



**POLAND - RUSSIA**  
CROSS-BORDER  
COOPERATION PROGRAMME  
2014-2020



PROGRAMME  
IS CO-FINANCED  
BY THE EUROPEAN UNION

## **PROGRAMME MANUAL PART II - PROJECT IMPLEMENTATION**

Version 3.

Approved by the JMC of the Poland-Russia CBC Programme 2014-2020  
on March 13th, 2020



## Contents

<b>1. Contracting of the approved projects and project start, selection of independent auditor .....</b>	<b>7</b>
<b>2. Implementation of projects – basic principles .....</b>	<b>8</b>
2.1 <i>Grant Contract</i> .....	8
2.2 <i>Partnership Agreement</i> .....	9
2.3 <i>Lead beneficiary principle</i> .....	9
2.4 <i>Cross-cutting issues</i> .....	9
2.5 <i>Accessibility</i> .....	10
2.6 <i>Programme language</i> .....	11
3.1 <i>Main responsibilities of the lead beneficiary</i> .....	12
3.2 <i>Main responsibilities of the project beneficiaries</i> .....	13
3.3 <i>Project management team</i> .....	14
<b>4. Project financing schemes.....</b>	<b>16</b>
4.1 <i>Option 1 - pre-financing</i> .....	16
4.1.1 <i>First pre-financing payment</i> .....	17
4.1.2 <i>Interim pre-financing payment</i> .....	17
4.1.3 <i>Final balance payment</i> .....	18
4.1.4 <i>Pre-financing of the project activities</i> .....	18
4.1.5 <i>Interest from the pre-financing</i> .....	19
4.1.6 <i>Financial guarantee</i> .....	19
4.2 <i>Option 2 – reimbursement</i> .....	20
<b>5. Financial management .....</b>	<b>20</b>
5.1 <i>General provisions</i> .....	20
5.1.1 <i>Request for payment</i> .....	20
5.1.2 <i>Euro exchange rate</i> .....	20
5.1.3 <i>Non-profit principle</i> .....	21
5.1.4 <i>The VAT (applicable only for Polish lead beneficiaries and project beneficiaries)</i> .....	22



<i>5.2 Accounting system of the project</i>	23
5.2.1. Invoice description (or any financial document) .....	25
5.2.2. Settlement of expenditure in financial reports .....	26
5.2.3 Avoiding of double financing .....	26
<b>6. Reporting by the beneficiaries .....</b>	<b>27</b>
6.1 Reporting schedule .....	27
6.1.1 Start-up report .....	28
6.1.2 Brief narrative reports .....	28
6.1.3 Interim report and request for payment .....	29
6.1.4 Final report and the end of project implementation .....	31
6.1.5 Verification of the report by an independent auditor .....	33
<b>7. Changes to grant contract .....</b>	<b>36</b>
7.1 General principles .....	37
7.2 Minor changes .....	38
7.3 Substantial changes to the grant contract .....	39
7.4 Project savings .....	42
<b>8. Irregularities, fraud and corruption .....</b>	<b>42</b>
<b>9. Recovery .....</b>	<b>44</b>
<b>10. Project monitoring and audits .....</b>	<b>46</b>
10.1 On-the-spot verifications and monitoring visits .....	47
10.2 Projects' audits .....	48
10.3 Audit trail .....	48
<b>11. Project ownership and durability .....</b>	<b>50</b>
<b>12. Public procurement and state aid – additional information .....</b>	<b>51</b>
<b>13. Project information and promotion activities .....</b>	<b>52</b>
13.1. Obligations .....	53
13.2. Why visibility requirements are so important? .....	53



<i>13.3. How to plan effective project promotion</i>	<i>54</i>
13.3.1. Strategy – information and communication plan .....	54
13.3.2. Defining the objectives – why are you communicating? .....	54
13.3.3. Choosing target groups - who should hear project’s story? .....	55
13.3.4. Adjusting tools and activities - what tools should be used for which target groups? .....	55
13.3.5. Indicators and responsibilities – how to measure the response? .....	55
13.3.6. Budget .....	56
13.3.8. Visibility activities and tools .....	57
13.3.9. Cooperation with the Joint Technical Secretariat .....	60
13.3.10. Where to look for additional information and inspiration? .....	61



## LIST OF ABBREVIATIONS

<b>AA</b>	Audit Authority
<b>BO</b>	Branch Office
<b>CBC</b>	Cross-border Cooperation
<b>CCP</b>	Control Contact Point
<b>EC</b>	European Commission
<b>ENI</b>	European Neighbourhood Instrument
<b>EU</b>	European Union
<b>FA</b>	Financing Agreement
<b>GoA</b>	Group of Auditors
<b>JTS</b>	Joint Technical Secretariat
<b>IR</b>	Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument
<b>JMC</b>	Joint Monitoring Committee
<b>JOP</b>	Joint Operational Programme
<b>LIPs</b>	Large Infrastructure Projects
<b>MA</b>	Managing Authority
<b>MRDF</b>	Ministry of Development Funds and Regional Policy
<b>NA</b>	National Authority
<b>TO</b>	Thematic Objective



**POLAND - RUSSIA**  
CROSS-BORDER  
COOPERATION PROGRAMME  
2014-2020



PROGRAMME  
IS CO-FINANCED  
BY THE EUROPEAN UNION

## Introduction

The aim of the *Programme Manual Part II – Project Implementation* is to describe and explain the rules of the Poland-Russia Cross-border Cooperation Programme 2014-2020 (hereinafter referred to as the Programme) related to the implementation of projects under Priority 1. Cooperating on historical, natural and cultural heritage for their preservation and cross-border development (Thematic Objective (TO) HERITAGE), Priority 2. Cooperation for the clean natural environment in the cross-border area (TO ENVIRONMENT) and Priority 3. Accessible regions and sustainable cross-border transport and communication (TO ACCESSIBILITY). Lead beneficiaries and project beneficiaries of regular projects and Large Infrastructure Projects (LIPs) as well as their auditors are the main target group of this document. This document provides a guidance on most important aspects of project implementation from the signing of the Grant Contract to the project's finalisation and ensuring its durability.

The provisions laid down in the document are mandatory and are the primary rules of the Programme.



## **1. Contracting of the approved projects and project start, selection of independent auditor**

The contracting phase starts the day after the approval of the projects by the Joint Monitoring Committee (JMC), which will be communicated in the award notification letter. During that phase, clarifications to the approved applications are being carried out. The clarification procedure includes the fulfilment of conditions set by the JMC and provision of technical corrections/clarifications requested by the Managing Authority (MA) and the Joint Technical Secretariat (JTS). These can be i.a. reductions in the project budget, elimination of inaccuracies and ineligible costs, provision of clarifications of the content of the events etc. Lead beneficiary and beneficiaries are obliged to select an independent auditor for the purpose of verification of the expenditures incurred by the beneficiary. Detailed procedures for selecting auditors have been described in the Guidelines on expenditure verification. As a general rule:

1. Polish beneficiaries shall select an auditor in accordance with the appropriate public procurement procedures and ensure that the auditor fulfils requirements on auditor independence and qualifications laid down in the Guidelines on expenditure verification.

2. Russian beneficiaries shall select the auditors from the Register of auditors and a Register of auditing companies approved by the Ministry of Finance of the Russian Federation, which can be found on the Ministry of Finance of Russia's official website:

[https://www.minfin.ru/ru/performance/audit/reestr\\_audit/](https://www.minfin.ru/ru/performance/audit/reestr_audit/).

The Registers contain verified auditors and auditing companies. The process of selecting them should be held in accordance to the national legislation on a competitive basis. Russian beneficiaries being the public institutions shall select the auditors via tender procedures.

Details on the independent auditors, selected by the lead beneficiaries and beneficiaries for carrying out the expenditure verification will be also requested.<sup>1</sup> Detailed information on the auditors selected by all the project beneficiaries will be provided to the JTS by the lead beneficiary in written within 10 working days after the last auditor has been selected and accepted in accordance with the national procedure.

The clarification process is performed in close cooperation between the lead beneficiaries, supported by all the beneficiaries, and the JTS. All the deadlines for providing the requested documents/clarifications will be set up in the letters from the JTS to the lead beneficiaries. Successful completion of the clarifications is a necessary precondition of the signature of the grant contract

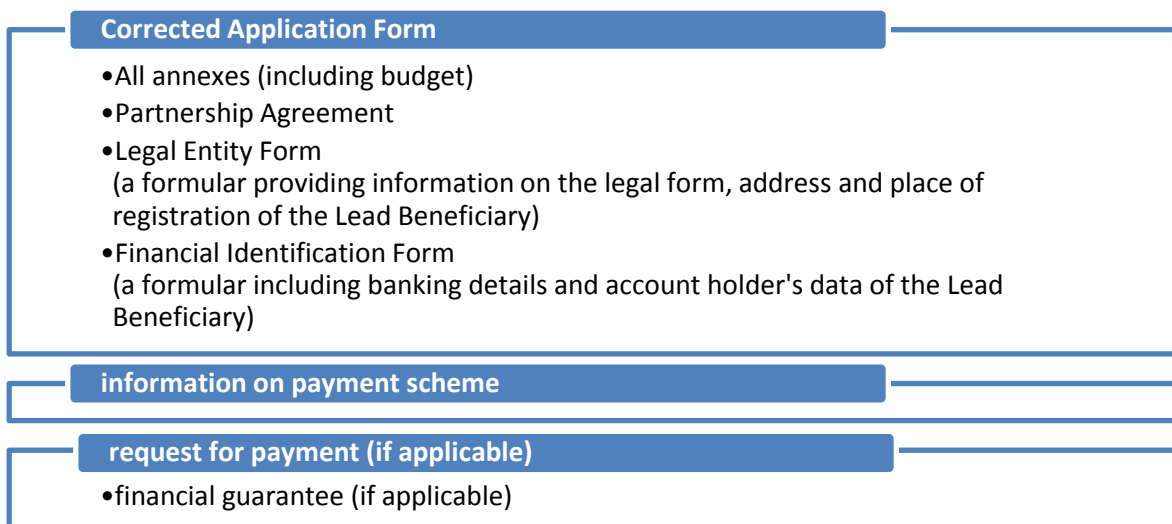
After the completion of the clarification procedure, the lead beneficiaries have to submit to the JTS a paper version of the signed application form (including budget) with all annexes. For the necessary

---

<sup>1</sup> For Russian beneficiaries being the public institutions the auditors shall be selected via tender procedures. The tender procedures for project activities can be carried out only after signing of the partnership agreement and the grant contract.

annexes to be submitted, please consult the *Programme Manual Part I – Applicant* chapter 3.2. The documents to be sent by the lead beneficiary include the following:

### Graph 1. Documents and information necessary for Grant Contract Signature



Templates of the necessary documents/annexes to the grant contract are provided at the Programme website. The JTS will inform the lead beneficiary on the number of originals/copies of the above listed documents to be submitted in a letter.

After receiving the properly prepared and filled in the above mentioned documents, a grant contract will be prepared by the JTS.

After the grant contract is signed by the legal representative of the MA, it will be sent by the JTS on behalf of the MA to the lead beneficiary. From the date of posting the grant contract by the JTS, the lead beneficiaries will have 30 days for signing the grant contract and sending back its two original copies that are dated, stamped and signed by the authorized representative of the lead beneficiary.

The grant contract needs to be signed without unnecessary delay after the approval of the projects by the JMC, regarding possible necessity of completion or adjustment of required documentation, e.g. construction works' permissions, but not later than 6 months from the approval of projects by the JMC. This period of time includes all necessary correspondence between the JTS, the MA, the lead beneficiary, as well as all practical arrangements for signing the grant contract.

## 2. Implementation of projects – basic principles

### 2.1 Grant Contract

The grant contract is signed between the lead beneficiary and the Ministry of Development Funds and Regional Policy (MDFRP) of the Republic of Poland - the MA of the Programme. It constitutes the legal framework for the implementation of the project, defining the responsibilities and obligations of both parties and stipulating the maximum Programme financing for the project, the payments options, the





recovery rules, the reporting obligations for the project, and for providing other key implementing arrangements.

The final version of the approved application form is an integral part of the grant contract.

## **2.2 Partnership Agreement**

The lead beneficiary shall define arrangements for relations with the project beneficiaries comprising a clear division of tasks and responsibilities concerning the implementation of the project, inter alia, provisions which guarantee the sound implementation of project activities and financial management of the project, including the recovery of amounts unduly paid.

The partnership agreement establishes a legal bond between the lead beneficiary and all project beneficiaries.

**The template of the partnership agreement is available at the Programme website [www.plru.eu](http://www.plru.eu) and provides minimum compulsory requirements for this document. Additional elements may be included in order to adjust the partnership agreement to the needs of the project. Additional provisions included in the document must, in each case, be in line with the Programme objectives and the legal framework constituted in the grant contract.**

The partnership agreement must be signed by the lead beneficiary and by all project beneficiaries, in one single document.

The partnership agreement shall be signed and submitted to the JTS in its original version before the conclusion of the grant contract (please see chapter 1). The partnership agreement is an annex to the grant contract.

The preparation of the partnership agreement is the total responsibility of the lead beneficiary and the beneficiaries. However, the JTS/the MA reserves the right to verify the partnership agreement as to its compliance with Programme requirements.

## **2.3 Lead beneficiary principle**

Projects are based on the lead beneficiary principle. While representing the entire project, the lead beneficiary serves as a contact point for the JTS and for the MA and ensures continuous communication between the Programme structures and the project beneficiaries. The lead beneficiary assumes responsibility to the MA for the implementation of the entire project.

## **2.4. Cross-cutting issues**

Where relevant, the projects should promote cross-cutting issues (such as environmental sustainability, human rights, gender equality, equal treatment, etc.) as much as possible through their activities. The

lead beneficiaries and project beneficiaries should consider the impacts of the projects on economic, ecological and social aspects within the region targeted.

As a general principle, all stakeholders should strive to promote the sustainable development as far as possible both via the approach they take and the solutions and outputs they develop. Projects have to comply with the respective rules and regulations on the environment and sustainable development. Among other things, this means that projects should consider e.g. environmental impacts when taking decisions on investments and their location. They should also make sure the selected investment does not cause any environmentally negative effects.

Being in line with the EU policies, the Programme promotes equal opportunities and non-discrimination based on e.g. sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The lead beneficiaries and project beneficiaries have to consider their project's results regarding this principle during project implementation. In addition, projects should also apply these principles on the operational level. In practical terms, projects should ensure that no discriminative activities are carried out within the projects, also concerning third parties (e.g. contractors, suppliers, external speakers). Furthermore, when selecting service providers, suppliers or contractors, projects have to ensure equal opportunities for all interested parties.

## **2.5. Accessibility**

The EU, Poland and the Russian Federation have ratified the *Convention on the Rights of Persons with Disabilities* - an international human rights treaty of the United Nations intended to protect the rights and dignity of persons with disabilities.

