

Recovery order/ Debit note

Project basic information

Name of the project: Diverse and clean forests – successful bioeconomy

Project ID: KA5002

Business ID: FI02446292

Priority: 3. Clean and comfortable region to live

Implementation period of the project: 01/01/2019 to 31/12/2022 (48 Months)

Name of the lead partner: Resources Institute Finland (Luke)

Postal address: P.O.Box 413 FI-90014 Oulun yliopisto, Finland

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Recovery order number: RO000356

Legal grounds for recovery:

The European Commission has suspended the Financing Agreements between the European Commission and the Russian Federation concerning the European Neighbourhood Instrument cross-border cooperation programmes (ENI CBC) on March the 2nd 2022 because of the military aggression of the Russian Federation on Ukraine. Suspension of the Financing Agreement means that no further payments of programme funds to Russian participation in the programme can be made starting from 11.3.2022.

Grant Contract (signed by the Lead Partner and the Managing Authority on 31.12.2018) and its Annex Conditions applicable to Grant Contract financed by the Karelia CBC Programme (especially the Article 11 - Implementation period of the project extension, suspension, force majeure and end date, Article 18 - Final amount of financing by the Managing Authority, and the Article 19 - Recovery).

Financial year of the cost: 2022

Total costs of the project: 535 507,10 €

Financier	Amount
European Union Funding	999,00
Finland Funding	499,00
Russia Funding	0,00
Total	1 498,00

Due date: 22.5.2025

Method of recovery: Payment to the Managing Authority's bank accounts: amount to be recovered. Interest for delayed payment: Annex Conditions applicable to Grant Contract financed by the Karelia CBC Programme, Article 19 - Recovery.

Interest for delayed payment (%): 0,00

Justification:

The recovery is based on the results of sample check of project KA5002. The sample check of project was performed by the Audit Authority (Finnish Ministry of Finance) of the Karelia CBC Programme 2014-2020 during the period 25.11.2024-3.3.2025. The sample check of project covered the audited reporting period 1.1.2022-31.12.2002. The recovery concerns the expenditure reported in the Natural Resources Institute Finland (Luke)'s Final Financial Report (final payment).

The amount of ineligible expenditure is EUR 1 664,73. The amount of Programme funding recovered is EUR 1 498,00 (EU funding EUR 999,00 and Finland funding EUR 499,00) which represents 90 % of the ineligible expenditure (Grant Contract).

The recovery relates to a financial correction detected in the project during the sample check of project. The expenditure and Programme funding related to it may not be reused for the project that was the subject of a financial correction. Therefore, the Managing Authority has considered the aforementioned amounts of expenditure (EUR 1 664,73) and Programme funding (EUR 1 498,00) as used in the project budget.

The contradictory procedure Managing Authority / Lead Partner Natural Resources Institute Finland (Luke) was performed on 12.3.2025 (Recovery Consultation Letter / contradictory procedure) and on 24.3.2025 (Lead Partner's reply).

Ineligible expenditure EUR 1 664,73 reported in the Final Financial Report of Natural Resources Institute Finland (Luke):

Cost heading: 1. Staff

Ineligible amount: 58,01 €

J-P.H's social charges:

- Description of ineligible item: J-P.H's social charges have been reported based on too high percentage. Calculation of ineligible amount: Staff costs without social charges: 7 259,37 €. Reported social charges 19,604 %: 1 423,10 €. Actual social charges 18,976 %: 1 377,54 €. Ineligible amount: 45,56 €.
- Ineligible amount: 45,56 €.
- Legal provision / eligibility rule breached: Regulation (EU) No 897/2014, art. 48(5), point a, Programme Manual 17.1 Staff.

P.M's social charges:

- Description of ineligible item: J P.M's social charges have been reported based on too high percentage. Calculation of ineligible amount: Staff costs without social charges: 23 406,53 €. Reported social charges 17,5292 %: 4102,98 €. Actual social charges 17,476 %: 4 090,53 €. Ineligible amount: 12,45 €.
- Ineligible amount: 12,45 €.
- Legal provision / eligibility rule breached: Regulation (EU) No 897/2014, art. 48(5), point a, Programme Manual 17.1 Staff.

