

Financial FAQs for the website

(Status: 23.05.2014)

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1. Eligibility

Topic	Question and answer
Administration costs Status: 16.04.2013	<p>1) Are there any proposals to deal with general costs? Can you give examples for eligible costs?</p> <p>General costs can be separated into direct and indirect costs. In the Baltic Sea Region Programme only direct costs are eligible. Such costs have to be incurred through the project and would not exist without the project (value added). Those costs have to be supported by an itemised invoice that is directly attributable to the project or project staff. Costs allocated to the project must not be calculated on a percentage, pro rata, etc. basis.</p> <p>For example:</p> <p>a) Costs for (in-house) catering are eligible, because the items consumed by the project are clearly identifiable and have been prepared only for the project (value added).</p> <p>b) If the fulltime project co-ordinator uses a mobile phone, the costs are eligible if an invoice exists that itemises the monthly fix costs. In comparison, for part-time employees phone costs can be considered eligible if an invoice exists for the employee that itemized calls and costs of calls for the project.</p> <p>c) The rent of office premises, which was calculated on a m²- or head-basis is not eligible. The costs are only eligible, if a separate invoice was provided for the room, or a separate cost calculation was provided by the property-owner, or a new room was rented outside the premises of the project partner.</p>
Administration costs Status: 16.04.2009	<p>2) Why are overheads not eligible? In the previous programme and in other programmes they are eligible.</p> <p>The Member States of the Baltic Sea Region programme decided to exclude overheads and any kind of general expenditure allocated to the project on a percentage of pro rata basis, because of several reasons:</p> <ul style="list-style-type: none"> • During the second level controls carried out for the predecessor programme BSR INTERREG III B NP, the majority of ineligible costs were overheads (45%). The exclusion of overheads reduces the risk for the projects and the programme. • The project partner's first level controllers need a lot of time to verify the complicated calculation methods for overheads. At the same time overheads are only a small part of a project's expenditure. The exclusion of overheads shortens the time needed for first level control. • The majority of overheads would also exist if the project were not implemented, i.e. they add no value to the project, which is demanded by the European Commission. The exclusion of overheads uncovers the value added. • Compared to the predecessor programme Baltic Sea Region INTERREG III B the co-financing rates increased from 50% to 75% and from 75% to 85%.

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Administration costs Status: 24.03.2010	3) Are administration costs of external service providers eligible? Administration costs of external service providers would be eligible in case the project partner and the external service provider agreed in the service contract that the service provider is allowed to invoice administration costs. In case there was no such contractual agreement, the external provider cannot invoice the administration costs. Administration costs of external service providers belong to budget line 2.
Associated organisations Status: 16.04.2009	4) May we contract associated partners as external service providers? Associated organisations may be contracted. But all national and European public procurement rules, as well as the programme's bid-at-three rule have to be complied with.
Bid-at-three rule Status: 16.04.2009	5) Sometimes the most economic offer is not the most suitable offer. Who will decide if the correct offer has been chosen? Before collection of offers, the project partner has to lay down the most important conditions based on which the offers will be evaluated. The first level controller of the project partner has to verify that the procedure followed was transparent and treated all participants equally.
Budget flexibility rule Status: 16.04.2013	6) What is the procedure for the flexibility rule? How does it work? Could you give an example? In general, the total of a particular budget line or work package of a project cannot be exceeded by more than 20% or 40,000 EUR, whichever is higher. For example, if the budget of BL1 is 200,000 EUR, then a maximum amount of 40,000 EUR can be moved to BL1. The overspending is calculated on a cumulative basis, i.e. all reallocated amounts are summed up. Every six months the project submits a financial report to the JTS. Among other things, this report automatically calculates the overspending of budget lines and work packages. In this way the JTS is informed about the budget reallocations of the project. The reallocation under the budget flexibility rule is approved when the clarification of the progress report is finalised and the project received the requested amount. Changes of equipment and investment items as well as changes of project partner budgets do not fall under the budget flexibility rule. The project preparation budget cannot be exceeded.
Car leasing Status: 16.04.2009	7) Is it eligible to purchase or lease a car? Neither the purchase nor the leasing of a car is eligible. If a car shall be used for business travels in the project, it is important to observe the following: The Programme Manual (chapter about budget line 3) stipulates that eligible travel costs cover the economy class travel on public transport and that the most economic way of transport must be used. Only in exceptional cases project partners may use company cars or private cars for business travels. In this case: <ul style="list-style-type: none"> - the decision for the car must be clearly justified and documented (e.g. public transport is not available, company car is the most economic option), and - only travel costs connected to the business trip within the project are eligible and must be accounted according to the national rules.
Cost sharing Status: 29.04.2008	8) The Programme Manual informs that project partners must not contract each other, but that invoicing between project partners in case of cost-sharing is allowed? Invoicing of cost shares is not equal to contracting between project partners. By invoicing the cost shares the implementing partner asks the paying partners for their contribution to the shared costs. This is allowed.

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	On the programme website you may find templates for the billing of shared costs.
Cost sharing Status: 29.04.2008	9) Is splitting of costs among work packages considered as cost sharing? No. Cost sharing is understood as splitting of one cost item (e.g. invoice amount) between at least 2 project partners according to a transparent and equitable method. Please refer to the chapter about sharing of project costs in the Programme Manual for more information.
Cost sharing Status: 29.04.2008	10)Is it possible to share all management costs, incl. travel costs to joint meetings? In general, travel costs are not shared. Only if the travel costs were incurred by a person who is responsible for the management of the project (e.g. project coordinator, work package leader) travel costs can be shared. When deciding on the costs to be shared, you should take the following general rule: Only those costs should be shared that result from activities that benefit a number of project partners.
Cost sharing Status: 29.04.2008	11)Is it possible to share 100% of the project's expenditure, if the lead partner pays all costs directly, including the staff costs of partners based on time sheets? This system is not in line with the programme rules. Only certain single project expenditures (=not all expenditures) can be shared. These expenditures should derive from project activities that benefit at least two project partners. Cost sharing should be done according to a transparent and equitable method and the key responsibility in the sharing model is given to the implementing partner. This implementing partner is the project partner who is generating the relevant costs that will be shared later on. (For more details please check the chapter on sharing of project costs in the Programme Manual). Please note that the requirements of cost sharing are very high. With a high probability, sharing the majority of project costs may lead to a non-transparent and inequitable system. According to the experience in the predecessor programme BSR INTERREG III B cost sharing requires much higher efforts than standard reporting – provided that the cost sharing documentation was done correctly.
Costs of subsidiaries Status: 16.04.2009	12)Our company has a subsidiary. During the project implementation, we might need them to participate in some activities. Will their costs be eligible or do they have to become project partners? Subsidiaries are defined as separate, distinct legal entities for the purposes of taxation and regulation. Because of this, they differ from divisions/departments, which are fully integrated within the main company, and not legally or otherwise distinct from it. If the costs of the subsidiary should be directly co-financed by the programme, the subsidiary has to be listed as a project partner in the application form. In contrast to subsidiaries, costs of divisions/departments of project partner organisations are considered as costs of the project partner organisation.
Costs outside EU (10% rule (ERDF co-financing)) Status: 24.03.2010	13)The ERDF co-financing for expenditure for project activities outside the EU territory cannot exceed 10% of the total ERDF co-financing to the project. What about Norwegian and Belarusian partners. Is their expenditure also limited? Norwegian partners are co-financed by Norwegian national funding. Belarusian partners receive ENPI co-financing. As the 10% rule only applies for ERDF funding, Norwegian and Belarusian partners are not affected by it.

