

## **THE EEA AND NORWAY GRANTS 2009-2014**

### **GUIDELINES FOR BENEFICIARIES OF GRANTS**

#### **FUNDED FROM PROGRAMMES**

**CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14, CZ15**

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**Ministry of Finance  
of the Czech Republic**

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**List of Terms and Abbreviations**

AA	Audit authority
BFA	Bilateral Fund at the Programme Level - Measure "A"
BFB	Bilateral Fund at the Programme Level - Measure "B"
CA	Certification authority
Letter DM	Deputy Minister Letter
DPP	Donor Programme Partner (a partner of the programme from the donor states)
EFTA	European Free Trade Association
EEA/N grants	EEA and Norway Grants 2009-2014
IS CEDR	Information system CEDR MF - EEA and Norway Grants 2009-2014
FMO	Financial Mechanism Office
FB	Final Beneficiary
SGS	Small Grant Scheme
NFP	National Focal Point
OC	Open call in a Programme
PDP	Predefined project
PP	Programme Partner
PRG	Programme
IR	Interim report
DD	Director of Department
AR	Annual report
PP	Public procurement
SSPP	Small-scale public procurement
PO	Programme Operator
PO - CFCU	Programme Operator – Central Finance and Contracts Unit
PO - CFA1	Programme Operator – Centre for Foreign Assistance – Programming and Coordination Unit
PO - CFA2	Programme Operator – Centre for Foreign Assistance – Implementation, Monitoring and Evaluation Unit
FR	Final report

## ***1. Introduction and basic information***

The guidelines for beneficiaries of grants (hereinafter the "guidelines") govern the procedures for implementation of projects (within programs CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15) and sub-projects (within the Small Grant Scheme of the programme CZ06) funded from the EEA and Norway Grants 2009-2014 (hereinafter the "projects") from the time of their approval.

The procedures described herein are obligatory not only for the final beneficiaries, but also to their partners to the extent they are relevant to them.

The guidelines are based on current documents approved by the EEA FM committee and the Ministry of Foreign Affairs of Norway and published by the Ministry of Finance.

Manuals and rules approved by the EEA FM committee and the Ministry of Foreign Affairs of Norway:

- Regulation on the Implementation of the Norwegian Financial Mechanism 2009-2014;
- Regulation on the Implementation of the EEA Financial Mechanism 2009-2014;
- Manual for Non-governmental Organizations;
- Manual for Strengthening the Bilateral Relations.

Documents issued by the Ministry of Finance:

- Methodology of Financial Flows, Control and Certification of Programmes Financed by the European Economic Area and Norwegian Financial Mechanisms in the 2009-2014 Programme Period (hereinafter the "Methodology");
- Guidelines of the National Focal Point Concerning Small-scale Public Procurements Financed by the EEA and Norway Grants 2009-2014;
- Guidelines of the National Focal Point on Eligible Expenditures in the EEA and Norway Grants 2009-2014.

In case new documents are approved in course of the implementation of Financial Mechanisms, the Guidelines will be supplemented and updated on the basis of new facts.

Cases and situations not regulated by these Guidelines shall be settled individually on the case by case basis in accordance with good morals and general principles of commercial relations.

### ***1.1 Validity and amendments to the Guidelines***

The Guidelines enter into force on the day of its approval by the Programme Operator. In case, in course of the implementation process, new changes that may affect the procedures for

implementing the project are approved or new binding documents are approved, the Guidelines will be updated and supplemented by the documents.

The Guidelines are mandatory for all actions related to the implementation of the EEA and Norway 2009-2014 grants listed herein. The binding version is always the version of Guidelines or annexes thereto, which is applicable on the day the respective action related to the implementation of the project is performed.

*Every update of the Guidelines will be published on the web pages of the Ministry of Finance. Final beneficiaries are obliged to follow up these web pages and always follow the effective version of the Guidelines. MF is not obliged to inform FBs of the update of the Guidelines.*

## 1.2 Basic terms

Some of the basic terms which are used in the Guidelines are defined below:

**Programme Agreement** – an agreement concluded between the Financial Mechanism Committee of the EEA, the Ministry of Foreign Affairs of Norway and the National Focal Point, by which the funding for a **programme are awarded and which sets up the implementation of the programme.**

**Grant** – a promise of funds from the state budget, state financial assets or the National Fund awarded to legal or natural persons for a specific purpose prior to the issuance of the legal act on the allocation of funds.

**Subsidy** – funds from the state budget, state financial assets or the National Fund awarded to legal or natural persons for a specific purpose by the issuance of the legal act on the allocation of funds.

**Information system CEDR MF EEA and Norway Grants 2009-2014** – an information system of the Ministry of Finance as a Programme Operator of selected programmes of the EEA and Norway Grants. The system is used for submission of applications (within open calls and predefined projects) in individual programmes and their subsequent administration (selection of projects, monitoring, payments), up to the end of their implementation.

**Final Beneficiary** – a public or private, commercial or non-profit entity, as well as non-governmental organization or natural person, which was, on the basis of submitted and approved application, awarded a grant from the EEA and Norway Grants 2009-2014 by the Programme Operator.

**Small Grant Scheme** – a set of sub-projects implemented by the SGS Programme Operator on the basis of conditions and procedures specified in instructions issued by the SGS Programme Operator. In case of the SGS in programme CZ06, the Final Beneficiaries of sub-projects shall follow these Guidelines.

**National Focal Point** – a national public entity, designed by the receiving state as an entity responsible for achieving the objectives of the EEA and Norway Grants 2009-2014 and implementation of the Memorandum of Understanding.

**Period of eligibility of expenditures** – the beginning of the period of eligibility of expenditures is determined by the date of approval of the project (see Section 3.1) and the end of the period

of eligibility of expenditures is specified in the legal act on the allocation of funds (not later than April 30, 2016).

**Open Call** – system of awarding the grants for projects on a basis of the announcement of call for applications.

**Programme partner** – a public entity, ministries responsible for relevant sectors in the Czech Republic, which is actively involved in the implementation of the programme and effectively contributes to the implementation of the programme on the basis of the concluded Partnership Agreement.

**Donor Programme Partner** – a public entity from the donor state actively involved in the preparation and subsequent implementation of the programme. Effectively contributes to the implementation of the programme on the basis of the concluded Partnership Agreement.

**Programme Partner** – a public or private, commercial or non-profit entity that is specified in the approved grant application and is actively involved in the implementation of the project.

**Legal act on the allocation of funds** – a document on the base of which the funds are awarded to the Final Beneficiary in accordance with the Act No. 218/2000 Coll., on Budgetary Rules, as amended, and which contains the particulars specified in *the Methodology of Financial Flows, Control and Certification of Programmes financed by the EEA / Norwegian FM in the 2009-2014 Programme Period*.

**Programme** – a document laying down a strategy for achieving the objective through a set of activities. Individual programmes are approved by the Financial Mechanism Committee of the EEA and the Ministry of Foreign Affairs of Norway (including Small Grant Scheme, Bilateral Fund at the Programme Level).

**Project** – a comprehensive set of activities carried out on the basis of the approved grant application. It is a project implemented within a programme or a sub-project implemented within the Small Grant Scheme.

**Predefined project** (hereinafter the "project") – a project on the implementation of which the FMO came, within the preparation of the project, into agreement with the Programme Operator and the basic parameters of which are covered by the approved programme proposal.

**Partnership Agreement** – an agreement concluded between the Final Beneficiary and the Project Partner (including Donor Programme Partner), which demonstrates interest of both actors to mutually implement the project through bilateral cooperation.

**Sub-project** – a comprehensive set of activities carried out on the basis of approved grant application within the Small Grant Scheme of programme CZ06 (for sake of terminology simplification referred to as a Project in this Guidelines for Beneficiaries).

**Completion of the project** – completion of implementation of activities as well as reimbursement of eligible project expenditures (substantive and financial completion of the project).

**Commencement of the project** – the date of commencement of implementation of project activities.

**Programme Operator** – a public or private non-profit entity, as well as non-governmental organization responsible for preparation and implementation of the programme.

**Operator of an Individual Part of the Programme** – an entity responsible for the implementation of a part of the programme (division of Operators of Individual Parts of the Programme is listed in chapter 1.4).

**Eligible Expenditures** – expenditures incurred for the specified purpose and within the period specified in the legal acts on the allocation of funds, which are in accordance with the Regulation and other rules laid down by the Financial Mechanism Committee, the Ministry of Foreign Affairs of Norway, the Financial Mechanism Office, the National Focal Point or the Programme Operator of the respective programme.

### 1.3 Overview of programmes

The Ministry of Finance has been appointed, in line with the Memorandums of Understanding for implementation of the EEA/Norwegian FM 2009-2014, the Programme Operator of the following programmes (hereinafter the “PO”) – CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15.

The implementation of programmes will be ensured by the PO, generally in cooperation with Programme Partners (hereinafter the “PP”) – ministries responsible for relevant sectors in the Czech Republic.

A Donor Programme Partner (hereinafter the “DPP”) will participate on implementation of some programmes – an institution competent in the sector relevant for the priority areas of the programme concerned.

