



UKF Project Monitoring Guidelines

Version 2

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Introduction

Dear beneficiaries,

We would kindly ask to devote some of your time to read this document thoroughly.

This document describes policy and procedures for the performance of the UKF project monitoring.

The aim of the document is to provide comprehensive information to the beneficiaries on various questions related to the implementation of the projects as well as to establish the guidelines for UKF in project monitoring. We are aware that this document does not cover all possible issues that may arise from project implementation, so the document represents the second version and will be updated on regular basis.

Adequate monitoring of the UKF projects is of primary importance to ensure that the goals of the project are achieved, as specified in individual grant agreements.

General rules

- The Leading organization that receives a grant from the UKF shall follow generally accepted accounting principles in its accounting.
- The Leading Organization must not divert UKF grant to finance other projects.
- The Leading Organization has obligation to keep all project documents up to 1 year from the end of the project and made available to the UKF upon request.
- The Leading Organization shall put in place proper arrangements to secure value for money policy.
- The Leading Organization is obliged to comply with Croatian legislation for all matters concerning implementation of the UKF projects.

1. Communication

As we find communication an important part of our successful cooperation, we kindly ask to follow the below described instructions.

For all questions related to your project implementation, we strongly encourage you to use our email address ured@ukf.hr. You are always welcome to call us, but in addition you shall always make a written request by email. We will try to answer your questions as soon as possible.

All **scanned reports with signatures** shall be sent to the following e-mail address: ured@ukf.hr. When sending the reports to the UKF, please use the option "Request a read receipt for this message". The delivery receipt is the confirmation that your report has been submitted. In order to ensure smooth communication and project implementation, all the information regarding your project implementation will be sent to Project Leader or to Co-applicant, in case that Project Leader is not from Leading Organization. Project Leader or Co-applicant is responsible for communicating with person from UKF Secretariat designated to monitor particular project and information distribution within project team, Leading Organization and Partner Organization. In case that Project Leader wishes to designate another person as a contact point it shall be done in written at the above stated email address.

2. Financial rules and reports

Financial report is structured reporting format provided by the UKF Secretariat and completed by the Leading Organization and the Project Leader in order to provide detailed justification of the costs incurred during reporting period. The financial reports should be submitted **on six (6) months basis as referred in Article 4.3 of the Grant agreement**. The first financial report shall be submitted 6 months after project start as stipulated in Article 3.1 of the Grant agreement. **Supporting documents (such as invoices, bank statements, minutes of meeting and etc) shall not be sent to the UKF if not specifically requested by the UKF.**

The costs incurred shall be in accordance with the Financial plan attached to the Grant agreement. The format in which the report should be submitted is in Annex 1 and Annex 2.

The reports (Annex 1, Annex 2, Annex 3) should be delivered in EUR and in HRK for each reporting period. The exchange rate to be applied in the report shall be the same as stipulated in Article 7.4 and Article 7.5 of the Grant agreement, i.e., the exchange rate used in payment transactions done by the UKF **(80 % financing of gross amount is paid from the Special Account of the Loan No. 7320-HR. and 20% of gross amount is paid from the Government Budget of the MSES)** shall be used to convert Croatian Kuna (HRK) in EUR for reporting purposes.

You can find previous exchange rate lists of the Croatian national bank at the following web site <http://www.hnb.hr/tecajn/htecajn.htm>.

In Annex 1 you will find template, where you should provide detailed information on Resource Utilization in the reporting period, i.e., for six months period. You will find one MS Excel table that refers to the **UKF funding** and another MS Excel table that refers to **contributions from other sources/matching fund**. For both tables you are always requested to fill in type of cost and an amount. **In Annex 2** you should provide information on Resource utilization during overall implementation period and shall be updated every six months **(resources used in pervious periods shall be filled in too)**. Again there are two tables one **for resources financed from the UKF** and another **for resources financed from other sources**.

In Annex 3 (timesheet for researcher) there is a template to record working time of project personnel, which has to be authorized by Project leader or Co-applicant. You don't have to record

hours if you spend 1 day or half day working on your project, then you can record only days. If you spend e.g. 3 hours every day on your project, then please record hours and convert them to days by dividing number of hours spent on project in one month with 8 (one working day corresponds to eight hours). You shall fill in your template to record working time each month (in 6 months report you shall submit 6 templates per each person).

The time record shall be in accordance with the cost declared.