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<p>Costs outside EU (10% rule (ERDF co-financing)) Status: 27.06.2012</p>	<p>14) We intend to carry out activities outside the EU territory and to involve organisations from non-EU countries by using ERDF funds (e.g. expertise report about traffic flows between the EU and China, conference held in Moscow, conference attended in US)? Would such costs be eligible and is there a clear guidance for their eligibility? How will they be approved?</p> <p>In general, all EU-lead partners and project partners receiving ERDF co-financing are allowed to pay for activities that are implemented on the territory of countries outside the European Community (e.g. Russia, China, Japan, US, Norway, Belarus). However, such expenditure fall under the so-called 10%-rule (ERDF). This involves certain restrictions:</p> <ul style="list-style-type: none"> • Not more than 10 % of the ERDF co-financing of the Programme can be used to co-finance the activities outside the EU and to involve organisations from outside the EU. • Activities outside the EU must be described in the application form (section 3.10.2) and approved by the JTS before they are realised. These activities must be for the benefit of the regions of the EU Member States belonging to the Programme area. Of course they can additionally benefit the country outside the EU (e.g. China, Japan). <p>Please be aware that business trips within the Programme area (Norway, Belarus, Russia) are eligible without prior approval of the JTS provided they are relevant for the project. However they fall under the so-called 10%-rule (to be reported as expenditure spent outside EU in FR_5 of the progress report).</p> <p>In case of external service providers and additional condition applies: the project has to select the service provider applying the public procurement rules or the bid-at-three rule of the programme (e.g. asking at least 3 hotels in St. Petersburg for an offer). These requirements cannot be "bypassed" by the 10%-rule!! Also listing Russian organisations as associated organisations in the application form does not change the situation: the public procurement rules must be observed in all cases!!</p> <p>Eligible examples for activities outside the EU:</p> <ul style="list-style-type: none"> - research studies or other external services carried out in China, Russia, etc. that are done by organisations from China, Russia, etc. or the EU and benefit the EU Member States in the Programme area (Budget line 2 'External services'), - costs for the organisation of events in Japan, Russia, etc. (renting, service providing like catering, etc.) that benefit the EU Member States in the Programme area (Budget line 2 'External services'), - travel and accommodation costs of Russian participants that were invited to project events because they have a specific role or importance for these events (Budget line 3 'Travel and accommodation'). Also tickets that were bought in the EU for the participation of Russian organisations fall under the 10% rule. - travel and accommodation costs of EU project partners travelling to Japan (Budget line 3 'Travel and accommodation'). Also tickets that were bought in the EU for the participation in the Japanese events fall under the 10% rule. <p>Examples that are not eligible at all in the Programme:</p> <ul style="list-style-type: none"> - cost items belonging to Budget line 1 'Personnel', e.g. salary and social security contributions of staff employed by Russian organisations, etc. - cost items belonging to Budget line 4 'Equipment and investment', e.g. computer for a Russian organisation, inventories for an office in Japan, infrastructure investments in a business park in China, etc.

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	<ul style="list-style-type: none"> - cost items belonging to Budget line 5 'Other direct costs', e.g. direct administration costs of Russian organisations (e.g. rent, telephone), etc. - subsistence allowances for e.g. Russian participants that were invited to project events, - all expenditure for activities that only benefit e.g. Russia, but not the EU member states of the programme area.
<p>Costs outside EU (10% rule (ERDF co-financing)) Status: 24.03.2010</p>	<p>15)Would it be possible that a project partner employs a Russian expert to work for the project?</p> <p>All activities outside the EU have to be specified in the application form (section 3.10.2). In case they were not laid down in the application form, the approval of the Joint Technical Secretariat is needed before they are carried out.</p> <p>It is possible to employ a Russian expert based on a labour or employment contract. But the relevant national labour law and other relevant national rules have to be observed – the expert would most likely need visa, work and residence permit, etc.</p> <p>As the Russian expert would be directly employed by a project partner who pays the salary of this employee, the expenditure has to be included in Budget line 1 'Personnel'.</p> <p>As the Russian expert would then be an employee of a project partner and the work is carried out in EU, the personnel costs for this employee do not fall under the 10% rule.</p>
<p>ENPI Status: 29.04.2008</p>	<p>16)Are the per diem rates set by the European Commission relevant for ENPI partners?</p> <p>First of all, ENPI partners should apply their national and organisation internal rules for calculation of actual travel and accommodation costs and daily allowances. The per diems rates of the European Commission only work as an upper limit: the total of the actual accommodation costs and daily allowances should not exceed these rates.</p>
<p>ENPI Status: 29.04.2008</p>	<p>17)Are there any different rules or documents for ENPI?</p> <p>The general principle is that the programme rules and documents apply to all funds (i.e. ERDF, ENPI and Norwegian funding) unless exceptions are specifically mentioned in the Programme Manual or Operational Programme. Therefore, there is only one joint application form, one grant contract and the same reporting documents for all funds. The main differences are: a) Public procurement: The PRAG rules have to be taken into account, b) Preparation costs: These costs are not eligible for ENPI, c) First level control: There is a special control system for verification of ENPI expenditure, d) Payment of the grant: Only ENPI partners receive an advance payment.</p> <p>Please see the Programme Manual for more information.</p>
<p>Entertainment costs status: 24.03.2010</p>	<p>18)Is there any legal basis for the eligibility of entertainment costs at meetings and conferences?</p> <p>In general, expenditure that have no relevance for the project activities and add no value to the project success are not eligible. Entertainment costs belong to this group of expenditure. Examples are: costs for guided city tours, costs for sauna at project events, costs for alcoholic beverages exceeding the agreeable limit, etc.</p> <p>First and foremost the relation of the costs to the project activities and national, regional and organisation internal rules and regulations of the project partner have to be respected. If there are no clear rules in these documents, the first level controller of the project partner should assess the situation commonsensible, taking into consideration the characteristics of the event, e.g. country, purpose, target group, etc.</p>

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	This concerns especially the consumption of alcohol and amount of informal activities.
Equipment Status: 16.04.2009	19)How do we calculate the depreciation allowance of low-value assets? A low value asset is an asset for which the acquisition and production costs, less any included sales tax, do not exceed a legally pre-defined amount. As the national (tax) legislation defines the limit for low value assets, the project partner who owns the equipment item has to apply its national legislation. If low-value assets can be completely written off within the period in which they are acquired, the whole costs are eligible during the respective reporting period of the project.
Equipment Status: 29.04.2008	20)How long does the depreciation of used equipment take in the different countries? The period of depreciation depends on national regulations. Therefore first level controllers in each country should be contacted.
Equipment Status: 16.04.2009	21)Are equipment costs of part-time working staff eligible? Costs for equipment items of part-time workers (i.e. of staff members that either work only for the project, but with a limited number of hours or that work partly for the project and partly for the organisation or another organisation or project) are only eligible if the equipment: <ul style="list-style-type: none"> - is used for the project purposes, and - is not co-financed from EU funds of any kind (double-financing), and - is not fully paid by other international, national, regional and/or local funds (double-financing).
External services Status: 12.04.2013	22)Can employees of any of project partner organisations act as external service providers? No, according to the programme rules project partners cannot contract any employee of their own or any other project partner organisation as external service providers. If the relevant person works on the basis of an employment contract in one of the project partner organisations, he or she should provide the expertise through the framework of the already existing legal relationship with the project partner organisation.
Freelancers/ Independent contractors Status: 24.03.2010	23)Do we have to budget expenditure for freelancers/independent contractors under BL1 Personnel or BL2 External services? Expenditure for freelancers/independent contractors has to be budgeted under BL2. Freelancers are external to the project partner organisation, because they have a separate contract, e.g. service contract. Please be aware that the bid-at-three rule and public procurement rules have to be applied. In certain cases, e.g. private individuals working as lecturers for universities, the project partner should organize interviews to select the right person for the task.
In-house consultancy/ Internal agency status: 24.03.2010	24)Where to budget costs for "in-house consultancy"/"internal agencies"? (Usually, in-house consultants/internal agencies are part of a partner's organisation and provide services for all other departments. Often, they are organized in an administrative department of the project partner organization. Examples are: legal services, internal travel agency) As stated in the question, usually, in-house consultants/internal agencies are part of a project partner organisation. This means that they belong to the project partner organisation and are treated like any other department: their staff members are employed for the project partner organisation through an employment or labour contract and their work is eligible under BL1 Personnel if the eligibility requirements of this budget line were fulfilled (see Programme Manual for further information). Any fee charged by the in-house consultants/internal agencies is not

