INTERREG IVC

European **n**etworks, **e**xperiences and **r**ecommendations helping **ci**ties and **ci**tizens to become **E**nergy **E**fficient

Mini-Programme Manual

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1 Introduction

The main objective of EnercitEE is the exchange of experience in order to identify, analyse and transfer best practices and to help local authorities and their citizens to improve their energy performance.

EnercitEE is based on a high intensity of cooperation between the seven participating partners from six European regions (see Table 1). Thus the project will be carried out as a mini-programme. A project lifetime of 48 months starting from January 2010 is set in order to prepare and carry out the sub-project component (Component 4) with up to 12 sub-projects. This intensive cooperation will help to build up international knowledge and improve local policies and strategies in the field of energy efficiency by assessing different European approaches, selecting suitable tools and carrying out light pilot implementations.

The overall working language for the entire project (meetings, reports, documentation, etc.) is English.

Regions	**Steering Group**	**Working Group**	**Regional Management**	**Component Management**
Saxony (Lead Partner)	SMUL - Saxon State Ministry of the Environment and Agriculture (Partner 1)	LfULG - Saxon State Office for Environment, Agriculture and Geology	LfULG	Component 1 and 2
Småland med Öarna	RFSS - Regional Council of southern Smaland	ESS - Energikontor Sydost (Partner 2)	ESS	Component 3
Emilia-Romagna	RER - Emilia-Romagna Region, Regional Council for Productive Activities, Commerce, Tourism - Energy Service Departm. (Partner 7)	ASTER - Science Technology Business (Partner 3)	ASTER	Component 4 - ASTER: Focus Local Authorities
Haute-Savoie	CG 74 - Haute-Savoie local authorities (Partner 4)	CG74 - Haute-Savoie local authorities	CG74	Component 4 - Focus Citizens
Crete	Region of Crete, General Secretary of the Region of Crete (Partner 5)	REAC - Regional Energy Agency of Crete	REAC	
Lower Silesia	Marshall Office of Lower Silesian Voivodeship, DEFS-T (Partner 6)	Marshall Office of Lower Silesian Voivodeship, DEFS-T	DEFS-T	

Table 1: Partner Regions of EnercitEE

2 Organisation and management

2.1 Coordination

In principle EnercitEE copies the INTERREG IVC programme procedure and just differs where mini-programme related adjustments are necessary. Following the "Lead Partner Principle" in the management of EnercitEE Saxony has specific responsibilities concerning reporting, payments, etc. and chairs the Steering Group. Every Partner Region sends one representative to both the Steering Group (political level) and to the Working Group (technical level) with one voting right.

Within the project Saxony (LfULG) is responsible for carrying out Component 1 (Management and Coordination) and Component 2 (Communication and Dissemination). Component 3 (Exchange of Experience) will be coordinated by Småland med Öarna (ESS). The Coordination for Component 4 (Sub-Projects) will be shared between Haute-Savoie (CG74 → focus: citizens) and Emilia-Romagna (ASTER → focus: local authorities).

Component	Component Manager	Scope	Outputs
1 – Management and Coordination	LfULG (Saxony)	- Dealing with all administrative, legal and financial activities of EnercitEE	Mini-Programme manual, WG/SG meetings, calls for proposals, ranking lists SP applications, reports (Progress, Regional) assistance to sub-projects & Sub-Project Participants
2 – Communication and Dissemination	LfULG (Saxony)	- Disseminating the project's activities and achievements outside the project, - Benefit other interested local and regional authorities	Logo, flyers, poster exhibitions, website, communication plan, conferences and events
3 – Exchange of Experience	ESS (Småland med Öarna)	- Exchange of experience on a strategic level - Identification and analyses of good practice + maximise results achieved at the sub-projects' level - Go beyond EnercitEE and provide input to other regional and local authorities	Best Practice Guide, Component Seminars, workshops, training sessions, technical and study visits
4 - Sub-Projects (SP)	CG74 (Haute-Savoie) for citizens' SP ASTER (Emilia-Romagna) for local authorities' SP	- Development of the Sub-Projects - Focus on exchange of experience - Contribute to improving regional/ local policies or instruments	Calls for proposals, evaluation, selection and assistance of up to 12 sub-projects

Table 2: Components of EnercitEE

A sound management and coordination of the overall EnercitEE project is ensured by an efficient administrative management, proper communication among the partners as well as a time-keeping reporting and payment system which will be established by the Lead Partner. 12 Working Group and 8 Steering Group meetings with representatives from all regions ensure interregional coordination in terms of monitoring, evaluating and decision making, as well as the necessary support, advice and cooperation between the regions carrying out the different sub-projects. The Steering Group is the final level of decision-making.

The EnercitEE management must ensure the technical, financial and administrative coordination both with regard to the INTERREG IVC Programme level and between the partner regions. The following management and implementation bodies will be used to coordinate the interests of the six partner regions and the sub-projects (main tasks are described in section 2.2):

- Lead Partner
- Regional Partner
- Mini-Programme Coordination Office
- Steering Group
- Working Group
- Component Manager
- Regional Manager
- Lead Sub-Project Participant
- Sub-Project Participant

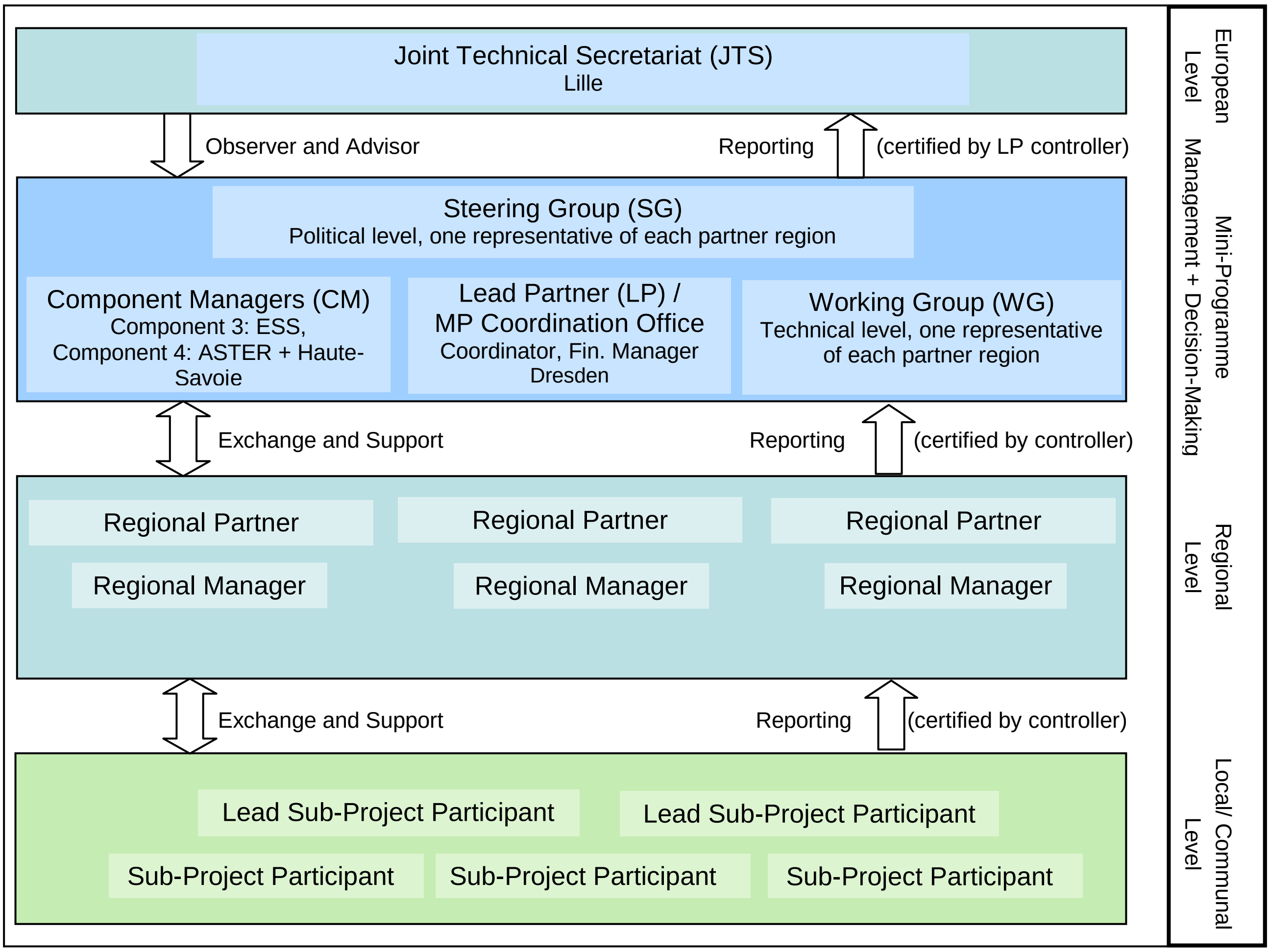

Figure 1: Management and implementation bodies of Mini-Programme EnercitEE

2.2 Main tasks of EnercitEE's management & implementation bodies

2.2.1 Lead Partner (LP)

The EnercitEE Lead Partner Saxony, represented by the Saxon State Ministry of the Environment and Agriculture (SMUL), is responsible to the JTS for the execution of the Mini-Programme according to the Subsidy Contract.

The Lead Partner's controller will be the independent Unit 25 in the Saxon State Ministry of the Environment and Agriculture.

The Lead Partner assigns the coordination tasks to its subordinated unit the Saxon State Office for Environment, Agriculture and Geology (LfULG).

Main tasks and responsibilities:

- Having the full administrative and financial responsibility for EnercitEE
- Signing the Subsidy Contract with the Managing Authority for the total amount of the subsidy
- Laying down the arrangements for the relations with the other Regional Partners in a Partnership Agreement
- Setting up and signing a Sub-Project Subsidy Contract with all Lead Sub-Project Participants on the obligations of partners in the sub-project
- Ensuring the timely and correctly reporting to the JTS
- Requesting and receiving payments of programme funding (carried out by MPCO / LfULG-Unit 13)
- Transferring programme funds to the partners in compliance with the amounts reported in the Progress Report (carried out by MPCO / LfULG-Unit 13)
- Chairing the Steering Group meetings

2.2.2 Mini-Programme Coordination Office (MPCO)

The Saxon State Office for Environment, Agriculture and Geology (LfULG) as a unit of the Saxon State Agency for Environment and Geology is in charge of the overall management and coordination of EnercitEE. The work is being executed by the **Mini-Programme Coordination Office.** The coordination office consists of the project coordinator, the project assistant and the Financial Manager (who is the Saxon Regional Manager at the same time).

Assistance to the coordination office is being provided by the external experts from B.& S.U. mbH (Germany) for some selected tasks and from VOR (Germany) for the development of the cooperate design of EnercitEE.

Main tasks and responsibilities:

- Being responsible for the day to day management of the project
- Coordinating the work of the Working and Steering Group
- Being the executive contact point for the INTERREG IVC Joint Technical Secretariat (JTS) in Lille
- Preparing, organising and documenting (minutes) the Steering Group and Working Group meetings
- Ensuring the smooth communication between the partners and the EU
- Preparing and submitting of Calls for Proposals on the EnercitEE internet portal
- Compiling the EnercitEE Progress Reports and the Final Report

- Forwarding of the Progress Report to the Lead Partner's controller who will certify the reported activities and expenditures in compliance with the country specific requirements and fills in a control confirmation (see Annex 7.2.1)
- Forwarding of the certified Progress Report (incl. control confirmation) to the JTS in Lille
- Coordinating all certification related requirements with regard to the Progress Report
- Being responsible for the overall dissemination (with the support of the external experts): implementation of the Communication Plan, maintenance of the website, press releases, flyers, newsletters, etc.
- Providing model contract for the Sub-Project Partnership Agreement (see section 5.6.1)
- Requesting and receiving payments of programme funding (on behalf of the LP and in close coordination with LfULG-unit 13)
- Transferring programme funds to the partners in compliance with the amounts reported in the Progress Report (on behalf of the LP and in close coordination with LfULG-unit 13)

2.2.3 Financial Manager (FM)

The financial management will be carried out by the Saxon State Office for Environment, Agriculture and Geology (LfULG) which is a subordinated unit of the Saxon Lead Partner. The Financial Manager is based in the Mini-Programme Coordination Office and acts as the first contact point for all financial questions.

The Financial Manager will receive the certified Regional Reports and the relevant control confirmations from EnercitEE partners and will coordinate the certification (incl. control confirmation) by the Lead Partner's controller. The Financial Manager prepares both the financial part for the Saxon Regional Report and for the Progress Report. He/ she will also advise the coordinator on financial rules, such as budget reallocation, eligibility and decommitment.

Upon approval of the Progress Report by the JTS and payment received the Financial Manager will coordinate the forwarding of the payment to the EnercitEE Regional Partners (incl. the payment for the (Lead) Sub-Project Participants). In addition, the Financial Manager coordinates the payments to the Saxon (Lead) Sub-Project Participants.

In general, the Financial Manager strives to be updated on potential financial changes in the INTERREG IVC programme and swiftly communicates news to all partners of EnercitEE. For this reason, the Financial Manager will participate in financial management seminars which are organised by the JTS and inform the coordinator and Working Group on any news.

The Financial Manager will keep budget expenditures updated at all times which allow ongoing assessment of the financial performance of the mini-programme. Timing of first level controls will be respected by the Financial Manager and communicated to the partners at short notice.

The Financial Manager will act as the Saxon Regional Manager at the same time.

Main tasks and responsibilities:

- Acting as a contact point in respect to all financial issues and questions and forwarding of all information on finances to EnercitEE partners
- Compiling expenses from partners and Sub-Projects Participant Reports in Progress Report and for Saxon regional management in Saxon Regional Report
- Assisting the coordinator in a) forwarding of the Progress Report to the Lead Partner's controller who will certify the reported activities and expenditures in compliance with the country specific requirements and fills in a control confirmation (see Annex 7.2.1), b) in forwarding of certified expenses from the Progress Report (incl. control confirmation) to the coordinator and c) in the coordination of all certification related requirements with regard to the financial part of the Progress Report
- Coordinating the process of receiving payments from the Paying Authority and forwarding them to EnercitEE's Regional Partners together with LfULG-unit 13.
- Coordinating the budget reallocation of partners.

