity, and the results should occur during the project implementation time. Output indicators should not be confused with result indicators (please check your project's logical framework) that measure the wider / long term societal impact of your project.

Output Indicators for Priority Axis 1. Viability of Arctic economy, nature and environment under the TO 1. Business and SME development and TO 6. Environmental protection, climate change mitigation and adaption

| Indicator | Description | Comments |
|--|--|---|
| SOI 1. Number of participating institutions/organizations cooperating across borders for viability of Arctic economy, nature and environment | Number of organizations or enterprises that have cooperated or started cooperation across borders with the help of your project's support during your project time. The outcome of cooperation is expected to enhance viability of Arctic economy and / or nature and environment | The support can mean, for example: Organizing a networking event, networking activities or networking platform Organizing workshops / seminars /conferences where participants from different organizations find ways to enhance viability of Arctic economy and / or nature and environment and solve economic or ecologic problems. Beneficiary organisations (lead partner and partners) can be counted in. |
| SOI 1.1 Number of males | ...working or participating in the project activities | Persons should be counted as participants when they: |
| SOI 1.2 Number of females | ...working or participating in the project activities | Actively participate in the project's cooperation events or activities that enhance viability of Arctic economy and/or ecology; Are engaged in cross-border cooperation in the framework of your project. |
| SOI 2. Number of participating young entrepreneurs/SMEs cooperating across borders for business cooperation and development | Number of SMEs or new entrepreneurs participating in cross-border cooperation with the support of you project activities. | By new/young entrepreneur we refer to entrepreneurs who have been running their business for maximum three years, and persons who are firmly committed to starting a business and are working on a concrete business plan. SME refers to small and medium size enterprises. We refer to the definition of EC source: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en |

| | | |
|--|---|---|
| COI 2. Number of enterprises substantially and actively involved in projects as final beneficiaries | <p>Number of enterprises directly involved as final beneficiaries in cross-border activities organized by the project.</p> <p>Substantial and active involvement: To be counted as an enterprise “substantially and actively involved” in the activities produced by the projects, the enterprise belongs to the target group of the project and/or has been a direct beneficiary of support of any kind (incl. all forms of non-financial support such as such as guidance, consultancy, etc).</p> | Enterprises are final beneficiaries, when they benefit from the project’s support, activities and / or outcomes. Enterprises taking passively and/or occasionally part in smaller training or information events, business fairs, networking occasions, receiving leaflets, and other similar intermittent engagement, are not to be considered. |
| SOI 3. Number of participants in cross-border activities implemented by projects enhancing the culture and/or traditional livelihoods of indigenous people | <p>Number of participants in project-organized cross-border activities that enhance the culture and/or traditional livelihoods of indigenous people to strengthen their competence, maintain and develop their traditional livelihoods and create new source of income.</p> | Participation implies active involvement in the activities produced by the projects. Persons with indirect involvement (e.g. receiving e-mails or leaflets, visiting websites, and other similar engagement) are not to be considered. |
| SOI 4. Population benefiting from cross-border activities in the field of renewable energy and energy efficiency solutions | <p>Indicator covers the population of a certain area expected to benefit from carried out cross-border activities in the field of renewable energy and energy efficiency solutions. The cross-border activities in the field of renewable energy and energy efficiency solutions must be a direct consequence of the Programme support.</p> | <p>For collecting the information: Please think what is the area / unit that your solution covers.</p> <p>For counting the population, please focus on the project’s target group: if the project focuses on energy efficiency of a residential block, the population in question would be the inhabitants and possible commercial tenants of the buildings. If the solutions concern mining technology, please count the users of the technology rather than the residential population of the municipality.</p> |

| | | |
|---|---|---|
| COI 16. Surface area (km2) covered by improved shared environmental monitoring capacity or joint monitoring actions | Surface area covered by joint monitoring actions, or actions and leading to an improved capacity in joint monitoring as a direct consequence of the support. May e.g. include setting up compatible data, information exchange systems, new equipment, etc., in the fields of biodiversity loss, pollution, environmental risks, climate change and ecosystems transformation. | For collecting information: As activities in this field vary, please indicate the calculation method and the type of monitoring action / activity that enables monitoring in the future. Please focus on the areas that are directly being monitored or documented in your project. |
| COI 17. Number of persons actively participating in environmental actions and awareness raising activities | Number of citizens/students/pupils etc. actively participating in environmental actions and awareness-raising activities (e.g. promotion of energy efficiency) that are organised with the Programme support / organised by the programme. | Participation implies active involvement in the activities produced by the projects. Persons with indirect involvement (e.g. receiving e-mails or leaflets, visiting websites, and other similar engagement) are not to be considered. |

