



Baltic Sea Region

Programme 2007–2013

PIN – Project Implementation Newsletter September 2010

Highlights

- Why Bid-at-three? Why it is NOT complicated?
- Proof of payment in IT systems of large organisations
- How to avoid problems with checksum?

Dear project partners, dear first level controllers,

This is the first issue of the Project Implementation Newsletter. You received the newsletter because you are a partner or a first level controller in a project financed by the Baltic Sea Region Programme. We hope that you will find useful information for your work in project here e.g. for preparation of your reports. Feel free to distribute the newsletter to any other interested colleagues.

Even though the daily tasks of the project staff, the first level controllers or Joint Technical Secretariat differ, we all strive for reaching planned project results in a cost-efficient way. At the same time we all work towards minimising administrative mistakes and irregularities and towards good communication between the Programme,

projects and the first level controllers.

With the Project Implementation Newsletter we would like to enlarge the portfolio of communication tools. It shall not replace any of the existing documents/tools like Programme Manual, but it shall link the Joint Technical Secretariat, ALL project partners and ALL first level controllers. In the newsletter we will address urgent questions and problems, give technical advice and introduce (possible) changes of templates and forms. We hope that the Project Implementation Newsletter will help to avoid eventual mistakes and to reduce unnecessary administrative efforts in your daily work with your project.

*Your
Joint Technical Secretariat
team*

What we offer:

- The Programme website eu.baltic.net with downloads of important documents, answers to frequently asked questions, contact details of the Joint Technical Secretariat staff
- Seminars and workshops organised by the Joint Technical Secretariat for lead partners and first level controllers
- Regular contacts and exchange of information between the Joint Technical Secretariat and lead partner via e-mail/phone



Why Bid-at-three? Why it is NOT complicated?

The bid-at-three rule did not exist as Programme rule in the previous programming period, nevertheless most of the project partners are familiar with the bid-at-three due to national rules. But why do we need it?

The Programme offers co-financing from EU (tax-payers) money which has to be used in an efficient way. Two fundamental financial principles for any EU funds are the principles of **economy** and **efficiency**. These principles shall ensure that the funds are spent as economically and as efficiently as possible. The bid-at-three rule helps to follow these quite generally formulated principles

in real life. For larger contracts there are public procurement rules avoiding paying too high prices for goods and services. Also for the contracts below the public procurement thresholds we should expect good "value for money" and this shall be secured through the use of the bid-at-three rule.

The main aim of the rule is to document the decision and the decision making process (different offers). The offered prices shall not be higher than the usual market price. The documentation is simple (see template in the Management toolkit on eu.baltic.net). For smaller tenders the offers can be collected even via phone and

documented in the bid-at-three supporting documents. Following the rule does not mean that the cheapest option must always be taken. The partner may define also additional quality criteria for the selection, but these criteria should be communicated to the bidders before submission of their offers.

Yet there are also exceptions to the bid-at-three rule, e.g. if it is impossible to collect three offers, the partner has to simply document the activities undertaken to obtain the offers (for details see Programme Manual, chapter 5.2.5. Bid-at-three rule).



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Proof of payment in IT systems of large organisations

Another basic principle valid for all EU Programmes is the principle of “reality of expenditure”. This means that the partners have to prove that services/goods were really delivered and paid for. For most of the projects the proof of payment is not an issue – the project partner simply present the bank account statements where the payment dates and specifications are clearly visible.

However in some larger organisations (such as ministries or universities), where complex IT accounting systems are used, the transfer of data to the bank is often made electronically in form of so-called “bulk pay-

ments” comprising hundreds or even thousands of transactions each day. In these systems no bank account statements are available and finding of the payment information for single invoices is hardly possible and if so, it is extremely time consuming – both for the project partner and for the controller. The system works to large extent automatically, which means that once an invoice is in the system, it cannot be stopped or it might be done in a very complicated way which definitely leaves clear traces for any audit of the IT-system.

For these complex IT-systems the “standard” proof of pay-

ment for every single entrance in the accounting system cannot be obtained and should be avoided, if IT systems (by default) do not provide this information. To prove the reality of expenditure the first level controller should concentrate on the general reliability of the payment system e.g. checking the payment procedures by sampling of (a few) selected items. Once the controller gains reasonable assurance of the reliability of the payments, the project checks can be based on the booking data available in the IT system (booking dates etc.).

New functions in Progress Report templates

Some might already have noticed a few technical changes in the progress report forms (overall project report prepared by the lead partner):

- The first change was a new button “finalise and save and print” on the Cover sheet of the Excel file (spring 2010). This button has to be pressed for printing the final version of the progress report, which shall be submitted to the Joint Technical Secretariat. Only this way the printout will contain the required checksum in the footnote.
- In sheets FR_2, FR_3, FR_4 and FR_5 the Joint Technical Secretariat has added a additional error message warning about amounts entered with more than two digits after comma (June 2010).
- In first level controller confirmation in FR_9 several fields are now automatically linked to other parts of the report (June 2010).

