

Recovery order/ Debit note

Project basic information

Name of the project: Strengthening cross-border cooperation among metal industry players

Project ID: KA8019

Business ID: FI25536004

Priority: 1. Growing cross-border business cooperation

Implementation period of the project: 01/12/2019 to 31/12/2023 (49 Months)

Name of the lead partner: Kajaani University of Applied Sciences

Postal address: Kuntokatu 5, FIN-87100 Kajaani, Finland

Recovery order/ Debit note

Recovery order/ Debit note

Recovery order number: RO000357

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 3.12.2019) 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).

Due to Addendum to Grant Contract dated 29.10.2023, the Managing Authority undertakes to finance a maximum equivalent to 95,99% of the estimated total costs of the Project.

Referring to administrative decision of the Council of Oulu Region signed on 22.1.2024 the final payment to Finnish Substitute Lead partner will be made from the EU co-financing. The national contribution of Finland paid to Finnish partners during implementation period of the project amounting to 136 942 EUR is fully replaced by the EU co-financing in the Payment Order dated as of 10.6.2024.

The Lead Partner of the project is the Kajaani University of Applied Sciences. The recovery concerns the Invoicing Partner, Skoda Transtech Oy.

Financial year of the cost: 2023

Total costs of the project: 618 076,08 €

Financier	Amount
European Union Funding	1 107,00
Finland Funding	0,00
Russia Funding	0,00
Total	1 107,00

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 KA8019. 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 28.11.2024-5.3.2025. The sample check of project covered the audited reporting period 1.1.2023-31.12.2003. The recovery concerns the expenditure reported in the Invoicing Partner Skoda Transtech Oy's Final Financial Report (final payment).

The amount of ineligible expenditure is EUR 1 153,53. The amount of Programme funding recovered is EUR 1 107,00 (EU funding EUR 1 107,00 and Finland funding EUR 0,00) which represents 95,99 % of the ineligible expenditure (Addendum to the Grant Contract dated 29.10.2023).

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 1 153,53) and Programme funding (EUR 1 107,00) as used in the project budget.

The contradictory procedure Managing Authority / Lead Partner Kajaani University of Applied Sciences and Skoda Transtech Oy was performed on 21.3.2025 (Recovery Consultation Letter / contradictory procedure) and on 1.4.2025 (Lead Partner's reply).

Ineligible expenditure EUR 1 153,53 reported in the Final Financial Report of Skoda Transtech Oy:

Cost heading: 1. Staff

Ineligible amount: 1 079,07 €

Staff costs of HH:

- Description of ineligible item: Skoda Transtech Oy has calculated the staff cost by dividing the monthly salary with the normal working hours based on the weekdays of the month. According to the Programme manual the salary costs of an employee working part-time for the project are assigned to the project as a percentage calculated by dividing the actual hours worked for the project by the total actual monthly hours worked during the month in question. According to the time sheets, the number of the actual working hours of HH have been bigger than the total hours used in the calculations of the beneficiary. Audit Authority has re-calculated the project salaries based on the actual total working hours according to the time sheets. The calculation method used by the beneficiary has caused too much salary costs to be

allocated to the project. The difference caused by the calculation method regarding the gross salary is 279,69 €.

- Ineligible amount: 279,69 €.
- Legal provision / eligibility rule breached: Karelia CBC Programme manual: 17.1 Staff.

Staff costs of HH:

- Description of ineligible item: Skoda Transtech Oy has allocated employer social security charges, holiday allowances, sick leave, service allowance and other absence costs to the project with an average percentage of 45 %. Holiday and absence costs have not been allocated to the project based on actual incurred costs and actual working hours for the project. Costs are eligible if they are actually incurred by the beneficiary and related to the project. According to the programme manual, for employees working part-time for the project, holiday leave is allocated to the project according to the actual hours worked for the project during the holiday credit year, divided by the total hours worked during the holiday credit year. According to the programme manual, salary costs for a part-time employee in terms of sick leave are allocated to the project according to the percentage calculated of the actual hours worked for the project divided by the total hours worked during the current or previous reporting period. The Audit Authority considers the holiday allowance, service allowance and other absence costs reported with the average percentage to be ineligible. Audit authority considers the compulsory employer social security charges (19,23%), based on the information of the financial statement 2023 of the Skoda Transtech Oy, to be eligible. Eligible gross salary for the project 2.122,56 € x eligible employer social security charges 19,23 % = 408,17 € Reported side and absence costs 1.081,01 € - 408,17 € = 672,84 €
- Ineligible amount: 672,84 €.
- Legal provision / eligibility rule breached: Karelia CBC Programme manual: 16.1 Principles, 17.1 Staff. Art. 48 of (EU) 897/2014.