Output indicators for Priority Axis 2. Fluent mobility of people, goods and knowledge under the TO 1. Business and SME development and TO 6. Environmental protection, climate change mitigation and adaption, TO 7. Improvement of accessibility to the regions, development of sustainable and climate – proof transport and communication networks and systems, TO 10. Promotion of border management and border security, mobility and migration management

| Indicator | Description | Comments |
|--|--|---|
| SOI 5. Number of participating institutions/organizations cooperating across borders | Number of institutions, organisations or enterprises have cooperated or started cooperation across borders with the help of your project's support during your project time. The outcome of cooperation is expected to enhance viability of Arctic economy and / or nature and environment. | The support can mean, for example: Organising a networking event, networking activities or networking platform; Organising workshops / seminars /conferences where participants from different organisations find ways to enhance viability of Arctic economy and / or nature and environment and solve economic or ecologic problems; Organising / planning consulting activities, training programmes that lead to |

| | | |
|---|--|---|
| | | cooperation on abovementioned themes. Beneficiary organisations (lead partner and partners) can be counted in. |
| SOI 5.1 Number of males | ...working or participating in the project activities | Persons should be counted as participants when they: Actively participate in the project's cooperation events or activities. Are engaged in cross-border cooperation in the framework of your project |
| SOI 5.2 Number of females | ...working or participating in the project activities | Persons should be counted as participants when they: Actively participate in the project's cooperation events or activities. Are engaged in cross-border cooperation in the framework of your project |
| COI 27. Total length of reconstructed or upgraded roads, km | The length of roads where the capacity or quality of the road (including safety standards) was improved as a direct consequence of the support. | |
| SOI 6. Population covered by developed transport and communication networks as the direct consequence of the Programme support, number of persons | Population of a certain area that benefit from cross-border activities targeted to development of transport and communication networks. The developed transport and communication networks must be a direct consequence of the Programme support. Indicator includes improvement of existing transport and communication networks or introduction of new transport and communication networks as a direct result of activities. | For collecting the information: Please think what is the area / unit that your solution covers. For counting the population, please focus on the project's target group and population for whom the concrete solution your project has provided is available. |

| | | |
|---|---|---|
| COI 29. Number of additional ICT based tools developed supporting cross-border cooperation | ICT based tools developed to support cross-border cooperation. May include new joint databases, information exchange portals, other joint logistics or decision-support systems, etc. The developed tools must be a direct consequence of the Programme support. | |
| SOI 7. Number of participants in cross-border activities implemented by projects improving the border management and border security, mobility and migration management | Number of participants in cross-border activities that aim to improve the border management and border security; mobility and migration management; | May, for example, include activities aimed at development of border crossing corridors and joint networks between authorities. |
| COI 35. Number of border crossing points with increased throughput capacity | The number of border crossing points with increased throughput capacity as a result of new or improved efficiency and security measures, improvement of infrastructure and/or equipment at the border crossing points, improvement of border management operations, customs and visas procedures, etc. Also includes newly constructed border crossing points. | |
| COI 36. Increased throughput capacity of private cars on land border crossing points | Estimated additional increase of the throughput capacity of private cars during 24 hours. The indicator measures the additional estimated theoretical maximum 24 h capacity and not actual traffic flows. The increase in capacity must be a direct consequence of the support. | Increased capacity in two directions over a border should be reported as summated throughput capacity increase for the entire crossing point. |
| COI 38. Increased throughput capacity of persons on land border crossing points | Estimated additional increase of the throughput capacity of persons during 24 hours. The indicator measures the additional estimated theoretical maximum 24 h capacity and not actual flows of persons. The increase in capacity must be a direct consequence of the Programme support. | Increased capacity in two directions over a border should be reported as summated throughput capacity increase for the entire crossing point. |

10.3.4. Project Qualitative Monitoring (PQM)

| | Who is responsible? | When it is required? | Why it is necessary? | Link to Logical Framework |
|------------|--|------------------------------|--|---|
| PQM | Managing Authority (MA) and Branch Offices (BOs) | along with an interim report | To review the project performance with focus on results and take appropriate actions for improvement its quality | Inputs, activities, outputs, specific objectives, overall objective |

Despite of good planning, adequate organizational structure and sufficient utilization of resources some projects have challenges in achieving desired results. There must be **warning mechanism** to provide better guidance to the ongoing projects with its implementation and to review the project performance with the focus on the results.

For this purpose, the Managing Authority and BOs will implement the PQM. It will be conducted along with the interim report. While interim report presents the already implemented activities for the **past** reported period and the progress achieved, the **PQM** enables a track of the project implementation **to alert** it about possible failures to avoid it in the **future**. Also, the PQM ensures the **qualitative side of the project implementation** and covers issues that are not reflected in the interim report.