Based on evaluation of practical experiences we will continue - as far as technically possible - to improve the forms and keep you informed.

How to avoid problems with checksum?

The Progress Reports are programmed and protected Excel files with pre-filled project data. The Joint Technical Secretariat generates and uploads these Excel files with the help of Programme Database (DEEP) – where the reported data are further used e.g. for monitoring and statistics. Parts of the progress report including summary about the project and its achievements are also published on the Programme webpage. Therefore the electronic version is very important for the Joint Technical Secretariat. At the same time, only the paper version is signed by the lead partner and first level controller and is legally binding.

Working in parallel with electronic and printed version is possible only when the Joint Technical Secretariat can be sure that the electronic version and the paper version is identical. This is secured by the feature named “checksum” – an automatically generated control code in the footnote of the report, which will change every time change is made in the re-

port. By comparing the checksum in the submitted electronic version with the checksum on the signed print-out the Joint Technical Secretariat can quickly check if the versions are identical.

The checksum is generated on paper version after pressing the button “finalise and save and print” on the Cover sheet of the Excel version of the report. Please keep in mind that after adding even one single character (e.g. controller’s signature date) into the report, the checksum will change and it has to be printed again. Therefore it is important that both, the lead partner and the first level controller agree on the final electronic version of the report (the first level controller is supposed to fill in data in FR_9 first!) and only then print it and sign it. They also have to agree how to arrange it so that the report will not be changed after printing it out and having the first signature in it.



Small technical mismatches in the templates and forms: rounding mistakes, inserting data into cells

Small issues might take a lot of time. Rounding mistakes or inserting data in wrong format into the cells of the financial part of the reporting forms could be a typical example. Project partners can face the same problems also in some templates available in the Management tool kit e.g. in the partner report template.

How to avoid it? First, never enter amounts with more than two digits after the decimal point into the reports, as this will mostly lead to an error message. The only exception here is the exchange rate which is required to enter as four digits after the decimal point. Second, avoid copying of cells from other files or enter-

ing of formulas into the cells of the official progress reports (compiled report prepared by the lead partner) or do it very carefully e.g. use the function "paste values". The standard copy function might destroy the formatting of the cells and this way some warning messages might stop working.

The lead partners should be aware when calculating the own contribution in FR_5 (Progress Report) that the reporting form checks for each partner whether the sum of the Programme co-financing and the own contribution is exactly equal to the total expenditure. In cases where the ERDF/Norwegian co-financing amount had to be rounded up, the sums might slightly dif-

fer. Therefore please keep in mind that the own contribution (voluntary unpaid work plus financial contribution) has to be equal to the total expenditure reported minus the automatically calculated Programme co-financing in order to avoid any error messages.

More information and feedback

Would you like to learn more? Check our webpage eu.baltic.net. In the FAQ section you can find a collection of frequently asked questions and inform yourself other Baltic Sea Region Programme projects in the project database.

We would appreciate your feedback to the Project Implementation Newsletter. Please follow the link http://eu.baltic.net/feedback_PIN.13256.html to answer couple of questions.

Feedback to the Project

Country

The main focus of my work in the project is

How do you find the Project Implementation Newsletter?

How do you find the writing style?

What topics would you be interested to read about in the future issues?

Other remarks

Use of ENPI funds

One of the general principles of the Programme is that each Partner budget can be spent only by this Partner – either in form of own costs or in form of shared costs. This means that one Partner cannot pay costs on behalf of any other Partner. The rule is also valid for the

ENPI funds. So if e.g. the lead partner would like to contract and pay any service (e.g. first level control) for a Belarusian partner, it has to report such costs as own costs and for this the lead partner needs own ENPI budget.

Correct reporting of preparation costs

One of the key rules applying to the reporting of expenditure for project activities is the relation to the specific project phase and the payment date. The Programme differentiates between the:

- preparation period (only work package 0)
- implementation phase (work package 1-7)
- closure period (only work package 1)

Let's consider an example, where an external expert sup-

ports the LP in drafting of the project application. This activity is related purely to the project preparation and not to the implementation. All expenditures related to it must be paid within the project preparation period. This ends by the date, when the Monitoring Committee decided to approve the project application. Should the invoice of the external service provider be paid after the MC decision, these costs do not qualify to be eligible for the Programme's co-financing.

Disclaimer

The information in this Project Implementation Newsletter has been obtained, extracted and compiled properly and any recommendation given by it has been carefully prepared and checked by the Joint Technical Secretariat. However, the Joint Technical Secretariat shall not be held liable for any damages caused by the use of this newsletter.

Please note that the Project Implementation Newsletter is only meant to support projects. On no account it shall overrule EU Regulations, the Baltic Sea Region Programme 2007-2013, the Programme Manual or any other statutory provision which is determining the implementation of the projects.

For **Further Information** go to eu.baltic.net or contact Joint Technical Secretariat at info@eu.baltic.net



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