

ANNEX C:
MANAGEMENT AND ADMINISTRATION OF FUNDS

I. Generalities

1. The project budget is calculated in **EURO**. Claims can not be made for financial losses because of changes in the exchange rates. It should be considered that the available amount in local currency will depend on the actual exchange rate. The procedures related to spending of project money are defined by the Contracting Authority: "The contracting Authority shall make payments in the currency of the country to which it belongs or in euro, in accordance with the Special Conditions. In the latter case, any conversion into euro of the real costs borne in other currencies shall be done at the rate made up by the average of the rates published in InfoEuro for the months covered by the relevant report, unless otherwise provided in the Special Conditions".
2. In the event of an exceptional exchange-rate fluctuation, the Parties shall consult each other with a view to amending the Action in order to lessen the impact of such a fluctuation. Where necessary, the Contracting Authority may take additional measures such as terminating the Contract.
3. Regione Marche is responsible for monitoring and ensuring that amendments to the budget do not affect the basic purpose of the Project. Changes in budget lines are allowed as long as the maximum amount of funding awarded is not exceeded. **Only with explicit prior approval of the Contracting Authority through Regione Marche it is possible for the Consortium Partner to amend the budget.** The Consortium partner intending to have a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation between 5% and 25% of the amount originally entered in relation to each concerned main heading for eligible costs **must inform in writing Regione Marche and await prior approval.** In case of variation < 5% the Consortium Partner must inform in the upcoming report at the latest in writing Regione Marche about the variation which may occur in the budget; the variation in this case is considered automatically approved.
4. The Consortium Partner recognises that there is no claim on money not spent on a budget position or not spent within the budget period.

The Consortium Partner recognises his/her obligation to contribute 10% of her/his expenditure of this project following what stated in the Partnership Agreement. Should the Consortium Partner not be able to find sufficient co-financing or own financial contributions over the project course:
 - it must inform Regione Marche as soon as the problem becomes apparent
 - it must refrain from any further spending it cannot provide matching funds for until a solution to the problem is found
5. In case of emergency and/or delay of money transfer, the Consortium Partner will, if possible, provide an advance of project funds.
6. The Consortium Partner may not seek to make payments resulting out of this agreement through the use of cession, pawning etc. Any such payments made against this prohibition will not be approved by Regione Marche.

II. Transfer of Funds

1. Transfers of funds will be made by bank transfer.

The Consortium Partner has to inform Regione Marche about the account number, the name of the account, the name and the detailed address of the bank and the signatories.

Regione Marche will inform the Consortium Partner about the sum transferred and the date of each transfer.

2. Immediately after each remittance, the Consortium Partner has to transmit an acknowledgement of receipt including a bank statement which shows the remitter, the amount transferred (in EURO) and the amount received in currency of the local account. For each transfer of funds, the receipt of the exchange rate must be kept with the books. A copy has to be sent to Regione Marche together with the six-monthly financial statement.

3. Funds will only be transferred if the Consortium Partner has fulfilled the reporting requirements set out in Annex B and in particular under the condition that the Consortium Partner has transmitted satisfactory:

- Progress reports (six-monthly and annual)
- Financial reports (six-monthly and annual)
- Implementation plans (annual)

4. Regione Marche may suspend the transfer of funds in the following cases:

- The Consortium Partner's contribution (own resources and TPS cofinancing) is less than the due share of 10% of its budget
- Gross differences between the implementation and the project planning
- Presentation of unintelligible reports
- Delayed presentation of reports
- Non-observance of the provisions in Annex B

Under these circumstances, further payments shall not be issued till the problem is resolved.

5. Payments shall be made by Regione Marche to the Consortium Partner as follows:

Initial Pre-financing, after the signature of the Partnership Agreement: 100% of the grant assigned for Year 1 to the Consortium Partner.

Second Pre-financing, after the reception of reports for Year 1 and upon presentation of the Implementation plan for Year 2: balance of Year 1 plus 90% of the grant assigned to the Consortium Partner for Year 2.

Third Pre-financing, after the reception of reports for Year 2 and upon presentation of the Implementation plan for Year 3 and Year 4 (total 18 months): balance of Year 2 plus 90% of the grant assigned to the Consortium Partner for Year 3 and Year 4 (total 18 months).

Final balance: subject to the approval of Final reports by the Contracting Authority.

If at the end of each reporting period the part of the expenditures actually incurred by each Partner is less than 70% of the previous payment (and 100% of any previous payments) the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70%

of the previous pre-financing payment and the part of the expenditures actually incurred which is transferred by Regione Marche. Regione Marche shall pay the due amount to the Consortium Partner within max 45 days after the reception of each installment by the Contracting Authority.

III. Accounting

1. The Consortium Partner shall ensure that the expenditure presented to Regione Marche has been incurred for the purpose of implementing the Project and correspond to the activities detailed in the Description of the Action (Annex I of the Grant contract) and each Implementation Plan.
2. The Consortium Partner shall immediately inform Regione Marche if costs are reduced or one of the disbursement conditions ceases to be fulfilled.
3. The Consortium partner shall install a separate accounting system for the administration of the present Project and safeguard that the eligible costs as well as the received funds can be clearly identified. The Consortium Partner must maintain a project accounting system which shall provide a clear statement of all income and expenses in local currency and/or EURO. In cases of necessity this has to be adapted according to the requirements expressed by the Contracting Authority to accept the annual and final financial reports of this project.
4. To be acknowledged for accounting, an invoice must:
 - State the correct name and address of the organisation
 - State date, address of the provider, item(s)/services purchased, purpose of the purchase
 - State an invoice number
 - Be kept in a separate file and classified according to the budget line.
5. The Consortium Partner has to file the original vouchers for at least 5 years starting from the date of receipt of the last transfer by Regione Marche. Upon request of the Contracting Authority or Regione Marche, the original vouchers must be sent to Regione Marche together with the annual accounts whereby Regione Marche obliges itself to return the original vouchers after they have been examined by the Contracting Authority or Regione Marche. Regione Marche is allowed to make copies of the original vouchers.

All transfers of funds will be made to GRAD ZAGREB as follows:

Name of the bank, address and bank details

ZAGREBAČKA BANKA d.d.
IBAN: HR3423600001813300007
SWIFT: ZABHR2X
VAT: 61817894937

Zagreb,.....

For GRAD ZAGREB

Mayor of City of Zagreb
Tomislav Tomašević, mag.pol.