Thus, the PQM is a practical tool from one side to improve the project implementation and as a consequence the project reporting and to support the *Internal project monitoring* implemented by the Lead Partner and Partners from another side. Additionally, the information gained by the PQM on the projects implementation is a useful source of information for other monitoring and evaluation activities implemented by the Programme/EC and Programme reports, e.g. Annual report.

By answering three questions What, How and Why, PQM is presented as follows:

- What?** PQM is a monitoring system to keep a track of projects implementation process additionally to the project reporting
- How?** PQM monitors the progress of a project against time, resources and performance schedules during the projects implementation.
- Why?** PQM helps to identify areas/problems requiring attention and action; allows improving project's implementation process towards **projects' objectives and delivering planned results**.

PQM meets needs not only the projects implementers but also allows the Managing Authority (MA) and BOs to get better understanding of the progress of the projects in relation to what was originally planned. The PQM builds a closer relation between the MA&BOs and the Lead Partners based on the understanding that the MA&BOs act in the interest of the project and is there to provide it with all the necessary support, to catch in time implementing issues and taking appropriate measures to correct them.

Purpose of PQM

It is good to keep in mind that, although PQM is conducted by the MA&BOs along with the project reporting it does not have any influence on the approval of the interim report and payments to project

PQM is aimed to help and advice projects to guarantee delivering planned results and successful outputs by:

- improving design and implementation of projects;
- providing the systematic feedback to projects;
- constant interaction between MA and projects;
- stimulating thinking in results-oriented terms of the projects implementers;
- self-checking for the project implementers;
- awareness of the projects implementers and MA on the progress of the projects.

As an added value, PQM provides constant lessons learnt and collected data that can be utilized in the future evaluation and audit on the projects' as well as Programme level.

PQM is treated as an additional competent support projects and not targeted to replace or diminish the significance of any other monitoring/evaluation activities, e.g. Internal project monitoring (see *Chapter 10.2. Internal Project Monitoring and Evaluation*).

Actors and responsibilities in PQM

It should be kept in mind that PQM is not aimed to highlight and point out mistakes of the projects while it is being implemented, but to name problems in order to solve and avoid them in the future!

The responsibility to conduct and implement PQM is with the MA&BOs as well as the Lead Partner (LP) organization is responsible for participation in PQM on the behalf of the project, while the results of it will be distributed to all Partners within the project.

Main tasks of the MA&BOs within PQM include:

- coordination of the process of PQM (collecting questionnaires, processing and analyzing data);
- providing needed support to project.

The LP organization acts as a link between the MA and the projects partners and completes PQM Questionnaire on behalf of all Partners, since the Lead Partner is responsible to the MA&BOs for the implementation and management of the project. For the efficient work it is recommended that the LP organization nominates the PQM contact person for the communication with the MA.

The Lead Partner is responsible for:

- accomplishing PQM (submitting Questionnaire; communication with MA; providing clarifications, if required);
- implementation of tasks that are developed by MA in a frame of the support activities.

Linkage to the Logical Framework Approach (LFA)

During project implementation the LFA provides a key management tool

The LFA is an extremely useful tool to support the design and establishment of effective monitoring and evaluation of the project. While Logframe serves as a tool for PQM, it should be up to date by the time the project starts, and therefore the original Logframe needs to be reviewed, improved and/or updated at the start of project implementation. The Logframe Matrix should also be revised (if necessary) on an annual basis, for example as part of the *Internal Project Monitoring*. The focus should be on *Activities and Outputs*, **as the Specific Objectives and Overall Objectives should not be changed except in exceptional case and with prior approval of MA!**

Methodology of PQM

PQM is keeping a track of all on-going projects financed under the Kolarctic CBC Programme, whether it is at the beginning, in the middle or at the end of its implementation phase.

One of the main principles of the PQM is to keep it simple, practical and not time-consuming for projects implementers to report, as well as for MA&BOs to process and analyze reported data. Therefore, PQM system is performed as the **Questionnaire**, which is framed within the five quality criteria:

- **Relevance** - the appropriateness of project objectives to the problems which it was supposed to address (e.g. *Is the project plan still feasible and relevant?*)
- **Efficiency** - the cost-effectiveness with which inputs and activities were transformed into results and the quality of the results achieved. Actual schedule compared with the activities from the Work Plan (e.g. *Have the project activities been implemented in accordance with the action plan (activities schedule)?*)
- **Effectiveness** - the monitoring of the contribution made by results to achievement of the specific objectives of the project, and how assumptions have affected project achievements (e.g. *Are there any possible risks that might prevent the implementation of the project activities or the achievement of the expected results?*)
- **Sustainability** - possibility of continuation of benefits produced by the project after the project ends (e.g. *Have any activities been implemented to enhance the sustainability of the project impact after the project end?*)

Each question in the Questionnaire includes optional answers (a/b/c) for project implementer to choose the most applicable with the possibility to give short clarifications (if required). By choosing the answer and /or providing clarifications, it is crucial **to reflect the actual situation** in the project, since it will effect on defying issues that may require follow-up and as a consequence the designed support for each project.