The Convention emphasises that persons with disabilities should be able to live independently and participate fully in all aspects of life. Therefore persons with disabilities should participate in and implement the projects financed from the Programme funds equally to other persons. As accessibility can be grouped into three main groups: physical accessibility, service accessibility and accessibility to communication and information, appropriate measures should be taken to ensure that persons with disabilities have access to the physical environment, transportation, information and communications technology and to other facilities and services open or provided to the public.

Taking the rights of people with disabilities into account, while planning and implementing projects, will facilitate the social integration of persons with disabilities and the elderly and their mobility across the countries participating in the Programme, thereby also fostering the freedom of movement. Therefore universal design, or design for all (the way of designing products, environments, programmes and services to serve the greatest possible number of people, including seniors, parents with prams and all those who have various functional needs), is the best choice for all projects that receive the Programme funding. Everything financed by the Programme funds must be accessible to all citizens, including to persons with disabilities.

## Graph 2. Accessibility – best practices

### Accessibility: best practices:

- each new building, service or other products, whose creation is financed by the Programme funds, should be accessible to all;
- websites of projects and institutions involved in the implementation of the Programme funds must be accessible to people with various disabilities;
- public events should be organised in venues accessible in architectural terms to persons with disabilities;
- new trains, museums, built road, places of care in kindergartens, computer labs must be accessible to people with disabilities.

## 2.6 Programme language

The official language of the Programme is English. Therefore, communication between the lead beneficiaries, project beneficiaries and the JTS or the MA is carried out in English. However, for the convenience of beneficiaries, a considerable number of documents needed e.g. for preparation of good quality application forms have been translated into national languages. Also Programme trainings and consultations may be conducted in Polish and Russian.

## 3. Project management

### Graph 3. Main responsibilities of the lead beneficiary and beneficiaries

Lead beneficiary	Project Beneficiaries
fulfilling the conditions set by the JMC	signing a partnership agreement
signing a grant contract with the MA	cooperation with the lead beneficiary
laying down the arrangements with all other beneficiaries in a partnership agreement	delivering project outputs stipulated in the application form and agreed in the partnership agreement
reporting on project progress and related project's expenditure to the JTS	ensuring good cooperation and communication with the lead beneficiary
coordinating activities among the beneficiaries	ensuring durability of the project outputs
developing and maintaining an efficient and reliable project implementation system	keeping available all documents related to the project for 5 years from the date of payment of the final balance of the Programme
ensuring co-financing of the project	ensuring own co-financing

### 3.1 Main responsibilities of the lead beneficiary

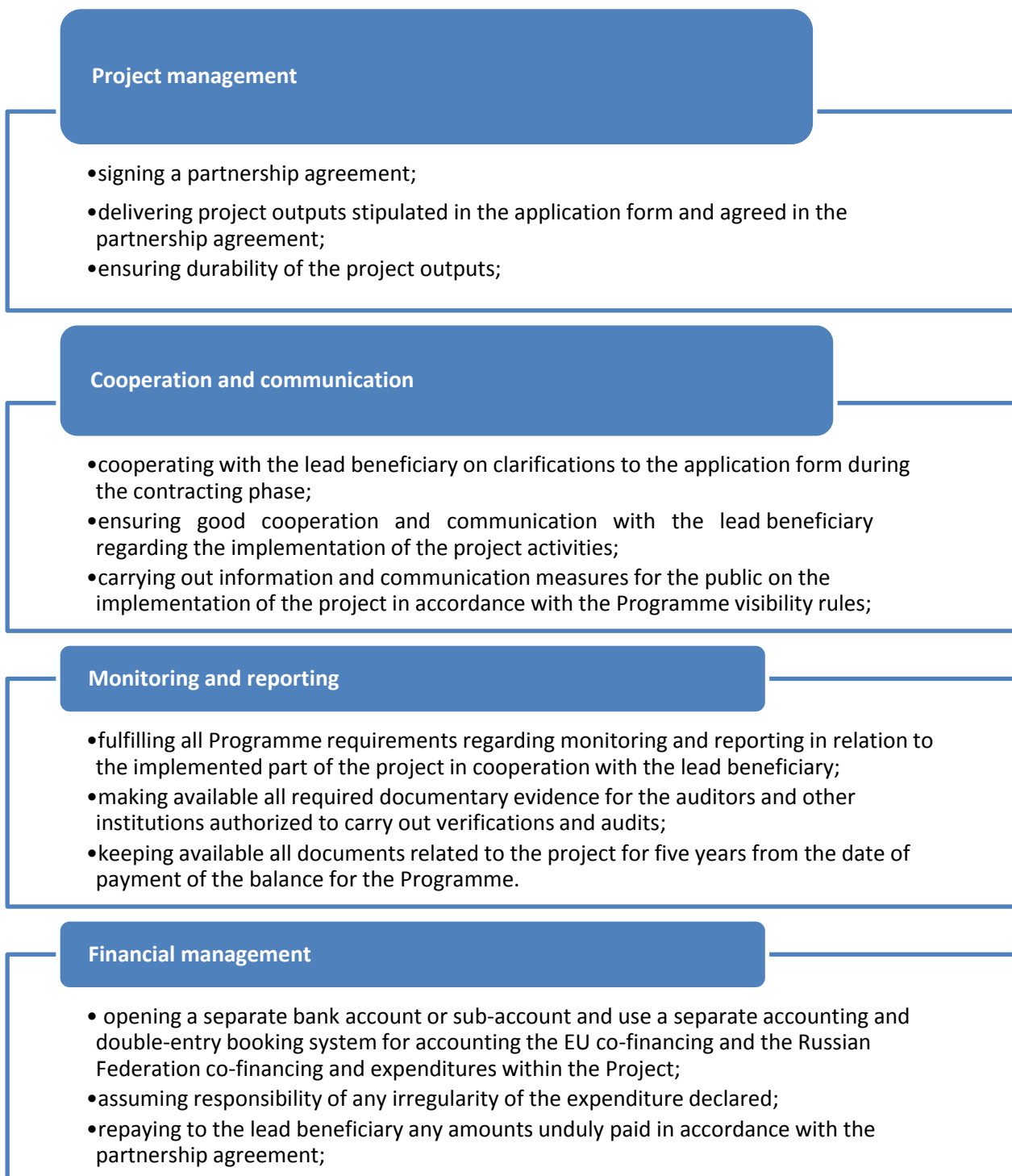
**Graph 4. Main responsibilities of the lead beneficiary**

Lead Beneficiary towards the MA	Lead Beneficiary towards Project Beneficiaries
fulfilling the conditions set by the JMC, providing clarifications to the application forms	laying down the arrangements with all other beneficiaries;
signing a grant contract with the MA	ensuring that beneficiaries receive their parts of the grant without delay and in full
developing and maintaining project implementation system	providing the beneficiaries with the information relevant to project implementation
making sure that planned project progress is achieved in relation to the delivery of outputs and results	coordinating activities among the beneficiaries
reporting on project progress and project's expenditure to the JTS	ensuring that the expenditure presented by the beneficiaries have been incurred for the purpose of project's implementation
making all required documentary evidence available for the auditors and other institutions	ensuring efficient cooperation between all beneficiaries and auditors
keeping available project's documentation for 5 years from the date of payment of the final balance of the Programme	assuring compliance with the Programme's visibility rules



### 3.2 Main responsibilities of the project beneficiaries

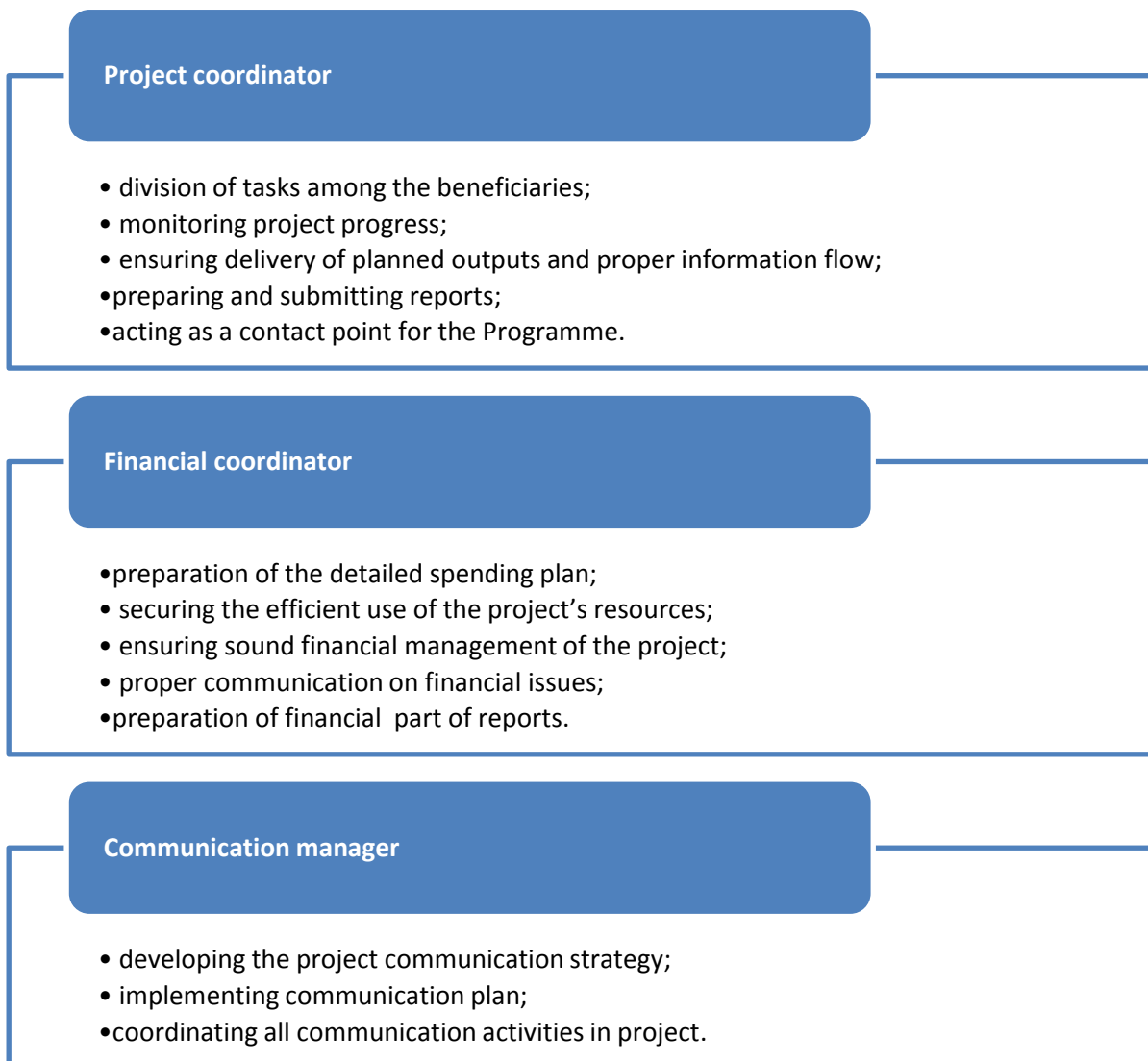
**Graph 5. Main responsibilities of the project beneficiaries**





### 3.3 Project management team

**Graph 6. Main responsibilities of the project management team**



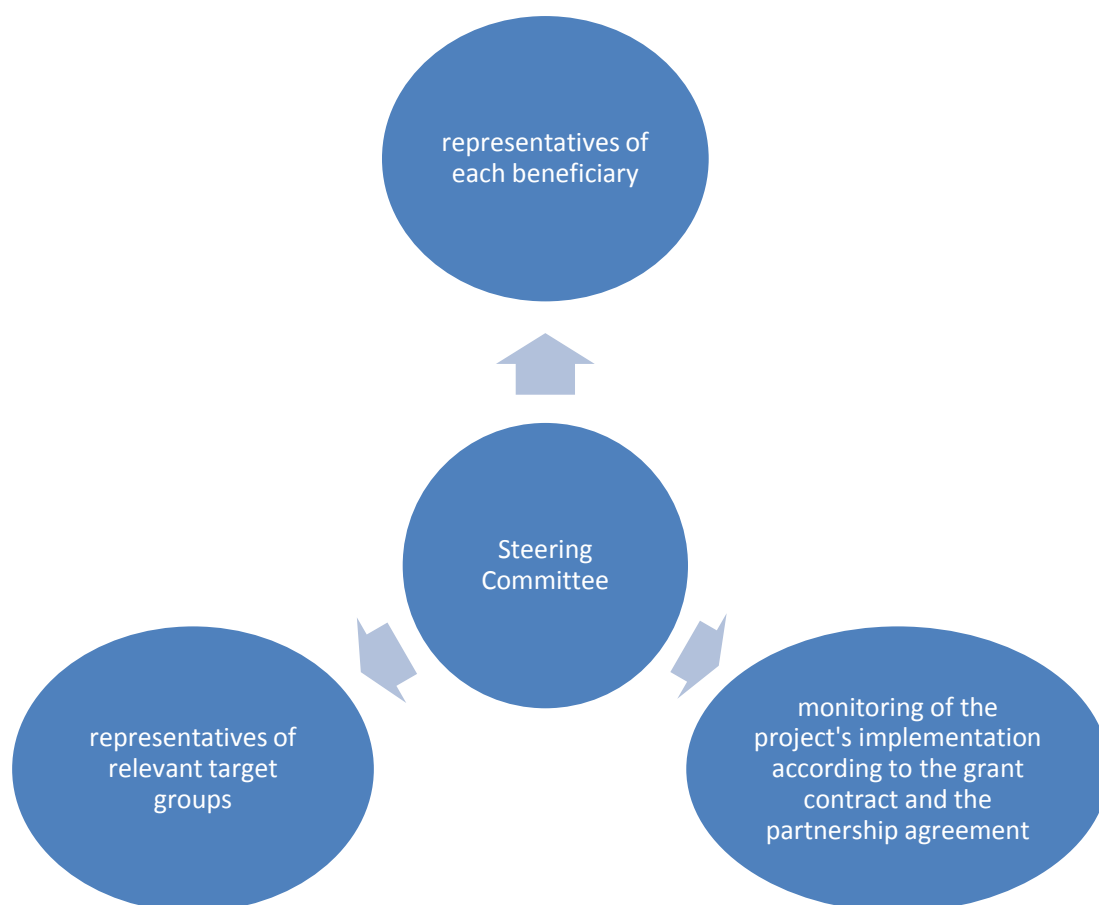
Efficient management of the project is crucial for implementing a project successfully. It is a complex task and includes both the coordination of the implementation of project activities as well as administrative and financial management of the project and its accounts.

Each project should appoint a project coordinator/manager responsible for establishing and maintaining the project implementation scheme. Project coordinator/manager should possess good knowledge of the project content and Programme related issues and requirements.

The project coordinator/manager supported by the financial coordinator/manager and communication manager constitute a (core) project management team. Depending on the needs of the project it can be also supported by, for example, thematic coordinators. The tasks assigned to the project management team's members are listed in graph 6.

**It is recommended to appoint a steering group/steering committee in each project.** It should consist of representatives of each beneficiary and representatives of the relevant target groups (e.g. regional authorities). The task of the steering group/steering committee is to monitor the project implementation according to the provisions of the grant contract and partnership agreement, including strategic coordination and participation in the decision making process.