<b>Programmes in which the MF is appointed as a PO:</b>		
<b>Programme No.</b>	<b>Programme name</b>	<b>Programme Partner from the Czech Republic (PP) Donor Programme Partner (DPP)</b>
<b>CZ02</b>	<b>Biodiversity and Ecosystem Services &amp; Environmental Monitoring and Integrated Planning Control &amp; Adaptation to Climate Change</b>	PP – Ministry of Environment DPP – Norwegian Environment Agency
<b>CZ04</b>	<b>Children and Youth at Risk</b>	PP – Ministry of Labour and Social Affairs
<b>CZ05</b>	<b>National, Regional, Local Initiatives to Reduce Inter-Group Inequalities and to promote Social Inclusion</b>	
<b>CZ06</b>	<b>Cultural Heritage and Contemporary Arts</b>	PP – Ministry of Culture DPP – The Arts Council Norway
<b>CZ08</b>	<b>Pilot studies and surveys on CCS technology</b>	PP – Ministry of Environment



<b>CZ10</b>	<b>Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities</b>	
<b>CZ11</b>	<b>Public Health Initiatives</b>	PP – Ministry of Health DPP – Norwegian Institute of Public Health
<b>CZ13</b>	<b>Domestic and Gender-Based Violence &amp; Mainstreaming Gender Equality and Promoting Work-Life Balance</b>	
<b>CZ14</b>	<b>Schengen Cooperation and Combating Cross-border and Organized Crime, including Trafficking and Itinerant Criminal Groups</b>	PP – Ministry of Interior – Police Presidium of the Czech Republic
<b>CZ15</b>	<b>Judicial Capacity-building Cooperation and Correctional Services, including Non-custodial Sanctions</b>	PP – Ministry of Justice DPP – The Council of Europe

## 1.4 Programme scheme

In line with *the Programme Agreements*, the grants will be awarded, within the individual programmes, to the Final Beneficiaries (submitters of the grant applications) for projects, which are in line with the objective of the programme, programme area and expected results.

A programme may comprise of the following parts (methods of awarding grants to beneficiaries):

- **Open Call (OC)**
- **Predefined Project (PDP)**
- **Small Grant Scheme (SGS)**
- **Bilateral Fund at the Programme Level (BF PRG)** – an open call for the Measure A (BFA) and the Measure B (BFB)

An approved programme does not have to comprise of all the above mentioned parts. Individual parts for a given programme are specified in a Programme Agreement, including the Programme Operator for individual parts of the programme, who ensures administration of the given part of the programme:

<b>Programme No.</b>	<b>Programme name</b>	<b>Structure of the programme</b>	<b>Operator of parts of the programme</b>
<b>CZ02</b>	<b>Biodiversity and Ecosystem Services &amp; Environmental Monitoring and Integrated Planning Control &amp; Adaptation to Climate Change</b>	<b>OC PDP SGS BFB</b>	<b>PO PO PP – Ministry of Environment PO</b>
<b>CZ04</b>	<b>Children and Youth at Risk</b>	<b>OC PDP SGS BFB</b>	<b>PO PO PP – Ministry of Labour and Social Affairs PO</b>
<b>CZ05</b>	<b>National, Regional, Local Initiatives to Reduce Inter-Group Inequalities and to promote Social Inclusion</b>	<b>PDP BFB</b>	<b>PO PO</b>
<b>CZ06</b>	<b>Cultural Heritage and Contemporary Arts</b>	<b>OC PDP SGS BFB</b>	<b>PO PO PO PO</b>
<b>CZ08</b>	<b>Pilot studies and surveys on CCS technology</b>	<b>OC BFB</b>	<b>PO PO</b>
<b>CZ10</b>	<b>Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities</b>	<b>PDP BFB</b>	<b>PO PO</b>
<b>CZ11</b>	<b>Public Health Initiatives</b>	<b>OC PDP SGS BFB</b>	<b>PO PO PP – Ministry of Health PP – Ministry of Health PO</b>
<b>CZ13</b>	<b>Domestic and Gender-Based Violence &amp; Mainstreaming Gender Equality and Promoting Work-Life Balance</b>	<b>PDP BFB</b>	<b>PO PO</b>
<b>CZ14</b>	<b>Schengen Cooperation and Combating Cross-border and Organized Crime, including Trafficking and Itinerant Criminal Groups</b>	<b>PDP BFB</b>	<b>PO PO</b>

<b>CZ15</b>	<b>Judicial Capacity-building Cooperation and Correctional Services, including Non-custodial Sanctions</b>	<b>PDP BFB</b>	<b>PO PO</b>
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The Guidelines for Beneficiaries are intended for Final Beneficiaries within the following parts of the programme:

- OC – beneficiaries of projects
- PDP – beneficiaries of projects
- SGS – beneficiaries of sub-projects within the programme CZ06

Instructions for beneficiaries of other parts of the programme are not included in these Guidelines and are the following:

- BFA – instructions issued by individual Operators of Parts of the Programme (PP)
- SGS – instructions issued by individual Operators of Parts of the Programme (PP) – except for SGS within the programme CZ06
- BFB – Instructions for applicants and beneficiaries – Bilateral Fund at the Programme Level – Measure "B"

## ***2. Management structure of the EEA and Norway Grants 2009-2014***

### ***2.1 Multinational management structure of the EEA and Norway Grants 2009-2014***

#### **2.1.1. Financial Mechanism Committee**

The Committee has been established by the European Free Trade Association member states as a body responsible for efficiency, correctness of management and drawing of funds awarded from the EEA grants.

The EEA Financial Mechanism Committee approves the Regulation on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter the "Regulation") and other rules and procedures on implementation of programmes financed by the EEA Grants 2009-2014, as well as programme proposals submitted by the National Focal Point, interim, annual and final reports on programmes financed by the EEA grants.

#### **2.1.2 Ministry of Foreign Affairs of Norway**

The Ministry of Foreign Affairs of Norway, as the provider's representative, is responsible for efficiency, correctness of management and drawing of funds awarded from the Norway Grants.

The Ministry of Foreign Affairs of Norway approves the Regulation on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter the "Regulation") and other rules and procedures on implementation of programmes financed by the Norway Grants 2009-2014, as well as programme proposals submitted by the National Focal Point, interim, annual and final reports on programmes financed by the Norway Grants.

#### **2.1.3 Financial Mechanism Office**

The Financial Mechanism Office provides administrative support to the EEA Financial Mechanism Committee and the Ministry of Foreign Affairs of Norway with the operation activities related to the implementation of the EEA and Norway Grants 2009-2014. At the same time it fulfills the function of the main contact point between the beneficiary states and the aid providers. The Financial Mechanism Office is established as an independent unit by the EEA Financial Mechanism Committee and the Ministry of Foreign Affairs of Norway.

The Financial Mechanism Office secures in particular:

- preparation of standardized procedures and forms for implementation of the EEA and Norway Grants 2009-2014;
- acceptance and evaluation of programme proposals recommended by the beneficiary states;

- preparation of the Programme Agreements and their modifications;
- inspection of interim, annual and final programme reports;
- external monitoring of the implementation of programmes and selected projects;
- reimbursement of requests for payment within programmes.

## **2.2 National management structure**

### **2.2.1 Monitoring committee**

The Monitoring Committee of the EEA and Norway Grants 2009-2014 is established in accordance with Article 4.4 of the Regulation in particular for the purpose of monitoring the course of implementation of the EEA and Norway Grants 2009-2014, evaluating the outcomes achieved and setting up the implementation in such a manner as to achieve the expected outcomes and objectives provided for in the Memorandums of Understanding and approved programmes.

#### **2.2.2. National Focal Point**

The Ministry of Finance performs activities of the National Focal Point (hereinafter the "NFP") in accordance with Article 4.3 of the Regulation:

- has overall responsibility for achieving the objectives and overall implementation of the EEA and Norway Grants 2009-2014 in the Czech Republic;
- fulfills the function of the contact point and is responsible for implementation of the Memorandum of Understanding;
- ensures publicity of the EEA and Norway Grants 2009-2014 in the Czech Republic;
- monitors the progress and quality of the implementation of approved programmes and their modifications;
- secures the preparation and implementation of the Bilateral Fund at the Programme Level;
- evaluates and decides on complaints related to the overall implementation of the programmes and projects.

#### **2.2.3 Certification authority**

The Ministry of Finance performs the tasks of the Certification Authority (hereinafter the "CA") in accordance with Article 4.5 of the Regulation.

The main responsibilities of the CA includes, in particular:

- submission of verified interim financial reports and final reports on programmes to the Financial Mechanism Office;
- ensuring the transfer of payments to the Programme Operators (or to the final beneficiaries, where applicable) in accordance with the Regulation;
- reporting irregularities within the Czech Republic;
- performance of inspections on the spot, in particular at the level of Programme Operators, or final beneficiaries and programme partners, where appropriate.

## 2.2.4 Audit authority

The Ministry of Finance will perform the tasks of the Audit Authority (hereinafter the "AA") in accordance with Article 4.6 of the Regulation.

The AA performs and is responsible, in particular, for ensuring the conduct of audits for the purpose of verification of efficient functioning of the management and control system at the national level, i.e. at the level of the Ministry of Finance.

## 2.3 Programme structure

### 2.3.1 Programme Operator

In accordance with Article 4.7 of the Regulation and in accordance with the concluded Programme Agreement, the Programme Operator is responsible for the preparation and implementation of the programme in accordance with the principles of economy, efficiency and effectiveness. In accordance with the *Memorandums of Understanding for implementation of the EEA/Norwegian FM 2009-2014*, the Ministry of Finance has been appointed as the Programme Operator of programmes CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15.

