

	<b>URBACT III Programme Manual</b>	<b>Fact Sheet 2E Network Management</b>
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## 0. Introduction

This Fact Sheet shall provide the rules, deadlines and procedures which must be followed by all approved URBACT III networks. It will provide information about different roles and responsibilities concerning management of the network, programme requirements concerning resources to be dedicated to the network for successful management, the legal documents necessary for approved URBACT networks, network monitoring and reporting requirements as well as claiming ERDF.

It sets out the key important points which all network lead partners and project partners MUST be aware of.

In addition to this more official programme manual fact sheet, a series of Guidance Notes have been developed to provide more detailed information on the practical application of these rules to an URBACT network.

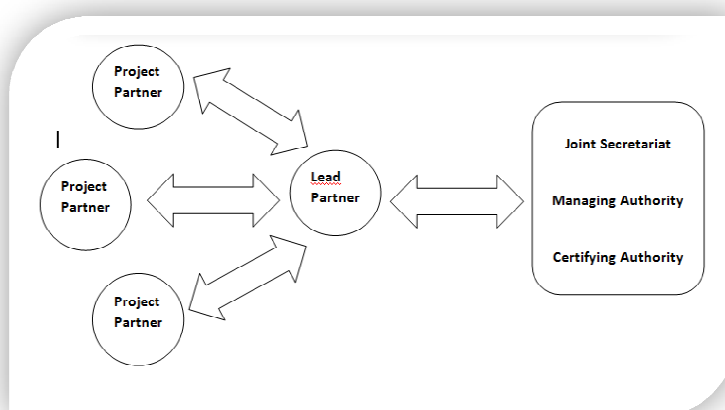
## 1. Roles and responsibilities of Lead and Project Partners

### URBACT III Lead Partners Responsibilities

Specification of the Lead beneficiary's (Lead Partner) responsibilities for the 2014-2020 period can be found in Article 13 of Regulation (EU) 1299/2013. It states that where there are two or more beneficiaries of an operation a lead partner should be identified. The Lead Partner is responsible for:

- Setting out an agreement with all partners to guarantee sound financial management
- Taking responsibility for the implementation of the project
- Ensuring that expenditure incurred corresponds to the activities agreed between partners as outlined in the Subsidy Contract
- Ensuring that expenditure presented by partners has been verified by the nominated first level controller

The Lead Partner represents a key element of success for URBACT III projects. With overall administrative, co-ordination, management, implementation, financial and legal responsibility for the project, the Lead Partner acts as the link between the Managing Authority and the project partners.



The Lead Partner principle is explained in more detail in [Guidance Note N° 1 – Being an URBACT Lead Partner](#) (available on the URBACT website) which includes a detailed overview of the Lead Partner responsibilities during the project life cycle of the project as well as some tips for success.

### Lead Partner Resource

For a Lead Partner the management of a transnational project is a challenging and time-consuming task. Therefore sufficient resource should be allocated to ensure suitable project management. The project staff should have experience in the management of transnational projects, be able to handle the challenges of different languages and cultures and have skills to animate the partnership.

The Lead Partner should appoint a full time **project coordinator**. The project coordinator should have a sound knowledge of the issues addressed by the project and be able to work as a driving force to

the partnership and people around it in order to achieve the objectives laid down in the application form.

Proper coordination of project activities is not the only aspect that needs to be ensured by the lead partner. Professional financial management at project level is also essential. Each lead partner should therefore appoint a skilled **financial officer**, who is responsible for an adequate and orderly accounting practice and the proper management of the project budget (usually a half time post).

Each project also has to comply with the EU requirements on information and communication and visibility of actions. Therefore, the lead partner should appoint a **communication officer** responsible for implementation of information and communication measures (usually a half time post).

The tasks of the project coordinator, financial and communication officers are crucial throughout the project duration and their importance should not be underestimated. As English is the official language of the Programme, all contact with the Joint Secretariat should be in English.