**Graph 7. Steering Committee**



#### 4. Project financing schemes

The MA transfers the funds based on the payment option chosen by the lead beneficiary and indicated in the grant contract. The financial charges concerning bank transfers performed by the MA are born by the MA.

**The Programme offers two schemes/ payment options for the project financing:**

- Option 1 – pre-financing;**
- Option 2 – reimbursement.**

**Graph 8. Project financing schemes**

Pre-financing	Reimbursement
<p><b>first pre-financing</b> of 35% of the grant foreseen in the grant contract will be paid by the MA within 30 days from the date of the receipt by the MA of the grant contract co-signed by the lead beneficiary and other correct documents required</p>	<p><b>one payment after the end of the project</b> implementation and approval of the final report</p>
<p><b>interim pre-financing payment</b> representing a maximum of 50% of the grant, will be paid by the MA within 60 days as from the date of the receipt by the MA of the correct documents required, approved by the JTS</p>	<p><b>all activities of the project will be pre-financed</b> by the lead beneficiary and all project beneficiaries</p>
<p><b>final balance payment</b> will be paid by the MA within 60 days as from the date of receipt by the MA of the correct documents required, approved by the JTS</p>	<p>incurred expenditure will be verified and the <b>eligible amount will be reimbursed</b> after its approval. The payment will be made within 60 days as from the date of receipt by the MA of the correct documents required, approved by the JTS</p>

##### 4.1 Option 1 - pre-financing

The request for payment shall be drafted by the lead beneficiary in accordance with the Programme Manual, using the template available on the Programme website. Requests for payment shall be drafted in English and the amount requested shall be indicated in EUR.

The request for payment shall be supplemented with a financial guarantee in the following manner:





- 1) Lead beneficiaries based in the Republic of Poland and the Russian Federation being a non-governmental organisation shall comply with the following principles:
  - a) If the pre-financing and/or interim (pre-financing) payment paid under the grant contract is more than 1 million EUR, its payment must be fully covered by a bank guarantee or by a bill of exchange with a relevant declaration of financial guarantee.
  - b) The financial guarantee must be denominated in EUR conforming to the template available in the Programme Manual and, unless the Managing Authority otherwise agrees, provided by an approved bank or financial institution established in one of the Member States of the European Union. This guarantee shall remain in force until its release by the Managing Authority when the total amount of the pre-financing under the grant contract is cleared or after payment of the final balance.
- 2) in case the pre-financing is being chosen as a payment option, the financial guarantee shall be submitted after signing of the grant contract. The pre-financing will not be paid out before the document is received by the Managing Authority.

Payments from the Managing Authority will be made on the lead beneficiary's account denominated in EUR, in accordance with the Financial Identification Form.

#### **4.1.1 First pre-financing payment**

The first pre-financing of maximum 35% of the grant foreseen in the grant contract will be paid by the MA within 30 days from the date of the receipt by the MA of the grant contract co-signed by the lead beneficiary. The documents needed to be submitted to the MA along with the co-signed grant contract, approved by the JTS, are:

- i) a request for payment, conforming to the model provided on the Programme website;
- ii) the financial guarantee, if required, in accordance to the grant contract (please see chapter 4.1.6).

#### **4.1.2 Interim pre-financing payment**

An interim pre-financing payment, representing a maximum of 50% of the grant, will be paid by the MA within 60 days as from the date of the receipt by the MA of the following correct documents, approved by the JTS:

- a request for payment, conforming to the model provided on the Programme website;
- an interim report (narrative and financial parts, along with necessary annexes) delivered to the JTS not later than 1 year after the start of the implementation of the project as indicated in the grant contract;
- expenditure verification certificates of all project beneficiaries declaring eligible expenditure;
- the financial guarantee, if required in accordance to the grant contract (please see chapter 4.1.6).



The payment date may be prolonged if the documents delivered to the JTS/the MA require clarifications or corrections.

#### *Request for payment*

The requests for payment for interim pre-financing and final payments are strongly linked to the financial reports and to the certificates issued by independent auditors. In the request for payment, a lead beneficiary should indicate the amount of the next pre-financing payment, in accordance with the grant contract, unless the project has spent less than 70% of the first pre-financing during the period covered by the interim report. In this case, the interim pre-financing payment made by the MA will be lower than the maximum 50% of the pre-financing. In this case, the lead beneficiary will have to either declare the difference between the amount declared in the interim report and the 70% of the first pre-financing by submitting an additional interim report or wait for the settlement until the final balance payment. Each pre-financing payment to the beneficiary may be reduced upon the verification of eligibility of expenditure presented in the current report upon the verification of an auditor or the JTS (MA).

The complete interim report shall be submitted to the JTS not later than 1 year after the start of Project implementation period as defined in the grant contract. The lead beneficiary should make sure that the project draws up a reasonable and manageable project implementation schedule which will allow it to declare jointly expenditure amounting to the necessary 70% of the first pre-financing payment within the first year of the project implementation.

#### **4.1.3 Final balance payment**

The final balance payment will be paid by the MA within 60 days from the date of receipt by the MA of the following documentation checked and approved by the JTS: request for the final payment, final report (narrative and financial parts with attachments) and expenditure verification certificates of all project beneficiaries. In case of necessity to perform clarifications to the submitted documents, the payment date may be prolonged.

**The request for the final balance payment shall be submitted to the JTS/MA not later than 3 months after the end of implementation period, as defined in the grant contract.**

The value of the final payment depends on the value of total eligible expenditures incurred within the project during its whole period of implementation and approved by the MA.

#### **4.1.4 Pre-financing of the project activities**

The pre-financing payments are transferred in euro by the MA from the Programme bank accounts to the lead beneficiary's account defined in the Financial Identification Form. The pre-financing payments and the final balance payment can be used only for the purpose of the project implementation. Any transfers not related to the implementation of the grant can be considered as an irregularity (as defined



in the grant contract). The lead beneficiary and all project beneficiaries need to keep transparent accounting to prove that the use of the grant is correct.

The lead beneficiary and all project beneficiaries can use the received pre-financing and the final balance payment in accordance with the planned activities and the project budget as stipulated in the grant contract. There are no obligations regarding the terms of exchange of the grant received in euro into the national currencies for the project purposes by the project beneficiaries. **However, the beneficiaries should keep in mind that the exchange rate losses constitute non-eligible costs.**

**The lead beneficiary needs to use a separate foreign currency bank account in euro for the project. The lead beneficiary will receive the pre-financing and/or other payments from the MA in euro to this bank account.**

**The decision on whether or when to convert euro to the national currency in order to make payments within the project is up to the lead beneficiary and the beneficiaries, in accordance with the national legislation. The rules of euro exchange for reporting purposes have been described in chapter 5.1.2.**

To avoid any issues concerning the transfers of the pre-financing between all project participants, it is recommended that details regarding the division of payments among the project beneficiaries and conditions of financial transfers shall be set in the partnership agreement. The conditions set in the partnership agreement cannot stand in opposition to the programme rules.

#### **4.1.5 Interest from the pre-financing**

Any interest or equivalent benefits from the pre-financing paid by the MA to the lead beneficiary and transferred to the project beneficiaries will not be due to the MA and may be used by the lead beneficiary or project beneficiaries. However, for the purpose of monitoring, the interest obtained will need to be mentioned in the interim and final reports.

#### **4.1.6 Financial guarantee**

Lead Beneficiaries based in the Republic of Poland and the Russian Federation, being non-governmental organisations, who receive a pre-financing and/or interim (pre-financing) payment paid under the Grant Contract of more than 1 million EUR, must present a bank guarantee or a bill of exchange with a relevant declaration of financial guarantee fully covering the above-mentioned payment. The financial guarantee shall be submitted after signing of the Grant Contract. The pre-financing will not be paid out before the document is received by the Managing Authority.

**The pre-financing payment must be fully covered by a bank guarantee if:**

**- lead beneficiary is a non-governmental organisation,**

**and**

**- one of the pre-financing payments paid under the grant contract is more than 1 million euro.**

The financial guarantee must be denominated in euro, must be in line with the model available in the Programme manual and, unless the MA agrees otherwise, provided by a bank or by a financial institution established in Poland or Russia. This guarantee shall remain in force until its release by the MA when the total amount of the grant under the grant contract is settled or after payment of the final balance is paid.

## **4.2 Option 2 – reimbursement**

One payment after the end of the project implementation and approval of the final report. Under this financing option all activities of the project will be pre-financed by the lead beneficiary and all project beneficiaries. The incurred expenditure will be verified and the eligible amount will be reimbursed after its approval.

The final payment representing up to 100% of the Programme's co-financing foreseen in the grant contract, will be paid by the MA within 60 days as from the date of the receipt by the MA the following documentation checked and approved by the JTS: a request for payment, a final report (narrative and financial parts) and expenditure verification certificates of all project beneficiaries. In case of necessity to perform clarifications to the submitted documents, the payment date may be prolonged.

## **5. Financial management**

### **5.1 General provisions**

#### **5.1.1 Request for payment**

The Programme authorities transfer grant tranches from the Programme bank accounts to the bank account of the lead beneficiary based on the request for payment.

Please note that the request for payment shall be signed by an authorised person (in accordance with the grant contract) and include specified bank account details, which should be in line with the Financial Identification Form attached to the grant contract.

During the verification of a request for payment/interim report/final report the JTS may ask the Lead Beneficiary to confirm the validity of the data contained in the FIF by email.

**The template of the request for payment is provided at the Programme website ([www.plru.eu](http://www.plru.eu)).**

#### **5.1.2. Euro exchange rate**

All payments from the Programme bank account to the lead beneficiary are made in euro. Any conversion in interim/final reports into euro of the real costs borne in other currencies shall be done at the rate published on the InfoEuro for the month during which the payment was done.

If a payment is borne in euro, this cost item may be settled in euro in interim/final reports.



**For the exchange rates please see the website:**

**[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm)**

**The expenditure in national currency (other than euro) must be converted into euro with an accuracy to four decimal points (e.g. 8,2123).**

Please remember that any exchange losses resulting from the conversion of national currencies into euro and of euro to national currencies are not eligible costs and must be covered by the lead beneficiary and/or other beneficiaries.

### **5.1.3 Non-profit principle**

**The grant cannot produce a profit for the lead beneficiary or any of the project beneficiaries.**

**Profit is defined as a surplus of the receipts (such as i.e. Programme contribution, revenue, income generated by the project, as well as financial contributions specifically assigned by donors to the financing of the eligible costs, etc.) over the eligible costs incurred by the beneficiary and approved by the MA when the request for payment of the balance is made.**

Revenue is defined as cash inflow directly paid by users for the goods or services provided by a project, such as charges borne directly by users for the use of infrastructure, products or services, such as fairs, exhibitions, etc., or generated by payments for services (i.e. for participation in trainings). The revenue to be potentially generated within the project implementation may constitute the lead beneficiary's or the beneficiaries' co-financing (up to 10%) of the project.

Revenue generated by the project are monitored throughout the whole project life cycle in monitoring and financial reports. Any revenue above the threshold of the lead beneficiary's and beneficiaries' co-financing (up to 10%) shall be deducted from the reported eligible expenditures at the latest in the final payment claim submitted by the lead beneficiary.

The final amount of the MA's contribution will take into account the non-profit principle, i.e. the financial contribution is limited to the amount required to balance the receipts and the approved eligible costs of the activities.

Each beneficiary is responsible for keeping account and documenting all revenue generated during the project's implementation for control purposes.



#### **5.1.4 The VAT (applicable only for Polish lead beneficiaries and project beneficiaries)**

The lead beneficiary or project beneficiaries will declare only non-recoverable VAT, as recoverable VAT is not eligible. If costs that are subject to recoverable VAT have been reported and reimbursed from the Programme, the lead beneficiary is obliged to pay back the amount in question in accordance with the terms specified in the grant contract.

VAT is actually incurred when it is paid in full (in the price of acquired goods or services). If the partner or any other entity involved in project implementation that used products resulting from the implementation of the project, both in the implementation and operation phase according to national legislation for its taxable activity (hereinafter referred to as the “entity involved in project implementation”) has the possibility to fully recover VAT paid in relation to the project costs by whatever means (e.g. by reclaim from national tax authorities), the VAT cannot be reported as an eligible cost in the Programme.

- 1) There is no legal possibility to reclaim VAT if the project beneficiary (entity involved in project implementation) does not acquire the right to reduce due tax (related to taxable activities under the project) by accrued tax (related to the purchases of goods, services and fixed assets reimbursed under the project). Such a situation may take place in the five following cases (in the three initial cases, VAT may be an eligible expenditure in full):
  - a) the project beneficiary (or entity involved in project implementation) is not a VAT payer in the project (when the project is not accompanied by any revenue – acquired goods, services or fixed assets are not used for taxable sale, or under the project there is no direct or indisputable relation between the acquired goods, services or fixed assets and taxable actions – therefore, there is no right to a deduction);
  - b) the project beneficiary (or entity involved in project implementation) is exempt from VAT because the value of their sales did not exceed the value defined in Article 113 of the Act on the goods and services tax cumulatively in the previous fiscal year. One should nonetheless bear in mind that such an exemption can be lost or resigned from;
  - c) the project beneficiary (or entity involved in project implementation) carries out only activities exempt from VAT;
  - d) the project beneficiary (or entity involved in project implementation) performs taxable activities, but some purchases are listed in Article 88 of the Act on the goods and services tax. In such case, these purchases do not yield the right to a deduction. VAT included in these purchases is an eligible cost, while for other purchases it may be deducted and may not be an eligible cost;
  - e) the project beneficiary (or entity involved in project implementation) performs taxable and VAT-exempt activities. In such a situation, eligible cost is only the VAT that serves VAT-exempt



activities - if VAT paid in relation to incurring an eligible expenditure may be reclaimed in part, the VAT part that cannot be reclaimed is eligible. This is the case when the project beneficiary performs activities that are VAT-exempt and taxable. The project beneficiary should assign the accrued VAT on his activities to three groups:

- i. accrued VAT, resulting from the performance of activities in relation to which the project beneficiary (or entity involved in project implementation) has the right to deduct accrued tax – VAT is deducted in full (and hence may not be eligible expenditure);
  - ii. accrued VAT, resulting from the performance of activities in relation to which the project beneficiary (or entity involved in project implementation) does not have the right to deduct accrued tax – VAT is not deducted at all (and hence may be eligible expenditure);
  - iii. accrued VAT, resulting from the performance of activities in relation to which the project beneficiary (or entity involved in project implementation) has the right to deduct accrued tax and activities in relation to which the project beneficiary does not have the right to deduct accrued tax – in such case the project beneficiary should specify the part of accrued VAT that cannot be deducted. Only this part of VAT can be considered eligible. If such specification is impossible to make, and the project beneficiary can only define the amount of accrued VAT pursuant to Article 90 of the Act on the goods and services tax (so-called sales proportion), VAT may not be considered as eligible expenditure.
- 2) A situation where VAT is eligible for part of a project is admissible. In such case, a transparent project settlement system should be ensured, so that there are no doubts as to which part or to what extent VAT may be considered eligible.
  - 3) In individual cases, should there be doubts as to the nature of expenditure or the right to deduct accrued VAT, the project beneficiary may be requested to enquire with a competent tax authority for an individual interpretation of tax law.
  - 4) Each project beneficiary is obliged to deliver to the auditor a statement on the eligibility of the VAT with the first and the final progress report and upon the request of the auditors/the JTS/the MA.