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	<p>eligible. For example, in case an internal travel agency books the travels for the staff members, the fee of that internal travel agency is not eligible in the Programme. However, the pure travel and accommodation costs (without any extra charge from the internal agency) can be co-financed by the Programme if they are paid by the project and if travel documentation exists that proves the travel's relevance for the project.</p> <p>In case the in-house consultants/internal agencies are independent from the project partner organisation, e.g. because they are organised in a separate legal entity that only belongs to the group of the project partner organisation, their work is regarded as external services. In this case it bases on a service contract and their work is eligible under BL2 External services if the eligibility requirements of this budget line were fulfilled – especially Public procurement (see Programme Manual for further information)!</p>
In-kind contribution Status: 16.04.2009	<p>25)Are rooms provided by the project partner organisation eligible as in-kind contribution?</p> <p>No. Unpaid voluntary work is the only type of in-kind contribution that is eligible in the programme.</p>
Investment Status: 16.04.2009	<p>26)Can the following be understood as investment?: A server should be set up to promote courses, communication, etc. It should be used beyond the project end and be open to all users.</p> <p>This is an investment, if the transnational value can be clearly pointed out in the application form.</p>
Investment Status: 16.04.2013	<p>27)Is planting of 200-300 trees for marketing purposes and for reduction of CO2 produced by project activities considered as an eligible investment?</p> <p>The Joint Technical Secretariat considers the planting of trees for these purposes as eligible. They are rather a publicity measure than an investment in the meaning of the programme rules. The planned expenditure should be budgeted under the budget line (BL) 2 'External services'. This also implies that the planting has to be described in detail in the application form, especially in the work plan (WP 2 – Communication and information) and the specification of BL 2. Please also plan further publicity measures in order to make these "forests" known not only for the local public but also for the broader target groups of your project.</p>
Language courses Status: 29.04.2008	<p>28)Are language courses for project staff eligible?</p> <p>Any kind of standard-level course for project staff is not eligible. Only if a course provides the project staff with a specific knowledge that is relevant to the project it is eligible.</p> <p>Example: A basic accounting course for a Financial Manager is not eligible, but a course for accounting in EU-funded projects would be eligible. A basic English course for an Information Manager is not eligible, but a course for English writing skills.</p>
Partner contribution Status: 24.03.2010	<p>29)Can a Russian organisation put money into the partners' contribution of our project?</p> <p>Neither a public nor a private Russian organisation can put money into the partners' contribution of a project. However, Russian organisations can finance complementary activities of the project that have to be indicated in the application form, sections 3.10.5 'Description of complementary activities' and 3.10.6 'Sources of funding for the complementary activities'.</p> <p>Please note that only the listed project partners can give their partners' contribution. Furthermore a project partner may use contributions from public international funds (e.g. Nordic Council of Ministers) or from public</p>

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	<p>institutions of its nation (e.g. national ministries), region (e.g. country administrations) and/or local area (e.g. city) as its own partner contribution. But such international, national, regional or other subsidy must not exceed the partner's contribution (10%-50% depending on the location of the partner and programme funding source).</p>
<p>Personnel costs Status: 29.04.2008</p>	<p>30) If a project partner employs already existing staff members for the project implementation, is a new employment contract needed or can the already existing employment contract be used or can this contract be amended?</p> <p>The activities in the project have to be officially assigned to the staff member. Preferably, this should be done through a new employment contract. But it is also possible to attach a written agreement to the existing employment contract that clearly stipulates the new tasks to be carried out in the project and the working time foreseen for them.</p>
<p>Personnel costs Status: 17.09.2009</p>	<p>31) Is overtime eligible and if yes are there any conditions?</p> <p>The timesheets of the staff members working for the project shall include the total hours worked for the project and, if applicable, the own organization and/or other projects.</p> <p>These total working hours may include overtime.</p> <p>Such overtime hours are eligible provided that</p> <ul style="list-style-type: none"> • the amount of total hours worked does not exceed the limits set by the national, regional, local or institutional rules and regulations, and • overtime is allowed by the national legislation, the employment contract, institutional rules and regulations, etc. <p>In case the employer pays out the overtime, this would be eligible if:</p> <ul style="list-style-type: none"> • the employment contract (or any other legal document laying down provisions for the employment) foresees a payment of overtime (otherwise the payment of overtime is regarded as a voluntary contribution of the employer), • this is in line with the national, regional, local or institutional rules and regulations.
<p>Personnel costs Status: 24.03.2010</p>	<p>32) How to calculate salary/working hours of the employees working for the project? Can it exceed the average salary level for our country?</p> <p>The Programme Manual sets the minimum requirements for the calculation of personnel costs and working hours in the project. Moreover, a voluntary timesheet template can be downloaded from the Programme website (section <Management Toolkit>). It supports project employees in recording their working hours and in calculating their personnel costs correctly.</p> <p>It might happen that the salary for project employees exceeds the average salary level in your country, because more knowledge and language skills are required for project staff. However, the salary should be justified by the experience of the employee and should not be exorbitant or overpriced.</p>
<p>Personnel costs Status: 16.04.2013</p>	<p>33) How shall we report those parts of the personnel costs that were paid after the salary (e.g. taxes, social charges, holiday payments)?</p> <p>In general all parts of the personnel costs (e.g. salary, insurance, obligatory holiday payments) have to be actually paid out within the defined reporting period. They are only eligible if they were actually paid during the reporting period.</p> <p>However, due to certain rules and regulations some parts of the personnel costs (e.g. taxes, social charges and obligatory holiday payment) might only be accounted, but not be paid directly with the</p>

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	<p>salary. Thus, the payment might happen after the end of a reporting period or even after the end of the project.</p> <p>Assuming that:</p> <ul style="list-style-type: none"> • the employer is legally bound to pay these parts of the personnel costs, • these parts of the personnel costs are correctly booked in the accounting system of the partner organisation, • these bookings are irreversible, • the first level controller has agreed to the system, <p>the Programme would regard them as eligible, if they were reported together with the salary.</p> <p>Example:</p> <p>In some countries (e.g. Norway, Denmark, Sweden and Finland) a certain part (e.g. 1/12) of the holiday payment could be included in the accounted monthly salary, whereas the real payment to the employee is only done once a year (e.g. in July). If all assumptions mentioned above are fulfilled, the holiday payment would be eligible in the accounting month. In this case, it is important that project partners ensure that the holiday payment is not reported again when it is paid (e.g. in July).</p>
<p>Public procurement Status: 16.04.2009</p>	<p>34) There are only some companies which can deliver the external service. Are there any regulations that specify the procedure to select a provider in such a case?</p> <p>Even if the number of potential suppliers is limited, the applicable public procurement rules have to be applied.</p>
<p>Public procurement Status: 16.04.2013</p>	<p>35) Could we also use external service providers (e.g. Financial Managers) during the preparation phase of the project?</p> <p>Yes. The costs are eligible as preparation costs, but only if institutional, regional, and national, as well as EU public procurement rules were followed also during the project preparation phase.</p>
<p>Public procurement Status: 29.04.2008</p>	<p>36) Is the lead partner liable for the public procurements of other project partners?</p> <p>Each project partner is responsible for ensuring that its procurement complies with the relevant national and EU public procurement rules. The lead partner organisation has the overall responsibility for the project. It represents the project partnership towards the programme, as it is the only contracting partner of the Managing Authority. In case of irregularities, the recovery of the ineligible funds from project partners will be done via the lead partner. Therefore, the lead partner should include and regulate these issues in the partnership agreements.</p>
<p>Public procurement Status: 16.04.2009</p>	<p>37) Do NGOs that do not fall under the laws applicable to public institutions in their country have to apply also these laws?</p> <p>Yes. The NGOs receive public funding by the programme co-financing. Therefore, they have to apply the stricter rules for use of public funding (e.g. public procurement rules, limits for travel and accommodation costs), even if they might not apply them for their usual activities outside the project.</p>
<p>Revenues status: 24.03.2010</p>	<p>38) Can you give examples for revenues? Do we have to report revenues that incurred after the project closure?</p> <p>Examples of revenues are: Users of a book reimburse the postage fee, which was already co-financed by the programme; Users of an internet-based tool have to pay a user fee; Visitors at a conference pay a participation fee.</p> <p>The EU legislation states that any revenues during the project implementation and after the project closure (at least 5 years) have to be deducted from the eligible expenditure that was co-financed by the</p>