2.2.4 Steering Group (SG)

Chaired by the Lead Partner, the Steering Group is the central body for the strategic partnership. Each partner region delegates one representative of the regional authority (or equivalent) to the Steering Group. Each regional delegate has one vote. The representative of Saxony (Lead Partner) will chair the meetings of the Steering Group. The decisions taken by the Steering Group will be made on a consensus basis.

The INTERREG IVC Joint Technical Secretariat (JTS) will be invited to the Steering Group meetings as an observer. The Project Coordinator, the Financial Manager as well as the JTS are members without voting rights. The Steering Group is supported by the Mini-Programme Coordination Office and the Working Group. The Steering Group will meet about twice a year. Ideally the meetings will be combined with study visits, seminars or European conferences.

Main tasks and responsibilities:

- Monitoring and guiding the implementation of EnercitEE
- Coordinating the signing of Partnership Agreement with the Lead and Regional Partners
- Being the decision-making authority of EnercitEE (approval of working plans, changes in the project, budget shifts, the project's cooperate identity)
- Deciding on the approval of sub-projects and of funds

2.2.5 Working Group (WG)

Chaired by the project coordinator the Working Group is the central body for the technical coordination of both the EnercitEE components and the regional partnership. Each partner region delegates one technical representative to the Working Group and has one voting right. The project coordinator holds the vote for the Lead Partner and chairs the meetings of the Working Group. The Financial Manager participates as a member without voting right. The Working Group should take the decisions by consensus. In cases where no consensus can be reached the decision will be taken by the Steering Group.

The Working Group will meet about three to four times a year. Ideally the meetings will be combined with study visits, component seminars, workshops, technical visits and European conferences.

Main tasks and responsibilities:

- Being responsible for the implementation of the decisions taken by the Steering Group
- Assessing the ranking lists of the sub-project applications provided by the Component Managers
- Compiling a final ranking list with recommendations on awarding which serves as basis for decision-making by the Steering Group
- Usually, the representative in the Working Group also acts as the Regional Manager in his/her respective region.

2.2.6 Regional Partner (RP)

The EnercitEE partners as signatories of the application are responsible for the technical, financial and administrative coordination of the mini-programme in their regions and are accountable to the Lead Partner. The partners will sign a Partnership Agreement that regulates the conditions of collaboration, reporting and finances.

Each Regional Partner appoints a Regional Manager who serves as the contact point for his/ her region and is responsible for the day-to-day management.

Main tasks and responsibilities:

- Signing the Partnership Agreement
- Delegating one representative of the regional authority (or equivalent) to the Steering Group
- Organising and leading the regional management and the regional partnerships by appointing a Regional Manager
- Setting up of a Grant Letter (or similar) clarifying funding and payment conditions between the beneficiary of the regional funds and the Paying Authority of the Regional Partner. (Coordination: Regional Manager)

- Preparing of 6-monthly Regional Reports (activity and financial reports, coordinated by the Regional Manager)
- Requesting and receiving payments from the Lead Partner on the basis of the expenditures reported in the Regional Reports
- Transferring funds to the (Lead) Sub-Project Participants of their respective region on the basis of certified expenditures in the Sub-Project Participants Report (Coordination: Regional Manager)
- Setting up a separate accounting system as specified in section 4.2

2.2.7 Regional Managers (RM)

The Regional Managers (including a Saxon Regional Manager) coordinate the technical and financial implementation of EnercitEE in their regions. This includes the EnercitEE regional and interregional networking efforts. Close cooperation has to be established with regional and local actors.

Main tasks and responsibilities:

- Acting as competent regional contact points
- Assisting the project coordinator in preparing and submitting the Calls for Proposals
- Organising the regional Kick-Off, mid-term and Wrap-up events in the respective region
- Preparing articles for EnercitEE newsletters with news from his/her region
- Translating EnercitEE's newsletters into the national language and disseminating them
- Contributing to the communication of the project by translating and disseminating two Regional Flyers
- Stimulating participation and partner search for sub-projects
- Translating the Calls for Proposals into the national languages and disseminating them via regional networks, websites, newsletters, etc.
- Ensuring that Lead Sub-Project Participants from his/her region will sign a Sub-Project Subsidy Contract with the Lead Partner
- Coordinating of the signing procedure of the Grant Letter (or similar) between the beneficiary of regional funds and the Paying Authority of Regional Partner
- Providing special regional knowledge to (Lead) Sub-Project Participants as well as to the Mini-Programme Coordination Office and Component Managers
- Compiling of the Regional Report and forwarding it to the identified independent controller who will certify the reported activities and expenditures in compliance with the country specific requirements and fills in a control confirmation (see Annex 7.2.2).

- Forwarding of the certified Regional Report (incl. control confirmation) to the Mini-Programme Coordination Office in Dresden
- Coordinating all certification related requirements with regard to the Regional Report
- Checking the 6-monthly Sub-Project Participant Reports in the respective region for compliance and validity
- Coordinating the technical preparation and organisation (with support of the coordination office) of the study visits, technical visits or training sessions in the relevant region
- Contribution to EnercitEE Progress and Final Reports and dissemination activities
- Assessing incoming proposals

2.2.8 Component Managers (CM)

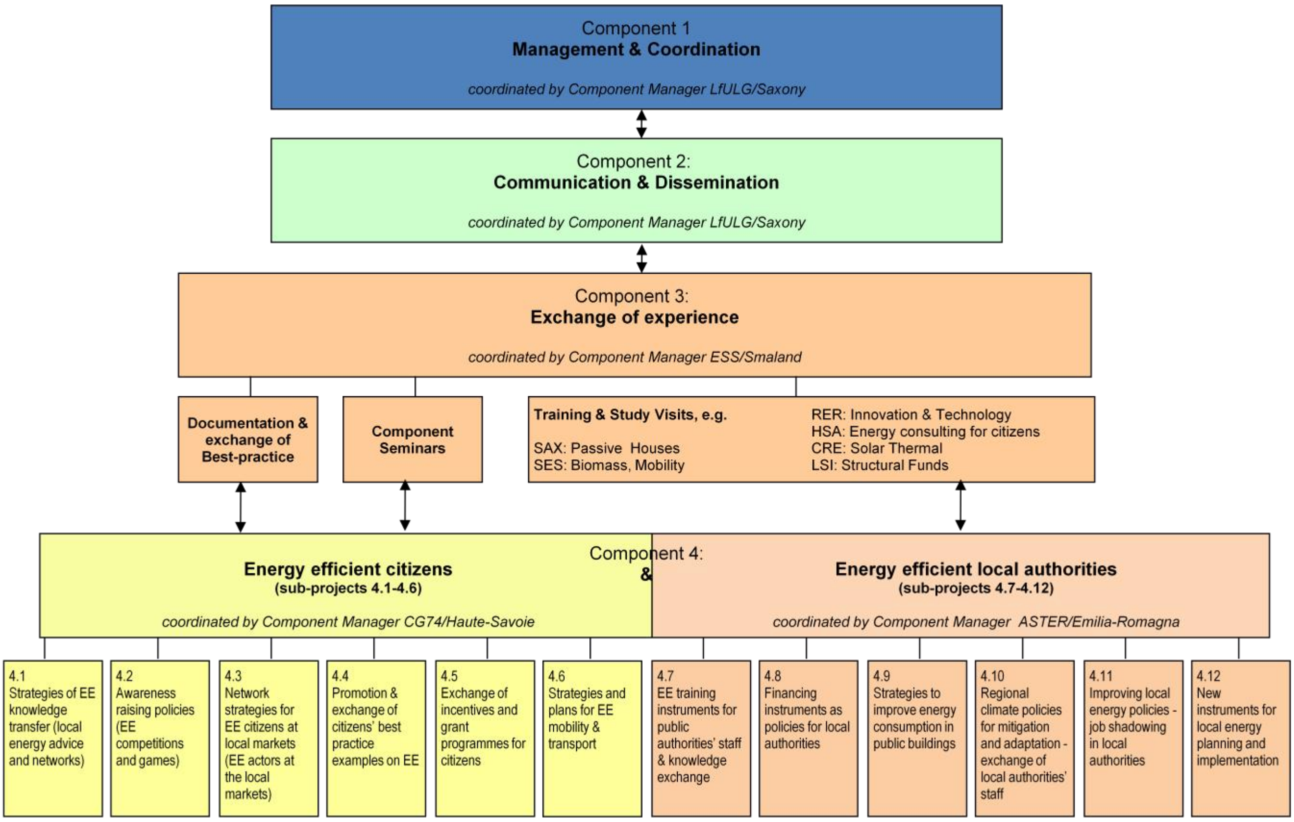

Figure 2: EnercitEE components 1-4 and their Component Managers

2.2.8.1 Component 1 & 2

Component 1 (Management) and 2 (Communication & Dissemination) will be coordinated by the Mini-Programme Coordination Office.

2.2.8.2 Component 3

The Component Manager of Component 3 is Energikontor Sydost (ESS) from the region of Småland med Öarna (Sweden). ESS ensures the transfer of the projects' results beyond the technical level of the Working Group to the political level of the Steering Group and a regional / international level.

Main tasks and responsibilities:

- Acting as a contact point in respect to specific component related inquiries
- Stimulating cooperation and exchange between the partners
- Organising (including technical preparation) the 3 component seminars
- Compiling news from Component 3 for the EnercitEE newsletters
- Providing input for the Best Practice Handbook
- Contributing to the Progress and Final Reports and dissemination activities

2.2.8.3 Component 4

The Component Managers of Component 4 are the regions of Haute-Savoie (FR) and Emilia-Romagna (IT). They share the responsibility for supervising and supporting the sub-projects.

Sub-projects having its focus on citizens (SP 4.1-4.6) will be led by Haute-Savoie (France) and sub-projects having its focus on local authorities (SP 4.7-4.12) will be led by Emilia-Romagna (Italy). For the selection procedure of the sub-projects the Component Managers lead and coordinate the assessment of sub-project applications on eligibility and quality criteria. However all RM have to assess the incoming proposals in order to contribute to the discussion on suggestion for approval of sub-projects (for details see section 5.5).

Main tasks and responsibilities:

- Supporting the MPCO in preparing and disseminating the Calls for Proposals
- Leading and coordinating the assessment of the incoming proposals for the sub-projects and preparing a summary as well as a ranking list (see section 5.5)
- Compiling and publishing relevant information on the approved sub-projects
- Ensuring the transfer of experiences, knowledge and the best practice from the sub-project level to the regional policy level
- Compiling news from Component 4 for the EnercitEE newsletters
- Supporting the smooth and successful implementation of the sub-projects
- Providing input for the component seminars and the Best Practice Handbook
- Informing the WG/SG on the performance of sub-projects in his/her components

2.2.9 Lead Sub-Project Participant (LSPP)

The Lead Sub-Project Participant coordinates the interregional sub-project and is responsible for the execution of the sub-project in accordance with the **Sub-Project Partnership Agreement** and with the INTERREG IVC rules and regulations.

He/she works closely with the responsible Component Manager on technical issues and with the Regional Manager and/or Mini-Programme Coordination Office on administrative issues, such as reporting.

Main tasks and responsibilities:

- Signing of the Sub-Project Subsidy Contract with the Lead Partner
- Signing of the grant letter with the Regional Partner
- Coordinating the setting up of a Sub-Project Partnership Agreement (template provided by the coordination office, see section 5.6.1)
- Signing a Sub-Project Partnership Agreement with the other Sub-Project Participants
- Compiling the Sub-Project Report and sending it to the Lead Partner (Mini-Programme Coordination Office)
- Preparing the 6-monthly Sub-Project Participant Reports (activity and financial reports, similar to Sub-Project Participants)
- Delivering sub-project results and outputs and any documentation together with the 6-monthly Sub-Project Participant Report
- Forwarding of Sub-Project Participant Report to an independent controller (identified by Regional Manager) who will certify the reported activities and expenditures in compliance with the country specific requirements and fills in a control confirmation (see Annex 7.2.2)
- Forwarding the certified Sub-Project Participant Report (incl. control confirmation) to the Regional Manager
- Coordinating all certification related requirements with regard to the Sub-Project Participant Report

2.2.10 Sub-Project Participant (SPP)

The Sub-Project Participants stay in close contact with the Lead Sub-Project Participant and their Regional Manager to ensure a smooth implementation and the best added value for the region.

Main tasks and responsibilities:

- Signing a Sub-Project Partnership Agreement

- Signing the grant letter with their respective Regional Partner
- Preparing the 6-monthly Sub-Project Participant Report (activity and financial reports)
- Delivering project results and outputs and any documentation together with the 6-monthly Sub-Project Participant Report
- Forwarding of Sub-Project Participant Report to an independent controller (identified by Regional Manager) who will certify the reported activities and expenditures in compliance with the country specific requirements and fills in a control confirmation (see Annex 7.2.2)
- Forwarding the certified Sub-Project Participant Report (incl. control confirmation) to the Regional Manager and providing the Lead Sub-Project Participant with a copy
- Coordinating all certification related requirements with regard to the Sub-Project Participant Report

2.3 Changes in the project implementation

(NB: changes in **sub-project** implementation see chapter 5.6.5)

According to the Subsidy Contract, the Lead Partner is obliged to request approval from the Managing Authority if the partnership, the activities, the duration or the budget of the project change. The Joint Technical Secretariat is responsible for the practical administration of changes to running projects.

- All minor changes (e.g. change in contact information, rescheduling of activities, small budget deviation) can be reported as 'deviations' to the JTS through the six-month Progress Report.
- Any major changes related to partnership (e.g. drop out or replacement of partners), to activities (e.g. extension of duration) and to budget should as much as possible be avoided. However, when duly justified, these changes may be approved by the Managing Authority or the Monitoring Committee through a 'request for changes' procedure (see below).

As a basic rule, Lead Partners should inform the JTS as soon as they are aware of a possible major change in their project.

‘Request for changes’ procedure

For all major changes, a ‘Request for Change’ Form has to be filled in. The Lead Partner has to briefly describe the requested change and provide a justification. In addition, a revised version of the application form (with updates in the respective parts) has to be attached. For this purpose a special version of the original application form has to be used. Both forms, the Request for Change Form and the special version of the original application form are provided upon request by the JTS.

In addition, co-financing statements have to be attached, if:

- A new partner replaces a dropout partner, (the new partner has to provide a co-financing statement).
- All partners, which request a budget increase, have to provide new co-financing statements.

Depending on the extent of the changes, a decision will be taken either by the Managing Authority or through the written procedure by the INTERREG IVC Monitoring Committee. The change enters into force only when the official notification is sent to the Lead Partner.