## **5.2 Accounting system of the project**

It is really important to set up an accurate and transparent accounting system of the project. Project expenditure incurred and paid out by each project beneficiary undergoes a number of verifications by different actors, in compliance with the management and control requirements set in the Programme. Therefore, the lead beneficiary and all project beneficiaries shall keep accurate and regular accounts of the expenditure within the project, using an appropriate accounting and double-entry book-keeping system. These systems may either be an integrated part of the beneficiaries' regular system or an adjunct to that system. This system shall be run in accordance with the accounting and book-keeping policies and rules that apply in the country concerned.

Accounts and expenditure relating to the activities must be easily identifiable and verifiable, both in terms of the EU and the RF financing. This can be done by using separate accounts for the activity concerned or by ensuring that expenditure for the activity concerned can be easily identified and traced to and within the beneficiary's accounting and book-keeping systems. Accounts must provide details of interest accruing on the EU and the RF funds paid by the MA

The lead beneficiary and all project beneficiaries shall ensure that all requests for payments which include financial reports as required under the grant contract are properly and easily reconciled to the beneficiary's accounting and book-keeping system and to the underlying accounting and other relevant records. For this purpose the beneficiary shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification. This includes also a clear division between the EU and the RF financing within the grant.

### **Graph 9. Content of accounting records**

**Accounting records (computerised or manual) from the lead beneficiary's and project beneficiaries' accounting systems such as general ledger, sub ledgers and payroll accounts, fixed assets registers and other relevant accounting information should include:**

- proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
- proof of commitments such as contracts and order forms;
- proof of delivery of services such as approved reports, time sheets, transport tickets;
- proof of travel;
- proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates, photos), etc;
- proof of receipt of goods such as delivery slips from suppliers;
- proof of completion of works, such as acceptance certificates;
- proof of purchase such as invoices and receipts;
- proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
- proof that VAT that have been paid cannot actually be reclaimed;





- 
- for fuel and oil expenses: a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
- staff and payroll records such as contracts, salary statements, time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary.
- 

### **5.2.1. Invoice description (or any financial document)**

The description of the invoice/other financial documents of equivalent probative value is crucial in proper preparation of the financial documents for settlement. Appropriate description of any financial document should clearly demonstrate that the document is settled within the project and the Poland-Russia Cross-border Cooperation Programme 2014-2020. At the same time, it should guarantee that the same invoice was not financed within other EU programmes. Project grant contract number should be indicated on the original invoice.

The correct description of each financial document should contain the following elements: on each invoice, it should be indicated 'Co-financed by the European Union (for Russian beneficiaries: Co-financed by the European Union and the Russian Federation) within the European Neighbourhood Instrument in the framework of the Poland-Russia Cross-border Cooperation Programme 2014-2020'.

#### **In addition, the following information shall be included on each financial document :**

- project title;
- the grant contract number;
- invoice number;
- budget line (the exact budget item), under which the invoice was paid;
- registration number in the lead beneficiary's (or project beneficiaries') accounting system;
- description of expenditure;
- tender procedure - in case of Polish beneficiaries respective article number in accordance with the public procurement law shall be indicated, in case of beneficiaries Russia the type and title of used tender procedure shall be indicated;
- amount of total eligible expenditure in national currency;
- approval of expenditure by authorized person.

The description shall be prepared in English. The description shall be prepared on a separate sheet of paper and permanently attached to the invoice in a way which ensures that both documents (invoice and description) are joint and cannot act individually. To that aim it is recommended to stamp the place of connection of the both documents with the lead beneficiary's or project beneficiary's seal. In addition, project number/the grant contract number should be indicated on the original invoice.



### 5.2.2. Settlement of expenditure in financial reports

An invoice or another document of equivalent probative value (i.e. payroll, a declaration of the settlement of eligible business trip expenses, etc.) and a confirmation of payment (such as i.e. confirmation of bank transfer) are the basis for the settlement of each expenditure in financial reports.

Settlement of contracts:

- a report should present expenditure supported by bills / invoices paid in full only;
- an expenditure that was not paid in full cannot be reported (with the exception of payments based on contracts that allow for payments in instalments);
- if an invoice has been paid as an instalment payment (based on a contract that allows for partial payments and based on an acceptance protocol) the first and the last date of payment for the given invoice should be presented;
- if works, supplies and services have been confirmed by a partial acceptance protocol, it is allowed to report expenditure based on individual invoices for partial execution of works, supplies and services. In such cases, the Euro exchange rate of the month for which each payment was made is in effect;
- settlement of gross salaries, including social security charges and other remuneration – related costs:
  - it is recommended to report net salaries, social security charges and other remuneration in total. In such cases the Euro exchange rate of the month for which the last cost component was made is in effect;
  - in cases when gross salaries are reported separately from social security charges and other remuneration – related costs (in separate months) the Euro exchange rate of the month for which each payment was made is in effect;
  - double reporting of the same social security charges and other remuneration – related costs must be avoided.

### 5.2.3 Avoiding of double financing

The most important element to be taken into account when setting up the audit trail (please see chapter 10.3) is the need to avoid the double funding from different co-financing sources of the same expenditure item. Whereas analytical accounting systems help in this respect, more straightforward measures must also be foreseen, as for instance the cancelling of invoices and other probative documents.

**The cancelling of originals of financial documents should be carried out by the use of a stamp bearing at least the following information:**

- the information that the expenditure has been co-financed by the Programme;



- the grant contract number of the project;
- if applicable (e.g. the same document covering different cost items), a statement on the share of expenditure claimed in the concerned project.

More requirements concerning the description of documents submitted along with the requests for payment are described in the chapter 5.2.1.

## 6. Reporting by the beneficiaries

### 6.1 Reporting schedule

Types of the reports and reporting schedule for a maximum implementation period of 24 months (regular projects) and 36 months (LIPs) is presented below:

**Graph 10. Reporting schedules**

Month	Type of project	Option 1 – pre-financing	Option 2 – reimbursement
3	Regular / LIP	Start-up report	Start-up report
6	Regular / LIP	Brief narrative report	Brief narrative report
12	Regular / LIP	Interim report (narrative and financial)	Brief narrative report
18	Regular / LIP	Brief narrative report*	Brief narrative report
24	Regular / LIP	Brief narrative report	Brief narrative report
27	Regular	Final report** (narrative and financial)	Final report (narrative and financial)
30	LIP	Brief narrative report	Brief narrative report
36	LIP	Brief narrative report	Brief narrative report
39	LIP	Final report (narrative and financial)	Final report (narrative and financial)

\* Upon a justified request by the Lead beneficiary, the MA may allow for this report to be skipped and substituted by an additional Interim report (narrative and financial one), to be accompanied by an



*additional request for payment. This will be possible only if the previous interim report has been completed and submitted to the MA not later than 1 year after the start of Project implementation period as defined in the grant contract and declared expenditure amounting to less than 70% of the pre-financing payment within the first year of project implementation.*

*\*\* In case the project implementation period is shorter than 24 months for regular projects and 36 months for the LIPs, the reporting schedule presented in the graph 10 should be adjusted to the actual project duration (e.g. the regular project with a duration of e.g. 12 months will provide its final report within 15 months, while the LIP with a duration of e.g. 30 months will provide its final report within 33 months).*

### **6.1.1 Start-up report**

To ensure a timely and sound commencement of the project the lead beneficiary presents a start-up report including the information about setting up all necessary project management structures and procedures as well as launching the project. The report shall be submitted in a paper version to the JTS within 3 months after the start of the implementation of the Project and shall cover description of the actions performed by that time.

The report shall be dated, stamped with the lead beneficiary's institution stamp and signed by the authorised person. One original version should be prepared and submitted to the JTS in a form of a bound printout by post as well as electronic (scanned) version via e-mail. The JTS verifies the report according to the internal checklist within 21 working days after the receiving of the paper version of the report.

If the content of report does not meet the Programme requirements, the JTS will send out requests for clarifications to the lead beneficiary. The lead beneficiary must provide the necessary clarifications within the deadline set in the above mentioned letter (request for clarification). In case no answer/comments is sent by the JTS within a month after receiving the report by the JTS, the report will be deemed approved.

**The template of the Start-up report is provided at the Programme website ([www.plru.eu](http://www.plru.eu)).**

### **6.1.2 Brief narrative reports**

Brief narrative reports are a regular and official source of information for the MA/the JTS on the progress of project's implementation. The report has a short form and includes mainly narrative information on the progress made in the reporting period (without financial details).

The lead beneficiary shall prepare the brief narrative reports covering each six-month period of project implementation and should submit it to the JTS in a paper version within 21 calendar days after the end of each period. (Example: project starts on 01.09.2018, the reporting period is 01.09.2018 – 28.02.2019, the report is to be submitted by 21.03.2019).



The brief narrative report should provide the necessary information about the implementation of project activities during the each six-month period. An important part of this report is the preparation of a revised activity plan, which should include delayed activities (if any) from the first period and adjusted activity plan for the next period of project implementation.

The report shall be dated, stamped with the beneficiary's institution stamp and signed by the authorised person. One original version should be prepared and submitted to the JTS in a form of a bound printout by post as well as in a form of an electronic (scanned) version via e-mail.

The JTS verifies the brief narrative report according to the internal checklist within 21 working days after the receiving the paper version of the report. If the content of the report does not meet the Programme requirements, the JTS will send out requests for clarifications to the lead beneficiary. The lead beneficiary shall provide the necessary clarifications within the deadline set in the above mentioned requests. In case no answer/comments is sent by the JTS within 21 working days after receiving the report/or clarifications to the report by the JTS, the report will be deemed approved.

**The template of the narrative report is provided at the Programme website ([www.plru.eu](http://www.plru.eu)).**

*Upon a justified written request by the lead beneficiary, the MA may allow the lead beneficiary to skip the brief narrative report in case its submission deadline is over in a time of 2 months before or after the deadline for submission of the interim report, additional interim report or the final report. If the lead beneficiary intends to skip the brief narrative report, the lead beneficiary should send its request to MA via the JTS at least 1 month before the deadline for submission of the given brief narrative report. JTS will reply to the lead beneficiary within 10 working days after receiving the written request.*

### **6.1.3 Interim report and request for payment**

The interim report should be submitted in a paper version to the JTS either when the incurred expenditure (Programme co-financing) reaches 70% of the first pre-financing payment but not later than in one year after the start of Project implementation period as defined in the grant contract.

If at the end of the reporting period (one year) the reported costs will be less than 70% of the first payment, the upcoming pre-financing payment will not be paid in full. This means that the payment will be reduced by the amount corresponding to the difference between 70% of the previous pre-financing payment and the part of the expenditure actually incurred (Programme co-financing).

*Example: 1. A lead beneficiary has received 100 000 euro as the first pre-financing payment (35 % of total grant value). It reports 70 000 euro (and own co-financing), which corresponds to 70% of the pre-financing payment in the interim report. In this case it will receive the full amount of the second pre-financing (50 % of the total grant value) under the conditions that all reported costs will be approved by the MA.*



*Example 2. A lead beneficiary has received 100 000 euro as the first pre-financing payment (35 % of total grant value) It reports 65 000 euro (and own co-financing), which is lower than 70% of the pre-financing payment in the interim report In this case the difference between 70 000 and 65 000 euro will be deducted from second pre-financing (50 % of total grant value) under the conditions that all reported costs will be approved by the MA.*

The time needed for the verification of interim report by the JTS depends mainly on the quality of submitted documents. The time for verification of a report is 21 working days from the date of receiving a paper version of the interim report from the lead beneficiary, but it will take longer if the report submitted is of poor quality. In case of necessity of report amendments/supplements the list of shortcomings is sent by the JTS to the lead beneficiary in writing. The period for the submission of clarification/amendments by the lead beneficiary should be about 14 calendar days.

The interim report consists of the narrative part and the financial part.

All beneficiaries shall decide on the reporting period while having in mind their individual needs. i.e. the progress of the activities within the project and usage of pre-financing payment. However, the interim report should be submitted no later than 1 year after the start of Project implementation period as defined in the grant contract. The process of preparation of the interim report begins on the level of each project beneficiary who prepares the individual interim report concerning it's the scope of project's implementation.

The lead beneficiary and all project beneficiaries should provide individual interim reports and all necessary documents to their Independent auditors by the end of the reporting period. Verifications of the reports by the independent auditors will be described below in chapter 6.1.5.

Having verified the project expenditures, the independent auditors send the individual interim reports with issued certificates to the relevant beneficiary. After receiving from all project beneficiaries their individual interim reports with the independent auditors' certificates confirming value of eligible expenditures, the lead beneficiary prepares a consolidated interim report relating to the whole project and fills in the request for payment. Please note that the amount of costs submitted in the interim report shall be the same as the sum of amounts in certificates issued by the independent auditors.

The following documents should be submitted to the JTS in 1 original paper version and electronic version (scanned versions and excel files):

- the final version of the properly signed and stamped consolidated interim report (including narrative and financial part),
- original auditor's certificates together with the list of expenses included in a given report signed and dated by the auditor (last sheet of the financial report - List of expenditure) for each project partner;



- checklists for each beneficiary's individual reports (including checklists for public procurement controls and checklists for the verification of competitiveness principles for Polish beneficiaries, etc.),
- the request for payment.

**The template of the individual interim report is provided at the Programme website ([www.plru.eu](http://www.plru.eu)).**

If the lead beneficiary or a project beneficiary is not able to deliver necessary explanations and additional documents as part of the clarifications within the set deadline, related costs can be suspended and excluded by the JTS and claimed in the next reporting period by the lead beneficiary and all project beneficiaries.

If project costs are settled on the basis of simplified cost options (i.e. lump sum), all necessary preconditions need to be achieved by the project in order to claim indirect costs in the interim report. This includes the achievement of project indicators.

When the interim report fulfils the Programme requirements the JTS/the MA approves the payment request and at the same time informs the lead beneficiary in writing of:

- any costs were suspended and excluded from the report, with justification;
- any costs were considered as ineligible, with justification;
- the approved amount was reduced by ineligible costs or financial corrections or the deductions resulting from the recoveries of amounts unduly paid.

### ***Additional interim report***

It should be noted that if the Lead Beneficiary declared the incurred expenditure of less than 70% of the previous pre-financing payment in the interim report, the Lead Beneficiary may – if agreed by the Managing Authority – submit an additional interim report before the end of the project implementation period in order to receive the reduced part of the interim payment.

In case an additional interim report is submitted, it should cover the expenses incurred in the period from the submission of the interim report until the time, when the level of project spending has reached the threshold of 70% of the first pre-financing payment.

The reporting procedure presented for the interim report is applicable for additional interim report as well. The above-mentioned shall be agreed with the independent auditor in advance, in order to ensure that the beneficiary will be able to cover the costs of the verification from its budget.