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	<p>programme. This means that you have to report to the programme any revenues that incurred during the project implementation and during a certain reference period after the project closure (for details see Programme Manual, Horizontal rules applicable to all budget lines, rule no. 8). Your eligible expenditure will then be diminished.</p> <p>For example:</p> <p>a) During the project lifetime you have a conference with total costs of 10,000 EUR and you earn 8,000 EUR through e.g. participation fees. Then (10,000 EUR-8,000 EUR=) 2,000 EUR are eligible expenditure and 8,000 EUR are treated as revenues.</p> <p>b) You developed an internet-based tool during the project. During the reference period after the project lifetime (e.g. 5 years) you earned 8,000 EUR through user fees. At the same time you have operating costs for the tool that have not been paid by the project (e.g. server maintenance) of 3,000 EUR. Then (8,000 EUR-3,000 EUR=) 5,000 EUR are treated as revenues and have to be paid back to the Programme.</p>
<p>Travel and accommodation costs Status: 12.10.2010</p>	<p>39)Are study trips to EU Member States outside the programme area (e.g. UK) eligible? What about travels to destinations outside the EU territory?</p> <p>Business trips to EU Member States and within the Programme area are eligible, provided that they contribute to achievement of the project objective.</p> <p>Business trips to destinations outside the EU and the Programme area are eligible, provided that they contribute to achievement of the project objective and have been approved by the programme beforehand. They have to be specified in the application form. In case they were not laid down in the application form, the prior approval of the Joint Technical Secretariat is needed.</p>
<p>Travel and accommodation costs Status: 16.04.2009</p>	<p>40)Is carbon-dioxide emission compensation certificate (e.g. in case of plane tickets) eligible?</p> <p>Even though these initiatives are very useful the costs for the Carbon-dioxide emission compensation certificate are not eligible, because the certificate is a voluntary contribution of the traveller to the transport company. The projects are encouraged to finance them as complementary activities from own funds.</p>
<p>Travel and accommodation costs Status: 16.04.2009</p>	<p>41)Can project partners pay travel and accommodation costs of associated organisations or guests?</p> <p>Yes, this is possible to a certain extent. Project partners may invite associated organisations or other guests to project events if their participation is justified as regards the added-value to and role of the guests at the event. These costs have to be budgeted under budget line 3 Travel and accommodation of the inviting lead partner or project partner. However, for guest only travel and accommodation costs, but no subsistence allowances can be paid.</p>
<p>Travel and accommodation costs Status: 16.04.2009</p>	<p>42)Where do we have to budget travel and accommodation costs of external service providers (e.g. speakers, researchers)?</p> <p>Travels of external service providers have to be relevant for their activities in the project. Before their travel they have to agree with the project partner that the project partner will pay their travel and accommodation costs. Such costs should be budgeted under budget line 2.</p>

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Travel and accommodation costs Status: 29.04.2008	<p>43)Using taxi in Germany is allowed by the national legislation, but it is not allowed in the Programme Manual.</p> <p>According to the Programme Manual the most economic way of transport has to be used. In well justified cases, it is possible to travel by taxi e.g. during the night. This justification has to be documented and verified by the first level controller of the respective project partner.</p>
Umbrella partnership Status: 29.04.2008	<p>44)Is an umbrella partnership possible?</p> <p>The problem is that we cannot include all actors as project partners that are needed to achieve the project's objective. Therefore, we plan to include an umbrella organisation as project partner who would coordinate the work with the relevant actors. The output of the work of the umbrella partnership would stay with the umbrella organisation. The actors would report their costs to the umbrella organisation, who would then report the costs to the programme.</p> <p>An umbrella partnership is not allowed in the Baltic Sea Region Programme. If a lead partner faces the problem that more partners are needed than can be included as a project partner, he is recommended to focus on those organisations that provide the most important financial input. The other organisations should be listed as associated organisations. Only the costs of the project partners will be co-financed by the programme. The associated organisations have to cover their costs from their own budget and should not report any costs through the project partners.</p>
Unpaid voluntary work Status: 16.04.2013	<p>45)Is it allowed to have some deviation from the amount of the unpaid voluntary work specified in the application form?</p> <p>Such deviation is allowed and it is also allowed to report unpaid voluntary work even if it was not specified in the partner budget in the project data form. However in each progress report the exact amount of unpaid voluntary work must be provided and, in case of significant differences, an explanation to support the change has to be given.</p> <p>Please remember that, according to the rules set in the Programme Manual, each project partner can report the value of unpaid voluntary work up to the limit of its own individual partner contribution to the project.</p>
Unpaid voluntary work Status: 29.04.2008	<p>46)Could travel and accommodation costs of unpaid voluntary workers be covered?</p> <p>Yes, travel and accommodation costs of unpaid voluntary workers can be covered if the trip is needed for completion of their tasks in the project. Subsistence allowances are not eligible.</p>
Unpaid voluntary work Status: 29.04.2008	<p>47)May students of a university provide unpaid voluntary work?</p> <p>Yes, this is a typical example of unpaid voluntary work. Please note that the students must not be employed by the university, e.g. as graduate assistant.</p>
Unpaid voluntary work Status: 29.04.2008	<p>48)Unpaid voluntary work has to be based on a written agreement. What does it mean?</p> <p>The written agreement has to be concluded between the volunteer and the project partner organisation. It has to lay down the activities that will be taken over by the volunteer. The agreement will be validated by the first level controller.</p>
Unpaid voluntary work Status: 29.04.2008	<p>49)In Finland you are obliged to pay insurance for voluntary workers. Are these costs eligible?</p> <p>As the organisation is obliged to pay for these costs, they are eligible. They should be budgeted under BL1 Personnel.</p>

Topic	Question and answer
Unpaid voluntary work Status: 29.04.2008	50) Students may receive ECTS-Points for their research study. Are these credit points regarded as remuneration? As students mainly carry out research studies as part of their courses, they have to get a mark for their study. If they passed a course they get ECTS points. These are not regarded as remuneration.
Unpaid voluntary work Status: 29.04.2008	51) Would it be possible that a voluntary worker is employed by the project partner organisation afterwards (e.g. a student carries out a research study during the first year of the project and is then employed by the project partner organisation during the third year)? This is possible. However, the project partner organisation should clearly separate tasks and time of the unpaid voluntary work and the later employment. There should be no overlaps.
VAT Status: 16.04.2013	52) Some project partners may pay VAT in foreign countries. Is this kind of VAT eligible? In case of special rules regarding the recovery of VAT, project partners are recommended to check the situation with their first level controller and accountant. If there are still doubts, it is recommended to contact the JTS in writing. In general, the VAT is eligible if it cannot be recovered by the project partner.
VAT Status: 12.10.2010	53) Is VAT eligible for Belarusian partners? According to the programme rules recoverable VAT is not eligible. In general all BY partners can apply for a tax exemption for VAT paid in Belarus, therefore VAT paid for services or goods in Belarus is not eligible. On the other hand taxes paid abroad are usually not recoverable e.g. if the partner pays a hotel invoice in Finland, there is Finnish VAT added and paid. This VAT is in normal case not refunded by any authority and therefore it can be considered eligible.