The Ministry of Finance, in particular:

- prepares, in accordance with the Regulation, the call, including detailed criteria for evaluation and instructions for applicants;
- accepts applications, ensures the evaluation and selection of projects to be financed and concludes the project contracts for each project;
- verifies the outcomes of projects and whether the expenditures declared by the final beneficiaries of projects have been actually incurred and whether they are in accordance with these procedures, the Programme Agreement and effective national legislation as well as EU legislation;
- ensures the quality of programme implementation and verifies the progress of projects towards the expected outcomes, inter alia by the means of projects evaluation or on the spot visit, on the basis of selected sample of projects;
- elaborates and submits interim financial reports, annual programme reports, final programme report in accordance with Articles 8.3, 8.4 and 8.7 of the Regulation;
- ensures that all necessary measures are taken to prevent, reveal and nullify any suspicious case or actual irregularity, which are speedily examined and properly reported and redressed, including performance of an appropriate financial adjustment;
- secures the IS CEDR for overall administration of the projects implemented by the final beneficiaries.

Within the Section of International Relations the Programme Operator activities are performed by the following departments:

#### **CFA1 – Centre for Foreign Assistance Department – Programming and Coordination Unit**

- is responsible for preparation of the programmes
- is responsible for the selection and approval of projects (see chapter 3, sub-chapter 3.1)
- is responsible for publicity of the programme

**CFA2 – Centre for Foreign Assistance Department – Implementation, Monitoring and Evaluation Unit**

- is responsible for the monitoring of approved projects (in case of CZ06), (see chapters 4 and 7, sub-chapters 4.1 and 7.1)
- is responsible for the review of interim, annual and final reports (see chapter 7, sub-chapter 7.2)
- approves modifications of projects (see chapter 5, sub-chapter 5.1)
- ensures the public administration inspection on the spot (see chapter 7, sub-chapter 7.3)
- ensures the continuous evaluation of the programme, including selected projects (see chapter 7, sub-chapter 7.4)

**CFCU – Central Finance and Contracts Unit**

- issues legal acts on the allocation of funds (see chapter 3, sub-chapter 3.2)
- performs inspection of procurement procedures (see chapter 4, sub-chapter 4.6)
- is responsible for the financial review of interim, annual and final reports (see chapter 7, sub-chapter 7.2)
- administers and reimburses expenditures in course of the implementation of projects (see chapter 7, sub-chapter 7.2)
- secures the public administration inspection on the spot (see chapter 7, sub-chapter 7.3)
- collects and investigates irregularities in projects (see chapter 6, sub-chapter 6.3)

**2.3.2 Donor Programme Partner (DPP)**

A Donor Programme Partner is an entity from the donor state or an entity nominated by the donors (e.g. by the Council of Europe), which is specified in the Memorandums of Understanding.

In accordance with article 3.3 of the Regulation, the Programme Operator and the Donor Programme Partner (DPP) shall constitute a Cooperation Committee, which shall abide by the approved statute and shall discuss, in particular, the criteria for evaluation and text of calls for submission of applications, counseling on cooperation with potential Donor Programme Partners, evaluation of progress in achieving the final outcomes and objectives of the programme etc.

**2.3.3 Programme Partner**

A Programme Partner is the sectorial ministry functionally responsible for the respective given programme area (see chapter 1.3). The Programme Operator and the Programme Partner shall conclude a Partnership Agreement with the aim to secure the cooperation on the implementation of the programme. The Partnership Agreement shall be concluded following the conclusion of the Programme Agreement.

Through the Partnership Agreement concluded between the PO and PP, specified activities and responsibilities concerning the preparation and implementation of individual programmes.

## **2.4 Project structure**

### **2.4.1 Final Beneficiary from the EEA and Norway Grants 2009-2014**

A Final Beneficiary is an entity which was, on the basis of submitted and approved application, awarded a grant from the EEA and Norway Grants 2009-2014 by a Programme Operator.

In the course of implementation, the Final Beneficiary is obliged to follow the legal act on the allocation of funds, as well as the procedural rules issued by the Programme Operator (including an Operator of Individual Parts of the Programme).

### **2.4.2 Programme Partner**

The Programme Partner is an entity which is specified as a partner in the approved grant application and with whom the Final Beneficiary has concluded a Partnership Agreement. A Programme Partner may be an entity from the donor states or, in the case of programmes CZ10, CZ14 and CZ15, also institutions of the Council of Europe, the OSCE and the European Union Agency for Fundamental Rights



### ***3. Approval of the project and issuance of the legal act on the allocation of funds – CFCU***

#### ***3.1 Grant allocation letter***

Following the approval and verification of the project in the IS CEDR, the Programme Operator will send a Grant Allocation Letter to the respective Final Beneficiary, including conditions of the grant allocation and a list of documents to be supplemented as arise from the verification (e.g. a concluded Partnership Agreement).

The Final Beneficiary accepts the conditions of the grant allocation and supplements the requested documents, if necessary.

#### ***3.2 Issuance of the legal act on the allocation of funds***

On the basis of a Grant Allocation Letter from the DD 58 and after acceptance of the conditions by the FB, including the upload of all requested documents into the IS CEDR, the PO – CFCU issues a legal act on the allocation of funds, in particular either a **Grant Award Decision**, by which the grant is awarded to the Final Beneficiary, or, in the case the Final Beneficiary is a state organizational unit, a **Deputy Minister Letter**, which lays down the conditions for drawing of funds and obliges the founder to transfer the conditions concerned to the Final Beneficiary – its contributory organization. **The act on allocation of funds shall be accompanied by** the Logical Framework of the Project (chapter 7.1), the project budget broken down to individual chapters (construction, supplies, services, depreciation of property, management and publicity) and the Grant Allocation Letter from the DD 58, including the specified condition.

The issuance of the legal act on the allocation of funds for the project implementation is conditional upon presentation of the Bank Account Identification and a Partnership Agreement with each partner through the IS CEDR.

A template of the legal act is specified in Annex No. 2 and 3 of these Guidelines.

#### ***3.3 Adoption of the legal act on the allocation of funds***

Following the conclusion of the act on allocation of funds, the PO – CFCU sends the respective document via data box in the IS CEDR to the Final Beneficiary.

### 3.3.1 Advance payment within project

In the case an advance payment is approved, the Final Beneficiary submits, following the receipt of the legal act, an application for the advance payment through the IS CEDR. The amount of the advance payment must correspond to the approved amount (up to 20% of the total amount of the subsidy awarded, but no more than 2 million CZK).

PO – CFCU transfers the funds, in the amount corresponding to the amount specified in the application for the advance payment, to the bank account of the Final Beneficiary **within 10 days** of the receipt of application from the Final Beneficiary.

#### **Account for advance payments**

Each advance payment provided must be accounted for within interim reports of the project and subtracted from the interim payment request at the moment when proven expenditures reached 80% of the subsidy.

## ***4. Beneficiary's obligations during the project implementation***

### ***4.1 Publicity of the project***

In accordance with article 4.3 paragraph 4 of the Regulation, the main objective of publicity of the EEA and Norway Grants 2009-2014 is to highlight its role and ensure awareness and transparency of the allocation of grants from the EEA and Norway Grants 2009-2014 at all levels of implementation. The purpose of information and publishing strategies is to contribute to achieving the main objectives of the EEA and Norway Grants 2009-2014.

Publicity on the project level is secured by the Final Beneficiaries. Compliance with the rules on publicity is controlled by respective employees of the Programme Operator.

The Final Beneficiaries are obliged to demonstrate compliance with the rules on publicity in interim and final reports on project implementation. All information and publishing measures have to be in accordance with the valid document of the Financial Mechanism Office for the EEA and Norway Grants 2009-2014 the Communication and Design Manual and the Annex IV of the Regulation "Information and Publicity Requirements". The Manual lays down binding technical requirements for use of logos, billboards, plaques, publications, websites and other audiovisual materials. These documents are available on websites [www.eeagrants.com](http://www.eeagrants.com) and [www.norwaygrants.cz](http://www.norwaygrants.cz).

**Within the implementation of the project, the Final Beneficiary is obliged in particular:**

- to create a Plan of Publicity, which defines measures and strategies for provision of information and presentation of information materials;
- to realize three information events on progress, achievements and outcomes of the project implementation
- to provide information about the project implemented on websites in Czech and English
- in the case of construction works, to place a billboard on the place of implementation of the project financed by the EEA and Norway Grants and to replace this billboard with a commemorative plaque upon completion of these activities
- in the case of equipment supplies, to place a commemorative plaque or stickers on the equipment bought upon completion of the supply
- to provide information about the activities carried out to the widest possible relevant public on the national, regional or local level
- to provide information on the events planned within individual projects implemented in the framework of a programme or a Grant Allocation Letter to the respective Project Operator.

For detailed information concerning fulfillment of the publicity obligations at the project level see the Instructions for Publicity in Annex 1 of these Guidelines.

## **4.2 Bank account for projects**

The Final Beneficiary is not obliged to open a separate bank account for implementation of the project. A Final Beneficiary can use her or his existing bank account.