### **6.1.4 Final report and the end of project implementation**

The final report shall be submitted to the JTS in a paper version not later than 3 months after the end of the implementation period as defined in the grant contract.



The end date for the implementation of the project is indicated in the grant contract. The end date means the deadline for the project implementation including reception of all works, deliveries and services as well as payments for all project activities. An exception from the rules mentioned above concerns the costs relating to final reports, including staff cost (if claimed as direct costs), expenditure verification, audit and final evaluation of the project. These costs may be paid after the implementation period of the project but they must be reported in the final report with an estimated date of payment.

The execution period of the grant contract is the period from the beginning of the implementation of the grant contract to the moment when a final payment is made by the MA and in any case at the latest 18 months as from the end of the implementation period. The grant contract can be modified only during the execution period.

The procedure of the preparation and submission of the final report is similar to the procedure of the preparation of the interim report. However, the final report has a wider scope. It summarizes the entire project's implementation. Specific focus shall be made on of the reporting on achievement of project's general objective, specific objectives and output and result indicators. The template of the final report is provided at the Programme website ([www.plru.eu](http://www.plru.eu)).

The following documents should be submitted to the JTS in 1 original paper version and electronic version (scanned versions and excel files):

- the final version of the properly signed and stamped consolidated interim report (including narrative and financial part),
- original auditor's certificates together with the list of expenses included in a given report signed and dated by the auditor (last sheet of the financial report - List of expenditure) for each project partner;
- checklists for each beneficiary's individual reports (including checklists for public procurement controls and checklists for the verification of competitiveness principles for Polish beneficiaries, etc.),
- the request for payment.

The balance of the final amount of the grant will only be payable after the end of implementation, when the request for payment together with the final report has been approved by the JTS/MA. If total final project expenditure is less than originally foreseen, the balance to be paid by the MA will be less than the amount stated in the grant contract, as the Programme contribution is limited to the percentage of eligible and accepted costs.

If project costs are settled on the basis of simplified cost options (i.e. lump sum), all necessary preconditions need to be achieved by the project in order to claim indirect costs in the final report. This includes the achievement of project indicators defined in the Grant Contract.





If the total amount of the pre-financing transferred by the MA to the lead beneficiary is higher than the total amount of eligible accepted expenditure, the difference shall be paid back by the lead beneficiary to the MA's bank account. In such a case, if the beneficiary does not reimburse the programme account by sending the amount corresponding to the difference between the total amount of eligible accepted expenditure and the pre-financing payments received, the JTS/the MA will issue a call for payment and will send it to the lead beneficiary. The call for payment will include the amount of recovery and a due date.

#### **6.1.5 Verification of the report by an independent auditor**

Taking into consideration the role of an independent auditor in the system of verification of expenditure, the documents confirming the expenditures of the beneficiaries should be submitted to the independent auditors much in advance.

The independent auditor performs the tasks in line with Programme control requirements and procedures defined in the *Guidelines on Expenditure verification for the Poland-Russia CBC Programme 2014-2020*. Taking that into account, during the verification the independent auditor checks the supporting documents provided by the beneficiaries. Beneficiaries are advised to have all supporting documents at their disposal for possible clarification requests. The lead beneficiary and project beneficiaries should closely cooperate with their independent auditor during the reporting process. For better organization, the deadlines for providing by project beneficiaries the individual interim reports, documents and answers/clarifications to the questions of the independent auditor may be set out in the partnership agreement.

In exceptional cases, if the lead beneficiary or project beneficiaries are not able to deliver necessary explanations and additional documents as part of the clarifications to the independent auditor within the set deadline, related costs can be claimed in the next reporting period (as they will be deemed ineligible in a given reporting period and the independent auditor will finalize the work and certify only the costs that were not questioned). When the verification of the independent auditor is finalized the independent auditor issues a certificate confirming that expenditures submitted in the financial report meet the eligibility requirements set within the Programme.

Please note that the most important factor which influences the time of report's verification by the independent auditors is the completeness and consistency of the submitted supporting documents. Therefore it is advised to keep special accuracy during the preparation of the supporting documents. Supporting documents shall include all documents providing sufficient evidence that costs were actually incurred by the lead beneficiary or project beneficiaries and meet requirements of grant contract. Thus, the supporting documents are necessary for verification of eligibility of costs and are requested as a proof that eligibility criteria and other Programme requirements have been respected during the project's implementation.



### Graph 11. Supporting documents to the project's costs

#### *Supporting documents for staff costs (budget sub-heading 1.1):*

- documents that identify employment relationship with the organisation (e.g. working contract, civil law contract, etc);
- employment contract or job description, which specifies responsibilities and a clear assignment to the project including information on the time extent of involvement in the project;
- timesheets,
- calculation evidence of the determination of the monthly rates of the Application Form of the project, including information on social security charges and other remuneration related costs;
- pay slips, payroll records, proofs of payment (e.g. bank statements, cash receipt or payment order (debit notices)).

### Graph 12. Supporting documents for per-diems

#### *Supporting documents for per-diems (budget subheading 2.1):*

- business trip confirmation;
- business trip report;
- expense reports;
- proof of settlements of trip costs, proof of payments;
- invitations, agenda of the event;
- documented proof of the per-diem rate paid to the employee in accordance with the national legislation.

Timesheets mentioned in graph 11 should indicate the hours actually worked and tasks implemented, which prove the overall working time and the time spent on carrying out activities for the project. The timesheet must also include detailed description of the activities and be signed by the project's assigned employee and by his/her supervising officer or an employer.

It is important to remember that the Beneficiaries who decide to justify the costs of personnel based on a lump sum, should declare the expenditure in the following way:

- a) The first lump sum of up to 25 000 EUR declared in the interim report;
- b) The second lump sum of up to 25 000 EUR declared in the final report.



This lump sum should be paid to the Lead beneficiary **as two separate lump sums**, under the condition that the proper indicators are achieved, i.e. that the interim/final reports are timely presented.

The deadlines for the submission are set in the grant contract as follows:

- For the submission of Interim Report - not later than 1 year after the start of Project implementation period as defined in the Grant Contract;
- For the submission of Final Report - not later than 3 months after the end of Project implementation period as defined in the Grant Contract;

In duly justified cases and if the lead beneficiary is not able to deliver the required reports in set deadlines, the lead beneficiary is obliged to submit a formal request (an official letter) to the Joint Technical Secretariat (JTS) together with the explanation of reasons of delay and information on the possible date of reports submission. This letter shall be submitted before the deadlines set for sending particular reports. The JTS informs the lead beneficiary in writing on whether the deadline is extended or not and if the decision is positive a new date for reports submission is provided.

Please note that in case of not submitting reports within the deadline stipulated in the Grant Contract or within the new deadline set by the JTS in a separate letter, the situation will be considered as a breach of provisions of the Grant Contract resulting in ineligibility of the lump sums for the staff costs included in the project budget. In duly justified cases the lead beneficiary may request further extensions – subject to the approval by the JTS.

### Graph 13. Supporting documents for travel costs

#### *Supporting documents for travel costs (budget sub-heading 2.1):*

- invitations, registration list, agenda of the event, mission report;
- for fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs;
- transport tickets, boarding passes, invoices, waybills, appropriate calculation of car expenses, proofs of payment (cash receipt, payment order (debit notices), bank statements) etc.

### Graph 14. Supporting documents for purchased/rent equipment



***Supporting documents for purchased/rent equipment, supplies  
(budget heading 3):***

- tender documentation (tendering documents, public procurement notes, terms of references, offers/quotas, bids, evaluation reports, order forms, contracts);
- proof of purchase such as invoices and receipts;
- proof of receipt of goods such as delivery slips from suppliers, goods consignment note;
- proofs of payment (cash receipt, payment order, debit notices, bank statements)

**Graph 15. Supporting documents for other costs and services**

***Supporting documents for other costs and services (budget heading 4):***

- list of participants with signatures for all days
- proof of commitments such as contracts and order forms;
- tender documentation;
- invoices;
- the result of the contract (e.g. one leaflet, publication, website address, sketches/photos of promotional materials, print-outs of web-sites, copies of articles, etc);
- confirmation that the service has been done/provided properly (e.g. according to the contract) and calculation of actual cost of the service provided – e.g. acceptance protocol, list of participants, hotel guest list etc;
- proofs of payment (cash receipts, payment orders, debit notices, bank statements).

**Graph 16. Supporting documents for infrastructure component**

***Supporting documents for Infrastructure component (budget heading 5):***

- tender documentation (means all tender documents - e.g. requests for offers, tender dossiers, bids from tenderers, evaluation reports, contract signed between the lead beneficiary and all project beneficiaries and contractors etc.);
- invoices;
- proof of completion of works, such as acceptance certificates, protocols confirming that the works has been done properly (e.g. according to the agreement);
- proofs of payment (cash receipt, payment order, debit notices, bank statements).

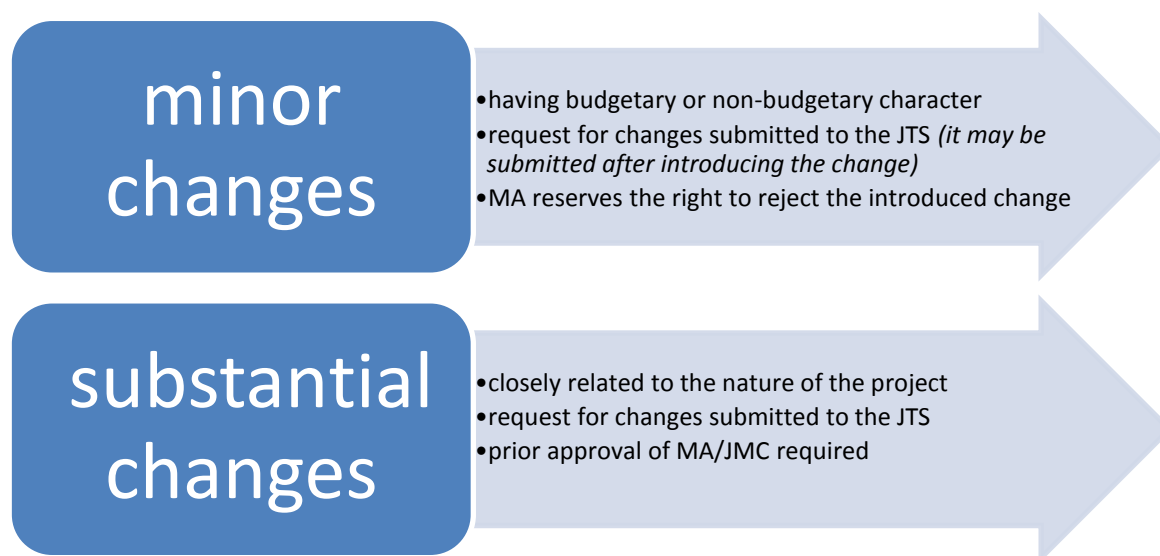
**7. Changes to grant contract**



Each project should be implemented in line with the grant contract, including the approved activity plan and the budget. However, there may be a need for making some modifications/changes, e.g. in the activity plan or project budget, if the circumstances of project implementation have changed significantly since the grant contract was signed.

Depending on the impact on the project, changes are divided into two types: minor and major (substantial) changes.

#### **Graph 17. Changes to Grant Contract**



#### **7.1 General principles**

- 1) Changes need to be duly justified.
- 2) The grant contract can be modified only within its execution period.
- 3) Changes cannot be contrary to the equal treatment of projects.
- 4) In general, no modifications requiring the MA/JMC approval can be made retroactively. Any exceptions to be made will be considered on a case by case basis.
- 5) The maximum grant amount cannot be increased.
- 6) In the budget justification section, the data in the columns “Clarification of the budget item” and “Justification of the estimated costs” do not need to be adjusted to the incurred costs in case of minor deviations from the original costs calculation methodologies (i.e. originally estimated prices). This applies only in case when the total value of the budget item does not exceed the planned value and the nature/character of the budget item is not changed.
- 7) In case changes to the budget are introduced, the lead beneficiary shall submit an amended project budget signed, stamped and dated by the authorized person.
- 8) Changes in the project budget, which require addendum to the grant contract, enter into force only after the addendum is signed both by the MA and the LB. The costs related to such changes cannot be incurred before the addendum is signed.

## 7.2 Minor changes

### **Important!**

This method may not be used to amend the heading for administrative costs.

According to the grant contract, where the amendment to the budget or application form does not affect the basic purpose of the Project and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 15% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the lead beneficiary may amend the budget and notify MA via JTS by sending written request for changes in the project with all necessary annexes.

The MA/JTS has the right to oppose to the notified changes. The MA reserves the right to reject introduced modifications in case of noncompliance with Programme eligibility rules.

The minor modifications can be of budgetary or non-budgetary nature.

### **IMPORTANT !!!**

It is recommended to notify MA via JTS of the minor changes in the project once per a quarter of the project implementation period within 14 calendar days after the end of the given quarter (i.e. if the project starts on January 1<sup>st</sup>, the notification on all the minor changes introduced in the project from January 1<sup>st</sup> till March 31<sup>st</sup> should be submitted to the JTS till April 14<sup>th</sup> at the latest).

### **Minor budgetary changes:**

- transfer between main budget headings involving a variation of 15% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs (except: staff costs, administrative costs, infrastructure component (works) and any costs presented as lump sums);
- transfer between items within the same main budget heading involving a variation of 15% or less of the amount originally entered (except for the staff costs, the administrative costs and any costs presented as lump sums) including cancellation or introduction of an item;
- modification in the name of the budget item, which does not affect the basic purpose of the activity or type of the cost within the item (except: costs calculated by flat rate and lump sum ).

Budget reallocations can be introduced upon request of the lead beneficiary in case the requested change:

- does not affect the basic purpose of project (objectives and activities) and



- the financial impact is limited to transfers within main budget heading, or transfer between main headings which is 15% or less of the amount originally entered (or as modified by addendum) to the main headings in question.

### **Minor non-budgetary changes**

In case of change in the name of the lead beneficiary's organization, its legal address, bank details changes in the project team (except the personal changes on the given position within the project team) as well as change of an auditor, the lead beneficiary submits a request for changes in the project and, if applicable, a new original Financial Identification Form and/or Legal Entity Form via the JTS to the MA. Yet, the MA reserves the right to oppose the beneficiary's choice of bank account or an independent auditor.

Other modifications – changes which can be introduced into the project without an addendum to the grant contract, for introduction of which the MA reserves a right to oppose:

- modification of output or result indicators value by 15% or less;
- minor changes in activities (e.g. minor activity description change, shifting activities between reporting periods if the update of project action plan was not notified in the brief narrative report);
- minor changes in the Partnership Agreement.

**Depending on the scope of changes, the following documents should be submitted by the lead beneficiary to the JTS:**

- Request for changes in the project – template available on the Programme website (to be submitted in 3 original paper version and electronic version);
- Budget reallocation calculation table – template available on the Programme website (to be submitted in 3 original paper versions and electronic version);
- Amended budget of the project (to be submitted in 3 original paper versions and electronic version);
- Other relevant documents (if applicable), e.g. a new Financial Identification Form, Legal Entity Form, Partnership Agreement, etc. (to be submitted in 3 original paper versions and electronic version).