2. Application

Topic	Question and answer
Marketing costs and conference costs Status: 29.04.2008	1) There is no budget line for meetings and dissemination. Under which budget line should expenditures for the production of marketing materials, such as brochures, bags, etc. be budgeted? What about conference costs (e.g. renting of conference room, renting of equipment)? It depends on the status of the service provider and the source of materials used. If an external service provider was contracted (e.g. design company, printing house, speaker, caterer, etc.), its expenditure should be planned under BL 2 External services. If the work (e.g. design, presentation) was done by a project partner's own staff member, who used the materials of the project partner organisation, then the personnel costs should be planned under BL 1 Personnel and the depreciation of the equipment belongs to BL 4 Equipment and investment. All marketing and meeting costs shall be budgeted and later on reported in work package 2 "Communication and information".
Partner's contribution Status: 24.03.2010	2) Can a partner use national grants as partner contribution to the budget? National grants can be considered as partner contribution, if the following conditions are fulfilled: - The national support in cash does not exceed the maximum partner contribution, i.e. 10%-50% depending on the location of the partner. - The national support does not originate from any other EU funded source (e.g. a national fund with ESF or ERDF sources).

Topic	Question and answer
Partner's contribution Status: 16.04.2013	<p>If one of the conditions is not fulfilled, the exceeding amount is regarded as cash-inflow and has to be deducted from the total eligible costs.</p> <p>3) Can personnel costs of project partner organisations be used as partner contribution? The logic is slightly different: the budget is not divided into one part (e.g. travel costs) being paid from ERDF and another part (e.g. personnel costs) being paid from a partner's own contribution – instead each expenditure (e.g. personnel costs) is part-financed by ERDF and the other part is contributed by the project partner. In practice this means that after the project partner has paid certain costs, he reports all his eligible expenditure – inclusive personnel costs – to the programme. After the report is checked, a certain share (e.g. 75%, depending on the approved co-financing rate) of this expenditure is part-financed by the programme. This share is independent from the share of the personnel costs in the total costs. This means that the amount of personnel costs must not necessarily be equal to the own partner contribution. Please note that a project partner can only use personnel costs that were paid for staff directly engaged in the project and employed by the project partner institution on the basis of an employment/labour contract. The project work of persons not receiving any remuneration from the project partner organisation can be valued as unpaid voluntary work. Personnel costs and unpaid voluntary work are eligible under budget line 1 'Personnel'. (For details please refer to the chapter about budget lines in the Programme Manual.) It is important that the relevant staff member is not financed by any other EU or national programme and that the staff member fills in timesheets. A template for these timesheets (incl. calculation of personnel costs) is available on the programme website.</p>
Spending plan status: 24.03.2010	<p>4) Should I ask my project partners to plan their budget based on the 6-monthly spending plan or could it be done later (after approval of the application)? In the application form only the spending target of the whole project has to be indicated per fund (i.e. ERDF, Norway and ENPI). However, we recommend that the project partners at least agree on the individual spending targets (one amount per period) already during the project planning process. In that way the progress of each partner can be monitored in a better way. If you want to plan a realistic budget on a six-monthly basis, the project planning tool might be helpful (see eu.baltic.net). Please note that the expenditure is reimbursed by the programme approximately 1½ year after its incurrance. This means that you should plan your liquidity accordingly.</p>

3. Implementation

Topic	Question and answer
Accounting documents Status: 16.04.2013	<p>1) Should all accounting documents be in English? All official documents (e.g. timesheets, First Level Control report and checklist, cost itemisation list) should also be available in English. Using the programme language makes the documents understandable for the lead partner, first level controller(s), the Joint Technical Secretariat as</p>

Topic	Question and answer
	<p>well as any control body (e.g. European Commission, Second Level Auditors).</p> <p>Of course, regular original partner organisation's accountancy documents can be in the partner's own language only.</p>
<p>Bank account – SEPA Status: 12.10.2010</p>	<p>2) What are the advantages of opening a SEPA account? Opening a SEPA (Single Euro Payments Area) account results in faster receipt of payment, lower and transparent transfer charges.</p>
<p>Bank information – Internal reference status: 24.03.2010</p>	<p>3) In the progress report (and partner report) we are asked to state the "internal reference number" for the bank information (Cover sheet). What kind of information should be written there? The internal reference depends on the wishes of the partner. When the Programme or the lead partner is transferring the requested amount to the lead partner/project partner, the internal reference will be included in the note to the payee. Moreover, the number and the acronym of the project are in the note to the payee. This means that this information will be written in the partner's accounting statement for the respective transfer. The internal reference should help the partners and/or their accounting departments to identify the incoming amounts. Many partner organisations have a special reference number that they would like to have connected to the payment. It is also acceptable if partners leave the field empty.</p>
<p>Bank information – Trustee accounts Status: 16.04.2009</p>	<p>4) By law, the lead partner is forced to open a trust account. This means that the financial manager acts as a trustee and opens a trust account on behalf of the lead partner organisation. The account holder will be the financial manager. How could we provide this information in the application form? This procedure is eligible as the lead partner organisation is legally obligated to open up a separate account. The lead partner should provide a short explanation for the special account type in the description of work package 1.</p>
<p>Changes in activities Status: 16.04.2013</p>	<p>5) What happens if we are not able to finish certain investments until the end of the project? You may change your activities, if you submitted a request for project changes to the Joint Technical Secretariat and if either the Secretariat or the Monitoring Committee approved this request. In order to allow for a timely assessment by the Programme bodies, the request should be send before the start of the final reporting period. The request has to be submitted before the project closure at the latest.</p>
<p>Cost itemisation list and Personnel costs Status: 17.09.2009</p>	<p>6) How to fill in Personnel costs in the cost itemisation list? All personnel costs are filled in the sheet "Itemisation of actual project costs". The basis for the personnel costs are the calculations of the timesheet. Here the personnel costs of each employee are allocated to the different work packages according to the real working hours of the employee (see section 'Personnel costs_Report'). As no single invoice underlies the personnel costs the following is recommended to be filled in cost itemisation list:</p> <ul style="list-style-type: none"> • Column 'Internal no°': e.g. labour contract number • Column 'Invoice no°': e.g. number of the latest payment order • Column 'Invoice date': e.g. date of the latest payment order • Column 'Specification of the invoice': reference to the timesheet, • Columns 'National currency' and 'Exchange rate': EUR and 1.0000, because the currency exchange is done already in the timesheet, • Columns 'ERDF', 'NOR', 'ENPI': depending on the partner's fund, the