Specific flexibility rules exist for the budget modifications (see section 4.6, page 37)

3 Reporting and controlling

3.1 Procedure

The half yearly compiled Progress Report of EnercitEE includes all activity and financial information related to the project’s implementation on partner and sub-project level. It also comprises the Lead Partner controller’s confirmation of the overall expenditure. The paper version of the Progress Report has to carry the signature and stamp of the Lead Partner and Lead Partner’s controller.

For each six-month period, reports on each project level have to be set up:

- Sub-Project/Lead Sub-Project Participant → **Sub-Project Participant Report**;
- Regional Partner → **Regional Report**;
- Coordinator → **Progress Report**

These reports have to be certified from a controller who is identified by the relevant Regional Manager and forwarded to the responsible body according to the reporting and control overview (see Figure 3 and Table 3). In addition, a **Sub-Project Report** (which does not need to be certified) has to be compiled by each Lead Sub-Project Participant.

For this purpose the Mini-Programme Coordination Office sends out a form to the Regional Managers shortly before the end of each period who will forward it to the Sub-Project Participants (incl. Lead Sub-Project Participants).

The reporting procedure can be summarised as follows:

a) Each Sub-Project Participant (including the Lead Sub-Project Participant) prepares a report ("**Sub-Project Participant Report**") and ensures that its reported activities and expenditure are certified by an independent controller in compliance with the country specific control requirements.

   In the next step, each Sub-Project Participant sends this report (incl. the control confirmation, see Annex 7.2.2) to its corresponding Regional Manager located in the same region and a copy of the report to the Lead Sub-Project Participant. The Regional Manager checks the report and eventually asks for additional clarifications.

b) Out of the Sub-Project Participant Reports the Lead Sub-Project Participant compiles a joint report for the whole sub-project ("**Sub-Project Report**"), based on the activity report and the expenditure certified by the Sub-Project Participants, and provides it to the Lead Partner / MPCO. The Sub-Project Report is the only report that does <u>not</u> need to be certified.

c) The Regional Manager sets up a Regional Report based on the activities and expenditures of the region. The Regional Partner's controller performs the checks on the Regional Partner's activities and expenditure and in addition, he/she verifies that the information provided by the Sub-Project Participants located on the territory of the Regional Partner has been verified and confirmed by an independent control body in compliance with the country specific control requirements.

   In the next step, each Regional Manager sends a Regional Report together with a consolidated control confirmation (including both the project partner's and the sub-project participant(s)'s expenditure) and copies of the Sub-Project Participant Report control confirmations from his/her region to the Lead Partner within the deadlines agreed.

d) On the basis of the Regional Reports, the Lead Partner / MPCO compiles the Progress Report for the whole partnership.

e) The Lead Partner's controller performs the checks on the Lead Partner's activities and expenditure as well as verifies that the information provided by the partners has been verified and confirmed by an independent body in compliance with the country specific control requirements and that the partner's information has been accurately reflected in the Progress Report (see Annex 7.2.1).

f) For the audit trail the Lead Partner retains the inputs to the Progress Report received from the partners.

g) The Lead Partner submits the Progress Report (incl. Lead Partner control confirmation and copies of the consolidated regional control confirmations), to the JTS which checks it and if necessary sends clarification requests to the Lead Partner. Once all points have been clarified, the Progress Report is approved.

h) The Certifying Authority executes payment to the Lead Partner.

i) The Lead Partner transfers the funds to the partners.

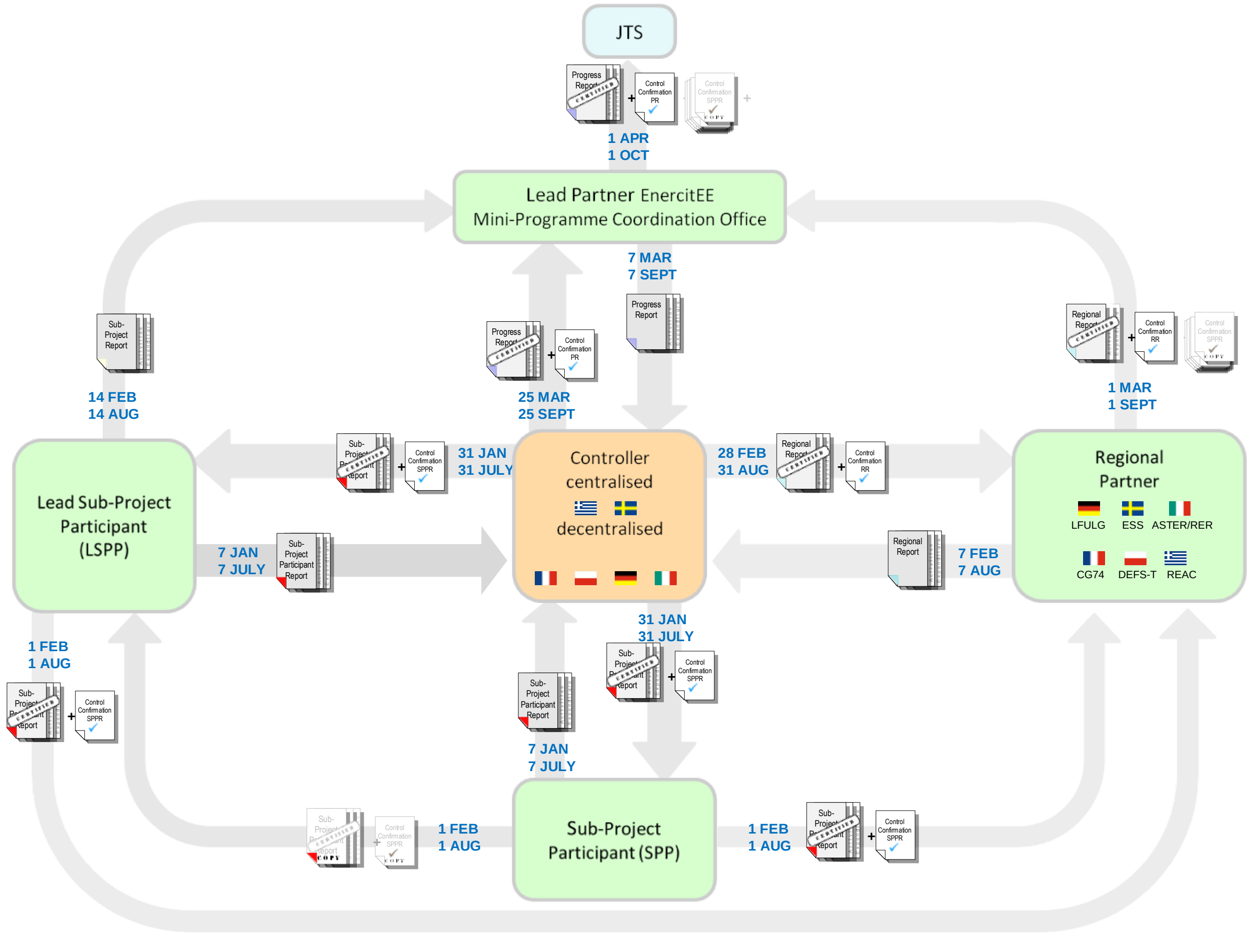

Figure 3 : Overview reporting, controlling and deadlines for EnercitEE

3.2 Deadlines for the submission of reports

Project implementation is subdivided into six-month reporting periods running from:

- January to June
- July to December

After each reporting period the project partners have 3 month to set up all necessary reports and performing the first level control. Since the date for the latest submission of the overall Progress Report to INTERREG IVC programme secretariat JTS is fixed to:

- 1 October for the reporting period January to June
- 1 April of the following year for the reporting period July to December

All other reports have to be ready and certified latest by 28 February or 31 August to be submitted to the MPCO which has to compile the Progress Report and ensure proper audit the by Lead Partner's first-level controller. The dates set in Figure 3 and Table 3 serve as a best case scenario of reporting and controlling. Submission dates for the Sub-Project Report and the Sub-Project

Participant Report might vary depending on specific circumstances in the partner regions (centralised first-level control, national holidays, etc.). The final dates of submission of the Progress Report to the JTS are, however, fixed!

Reporting partner	Name of the report	Control Confir-mation (CC)	Receiving partner	Original or copy of CC to receiving partner	Deadline for report (weeks after end of reporting period)	Deadline for certified report + control confirmation	Copies to	Filing of original CC	Filing of original report
Sub-Project Participant (SPP) incl. Lead SPP	**Sub-Project Participant Report**	yes	Regional Partner of respective region	original	1 week, i.e. - 7 January - 7 July	4 weeks, i.e. - 31 January - 31 July	Respective Lead Sub-Project Participant	Regional Partner of respective region	Regional Partner of respective region
Lead Sub-Project Participant (LSPP)	**Sub-Project Report** (Compilation of SPP Reports into one report)	no	MPCO (Coordi-nator)	n.a	6 weeks, i.e. - 14 February - 14 August	n.a.	Respective Component Manager	n.a.	MPCO
Regional Partner (RP) (incl. Saxony)	**Regional Report**	yes	MPCO	original (+ copies of SPP)	5 weeks, i.e. - 7 February - 7 August	8 weeks, i.e. - 28 February - 31 August	n.a.	MPCO	MPCO
Lead Partner (Coordinator)	**Progress Report** (Compilation of Regional reports into one report)	yes	JTS	original (+ copies of RP)	9 weeks, i.e. - 7 March - 7 September	11 weeks, i.e. - 25 March - 25 Sept.	Regional Partners	JTS	JTS

Table 3: Reporting deadlines and responsibilities for filing

3.3 Delays in certification / reports

In general, any delays in reporting should be avoided due to the structure that reports build on each other and INTERREG's above mentioned strict timeframe.

However, if delayed certification or reports are anticipated the relevant reporting body should immediately inform the next reporting level (Sub-Project Participant → Regional Manager → Mini-Programme Coordination Office) as early as possible on the reasons for the delay and when the delayed report/certification is expected.

The Mini-Programme Coordination Office together with the relevant partner region should then assess if the delay of this certification / report is acceptable as it will only cause a minor and justifiable delay in the overall Progress Report or if it should be excluded from the current Progress Report and included in the subsequent Progress Report.

Postponing of delayed certifications / reports from Sub-Project Participants and Regional Partners is usually the better option because other partners of EnercitEE will not be affected by an individual delay.

3.4 Controlling

3.4.1 First level control

Before submission to EnercitEE's relevant management body each Progress Report has to be verified and confirmed by an independent controller according to the first level control system. The Regional Reports as well as the Sub-Project Participant Reports have to be checked by the first level controllers of the respective region. These reports always include the expenditures declared by the Regional Partners or the Sub-Project Participants.

Control costs are considered to be eligible costs. Internal independent control should be included under the budget line 'staff'; external independent control in the budget line 'external expertise and services'.

The INTERREG IVC programme provides three standard documents in order to guide the controllers during the control work:

- A standard control confirmation inside the Progress Report to be signed by the Lead Partner's controller (i.e. unit 25, SMUL-Saxony) for the whole project (see Annex 7.2.1).
- A standard control confirmation accompanies the Regional and Sub-Project Participant Reports (see Annex 7.2.2) and is signed by each Regional Partner's controller (incl. the Lead Partner controller for his/her own expenditure). Copies of the Sub-Project Participant's (SPP) control confirmations – without annexes – have to be submitted with the Regional Report (RR) to the Mini-Programme Coordination Office). Copies of <u>the consolidated regional</u> control confirmations will be provided with the Progress Report to the JTS by the Lead Partner
- A control report template with a checklist, which has to be filled in by each Regional Partner's controller (incl. the Lead Partner controller for the Lead Partner's own expenditure) remains with the relevant partner (Regional Partner / Sub-Project Participant) and Regional Partner's controller if not explicitly requested by the Lead Partner/ JTS.

3.4.2 Designation of the first level controller

According to Article 16 of Regulation (EC) No. 1080/2006, it is the responsibility of each Member State to designate the controllers for verifying the legality and regularity of the expenditure declared by each Regional Partner and Sub-Project Participant of the project. In practice this means that each Regional Partner and (Lead) Sub-Project Participant has to seek confirmation of the reported expenditure from a controller who is authorised by the Member State.

The controllers have to be independent and qualified to carry out the control of project expenditure. Controllers are independent if:

- An internal controller belongs to a unit which is organisationally separated from the units dealing with project activities and finances.
- An external controller has not any other contractual relationships with the project or partner organisation that could lead to a conflict of interest.

Please note: That the task of controlling project expenditure co-financed under the Structural Funds and INTERREG goes far beyond checking the accounts: it also involves a judgment on the compliance with ERDF, national and programme rules. The controllers are therefore expected to have a profound knowledge of controlling project expenditure under the Structural Funds regulations as well as a good knowledge of English (considering that all programme documents and reports are in English).

The country specific control requirements are binding and provide further conditions concerning the choice of first level controller. Two main different models for choosing the first level controller exist. For EnercitEE partners both the centralised and the decentralised system apply:

- **Germany has chosen a decentralised control system.** The beneficiaries will have to propose an independent controller (internal or external, public or private) to the approbation body of their Land. The Regional Partner and the chosen controller have to fill in and sign a partner questionnaire in which they both confirm the specific performance demands of a qualified first level control. This partner questionnaire has to be presented for confirmation to the respective approbation body.

- **Sweden has chosen a centralised control system.** Expenditure of Regional Partners from Sweden will thus have to be checked and confirmed by the following body: Tillväxtverket, Joint Unit for Regional Structural Fund programmes, www.tillvaxtverket.se

- **Italy has chosen a decentralised control system.** The beneficiaries will have to submit their requests for the approbation of an internal or external controller to the following person: Giuseppe Amoruso, Regione Calabria, Email: interregivc@regcal.it

- **France has chosen a decentralised control system.** The beneficiaries will have to propose an independent controller (internal or external) to the following body: Région Nord-Pas de Calais, Direction Europe, Service Programmes INTERREG, Email: infocpn@nordpasdecalais.fr

- **Greece opted for a centralised control system.** The Greek partner and Sub-Project Participants shall request the following body to allocate them a controller: Single Paying Authority, contact: Dimitrios Sousounis, Email: spa@mnec.gr, Maria Poulaki, Email: mpoulaki@mnec.gr.

- **Poland has opted for a mixed system depending on the status of the Polish partners.** For Regional Partners from the Marshall Offices, Voivodes, Ministries and Central Offices a decentralised control system is implemented. In all other cases, a centralised control system is applied. However, all expenditure of Polish Regional Partners can be checked and confirmed by: Implementing Authority for European Programmes.