All the above documents should be signed by an authorized representative of the lead beneficiary.

After the verification of submitted documents the lead beneficiary is informed (within three weeks from receiving of the original request by the JTS) on the results of proceedings (acceptance or remarks to submitted documents).

### **7.3 Substantial changes to the grant contract**

Substantial changes to the project must be made in the form of an addendum. The addendum must be signed by both the MA and the lead beneficiary. An addendum introducing the changes needs to be

signed by both parties before the expiry of the execution period of the contract. The changes will come into force only after the signature of the addendum by both parties.

The purpose of the addendum must be closely related to the nature of the project covered by the initial contract. Award conditions of the contract (binding at the moment of contract's conclusion) cannot be modified. **Introduced changes cannot be contrary to the principle of equal treatment of projects.**

### **IMPORTANT !!!**

It is expected that substantial changes are not requested more often than once per half a year of the project implementation period (if the project starts on January 1<sup>st</sup>, the first substantial change might be requested from January 1<sup>st</sup> till June 30<sup>th</sup>, the second one – from July 1<sup>st</sup> till December 31<sup>st</sup>, etc). For that reason the necessity of making the changes in the project should be carefully analysed in the whole project partnership, as the changes concerning more than one beneficiary can be done via one request for changes. However, in duly justified situations (e.g. in case of unexpected circumstances in the project) more than one substantial change might be requested by the Lead Beneficiary.

#### **1. Changes which do not call into question the grant award decision and shall be decided upon by the MA, i.e.**

- Budgetary changes:
  - budgetary transfers between main budget headings which are more than 15% of the amount originally entered (or as modified by addendum) to the main headings in question;
  - budgetary reallocations of any value between the project beneficiaries being financed from the same source of funding (i.e. from the European Union's contribution or from the Russian Federation's contribution); before submitting the request for such a change in the project, the lead beneficiary is obliged to officially consult the JTS on the possibility of performing such reallocations due to financial situation in the Programme;
  - additional staff – adding new position to the project staff, even though there are sufficient funds in the budget heading staff costs – in cases when staff costs are settled as real costs;
  - amending by any value the main budget headings for staff costs, infrastructure component or costs presented as lump sums;
  - additional outside funding allowing reduction in grant and/or decrease in percentage of co-financing;
  - substantial budgetary changes in the Partnership Agreement (as defined in the paragraph 9 (5) of the grant contract).
- Non-budgetary changes, i.e.:
  - modification of output and result indicators value by more than 15%;
  - changes of activities not changing the overall objective (e.g. update of the scope of activities necessary or directly related to the implementation of initial version of the project and having no significant influence on the project objectives).

#### **2. Changes that may potentially question the grant award decision, which require the JMC decision:**

- substantial non-budgetary changes in the Partnership Agreement (e.g. change of lead beneficiary and/or beneficiary(s), introduction of new beneficiary(s));
- substantial changes in the project objectives;





- extension of the project implementation period – in duly justified cases it can be allowed to prolong the project implementation period, however, the end date of the implementation period cannot be later than 31 December 2022;
- introduction, cancelation, replacement of an indicator.

In case when changes in the grant contract are initiated by the lead beneficiary, the latter shall submit to the JTS a request for changes in the project in writing together with the detailed justification of the changes. Proposal for an amendment to the grant contract should be submitted to the JTS at least 30 days before the date on which the amendment should enter into force (this period can be shortened only if there are special circumstances duly substantiated by the lead beneficiary and accepted by the MA). The JTS verifies the request of the lead beneficiary and, if accepted, sends the written proposal of amendment together with the JTS opinion to the MA. If the JTS does not agree with requested amendment after documents are verified, the JTS opinion in writing is forwarded to the MA. After approval of the JTS opinion by the MA, an official letter is sent to the lead beneficiary by the JTS. If requested change requires the JMC decision, a written procedure might be launched in accordance with the Rules of Procedure of the JMC.

If the MA rejects changes proposed by the lead beneficiary in whole or in part, the JTS informs the lead beneficiary in writing within 14 calendar days following the day of the information receipt from the MA. The justification for the rejection must be provided. In case of approval/partial approval by the MA of the proposed changes, the JTS shall prepare an amendment to the grant contract together with the appendices and transfer it to the MA. Further procedure of preparing the draft of the amendment is in line with the procedure of signing of the grant contract.

In case of the changes in the grant contract introduced on the MA's initiative, the draft of the amendment shall be prepared by the MA/JTS. The information on the necessity of amending the contract is immediately transferred to the lead beneficiary. Further procedure of preparing the draft of the amendment is in line with the procedure of signing the of the grant contract.

**If an amendment is requested by the lead beneficiary, the following properly filled-in documents should be submitted to the JTS at least 30 days before the date on which the amendment should enter into force:**

- Request for changes in the project – template available on the Programme website (to be submitted in 3 original paper version and electronic version);
- Budget reallocation calculation table – template available on the Programme website (to be submitted in 3 original paper versions and electronic version);
- Amended budget of the project – to be submitted in 3 original paper versions and electronic version);
- Amended application form, if applicable (to be submitted in 3 original paper versions and electronic version);
- Amended Partnership Agreement, if applicable (to be submitted in 3 original paper versions and electronic version).



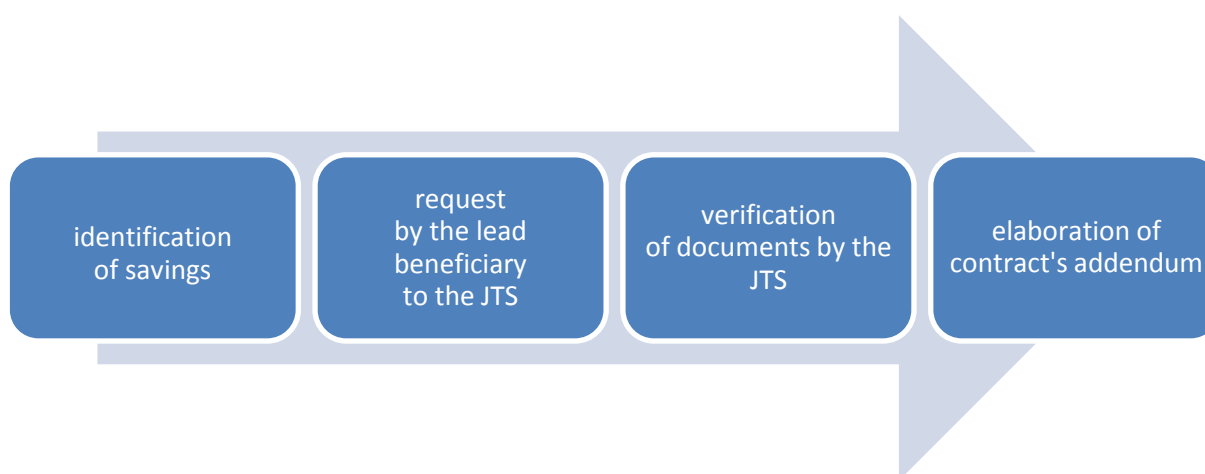
The documents should be signed by authorized representative of the lead beneficiary.

The JTS will verify the submitted documents and prepare a draft of the contract's addendum to the MA. The addendum is to be prepared and signed in three originals.

All previously submitted minor changes will be included in the latest signed addendum.

#### 7.4 Project savings

**Graph 18. Project savings**



The savings identified in the project's budget during its implementation can be used to broaden the scope of planned activities.

All the additional activities, financed from the saved funds, should have a complementary character to the implemented project, should ensure a stronger contribution to the project's results and objectives and guarantee greater benefits to the identified target groups across the borders.

**As a rule, the use of the extra funds should cause an increase of values of the planned project's output indicators.**

The use of the savings should be requested from the MA/JTS and documented as the requests for relevant changes as described in the chapter above.

#### 8. Irregularities, fraud and corruption

The beneficiaries shall use the Programme funds only for the purposes of the project implementation in accordance with the grant contract. The beneficiaries shall ensure that all activities and procedures do not include any risks and cases of irregularity, fraud and corruption.

**'Irregularity' means any infringement of a grant contract, EU national law resulting from an act or omission** by a party anyone who has, or would have, the effect of prejudicing the funds of the



Programme, implementation of the Programme, which has, or would have, the effect of prejudicing the funds of the Programme.

**‘Fraud’ means any intentional act or omission concerning:**

- **the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of Programme financial contributions;**
- **non-disclosure of information in violation of a specific obligation, with the same effect;**
- **the misuse of such funds for purposes other than those for which they are originally granted.**

‘Passive corruption’ means the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself/herself 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, which has, or would have, the effect of harming the Programme’s financial interests.

‘Active corruption’ means the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the Programme’s financial interests.

Any actual actions of this kind shall constitute sufficient grounds to justify termination of the grant contract, the annulment of the procurement or resulting award, or taking any other corrective measures laid down by the applicable law.

**The manual on combating fraud in the Programme will be available on the Programme website ([www.plru.eu](http://www.plru.eu)).**

The lead beneficiary is obliged to inform the JTS on any irregularities or any other issues which can have influence on the proper project’s implementation as soon as it acquires the knowledge about the irregularities. The information on the possible irregularity shall be sent to the JTS in a form of official letter with specific description of the situation and its influence on the project.

#### *Anti-corruption measures*

In accordance with the grant contract the MA and lead beneficiary and all project beneficiaries share a common concern in the fight against corruption, which jeopardises good governance and the proper use of resources needed for development and, in addition, endangers fair and open competition based on price and quality. Therefore they declare their intention of combining their efforts to fight corruption and any actual case of this kind shall constitute sufficient grounds to justify termination of the grant contract, the annulment of the procurement or resulting award, or taking any other corrective measures laid down by the applicable law.



In order to prevent the occurrence of corruption and fraud the MA issued a manual on combating fraud in the Programme, addressed at all institutions involved in Programme and project's implementation, including beneficiary's institutions.

### *Conflict of interests*

The lead beneficiary and the project beneficiaries undertake all necessary precautions to avoid conflicts of interests and shall inform the JTS without delay of any situation constituting or likely to lead to any such conflict. If such a conflict occurs, the lead beneficiary and/or the project beneficiaries shall take all necessary steps to resolve it immediately.

The definition and conditions for occurring the conflict of interest to occur have been described in the Programme Manual Part I - Applicant of the Manual (chapter 6.4.5). The MA/JTS reserves the right to verify if the measures taken by the lead beneficiary and the project beneficiaries to avoid conflicts of interests are appropriate and may require additional measures to be taken, if necessary. Failure to take all necessary steps to eliminate the situation constituting the conflict of interest results in ineligibility of expenditures within the project or termination of the grant contract.

## **9. Recovery**

When the award procedure or performance of the grant contract is vitiated by substantial errors or irregularities or by fraud attributable to the lead beneficiary or where it is estimated that there has been a breach of national or EU regulation, or the principles concerning project implementation, the MA shall recover the amount already paid in proportion to the seriousness of the errors, irregularities or fraud.

If the project is still in the implementation period and there is still possibility to deduct the ineligible expenditure found in the approved interim reports from the next payment, the MA shall conduct the deduction. If such deduction will not be possible, the MA will issue a call for payment to the lead beneficiary and claim the reimbursement of ineligible funds to the programme account.

If the project is at a final stage of the implementation, the final balance payment will be reduced by the amount of the irregularity found by the JTS or the MA. The JTS/MA will inform the lead beneficiary about the amount of the reduction of the payment.

Where the deduction of the amount unduly paid from the next payment is not possible (e.g. the ineligible expenditure has been discovered after the final payment), or the amount to be deducted is larger than the amount to be paid, the MA will issue a call for payment and will send it to the lead beneficiary.

The lead beneficiary undertakes any possible measures to repay any amounts mentioned above or any amounts paid in excess of the final amount due to the MA within 45 days of the receiving of the call for payment. In justified cases the MA may extend the deadline for recovery.



**Should the lead beneficiary fail to make repayment within the deadline set by the MA, the MA shall increase the amounts due by adding interest at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, where payments are in euro, on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the MA and the date on which payment is actually made.**

Amounts to be repaid to the MA may be offset against amounts of any kind due to the lead beneficiary. Bank charges incurred in the event of repayment of the amounts due to the MA shall be borne entirely by the lead beneficiary.

If the grant contract is terminated for any reason whatsoever, the guarantee securing the pre-financing may be invoked forthwith in order to repay the balance of the pre-financing or interim payment still owed by the lead beneficiary, and the guarantor shall not delay payment or raise objection for any reason whatever.

The lead beneficiary has to set up the procedures of recovering the irregularities/amounts unduly paid from the beneficiaries in the partnership agreement. If the lead beneficiary does not succeed in securing repayment from the project beneficiary concerned, it shall inform the MA about this matter immediately. The MA shall formally notify the latter to the beneficiary concerned to repay to the lead beneficiary the amount unduly paid.

If the project beneficiary does not repay the respective amount, the MA shall request the participating country in which the project beneficiary concerned is established to reimburse the amounts unduly paid in accordance with Article 74(2) to (5) of the IR.

Where the recovery relates to a claim against a project beneficiary established in Poland and the MA is unable to recover the debt, the MA shall pay the due amount and claim it back from the project beneficiary.

Where the recovery relates to a claim against a beneficiary established in the Russian Federation and the MA is unable to recover the debt, the level of responsibility of the respective country in which the project beneficiary is established shall be such as it is laid down in the relevant financing agreements between the EC and the Russian Federation as referred to in Articles 8 and 9 of the IR.

Where the recovery relates to a claim against a beneficiary, which is a public entity established in the Russian Federation, and the MA is unable to recover the debt, the Russian National Authority shall provide the reimbursement of funds unduly spent in accordance with its national procedures on the basis of a complete file of the MA.

In regard to beneficiaries except for public entities, the EC may proceed to the recoveries on the behalf of the MA.

The EC may at any time take over the task of recovering the amounts directly either from the Beneficiary or from concerned country. Poland and the Russian Federation will cooperate fully with the MA and the Audit Authority (AA) and to support them in the recovery process.

## **10. Project monitoring and audits**

The information needed for monitoring should be identified when the project is designed (and/or when reviewed) i.e. when the objectives, expected results and activities are specified. The system for collecting, analysing information and reporting on activities, outputs and results should be the basis for regular monitoring of the project progress. This may be achieved through:

- setting up a shared, internet-based information tool, including the control of deadlines, activities, deliverables and indicators, using available project management software;
- obliging the project manager of each project beneficiary to submit a regular, short monitoring report to the lead beneficiary providing information about the progress in implementing the project. These reports will be an important source of information for the project managers and can be also used to provide the MA/JTS with the up-to-date status of the project on a regular basis.

From the side of the Programme managing bodies the project monitoring is performed by the MA and the JTS. The monitoring is mainly done through verification of the project reports (please see chapter 6). It is also carried out during projects' monitoring visits and on-the-spot checks as described in this chapter below.