Cost heading: 5. External expertise and services

Ineligible amount: 1 500,00 €

Document number 1200014543:

- Description of ineligible item: Document number 1200014543 (1500 € incl. VAT) 360Finland Oy and 1200013675 (1860 € incl. VAT) 360Finland Oy are double invoicing for the same service. According to the beneficiary, the error is due to confusion in VAT processing on the part of the service provider. The

correct invoicing for the service is 1860 € incl. VAT. As a result, the invoice 1200014543 (1500 € incl. VAT) is ineligible.

- Ineligible amount: 1 500,00 €
- Legal provision / eligibility rule breached: Regulation (EU) No 897/2014, art. 48.2., points c and f, Programme Manual 16.1 Eligible and ineligible project costs.

Cost heading: 6. Administrative costs

Ineligible amount: 106,72 €

- Description of ineligible item: Ineligible amount of administrative costs 6,85 %.

Cost headings: 1. Staff, 5. External expertise and services, 6. Administrative costs

- Total ineligible costs: 1 664,73 €
- Total Programme funding to be recovered: 1 498,00 € (90 % of the ineligible costs)

Additional information:

Auditee's comments to findings:

5. External expertise and services

Document number 1200014543. Luke has recently received credit note from 360Finland.

Document number 1200006341. The brochure presented information of Finnish nationwide vegetation surveys and its resampling named Operaatio Mustikka. Large nationwide vegetation surveys were Ecodive's asset, they were utilized in three Ecodive's refereed articles published in scientific journals. Therefore, providing information on the surveys was relevant for Ecodive project. However, adding Ecodive's logo in this brochure was not possible because Ecodive did not fund Operaatio Mustikka project.

Audit Authority's conclusion:

The AA has taken the auditee's comments into account in its conclusion. Although the brochure was not a project output and did not include EU logo and mention of the funding, the AA accepts the auditee's view that providing information through a brochure on the surveys was relevant for Ecodive project. The AA accepts the cost regarding document number 1200006341 (74,40 €).

The draft finding was the following:

Document number 1200006341 (225,84 €) Oulun Painotuote Oy, invoice line "4-sivuinen A4 esite 20 kpl" 74,40 € incl. VAT:

The invoice contains copies of a brochure that is not a project output. According to the beneficiary, the brochure has been drawn up in another context and the project has purchased copies of it. There is no EU logo or mention of the funding in the brochure. The Audit Authority considers the cost ineligible

Payment instructions

The payment shall be made to the following two bank accounts of the Managing Authority and the account owner:

Account owner:

Council of Oulu Region

Poratie 5 A

FI-90140 Oulu, FINLAND

Name and address of the bank:

Oulun Osuuspankki

574140 OP Oulu Yrityspalvelut

Isokatu 14

FI-90100 Oulu, FINLAND

Bank account numbers:

The payment shall be made to the following two bank accounts as follows:

European Union funding EUR 999,00 shall be paid to the following bank account:

IBAN: FI76 5741 4020 1132 91

BIC: OKOYFIHH

Finland funding EUR 499,00 shall be paid to the following bank account:

IBAN: FI53 5741 4020 1133 17

BIC: OKOYFIHH

Project reference: The partner North Karelian Crafts Association shall use the following payment reference: "**KA5002 recovery / Karelia CBC Programme**" when making the payments to the above mentioned two bank accounts of the Managing Authority.

Signature

Name: Arja Hankivaara

Position: Manager of Communication and Administration

Date:

Signature: _____

Name:

Position:

Date:

Signature: _____

Attachment details

File name

Oikaisuvaatimusohje.pdf

Approved Financial report_Luke and consolidated_2002.xlsx

KA5002 Final Payment Order.pdf

Approved Financial report_Luke and consolidated_2002_recovery.xlsx

Recovery Order KA5002.pdf