In Annex 4 there is a template to calculate **salary cost for reporting period**. First of all you shall calculate cost of working day (gross amount).

$$\text{Cost of working day (gross amount)} = \frac{\text{Yearly gross salary}}{\text{Number of working days in a year}}$$

Cost of your working day shall be calculated by

dividing the amount of your gross salary in a year with total number of your working days in a year (excluding holidays, sick leave, or other allowances). Then you should calculate number of days spent on project (shall be in accordance with time sheets) in reporting period and multiply it with cost of working day.

In Annex 5 you shall record man days spent on project in reporting periods. **Man days from the pervious periods shall be filled in too.**

Please note, that you should provide timesheets, salary cost calculation and record of man days (Annex 3, Annex 4 and Annex 5) only for personnel paid from the UKF grant (including consultants) or for personnel whose working time is used as matching fund.

2.1. Direct costs

Direct costs are all those eligible costs that can be identified specifically with a particular project.

2.1.1. Durables

Supporting documents for "Durables" are invoices and bank statements. For durables, which should be purchased according to the Public Procurement Act, you also need tender documentation.

2.1.2. Consumables

Supporting documents for "Consumables" are invoices and bank statements. For consumables, which should be purchased according to the Public Procurement Act, you also need tender documentation.

2.1.3. Other costs

Supporting documents for "Other costs" are invoices, bank statements, student contract and etc. (depending on type of cost required).

2.1.4. The cost of personnel

If the personnel is financed by the UKF grant it shall be directly employed by the Leading Organization in accordance with Croatian laws regulating employment.

The Leading Organization shall send together with financial report **CV's of the all the personnel employed after the start of the project, i.e., whose CV's were not sent with Application Form.**

The available legal categories of employment are: contracts for employment for full or part-time employees, reimbursement for work on an hourly basis, scholarships and fellowships¹.

Personnel costs shown in the financial report should reflect gross salary (salaries plus social security charges, holiday pay, pension contribution, health insurance, etc.).

The salaries of the team members (as specified in Composition of the research group) holding permanent contracts can be increased up to 30% of their gross salary (**please note that this should be already stated Financial plan- Annex 1 of the Grant agreement**). Leading Organization shall pay addendum to salary in accordance with Croatian regulations. Any form of payment, which in accordance with Croatian regulations is acceptable to the UKF. **Personnel costs cannot exceed 50% of total budget approved from the UKF.**

Supporting documents for Personnel Costs are employment contracts, payroll records, pay slips, bank statements and CV's.

2.1.5. Travel costs requested from UKF

Eligible travel costs are accommodation costs, costs of transportation, per diems, fieldwork, expeditions.

The Leading Organization shall keep accurate record of travel orders. The amount of per diem paid from the UKF funding shall be in accordance with per diems of beneficiaries financed from the State budget.

You can find per diem rates at the following web sites:

<http://www.nn.hr/clanci/sluzbeno/2006/0166.htm>

<http://www.nn.hr/clanci/sluzbeno/2004/1243.htm>

The UKF recognizes costs of accommodation for maximum of 21 days.

Supporting documents for "Travel costs" are travel orders, invoices and bank statements.

2.1.6. Consulting and expertise

Maximum amount that can be paid under this item is 10% of total project costs.

Supporting documents for "Consulting and expertise" are invoices, CV's, contracts and bank statements.

2.2 Overhead cost

Overhead costs shall include non-scientist staff (technicians, administrative staff, IT support, HR), other non-specific utilities and office services. Overhead costs cannot exceed 20% of the total project costs, or lower, as specified in the respective call for proposal.

No supporting documents are required for this item.

¹Please note that the UKF has received official opinion from Tax Administration, stating that scholarships and fellowships financed by the UKF are taxable above 1600 HRK (Income tax Act, Article 10, Paragraph 13).

2.3 Matching Funding

Leading Organization is obliged to keep documentation and report on resources used as matching funds. **The UKF requires all supporting documents for matching funds.** If your matching funds are in form of financial contributions you shall have bank statement to prove it. **You shall also keep documentation showing on what you have spent your matching funds.**

If you have the matching funds in form of "human resources" you shall fill in templates (Annex 3, Annex 4 and Annex 5) and be able to demonstrate the calculation of cost of working day.

If you have the matching funds in form of "in kind resources" you shall have record of the use of the equipment and invoices.

In case you are you are not sure about the supporting documents, we recommend you to contact us.

3. Changes in Financial Plan

Only 10% changes within the same budget line (between budget items) are allowed, all other changes must be approved by the UKF Secretariat or the UKF Steering Committee.