Topic	Question and answer
	<p>total amount per WP of the timesheet (see section 'Personnel costs_Report'), and</p> <ul style="list-style-type: none"> • Column 'Payment date': latest payment date of the timesheet (see section 'Personnel costs_Compilation'). <p>In this way all personnel costs (net salary + obligatory contributions of the employer) are transferred from the timesheet to the cost itemisation list.</p>
<p>Cost sharing status: 24.03.2010</p>	<p>7) Is the responsibility described in the Programme Manual to be imposed on each implementing partner of the project? Does it mean that every single cost sharing operation within the project has to be agreed beforehand with relevant first level controllers? Does it mean that in case a cost sharing scheme is included in the partnership agreement, this particular document has to be validated by the first level controllers? Or is it enough to have a green light from first level controllers on the principal procedure (e.g. regulated in the written agreement on cost sharing method), which will be applied in the project?</p> <p>The roles of the different actors are further explained in the Programme Manual, especially in the chapters about cost sharing and first level control. The first level controllers (FLC) will validate the reported expenditure. Part of their checks will be the validation of the cost sharing documents including the partnership agreement. In order to avoid that the FLC refuse to validate some already paid costs each partner should clarify in advance if the agreed cost sharing model will be accepted by its FLC.</p> <p>This also includes agreement with the FLC about the documentation he will demand/accept.</p>
<p>Cost sharing Status: 17.09.2009</p>	<p>8) In the Programme Manual it is written that "After the costs have been validated by the first level controller of the implementing partner, they are shared according to the agreed and documented cost sharing method." The cost doesn't need to be included in each partner's first level control then?</p> <p>Correct, the shares of contributing partners are NOT included in their partner reports but the lead partner fill in them directly into the overall progress report (in FR_5 you will find for this purpose two separate columns – own costs and shared costs). If a partner included the cost shares into the own report, the costs would be reported twice. The shared costs are fully validated by the FLC of the implementing partner.</p>
<p>Cost sharing Status: 17.09.2009</p>	<p>9) According the Programme Manual (first sentence in chapter 5.4.3) the cost sharing procedure can be applied after the costs have been validated by the first level controller of the implementing partner. In case of advance payment the real costs incurred in the project cannot be proved at that stage. Should an advance payment note be validated by the first level controller, as well?</p> <p>There is no need to validate the advance payment because the advance payment must not be reported. It is important to distinguish between the "real costs" and the "cash flow" between the partners – a money transfer between partners does not necessarily equal the amount of real costs.</p> <p>An example for better explanation: There are 1 implementing (IP) and 2 paying partners (PPs) sharing costs in equal shares. The IP asks for advance payment of 10,000 € from each PP – means he received 20,000 € plus he has own resources. Then the IP purchases the agreed goods/services and spends 27,000 €. This amount will be validated by the FLC of the IP, in the cost sharing invoice it will be stated that each partner's share is 9,000 € (1/3 of 27,000€). This amount will be then</p>

Topic	Question and answer
	reported for all three partners. The IP will return the overpayment of 1,000€ to both PPs.
Cost sharing Status: 16.04.2013	<p>10)Can we report cost shares for a partner who has not yet reported own costs?</p> <p>You may report cost shares for that partner, if this partner has transferred to the implementing partner its own contribution related to the cost shares. In this case the proof of this payment is to be submitted to the JTS.</p> <p>If the partner has not transferred anything yet, then the cost shares should be excluded from the report. As soon as the partner reports own costs, all cost shares related to that partner can be included in the relevant and all following reports.</p>
Eligibility period Status: 16.04.2009	<p>11)Can the project start its activities right after the approval by the Monitoring Committee?</p> <p>In all budget lines and work packages expenditure of project partners that receive ERDF or Norwegian co-financing is eligible from the day after the MC approval on. Therefore projects can start their activities on the day after the Monitoring Committee (MC) approval, but at the latest within three months after the MC approval. ENPI expenditure is eligible from the date of signature of the Grant contract. However the costs can only be reimbursed after the Belarusian partners have passed the national Belarusian approval procedure. This might last between 3 months and a year.</p>
ENPI budget Status: 12.10.2010	<p>12)We are lead partners in a project having partners from BY but not having ENPI budget. Can we spend part of the BY budget?</p> <p>One of the general principles of the Programme is that each partner budget can be spent only by that given partner – either in form of own costs or in form of shared costs. This means that one partner cannot pay costs on behalf of another partner. The rule is also valid for the ENPI funds. So if the lead partner would like to contract and pay any service (e.g. first level control) for a Belarusian partner, it has to report such costs as own costs and for this the lead partner own ENPI budget is needed.</p>
Financial management Status: 29.04.2008	<p>13)The project plans to pool the financial resources of all partners from the same country in a joint account at one appointed organisation. Thereby, a system of national financial coordinators will be set. From this account all expenditures, except for personnel costs, will be paid. Is such a model recommended by the Secretariat or are there any other models found by the Secretariat more effective?</p> <p>The Joint Technical Secretariat does not recommend to pool funds in one account. Each project partner should have its own account from which the costs are paid.</p>
First level control status: 24.03.2010	<p>14)Is a list of recommended first level controllers per country available for project applicants coming from countries with a decentralized first level control system?</p> <p>No, such a list is not available. In decentralised systems, the controlled beneficiary is free to appoint its controller, complying with certain requirements set out in the Programme Manual.</p> <p>Only for the so-called "mixed system", a pre-defined list of approved controllers is made available. (Please see the chapter on first level control of the Programme Manual for more details.)</p>
First level control	<p>15)Does each project partner have to have a first level control verification for each report by its own national first level controller? Or</p>

Topic	Question and answer
status: 24.03.2010	<p>is it enough to have one first level controller in the lead partner's country?</p> <p>Yes, each partner has to have a national first level controller that validates and confirms its expenditure. It is not acceptable if only the lead partner's first level controller validates and confirms the expenditure of project partners.</p>
First level control Status: 16.04.2009	<p>16)How to integrate the invoice of the first level controller into the relevant reporting period?</p> <p>It depends on the start of the preparation of the progress report and the first level controller. If you start early the first payment to the first level controller can be included in the relevant reporting period. The final payment can then be included in the next reporting period. In case the first level controller is paid after the end of one reporting period, the expenditure can be reported in the next report only.</p>
First level control Status: 16.04.2009	<p>17)How deep should the first level controller of the lead partner check the partner reports?</p> <p>The first level controller should rely on the first level control of the project partners. He should base his work on the check of the other first level controllers. The work should not be done twice. But the lead partner's first level controller should satisfy himself that the check has been done by a designated first level controller (e.g. designation certificate, first level control confirmation, checklist, sample documents, etc.).</p>
First level control status: 24.03.2010	<p>18)Are internal first level controllers eligible?</p> <p>In some countries yes, if they were designated by the relevant bodies. Please note that in some countries the costs of an internal first level controller are not eligible (e.g. Poland). For details see documents on eu.baltic.net, section Country specific information.</p>
First level control Status: 16.04.2009	<p>19)Is there a document which lists the requirements for the qualities of the first level controller?</p> <p>On the programme website you will find a country specific section, where the requirements for the first level controllers are laid down. The contact details and other relevant information are also given.</p>
First level control Status: 16.04.2009	<p>20)Is it possible that several project partners from the same country share one first level controller?</p> <p>Yes, several project partners from the same country can have the same first level controller.</p> <p>There are two options:</p> <ol style="list-style-type: none"> a. Each project partner makes its own contract with the first level controller. b. Partners can also share the first level controller using the method of cost-sharing. Please note that only external first level controllers can be shared. In this case all project partners shall conclude a cost sharing agreement. One project partner (Implementing partner) shall contract the first level controller and pay his invoices. The other project partners shall pay their share to the Implementing partner. Please also note that although the first level controller is contracted by one partner, all project partners have to have a designation certificate for their first level controllers.
First level control – ENPI Status: 16.04.2009	<p>21)Is there a list of Belarusian companies performing first level control for projects in Belarus?</p> <p>Such a list does not exist, but our Programme Manual sets the formal requirements. One important requirement is that the first level controller must be a member in the International Federation of Accountants (IFAC) and must apply the IFAC standards. More information about IFAC and a</p>

