

To Whom It May Concern,

This letter aims to highlight the responsibilities of the different programme bodies within the Interreg IIIB Northern Periphery Programme and to reduce delays in payment of financial claims by ensuring that complete claims are submitted with the necessary information.

When submitting a claim for funding, a project is requested to produce a Financial Report and a Progress Report:

1. Financial Report

Each project Lead Partner in the Interreg III B Northern Periphery Programme is responsible for collecting all the material required for a Financial Report, in accordance with the routines described in the guidance for Financial Reporting Package for Lead Partners and Project Partners. A complete claim must contain all the supporting documentation outlined in the guidance on "Supporting documentation for payment claims" (see annex 1). All costs must be in line with the approved project activities and be deemed eligible costs, in accordance with Commission Regulation (EC) 448/2007. Further guidance on eligibility of expenditure can be found in Chapter 7 of the "Practical Guide for Project Management".

Please note that the same eligibility rules apply to both Member State partners and Non Member State partners.

All guidance documents and regulations can be downloaded from the NPP website: www.northernperiphery.net

The original hard copy of the Financial Report, signed in blue ink, should be submitted to the Paying Authority in Umeå at the following address:

Länstyrelsen i Västerbotten
Attn: NPP Paying Authority
901 86 Umeå
Sweden

2. Progress Report

The Lead Partner is responsible for collecting the necessary information and producing the Progress Report, which describes the project's implementation and results to date. The specific NPP Progress Report template must be completed and may be supplemented with additional material.

The original hard copy of the Progress Report, signed in blue ink, should be submitted to the Joint Programme Secretariat in Copenhagen at the following address:

Northern Periphery Programme Secretariat
Strandgade 91 4.sal
1401 Copenhagen
Denmark

Note: A photocopy of the progress report should always be submitted to the Paying Authority together with the original hard copy of the Financial Report. The Financial Report should include the original hard copy of the Certificate of Expenditure, signed in blue ink.

With the submission of every claim, all projects should also e-mail an electronic version of both the Financial Report and the Progress Report to: northernperiphery@npp2.net

Processing the Financial Reports

The Paying Authority in Umeå, which is responsible for conducting the 1st level of control, processes the Financial Report. The Paying Authority is responsible for ensuring that the costs are eligible and in accordance with Commission regulations. The Paying Authority also ensures that all spending is in accordance with the national rules in the respective programme partner country (i.e. Scotland, Finland, Sweden, Norway, Iceland, Faroe Islands and Greenland) and that the spending is related to the project activities outlined in the project decision.

Note: The Paying Authority performs an independent eligibility check, which means that costs can be regarded as ineligible even if they are included in the budget. All costs must always be supported by the material required by the Paying Authority to perform their eligibility check. Costs not adequately supported will be regarded as ineligible.

In many programmes, it is the project partners' responsibility to conduct the 1st level of control by appointing external auditors before submitting the claim to the Lead Partner. Systems where the claims go through external auditors are time-consuming and extend the lead-time before submission to the Paying Authority by approximately 4 months.

On submission of a complete claim that does not require any clarifications or questions to be answered, the Paying Authority should process it within 3 months of submission.

Processing the Progress Reports

The Joint Programme Secretariat is responsible for assessing project implementation and for ensuring that projects are implemented in accordance with the decision taken by the Steering Committee for the Interreg IIIB NPP. This process is carried out through assessment of the Progress Reports. The Lead Partner is responsible for gathering information from the other pro-

ject partners and for composing and sending a progress report to the Joint Programme Secretariat. This should outline progress, results to date and highlight any changes in the implementation model or budget. Payment of the financial claims can be stopped if the JPS is not satisfied with the quality or activities contained within a progress report.

Please note that a separate, specific request should be sent to the Joint Programme Secretariat for any significant changes in the implementation model or budget, or for travel outside the programme area. This may require a new project decision and could also affect the eligibility of expenditure. It is therefore vital to communicate these changes to the JPS. Further guidance can be found in the Practical Guide to Project Management.