In order to enhance the quality of information collected during the PQM, the questionnaire method is supported by **other sources of information** relevant to monitoring of the project. This might include: analyzing the project's reports; ROM reports; interaction with the MA contact person of the project; information from Internal Project Monitoring; the clarification from the LP, if required.

Implementation and timing of PQM

The Lead Partner shall fill in PQM questionnaires and upload it to PROMAS under tab “Annexes” along with other obligatory Annexes of the Interim report. The contact person will provide the feedback to the Lead Partner on the list of issues that required follow-up and special attention.

The Questionnaire should be submitted via PROMAS to MA together with the interim report.

After the revising Questionnaires from the ongoing project, the MA&BOs will process and analyze the data with using additional information from relevant sources, such as Project Reports, Steering Group Meetings, etc.

This phase will be finalized by providing feedback to projects on issues that required follow-up.

10.3.5. External Evaluation

| | Who is responsible? | When it is required? | Why it is necessary? | Link to Logical Framework |
|-------------------|--|------------------------------------|--|---|
| Evaluation | Programme (performed internally or externally) | Ex-ante, mid-term/ongoing, ex-post | Mid-term/ongoing: for programme major shifts/readjustments wherever necessary Ex post: to learn broad lessons applicable to other programmes, policy review | Expected results, specific objectives, overall strategic objectives |

The Programme may carry out mid-term evaluation around the middle of the Programme implementation. Also, the Programme will perform an ex-post evaluation on both the Programme priorities as well as on TOs and the Programme as a whole. These evaluations will be carried out by external experts and will focus on relevance, effectiveness, impact and sustainability of benefits. The evaluation of the entire Programme will produce information that can be used both for preparation of future Programme and improving the existing one.

During the evaluation processes, the projects financed by the Kolarctic CBC Programme shall be interviewed in order to evaluate where projects e.g. have been successful, have encountered significant problems and, how sustainability of results and impacts has been incorporated and ensured in projects¹. The Partners shall be ready to commit to the evaluation processes(s) and provide all needed information and documentations to the evaluation experts.

¹ Key tasks of the evaluation of the Ex-post Evaluation of the Kolarctic ENPI CBC Programme 2007-2013

10.3.6. External Audit

| | Who is responsible? | When it is required? | Why it is necessary? | Link to Logical Framework |
|--------------|------------------------------------|--|---|--------------------------------------|
| Audit | MA (external experts), AA, GAs, EC | mid-term, Ex-ante (systems reviews), closure of the project, Ex-post of the projects (selected projects) | Provides assurance and accountability to stakeholders; provide recommendations for improvement of current and future projects | Inputs, activities, expected results |

The MA (external experts) Audit Authority (AA) and Group of Auditors (GAs) are responsible for the audit on sample of the projects.

The audit on sample of the projects are carried out in order to re-perform the expenditure verification and examine whether the costs declared by the Lead Partners and the revenue of the project are real, accurately recorded and the eligibility rules are followed. Audits on sample of projects will, where applicable, include on the spot visit and interviews with responsible personnel in the projects. The sample selection method of projects for audit is a matter for the AA's professional judgement.

The AA will follow the Sampling Guidance provided by the European Commission and will use professional judgment to evaluate the programme's population to choose most appropriate sampling method.

The following principles are to be followed:

- Non-statistical sampling
- High-value stratification
- Equal probability selection method (Random)
- Sampling unit: Project partner

The Partners shall allow verifications to be carried out by the EC, AA, GAs and any representatives or external auditor authorised by the Managing Authority. The Partners have to take all steps to facilitate the verifications. The Partners shall allow the above bodies to:

- Access the sites and locations at which the Project is implemented;
- Examine its accounting and information systems, documents and databases concerning the technical and financial management of the Project;
- Take copies of documents;
- Carry out on-the-spot-checks;
- Conduct a full audit on the basis of all accounting documents and any other document relevant to the financing of the Project;

Where appropriate, the findings may lead to recovery of funds already paid by the Managing Authority.²

² Conditions applicable to Grant Contracts financed by the Kolarctic CBC Programme 2014-2020, ARTICLE 16 - ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS, 16.2

11 AMENDMENT OF THE GRANT CONTRACT AND OTHER CHANGES IN THE PROJECT

11.1. Change Request

Change Request is filled in by Lead Partner in PROMAS. The Lead Partner indicates the proposed change, grounds for the change and budget impacts. The annexes can also be attached to the Request. The Lead Partner can use Change Request to request following changes:

- Activities
- Budget
- Implementation period
- Other changes

The Lead Partner must fill in and submit the Change Request in PROMAS. The MA will approve or reject the Change Request.