Topic	Question and answer
	list of its member bodies can be obtained on their website www.ifac.org .
First level control – prices Status: 29.04.2008	<p>22)Is there any information about cost estimations for first level control in each BSR country?</p> <p>The first level control price depends on the national system. Descriptions and some details of these systems can be found in the Programme Manual, chapter on first level control. In case the Joint Technical Secretariat received any country specific information it will be published on eu.baltic.net und "Country specific information".</p> <p>In centralized systems the first level control is usually paid by the national authorities, i.e. project partners do not pay anything.</p> <p>In decentralized systems project partners have to pay for their first level controller on their own. It is recommended that the partners ask a potential first level controller for an offer.</p>
Lead partner principle Status: 16.04.2013	<p>23)How can the lead partner secure himself against problems – especially in financial terms?</p> <p>You should use the partnership agreement to agree on handling of eventual irregularities, risk management and liability of project partners. An example is available on our website (eu.baltic.net).</p>
Partner report form and other templates status: 24.03.2010	<p>24)Some centralised first level controllers have developed special reporting forms and other templates for the partners from their country. What should we do?</p> <p>The Programme has developed a voluntary Partner Report and other voluntary templates that shall support the lead partner in the Project Management. The first level controllers of countries with a centralised system have agreed to accept these templates. In case of difficulties, we would recommend contacting the relevant project partners and first level controllers to find a joint solution. Even though the centralised first level controllers have accepted the Programme's voluntary templates, it might be that the countries national rules require further documents, which must be provided by the partners of the country</p> <p>However, the national controllers have to observe the programme rules (e.g. calculation of personnel costs) and they have to use our templates for the first level control report, the first level control checklist and the first level control confirmation.</p>
Partnership agreement Status: 17.09.2009	<p>25)What happens if the partnership agreement is not signed until the deadline?</p> <p>a) If the partnership agreement is not signed before/soon after the end of the 1st reporting period (e.g. 31.7.2009), the project partners cannot report their costs in period 1, or can they report their costs belonging to period 1 in the 1st report anyway?</p> <p>As stipulated in the Programme Manual: The partnership agreement has to be signed before the deadline for submission of the first progress report (e.g. 1.11.2009). The programme cannot co-finance the expenditure of a partner who has not signed the partnership agreement. In light of this, the partnership agreement might also be signed after the end date of the first reporting period (e.g. 31.7.2009). In this case you have two options:</p> <p>(1) You include the validated expenditure of the partner into the progress report anyway. But your first level controller has to mark in his confirmation that the partnership agreement has not been signed. The programme will not pay the co-financing of the partner if the partnership agreement has not been signed until the date of approval of the 1st progress report.</p> <p>(2) You include the validated expenditure of the partner into the progress report only after the partnership agreement has been signed. But your</p>

Topic	Question and answer
	<p>partner has to be able to submit his validated partner report to you in time and you have to be able to include his costs in the progress report until the due date.</p> <p>b) If the partnership agreement is signed in period 2, can the project partner report its costs for both period 1 and 2 in the 2nd progress report?</p> <p>Yes, you might report expenditure from periods 1+2 in progress report 2. Please note that if the partnership agreement is not signed by the time the second progress report is due the project partner must be removed from the project partnership.</p>
<p>Payments status: 24.03.2010</p>	<p>26)When will project partners get the first payment? To which account will the Programme transfer the co-financing: to the project partner's account or to the lead partner's one?</p> <p>Partners co-financed from ENPI will get the first payment (advance payment) after the Belarusian partners have passed the national approval procedure. This approval procedure lasts at least 6 months and starts after the approval of the project by the Monitoring Committee of the Baltic Sea Region Programme. For example, if the project was approved on 25 October, the approval procedure lasts at least until 25 April. The speed of the approval procedure is determined by the clarity of documents submitted by the project partners to the Belarusian government.</p> <p>Partners co-financed from ERDF will get their first payment after the first progress report has been approved by the Programme. This report is submitted ca. 12 months after the approval of the project. Depending on the quality of the report the checks last between 4 and 6 months. So the first payment can be expected ca. 1 ½ years after the project approval. Partners are asked to plan enough liquidity!</p> <p>All co-financing will be transferred to the account of the lead partner. The lead partner has to transfer the amounts further to the respective project partners as soon as possible.</p>
<p>Payment proof Status: 12.10.2010</p>	<p>27)We are a large organisation having bulk payments and complex IT accounting systems (not only project-related), and due to them we have difficulties defining the payment dates. What can we do in this case?</p> <p>In this case to prove the reality of expenditure the first level controller should concentrate on the general reliability of the payment system e.g. checking the payment procedures by sampling of (a few) selected items. Once the controller gains reasonable assurance of the reliability of the payments, the project checks can be based on the booking data available in the IT system (booking dates etc.).</p>
<p>Progress report – Checksum Status: 12.10.2010</p>	<p>28)How can we avoid problems with the checksum?</p> <p>The checksum is generated on the paper version after pressing the button "finalise and save and print" on the Cover sheet of the Excel version of the report. Please keep in mind that after adding even one single character (e.g. controller's signature date) into the report, the checksum will change and it has to be printed again. Therefore it is important that both, the lead partner and the first level controller agree on the final electronic version of the report (the first level controller is supposed to fill in data in FR_9 first!) and only then print it and sign it. They also have to agree how to arrange it so that the report will not be changed after printing it out and having the first signature on it.</p>
<p>Progress report – Error</p>	<p>29)How can we avoid error messages in the progress report?</p> <p>First, never enter amounts with more than two digits after the decimal</p>

Topic	Question and answer
messages Status: 16.04.2013	<p>point into the reports, as this will mostly lead to an error message. The only exception here is the exchange rate which is required to enter as four digits after the decimal point. Second, avoid copying of cells from other files or entering of formulas into the cells of the official progress reports (compiled report prepared by the lead partner) or do it very carefully. The copy function might destroy the formatting of the cells and this way some warning messages might stop working.</p>
Project closure phase Status: 29.04.2008	<p>30) Are depreciation costs of equipment eligible in the project closure phase? Only depreciation costs of equipment that is needed for a project's closure activities are eligible. These costs should be planned in WP1.</p>
Timesheets Status: 17.09.2009	<p>31) Question to timesheet templates: How do we have to fill in the monthly personnel costs? The worksheet "Personnel costs_Compilation" shall help project partners to sum up the total personnel costs per month and per reporting period. It shall also help the first level controller to check the calculation of the personnel costs. The monthly net salary and the other charges paid for the employee can be filled in separately. If project partners do not have the single figures for health charges, social charges, taxes, etc., they might fill the total sum into the column "salary". We recommend to agree with the first level controller beforehand and to make a note in the timesheet that explains this special approach. And in any case it is important that the total amount equals the actually paid costs.</p>
Timesheets Status: 16.04.2009	<p>32) The timesheets on the website are for ten months only. Why? The timesheets should cover one reporting period, which could be up to ten months (e.g. first reporting period).</p>
Timesheets Status: 12.10.2010	<p>33) What is to be filled under health charges, social charges and taxes? All obligatory charges paid both by the employer and the employee are to be included in these cells.</p>

4. Project closure

Topic	Question and answer
After project end status: 19.02.2013	<p>1) What do we have to consider after the project was closed? There are few duties of the partners, which are valid even beyond the project duration. The duties are stipulated in the Grant Contract (in particular Articles 5, 6 and 7) and in the Programme Manual (chapter 15); the partners should find the relevant information also in the Partnership Agreement. At first the Programme defines rules regarding durability and ownership of the project outputs e.g. investments in infrastructure and productive investments should not be sold or substantially modified within 5 years after the project end. Secondly all partners have to maintain documents, which might be necessary for audits after the project end until 31.12.2025.</p>
Copyright and ownership Status: 19.02.2013	<p>2) Our project produces innovative project results and carries out feasibility studies for investments, which should be realized by external companies after project closure. Who will possess the copyright for such outputs and results? Article 6 (5) of the Grant Contract stipulates the obligation of the LP to ensure that "the ownership of any outputs and results produced during the project implementation remains with the LP or project partners for at least five years after the project end date." (The same obligations are laid</p>