One of the key elements in monitoring of projects' achievement is monitoring of the project indicators. The achievement of the outputs indicators is monitored in interim and final report. The achievement of the result indicators is monitored after the end of implementation period.

It is important to remember that the lead beneficiary bears overall responsibility for the project, including overall responsibility is the delivery of the project outputs and results if challenges or the need for changes should occur during the course of project implementation, the lead beneficiary will contact and inform the responsible project manager at the JTS in due time.

Every lead beneficiary is advised to contact the JTS in case that their project might face the risk of underachievement of the project's outputs and results, including the potential impact on the underachievement of the Programme indicators. The close dialogue between the JTS and the lead beneficiary and all project beneficiaries may allow both parties to discuss solutions in order to prevent the project from not achieving the project's indicators.



### 10.1 On-the-spot verifications and monitoring visits

The on-the-spot verifications and monitoring visits are conducted by the JTS's and CCPs staff. Additionally the Branch Office (BO) may perform monitoring visits with the prior approval of the JTS. On-the-spot checks are performed by the above-mentioned institutions at the premises of the beneficiary as well as in any other place where the project is being implemented.

***On-the-spot verification* means verification of the project by the JTS/CCP/BO in the premises of a beneficiary or any other project-related site. During on-the spot check the entire project's implementation process is reviewed, especially original documents confirming expenditures, such as invoices and any other financial and supporting documents. In particular, during on-the-spot verification an accounting system on the level of the controlled beneficiary is checked as well as documentation regarding purchased equipment and performed infrastructure is verified.**

The aim of the on-the-spot verification is to provide a reasonable level of assurance that the project is implemented effectively and the objectives are achieved, and also to prevent errors and irregularities within the project.

The beneficiary will be informed about the date of the on-the-spot verification at least 5 working days in advance. This information will be sent by letter, by email or by fax.

Within 30 calendar days after the on-the-spot verification the JTS prepares a report and sends it to the beneficiary accompanied by respective documents (if any) and recommendations (if any). All weaknesses and errors detected during the on-the-spot verification shall be included in the report (if applicable).

The beneficiary has 14 calendar days from the receipt date of the report to respond and to send the required information, documents, etc. to the JTS.

***The monitoring visit* can be carried out to monitor the implementation stage of the project and its effectiveness but also in case of any difficulties or problems arising during the implementation of the project. The scope of the monitoring visit is limited. The JTS/BO staff members performing the monitoring visit verify only selected elements of project's implementation (e.g. promotional event, conferences, workshops, seminars, action workgroup meetings, location of investment, tender documentation etc.).**

The written information (letter or email) on findings shall be prepared by the JTS/BO only in case of identification of errors in project's implementation process. In this case the letter will be sent to the Beneficiary within 10 working days after the monitoring visit.



## 10.2 Projects' audits

Except the verifications of expenditures carried out by the independent auditors and on-the-spot checks carried out by the JTS/CCP/BO the lead beneficiary and all project beneficiaries shall allow the AA, European Commission (EC), the European Anti-Fraud Office, the European Court of Auditors and any authorized institution to perform audits. Authorized authorities from Russian Federation are entitled to audit the Russian co-financing granted to beneficiaries located in Russia. The audits may be carried out, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the activities.

The beneficiary provides auditors with an access to sites and locations at which the activity is implemented, including its information systems, as well as all documents and databases concerning the technical and financial management of the activity. The beneficiary is obliged to take all steps to facilitate the work of the auditors. This access shall be given on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject. Documents must be easily accessible and filed so as to facilitate their examination and the beneficiary must inform the MA of their precise location.

Audits on projects are performed during the entire Programme lifetime. When a project is selected for an audit, the lead beneficiary as well as one or more project beneficiaries may be audited. The same beneficiary might be audited more times if the same project is selected more than once or if the beneficiary is involved in more than one project.

**During the audit, auditors analyse a number of processes related to the implementation of the project, including the following:**

- **compliance of the project with the application form;**
- **compliance with obligations set in the grant contract and partnership agreement;**
- **confirmation of eligibility of expenditure certified by independent auditors;**
- **actual payment of expenditure;**
- **compliance with EU and national rules (including public procurement);**
- **existence and soundness of the audit trail.**

Audits may be carried out on the premises of the beneficiary and/or in any other place where the project is being implemented. In case of detected non-compliances/infringements, audit findings are raised, which may result in financial corrections for the project.

## 10.3 Audit trail

In order to enable an efficient process of audit as well as expenditures' verification an audit trail shall be set by the Lead beneficiary and all project beneficiaries. An audit trail is to be understood as a chronological set of accounting records that provide documentary evidence of the sequence of steps



undertaken by the beneficiaries and Programme bodies for implementing the project. According to this definition, the proper keeping of accounting records and supporting documents plays a key role in ensuring an adequate audit trail.

At the level of each lead beneficiary and project beneficiary, an adequate audit trail includes the following elements:

- the grant contract (and its amendments);
- the partnership agreement;
- the latest version of the approved application form;
- adequate documentation of all outputs and deliverables produced during the project lifetime;
- documents proving, for each cost item claimed within the project, the expenditure incurred and the payment made (invoices or other equivalents, extract from a reliable accounting system of the Beneficiary, bank statements, etc.);
- adequate documentation of all procurement procedures implemented for selecting experts, service providers and suppliers (from the planning of the procedure until the signature of the contract and its possible amendments);
- any other supporting document applicable to each budget line (staff reports, timesheets, contracts with providers, etc.);
- physical and financial reports submitted to the independent auditor with the purpose of validating project expenditure;
- documents issued by the independent auditor validating all expenditure claimed within the project;
- a copy of all project's requests for payments including interim progress reports and final progress report submitted and approved by the JTS.

All documents composing the audit trail shall be kept either in the form of originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. The certification of conformity of documents held on commonly accepted data carriers with original documents shall be performed in compliance with national rules on the matter. In case of beneficiaries using e-archiving systems, where documents exist in electronic form only, the systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

As a good practice, e-archiving or image processing systems (original documents are scanned and stored in electronic form) should ensure that each e-document scanned is identical to the paper original and that the accounting and payment process for each e-document is unique (it should not be possible to account for or pay the same e-document twice). Lead beneficiary and all project beneficiaries shall keep



all documents related to the project for five years from the date of payment of the balance for the Programme. In particular they shall keep reports, supporting documents, as well as accounts, accounting documents and any other document relating to the financing of the project. Additionally records pertaining to audits, appeals, litigation or pursuit of claims arising from the project performance shall be retained until such audits, appeals, litigation or claims have been completed.

### **11. Project ownership and durability**

For the duration of the project, goods procured under the grant contract shall remain at the unrestricted disposal of the project and shall not be transferred without prior written approval of the MA.

**Ownership, title and intellectual and industrial property rights in the results of the project, reports and other documents relating to it shall be held by the lead beneficiary and all project beneficiaries responsible for implementation of respective part of project. The lead beneficiary and all project beneficiaries shall grant the MA/JTS the right to use freely all documents deriving from the project without prejudice to existing industrial and intellectual property rights. Unless otherwise determined in the partnership agreement, where several beneficiaries have jointly carried out work generating outputs and where their respective share of the work cannot be ascertained, they shall have joint ownership of it/them.**

In case of the transfer of ownership, industrial and intellectual property rights for outputs and results the transfer shall be done according to the national legislation. The sustainability requirements defined in the project should not be jeopardised and transfer of the ownership should not result in a profit for the beneficiaries.

No ownership transfer of outputs having the character of investments in infrastructure within the project is allowed for at least five years following the final payment to the lead beneficiary.

If a depreciation period for an equipment item is shorter than the durability period for the project, the durability period for equipment lasts as long as the depreciation period in accordance with the applicable national law, with exception to the fixed assets for which the depreciation period ends before the end of the project – in such case the durability lasts till the end of project implementation.



### Graph 19. Ownership and durability

**The occurrence of any of the following situations  
would result in a violation of rules  
concerning durability:**

**change in the ownership of an infrastructure**

**substantial change affecting the nature, objectives  
or implementation conditions of the investment,  
which would result in undermining its original objectives**

**More information on Durability can be found in PM Part I chapter 2.3.2**

### 12. Public procurement and state aid – additional information

**Rules and provisions for awarding public procurement can be found in PM Part I chapter 6.4**

Rules to be followed by the beneficiaries have been described in the PM part I. Taking into consideration that inappropriate or incorrect application of public procurement procedures may generate significant problems with eligibility of expenditure, please note and avoid the most common breaches in this area:

- a) dividing or underrating the estimated value of the contract in order to avoid the application of the law;
- b) conducting the procedure in the wrong manner (e.g. the award of contracts using non-competitive procedures where there are no grounds for applying such procedures; in the case of priority services, the application of the procedure dedicated to non-priority services);
- c) non-competitive description of the subject of the contract by the groundless indication of trademarks, patents or the origin of goods, without allowing the equivalent tender submission and description of equivalence;
- d) setting improper deadlines for tender submission or illegal shortening of deadlines for the tender submission;



- e) determining improper conditions of participation in the public contract award procedure, leading to discrimination of contractors;
- f) determining the conditions of participation in the public contract award procedure that exceed the needs necessary to achieve contract objectives;
- g) demanding from consortium members to jointly meet all conditions of participation in the procedure;
- h) demanding submission of documents not required by the regulations;
- i) demanding proof of experience in the performance of contracts co-financed from EU or national funds where it is not necessary to confirm the contractor's abilities to perform the contract;
- j) non-compliance with the regulations on publishing the contract notice or any amendments thereto;
- k) illegal restriction of subcontracting;
- l) setting the improper tender evaluation criteria;
- m) conducting the procedure in breach of the principle of transparency, fair competition or equal treatment of contractors;
- n) illegal amendment of the content of the agreement concluded with the contractor.

**Information related to the state aid can be found in PM Part I chapter 2.3.4.1**

**State aid is not granted by the Programme and cannot be granted by the beneficiaries.**

All Project beneficiaries from Poland are expected to be familiar with the relevant State aid rules to ensure that their activities do not constitute State aid. All the activities constituting state aid are deleted while assessing the application form. However during the project implementation beneficiaries may conduct activities subject to the state aid regime. Thus it is important that beneficiaries get familiar with the rules in order to be able to assess themselves whether given activities may constitute state aid. Should this happen, expenditures related to the state aid will be deemed ineligible. The auditor will verify project activities in this regard during the check of the report.

### **13. Project information and promotion activities**

### 13.1. Obligations

Beneficiaries also bear responsibility for ensuring that appropriate information is communicated to the public and must ensure adequate visibility of the EU contribution to Programme and projects so that public awareness of the EU action is strengthened and a consistent image of EU support is created in all participating countries. More details can be found in this chapter as well as in the Programme *Visibility Guidelines*.

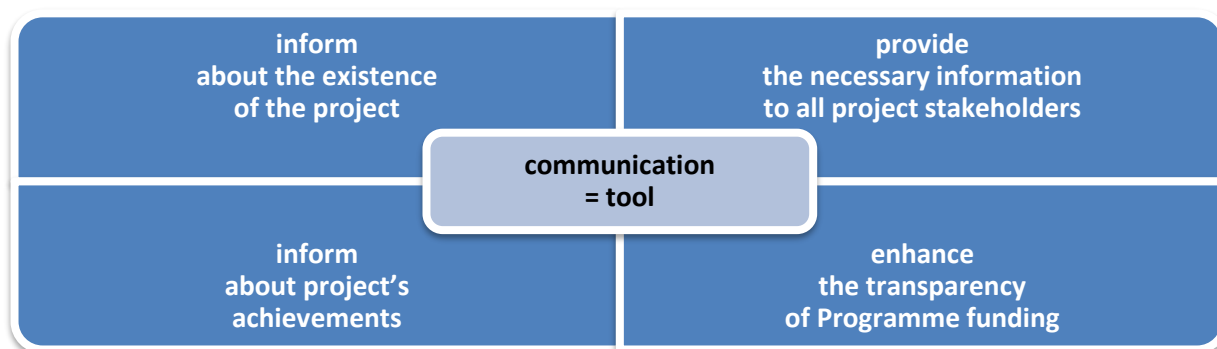
**Project's communication needs to contribute to the Programme's communication strategy included in the Joint Operational Programme (JOP).**

### 13.2. Why visibility requirements are so important?

Remember that even the best project will not have the same impact if it is not effectively communicated outside.

Of course, the implementation of the project and achieving all objectives and goals is the most important task. However, without a well-planned and coordinated promotion of your work, almost nobody will know about its results and outputs and they will not be used by the target groups of your project, as smart and needed they may be.

**Graph 20. Project's communication goals**

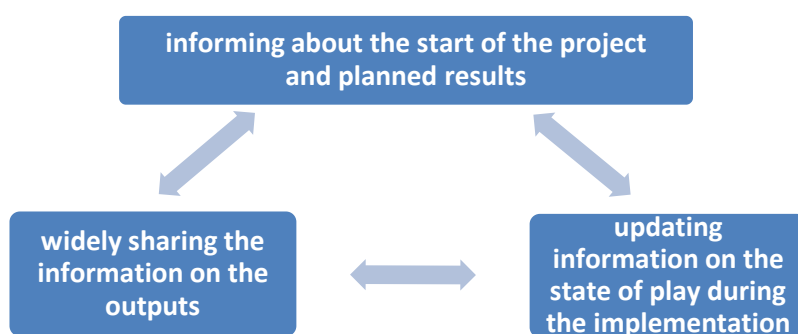


It is necessary to promote a cross-border cooperation project throughout its whole duration to spread the effects of the project through the border by:

- informing about the start of the project and planned results will bring attention to the activities within the project;
- updating information on the state of play during the implementation will keep the audience interested - this is especially important if the lead beneficiary or any of the project beneficiaries plan to organise events and receive as many participants as possible;

- widely sharing the information on the outputs will make people use them/visit them/share them further and thus the general objective and indicators will be achieved - this is crucial for such project's results as any guidebooks, strategies, toolkits or reports as well as generally accessible services (including e-services) or objects, sites and monuments.

**Graph 21. Purpose of communication activities**



Communication activities should be an integral part of the project and should not be a set of separate additional activities that the Beneficiary is implementing to fulfil the visibility requirements to be published before the first award decisions regarding 1st Call for Proposals (CfPs). Only an effective promotion plan can help the lead beneficiary or any of the project beneficiaries in getting a significant attention from media and final beneficiaries.

### **13.3. How to plan effective project promotion**

#### **13.3.1. Strategy – information and communication plan**

A clear strategy of the implementation and management of promotion activities is extremely important and should be planned together with the overall management plan of the project. This is why already at the stage of the preparation of the application form the lead beneficiary and project beneficiaries need to provide a brief information and communication plan which is included in the section 5.2 of the application form.

The lead beneficiary and project beneficiaries should work together on the layout of the plan and, if necessary, elaborate more detailed version of it later on. How to get to it?

#### **13.3.2. Defining the objectives – why are you communicating?**

The project communication objectives are not the same as the overall project's objectives. Communication is a tool which can help you achieve a project's aims. Think of what effect your promotion should bring, what you expect, what is relevant to project activities and goals.