In some cases, change may require making an addendum of the Grant Contract. In this case the MA will draft an addendum which have to be signed by the MA and Lead Partner.

In the Conditions applicable to Grant Contracts (Annex II of the Grant Contract):

"An addendum may not have the purpose or the effect of making changes to the Grant Contract that would call into question the grant award decision or be contrary to the equal treatment of applicants. The maximum grant referred to in the Grant Contract may not be increased in any case."

This means, among other things, that the project cannot be changed into a form which would probably not pass the selection procedure of projects. Its specific objectives, outputs, results, impacts cannot be changed. The LP should contact the contact person of the project concerning minor changes in the project plan / work plan.

11.2. Modification of the budget

The budget of the project can be changed, if the changes are necessary for project implementation, reasonable, and justified. The maximum grant referred to in the Grant Contract may not be increased in any case.

➤ Changes within the same budget line

Where the budget change does not affect the basic purpose of the project, are necessary for project implementation, and the financial impact of the change is limited to transfers between existing sub-headings within the same main budget line, the change can be made without prior permission from the MA. For example, funding can be transferred in main budget line 2. Travel from sub-heading "Accommodation" to sub-heading "Travelling tickets". **You are allowed to make transfers only between the sub-headings which already include budgeted costs.**

It is advisable to inform project's contact person about any changes. Please keep in mind that only the costs that are related to approved project activities, are eligible.

Purchases of ICT equipment, computers, machines and tools, as well as certain services, have been agreed upon in the Grant Contract negotiation phase. Budgeted items are indicated in the budget specification sheet, and / or equipment with value exceeding 3000 euros (per unit) has been listed in an indicative list of purchases. The contact person in the Managing Authority has to be contacted in case there is a need to modify the existing purchase plan, or add costs that have not been included in original budget. Upon the MA's request, the project must submit Request for Change in PROMAS for approval. The request must provide clear justification for change, and describe the expected impact of the change for the project activities.

➤ **Changes between the budget lines max +/-15%**

Where the budget change does not affect the basic purpose of the project, and the financial impact of the change is limited to a transfer between main budget lines (between existing sub-headings) involving a variation of +/-15% or less of each changing budget line, the change can be made without prior approval from the MA. Lead Partner has to inform the project's contact person about the changes latest in the next report. *This method may not be used to amend the budget line 8. Indirect costs.*

➤ **Changes between the budget lines exceeding +/-15%**

If the changes between the main budget lines are exceeding +/-15% of each changing budget line, the Lead partner has to apply for project's budget modification by filling in the *Change Request* in PROMAS. In the Change Request the Lead partner has to indicate the grounds for budget change and attach the proposal for the new Project Budget. The Change Request has to be submitted one month before the date on which the amendment should enter into force, unless there are special circumstances which are accepted by the Managing Authority. If the Change Request if approved, the MA will prepare the Grant Contract Addendum which has to be signed by the MA and the Lead Partner. The expenditures can be incurred in line with the changed Project Budget only after the Grant Contract Addendum has been signed by both parties.

The variation of +/- 15% is officially calculated from the total project budget but it's practical to limit the changes within country level budgets. The partners shall inform Lead Partner of possible changes in time so that the Lead Partner is able to follow that the changes in the budgets of the several partners does not exceed the acceptable variation calculated from the total budget.

11.3. Partner change

It is possible add a new partner or remove an existing partner from the project. In any changes to the project's partnership the LP shall inform MA beforehand. For this the LP shall fill in and submit the **Request for partner change** in PROMAS. The Lead Partner indicates the proposed change, grounds for the change and budget impacts. The annexes can also be attached to the Request. If the case a new partner added, the LP indicates the contact information of the new partner, its motivation for participation, operational and financial capacity.

Change of partners always requires an addendum of the Grant Contract. In the case the MA approves the change, the MA will draft an addendum which have to be signed by the MA and Lead Partner.

11.4. Other changes in the project

In all changes it is advisable to fill in and submit the Change Request in PROMAS.

➤ **Activities**

In case the project partners want to change the planned activities, the Lead Partner must first discuss it with the Mananging Authority (the contact person) to get approval. In some cases, the change requires that the MA and LP make an addendum to the Grant Contract.

➤ **Implementation period**

Extension of the project implementation period can be made in duly justified cases and an addendum to the Grant Contract is needed. (*Article 11 of the General Conditions*).

➤ **Change of organisation's information**

In case of the changes to the:

- Lead Partner's address,
- Lead Partner or Partner organisation's official name or business ID, or
- Bank account

the Lead Partner must notify the MA in writing and provide a new, original Financial ID form or Legal Entity Form (where e.g. name, address and ID are indicated).