Topic	Question and answer
	<p>down in chapter 15 of the Programme Manual.) This requirement derives from Article 57 (1) of Council Regulation (EC) No 1083/2006 (General Regulation) as published in the Official Journal of the European Union on 31.07.2006. By Regulation (EU) No 539/2010 of 16 June 2010 the Article 57 (1) was amended with retroactive effect, i.e. the amended rule applies from 1. 1. 2007. The rule is reduced to investments in infrastructure and productive investments. This amendment of the regulation implies that requirements to the retention of ownership (laid down in chapter 15 of the Programme Manual and Article 6 (5) of the Grant contract) only apply to projects comprising investment in infrastructure or productive investments (e.g. investments in port infrastructure, investments in (parts of) buildings, etc.). Outputs such as training material, ICT tools, etc. are not affected by the requirements to the retention of ownership. However, it has to be made clear that the other Programme rules, especially those concerning state aid (chapter 1.4.6 of the Programme Manual and articles 6(6) and 6(7) of the Grant contract) and revenues (chapter 5.2.8) are still valid for all kinds of projects. For your case the interpretation means that there are no copyrights to the feasibility study. Every interested party should have the right to use, modify and disseminate the study. Any modified or extended versions of it should be free as well (copyleft principle). These principles similarly apply to projects with outputs like ICT tools, trainings, curricula, online courses, guidelines, etc. Now these projects can easily comply with the state aid requirements that oblige projects to make their outputs available under a public license.</p>
Closure phase Status: 27.06.2012	<p>3) Which costs are eligible in the closure phase? After the end date of the project implementation phase the partners have 3 months to close the project accounting and submit the final progress report. This so called "closure phase" is open for executing payments of project expenditure in all WPs. However, whereas activities in WP1 can still be implemented in the closure phase, activities in WP2-WP7 must have been finalised before the closure phase. For example: A project ends on 24/01/2012 (end date of the implementation phase). The closure phase ends on 24/04/2012. The project is allowed to report costs of the final conference organised on 22/01/2012 in WP2 if these costs were paid before 24/04/2012. It would not be allowed to report these costs, if the event took place on 25/01/2012 or if the event were paid on 01/05/2012. Salary costs of staff working in WP1 during the closure phase would be eligible if it were paid before 24/04/2012.</p>
Closure phase Status: 27.06.2012	<p>4) What happens to expenditure that is paid after the closure date? All costs paid by partner organisations after the end of the closure phase cannot be co-financed by the Programme. The partners have to pay 100% of these costs.</p>
Cost shares Status: 27.06.2012	<p>5) What if project partners do not pay cost shares on time? In principle, the project partners should follow the settlement method agreed in the cost sharing agreement. If needed the settlement method can be changed within the partnership (e.g. to deduct the delayed payment from the final grant of the respective partner).</p>
Delayed report Status: 27.06.2012	<p>6) What to do when a partner report is received with delay? All project partners need to be aware that their final reports have to reach the FLCs as early as possible. The preparation of the reports should</p>

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	<p>start already before the end of the implementation phase and the main parts of the report should be ready by the deadline of implementation. In this way the partnership and the FLCs will be able to finalise the reports within the 3 months closure phase. If partners are sending the reports with delay to the FLC the whole reporting cycle will face problems with the Programme's deadlines.</p> <p>This principle is even more important in the centralised FLC-system. Even though the Programme has asked all centralised FLC to handle final reports with priority, a timely submission of these reports to the FLC is of utmost importance.</p>
<p>Delayed report Status: 27.06.2012</p>	<p>7) Is there a possibility to prolong the submission deadline of the final report?</p> <p>If lead partners are facing difficulties collecting partner reports in time and they are not able to submit the final progress report of the project by the submission deadline set in the grant contract, they have the possibility to apply for prolongations.</p> <p>However, the prolongation of the submission deadline does not affect in any way the deadlines for implementation of activities and for payment of costs. The eligibility dates will remain unchanged for all projects.</p>
<p>Documentation Status: 27.06.2012</p>	<p>8) Until when do we have to keep project-related document?</p> <p>All partners have to maintain documents, which might be necessary for audits after the project end until 31.12.2025.</p>
<p>ENPI Status: 27.06.2012</p>	<p>9) Why is the final payment of ENPI funds different from the requested ENPI funds?</p> <p>The payment of ENPI funds differs from the payment of ERDF/Norwegian funds.</p> <p>In case an ENPI partner spends more than 80% of its approved grant, the excess amount is frozen and will be paid with the final report. Thus, the final payment might not only reimburse the expenditure of the final report, but also of previous reports.</p> <p>Moreover, from the payment of the final report the advance payment to the ENPI partner has to be deducted. However, this deduction could also happen together with regular payments in case an ENPI partner has a low spending rate.</p>
<p>External services Status: 27.06.2012</p>	<p>10) How to charge final invoice of an external project/financial manager if advance payment is not allowed?</p> <p>The payment for the external manager should be together/in parallel with the delivery of the final report. E.g. payments have to be done together with or after the delivery of services or goods.</p>
<p>FLC costs Status: 27.06.2012</p>	<p>11) How to report expenditure related to first level control of the final report?</p> <p>As the certification of expenditure by the First Level Controller (FLC) usually comes as last activity, the related costs are the last costs of the projects.</p> <p>In case the major part of the first level control was carried out during the closure phase it is possible to use the advance payment method for final FLC costs.</p> <p>Eventual prolongations of the submission dead-line of the final reports do not have any effect on the final eligibility date. For example if the end of the project closure phase is 24/04/2012, the FLC has to carry out the majority of his checks before this date AND the FLC must be paid before this date. This means the project is asked to finalize the final report as quick as possible and the FLC of the lead partner shall carry out his work during the closure phase (checking the expenditure of the lead partner and of the available partner reports).</p>

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	<p>Please note that in case of the FLC it is explicitly acceptable that the advance payment is made before the certification is finalized: with the signature of the report by the FLC the certification activity is implemented, and thus the requirement of implementation and payment is fulfilled. However the advance payment is not acceptable for other types of costs (e.g. an advance payment to an external project/financial manager for activities beyond the project end date).</p>
<p>Partnership agreement Status: 27.06.2012</p>	<p>12)How to deal with partnership agreements when there is an ongoing change towards the end of the implementation/after the project end? Partnership agreements should be updated by the submission date of the final report. The updated document might be subject of desk checks during the monitoring of the final progress report.</p>
<p>Request for changes Status: 27.06.2012</p>	<p>13)Until when can we send requests for changes? All changes in the project described in the chapter on project changes must be communicated to the Joint Technical Secretariat. The changes must be approved before their implementation. When it comes to the submission deadlines of the change requests of our projects, the Programme has set certain rules in order to be able to process the requests in due time. For example, requests for project prolongation, if relevant, have to be submitted at least 2 months before the end of the implementation period; requests for changes necessary towards the end of the implementation period shall be submitted before the end of the implementation phase. In duly justified cases requests can be submitted also at a later stage, however projects need to present their requests early enough to the JTS in order to have them processed before the submission of the last progress report. When preparing any request for changes the projects should be aware that not every change is possible e.g. it is not possible to prolong the project duration beyond the maximum project duration; it is not possible to re-allocate the funds between the budgets of ERDF co-financing, ENPI co-financing and the Norwegian co-financing; the spending plan cannot be changed retrospectively.</p>
<p>Revenues Status: 16.04.2013</p>	<p>14)How to deduct revenues generated within 5 years following to project closure? At the latest in the final progress report, projects have to include any revenues that will be generated after the project end during the useful life of an asset or, if the useful life cannot be determined, within five years. If this is the case, a calculation method of the revenues has to be presented and the revenues have to be deducted from the eligible expenditure at the final balance. A follow up by the Programme bodies on the revenues has to be expected after the project closure. Please read the Programme Manual for more detailed information.</p>
<p>Timesheet Status: 16.04.2013</p>	<p>15)Is it possible to use common time sheet for implementation and closure phase? Yes, the time sheet of the last reporting period can be used for reporting working time of the implementation phase and closure phase. However, please remember that only working hours in WP1 are eligible in the closure phase. Please note that you do not have to separate the payments of personnel costs for work done in WP2-7 and in WP1 as personnel costs for work carried out in the implementation phase of WP2-7 can also be paid in the closure phase.</p>