### **Lead Partner Communication Responsibilities**

The Lead Partner (LP) is responsible for:

- Agreeing on how to communicate using the “why-how-what” model;
- Communicating and promoting project work and achievements;
- Building up a network of relevant contacts to promote use of project outputs
- The Managing Authority/JS shall ensure that all projects comply with the publicity and information requirements laid down in the Annex XII of the Regulation (EU) No 1303/2013.
- The use of the EU logo shall be obligatory on all communication materials and tools produced within the framework of the co-financed projects. It is also necessary to indicate on all documents/products/reports a reference to the contribution of the ERDF funding.
- The projects web-pages must contain reference to the contribution of the European Union and the ERDF funding. Use of the EU logo is also obligatory when using any other logo.

NB – Guidance Note N° 6 – Network Communication do’s and don’ts can provide assistance on how to set up suitable communication channels in a network.

### **URBACT III Project Partners**

The Lead Partner shall be administratively, legally and financially responsible for the project, nevertheless, each partner shall commit to the success of the project and contribute to its implementation and completion. Moreover, each partner remains liable for the sound financial management of its own expenditure.

Roles and responsibilities of the project partners are clarified in the mandatory Joint Convention (see section 2) in which the legal agreements between project partners and the Lead Partner are established formally in order to define their mutual cooperation. The Lead Partner is responsible for ensuring that the Joint Convention is drafted and signed by all partners by the end of phase 1 of the project.

## **Project Partner Resource**

Each partner should appoint a **project coordinator**. The project coordinator for each project partner should have a sound knowledge of the issues addressed by the project and be able to actively participate in the network activity in English. A half time position should be foreseen for project coordinator at partner level.

**Finance** reporting and registering of costs can be time consuming task. Project partners should also foresee sufficient staff in peak periods to ensure that deadlines are respected. It is strongly recommended that a further half time position be made available for these aspects.

## **2. The legal framework**

It is imperative to clarify, from the beginning, roles and responsibilities of the different partners in a network. The Lead Partner is responsible for the project implementation and signs a Subsidy Contract with the Managing Authority to formalise this work. In order to be able to respect this contract the project partners are crucial players. It is, therefore, essential that the Lead Partner defines in detail the financial and administrative organisation of the project in agreement with all project partners. The Joint Convention is the tool for the definition of the tasks and responsibilities of each single actor in the project.

### **Project Approval**

In accordance with Article 12 of Regulation (EU) No 1299/2013, the selection of projects will be made by the URBACT III Monitoring Committee based on the results of the quality assessment.

This decision will be notified to all Lead Partners soon after the meeting of the Monitoring Committee. Lead partners of unsuccessful projects will receive a notification letter with a summary of the quality assessment results. They will therefore be informed about the reasons why their application failed.

All Lead Partners of approved projects will receive an official notification letter stating the decision of the Monitoring Committee along with a summary of the financial assistance approved.

In some cases, the decision may include certain conditions deriving from the results of the quality assessment. A precise deadline for fulfilling these conditions will be set in the notification letter. Only after these conditions are fulfilled can the subsidy contract be concluded.

### **Contracting documents:**

- ***Subsidy Contract***

Article 12 (5) Regulation (EU) No 1299/2013 states that the Managing Authority shall provide the lead partner with a document setting out the conditions for support, including the outputs to be delivered, the financing plan and the time-limit for execution.

The contractual document for the URBACT III programme is called a subsidy contract. Following the approval of the project by the Monitoring Committee, a Subsidy Contract shall be signed between the Lead Partner and the Managing Authority. This agreement stipulates the rights and obligations

of the Lead Partner and the Managing Authority, the scope of activities to be carried out, the amount of the ERDF subsidy, and deadlines and requirements for reporting and financial controls.

The Subsidy Contract shall be signed and returned within 1 month of the date of receipt, after this date the contract can be cancelled. The Subsidy Contract shall be prepared for Phase 1 and amended subject to approval of Phase 2.

- **Joint Convention**

In accordance with Article 13.(2) (a) of Regulation (EU) No 1299/2013 the Lead Partner shall draft an agreement with all other partners. The agreement in the URBACT III Programme is called a Joint Convention.

The Joint Convention is a mandatory document covering mutual duties and responsibilities for sound project and financial management and recovery of funds. It is the legal agreement between the lead partner and project partners to define their mutual cooperation.

A standard model of Joint Convention shall be provided by the URBACT III programme. The Lead Partner, in consultation with the project partners, can adapt the content of the document to reflect the project specificities.