**Some examples of project communication objectives:**

- to change the perceptions/behaviours;
- to attract participants /users; to build awareness;
- to promote project results/outputs;
- to show transparency etc.

**13.3.3. Choosing target groups - who should hear project's story?**

Project's different communication objectives might be directed to different target groups, e.g. mainstream media, project's stakeholders, project activities' participants, project outputs' users, local authorities, institutions, general public etc.

**13.3.4. Adjusting tools and activities - what tools should be used for which target groups?**

Identify the best channels that will enable you to reach out to a specific target group you've identified in the previous step.

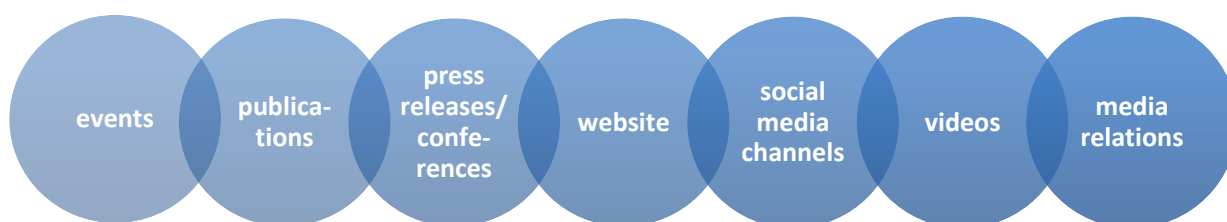
**Graph 22. Communication channels**

**the communication channels should be based on:**

the audience	the message you want to convey	the cost-effectiveness of the channel
--------------	-----------------------------------	--

Repeating your message and using a mix of several communication channels can help your message actually reach your audience. More on specific tools can be found in the following chapters.

**Graph 23. Examples of communication tools**



**13.3.5. Indicators and responsibilities – how to measure the response?**

As the last step you will need to estimate specific values of indicators for defined tools. This will help you to evaluate and measure the achievement of specific communication goals and the outcome of communication strategy. You can choose quantitative or/and qualitative indicators. Examples of quantitative indicators: number of website visits, events/participants, publications, articles, etc.



**Examples of qualitative indicator – feedback from communication activities you realised: questionnaires, surveys, tone and position of articles, most visited pages etc.**

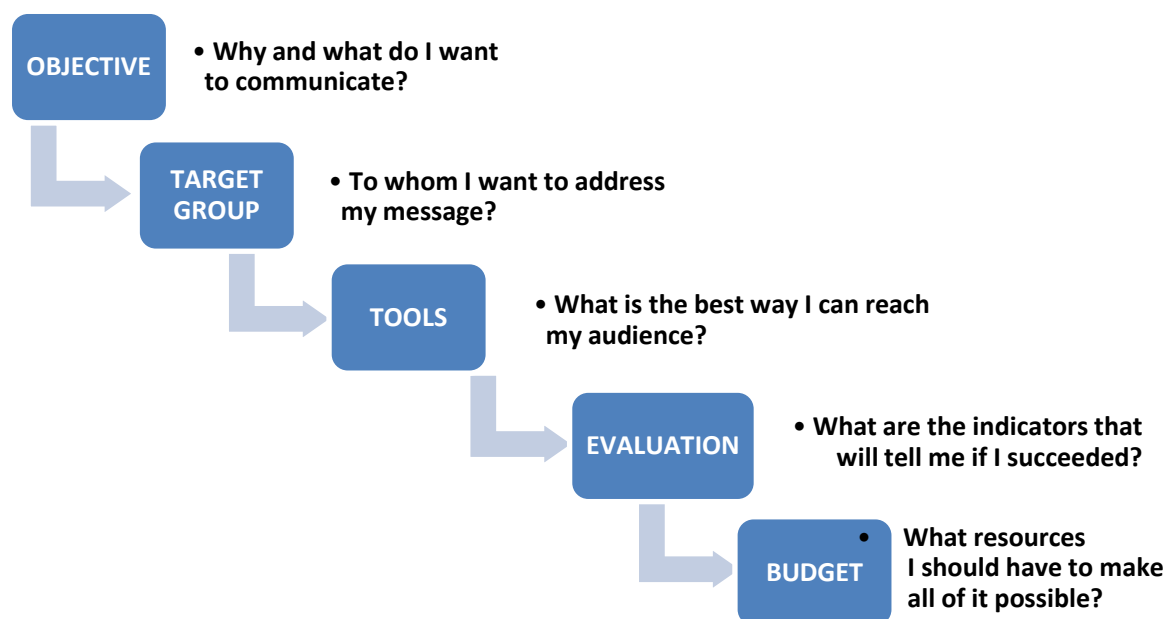
You will also need to decide which beneficiary will be responsible for specific communication objective.

### 13.3.6. Budget

The amount allocated to the budget of communication activities in the project should be well balanced. It should at least be enough to have an impact in line with the objectives of the communication plan. According to the tools you have chosen in the previous step and planned quantitative indicators, you should set the amounts which will enable you to implement that plan. Budget for communication should be estimated carefully as each project varies in size, subject, scope, partners and impact.

**Budget for communication should be estimated carefully as each project varies in size, subject, scope, partners and impact.**

**Graph 24. Estimation of the budget for communication**



### 13.3.7. How to ensure project visibility?

*Mandatory visual elements*

**There are separate guidelines available at the Programme website ([www.plru.eu](http://www.plru.eu)) on how to use the mandatory visual elements. For additional practical recommendations on information and promotion**



coverage of project activities applicable to the Russian Federation territory see Programme Manual part I – applicant (chapter 7.3)

### *Project messages*

During the implementation of the project beneficiaries will be often asked by media or Programme bodies to present briefly their project. From the beginning it is recommended to be ready and have 2-3 key messages which are short, simple and give a clear idea of what it is about. They should be flexible enough to be used across all communication tools frequently and consistently.

#### **Graph 25. Project messages**

Messages could answer some of the following questions about a project:

- Why do you do what you do (project aim)?
- What is the problem(s)/challenge(s)?
- What is the benefit of the project (to the communities, regions involved etc.)?
- Call for action/why care about this issue?
- What is the cross-border impact?
- How many partners, regions are involved?

#### **13.3.8. Visibility activities and tools**

Different activities may be appropriate at different stages of the project cycle. The following list contains an overview of possible examples of communication activities. These elements should be carefully analysed and chosen when drafting the Information and Communication Plan of the project. In case of infrastructure and investment activities within project, the Beneficiary is obliged to prepare adequate information panels during the construction and commemorative plaques after the end of infrastructure activities or equipment supply in case of investment actions.

#### **Graph 26. Project's visibility**



**Following general rules should be taken into account:**

- should be of appropriate size to be clearly visible so that those passing are able to read and understand the nature of the action. Mandatory visual elements should be of adequate size to be seen from far;
- should be produced from solid materials of good quality, resistant to the weather conditions. This concerns also the plaques for the equipment such as vehicles;
- information panels should be at the place of infrastructure activities from their start;
- permanent plaque should be placed in the most visible part of the building;
- in case of smaller equipment, it is acceptable to produce one visible enough plaque at the entrance of the equipped space (e.g. room, ward etc.);

If there are any soft activities planned within the project (e.g. seminar, training, conference etc.), remember that the appropriate visibility should be ensured, i.e. information banner (e.g. roll-up), handouts, publications, invitations, flyers etc. – all properly marked with EU flag and Programme logo and information on the project. All participants should be made aware that the Programme co-funded by the EU and from the Russian funds is financing the event.

The tools listed below can be used by the project of any character, according to the communications objectives and target groups:

*Websites*

- consider if there is a reason and necessity to invest sources into a new, project's website or if adding new sections within existing websites is a better solution;
- multilingual websites are strongly recommended – pay attention to correct and good quality translations;
- maintain a project website or a dedicated project section on partners' websites throughout the project lifetime and at least for 5 years after the project closure;

*Publications (e.g leaflets , brochures, newsletters etc.)*

- should be adapted to the planned audience in terms of text, used language, visual design;
- paper publications should be available in electronic form;
- carefully plan needed number of copies of each publication and if the paper version is necessary at all;
- all written outputs but also the website and audiovisual materials developed by projects must include the following disclaimer:



‘This document has been produced with the financial assistance of the European Union, under the Poland-Russia Cross-border Cooperation Programme 2014-2020. The contents of this document are the sole responsibility of <Lead beneficiary's/Beneficiary's name> and under no circumstances can be regarded as reflecting the position of the European Union, the MA or the Joint Technical Secretariat of the Poland-Russia CBC Programme 2014-2020’;

*Media relations (e.g. articles, press conferences/visits etc.)*

- mass media are a good option for target groups with a larger number of people (such as general public);
- think of the cooperation with local and regional media.

*Project events*

- carefully plan what kind of events are needed in order to reach chosen target groups with project promotion;
- be sure to inform all interested parties about possible participation – ensure equal access and planned audience; remember about people with disabilities who might like to participate in the event;
- think about their needs while planning the event
- think of events in a larger context – this may range from project participation in the annual events of the Programme to organisation of European Cooperation Day;

*Promotional materials*

- choose carefully promotional items to be produced – if they are needed, how will you distribute them, who will receive them and plan number of items; take into account the quality of produced items and remember that the logos should be permanent (avoid stickers);

*Photographs and videos*

- it is mandatory to archive all the main activities (major steps, events, positive changes introduced by the activities, results, etc.) within the project;
- photos and videos may be subsequently used for other promotional activities; plan well in advance photo and video sessions/services;

*Social media*

- this tool is in most cases available for free and is effective when you want to reach a wider audience;
- think which social media are relevant to your needs and targets groups of your communication strategy;

*Joint communication activities with other projects*



**POLAND - RUSSIA**  
CROSS-BORDER  
COOPERATION PROGRAMME  
2014-2020



PROGRAMME  
IS CO-FINANCED  
BY THE EUROPEAN UNION

- communication focused on the same thematic issues could be beneficial for Programme's and projects' capitalisation purpose;
- the Programme shall seek thematic strands to help to cluster the communication efforts of projects which share similar target groups, the same can be done by Project Beneficiaries;
- projects may take advantage of a central database of projects **www.keep.eu** to find a similar initiatives from a selected area.

**Storytelling: how to convey information through stories – stories not only make the content more interesting to the audience, they make it much more likely that they will remember it. Storytelling may give the Programme and projects a human face.**

**More information is available on the website: <http://enpi.interact-eu.net>.**

Remember that the choice of appropriate promotion tools and budget should be well thought and is just a part of the whole strategy reflected in the Information and Communication Plan. It is crucial to design this plan carefully and make it one of the management tasks because successful promotion is directly affecting the final result of the whole project.

#### **13.3.9. Cooperation with the Joint Technical Secretariat**

Remember that the JTS is there to assist you with any doubts regarding your communication strategy and project activities. Do not hesitate to contact Information Officer of the JTS and ask him/her for help. During the implementation of your project active cooperation with them can boost the results of your efforts:

- assign a person responsible for communication and provide the JTS with her/his contact data from the beginning of the project;
- deliver every quarter the relevant information about the progress in the project for communication purposes;
- inform in advance on planned events - it can be included in the calendar on the Programme website and thus it will have a stronger promotion;
- share any video, photo gallery and written publication in electronic version with communication officer; all foreground intellectual property, i.e. outputs created within the project must be made publically available;
- render physical and immaterial contributions to cluster network sessions, trainings and thematic events as well as to Programme annual events and other publicity measures;
- assist in photo and video sessions organized by the JTS (aimed at promoting the projects);



- maintain an archive with photographs, videos and media coverage about the project and / or cluster activities;
- contribute to the Programme impact investigation (e.g. success stories that bring about positive change).

### 13.3.10. Where to look for additional information and inspiration?

This chapter was elaborated with the use of the content of the following publications which you might find helpful:

#### Communication and Visibility Manual for EU External Actions:

<http://ec.europa.eu/europeaid/node/17974>

#### ENI CBC Communication Guide 2014-2020:

[http://www.interact-eu.net/library?field\\_fields\\_of\\_expertise\\_tid=3#395](http://www.interact-eu.net/library?field_fields_of_expertise_tid=3#395)

#### Communication toolkit version 2.0 of Interact:

<http://www.interact-eu.net/library#798>

Please consult also these documents:

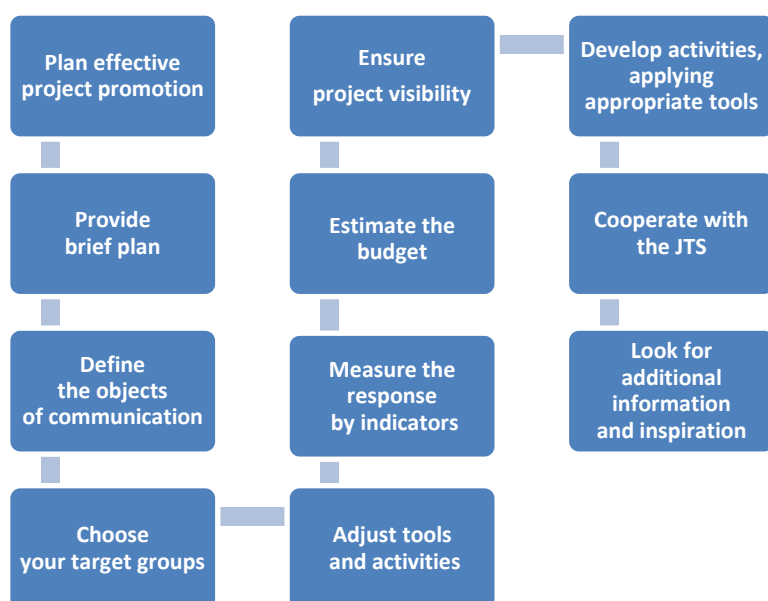
#### Graphics guide to the European emblem:

[http://ec.europa.eu/regional\\_policy/en/information/logos/](http://ec.europa.eu/regional_policy/en/information/logos/)

#### About the European Cooperation Day campaign:

<https://www.facebook.com/CooperationDay/?fref=ts>

### Graph 27. Project information and promotion activities





**POLAND - RUSSIA**  
CROSS-BORDER  
COOPERATION PROGRAMME  
2014-2020



PROGRAMME  
IS CO-FINANCED  
BY THE EUROPEAN UNION

**ADDRESSES:**

**Managing Authority**

Ministry of Development Funds and Regional Policy

2/4 Wspólna str.

00-926 Warsaw, Poland

**Joint Technical Secretariat**

Centre for European Projects

14 Bartosza Glowackiego street

10-448 Olsztyn, Poland

tel. +48 89 722 81 10

fax. +48 89 722 81 09

e-mail: [plru@plru.eu](mailto:plru@plru.eu)

**Branch Office of the Joint Technical Secretariat in Kaliningrad**

Transboundary Initiatives Support Centre

Kaliningrad regional public organization

6 Chernyakhovskogo street, office 109

236006 Kaliningrad, Russia

tel.+7 4012 616200

fax. +7 4012 616222

e-mail: [office@tisc.org.ru](mailto:office@tisc.org.ru)