➤ **Partner's contact information**

The following contact information of partners or LP the LP shall change in PROMAS (*Promas management > Project summary > Partners > Edit*):

- Name of contact person
- Position
- Telephone
- Email
- Address
- Auditing company
- Contact information of the auditor

12 CLOSING THE PROJECT

The partners of the project must keep all records, accounting and supporting documents related to the project for **five years** following the final balance payment to the programme from European Commission. They must be easily accessible and filed to facilitate their examination. All supporting documents shall be available either in the original form, including in electronic form, or as a copy. Projects may be prepared to archive the documents at least until the end of 2030.

More information see *chapter 6.3. Archiving and saving documents*

 **NOTE:** In case of Norwegian partners the supporting documents related to the project must be kept up for ten years after the final balance payment.

13 IRREGULARITIES, FRAUD AND CORRUPTION

All partner participating to the project are responsible to be aware that Programme funds are used for the purposes agreed in the Grant Contract and the Project plan. Partners have a responsibility to prevent and mitigate the risk of irregularity, fraud and corruption. They have to ensure that they take appropriate measures to minimize the risk of conflict of interest.

The Auditor has a responsibility to report direct to the Managing Authority if any risks for the fraud has been recognized.

Irregularity is an act which doesn't comply with Programme rules and has a negative impact on Programme's financial interests. They are often results of genuine errors e.g. not filling out a form correctly or not respecting proper tendering procedures. Irregularity is any administrative or financial mismanagement that lead to the misuse of the Programme funds.

Irregularities is a wide term that covers both intentional and non-intentional irregularities committed by economic operators. Article 1(2) of Regulation (EC) No 2988/955 defines "irregularity" as:

"any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure".

Fraud is deliberately committed irregularity constituting a criminal offence.

The regulation cited above defines "fraud" as any intentional act or omission relating to:

*"- the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of the European Communities;
- non-disclosure of information in violation of a specific obligation, with the same effect;*

- the misapplication of such funds for purposes other than those for which they were originally granted."

The Managing Authority and the Branch Offices carry out the preventive actions to prevent and recognize possible risks for the irregularities and to detect fraud. The project is supervised and controlled with the procedures like periodic reporting, monitoring, on-the-spot checks and auditors' verifications.

Irregularities can lead to recovery e.g. in following cases; the beneficiary

- uses wrong procurement procedure
- doesn't follow visibility regulations (use of EU-flag etc.)
- errors resulting from the mistake in calculations
- costs occurred outside the implementation period

Fraud can be identified e.g. in following cases; the beneficiary knowingly

- avoids required competitive procedures by splitting purchases or awarding unjustified single source or not even organizing a tendering procedure.
- manipulates competitive procedure by rigged specifications in order to favor certain bidder
- manipulates bids beforehand by leaking information to help a favored bidder or manipulates bids afterwards
- claims false labor costs for activities which has not been carried out or manipulates timesheets

Active corruption is deliberated action where whoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or refrain from action in accordance with his duty or in the exercise of his function in breach of his official duties in a way which damages or is likely to damage the Programme's financial interests

Passive corruption is deliberated action where an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties in a way which damages or is likely to damage the Programme's financial interests.

Managing Authority encourages all persons involved to the projects actively to report suspects of any kind of wrongdoing or fraud to the Managing Authority. Announcement of the possible irregularity can be sent to the Programme's e-mail kolarctic@lapinliitto.fi or anonymously to the post address Lapin liitto, Kolarctic CBC, PL 8056, FI-96100 Rovaniemi. All reports are handled with confidence in the Managing Authority.

14 MICRO PROJECTS

Micro projects are projects with a limited budget and duration, and were contracted during the 4th call for proposals (3 February – 31 March 2020).

The requirements for implementation and reporting for the micro projects are equal with the ones for the standard projects which are described above in this manual.

Although there are some exceptions listed below:

- The duration of the micro project is **maximum 12 months**.
- There are only three eligible budget lines in micro projects: **1. Personnel, 2. Travel and 3. External services, sub-contracting**.
- Partners report the costs only once, after the end of the project. Filling in Final report in PROMAS
- For financial reporting partners have to use the templates specially designed for micro projects (Table 6).

All project activities financed by the Programme shall end on 31 December 2022 at the latest.

14.1. Reporting and Documents for the Reporting

The micro projects fill in the Final Report in PROMAS.

Part of the annexes of the financial report and documents for the expenditure verification for micro projects are different from the standard projects. The partners of the micro projects have to fill in the following annexes.