The Joint Convention signed by all partners shall be submitted by the Lead Partner within 2 months of project approval and updated in the same timeframe following the approval of Phase 2 if appropriate. The Joint Convention shall normally be updated following any changes to the project and re-submitted within 15 working days of the approval of the changes.

The Contractual Documents along with examples of programme templates are explained in more detail in Guidance Note N° 2 – URBACT Contractual Documents Explained (available on the URBACT website).

### **Complaints procedure**

Complaints against decisions of the programme's managing authority/joint secretariat during project implementation will follow the rules laid down in the subsidy contract that is concluded between the managing authority and the lead partner. Complaints related to first or second level control have to be lodged against the responsible national authority according to the applicable national rules.

### **3. Project Financial System**

Lead Partner and Project Partners shall jointly decide the type of project financial management to be set up.

There are three main types of administrative and financial management:

- 1) Centralised management
- 2) Decentralised management
- 3) Mixed management

- **Centralised management**

A centralised management consists in a centralisation of the local financial contribution of the Project Partners. Partners are asked to transfer their contributions directly to the Lead Partner, who shall take up also the majority of responsibilities linked to the project financial follow up (collection of partners' co-financings; payment or reimbursement of the organization costs related to the meetings; accounting and certifying procedures through SYNERGIE CTE 14-20).

This kind of system simplifies:

- the project management, since the Lead Partner is the unique responsible body to deal with the accounting, reporting and monitoring procedures through SYNERGIE CTE 14-20;
- the implementation of the first level control (and the related designation of the first level controllers by the Member States), since the Lead Partner first level controller will be responsible to certify and claim all of the expenditure.

Nevertheless, the application of a centralised financial management must guarantee:

- the respect of the eligibility rules and EU regulations,
- the respect of national eligibility rules,
- a detailed description of the chosen system in the Joint Convention: it must be clear how the system has been set up, which agreements have been undertaken between Project Partners and Lead Partner, how and when the contributions should be transferred to the Lead Partner, how the main responsibilities and liabilities of all partners are respected;

The Joint Convention shall also clearly define the Project Partners' and Lead Partner's responsibilities in case of irregularities.

In the framework of a centralised financial management system, the Lead Partner shall pay 100% of the project expenditure. For this reason, the Lead Partner shall centralize all financial contributions of its partners according to the amounts indicated in the application forms.

- **Decentralised management**

The second system consists in a decentralised financial management where all partners keep, spend and certify their own costs.

Every project partner spends and accounts in SYNERGIE CTE 14-20 its own expenditures. The first level control on the expenditure shall be done at the level of each partner.

In particular, the Lead Partner shall ensure that each partner:

- spends, accounts and certifies its own contribution in compliance with the national and EU regulations and respecting the Programme internal rules;
- spends, accounts and certifies its own contribution according to the project's payment forecast;
- provides the Lead Partner with the certificate and statement of expenditures signed by the appointed first level controllers during each reporting period.
- Ensures that the expenditure accounted and certified by the partners is entered into the correct budget categories without exceeding the maximum available amount (keeping in mind the flexibility of 20% (see section 5 below) in each budget category).

- **Mixed management**

The mixed system is a system where the majority of expenditures shall be managed by the Lead Partner while the expenditures incurred by the Project Partners (e.g. contributions in staff and costs for the URBACT Local Groups) shall be accounted in SYNERGIE CTE 14-20 by the Project Partners and certified by the designated first level controllers at Project Partners' level.

In this case, records should be kept by the Lead Partner and the Financial Contributions Summary Sheet shall be completed for each 6-monthly reporting period to allow a correct calculation of ERDF payment for each partner.

It should be noted that mixed management requires additional follow up of all 'shared costs' and can be an administrative and financial burden on the Lead Partner. It is also necessary to outline in the Joint Convention arrangements in the case that the full budget is not spent or where a project partner withdraws from the network.

In a mixed Management System it is possible for the Lead Partner to request each partner to advance an amount of their local contribution. It should be noted that this can be difficult to manage and as such the following points should be respected:

- the amount of advance payment should not exceed 50% of the local contribution of the partner concerned to avoid over-payment;
- full details of the amount of advance payment and the use thereof by the Lead Partner should be presented in the Joint Convention;
- full details of the arrangements made for considering the treatment of the advance payment as part of the refunds to each partner should be presented in the Joint Convention (especially in the case that the full project budget is not spent);
- an explanation of the arrangements to be made if a project partner withdraws from the network should be presented in the Joint Convention.