Partners coming from countries with a decentralised control system should be aware that the controller has to be officially authorised before the first expenditure can be reported and confirmed.

The Region of Crete, EnercitEE's Greek partner should request the allocation of a controller to the Single Paying Authority - First Level Control Unit as soon as possible.

3.4.3 Role of first level controller

The first level controllers' task is to verify that the expenditures reported by the Lead Partner, the Regional Partners and the (Lead) Sub-Project Participants in their respective reports fulfil the following conditions:

- √ the costs are eligible,
- √ the conditions of the programme, approved (sub-project-) application form and (regional) Subsidy Contract have been observed and followed,
- √ the invoices and payments are correctly recorded and sufficiently supported,
- √ the related activities, sub-contracted supplies and services are in progress or have been delivered or carried out,
- √ the community rules have been respected especially with regard to information and publicity, public procurement, equal opportunities and protection of the environment.

The controller is responsible for the methods and techniques of the control in accordance with international and national audit standards. The controllers have to be familiar with the content of the following documents in order to be able to confirm the strict compliance with the provisions laid down in:

- the EU-regulations and directives, i.e. in particular with:
  - Regulation (EC) No. 1080/2006
  - Regulation (EC) No. 1083/2006
  - Regulation (EC) No. 1828/2006 and No.846/2009
  - Directive (EC) No. 2004/18/EC (on public procurement/the award of public works contracts, public supply contracts and public service contracts)
- further national rules and guidance (e.g. national public procurement rules)
- the INTERREG IVC programme manual
- the application form,
- the Subsidy Contract
- the Sub-Project Subsidy Contract
- the Partnership Agreement
- the Sub-Project Partnership Agreement

The controllers have to take into consideration that when signing the control report for a certain reporting period, they are confirming the full amount of eligible expenditure. In order to have sufficient reassurance, the controllers are thus expected to check 100% of the expenditure. Only in very well justified cases, sampling is allowed and under the condition that the method, the scope and the results are fully documented and give sufficient evidence and reassurance for confirming the full expenditure.

The text of the control confirmations must not be amended or extended!

The control report template provides the minimum requirements for the controllers' checks and documentation. Additional points (e.g. documentation of checks on the basis of national rules) may be added.

The controllers also have to verify that the reported activities have taken place, the delivery of subcontracted supplies, works and goods is in progress or has been completed. On-the-spot checks are therefore usually required in order to gain sufficient evidence and to be able to give a reasonable opinion on this matter.

3.4.4 The Lead Partner's first level controller

The Lead Partner's controller, i.e. unit 25 of the Saxon State Ministry of Environment and Agriculture has to confirm that

- Based on his/her and the Regional Partners' examination the reported expenditure for the whole partnership is correct from an accounting point of view, actually paid and eligible,
- The project expenditure is related to the project and the activities foreseen in the application form and corresponds to the delivery status of the partner as described in the Progress Report,
- The figures in the Progress Report coming from the Regional Partners and Sub-project Participants are correctly summed up,
- The input provided by the Regional Partners was confirmed by an independent controller in respect of the country specific control requirements.

On the one hand, the Lead Partner's controller thus has to check the Lead Partner's own direct expenditure. On the other hand, the Lead Partner controller is also asked to formulate an opinion on the other Regional Partners' expenditure. This opinion can be based on the input provided by the Regional Partners. This means that the Lead Partner controller has to verify at least that the partner control confirmation has been signed off by the Regional Partner controller in compliance with the country specific control requirements.

4 Financial management

4.1 Introduction

EnercitEE has a total budget of 5.116.696 €. Under the mini-programme EnercitEE, the eligible project activities are co-financed from the ERDF at 75% (Germany, France, Sweden, Italy) and at 85% (Poland, Greece). The remaining shares might be provided by the Regional Partners themselves 25% (Saxony, Haute-Savoie, Småland med Öarna, Emilia-Romagna) and 15% (Lower Silesia, Region of Crete). In total the ERDF funding amounts to 3.965.732 € and the national public co-financing amounts to 1.150.964 €.

It is not possible to receive an advance payment of funds under the INTERREG IVC programme. This means that each Regional Partner and (Lead) Sub-Project Participant have to **pre-finance** activities related to EnercitEE until approval of their certified half yearly Progress Report by the JTS / Paying Authority. In the Progress Report the funds have to be claimed from the programme for the activities carried out and paid in the past period.

There are no shared costs between partners foreseen under EnercitEE, neither on Regional Partner nor on sub-project level.

Approved sub-projects can be financed up to 100% under EnercitEE (ERDF + regional share) if expenditures are eligible and properly certified by the independent controller.

4.2 Accounting project expenditure

A follow-up of the amounts of expenditure reported in the context of the project must exist in computerised form. It must be possible to clearly identify which expenditure has been allocated and reported in the context of the project and to exclude that expenditure is reported twice (in two different budget lines, reporting periods, projects/funding schemes).

This clear identification is usually ensured through:

- the opening of a specific bank account for the project payments and/or
- the introduction of project specific cost-accounting codes to record project costs by budget line, component and payment date/reporting period in the accounting system and/or
- recording costs in expenditure lists by budget line, component and reporting period and/or
- noting the allocation (project title, budget line and component) on the invoices.

Expenditure can only be reported if the following principles are fulfilled:

- The calculation is based on actual costs.
- The costs are definitively borne by the partner body and would not have arisen without the project.
- The expenditure has actually been paid out before the end of the reporting period. Expenditure is considered to be paid when the amount is debited from the partner institution’s bank account. The payment is usually proven by the bank statements. The date when the invoice was issued, recorded or booked in the accounting system does not count as a payment date.
- The expenditure is directly linked to the project. Costs related to activities that are not described in the application form are generally ineligible.

The Lead Partner, the Regional Partners and the (Lead) Sub-Project Participants must ensure that:

- All accounting documentation related to the project is available and filed separately.

- All documents related to the project are stored in a safe and orderly manner for a minimum period of three years after the payment of the final balance by the European Commission to the INTERREG IVC programme.
- The documents are archived either as originals or as certified copies on commonly used data media (in compliance with national regulations).

It is the Lead Partner's responsibility to ensure an adequate audit trail which implies that the Lead Partner has an overview of:

- **Who** paid
- **What** was paid and
- **Who verified**
- **Where** the related documents are stored.

4.2.1 Accounting documents

All project relevant documents should be available for financial control and audit purposes and retained for a minimum period of three years after the payment of the final balance by the European Commission to the INTERREG IVC programme.

The **Lead Partner** is responsible for storing at least the following documents:

- Approved application form
- Subsidy Contract, Partnership Agreement
- Sub-Project Subsidy Contract
- Relevant project correspondence (financial and contractual)
- Progress Reports
- Details on budget by partner, list of declared expenditure by partner
- Partner controllers' confirmations (and checklists/control reports)
- Bank account statements proving the reception and the transfer of EU funds
- Invoices or documents of equivalent probative value (e.g. pay slips for staff costs)
- Bank account statements / proof of payment for each invoice
- Method used by all partners outside the euro-zone for converting national currency into euro
- Proofs for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participant lists, travel tickets, etc.
- Evidence that the information and publicity requirements have been respected

The **Regional Partners** (including Lead Partner) should store at least the following documents for their region:

- Sub-Project Partnership Agreements (copy)
- Grant letters
- Relevant project correspondence (financial and contractual)
- Regional Reports (copy), Sub-Project Participant Reports
- Details on budget by Sub-Project Participant, list of declared expenditure by Sub-Project Participant
- Sub-Project Participants controllers' confirmations (and checklists/control reports)
- Bank account statements proving the reception and the transfer of EU funds
- Invoices or documents of equivalent probative value (e.g. pay slips for staff costs)
- Bank account statements / proof of payment for each invoice
- Proofs for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participant lists, travel tickets, etc.

According to the budget line concerned by the costs, the following documents should also be available:

- Staff costs: calculation of hourly rates, information on actual annual working hours, labour contracts, payroll documents and time records of personnel working for the project
- Administration costs: proof and records of costs included in overheads and calculation method
- Travel and accommodation: travel expenses requests, evidence that the travel took place (e.g. boarding passes, train tickets)
- External expertise and services: list of subcontracts and copies of all contracts with external experts and/or service providers, documents relating to public procurement (public procurement notes, terms of reference, offers/quotes, evaluation reports, order forms, etc.),
- Equipment: record of assets, physical availability of equipment purchased in the context of the project, calculation method in case of depreciation or if the equipment cost is allocated to the project on a pro-rate basis, documents related to public procurement

4.3 Reporting finances

Financial reporting from the Lead Partner to the JTS has to be made in Euro hence this is the only valid currency for all reporting, including the Regional Report, the Sub-Project Report and the Sub-Project Participant Report. Therefore, the EnercitEE partners located outside the euro-zone, Småland med Öarna (Sweden) and Lower Silesia (Poland) have agreed on using the following option for converting national currency into euro:

- The average monthly exchange rate set by the Commission of the last month of the reporting period is used. They are published on:

  http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en

All reports submitted to the Lead Partner (including partners control confirmations) must be in English language only, since the Lead Partner needs to be able to easily verify the information input from the partners and compile the information in the Joint Progress Report.

Due to the interregional (and, thus, international) nature of the sub-projects, the same rule applies to all reports, including the Regional Report, Sub-Project Participant Report and the Sub-Project Report.

The Financial Report of a Regional Partner / Sub-Project Participant includes a detailed list of expenditure by budget line (see section 4.5 for budget lines and reporting on budget lines). All project costs have to be certified by an independent auditor, i.e. the auditor has to verify in a confirmation that payments are correct and that the partner has complied with EU and national legislation in the field of financial management and controls, accountancy, public procurement, state aid, as well as with the conditions of the Programme and Subsidy Contract. This first level control is explained in section 3.4 of this manual.

4.4 Eligibility of Costs

4.4.1 Requirements for eligible costs

To be eligible, costs must:

- Relate to activities scheduled in the application (direct and demonstrable connection of bodies concerned, subject matter, time, place to the operation);
- Be necessary for the implementation of the operation (adequacy of amount);
- Have actually been incurred / paid out (see next section ‘Eligibility period’);
- Have occurred after the date of the initial funding decision by the Monitoring Committee or EnercitEE Steering Group (for Sub-Projects)
- Have occurred before the finalisation date of the operation / sub-project fixed in the approved application form;
- Be recorded in the Regional Partners' / Sub-Project Participants’ accounts;
- Be identifiable and verifiable;
- Be backed by original supporting documents;

- Not be in contradiction with specific eligibility criteria.

For the most used eligibility rules under INTERREG IVC, please consult:

- Regulation (EC) No 1083/2006, Art. 56,
- Regulation (EC) No 1080/2006, Art. 7,
- Regulation (EC) No 1828/2006 Art. 48 to 53,
- the rules laid out in the programme manual (www.interreg4c.eu) and
- relevant national rules and requirements.

4.4.2 Eligibility period

For EnercitEE partner regions:

The earliest date from which expenditure (except preparation costs) may date to be eligible is the approval of EnercitEE by the Monitoring Committee, i.e. **5 November 2009**. The last possible payment date for eligible expenditure is the official project end, for EnercitEE i.e. the 31 December 2013.

For EnercitEE sub-projects:

The earliest date from which expenditure (except preparation costs for sub-projects, see chapter 5.6.2) may date to be eligible is the official project start, which is **the date of the (conditional) approval by EnercitEE's Steering Group**. The last possible payment date for eligible expenditure is the official project end, as stated in the sub-project application.

In any case, costs become eligible only after they have been **actually paid out by the final beneficiary**, i.e. the date of the cash receipt made out to the partner or the date on which the bank account of the partner has been debited. The invoice date or date on which a staff member of the institution pays for costs related to the project is **not relevant**.

Please note:

- It is important to take into consideration that all payments have to be made before the final date of the project in order to be eligible (incl. payment for the financial control of the last progress report).
- Preparation costs can only be eligible if they have incurred between 1 January 2007 and the date on which the application form has been submitted and have been included in the budget partner overviews of EnercitEE. These costs must be paid out before the end of the first reporting period (January – June 2010) and reported in the first Progress Report (due 1 October 2010).

4.4.3 Ineligible costs

The following expenditure is considered ineligible expenditure for co-financing from the Programme's funds:

- **VAT:** VAT does not constitute eligible expenditure unless it is genuinely and definitively borne by the partner. VAT which is recoverable by whatever means cannot be considered as eligible even it is not actually recovered by the partner.
- **Financial Charges**: Charges for transnational financial transactions are eligible but interest on debt is not. Where the implementation of a project requires a separate account to be opened, the bank charges for opening and administering the account are also eligible. Fines, financial penalties foreign exchange losses are not eligible.
- **In-kind contribution**: In the context of INTERREG IVC, contributions in-kind (e.g. through voluntary unpaid work) is not considered as eligible expenditure. Staff costs for personnel working in one of the partner institutions officially listed in the application form on the basis of an employment contract and receiving a regular salary do not count as in-kind contribution, but as a cash contribution, since staff costs are actually paid by the partner institution.
- **Revenue**: If a project generates revenue for example through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed project. The ERDF funding is calculated on the basis of the total cost after deduction of any revenue.
- **Expenditure already supported by other EU or other national or regional subsidies**: Expenditure which is already co-financed from another EU-funding source is not considered to be an eligible cost in the context of an INTERREG IVC project. If an expenditure item is already fully supported by another national or regional subsidy, it is also not considered eligible as it would result in double-financing. In the case of partial subsidy by national or regional sources, the cost can be considered as eligible only if the national or regional subsidy does not exceed the national co-financing share for that expenditure (15 or 25% depending on the Member State in which the partner is located). In this case, the national or regional funding institution should also be notified to ensure compatibility.

