



UKF Project Monitoring Guidelines

Version 4

CONTENT

1. COMMUNICATION	3
2. FINANCIAL RULES AND FINANCIAL REPORT	4
2.1. DIRECT COSTS.....	5
2.1.1. Durables.....	5
2.1.2. Consumables	5
2.1.3. Other costs	5
2.1.4. Personnel costs	5
2.1.5. Travel costs	5
2.1.6. Consulting and expertise	6
2.2. OVERHEAD COST (INDIRECT COSTS).....	6
2.3. MATCHING FUNDING	6
3. CHANGES IN FINANCIAL PLAN.....	7
4. BANK ACCOUNT	8
5. AUDIT CERTIFICATES.....	8
6. PROCUREMENT REGULATIONS.....	8
7. RESEARCH/TECHNOLOGY REPORT	8
8. MID-TERM PROGRESS REPORT	9
9. FINAL REPORT.....	9
10. DISSEMINATION REPORT.....	9
11. INITIAL MONITORING AND FOLLOW-UP ON SITE VISITS.....	9
12. DISSEMINATION ACTIVITIES	9
13. REPORTING DEADLINES.....	9
14. ENVIRONMENTAL MANAGEMENT FRAMEWORK.....	10
15. MONITORING & EVALUATION FRAMEWORK AND INSTITUTIONAL ARRANGEMENTS	10

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, except for procurement of goods selection of consultants which are regulated by the document „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“, as available on official UKF website.

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. Research/Technology reports and Financial reports which are required to be signed/stamped shall also be sent as **doc*/*xls** version. 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-leader, in case that Project Leader is not from Leading Organization. Project Leader or Co-leader 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 Financial Report

The financial project report should be submitted on six (6) months basis as referred in Articles 4.1, and 4.3 of the Grant Agreement.

Financial report is structured reporting format provided by the UKF Secretariat (UKF web) and completed by the Leading Organization and the Project Leader in order to provide detailed justification of the costs incurred during reporting period. 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 meetings and etc) shall not be sent to the UKF if not specifically requested by the UKF.**

Costs incurred shall be in accordance with the Financial plan attached to the Grant Agreement in the Annex I.

The financial reports Annex 1 and Annex 2 should be delivered for each reporting period and by all project beneficiaries. You should also provide Annex 3 which is salary cost calculation that applies only for co-workers from Partner organization(s) whose working time is used as matching fund. (Together with Annex 3 you should provide the Certificate of using human resources as matching funds (template provided) signed by the co-worker and the Project Leader or Co-leader which confirm the co-workers's engagement in the project for the given time period as already stated in Annex 3)

Please note when payment is made 71 % financing of gross amount is paid from the Special Account of the Loan No. 8258-HR and 29 % of gross amount is paid from the Government Budget of the MSES.

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 funds**. For both tables you are always requested to fill in type of cost and an amount, as well as source of funding for matching funds.

All costs listed in Financial report are for activities performed in the reporting period. For example, if you received the Financial contribution from the Partner organization, state only the amount that was actually *spent* in that reporting period.

In Annex 2 you should provide information on Resource utilization during overall implementation period and shall be updated every six months (**resources used in previous 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/matching funds**.

In Annex 3 there is a template to calculate salary cost, i.e. working time cost for human resources

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

which are used as matching funds, for reporting period. First of all you shall calculate cost of working day (gross

amount).

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 in reporting period and multiply it with cost of working day.

Days and cost reported in Annex 3 shall be in accordance with the Certificate of using human resources as matching funds.

2.1. Direct costs

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

2.1.1. Durables

Supporting documents for “Durables” are invoices and bank statements, price quotations or ‘justifications’ for direct purchase where applicable, as well as bidding documentation and the contract in case goods procured are subject to Public bidding method, if their value is above the threshold stipulated in the „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“.

The Leading Organization will undertake the procurement of goods according to the methods and procedures which are described in detail in the „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“.

2.1.2. Consumables

Supporting documents for “Consumables” are invoices and bank statements, also price quotations or ‘justifications’ for direct purchase, as well as bidding documentation and the contract in case consumables are procured through Public bidding method.