#### **4. Project Monitoring, Reporting and Archiving**

This section describes the monitoring and reporting procedures to be followed by the projects approved by the Monitoring Committee as well as the tools to be used to monitor the projects and the requirements concerning archiving and document retention.

The Lead Partner (LP) is responsible for monitoring and reporting on the project's progress. In order to ensure effective and efficient management of the project, the LP should set up a proper system for monitoring outputs and expenditure within the project. It is also the responsibility of the LP to follow up the work of project partners' have an overview of the overall progress of the project.

##### ***Project Monitoring***

Project monitoring must be planned as an integral part of the day-to-day management. Monitoring is a task that needs to be carried out throughout the lifetime of a project. It provides information to help identify and solve implementation problems and assess progress.

The URBACT III Programme shall use the IT monitoring and management tool SYNERGIE CTE 14-20 for programme and project management. This shall also be the Programme system for recording and storing in computerized form the accounting records of each project.

The system shall be used for project submission, accounting and certifying expenditure, reporting and monitoring. All key reporting documents shall be produced via the SYNERGIE CTE-14-20 system.

The system will allow lead partners to regularly review project progress in terms of activity and expenditure. It should be the main monitoring tool used for project updates.

Technical Guidance notes are available to assist project partners and First level Controllers who have to use the system please see the programme website.

### ***Reporting Requirements***

According to the subsidy contract concluded between the LP and the Managing Authority, one of the LP's obligations is to regularly report on the progress of the project. The reporting to the JS is carried out through progress reports to be submitted in 6-month reporting periods.

Approved projects will be required to report officially on their project activity on a six-monthly basis. Two periods shall be fixed for project reporting as follows:

- 01 January – 30 June each year (deadline for submission 30 September)
- 01 July – 31 December each year (deadline 31 March of following year)

Exceptionally the period can be extended especially at the end of the project should this be considered appropriate to simplify the reporting periods and avoid excessive reporting. Reporting should be well organised and should not be managed at the last minute.

### ***Reporting Documents***

Reporting documents must be produced through SYNERGIE CTE 20-14 other formats will not be accepted. The compulsory documents to be submitted for each reporting round include:

- Payment claim document signed and stamped by the LP with the signature page uploaded as a PDF in SYNERGIE CTE;
- Certificates of expenditures and related checklist of certified expenditure provided and signed by the first level controllers with the signature page uploaded as a PDF in SYNERGIE CTE;
- Progress report (PR), signed and stamped with the signature page uploaded as a PDF in SYNERGIE CTE, with relevant information concerning the activities corresponding to the amount of declared and certified expenditure with reference to the relevant implementing period. The PR is composed of:
  - Activity part: related to activities implemented in the considered semester, involvement of the partners, problems encountered, solutions envisaged, results and delays. This part shall be coherent with the activities, the objectives, results and timeline schedule described in the application form. If not, related motivations for eventual deviation and envisaged activities to catch up with the delays shall be provided.



- Financial part: related to the expenditure occurred during the concerned semester, per budget lines, work packages and project partner. The financial part also includes the cumulative amounts of the expenditure declared with previous PR and the remaining budget.

Along with the mandatory reporting documents mentioned above, Lead Partners are asked to send relevant documents related to the activities described.

Whenever possible, Lead Partners are requested to send the annexes in electronic version.

### ***Reporting Procedure***

The reporting procedure can be summarised as follows:

- a) Each Project Partner sends to the Lead Partner the relevant information for the redaction of the progress report within the deadlines agreed with the Lead Partner. This information shall concern both the activities undertaken and the financial management implemented by the partners.
- b) On the basis of this information, the Lead Partner compiles the progress report for the whole project in SYNERGIE-CTE 14-20 (or in other format if required by the Secretariat itself in exceptional situations).
- c) For the audit trail the Lead Partner shall retain the inputs to the progress report received from the Project Partners.
- d) The progress report shall be completed and submitted in SYNERGIE CTE with the signature page uploaded as a PDF in SYNERGIE CTE within the three months after the end of the reporting period. The progress report shall be signed by the representative of the Lead Partner (normally the project coordinator) and also by the first level controller of the Lead Partner.
- e) The Secretariat shall check it and if necessary shall send clarification requests to the Lead Partner. Once all points have been clarified, the report is approved.