Financial report:

- **Annex 1/Micro** Financial report with general ledger specification
- **Annex 2/Micro** Personnel cost specification
- **Annex 5/Micro** Templates for the last interim report
- **Annex 6/Micro** Timesheet
- **Annex 7/Micro** Consolidated financial report
- **Annex 8/Micro** Financial report for Norwegian partners

Expenditure Verification:

- **EV1** Expenditure and revenue verification procedure
- **EV2** Service contract for the expenditure and revenue verification
- **EV3** Expenditure and revenue verification report
- **EV4/Micro** Checklist for the expenditure verification
- **EV5/Micro** List of factual findings
- **EV6** Report on suspected fraud and/or established fraud

The description and requirements of the filling in the annexes see in the chapter 9.2. Interim report.

14.2. Simplified method for reporting for micro projects

In micro projects, partners from Finland, Sweden and Russia can agree that only specific partners report the expenditure to the Managing Authority. The rule applies for the way of reporting the costs and expenditure verification, other financial requirements shall be still followed up (read more about the accounting instructions, eligibility of costs, procurement procedures and requirements of the reporting documents in the *Chapter 8 Financial management*).

In this case, there are two kinds of partners: **invoicing partners** and **reporting partners**.

Invoicing partners maintain project accounting of their own but invoice all project-related costs from a reporting partner. They annex to the invoice the copies of the original receipts with all supporting documents and payment orders and fill in needed annexes of financial report (chapter 14.1). If needed the translations of the invoices and supporting documents shall be made. Expenditure verification is not needed.

The examples of the supporting documents for the invoice:

Project reporting material

- ✓ Financial report forms (Annexes 1,2,5,6)
- ✓ Accounting records; general ledger, payrolls
- ✓ Proof of purchases and procurement procedures, price comparisons
- ✓ Service, supply and work contracts; proof of delivery
- ✓ Invoices and the proof of payments, bank statements

Personnel costs

- ✓ Payroll records and pay slips
- ✓ Timesheets (manual or electronic follow up)
- ✓ The method for calculating the hourly/daily rates and the calculation of the staff costs

Travel costs

- ✓ Agenda/minutes or similar of the meeting/seminar/conference
- ✓ Proof of participation (e.g., email or signed list of participants)
- ✓ Daily allowance and kilometre allowance claims
- ✓ For fuel and oil expenses, a summary list of the distance covered

External services

- ✓ Proof of delivery of services such as approved reports, timesheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), etc.
- ✓ Proof of completion of works, such as acceptance certificates
- ✓ Deliverables and other evidence of the work carried out by external experts
- ✓ Copies of main project deliverables such as studies, agendas of meetings, etc., in line with the Interim report
- ✓ Publicity items such as brochures, publications, website, etc.

Reporting partners maintain project accounting of their own costs and the costs invoiced by the invoicing partners. Reporting partners check the receipts with the supporting documents and annexes of the financial report of invoicing partners and pay against the invoice to them. The

reporting partner shall make sure that costs in the invoices provided by invoicing partner are in accordance with the project budget. Reporting partners report these costs in their financial report to Managing Authority. *In the Annex 1.2. General ledger specification in the description of the costs, the partner should indicate the name of the partner to whom these costs belong.* The auditor verifies the costs from the accounting records of the reporting partner.

Reporting partner can also pay straight from its account the costs of the invoicing partner. For example, purchase the traveling tickets or pay the accommodation costs of the partner.

Norwegian costs are verified by Norwegian auditor and can't be combined.

This simplified method for audit does not make any changes to partners other responsibilities towards the Lead Partner, Managing Authority or other programme bodies, which have a right to conduct checks to the reported and invoiced costs afterwards.

APPENDIX 1 STANDART PROJECTS: CHECKLIST FOR INTERIM/FINAL REPORT

The checklist can be modified by Lead Partner to serve the needs of the project (delete/add questions). Lead Partner can create own checklist for it's partners based on this list. You **don't need** to submit it to the MA. It is used only to help the project to collect all needed documents for Interim/Final reports. If you have comments concerning the Interim Report, please sent them by email to project's contact person in MA.

STANDARD PROJECTS: CHECKLIST FOR INTERIM/FINAL REPORT

| | |
|-------------------------|--------|
| Project ID | KOxxxx |
| Project name | |
| Name of partner | |
| Reporting period | |
| Filled in (date) | |

PROMAS: All uploaded documents have to be in **PDF/JPEG** format with good quality (easy to read). In the file's name indicate the **name of document** and **name of the partner** (e.g. Annex 1_Lapin Liitto)