4.5 The budget lines – eligible costs and reporting

Following the INTERREG IVC regulations EnercitEE budget is consisting of six budget lines:

- Staff costs
- Administration costs
- Travel and accommodation
- External expertise and services
- Equipment
- Sub-project funds

Budget line	Prepara-tion costs	Manage-ment	Communi-cation	Ex-change	Sub-projects	Total
Staff	0 €	599.887 €	207.200 €	224.500 €	471.500 €	**1.503.087 €**
Administration	0 €	30.000 €	5.500 €	7.500 €	6.500 €	**49.500 €**
Travel and accommodation	3.400 €[1]	107.263 €	38.000 €	57.500 €	26.500 €	**232.663 €**
External expertise and services	14.696 € [2]	169.600 €	392.700 €	265.700 €	63.000 €	**905.696 €**
Equipment	0 €	1.000 €	6.750 €	0 €	0 €	**7.750 €**
Sub-projects	0 €	0 €	0 €	0 €	2.418.000 €	**2.418.000 €**
Subtotal	**18.096 €**	**907.750 €**	**650.150 €**	**555.200 €**	**2.985.500 €**	**5.116.696 €**

[1] divided among Saxony: 400€; SES: 1.000€; Haute-Savoie: 2.000€

[2] only Saxony

Table 4: Budget per budget line and Component

The reporting on expenditures has to specify in which budget line costs occur (**what type of costs?**). Moreover, the spending body has to be clear (**who?**), the payment dates (**when?)** and the respective Components.

<u>Please note:</u>

- The budget lines “staff”, “administration” and “travel and accommodation” are reserved to the personnel employed by the partner organisations or the approved Sub-Project Participants.

4.5.1 Budget line: Staff costs

The staff budget line involves personnel costs for the time that the partner organisations’ staff spends on carrying out the project activities in accordance with the application form.

<u>Please note:</u>

- The persons whose staff costs are budgeted and later on reported must be **directly employed** and paid by the partner or Sub-Project Participant organisations officially listed in the application form (e.g. internal project coordinator, internal Financial Manager, internal independent financial controller; in compliance with country specific control requirements).

- It is not possible to report any staff costs of personnel external to the official partner organisations in this budget category. If the project uses an external project coordinator, Financial Manager or external independent controller, the costs have to be specified, budgeted and reported under the budget line "External expertise and services".

Reporting staff costs

The reporting of staff costs has to follow the following principles:

- the calculation has to be based on the actual salary rate (employee's gross salary + employer's charges in accordance with national legislation) of the individual employee who is actually involved in the project activities. The calculation excludes any administration overheads.
- if a staff member works less than 100% of his/her actual working time for the project, the calculation must be based on the hourly rate resulting from the actual salary rate divided by the total number of hours worked by the staff member for the partner institution (as registered in institution's time recording system). This hourly rate is then multiplied by the number of hours actually worked on project activities.

Staff costs must be supported by documents that permit the identification of the employment relationship with the partner organisation (working contract), the real costs by employee (pay slips, payment proofs, calculation evidence for the determination of the staff time value/hourly rate), the overall working time (time recordings) and the time spent on carrying out activities in the context of the project (record of tasks, project specific time sheets).

Staff costs are considered as a cash contribution (and not in-kind contribution) as they are actually paid by the partner institution.

4.5.2 Budget line: Administration costs

Administration costs may include cost items such as:

- stationery
- photocopying
- mailing
- telephone, fax and Internet
- heating, electricity
- office furniture, maintenance
- office rent
- other administration expenditure absolutely necessary for the successful completion of the project and clearly resulting from project implementation

These costs may be direct or indirect general costs. While direct general costs can be identified as belonging directly to the project, indirect general costs (overheads related to the project activities) are calculated on a pro-rata basis.

Administration costs linked to services provided by external experts must be included in the budget line “External expertise and services”.

It is recommended that administration costs remain reasonable and do not exceed 25% of the staff costs.

Reporting administration costs

Administration costs have to fulfil the following criteria: they

- have to be eligible according to national rules and European regulations (in particular Regulations (EC) no. 1083/2006 Art. 56; no. 1080/2006 Art. 7; no.°1828/2006 Art. 48 to 53);
- must be calculated on the basis of actual costs and capable of verification, i.e. based on factual elements in the accounting system which can be verified by a controller. No lump sums, overall estimations or arbitrary keys are allowed!
- show a direct link to the project’s activities;
- have not already been financed from other EU-funds;
- have not already been included in other budget lines or cost items.

In the case of indirect general costs (overheads related to the project’s activities) this means that the calculation is done pro-rata on the basis of the actual costs according to a duly justified, fair and equitable method that should remain the same during the whole implementation period. This means that the costs are charged to the project to the extent that they represent a fair apportionment of the organisation’s actual administration costs and have been necessary for the successful completion of the project.

The allocation of the organisation’s eligible administration costs to the project could be done on the basis of the following keys (depending on which key best reflects the type of cost):

- the ratio “number of people working for the project / number of people working in the organisation or department” or
- the ratio “number of hours worked on the project / number of hours worked in total in the organisation or department”
- the ratio “surface used by the personnel working for the project/surface of the organisation or department”

The Regulation (EC) no. 1828/2006 Art. 52 also provides the possibility of using an average rate, which cannot exceed 25% of the costs which directly affect the level of the overhead (e.g. staff costs). This average rate should nevertheless be properly documented and periodically reviewed.

In any case, when it comes to reporting these costs, it has to be demonstrated that the administration costs reflect only costs which:

- were really borne by the organisation, and
- were necessary for project implementation.

If there have been problems with the reporting of administration costs in the past, it often resulted from partners trying to stretch the above-mentioned principles into grey areas. The reported administration costs have been artificially inflated through the inclusion of overhead cost categories which lacked a clear project link. **In case of doubt, it can only be advised to exclude the cost categories in question from the calculation to avoid problems later on.**

It is strongly recommended that the partner's agree the allocation key with their financial controller. Further details can also be found in the fact sheet on administration costs in annex 8b) of the INTERREG IVC manual.

4.5.3 Budget line: Travel and accommodation

This cost category refers to the travel and accommodation costs of employees of the partner institutions officially listed in the application form and to the approved Sub-Project Participants and relates to their participation in meetings, seminars, or conferences taking place within the EU. The trips are justified by the project's activities as foreseen in the application form. Trips to places outside the territory of the EU are possible if they are explicitly mentioned and justified in the application form.

Travel and accommodation costs should be budgeted taking account of the national and/or internal rules of the respective partner organisation for reporting these costs later on. As a general rule the most economic form of transport and accommodation has to be chosen. Daily allowances for travel and accommodation are possible as long as the allowance is actually paid by the partner body to the employee and this is in line with the national or institutional conditions set for this partner body.

The travel costs of any external experts participating in project activities and to be financed by the project have to be budgeted under "External expertise and services".

4.5.4 Budget line: External expertise and services

The term "external expertise and services" is applied to expenses paid by the partners on the basis of:

- contracts/agreement and
- invoices/request for reimbursement

to external service providers who carry out certain tasks for the project because the partners lack the resources to carry them out themselves. These might include, for example:

- external project coordination or financial management,
- external independent financial control (in compliance with country specific control requirements),

- website design and hosting,
- drafting, lay out, printing of promotion material such as newsletters,
- external organisation of specific events,
- room rental and catering for specific meetings,
- interpretation/translation of specific documents or meetings,
- studies and surveys on specific matters.

It may also include the cost of external speakers and external participants in project meetings and events if:

- the added-value of their participation and payment of their costs by the partners can be clearly demonstrated and
- the cost will be definitively paid and borne by partners officially listed in the application form.

There are no fixed rates or ceilings established by the programme for budgeting and reporting external expertise and service costs. Normal market rates resulting from public procurement procedures apply.

It should be noted that the main beneficiaries of the EnercitEE mini-programme should remain the partners / sub-project participants themselves. Therefore, **it is strongly recommended that the budget dedicated to 'external expertise and services' <u>does not exceed 50% of the total budget</u>.** In any case, the external expertise or service has to be justified and specified as precisely as possible in the application form.

Public procurement

Whenever a project purchases services, goods, equipment, etc. externally, public procurement rules must be adhered to, including European public procurement rules and the relevant national and internal rules of the partner responsible for subcontracting. As the national rules result from a transposition of the EU directives on public procurement into national law, the rules may vary between the countries.

The fundamental principles of public procurement (transparency, non-discrimination and equal treatment and effective competition) also apply to purchases of services and goods below the EU threshold values. The procurement requirements below and above the thresholds mainly differ with regards to the set of formal procedures that a sub-contracting body has to go through (e.g. requirements for publication of the tender documents, minimum duration of the publication). The adherence to public procurement procedures should be well documented. Documents such as public procurement notes, terms of reference, offers/quotes, order forms, and contracts have to be available for financial control and audit purposes.

Projects have to comply with public procurement requirements. Projects which cannot provide documentary proof of compliance with European, national and their own internal public procurement rules risk losing ERDF funding.

4.5.5 Budget line: Equipment

This budget line refers to the purchase of equipment necessary for the successful implementation of the project. In the context of INTERREG IVC, this category usually refers to IT equipment such as a computer or a printer necessary for project coordination and financial management purposes. These purchases have to respect public procurement rules. The most economic type of equipment should be chosen. The equipment features/functions should be in line with the actual context of use.

As the purchase of equipment cannot be a core element in an INTERREG IVC project, it should remain exceptional and, if they are necessary, it is highly recommended that these costs **do not exceed 5% of the total costs.**

The equipment budget has to be specified as precisely as possible in the application form. In particular, the exact nature of the equipment to be purchased, the partner responsible for this purchase and the budget have to be provided.

Reporting equipment costs

Equipment items that have been initially planned in the application form can be reported:

- either as a single declaration at the time of purchasing the equipment, after receipt and payment or
- by depreciating the cost of the equipment, by applying national accounting regulations.

It has to be ensured that the items:

- have not already been financed by other subsidies (e.g. EU, national or regional),
- have not already been depreciated and
- are not already included as indirect costs in another category such as the administration budget line.

Generally, the purchase should be made well before the end of the project.

The amount for equipment has to reflect the actual use of these items in the context of the project. If it is not exclusively used for project purposes, only a share of the actual cost can be allocated to the project. This share has to be calculated according to a fair, justified and equitable method.

An inventory of the purchased items as well as the documentation of the method for reporting them (single declaration or depreciation, full or partial use for the project) has to be kept for accounting, control and audit purposes.

4.5.6 Budget line: Sub-project funds

This budget line only applies to INTERREG IVC projects that are carried out as a mini-programme – like EnercitEE. The expenditures of the Sub-Project Participants are reported under this budget line. It will be included in the expenditure of the Regional Partner on whose territory the Sub-Project Participant is located.

4.6 Changes in the budget

Changes in budget lines, component budgets and partner budgets are allowed as long as the maximum amount of funding awarded remains the same. However, all must be explainable and justifiable!

a) Without prior notification of the Managing Authority, the Lead Partner is entitled to exceed the budget lines, the component budgets and the budgets of partners, as stated in the approved application. The excess spending is limited to a maximum of EUR 20,000 or if more, up to 10 % of the original amount and has to be justified in the progress reports.

b) Only once during the project period, the LP is entitled to reallocate the budget between budget lines, components and partners up to 20% of the total project budget as stated in the approved application. Such reallocation requires the submission of a Request for Change Form to the JTS/Managing Authority. The reallocation will enter into force only after approval of the Request for Change by the JTS/Managing Authority.

For changes in the sub-project budgets, see 5.6.5.

4.7 Payments

ERDF payments in the INTERREG IVC programme are on a reimbursement basis ONLY, i.e. **no advance payments will be available**! This means that each Regional Partner and Sub-Project Participant (incl. Lead Sub-Project Participants) has to **pre-finance** activities related to EnercitEE until approval of their certified half yearly reports by the JTS / Paying Authority.

Sub-Project Participants therefore need to set aside sufficient liquidity if they are to become involved in an EnercitEE sub-project. The expenditure has to be reported in the Regional Report / Sub-Project Participant Report in time to be included in the Progress Report (see Figure 3). The respective report has to include the controller’s confirmation. Payments will be executed **in Euro only** according to the costs claimed in the financial reports.

Payments to the Regional Partners (incl. the ERDF refund for the (Lead) Sub-Project Participants from their region) will be effected as soon as the Lead Partner receives on its bank account the ERDF funds from the INTERREG IVC Managing Authority (which will be the case after the final approval of the Joint Progress Report). Payments to Sub-Project Participants will then be distributed via the Regional Partners.

The ERDF payments are transferred to the Lead Partner who has to transfer the shares to the partners in compliance with the amounts reported in the relevant certified reports. The Lead Partner executes the payments (received from the Paying Authority) to the Regional Partners who will add their regional share and forward it to the regional Sub-Project Participants accounts.

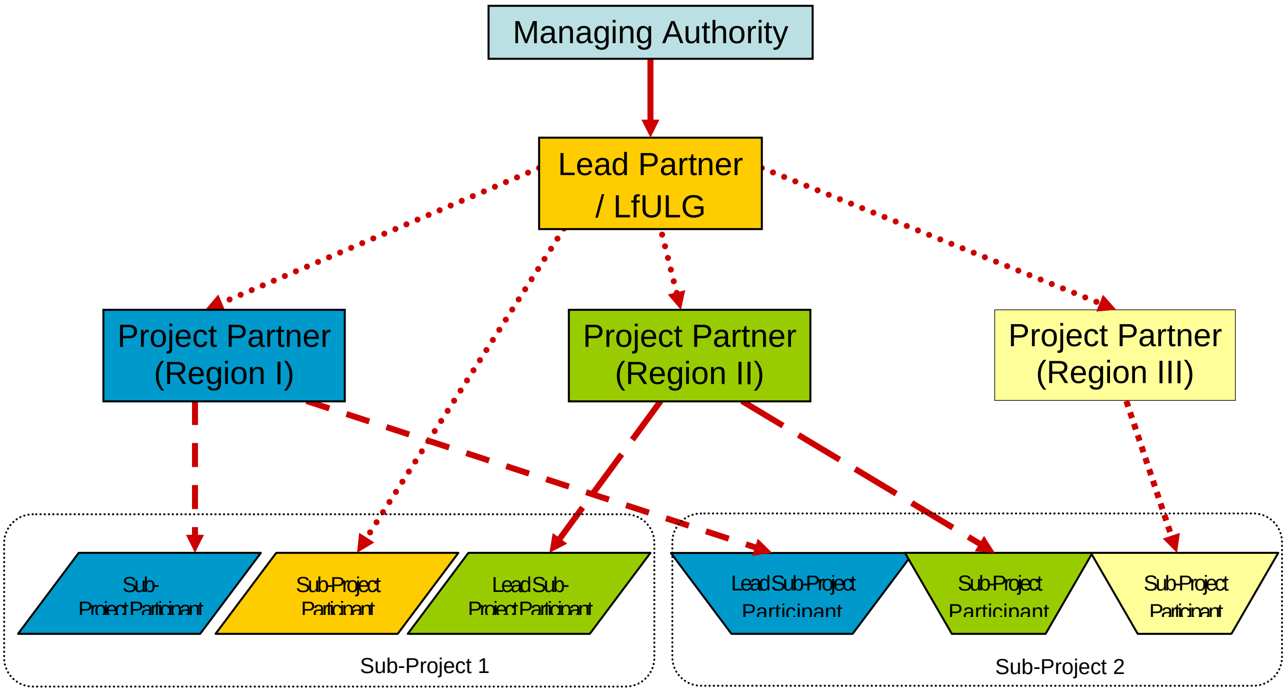

Figure 4: Financial Flows

According to INTERREG IVC's Programme Manual, the Paying Authority executes payment approximately 4 weeks after approval of the Progress Reports by the JTS.