Payment procedure:

After approval of the Financial Report and the Progress Report, the Paying Authority draws up a decision of payment. The payment decision is processed by the Financial Unit at Länsstyrelsen i Västerbotten (County Administration in Västerbotten). The payment is made into the account of the project Lead Partner within 10 working days, normally 2-3 days, unless money is not available in the ERDF and Non Member State accounts (see below Liquidity situation of the Paying Authority).

Liquidity situation of the Paying Authority

The funds for the Northern Periphery Programme are kept in two separate bank accounts, owned by the County Administrative Board of Västerbotten. One bank account for ERDF funds and one for Non Member State (NMS) funds.

The financial situation of the Paying Authority concerning ERDF funds is dependant on the possibility to claim money from the European Commission on a regular basis during the year. The payment claims to the Commission are based on the expenditure declared by the projects. It has been the case for the last couple of years that expenditure declared by projects has "bundled up" at the end of the year which has resulted in a great number of payments / high amounts being transferred from the Paying Authority bank account in December, without the possibility of receiving reimbursement from the Commission until January / February.

Regrettably this has caused the Paying Authority to temporarily run out of funds in the ERDF account in December. Payment decisions to projects have been issued, but the transfer of money to some projects has been delayed until January / February.

The Paying Authority also claims money from the Non Member States' Governments annually to ensure there are funds available in the NMS account. At the end of 2006, the Paying Authority ran out of Norwegian and Icelandic funds due to late payments from these countries and, because of this, payments to some of the NMS partners were slightly delayed.

Projects concerned by delayed payments due to the Paying Authority running out of ERDF / NMS funds, have previously received written information explaining this.

Distribution of funding to the project partner

In accordance with the Lead Partner Principle, the project Lead Partner is responsible for distributing received payments to the project partners in their project partnership. The Northern Periphery Programme recommends all projects to have a Partnership Agreement, which outlines responsibilities and duties within the project partnership and which could act as a legal document that regulates how to distribute funding within the project partnership. Please note that a Partnership Agreement has not been mandatory in the Interreg IIIB Northern Periphery Programme.

Note: To increase the payment flow, in June 2007 the Managing Authority of the Interreg IIIB Northern Periphery Programme instructed the Paying Authority to regard all costs which are not adequately supported in the payment claims as ineligible and to reduce the payments accordingly. For the cut cost to be regarded as eligible, supporting documentation, as specified by the Paying Authority, must be submitted by the project together with the next payment claim. Otherwise the cost will be deemed irreversibly ineligible.

For final payment claims a time limit has been set. If supporting documentation / information is not submitted by the project within 1 month following the date of request by the Paying Authority, the unsupported cost will be deemed ineligible and the final payment will be reduced accordingly.

Annex 1: Supporting documentation to payment claims

The Lead Partner should send the following documents to the Paying Authority, and keep copies:

Always send:

- Certificate of Expenditure
- Progress Reports (Copy to the PA and original to the JPS)
- Monitoring Tables of Budget Commitments
- Financial Reporting Summary
- Summary of Exchange Rates
- Entries
- Time sheets

Projects should choose one of the following options:

- 1a) Send ledgers for each partner with each claim
- 1b) Send copies of all invoices and receipts with each claim
- 2a) Send auditor's statements annually AND send all ledgers with the final report
- 2b) Send auditor's statements annually AND send copies of all invoices and receipts with the final report

The Paying Authority strongly recommends option 1a

When applicable send:

- Model to show how overhead costs have been allocated + supporting documentation (should be sent with first claim) Guidelines regarding overhead costs are downloadable from the NPP website
- Leasing contracts
- Calculation showing how hourly costs stated in time sheets have been reached.

Copies of the following documentation should be kept by the Lead Partner for on the spot checks and/or random sampling:

- Copies of invoices and receipts
- Rental and Leasing contracts
- Employment contracts
- Other relevant documentation

N.B. In case of an audit, the Lead Partner must preserve copies of ALL supporting documents until three years have passed after Programme closure. We recommend that supporting documentation is preserved until at least 2015. Since the Commission Auditors might also visit the Project Partners to look at original supporting documentation, all Partners must keep their original documents for the same recommended time. Lead Partners and Partners must also consider national legislation regarding preservation of accounting material.