### ***Archiving and Record Keeping***

All partners are obliged to retain for audit purposes all files, documents and data about the project on customary data storage media in a safe and orderly manner at least until 31 December 2025. Other possibly longer statutory retention periods, as might be stated by national law, remain unaffected.

It has also to be noted that the e-Cohesion shall allow beneficiaries to submit and store information electronically. It shall also decrease risks of documents loss and in the long run shall reduce archiving costs.

## 5. Budget Flexibility and Reprogramming

### ***Budget flexibility rule***

During the project life, there could be the need to be flexible with the project financial tables.

The budget flexibility rule allows the project to spend the available budget with a flexibility of up to 20% of the amount approved for each budget category whenever it is needed (not only once) as long as:

- the maximum amount of ERDF, Norwegian and Swiss funding awarded remains the same;
- the project is entitled to exceed or reduce the budget categories up to maximum 20% of each category concerned.

For example, if the budget of budget category 3 – travel and accommodation costs is 150,000 EUR, then that budget line can be exceeded with a maximum amount of 30,000 EUR.

Under the budget flexibility rule it is not possible to make changes either in project total budget or between the project partners' budgets. Budget deviations under the "flexibility rule" are not considered as project changes: the original approved budget does not change.

The deviations performed under the flexibility rule must be reported to the Joint Secretariat together with the respective progress report and are subject to clarifications that usually take place in the course of the monitoring.

### ***General principles***

According to the Subsidy Contract, the Lead Partner shall be obliged to request approval from the Managing Authority if the partnership, the activities or the budget of the project change. The URBACT III JS is responsible for the practical administration of changes for ongoing projects.

As a basic rule, Lead Partners should inform the Joint Secretariat as soon as they are aware of a possible change in their project.

### ***Reprogramming Procedure***

All minor changes (e.g. change in contact information, in bank details, rescheduling of activities, small budget deviation within the 20% budget flexibility rule as described above) can be requested once a year at a dedicated time.

Major changes to partnership, activities and budget (e.g. drop out or replacement of partners, extension of duration, change to the total project costs or ERDF, changes to partner allocations), when duly justified, require a decision from the Monitoring Committee and shall be managed by a formal reprogramming session. The session shall usually take place at the mid-point of the project implementation. Lead Partners shall consult all project partners to ensure all changes have been taken into consideration and shall submit the official request by the deadline specified by the Secretariat. The proposed changes will be considered by the next scheduled Monitoring Committee.

Requests should be made by official letter (send by e-mail or post) and should clearly outline the changes required section by section of the application form. A revised budget per category and per partner should be provided.

Requests that do not meet the deadline or provide suitable information will not be considered.

Exceptionally additional reprogramming sessions can be organised by the Secretariat if considered necessary before project closure.

## **6. ERDF Refunding**

The lead partner shall open a separate bank account or set up an accounting code to which the Programme will transfer the ERDF or Norwegian co-financing and from which the project partners will be reimbursed. This will ensure that project funds are explicitly separated from the lead partner's general budget and can be clearly identified, as well as properly monitored and managed.

All project partners should also set up a separate bank account or accounting code to ensure that all incurred expenditure is easily traceable and to receive ERDF refunds from the Lead Partner.

### ***Network ERDF intervention rates***

The average ERDF co-financing rate of a project is calculated on the basis of the different co-financing rates for the single partners.

- Partners from the Less Developed & Transition regions shall be co-financed at up to 85% by ERDF;
- Partners from the More Developed regions shall be co-financed at up to 70% by ERDF;
- Partners from Norway shall be co-financed at up to 50% by Norwegian national funds;
- Partners from Switzerland shall be co-financed at up to 50% by Swiss national funds.

### **Phase 1 ERDF Refunding to Lead Partner**

For Phase 1 projects there will be one unique reporting period which will have a deadline of 3 months after the official end date of the project.

Each project will be expected to follow the procedure outlined in section 4 of this factsheet.