If for example, a certified Progress Report for the reporting period January-June is submitted to the JTS on 1st of October and the JTS will approve it in about 4 weeks, then payments from the Paying Authority (75-85%) will be expected for Mid-November at the earliest. Then, upon receipt of the ERDF funding, the Regional Partners will have to add their respective regional co-financing share (0-25%) to this. Depending on the regional administration structure this will take some more time.

All partners should be prepared that incurred expenses will be reimbursed <u>6 months after the last day of the reporting period at the earliest</u>. It may occur that it will take even longer than that. This applies especially to Sub-Project Participants as the last bodies in the payment chain.

5 Sub-projects

5.1 Introduction

In a preparatory meeting of the partners, a framework for sub-projects based on experiences and identified needs in the different regions was agreed. Being a mini-programme, EnercitEE has reserved a share of the overall budget for the implementation of up to 12 sub-projects under Component 4 “Energy efficient citizens and local authorities.” The implementation of the sub-projects has to respect the financial and project management requirements set out by the INTERREG IVC programme.

Two open calls for sub-projects will be launched in the partner regions (see section 4.4). The sub-project objectives should be of high relevance to EnercitEE’s overall object and fall under one of the topics of Component 4 (see Figure 2, page 13). Moreover, the sub-projects facilitate systematic exchange of experience and good practice in the field of energy efficiency for citizens and local authorities. Sub-project proposals that fulfil the requirements will be assessed by the Working Group and will be finally approved or not approved by the Steering Group. In case of approval, sub-projects will have a project lifetime of 2 years.

Under EnercitEE sub-projects can be financed up to 100% (75-85% ERDF and 15-25% regional shares) if expenditures are eligible.

The 12 priority areas for the sub-projects are:

- SP 1 strategies of EE knowledge transfer (local energy advice and networks)
- SP 2 awareness raising policies (EE competitions and games)
- SP 3 network strategies for EE citizens at local markets (EE actors at the local markets)
- SP 4 promotion & exchange of citizens’ best practice examples on EE
- SP 5 exchange of incentives and grant programmes for citizens
- SP 6 strategies and plans for EE mobility & transport
- SP 7 EE training instruments for public authorities’ staff & knowledge exchange
- SP 8 financing instruments as policies for local authorities,
- SP 9 strategies to improve energy consumption in public buildings
- SP 10 regional climate policies for mitigation & adaptation - exchange local authorities staff
- SP 11 improving local energy policies - "job shadowing" in local authorities
- SP 12 new instruments for local energy planning and implementation

5.2 Sub-project partnership composition

Each sub-project must involve Sub-Project Participants **from at least three regions (Member States).** Sub-Project Participants **must be located in the area represented by the Regional Partners** of the mini-programme.

5.3 Legal status of Sub-Project Participants

Only public bodies or bodies governed by public law (for definition see box below) can take part in sub-projects and are eligible for funding under INTERREG IVC. The private sector is not eligible for funding and can therefore not receive any ERDF/regional funding through EnercitEE.

EnercitEE sub-projects can only involve contributing partners. It is not possible to participate with an “observer” or “informal” status. Any organisation that contributes to the implementation of the project and receives programme funding has to be listed as a formal Sub-Project Participant.

In all other cases, any form of participation in the project would be considered as subcontracting by one of the formal partners and therefore requires the respect of national and European procurement rules and a full payment from the partner on the basis of a contract and invoices before these costs can be reported by the official Sub-Project Participant in the Sub-Project Participant Report.

Definition of body governed by public law

Body governed by public law according to Directive 2004/18/EC, Art. 1 means any body:

(a) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;

(b) having legal personality; and

(c) - financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law;

- or subject to management supervision by those bodies;

- or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

Each Member State is responsible for confirming the legal status of Sub-Project Participants located on its territory. Member State contact details are available on the programme website (www.interreg4c.eu).

5.4 Call for proposals

For the development of sub-project proposals the present manual should be studied carefully. In particular, the eligibility and quality criteria provide important information about the sub-projects requirements and targets. Furthermore, the INTERREG IVC manual provides insight in the overall programme structure.

Only interregional sub-project partnerships from EnercitEE's participating regions can apply for funding by submitting a sub-project application for one of Component 4' priorities related to one of the calls.

The application form will be provided on the EnercitEE website www.enercitee.eu which is available from spring 2010. Detailed instructions on how to fill in the application form are provided in the form itself. The Mini-Programme Coordination Office, the Regional Managers as well as the Component Managers for Component 4 are important contact points for support and advice.

In total, two calls for sub-project proposals will be launched:

1st Call for Proposals: Summer 2010 (foreseen launch June 2010)

2nd Call for Proposals: Winter 2010/2011 (foreseen launch December 2010)

The calls will underline the strategic regional priorities for each region.

The calls will be published on the EnercitEE website www.enercitee.eu, on regional websites and newsletters corresponding to the national / regional requirements. All the necessary documents such as the application form, the project manual, contact addresses are published on the website.

The Regional Managers will organise a regional kick-off event with key actors of the respective region related to EnercitEE issues. This event aims at strengthening the regional partnership, promoting EnercitEE, giving information and advising for participation in sub-projects. In addition, an online partner search forum on the EnercitEE website can be used for finding partners for potential sub-projects.

The application form shall be submitted electronically by Email, as well as in an original and duly signed unbound hard copy, the latter being considered as the official application. It must include all annexes and be sent to the project coordinator within the set deadline for the call for proposals, this being **the date of postal stamp on the envelope** containing the original hard copy and the date for receiving the electronic version of the application form. There is no possibility to submit corrected documents after the deadline for submission. The contribution of each Sub-Project Participant must be confirmed by a duly signed, dated and stamped **Letter of Commitment**, which will be attached to the Application Form.

Proposals have to be submitted in English, only.

5.5 Selection of Sub-Projects

Each sub-project application will be subject to a two-step selection procedure.

At first, sub-projects will be checked against the eligibility criteria in order to ensure that they fulfil the technical requirements. The eligibility assessment will be performed by the MPCO (see box below). Only sub-projects that satisfy the eligibility criteria will be subject to quality assessment.

The second step will be the quality assessment. It is based on a scoring system and results in a ranked list of all the applications submitted. The ranking list for presentation in the Working Group will be compiled by the Component Managers of Component 4 with the assistance of the Regional Managers.

5.5.1 Eligibility criteria

The eligibility assessment is a 'yes or no' process. This means that the eligibility assessment does not allow any flexibility in the way the criteria are applied.

Each sub-project has to answer 'yes' to the following eligibility criteria:

Eligibility criteria
1. Has the application form been submitted in due time in original and electronic versions, both versions being identical? Is a proof of sending provided (postal stamp or equivalent)?
2. Is the application complete? Has it been properly filled in according to the instructions, and includes: o Description of rationale (problem and objectives) and expected effects (impact, results and outputs) o Description of expected contribution to energy efficiency and climate protection policies and sustainable development in the participating regions o Description of the work programme o Description of management and implementation arrangements, including division of roles and responsibilities among the Sub-Project Participants o Complete financial table o Description of the Sub-Project Participants o Signed Letter of Commitment by all Sub-Project Participants
3. Is the application form dated and hand signed and fully and properly filled in according to the instructions?
4. Is the sub-project supported by partners from at least three regions of EnercitEE?

5.5.2 Quality criteria

The quality assessment will only apply to projects that have fulfilled all eligibility criteria. It will be based on the following selection criteria:

- Content-related criteria

  Criterion 1 - Relevance of the proposal
  Criterion 2 - Coherence of the proposal and quality of approach
  Criterion 3 - Quality of results

- Implementation-related criteria

  Criterion 4 - Quality of management
  Criterion 5 - Quality of partnership
  Criterion 6 - Budget and finance

The quality assessment is based on the following scoring system.

5 excellent
4 good
3 adequate
2 poor
1 very poor
0 knock-out criterion

In order to decide on a score per criterion, the Component Managers use the 'quality assessment guidelines' which follow the one on INTERREG IVC programme level but which are adapted to the requirements of EnercitEE.

Selection criteria for sub-projects proposals in all components	
Quality criteria	**Content**
Relevance of the proposal	**Relevance of the theme tackled** - in line with EnercitEE's overall objective and topics in Component 4 - clearly in line with the competences of regional and local authorities and with regional EE policy - European and regional added-value **Relevance of the proposed approach** - Proposed light pilot implementation linked to policy level - Include exchange of experience at the policy level and building on the Sub-Project Participants' experience - contribution to EnercitEE's objectives and in particular to the improvement of regional / local policies and instruments - clearly interregional approach
Coherence of the proposal and quality of approach	**Clarity of the project's rationale** - tackled issue clearly stated - objectives and sub-objectives clearly described - planned effects (outputs, results) clearly defined **Coherence of the proposed methodology** - logically interrelated elements (issue tackled, objectives, planned effects) - realistic and consistent overall methodology **Quality of the work plan** - activities and outputs described in the work plan
Quality of results	**Tangibility of the results** - concrete results and output - clearly specified and quantified **Visibility of the results**

<table>
<tr><td></td><td>- planned publicity measures (dissemination of expected results to other stakeholders)
- clearly defined communication activities (target group, integration in overall work plan, etc.)

Relevance of the results
- capacity to improve the regional and local policies and instruments
- the expected results and light pilot implementation have an influence on the local / regional policies of the regions represented in the partnership
- decision makers from the participating regions directly involved in the sub-project
- expected results of European relevance, i.e. applicable and replicable in other European regions

Added-value of the results
- expected results are innovative in the context of INTERREG IVC and EnercitEE
- different from the results already achieved in other running or past projects

Durability of the results
- provisions to ensure the durability of the operation’s results</td></tr>
<tr><td>Quality of management</td><td>Clarity of coordination and management structures and procedures within sub-project
- clear, transparent and fair decision-making and monitoring procedures
- explanation of procedures for day-to-day management and coordination; administrative and financial management
- clear procedures for first level control
Quality of Component 1
- activities of Component 1 are clearly and precisely defined</td></tr>
<tr><td>Quality of partnership</td><td>Coherence between the objectives of the sub-project and partnership
- tackled issue of interest to participants of the sub-project, benefit for all involved Sub-Project Participants
- involvement of appropriate participants to solve the issue tackled
- involved participants in a position to influence their regional / local policies and strategies

Proportionate involvement of all partners in developing project idea, preparing application, implementing and co-financing operation
- all Sub-Project Participants are involved in developing the project
- involvement of all Sub-Project Participants seem proportionate
- budgets of Sub-Project Participants are balanced</td></tr>
</table>

Budget and finance	**Value for money** - overall budget is reasonable compared with the planned activities/ outputs and project's duration, compared with the number of partners involved - the budget allocated to management and coordination tasks is reasonable (i.e. below 20% of the overall budget) - the budget allocated to administration costs is reasonable (i.e. below 25% of the staff costs) - the budget share dedicated to 'external expertise and services' is reasonable (i.e. is it below 50% of the total budget) - the budget allocated to equipment is reasonable (i.e. below 5 % of the total budget)? **Consistency of the budget** - financial arrangements reflect the planned activities; budget lines coherent and in line with these activities - coherent and realistic payment forecast - precisely and clearly described 'External expertise costs and services' - equipment costs (e.g. IT equipment) are clearly described and justified

Table 5: Overview on quality criteria for sub-project selection

5.5.3 The decision-making process for approval of sub-projects

After completion of the first step of the assessment, the Working Group will be informed about the ineligible applications. The Lead Sub-Project Participants of these ineligible applications will receive a notification letter specifying the unfulfilled eligibility criteria.

In the second step of the assessment a score will be attributed to each quality criterion (except in case of knock-out criterion). This will result in an average score per sub-project. Applications where a knock-out criterion is applied will not benefit from a full assessment. The reason(s) for knock-out will be developed and explained in the assessment results. Based on this average score, the Component Managers will produce a ranking list of all the eligible sub-projects.

Sub-projects with a sufficient average score will be recommended for approval or recommended for approval under conditions to the Working Group.

Sub-projects with a sufficient average score but not fully fundable considering the available regional funds and the strategic regional priorities will be recommended for approval under conditions.

The remaining sub-projects will not be recommended for approval.

The Working Group will check the list of recommended sub-projects and if necessary make adjustments. It will hand over a final version of the list to the Steering Group. Final decisions on eligible projects will be made by the Steering Group of EnercitEE, based on the results of the quality assessment.

This decision will be notified to all Lead Sub-Project Participants soon after the meeting of the Steering Group. All the Lead Sub-Project Participants of the non approved projects will receive a notification letter with a summary of the quality assessment results. Similarly, all the Lead Sub-

Project Participants of the approved projects will receive a letter from the Mini-Programme Coordination Office stating the decision of the Steering Group as well as the total funds approved. The decision may include certain conditions deriving from the results of the quality assessment. A precise deadline for fulfilling these conditions will be set in the notification letter. Only after these conditions are fulfilled can the Regional Subsidy Contract between the Regional Partner and the Sub-Project Participants be concluded.

5.6 Sub-project implementation

5.6.1 Contracting

For successful implementation of the sub-projects of EnercitEE several agreements / contracts come into operation.