Staff costs of HH:

- Description of ineligible item: Descriptions of the project activities regarding the working hours of the project are missing from the time sheets of the Skoda Transtech Oy. The beneficiary has used its own electronic recording system to record the working time of the part-time project employee. According to the Programme Manual of the funding programme, a brief description of project work carried out in the month concerned should be included in the time sheets. The brief description of the project work carried out should be more detailed than "project work". If the organization already has its own internal time recording system which provides the same information as in the Programme's timesheet, the organization can use their own system. The Audit Authority has also noticed that HH has accepted her own working time for the project for 7 hours. The overall working time for the project during 2023 has been 67 hours. Audit Authority has read the final report and the Partner's assessment document and audited the reported costs by the beneficiary. The Audit Authority has evaluated the nature and the gravity of the irregularity and considers that a flat-rate correction of 5 % is proportionate to the detected error. Based on the evaluation of the Audit Authority, the risk of financial loss to the Funds is low. Due to the deficiencies in the project's time sheets, 5 % of the reported salary costs are seen as ineligible. Eligible staff costs 2.530,73 € x 5 % = 126,54 €
- Ineligible amount: 126,54 €.
- Legal provision / eligibility rule breached: Karelia CBC Programme manual: 17.1 Staff.

Cost heading concerned: 6. Administrative costs

Ineligible expenditure: 74,46 €

- Description of ineligible item: Administrative costs part 6,90 % of the findings above.
- Legal provision / eligibility rule breached: Art. 51 of (EU) 897/2014, Grant Contract KA8019_616/2018 art. 4.3

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

- Total amount of ineligible costs: 1 153,53 €
- Total Programme funding to be recovered: 1 107,00 € (95,99 % of ineligible costs, Addendum to the Grant Contract dated 29.10.2023)

Additional information:

Findings without financial consequence:

According to the Karelia CBC Programme Manual (26.1 Webpage) the project partners have to publish information about the project on their organizational website (if a website exists). The partners should provide a short description of the project, its aims and results, partnership, and highlight the financial support from the European Union, (the Russian Federation) and the Republic of Finland. The programme logo has to be included to the information, as well as links both to the programme website and to the project website. A programme web banner can be used instead of the programme logo.

The Audit Authority has not been able to verify during the audit that Skoda Transtech Oy has fulfilled the mentioned communication obligation.

According to the Karelia CBC Programme Manual (29.3 Posters) each project partner has to place at least one poster with information about the project, including the financial support from the European Union, (Russian Federation) and the Republic of Finland, at a location readily visible to the public, such as the entrance area of a building. The poster needs to stay visible for the whole duration of the project.

The Audit Authority has not been able to verify during the audit that Skoda Transtech Oy has fulfilled the mentioned communication obligation.

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 1 107,00 shall be paid to the following bank account:

IBAN: FI76 5741 4020 1132 91

BIC: OKOYFIHH

Project reference: The partner North Karelian Crafts Association shall use the following payment reference: "**KA8019 recovery / Karelia CBC Programme**" when making the payments to the above mentioned two bank accounts of the Managing Authority.

Signature

Name: Arja Hankivaara

Name:

Position: Manager of Communication and Administration

Position:

Date:

Date:

Signature: _____

Signature: _____

Attachment details

File name
Oikaisuvaatimusohje.pdf
Approved Financial report 1-12 2023 Metal Boost final payment FINAL.xlsx
KA8019 Final Payment Order.pdf
Approved Financial report 1-12 2023 Metal Boost final payment FINAL_recovery.xlsx
Recovery Order KA8019.pdf