| Following documents attached to the Interim Report in PROMAS | Yes, No, N/A | Comments |
|--|--------------------|----------|
| DOCUMENTS FOR NARRATIVE REPORT | | |
| PQM questionnaire (pdf) | | |
| Photos of produced material, publications, news releases and other documentation of relevant outputs (pdf/jpg) | | |
| ANNEXES OF FINANCIAL REPORT (from each partner) scanned signed documents | | |
| Annex 1 Financial Report with General ledger specification (pdf) | | |
| Annex 2 Personnel cost specification (pdf) | | |
| Annex 3 List of Purchases (pdf), if applicable | | |
| Annex 4 Preparatory costs (to be reported in the first interim report) (pdf), if applicable | | |
| Annex 5 Templates for the last interim report (pdf) | | |
| Annex 7 Consolidated financial report (pdf) | | |
| Annex 8 Financial report for Norwegian partners (pdf), if applicable | | |
| EV DOCUMENTS (from each partner) scanned signed documents | | |
| EV2 Service contract for the expenditure and revenue verification (pdf) | | |
| EV3 Expenditure and revenue verification report (pdf) | | |
| EV3/NO Expenditure and revenue verification report for Norwegian Lead Partner (pdf), if applicable | | |
| EV4 Checklist for the expenditure verification (pdf) | | |
| EV5 List of factual findings (pdf) | | |
| Send to the MA following originals, signed by the authorized person | | |
| Interim Report (print from PROMAS) | | |
| Annex 7 Consolidated Financial report | | |

| Payment Request (print from PROMAS) | | |
|---|-----------------------------|-----------------|
| Narrative part of Interim/Final Report | Yes, No, N/A | Comments |
| FORMAL CHECKS | | |
| 1. Report is fully filled in | | |
| 2. Tab: Summary; The connection between reported activities and the project plan is clearly described in the summary | | |
| 3. Tab: Summary; The monitoring and evaluation arrangements is described (<i>how the project implementation and achieving of the results were monitored and evaluated</i>) | | |
| 4. Tab: Work Plan; "Activity planner" is updated | | |
| 5. Tab: Indicators; realized cumulative values for indicators are filled in | | |
| 6. Links to produced material or photos are attached | | |
| 7. The requirements of Programme's communication and visibility instructions and the Grant Contract are respected (e.g. use of EU-flag) (<i>Project Implementation Manual, chapter 7 Communication and visibility instructions</i>) | | |
| 8. The evidence of the service/work carried out by the service provider is available (e.g. studies, researches, analysis, brochures, project website, translation of project documents, etc.) | | |

| Financial part of Interim Report | Yes, No, N/A | Comments |
|--|-----------------------------|-----------------|
| FORMAL CHECKS | | |
| 1. Appropriate templates of annexes has been used and they filled in in ENGLISH | | |
| 2. Latest updated versions of templates from www.kolarctic.info has been used | | |
| 3. Annexes filled in in the currency used in the bookkeeping records and converted to EURO if required | | |
| 4. Financial report's annexes are accurate and informative (required fields filled in with sufficient details) | | |
| 5. Amounts of reported costs and reporting period in Financial report's annexes (Annexes 1-8) are consistent and equal with EV documents (EV3-EV5) | | |
| 6. Reporting period in Financial reports is equal with the reporting period indicated in PROMAS | | |
| 7. All reported costs and revenues have been incurred during the reporting period | | |
| 8. All reported expenses are directly related to the project's activities described in the approved Project Plan, necessary for its implementation, and they are in accordance with the approved Project budget. | | |

| | | |
|---|--|--|
| 9. Partners of the same project or its associated entities are not contracted as an external expert or sub-contractor | | |
| 10. Annex 1.1. Financial report; Indirect costs % do not exceed the percentage specified in the approved Budget by partner | | |
| 11. Annex 1.2. General ledger specification; description of the items are informative (<i>answer to the questions: What?, Who?, When?, Why?</i>). | | |
| 12. Annex 1.2. General ledger specification; auditor marked checked invoices and signed the form | | |
| 13. Values in 1.1 Financial report and 1.2. General ledger specification are equal | | |
| 14. Annex 2.1. Personnel list; all staff working in the project are indicated and up to date | | |
| 15. The equipment purchased is necessary for the project implementation, and is indicated in the approved budget | | |
| 16. Annex 3. List of Purchases; purchased items with value over 300 EUR/ 21000 RUB/ 3000 SEK/ 3000 NOK are indicated. | | |
| 17. Annex 3. List of Purchases; Filled in only equipment, machines and countable items. <i>Purchases of services and non-countable materials, which cannot be verified afterwards, are not indicated in the list.</i> | | |
| 18. Annex 7 Consolidated Financial report; each partners' costs are included and report is equal with the partners' Financial reports and EV reports | | |
| 19. At the Final report, in case the Partner is not a government department or a public body; the interest is reported in the Annex 5, 5.2. Interest | | |
| 20. If there were the budget change (less than 15% of the budget line) and the LP hadn't informed the MA about the change before the submission of the Interim report, the change is informed in the Interim report | | |
| EXPENDITURE VERIFICATION DOCUMENTS | | |
| 21. Overall Expenditure Coverage Ratio (ECR) is at least 65% and at least 10% per each budget line | | |
| 22. EV 3 and EV5 are equal with Annex 1. Financial report with General Ledger specification | | |