- **Sub-Project Subsidy Contract**
  - Signed between the Lead Partner and the Lead Sub-Project Participants
  - Clarifies the funding conditions, payment procedures and the responsibilities of the Sub-Project Participants and the Regional Partner
- **Sub-Project Partnership Agreement**
  - Signed between the Sub-Project Participants (including Lead Sub-Project Participant)
  - Clarifies the tasks, duties and responsibilities for each Sub-Project Participant and regulates the cooperation among them
- **Partnership Agreement**
  - Signed between the Regional Partners (including Lead Partner)
  - Clarifies the tasks, duties and responsibilities for each Regional Partner and regulates the cooperation among them

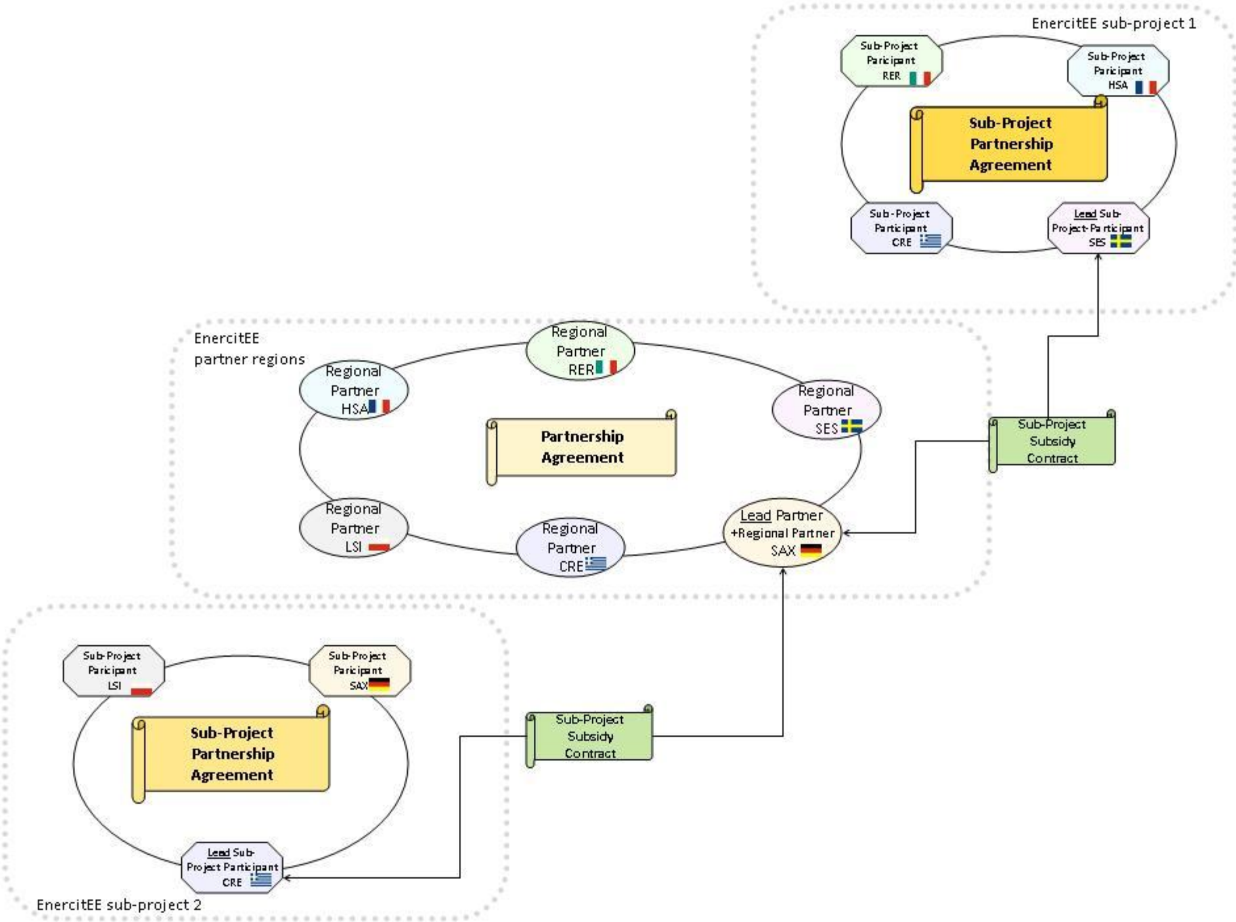

Figure 5: Overview of EnercitEE's sub-project contract and agreements

A **Grant Letter** issued by the Regional Partners stipulates the regional co-financing amount, funding conditions and payment procedures between the regional Paying Authority and respective Sub-Project Participants (including Lead Sub-Project Participant).

5.6.2 Sub-project preparation costs

Successful sub-projects approved by EnercitEE's Steering Group can receive programme funding for their costs related to the preparation of their sub-project. Costs declared under 'preparation activities' have to show a direct and demonstrable link to the development of the sub-project.

Typical activities during the preparation phase of a sub-project are the following:

- Development of the project idea and partner search,
- Meetings with project partners,
- Completion of the application form,
- Participation in individual consultation with members of the MPCO and/or Regional Managers

The preparation costs must be further described in the sub-project application form and broken down into the same budget lines as the other components of the project. The activities must take place and the related costs must be incurred between 5 November 2009 and the date of submission of the sub-project application form to the MPCO.

These costs must be paid out by the end of the first reporting period. They have to be reported in the first Sub-Project Participant Report. The eligible preparation costs are subject to a ceiling of EUR 10,000.

5.6.3 Sub-project meetings and cooperation

Each sub-project has to determine the necessary procedures for coordination, cooperation and implementation. In particular, an interregional **Sub-Project Working Group** should be set up which should be composed of representatives from all Sub-Project Participants. Over the two year lifetime of the sub-project the Sub-Project Working Group should meet at least three times (Kick-Off, Mid-Term and Final Meeting).

The progress towards the achievement of the sub-project's objectives is assessed mainly through the output and result indicators. In parallel to the Sub-Project Working Group, other coordination bodies (e.g. project advisory groups) may also be established to fulfil specific tasks or to carry out certain activities. It is however recommended that the coordination and management procedures remain as transparent and simple as possible.

The interregional meetings are held in order to exchange information, assign tasks, take decisions, adjust planning, discuss results etc. Sub-project meetings have to be scheduled and announced in time and the agenda and all working papers/proposals for the meetings should be distributed to its members in due time. In sub-project meetings decisions shall be reached by mutual consent and will be minuted. A draft of the minutes will be circulated within two weeks after the meeting, and comments provided within one week of their receipt. This version, treated as the final one, should be sent to all Sub-Project Participants, the project coordinator, the Regional Manager of the host and the responsible Component Manager.

5.6.4 Sub-project reporting and accounting

Each Sub-Project Participant has to set up a separate accounting and an efficient reporting system respecting the deadlines and specification provided in the EnercitEE manual. The rules for reporting within EnercitEE are described in section 3 and for the accounting in section 4.

5.6.5 Changes in sub-project implementation

During its implementation sub-projects might face the need to request for changes like:

- Changes in the partnership
- Changes in the budget
- Changes in the work plan

The Mini-Programme Coordination Office is, on behalf of the Lead Partner, responsible for the practical administration of changes within approved sub-projects.

For all major changes, a **Request for Changes** has to be sent to the EnercitEE Coordination Office describing the requested change and providing a reason / justification. In addition an **Application Form for Changes**, with updates in the respective parts, has to be submitted.

After the Mini-Programme Coordination Office has checked all these documents, the Lead Sub-Project Participant will be either asked for further clarification / information or for an official submission of the signed form. For changes in the partnership, the **Letter of Commitment** of the new Sub-Project Participant must also be submitted as well as the **Withdrawal Letter** from the leaving Sub-Project Participant. Furthermore, proof of the **agreement of the whole partnership** about the proposed change must be provided. This proof can consist in the minutes of the Sub-Project Working Group meeting endorsing the change or a proper documentation in case the proposed change has been approved by the Working Group via written procedure.

Depending on the type of changes, a decision will be taken either by the Mini-Programme Coordination Office or by the EnercitEE Steering Group. Only after the official notification to the Lead Sub-Project Participant, the change enters into force.

Minor changes (e. g. rescheduling of activities/outputs) can be reported to the Mini-Programme Coordination Office with the next upcoming report. It is nevertheless convenient to always contact first your Regional or Component Manager in order to agree what can be simply notified and what needs to be requested.

a) With prior notification to the coordination office the Sub-Project Participant is entitled to deviate from the original amount in the budget line. The deviation is limited to a maximum of 10.000 €, or if more, up to 10% of the original amount.

b) All budget changes exceeding the limits set up in point a) may be approved by the Steering Group on a case-per case basis.

Changes in budget lines of sub-projects are only allowed as long as the maximum amount of funding awarded remain. Shifting of costs between Sub-Project Participants from different regions is not possible.

Changes in contact details can be notified via Email to the coordination office at any time.

6 Internal and external communication

6.1 Ensuring Proper Internal Information Flows

All partners in this programme should endeavour to establish smooth conditions for communication. All the partners involved must do their best to achieve the goals and keep deadlines.

It is proposed that the options "send to all" and “copy to / CC” are used only if there is a very good reason for informing all or the additionally addressed persons. Otherwise we might become less alert to mails that are really meaningful for us and in future important messages pass inadequately noticed.

In the day-to-day work the Regional Partners (members of Steering Group and Working Group) communicate via Email and telephone. The members of the Working Group make sure that Emails are recognised and answered within two working days by the member or his / her representative.

The Sub-Project Participants stay in close contact with their Lead Sub-Project Participant and their respective Regional Managers. All activities carried out or changes within the sub-project will be communicated immediately after occurring.

6.2 Ensuring Proper Dissemination

Component 2 (Communication and Dissemination) of EnercitEE will reach politicians, local authorities and citizens who are not directly involved in the project. Since their area of interest on energy efficiency differs significantly, EnercitEE will provide useful information for all of them. For example, a comprehensive EnercitEE handbook will mainly address local and regional policy makers with a policy-related step-by-step description of the EnercitEE tools. In addition, events, newsletters, and on-site visits inform them about EnercitEE and its results.

Citizens, on the other hand, will be addressed by media, press releases and flyers which highlight best practices and EnercitEE’s activities. This will arouse citizens’ interest in EnercitEE activities and solutions. EnercitEE’s communication strategy is to foster a competitive benchmark among both citizens and public authorities, e.g. “I want to be as climate friendly as my neighbour / neighbouring community”.

Component Manager will be Saxony (Germany) based on the experiences that Saxony gained in this field in the last project *enercy’regio* and to ensure that all relevant information converges at one point.

All communication measures, PR and dissemination will be carried out according to the Communication Plan.

Three copies of main project publications (general brochure, good practice guidelines, final results) should be sent to the MPCO which will forward it the INTERREG IVC secretariat. Any appearance in the media should also be sent to the INTERREG IVC Communication Officer.

6.3 External Communication – Use of Logos

On all dissemination materials the following logos should appear:

- EnercitEE logo
- EU logo with reference to EU and fund included
- INTERREG IVC logo (with slogan included)

For <u>all publications</u> the following requirements need to be fulfilled:

- On front of document: EnercitEE logo, EU logo, INTERREG IVC logo
- Inside publications: a statement specifying that the contents reflect the author's views and that the MA is not liable for any use that may be made of the information contained therein.

For websites, electronic information and audio-visual material the following requirements need to be fulfilled:

- EU logo and INTERREG IVC logo must appear at least on the home page of the *EnercitEE* website,
- EnercitEE logo, EU logo**,** INTERREG IVC logo must appear at least on the first slide of any electronic presentation, on electronic newsletters, and in a prominent position
- Logos should be clickable in electronic versions:
  - Hyperlink to EnercitEE website: www.enercitee.eu
  - Hyperlink to INTERREG IVC website: http://www.interreg4c.eu
  - Hyperlink to DG Regio website: http://ec.europa.eu/regional_policy/index_en.htm
- On the EnercitEE website, the following short description of the INTERREG IVC programme should be included.

> The ***Interregional Cooperation Programme INTERREG IVC***, financed by the European Union's Regional Development Fund, helps Regions of Europe work together to share experience and good practice in the areas of innovation, the knowledge economy, the environment and risk prevention. EUR 302 million is available for project funding but, more than that, a wealth of knowledge and potential solutions are also on hand for regional policy-makers.

For conferences, events, exhibitions the following requirements need to be fulfilled:

- EU flag displayed in meeting rooms, conferences etc
- Attendance or other certificates shall include a statement such as "This project is co-financed by the ERDF and made possible by the INTERREG IVC programme".

7 Annex

7.1 Country specific Information concerning the first-level-control

(subject to change: for update please check www.interreg4c.eu → Projects → Latest country-specific information)

7.1.1 Country Specific Information: GERMANY

First Level Control Requirements:

Germany has chosen a decentralised control system. The beneficiaries will have to propose an independent controller (internal or external, public or private) to the approbation body of their Land (see Annex 1). This body will authorise the controller proposed by the project partner after having checked that the controller is sufficiently independent from project activities and finances and qualified to carry out the control of an INTERREG IVC project.

The partner can propose either a controller from the public sector or a controller from the private sector.

1. The partner proposes a controller from the public sector

Qualified controllers in the public sector are, due to national standards of legal regulation and qualified professional education with final certificate, all public bodies authorised to carry out independent financial audits and controls, e. g.

- Rechnungsprüfungsämter (offices for auditing and accounting control),
- so-called Unabhängige Stellen (Independent Bodies),
- unabhängige interne Prüfstellen (independent internal departments for audit and controls).

The project partner and the chosen controller have to fill in and sign a partner questionnaire in which they both confirm the specific performance demands of a qualified first level control. This partner questionnaire has to be presented for confirmation to the respective approbation body. The responsible approbation body will then based on the information provided confirm/not confirm the auditors qualification and independence by signing a letter of acknowledgement.

2. The partner proposes a controller from the private sector

Qualified controllers in the private sector are all members of professions officially approved for dealing with audit and controls. A person is a member of his/her profession, if he/she meets the requirements set up by the proper professional association. (e.g. Federal Chamber of tax consultants) A profession is officially approved for dealing with audit and controls by its proper professional association.

With regard to Germany and the German part of the programme, tax practitioners as defined in section 3 of the Tax Consultancy Services Act (*Steuerberatungsgesetz*) are tasked to assess compliance with regard to expenditure reported by private beneficiaries in line with Article 16(1) of the Regulation (EC) 1080/2006.

Tax practitioners include:

- Steuerberater and Steuerberatungsgesellschaften (tax consultants or consultancy firms
- Steuerbevollmächtigte (tax agents)
- Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (chartered certified accountants or accountancy firms)
- vereidigte Buchprüfer and Buchprüfungsgesellschaften (sworn accountants or accountancy firms)

In this case the general accountant's qualification has to be confirmed. Therefore the general accountant's qualification will be confirmed by either the state supervised Chambers of Tax Consultants or the state supervised Chambers of Public Accountants by a confirmation of membership for the chosen controller. Membership in the appropriate chamber is only granted if the accountant achieved his or her professional degree based on the standards set by the chamber and passed an examination supervised by the chamber. Hence, the membership itself is indication of the required qualification.