### **4.2.1 Interest on bank account**

In the case the Final Beneficiary opens a separate interest-bearing account for the purpose of implementation of the project, the interest that is accrued on the Final Beneficiary's account in the course of the project implementation is considered to be revenues generated from the project.

### **4.2.2 Bank charges**

In the case the Final Beneficiary opens a separate bank account for the purpose of implementation of the project, the bank charges related to the account administration and implementation are considered to be eligible expenditures only in the case they were approved in the approved grant application and in the project budget.

### **4.2.3 Ban on monetary operations unrelated to the project**

In the case of advance payments for projects, the Final Beneficiary cannot perform any operations with funds sent in advance that are not directly related to the implementation of the project.

## **4.3 Accounting and documents**

The Final Beneficiary is obliged to keep accounts for projects in accordance with legislation of the Czech Republic or to keep tax records.

The Final Beneficiary which keeps accounts pursuant to Act No. 563/1991 Coll., on Accountancy, is obliged to keep analytical records linked to a specific project. *It is recommended that accounts of the project are kept in electronic form.*

The Final Beneficiary which does not keep accounts pursuant to Act No. 563/1991 Coll., on Accountancy, is obliged to keep tax records for projects pursuant to Act No. 586/1992 Sb., on Income Tax, extended with the following requirements:

1. The respective document must meet the prescribed particulars of accounting documents pursuant to article 11 of Act No. 563/1991 Coll., on Accountancy (except for paragraph 1 letter f);
2. The respective documents must be correct, complete, conclusive, understandable and continuously kept in chronological order, in a manner that ensures their durability;
3. In the case of an inspection, the Final Beneficiary shall, on a request of the inspection authority, present the tax records in its entirety;

4. Revenues and expenditures are kept in an analytical manner in relation to the respective project, i.e. the documents must be clearly labeled as related to a particular project;
5. The documents or their attachments must specify the purchased goods, services or works, as well as the person who has purchased the goods or services, except in the case of a simplified tax document. *Generally specified tax documents, such as "refreshment", "office equipments", invoices for the "administrative services" etc. are not sufficient.*
6. *The documents must be labeled with the following text: "Financed by the EEA and Norway Grants 2009-2014".*

Originals of accounting documents / tax records documents of the Final Beneficiary, lists and copies of accounting documents / tax records documents related to the project of all partners must be available with the Final Beneficiary not only in the course of the project implementation, but also for a period of 10 years, starting from 1 January of the year following the year when the final programme report is approved by the FMO.

***Reimbursement of accounting documents after the period of eligibility of expenditures has terminated.***

*In exceptional cases, if the goods / services are delivered and an invoice issued before April 30, 2016, the invoice may be reimbursed to the Final Beneficiary even within 30 days of the period of eligibility of expenditures, i.e. until May 30, 2016. This option must be requested by the Final Beneficiary as a substantial modification (see chapter 5.1).*

#### **4.3.1 Invoices received**

All **the invoices received** within the project must be issued on the Final Beneficiary, or her or his partners within the project, and must be substantiated by orders or contracts on supply of services, goods or construction works.

The invoices on supply of services (in the case of supplies based on work of individual external experts) must contain forms of monthly records of the worked done by individual external experts. The invoices must also be labeled with the following text: "Financed by the EEA and Norway Grants 2009-2014".

#### **4.4 Revenues of the project**

By the EEA and Norway Grants the public interest projects that do not generate profit are supported.

In the case the project generates revenues, the amount of revenue and the purpose it is used for must be filled in the grant application and taken into account in the legal act on the allocation of funds.

In the case the project generates revenues in the course of its implementation or during its sustainability period, the revenues shall be used in accordance with the objective of the project.

#### **4.5 Archiving**

The Final Beneficiary is obliged to keep all the documents related to the implementation of the project, so as to allow for an audit control, reviewing correctness the funds spending to be performed even after completion thereof.

The Final Beneficiary is obliged to keep all the documents related to the implementation of the project/initiative in accordance with the legislation of the Czech Republic.

Pursuant to the provision of article 44a, paragraph 9 of the Act No. 2018/2000 Coll., on Budgetary Rules, as amended<sup>1</sup>, not less than ten years, starting from January 1 of the year following the year when the final programme report is approved by the FMO.

#### **4.6 Timesheet**

The Final Beneficiary is obliged to keep timesheet of individual employees of the FB/Project Partner related to the personnel expenditures required to be financed within the project. The Final Beneficiary is obliged to report her or his expenditures by filling the "Timesheet" form (Attachment No. 4 of the Guidelines).

The FB shall present this form either in the case of an on the spot inspection or upon request of the PO within the review of a project report.

#### **4.7 Public procurement**

In public procurement (hereinafter the PP), all the stakeholder involved in the implementation of individual programmes (hereinafter the Contracting Authority), excluding foreign programme partners, shall always duly and with no exception abide by the Act No. 137/2006 on Public Procurement as amended. The respective FB/Contracting Authority is responsible for compliance with the law and the course of the procurement procedure. The Programme Operator may request information on the course of the procurement procedure, on the conclusion and performance of the concluded contracts. The Methodology for Public Procurement Procedure pursuant to the Act No. 137/2006 Coll., issued by the Ministry for Regional Development, is available online and for download to the Programme Operators via <http://www.portal-vz.cz/Metodiky---stanoviska>.

For the case of small-scale public procurement procedure, which is not covered by law, the National Focal Point issued **the Guidelines on Small-scale Public Procurement (hereinafter the SSPP) financed by the EEA and Norway Grants 2009-2014**. The Contracting Authorities shall abide by these Guidelines.

The Final Beneficiary is obliged to inform the PO – CFCU about the public procurements financed by the grant awarded (project).

##### **4.7.1 Update of public procurement plan**

**Within 5 working days** of the receipt of the Grant Allocation Letter or in the case of any changes throughout the project implementation, the FB shall update her or his public

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<sup>1</sup>Article 44a, paragraph 9 of the Act No. 218/2000 Coll., on Budgetary Rules, stipulates that levies and penalties may be charged within 10 years, starting from January 1 of the year following the year when the budgetary discipline has been infringed. In the case the Final Beneficiary fails to prove how the funds were used, it is considered to be an unauthorized use of the funds according to article 3 letter e) of the Act No. 218/2000 Coll., on Budgetary Rules.

procurement plan in the IS CEDR. In the case of need, the PO – CFCU comments on the updated public procurement plan.

The FB shall provide information about the performance of public procurements via the project reports.

#### **4.7.2 Evaluation and qualification Criteria**

The Final Beneficiary shall, not later than 1 week in advance of the planned public procurement call, submit the criteria for evaluation and qualification through the IS CEDR to the PO – CFCU for inspection and possibly for comments.

#### **4.7.3 Amendments to contracts (including the existing contracts)**

The FB shall submit an amendment to the contract including the existing contract with the supplier, not later than 10 working days in advance of the planned conclusion of the amendment to the contract, to the PO – CFCU for inspection and possibly for comments.

## 5. Modifications of projects

A grant is awarded to each Final Beneficiary of a project in a form of a legal act on the allocation of funds, including attachments, which constitutes a contracting and implementation framework of the project. Attachments of the legal act on the allocation of funds are:

### 1) *Logical Framework of the Project*

A Logical Framework specifies an overall objective of the project, achievements and outcomes of the project, including activities related to inputs and budget items. A template of the Logical Framework is specified in chapter 7, sub-chapter 7.1.

### 2) *Budget of the project*

The budget is divided into chapters, sub-chapters and individual items, in accordance with the grant application. In the legal act on the allocation of funds, the budget is divided into 6 chapters – construction works, supplies, services, depreciation of property, management and publicity. For the purposes of monitoring and tracking changes, the budget is designed as based on the division used in the grant application (chapters, sub-chapters, items).

A template of the budget in the grant application is specified below:

PROJECT BUDGET						
Chapter	Construction works	Supplies	Services	Depreciation of property	Management	Publicity
Sub-chapter	Main construction production	Equipment of conference rooms	Administration of the project	Depreciation of equipment	Management of the project	Conferences
Items	SO - vertical constructions	Data projector	External audit	Own notebook used within the project – see calculation for the budget	Administrator of the project – a project manager assistant (0,35 work time), including contributions on social and health	An opening conference of the project, including a press conference (refreshment, interpretation)



In the case the actual implementation of the project diverts from the plans specified in the grant application or from the legal act on the allocation of funds, including its attachments, the Final Beneficiary is obliged to inform the Programme Operator of any such a change.

Modifications of the project, including modifications of the legal act on the allocation of funds, and/or its attachments are subject to the following rules of procedure for the approval:

1. **Substantial modifications to the project**
2. **Unsubstantial modifications to the project**
3. **Administrative modifications to the project**

### **5.1 Substantial modifications to the project**

Substantial modifications to the project are such modifications which require prior approval of the Programme Operator.