2.1.3. Other costs

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

Durables, Consumables and Other costs cannot exceed 50% of total budget approved from UKF.

2.1.4. Personnel costs

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. Personnel costs refer to salaries of newly employed young researchers: early stage researchers (doctoral students) or post-doctoral researchers financed by the UKF which shall be equal to the salaries of early stage researchers or post-doctoral researchers financed by the Ministry of Science, Education and Sports or Leading Organization, i.e. shall be equal to other personnel at their organization holding same position.

The Leading Organization shall send together with financial report CV’s of all 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.

Personnel costs shown in the financial report should reflect gross salary (salaries plus social security charges, holiday pay, pension contribution, health insurance, etc.) in accordance with the position, institution praxis and Croatian law.

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

Personnel costs cannot exceed 50% of total budget approved from the UKF.

2.1.5. Travel costs

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

The Leading Organization shall keep accurate record of travel orders. Travel expenses can be reimbursed based on approved travel orders (when travelling abroad) according to Croatian regulations for civil servants’ reimbursable. Travel expenses of researchers travelling to Croatia

can be reimbursed based on actual costs in accordance to Croatian regulations. 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://narodne-novine.nn.hr/clanci/sluzbeni/2012_10_117_2524.html

The UKF recognizes costs of accommodation for maximum of 21 days (per trip) for staying in not higher than 4 stars hotels and travel tickets can be reimbursed for trips in economy class/2nd class only..

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

Travel costs cannot exceed 20% of total budget approved from the UKF.

2.1.6. Consulting and expertise

Supporting documents for "Consulting and expertise" are invoices, CV's, consultants' reports and bank statements, as well as invitations to quote and contracts provided on official forms for selection of Consultants as stated in „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“. The contract must specify the cost per hour and the number of hours (or days) needed for the particular expertise.

Maximum amount that can be paid for Consulting and expertise is 10% of total budget approved from the UKF.

2.2. Overhead cost (indirect costs)

Overhead costs shall include non-scientist staff (technicians, administrative staff, IT support, HR), infrastructure (communal and maintenance expenses), communication expenses, network connection (telephone, photo-copy costs), office renting and supplies, other non-specific utilities and office services, as well as financial audit expenses.

No supporting documents are required for this item.

Overhead costs shall be minimum 5% and cannot exceed 15% of the total budget approved from the UKF.

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** i.e. same supporting documents you need for spending UKF Funds (as listed in clause 2.1 Direct costs).

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

If you have the matching funds in form of "human resources" you shall fill in the template in Annex 3 and be able to demonstrate the calculation of cost of working day.

Annex 3 must be accompanied with Certificate of using human resources as matching funds (template provided) to record working time of co-workers from Partner organization(s) whose working time is used as matching fund which has to be authorized by Project Leader or Co-leader.

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 8 hours). The time record, man days and cost declared in the Certificate shall be in accordance with the Annex 3. In case you are not sure about the supporting documents, we recommend you to contact us.

Please note: Annex 3 with the Certificate must be submitted on the 6 months basis, while records of using in-kind resources as matching funds and Invoices (for using financial sources) will be submitted upon request by UKF.

3. Changes in Financial Plan

Only 10% changes within the same budget items-lines are allowed, all other changes between categories and/or changes of more than 10% within the same budget items-lines 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 HRK from the salary of Researcher II to the salary of Researcher I, but the total amount for the salaries spent during the first year shall not be more than 38.599 HRK. You are entitled to make minor reallocations or one reallocation of 3.859 HRK, in any case your reallocation in the first year shall not be more than 3.859 HRK (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 HRK (before reallocation)

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

Personnel costs requested from UKF in HRK (after reallocation)

Budget item/line:	Details (calculations)	Year 1	Year 2
-Gross salary/Researcher I		27383	31242
-Gross salary/Researcher II		11216	7357
Total		38599	38599

Request for funds re-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 100.000 HRK. The UKF Secretariat shall ask for Steering Committee's approval for requests amounting to more than 100.000 HRK.

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.

Audit shall be paid by the Leading Organization.

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..