Approved projects will have one ERDF refund which will be made based on the real declared expenditure by partner. For 'mixed' management projects the Lead Partner should provide a financial contributions summary which should outline the real contributions from each partner, including any cash transfers.

Based on this information the URBACT Secretariat will calculate the amount of ERDF due to the project. The Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners where appropriate.

Once the transfers have been made the Lead Partner is required to input this information into the SYNERGIE CTE 14-20 system.

## **Phase 2 Refunding to Lead Partner**

For Phase 2 projects which have a longer timeframe, several reporting rounds will be held.

Each interim reporting period will be treated by the URBACT Joint Secretariat and will be paid based on the real costs incurred and certified by each partner using their approved intervention rate. The Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners.

For each reporting period the Lead Partner shall provide details about the redistribution of shared costs for the period in the form of a predefined excel table.

At the end of the project, the Lead Partner will provide a financial contributions summary which will outline the real certified expenditure from each partner, taking into consideration the project shared costs and any cash transfers for 'mixed' or 'centralised' management projects.

Based on this information, the URBACT Secretariat will calculate the amount of ERDF due to the project. The final payment will be calculated based on the information provided by the Lead Partner.

For this final payment, the Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners.

### ***Transfer of ERDF to Project Partners***

For all payments, the Lead Partner will be responsible for transferring the correct amount of ERDF to the project partners.

The payments to project partners should be entered into SYNERGIE CTE 14-20. A guide on how to do this will be available.

If refunds do not correspond to the exact amount due to the partner, it is necessary to make a comment in the box provided to explain this. If no transfer is to be made to the partner due to internal agreements then one payment should be entered into SYNERGIE CTE 14-20 for an amount of 0.00€ and a comment should be added to note this fact.

Once the payment is received by the partner they are responsible for entering the date of receipt in the SYNERGIE CTE 14-20 system.

### **Refunds to Swiss and Norwegian Partners**

Swiss and Norwegian cities are eligible within the URBACT III Programme. They can participate as partners in URBACT networks.

The Norwegian national funds are refunded by the URBACT III programme following the submission and acceptance of the projects' progress reports using funds transferred from Norway into a dedicated bank account.

The refunding system of Switzerland shall be managed directly by them, without involving the Programme institutions for what concerns the control and payment procedures. Further information can be requested through the Swiss representative in the URBACT Monitoring Committee.

This system does not imply that Norwegian and Swiss beneficiaries are treated differently than the Member State's ones, except for what concerns the procedures of financial flow and control.

## 7. Project Closure

The main actions taking place at this stage are:

- To finalise the agreements for the dissemination of results after the end of the project;
- To ensure that all partners are made aware in good time of what is expected by the end date of the project;
- To draft the final report about achievements and submit it to the Programme;
- To report all final costs for the project ensuring the approved budget is respected.

### Final documents and reports

When a project comes to an end, there are some important steps to be aware of in order to ensure a smooth close down for the project. Particularly, with regards to project closure, the Lead Partner shall submit the following documents within the fixed deadlines:

- Final Progress Report

The final progress report is the same as the interim reports generated in SYNERGIE CTE 14-20. It should summarise all the completed activity and note all the outputs produced. It should also be completed to highlight any important financial matter/problem and state the final amount of costs incurred and certified by the project;

- Final Payment Claim

The final payment claim shall state the amount of costs incurred for this final claim and shall request the ERDF amount to be refunded – this template shall be available in SYNERGIE CTE 14-20;

- Final Certificates and Statements of Expenditure

The final certificates and statements of expenditure shall be produced through SYNERGIE CTE 14-20 and shall include the total costs incurred by the project Partners/Lead Partner;

- Final Administrative Closure Report

A short administrative closure report shall be completed to cover the points outlined within the Subsidy Contract;

- Financial Contributions Summary

A summary of the contributions and costs from all partners shall be completed including any cash transactions which have occurred for a 'mixed' management project;

- Project's final outputs

The project outputs as defined in the Application shall be handed in to the URBACT III Joint Secretariat wherever possible Lead Partners are requested to send the outputs in electronic version, and uploaded on the project's space on the URBACT website.

All of these documents shall be submitted to the URBACT III Joint Secretariat no later than 3 months after the project's official end date (indicated in the Application).