Substantial modifications are the following:

- modifications that influence the scope, purpose, overall objective, achievements and outcomes of the project, including indicators of the project;
- inclusion of **a new activity or a new item into the budget**;
- **increase in expenditures on the management of the project chapter (expenditures in this chapter may not exceed 10% of total eligible expenditures of the project)**;
- **extension of the implementation period of the project** beyond the specified term of fulfillment of the purpose of the project (not later than April 30, 2016);
- transfer between chapters of the budget that cumulatively **amounts to more than 20% of the initial allocation of the respective chapter and/or cumulatively amounts to more than 250 000 CZK<sup>2</sup>**;
- transfer between sub-chapters of the budget that cumulatively **amounts to more than 20% of the total allocation of the budget chapter and/or cumulatively amounts to more than 250 000 CZK<sup>3</sup>**;
- **modifications affecting the amount of the grant**, such as change of legal form of the FB, change of VAT or source of co-financing.
- **change of the Project Partner or change of the Partnership Agreement**, in the case it affects objectives or financial scope of the partnership;
- **increase in the grant for the project** in accordance with the reallocation of funds between projects (see chapter 5, sub-chapter 5.4 of the Guidelines).

The FB is obliged to notify substantial modifications to the project to the Programme Operator without undue delay and at the same time apply for the approval of the Programme Operators, as subsidy providers, through the IS CEDR.

<sup>2</sup> In the case of sub-projects within the framework of the Small Grant Scheme of the programme CZ06, a substantial modification is considered to be a transfer between budget chapters cumulatively amounting to more than 20% of the respective chapter and/or cumulatively amounting to more than 50 000 CZK.

<sup>3</sup> In the case of sub-projects within the framework of the Small Grant Scheme of the programme CZ06, a substantial modification is considered to be a transfer between budget sub-chapters cumulatively amounting to more than 20% of the total allocation of the budget chapter and/or cumulatively amounting to more than 50 000 CZK.

**In the case the FB submits an application concerning a substantial modification already performed or performs such a modification prior to the approval of the Programme Operator, all the expenditures related to the modification shall be considered ineligible and shall not be reimbursed from the funds allocated to the project.**

Performing binding steps to implement the modifications (e.g. conclusion of a contract or an amendment to the contract, issuing of an order) is considered to be the performance of modifications.

**Applications for substantial modifications in the projects must be submitted for approval to the PO not later than 45 calendar days in advance of completion of the project.**

The procedure of administration of a substantial modification is illustrated by the brief diagram:

**The FB submits an application for modification of the project, including an application for modification of the legal act on the allocation of funds (if applicable), to the PO through the CEDR system. (Immediately after finding that such a modification occurs / becomes necessary.)**

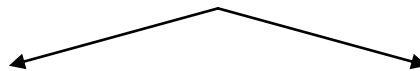


**The PO may require the FB to supplement the application. On the basis of the supplemented application, the PO requires the FB to submit an official application for modification electronically signed by the statutory representative with a qualified certificate.**



**The FB submits the official application for modification electronically with a qualified certificate. The official application must contain:**

- detailed description of the modification,
- proper reasons for performance of the modification,
- financial implications,
- propose a date when the modification should enter into force,
- specification of how does the modification affect the legal act on the allocation of funds and/or its annexes, including the application of the FB for modification of the legal act on the allocation of funds (if applicable).



**The PO approves the modification.**

**The PO enters the substantial modification into the IS CEDR.**

**The FB may implement the modification from the date specified in the approval letter sent electronically through the IS CEDR and data box.**

In the case the approved substantial modification affects the legal act on the allocation of funds and/or its annexes, the PO shall, on the basis of the FB's application, issue a modification of the legal act on the allocation of funds.

**Expenditures on the substantial modification are eligible from the date of approval of the modification by the PO.**

**The PO does not approve the modification.**

**The FB cannot implement the modification.**

## 5.2 Unsubstantial modifications to the project

**Unsubstantial modifications of the project** do not require prior approval by the PO<sup>4</sup>. Two types of unsubstantial modifications exist:

A) Unsubstantial modifications which must be applied for through the IS CEDR "Modification procedure – unsubstantial modification". Electronic form of the notification through the IS CEDR and approval by the PO are considered sufficient. These are the following modifications of the project:

- a transfer between chapters of the budget below the specified percentage or absolute limits for a substantial modification cumulatively.
- a transfer between sub-chapters of the budget below the specified limits for a substantial modification cumulatively.

Unsubstantial modifications of the project - their description, including a proper justification and financial implications - shall be notified by the Final Beneficiary of the project in the IS CEDR in an electronic application for unsubstantial modification preferably before submission of the next interim/annual/final report. Unsubstantial modifications are approved by the PO through the IS CEDR.

*In the case the above mentioned unsubstantial modification of the project is notified only in an interim/annual/final report, the PO shall require the FB, in the course of the interim/annual/final report control, to cancel this monitoring report and to submit an electronic application for unsubstantial modification through the IS CEDR. The report is returned to the FB for preparation once the respective modification is approved through the IS CEDR (Modification procedure – unsubstantial modification).*

The respective approved unsubstantial modifications which affect the legal act on the allocation of funds must be reflected in the modifying legal act on the allocation of funds.

The procedure of administration of an unsubstantial modification is illustrated by the brief diagram:

**The FB submits an application for modification through the IS CEDR to the PO.**



**The PO may require the FB to supplement the application.**



**The modification is approved by the PO through the IS CEDR. The PO enters the unsubstantial modification into the IS CEDR.**



In the case the approved unsubstantial modification affects the legal act on the allocation of funds and/or its annexes, the PO shall, on the basis of the FB's application, issue a modifying legal act on the allocation of funds.

<sup>4</sup> An unsubstantial modification may be implemented before it is approved by the PO, or before it is notified to the PO respectively. Expenditures related to this unsubstantial modification are considered eligible even before it is approved by the PO, or the modification is notified to the PO respectively.

B) Unsubstantial modifications of the project which are notified ex-post in the next interim/annual/final report are the following. These modifications do not have to be applied for through the IS CEDR (Modification procedure – unsubstantial modification):

- modifications in budget items (e.g. modifications of number of items and unit prices);
- **modifications of the project implementation period** which do not affect the final term of fulfillment of the purpose of the project.

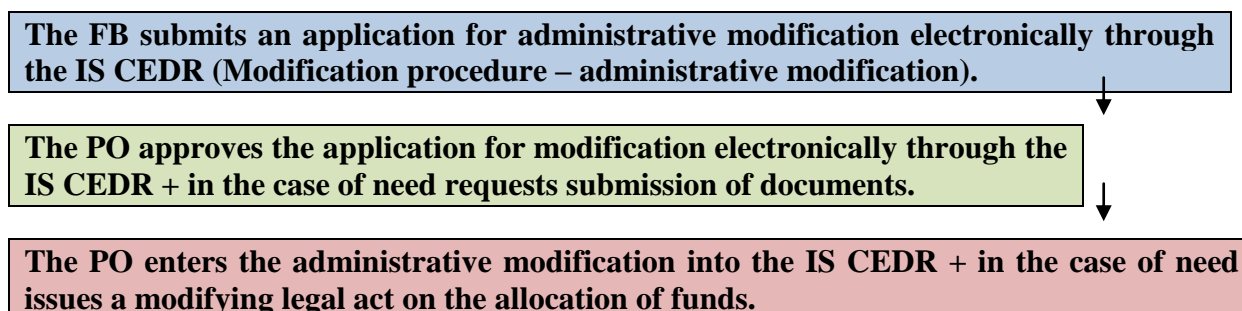
The modifications will be approved by the PO together with the respective interim/annual/final report.

### ***5.3 Administrative modifications of the project***

An administrative modification shall mean a modification of particulars in the project, e.g. a change in the name of a contact person, a change of bank account.

In the case the administrative modification affects the legal act on the allocation of funds and/or its annexes, the PO shall, on the basis of the FB's application for an administrative modification, issue a modifying legal act on the allocation of funds.

The procedure of administration of an administrative modification is illustrated by the brief diagram:



### ***5.4 Reallocation of funds between the projects***

In the following cases the Programme Operator may use the remaining funds:

- 1) upon completion of implementation of the project the grant of the project remains unexploited;
- 2) a project in the programme is canceled;
- 3) funds from an implemented project are returned to the PO for the reason that irregularities in the project have been confirmed.

The PO may use the remaining funds in a following manner:

- a) to announce an additional call within the programme and/or
- b) to finance additional activities within the already approved projects, which contributes to fulfillment of the objectives and purpose of the project.

Ad b) The reallocation of funds between projects to finance additional activities within the already approved projects proceeds as follows:

**The PO invites through websites the FB to prepare applications for additional activities within a project and publishes selection criteria, including deadline for submission of applications.**



**The FB submits an application for additional activities to the PO.**



The PO checks the formal particulars of the application and subsequently evaluates the application.  
The PO administers the evaluation committee session and the subsequent decision of the Programme Operator.



**The PO announces approval/denial of the application. In the case the application is approved, the PO issues, on the basis of the FB's application, a modifying legal act on the allocation of funds.**

## ***6. Failure to meet conditions of projects and irregularities in projects***

### ***6.1 Implementation of a project in contravention of approved documents***

Implementation of a project in a manner contravening the legal act on the allocation of funds may result in suspension of financing the project.

In the case the PO finds out that the project is not implemented in accordance with the above mentioned document, the PO shall not approve a request for payment for an interim report and shall inform the Final Beneficiary in writing about this decision and at the same time require remedy within a given period.

Steps of implementation of a project that are performed in contravention of the Logical Framework of the project are not considered to be eligible expenditures for financing and will not be reimbursed.