When procurement is made by **public sector entities**, procurement of goods and selection of consultants shall be carried out in accordance with the „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“ which describes procurement procedures which must be used in UKF projects, using the official forms included. The procurement which is not subject to the procedures described in the Extract: UKF - Procurement arrangements for sub-beneficiaries shall be governed by the laws of the Republic of Croatia.

Procurements made by **private legal entities** shall be done in accordance with the rules usually applied 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 at least 3 quotes for all procurements of goods and services with value exceeding the threshold stipulated in the „Extract from the Second Science and Technology Project - Project operational manual: UKF - Procurement arrangements for sub-beneficiaries“.

7. Research/Technology Report

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 6 months, same as of financial reports. There are two main purposes of the R&T report:

To provide detailed information on scientific/ technology part of your project, please clearly state which activities have been undertaken and which milestones have been achieved so far in accordance with the Work plan and timetable of the project and KPI from your final Project proposal attached to your Grant Agreement (Annex I).

To provide detailed information on progress of your project in relation to funds spent, travel completed and new personnel employed on project etc. (clause 1 c of Annex I).

If you are aware of any kind of problems related to your project that have occurred during the project implementation, it is extremely important that you state them in your R&T report and On-site Visit Questionnaire timely in order to discuss them with UKF Secretariat during the Initial Monitoring and follow-up on site visits. (see chapter 10. Initial Monitoring and follow-up on site visits)

8. Mid-Term Progress Report

Mid-Term Progress report which should be submitted 20 days after the half of the time interval agreed for the Project has passed. (Template and detailed instructions are separately provided).

9. Final Report

Final report shall be submitted no later than 30 days after the end date of the Project. (Template and detailed instructions are separately provided).

10. Dissemination Report

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 publicize the UKF contribution to your project and to disseminate your project results. Please note that this is also very important component of each UKF project.

11. 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 within the 1st year of the project implementation. The principal purpose of this initial monitoring is to allow UKF Secretariat the opportunity to ensure that the project is has been appropriately implemented and that any deviations from requirements are corrected timely. 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.

The Project Leader will be notified of the project visit date 2 weeks in advance and should submit On-site Visit Questionnaire 1 week before the date of visit (template is separately provided).

12. Dissemination activities

In all information activities (scientific publications, public presentations) on a project supported by UKF, the Project Leader and the Leading Organization 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. You should also send us evidence of any publicity materials.

13. 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.

14. Environmental Management Framework

The Leading Organization and Project Leader will ensure that the activities on the Project are implemented in accordance with the document "Environmental Management Framework", as available on official UKF website, and according to Annex B: Environmental Category Form and documentation which were prepared by the Project Leader and submitted to UKF before the project start date.

The Leading Organization and Project Leader will also ensure that the environmental screening, environmental assessment and environmental mitigation may be monitored by UKF, Project Implementation Unit and the World Bank supervising missions.

The research proposed shall respect all national rules and procedures of the relevant country where the proposed research is conducted. **The Project Leader will ensure that the documentation submitted to UKF is complete.** Either there is an update of documentation already sent to UKF (Material Environmental Management Plan, Material Safety Data Sheets, procedures described, authorized persons) or additional/new approvals from the relevant national or local ethics committee, permits, licenses and accreditations issued during the project implementation, the Project Leader shall send them accordingly to UKF.

15. Monitoring & Evaluation framework and institutional arrangements

For the purpose of monitoring and evaluation of the impact of the UKF programs the specific Monitoring & Evaluation arrangements will be established during the course of the Science and Technology Project 2.

All applicants already provided baseline project information to be used for this purpose by submitting the filled-in Baseline Survey among other project documentation required in the Call for proposal.

To serve the purpose of UKF program impact evaluation, the Project Leader and the Leading Organization which are granted the funds [are](#) further obliged to participate in any evaluation tools (surveys and questionnaires on UKF performance indicators) that will serve to collect project information, as specified in the Grant Agreement, clause 15.9.

During the period of UKF projects implementation, the Monitoring & Evaluation framework will be set up, with specific Monitoring & Evaluation instruments determined for the UKF programs and UKF will timely inform the Project Leaders on which possible updates or additional project information must be submitted and at what frequency.