E.g.

In the below case under item "Personnel costs" during the first year you may reallocate 3.859 EUR from the salary of Researcher I to the salary of Researcher II, but the total amount for the salaries spent during the first year shall not be more than 38.599 EUR. You are entitled to make minor reallocations or one reallocation of 3.859 EUR, in any case your reallocation in the first year shall not be more than 3.859 EUR (10% of the budget under this line) and you are allowed to reallocate money between budget lines already stated in your Financial plan (Annex 1 of the Grant agreement.), i.e. you are not allowed to add new budget lines.

Personnel costs requested from UKF in EUR

Budget item/line:	Details (calculations)	Year 1	Year 2	Year 3
- Gross salary/Researcher I		27383	27788	28203
- Gross salary/Researcher II		11216	11632	11950
Total		38599	39420	40153

Request for funds allocation can be submitted twice per year. The first request (in the form provided) can be done only six months after the project start. The UKF Secretariat may approve requests of re-allocation up to 10.000 Euro. The UKF Secretariat shall ask for Steering Committee's approval for requests amounting to more than 10.000 Euro.

4. Bank account

The Leading Organization does not have to open a separate bank account and the UKF funds can be kept as a separate line item or account on the general ledger, as long as procedures are in place to accurately track the beginning and ending monthly balances, expenditures and payments of the UKF.

5. Audit certificates

The Leading Organization shall submit audit certificate with the Mid-term report and if the first audit was not successful there may be second audit. In that case audit certificate shall be submitted with the Final report. Audit certificates must cover the costs incurred during all precedent periods for which audit certificates have not been provided. An auditor must have qualifications in accordance with Audit Act.

6. Procurement regulations

All activities financed by the UKF shall be characterized by efficient use of resources, the promotion of good administrative practices and transparency in the management of funds, and the hindrance of corruption.

Public Procurement Act of the Republic of Croatia shall apply to procurements made by **public bodies**.

Procurements made by **private legal entities** shall be done in accordance with the rules usually apply for the selection of procurement contracts. However, the consideration must be given to making the procurement as economical and appropriate as possible, all procurements financed by the UKF shall be characterized by good business practice, competition and objectivity. This means that the beneficiaries of the UKF grants that purchase goods and services shall observe good business practice in their procurements. Where competition exists it shall be utilized. Tenders and tenderers shall be treated objectively in order to achieve competition on equal terms. The private legal entities are not obliged to publish call for tenders, but they shall require submission of 3 up to 5 quotes for all procurements of goods and services with value exceeding 70,000 HRK.

7. Research/Technology Reports

The first Research/Technology report shall be submitted 6 months after the project start as stipulated in Article 3.1 of the UKF grant agreement. The frequency of these reports will be every six months (format and detailed instructions are separately provided).

8. Mid-Term Progress Report

The date of submission is 30 days after the date when 50 percent of the planned Funds are committed, or after the half of the time interval agreed for the Project has passed, whichever is the earlier (format and detailed instructions are separately provided).

9. Final Report

(Format and detailed instructions are separately provided).

10. Initial Monitoring and follow-up on site visits

Monitoring visits form an important part of the ongoing monitoring of projects, and this is also carried out through reports checks and meetings.

The first on site visit should be performed approximately six months after the beginning of the project. The principal purpose of this initial monitoring is to allow UKF Secretariat the opportunity to ensure that the project has begun appropriately and that any deviations from requirements are corrected early. The monitoring team should consist of the Program Manager or Program Analyst. The visits facilitate contact between the UKF and project beneficiaries and awareness of each other's concerns. They should be regarded in a positive light, as a means of rectifying problems

or discrepancies while the project is still on-going and as a means of sharing best practice between the project beneficiaries and the UKF.

11. Dissemination activities

In its information activities on a project supported by UKF, the Leading organization and the Project Leader are responsible to indicate, both in Croatia and the Partner Organization country, that the project has received support from the UKF. The UKF logo can be found at www.ukf.hr. In addition, the Project Leader shall submit the Form on Dissemination activities every 6 months together with Research/Technology Reports. The purpose of this report is to tell us what steps you have taken to publicise the UKF contribution to your project. You should also send us evidence of any publicity materials.

12. Reporting deadlines

In the description of each report requirements, you can find submission frequency. If the reports or any other documents related to project are not submitted in time twice during project, please note that the UKF Secretariat will propose suspension of your project to the Steering Committee.