The PO has an option, at any time or in the case of substantial modifications of a project or in the case of doubts about proper implementation of a project by a Final Beneficiary respectively, to perform an ad hoc public administration inspection on the spot (see chapter 7, sub-chapter 7.3).

### ***6.2 Failure to meet conditions of the legal act on the allocation of subsidy***

Breach of conditions laid down by the Decision on allocation of subsidy is deemed to be a violation of budgetary discipline pursuant to the Act No. 218/2000 Coll., on Budgetary Rules.

### ***6.3 Irregularities in the project***

By an irregularity is understood any violation of legal acts regulating the EEA and Norway Grants, European Union law or national legislation (including conditions laid down by the respective legal act on the allocation of funds), if such a violation could affect or jeopardize any implementation phase, in particular the implementation and/or budget of the project financed by the EEA and Norway Grants.

By an irregularity is understood any action or omission leading to unauthorized drawing or utilization of funds allocated by the respective legal act, in particular fraud, embezzlement, provision of misleading information, breach of the proper utilization of the funds allocated by the legal act.

The Final Beneficiary and any third person are obliged to report any suspected irregularities without delay to the PO – CFCU, who administers an irregularity register and reports to the CA and convey suspected irregularities to the competent authorities.

In the case a serious irregularity is suspected, the PO – CFCU may suspend payments for the respective project for the time necessary.



## 7. Monitoring of the project

Monitoring system of the project is based on the Logical Framework of the project and the project budget (see chapter 5).

The Programme Operator performs monitoring of the projects on the basis of the following tools:

- review and approval of the interim reports, annual project reports and final report;
- a public administration inspection on the spot;
- evaluation of projects and programmes in the course of their implementation;
- external audit of the projects.

In the course of the project implementation, so called external inspections of the project on the spot and audits performed by companies hired by the Financial Mechanism Committee/the Ministry of Foreign Affairs of Norway and other inspections performed by the competent entities may be performed (see chapter 7.7).

### 7.1 Logical Framework of the Project

The basis of the monitoring system and the key instrument for the project implementation is so called Logical Framework of the project, which is a binding document (annex to the legal act on the allocation of funds) for Final Beneficiaries of projects.

A template of the Logical Framework is specified below:

LOGICAL FRAMEWORK OF THE PROJECT*		
<b>Name of the project</b>	<.....>	<b>Programme CZ &lt;.....&gt;</b>
<b>Total eligible expenditures of the project (in CZK)</b>	<.....>	<b>Call No. &lt;.....&gt;</b>
<b>Amount of the grant (in CZK)</b>	<.....>	<b>Programme area: &lt;.....&gt;</b>
<b>Overall objective of the project (outcome of the programme)</b>	Indicators	Method of verification
<b>Outcomes of the project (outputs of the programme)</b>	Indicators	Method of verification

<b>Outputs of the project</b>	Indicators	Method of verification
<b>Activities</b>	<b>Means/Inputs and sources</b>	<b>Links to budget items</b>

Hierarchy of the achievement of project objectives in relation to the programme is, according to the Logical Framework of the project, the following:

**Overall objective of the project = outcome of the programme**



**Outcome of the project = output of the programme**



**Output of the project**

Reporting of outcomes and outputs of the project constitutes a part of interim reports. Within the annual reports and final report, the FB also reports the overall objective of the project.

## **7.2 Project reports**

### **7.2.1 Interim reports**

One of the key instruments of the programme monitoring system is the **interim reports (IR)**.

The Final Beneficiary shall submit the interim reports through the IS CEDR 3 x a year for every 4 **calendar months** of the project implementation, from the date of the project approval to its completion. (In the case the period from the project approval to the end of the four month period is shorter, the first interim report shall be submitted at the end of the next monitoring period).

The monitoring periods of the reports shall be as follows:

	<b>The monitoring period</b>	<b>Deadline for submission of an electronic version of the IR</b>
1	November 1 – February 28 <sup>5</sup>	March 31
2	March 1 – June 30	July 31
3	July 1 – October 31 <sup>6</sup>	November 30

In the case the completion of the project is planned before April 30, 2016, the last interim report shall be prepared for a prolonged period from November 1, 2015 to April 30, 2016.

<sup>5</sup> or February 29

<sup>6</sup> This is the annual report (see chapter 8.1.2).

## *Procedure for filling and review of the IR*

### **1. Generating the IR**

A Final Beneficiary generates the interim report in the IS CEDR through the option "Establish the following report" in the section "Monitoring project reports". A precondition for generating an interim report, however, is prior approval of the previous interim report.

### **2. Filling and submitting the IR**

The Final Beneficiary is obliged to submit the filled IR including attachments to the Programme Operator in the first instance **in an electronic form without electronic signature of the statutory representative** through the IS CEDR:

- **March 31,**
- **July 31,**
- **November 30** of the given year.

The Final Beneficiary is obliged to submit **in an electronic form**:

#### A. A filled in interim (annual) report

- **a substantive section of the IR**, i.e. description of the project progress (including individual activities / initiatives), outcomes and outputs of the project, bilateral indicators, public procurement procedures in the project;
- **a financial section of the IR**, i.e. predictions for the following period together with a review of budget spending, in which dates are automatically filled in from the request for payment.

#### B. Attachments of the IR for the purposes of the request for payment:

- **a request for payment**, which contains the accounting and financial information (a deduction of an advanced payment and a list of expenditures) necessary for making the payments and contains the following attachments:
  - **a list of accounting documents/documents of tax records** paid in the respective period, or other documents;
  - in the case the eligible expenditures cover also the eligible personnel expenditures on employees or individual external experts, a list of personnel expenditures per employee and a list of personnel expenditures per individual external expert shall be attached to the list of accounting documents/documents of tax records;
  - copies of **invoices and accounting documents**;
  - copies of **bank statements** of the Final Beneficiary/Programme Operator that document payment of all expenditures declared in the respective period.

### 3. IR review

#### Substantive review

PO – CFA2 shall assess the substantive section of the electronic version of IR and compare the implementation of the project with the Logical Framework, project budget, project application and legal act on the allocation of funds, as well as with information in previously approved IR / AR.

PO – CFA2 may request the Final Beneficiary to clarify or supplement the information given in the IR. In that case the Final Beneficiary invites the Final Beneficiary to remedy the shortcomings via the IS CEDR. The Final Beneficiary is obliged to supply the amended IR to the PO – CFA2 for review in an electronic form also via the IS CEDR **within 5 working days** of the request. In this case the approval procedure of the IR shall be suspended by the PO until the Final Beneficiary supplies the requested documents in the required extent. The Final Beneficiary receives basic information and identification of shortcomings through the "Project notice board", together with the invitation to supplement the report. The PO – CFA2 shall communicate details and information on particular shortcomings identified, if any, to the Final Beneficiary in a document uploaded to the IS CEDR as an attachment to the monitoring report.

#### Financial review

PO – CFCU shall assess the financial aspects of the electronic version of the IR (i.e. budget spending and predictions for the following period) and compares the financial aspects of the implementation of the project with the project budget. PO – CFCU shall also review the interim payment request and this review shall include, apart from review of the formal particularities, also the following:

- review of the arithmetic accuracy of the payment request;
- review whether the expenditures are distinguished as investment and non-investment expenditures, both in the list of documents paid and in the payment request.
- comparison of the expenses declared in the respective period of 4 months, in a detailed breakdown by budget sub-sections in all project activities with the schedule of payments;
- comparison of the list of accounting documents paid with the copies of invoices and accounting documents, bank statements and with the amounts indicated in the payment request.

The PO – CFCU may request the Final Beneficiary to clarify or supplement the financial information indicated in the IR (especially in the attachment of the payment request). The PO – CFA2 shall return the IR to the Final Beneficiary as a whole by inviting her or him to remedy it through the IS CEDR (see Substantial review above). The Final Beneficiary shall receive basic information and identification of shortcomings through the "Project notice board", together with the invitation to supplement the request for payment. At the same time, the Final Beneficiary is informed about invitation to supplement the IR as a whole. The Final Beneficiary is obliged to supply the supplemented request for payment attached to the IR / AR **within 5 working days** of the request also through the IS CEDR. In this case the approval procedure of the request for payment shall be suspended by the PO until the Final Beneficiary supplies the requested documents in the required extent.

In the case the actual implementation of the project differs significantly from the plan, it may indicate problems with the project implementation and may lead to performance of an ad hoc public administration investigation on the spot (see chapter 7, sub-chapter 7.3).

#### 4. Final version of the IR

Upon approval of the electronic version of the IR and all its electronic attachments, the PO shall invite the Final Beneficiary to submit a final version of the IR, including attachments, with a signature of the statutory representative with a qualified certificate through the IS CEDR.

The Final Beneficiary shall submit the final version of IR, including the payment request and all attachments, with an electronic signature of the statutory representative of the project **within 5 working days** of the request.

The PO shall reimburse the payment requests within 10 working days of the date of approval of the final version of IR.

*The payment request related to the last interim report shall include calculation of amount retained in the project in accordance with the respective legal act.*

#### 7.2.2 Annual reports

In comparison with the interim report, the report for period of July 1 to October 31<sup>7</sup> is extended and is referred to as **the annual report (AR)**. The extension of the interim report covers a specific period of the year (from November 1 of the previous year to October 31 of the current year) during the duration of the whole project, from the start of its implementation until completion. In the first year of implementation of the project, the report shall cover a period from the date of approval of the project to October 31. Afterwards, in the following years the monitoring period covers always a continuous period of twelve months of the year.