In order to additionally ensure the specific audit quality for INTERREG funds the project partner and the chosen controller have to fill in and sign a partner questionnaire (format provided by the JTS), in which they both confirm the specific performance demands of a qualified first level control. This partner questionnaire as well as the confirmation of membership have to be presented for confirmation to the respective approbation body and they have to be inherent part of the auditor's contract. The responsible approbation body will then based on the information provided confirm/not confirm the auditors qualification and independence by signing the letter of acknowledgement.

The controller has to be officially authorised before the first expenditure can be reported and confirmed.

The costs resulting from the control (staff costs in case of an internal controller, external expertise costs in case of an external controller) can be reported as eligible costs in compliance with the relevant EU-regulations and programme rules.

Other country specific information

For questions concerning the eligibility status of potential project partners, please contact the representatives of the Länder.

7.1.2 Country Specific Information: SWEDEN

First Level Control Requirements:

Sweden has chosen a centralised control system. Expenditure of project partners from Sweden will thus have to be checked and confirmed by the following body:

Tillväxtverket
Joint Unit for Regional Structural Fund programmes
Visiting address: Fyrvallavägen 1
SE-831 43 ÖSTERSUND
www.tillvaxtverket.se

Contact:
Tommy Anjevall (manager)
Tillväxtverket
Box 3034
SE-831 03 Östersund
Tel: +46 8 681 96 16
fax: +46 63 51 32 30
Email: tommy.anjevall@tillvaxtverket.se

Håkan Flykt (controller)
Tillväxtverket
Box 3034
SE-831 03 Östersund
Tel: +46 8 681 91 66
Email: hakan.flykt@tillvaxtverket.se

The above-mentioned body will perform the first level control free of charge to Swedish project partners.

7.1.3 Country Specific Information: ITALY

First Level Control Requirements:

Italy has chosen a decentralised control system. The beneficiaries will have to submit their requests for the approbation of an internal or external controller to the following person:

Giuseppe Amoruso
Regione Calabria
Piazza di Campitelli, 3
00186 Roma,
Italy
Tel: +32 (0) 2 2346262
Fax: +32 (2) 2346279
Email: interregivc@regcal.it

Two options are foreseen for selecting the first level controllers:

1. Italian partners having the legal status of public authority/control activities can entrust internal control offices, provided that the separation of functions with the offices responsible for implementing the operations is ensured.
2. Bodies governed by public law or public authorities that have not opted for the first option, can appoint independent bodies having specific requirements in terms of professionalism, honourability and independence, registered for at least three years, in the Register of Economist and Accounting Experts or in the Auditors Register as provided for in the Legislative Decree of 27 January 1991, No88.

The partners will then propose their first level control to the contact person indicated above. The approval will be done by an ad-hoc Committee. This Committee hosted by the Ministry of Economic Development will ensure the approbation of the first level controller on the basis of the duly filled-in checklist “Criteria for Approbation of first level controllers” provided by the programme. This Committee will officially authorise the controller proposed by the project partner after having checked that the controller is sufficiently independent from project activities and finances and qualified to carry out the control of an INTERREG IVC project.

Should an external controller be selected, the project partner will have to abide by the public procurement rules.

The controller has to be officially authorised before the first expenditure can be reported and confirmed.

The costs resulting from the control carried out by an external controller can be reported as eligible costs in compliance with the relevant EU-regulations and programme rules. In case an internal controller is appointed to carry out the control, the related costs cannot be reported as eligible expenditure.

The formal settlement of the ad-hoc Committee for the approval of first level controllers in Italy has been delayed. Therefore, the submission deadline of the first progress report for Italian Lead Partners is postponed to 1 October 2009. This date will also be the deadline for the submission of the second Progress Report. In practice, two separate Progress Reports will have to be submitted:

- **one for the first period running from the date of project approval to 31 December 2008 (incl. preparation activities/costs) and**
- **one for the second period including activities/costs that occurred during the period 1 January 2009 to 30 June 2009.**

Further country specific information:

Italy has provided additional information on the co-financing of Italian partners and a clarification of the term “Body governed by public law” within the Italian legal framework. The documents are available in Annex.

7.1.4 Country Specific Information: FRANCE

First Level Control Requirements:

France has chosen a decentralised control system. The beneficiaries will have to propose an independent controller (internal or external) to the following body:

Région Nord-Pas de Calais
Direction Europe
Service Programmes INTERREG
Hôtel de Région – 151 Avenue du Président Hoover - 59555 LILLE CEDEX
Tel : +33 (0)3 28 82 70 59 or +33 (0)3 28 82 70 78
Fax: + 33 (0)3 28 82 70 55
Email: infocpn@nordpasdecalais.fr

This body will authorise the controller proposed by the project partner after having checked that the controller is sufficiently independent from project activities and finances and qualified to carry out the control of an INTERREG IVC project.

Should an external controller be selected, the project partner will have to abide by the public procurement rules. In that case, the MS body will propose a terms of reference model to the project partners to facilitate the tender procedure.

The controller has to be officially authorised before the first expenditure can be reported and confirmed.

Both in the case of a public and private controller, a contract will have to be made between the beneficiary and his controller detailing the cost base for controls. This contract will be based on the template terms of reference provided by the MS Body.

The costs resulting from the control (staff costs in case of an internal controller, external expertise costs in case of an external controller) can be reported as eligible costs in compliance with the relevant EU-regulations and programme rules.

7.1.5 Country Specific Information: GREECE

First Level Control Requirements:

Greece opted for a centralised control system. Each Greek Lead Partner and Project Partner shall request the following body to allocate them a controller:

Single Paying Authority
First level control unit
11, Navarchou Nikodimou
10558 Athens
Greece

Contact persons:
Dimitrios Sousounis
Tel: + 30 213 1500400
Fax : + 30 213 1500413
Email : spa@mnec.gr

Maria Poulaki
Tel : + 30 213 1500471
Fax : +30 213 1500453
Email : mpoulaki@mnec.gr

The Greek Lead Partners/Project partners are asked to address their request of allocation of a controller to the Single Paying Authority - First Level Control Unit as soon as their project is approved.

The controller designated by the Single Paying Authority will carry out the checks. Both the designated controller and the Head of the Single Paying Agency will confirm the costs.

The Greek Lead Partner/Project Partner will bear the cost of the control. The costs for the controller can be reported as eligible external expertise costs in compliance with the relevant EU-regulations and programme rules. The cost of the control will be defined in a contract to be signed between the Single Paying Authority and the project partner after the approval of the Application form. Each Greek partner is advised to allow an amount of up to 3% of its project budget for the control cost. Greece will provide guidelines to all potential beneficiaries concerning the calculation of the control costs.

7.1.6 Country Specific Information: POLAND

First Level Control Requirements:

Poland has opted for a mixed system depending on the status of the Polish partners.

1. Project partners from the Marshall Offices, Voivodes, Ministries and Central Offices

If Marshall Offices, Voivodes, Ministries and Central offices are project partners, a decentralised control system is implemented. In this case, these bodies propose their independent internal controller, to the following body:

Ministry of Regional Development
Territorial Cooperation Department
Wspolna 2-4
00-926 Warsaw

Contact person:
Marcin Lata
Email: (secretariat) dwt@mrr.gov.pl
Tel: +48 22 501 51 05
Fax: +48 22 501 51 56

This body will authorize the internal controller proposed by the project partner if the controller is considered to be sufficiently independent from project activities and finances and qualified to carry out the control of an INTERREG IVC project.

The controller has to be officially authorized before the first expenditure can be reported and confirmed.

Project partners from the above mentioned body can also ask to the Implementing Authority for European Programmes to carry out the first level control. The role of the Implementing Authority for European Programmes is described below.

The control will be free of charge for beneficiaries.

2. Project partners from other organisations

In all other cases, a centralised control system is applied. Expenditure of Polish project partners will thus have to be checked and confirmed by the following body:

Implementing Authority for European Programmes
Wspolna 2/4, IV Floor
00-926 Warsawa
Tel: +48 22 461 87 39/+48 22 461 86 58
Fax: +48 22 461 87 22

Contact person:
Ms. Sylwia Tyszko
Tel : + 48 22 461 88 04
Email : sylwia.tyszko@wwpe.gov.pl

If partners mentioned under point 1 do not opt for an independent internal controller, they can use the above-mentioned body.

This Body will perform the first level control free of charge to Polish project partners.

For further information:

Further information on how to submit application to the central approbation body is available under the following link: http://www.ewt.gov.pl

7.2 Control Confirmations

7.2.1 INTERREG IVC Lead Partner control confirmation

INTERREG IVC Lead Partner control confirmation

- Extract from progress report template -
[to be signed by the Lead Partner controller inside the progress report]
which is submitted to the JTS]

Based on our and the project partner controllers' examination, we confirm the following:

1. For this report the total paid and confirmed expenditure amounts to EUR.
2. The rules listed in the subsidy contract have been observed, including, but not limited to rules governing the eligibility of expenditure (Article 56 of Regulation (EC) No 1083/2006, Article 7 of Regulation (EC) No 1080/2006, Article 48 to 53 of Regulation (EC) No 1828/2006, relevant national and internal regulations of the partners and rules laid down in the latest version of the INTERREG IVC programme manual).
3. The costs reported in this report refer to activities paid from the date of approval by the Monitoring Committee to the end of the reporting period. Costs reported under the component 'preparation activities' were incurred between 1 January 2007 and the date on which the first version of the application form approved by the Monitoring Committee has been submitted. They were paid out by the end date of the first reporting period.
4. Receipts and payments are accurately recorded in the project's accounting system, expenditure in another currency other than the euro was correctly converted, assets are properly recorded and amounts are correctly reflected in demands for payment. Any revenues generated were deducted from the eligible expenditure. The necessary audit trail exists for all activities, providing evidence in the form of contracts, invoices and payment records. In case of staff costs, administration costs, the necessary evidence exists in a form of timesheets, listings of costs or formula descriptions and cost calculations.
5. Services, supplies and works have been procured on the basis of proper call for tenders in compliance with European, national, internal or other relevant rules, sound controls have been exerted over the opening of the tenders and all tenders have been fully evaluated before the final decision has been made on the service provider, supplier or works contractor.
6. Progress made has been fully and fairly reflected in the report. There is evidence that the reported activities have taken place, delivery of services and goods, and works are in progress or have been completed. The expenditure exclusively refers to activities listed in the latest approved version of the application form and completed at the latest by the end of the approved finalisation month.
7. The partners have complied with Community rules and policies including publicity, information, equal opportunities, protection of environment, state aid, competition and public procurement.

8. All inputs for the progress report received from the partners were confirmed by an authorised controller/control body in respect of the country specific control requirements as announced on the INTERREG IVC website (in respect of Article 16 of Regulation (EC) No 1080/2006). The partner control confirmations for the expenditure reported by each partner in this report were provided by the project partners and signed by the authorized controllers/control bodies.
9. The project's activities have started and are implemented in accordance with the stipulations of Article 6 (1) of the subsidy contract.

I hereby confirm that I / the company is independent from the project's activities and financial management and authorized to carry out the control in the EU-Member State/Norway on whose territory the Lead Partner is located.

Place, ______________________ Date, ______________ Official stamp, ________________
(if exists)

Name, ______________________ Signature of the controller, ______________________________

7.2.2 INTERREG IVC partner control confirmation

INTERREG IVC partner control confirmation

Name of the partner:

Name of the project:

Number of the control confirmation:

[The confirmation has to be accompanied by a financial report indicating the name of the project, project partner, the reporting period, the amount per budget line and component[1]. The confirmation has to be signed by each project partner controller in the partnership (incl. the Lead Partner controller for the Lead Partner's own expenditure) and sent to the Lead Partner for each progress report. A copy of the partner control confirmations (without annexes) also has to be submitted to the JTS via the Lead Partner[2]]

Based on our and the project partner controllers' examination, we confirm the following:

1. For this report the total paid and confirmed expenditure amounts to EUR[3].
2. The rules listed in the subsidy contract have been observed, including, but not limited to rules governing the eligibility of expenditure (Article 56 of Regulation (EC) No 1083/2006, Article 7 of Regulation (EC) No 1080/2006, Article 48 to 53 of Regulation (EC) No 1828/2006, relevant national and internal regulations of the partners and rules laid down in the latest version of the INTERREG IVC programme manual).
3. The costs reported in this report refer to activities paid from the date of approval by the Monitoring Committee to the end of the reporting period. Costs reported under the component 'preparation activities' were incurred between 1 January 2007 and the date on which the first version of the application form approved by the Monitoring Committee has been submitted. They were paid out by the end date of the first reporting period.
4. Receipts and payments are accurately recorded in the project's accounting system, expenditure in another currency other than the euro was correctly converted, assets are properly recorded and amounts are correctly reflected in demands for payment. Any revenues generated were deducted from the eligible expenditure. The necessary audit trail exists for all activities, providing evidence in the form of contracts, invoices and payment records. In case of staff costs, administration costs, the necessary evidence exists in a form of timesheets, listings of costs or formula descriptions and cost calculations.
5. Services, supplies and works have been procured on the basis of proper call for tenders in compliance with European, national, internal or other relevant rules, sound controls have been exerted over the opening of the tenders and all tenders have been fully evaluated before the final decision has been made on the service provider, supplier or works contractor.
6. Progress made has been fully and fairly reflected in the report. There is evidence that the reported activities have taken place, delivery of services and goods, and works are in progress or have been completed. The expenditure exclusively refers to activities listed in the latest

approved version of the application form and completed at the latest by the end of the approved finalisation month.

7. The partners have complied with Community rules and policies including publicity, information, equal opportunities, protection of environment, state aid, competition and public procurement.
8. The control work has been documented in a control report (incl. a control checklist), which is based on the INTERREG IVC template serving as minimum requirements.

I hereby confirm that I / the company is independent from the project's activities and financial management and authorized to carry out the control in respect of the control requirements valid in the EUMember State/Norway on whose territory the partner is located.

Place, ______________________ Date, ______________ Official stamp, ________________
(if exists)

Name, ______________________ Signature of the controller, ______________________________

[1] The confirmation includes the partner's share of common costs in case the partnership decided to share certain expenditures.

[2] For partners from countries with a decentralised first level control system with a MS approbation body, the partner confirmation has to be accompanied for the first progress report by the first level control Approbation Certificate issued by the MS approbation body.

[3] The partners and the Lead Partners have to make sure that the amount of reported expenditure indicated for the partner in the progress report and the amounts indicated in the partner control confirmation correspond.