The monitoring periods for the annual reports are as follows:

The monitoring period	Deadline for submission of an electronic version of the AR
from November 1 of the previous year to October 31 of the current year	November 30 <sup>8</sup>

In the AR, the Final Beneficiary is obliged to fill in, in addition to particulars of an IR, the following:

- **the overall objective of the project** – the fulfillment of the overall objective of the project including an indicator of this objective;
- **project risk management**, i.e. a description of management of risks initially indicated in the application, a description of possible new project risks and their solution and an update of the extent and probability of the respective risk indicated in the application;
- **horizontal topics of the project** – a description of performance in the horizontal topics (sustainable development, gender equality, good governance, anti-corruption measures etc.) in relation to the fulfillment thereof as described in the grant application.

<sup>7</sup> In the case of merging two reports, it may also cover a longer period. Nevertheless, the reporting period shall always end on October 31.

<sup>8</sup> Together with the interim report for period of July 1 to October 31.

The procedure for submission and review of the AR is identical to the submission and review procedure of the IR, since the AR is an extension of the interim report and is submitted as part of the IR (for the monitoring period from July 1 to October 31).

### 7.2.3 Final reports

A document that summarizes the overall implementation of the project financed by the EEA and Norway Grants is the **final report (FR)**. The Final Beneficiary shall submit the final report **within 30 calendar days of the date of approval of the last interim report, not later than October 31, 2016.**

The monitoring period for the final report is as follows:

The monitoring period	Deadline for submission of an electronic version of the FR
from the date of approval of the project to the date of its completion as indicated in the last interim report	within 30 calendar days of the date of approval of the last interim report, not later than October 31, 2016

#### ***Procedure for filling and review of the FR***

##### 1. Preparation of the FR

A Final Beneficiary generates the final report in the IS CEDR through the option "Establish the following report" in the section "Monitoring project reports".

##### 2. Filling and submission of the FR

The Final Beneficiary shall indicate the following information on the project in the final report:

- **a financial section of the report**, i.e. data on the final financial performance of the project, including comparison of the actual expenditures of the project with the originally planned expenditures (a detailed overview of the drawing);
- **a summary of the project implementation**, a description of the modifications made to the project, an assessment of project benefits together with the experiences from the project implementation;
- **an information on performance in indicators of the project**, i.e. a description of the achieved indicators of overall goals, outcomes and purpose of the project, including an information on sustainability of the project outcomes and on compliance with the conditions upon completion of the project;
- **an information on performance in horizontal topics** related to the project and to the risk management of the project.

The Final Beneficiary is obliged to submit the filled final report **in an electronic form** through the IS CEDR **within 30 calendar days of the date of approval of the last interim report, not later than October 31, 2016.**

### 3. Review of the FR

PO – CFA2 shall review the performance indicators of the project and the overall fulfillment of the purpose of the project and compare the substantive section of the FR with the interim reports, the Logical Framework of the project, and the legal act on the allocation of funds, if necessary.

The PO – CFA2 shall perform review of the financial section of the FR by comparing it with the data indicated in the approved interim reports, including data in the last interim report.

The PO may request, through the IS CEDR, the Final Beneficiary to clarify or supplement the information given in the FR. The Final Beneficiary shall receive basic information and identification of shortcomings through the "Project notice board", together with the invitation to supplement the report. The PO – CFA2 shall communicate details and information on particular shortcomings identified, if any, to the Final Beneficiary in a document uploaded as an attachment. The Final Beneficiary is obliged to supply the amended FR in an electronic form also via the IS CEDR **within 5 working days** of the request. In this case the approval procedure of the FR shall be suspended by the PO until the Final Beneficiary supplies the requested documents in the required extent.

### 4. Final version of the FR

In the case the electronic version of the FR is correct, the PO shall request the Final Beneficiary to submit the final version of the FR, including all required attachments, with the electronic signature of the statutory representative of the project **within 5 working days** of the request of the PO – CFA2.

To the FR, the following must be attached:

- documentation demonstrating the individual activities of the project was implemented or the purpose of the project was achieved. This may be, for example:
  - image/video documentation showing the state before the project implementation and upon its completion;
  - attendance lists of seminars and trainings;
  - final studies;
- documentation confirming fulfillment of the publicity of the project. This may be, for example:
  - demonstration of the website (print screen);
  - copies of articles on the project from newspapers and magazines;
  - photos of the billboard/commemorative plaque of the project.

Upon approval of the final version of the FinterimR and all its attachments, the PO – CFCU shall make the final payment (so called retained amount) to the bank account of the FB.

## ***7.3 Public administration inspection of the project on the spot***

The PO secures the public administration inspections of the project implementation on the spot pursuant to the Act No. 320/2001 Coll., on Financial Control in public Administration and on the Amendment to Certain Acts as amended.

The PO performs two main types of the public administration inspections on the spot – the interim and final inspections.

The objective of the interim inspection is to compare the actual conditions with the data and information indicated in the monitoring reports and to examine, in particular, the substantive fulfillment of the project and achievement of the defined outcomes. The interim inspections are carried out in the course of the project implementation.

Three types of the interim inspection of the project on the spot exist:

- **a regular inspection on the spot;**
- **an ad hoc inspection on the spot (on the basis of an external impetus);**
- **implementation of remedial measures.**

The PO shall also secure the final inspections on the spot, which take a form of an external financial audit of projects and focus on the financial performance of a project, as well as on the inspection of the overall outcomes of the project achieved.

The final inspections shall be carried out upon completion of the project activities and before the final report is approved.

On the basis of a risk analysis of individual projects implemented, the PO shall prepare for each programme, in cooperation with FBs, **an annual plan of interim and final inspections, which shall be updated quarterly.**

For purposes of the public administration inspections of projects on the spot, the PO shall hire external experts and cooperate with them.

The PO shall inform the Programme Partner about the public administrative inspection.

In the case the public administrative inspection leads to serious findings, the PO shall proceed as in the case of a suspected irregularity (see chapter 6, sub-chapter 6.3).

In the case the PO decides, on the basis of the public administration inspections on the spot, to suspend financing of a project, the PO shall inform the respective Final Beneficiary and invite him to remedy the situation and present documents attesting that the project is implemented in accordance with the contractual documents within a given deadline.

Financing of the project to the Final Beneficiary may be resumed only by a decision of the PO to resume the payments upon careful scrutiny of all the evidence submitted.

## ***7.4 Interim evaluation of the programme and projects***

The interim evaluation of the programmes (so called review) is secured by **the PO – CFA2 throughout the programme implementation.** An interim assessment of the programme complements the regular monitoring of programmes and shall focus primarily on the evaluation of the outcomes of the programme, the procedural aspects of the implementation, effectiveness and progress of the programme (including projects) including sustainability. The PO – CFA2 shall hire external experts for the interim assessment of the programmes and cooperate with them.

## ***7.5 External monitoring***

In accordance with *the Regulation, article 10.3*, the representatives of the EEA Financial Mechanism Committee of the Ministry of Foreign Affairs of Norway may secure monitoring of



the programmes and projects on the spot. The PO – CFA2 (and the NFP) shall be informed about these two weeks in advance (with an exception of urgent cases).

The NFP, PO – CFA2 and Final Beneficiaries are obliged to provide these entities, upon request, with all the available documents and information for proper assessment of the programmes and projects implementation.

## **7.6 Inspections by other competent entities**

The FB is obliged to provide, upon request of the PO and other inspection bodies (i.e. regional financial institutions, the Supreme Audit Office, representatives of the NFP, CA, AA, FMO, EEA Financial Mechanism Committee, Board of Auditors, EFTA, Office of the Auditor General of Norway and the Ministry of Foreign Affairs of Norway or other persons authorized by them) all the documents and information to demonstrate the fulfillment of activities and objectives of the project, including financial performance of the project, and to cooperate with these entities on the inspection of the project.

## **7.7 Sustainability of the project**

The overall objective and outcomes of the projects shall be monitored by the PO even after completion of the programme, so as to ensure that the outcomes and objectives of individual projects are sustainable.

The sustainability of the project shall be monitored at the level of preservation of the outcomes of the project achieved and fulfillment of the overall objective of the project. The sustainability period of the project is determined in the legal act on the allocation of funds and in general is set to 5 year of approval of the final report by the PO.

*The FBs are obliged to ensure, in the case of projects that included the purchase of equipment at the cost of the purchase price, and projects involving the acquisition, construction, renovation or reconstruction of buildings, the conditions for completion of the project:*

- 1) The FB is obliged to retain ownership of the purchased property (reconstructed property) for at least 5 years of the completion of the project. The property shall be used in accordance with the overall objective of the project for at least 5 years of the completion of the project.*
- 2) The FB is obliged to ensure the property is insured against damage caused by fire, theft and other ordinary types of insured perils<sup>9</sup> for at least 5 years of the completion of the project.*
- 3) The FB shall ensure the proper maintenance of the property purchased, for which she or he shall allocate a respective amount annually.*

*The above mentioned conditions shall be also laid down (and further specified) in the legal act on the allocation of funds.*

<sup>9</sup>Damage to property under the Insurance Act No. 363/1999 Coll., Annex No. 1, is caused by - fire, explosion, windstorm, natural forces other than windstorm (e.g. flash, floods, flooding, hailstorm, frost), nuclear energy, landslide or land subsidence, other causes (e.g. robbery, theft or damage caused by forest animals).

The FB is obliged to provide, upon request of the PO and other inspection bodies (i.e. regional financial institutions, the Supreme Audit Office, representatives of the NFP, CA, AA, FMO, EEA Financial Mechanism Committee, Board of Auditors, EFTA, Office of the Auditor General of Norway and the Ministry of Foreign Affairs of Norway or other persons authorized by them) all the documents and information to demonstrate the fulfillment of conditions of sustainability of the project and indicators of the project outcomes at least for the defined period of sustainability, starting from the date of approval of the final report.

## **7.8 Settlement of the subsidy**

In the case of the projects financed by the EEA and Norway Grants 2009-2014, the settlement of the subsidy (i.e. the grant awarded) shall follow article 18 of the decree No. 52/2008 Coll., as amended, which stipulates as follows:

*(1) The beneficiary of a subsidy for projects co-financed from the budget of the European Union or from the Financial Mechanisms and the programme participants who have been awarded a subsidy in the amount of expenditures already made or costs already paid by the beneficiary's or programme participant's own resources do not follow the provisions of this Decree and the subsidies that are provided in this manner are considered to be financially settled.*

## ***8. Bilateral relations – Bilateral Fund at the Programme Level***

The Bilateral Fund at the Programme Level has been established for the purpose of strengthening relations and establishing and expanding mutual cooperation between the donor and the recipient state. One of the objectives of such a bilateral cooperation is to share the outcomes, improve the knowledge and level of mutual understanding between the final beneficiaries and institutions from the donor states.

The Bilateral Fund at the Programme Level is designed exclusively for one-off or short-term initiatives associated with finding potential partners for project preparatory period within the defined programme areas (so called Measure "A") or for one-off or short-term complementary initiatives within already approved projects (so called Measure "B").

### ***8.1 Bilateral Fund at the Programme Level - Measure "A"***

The Bilateral Fund at the Programme Level – Measure "A" (hereinafter the "BFA") is designed for finding partners for projects implemented in partnership with institutions from the donor states within the project proposal preparatory period and development of these partnerships during the preparatory period<sup>10</sup>.

The undrawn funds from the Measure "A" shall be transferred to the overall allocation intended for the Measure "B".

### ***8.2 Bilateral Fund at the Programme Level - Measure "B"***

The Bilateral Fund at the Programme Level – Measure "B" (hereinafter the "BFB") is designed for establishing and deepening cooperation, exchange, sharing and transfer of knowledge, technology, experience and best practices among the beneficiaries of grants (project implementers) and entities in the donor states during implementation of the projects.

**All the Final Beneficiaries** of all approved projects in the respective programmes (CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15) with intention to finance their bilateral initiatives above framework of the project are considered to be eligible applicants.

Further conditions, instructions and initiatives eligible for financing from funds of the Bilateral Fund at the Programme Level are listed in *the Instructions for Applicants and Beneficiaries, Bilateral Fund at the Programme Level – Measure "B"*.

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<sup>10</sup>The preparatory period is designed for project preparation and terminates by the time of submission of the project application or by the termination of submission of applications for the open call under the programme.

## ***9. Partnership in implementing the project, including financial flows***

A project may be implemented in cooperation with a Project Partner from the Czech Republic, a foreign partner or a partner from the donor states.

### **9.1 Partnership agreement**

In the case the project is implemented in the partnership regime, the Final Beneficiary is obliged to present a copy of the partnership agreement concluded with another entity before the legal act on the allocation of funds.

The evidence of the partnership is considered the Partnership Agreement specifying roles of the partners in the project, their rights and obligations (*distribution of responsibilities, co-financing / project management and sustainability, financial flows between the partners*).

Recommended content of the partnership agreement:

- specification of the objective and subject of the agreement;
- description of roles and level of engagement of both partners in the project;
- participation on negotiations, coordination meetings, the project steering committee etc.;
- responsibility for publicizing the project;
- level of responsibility of individual partners and responsibility for damage, determination of penalties for breach of agreement (especially the risk of not achieving the objective of the project in the case of breach of / not compliance by a partner with the agreement – e.g. withdrawal from the agreement during the project implementation);
- in the case of partnership with a foreign partner or with a partner from the donor state, it is recommended to specify **the budget of expenditures of each partner** (a Final Beneficiary and a foreign partner or a partner from the donor state) also in CZK, corresponding to the amounts indicated in the grant application;
- description of financial flows between the Final Beneficiary and the partner:
  - i. It is necessary to establish principles of payments among the beneficiary and partner while maintaining the basic rules of the EEA and Norway Grants, i.e. to specify that this **partnership is not a customer-supplier relationship**, i.e. partners cannot bill the expenses to each other (in order to avoid misuse of the partnership for circumvention of the Act No. 137/2006 Coll., on Public Procurement). Method for reimbursement of expenditures of a partner is specified in the Guidelines of the NFP for eligible expenditures.
  - ii. The non-commercial nature of the relationship between the Final Beneficiary and partner and the expenditure principle applied between the Final Beneficiary and Programme Operator (only the eligible expenditures of the Final Beneficiary or partner may be indicated in the payment request).
  - iii. The Final Beneficiary is entitled to pay to the foreign partner solely the eligible expenditures actually made, that are evidenced with accounting documents or the audit

report of an independent auditor from the state of residence of the foreign partner (see chapter 9, sub-chapter 9.2).

- iv. Determination of experts who are employees of the partner institution and who are hired externally.
- v. In the case the Final Beneficiary pays directly certain eligible expenditures related to involvement of the partner (e.g. accommodation in the Czech Republic, air tickets etc.), it is recommended to determine the penalties for canceling the activity by the partner.
- vi. It is recommended to determine wages of the experts and the currency in which the partner institution is to be remunerated. It is recommended to specify the treatment of exchange differences.
  - obligation of the partner to archive all the relevant documents for at least 10 years, starting from January 1 of the year following the year when the final programme report is approved by the FMO;
  - conditions for realization of **public procurement** by the partner (if applicable) – rules, procedures, compliance with obligatory documents, cooperation with the Final Beneficiary so as to ensure that all the relevant rules applicable in the state of residence of the partner are complied with;
  - procedure for **negotiation and implementation of modifications** of the project (as well as of the partnership cooperation);
  - **sustainability** of the project outcomes – proprietary relationships during and after the implementation, the use of property, property maintenance, provisions on time limits, information etc.;
  - **commitment** of the partner to undergo **an inspection /audit/** in relation to the subsidy awarded in accordance with the legal act on the allocation of funds, or to make the documents necessary for the inspection available, i.e. specifying conditions for the performance of financial audits and inspections and cooperation during inspections;
  - duration of the agreement (certain provisions in effect during the **period of implementation** / project sustainability, the beginning of time limits and their duration taking into account the beginning and the end of the project implementation);
  - keeping of accounts of expenditures with a clear link to the project;
  - prohibition of drawing other subsidies (for the same expenditures);
  - signatures of both parties, including the date of signature.

**By transferring the obligations, the FB may not avoid application of the legal act on the allocation of funds. It is recommended to review the partnership agreement on the basis of issuance of the legal act on the allocation of funds (determination of specific conditions of the project) and after completion of the project implementation (obligations during the sustainability period).**

## ***9.2 Methods for evidencing expenses of foreign partner***

### ***1) by reimbursed accounting documents***

- The respective document must comply with prescribe requirements on particulars of an accounting document pursuant to article 11 of the Act No. 563/1991 Coll., on Accountancy (except for paragraph 1 letter f).
- The Partner demonstrates that the payment had been processed (e.g. by a bank statement).

**2) *by an audit report***

- The audit report must be issued by an independent auditor from the state of residence of the foreign partner or by a public institution of the state of residence of the foreign partner (which shall confirm in written that it possesses legal capacity for performance of audit activities and is independent of the Project Partner). The audit report may also be issued in as an internal audit of a public institution that is organizationally independent of the Project Partner. The auditor or public institution (including internal audit) shall confirm that the expenditures claimed are in accordance with the Regulation, national legislation and the accounting principles of the country of residence of the foreign partner.
- Expenditures on processing of the audit report shall be considered eligible expenditures of the project. In the sake of economical approach, we recommend to perform audits once a year.

**The eligible expenditure of the project is an expenditure which is evidenced by reimbursed accounting documents or an audit report accompanying the request for reimbursement of the respective expenditures made. In the case the expenditure made is not evidenced by any of the above mentioned methods, the Programme Operator shall not reimburse such an expenditure.**

## ***Attachments***

Attachment No. 1 – Instructions for Publicity

Attachment No. 2 – Template of the Subsidy Award Decision

Attachment No. 3 – Template of the Subsidy Award Letter DM

a) for a state organizational unit

b) for contributory organizations of the state organizational units

Attachment No. 4 – Timesheet

Attachment No. 5 – Template of the Modifying Subsidy Award Decision

Attachment No. 6 – Template of the Modifying Subsidy Award Letter DM for SOU and CO SOU